IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the offering circular (the "**Offering Circular**") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the following Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

THIS DOCUMENT AND THE SECURITIES REFERENCED HEREIN MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND AS PERMITTED BY, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"). ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES A PUBLIC OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

Confirmation of your Representation: In order to be eligible to view the following Offering Circular or make an investment decision with respect to the securities, investors must be outside the U.S. By accepting the e-mail and accessing the following Offering Circular, you shall be deemed to have represented to us that (1) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and, to the extent that you purchase the securities described in the following Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act and (2) you consent to the delivery of such Offering Circular and any amendments and supplements thereto by electronic transmission.

You are reminded that the following Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the following Offering Circular to any other person. If this is not the case, you must return this Offering Circular to us immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriter or any affiliate of the underwriter is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriter or such affiliate on behalf of TONGYANG Life Insurance Co., Ltd. (the "**Issuer**") in such jurisdiction.

The following Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Issuer or The Hongkong and Shanghai Banking Corporation Limited, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc (collectively, the "**Joint Lead Managers**") and Korea Investment & Securities Co., Ltd. (the "**Co-Manager**" and together with the Joint Lead Managers, the "**Managers**"), or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Managers.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

TONGYANG LIFE INSURANCE CO., LTD.

(Incorporated with limited liability under the laws of the Republic of Korea.)

U.S.$500,000,000 6.250% Tier II Subordinated Securities due 2035

Issue Price: 99.801%

The U.S.$500,000,000 6.250% Tier II Subordinated Securities due 2035 (the "**Securities**") are issued by TONGYANG Life Insurance Co., Ltd. (the "**Issuer**"). The Securities confer a right to receive interest on the principal amount at the following rates (the "**Interest Rate**"): (i) in respect of the period from, and including, 7 May 2025 (the "**Issue Date**") to, but excluding, 7 May 2030 (the "**Interest Reset Date**"), 6.250% per annum and (ii) in respect of the period from, and including, the Interest Reset Date to, but excluding, 7 May 2035 (the "**Maturity Date**"), a rate per annum equal to the sum of the Treasury Rate with respect to such period plus the Initial Spread (the "**Reset Interest Rate**"). Terms relating to the Securities not otherwise defined have the meanings given to them in "*Terms and Conditions*." Interest shall be payable on the Securities semi-annually in arrear on 7 May and 7 November in each year (each an "Interest Payment Date") with the first Interest Payment Date falling on 7 November 2025.

Unless previously redeemed or purchased and cancelled as described below, the Issuer will redeem the Securities on the Maturity Date at their outstanding principal amount, together with any interest accrued to (but excluding) the Maturity Date. The Issuer may, on the Interest Reset Date and on each Interest Payment Date thereafter, upon giving a notice of redemption, redeem the Securities, in whole but not in part, at a redemption price equal to the principal amount of the Securities plus any accrued but unpaid interest to (but excluding) the date of redemption (the "**Optional Redemption Price**"); provided that such redemption will be subject to (i) the prior approval of the Financial Supervisory Service (the "**FSS**") or other relevant regulatory authorities of Korea (if then required) and (ii) satisfaction of any other conditions as required under the Regulation on Supervision of Insurance Business (as amended or modified from time to time), the Detailed Enforcement Regulations on Insurance Business Supervision (as amended or modified from time to time) or other successive regulations in effect at the time of such redemption ((i) and (ii) collectively, the "**Optional Redemption and Purchase Conditions**"). The Optional Redemption and Purchase Conditions applicable as of the Issue Date are as follows: either (i) immediately after such redemption (which shall have been decided by the Issuer at its sole discretion and approved by the FSS), the Issuer's Solvency Margin Ratio shall be equal to or greater than 150%; or (ii)(A) the Issuer's Solvency Margin Ratio shall be equal to or greater than 100%; (B) prior to such redemption, the Issuer issues or incurs qualifying financing via instruments with stronger capital characteristics (such as shares or instruments with a maturity longer than the remaining maturity of the Securities and with more favourable financing terms, including but not limited to a lower interest rate) in an amount not less than the aggregate principal amount of the Securities to be redeemed; (C) the Interest Rate of the Securities shall have been recognised by the FSS as significantly unfavourable to the Issuer due to changes in market conditions since the Issue Date; and (D) the Issuer shall have obtained prior approval from the FSS for such redemption. In addition, subject to the satisfaction of the Optional Redemption and Purchase Conditions, the Securities may be redeemed (in whole but not in part) at the option of the Issuer upon the occurrence of a Gross-Up Event or Tax Deductibility Event or Regulatory Event at the Optional Redemption Price. No notice of redemption with respect to a Gross-Up Event, Regulatory Event or a Tax Deductibility Event shall be given earlier than 90 days prior to the earliest date on which, in the case of a Gross-Up Event, the Issuer would be obliged to pay an Additional Amount if a payment in respect of the Securities were then payable, and in the case of a Regulatory Event or Tax Deductibility Event, the event is due to take effect. See "*Terms and Conditions – Redemption and Purchase.*"

Upon the occurrence and during the continuation of a Bankruptcy Event, Rehabilitation Event, Liquidation Event or Foreign Event (collectively, "**Subordination Events**") of the Issuer, the rights and claims of Securityholders will be subordinated to any and all Senior Obligations of the Issuer. See "*Terms and Conditions – Status.*"

The Securities are expected to be rated "BBB" by Fitch Ratings, Inc. ("**Fitch**") and "Baa3" by Moody's Investor Services, Inc. ("**Moody's**"). The rating of the Securities does not constitute a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by such rating organisation. Such rating should be evaluated independently of any other rating of the Securities, the Issuer's other securities or the Issuer.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering circular (the "**Offering Circular**"). Approval in-principle from, admission to the Official List of, and listing and quotation of the Securities on, the SGX-ST are not to be taken as an indication of the merits of the Securities or the Issuer.

The Securities will be issued in registered form in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Securities will initially be represented by beneficial interests in a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 7 May 2025 with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Except as described herein, certificates for Securities will not be issued in exchange for interests in the Global Certificate.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and are being offered and sold outside the United States in reliance on Regulation S ("Regulation S") under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "*Subscription and Sale.*"

Investing in the Securities involves certain risks. See "*Risk Factors*" beginning on page 14.

Joint Bookrunners and Joint Lead Managers

HSBC **Mizuho** **Morgan Stanley**

Co-Manager

Korea Investment & Securities

The date of this Offering Circular is 28 April 2025.

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You should rely only on the information contained in this Offering Circular. None of the Issuer or the Managers has authorised anyone to provide you with information that is different or make any representation other than as contained in this Offering Circular in connection with the offering of the Securities. If anyone provides you with different or inconsistent information, you should not rely on it. The contents of the Issuer's website do not form any part of this Offering Circular.

You should assume the information in this Offering Circular is accurate only as of the date of this Offering Circular or such other date as specified herein. The business, financial condition, results of operations and prospects of the Issuer may have changed since that date. Neither the delivery of this Offering Circular nor any sale of the Securities made in connection with this Offering Circular will, under any circumstances, constitute a representation or create any implication that the information in this Offering Circular is correct as of any date subsequent to the date of this Offering Circular or that there have been no changes in the affairs of the Issuer since the date of this Offering Circular. Statements contained in this Offering Circular as to the contents of any contract or other documents referred to in this Offering Circular may not set forth all of the terms and conditions of such contracts or other documents.

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the terms of the Securities, including the merits and risks involved. The Issuer is not making any representation to any purchaser of the Securities regarding the legality of an investment in the Securities by such purchaser under any legal investment or similar laws or regulations. This Offering Circular should not be considered as a recommendation or constituting an invitation or offer by the Issuer or the Managers that any recipient of this Offering Circular should purchase the Securities. You should not construe the contents of this Offering Circular as legal, business, accounting or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Securities.

The Issuer has furnished the information contained in this Offering Circular. No representation, undertaking or warranty, express or implied, is made by the Managers or any of their respective affiliates or advisers as to the accuracy or completeness of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Managers or any of their respective affiliates or advisers. The Managers assume no responsibility for the accuracy, adequacy, reasonableness or completeness of any of the information contained in this Offering Circular or any other information (financial, legal or otherwise) provided by the Issuer in connection with the issue or distribution of the Securities or the future performance of the Securities. To the fullest extent permitted by law, none of the Managers accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Managers or on its behalf in connection with the Issuer or the issue and offering of the Securities. The Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers or any of their affiliates or advisers in connection with investigation of the accuracy of such information or such person's investment decisions.

This Offering Circular may only be used where it is legal to sell the Securities. None of the Issuer and the Managers is making an offer to sell the Securities in any jurisdiction where the offer or sale is not permitted. This Offering Circular may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular may come must inform themselves about and observe these relevant restrictions. No action is being taken in any jurisdiction to permit an offering to the general public of the Securities or the distribution of this Offering Circular in any jurisdiction where action would be required for those purposes.

This Offering Circular is confidential. This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Securities described in this Offering Circular. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Securities. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised and any disclosure of any of its contents or use of such information for any purpose other than making an investment decision, without the prior written consent of the Issuer, is prohibited. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing.

The Securities are subject to restrictions on transferability and may not be transferred or resold except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration. Any investor who purchases the Securities will be deemed to have made acknowledgements, representations, warranties and agreements intended to restrict the resale or other transfer of the Securities, as set forth under "*Subscription and Sale – Transfer Restrictions.*" As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

UK MiFIR PRODUCT GOVERNANCE – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Directive 2014/65/EU as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK MiFIR**"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering, including all of the Joint Lead Managers, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Securities and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should so indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order." If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should so indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order." Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

In connection with this offering, any of the Joint Lead Managers appointed and acting in its capacity as stabilisation manager (the "Stabilisation Manager") (or person(s) acting on its behalf) may, subject to all applicable laws, rules and regulations, over-allot Securities or effect transactions that stabilise or maintain the market price of the Securities at a higher level than the Securities might otherwise achieve in the open market for a limited period of time after the Issue Date. However, there is no assurance that the Stabilisation Joint Lead Manager (or person(s) acting on its behalf) will undertake stabilisation action. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. For a description of these activities, see "*Subscription and Sale*."

KOREAN SELLING RESTRICTIONS

The Securities have not been and will not be registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Securities may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Act of Korea, the Enforcement Decree thereof) or to others for re-offering, resale or re-delivery, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations. In addition, during the first year after the issuance of the Securities, the Securities may not be transferred to any resident of Korea other than a Korean qualified institutional buyer (a "Korean QIB", as defined in the Regulation on Issuance of Securities and Public Disclosure of Korea) who is registered with the Korea Financial Investment Association as a Korean QIB, provided that (1) the Securities are denominated, and the principal and interest payments thereunder are made, in a currency other than Korean Won, (2) the amount of the Securities acquired by the Korean QIBs in the primary market is limited to not more than 20% of the aggregate principal amount of the Securities, (3) the Securities are listed on one of the major overseas securities markets designated by the Financial Supervisory Service of Korea, or certain procedures, such as registration or report with a foreign financial investment regulator of the country in which any major overseas securities market is established, have been completed for offering of the Securities, (4) the one-year restriction on transfer of the Securities to any resident of Korea other than the Korean QIBs is expressly stated in the Securities, the relevant subscription agreement and offering circular and (5) the Issuer and the Managers shall individually or collectively keep the evidence of fulfilment of conditions (1) through (4) above after having taken necessary actions therefor.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is a corporation with limited liability organised under the laws of Korea. All of the officers and directors of the Issuer named in this Offering Circular, except Jian Sun and Xiaoyan Yang, reside in Korea, and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States.

As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or the Issuer in U.S. courts judgments predicated upon civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

AVAILABLE INFORMATION

A copy of the Fiscal Agency Agreement related to the Securities (the "**Fiscal Agency Agreement**") will be on file and available for inspection at the specified office of the Fiscal Agent (as defined in this Offering Circular) upon prior written request during normal office hours. In accordance with the Securities and the Fiscal Agency Agreement, the Fiscal Agent also will make available for inspection by holders of the Securities or, in certain cases, arrange for the mailing to such holders, certain documents or communications received from the Issuer. See "*Terms and Conditions.*"

CERTAIN DEFINED TERMS AND CONVENTIONS

Market and statistical data and certain industry forecasts used throughout this Offering Circular were obtained from internal surveys, market research, publicly available information and industry publications published by various sources, including the International Monetary Fund (the "**IMF**"), the Korea Life Insurance Association (the "**KLIA**"), the Organisation for Economic Co-operation and Development (the "**OECD**"), Statistics Korea, the Swiss Re Institute, the World Bank and other third party sources, that we believe are reliable. Such information has been accurately reproduced herein and, as far as we are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither we nor any of the Managers makes any representation as to the accuracy or completeness of this information. You should not unduly rely on such market and statistical data and industry forecasts.

In this Offering Circular, unless otherwise specified or the context otherwise requires:

- "**we**," "**us**," "**our**," "**ourselves**," "**our company**" or "**the Issuer**" refers to TONGYANG Life Insurance Co., Ltd. and its consolidated subsidiaries;

- "**Corporate Governance Act**" refers to the Act on Corporate Governance of Financial Companies;

- "**FSC**" refers to the Financial Services Commission of Korea;

- "**FSCMA**" refers to the Financial Investment Services and Capital Markets Act of Korea;

- "**FSS**" refers to the Financial Supervisory Service of Korea;

- "**first year premiums**" refers to the amount of premiums received during the first year of a policy, which amount is recognised in a specified year or period in respect of policies sold during such year or period;

- "**first year regular payment premiums**" refers to the amount of non-single payment premiums, principally monthly premiums and including quarterly, semi-annual and annual premiums, recognised in a specified year or period in respect of policies sold during such year or period;

- "**first year single payment premiums**" refers to the amount of single payment premiums recognised in a specified year or period in respect of policies sold during such year or period;

- "**general agencies**" refers to independent insurance sales agencies;

- "**Government**" refers to the government of the Republic of Korea;

- "**Holders**" are references to the holders of the Securities from time to time;

- "**gross premiums**" refers to the amount of premiums recognised in a specified year or period in respect of policies in force during such year or period, including premiums for separate accounts;

- "**Korea**" refers to the Republic of Korea;
- "**Singapore**" refers to the Republic of Singapore;
- "**U.S.**" or the "**United States**" refers to the United States of America;
- "**U.S. dollar**", "**U.S.$**" or "**US$**" refers to the lawful currency of the United States of America; and
- "**Won**" or "**₩**" refers to the lawful currency of Korea.

For the reader's convenience, certain Won amounts in this Offering Circular have been translated into U.S. dollars at the market average exchange rate, announced by Seoul Money Brokerage Services, Ltd. in Seoul, between Won and U.S. dollars, rounded to the nearest tenth of one Won (the "**Market Average Exchange Rate**"). Unless otherwise stated, the translations of Won into U.S. dollars in this Offering Circular have been made at the Market Average Exchange Rate in effect on 31 December 2024, which was Won 1,470.0 to U.S.$1.00. For historical information regarding the rate of exchange between the Won and U.S. dollars, see "*Exchange Rates*." No representation is made that the Won or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all. In this Offering Circular, where information has been prepared in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, actual numbers may differ from those contained herein due to rounding. All discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

PRESENTATION OF FINANCIAL INFORMATION

The Issuer maintains its financial books and records and prepares its financial statements in Won in accordance with Korean International Financial Reporting Standards ("**K-IFRS**"). Unless otherwise stated, the financial data of the Issuer contained in this Offering Circular as of and for the years ended 31 December 2023 and 2024 are derived from the Issuer's audited consolidated financial statements included in this Offering Circular, which have been prepared in accordance with K-IFRS.

References in this Offering Circular to "separate" financial statements and information are to financial statements and information prepared in accordance with K-IFRS No. 1027 Separate Financial Statements, where investments in subsidiaries, associates and joint ventures are carried at cost less impairment.

References in this Offering Circular to "FY2023" and "FY2024" are to the years ended 31 December 2023 and 2024, respectively.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain "forward-looking statements" that are based on the Issuer's current expectations, assumptions, estimates and projections about the industries that the Issuer is in. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipate", "believe", "estimate", "expect", "intend", "target", "seek", "aim", "contemplate", "project", "plan", "goal", "should" and similar expressions or the negatives thereof. Those statements include, among other things, the discussions of the Issuer's business strategy and expectations concerning their market position, future operations, cash flows, margins, profitability, liquidity and capital resources. Reliance on any forward-looking statement involves risks and uncertainties, and although the Issuer believes that the assumptions on which the forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include, but are not limited to, those identified in "*Risk Factors.*" In light of these and other uncertainties, you should not conclude that the Issuer will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. The Issuer will not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances, except as required by law.

SUMMARY

We are one of the leading mid-sized life insurance companies in Korea, providing a broad range of life insurance and investment products through a multi-channel distribution network. We had approximately 4.3 million life insurance policies in force and approximately 2.6 million policyholders as of 31 December 2024. As of 30 September 2024, we were ranked the sixth largest Korean life insurance company in terms of assets, according to the KLIA.

Our principal business is developing and distributing a variety of individual life insurance products that provide a wide range of protection against a policyholder's death, disability, illness, accident or other events, as well as annuities, savings-type and variable insurance products. We have historically sold most of our life insurance and protection, saving and annuity products to retail customers in Korea and will continue to actively serve this market. Leveraging our longstanding and respected "My Guardian Angel" brand, we offer policies developed particularly to address the insurance needs of specific demographic segments, including age-specific products aimed at children and senior citizens. In response to changing demographic trends in Korea, we have also focused on expanding our annuity and health insurance products that target individuals preparing for retirement. In addition, we have enhanced our offering of variable life insurance products to address our customers' preference for greater investment flexibility.

We believe that our diversified distribution and marketing channels give us greater flexibility to adapt to changes in consumer trends in the Korean life insurance industry. We operate both exclusive and non-exclusive distribution and marketing channels. The exclusive channels include the financial consultants and the subsidiaries channels, while the non-exclusive channels comprise the bancassurance and the general agency channels. Our business strategy is centred around offering protection-type insurance products, notably health insurance. Our financial consultants channel, driven largely by expanding our team of exclusive consultants, have yielded a substantial net growth in our sales, while our direct marketing (subsidiary) channel focuses on securing our driving force for business growth by capitalising on our professional sales workforce. Within the non-exclusive distribution and marketing channels, our general agency channel is experiencing significant business growth based on our solid market competitiveness. We have well-established bancassurance relationships with Korea's leading commercial banks, securities companies and savings banks, as well as marketing arrangements with a variety of general agencies. In addition, as of 31 December 2024, we had 1,548 financial consultants (excluding our financial consultants who support our direct marketing (subsidiary) channel) who sell our products on an exclusive basis, enabling us to more effectively control distribution of our products and build and maintain long-term relationships with our individual customers. We plan to continue to enhance the quality and efficiency of our distribution and marketing channels with a view to optimising their capabilities and delivering superior customer service.

We strive to maintain a sound investment portfolio that is managed in accordance with our risk management policies. Accordingly, we design asset mix strategies for our general account to match the characteristics of our insurance products, which also reflects our desire to generate stable long-term returns while sustaining adequate liquidity and solvency levels. We seek to achieve our investment objectives through asset and liability management and longer-term strategic and shorter-term tactical asset allocations within a disciplined risk management framework. We have been increasing our domestic securities holdings through investments in long-term domestic securities. We plan to maintain the focus on enhancing capital stability by continuing to increase the proportion of domestic securities in the foreseeable future. Consequently, we foresee a reduction in the proportion of foreign securities, loans and alternative investments. We believe that the size and diversity of our investment portfolio and our flexible investment strategy enable us to seek out and benefit from attractive investment opportunities.

We were incorporated in April 1989 as Tong Yang Benefits Life Insurance Co., Ltd., a joint venture company established by Tong Yang Major Co., Ltd. and the Mutual Benefits Life Insurance Company. We amended our corporate name to Tong Yang Life Insurance Co., Ltd. in August 1995. Subsequent to the withdrawal by the Mutual Benefits Life Insurance Company from the joint venture in December 1998, we merged with Pacific Life Insurance Co., Ltd. in July 2000. We became the first Korean life insurance company to be listed on the KRX KOSPI Market in October 2009. In September 2015, Dajia Life Insurance Co., Ltd. (previously, Anbang Life Insurance Co., Ltd.) became our majority shareholder, and in March 2017, its affiliate Anbang Group Holdings Co. Limited injected Won 528 billion of capital into our company, as a result of which the aggregate ownership interest of China's Dajia Insurance Co., Ltd. and its subsidiaries ("**Dajia Insurance Group**") in us increased to 75.34%. In August 2024, Woori Financial Group Inc. ("**Woori Financial Group**") signed a share purchase agreement to acquire Dajia Insurance Group's 75.34% stake in our company for approximately Won 1.3 trillion. Upon completion of this agreement, our company is expected to be incorporated as a subsidiary of Woori Financial Group. However, it should be noted that the remaining steps for the completion of the acquisition, including (but not limited to) the major shareholder qualification review by the financial authorities and the payment of the acquisition price, remain uncertain.

On a consolidated basis, our operating incomes (profit from operating activities) were Won 294 billion (Won 319 billion on a separate basis) and Won 368 billion (Won 379 billion on a separate basis) for the years ended 31 December 2023 and 2024, respectively. We reported net income (profit for the period) of Won 240 billion (Won 265 billion on a separate basis) and Won 314 billion (Won 310 billion on a separate basis) for the years ended 31 December 2023 and 2024, respectively. We had total assets of Won 34,547 billion and total stockholders' equity of Won 1,967 billion as of 31 December 2024.

We maintain our principal executive offices at Gran Seoul Building, 33, Jong-ro, Jongno-gu, Seoul 03159, Korea, and our website is www.myangel.co.kr.

THE OFFERING

The following is a brief summary of certain terms of the Offering. For a more detailed description of the terms of the Securities, see "Terms and Conditions." Capitalised terms used herein and not defined have the meanings given to them in "Terms and Conditions."

The Issuer	TONGYANG Life Insurance Co., Ltd.
Securities	U.S.$500,000,000 6.250% Tier II Subordinated Securities due 2035. The Securities have not been registered with the U.S. Securities and Exchange Commission (the "**SEC**"), and are being offered and sold outside the United States in reliance on Regulation S.
Joint Bookrunners and Joint Lead Managers	The Hongkong and Shanghai Banking Corporation Limited, Mizuho Securities Asia Limited and Morgan Stanley & Co. International plc.
Co-Manager	Korea Investment & Securities Co., Ltd.
Issue Date	7 May 2025.
Maturity Date	7 May 2035.
Redemption at Maturity	Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Securities on the Maturity Date at their outstanding principal amount, together with any interest accrued to (but excluding) the Maturity Date. The Securities may not be redeemed at the option of the Issuer other than in accordance with the Conditions.
Status of the Securities	The Securities constitute direct, unsecured and subordinated obligations of the Issuer and will at all times rank (i) junior to the Senior Obligations of the Issuer, (ii) *pari passu* and without any preference among themselves, *pari passu* with any Parity Obligations of the Issuer and (iii) senior to, in priority to the claims of holders of, Junior Obligations of the Issuer. The rights and claims of the Securityholders are subordinated as described below. If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under the Securities, a Bankruptcy Event of the Issuer occurs and so long as it continues, the rights and claims of the Securityholders to payment of principal and any interest under the Securities shall not be payable unless and until the total amount of any and all Senior Obligations of the Issuer which are listed on the distribution list (as amended, if such be the case) for final distribution submitted to the court in the bankruptcy proceedings is paid in full or provided to be paid in full in such bankruptcy proceedings.

If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under the Securities, a Rehabilitation Event of the Issuer occurs and so long as it continues, the rights and claims of the Securityholders to payment of principal and any interest under the Securities shall not be payable unless and until the total amount of any and all Senior Obligations of the Issuer which are listed on the rehabilitation plan of the Issuer at the time when the court's approval of such plan becomes final and conclusive is paid in full or provided to be paid in full in the rehabilitation proceedings to the extent of the original amount thereof (without regard to any adjustment of such amount in the approved rehabilitation plan).

If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under the Securities, a Liquidation Event of the Issuer occurs and so long as it continues, the rights and claims of the Securityholders to payment of principal and any interest under the Securities shall not be payable unless and until the total amount of any and all Senior Obligations of the Issuer which are reported during the claims reporting period or are required by the laws or regulations of Korea to be paid during the liquidation process is paid in full or provided to be paid in full in such liquidation process.

If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under the Securities, a Foreign Event of the Issuer occurs and so long as it continues, the rights and claims of the Securityholders to payment of principal and any interest under the Securities shall not be payable unless and until conditions equivalent to those enumerated in the above three paragraphs have been fulfilled, provided that notwithstanding any provision herein to the contrary if the imposition of any such conditions is not allowed under such proceedings, any amounts which become due under the Securities shall become payable in accordance with the terms herein provided and not subject to such conditions.

"**Junior Obligations**" means (i) Subordinated Capital Securities issued by the Issuer, (ii) any class of the Issuer's share capital (including but not limited to any preference shares) and (iii) any other obligations of the Issuer that rank or are expressed to rank, by their terms or by operation of law, junior to the Securities.

"**Parity Obligations**" means any instrument or security issued, entered into or guaranteed by the Issuer (other than the Securities) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Securities.

"**Senior Obligations**" means all claims of present and future policyholders and general creditors of the Issuer and other liabilities of the Issuer (other than Junior Obligations and Parity Obligations).

Interest	Each Security shall entitle the Securityholder thereof to receive interest on the principal amount thereof from and including the Issue Date at the Interest Rate applicable to the relevant period.
Interest Payment Dates	Interest on the principal amount of the Securities shall be payable semi-annually in arrear on 7 May and 7 November in each year (each, an "**Interest Payment Date**"), with the first Interest Payment Date falling on 7 November 2025 in respect of the period from, and including, the Issue Date to, but excluding, such first Interest Payment Date.
Interest Rate	The Interest Rate for the Securities shall be: (a) in respect of the period from, and including, the Issue Date to, but excluding, 7 May 2030 (the "**Interest Reset Date**"), 6.250% per annum; and (b) in respect of the period from, and including, the Interest Reset Date to, but excluding, the Maturity Date, a rate per annum equal to the sum of the Treasury Rate with respect to such period plus the Initial Spread (the "**Reset Interest Rate**").
No Interest Deferral Option	Interest deferral at the option of the Issuer is not applicable to the Securities.
Initial Spread	2.400% per annum.
Redemption at the Option of the Issuer	Subject to the satisfaction of the Optional Redemption and Purchase Conditions, the Issuer may, on the Interest Reset Date and each Interest Payment Date thereafter, upon giving a notice of redemption, redeem the Securities, in whole but not in part, at a redemption price equal to the principal amount of the Securities plus any accrued but unpaid interest to (but excluding) the date of redemption (the "**Optional Redemption Price**").
Redemption for Gross-up Event	Subject to the satisfaction of the Optional Redemption and Purchase Conditions, if a Gross-Up Event has occurred and is continuing, the Issuer may, at any time upon giving a notice of redemption, redeem the Securities, in whole but not in part, at the Optional Redemption Price. "**Gross-Up Event**" means, on the occasion of the next payment due under the Securities, the Issuer has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any political subdivision of, or any authority in, or of, a Relevant Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective (or in the case of a change in the application or official interpretation, occurs or is being announced) on or after the Issue Date; and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Redemption for Regulatory Event	Subject to the satisfaction of the Optional Redemption and Purchase Conditions and upon the occurrence of a Regulatory Event, the Issuer may, at any time upon giving a notice of redemption, redeem the Securities, in whole but not in part, at the Optional Redemption Price. "**Regulatory Event**" means that where the Securities have been eligible as regulatory capital of the Issuer and at a subsequent time, due to a change of law, regulation or interpretation thereof, which change becomes effective (or in the case of a change in the application or official interpretation, occurs or is being announced) after the Issue Date, the Securities cease to be eligible, in whole or in part, as regulatory capital of the Issuer.
Redemption for Tax Deductibility Event	Subject to the satisfaction of the Optional Redemption and Purchase Conditions and upon the occurrence of a Tax Deductibility Event, the Issuer may, at any time upon giving a notice of redemption, redeem the Securities, in whole but not in part, at the Optional Redemption Price. "**Tax Deductibility Event**" means the occurrence of a more than insubstantial increase in the risk that interest payable by the Issuer on the Securities is not, or will no longer be, deductible by the Issuer, in whole or in part, for Korean (or, in the case of a successor person, such other jurisdiction of the successor person, as applicable) tax purposes, as a result of (i) any change (including any officially announced proposed changes) in, or amendment to, the laws or regulations (or rulings promulgated thereunder) of Korea (or, in the case of a successor person, such other jurisdiction of the successor person, as applicable) or any political subdivision or any authority thereof or therein having power to tax, that becomes effective on or after the Issue Date (or, in the case of a successor, following the date of succession), or (ii) any administrative decision, judicial decision, administrative action or any other official pronouncement interpreting or applying those law, regulations or rulings that is announced on or after the Issue Date (or, in the case of a successor, following the date of succession), and, in each case, such non-deductibility cannot be avoided by the Issuer through the taking of reasonable measures available to the Issuer.

Optional Redemption and Purchase Conditions	Any redemption of the Securities at the option of the Issuer (other than on the Maturity Date) is subject to (i) the prior approval of the FSS or other relevant regulatory authorities of Korea (if then required) and (ii) satisfaction of any other conditions as required under the Regulation on Supervision of Insurance Business (as amended or modified from time to time), the Detailed Enforcement Regulations on Insurance Business Supervision (as amended or modified from time to time) or other successive regulations in effect at the time of such redemption ((i) and (ii) collectively, the "**Optional Redemption and Purchase Conditions**"). The Optional Redemption and Purchase Conditions applicable as of the Issue Date are as follows: (a) immediately after such redemption (which shall have been decided by the Issuer at its sole discretion and approved by the FSS), the Issuer's Solvency Margin Ratio shall be equal to or greater than 150%; or (b) (A) the Issuer's Solvency Margin Ratio shall be equal to or greater than 100%; (B) prior to such redemption, the Issuer issues or incurs qualifying financing via instruments with stronger capital characteristics (such as shares or instruments with a maturity longer than the remaining maturity of the Securities and with more favourable financing terms, including but not limited to a lower interest rate) in an amount not less than the aggregate principal amount of the Securities to be redeemed; (C) the Interest Rate of the Securities shall have been recognised by the FSS as significantly unfavourable to the Issuer due to changes in market conditions since the Issue Date; and (D) the Issuer shall have obtained prior approval from the FSS for such redemption.
Taxation	All payments (if any) of principal of, and interest on, the Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (the "**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Securityholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Securities in the absence of the withholding or deduction, subject to certain exceptions.

Form and Denomination	The Securities will be issued in registered form in denominations of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.
Use of Proceeds	The net proceeds from the Offering, which are expected to be approximately U.S.$496,255,000 (net of underwriting discounts and commissions but prior to deducting other offering expenses), will be used for general corporate purposes.
Global Securities	The Securities will be initially represented by beneficial interests in a global certificate in registered for which will be registered in the name of a nominee of, and will be deposited on or about the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the global certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.
Ratings	The Securities are expected to be rated "BBB" by Fitch and "Baa3" by Moody's. A rating is not a recommendation to buy, sell or hold the Securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Governing Law	The Securities, the Deed of Covenant and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the provisions of the Securities relating to subordination (Condition 3.2 and Clauses 3.1 and 3.2 of the Deed of Covenant) shall be governed by Korean law.
Listing	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Securities on the SGX-ST. There can be no assurance, however, that the Issuer will obtain or be able to maintain a listing and quotation of the Securities on the SGX-ST. For so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Securities, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, the Securities, if traded on the SGX-ST, will be traded in a minimum board lot size of U.S.$200,000.
Selling Restrictions	The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. For additional selling restrictions in relation to other jurisdictions, see "*Subscription and Sale*."
Security Code	ISIN: XS3045733840

Legal Entity Identifier (LEI)	9884007L6E9UAWKGCX42
Fiscal Agent and Registrar	Citicorp International Limited.
Paying Agent, Calculation Agent and Transfer Agent	Citibank, N.A., London Branch.

LISTING APPLICATION

Approval in-principle has been received from the SGX-ST for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of the Securities on, the SGX-ST are not to be taken as an indication of the merits of the Issuer or the Securities.

SUMMARY FINANCIAL AND OPERATING DATA

The following tables set forth our summary financial and operating data. Our summary financial data as of and for the years ended 31 December 2023 and 2024 set forth below has been derived from our annual audited consolidated financial statements included elsewhere in this Offering Circular. Our audited consolidated financial statements included in this Offering Circular have been prepared in accordance with K-IFRS, which differ in certain significant respects from generally accepted accounting principles in other countries.

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME OR LOSS DATA

	FY2023	FY2024
	(In billions of Won, other than per share data)	
I. Operating Income		
1. Operating income from insurance contracts	₩1,131	₩1,234
(1) Insurance income	1,107	1,187
(2) Reinsurance income	24	47
2. Operating expense from insurance contracts	955	1,003
(1) Insurance expenses	852	884
(2) Reinsurance expenses	18	41
(3) Other operating expense	86	78
	176	**231**
II. Investment income		
1. Investment income	2,119	2,266
(1) Insurance finance income from insurance contracts issued recognised in profit or loss	1	1
(2) Finance income from reinsurance contracts held recognised in profit or loss	0	7
(3) Interest income	924	995
(4) Dividend income	1	5
(5) Gain from financial assets measured at fair value through profit or loss	595	323
(6) Gain from financial assets measured at fair value through other comprehensive income	3	94
(7) Gain on financial assets at amortised cost	2	0
(8) Foreign exchange gain	209	613
(9) Gain from derivatives	168	30
(10) Commission income	49	50
(11) Other investment income	168	148
2. Investment expense	2,001	2,129
(1) Insurance finance expenses from insurance contracts issued recognised in profit or loss	1,106	954
(2) Interest expense from financial liabilities	134	132
(3) Loss from financial assets measured at fair value through profit or loss	271	336
(4) Loss from financial assets measured at fair value through other comprehensive income	3	4
(5) Loss on financial assets at amortised cost	0	–
(6) Provision of loss allowance for credit losses	58	8
(7) Foreign exchange loss	48	3

	FY2023	FY2024
	(In billions of Won, other than per share data)	
(8) Loss on derivatives	355	663
(9) Property management expenses	4	4
(10) Other investment losses	23	23
	118	**137**
III. Profit from operating activities	294	368
IV. Non-operating income	14	29
V. Non-operating expense	1	26
VI. Profit before tax	308	371
VII. Income tax expense	68	57
VIII. Profit for the period	240	314
IX. Other comprehensive income (loss)		
1. Other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	(323)	(1,172)
(1) Gain on valuation of debt securities at fair value through other comprehensive income	770	175
(2) Gain on valuation of cash flow hedge derivative	51	63
(3) Net finance income (expenses) from insurance contract assets (liabilities)	(1,121)	(1,443)
(4) Net finance income (expenses) from reinsurance contract assets (liabilities)	(23)	33
2. Other comprehensive income that will not be reclassified to profit or loss, net of tax	16	10
(1) Gain (loss) on valuation of equity securities at fair value through other comprehensive income	23	19
(2) Gain (loss) on revaluation of property, plant and equipment, right-of-use assets and intangible assets	0	0
(3) Remeasurements of defined benefit plans	(7)	(10)
	(308)	**(1,162)**
X. Total comprehensive income (loss)		
1. Total comprehensive income (loss) attributable to owners of the Parent	(68)	(848)
2. Total comprehensive income (loss) attributable to non-controlling interest	–	–
	(68)	**(848)**
Basic and diluted earnings per share	**₩ 1,538**	**₩ 2,015**

SUMMARY STATEMENTS OF FINANCIAL POSITION DATA

	As of 31 December	
	2023	2024
	(In billions of Won)	
Assets		
Cash and cash equivalents	₩ 962	₩ 269
Financial assets at fair value through profit or loss	5,497	5,857
Financial assets at fair value through other comprehensive Income	18,571	20,037
Financial assets measured at amortised cost	7,223	7,068
Derivative financial assets designated as hedges	133	92
Investments in associates	–	52
Property and equipment	59	91
Investment properties	308	307
Intangible assets	20	19
Current tax assets	82	90
Deferred tax assets	–	205
Other assets	2	10
Reinsurance contract assets	12	449
Total assets	**32,869**	**34,547**
Liabilities		
Insurance liabilities	26,417	28,221
Reinsurance contract liabilities	9	11
Investment contact liabilities	3,058	3,469
Policyholders' equity adjustments	(2)	3
Financial liabilities measured at fair value through profit or loss	19	0
Financial liabilities measured at amortised cost	253	366
Derivative financial liabilities designated as hedges	53	425
Provisions	19	20
Net defined benefit liabilities	6	16
Deferred tax liabilities	91	–
Other liabilities	41	49
Total liabilities	**29,965**	**32,581**
Stockholders' equity		
Capital stock	807	807
Capital surplus	464	464
Hybrid security bond	345	345
Capital adjustments	(60)	(60)
Accumulated other comprehensive income (loss)	57	(1,105)
Retained earnings	1,293	1,517
Equity attributable to owners of the Parent	2,904	1,967
Equity attributable to non-controlling interests	–	–
Total stockholders' equity	2,904	1,967
Total liabilities and equity	**₩32,869**	**₩34,547**

OPERATING DATA OF THE ISSUER (INCLUDING SEPARATE ACCOUNTS)

	As of or for the year ended 31 December	
	2023	**2024**
	(In billions of Won, except as otherwise indicated)	
Total policies in force (in thousands)	4,119	4,303
Number of new policies sold (in thousands)	514	590
Gross premiums(1)(2)	₩8,801	₩8,690
First year premiums(1)(2)	₩1,087	₩1,370
First year regular payment premiums	₩ 562	₩ 860
First year single payment premiums	₩ 525	₩ 510
Annualised premium equivalent(3)	₩ 814	₩ 983
In-force face amount growth ratio(4)	(2.9)%	(1.3)%
New policy growth ratio(5)	8.3%	8.8%
Lapse and surrender ratio(6)	8.7%	7.8%
Policy persistency ratio(7)		
13-month	87.8%	88.8%
25-month	59.2%	78.3%
Operating expense ratio(8)	12.7%	15.6%
K-ICS ratio	193.4%	155.5%
Return on equity(9)	8.1%	12.9%
Return on assets(10)	0.7%	0.9%

Notes:

(1) The amount of premiums recognised in a specified period in respect of policies in force during such period.

(2) Includes (i) the portion of premiums paid by variable insurance policyholders that relates to benefits based on the performance of the underlying investment assets and (ii) premiums from retirement pension products, which are not recognised as premium income in our statements of comprehensive income, but are recognised as part of our separate accounts in our statements of our financial position.

(3) The sum of (i) our annualised premiums for regular payment premium products sold during the applicable period and (ii) 10% of our premiums for single payment premium products sold during such period (including for separate accounts other than for retirement pension products).

(4) The ratio of (i) the difference between the total face amount of policies that have not expired or been terminated as of the end of the specified period and the aggregate face amount of policies in force at the beginning of such period to (ii) the aggregate face amount of policies in force at the beginning of such period.

(5) The ratio of the aggregate face amount of policies sold during the specified period to the aggregate face amount of policies in force at the beginning of such period, excluding retirement insurance and retirement pension products.

(6) The ratio of the aggregate face amount of all policies that were terminated or expired and were not renewed during the specified period to the sum of (i) the aggregate face amount of policies in force at the beginning of such period and (ii) the aggregate face amount of policies sold during such period, excluding retirement insurance and retirement pension products.

(7) The ratio of (i) the sum of the aggregate face amount of the policies that remained in force at the 13th month or 25th month policy anniversary date, as applicable, falling within the specified period to (ii) the sum of the aggregate face amount of all policies sold that would have had such a policy anniversary date, as calculated in accordance with the applicable requirements of the FSS.

(8) The ratio of (i) the sum of policy acquisition and maintenance expenses for the specified period (adjusted for deferred acquisition costs) to (ii) general account and separate account premium income for such period.

(9) The ratio of (i) net income for the specified period to (ii) the average total equity for such period, on a consolidated basis (for the years ended 31 December 2023, 2024), with the average being defined as a simple average of beginning balance and ending balance.

(10) The ratio of (i) net income for the specified period to (ii) the average total assets for such period, on a consolidated basis (for the years ended 31 December 2023, 2024), with the average being defined as a simple average of beginning balance and ending balance.

RISK FACTORS

You should carefully consider the risks described below and all other information contained in this offering circular before making an investment decision. If any of the following risks, as well as other risks and uncertainties that are not currently known or that we currently think are immaterial, are actually realised, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of the Securities could decline, and you may lose part or all of your investment.

Risks Relating to Our Business

There is significant competition in the Korean life insurance industry, and we may experience declines in our market share and profitability as a result.

There is significant competition in the Korean life insurance industry. Competition is based on a number of factors, including brand recognition, service, product features, price, quality of investment advice, investment performance, perceived financial strength and credit ratings. In recent years, there has been downward pressure on margins of insurance products as some of our competitors have sought to obtain or maintain market share by reducing margins and increasing marketing efforts. As the Korean life insurance industry continues to mature, it may experience a slowdown in growth as well as a stagnation in market penetration. Due to these and other factors, we believe that competition in the Korean life insurance industry will likely remain intense in the future. As general agencies have established themselves as major distribution and marketing channels in the Korean life insurance industry, competition is intensifying to a greater degree among insurance companies. Sustained or increased competition may lead to decreases in our market share and our margins, resulting in a material adverse impact on our revenues and our profitability.

We compete principally with large Korean life insurance companies such as Samsung Life Insurance Co., Ltd., Hanwha Life Insurance Co., Ltd. and Kyobo Life Insurance Co., Ltd., which historically have held substantial market shares in the Korean life insurance market. We also compete with other mid-sized domestic life insurance companies such as Mirae Asset Life Insurance Co., Ltd., Nonghyup Life Insurance Co., Ltd., Shinhan Life Insurance Co., Ltd., Heungkuk Life Insurance Co., Ltd., KDB Life Insurance Co., Ltd. and iM Life Insurance Co., Ltd. as well as Korean affiliates of foreign life insurance companies, such as MetLife Insurance Company of Korea Co. Ltd., LINA Life Insurance Co., Ltd., AIA Life Insurance Co., Ltd. and ABL Life Insurance Co., Ltd., whose parent companies may have greater experience and resources in their respective home markets.

In specific areas such as accident and health insurance, savings insurance and variable insurance, our products also compete with those offered by property and casualty insurance companies, commercial banks, securities companies and asset management companies. Furthermore, risk protection products with insurance features are also sold by the Korea Post through its extensive nationwide branch network. Certain of our competitors are larger in terms of asset size and customer base, have greater financial resources, offer a broader range of products or have access to a more extensive distribution network than we do. Moreover, a number of our competitors are affiliated with large Korean business or financial groups, which may provide a competitive advantage to the extent that they are able to take advantage of such affiliation, including through cross-promotion opportunities and access to the existing customer base of their affiliates.

In recent years, large financial holding companies in Korea and foreign insurance companies, which are significantly larger and may have more resources and synergies than us, have made significant acquisitions of insurance companies, further increasing competition in the market. For example, in 2020, Shinhan Financial Group acquired Orange Life Insurance Co., Ltd. which was subsequently merged into Shinhan Life Insurance Co., Ltd. in 2021, while KB Financial Group acquired Prudential Life Insurance Company of Korea in 2020 which subsequently merged with KB Life Insurance Co., Ltd. in 2023. In addition, many of our competitors are increasingly relying on internet platforms to diversify their marketing efforts, and Korea's leading internet platform companies are searching for investment opportunities to further expand their presence in the financial industry. We expect that changes in the competitive landscape of the life insurance and property and casualty insurance industries, as well as the broader financial industry generally, will continue. Such changes may significantly increase the customer base and operating scale of some of our competitors. Certain of the financial institutions resulting from these changes may, by virtue of their increased size and business synergies, create greater competition for us. In addition, in November 2022, the FSC announced a plan to relax insurance regulations to allow financial holding companies to possess more than one license each for a life insurance company and a property and casualty insurance company. Once the reform measures are implemented, this may lead to increased competition in the insurance industry.

Since the implementation of bancassurance, mid-sized life insurance companies have expanded their market presence, focusing on savings-type insurance products by utilising banks' networks as distribution and marketing channels. Korean affiliates of foreign life insurance companies have also achieved high growth by focusing on protection-type insurance markets through sales strategies leveraging their strong global brand recognition and highly trained sales teams. As these advantages for the mid-sized and Korean affiliates of foreign companies persist, the market concentration of the large Korean life insurance companies continues to decrease.

The competitiveness of life insurance companies hinges on sales strategies, marketing capabilities, personnel quality and brand recognition over the originality of insurance products. Their performance profoundly relies on the efficiency of their sales channels. The expansion of domestic insurance and investment businesses may lead to staff turnover and affect market share of distribution and marketing channels, especially due to intensified competition in non-exclusive channels including the general agency channel and the bancassurance channel.

Under the new IFRS 17 accounting system, insurance premiums unrelated to service delivery during the term, such as savings insurance, are recognised as liabilities rather than revenue. This shift has prompted a greater emphasis on the sale of protection-type insurance products. As competition in the protection-type insurance market intensifies, maintaining market share will likely require increased efforts in the future.

Regulatory changes and Government policies have also affected, and will continue to affect, the level of competition in the Korean life insurance industry. For example, certain amendments to the Insurance Business Act adopted in 2003 and its related enforcement decree clarified that property and casualty insurance companies may sell products that offer death benefits in the case of death arising from illness, subject to certain limitations on liability. In addition, beginning in 2008, the FSS has permitted limited cross-selling of life insurance and property and casualty insurance products by financial planners working for life insurance or property and casualty insurance companies. See "*Regulation and Supervision – Sales – Overlap of Products with General Insurance Companies*." Property and casualty insurance companies are currently not permitted to offer certain whole life insurance, term life insurance, annuity or variable insurance products, but future deregulation may further intensify competition with property and casualty insurance companies. In addition, partly in response to Government efforts to encourage the growth of fintech companies, we have seen the entry of companies from the fintech sector into the broader Korean insurance industry. In November 2018, Toss, a mobile consumer financial platform, established a general agency subsidiary. Similarly, in July 2019, Kakao Pay, another mobile consumer financial platform, acquired Inbyu, a general agency start-up, and renamed it as KP Insurance Service. In June 2021, the revised Enforcement Decree of the Insurance Business Act was implemented, which permits the establishment of insurance companies with minimum capitalisation of Won 2 billion to offer short-term insurance products. Such revisions are expected to encourage fintech companies to establish online platform-based insurance companies, which may further increase competition in the insurance industry. In addition, in April 2023, the FSC introduced detailed measures which allowed online platforms to offer insurance product comparison and recommendation services, leading to the establishment of insurance product comparison and recommendation platforms by fintech companies and increased competition in the insurance industry. Online platforms providing insurance product comparison and recommendation services have been launched starting from 19 January 2024.

We intend to continue our efforts to enhance our products and services and sustain our competitiveness, but we cannot guarantee that we will be successful. If we are not able to respond to competitive market conditions in the future, our growth and profitability may decline, which could materially and adversely affect our business, results of operations and financial condition.

Changes in interest rates may reduce the profitability of our spread businesses and the return on our investments, as well as negatively impact our solvency ratio.

Our results of operations depend, in part, on prevailing interest rates, our level of net interest income and our effective management of the impact of changing interest rates and varying asset and liability maturities in connection with our life insurance business. In particular, some of our insurance products, principally fixed annuities and savings-type policies with guaranteed minimum annuity or interest payments, expose us to the risk that changes in interest rates will reduce our "spread," or the difference between the amounts that we are required to pay under the relevant policies and the rate of return we are able to generate on the invested assets of our life insurance operations intended to support our obligations under the policies. Declines in our spread from these products or other spread businesses we conduct could have a material adverse effect on our business and results of operations.

In periods of increasing interest rates, the yields on the assets in the general accounts of our life insurance business may not be sufficient to fund the higher floating interest credit rates necessary to keep our interest-sensitive insurance products competitive. We therefore may have to accept a lower spread and thus lower profitability or face a decline in sales and greater attrition among existing policyholders. In addition, in periods of increasing interest rates, the value of our fixed-interest assets may decline, resulting in lower unrealised gains within other comprehensive income in our total equity, which in turn would lower our available capital and our solvency ratio. Moreover, surrenders and withdrawals of insurance policies and annuity contracts may increase as policyholders seek to buy products with perceived higher returns. This process may lead to a cash outflow from our life insurance business. Such cash outflows may require us to sell our investment assets at a time when the prices of those assets are lower because of the increase in market interest rates, which may result in realised investment losses. Unanticipated surrenders and withdrawals also may require us to accelerate the amortisation of deferred policy acquisition costs, which would increase our current expenses. Conversely, in periods of declining interest rates, we typically have to reinvest the cash we receive as interest or return of principal on our investments in lower yielding instruments then available. In a declining interest rate environment, we may not be able to find attractive new reinvestment opportunities for our portfolio of fixed-interest debt securities, a portion of which will mature in the next few years. Moreover, while we are entitled to adjust the base rate applicable to our interest-sensitive insurance products, which provide benefits determined in accordance with a floating interest crediting rate, we may not be able to do so on a timely basis in periods of declining interest rates because making such adjustments could have a significant adverse effect on our sales and reputation. Furthermore, some of our insurance products, including fixed annuities, have guaranteed minimum interest or annuity payments, which we are not entitled to reset. Accordingly, our spreads could decrease and potentially become negative.

We currently use derivatives to help manage a portion of our interest rate risk, and plan to continue to do so in the future depending on market conditions and the availability of suitable products. However, the derivatives we utilise may not be completely effective at managing such risk. Accordingly, changes in market interest rates may have a material adverse effect on our business, results of operations and financial condition.

Many factors affect interest rates, including governmental monetary policies and domestic and international economic and political conditions. Interest rates in Korea have been subject to significant fluctuations in recent years. On 16 March 2020, The Bank of Korea further lowered its policy rate from 1.25% to 0.75% in March 2020 and to 0.50% in May 2020, in response to deteriorating economic conditions resulting from the COVID-19 pandemic. However, the economy began to show signs of recovery from the COVID-19 pandemic starting from the second half of 2021. The Bank of Korea raised its policy rate to pre-pandemic levels of 1.25% from August 2021 through January 2022. More recently, in response to rising levels of household debt and inflation in Korea as well as globally, the Bank of Korea raised its policy rate further to 1.50% in April 2022, 1.75% in May 2022, 2.25% in July 2022, 2.50% in August 2022, 3.00% in October 2022, 3.25% in November 2022 and 3.50% in January 2023 in response to rising levels of household debt and inflationary pressures. The Bank of Korea lowered its policy rate from 3.50% to 3.25% on 11 October 2024, to 3.00% on 28 November 2024 and to 2.75% on 25 February 2025.

The Bank of Korea may decide to increase its policy rate in the future in order to pre-empt or counteract potential inflationary trends in the domestic economy.

We also seek to manage interest rate risk by matching, to the extent possible, the duration of our interest-bearing liabilities, such as our insurance policy liabilities, and our interest-earning assets supporting such liabilities, such as our invested assets. Matching the duration of our assets to their related liabilities reduces our exposure to changes in interest rates, because the effect of such changes on our interest-earning assets and interest-bearing liabilities will be offset against each other to a certain degree. Historically, the availability of long-term fixed income securities in the Korean financial markets was limited, which has generally resulted in the average duration of interest-earning assets being shorter than that of interest-bearing liabilities of Korean life insurance companies, including us. Although such securities have become more accessible in the Korean financial markets, our ability to match the duration of our interest-earning assets and interest-bearing liabilities remains limited. In addition, while investing in interest-earning assets outside of Korea may enhance our ability to match the duration of our assets to their related liabilities, the resulting mismatch in currencies may increase our exposure to changes in exchange rates. See "*– Our investment risk may increase as we diversify our investment portfolio to include more overseas securities*."

Our business and performance are dependent on the effectiveness of our distribution and marketing channels and our distribution and product strategies.

We utilise a multi-channel distribution and marketing platform for our operations. In addition to the traditional financial consultants channel, we operate alternative distribution and marketing channels for the sale of our insurance products. In particular, we have entered into bancassurance arrangements with leading commercial banks, securities companies and savings banks in Korea, pursuant to which they market and distribute our insurance products through their branches on a non-exclusive basis. In addition, we have entered into marketing arrangements with general agencies in Korea for the sale of a wide range of our insurance products. We also utilise our direct marketing (subsidiary) channel to distribute our insurance products through telemarketing and marketing on home shopping television networks, as well as through the internet.

In recent years, we have relied on our general agency channel as the primary channel for the distribution and marketing of our insurance products. 51.7% and 53.9% of our annual premium equivalent ("**APE**") (including APE for separate accounts other than for retirement pension products) in 2023 and 2024, respectively, were attributable to our general agency channel. Because of differences in productivity, a relatively small number of general agencies generate a disproportionately high percentage of our insurance product sales. With the strategy to expand our exclusive channel, 13.9% of our APE (including APE for separate accounts other than for retirement pension products) in 2023 was attributable to our financial consultants channel which increased to 16.5% in 2024. More than 70% of our total APE in 2024 was attributable to our general agency channel and our financial consultants channel. We expect to continue to depend on the general agency channel and the financial consultants channel for a substantial portion of our total insurance sales, with the aim to continuously strengthen the competitiveness of our sales. See "*Business – Distribution and Marketing Channels*."

Significant competition exists in the Korean insurance industry for arrangements with productive bancassurance partners and general agencies, as well as for experienced financial consultants. Under the new IFRS 17 accounting system, insurance premiums unrelated to service delivery during the term, such as savings insurance, are recognised as liabilities rather than revenue. This shift has prompted a greater emphasis on the sale of protection-type insurance products. Consequently, we have strategically expanded our offerings of the more profitable protection-type insurances, including health insurance, through non-exclusive distribution and marketing channels including our general agency channel, maintaining an average market share of around 5% since 2021. Despite these efforts, heightened competition within the protection-type insurance sector has resulted in a reduction of initial premium sizes, posing challenges to sustaining market competitiveness.

Such competition may require us to enhance the commissions, training and other benefits provided with respect to our distribution and marketing channels, which would increase our operating costs and reduce our profitability. If we are unable to maintain and build on our relationships with our core group of bancassurance partners and general agencies and motivate them to sell our insurance products, or if we fail to continue to successfully utilise our financial consultants and direct marketing (subsidiary) channels to supplement our bancassurance and general agency channels, our business, results of operations and financial condition could be materially and adversely affected.

We may be required to raise additional capital or reduce our growth or business scale if our solvency ratio deteriorates or the applicable capital requirements change in the future.

Korea's life insurance industry is subject to various regulations, including relevant laws, financial soundness indicators such as the Risk-Based Capital ("**RBC**") ratio (indicator of an insurance company's capital adequacy before 2023) and the new solvency system Korean-Insurance Capital Standards ("**K-ICS**") (capital adequacy indicator since 2023 onward). Similar to the RBC ratio, the K-ICS ratio is calculated by dividing the available capital (solvency amount) by the required capital (solvency standard amount), which is the risk amount for each risk category of the company. This ratio serves as a measure of the extent of capital a company must meet, even when faced with significant financial risks (such as unexpected losses or a decline in asset values). As the solvency regime in Korea is currently in its early stages, there remains potential for further regulatory adjustments in the future. These adjustments may include heightened capital requirements for available capital and the addition of new risks. Since the new solvency system's implementation in January 2023, our K-ICS ratio decreased from 193.4% as of 31 December 2023 to 155.5% as of 31 December 2024.

If an insurance company's interest-earning assets have a shorter duration than that of its interest-bearing liabilities, its interest rate risk for purposes of calculating its solvency ratio may increase as a result of such new solvency regime. Although our interest-earning assets are generally maintained to have a longer duration than the statutory duration of our interest-bearing liabilities, there is no guarantee that we will not be required to raise additional capital to sustain our K-ICS ratio above the statutory level of 100%. Any material deterioration in our K-ICS ratio could change our customers' or our business counterparties' perception of our financial health, which in turn could adversely affect our sales, earnings and operations. Furthermore, while our K-ICS ratio is currently above the required level, if we grow rapidly or if our asset quality deteriorates in the future, we may need to raise additional capital to meet our solvency requirements. If we are not able to raise any additional required capital, we may be forced to reduce the growth or scale of our business.

Changes in accounting standards could adversely impact our reported results of operations and financial condition.

Our financial statements are subject to the application of K-IFRS, which is periodically revised or expanded. Accordingly, from time to time we are required to adopt new or revised accounting standards issued by the Korean Accounting Standards Board (the "**KASB**"), which coordinates with the International Accounting Standards Board (the "**IASB**") to have International Financial Reporting Standards as issued by the IASB ("**IFRS**") translated into Korean for adoption as K-IFRS.

In response to a lack of comparability in the global insurance industry stemming from variations in accounting policies being applied, the IASB issued IFRS 17 (previously referred to as IFRS 4 Phase II), a new IFRS accounting standard for insurance contracts. The KASB issued revised accounting standards in accordance with IFRS 17, compliance with which has significantly affected the way we and other insurance companies in Korea account for our insurance policies, annuity contracts and financial instruments and how our financial statements are presented.

The changes brought about by the introduction of IFRS 17 can be summarised into three main areas: (i) the adoption of fair value measurement for insurance liabilities, (ii) changes in the method of revenue recognition for insurance and (iii) changes in the presentation of accounting profits.

- *Adoption of fair value measurement for insurance liabilities*: Insurance contract liabilities (formerly policy reserves) refer to the funds set aside by an insurance company from premiums received from customers to cover future insurance claims, surrender values, policyholder dividends and related expenses. Previously, these insurance contract liabilities were evaluated based on historical cost, that is, the cost at the time of premium receipt. However, under IFRS 17, they are evaluated based on fair value. IFRS 17 requires insurance liabilities to be divided into the amount needed by the insurer to fulfil contractual obligations ("**Fulfilment Value**") and future expected profits (Contractual Service Margin, hereinafter "**CSM**"). The amount necessary to fulfil these obligations is further split into the Best Estimate of Liabilities ("**BEL**"), which corresponds to expected losses, and the Risk Adjustment ("**RA**"), which reflects the opportunity cost of holding capital to cover unexpected losses. The reason that both BEL and RA are considered in the Fulfilment Value is to ensure that the insurer can pay out both predictable and unexpected, excessive losses to policyholders at any time. RA represents the opportunity cost associated with holding sufficient capital for unexpected losses, and the portion of RA released from risk is recognised as profit in the income statement each period.

- *Changes in the method of revenue recognition for insurance*: Under the previous accounting standards, insurance companies recognised the entire premium as revenue at the point of receipt from policyholders, without distinguishing between the savings, coverage, and expense components. With the introduction of IFRS 17, insurance revenue is recognised at the time services are provided, and the portion related to savings is not recognised as insurance revenue. As a result, while under the previous standards more profit was recognised early in the insurance period and less subsequently, under IFRS 17, profits are recognised more evenly over the entire period of the insurance contract.

- *Changes in the presentation of accounting profits*: Before the introduction of IFRS 17, it was difficult to identify the sources of revenue and expenses. After its implementation, insurance companies disclose income from insurance operations as insurance profit and income from asset investment activities as investment profit, separately. This allows users of the financial statements to clearly understand the profit structure of an insurance company.

The impacts of these changes on the insurance industry can be outlined as follows:

- *Insurance liability valuation*: The shift in valuation from historical cost based at the contract inception to fair value, incorporating market interest rates at each reporting period, has required significant additional reserves for liabilities (policy reserves), especially in an environment with low interest rates.

- *Revenue and expense recognition*: Revenue is now recognised based on risk coverage over the insurance period rather than at the time of premium receipt, excluding investment (savings) elements. With investment components such as surrender values and maturity benefits, which are unrelated to risk coverage, now excluded, the scale of revenue and expenses has decreased.

- *Changes in insurance company management environment*: Financial statements now reflect management performance considering future value (cost to fair value), necessitating a revamp of not only accounting and actuarial systems but also overall management strategies, including products, sales and asset management. Companies with weak financial health, particularly in terms of solvency, have urgently needed to strengthen capital and improve management structures.

- *Supervisory system overhaul*: Since insurance liabilities, which form the bulk of total liabilities and are the source for claims payment, are fundamental to insurance supervision systems, the introduction of IFRS 17 has necessitated comprehensive changes in supervision systems, including financial soundness monitoring, risk assessment, disclosure, and policyholder protection measures.

The implementation of IFRS 17 has introduced variability in the financial soundness and profit and loss structures of insurance companies, negatively affecting the financial structure and profitability of life insurance companies. Consequently, life insurers have taken various measures, such as expanding available capital, to adapt to regulatory and policy changes, posing a risk of changes in their financial structures.

Strategies to expand capital have included issuing capital securities, retaining earnings, selling assets, and raising additional capital. However, retaining earnings is time-consuming, and asset sales have not significantly increased available capital. Raising capital also involves variables such as management control and shareholder dilution. While insurers previously could have only issued subordinated debt if their RBC ratio was below 150%, amendments to the enforcement rules in April 2016 have allowed issuance of subordinated debt even if the RBC ratio exceeds 150%, provided that there are concerns about RBC decline. Perpetual capital securities can also be issued at any time. Thus, realistic capital expansion methods through regulatory easing have involved issuing subordinated debt or perpetual capital securities.

In June 2017, a meeting of the preparatory committee for the implementation of IFRS 17 was held to prepare for the phased addition of policy reserves with the introduction of IFRS 17. The meeting focused on improving the Liability Adequacy Test (the "**LAT**") system and establishing a risk-based supervisory framework.

The LAT is a liability evaluation method used to determine whether the policy reserves currently held by an insurance company on behalf of policyholders are adequate against the possible future cash flows predicted by the company. The LAT calculates the evaluation amount by taking future cash outflows, such as insurance benefits and business expenses, subtracting cash inflows from insurance premiums and fees, and discounting the present value of these amounts using a discount rate based on the future asset yield of the insurance company. It is mandated that at the end of each semi-annual accounting period, the evaluation amount of the LAT be compared to the policy reserves assessed, and the higher amount must be reserved. This ensures that the insurance company maintains an appropriate level of liabilities corresponding to its operational characteristics and simultaneously promotes company soundness and policyholder protection.

A risk-based supervisory framework has been established across three main pillars. Under the first pillar, the RBC ratio system has transitioned to the K-ICS system, a fair value-based solvency regime. This shift includes developing procedures and criteria for approving internal models to precisely reflect the distinct characteristics of individual companies within the solvency framework. See "*Regulation and Supervision – Risk-Based Supervision of Insurance Companies – Solvency Requirements*." Under the second pillar, the supervisory accounting framework has been comprehensively reviewed to align with IFRS 17, with an enhanced management status evaluation being implemented to increase sophistication. Under the third pillar, there has been a strengthening of disclosures regarding the readiness of insurance companies for IFRS 17, which has fostered more proactive risk management practices.

The life insurance industry has thus experienced significant policy changes, including stricter capital soundness regulations and the integration of IFRS 17, alongside modifications to the applicable accounting standards. These transformations have posed challenges to the financial structure and profitability of insurance companies, highlighting the importance of adapting to these evolving regulatory demands. Although we believe that we have made a sufficiently smooth transition to IFRS 17 and other policy changes, other new or revised accounting standards or policy changes we may be required to adopt in the future could result in significant costs and may have a material adverse effect on our business and our reported results of operations and financial condition.

We have substantial holdings of debt securities, and fluctuations in their value may adversely affect our performance.

We hold a significant amount of debt securities, primarily as part of the invested assets portfolio of our life insurance operation. As of 31 December 2024, on a consolidated basis, we had Won 5,563 billion of fair-value-through-profit-or-loss ("**FVPL**") debt securities and Won 19,638 billion of fair-value-through-other-comprehensive-income ("**FVOCI**") debt securities. The market value of these securities could decline significantly due to various factors, including increases in interest rates or a deterioration in the financial condition of any particular issuer or of the Korean or global economy in general. See "*– Changes in interest rates may reduce the profitability of our spread businesses and the return on our investments, as well as negatively impact our solvency ratio*."

Since a significant portion of our debt securities are categorised as FVOCI assets, whose fair values are subject to market value fluctuations on a quarterly basis, any of the above factors individually or in combination could also require us to write down the fair value of these debt securities, resulting in valuation or impairment losses. In addition, a significant deterioration in the value of our debt securities categorised as held-to-maturity financial assets may also result in impairment losses. As a result of adverse global and Korean economic conditions, there has been significant volatility in securities prices in recent years, including the prices of Korean and overseas debt securities we hold, which has resulted in and may lead to further valuation or impairment losses on our investment securities portfolio and other invested assets. See "– *Adverse conditions and volatility in the Korean economy and financial markets may negatively affect our business and performance*."

In addition, in the case of Korean corporate bonds that we hold, the secondary market for such securities is not as liquid as some of the debt securities markets in other countries, and therefore the market value of many of these securities as reflected on our balance sheets is determined by references to suggested prices posted by Korean rating agencies or the Korea Securities Dealers Association. These valuations, however, may differ significantly from the actual value that we could realise in the event we elect to sell these securities. As a result, we may not be able to realise the full "marked-to-market" value reflected on our balance sheet at the time of any such sale of these securities and thus may incur additional losses. Furthermore, the issuers whose debt securities we hold may fail to pay or otherwise default on their obligations due to bankruptcy, a lack of liquidity, a downturn in the economy, operational failures or other reasons. Losses resulting from such defaults could have an adverse impact on our results of operations and financial condition.

Our investment risk may increase as we diversify our investment portfolio to include more overseas securities.

The largest portion of our invested assets portfolio has traditionally consisted of domestic debt securities, which accounted for 50.4% of our total invested assets as of 31 December 2024. The portion of our invested assets accounted for by overseas securities increased from 13.5% as of 31 December 2023 to 14.2% as of 31 December 2024. Investing and trading in overseas securities require more specialised investment and risk management expertise, which we may not be able to develop and maintain. Furthermore, the market value of the overseas securities in which we decide to invest could decrease significantly due to various factors, including declines in foreign stock markets, increases in global interest rates, a lack of liquidity, a deterioration in the operating performance or financial condition of particular issuers or of the overseas local or global economy in general. Accordingly, our increased investments in overseas securities may lead to trading and valuation losses, which could adversely affect our results of operations and financial condition.

Furthermore, we may incur foreign exchange losses on our investments denominated in foreign currencies. Appreciation of the Won reduces the Won value of our overseas securities and other invested assets denominated in foreign currencies. Although we generally seek to hedge the exchange rate risk arising from our invested assets in overseas securities through derivative financial instruments including currency swaps and forwards, our hedging activities relating to our investments denominated in foreign currencies may not be fully effective, and our investment returns may be subject to exchange rate risk, as well as other risks and volatility affecting overseas capital markets. Future movements in the exchange rate of the Won against the U.S. dollar and other foreign currencies may result in foreign exchange losses or losses on our foreign currency forward or swap contracts entered into for hedging purposes, which may adversely affect our results of operations and financial condition.

Our profitability may be adversely affected if actual benefits and claims amounts on our in-force life insurance policies exceed the amounts that we have reserved, or we increase the amount of reserves due to a change in our underlying assumptions.

We establish and carry, as a liability, policy reserves based on the greater of statutory reserves and actuarial estimates of how much we will need to pay for future benefits and claims on our in-force life insurance policies. Our earnings depend significantly upon the extent to which our actual claims results are consistent with the assumptions used in setting the prices for our life insurance products and establishing the liabilities in our financial statements for our obligations for future life insurance policy benefits and claims. We establish the liabilities for obligations for future life insurance policy benefits and claims based on the expected payout of benefits, calculated through the use of assumptions for investment returns, mortality, morbidity, expenses and persistency, as well as certain macroeconomic factors such as inflation. These assumptions are based on our previous experience and published data from third party industry sources such as the KLIA, as well as judgments made by our management. These assumptions and estimates may deviate from our actual experience due to various factors that are beyond our control, including as a result of unexpected changes in the scope of coverage by the Korean national health insurance program or unfavourable re-interpretations of our life insurance policy terms by Korean courts or regulators, as well as advancements in health care that result in increased life expectancy and early detection of diseases. For example, as a result of an unfavourable re-interpretation by the FSS and the Supreme Court of Korea of the scope of coverage under an accidental death benefit rider, we established premium reserves relating to overdue death benefits (including related interest expenses) in 2016 in respect of certain suicide claims. See "– *We may become subject to legal claims and regulatory actions which, if significant, could harm our business, performance and reputation*." In addition, the occurrence of unexpected catastrophic mortality events in Korea, including pandemics, natural or man-made disasters or terrorist attacks, may result in claims that significantly exceed our expectations. As a result, we cannot determine with precision the ultimate amounts that we will pay for, or the timing of payment of, actual benefits and claims or whether the assets supporting the life insurance policy liabilities will grow to the level we assume prior to payment of benefits or claims. These amounts may vary from the estimated amounts, particularly when those payments may not occur until well into the future.

We evaluate the adequacy of our life insurance policy liabilities periodically based on changes in the assumptions used to determine our best estimates of claims, expenses, persistency rates and interest rates, as well as based on our actual policy benefits and claims results. To the extent that trends in actual claims results are less favourable than our underlying assumptions used in establishing these liabilities, and our total life insurance policy liabilities are considered to be inadequate to meet our future contractual obligations as and when they arise, we could be required to increase our liabilities. We record increases in our insurance policy liabilities as charges to our income statement in the period in which the liabilities are established or re-evaluated. If actual benefits and claims amounts exceed the amounts that we have reserved, or we increase the amount of insurance policy liabilities due to a change in our underlying assumptions, it could have a material adverse effect on our results of operations and financial condition.

While we utilise reinsurance arrangements to help manage our insurance risks, our reinsurance counterparties may fail to perform and reinsurance may otherwise not be available, affordable or adequate to protect us against losses.

We utilise reinsurance to mitigate some of our insurance risks with respect to various life insurance products. Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. Accordingly, we bear credit risk with respect to our reinsurers. Our aggregate reinsurance expenses on a consolidated basis amounted to Won 18 billion and Won 41 billion in 2023 and 2024, respectively. Our reinsurers may be unable or unwilling to pay the reinsurance benefit amounts owed to us currently or in the future or on a timely basis. A reinsurer's insolvency or its inability or unwillingness to make payments under the terms of its reinsurance agreement with us could have an adverse effect on our results of operations, financial condition and cash flows.

In addition, reinsurance may not be available, affordable or adequate to protect us against losses. In general, our reinsurance agreements with our reinsurers do not have a definite term, but some agreements allow for recapture of ceded insurance risk within seven to 15 years and agreements for new business may be terminated at the end of the year with advance notice of 90 days. Market conditions outside our control determine the availability and cost of reinsurance protection for new life insurance products. Any decrease in the amount of our reinsurance coverage will increase our risk of loss, and any increase in the cost of reinsurance will reduce our profits. Accordingly, we may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect our ability to write future life insurance policies or result in the assumption of more risk with respect to those policies we issue.

We may experience increases in delinquencies in our loan portfolio.

As part of our invested assets activities, we offer loans, including loans secured by real estate, credit loans and guaranteed loans, to qualified retail and institutional borrowers. On a consolidated basis, our loan portfolio amounted to Won 6,129 billion as of 31 December 2024, of which Won 47 billion were classified as non-performing loans (credit loans). As of 31 December 2024, we made an allowance for loan losses of Won 76 billion. Future growth in our loan portfolio, as well as changes in economic conditions affecting our borrowers as well as in the real estate market in Korea, may lead to increasing delinquencies and a deterioration in asset quality, which would require us to increase our loan loss provisions and charge-offs and would adversely affect our results of operations and financial condition.

Decreases in the value of our variable insurance investment assets could adversely affect our business and performance.

We offer variable insurance products that generally provide a return linked to an underlying investment portfolio designed by the policyholder while also providing a guaranteed minimum protection benefit and/or a guaranteed minimum accumulation benefit, predetermined by the contract, in return for periodic payment of fixed premiums over a predetermined period. We pool premiums paid by our variable insurance policyholders and purchase interests in investment funds among which our policyholders are able to allocate and adjust their investment portfolio, and distribute the returns from such investment portfolio to the beneficiaries upon the death of the insured person or to the policyholder upon the maturity of the contract or the predetermined accumulation date. We earn fee income based on the estimated fair value of the assets under management.

Downturns and volatility in the Korean or global financial markets can have a material adverse effect on the revenues from and investment returns on our variable insurance products. Because these products generate fees that are linked primarily to the value of the assets under management, a decline in financial markets could reduce our revenues due to the reduction in the value of the investments we manage, and sustained weakness in the Korean or global financial markets could decrease the returns earned by the policyholders on those products. In addition, to the extent the investments that we manage in our variable insurance business are denominated in currencies other than the Won, our revenues and our policyholders' investment returns from such business may fluctuate based on exchange rate fluctuations. If the investment returns on our variable insurance products deteriorate due to sustained weaknesses in the Korean or global financial markets or adverse exchange rate fluctuations, surrenders and withdrawals of such products may increase as policyholders seek to invest in alternative products with perceived higher returns, which could adversely affect our business and performance.

In addition, our variable insurance products generally offer limited guaranteed benefits which increase our potential benefit exposure should financial markets decline. We collect premiums and establish reserves for the provision of such limited guaranteed benefits to mitigate the impact of such increased potential benefit exposures from our variable insurance products. However, periods of significant and sustained downturns in the Korean or global financial markets or increased market volatility could result in an increase in the amount of reserves that we are required to establish with respect to such products.

The interests of our controlling shareholders could conflict with our interests or those of other stakeholders, including holders of the Securities, and unfavourable developments relating to such shareholders may adversely affect our reputation and business.

As of 31 December 2024, Dajia Life Insurance Co., Ltd. and Anbang Group Holdings Co. Limited collectively owned 75.34% of our common shares outstanding. Such companies are members of Dajia Insurance Group, which was under interim management by the Interim Management Working Group designated by the China Banking and Insurance Regulatory Commission of the Chinese government. See "*Principal Shareholders*." As a result of such ownership, these controlling shareholders are in a position to control or exercise significant influence over all matters requiring shareholder approval, including the election of our directors, approval of a merger or a sale of substantially all of our assets and other significant corporate transactions, the amendment of our articles of incorporation, and the declaration of dividends on our common shares. Such control and influence may cause us to take actions that are opposed, or prevent us from taking actions that are favoured, by our other stakeholders, who may have interests different from those of our controlling shareholders. For example, our controlling shareholders may seek to have us to enter into transactions that, in their judgment, could enhance their investment in us or otherwise benefit them, but which might not be in the best interest of our company or our other stakeholders, including holders of the Securities. Our controlling shareholders may also be able to cause or prevent a change in the composition of our board of directors or our management, as well as a change in our strategy and business. In addition, our controlling shareholders could seek to sell all or part of their equity interest in our company in the future, which may result in such changes or could otherwise adversely affect our reputation and business.

In February 2018, the Chinese government assumed interim management over Anbang Insurance Group in connection with the prosecution of its former chairman, Wu Xiaohui, for economic crimes, including fraud and abuse of authority, and announced that a team from the China Banking and Insurance Regulatory Commission and other regulatory authorities will oversee Anbang Insurance Group's equity restructuring for one year with a potential one-year renewal while managing its operations. In April 2018, the Chinese government announced that it had approved a capital injection of approximately U.S.$9.7 billion by the state-owned China Insurance Security Fund into Anbang Insurance Group in order to ensure its solvency. In May 2018, Wu Xiaohui was convicted by a Chinese court of fraud and embezzlement and was sentenced to an 18-year prison term, as well as forfeiture of his assets. In August 2019, Dajia Insurance Group acquired Anbang Insurance Group's core assets, and in February 2020, the Chinese government ended the interim management and announced the completion of the two-year takeover of Anbang Insurance Group. In August 2024, Dajia Life Insurance Co., Ltd. and Anbang Group Holdings Co. Limited have entered into a share purchase agreement to acquire Dajia Insurance Group's 75.34% stake in our company for approximately Won 1.3 trillion. Upon completion of this agreement, our company is expected to be incorporated as a subsidiary of Woori Financial Group. However, it should be noted that the remaining steps for the completion of the acquisition, including (but not limited to) the major shareholder qualification review by the financial authorities and the payment of the acquisition price, remain uncertain.

Adverse conditions and volatility in the Korean economy and financial markets may negatively affect our business and performance.

Our business and performance may be adversely affected from time to time by general economic and market conditions in Korea and elsewhere, which are subject to sudden and significant changes. A favourable economic environment is generally characterised by, among other factors, high GDP growth, stable geopolitical conditions, transparent and efficient capital markets, low inflation, high business and investor confidence, and strong business earnings. Unfavourable or uncertain economic and market conditions, which can be caused by difficulties in the financial sector, corporate, political or other scandals that reduce interest or confidence in capital markets, declines in business confidence, increases in inflation, natural disasters or pandemics, outbreaks of hostilities or other geopolitical instability, or a combination of these or other factors, have in the past adversely affected, and may in the future adversely affect, our business and performance in many ways. See "*Risk Factors – Risks Relating to Korea – Unfavourable financial and economic developments in Korea may have an adverse effect on us.*" In particular, our business relies substantially on sales of life insurance products to retail customers in Korea. Our exposure to retail customers means that we are significantly affected by changes in economic and market conditions that impact individuals in Korea. Increases in unemployment levels or interest rates, declines in real estate or stock prices or other adverse changes in the Korean economy or financial markets that affect retail customers could result in reduced demand for life insurance and investment products and lower market participation levels by individuals, which in turn may have a material adverse effect on our business, results of operations and financial condition.

The Korean economy is closely tied to, and is affected by developments in, the global economy. Adverse conditions and volatility in the worldwide financial markets and the general weakness of the global economy have in the past contributed, and in the future may contribute, to the uncertainty of global economic prospects. In recent years, financial markets have experienced significant volatility as a result of, among other things, trade disputes between the United States and China, ongoing concerns about the North Korean nuclear weapon and ballistic missile programs, adverse economic and political conditions in Europe and Latin America, a slowdown in China's economy and continuing geopolitical and social instability in various parts of the Middle East, among others. In light of the high level of interdependence on the global economy, any unfavourable developments in the global economy could have a material adverse effect on the Korean economy and financial markets, and in turn on our business, results of operations and financial condition.

Furthermore, our ability to generate profits on life insurance products depends in part on the returns on the invested assets supporting our obligations under these products, and the value of specific investments may fluctuate substantially depending on conditions in the global economy generally and particularly in the Korean and U.S. fixed income, real estate and equity markets. Changes in debt or equity price levels, interest rates, real estate prices or other market fluctuations and volatility may affect the value of our investment positions and the nature and level of our investment activities. The value of the Won relative to major foreign currencies in general, and the U.S. dollar, the Euro and the Japanese Yen in particular, has fluctuated widely in recent years. Continued exchange rate volatility may result in foreign exchange losses for us. As a result of volatile conditions in the Korean and global economies, as well as factors such as Korea's relationship with North Korea, political scandals and ongoing corporate investigations in Korea, the uncertainty surrounding the global financial markets, fluctuations in oil and commodity prices, interest and exchange rate fluctuations, higher unemployment and lower consumer confidence, the economic outlook in Korea for the remainder of 2025 and the foreseeable future remains uncertain.

We may incur losses if our risk management policies and procedures prove to be ineffective.

We have devoted significant resources to develop and enhance our risk management policies and procedures and expect to continue to do so in the future. See "*Risk Management*." We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems, including hedging our exposure to various risks. While we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. Many of our methods of managing risk and exposures are based on historical patterns and correlations that may limit the effectiveness of such methods in times of significant market stress or other unforeseen circumstances. Accordingly, we may not be able to predict future risk exposures that could be significantly greater, or of a different nature, than our historical risk exposure. Other risk management methods depend on the evaluation of information regarding markets, claims, counterparties, catastrophe occurrence or other matters that is publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated.

Management of operational, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective.

The quantitative tools that we use to assess and control our risk exposures reflect assumptions about the degrees of correlation or lack thereof among prices of various asset classes or other market indicators, and in times of market stress or other unforeseen circumstances, previously uncorrelated indicators may become correlated, or conversely previously correlated indicators may move in different directions. These types of market movements could limit the effectiveness of our hedging and other risk management strategies and cause us to incur losses or suffer from liquidity impairment. An increase in volatility would increase our measured risk, which might cause us to reduce our proprietary positions or to reduce certain of our business activities. In such circumstances, we may not be able to reduce our positions or our exposure in a timely, cost-effective way or in a manner sufficient to offset the increase in measured risk. Furthermore, our risk management strategies may not be effective in a difficult or less liquid market environment, as other market participants may be attempting to use the same or similar strategies as us to deal with such market conditions. In such circumstances, it may be difficult for us to reduce our risk exposures due to the activity of such other market participants. If our risk management policies and procedures are ineffective in managing our various risks and exposures in the context of a continuously changing operating environment, we may incur losses, and our business, results of operations and financial condition could be materially and adversely affected.

Our internal fraud detection and prevention processes may not be sufficient to prevent losses due to fraud and other misconduct by customers, counterparties and other third parties.

Insurance fraud refers to acts committed with the intention of deceiving an insurance company by making false insurance claims. It involves either a person holding an insurance policy deliberately lying or concealing certain facts to obtain insurance payouts that would not otherwise be paid. Insurance fraud can be classified into various types, including entering into fraudulent insurance contracts, intentionally causing insurance incidents, fabricating or faking insurance incidents, and committing criminal acts during the occurrence of an insurance incident.

In 2020, the total amount detected for insurance fraud was Won 77.1 billion in Korea, which decreased by 28.1% year-on-year to Won 55.5 billion in 2021 then increased by 4.8% to reach Won 58.1 billion in 2022. The total amount then decreased by 24.6% to Won 43.8 billion in 2023. The number of detected insurance fraud cases by Korean life insurance companies decreased from 8,189 in 2016 to 6,301 in 2022. In 2023, there was a 3.6% reduction from the previous year, bringing the number down to 6,072 cases.

When analysed by type, fraudulent insurance contract signings and intentional inducement of insurance incidents are on the rise. Additionally, widespread moral hazard in society is leading to an increase in excessive and unjust insurance claims. As of 2023, the manipulation of incident details accounts for 59.3% of detected insurance fraud in Korea, making it the most common type. This is followed by false incidents at 19.0% and intentional incidents at 14.3%. In terms of the number of detected cases in Korea in 2023, manipulation of incident details leads again at 65.4%, followed by false incidents at 16.9% and intentional incidents at 10.5%.

Insurance fraud is evolving in terms of organisation and sophistication, driven by its ease of imitation by those facing economic hardship. To address this, there is enhanced collaboration among the Prosecutor's office, the police and the Korean Health Insurance Review and Assessment Service. Campaigns like the "Black Box Video Submission Campaign" and investigations into organised frauds, such as collusion by rental companies and repair shops, are underway.

The spread of moral hazard may lead to more excessive and unjust claims, prompting government authorities and life insurers to actively respond. The Insurance Fraud Analysis System (IFAS) is being enhanced following the 2016 Special Act on Prevention of Insurance Fraud, ensuring more systematic prevention and detection. Investigations into organised fraud have expanded since the Special Measures to Eradicate Insurance Fraud became effective in 2015.

We are also exposed to the risk of fraud and other misconduct by counterparties in connection with our investments. Although we have systems and processes in place to detect and prevent fraud, we cannot guarantee that fraud and other misconduct by customers, counterparties and other third parties will not occur or that such occurrences will not result in material losses.

Security breaches in our information technology and operational systems, or those of third parties, could disrupt our business, result in losses and damage our reputation.

Our operations rely on the secure processing, storage and transmission of personal, confidential and other information in our information technology and operational systems. Although we take protective measures and endeavour to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to disruptions, unauthorised access, hacking, denial-of-service attacks, computer viruses, ransomware or other malicious programs and other events that could have a security impact. If such events occur, this potentially could jeopardise confidential information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, our customers', our counterparties' or third parties' operations, which could result in significant losses or reputational damage. We may be required to expend significant additional resources to modify our protective measures or to investigate and remedy vulnerabilities or other exposures, and we may be subject to criminal and regulatory penalties, litigation and financial losses. Past incidents of mishandling personal data by financial institutions in Korea have led to heightened standards of regulatory scrutiny in Korea relating to personal data protection, which in turn has resulted in an increase in compliance costs.

In addition, we routinely transmit and receive personal, confidential and proprietary information through the internet, by email and through other electronic means. An interception or mishandling of personal, confidential or proprietary information being sent to or received from a customer or counterparty could result in legal liability, regulatory action and reputational harm. We are exposed to similar risks arising from the interception of personal, confidential or proprietary information sent to or received from, or the misuse or mishandling of personal, confidential or proprietary information by, financial consultants, agents, vendors, service providers and other third parties who may receive such information from us, and our efforts to ensure that these third parties have appropriate controls in place may not be successful.

The growth of electronic transactions and the introduction of new technologies may result in increased competition and adversely affect our business.

The growth of electronic commerce and the introduction of new technologies are changing our businesses and presenting us with new competitive challenges. For example, an increasing number of life insurance policies are being sold directly online by insurance companies without the use of more traditional distribution and marketing channels such as financial consultants or general agencies and at a lower cost to customers.

We expect that the trend toward growth of electronic transactions will continue. We have invested significant resources into the enhancement of our online and mobile business platforms in recent years and continuously seek to expand and upgrade our mobile applications and websites. However, there is no assurance that our online and mobile business platforms will remain competitive or that they will yield an adequate return on our investments.

We may become subject to legal claims and regulatory actions which, if significant, could harm our business, performance and reputation.

We face significant legal risks in our businesses, and the volume of claims and the amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions in Korea remain high. We are, and in the future may become, subject to legal and regulatory actions in the ordinary course of our business operations. Pending legal and regulatory actions include proceedings relating to aspects of our business and operations that are specific to us and proceedings that are typical of the industries in which we operate. Such legal and regulatory actions against us primarily relate to insurance settlement claims by our customers, commission-related claims by our financial consultants and other agents, claims of fraud or other misconduct by our agents and employees, and assessments resulting from periodic tax audits by the National Tax Service.

In addition, from time to time we face legal disputes arising out of claims by our customers alleging that our financial consultants and other sales agents insufficiently explained our insurance or investment products at the time of sale. We have incurred, and expect to incur in the future, costs or losses relating to such legal disputes with our customers. Although our maximum liability to each customer is normally limited to the amount of insurance premiums, or the price for the investment products, paid by the customer, we cannot provide any assurance that such legal disputes will not have a material adverse effect on our business or cause significant reputational harm. From time to time, we may also become subject to legal disputes and regulatory proceedings outside the ordinary course of our insurance business operations, which could also expose us to substantial liabilities, fines and regulatory sanctions.

As a participant in the Korean life insurance industry, we may continue to experience a high level of legal and regulatory actions related to our business and operations. Our litigation and regulatory matters are subject to many uncertainties, and given their complexity and scope, their outcome cannot be predicted.

Legal and regulatory actions may expose us to substantial monetary damages and legal costs, injunctive relief, criminal and civil penalties, sanctions against us, our directors, officers, employees and agents and restrictions on our operations, as well as significant reputational harm. Accordingly, we cannot guarantee that the outcome of current and future legal and regulatory actions relating to us will not have a material adverse impact on our business, reputation, results of operations and financial condition.

Work stoppages and other labour-related issues may adversely affect our operations.

Our performance depends to a large extent on favourable labour relations with our employees. As of 31 December 2024, approximately 578 of our employees were members of a labour union, and our relationships with these and other employees are generally governed by collective bargaining agreements. We negotiate a collective bargaining agreement every two years and annually negotiate a wage agreement. Our current collective bargaining agreement is scheduled to expire in August 2025. Although we believe that our relations with our employees are generally amicable, there can be no assurance that new collective bargaining and wage agreements will be negotiated or consultations will take place without discord and on terms satisfactory to us. If we are unable to negotiate successfully with our labour union, we may become subject to union-initiated work stoppages, including strikes.

From time to time we may also become subject to demands, claims or legal actions brought by our employees or our labour union acting on their behalf. Any significant increase in labour and labour-related legal costs, deterioration of employee relations, slowdowns or work stoppages, as well as our failure to attract and retain qualified employees, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our business, reputation, results of operations and financial condition.

Employee and agent misconduct is difficult to deter and could harm our business and performance.

Misconduct by our employees, financial consultants and other agents could result in violations of law by us, regulatory sanctions or legal claims against us and reputational or financial harm to us. Misconduct could include:

- engaging in misrepresentation or fraudulent activities when marketing or selling life insurance or investment products to customers;

- defective sales of life insurance or investment products due to failure to adequately explain product information and related risks to customers, including omission of information deemed material to making a purchasing decision;

- encouraging or advising customers to omit or misrepresent material information or developments, which could undermine our insurance underwriting procedures and practices;

- hiding unauthorised activities, resulting in unknown and unmanaged risks or losses; or

- otherwise not complying with applicable laws, regulatory guidance or policies, or our internal policies or procedures.

While we closely monitor our employees' and agents' activities to detect any such unauthorised activities, we cannot always deter employee or agent misconduct, and the precautions we take to prevent and detect these activities may not be effective in all cases. We have experienced employee and agent misconduct that has resulted in internal disciplinary action against, or termination of, the employees or agents (including financial consultants) in question. We cannot guarantee that employee or agent misconduct or our failure to detect and address such misconduct will not harm our reputation or lead to a material adverse effect on our business, results of operations and financial condition.

Our business may be harmed if we are unable to hire and retain qualified personnel.

The success of our business is dependent to a large extent on our ability to attract and retain key personnel who have in-depth knowledge and understanding of the life insurance market in Korea, including members of our senior management, qualified insurance underwriting personnel, actuaries, information technology specialists and experienced investment and wealth managers, as well as productive financial consultants. We do not carry key personnel insurance for any of these personnel. We compete to attract and retain these key personnel with other life insurance companies and financial institutions, some of which may offer better compensation or benefit arrangements. As the life insurance and other financial industries continue to expand in Korea and we become subject to increasingly complex accounting standards (such as IFRS 17) and regulatory requirements (such as K-ICS), we expect that competition for these personnel will increase in the future. Although we have not had difficulty in attracting and retaining qualified key personnel in the past, we cannot guarantee that this will continue to be the case. If we were unable to continue to attract and retain key personnel, our business and performance could be materially and adversely affected.

Our income tax expenses may increase due to changes in Korean corporate income tax laws.

Pursuant to an amendment to the Corporate Income Tax Law of Korea which became effective in January 2018, the corporate income tax rate applicable to the portion of the taxable income of companies that exceeds Won 300 billion has been raised from 24.2% (including local income tax) to 27.5% (including local income tax). Such corporate income tax rate has been reduced to 26.4% (including local income tax), pursuant to an amendment to the Corporate Income Tax Law of Korea which became effective in January 2023.

In addition, pursuant to amendments to the Corporate Income Tax Law of Korea and the Special Tax Treatment Control Law of Korea, which became effective in January 2018 and 2023, corporations belonging to a corporate group subject to restrictions on cross-shareholdings as referred to in the Monopoly Regulation and Fair Trade Act of Korea, including us, are subject to a 22% (including local income tax) additional levy on a certain portion of their taxable income if not used for investments or wage increases with certain exceptions. Such changes in Korean income tax laws may result in an increase in our income tax expenses, which could have a material adverse effect on our results of operations.

Risks Relating to Government Regulation and Policy

The life insurance business is subject to extensive and pervasive regulation and changes in regulation may reduce our profitability.

Our operations are subject to the Korean Commercial Code and its regulations. Our life insurance business is further regulated by the Insurance Business Act and its regulations, including the Regulation on Supervision of Insurance Business, while our asset management business is subject to the Financial Investment Services and Capital Markets Act and its regulations, in addition to the Insurance Business Act and its regulations. We are regulated and supervised principally by the FSC and its administrative body, the FSS, and face the risk of significant intervention by regulatory authorities. New laws or regulations or changes in enforcement of existing laws or regulations applicable to our operations or those of our agents may also adversely affect our business. Regulatory changes could lead to business disruptions, increased competition, could require us to change certain of our business practices and could expose us to additional costs and liabilities as well as reputational harm.

For example, in March 2021, the Financial Consumer Protection Act, which consolidated existing regulations relating to the sale of financial products and consumer protection stipulated in other laws governing the financial sector, including the Insurance Business Act, became effective. Under the Financial Consumer Protection Act, consumers have the right to withdraw subscriptions, allowing them to receive a refund during a statutory cooling-off period following the execution of the relevant subscription agreement. This right generally applies to all types of financial products, including insurance policies. Consumers also have the right to terminate a contract if the sellers violate the Financial Consumer Protection Act in relation to the sales process. The Financial Consumer Protection Act and other measures that may be implemented by the Government to strengthen consumer protection laws applicable to financial institutions may limit our operational flexibility and cause us to incur significant additional compliance costs, as well as subject us to increased potential liability to its customers, which could adversely affect our business and performance.

Our operations are also subject to the risk of new tax rules and regulations that may adversely affect the tax treatment of insurance premiums or benefits for policyholders, which can lead to a decrease in sales of the affected insurance products, as well as an increase in the level of surrenders and withdrawals. For example, the amendments to the Income Tax Law in December 2016 and its enforcement decree in February 2017, which are applicable to insurance policies issued on or after 1 April 2017, reduced the amount of maximum cumulative premiums of single payment premium savings insurance products that could qualify for a tax exemption from Won 200 million per person to Won 100 million per person. In addition, such amendments established a maximum limit of Won 1.5 million per person per month for the monthly premiums of regular (monthly) payment premium savings insurance products that could qualify for a tax exemption, which previously were not capped. Our business and results of operations could be materially and adversely affected by these and similar new developments in applicable tax laws and regulations. For a discussion of the principal areas of regulation to which our businesses are subject, see "*Regulation and Supervision*."

The FSS also conducts audits of Korean insurance companies on an as-needed basis to determine whether there are any violations of applicable laws, consumer protection issues or regulatory concerns. In addition to conducting audits, the FSS and other regulatory bodies have the authority to review our products, transactions and business practices and those of our agents and employees and to bring regulatory actions against us if, in their view, our practices, or those of our agents or employees, are improper. These actions can result in substantial fines, penalties, sanctions or prohibitions or restrictions on our business activities or provision of additional reserves, any of which could have a material adverse effect on our business, reputation, results of operations and financial condition. The Korean life insurance industry may receive increasing scrutiny from regulators, and the regulators may become more likely to take enforcement actions in the future.

The FSC may impose burdensome measures on us if it deems us to be financially unsound.

If the FSC deems our financial condition to be unsound, or if we fail to meet applicable regulatory standards such as the solvency requirements, the FSC may order, among other things:

- capital increases or reductions;
- stock cancellations or consolidations;
- transfers of businesses;
- sales of assets;

- ban on acquisition of high-risk assets;
- closures or downsizing of branch offices;
- mergers with other financial institutions;
- restrictions on distribution of dividends; and
- suspensions of a part or all of our business operations.

If any of these measures are imposed on us by the FSC, they could hurt our business, results of operations and financial condition. In addition, if the FSC orders us to partially or completely reduce our capital, you may lose part or all of your investment.

Our transactions with related parties are subject to close scrutiny by the Korean tax authorities.

Under Korean tax law, there is an inherent risk that our transactions with our subsidiaries, affiliates or any other person or company that is related to us may be challenged by the Korean tax authorities if such transactions are viewed as having been made on terms that were not on an arm's-length basis. If the Korean tax authorities determine that any of our transactions with related parties were not on an arm's-length basis, we would not be permitted to deduct the amount equivalent to such undue financial support as expenses, which may have adverse tax consequences for us.

Risks Relating to Korea

Unfavourable financial and economic developments in Korea may have an adverse effect on us.

We are incorporated in Korea, and substantially all of our operations are located in Korea. As a result, we are subject to political, economic, legal and regulatory risks specific to Korea. The economic indicators in Korea in recent years have shown mixed signs of growth and uncertainty, and future growth of the Korean economy is subject to many factors beyond our control, including developments in the global economy. Any future deterioration of the Korean or global economy could adversely affect our business, financial condition and results of operations.

In recent years, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, Russia's invasion of Ukraine and ensuing sanctions against Russia, difficulties faced by several banks in the United States and Europe and more recently, the escalating hostilities in the Middle East following the Israel-Hamas war as well as rapid increases in policy interest rates globally to combat rising inflationary pressures have contributed to the uncertainty of global economic prospects in general and have adversely affected, and continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies has fluctuated significantly and, as a result of uncertain global and Korean economic conditions, there has been significant volatility in the stock prices of Korean companies recently. Future declines in the Korea Composite Stock Price Index, and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean or global economy could adversely affect the Issuer's business, financial condition and results of operations.

Other developments that could have an adverse impact on the Korean economy include:

- the occurrence of severe health epidemics, such as the COVID-19 pandemic;

- hostilities, political or social tensions involving Russia (including the invasion of Ukraine by Russia and the ensuing actions that the United States and other countries have taken or may take in the future, such as the imposition of sanctions against Russia) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;

- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as the United States, Europe, Japan and China, or in emerging market economies in Asia or elsewhere, including as a result of the deterioration of economic and trade relations between the United States and China and increased uncertainties in the global financial markets and industry;

- disruptions in the global supply chain for raw materials, natural resources, consumer goods, rare earth minerals, component parts and other supplies, including semiconductors;

- interest rate fluctuations as well as perceived or actual changes in policy rates, or other monetary and fiscal policies set forth, by the U.S. Federal Reserve, Korea and other central banks;

- rising inflationary pressures leading to increases in the costs of goods and services and a decrease in purchasing power;

- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, the Euro or Japanese Yen exchange rates or revaluation of the Chinese Yuan and the depreciation of the Won against such currencies), interest rates, inflation rates or stock markets;

- difficulties in the financial sectors and increased sovereign default risks in select countries and the resulting adverse effects on the global financial markets;

- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programmes as well as interest rate increases which, together, would lead to an increased Government budget deficit as well as an increase in the Government's debt;

- declines in consumer confidence and a slowdown in consumer spending including as a result of severe health epidemics, such as the COVID-19 pandemic, and increases in market interest rates;

- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail or small- and medium-sized enterprise borrowers in Korea;

- substantial changes in the market prices of Korean real estate;

- the continued growth of the Chinese economy, to the extent its benefits (such as increased exports to China) are outweighed by its costs (such as competition in export markets or for foreign investment and the relocation of the manufacturing base from Korea to China), as well as a slowdown in the growth of China's economy, which is Korea's most important export market;

- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Government's policies to increase minimum wages and limit working hours of employees;

- investigations of large Korean business groups and their senior management for possible misconduct;

- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;

- social and labour unrest;

- financial problems or lack of progress in the restructuring of Korean conglomerates, other large troubled companies, their suppliers or the financial sector;

- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues at certain Korean companies;

- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;

- a continued decrease in the population and birthrates;

- geopolitical uncertainty and risk of further attacks by terrorist groups around the world;

- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;

- political uncertainty or increasing strife among or within political parties in Korea;

- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;

- hostilities or political or social tensions involving countries in the Middle East (including those resulting from the escalation of hostilities in the Middle East following the Israel-Hamas war) and Northern Africa and any material disruption in the supply of oil or sudden changes in the price of oil;

- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States; and

- changes in financial regulations in Korea.

Escalations in tensions with North Korea could have an adverse effect on us and the market price of the Securities.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs, which are more powerful than plutonium bombs, and warheads that can be mounted on ballistic missiles. Over the years, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Gaeseong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, most recently in December 2017, in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.

- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Although summit meetings were held between Korea and North Korea in April, May 2018 and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tension on the Korean peninsula will not escalate in the future or that such escalation will not have a material adverse impact on the Republic's economy and us. Any further increase in tension, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between the Republic and North Korea break down or further military hostilities occur, could have a material adverse effect on the Republic's economy and on the Issuer's business, financial condition and results of operations and the market price and ratings of the Securities.

There are special risks involved with investing in securities of Korean companies, including the possibility of restrictions being imposed by the Government in emergency circumstances as well as accounting and corporate disclosure standards that differ from those in other jurisdictions.

As the Issuer is a Korean company and operates in a business and cultural environment that is different from that of other countries, there are risks associated with investing in its securities that are not typical for investments in securities of companies in other jurisdictions.

Under the Korean Foreign Exchange Transaction Act of Korea and the Presidential Decree and regulations under that Act and Decree (collectively referred to as the "**Foreign Exchange Transaction Laws**"), if the Government determines that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilising the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Ministry of Economy and Finance ("**MOEF**") for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or from disposition of such securities or other types of capital transactions. Moreover, if the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden changes in domestic or foreign economic circumstances or similar events or circumstances, the Minister of the MOEF may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit or sell any means of payment to the Bank of Korea or certain other governmental agencies or financial institutions.

In addition, the Issuer's audited consolidated financial statements included in this Offering Circular are presented in accordance with K-IFRS and its future financial statements will be prepared in accordance with K-IFRS, which differ in certain respects from accounting principles applicable to companies in certain other countries. It also makes regulatory filings and disclosures regarding other aspects of its business in accordance with applicable rules and regulations and accepted practice in Korea. These filing and disclosure rules and practices differ in many material respects from those applicable to companies in certain other countries. There may also be less publicly available information about Korean companies, such as us, than is regularly made available by public companies in other countries. In making an investment decision, investors must rely upon their own examination of the Issuer, the terms of the Securities and the financial and other information contained in this Offering Circular.

Recent political events in Korea may adversely affect our business, financial condition or results of operations.

On 3 December 2024, President Yoon declared martial law, citing an urgent need to protect the country. The National Assembly swiftly voted to rescind the declaration of martial law, which led to President Yoon's revocation of the decree just hours later. On 14 December 2024, the National Assembly voted in favour of President Yoon's impeachment, for his purported acts of insurrection, among others, which resulted in an immediate suspension of his presidential powers. The Constitutional Court commenced formal impeachment trial proceedings in order to determine whether President Yoon's declaration of martial law constituted an impeachable action and, on 4 April 2025, it unanimously voted to uphold President Yoon's impeachment and he was removed from office immediately. A special election to elect a new President is scheduled to be held on 3 June 2025. These events have prompted numerous ongoing public protests, both against and in support of President Yoon. Although the Government believes that the Korean economy and society are resilient enough to withstand any temporary negative impact of such political developments or any potential ensuing societal unrest, there is no assurance that such developments would not have a material adverse effect on the Korean economy and public finances.

Risks Relating to the Securities

The Securities may not be a suitable investment for all investors.

The Securities are complex investment securities. Sophisticated institutional investors generally do not purchase complex investment securities as stand-alone investments. They purchase complex investment securities as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Securities are legal investments for it, (b) the Securities can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Securities. Financial institution investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest payments is denominated in a currency different from that of the potential investor;

- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are subordinated obligations.

The Securities will constitute unsecured and subordinated obligations of the Issuer. Upon the occurrence and during the continuation of a Subordination Event (as defined in "*Terms and Conditions*"), the rights of a Securityholder (as defined in "*Terms and Conditions*") to receive payments in respect of the Securities will rank senior to claims in respect of all Junior Obligations (as defined in "*Terms and Conditions*") but junior to the claims in respect of all Senior Obligations (as defined in "*Terms and Conditions*"). Accordingly, upon the occurrence of a Subordination Event, a Securityholder may not receive a full return of the principal amount of the Securities it holds and may lose a part or all of its investment.

The remedies that are available to holders in the event of a non-payment of the Securities are limited.

The remedies available to holders in the event of non-payment of principal or interest on the Securities will be limited. Specifically, if the Issuer fails to make payments, including interest or principal payments, in respect of the Securities for a period of ten days or more after the due date for such payment, Securityholders holding 10% or more of the aggregate principal amount of the outstanding Securities may, subject to satisfaction of the relevant requirements of applicable law, institute proceedings for the Winding-Up (as defined in "*Terms and Conditions*") of the Issuer and/or prove in the Winding-Up of the Issuer and/or submit a claim in the liquidation of the Issuer for the principal amount of the Securities plus any accrued but unpaid interest. See "*– The Securities are subordinated obligations.*" Under the Debtor Rehabilitation and Bankruptcy Act of Korea, any creditor of a company may file a petition with the court for bankruptcy of the company proving that the total amount of liabilities of the company exceeds the total amount of its assets or the company is otherwise insolvent.

Holders have no right to call for redemption of the Securities.

Holders have no right to call for the redemption of the Securities. Although the Issuer may redeem the Securities at its option on the Interest Reset Date, on each Interest Payment Date thereafter or upon the occurrence of a Gross-Up Event, Regulatory Event, or Tax Deductibility Event, such redemption is subject to limitations, including a requirement to obtain the prior approval of the FSS and the satisfaction of certain minimum solvency margin ratio thresholds, as described under "*Terms and Conditions – Redemption and Purchase.*"

The Issuer may redeem the Securities under certain circumstances.

As described above, the Securities may be redeemed at the Issuer's option (in whole but not in part) on the Interest Reset Date and on each Interest Payment Date thereafter, in each case subject to the satisfaction of certain regulatory conditions. The Securities may also be redeemed at the Issuer's option (in whole but not in part) upon the occurrence of a Gross-Up Event, Regulatory Event or Tax Deductibility Event, in each case subject to the satisfaction of certain regulatory conditions.

The relevant redemption amount paid to holders may be less than the then-current market value of the Securities. In addition, the date on which the Issuer elects to redeem the Securities may not accord with the preference of holders of Securities. This may be disadvantageous to holders in light of market conditions or the individual circumstances of the holders. In addition, a holder may not be able to reinvest the redemption proceeds in comparable securities at an effective interest rate at the same level as that of the Securities.

There is no limitation on issuing senior or pari passu securities.

There is no restriction on the amount of securities, guarantees or other liabilities which the Issuer may issue or incur and which rank pari passu with the Securities and, under very limited circumstances under the Insurance Business Act, securities which rank senior to the Securities. The issuance of any such securities or the incurrence of any such other liabilities by the Issuer may reduce the amount (if any) recoverable by holders of Securities on a Subordination Event of the Issuer. The issuance of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the market price of the Securities and the ability of holders to sell their Securities.

The ratings assigned to the Securities may be lowered or withdrawn in the future.

The Securities are expected to be rated "BBB" by Fitch and "Baa3" by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure investors that a rating assigned to the Securities will remain for any given period of time or that a rating assigned to the Securities will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of Securities of any such revision, suspension or withdrawal. A revision, suspension, or withdrawal at any time of a rating assigned to the Securities may adversely affect the market price of the Securities.

The liquidity and market price of the Securities may be volatile.

The market price and trading volume of the Securities may be highly volatile. Factors such as changes in our revenues, earnings and cash flows, proposals for new investments, strategic alliances or acquisitions or dispositions, fluctuations in interest rates or in the market price of securities of comparable companies, government regulations and changes thereof applicable to the industries in which we operate and general economic conditions could cause the market price or trading volume of the Securities to change suddenly and dramatically. There is no assurance that such developments will not occur in the future.

An active trading market for the Securities may not develop.

The Securities are a new issue of securities for which there is currently no trading market. No assurance can be given that an active trading market for the Securities will develop or as to the liquidity or sustainability of any such market, the ability of holders to sell their Securities or the price at which holders will be able to sell their Securities. The Joint Lead Managers are not obliged to make a market in the Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers.

Risks Relating to Forward-Looking Statements

This Offering Circular contains forward-looking statements that are our management's present expectations of future events and are subject to certain factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

In addition to the risks related to our business discussed above, other factors could cause actual results to differ materially from those described in the various forward-looking statements contained in this Offering Circular. These factors include, but are not limited to, the following:

- general economic, business and political conditions;
- adverse trends in regulatory, legislative and judicial developments;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- changes in interest rates;
- our leverage and our ability to meet our debt obligations;
- declines in consumer confidence;

- changes in competitive conditions in the Korean life insurance industry; and
- conditions in the financial markets.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialise, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically, but without limitation, revenues could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance may not be fully realised.

We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this Offering Circular. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

USE OF PROCEEDS

We expect to use the net proceeds from the Offering, which are expected to be approximately U.S.$496,255,000 (net of underwriting discounts and commissions but prior to deducting other offering expenses) for general corporate purposes.

EXCHANGE RATES

The table below sets forth, for the periods and dates indicated, information concerning the Market Average Exchange Rate. We do not intend to imply that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all.

Period	At End of Period	Average Rate[1]	High	Low
		(Won per U.S.$1.00)		
2020	1,088.0	1,180.1	1,280.1	1,082.7
2021	1,185.5	1,144.4	1,199.1	1,083.1
2022	1,267.3	1,292.0	1,436.6	1,185.5
2023	1,289.4	1,305.4	1,360.6	1,219.3
2024	1,470.0	1,364.0	1,474.1	1,289.4
2025 (through 28 April)	1,434.6	1,450.9	1,482.9	1,418.9
January	1,433.3	1,455.8	1,471.3	1,433.3
February	1,439.6	1,445.6	1,469.2	1,429.2
March	1,466.5	1,457.0	1,469.6	1,441.6
April (through 28 April)	1,434.6	1,444.9	1,482.9	1,418.9

Source: Seoul Money Brokerage Services, Ltd.

Note:

(1) The average rate for each year is calculated as the average of the Market Average Exchange Rates on each business day during the relevant year (or portion thereof). The average rate for a month is calculated as the average of the Market Average Exchange Rates on each business day during the relevant month (or portion thereof).

CAPITALISATION

The following table sets forth our capitalisation (defined as the sum of total liabilities and our total stockholders' equity) as of 31 December 2024 (1) as derived from the Issuer's audited consolidated financial statements included in this Offering Circular and (2) as adjusted to give effect to the issuance of the Securities offered hereby, before deducting the underwriting commission and estimated expenses of the offering by the Issuer and on the assumption that the proceeds from the issuance of the Securities will not be used for the immediate repayment of outstanding borrowings.

You should read the information set forth below in conjunction with "Selected Financial and Operating Data" and our financial statements appearing elsewhere in this Offering Circular.

Other than as set forth below, there has been no material change in our capitalisation since 31 December 2024.

	As of 31 December 2024	
	Actual	As adjusted[(1)]
	(In billions of Won)	
Total liabilities	₩32,581	₩32,581
Stockholders' equity:		
Capital stock	807	807
Capital surplus	464	464
Hybrid security bond	345	345
Capital adjustments	(60)	(60)
Accumulated other comprehensive loss	(1,106)	(1,106)
Retained earnings	1,517	1,517
Securities offered hereby	–	735
Equity attributable to owners of the Parent	1,967	2,702
Equity attributable to non-controlling interests	–	–
Total stockholders' equity	1,967	2,702
Total capitalisation	₩ 1,967	₩ 2,702

Note:

(1) Reflects gross proceeds of U.S.$500 million from the Offering, translated into Won at the Market Average Exchange Rate in effect as of 31 December 2024. No representation is made that the Won or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or Won, as the case may be, or at any particular rate or at all.

SELECTED FINANCIAL AND OPERATING DATA

The following tables set forth our summary financial and operating data. Our summary financial data as of and for the years ended 31 December 2023 and 2024 set forth below has been derived from our annual audited consolidated financial statements included elsewhere in this Offering Circular. Our audited consolidated financial statements included in this Offering Circular have been prepared in accordance with K-IFRS, which differ in certain significant respects from generally accepted accounting principles in other countries.

SELECTED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS DATA

	FY2023	FY2024
	(In billions of Won, other than per share data)	
I. Operating Income		
1. Operating income from insurance contracts	₩1,131	₩1,234
(1) Insurance income	1,107	1,187
(2) Reinsurance income	24	47
2. Operating expense from insurance contracts	955	1,003
(1) Insurance expenses	852	884
(2) Reinsurance expenses	18	41
(3) Other operating expense	86	78
	176	**231**
II. Investment income		
1. Investment income	2,119	2,266
(1) Insurance finance income from insurance contracts issued recognised in profit or loss	1	1
(2) Finance income from reinsurance contracts held recognised in profit or loss	0	7
(3) Interest income	924	995
(4) Dividend income	1	5
(5) Gain from financial assets measured at fair value through profit or loss	595	323
(6) Gain from financial assets measured at fair value through other comprehensive income	3	94
(7) Gain on financial assets at amortised cost	2	0
(8) Foreign exchange gain	209	613
(9) Gain from derivatives	168	30
(10) Commission income	49	50
(11) Other investment income	168	148
2. Investment expense	2,001	2,129
(1) Insurance finance expenses from insurance contracts issued recognised in profit or loss	1,106	954
(2) Interest expense from financial liabilities	134	132
(3) Loss from financial assets measured at fair value through profit or loss	271	336
(4) Loss from financial assets measured at fair value through other comprehensive income	3	4
(5) Loss on financial assets at amortised cost	0	–
(6) Provision of loss allowance for credit losses	58	8
(7) Foreign exchange loss	48	3
(8) Loss on derivatives	355	663
(9) Property management expenses	4	4
(10) Other investment losses	23	23
	118	**137**

	FY2023	FY2024
	(In billions of Won, other than per share data)	
III. Profit from operating activities	294	368
IV. Non-operating income	14	29
V. Non-operating expense	1	26
VI. Profit before tax	308	371
VII. Income tax expense	68	57
VIII. Profit for the period	240	314
IX. Other comprehensive income (loss)		
1. Other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	(323)	(1,172)
(1) Gain on valuation of debt securities at fair value through other comprehensive income	770	175
(2) Gain on valuation of cash flow hedge derivative	51	63
(3) Net finance income (expenses) from insurance contract assets (liabilities)	(1,121)	(1,443)
(4) Net finance income (expenses) from reinsurance contract assets (liabilities)	(23)	33
2. Other comprehensive income that will not be reclassified to profit or loss, net of tax	16	10
(1) Gain (loss) on valuation of equity securities at fair value through other comprehensive income	23	19
(2) Gain (loss) on revaluation of property, plant and equipment, right-of-use assets and intangible assets	0	0
(3) Remeasurements of defined benefit plans	(7)	(10)
	(308)	**(1,162)**
X. Total comprehensive income (loss)		
1. Total comprehensive income (loss) attributable to owners of the Parent	(68)	(848)
2. Total comprehensive income (loss) attributable to non-controlling interest	–	–
	(68)	**(848)**
Basic and diluted earnings per share	**₩ 1,538**	**₩ 2,015**

SELECTED STATEMENTS OF FINANCIAL POSITION DATA

	As of 31 December	
	2023	2024
	(In billions of Won)	
Assets		
Cash and cash equivalents	₩ 962	₩ 269
Financial assets at fair value through profit or loss	5,497	5,857
Financial assets at fair value through other comprehensive Income	18,571	20,037
Financial assets measured at amortised cost	7,223	7,068
Derivative financial assets designated as hedges	133	92
Investments in associates	–	52
Property and equipment	59	91
Investment properties	308	307
Intangible assets	20	19
Current tax assets	82	90
Deferred tax assets	–	205
Other assets	2	10
Reinsurance contract assets	12	449
Total assets	**32,869**	**34,547**
Liabilities		
Insurance liabilities	26,417	28,221
Reinsurance contract liabilities	9	11
Investment contact liabilities	3,058	3,469
Policyholders' equity adjustments	(2)	3
Financial liabilities measured at fair value through profit or loss	19	0
Financial liabilities measured at amortised cost	253	366
Derivative financial liabilities designated as hedges	53	425
Provisions	19	20
Net defined benefit liabilities	6	16
Deferred tax liabilities	91	–
Other liabilities	41	49
Total liabilities	**29,965**	**32,581**
Stockholders' equity		
Capital stock	807	807
Capital surplus	464	464
Hybrid security bond	345	345
Capital adjustments	(60)	(60)
Accumulated other comprehensive income (loss)	57	(1,105)
Retained earnings	1,293	1,517
Equity attributable to owners of the Parent	2,904	1,967
Equity attributable to non-controlling interests	–	–
Total stockholders' equity	2,904	1,967
Total liabilities and equity	**₩32,869**	**₩34,547**

OPERATING DATA OF THE ISSUER (INCLUDING SEPARATE ACCOUNTS)

	As of or for the year ended 31 December	
	2023	2024
	(In billions of Won, except as otherwise indicated)	
Total policies in force (in thousands)	4,119	4,303
Number of new policies sold (in thousands)	514	590
Gross premiums(1)(2)	₩8,801	₩8,690
First year premiums(1)(2)	₩1,087	₩1,370
First year regular payment premiums	₩ 562	₩ 860
First year single payment premiums	₩ 525	₩ 510
Annualised premium equivalent(3)	₩ 814	₩ 983
In-force face amount growth ratio(4)	(2.9)%	(1.3)%
New policy growth ratio(5)	8.3%	8.8%
Lapse and surrender ratio(6)	8.7%	7.8%
Policy persistency ratio(7)		
13-month	87.8%	88.8%
25-month	59.2%	78.3%
Operating expense ratio(8)	12.7%	15.6%
K-ICS ratio	193.4%	155.5%
Return on equity(9)	8.1%	12.9%
Return on assets(10)	0.7%	0.9%

Notes:

(1) The amount of premiums recognised in a specified period in respect of policies in force during such period.

(2) Includes (i) the portion of premiums paid by variable insurance policyholders that relates to benefits based on the performance of the underlying investment assets and (ii) premiums from retirement pension products, which are not recognised as premium income in our statements of comprehensive income, but are recognised as part of our separate accounts in our statements of our financial position.

(3) The sum of (i) our annualised premiums for regular payment premium products sold during the applicable period and (ii) 10% of our premiums for single payment premium products sold during such period (including for separate accounts other than for retirement pension products).

(4) The ratio of (i) the difference between the total face amount of policies that have not expired or been terminated as of the end of the specified period and the aggregate face amount of policies in force at the beginning of such period to (ii) the aggregate face amount of policies in force at the beginning of such period.

(5) The ratio of the aggregate face amount of policies sold during the specified period to the aggregate face amount of policies in force at the beginning of such period, excluding retirement insurance and retirement pension products.

(6) The ratio of the aggregate face amount of all policies that were terminated or expired and were not renewed during the specified period to the sum of (i) the aggregate face amount of policies in force at the beginning of such period and (ii) the aggregate face amount of policies sold during such period, excluding retirement insurance and retirement pension products.

(7) The ratio of (i) the sum of the aggregate face amount of the policies that remained in force at the 13th month or 25th month policy anniversary date, as applicable, falling within the specified period to (ii) the sum of the aggregate face amount of all policies sold that would have had such a policy anniversary date, as calculated in accordance with the applicable requirements of the FSS.

(8) The ratio of (i) the sum of policy acquisition and maintenance expenses for the specified period (adjusted for deferred acquisition costs) to (ii) general account and separate account premium income for such period.

(9) The ratio of (i) net income for the specified period to (ii) the average total equity for such period, on a consolidated basis (for the years ended 31 December 2023 and 2024), with the average being defined as a simple average of beginning balance and ending balance.

(10) The ratio of (i) net income for the specified period to (ii) the average total assets for such period, on a consolidated basis (for the years ended 31 December 2023 and 2024), with the average being defined as a simple average of beginning balance and ending balance.

OVERVIEW

We are one of the leading mid-sized life insurance companies in Korea, providing a broad range of life insurance and investment products through a multi-channel distribution network. We had 4.3 million life insurance policies in force and approximately 2.6 million policyholders as of 31 December 2024. As of 30 September 2024, we were ranked the sixth largest Korean life insurance company in terms of assets, according to the KLIA.

Our principal business is developing and distributing a variety of individual life insurance products that provide a wide range of protection against a policyholder's death, disability, illness, accident or other events, as well as annuities, savings-type and variable insurance products. We have historically sold most of our life insurance and protection, saving and annuity products to retail customers in Korea and will continue to actively serve this market. Leveraging our longstanding and respected "My Guardian Angel" brand, we offer policies developed particularly to address the insurance needs of specific demographic segments, including age-specific products aimed at children and senior citizens. In response to changing demographic trends in Korea, we have also focused on expanding our annuity and health insurance products that target individuals preparing for retirement. In addition, we have enhanced our offering of variable life insurance products to address our customers' preference for greater investment flexibility.

We believe that our diversified distribution and marketing channels give us greater flexibility to adapt to changes in consumer trends in the Korean life insurance industry. We operate both exclusive and non-exclusive distribution and marketing channels. The exclusive channels include the financial consultants and the subsidiaries channels, while the non-exclusive channels comprise the bancassurance and the general agency channels. Our business strategy is centred around offering protection-type insurance products, notably health insurance. Our financial consultants channel, driven largely by expanding our team of exclusive consultants, have yielded a substantial net growth in our sales, while our direct marketing (subsidiary) channel focuses on securing the driving force for business growth by capitalising on our professional sales workforce. Within the non-exclusive distribution and marketing channels, our general agency channel is experiencing significant business growth based on our solid market competitiveness. We have well-established bancassurance relationships with Korea's leading commercial banks, securities companies and savings banks, as well as marketing arrangements with a variety of general agencies. In addition, as of 31 December 2024, we had 1,548 financial consultants (excluding our financial consultants who support our direct marketing (subsidiary) channel) who sell our products on an exclusive basis, enabling us to more effectively control distribution of our products and build and maintain long-term relationships with our individual customers. We plan to continue to enhance the quality and efficiency of our distribution and marketing channels with a view to optimising their capabilities and delivering superior customer service.

We strive to maintain a sound investment portfolio that is managed in accordance with our risk management policies. Accordingly, we design asset mix strategies for our general account to match the characteristics of our insurance products, which also reflects our desire to generate stable long-term returns while sustaining adequate liquidity and solvency levels. We seek to achieve our investment objectives through asset and liability management and longer-term strategic and shorter-term tactical asset allocations within a disciplined risk management framework. We have been increasing our domestic securities holdings through investments in long-term domestic securities. We plan to maintain the focus on enhancing capital stability by continuing to increase the proportion of domestic securities in the foreseeable future. Consequently, we foresee a reduction in the proportion of foreign securities, loans and alternative investments. We believe that the size and diversity of our investment portfolio and our flexible investment strategy enable us to seek out and benefit from attractive investment opportunities.

We were incorporated in April 1989 as Tong Yang Benefits Life Insurance Co., Ltd., a joint venture company established by Tong Yang Major Co., Ltd. and the Mutual Benefits Life Insurance Company. We amended our corporate name to Tong Yang Life Insurance Co., Ltd. in August 1995. Subsequent to the withdrawal by the Mutual Benefits Life Insurance Company from the joint venture in December 1998, we merged with Pacific Life Insurance Co., Ltd. in July 2000. We became the first Korean life insurance company to be listed on the KRX KOSPI Market in October 2009. In September 2015, Dajia Life Insurance Co., Ltd. (previously, Anbang Life Insurance Co., Ltd.) became our majority shareholder, and in March 2017, its affiliate Anbang Group Holdings Co. Limited injected Won 528 billion of capital into our company, as a result of which Dajia Insurance Group's aggregate ownership interest in us increased to 75.34%. In August 2024, Woori Financial Group signed a share purchase agreement to acquire Dajia Insurance Group's 75.34% stake in our company for approximately Won 1.3 trillion. Upon completion of this agreement, our company is expected to be incorporated as a subsidiary of Woori Financial Group. However, it should be noted that the remaining steps for the completion of the acquisition, including (but not limited to) the major shareholder qualification review by the financial authorities and the payment of the acquisition price, remain uncertain.

On a consolidated basis, our operating incomes (profit from operating activities) were Won 294 billion (Won 319 billion on a separate basis) and Won 368 billion (Won 379 billion on a separate basis) for the years ended 31 December 2023 and 2024, respectively. We reported net income (profit for the period) of Won 240 billion (Won 265 billion on a separate basis) and Won 314 billion (Won 310 billion on a separate basis) for the years ended 31 December 2023 and 2024, respectively. We had total assets of Won 34,547 billion and total stockholders' equity of Won 1,967 billion as of 31 December 2024.

We maintain our principal executive offices at Gran Seoul Building, 33, Jong-ro, Jongno-gu, Seoul 03159, Korea, and our website is www.myangel.co.kr.

OUR PRODUCTS AND SERVICES

We offer a variety of life insurance products, including protection-type products that provide a wide range of protection against a policyholder's death, critical illness or other incidents, as well as annuities and savings-type insurance, primarily to retail customers. We also offer retirement pension products and group life insurance products to institutional customers. In the individual life insurance category, we also offer variable insurance products.

We manage our risk exposure and profitability by periodically adjusting our policy features and prices to reflect updated actuarial data and seeking to optimise our product mix. From time to time, we supplement our existing products by introducing additional riders and enhanced product features.

In 2023, under IFRS 17, CSM was introduced as a new profitability indicator in the insurance business. While insurance profit manifests gradually over the insurance contract period, the transition to IFRS 9 has increased the proportion of financial assets measured at FVPL in an insurance business's investment assets, amplifying the volatility of investment income. CSM represents unrealised gains on insurance contracts, similar to deferred revenue, and it is recognised as revenue distributed over the insurance contract period. CSM is one of the most important indicators determining the profitability of an insurance business, and in monetary terms, most of the insurance profits of an insurance business consist of CSM amortisation gains. Our ending CSM balance as of 31 December 2023 and 31 December 2024 amounted to Won 2,542 billion and Won 2,671 billion, respectively. Our new business CSM as of 31 December 2023 and 31 December 2024 amounted to Won 760 billion and Won 732 billion, respectively.

The following table sets forth our CSM for the periods indicated.

	As of 31 December	
	FY2023	FY2024
	Amount	Amount
	(In billions of Won)	
CSM:		
Beginning CSM	2,374	2,542
New business	760	732
Unwinding	102	113
Amortisation of CSM	(258)	(260)
Others	(437)	(456)
Ending CSM	2,542	2,671

The following table sets forth our new business CSM for the periods indicated.

	As of 31 December	
	FY2023	FY2024
	Amount	Amount
	(In billions of Won)	
Protection-type	₩715	₩713
Death	329	269
Health	386	444
Savings	46	19
Total	**₩760**	**₩732**

The following table sets forth our gross premiums by product type (including premiums for our separate accounts) for the periods indicated.

	FY2023		FY2024	
	Amount	%	Amount	%
	(In billions of Won, except percentages)			
General account[(1)]:				
Individual insurance.	₩3,737	68.9%	₩3,937	82.9%
Protection-type products	2,504	46.2	2,882	60.7
Whole life insurance.	1,148	21.2	1,390	29.3
Other protection-type products[(2)]	1,355	25.0	1,492	31.4
Annuities[(3)]	794	14.6	728	15.3
Savings-type insurance	439	8.1	328	6.9
Group insurance	1	0.0	1	0.0
Subtotal	3,738	68.9	3,938	82.9
Separate accounts[(4)]:				
Individual insurance.	67	1.2	56	1.2
Variable protection-type products[(5)]	32	0.6	29	0.6
Variable annuities.	23	0.4	17	0.3
Variable savings-type insurance[(6)]	12	0.2	10	0.2
Retirement pensions	1,619	29.8	756	15.9
Subtotal	1,686	31.1	812	17.1
Total	**₩5,424**	**100.0%**	**₩4,750**	**100.0%**

Notes:

(1) Includes the portion of premiums received on variable insurance policies that relates to the acquisition and operating costs of such policies, which is recognised as premium income in our statements of comprehensive income.

(2) Includes term life insurance, health insurance and children's insurance products.

(3) Includes education insurance products.

(4) Reflects the portion of premiums received on variable insurance policies that relates to benefits based on the performance of the underlying investment assets, which is not included in our statements of comprehensive income.

(5) Includes variable whole life insurance and variable universal whole life insurance products.

(6) Includes variable life insurance and variable universal life insurance products.

The following table sets forth our APE by product type (including APE for separate accounts other than for retirement pension products) for the periods indicated. APE for the periods indicated represents our annualised premiums for regular payment premium products sold during the applicable period plus 10% of our premiums for single payment premium products sold during such period.

	FY2023	FY2024
	Amount	**Amount**
	(In billions of Won)	
Individual	₩745	₩920
Protection-type	630	862
Annuities	98	54
Savings	17	3
Group	0	0
Individual and Group	745	920
Retirement-related	69	63
Total	814	983

The following table sets forth a breakdown of our first year premiums by single or regular payment type products (including first year premiums for our separate accounts) for the periods indicated.

	FY2023	FY2024
	(In billions of Won)	
First year regular premiums	₩ 562	₩ 860
First year single payment premiums	525	510
Total first year premiums	**₩1,087**	**₩1,370**

Individual Life Insurance

We provide a broad range of life insurance products for individuals that provide protection against a policyholder's death, disability, illness, accident or other events, as well as annuities, savings-type and variable insurance products. In recent years, we have sought to increase our sales of protection-type life insurance products, which offer a stable source of revenues and enhance our solvency ratio as they require lower premium reserves than savings-type or annuity products and are less exposed to interest rate risk. We also manage our risk exposure and profitability by periodically adjusting our policy features and premiums to reflect updated actuarial data and seeking to optimise the proportion of interest rate-sensitive insurance products in our product offering mix. On many of our products, we provide our policyholders various options to tailor their policies to their needs by integrating specific features into their policies. From time to time, we also supplement our existing products by introducing additional riders and enhanced product features. In addition, we offer family policies insuring family members under one policy, as well as policies developed particularly to address the insurance needs of specific demographic segments, including age-specific products aimed at children and senior citizens.

Under IFRS 17, premiums not related to insurance services in the current period, such as those from savings-type insurance, are recognised as liabilities rather than revenue. In response, there is a trend in Korea's insurance business toward focusing on the sales of protection-type insurance. Our company has also focused on boosting sales of highly productive protection-type insurance products, notably health insurance. We utilise our non-exclusive distribution and marketing channels including the general agency channel, and we have held an average market share of about 5% in Korea since 2021.

Protection-type Products

Whole Life Insurance. Our whole life insurance products provide a guaranteed benefit to the beneficiary upon the death of the insured person, or a cash surrender value upon the early termination of the policy by the policyholder, in each case as predetermined by the contract, in return for periodic payment of fixed premiums over a predetermined period. Premium payments may be required up to a specified age or for a specified period and are typically level throughout the period.

We offer a wide range of whole life insurance products. We offer interest rate sensitive whole life insurance policies that provide a death benefit determined in accordance with a floating interest crediting rate. In addition, we offer universal whole life insurance policies that provide flexible premium payment options and an adjustable benefit. Premium payments above the cost of insurance are credited to the cash value of the policy and the cash value is credited with interest each month based on the terms of the policy. We also provide whole life insurance products that cater to customers concerned with the treatment of critical illnesses or the need for long-term care by paying a portion of the guaranteed benefit upon the occurrence of certain specified critical illnesses or other specified events requiring long-term care affecting the insured person and paying the remainder of the guaranteed benefit upon the death of the insured person to a beneficiary designated by the policyholder. If the insured person dies without any such critical illnesses or events requiring long-term care, the entire guaranteed benefit is paid to the beneficiary upon the death of such person. Some of our whole life insurance products also permit the policyholder to convert the policy into an annuity, in response to the increasing needs of customers to prepare financially for their retirement years.

Term Life Insurance. Term life insurance products provide a guaranteed benefit to the beneficiary upon the death of the insured person within a specified time period in return for periodic payment of fixed premiums. Specified coverage periods generally range from five to 20 years or expire at specified ages. Premiums are typically set as a fixed sum for the coverage period and are generally lower than premiums for whole life insurance products. In their basic form, term life insurance policies function as pure protection products, in that they normally have little or no savings or investment elements and typically expire without value at the end of the coverage period if the insured person is still alive. However, in line with general market practice in Korea, we also offer term life insurance policies that return to the policyholder at expiration a predetermined portion of the premiums paid by the policyholder throughout the coverage period.

Other Protection-type Insurance. We offer defined health benefit insurance products and medical expense reimbursement insurance products to individuals. Our defined health benefit insurance products include products specifically covering cancer, heart disease, strokes and long-term care, and provide guaranteed payments if an examination, surgical procedure or hospitalisation becomes necessary for the insured person due to such covered diseases. We also offer comprehensive defined health benefit insurance products, which we believe are particularly attractive to customers who are comparatively price-sensitive and are seeking to protect against specific combinations of health events. Our medical expense reimbursement insurance products provide for the reimbursement of a portion of the insured person's outpatient or hospitalisation treatment fees and expenses. Our underwriting, policy review and claim adjustment processes are facilitated through a team of supporting personnel with medical training. We offer both pure protection products with no value at the end of the coverage period as well as products that return to the policyholder at expiration a predetermined portion of the premiums paid by the policyholder throughout the coverage period.

In addition, we offer accident insurance products, which provide death, disability and medical expense benefits in the event that the insured person is involved in an accident, in return for periodic payment of fixed premiums over a predetermined period. Typically, a death benefit is paid if the insured person dies as a result of an accident and a disability benefit is paid if the insured person becomes disabled, with the benefit depending on the extent of the disability. If the insured person receives medical treatment as a result of an accident, individual accident insurance policies may also provide for reimbursement of a portion of the medical treatment expenses or a fixed benefit.

We also offer various protection-type insurance products tailored for specific demographic segments, including age-specific products aimed at children. Our children's insurance policies generally provide coverage against a child's illness or accident over a long-term coverage period from prior to birth until up to 100 years of age, in return for periodic payment of fixed premiums over a predetermined period. Such products also provide benefits covering the insured children's education expenses in the event of death or disability of an income-earning parent, as well as providing specified benefits upon the insured reaching specified education levels. Our children's insurance policies may also provide predetermined benefits upon expiration of the coverage period.

Annuities

We offer annuities that are used by our customers to accumulate assets over an accumulation period and then to receive annuity payments in later years. Holders of our annuities pay premiums either in a single payment or on a periodic basis over a predetermined period and receive periodic annuity payments during the payoff period specified in the contract. Typically, the policyholder receives periodic annuity payments if the insured person survives during the payoff period, and the beneficiary designated by the policyholder receives a death benefit if the insured person dies prior to the start of the payoff period. Annuities have become increasingly popular in Korea as both life expectancy and interest in preparing for life after retirement have grown.

Savings-Type Insurance

We offer savings-type insurance products that provide the policyholder with a guaranteed maturity benefit if the insured person survives a specified maturity date or period stated in the policy, and provide to a beneficiary designated by the policyholder a guaranteed death benefit upon the death of the insured person within the coverage period, in return for periodic payment of premiums. Specified coverage periods range from three to 15 years or end at specified ages. Premiums are typically set as a fixed sum and are usually required to be paid in a single payment or over a predetermined payment period. All of the savings-type insurance policies we currently offer are interest rate-sensitive products that provide benefits determined in accordance with a floating interest crediting rate, with a guaranteed minimum crediting rate set currently between 0.5% and 1.25% per annum, depending on the coverage period.

Variable Insurance Products

Our variable insurance products consist of variable protection-type products (which include variable whole life insurance and variable universal whole life insurance products), variable annuities and variable savings-type insurance products (which include variable life insurance and variable universal life insurance products). Our variable insurance products provide a guaranteed minimum benefit in exchange for fixed premiums over time. We manage policy reserves and recognise premium portions related to guaranteed benefits in our general account, while investing pooled premiums in funds selected by policyholders. Returns vary by investment performance.

Retirement Pension Products

We offer retirement pension plans pursuant to the Korean Employee Retirement Benefit Security Act, as well as plan administrator services and asset management services, to Korean institutional customers. We offer the following two types of retirement pension plans, which are selected by the participating institutions:

- **Defined benefit plan**. Under our “defined benefit” plan, an employer makes contributions into an employee’s plan prior to retirement, and the employee receives either a lump-sum retirement benefit or, if an annuity option is selected, a fixed level of payments during the payoff period, with the employer being responsible for any shortfall in the event that the plan’s investment returns are not sufficient for the lump-sum benefit or fixed-level payments.

- **Defined contribution plan**. Under our “defined contribution” plan, an employer makes contributions into an employee’s plan prior to retirement, and the employee receives either a lump-sum retirement benefit or, if an annuity option is selected, a fixed level of payments during the payoff period, based on the plan’s investment returns linked to the underlying investment portfolio selected by the employee.

We also offer individual retirement plan insurance products, which enable individuals to transfer their lump-sum severance payment or accrued pension amount received upon leaving an employer into their individual retirement accounts, with the effect of deferring tax liabilities on severance benefits until the individual's retirement. The amounts paid in are used to purchase investment funds selected by the policyholders, and the returns are paid to the specified beneficiary upon retirement.

Group Life Insurance

We provide group life insurance products to institutional customers, which include some of Korea's leading companies and institutions. Our products include primarily group life insurance plans, which contains elements of protection-type products. From time to time, we bundle our group life insurance products with retirement pension plans in order to more effectively address the overall employee benefit plan needs of our institutional customers and provide plan administration services as well as ongoing benefit education and advisory services.

DISTRIBUTION AND MARKETING CHANNELS

We believe that our diversified distribution and marketing channels give us greater flexibility to adapt to changes in consumer trends in the Korean life insurance industry. We acquire our customers and distribute our insurance products primarily through the following distribution and marketing channels:

- ***Bancassurance Channel***. We have bancassurance arrangements with substantially all of the leading commercial banks and many of the securities firms and mutual savings banks in Korea, pursuant to which they market and distribute our life insurance products through their branches on a non-exclusive basis.

- ***General Agency Channel***. We had entered into marketing arrangements with approximately 113 general agencies as of 31 December 2024, which collectively had 7,886 branches that sell our products on a non-exclusive basis.

- ***Financial Consultants Channel***. We engaged 1,548 financial consultants as of 31 December 2024 (excluding our financial consultants who support our direct marketing (subsidiary) channel), who are our exclusive sales agents operating out of our branches and sales offices and who sell our products and provide financial consulting services to retail customers.

- ***Direct Marketing (Subsidiary) Channel***. In December 2021, we established My Angel Financial Service Co., Ltd., a wholly owned subsidiary of ours, to help focus our specialised sales expertise on telemarketing sales. In March 2023, the subsidiary was renamed as TONGYANG Life Financial Service Co., Ltd. and broadened its business model to include both online and in-person direct marketing sales. This strategic shift helped the subsidiary achieve a self-sustaining profit structure and function as an independent distribution and marketing channel capable of achieving business growth, customer acquisition and upselling.

The following table sets forth our first year premiums (including first year premiums for our separate accounts) attributable to each distribution and marketing channel for the periods indicated.

	FY2023		FY2024	
	Amount	%	Amount	%
	(In billions of Won, except percentages)			
Bancassurance	₩ 566	52.0%	₩ 600	43.8%
General Agency	313	28.8	452	33.0
Financial Consultants[(1)]	105	9.7	156	11.4
Direct Marketing (Subsidiary)[(2)]	37	3.4	37	2.7
Other	66	6.0	125	9.1
Total	**₩1,087**	**100.0%**	**₩1,370**	**100.0%**

Notes:

(1) Excludes first year premiums attributable to financial consultants who support our direct marketing (subsidiary) channel.

(2) Includes first year premiums attributable to financial consultants who support our direct marketing (subsidiary) channel.

The following table sets forth our APE (including APE for separate accounts other than for retirement pension products) attributable to each distribution and marketing channel for the periods indicated. APE for the periods indicated represents our annualised premiums for regular payment premium products sold during the applicable period plus 10% of its premiums for single payment premium products sold during such period.

	FY2023		FY2024	
	Amount	%	Amount	%
	(In billions of Won, except percentages)			
Bancassurance	₩159	19.6%	₩185	18.8%
General Agency	421	51.7	530	53.9
Financial Consultants[(1)]	114	13.9	162	16.5
Direct Marketing (Subsidiary)[(2)]	52	6.4	43	4.4
Other	69	8.4	63	6.4
Total	**₩814**	**100.0%**	**₩983**	**100.0%**

Notes:

(1) Excludes APE attributable to financial consultants who support our direct marketing (subsidiary) channel.

(2) Includes APE attributable to financial consultants who support our direct marketing (subsidiary) channel.

Bancassurance Channel

We have entered into bancassurance agreements with substantially all of the leading commercial banks and many of the securities firms and mutual savings banks in Korea, pursuant to which such financial institutions market and distribute our life insurance products through their branches in return for commission fees. Our bancassurance agreements with banks typically have terms of three years and are renewed automatically at the expiration of such term in the absence of a prior notice not to renew. While we mainly sell savings-type insurance products through our bancassurance channel, we were the first life insurance company to sell protection-type products through the bancassurance channel in Korea and we intend to continue to increase our sales of such products through this channel. We also cater to high net-worth individuals through our partner banks' private banking centres, through which we believe we can upsell our products and efficiently generate higher margins.

We have a dedicated bancassurance sales team that regularly coordinates with our bancassurance partners to implement our distribution efforts. We provide customised training and sales support to our partner institutions in order for their tellers to be knowledgeable about and effectively sell our products.

The following table sets forth certain information relating to our bancassurance channel as of the dates or for the periods indicated.

	As of or for the year ended 31 December	
	2023	2024
Number of partner banks	16	16
Number of partner securities companies	7	7
Number of partner savings banks	2	2

General Agency Channel

General agencies are independent insurance brokerage companies that market and distribute a wide range of insurance products in return for commission fees. As of 31 December 2024, we had marketing arrangements with 113 general agencies, which collectively had 7,886 branches that sell our products on a non-exclusive basis. In recent years, the general agency channel has developed into an important distribution and marketing channel for our insurance products. The products that we sell through our general agency channel are primarily protection-type insurance products. Our company has focused on boosting sales of highly productive protection-type insurance products, notably health insurance, utilising the general agency channel, and we have held an average market share of about 5% in Korea since 2021. The vast majority of our premium income is attributable to sales through the general agency channel.

The following table sets forth certain information relating to our general agency channel as of the dates or for the periods indicated.

	As of or for the year ended 31 December	
	2023	2024
Number of general agencies	115	113
Number of general agency branches	6,324	7,886
Number of active general agency employees[1]	9,620	10,618

Note:

(1) The monthly average number of general agency employees who have sold one or more policies per month.

Our arrangements with general agencies typically have terms of one year and are renewed automatically at the expiration of such term in the absence of a prior notice not to renew.

Financial Consultants Channel

Traditionally, a significant portion of life insurance sales in Korea have been driven by personal relationships of individual financial consultants, and our financial consultants channel continues to constitute an important distribution and marketing channel for our products. As of 31 December 2024, our distribution network of financial consultants consisted of approximately 1,548 financial consultants (excluding our financial consultants who support our direct marketing (subsidiary) channel) operating in 51 branch offices and sales offices located nationwide. We believe that our extensive network of financial consultants who sell our products on an exclusive basis enables us to more effectively control distribution of our products and build and maintain long-term relationships with our individual customers. Our financial consultants are trained to match customers in varying financial and demographic segments with specific life insurance and investment products that fit their particular needs, and to supplement these products with individualised riders, as appropriate.

The following table sets forth certain information relating to our financial consultants channel as of the dates or for the periods indicated.

	As of or for the year ended 31 December	
	2023	2024
Number of financial consultants[1]	1,346	1,548
13th-month retention rate[2]	85.8%	87.2%

Notes:

(1) Excludes financial consultants who support our direct marketing (subsidiary) channel.

(2) The percentage of financial consultants remaining with us after 12 months of engagement.

Our financial consultants enter into standardised agency agreements with us, which typically are for renewable one-year terms and may be terminated by the financial consultant at any time and by us upon the occurrence of various events specified in the agreement, including the financial consultant's failure to meet our minimum performance standards. A significant portion of our financial consultants' compensation consists of commissions for the products they sell and bonuses for outstanding performance, in addition to certain training allowances and initial payments paid at the beginning of their agency relationship with us.

Direct Marketing (Subsidiary) Channel

There is an emerging trend of subsidiary-type general agencies by insurance companies as a strategy to strengthen sales competitiveness while maintaining control over the sales segment, amid the growing influence of general agency distribution and marketing channels. A subsidiary-type general agency acts as an intermediary between exclusive and non-exclusive sales organisations, allowing insurance companies to retain a certain level of control over their sales forces. This structure also enables sales agents to handle a diverse range of products from various companies, which helps minimise the departure of exclusive agents. As a result, many insurance companies are actively pursuing the establishment of subsidiary-type general agencies to secure new growth opportunities.

Through our subsidiary, TONGYANG Life Financial Service Co., Ltd., we conduct direct marketing efforts through telemarketing, third party home shopping television networks and the internet. We plan to continue to seek a balanced expansion of solicitation, customer relationship management and cross-selling activities by our financial consultants dedicated to our direct marketing (subsidiary) channel. We have also entered into marketing arrangements with Korea's leading home shopping television networks to market our insurance products to television viewers.

In response to the proliferation of electronic communication channels and increased usage of the internet and mobile devices as a means of commercial activity, we have also been investing in recent years in the enhancement of our online platform to reach existing and prospective customers through our website at www.myangel.co.kr as well as our mobile application. Some of our products are sold exclusively through our online platform. We believe that the importance of mobile applications and the internet as a marketing and distribution channel will continue to grow in the future, and we plan to continue to invest in upgrading our mobile application and website to increasingly supplement our more traditional channels.

OPERATIONS

Customer Relationship Management

We devote significant resources to the management, servicing and retention of our existing policyholders through our customer relationship management activities. Our financial consultants also strive to identify the additional insurance needs of our customers by analysing the adequacy of their current coverage level based on each customer's personal and family situation and providing recommendations to supplement or adjust the customer's life insurance coverage to better match his or her needs.

We provide customer support through approximately 11 customer service units located nationwide. Our customer service units provide various policy-related services to our customers, such as collecting regular premiums, renewing policies, reinstating lapsed policies, processing surrenders, increasing insured amounts, processing policy loans, paying benefits and updating information regarding holders and beneficiaries of policies. Our customer service units are managed by our Customer Service Department, which is responsible for setting uniform standards and procedures for providing policy-related services to customers, handling inquiries and complaints from customers and training customer services personnel.

Through our telephone call centre network, we operate a centralised services hotline and a new policy inquiry hotline, through which our customers can reach us at any time. Our automated response system reviews our customer database when the caller enters his or her resident identification number, addresses basic policy inquiries and connects our preferred customers to customer service representatives on a priority basis. Through our customer service representatives, our policyholders may make specific product and service inquiries, file complaints, report claims, make appointments and update information regarding policyholders and beneficiaries, as well as apply for policy loans. We believe that our customer database, which stores detailed information including the policyholder's prior calling and policy history, enables our customer service representatives to not only effectively assist the callers, but also to play an important marketing function by informing the callers of tailored products and services and special promotional activities. Information obtained by the customer service centres is shared with our distribution and marketing personnel to assist them in their distribution and marketing efforts. In addition, we operate alternative customer service channels such as our mobile application and our website, which complement our traditional customer service channels. Our customers can make similar inquiries, complaints and service requests, as well as make online payments of premiums and receive payments for certain types of claims, through our mobile application and our website.

We maintain an extensive customer database that we use to segment our customers based primarily on a customer's current policy status, past policy purchases and interactions with our financial consultants and personal and family demographics, while ensuring compliance with laws and regulations related to the protection of customer data, including the Personal Information Protection Act. We monitor and analyse such data on a regular basis to understand the reasons for fluctuations in demand from different customer segments, which serves as a basis for our future marketing and product development strategies. We develop analytical models based on such data in order to estimate the likelihood of additional policy purchases or policy surrenders for each customer segment, as well as to enhance our ability to match our distribution and marketing channels with potential customers. We also conduct customer satisfaction surveys by engaging external survey experts as well as invite customer panels to participate in both offline and online discussions to further ascertain customer needs and issues.

We also engage in data analysis to identify our most valuable customers. For our most valuable customers who meet certain purchase volume and loyalty criteria, we provide invitations to exclusive promotional events, as well as premium discounts for high-premium products. Our superb customer service is also highly acknowledged by the regulatory authorities and market. We have been awarded Best Customer Centre for 7 consecutive years by Korea Service Quality Index in 2024 and have also been awarded Excellent Call Centre Award for 11 consecutive years by Korean Service Quality Index in 2024.

Underwriting and Pricing

Our insurance underwriting involves the evaluation of applications for our insurance policies by a professional staff of underwriters, who determine the type and the amount of risk that we are willing to accept. We have established qualification requirements, review procedures and training programs for the selection and development of our underwriting professionals. We employ detailed and uniform underwriting policies, guidelines and procedures designed to assist our underwriters in assessing and quantifying risks before issuing a policy to qualified applicants.

Primarily in relation to our protection-type insurance policies as well as certain of our other products, our underwriters generally evaluate the risk characteristics of each prospective policyholder. Requests for coverage are reviewed on their merits, and generally a policy is not issued unless the particular risk has been examined and approved for underwriting. We have different authorisation limits and procedures depending on the amount and type of the policies. If the policy amount exceeds a specified amount, we generally require the applicant to take a variety of underwriting tests, such as medical examinations, and obtain consumer investigative reports. We also have authorisation limits for underwriting personnel depending on their level of qualifications. In order to maintain high standards of underwriting quality and consistency, we regularly engage in internal underwriting audits.

We offer life insurance products denominated in Won, and policy premiums are paid either in a single payment or on a periodic basis. Product pricing on insurance products, which reflects our insurance underwriting standards, is based on the expected payout of benefits, calculated through the use of various assumptions, such as for investment returns, mortality, morbidity, expenses and persistency, as well as certain macroeconomic factors such as inflation. Those assumptions include a margin for expected profitability and are based on our own experience and published data from third party industry sources such as the KLIA. In the event that the assumptions used in the pricing of any of our non-renewable insurance products appear to deviate significantly from our subsequent experience, we stop further sales of such products and seek to replace them with new products having such terms and prices that preserve our intended margins. For renewable insurance products, including most of our health insurance riders, we are usually able to adjust the premiums on the next policy renewal date to reflect deviations from our original pricing assumptions.

We employed 34 actuaries, certified in Korea, as of 31 December 2024. Our actuaries who are not assigned to the actuarial department are staffed across various departments and provide technical expertise in connection with our business operations, including assisting in new product development and conducting risk management analysis.

Claims Management

We manage the claims we receive from policyholders through our claims management staff located in our headquarters and branch offices. Typically, claims are received by our staff, who make a preliminary examination and forward them to our claims settlement team for further verification. If the claim is valid, the amount payable is calculated and, once approved, is distributed to the policyholder.

We manage our claims management risk through organisational controls and computer systems controls. Our organisational controls include specified authorisation limits for various operating levels, periodic and *ad hoc* inspections at all levels of our organisation, expense mechanisms linking payout ratios with expenses for our life insurance policies, and requirements that claims examinations above certain monetary thresholds be performed by at least two staff members. We also impose stringent requirements on the qualification and employment of claims management staff. For claims relating to our health insurance products, claim adjustment processes are facilitated through a team of supporting personnel with medical training. Our claims management control procedures are supported by an electronic processing system that is used for the verification and processing of claims.

Billing and Payment

Policyholders make payments through pre-authorised automatic debits from their designated bank account, by wire transfers to our designated bank account, by online payments using their personal accounts on our website, through our mobile application or in person at our branch offices or designated banks. Automatic debits are currently the most common method of collecting premium payments from customers. Substantially all of our policyholders pay monthly premiums through pre-authorised automatic payment methods, and we do not send monthly billing statements to such policyholders. If the balance in the policyholder's designated bank account as of the payment due date is insufficient to cover the premium payment then due, we will continue, after the payment due date, to submit automatic debit requests to the policyholder's bank for the unpaid portion of the premium.

Collection

We consider an insurance policy to be delinquent if payment of the balance of such premium payable under policy is not received on the date on which such payment was first due. Our collection procedures include contacting the customers by mail, electronic mail, phone and mobile text messaging. We discontinue insurance coverage if the policy remains delinquent for two months, following an additional two-week grace period.

We consider policy loans and other loans to be delinquent if payment of the interest or principal of such loan is not received on the date on which such payment was first due. Efforts to collect from customers whose loans are delinquent are primarily made by our in-house debt collection service professionals. All legal proceedings related to collection efforts, if necessary, are undertaken by us. With respect to delinquent policy loans that are secured by the cash surrender values of the underlying insurance policies, we send out collection notices by mail, electronic mail, phone and mobile text messaging once the policy loan becomes delinquent, and subsequently terminate the policy loan and the underlying insurance policy and foreclose on the cash surrender value of such policy if the sum of the overdue interest and principal amount of such loan exceeds the cash surrender value, subject to certain exceptions. With respect to loans other than policy loans, we initially analyse delinquent loans using an internally developed scoring system, and each case is assigned a collection procedure. Our collection procedures for such loans generally include, depending on the type of loan, contacting the customers by phone, sending out overdue payment notices and, if deemed necessary, commencing legal proceedings through our legal team.

Reinsurance

We cede to reinsurance companies portions of the risks we assume under our policies. We have entered into reinsurance agreements with various reinsurance companies, including Korean Re, SCOR Global Life, Swiss Re, Gen Re, Munich Re, Hannover Re, Pacific Re and RGA. These reinsurance agreements spread the risk and reduce the effect on us of potential losses. Under our internal reinsurance policy, we cede on a percentage basis, generally ranging from 5% to 80% of the total face amount of our accident, health and critical illness insurance policies in force, while retaining most of the death risks relating to our other protection-type life insurance policies in force. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse us for the ceded portion in the event the claim is paid. However, we remain liable to our policyholders for the ceded portion if the reinsurer fails to meet the obligations assumed by it. In general, our reinsurance agreements with our reinsurers do not have a definite term, but some agreements allow for recapture of ceded insurance risk within seven to 15 years and agreements for new business may be terminated at the end of the year with advance notice of 90 days.

We do not reinsure any policies issued by other insurers.

INVESTED ASSETS

We maintain a diversified investment portfolio to generate investment returns to support our insurance liabilities and to enhance shareholder value. As of 31 December 2024, we had Won 32 trillion of invested assets on a separate basis, of which domestic debt securities and overseas securities collectively accounted for 65.6%. We invest insurance premiums received from our policyholders in domestic debt securities (including special bonds, Government and Government-related bonds, corporate bonds and financial bonds), overseas securities (including foreign-currency denominated bonds, collateralised debt obligations and other asset-backed securities and stocks and beneficiary certificates evidencing ownership in foreign corporations and foreign investment trusts managed by investment trust companies), loans (including loans secured by real estate and other assets, unsecured loans and loans secured by third party guarantees), domestic beneficiary certificates, cash and deposits, domestic equity securities, real property investments and other securities. Our general account does not include assets of our separate accounts for which the customer assumes risks of ownership. We place our assets relating to our variable insurance products and retirement pension products in separate accounts pursuant to the Regulation on Supervision of Insurance Business.

The following table summarises information regarding our invested assets, on a separate basis for 2023 and 2024, as of the dates indicated.

	2023		2024	
	Carrying Value	**%**	**Carrying Value**	**%**
	(In billions of Won, except percentages)			
Domestic debt securities	₩15,297	49.1%	₩16,285	50.4%
Overseas securities	4,216	13.5	4,587	14.2
Loans[1]	6,218	20.0	6,036	18.7
Beneficiary certificates	2,235	7.2	2,998	9.3
Cash and deposits	1,551	5.0	927	2.9
Stocks[2]	317	0.8	271	0.7
Real estate[3]	345	1.1	340	1.1
Other securities	975	3.3	870	2.9
Total	**₩31,153**	**100.0%**	**₩32,314**	**100.0%**

Notes:

(1) Net of present value discount, allowance for loan losses and deferred loan fees and income.

(2) Includes stocks of affiliates (subsidiary and equity method shares).

(3) Includes land, buildings and structures held as investment assets and real property used in our operations.

Management of Investments

Our investment philosophy is to seek long-term growth in the value of our invested assets and to enhance the sources of our cash flows pursuant to our asset and liability management policies. We strive to maintain a sound investment portfolio that is managed in accordance with our risk management policies. Accordingly, we design asset mix strategies for our general account to match the characteristics of our insurance products and the adoption of IFRS 17 as well as a new regulatory insolvency regime in Korea, which also reflects our desire to generate stable long-term returns while sustaining adequate liquidity and solvency levels. We seek to achieve our investment objectives through asset and liability management and longer-term strategic and shorter-term tactical asset allocations within a disciplined risk management framework. We have been increasing our domestic securities holdings through investments in long-term domestic securities. We plan to maintain the focus on enhancing capital stability by continuing to increase the proportion of domestic securities in the foreseeable future. Consequently, we foresee a reduction in the proportion of foreign securities, loans and alternative investments. We believe that the size and diversity of our investment portfolio and our flexible investment strategy enable us to seek out and benefit from attractive investment opportunities.

Our Risk Management Committee approves the investment policy for the general account (including the separate account), which includes investment guidelines, a target asset mix, risk tolerances and performance benchmarks. It also reviews performance and risk positions semi-annually. The Risk Management Working Level Subcommittee, working together with the Investment Committee, which assesses market risks, is responsible for overseeing the investment management process for our general account. The Risk Management Working Level Subcommittee has the authority to initiate tactical shifts, within investment guidelines and exposure ranges approved by the Risk Management Committee. See "*Risk Management*."

On a separate basis, the net investment yield on our investment portfolio, net of management and administrative expenses, was 3.83% and 3.77% in 2023 and 2024, respectively.

Domestic Debt Securities

Our holdings of domestic debt securities constitute our largest investment category. Our domestic debt securities consist primarily of special bonds, Government and Government-related bonds, corporate bonds and financial bonds. Special bonds are bonds issued by companies established pursuant to special Korean laws and regulations (including Government-controlled utility companies and banks established under special Korean laws and regulations). Government and Government-related bonds are sovereign debt of Korea. We also selectively invest in corporate bonds of Korean companies whose securities are rated as investment grade, as well as bonds issued by Korean financial institutions. As of 31 December 2024, substantially all of our domestic bond portfolio comprised bonds with a credit rating of A and above as rated by Korean rating agencies.

The following table sets forth the carrying values of our domestic debt securities, on a consolidated basis for 2023 and 2024, as of the dates indicated.

	As of 31 December			
	2023		2024	
	Carrying Value	%	Carrying Value	%
	(In billions of Won, except percentages)			
Special bonds	₩ 2,904	19.0%	₩ 3,047	18.7%
Government and public bonds	7,970	52.1	8,499	52.2
Corporate bonds	1,872	12.2	1,972	12.1
Financial bonds	2,551	16.7	2,767	17.0
Total domestic debt securities	**₩15,297**	**100.0%**	**₩16,285**	**100.0%**

The following table shows the contractual maturities of our domestic debt securities, on a consolidated basis for 2023 and 2024, as of the dates indicated.

	As of 31 December	
	2023	2024
	(In billions of Won)	
Due within one year	₩ 824	₩ 1,522
Due within five years	6,526	5,833
Due within ten years	3,838	3,312
Due after ten years	4,109	5,618
Total	**₩15,297**	**₩16,285**

We maintain monitoring processes for our domestic debt securities and formally review our holdings of debt securities on a periodic basis to identify potential credit deterioration whether due to ratings downgrades, unexpected price variances or industry or issuer specific concerns. We manage our potential losses in the event of substantial credit deterioration of our domestic debt securities by setting credit exposure limits for corporations and large business groups based on external credit ratings and our internal credit scoring.

In managing our investments in domestic debt securities, we are strategically focused on continuing to adjust the mix of our risk-weighted assets in accordance with the evolving solvency requirements of the FSS, including by increasing the relative proportion of our investments in long-term Government or Government-related bonds and bonds with high credit ratings.

Overseas Securities

Our holdings of overseas securities consist principally of foreign currency-denominated bonds issued by the Government and Government agencies and foreign issuers including governments and corporations, foreign currency-denominated collateralised debt obligations and other asset-backed securities and stocks and beneficiary certificates evidencing ownership in foreign corporations and foreign investment trusts managed by investment trust management companies. Our overseas securities are primarily denominated in U.S. dollars. We seek to hedge our foreign currency exposure under our overseas securities at the time of investment through currency swap contracts or other derivative instruments.

The following table sets forth the carrying value of our overseas securities, on a consolidated basis for 2023 and 2024, as of the dates indicated.

	As of 31 December			
	2023		2024	
	Carrying Value	%	Carrying Value	%
	(In billions of Won, except percentages)			
Debt securities	₩3,839	91.1%	₩4,150	90.5%
Other securities[1]	377	8.9	437	9.5
Total overseas securities	**₩4,216**	**100.0%**	**₩4,587**	**100.0%**

Note:

(1) Includes foreign currency-denominated collateralised debt obligations and other asset-backed securities and stocks and beneficiary certificates evidencing ownership in foreign corporations and foreign investment trusts managed by investment trust management companies.

Loans

We offer various loan products to qualified retail and institutional borrowers, loans secured by real estate and other assets, unsecured loans to our existing policy holders and loans secured by third party guarantees. We note that policy loans are classified as insurance contracts under IFRS 17/9 so are not included in the breakdown of our loan portfolio below. In cultivating our loan portfolio, we prioritise stability by focusing on the more secure loans including senior loans. The following table sets forth a breakdown of our loan portfolio, on a consolidated basis for 2023 and 2024, as of the dates indicated.

	As of 31 December	
	2023	2024
	(In billions of Won)	
Property-backed loans	₩1,769	₩1,883
Credit loans	56	46
Guaranteed loans	1,229	1,025
Other loans[1]	3,252	3,174
Total loans	6,305	6,129
Present value discount	–	–
Allowance for loan losses	(73)	(76)
Deferred loan fee and income	(14)	(16)
Total loans, net of present value discount, allowance for loan losses and deferred loan fee and income	**₩6,218**	**₩6,036**

Note:

(1) Includes financings of real estate development projects, social overhead capital projects and other project financings as well as merger and acquisition financings.

We provide a variety of loans to institutions, focusing principally on financing of real estate development projects, social overhead capital projects, other project financings and merger and acquisition financings. Such loans are either guaranteed by the Government or municipalities or secured by a security interest in the real estate, project or securities. The maturity of such loans to institutions generally ranges from three to 25 years. Such loans are either provided by us directly to the institution engaged in the relevant project or transaction, or through a bank, securities company or other financial institution arranging a syndication of the relevant financing, after review and approval through our credit review system. We continuously monitor the borrower's financial condition and debt service capability, as well as the value of the relevant collateral.

As of 31 December 2024, we had Won 47 billion of such non-performing loans (credit loans) outstanding, in respect of which we had established allowance for loan losses of Won 76 billion.

The following table shows a breakdown of our loan portfolio by contractual maturity dates, on a consolidated basis for 2023 and 2024, as of the dates indicated. The loan amounts stated in the table below are before deduction of present value discount and allowance for loan losses and addition of deferred loan fee and income.

	As of 31 December	
	2023	2024
	(In billions of Won)	
Due in one year or less	₩1,681	₩1,673
Due after one year and through two years	1,573	1,497
Due after two years and through three years	817	895
Due after three years and through four years	579	356
Due after four years	1,655	1,708
Total loans	**₩6,305**	**₩6,129**

The following table provides a breakdown of our loan portfolio, on a consolidated basis for 2023 and 2024, as of the dates indicated, applying the asset quality categories as determined under the Regulation on Insurance Business Supervision. The loan amounts stated in the table below are before deduction of present value discount and allowance for loan losses and addition of deferred loan origination cost.

	As of 31 December	
	2023	2024
	(In billions of Won)	
Normal	₩5,735	₩6,031
Precautionary	518	50
Substandard	31	32
Doubtful	3	3
Estimated loss	18	13
Total loans	**₩6,305**	**₩6,129**

Other Securities

Our other securities consist primarily of asset-backed commercial paper secured by long-term savings accounts, as well as investments in variable-rate funds and hybrid securities.

Domestic Beneficiary Certificates

Our holdings of domestic beneficiary certificates, evidencing ownership in investment trusts managed by investment management companies in Korea, relate primarily to our equity investments in alternative assets, including investment vehicles for social overhead capital projects.

The following table sets forth the carrying values of our domestic beneficiary certificates, on a consolidated basis for 2023 and 2024, as of the dates indicated.

	As of 31 December			
	2023		2024	
	Carrying Value	%	Carrying Value	%
	(In billions of Won, except percentages)			
Money market fund	₩ 172	7.7%	₩ 601	20.0%
Equity securities-type	56	2.5	210	7.0
Bond-type	91	4.1	286	9.5
Real estate-type	497	22.3	546	18.2
Infrastructure-type	659	29.5	638	21.3
Other beneficiary certificates	759	34.0	718	23.9
Total beneficiary certificates	**₩2,235**	**100.0%**	**₩2,998**	**100.0%**

Cash and Deposits

Our deposits consist principally of time and other deposits. We generally make time and other deposits with large Korean commercial banks. The terms of the deposits vary, and substantially all of them carry variable interest rates that are linked to deposit rates periodically set by the Bank of Korea. We make time and other deposits to obtain higher yields than can ordinarily be obtained with demand deposits.

Domestic Equity Securities

Our holdings of domestic equity securities consist of listed and unlisted shares of common and preferred stock of Korean companies and ownership interests in domestic partnerships, as well as ownership interests (other than beneficiary certificates) in our consolidated subsidiaries, associates and jointly controlled entities.

The following table sets forth the carrying values of our domestic equity securities, on a separate basis for 2023 and 2024, as of the dates indicated.

	As of 31 December			
	2023		2024	
	Carrying Value	%	Carrying Value	%
	(In billions of Won, except percentages)			
Listed shares	₩ 13	5.4%	₩ 7	3.1%
Unlisted shares	75	30.1	88	40.7
Investments in subsidiaries	161	64.5	122	56.2
Total domestic equity securities	**₩250**	**100.0%**	**₩216**	**100.0%**

PROPERTIES

We own properties throughout Korea such as buildings and land with a book value of Won 340 billion as of 31 December 2024. The properties owned by our company include real property investments with a book value of Won 315 billion, including office buildings in Jongno-gu, Seoul and Daegu, Korea. Portions of the properties we own are leased to various tenants. Our headquarters and certain of our branches and sales offices are located in properties leased by us.

Real Property Investments

Our real property investments consist principally of real property held as investment assets, including land, buildings and structures, as well as real property used in our operations.

The following table sets forth the carrying values of our real property investments, on a separate basis for 2023 and 2024, as of the dates indicated.

	As of 31 December			
	2023		2024	
	Carrying Value	%	Carrying Value	%
	(In billions of Won, except percentages)			
Land	₩275	85.9%	₩273	86.6%
Buildings	41	12.8	39	12.3
Structures.	4	1.3	3	1.1
Total real property investments.	**₩320**	**100.0%**	**₩315**	**100.0%**

COMPETITION

There is significant competition in the Korean life insurance industry. Competition is based on a number of factors, including brand recognition, service, product features, price, quality of investment advice, investment performance, perceived financial strength and credit ratings. In recent years, there has been downward pressure on margins of insurance products as some of our competitors have sought to obtain or maintain market share by reducing margins and increasing marketing efforts. As the Korean life insurance industry continues to mature, it may experience a slowdown in growth as well as a stagnation in market penetration. Due to these and other factors, we believe that competition in the Korean life insurance industry will likely remain intense in the future. As general agencies have established themselves as major distribution and marketing channels in the Korean life insurance industry, competition is intensifying to a greater degree among insurance companies. Sustained or increased competition may lead to decreases in our market share and our margins, resulting in a material adverse impact on our revenues and our profitability.

We compete principally with large Korean life insurance companies such as Samsung Life Insurance Co., Ltd., Hanwha Life Insurance Co., Ltd. and Kyobo Life Insurance Co., Ltd., which historically have held substantial market shares in the Korean life insurance market. We also compete with other mid-sized domestic life insurance companies such as Mirae Asset Life Insurance Co., Ltd., Nonghyup Life Insurance Co., Ltd., Shinhan Life Insurance Co., Ltd., Heungkuk Life Insurance Co., Ltd., KDB Life Insurance Co., Ltd. and iM Life Insurance Co., Ltd. as well as Korean affiliates of foreign life insurance companies, such as MetLife Insurance Company of Korea Co. Ltd., LINA Life Insurance Co., Ltd., AIA Life Insurance Co., Ltd. and ABL Life Insurance Co., Ltd., whose parent companies may have greater experience and resources in their respective home markets.

In specific areas such as accident and health insurance, savings insurance and variable insurance, our products also compete with those offered by property and casualty insurance companies, commercial banks, securities companies and asset management companies. Furthermore, risk protection products with insurance features are also sold by the Korea Post through its extensive nationwide branch network. Certain of our competitors are larger in terms of asset size and customer base, have greater financial resources, offer a broader range of products or have access to a more extensive distribution network than we do. Moreover, a number of our competitors are affiliated with large Korean business or financial groups, which may provide a competitive advantage to the extent that they are able to take advantage of such affiliation, including through cross-promotion opportunities and access to the existing customer base of their affiliates.

In recent years, large financial holding companies in Korea and foreign insurance companies, which are significantly larger and may have more resources and synergies than us, have made significant acquisitions of insurance companies, further increasing competition in the Korean market. For example, in 2020, Shinhan Financial Group acquired Orange Life Insurance Co., Ltd. which was subsequently merged into Shinhan Life Insurance Co., Ltd. in 2021, while KB Financial Group acquired Prudential Life Insurance Company of Korea in 2020 which subsequently merged with KB Life Insurance Co., Ltd. in 2023. In addition, many of our competitors are increasingly relying on internet platforms to diversify their marketing efforts, and Korea's leading internet platform companies are searching for investment opportunities to further expand their presence in the financial industry. We expect that changes in the competitive landscape of the life insurance and property and casualty insurance industries, as well as the broader financial industry generally, will continue. Such changes may significantly increase the customer base and operating scale of some of our competitors. Certain financial institutions may, by virtue of their increased size and business synergies, create greater competition for us. In addition, in November 2022, the FSC announced a plan to relax insurance regulations to allow financial holding companies to possess more than one license each for a life insurance company and a property and casualty insurance company. Once the reform measures are implemented, this may lead to increased competition in the insurance industry.

Since the implementation of bancassurance, mid-sized life insurance companies have expanded their market presence, focusing on savings-type insurance products by utilising banks' networks as distribution and marketing channels. Korean affiliates of foreign life insurance companies have also achieved high growth by focusing on protection-type insurance markets through sales strategies leveraging their strong global brand recognition and highly trained sales teams. As these advantages for the mid-sized and Korean affiliates of foreign companies persist, the market concentration of the large Korean life insurance companies continues to decrease.

The competitiveness of life insurance companies hinges on sales strategies, marketing capabilities, personnel quality and brand recognition over the originality of insurance products. Their performance profoundly relies on the efficiency of their sales channels. The expansion of domestic insurance and investment businesses may lead to staff turnover and affect market share of distribution and marketing channels, especially due to intensified competition in non-exclusive channels including the general agency channel and the bancassurance channel.

Under the new IFRS 17 accounting system, insurance premiums unrelated to service delivery during the term, such as savings insurance, are recognised as liabilities rather than revenue. This shift has prompted a greater emphasis on the sale of protection-type insurance products. As competition in the protection-type insurance market intensifies, maintaining market share will likely require increased efforts in the future.

Regulatory changes and Government policies have also affected, and will continue to affect, the level of competition in the Korean life insurance industry. For example, certain amendments to the Insurance Business Act adopted in Korea in 2003 and its related enforcement decree clarified that property and casualty insurance companies may sell products that offer death benefits in the case of death arising from illness, subject to certain limitations on liability. In addition, beginning in 2008, the FSS has permitted limited cross-selling of life insurance and property and casualty insurance products by financial planners working for life insurance or property and casualty insurance companies. See "*Regulation and Supervision – Sales – Overlap of Products with General Insurance Companies*." Property and casualty insurance companies are currently not permitted to offer certain whole life insurance, term life insurance, annuity or variable insurance products, but future deregulation may further intensify competition with property and casualty insurance companies. In addition, partly in response to Government efforts to encourage the growth of fintech companies, we have seen the entry of companies from the fintech sector into the broader Korean insurance industry. In November 2018, Toss, a mobile consumer financial platform, established a general agency subsidiary. Similarly, in July 2019, Kakao Pay, another mobile consumer financial platform, acquired Inbyu, a general agency start-up, and renamed it as KP Insurance Service. In June 2021, the revised Enforcement Decree of the Insurance Business Act was implemented in Korea, which permits the establishment of insurance companies with minimum capitalisation of Won 2 billion to offer short-term insurance products. Such revisions are expected to encourage fintech companies to establish online platform-based insurance companies, which may further increase competition in the insurance industry. In addition, in April 2023, the FSC introduced detailed measures which allowed online platforms to offer insurance product comparison and recommendation services, leading to the establishment of insurance product comparison and recommendation platforms by fintech companies and increased competition in the Korean insurance industry. Online platforms providing insurance product comparison and recommendation services have launched, starting from 19 January 2024.

INFORMATION TECHNOLOGY AND OPERATIONAL SYSTEMS

Our information technology systems provide support to many aspects of our businesses, including product development, distribution and marketing, customer relationship management, business management, cost control and risk management. In order to respond more effectively to our changing business environment and to effectively manage our risk-based capital, we have implemented a wide range of upgrades to our information technology systems. We intend to continue to make significant investments in our information technology systems through various technology initiatives, including efforts to:

- improve our data processing capabilities and enhance our systems for estimating insurance liabilities and for product pricing;
- enhance our risk management systems and accounting systems, including in compliance with IFRS 17;
- improve our product development, actuarial and investment management capabilities;

- enhance the effectiveness of our distribution and marketing channels and customer relationship management activities;
- improve our disaster recovery systems and implement effective business continuation plans to reduce the risk of system failures and the impact such failures may have on our business; and
- promote overall efficiency, productivity and control.

As of 31 December 2024, our information technology systems are supported by a staff of 148 experienced engineers, technicians and specialists, including personnel provided by third party service providers.

Business continuity and information security are high priorities for us. We continue to enhance and develop contingency plans to provide reasonable assurance of business continuity in the event of disruptions at our critical facilities. The key elements of the plans are crisis management, business recovery, systems and data recovery and process improvement. In the area of information security, we have developed and implemented a framework of policies and technology to protect our information assets and those of our policyholders. Safeguards are applied to maintain the confidentiality, integrity and availability of information resources. We maintain real-time backup systems for all our critical information technology systems in Seongnam, Korea.

TRADEMARKS AND SERVICE MARKS

We own our trademarks and service marks, including the "TONGYANG" mark and the TONGYANG logo. We conduct portions of our business under the "My Guardian Angel" brand name and the "My Guardian Angel" logo, which are owned by us for use in the financial services and insurance business, with respect to such brand name, and for all businesses, with respect to such logo. Our trademarks and service marks are registered in Korea. The term of these registrations is generally ten years, and they are renewable for additional ten-year periods indefinitely, so long as the marks are still in use at the time of renewal. We are not aware of any claims of infringement or other challenges to our right to register or use our marks in Korea or in any other jurisdiction. We regard our trademarks and service marks as valuable assets in the marketing of our products and take appropriate action when necessary to protect them.

INSURANCE

We maintain insurance to cover risks associated with the ordinary operation of our business, including property coverage for our headquarters, branches and sales offices, as well as director and officer liability insurance coverage. We do not maintain business interruption insurance. All of our policies are underwritten with reputable insurance providers. We believe that our insurance coverage is similar in scope to that which is customary for life insurance companies in Korea.

EMPLOYEES

As of 31 December 2024, we had 912 employees (900 full-time and 12 contract employees) compared to 891 employees (846 full-time and 45 contract employees) as of 31 December 2023.

We provide a wide range of benefits to our employees, including housing and transportation subsidies, medical, death and accident insurance, periodic health examinations, educational subsidies for long-term employee's children, special subsidies for significant personal events (such as marriage, birth of children or death of family members) and use of recreational facilities.

As of 31 December 2024, approximately 578 of our employees were members of a labour union, and our relationships with these and other employees are generally governed by collective bargaining agreements.

We negotiate collective bargaining agreements every two years and annually negotiate wage agreements. Our current collective bargaining agreement is scheduled to expire in August 2025. We have not experienced a strike or other material work stoppage in recent years and consider labour relations with our work force to be amicable.

Under Korean laws and regulations, we are restricted from terminating a full-time employee except under certain limited circumstances. The term of employment for contract employees is generally one year and is renewable at our option. We have contract employee performance evaluation systems in place, which serve to assess the performance of contract employees who have been employed by us for one year. Based on such evaluation, we may decide to change the status of certain contract employees to full-time employees.

In accordance with the National Pension Act of Korea, we contribute an amount equal to 4.5% of an employee's standard monthly wages, up to a maximum standard monthly wage of Won 6.17 million, resulting in a monthly maximum insurance premium of Won 277,650. Each employee contributes 4.5% of his or her standard monthly wages, into his or her personal pension account. In addition, in accordance with the Employee Retirement Benefit Security Act, we have adopted retirement pension plans for our employees. Contributions under the retirement pension plans are deposited annually into a financial institution, and an employee may elect to receive a monthly pension or a lump-sum amount upon retirement pursuant to either a defined benefit plan or a defined contribution plan. The defined benefit plan guarantees a certain payout at retirement, according to a fixed formula based on the employee's average salary and the number of years for which the employee has been a plan member. For further information regarding our defined benefit plan, see Note 19 of the notes to our annual consolidated financial statements for 2023 and 2024.

As of 31 December 2024, 0.10% of our issued common shares were held by members of our employee stock ownership association.

LEGAL AND REGULATORY PROCEEDINGS

We are subject to certain claims and are a party to certain legal and regulatory proceedings that are incidental to the normal course of our business. The legal proceedings currently pending against us primarily relate to customer claims in connection with insufficient explanation of insurance products at the time of sale, insurance settlement claims by our customers and commission-related claims by our financial consultants and other agents.

We are involved in a total of 36 lawsuits as a defendant, with the litigation amounting to Won 2,301 million. Although the outcomes of these lawsuits are currently unpredictable, considering that the litigation amount is minor compared to our company's asset size and equity (Won 34,547 billion and Won 1,967 billion, respectively, as of 31 December 2024 on a consolidated basis), the likelihood that contingent liabilities related to the lawsuits will significantly impact our company's financial stability or operating results is relatively low. However, there is a possibility that litigation related to insurance claims may affect our company's reputation and subsequently have a negative impact on our insurance business in the future.

In June 2022, the FSS discovered during a regular inspection of our company that our subsidiary, TONGYANG Life Financial Service Co., Ltd., accessed our customers' contract information without our customers' consent. As a result, the FSS is investigating our company for allegedly violating the Use and Protection of Credit Information Act by sharing our customers' contract information with our subsidiary without the consent of our customers.

If the FSS confirms the violation at the conclusion of their investigation, there is a possibility that the FSC will impose a fine in accordance with the Use and Protection of Credit Information Act and the Regulations on Examination and Sanctions against Financial Institutions. This could result in a fine of up to 3% of our average annual revenue over the previous three business years calculated by taking into consideration various factors such as motives for, and means of, violation, scale of damage, market impact, duration and frequency of violation, corrective actions taken and preventive measures implemented.

As of the date of this Offering Circular, it is difficult to predict (1) when the FSS investigation and the FSC sanctions review will be completed, (2) whether a fine will be imposed, and (3) the magnitude of any potential fine if imposed. If the FSS confirms we have violated the Use and Protection of Credit Information Act after its investigation and the FSC decides to impose a significant fine, it could have a material adverse effect on our results of operations and financial condition.

Except as described above, we are not currently involved in, nor is our management aware of any threat of, any legal or regulatory proceeding, the outcome of which would, in the reasonable judgment of our management, have a material adverse effect on our financial condition or results of operations.

SOLVENCY REQUIREMENTS

Pursuant to the solvency requirements implemented by the FSS, insurance companies are required to maintain a statutory solvency ratio of not less than 100%. The K-ICS solvency ratio is calculated by dividing the available capital (solvency amount) by the required capital (solvency standard amount), which is the risk amount for each risk category of the company. This ratio serves as a measure of the extent of capital a company has to meet its obligations to policyholders, even when faced with significant financial risks (such as unexpected losses or a decline in asset values). See "*Regulation and Supervision – Risk-Based Supervision of Insurance Companies – Solvency Requirements*."

Our K-ICS ratio decreased from 193.4% as of 31 December 2023 to 155.5% as of 31 December 2024.

The following table sets forth our available capital and required capital for purposes of calculating our statutory K-ICS ratio as of 31 December 2024 on a consolidated basis, as well as a breakdown of our required capital as of such date for each of the five principal areas of risk.

	As of 31 December
	2024
	(In billions of Won, except percentages)
K-ICS ratio	155.5%
Available capital	₩3,875
Required capital	₩2,492
Long-term loss insurance risk	1,863
General loss insurance risk	0
Market risk	1,281
Credit risk	659
Operational risk	151

RISK MANAGEMENT

We believe that effective risk management is of primary importance to our continued success. Accordingly, we have established a comprehensive and integrated risk management structure and risk management policies to monitor, evaluate and manage the principal risks we assume in conducting our business activities, including market risk, interest rate risk, insurance risk, credit risk, liquidity risk and operational risk. We employ a diversified set of risk monitoring processes and risk mitigation techniques aimed at assessing and managing these risks in our insurance and investment operations, in light of changing economic and financial market conditions in Korea and in compliance with the applicable guidelines of the FSS. Since the implementation of the accounting system change in 2023, we comply with the risk management matters defined by the K-ICS to maintain an appropriate solvency ratio within allowable limits. We establish and implement risk management basic principles, regulations, and management systems to realise these principles. We support various management activities (such as insurance product development, investment, ALM management, etc.) through the Risk Management Committee and risk management and implement risk management procedures to identify and manage risks in a timely manner. Additionally, the risk management and reporting system maintain independence and checks and balances functions.

RISK MANAGEMENT STRUCTURE

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, operational, compliance and legal reporting systems. Segregation of duties and management oversight are fundamental elements of our risk management process, and we have established a multi-tiered risk management governance structure. We support major risk-related decisions through the Risk Management Committee, a committee under the Board of Directors, and the Risk Management Practice Committee that assists it. At the operational level, the Risk Management Team works closely with other departments and business units to implement risk management strategies, policies and procedures determined by the Risk Management Committee.

Risk Management Committee

Our Risk Management Committee is responsible for overseeing all risks relating to our business and advising our board of directors with respect to risk management-related issues. Our board of directors has delegated to our Risk Management Committee the board's authority and responsibility for ensuring the effective management of the various risks we face. Our Risk Management Committee meets with the board of directors on a quarterly basis and submits reports on company-wide risk management to our board of directors periodically. The committee currently consists of Won Hee Kang, Xiaoyan Yang and Jian Sun, and Won Hee Kang currently chairs the committee. The major activities of our Risk Management Committee include:

- establishing basic risk management policies in accordance with our business strategy;
- reviewing our risk management systems and the appropriateness of our risk management policies and operations;
- determining specific levels of risk exposures and risk tolerance levels acceptable to our company; and
- determining other significant matters related to risk management.

Risk Management Team

Our Risk Management Team, which reports to our Risk Management Committee at least once a quarter and more often as necessary, is primarily responsible for:

- identifying, measuring, evaluating, monitoring and reporting on each of our primary sources of risk as well as our overall risk management;

- implementing an effective risk assessment and application system, including calculating and managing our solvency ratio; and

- monitoring and facilitating observance of our internal risk management regulations and guidelines by the relevant business units and teams, including a periodic credit review process in coordination with other departments.

The Risk Management Team coordinates the operation of the Risk Management Working Level Subcommittee, which is responsible for determining the appropriate monthly interest rates for our life insurance products, as well as managing our investment portfolio and reviewing significant investments and related investment exit strategies.

The Risk Management Team also provides operational support to and participates in the decision-making process of the following committees:

- The Investment Committee, which is responsible for supervising management of market risk and credit risk relating to our investment portfolio; and

- The Product Review Committee, which is responsible for reviewing and managing the insurance risks of insurance products we newly develop, modify and distribute.

INTEREST RATE RISK MANAGEMENT

Our results of operations depend, in part, on our level of net interest income and our effective management of the impact of changing interest rates and varying asset and liability maturities. In particular, changes in market interest rates may affect the level and timing of recognition of gains and losses on investment assets held in our life insurance business' invested assets portfolio, which consists mainly of debt securities. In addition, some of our life insurance products, principally fixed annuities and savings-type insurance policies with guaranteed minimum interest or annuity payments, require us to pay fixed rates of return to policyholders and therefore expose us to the risk that changes in interest rates will reduce our "spread," or the difference between the amounts that we are required to pay under the relevant policies and the rate of return we are able to earn on our invested assets intended to support our obligations under the policies.

We seek to manage interest rate risk through adjustments to our asset and liability portfolio mix and terms, such as increasing the proportion of interest-rate sensitive insurance products and decreasing the proportion of fixed benefit insurance products, and by managing, to the extent possible, the average duration and maturity of our assets and liabilities. We also manage interest rate risk through asset and liability management strategies that seek to match the interest rate sensitivity of the assets to that of the underlying liabilities. We periodically evaluate our interest rate risk exposure and closely monitor any changes to identify the primary factors for such change and to take appropriate remedial measures.

MARKET RISK MANAGEMENT

Market risk refers to the risk of loss due to adverse price fluctuations in market variables such as interest rates, stock prices, and exchange rates, resulting in a decrease in the value of held assets. We manage market risk through Market Value at Risk ("**Market VaR**") and fluctuations in net asset value. Additionally, market risk based on the statutory solvency capital is categorised into sub-risks such as interest rate risk, equity risk, exchange rate risk, real estate risk, and concentration risk, and is measured as the fluctuation in net asset value using scenario shock methods related to each risk variable.

As part of our management of market risk, in addition to applying business judgment, market risk is measured using both a standard model with a confidence level of 99.5% and an internal model. The standard model follows calculation methods specified in insurance regulations and regulatory guidelines, applying shock scenarios for market variables such as interest rates, stock prices, and exchange rates to measure the fluctuation in net asset value as risk. The internal model measures the risk amount periodically by calculating the Market VaR based on the price volatility of target assets over a certain period.

Our method of managing market risk is divided into four components:

- *Management through permitted links*: We estimate the maximum expected loss that could occur in our portfolio due to volatility in market variables such as stock prices, interest rates, and exchange rates using both standard and internal models during business planning. Annual limits are set accordingly to ensure that losses from fluctuations in net asset value do not exceed our company's available capital, and regular monitoring is conducted.

- *Asset Liability Management (ALM) management*: As a life insurance company with long-term liability durations, we are exposed to the risk of fluctuations in the net asset value of assets and liabilities due to future market interest rate fluctuations. Therefore, we measure the risk of net asset value fluctuations due to interest rate changes through interest rate risk, a sub-risk of market risk based on the statutory solvency capital. Additionally, we regularly calculate the effective duration of assets and liabilities to maintain an appropriate asset-liability duration gap for short- and medium-term periods to ensure capital adequacy and solvency.

- *Loss limits*: We set loss limits by accounting account and asset type. If the loss rate exceeds a certain level or negative credit rating issues occur, measures such as selling assets are taken to prevent additional losses, and asset value impairment is managed within a specified range.

- *Operational limits*: We set operational limits by product category to prevent concentration of investment in specific product categories and ensure stability in the statutory solvency capital.

See Note 33-4 of the notes to our annual consolidated financial statements for 2023 and 2024 for information regarding our market risk exposure as of 31 December 2023 and 2024, respectively.

INSURANCE RISK MANAGEMENT

Insurance risk refers to the situation where insurance benefits are paid exceeding the level anticipated at the time of premium setting due to unexpected events or changes in the economic environment. We manage insurance risk through "Net Insurance Contract Liabilities – Net Insurance Contract Assets." Additionally, insurance risk based on the solvency standard amount is divided into sub-risks such as death risk, longevity risk, disability/illness risk, long-term property/other risk, termination risk, and operating expense risk. We measure the amount of risk by shock scenario method based on future cash flows resulting in net asset value fluctuations related to each risk and the actuarial assumptions associated with each risk. Therefore, we manage insurance risk based on actuarial assumptions and financial market indicators such as the amount, timing, and uncertainty of future cash flows of insurance contracts, which have a significant impact on the future cash flows of insurance contracts. See Note 33-2 of the notes to our annual consolidated financial statements for 2023 and 2024 for information regarding our insurance risk exposure as of 31 December 2023 and 2024, respectively.

We develop new life insurance products pursuant to product approval and review procedures that include profitability guidelines based on various ratios and assumptions regarding pricing that are computed at appropriate levels through periodic empirical analysis. We periodically test the adequacy of our policy reserves based on our current estimated liability, determined on the basis of the present value of expected payout of benefits and claims plus expenses, less future gross premiums, calculated through the use of assumptions for investment returns, mortality, morbidity, expenses and persistency, as well as certain macroeconomic factors such as inflation. We seek to manage our exposure to insurance risk by using assumptions that are based on our previous experience and data published by third party industry sources such as the KLIA, as well as judgments made by our management. We also establish early warning guidelines for our life insurance products by coverage period and discontinue sales or revise policy benefits for products that trigger early warning signs. In addition, we periodically evaluate and manage our maximum insurance risk exposure, and closely monitor changes in such insurance risk exposure to identify the primary factors for such change and to take appropriate remedial measures to minimise our losses in worst-case scenarios. In order to further mitigate our insurance risk, we cede to reinsurance companies portions of the risks we assume under our life insurance products.

Our underwriting process involves the evaluation of policy applications for our insurance products by a professional staff of underwriters who determine the type and the amount of risk that we are willing to accept. We employ detailed and uniform underwriting policies, guidelines and procedures designed to assist our underwriters in assessing and quantifying risks before issuing a policy to qualified applicants.

Our underwriters generally evaluate the risk characteristics of each prospective policyholder. Requests for coverage are reviewed on their merits, and generally a policy is not issued unless the particular risk has been examined and approved for underwriting. If the policy amount exceeds a specified amount, we require the applicant to take a variety of underwriting tests, such as medical examinations, and obtain consumer investigative reports. In order to maintain high standards of underwriting quality and consistency, we regularly engage in internal underwriting audits.

CREDIT RISK MANAGEMENT

Credit risk represents the loss that we would incur if a counterparty (including a borrower) or an issuer of securities or other instruments we hold fails to perform under its contractual obligations to us, or upon a deterioration in the credit quality of borrowers or other third parties whose securities or other instruments we hold or who reinsure portions of the risks we assume under our life insurance products. Our exposure to credit risk principally arises through our investing, lending and reinsurance ceding activities. We manage credit risk as expected losses (EL) and risks exceeding expected losses (unexpected losses, UEL). Expected losses are measured by provisions (reserves), and risks exceeding expected losses are managed as credit risk based on the solvency standard amount.

See Note 33-3 of the notes to our annual consolidated financial statements for 2023 and 2024 for information regarding our credit risk exposure as of 31 December 2023 and 2024, respectively.

Our credit risk management policy objectives are to maintain our asset quality, reduce our non-performing assets and minimise our concentration risk through diversified, balanced and risk-weighted debt securities and loan portfolios. To measure and manage our credit exposures, we use a variety of tools on a daily basis, including assessment of counterparty risk. In addition, our credit management system monitors credit exposure to individual counterparties and, on an aggregate basis, to their affiliates. In the ordinary course of business, we may be subject to a concentration of credit risk to a particular counterparty, borrower or issuer, which we seek to manage through credit risk management policies setting exposure limits. For example, we apply credit exposure limits for debt securities of corporations and large business groups based on external credit ratings and our internal credit scoring, taking into account other factors such as their size, industry and country of incorporation. Our maximum credit exposure limit for a single corporation varies by credit rating and industry.

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk of unexpected losses due to a shortage of liquidity funds caused by a mismatch in the maturity structure of assets and liabilities or sudden fluctuations in cash flows. We manage our liquidity risk through a set of liquidity risk management policies that are intended to maintain liquidity by holding sufficient quantities of assets that can be liquidated to meet actual or potential demands for funds from our policyholders and others. We also manage liquidity by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of external funding we believe we are able to obtain. Our Risk Management Team is responsible for establishing guidelines with respect to our short-term liquidity positions (which are monitored on a daily basis), establishing plans for funding and asset management, evaluating our actual compliance with such plans on a periodic basis and conducting annual stress tests using assumptions such as mass cancellation scenarios to assess the adequacy of our liquidity levels. See Note 33-5 of the notes to our annual consolidated financial statements for 2023 and 2024 for information regarding our liquidity risk exposure as of 31 December 2023 and 2024, respectively.

OPERATIONAL RISK MANAGEMENT

Operational risk refers to the possibility of financial and non-financial losses resulting from inadequate internal processes, personnel, systems, external events, reputation, and legal regulations. We manage operational risk as part of the statutory solvency capital by calculating financial losses. Operational risk under the statutory solvency capital is calculated by multiplying a risk coefficient by the sum of the premiums paid in the previous year and a certain percentage of the excess premiums, as well as the exposure related to loss reserves for benefits and operating expense reserves.

We manage operational risk through the application of long-standing, but continuously evolving, organisational control standards, including through:

- regular calculation of financial losses using the statutory solvency capital;
- establishment of a clear reporting system to enable monitoring by management, as departments are empowered with authority and responsibility to conduct self-assessment and monitoring of internal control procedures to manage non-financial losses;
- implementation of measures to ensure system stability, including the development of contingency plans, periodic training for accident prevention and detection, and establishment of procedures for handling and post-management of customer disputes and complaints;
- active participation of and communications with senior management in a continuous process of identifying and mitigating key operational risks;
- regular assessment of fundamental risk exposure as prescribed under the Regulation on Supervision of Insurance Business; and
- development and implementation of operational risk measurement standards.

Together, we believe these elements contribute to an effective control culture that serves as the foundation of our efforts to minimise events that create operational risk.

Our Risk Management Committee is responsible for establishing a standardised framework to identify, measure, monitor and manage operational risk. This framework, which evolves with the changing needs of our businesses and regulatory guidance, takes into account internal and external operational risk events, business environment and internal control factors and the ongoing analysis of business-specific risk metrics. While individual business units have direct responsibility for the control and mitigation of operational risk, this framework provides a consistent methodology for identifying and monitoring operational risk factors at the business unit and company-wide level.

The integrity of our information technology systems and their ability to withstand potential catastrophic events is crucial to our continuing operations. Accordingly, in order to minimise operational risks relating to our information technology systems, we test all of our information technology systems on a semi-annual basis, the results of which are reported to our Risk Management Team. We have also implemented an information security framework to protect our information assets and those of our policyholders.

We maintain real-time backup systems for all of our critical information technology systems in Songdo, Incheon, Korea.

MANAGEMENT

BOARD OF DIRECTORS

Our board of directors has ultimate responsibility for the administration of our affairs. Our articles of incorporation currently provide for a board of directors of at least three directors, more than half of whom must be independent directors. Directors are elected at a general meeting of shareholders by a majority vote of those present or represented so long as the affirmative votes also represent no less than 25% of the issued and outstanding shares with voting rights. The term of office for our directors is three years. However, the term of office will be extended to the close of the annual general meeting of shareholders if the term of office for the director ends before the close of the annual general meeting of shareholders convened with respect to the last fiscal year within such term of office.

The representative director is a director elected by a resolution of our board of directors (which resolution requires the affirmative vote of a majority of our directors present at the relevant board meeting in which a majority of our directors in office are present) and is empowered to make decisions regarding our day-to-day business as our chief executive officer. Moon Koo Lee, our chief executive officer, currently serves as our representative director.

The independent directors are non-standing directors elected from among those persons who do not have a special relationship with us that would interfere with the exercise of their independent judgment. Our independent directors are elected at the general meeting of shareholders from among those candidates recommended by our Executive Candidate Recommendation Committee.

Directors

The table below sets forth information regarding our directors as of the date of this Offering Circular. The business address of each of our directors, as well as our executive officers, is our registered office at Gran Seoul Building, 33, Jong-ro, Jongno-gu, Seoul 03159, Korea.

Name	Year of Birth	Position	End of Current Term	Other Current Positions
Sheng Luo	1970	Chairman of the Board of Directors	March 2026	Non-Executive Director of Gemdale (金地) Corporation; Non-Executive Director of China Merchants (招商) Bank; Chairman of the Board of Directors and Non-Executive Director of Anbang Belgium Holding, N.V.; Chairman of the Board of Directors and Non-Executive Director of Bank Nagelmackers, N.V.; and Vice Chairman of Dajia Insurance Group, Co., Ltd.
Moon Koo Lee	1965	CEO	February 2025	CEO and Executive VP at TONGYANG Life Insurance Co., Ltd.
Xuefeng Jin	1977	Director	March 2025	CFO at TONGYANG Life Insurance Co., Ltd.
Jian Sun	1959	Independent Director	February 2025	President and Doctoral Advisor at University of International Business and Economics (UIBE); and President of China Insurance Innovation Institute at UIBE
Xiaoyan Yang	1973	Independent Director	March 2027	Assistant Dean at Cheung Kong Graduate School of Business; Vice-Chair of China International Talent Development Center; and Outside Director at Xizangzhihui Mining
Won Hee Kang	1961	Independent Director	March 2027	–

Executive Officers

Our executive officers consist of the president, the vice president and various executive directors, managing directors, assistant managing directors and general manager-directors. Our chairman of the board, chief executive officer, chief financial officer and other principal executive officers are appointed by our board of directors. Our current executive officers, other than our directors, are as follows:

Name	Year of Birth	Title and Responsibilities	Executive Officer Since
Sheng Luo	1970	Non-standing Director	2020
Moon Koo Lee	1965	Chief Executive Officer	2016
Xuefeng Jin.	1977	Managing Director and Chief Financial Officer	2015
Jian Sun	1959	Independent Director, Chairman of Related Party Transactions Committee, Chairman of ESG Committee, Member of Executive Candidate Recommendation Committee, Member of Audit Committee, Member of Risk Management Committee and Member of Internal Control Committee	2022
Xiaoyan Yang	1973	Independent Director, Chairman of Executive Candidate Recommendation Committee, Chairman of Remuneration Committee, Member of ESG Committee, Member of Audit Committee, Member of Risk Management Committee, Member of Related Party Transactions Committee and Member of Internal Control Committee	2021
Won Hee Kang	1961	Independent Director, Chairman of Risk Management Committee, Chairman of Audit Committee, Chairman of Internal Control Committee, Member of ESG Committee and Member of Related Party Transactions Committee	2021
Hyeon Jeon Kim . . .	1959	Vice President and Chief Investment Officer	2019
Hye Yon Seo.	1974	Director, Chief Customer Officer	2018
Jin Hee Won	1972	Director, Chief Operating Officer	2019
Jun Hee Lee	1976	Assistant Managing Director, Head of Digital Division, Chief Information Security Officer and Chief Privacy Officer and Credit Information Manager	2022
Ill Moon	1979	Assistant Managing Director	2022
Kyeong Mun Kwak .	1982	Assistant Managing Director and Chief Accounting Officer	2022
Jun Young An	1967	Assistant Managing Director and Head of B2B Division, General Agency Division 1	2022
Ho Tae Lee	1970	Assistant Managing Director and Head of BA Division	2022
Gyeong Won Kim . .	1973	General Manager-Director and Head of Product Division	2023
Jung Kyum Kim . . .	1979	General Manager-Director and Deputy Chief Human Resources Officer	2023
Joung Hun Lee	1970	General Manager-Director and Communications Officer	2023
Won Kyo Jung.	1972	General Manager-Director, Deputy Chief Investment Planning Officer, Head of Finance and Planning Team	2023
Je Min Hong	1978	General Manager-Director and Business Strategy Officer	2023
Il Hee Han	1981	General Manager-Director and Compliance Monitor	2023
Pan Yong Park.	1967	General Manager-Director and Head of FC	2024

BOARD PRACTICES

Our articles of incorporation provide for the establishment of the following committees under our board of directors:

- Audit Committee;
- Executive Candidate Recommendation Committee;
- Risk Management Committee;
- Related Party Transactions Committee;
- Remuneration Committee;
- ESG Committee;
- Internal Control Committee; and
- other committees as deemed necessary by our board of directors.

Audit Committee

Under Korean law and our articles of incorporation, we are required to have an Audit Committee consisting of three or more directors, at least two-thirds of whom must be outside directors. Members of the Audit Committee are elected by our shareholders at the general meeting of shareholders. The committee reviews all audit and compliance-related matters and makes recommendations to our board of directors. Our Audit Committee's primary responsibilities include:

- engaging independent auditors;
- approving independent audit fees;
- approving audit and non-audit services;
- reviewing annual financial statements;
- reviewing audit results and reports, including management comments and recommendations;
- reviewing our system of controls and policies, including those covering conflicts of interest and business ethics;
- considering significant changes in accounting practices; and
- examining improprieties or suspected improprieties.

This committee also reviews regulatory reports and materials to be submitted by us to regulators. In addition, in connection with the annual general meeting of shareholders, the committee examines the agenda for, and financial statements and other reports to be submitted by the board of directors at, each annual general meeting of shareholders. Our internal and external auditors report directly to the Audit Committee chairman.

Currently, our Audit Committee consists of three directors: Won Hee Kang, Jian Sun and Xiaoyan Yang. The chairman is Won Hee Kang. The committee holds regular meetings at least once each quarter, and more frequently as needed.

Executive Candidate Recommendation Committee

Our Executive Candidate Recommendation Committee is responsible for reviewing and recommending candidates for outside directors, the representative director and Audit Committee members. Currently, our Executive Candidate Recommendation Committee consists of three members: Xiaoyan Yang, Jian Sun and Sheng Luo. The chairman is Xiaoyan Yang. The committee holds meetings when an outside director, the representative director or an Audit Committee member needs to be appointed.

Risk Management Committee

Our Risk Management Committee's primary responsibilities include:

- establishing basic risk management policies in accordance with our business strategy;
- reviewing our risk management systems and the appropriateness of our risk management policies and operations;
- determining specific levels of risk exposures and risk tolerance levels acceptable to our company; and
- determining other significant matters related to risk management.

Our Risk Management Committee consists of three members: Won Hee Kang, Jian Sun and Xiaoyan Yang. The chairman is Won Hee Kang. The committee holds regular meetings at least once each quarter, and more frequently as needed.

Related Party Transactions Committee

Our Related Party Transactions Committee's primary responsibilities include:

- reviewing all transactions with related parties in accordance with applicable insurance laws and regulations, including those conducted in the ordinary course of business, that involve more than Won 500 million; and
- establishing monetary limits on credit extended to, investment made in, and other transactions with, related parties.

Our Related Party Transactions Committee consists of three members: Jian Sun, Won Hee Kang and Xiaoyan Yang. The chairman is Jian Sun. The committee holds meetings when a determination needs to be made in connection with its responsibilities.

Remuneration Committee

Our Remuneration Committee is responsible for reviewing and determining the operation of our remuneration program. Our Remuneration Committee's primary responsibilities include:

- determining and approving the level and structure of remuneration of executive officers;
- preparing and publicly disclosing an annual remuneration report;
- establishing and operating remuneration guidelines and evaluating their appropriateness;
- deliberating on matters relating to remuneration policies; and
- other matters relating to remuneration including performance evaluation.

The Remuneration Committee currently consists of three directors: Xiaoyan Yang, Won Hee Kang and Sheng Luo. The chairman is Xiaoyan Yang. The committee holds regular meetings at least once each year, and more frequently as needed.

ESG Committee

Our ESG Committee is responsible for reviewing and approving our company's ESG strategy and decision-making in joining ESG-relevant initiatives. More specifically, our ESG Committee's responsibilities include:

- reviewing key ESG performances in the previous year; and
- planning ESG activities and strategy for the following year.

The ESG Committee currently consists of three directors: Jian Sun, Won Hee Kang and Xiaoyan Yang. The chairman is Jian Sun. The Committee holds regular meetings at least once each year, and more frequently as needed.

Internal Control Committee

Our Internal Control Committee is responsible for establishing, approving and comprehensively managing policies and basic plans related to internal control. As of 27 March 2025, the committee consists of three directors: Won Hee Kang, Jian Sun and Xiaoyan Yang. The chairman is Won Hee Kang. The committee holds regular meetings at least once every six months, and more frequently as needed.

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

The aggregate compensation for key management personnel paid in 2024 was Won 1,567 million. As of 31 December 2024, other than credit and housing collateral loans extended to certain of our executive officers in the ordinary course of business of less than Won 50 million in the aggregate, there were no loans granted by us to any of our directors and executive officers. We do not have service contracts with any of our directors or executive officers. As of 31 December 2024, there were no stock options granted by us to any of our directors or executive officers.

INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS

As of 31 December 2024, there were no outstanding transactions other than in the ordinary course of business undertaken by us in which our directors or executive officers were interested parties.

Certain of our directors and executive officers have direct or beneficial interests in our shares. Certain of our directors and executive officers also have direct or beneficial interests in companies with which we have engaged in transactions, including those in the ordinary course of business. As a result, potential conflicts of interest between their duties to us and their private interests could arise.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information relating to our shareholder composition as of 31 December 2024.

Shareholder	Number of Common Shares Owned	Percentage of Total Common Shares Outstanding
Dajia Life Insurance Co., Ltd	67,779,432	42.01%
Anbang Group Holdings Co. Limited	53,786,195	33.33%
Treasury Stock	5,413,322	3.35%
Employee Stock Ownership Association	166,703	0.10%
Others	34,212,933	21.20%
Total	**161,358,585**	**100.00%**

Other than as set forth in the table above, no other person or entity known by us to be acting in concert, directly or indirectly, jointly or severally, owns more than 5% or more of our outstanding common shares or exercised control or could exercise control over us as of the date hereof.

DAJIA INSURANCE GROUP

As of 31 December 2024, Dajia Life Insurance Co., Ltd. and Anbang Group Holdings Co. Limited collectively owned 75.34% of our common shares outstanding. Such companies are members of Dajia Insurance Group, which was under interim management by the Interim Management Working Group designated by the China Banking and Insurance Regulatory Commission of the Chinese government. As a result of such ownership, these controlling shareholders are in a position to control or exercise significant influence over all matters requiring shareholder approval, including the election of our directors, approval of a merger or a sale of substantially all of our assets and other significant corporate transactions, the amendment of our articles of incorporation, and the declaration of dividends on our common shares. Such control and influence may cause us to take actions that are opposed, or prevent us from taking actions that are favoured, by our other stakeholders, who may have interests different from those of our controlling shareholders. For example, our controlling shareholders may seek to have us to enter into transactions that, in their judgment, could enhance their investment in us or otherwise benefit them, but which might not be in the best interest of our company or our other stakeholders, including holders of the Securities. Our controlling shareholders may also be able to cause or prevent a change in the composition of our board of directors or our management, as well as a change in our strategy and business. In addition, our controlling shareholders could seek to sell all or part of their equity interest in our company in the future, which may result in such changes or could otherwise adversely affect our reputation and business.

In February 2018, the Chinese government assumed interim management over Anbang Insurance Group in connection with the prosecution of its former chairman, Wu Xiaohui, for economic crimes, including fraud and abuse of authority, and announced that a team from the China Banking and Insurance Regulatory Commission and other regulatory authorities will oversee Anbang Insurance Group's equity restructuring for one year with a potential one-year renewal while managing its operations. In April 2018, the Chinese government announced that it had approved a capital injection of approximately U.S.$9.7 billion by the state-owned China Insurance Security Fund into Anbang Insurance Group in order to ensure its solvency. In May 2018, Wu Xiaohui was convicted by a Chinese court of fraud and embezzlement and was sentenced to an 18-year prison term, as well as forfeiture of his assets. In August 2019, Dajia Insurance Group acquired Anbang Insurance Group's core assets, and in February 2020, the Chinese government ended the interim management and announced the completion of the two-year takeover of Anbang Insurance Group. In August 2024, Dajia Life Insurance Co., Ltd. and Anbang Group Holdings Co. Limited have entered into a share purchase agreement to acquire Dajia Insurance Group's 75.34% stake in our company for approximately Won 1.3 trillion. Upon completion of this agreement, our company is expected to be incorporated as a subsidiary of Woori Financial Group. However, it should be noted that the remaining steps for the completion of the acquisition, including (but not limited to) the major shareholder qualification review by the financial authorities and the payment of the acquisition price, remain uncertain. See "*Risk Factors – Risks Relating to Our Business – The interests of our controlling shareholders could conflict with our interests or those of other stakeholders, including holders of the Securities, and unfavourable developments relating to such shareholders may adversely affect our reputation and business*."

TERMS AND CONDITIONS

*The following, other than the language in italics, is the text of the Terms and Conditions of the Securities (the "***Conditions***") which (subject to modification) will be endorsed on each Security in definitive form:*

The U.S.$500,000,000 6.250 per cent. Tier II Subordinated Securities due 2035 (the "**Securities**") of TONGYANG Life Insurance Co., Ltd. (the "**Issuer**") are issued subject to and with the benefit of an Agency Agreement to be dated 7 May 2025 (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made among the Issuer, Citicorp International Limited as fiscal agent (the "**Fiscal Agent**") and registrar (the "**Registrar**") and Citibank N.A., London Branch as transfer agent (the "**Transfer Agent**"), calculation agent (the "**Calculation Agent**") and paying agent (the "**Paying Agent**" and, together with the fiscal agent, the "**Paying Agents**") (the Fiscal Agent, the Registrar, the Transfer Agent, the Calculation Agent and the Paying Agent, the "**Agents**").

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Securities (the "**Securityholders**") at the specified office of each of the Paying Agents. The Securityholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents, the Calculation Agent and the Agents shall include any successor appointed under the Agency Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 Form and principal amount

The Securities are issued in registered form in amounts of U.S.$200,000 and multiples of U.S.$1,000 in excess thereof (referred to as a "**principal amount**" of a Security). A certificate (each a "**Certificate**") will be issued to each Securityholder in respect of its registered holding of Securities.

Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Securityholders which the Issuer will procure to be kept by the Registrar.

The Securities are not issuable in bearer form.

1.2 Title

Title to the Securities passes only by registration in the register of Securityholders. The holder of any Security will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions "**Securityholder**" and (in relation to a Security) "**holder**" means the person in whose name a Security is registered in the register of Securityholders.

2. TRANSFERS OF SECURITIES AND ISSUE OF CERTIFICATES

2.1 Transfers

A Security may be transferred by depositing the Certificate issued in respect of that Security, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

For a description of certain restrictions on transfers of interests in the Securities, see "Transfer Restrictions."

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Securities will, within five Business Days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Security to the address specified in the form of transfer. For the purposes of this Condition, "**Business Day**" shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances, owners of interests in the Securities will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Securities are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.

Where some but not all of the Securities in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Securities not so transferred will be mailed by uninsured mail at the risk of the holder of the Securities not so transferred to the address of such holder appearing on the register of Securityholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Securities will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed periods

No Securityholder may require the transfer of a Security to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Security.

2.5 Regulations

All transfers of Securities and entries on the register of Securityholders will be made subject to the detailed regulations concerning transfer of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Securityholder who requests one.

3. STATUS

3.1 Status

The Securities constitute direct, unsecured and subordinated obligations of the Issuer and will at all times rank (i) junior to the Senior Obligations of the Issuer, (ii) *pari passu* and without any preference among themselves, *pari passu* with any Parity Obligations of the Issuer and (iii) senior to, in priority to the claims of holders of, Junior Obligations of the Issuer. The rights and claims of the Securityholders are subordinated as described in Condition 3.2.

3.2 Subordination

(a) Subordination

(i) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under the Securities, a Bankruptcy Event of the Issuer occurs and so long as it continues, the rights and claims of the Securityholders to payment of principal and any interest under the Securities shall not be payable unless and until the total amount of any and all Senior Obligations of the Issuer which are listed on the distribution list (as amended, if such be the case) for final distribution submitted to the court in the bankruptcy proceedings is paid in full or provided to be paid in full in such bankruptcy proceedings.

(ii) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under the Securities, a Rehabilitation Event of the Issuer occurs and so long as it continues, the rights and claims of the Securityholders to payment of principal and any interest under the Securities shall not be payable unless and until the total amount of any and all Senior Obligations of the Issuer which are listed on the rehabilitation plan of the Issuer at the time when the court's approval of such plan becomes final and conclusive is paid in full or provided to be paid in full in the rehabilitation proceedings to the extent of the original amount thereof (without regard to any adjustment of such amount in the approved rehabilitation plan).

(iii) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under the Securities, a Liquidation Event of the Issuer occurs and so long as it continues, the rights and claims of the Securityholders to payment of principal and any interest under the Securities shall not be payable unless and until the total amount of any and all Senior Obligations of the Issuer which are reported during the claims reporting period or are required by the laws or regulations of the Republic of Korea ("**Korea**") to be paid during the liquidation process is paid in full or provided to be paid in full in such liquidation process.

(iv) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under the Securities, a Foreign Event of the Issuer occurs and so long as it continues, the rights and claims of the Securityholders to payment of principal and any interest under the Securities shall not be payable unless and until conditions equivalent to those enumerated in the above three paragraphs have been fulfilled, provided that notwithstanding any provision herein to the contrary if the imposition of any such conditions is not allowed under such proceedings, any amounts which become due under the Securities shall become payable in accordance with the terms herein provided (including but not limited to Condition 3.1) and not subject to such conditions.

(b) ***Set-off***

A Securityholder by its acceptance of a Security or its interest therein thereby agrees that (i) if any payment in respect of that Security is made to the Securityholder and the amount of the payment exceeds the amount, if any, that should have been paid to the Securityholder upon the proper application of these subordination provisions, the payment of the excess amount will be deemed null and void and the Securityholder (without any agent having any obligation or liability with respect thereto, except that the Fiscal Agent shall return to the Issuer (or, in the event of a Subordination Event, the liquidator or, as appropriate, administrator of the Issuer) in accordance with the instructions provided by the Issuer (or, in the event of a Subordination Event, the liquidator or, as appropriate, administrator of the Issuer), any excess amount which remains held by it at the time of the notice next referred to) will be obliged to return the amount of the excess payment, in accordance with the instructions provided by the Issuer (or, in the event of a Subordination Event, the liquidator or, as appropriate, administrator of the Issuer), within ten days of receiving notice from the Issuer (or, in the event of a Subordination Event, the liquidator or, as appropriate, administrator of the Issuer) of the excess payment, and (ii) the Securityholder will not exercise any right to set off any liabilities of the Issuer under the Security which become so payable (including overdue amounts) against any liabilities of the Securityholder owed to the Issuer unless, until and only in such amount as the liabilities of the Issuer under the Security become payable pursuant to the proper application of these subordination provisions. The Issuer will not exercise any right to set off any liabilities of the Securityholder owed to the Issuer against any liabilities of the Issuer under the Security.

4. INTEREST

4.1 Interest

Each Security shall entitle the Securityholder thereof to receive interest on the principal amount thereof from and including 7 May 2025 (the "**Issue Date**") at the applicable Interest Rate, payable semi-annually in arrear on 7 May and 7 November in each year (each, an "**Interest Payment Date**") in equal instalments.

4.2 Interest Rate

The rate of interest (the "**Interest Rate**") applicable to the Securities shall be:

(a) in respect of the period from, and including, the Issue Date to, but excluding, 7 May 2030 (the "**Interest Reset Date**"), 6.250 per cent. per annum; and

(b) in respect of the period from, and including, the Interest Reset Date to, but excluding, 7 May 2035 (the "**Maturity Date**"), the Reset Interest Rate.

If interest is required to be paid in respect of a Security on any date other than an Interest Payment Date, it shall be calculated by applying the relevant Interest Rate to the principal amount of such Security, multiplying the product by the Day Count Fraction (as defined below) and rounding the resulting figure to the nearest cent (half a cent being rounded upwards), where "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

4.3 Calculation of Reset Interest Rate

The Calculation Agent will, on the Reset Determination Date, calculate the Reset Interest Rate payable in respect of each Security. The Calculation Agent will cause the Reset Interest Rate determined by it to be notified to the Paying Agents and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given by the Fiscal Agent to the Securityholders.

4.4 Interest accrual

Unless otherwise provided for in these Conditions, each Security will cease to confer the right to receive any interest from the due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused. In such latter event, the right to interest will continue to accrue at the applicable Interest Rate (after as well as before any judgment) up to but excluding whichever is the earlier of (i) the date on which all sums due in respect of the Securities are received by or on behalf of the relevant Securityholder and (ii) the day which is seven days after the Fiscal Agent has notified the Securityholders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Securityholders under these Conditions).

4.5 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Securityholders.

5. PAYMENTS

5.1 Payments in respect of Securities

(a) Payment of principal and interest will be made by transfer to the registered account of the Securityholder. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant certificate at the specified office of any of the Agents. Interest on Securities due on an Interest Payment Date will be paid to the holder shown on the register of Securityholders at the close of business on the date (the "**record date**") being the fifteenth day before the due date for the payment of such interest.

(b) For the purposes of this Condition, a Securityholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the register of Securityholders at the close of business, in the case of principal, on the second Business Day before the due date for payment and, in the case of interest, on the relevant record date.

5.2 Payments subject to applicable laws

All payments in respect of principal and interest on Securities are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Securityholders in respect of such payments.

5.3 Payment on Payment Business Days

(a) Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day for value the first following day which is a Payment Business Day) will be initiated on due date for payment, or in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Payment Business Day on which the relevant certificate is surrendered at the specified office of an Agent (other than the Calculation Agent).

(b) Securityholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the Securityholder is late in surrendering its certificate (if required to do so).

(c) In this Condition, "**Payment Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in Seoul, London, New York City and the city in which the specified office of the Paying Agent is located and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

5.4 Partial payments

If the amount of principal or interest which is due on the Securities is not paid in full, the Registrar will annotate the register of Securityholders with a record of the amount of principal or interest in fact paid.

5.5 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any agent and to appoint additional or other agents provided that at all times:

(a) there will be a Fiscal Agent;

(b) there will be a Registrar; and

(c) there will be a Calculation Agent.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Securityholders promptly by the Issuer in accordance with Condition 11.

In acting under the Agency Agreement and in connection with the Securities, the Agents act solely as agents of the Issuer and do not assume any obligations towards, or relationship of agency or trust for or with, any of the Securityholders.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Securities on the Maturity Date at their outstanding principal amount, together with any interest accrued to (but excluding) the Maturity Date. The Securities may not be redeemed at the option of the Issuer other than in accordance with these Conditions.

6.2 Optional redemption

The Issuer may, on the Interest Reset Date and on each Interest Payment Date thereafter, upon giving notice to the Securityholders in accordance with Condition 11 and to the Fiscal Agent not less than 15 days but no more than 30 days prior to the proposed redemption date, redeem the Securities, in whole but not in part, at a redemption price equal to the principal amount of the Securities plus any accrued but unpaid interests to (but excluding) the date of redemption (the "**Optional Redemption Price**"); *provided* that, such redemption shall be subject to (i) the prior approval of the Financial Supervisory Service (the "**FSS**") or other relevant regulatory authorities of Korea (if then required) and (ii) satisfaction of any other conditions as required under the Regulation on Supervision of Insurance Business (as amended or modified from time to time, the "**RSIB**"), the Detailed Enforcement Regulations on Insurance Business Supervision (as amended or modified from time to time) or other successive regulations in effect at the time of such redemption ((i) and (ii) collectively, the "**Optional Redemption and Purchase Conditions**"). The Optional Redemption and Purchase Conditions applicable as of the Issue Date are as follows:

(a) either (A) immediately after such redemption (which shall have been decided by the Issuer at its sole discretion and approved by the FSS), the Issuer's Solvency Margin Ratio shall be equal to or greater than 150 per cent.; or (B) (i) the Issuer's Solvency Margin Ratio shall be equal to or greater than 100 per cent.; (ii) prior to such redemption, the Issuer issues or incurs qualifying financing via instruments with stronger capital characteristics (such as shares or instruments with a maturity longer than the remaining maturity of the Securities and with more favourable financing terms, including but not limited to a lower interest rate) in an amount not less than the aggregate principal amount of the Securities to be redeemed; (iii) the Interest Rate of the Securities shall have been recognized by the FSS as significantly unfavourable to the Issuer due to changes in market conditions since the Issue Date; and (iv) the Issuer shall have obtained prior approval from the FSS for such redemption; and

(b) only with respect to Condition 6.3, Condition 6.4 and Condition 6.5, such redemption shall not be made within 5 years after the issuance date of the Securities unless the Securities are replaced by capital securities with an equal or better quality to or than the Securities and the issuance of such capital securities is affordable to the Issuer in light of its ability to create profits at that time.

The Issuer will notify the Securityholders of the Optional Redemption Price as soon as reasonably practicable after it has been determined (and in any event not later than the second Business Day before the date scheduled for redemption).

6.3 Gross-Up Event redemption

Subject to the satisfaction of the Optional Redemption and Purchase Conditions, if a Gross-Up Event has occurred and is continuing, the Issuer may, at any time upon giving not less than 15 days' but no more than 30 days' notice prior to the proposed redemption date to the Securityholders in accordance with Condition 11 and to the Fiscal Agent, redeem the Securities, in whole but not in part, at the Optional Redemption Price. The Issuer will notify the Securityholders of the Optional Redemption Price as soon as reasonably practicable after it has been determined (and in any event not later than the fifth Business Day before the date scheduled for redemption).

Prior to giving a notice of redemption pursuant to this Condition 6.3, the Issuer will deliver to the Fiscal Agent (a) a certificate signed by an Authorized Representative of the Issuer stating that the Issuer is entitled to effect such redemption and (b) an opinion of independent tax counsel to the Issuer experienced in such matters to the effect that a Gross-Up Event with respect to Securities has occurred. The delivery of the opinion referred to in (b) will constitute conclusive evidence of the occurrence of a Gross-Up Event.

No notice of redemption with respect to a Gross-Up Event shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay Additional Amounts were a payment in respect of the Securities then payable.

6.4 Regulatory Event redemption

Subject to the satisfaction of the Optional Redemption and Purchase Conditions and upon the occurrence of a Regulatory Event, the Issuer may, at any time upon giving not less than 15 days' but no more than 30 days' notice prior to the proposed redemption date to the Securityholders in accordance with Condition 11 and to the Fiscal Agent, redeem the Securities, in whole but not in part, at the Optional Redemption Price. The Issuer will notify the Securityholders of the Optional Redemption Price as soon as reasonably practicable after it has been determined (and in any event not later than the fifth Business Day before the date scheduled for redemption).

Prior to giving a notice of redemption pursuant to this Condition 6.4, the Issuer will deliver to the Fiscal Agent (a) a certificate signed by an Authorized Representative of the Issuer stating that the Issuer is entitled to effect such redemption and (b) an opinion of independent legal counsel to the Issuer experienced in such matters to the effect that a Regulatory Event with respect to the Securities has occurred. The delivery of the opinion referred to in (b) will constitute conclusive evidence of the occurrence of a Regulatory Event.

No notice of redemption with respect to a Regulatory Event shall be given earlier than 90 days prior to the earliest date on which the relevant change or amendment to law or regulation or interpretation of the regulatory capital requirements is due to take effect.

6.5 Tax Deductibility Event redemption

Subject to the satisfaction of the Optional Redemption and Purchase Conditions and upon the occurrence of a Tax Deductibility Event, the Issuer may, at any time upon giving not less than 15 days' but no more than 30 days' notice prior to the proposed redemption date to the Securityholders in accordance with Condition 11 and to the Fiscal Agent, redeem the Securities, in whole but not in part, at the Optional Redemption Price. The Issuer will notify the Securityholders of the Optional Redemption Price as soon as reasonably practicable after it has been determined (and in any event not later than the fifth Business Day before the date scheduled for redemption).

Prior to giving a notice of redemption pursuant to this Condition 6.5, the Issuer will deliver to the Fiscal Agent (a) a certificate signed by an Authorized Representative of the Issuer stating that the Issuer is entitled to effect such redemption and (b) an opinion of independent tax counsel to the Issuer experienced in such matters to the effect that a Tax Deductibility Event with respect to the Securities has occurred. The delivery of the opinion referred to in (b) will constitute conclusive evidence of the occurrence of a Tax Deductibility Event.

No notice of redemption with respect to a Tax Deductibility Event shall be given earlier than 90 days prior to the earliest date on which the loss of deductibility on interest payable on the Securities is due to take effect.

6.6 No other redemption

The Issuer shall not be entitled to redeem the Securities and shall have no obligation to make any payment of principal in respect of the Securities otherwise than as provided in Conditions 6.1 to 6.5, both inclusive.

6.7 Purchase and cancelation of Securities

Subject to satisfaction of the Optional Redemption and Purchase Conditions, the Issuer may after the fifth anniversary of the Issue Date purchase outstanding Securities by tender, in the open market or by private agreement. Any Securities so purchased by the Issuer will be immediately cancelled in accordance with the Agency Agreement and applicable law. The Issuer may make any payment in respect of such purchase as is authorized by applicable law.

6.8 Notice final

Upon the expiry of any notice of redemption as is referred to in Condition 6.1, 6.2, 6.3, 6.4 and 6.5, the Issuer shall be bound to redeem the Securities to which the notice of redemption refers in accordance with the terms of such Condition.

Once a notice of redemption has been given under any of the provisions described in Condition 6.1, 6.2, 6.3, 6.4 or 6.5, no similar notice of redemption may be given under any other options. If at any time the Securities may be redeemed under more than one such option, the Issuer may elect at its sole discretion under which option a notice of redemption is to be given.

The Fiscal Agent shall not be responsible for any failure by the Issuer to obtain the prior written approval of the Governor of the FSS (if required) or to satisfy any Optional Redemption and Purchase Conditions, or be concerned with the contents of any such approval or any notice of redemption.

7. TAXATION

All payments (if any) of principal of and interest on, the Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (the "**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Securityholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Securities in the absence of the withholding or deduction, except that no Additional Amounts shall be payable in respect of any Security:

(a) to or on behalf of a holder who is subject to Taxes in respect of the Security by reason of its being or having been connected with any Relevant Jurisdiction otherwise than merely by holding such Securities, receiving principal and interest in respect thereof or enforcing payments thereon;

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day; or

(c) any combination of items (a) and (b) above.

Any reference in these Conditions to any amounts of principal and interest in respect of the Securities will be deemed also to refer to any Additional Amounts which may be payable under this Condition 7.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or otherwise in connection with the Securities or for determining whether such amounts are payable or the amount thereof, nor will any Agent be responsible or liable for any failure by the Issuer or the Securityholders or any other person to pay such tax, duty, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Securities in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

8. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date.

9. NON-PAYMENT

9.1 Non-payment when due

Except as expressly provided in this Condition 9, none of the Securityholders shall have any right to declare any payment of principal or interest under the Securities immediately due and payable other than following the occurrence of a Winding-Up in respect of the Issuer.

9.2 Proceedings for Winding-Up

If (i) an order is made or an effective resolution is passed for the Winding-Up of the Issuer (other than in relation to a Qualifying Transaction as defined in Condition 12.5) or (ii) the Issuer has not made payment in respect of the Securities for a period of ten days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Securities and Securityholders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Securities may, subject to satisfaction of the relevant requirements of applicable law, institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for the principal amount of the Securities plus any accrued but unpaid interest.

9.3 Enforcement

Without prejudice to Condition 9.2, Securityholders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Securities may without further notice to the Issuer institute such proceedings against the Issuer as they may think fit to enforce any term or condition binding on the Issuer under the Securities (other than any payment obligation of the Issuer under or arising from the Securities, including, without limitation, payment of any principal or interest in respect of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

9.4 Extent of Securityholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Securityholders, whether for the recovery of amounts owing in respect of the Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities.

10. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. NOTICES

All notices to the Securityholders will be valid if mailed to them at their respective addresses in the register of Securityholders maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

12. MEETINGS OF SECURITYHOLDERS, MODIFICATION, SUBSTITUTION AND VARIATION

12.1 Meeting of Securityholders

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Securities held or represented by him or them, except that, at any meeting the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than a clear majority, of the principal amount of the Securities for the time being outstanding; *provided* that, no modification, amendment or waiver of any Security or the Agency Agreement may, without the consent of each Securityholder affected thereby:

(a) vary or abrogate the rights of such Securityholder relating to the amount of interest, or Additional Amounts, or the amount received by such Securityholder upon redemption of the Securities;

(b) change the date of the Interest Reset Date;

(c) change the obligation of the Issuer to pay Additional Amounts;

(d) impair the right to institute suit for the enforcement of any payment with respect to any Security after the date on which such payment is due;

(e) change the place of payment of, or the coin or currency of payment of the principal of or interest on any Security; or

(f) reduce the above-stated percentage of the aggregate principal amount of the Securities outstanding or reduce the quorum requirements or the percentage of votes required for the taking of any action.

An Extraordinary Resolution passed at any meeting of the Securityholders will be binding on all Securityholders, whether or not they are present at the meeting.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution may consist of several instruments in the like form each executed by or on behalf of one or more Securityholders.

12.2 Modification

The Fiscal Agent may agree, without the consent of the Securityholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Securityholders. Any determination as to material prejudice applying to the interests of the Securityholders pursuant to this Condition shall be made by the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determinations. Any modification shall be binding on the Securityholders and shall be notified by the Issuer to the Securityholders as soon as practicable thereafter in accordance with Condition 11.

12.3 Substitution or Variation

The Issuer may (without any requirement for the consent or approval of the Securityholders but subject to Condition 12.4) at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 11 and to the Agents, either:

(a) substitute all, but not some only, of the Securities for; or

(b) vary the terms of the Securities with the effect that they remain or become (as the case may be),

Qualifying Securities if, at any time, a Gross-Up Event, Regulatory Event or Tax Deductibility Event has occurred and is continuing (provided that, prior to giving such notice, the Issuer has delivered to the Fiscal Agent: (A) a certificate signed by an Authorized Representative of the Issuer stating that the Issuer would be entitled to effect a redemption in respect of such event pursuant to Condition 6 and (B) in respect of a Gross-Up Event, Regulatory Event or Tax Deductibility Event, an opinion that such event has occurred as described in Condition 6.3, 6.4 or 6.5, respectively). Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities. Any such substitution or variation shall not be permitted if such substitution or variation would itself give rise to a Gross-Up Event, Regulatory Event or Tax Deductibility Event in relation to the Qualifying Securities.

Notwithstanding the foregoing, should a substitution or variation take place at the option of the Issuer under this Condition 12.3, Conditions 3.2, 4.2, 6.1, 6.2 and 15 will survive to the extent that they are necessary for the Securities to qualify as Tier II subordinated securities pursuant to the RSIB, the Detailed Enforcement Regulations on Insurance Business Supervision (as amended or modified from time to time) or other successive regulations in effect at the time of such substitution or variation.

12.4 Approval

Notwithstanding any of the above, no provision of Securities may be amended without the prior approval, consent, authorisation or other order of the Financial Services Commission (the "**FSC**"), the FSS or other relevant regulatory authorities of Korea (if then required) if such amendment would or may result in Securities not being treated as regulatory capital of the Issuer under applicable regulations then in effect.

12.5 Consolidation, Merger and Sale of Assets

The Issuer, without the consent of the Securityholders, may consolidate with, or merge into, or sell, transfer, lease or convey its assets substantially as an entirety (each, a "**Qualifying Transaction**") to any corporation organized under the laws of Korea ("**successor corporation**"), provided that (x) any successor corporation expressly, or by operation of law, assumes the Issuer's obligations under the Securities and the Agency Agreement, and (y) such successor corporation has the benefit of a credit rating (without taking into account any "outlook" of such credit rating) which, at the time and immediately after such Qualifying Transaction takes place, is no worse than the credit rating of the Issuer.

13. GOVERNING LAW AND SUBMISSION TO JURISDICTION

13.1 Governing Law

The Agency Agreement and the Securities (and, in each case, any non-contractual obligations arising out of or in connection therewith) are and will be governed by, and construed in accordance with, English law, except that Condition 3.2 is governed by, and will be construed in accordance with, Korean law.

13.2 Jurisdiction of English Courts

(a) Subject to Condition 13.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Securities, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Securities (a "**Dispute**") and accordingly each of the Issuer and any Securityholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 13.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Securityholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

13.3 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

14. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Security, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

15. DEFINITIONS

For the purpose of these Conditions (except where otherwise defined) the expression:

(a) "**Authorized Representative**" means, with respect to the Issuer, each officer of the Issuer and any other person duly appointed by such officer pursuant to a power of attorney with specific powers to perform such act on behalf of such officer; provided, however, that such power of attorney is granted in a legal and valid manner pursuant to the Issuer's organizational documents.

(b) "**Bankruptcy Event**" means that a court of competent jurisdiction in Korea has adjudicated the Issuer to be bankrupt pursuant to the provisions of the Debtor Rehabilitation and Bankruptcy Act of Korea or any successor legislation thereto.

(c) "**Business Day**" means a day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Seoul, London and New York City.

(d) "**Calculation Date**" means, the fifth Business Day immediately preceding the Interest Reset Date.

(e) "**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to the Reset Period and selected by an internationally recognized investment banking firm selected by the Issuer that is a primary U.S. government securities dealer as one that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity comparable to the Reset Period.

(f) "**Comparable Treasury Price**" means the average of the three Reference Treasury Dealer Quotations (as defined below) for the Calculation Date.

(g) "**Foreign Event**" means that, in any jurisdiction other than Korea, the Issuer has become subject to bankruptcy, rehabilitation or other equivalent proceedings pursuant to any applicable law of such jurisdiction.

(h) "**Gross-Up Event**" means, on the occasion of the next payment due under the Securities, the Issuer has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any political subdivision of, or any authority in, or of, a Relevant Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective (or in the case of a change in the application or official interpretation, occurs or is being announced) on or after the Issue Date; and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

(i) "**Independent Adviser**" means any independent investment bank of international standing selected and appointed by the Issuer at its own expense from time to time for the purposes of carrying out the duties described in these Conditions and in performing such role such entity shall have regard to the interests of the Issuer and the Securityholders alike.

(j) "**Initial Spread**" means 2.400 per cent. per annum.

(k) “**Junior Obligations**” means (i) Subordinated Capital Securities issued by the Issuer, (ii) any class of the Issuer’s share capital (including but not limited to any preference shares) and (iii) any other obligations of the Issuer that rank or are expressed to rank, by their terms or by operation of law, junior to the Securities.

(l) “**Liquidation Event**” means that the liquidation process of the Issuer has commenced for any reason other than a Bankruptcy Event or Rehabilitation Event pursuant to the Korean Commercial Code or other applicable laws of Korea.

(m) “**London Banking Day**” means any day on which commercial banks are open for business (including dealings in foreign currency deposits) in London, the United Kingdom.

(n) “**Parity Obligations**” means any instrument or security issued, entered into or guaranteed by the Issuer (other than the Securities) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Securities.

(o) “**Qualifying Securities**” means, in relation to a substitution or variation of the Securities following a Gross-Up Event, Regulatory Event or Tax Deductibility Event (as the case may be), securities that:

(i) have terms not materially less favourable to an investor than the terms of the Securities (as reasonably determined by an Independent Adviser);

(ii) are issued directly or indirectly by the Issuer;

(iii) shall (or have the benefit of a guarantee that shall) rank *pari passu* with the Securities on a Winding-Up of the Issuer thereof, shall preserve the Securityholders‘ rights to any payment of accrued and unpaid interest and shall contain terms which provide for the same Interest Rate, Interest Payment Dates and redemption events, from time to time applying to the Securities, and other terms of such securities are substantially identical (as reasonably determined by an Independent Adviser) to the Securities, save for the modifications or amendments to such terms that are specifically required to be made in order to avoid or resolve the Gross-Up Event, Regulatory Event or Tax Deductibility Event, as the case may be;

(iv) have been, or will on their issue date be, assigned at least the same credit as, or higher credit than, the credit rating as that assigned by the Rating Agency to the Securities immediately prior to such substitution or variation (if the Securities are at such time rated); and

(v) are listed on The Stock Exchange of Hong Kong, the Singapore Exchange Securities Trading Limited or another securities exchange of international standing regularly used for the listing and quotation of debt securities offered and traded in the international markets.

(p) “**Rating Agency**” means each of Fitch Ratings Inc. (“**Fitch**”) or Moody’s Investor Service, Inc. (“**Moody’s**”) (including any of their respective successors to the ratings business, and if Fitch and/or Moody’s has ceased to provide rating services for the Securities, such other ratings agency as may have been appointed by the Issuer at such time).

(q) "**Reference Treasury Dealer Quotations**" means the average, as determined by the Calculation Agent, of the bid and ask prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer at 5:00 p.m. New York time on the Calculation Date by each of the three internationally recognized investment banking firms selected by the Issuer that are primary U.S. government securities dealers.

(r) "**Regulatory Event**" means that where the Securities have been eligible as regulatory capital of the Issuer and at a subsequent time, due to a change of law, regulation or interpretation thereof, which change becomes effective (or in the case of a change in the application or official interpretation, occurs or is being announced) after the Issue Date, the Securities cease to be eligible, in whole or in part, as regulatory capital of the Issuer.

(s) "**Rehabilitation Event**" means that a court of competent jurisdiction in Korea has adjudicated the Issuer to be subject to rehabilitation proceedings pursuant to the provisions of the Debtor Rehabilitation and Bankruptcy Act of Korea or any successor legislation thereto.

(t) "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Securityholders by the Issuer in accordance with Condition 11.

(u) "**Relevant Jurisdiction**" means Korea or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Securities.

(v) "**Reset Determination Date**" means the second London Banking Day before the Interest Reset Date.

(w) "**Reset Interest Rate**" means a fixed rate per annum (expressed as a percentage) equal to the sum of (i) the Treasury Rate in relation to the Reset Period and (ii) the Initial Spread.

(x) "**Reset Period**" means the period from and including the Interest Reset Date to but excluding the Maturity Date.

(y) "**Senior Obligations**" means all claims of present and future policyholders and general creditors of the Issuer and other liabilities of the Issuer (other than Junior Obligations and Parity Obligations).

(z) "**Solvency Margin Amount**" means (i) the aggregate of paid-in capital, earned surplus, subordinated borrowings and amount of other similar items (as determined and announced by the FSC) minus (ii) the aggregate of goodwill and amount of other similar items (as determined and announced by the FSC).

(aa) "**Solvency Margin Ratio**" means the ratio obtained by dividing the Solvency Margin Amount by the Standard Solvency Margin Amount. Under the current Korean solvency regulations applicable to insurance companies, the Solvency Margin Ratio corresponds to the Korean-Insurance Capital Standards ("**K-ICS**") ratio under the K-ICS regime implemented by the FSC.

(bb) "**Standard Solvency Margin Amount**" means the result produced by converting the risks of loss that may arise while carrying out an insurance business into a certain amount by using the method determined and announced by the FSC.

(cc) "**Subordinated Capital Securities**" means perpetual subordinated capital securities issued pursuant to the Regulation on Supervision of Insurance Business and its Detailed Enforcement Regulation, as they may be amended from time to time.

(dd) "**Subordination Event**" means any Bankruptcy Event, Rehabilitation Event, Liquidation Event or Foreign Event.

(ee) "**Tax Deductibility Event**" means the occurrence of a more than insubstantial increase in the risk that interest payable by the Issuer on the Securities is not, or will no longer be, deductible by the Issuer, in whole or in part, for Korean (or, in the case of a successor person, such other jurisdiction of the successor person, as applicable) tax purposes, as a result of (i) any change (including any officially announced proposed changes) in, or amendment to, the laws or regulations (or rulings promulgated thereunder) of Korea (or, in the case of a successor person, such other jurisdiction of the successor person, as applicable) or any political subdivision or any authority thereof or therein having power to tax, that becomes effective on or after the Issue Date (or, in the case of a successor, following the date of succession), or (ii) any administrative decision, judicial decision, administrative action or any other official pronouncement interpreting or applying those law, regulations or rulings that is announced on or after the Issue Date (or, in the case of a successor, following the date of succession), and, in each case, such non-deductibility cannot be avoided by the Issuer through the taking of reasonable measures available to the Issuer.

(ff) "**Treasury Rate**" means the rate (expressed in per cent. per annum) notified by the Calculation Agent to the Issuer and the Securityholders (in accordance with Condition 11) equal to the yield, under the heading that represents the average for the week immediately prior to the Reset Determination Date, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System, available on the world-wide-website of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/h15/ or any successor site, and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury constant maturities" for the maturity corresponding to the Comparable Treasury Issue, or if there is no Comparable Treasury Issue with a maturity comparable to the Reset Period, yields for the two published maturities most closely corresponding to the Reset Period will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month. If such release (or any successor release) is not published during the week preceding the Reset Determination Date or does not contain such yields, the Treasury Rate shall be the rate (expressed in per cent. per annum) equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Reset Determination Date.

(gg) "**Winding-Up**" means any Bankruptcy Event or Liquidation Event.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Securities while they are in global form, some of which modify the effect of the terms and conditions of the Securities. The following is a summary of those provisions. Capitalised terms used below without definition have the meanings ascribed to them in "*Terms and Conditions*."

The Securities will initially be represented by the Global Certificate, which will be deposited with a common depositary for Euroclear and Clearstream (the "**Common Depositary**") or its nominee and registered in the name of the Common Depositary or nominee, for the accounts of Euroclear and Clearstream. Euroclear and Clearstream will credit their relevant accountholders with their respective beneficial interests in the Securities represented by the Global Certificate. Ownership of beneficial interests in the Global Certificate will be limited to persons who have accounts with Euroclear or Clearstream or persons who hold interests through such accountholders. Ownership of beneficial interests in the Global Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by Euroclear, Clearstream or such accountholders. For so long as Euroclear, Clearstream or any of their nominees is the registered holder of the Global Certificate, Euroclear, Clearstream or such nominee, as applicable, will be considered the sole holder of the Securities represented by the Global Certificate for all purposes under the Agency Agreement and the Securities.

PAYMENTS

Payments of principal, interest or any other amounts in respect of Securities represented by the Global Certificate will be made to the Common Depositary or its nominee, as applicable, as the registered holder thereof. None of the Issuer, the Fiscal Agent or any other Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial interests. We expect that the Common Depositary or its nominee, as applicable, upon receipt of any payment in respect of any Securities represented by the Global Certificate, will promptly credit the accounts of the relevant accountholders of Euroclear and/or Clearstream with payments proportionate to their respective beneficial interests in the Global Certificate as shown in their records.

So long as the Global Certificate is held on behalf of Euroclear or Clearstream or any other clearing system, each payment made in respect of the Global Certificate will be made to the person shown as the Securityholder in the register at the close of business (for the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**"), where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

EXCHANGE FOR INDIVIDUAL CERTIFICATES

The Global Certificate will be exchanged in whole (but not in part) for duly authenticated and completed individual certificates ("**Individual Certificates**") if (a) the Common Depositary or any successor Common Depositary or Euroclear or Clearstream notifies us that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Certificate or ceases to be a clearing agency under applicable law, or is at any time no longer eligible to act as such, and we are unable to locate a qualified successor within 90 days of receiving notice of such ineligibility or (b) any of the circumstances described in Condition 9 of the Terms and Conditions occurs.

DELIVERY OF CERTIFICATES

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates shall be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the Securityholder or the Common Depositary, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office (as defined in the Agency Agreement) of the Registrar. Such exchange shall be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Securities scheduled thereto and, in particular, shall be effected without charge to any Securityholder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange. In this paragraph, "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city in which the Registrar has its Specified Office.

For so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Certificate is exchanged for Individual Certificates, the Issuer will appoint and maintain a paying agent in Singapore, where the Securities may be presented or surrendered for payment or redemption. In addition, in the event that a Global Certificate is exchanged for Individual Certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Individual Certificates, including details of the paying agent in Singapore.

Under the Insurance Business Act, a company seeking to engage in the insurance business in Korea is required to obtain business authorisations and licenses from the FSC, and such company is required to comply with the Insurance Business Act and the Corporate Governance Act, and their respective subordinate rules and regulations, in operating its business. These rules and regulations cover, among other things: (i) the requirements for obtaining business authorisations and licenses to operate an insurance company; (ii) the scope of business an insurance company may undertake; (iii) the operations of an insurance company, including its asset management activities; (iv) the operations of a foreign insurance company in Korea; (v) methods of insurance solicitation; (vi) supervision of the insurance business; and (vii) disciplinary actions for violation of the Insurance Business Act, which may include revocation of license, imprisonment, suspension of operations, fines, surcharges and penalties.

The Corporate Governance Act, the Enforcement Decree of the Corporate Governance Act and the Enforcement Rules of the Corporate Governance Act also provide for, among other things: (a) requirements for the directors, officers and certain employees of an insurance company and matters to be observed by them; (b) requirements for obtaining approval to become a large shareholder of an insurance company (defined as (1) the largest shareholder and its specially-related persons; or (2) major shareholders holding 10% or more of the equity interest in, or exercising de facto control over, such entity), and certain on-going eligibility requirements to be met by the largest shareholder; (c) the corporate governance structure of an insurance company, including the requirements for independent directors and committees of the board of directors; and (d) matters relating to the internal control system of an insurance company.

The FSC has the authority to oversee matters involving licenses necessary for, and supervision of, the insurance business. Through the Regulation on Supervision of Insurance Business and the Regulation on Corporate Governance of Financial Companies, the FSC provides detailed criteria for obtaining the authorisation necessary to engage in the insurance business, as well as various comprehensive standards required to be met by an insurance company as determined by the FSC. The FSC entrusts the FSS with certain matters pursuant to the Regulation on Supervision of Insurance Business, which are specified under the Detailed Enforcement Regulations on Insurance Supervision. In addition, under the Financial Consumer Protection Act, which was enacted in March 2020 and became effective in March 2021 (with certain provisions relating to internal control under such Act to have become effective in September 2021), insurance companies, as financial instrument distributors, are subject to heightened financial consumers protection measures, including regulations relating to the sale of financial products, including methods of insurance solicitation.

Since an insurance company falls within the scope of a financial institution under the Act on the Structural Improvement of the Financial Industry, special provisions thereunder apply to an insurance company in the event (i) it merges with, or converts into, another financial institution, (ii) it becomes bankrupt or insolvent or is dissolved or (iii) members of its business group acquire shares of another company by more than a certain percentage. In addition, an insurance company that offers and sells investment-type insurance products (such as variable insurance) and manages assets under special accounts for variable insurance policies falls within the scope of a financial investment company under the FSCMA. Such insurance company deemed as a financial investment company is subject to certain provisions under the FSCMA such as regulations on the control of conflicts of interest as well as the establishment and maintenance of firewalls for asset management of special accounts related to variable insurance policies. Furthermore, pursuant to the Foreign Exchange Transactions Act, an insurance company is required to obtain prior approval from the Ministry of Economy and Finance, The Bank of Korea, the FSS or a foreign exchange bank and may have to file subsequent ongoing reports if the company engages in any of the following: (a) a transaction involving a foreign currency; (b) a transaction with a non-resident involving either the Won or a foreign currency; (c) a transaction that requires a payment to be sent abroad; (d) a transaction through which a payment will be received from overseas; and (e) any other transaction prescribed under the Foreign Exchange Transactions Act.

AUTHORISATION AND LICENSE

Criteria for Establishment

Under the Insurance Business Act, an entity seeking authorisation to engage in insurance business in Korea must have (i) paid-in capital of not less than Won 30 billion; (ii) sufficient manpower and adequate facilities; (iii) sound and reasonable business plans; and (iv) a large shareholder meeting certain eligibility criteria. If the large shareholder is a financial institution (other than a private equity fund), it is required to meet the following criteria:

- the large shareholder's equity must not be less than 300% of the total amount of investment in the insurance company;

- the financial soundness of the large shareholder must meet certain standards;

- if the large shareholder belongs to a large business group under the Monopoly Regulation and Fair Trade Act, the debt ratio of such group may not exceed 200%;

- the large shareholder must not have been subject to any criminal penalty equivalent to or more severe than a criminal fine during the last five (5) years for violation of certain laws regulating the financial industry, including the Insurance Business Act, the Banking Act, the FSCMA, the Monopoly Regulation and Fair Trade Act and the Punishment of Tax Evaders Act;

- if the large shareholder was a large shareholder or a related party of a financial institution which has been designated as a distressed financial institution pursuant to the Act on the Structural Improvement of the Financial Industry or whose license, registration or approval has been revoked pursuant to certain financial regulations, the large shareholder must have satisfied the standards as declared by the FSC by bearing the economic responsibility resulting from the distress;

- the amount to be invested by the large shareholder must not have been obtained through a loan; and

- the largest shareholder must not have received any administrative sanctions equivalent to or more severe than an institutional warning for the last one year, or a corrective order or business suspension for the last three years.

If the large shareholder is a non-financial institution, foreign corporation or private equity fund, it is required to satisfy a different set of criteria as set forth under the Insurance Business Act and its subordinate regulations.

Eligibility for Becoming an Officer

Anyone (i) incapacitated, declared bankrupt or sentenced to criminal charges; (ii) who was a former officer of a company that had its license or authorisation revoked under the applicable law within the preceding five-year period; (iii) who has been sanctioned by the FSC or the FSS pursuant to the Corporate Governance Act, the Insurance Business Act or any other financial or regulations within the preceding five-year period or less, depending on the nature of the sanctions; or (iv) who represents the interest of another person in connection with the asset management of a relevant insurance company, including those who have a special relationship with a person that entered into a credit transaction with a balance of Won 1 billion or more with the relevant insurance company, is restricted from becoming a director, an auditor or an executive officer of an insurance company.

Approval of Large Shareholders

A person seeking to become a large shareholder of an insurance company through acquisition of the company's shares must meet certain criteria as set forth in the Corporate Governance Act and its subordinate regulations, and obtain prior approval from the FSC. Specific criteria differ based on whether or not such large shareholder is a financial institution, a fund, a local or foreign enterprise or individual or a private equity fund.

Ongoing Eligibility Requirements for the Largest Shareholder

Under the Corporate Governance Act, the financial regulators evaluate every two years whether the largest shareholder of a financial institution meets certain ongoing eligibility requirements. If such financial institution becomes aware that its largest shareholder fails to meet any of such requirements, it is required to report such fact to the FSC. Such requirements would not be met if (i) the largest shareholder becomes incapacitated; (ii) the largest shareholder becomes bankrupt; (iii) the largest shareholder receives a penalty equivalent to or more severe than a fine pursuant to the Corporate Governance Act or other financial regulations; (iv) a financial company for which the largest shareholder serves as an officer or an employee is ordered to take a corrective measure or receives an administrative sanction under the Act on the Structural Improvement of the Financial Industry; (v) the largest shareholder as a financial company's officer or employee receives certain disciplinary actions under the Corporate Governance Act or other financial regulations; or (vi) the largest shareholder receives any sanction by the FSC pursuant to the Corporate Governance Act, the Insurance Business Act or other financial regulations.

If the largest shareholder fails to meet any of the above requirements, the FSC may request the financial institution to take measures to prevent any conflict of interest with the largest shareholder (such as restricting such financial institution from dealing with the largest shareholder) or other necessary measures such as publicly disclosing such failure on its website. In addition, if the largest shareholder receives a criminal sanction equivalent to or more severe than imprisonment of one year or longer as a result of its violation of the Corporate Governance Act, the Monopoly Regulation and Fair Trade Act, the Punishment of Tax Evaders Act or other financial regulations, its voting right for shares held 10% or more of the issued shares of the financial institution may be restricted by the FSC.

Revocation of License

The FSC may revoke the license to engage in insurance business for any of the following material violations by an insurance company: (i) receiving a license based on false information or using dishonest methods; (ii) violation of any of the terms upon which the license was conditioned; (iii) engaging in business during a suspension period; (iv) failure to comply with a corrective order issued by the FSC; (v) cases specified in the table attached to the Act on Corporate Governance of Financial Companies (limited to where the suspension of the whole business is ordered); (vi) cases prescribed by Article 51 (1) 4 or 5 of the Financial Consumer Protection Act; and (vii) cases prescribed by Presidential Decree in the main clause, with the exception of its subparagraphs, of Article 51 (2) of the Financial Consumer Protection Act (limited to where the suspension of the whole business is ordered).

THE FINANCIAL CONSUMER PROTECTION ACT

The Financial Consumer Protection Act became effective in March 2021 (and certain provisions relating to internal control under such Act became effective in September 2021). The Financial Consumer Protection Act aims to enhance measures to protect financial consumers and to establish a sound market order in the financial product sales and advisory businesses. The Financial Consumer Protection Act consolidates existing regulations relating to the sale of financial products and consumer protection stipulated in other laws governing the financial sector, such as the FSCMA, the Banking Act and the Insurance Business Act, and will be applied to the financial industry on a cross-sectoral basis.

Application of the Financial Consumer Protection Act

All financial products that are classified as (i) deposits, (ii) loans, (iii) investment products or (iv) insurance products are subject to the Financial Consumer Protection Act. These four types of products encompass most of the products covered by the Bank Act, the FSCMA and the Insurance Business Act.

Six Principles Regulating Selling Activities

The Financial Consumer Protection Act consolidates previously scattered regulations regarding financial business operations into six uniform standards that cover the following:

(i) suitability, (ii) appropriateness, (iii) duty to explain, (iv) prohibition of unfair sales practices, (v) prohibition of improper solicitation and (vi) advertisements. Among these six principles, suitability, appropriateness and duty to explain apply only to "general financial consumers," although certain "professional financial consumers" may elect to be treated as "general financial consumers," in which case all six principles would apply to them.

Internal Control Requirements for Consumer Protection

The Financial Consumer Protection Act requires sellers of financial products to have adequate internal control standards to protect consumers. The Enforcement Decree to the Financial Consumer Protection Act sets forth details of certain of the internal control standards as follows:

- establishment of the authority and responsibilities of the decision maker, such as the representative director or a director, in the implementation of internal control measures;

- development of an organisational structure and designation of personnel responsible for consumer protection matters, including the establishment of a financial consumer protection committee;

- implementation of (i) inter-departmental consultation procedures for the development and sale of financial products, (ii) processes for internal deliberations and the incorporation of opinions from independent third party advisers, (iii) standards for vetting advertisements, (iv) mandatory training requirements for officers and employees and implementation of qualification requirements, (v) standards for the prevention of conflicts of interest, (vi) proper management of confidential information, and (vii) disclosure obligations when potential harm to consumers arises; and

- establishment of standards for performance-based compensation of officers and employees in charge of sales of financial products.

Right to Withdraw Subscriptions and Right to Terminate Contracts

Under the Financial Consumer Protection Act, consumers will have the right to withdraw subscriptions, allowing them to receive a refund during a statutory cooling-off period following the execution of the relevant subscription agreement. This right generally applies to all types of financial products with the exception of deposits, although in the case of investment products, the right to withdraw applies only to highly complex funds and trusts. Consumers also have the right to terminate a contract if the sellers violate the Financial Consumer Protection Act in relation to the sales process. The right to terminate contracts applies to long-term contracts but such right must be exercised within the shorter period of (i) one year from the time that the customer becomes aware that the financial product was sold in violation of the regulatory requirements and (ii) five years from the date on which such contracts are made.

Punitive Penalty Surcharges

In case of a violation of the principles regarding the duty to explain, prohibition of unfair sales practices, prohibition of improper solicitation and advertisements, sellers will now be subject to a punitive penalty of up to half the "amount that is the purpose of the contract" (which would be the deposit amount in case of deposit products, loan amount in case of loan products, investment amount in case of investment products, and insurance premium in case of insurance products), depending on the severity of the violation of the Financial Consumer Protection Act.

SALES

Scope of Business of Life Insurance Companies

Under the Insurance Business Act, an insurance company is prohibited from concurrently operating a life insurance business and general insurance business (including property, marine and cargo and liability insurance), **provided that** an insurance company may concurrently operate a "type three" insurance business (including casualty, disease and health care insurance) and provide reinsurance to other life insurance companies. However, limited cross-selling of life insurance and general insurance products by insurance sales agents working for life insurance or general insurance companies in Korea is permitted by the FSC. See "– *Insurance Solicitation*."

Upon approval by the FSC, a life insurance company may operate (i) a life insurance business, (ii) a retirement pension business and (iii) type three insurance businesses.

A life insurance company may also operate financial businesses and incidental businesses designated by the Enforcement Decree of the Insurance Business Act, subject to certain conditions, such as submitting reports to the FSC prior to the commencement of the new business.. Such activities include:

- securitised assets management business under the Asset-Backed Securitization Act;
- credit-backed assets management business under the Korea Housing Finance Corporation Act;
- business of electronic funds transfer under the Electronic Financial Transaction Act;
- MyData business under the Credit Information Use And Protection Act;
- collective investment business, investment advisory business, discretionary investment management business and trust business, investment trading business of collective investment securities, investment brokerage business of collective investment securities under the FSCMA;

- foreign exchange business under the Foreign Exchange Transaction Act;

- retirement pension operation business under the Employee Retirement Benefit Security Act; and

- any ancillary business of the insurance business subject to the conditions that (a) such business does not harm the company's management soundness, obstruct the protection of the policyholders or harm the stability of the financial market, and (b) such business is reported to the FSC at least seven days prior to the commencement of such activities.

Overlap of Products with General Insurance Companies

Under the Insurance Business Act, both life insurance companies and general insurance companies may engage in type three insurance business covering casualty, disease or health care. Life insurance companies are permitted to sell products that cover actual damages arising from casualty and diseases, while general insurance companies are permitted to sell general insurance products that offer death benefits in the case of death arising from illness, subject to certain limitations on liability. As a result, there is no clear distinction between these insurance products offered by life insurance companies and general insurance companies.

Retirement Pension

The Employee Retirement Benefit Security Act, which incorporates the relevant provisions of the Labor Standards Act, provides for a comprehensive retirement benefit system consisting of several different plans available to employers and their employees, in addition to the previous severance system. The purpose of the Employee Retirement Benefit Security Act is to provide employees with stable income after retirement. Under the Employee Retirement Benefit Security Act, such employers are required to adopt at least one of the following retirement benefits plans: (i) a severance payment plan; (ii) a retirement pension plan in the form of a defined benefit plan or a defined contribution plan or (iii) SME retirement pension fund plan. Employers with less than 10 employees may also establish individual retirement pension plans in lieu of one of these plans. For employers that previously maintained a severance payment system, the employer is required to obtain consent from the labour union (if it is organised by the majority of the employees) or the majority of its employees in order to implement a retirement pension plan in the form of a defined benefit plan or a defined contribution plan.

Under the Employee Retirement Benefit Security Act, qualified financial institutions, including life insurance companies, may engage in the retirement pension operation business and are required to be registered with the Ministry of Employment and Labor as a retirement pension operator. Retirement pension operators are subject to the supervision of the Ministry of Employment and Labor and the FSC. The Employee Retirement Benefit Security Act requires qualified retirement pension operators to carry out their responsibilities in good faith and with due care and to comply with the agreement entered into with the employer in connection with retirement pension management and administration. Qualified retirement pension operators are also required to submit a report on the performance results of the retirement pension accounts to the employer, the Ministry of Employment and Labor and the FSS within three months following the end of each fiscal year.

Variable Life Insurance

Under Article 251(1) of the FSCMA, an insurance company must obtain authorisation for collective investment scheme services in order to establish and operate a special account under a variable insurance contract. However, pursuant to Article 77(2) of the FSCMA, which provides in relevant part that an insurance company is deemed to have obtained an authorisation of financial investment services for brokerage or dealing pursuant to Article 12 thereof in the case where an insurance company enters into a contract for insurance with investment components or acts as a broker or an agent, an insurance company may sell a variable insurance contract without a separate license. However, in order for an insurance company to sell other collective investment securities, such insurance company must obtain a separate license for dealing or brokerage. Insurance companies engaging in the sale of variable life insurance products are required to maintain separate accounts related to such products.

Under the Financial Consumer Protection Act, insurance companies offering variable financial products may be held liable for damages incurred by their policyholders as a result of their improper solicitation tactics during the sales process of variable financial products, such as misrepresenting profit margins of a fund. With respect to requirements regarding sales of variable financial products, see "*– The Financial Consumer Protection Act*" and "*– Insurance Solicitation*."

General Terms of Insurance Policy

Although a standard contract designated by the governor of the FSS is generally used for each insurance product, a modified standard contract may be used after filing a report to the FSC prior to using such contract in the event a standard contract is unsuitable for use due to specific features of a life insurance product. Each insurance contract must be clearly drafted and easy to understand and not violate reasonable expectations of policyholders or public interest. Pursuant to the Regulation of Standardized Contracts Act, if an insurance sales agent fails to deliver to a policyholder an insurance contract and a copy of the written application, or fails to explain to the policyholder any material term of a contract, the insurance company may not claim that any terms of such contract should be enforceable against such policyholder. Furthermore, if an insurance sales agent fails to deliver to a policyholder an insurance contract and a copy of the written application, or fails to explain to the policyholder any material term of a contract, the policyholder may cancel such policy within three months from the date of execution. An unfair insurance contract provision contrary to the good faith principle is deemed null and void.

Insurance Solicitation

The Insurance Business Act limits entities who may engage in insurance solicitation to insurance sales agents, insurance agencies (including those of financial institutions), insurance brokers and officers and employees of an insurance company. Any entity wishing to act as an insurance sales agent, insurance agency (including those of financial institutions) or insurance broker must register with the FSC and report promptly to the FSC the occurrence of certain changes prescribed under the Insurance Business Act.

Any person engaging in insurance solicitation is prohibited from providing special benefits (including, but not limited to, cash over a certain amount and discounts on insurance premiums) in connection with the execution of an insurance contract unless such special benefits are stipulated in the underlying document(s) for such insurance product. In addition, an insurance company is prohibited from entrusting any other person other than those who are eligible under the Insurance Business Act to engage in insurance solicitation or paying any compensation to any ineligible persons for his or her insurance solicitation. The Insurance Business Act and the Enforcement Decree of the Insurance Business Act also prescribe in detail certain practices that insurance agencies of financial institutions are restricted from engaging in, including, but not limited to including insurance premiums in loan transactions without the prior consent of the borrower.

The Insurance Business Act permits insurance sales agents working for Korean life insurance companies to cross-sell general insurance products of one general insurance company, and insurance sales agents working for Korean general insurance companies are correspondingly permitted to cross-sell the life insurance products of one life insurance company.

Furthermore, under the Financial Consumer Protection Act, when executing a contract for a financial product including an insurance product, conducting other relevant transactions, or providing advisory service, whether a counterparty financial consumer is an ordinary financial consumer or a professional financial consumers should be ascertained and certain information should be obtained when soliciting an ordinary financial consumer to conclude a contract for a certain financial product including variable indemnity products under Article 108 (1) 3 of the Insurance Business Act with confirmation from the ordinary financial consumer and such information should be maintained and managed appropriately and upon request of the ordinary financial consumer provided to the ordinary financial consumer without delay.

The Financial Consumer Protection Act requires an insurance solicitor to obtain certain information before concluding a contract for certain financial products including variable indemnity products under Article 108 (1) 3 of the Insurance Business Act with an ordinary financial consumer without soliciting the ordinary financial consumer to conclude a contract for such financial product, and when the financial product concerned is not appropriate for an ordinary financial consumer in light of the information identified to notify the ordinary financial consumer of the fact and obtain confirmation on the notification.

When soliciting an ordinary financial consumer to conclude a contract or when an ordinary financial consumer requests explanation, an insurance solicitor should explain important matters concerning financial products to the ordinary financial consumer in a manner that the ordinary financial consumer can understand. For example, when soliciting for indemnity products, (i) description of an indemnity product, (ii) insurance premium, (iii) grounds for restriction on the payment of insurance claims and the procedure for payment, (iv) the scope of risk coverage and (v) other matters specified by Presidential Decree of Financial Consumer Protection Act as important for indemnity products, such as the term of risk coverage should be explained. A written explanation necessary for the explanation should be provided to each ordinary financial consumer and confirmation of the consumer understanding the explanation should be obtained. Unfair business activities such as demanding or receiving any benefit in connection with business activities are strictly prohibited under the Financial Consumer Protection Act. Unfair solicitation, such as providing conclusive judgment on any uncertain matter or giving any misleading information, misrepresenting the description of a financial product or knowingly omitting to inform a financial consumer of any matter seriously affecting the value of a financial product, is prohibited by the Financial Consumer Protection Act. When advertising a clear and fair description of the financial product should be given to avoid misleading information and a statement of recommending the reading of the written explanation and terms and conditions of the contract for the financial product concerned before concluding the contract for the financial product and name of the financial product distributor or adviser and the description of the financial product should be included in the advertisement.

Bancassurance

Life insurance companies may use the bancassurance channel only to distribute individual savings-type insurance products, including individual pension, annuity and endowment, credit protection policies and type three insurance covering personal casualty, disease or health care expenses. General insurance companies may utilise the bancassurance channel only with respect to individual pension, long-term savings-type insurance, credit protection policies, residential fire insurance, casualty insurance (excluding group insurance), package insurance and type three insurance covering casualty, disease or health care expenses.

Financial institution insurance agencies are required to engage in the marketing of bancassurance products through in-person meetings with customers in specified locations designated for such sale or through their Internet homepages targeting unspecified masses. Financial institution insurance agencies (other than credit card companies under the Specialized Credit Financial Business Act) are prohibited from engaging in marketing activities by visitation, telemarketing, or marketing through mail or email. In addition, each financial institution is required to staff bancassurance sales personnel, and the number of such personnel is required to be limited to two persons per branch, with an exception for the hiring of an insurance sales agent. Bancassurance sales personnel are prohibited from handling consumer credit transactions or other activities that may result in illegal sales, including cross-selling of loan products with insurance products. Regulators have also instituted criteria for reporting any modification of the underlying terms and conditions of the insurance products that are sold through bancassurance channels. For instance, the bancassurance acquisition cost is required to be set within a 50% range of the expected acquisition cost for insurance products not sold through bancassurance channels. Commissions payable for the sale of bancassurance products are required to be disclosed on the financial institution's website as well as during in-person sales meetings.

Premium Calculation Method

Under the cash flow pricing system, the costs of insurance products are calculated by using various factors affecting the cash flow of an insurance company, including actual acquisition costs, insurance claim payments and surrender values based on statistics from the company's past experience. Pricing is ultimately decided by adding a certain amount of margin based on marketing strategy, sales volume and market competitiveness. Under the cash flow pricing system, insurance companies are able to calculate insurance premiums specifically tailored for different marketing strategies, types of insurance products and customer characteristics. The cash flow pricing system has facilitated development of additional insurance products and enabled insurance companies to have more flexibility in managing their insurance and actuarial functions.

PRODUCTS

Basic Documents for Insurance Products

An insurance company must prepare basic documents, which include standard terms and conditions, a business operation manual and a premiums and reserves calculation manual, for an insurance product that it intends to sell and comply with their terms. Where an insurance company intends to prepare a basic document or change any terms thereof, and such action falls under any of the following categories, the insurance company must report such action to the FSC in advance:

- where a new insurance product is introduced or it becomes mandatory to subscribe to an insurance product as a result of an enactment or an amendment of laws or regulations; or

- cases prescribed by Presidential Decree for protection of policyholders.

An insurance company must establish procedures and standards (a "**Standard on Management of Basic Documents**") to be observed in preparing or changing basic documents and comply with the terms thereunder. The Standard on Management of Basic Documents must include certain provisions required under the Insurance Business Act. Where an insurance company newly establishes or amends its Standard on Management of Basic Documents, the insurance company must report such action to the FSC.

ACCOUNTING AND RISK MANAGEMENT

Calculation

An insurance company is required to close its books on 31 December of each year and submit, within three months, its financial statements and business report to the FSC in accordance with the specifications prescribed by the FSC.

An insurance company is required to report, for every settlement period and based on the types of insurance contracts, the liability reserve and the catastrophe risk reserve prescribed under the Enforcement Decree of the Insurance Business Act, and account for each of such reserves separately. In order to ensure proper calculation of liability reserve and catastrophe risk reserve, the FSC may establish accounting standards with respect to the assets and expenditure of insurance companies and any other matters prescribed under the Enforcement Decree of the Insurance Business Act. Other details necessary for the calculation of such reserves are prescribed under ordinances of the Prime Minister, the Regulation on Supervision of Insurance Business and the Detailed Enforcement Regulations on Supervision of Insurance Business.

Risk Management

In order to secure an insurance company's ability to pay insurance claims and assure the soundness of its management, an insurance company is required to meet the following requirements:

- a K-ICS ratio (i.e., a solvency ratio) of not less than 100%;
- classification of its assets, including loan portfolio, and corresponding reserves of bad debt allowances; and
- the standards set by the FSC with respect to the risks, liquidity and reinsurance management of insurance companies.

With respect to requirements regarding the solvency ratio, see "– *Risk-Based Supervision of Insurance Companies*."

The FSC may take additional necessary measures, such as ordering an insurance company to increase its capital or placing limits on the holding of risky assets, in order to ensure financial soundness of an insurance company.

An insurance company registered to perform foreign exchange work under the Foreign Exchange Transactions Act is also required to separately manage foreign currency assets and liabilities according to maturity terms, as well as maintain the following ratios:

- assets that will mature within three months must not be less than 80% of liabilities that will mature within the same period; and
- with respect to the maturity for foreign currency assets and liabilities, as follows:
- if the term to maturity is not more than seven days, liabilities may not exceed assets; and
- if the term to maturity is not more than one month, liabilities may not exceed 10% of assets.

DIVIDENDS TO POLICYHOLDERS OF PARTICIPATING PRODUCTS

Under the Insurance Business Act, life insurance companies that have sold participating life insurance products, which provide a participation feature in the form of dividends to the policyholders, are required to separately account for the gains between participating products and non-participating products and pay dividends to policyholders of participating products only with gains allocated to participating products. At the end of each fiscal year, a life insurance company must first retain policy reserves from its overall income and then allocate the remaining income, if any, as either gains from (i) participating products; (ii) non-participating products; or (iii) capital account. The foregoing (ii) and (iii) are allocated to the shareholders and may be paid out as dividends to shareholders. For (i), at most 10% of such gains may be allocated to shareholders and the remainder must be allocated to the participating policyholders.

When allocating gains, they are classified as mortality gains, expense gains, investment gains or other gains. Mortality gains and expense gains are determined on a policy-by-policy basis, while investment gains are divided between participating products and non-participating products based on the ratio of their respective policy reserves, and other gains are divided between participating products and non-participating products based on the ratio of their respective premium income. However, with respect to investment gains from investment assets, including marketable securities, gains are also allocated to the applicable account, whether participating product, non-participating product or capital account, based on the ratio of the funds from such source used for the acquisition of investment assets to the company's total assets. The gains that were attributed to participating products as described above, together with the amounts carried forward from the previous year as reserves, may be paid out to participating policyholders as dividends after the end of each fiscal year.

ASSET MANAGEMENT

Restrictions on Asset Management

Insurance companies are prohibited from engaging in the following categories of activities: (i) possessing real estate other than business facilities or certain investment projects; (ii) possessing real estate through special accounts; (iii) extending loans for the purpose of speculating in goods or securities; (iv) extending loans to their own officers or employees; (v) extending loans to purchase their own shares; (vi) extending loans to establish political funds; and (vii) committing any act that is prohibited under the Enforcement Decree of the Insurance Business Act as having the potential to greatly undermine the safety of the asset management business.

Subject to certain exceptions, major restrictions relating to management of general account assets by insurance companies are as follows:

- extension of credits to the same individual or corporation: 3% or less of total assets;
- the aggregate amount of bonds and shares issued by the same corporation: 7% or less of total assets;
- the aggregate amount of credits extended to and the bonds and shares issued by the same borrower: 12% or less of total assets;
- the aggregate amount of credits extended in excess of 1% of total assets to the same individual, corporation, borrower or large shareholder (including its specially related parties): 20% or less of total assets;

- extension of credits to large shareholders and certain subsidiaries: 40% or less of shareholder's equity (or, in the event that the amount equivalent to 40% of shareholder's equity is larger than the amount equivalent to 2% of total assets, 2% or less of total assets);

- the aggregate amount of bonds and shares issued by large shareholders and certain subsidiaries: 60% or less of shareholder's equity (or, in the event that the amount equivalent to 60% of shareholder's equity is larger than the amount equivalent to 3% of total assets, 3% or less of total assets);

- extension of credits to the same subsidiary: 10% or less of shareholder's equity;

- holding of permitted real estate: 25% or less of total assets; and

- holding of foreign exchange or foreign real estate: 50% or less of total assets.

Insurance companies are also required to own and manage assets under separate accounts pursuant to certain restrictions and ratios.

If an insurance company acquires (i) beneficiary certificates of an investment trust of which such insurance company is the sole beneficiary or (ii) shares of an investment company of which such insurance company is the sole shareholder, under the FSCMA, the restrictions on asset management described above apply to such insurance company as if it had acquired the asset directly.

Restrictions on Dealings with Large Shareholders

In order to promote transparent asset management of insurance companies, the Insurance Business Act generally prohibits unfair dealings between insurance companies and their large shareholders, and requires public disclosure of dealings between insurance companies and their large shareholders. When an insurance company extends loans to, or acquires bonds or shares issued by, its large shareholders in excess of the lesser of 0.1% of its shareholders' equity and Won 1 billion, such insurance company must obtain a unanimous resolution from its board of directors.

Restrictions on Equity Investments

Insurance companies are prohibited from holding voting shares or equity interests issued by another company in excess of 15% of the total number of such voting shares or equity interests; **provided that**, such holding shall be permitted upon approval by the FSC and limited to certain subsidiaries engaged in businesses as prescribed in the Insurance Business Act, or, with respect to any subsidiary with close business relationship with the insurance or asset management industry, upon filing a report with or deemed to be approved by the FSC.

Establishment and Operation of Separate Accounts

Insurance companies must establish and operate separate accounts on the balance sheet and income statements relating to variable life insurance policies, retirement pension policies, tax-qualified pension savings products and asset-linked insurance products.

Restrictions on Foreign Exchange Transactions

Major types of foreign currency assets that may be traded by insurance companies are (i) shares listed or to be listed on a foreign securities exchange; (ii) shares of such insurance companies' subsidiaries; (iii) shares, equity interests or beneficiary certificates issued by a foreign fund; (iv) shares of companies mainly engaging in certain insurance-related business which are not listed on a foreign securities exchange; (v) interests in foreign private equity funds; (vi) foreign currency-denominated beneficiary certificates; (vii) credit linked notes, credit linked deposits or synthetic collateralised debt obligations, as long as the underlying assets are assigned a credit rating of investment grade or above for securities of Korean issuers and a credit rating of upper-medium grade (A- or above by Standard & Poor's or an equivalent rating assigned by another credit rating agency) or above for securities of foreign issuers; (viii) securities in foreign currency issued by Korean residents which are assigned a credit rating of investment grade or above or are guaranteed by a financial institution of the same or a higher credit rating; (ix) securities in foreign currency issued by nonresidents which are assigned a credit rating of investment grade (BBB- or above by Standard & Poor's or an equivalent rating assigned by another credit rating agency) or above or are guaranteed by a financial institution of the same or a higher credit rating or a non-financial institution with a credit rating of upper-medium grade (A- or above by Standard & Poor's or an equivalent rating assigned by another credit rating agency); (x) securities denominated in foreign currency which are assigned a credit rating of investment grade or above by a credit rating agency designated by local financial regulators pursuant to Basel standards; (xi) permitted real estate located abroad; or (xii) other permitted foreign exchange transactions such as certain instrument of offshore payment, foreign currency deposits, discretionary asset management contract denominated in foreign currency, loans in foreign currency and loans for foreign securities; **provided that**, if certain foreign currency assets meet the above requirements at the time they were acquired by an insurance company, the insurance company may choose to continue to hold such foreign currency assets in the event that they subsequently fail to meet the above requirements as a result of a downgrade in the relevant credit ratings so long as such continuation is reviewed by an investment committee or a risk management committee of the insurance company pursuant to its internal policies.

Restrictions on Derivatives Trading

Previously, insurance companies were restricted from trading derivatives under the general account if the notional amount is 3% (in the case of over-the-counter derivatives) or the margin deposit is 6% (in the case of exchange-traded derivatives) or less of their total assets. Similarly, under the separate account, trading was allowed only when the notional amount is 3% (in the case of over-the-counter derivatives) or the margin deposit is 6% (in the case of exchange-traded derivatives) or less of the assets held under each separate account. However, on 31 December 2022, these trading restrictions were abolished in line with the implementation of K-ICS, which strengthened risk management. As a result, insurance companies can now trade derivatives without restrictions.

Prohibition on Transactions with Financial Institutions and Companies

Insurance companies are prohibited from engaging in certain transactions with other financial institutions and companies and may not exercise voting rights on any shares acquired through such prohibited transactions. Such prohibited transactions include (i) extending credit to or swapping voting shares with those of other financial institutions or companies in order to avoid the restrictions on the management of assets under the Insurance Business Act and (ii) swapping shares in order to avoid restrictions on acquisition of treasury shares under applicable laws.

Prohibition on Provision of Guarantees

Under the Insurance Business Act, insurance companies are generally prohibited from pledging its assets as a security or a guarantee for repayment of a third party's debt obligations, except for purchasing credit derivative-linked securities or credit-linked deposits or providing guarantees with respect to debt obligations of subsidiaries engaging in the insurance business overseas.

INTERNAL CONTROL

Board Composition

Under the Corporate Governance Act, an insurance company with total assets of not less than Won 5 trillion (Won 2 trillion if such insurance company is publicly listed) as of the end of the latest fiscal year is required to have a board of directors consisting of at least three independent directors, who must constitute a majority (or a quarter in the case of an insurance company with total assets of less than Won 300 billion) of the board of directors. The chairman of such board must be an independent director, failing which the insurance company must publicly disclose such fact and separately appoint a lead independent director. The board of directors must also establish an executive candidate recommendation committee, an audit committee, a risk management committee, a remuneration committee and an internal control committee. The majority of the members of such committees must be composed of independent directors, and the chairman of each committee must be an independent director.

Internal Control Committee

In accordance with the Act on Corporate Governance of Financial Companies (Article 16; Establishment and Composition of Committees within Board of Directors), our company has been operating the Internal Control Committee as a subcommittee within the Board of Directors since 27 March 2025.

Audit Committee

Under the Corporate Governance Act, an insurance company with total assets of not less than Won 5 trillion (Won 2 trillion if such insurance company is publicly listed) as of the end of the latest fiscal year is required to have an audit committee consisting of at least three directors, in which (i) independent directors make up not less than two thirds of the total members and (ii) at least one member is an expert in accounting or finance, such as a certified public accountant.

Risk Management Committee

Under the Corporate Governance Act, a risk management committee is required to review and adopt the following matters: (i) basic policies and strategies for risk management; (ii) level of risk to be taken by the insurance company; (iii) approval of adequate maximum investment volume and permitted loss; (iv) establishment and amendment of risk management standards; and (v) any other matters as prescribed by the FSC.

Internal Control Mechanism

For the purposes of compliance with applicable laws and regulations, sound management of its assets and protection of its policyholders, an insurance company is required to establish internal control procedures and standards in accordance with which its officers and employees are required to perform their duties.

Internal control standards of an insurance company are required to include information concerning the following: (i) a division of duties within, and the organisational structure of, the company; (ii) procedures to be duly observed by the company's officers and employees in performing their duties; (iii) duties to be performed by directors, officers and compliance officers for internal control; (iv) individuals and support groups specialising in internal control; (v) establishment of a system through which information necessary for decision making can be efficiently conveyed; (vi) procedures and methods by which the company may verify whether its officers and employees adhere to its internal control standards, and penalties on violation of such standards; (vii) procedures and standards employed by a company to prevent its officers and employees from engaging in unfair trade practices; (viii) procedures to be followed when establishing or modifying internal control standards; (ix) procedures for the appointment and removal of a compliance officer; (x) measures and procedures for managing conflicts of interest; (xi) only in the case of a financial holding company, a compliance manual relating to the contents and production of advertisements for insurance products and services; (xii) evaluation and management of requirements for concurrent office positions of officers and employees under the Corporate Governance Act; and (xiii) additional detailed standards as prescribed by the FSC.

In addition, an insurance company must establish a "**risk management standard**" which sets forth standards and procedures for recognising, monitoring and controlling risks involved in management of its assets, performance of duties and entering into various transactions.

Compliance Officer and Risk Management Officer

An insurance company is required to designate at least one compliance officer to undertake to check compliance with internal control standards and investigate and report any violation to the audit committee. In addition, an insurance company must designate at least one risk management officer to monitor and manage risks arising out of management of its assets, performance of duties and entering into various transactions.

Each of the compliance officer and the risk management officer is required to perform his or her supervisory duties in good faith and may not undertake any tasks relating to the core function of the insurance business such as management of the company's assets or sale of its insurance products. In case an insurance company has total assets of not less than Won 5 trillion (Won 2 trillion if such insurance company is publicly listed) as of the end of the latest fiscal year, its compliance officer and risk management officer may not in principle be the same person. Appointment of a compliance officer must be approved by a resolution of the board of directors and removal of such compliance officer requires two-thirds of the votes from the members of the board of directors.

RISK-BASED SUPERVISION OF INSURANCE COMPANIES

Pursuant to its authority under the Regulation on Supervision of Insurance Business and the Detailed Enforcement Regulations thereof, the FSS has developed a risk-based insurance supervision framework for insurance companies consisting of the following three pillars:

- *risk assessment and application system*, to assess the risk profiles and risk management systems of insurance companies;

- *solvency requirements*, to require insurance companies to hold adequate capital to cover their risk exposures; and

- *risk-related disclosure requirements*, to strengthen market discipline by expanding public disclosure requirements for insurance companies regarding their risk profiles and risk management systems.

Risk Assessment and Application System ("RAAS")

All insurance companies operating in Korea are subject to periodic risk assessments by the FSS under RAAS. RAAS seeks to comprehensively and systematically assess an insurance company's risks and management weaknesses by evaluating the company's risk exposure, risk control and risk tolerance. Quantitative assessments under RAAS are conducted on a quarterly basis, while qualitative assessments are generally conducted on an annual basis.

The risk exposure of an insurance company is quantitatively assessed by measuring such company's exposure to six specified categories of risks, which consist of insurance risk, interest rate risk (including asset and liability management risk), investment risk (market risk and credit risk), liquidity risk, solvency margin risk and operational risk, as well as such company's profitability level. The FSS uses 17 quantitative indicators to measure an insurance company's risk exposure across the seven risk categories. Risk control is qualitatively assessed with a focus on the adequacy of an insurance company's risk management systems and internal controls. Risk tolerance is quantitatively assessed by measuring an insurance company's capital adequacy and earnings in order to evaluate its ability to absorb potential losses caused by failures to properly manage risk. An insurance company is given a rating between 1 (strong) and 5 (critically deficient) for each area of risk assessment, as well as an overall comprehensive risk grade ranging from 1 to 5.

If an insurance company receives a rating of 4 or lower for its solvency margin risk or any two of its insurance risk, interest rate risk and investment risk, the FSS may recommend that such insurance company improve its management through, among other things, improvements in operation of organisation and human resources, increases or decreases of capital and restrictions on launch of new businesses. For an insurance company that receives an overall comprehensive risk grade of 4 or lower, the FSS may direct such insurance company to implement management improvements through, among other things, branch closures, restrictions on branch openings, requests for executive management changes and partial suspensions of business. Regardless of the overall comprehensive risk grade of an insurer, the FSS also closely monitors on an ongoing basis any specific risk assessment category of such company that is rated 4 or lower in the prior quarterly or semi-annual RAAS assessment.

Solvency Requirements

In July 2018, the FSC first proposed the K-ICS, a new regulatory solvency regime for insurance companies in Korea based on the Insurance Capital Standards developed by the International Association of Insurance Supervisors, which similar in substance to the Solvency II Directive of the European Union in order to replace the previous the risk-based capital adequacy requirements. The Solvency II Directive, which has been in effect in the European Union since 1 January 2016, is a comprehensive program of regulatory requirements for insurance companies, covering authorisation, corporate governance, supervisory reporting, public disclosure and risk assessment and management, as well as solvency. The main objective of the Insurance Capital Standards is to enhance global convergence on insurance capital standards, including a common methodology to calculate capital and evaluate solvency positions, to allow comparability of insurance companies globally. K-ICS would (i) measure insurance contract liabilities based on present market value instead of book value, (ii) consider additional risks, such as the risks of longevity, catastrophic mortality events and surrenders, in the calculation of required capital, and (iii) strengthen risk measurement, among other changes. The implementation of K-ICS is expected to result in the general decrease in solvency ratios of life insurance companies under the expanded scope of risk recognition in the calculation of required capital.

In September 2021, due in part to concerns that the implementation of K-ICS would result in a reduction in solvency ratio of insurance companies, the FSC discussed certain transitional measures for the gradual implementation of K-ICS. Among the transitional measures, the FSC discussed (i) allowing insurance companies to recognise up to 15% of their total required capital with hybrid capital securities issued before the implementation of K-ICS during the transitional period (hybrid capital securities were previously slated to be recognised as supplemental capital, commonly referred to as Tier II capital, upon the implementation of K-ICS) and (ii) increasing the preparatory time for filings required under K-ICS of quarterly reports from two months to three months and of annual reports from three months to four months. In addition, the FSC discussed providing additional transitional measures to insurance companies which apply for them. Under transitional measures on technical provision, also known as TTP, the FSC discussed allowing insurance companies to gradually accumulate liability reserves during the transitional period corresponding to the increase in insurance liabilities due to the implementation of K-ICS. Similarly, under transitional measures on insurance risk, also known as TIR, the FSC discussed allowing insurance companies to gradually recognise the additional risks required for the calculation of required capital under K-ICS during the transition period.

In December 2021, the FSS issued a tentative plan to implement K-ICS. The tentative plan proposed additional transitional measures, including the grandfathering of Tier II subordinated securities issued before the implementation of K-ICS to continue to be recognised as Tier II capital under K-ICS until the end of 2032, while reaffirming the FSC's existing proposal to allow the grandfathering of 15% of an insurance company's total required capital with hybrid capital securities issued before the implementation of K-ICS. In addition, even if an insurance company fails to meet the solvency requirements of 100% or higher calculated at the first settlement date after the implementation of the K-ICS reflecting available transitional measures, the FSC may exempt such insurance company from a management improvement recommendation, management improvement requirement or management improvement order under the Regulation on Supervision of Insurance Business by the end of 2027 if such insurance company meets certain conditions to secure its financial soundness (including execution of a management improvement agreement with the FSS).

In December 2022, the FSC and the FSS amended the Regulation on Supervision of Insurance Business and the Enforcement Rules of the Regulation on Supervision of Insurance Business to introduce the K-ICS and those regulations took effect from 1 January 2023.

Pursuant to the solvency requirements implemented by the FSS, insurance companies are required to maintain a statutory solvency ratio of not less than 100%. The solvency ratio is calculated by dividing the available capital (solvency amount) by the required capital (solvency standard amount), which is the risk amount for each risk category of the company. This ratio serves as a measure of the extent of capital a company has to meet its obligations to policyholders, even when faced with significant financial risks (such as unexpected losses or a decline in asset values).

Under the K-ICS, among other things, insurance contract liabilities are measured based on market value, rather than book value, which has required a number of life insurance companies in Korea with a large portfolio of guaranteed rate of return products to obtain additional capital to meet their solvency requirements. The K-ICS also provides for the calculation of required capital based on value at risk over a one-year period at a 99.5% confidence level, with certain insurance risks and market risks (including interest rate risk) measured using a stress approach, rather than a factor-based approach.

In addition, the K-ICS requires to decrease the amount of Tier II subordinated securities recognised as available regulatory (Tier II) capital of an insurance company by 20% annually, if the time remaining until the contractual maturity (or economic maturity, if applicable) of such securities is less than five years, unless the securities incorporate a "lock-in" provision, under which the insurance company may defer redemption of principal and payment of interests at maturity upon the occurrence of certain trigger events (e.g., the designation of the insurance company by the FSC as an "insolvent financial institution" pursuant to the Act on Structural Improvement of the Financial Industry or the imposition by the FSC of a management improvement recommendation, management improvement requirement or management improvement order against the insurance company pursuant to the Regulation on Supervision of Insurance Business) without incurring any economic disadvantage (e.g., any default interest).

The financial authorities have implemented transitional measures (with a maximum transitional period of 10 years) to alleviate the burden on insurance companies following the introduction of new regulations. According to these measures, increments in policy reserves and insurance risks will be gradually recognised, and previously issued capital securities will be exceptionally recognised entirely as available capital. Additionally, if the existing solvency ratio exceeds 100%, a series of actions will defer the timely corrective measures, potentially reducing the capital increase burden on insurance companies compared to initial expectations.

Apart from the universally applicable transitional measures (regarding the recognition of capital securities issued under the RBC regime as available capital), the selectively applicable transitional measures allow the gradual recognition of reductions in available capital due to market valuation and increases in required capital due to strengthened criteria for measuring new risks (insurance risk items) and calculating interest and equity risk amounts over up to 10 years. Some insurance companies, including those with a K-ICS ratio exceeding 150% before applying transitional measures, have applied for these measures, likely aiming to reduce the burden of calculating new risk amounts (insurance risks) and to manage the K-ICS ratio in a more stable manner.

In September 2022, the FSS held a meeting to enhance the understanding of insurance company executives regarding the new system and ensure thorough preparation for IFRS 17 and K-ICS introduction. Through the meeting, transitional measures were established as a soft-landing approach to mitigate abrupt financial shocks at the initial stage of system implementation.

Additionally, in May 2023, the financial authorities issued guidelines for key actuarial assumptions to prevent insurance companies from deliberately using biased (either optimistic or conservative) assumptions in calculating insurance liabilities. These guidelines established criteria for the rate of increase in claims for indemnity health insurance and the adjustment rate of renewal premiums. They also called for differentiated assumptions on the surrender ratios for no-surrender-value and low-surrender-value insurance contracts and high-interest insurance contracts, considering the distinct policyholder behaviour related to contract surrenders compared to standard insurance contracts. Although the criteria for calculating the K-ICS ratio are not directly being revised, it is anticipated that changes in the size of insurance liabilities and the CSM will result in variations in K-ICS net asset value and available capital, thereby affecting the K-ICS ratio. Companies with significant exposure to related products (such as indemnity health, no-surrender-value, low-surrender-value and high-interest insurance) can be impacted to a greater degree. Considering that no-surrender-value and low-surrender-value insurances have been actively underwritten by both life and non-life insurers in recent years, both sectors are exposed to the effects of the guideline's application.

The direction and extent of the K-ICS ratio's impact from applying the guidelines have varied among companies depending on the relative conservativeness of their previously applied assumptions versus the new guidelines. However, as these guidelines are intended to more accurately reflect cash inflows and outflows and policyholder behaviour related to insurance contracts, a substantial number of insurers have experienced a decrease in their K-ICS ratios.

Furthermore, beginning with the K-ICS calculation in March 2024, the basic assumption risk amount has been introduced and included as a sub-item within operational risk in the calculation of required capital. The basic assumption risk amount consists of the differences between expected and actual payouts and between expected and actual business expenses, measuring the risk of losses due to the use of optimistic basic assumptions. This aims to factor into the K-ICS ratio the accumulated losses from such assumptions over time. It is only measured for life insurance contracts and long-term non-life insurance contracts, excluding investment elements.

The basic assumption risk amount is added to the required capital only if there is a loss from the differences between expected and actual figures; it is not considered when there is a gain. Therefore, if the actual payout and business expenses are less than the amounts used in evaluating the insurance liability, the basic assumption risk amount is calculated as zero and has no impact on the K-ICS ratio. Conversely, a significant loss from these differences will expose insurers to a decrease in the K-ICS ratio due to increased required capital, as well as impact profit management. The impact of introducing the basic assumption risk amount will vary by company.

Meanwhile, although it was anticipated that the introduction of IFRS 17 would significantly deteriorate insurers' financial structures due to increased liabilities, by the end of 2023, insurance companies' profit and loss had improved. While initially accounting for future losses of loss-making contracts at the conversion point will burden financial structures, profits and losses are expected to stabilise after the introduction. This is expected to have a positive impact on large insurers whose profitability was significantly affected by interest rate margin deficiencies. Additionally, the response capability to K-ICS appears to be favourable, as the previous distortion of the RBC ratio, where assets were evaluated at market value and liabilities at cost, is resolved. Insurers whose RBC ratios significantly dropped due to increased valuation losses on FVOCI securities are expected to see a recovery in their capital ratios with the introduction of K-ICS. However, if the proportion of risky assets is high and required capital increases substantially, or if the quality of held contracts is low or financial structures are unfavourable due to rising interest rates (asset duration is higher than liability duration), the K-ICS ratio may be considerably lower than the previous RBC ratio.

In this context, the financial authorities plan to continuously monitor the impact of IFRS 17 and K-ICS implementation on insurance companies. They will consider industry opinions, the preparedness of insurance companies, and their capacity to adopt these changes to ensure a smooth transition. In March 2025, the FSC and the FSS announced a plan to lower the recommended K-ICS ratio for insurance companies from 150% by 10% to 20% to ease the financial burden from increased capital requirements under IFRS 17, while introducing regulations for a basic capital K-ICS ratio to improve the quality of capital. Currently, it is challenging to reliably predict the impact of IFRS 17 and K-ICS on our company, but we plan to closely monitor future system changes.

Disclosure Requirements

An insurance company is required to disclose the following information within three months of the closing of its books, **provided that**, any material relating to a quarterly period must be disclosed within two months:

- information relating to finances, profits and losses;
- information relating to financing and management of funds;
- information on corporate structure and personnel;
- management indexes relating to stability, profitability and productivity;
- information relating to risk management, including establishment and management of risk management standards under the Corporate Governance Act;
- any decision to modify accounting standards that may have a material effect; and
- any matter that may have a material effect on the company's related parties.

An insurance company is also required to disclose the details relating to any of the following immediately upon such occurrence:

- measures taken under Article 123(2) of the Insurance Business Act, such as the receipt of an order to increase capital or placing limits on holding of risky assets;
- measures taken under Article 131(1) of the Insurance Business Act to protect the interests of existing policyholders and the insured;
- measures taken under Article 134 of the Insurance Business Act due to an insurance company's failure to comply with the laws and regulations applicable to the insurance business;
- measures taken under Article 10 of the Act on the Structural Improvement of the Financial Industry (timely corrective measures taken by the FSC) or Article 14 of the Act on the Structural Improvement of the Financial Industry (administrative disposition by the FSC);
- information relating to insurance products, such as terms of insurance contracts, business operations manuals, insurance premiums, return premiums and schedule of basic rates;
- emergency measures taken against an insurance company by the FSC; and
- in case of non-listed insurance companies, matters which (i) have a material impact on the financial structure, management environment, assets and liabilities or claims and obligations of such company; or (ii) involve investment, shareholding relationship, profit and loss structure and other information which may have a material impact on such company's business management.

RESTRICTIONS UNDER THE INSURANCE BUSINESS ACT APPLICABLE TO AFFILIATES AND SUBSIDIARIES

Under the Insurance Business Act, insurance companies are prohibited from engaging directly or indirectly in the following acts with any of its large shareholders (including specially related persons): (i) extending any credit for the purpose of assisting such shareholder in making an equity investment in another company; (ii) transferring any assets to such shareholder without receiving any consideration; or (iii) engaging in dealings or exchanges with, extending credit to, or receiving insurance premiums from or executing reinsurance contracts with, such shareholder on terms that are significantly disadvantageous to the insurance company. In addition, in order for an insurance company to extend credit to, or acquire bonds or shares issued by, any of its large shareholders in an amount exceeding the lesser of 0.1% of such company's equity capital and Won 1 billion, prior approval by a unanimous vote of such company's board of directors is required. When calculating such threshold amount, the amount of the shares issued by a large shareholder that the insurance company acquires through transactions on the KRX KOSPI Market, the KRX KOSDAQ Market or analogous stock market located outside of Korea shall not be taken into consideration. Following the consummation of such transaction, the insurance company is required to immediately report the transaction to the FSC and publicly disclose it, including by publication on the company's website.

Insurance companies are prohibited from transferring to, purchasing from or exchanging with their subsidiaries any assets, or extending credit to their subsidiaries, on terms that substantially differ from the prevailing market standards. Insurance companies also may not extend credit that is secured by any shares owned by their subsidiaries, or extend credit in support of any investment made by their subsidiaries in other companies. Insurance companies are also generally prohibited from extending loans to officers or employees of their subsidiaries.

The Personal Debtor Protection Act

The Personal Debtor Protection Act was legislated in January 2024 and enforced from 17 October 2024 in order to regulate the overall management of personal financial claims (monetary claims held by financial companies against debtors who are individuals and not corporations) after delinquency.

Under the Personal Debtor Protection Act, when a financial company intends to accelerate loans, transfer claims, or apply for a housing auction, it must notify the debtor 10 business days in advance of such fact, together with the opportunity to adjust the debt.

The Personal Debtor Protection Act prohibits the imposition of late payment charges to deferred interest for the portion of the debt that would not have been due had the loan not been accelerated, when accelerating the loan in the case of delinquency. In addition, financial companies must waive future interest claims arising from personal financial claims that are impossible or significantly improbable to recover, prior to transferring such claims.

The Act prohibits collecting personal financial claims, etc., for which the debt settlement procedure has not been completed, and mandates financial companies to keep debtors informed of the fact that collection is scheduled to commence and how to exercise the right of defence before initiating the debt collection procedure. Additionally, a limit is adopted for contacting debtors for debt collection, which should not exceed seven times a week, and in principle, if a personal financial debtor requests not to contact at a specific time or by a specific means, the financial companies must follow such request.

When a financial company transfers personal financial claims that have been overdue for more than a period prescribed by Presidential Decree of at least one month, it must evaluate whether the transferee is capable of debt collection in terms of size and expertise of personnel, and establish internal standards for the transfer of claims.

Also, when a financial company entrusts the collection of personal financial claims, it must notify the debtor of such entrustment, evaluate and supervise the debt collection company, and establish internal standards for the entrustment of debt collection.

Furthermore, a personal financial debtor may request a financial company to adjust his/her debt if the personal financial debt is overdue, and if the financial company receives a request for debt adjustment from the personal financial debtor, it must notify the financial company of the details of the decision within 10 business days from the date of receiving the request.

This may impact the collection process and the amount recoverable from our loan products. Therefore, there is no assurance that the Personal Debtor Protection Act will not adversely affect our loan business operations.

TAXATION

The following summary is based upon the tax laws of Korea and the United States as in effect on the date of this offering circular, and is subject to any change in the tax laws of Korea or the United States that may come into effect after such date. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the Securities. Investors in the Securities are advised to consult their own tax advisers as to the tax consequences under the tax laws of Korea or the United States or any other consequences of the purchase, ownership and disposition of the Securities, including the effect of any national, state or local tax laws.

KOREAN TAXATION

The following discussion only applies to non-resident individuals and non-Korean corporations ("**Non-Residents**") who do not have a permanent establishment in Korea and for whom the income of the Securities is not effectively connected with a Korean trade or business. Non-Residents that have a permanent establishment in Korea or for whom the income on the Securities is effectively connected with a Korean trade or business should consult their tax advisors with respect to an investment in the Securities.

Tax on Interest

In principle, interest paid to a Non-Resident by a Korean company is subject to withholding of Korean income tax or corporation tax at the rate of 14% and a local income tax at the rate of 10% of the income tax or corporation tax (raising the total tax rate to 15.4%) unless reduced or exempted by relevant laws or tax treaties. However, the Special Tax Treatment Control Law of Korea (the "**STTCL**") exempts payments of interest on notes, such as Interest paid on the Securities, denominated in a foreign currency (excluding payments to a Korean corporation or resident or a permanent establishment of a Non-Resident) from Korean income tax or corporation tax, provided that the offering of the Securities is deemed to be an overseas issuance under the STTCL.

Tax rates may be reduced or exempted by applicable tax treaties, conventions or agreements between Korea and the country of the recipient of the interest. The relevant tax treaties are summarised below.

Tax on Redemption due to Gross-Up Event

It is not entirely clear under the Korean tax law whether the payment of the make whole amount by the Issuer in excess of the principal amount and any accrued but unpaid Interest on such principal amount upon redemption of the Securities in case of a Gross-Up Event will be treated as interest, capital gains or possibly other income. Based on previous rulings from the Korean tax authorities, however, it is likely that such excess portion will be treated as interest, in which case the above discussion on tax on interest would be applicable. Please refer to "*– Tax on Capital Gains*" below for the tax consequences in case such excess portion will be classified as capital gains. If treated as other income, the excess portion will be subject to Korean withholding tax at the rate of 22% (including local income tax) unless exempt under an applicable Korean tax treaty. In the event such excess portion is subject to Korean withholding tax, the Issuer is obliged to pay additional amounts to ensure that, after the deduction or withholding of such withholding tax, the amount that would otherwise have been received by the Holder of the Securities in respect of the relevant payment in the absence of such deduction or withholding of such withholding tax is received by the Holder of the Securities, subject to certain exceptions as set out in Condition 7 of the "*Terms and Conditions*."

Tax on Capital Gains

Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident without a permanent establishment in Korea from the sale of the Securities to other Non-Residents (unless the sale is to the Non-Resident's permanent establishment in Korea). In addition, capital gains earned by Non-Residents from the transfer of the Securities taking place outside of Korea are currently exempt from taxation by virtue of the STTCL, provided that the issuance of the Securities is deemed to be an overseas issuance and foreign currency denominated under the STTCL.

Where a Non-Resident sells Securities in Korea or to the permanent establishment in Korea of a Non-Resident, in the absence of an applicable treaty or any other special tax laws reducing or eliminating capital gains tax, the applicable rate of tax is the lower of 11% (including local income tax) of the gross realisation proceeds (the "**Gross Realisation Proceeds**") or, subject to the production of satisfactory evidence of the acquisition cost and transferring expenses of the Securities, 22% (including local income tax) of the gain made. The gain is calculated as the Gross Realisation Proceeds less the acquisition cost and direct cost related to the acquisition and transfer. Unless the seller can claim the benefit of an exemption of tax under an applicable treaty and in the absence of the seller producing satisfactory evidence of its acquisition cost and direct cost related to the acquisition and transfer in relation to the Korean securities being sold, the purchaser or any other designated withholding agents of the Securities, as applicable, must withhold an amount equal to 11% (including local income tax) of the Gross Realisation Proceeds.

Any withheld tax must be paid no later than the tenth day of the month following the month in which the payment for the purchase of the Securities occurred. Failure to timely transmit the withheld tax to the Korean tax authorities technically subjects the purchaser or the withholding agent to penalties under Korean tax law.

Inheritance Tax and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was domiciled in Korea or resided in Korea for at least 183 days immediately prior to the death and (b) all property located in Korea which passes on death (irrespective of the domicile of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the tax rates vary from 10% to 50% according to the value of the relevant property and the identity of the persons involved.

Under Korean inheritance and gift tax laws, notes issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned.

At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Stamp Duty and Securities Transaction Tax

No stamp, issue or registration duties will be payable in Korea by the holders of the Securities in connection with the issue or transfer of the Securities as long as the relevant documents are executed outside of Korea. No securities transaction tax will be imposed on the transfer of the Securities.

Tax Treaties

As of the date of this offering circular, Korea has tax treaties with over 70 countries including, *inter alia*, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, the People's Republic of China, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America under which the rate of withholding tax on interest is reduced, generally to between approximately 5% and 16.5% (including local income tax), and the tax on capital gains is often eliminated. Under the Korea-U.S. Tax Treaty, the rate of withholding tax on interest may not exceed 13.2% (including local income tax) and capital gains generally may not be subject to tax. Each holder of the Securities should consult his or her own tax advisors as to whether he or she is entitled to the benefit of a tax treaty with Korea with respect to any transaction involving the Securities.

In order to claim the benefit of a tax rate reduction or tax exemption available under the applicable tax treaties, a Non-Resident holder should submit to the payer of such Korean source income an application (for reduced withholding tax rate, "application for entitlement to reduced tax rate" and in the case of exemption from withholding tax, "application for exemption" under a tax treaty along with the documents proving the beneficial owner of such Korean source income including a certificate of the non-resident holder's tax residence issued by a competent authority of the Non-Resident holder's residence country) as the beneficial owner ("**BO Application**"). Such application should be submitted to the withholding agent prior to the payment date of the relevant income. Subject to certain exceptions, where the relevant income is paid to an overseas investment vehicle (which is not the beneficial owner of such income) ("**OIV**"), a beneficial owner claiming the benefit of an applicable tax treaty with respect to such income must submit its BO Application to such OIV, which must submit an OIV report and a schedule of beneficial owners (together with the applicable BO Application) to the withholding agent prior to the payment date of such income. Effective from 1 January 2022, an OIV is deemed to be a beneficial owner of Korean source income for income tax purposes, if (i) under the applicable tax treaty, the OIV bears tax liabilities in the country in which it is established or the OIV is deemed to be the owner of the Korean source income; and (ii) the Korean source income is eligible for the treaty benefits under the tax treaty. The benefits under a tax treaty between Korea and the country of such OIV's residence will apply with respect to the relevant income paid to such OIV, subject to certain application requirements as prescribed by the Korean tax law. In the case of a tax exemption application, the withholding agent is required to submit such application (together with the applicable OIV report in the case of income paid to an OIV) to the relevant district tax office by the ninth day of the month following the date of the payment of such income.

SUBSCRIPTION AND SALE

Under the terms and subject to the conditions contained in a subscription agreement dated as of 28 April 2025 (the "**Subscription Agreement**") by and among us and The Hongkong and Shanghai Banking Corporation Limited, Mizuho Securities Asia Limited and Morgan Stanley & Co. International plc, the Joint Lead Managers, have agreed to purchase from us, and we have agreed to sell to the Joint Lead Managers, the aggregate principal amount of the Securities.

The Subscription Agreement provides that the obligation of the Managers to take and pay for the Securities is subject to the approval of certain legal matters by its counsel and certain other conditions. The Managers have agreed to take and pay for all of the Securities if any are taken. The Managers propose to offer the Securities initially at the price indicated on the cover page of this Offering Circular. After the offering, the offering price and other selling terms may be varied from time to time by the Managers. The Managers may offer and sell the Securities through certain of its affiliates and may provide to such affiliates an opportunity to purchase some of the Securities in the initial offering.

The Securities are a new issue of securities with no established trading market. Approval in-principle has been received from the SGX-ST for the listing and quotation of the Securities on the SGX-ST. We have been advised that the Managers presently intend to make a market in the Securities, as permitted by applicable laws and regulations. The Managers are not obligated, however, to make a market in the Securities, and any such market-making may be discontinued at any time without prior notice at the sole discretion of the Managers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Securities.

In connection with the offering of the Securities, the Managers have advised that they may purchase and sell Securities in the open market. These transactions may include short sales, stabilising transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Managers of a greater number of Securities than they are required to purchase in the offering. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while the offering is in progress. These activities by the Managers may stabilise, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market.

The Managers and certain of their respective affiliates have in the past performed and may in the future perform certain investment banking, commercial/corporate banking and advisory services for us and/or our affiliates from time to time for which they have received or will receive customary fees and expenses and may, from time to time, engage in transactions with us and/or our affiliates in the ordinary course of business. We may enter into hedging or other derivative transactions as part of our risk management strategy with the Managers, which may include transactions relating to our obligations under the Securities.

We have agreed to provide to the Managers certain customary fees or discounts for their services in connection with the offering of the Securities and to reimburse the Managers for certain out-of-pocket expenses.

Persons who purchase Securities from the Managers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page of this Offering Circular.

The Subscription Agreement provides that we will indemnify and hold harmless the Managers against certain liabilities, including liabilities under the Securities Act. We have agreed not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Subscription Agreement, any non-Won denominated debt securities (other than the Securities) outside Korea of our company or of our subsidiaries guaranteed by our company with a tenor of more than one year during the period from the date of the Subscription Agreement through and including the date 90 days after the date of the Subscription Agreement, without the prior written consent of the Managers.

The Managers or certain of their respective affiliates may purchase the Securities and be allocated Securities for asset management and/or proprietary purposes and not with a view to distribution.

The Managers or their respective affiliates may purchase the Securities and/or other securities of our company for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Securities and/or other securities of our company or our subsidiaries or associates at the same time as the offer and sale of the Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Securities).

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Securities. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any UK MiFIR product governance language set out elsewhere in this offering circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Securities (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Securities.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Securities, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: hk_syndicate_omnibus@hsbc.com.hk; Omnibus_Bond@hk.mizuho-sc.com; DCM_Korea@hk.mizuho-sc.com; omnibus_debt@morganstanley.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

SELLING RESTRICTIONS

United States

The Securities have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Securities are being offered and sold outside of the United States in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Switzerland

The offering of the Securities in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**"). The Securities will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Offering Circular does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Securities.

Hong Kong

Each Manager has represented and agreed that:

(a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Securities other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Securities which are, or are intended to be, disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Securities have not been, and will not be, registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Korea

The Securities have not been and will not be registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Securities may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transactions Act of Korea and the Enforcement Decree thereof) or to others for re-offering, resale or re-delivery, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations. In addition, during the first year after the issuance of the Securities, the Securities may not be transferred to any resident of Korea other than a Korean qualified institutional buyer (a "**Korean QIB**", as defined in the Regulation on Issuance of Securities and Public Disclosure of Korea) who is registered with the Korea Financial Investment Association (the "**KOFIA**") as a Korean QIB, provided that (a) the Securities are denominated, and the principal and interest payments thereunder are made, in a currency other than Korean Won, (b) the amount of the Securities acquired by the Korean QIBs in the primary market is limited to not more than 20 per cent. of the aggregate principal amount of the Securities, (c) the Securities are listed on one of the major overseas securities markets designated by the Financial Supervisory Service of Korea, or certain procedures, such as registration or report with a foreign financial investment regulator of the country in which any major overseas securities market is established, have been completed for offering of the Securities, (d) the one-year restriction on transfer of the Securities to any resident of Korea other than a Korean QIB is expressly stated in the Securities, the relevant subscription agreement and the offering circular, and (e) the Issuer and the Managers shall individually or collectively keep the evidence of fulfilment of conditions (a) through (d) above after having taken necessary actions therefor.

Canada

The Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 – Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfers of the Securities.

Transfer Restrictions under Korean Law

Each purchaser of the Securities, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

(a) The Securities have not been and will not be registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Securities may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transactions Act of Korea and the Enforcement Decree thereof) or to others for re-offering, resale or re-delivery, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations. In addition, during the first year after the issuance of the Securities, the Securities may not be transferred to any resident of Korea other than a Korean QIB who is registered with the KOFIA as a Korean QIB, provided that (a) the Securities are denominated, and the principal and interest payments thereunder are made, in a currency other than Korean Won, (b) the amount of the Securities acquired by the Korean QIBs in the primary market is limited to not more than 20 per cent. of the aggregate principal amount of the Securities, (c) the Securities are listed on one of the major overseas securities markets designated by the Financial Supervisory Service of Korea, or certain procedures, such as registration or report with a foreign financial investment regulator of the country in which any major overseas securities market is established, have been completed for offering of the Securities, (d) the one-year restriction on transfer of the Securities to any resident of Korea other than a Korean QIB is expressly stated in the Securities, the relevant subscription agreement and the offering circular and (e) the Issuer and the Managers shall individually or collectively keep the evidence of fulfilment of conditions (a) through (d) above after having taken necessary actions therefor.

(b) The Securities will bear legends to the effect described in paragraph (a) above.

Other Transfer Restrictions Applicable to the Securities

The Securities have not been and will not be registered under the Securities Act. The Securities may not be offered or sold to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Except in certain limited circumstances, interests in the Securities may only be held through interests in the Global Certificate. Such interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg and their respective direct and indirect participants. See "*Terms and Conditions*" and "*The Global Certificate.*"

Each purchaser of the Securities, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

(a) The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States or any other jurisdiction and are subject to significant restrictions on transfer.

(b) Until forty (40) days after the commencement of offering of the Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

(c) Such purchaser will not offer, sell, pledge or otherwise transfer any interest in the Securities except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

(d) The Securities will bear legends to the following effect, unless the Issuer determines otherwise in compliance with applicable law, and such purchaser will observe the restrictions contained therein:

THE SECURITIES EVIDENCED HEREBY (THE "**SECURITIES**") OF TONGYANG LIFE INSURANCE CO., LTD. (THE "**ISSUER**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**").

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE ENFORCEMENT DECREE THEREOF) OR TO OTHERS FOR RE-OFFERING, RESALE OR RE-DELIVERY, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE SECURITIES, THE SECURITIES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QUALIFIED INSTITUTIONAL BUYER (A "KOREAN QIB", AS DEFINED IN THE REGULATION ON ISSUANCE OF SECURITIES AND PUBLIC DISCLOSURE OF KOREA) WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION (THE "KOFIA") AS A KOREAN QIB, PROVIDED THAT (A) THE SECURITIES ARE DENOMINATED, AND THE PRINCIPAL AND INTEREST PAYMENTS THEREUNDER ARE MADE, IN A CURRENCY OTHER THAN KOREAN WON, (B) THE AMOUNT OF THE SECURITIES ACQUIRED BY THE KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NOT MORE THAN 20 PER CENT. OF THE AGGREGATE PRINCIPAL AMOUNT OF THE SECURITIES, (C) THE SECURITIES ARE LISTED ON ONE OF THE MAJOR OVERSEAS SECURITIES MARKETS DESIGNATED BY THE FINANCIAL SUPERVISORY SERVICE OF KOREA, OR CERTAIN PROCEDURES, SUCH AS REGISTRATION OR REPORT WITH A FOREIGN FINANCIAL INVESTMENT REGULATOR OF THE COUNTRY IN WHICH ANY MAJOR OVERSEAS SECURITIES MARKET IS ESTABLISHED, HAVE BEEN COMPLETED FOR OFFERING OF THE SECURITIES, (D) THE ONE-YEAR RESTRICTION ON TRANSFER OF THE SECURITIES TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QIB IS EXPRESSLY STATED IN THE SECURITIES, THE RELEVANT SUBSCRIPTION AGREEMENT AND THE OFFERING CIRCULAR AND (E) THE ISSUER AND THE MANAGERS SHALL INDIVIDUALLY OR COLLECTIVELY KEEP THE EVIDENCE OF FULFILLMENT OF CONDITIONS (A) THROUGH (D) ABOVE AFTER HAVING TAKEN NECESSARY ACTIONS THEREFOR.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon for us by Shin & Kim LLC, our Korean counsel, and for the Managers by Linklaters LLP, their special English counsel. Linklaters LLP may rely as to all matters of Korean law on the opinion of Shin & Kim LLC. Shin & Kim LLC may rely as to all matters of English law on the opinion of Linklaters LLP.

INDEPENDENT AUDITOR

Our consolidated financial statements as of and for the years ended 31 December 2023 and 2024 have been audited by Ernst & Young Han Young, independent auditor, as stated in their audit reports included in this Offering Circular.

INDEX TO FINANCIAL STATEMENTS

EY 한영
Shape the future
with confidence

Ernst & Young Han Young
2-3F, 7-8F, Taeyoung Building, 111, Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
TONG YANG Life Insurance Co., Ltd., and its subsidiaries

Opinion

We have audited the consolidated financial statements of TONG YANG Life Insurance Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income or loss, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2024, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2024 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2024, based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and and our report dated March 13, 2025 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. 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 that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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Assumption on risk rate applied in the valuation of insurance contract liabilities

As described in Note 2 (Basis of Preparation and Material Accounting Policies) to the consolidated financial statements, the Group's insurance contract liabilities consist of i) the fulfillment cash flows related to services to be provided in the future under the insurance contracts currently held by the Group, ii) contractual service margin, and iii) the fulfillment cash flows for claims and expenses arising from the insured event having incurred but not yet paid.

As explained in Note 3 (Material Accounting Judgments, Estimates and Assumptions) to the consolidated financial statements, the measurement of fulfillment cash flows for insurance contracts not measured by the premium allocation approach is influenced by the assumptions that the Group as an insurance company decides at the reporting date, among which the risk rate is the most significant item that includes management's significant judgment related to the estimation of future claim payments over the insurance period. Therefore, it has been determined as a key audit matter requiring our significant attention.

Main audit procedures performed by the Group regarding the risk rate assumption applied in the measurement of insurance contract liabilities at the end of the reporting period are as follows:

- Understanding the Group's procedures and criteria related to the calculation of the risk rate assumption and corroborating whether the calculation criteria used by the Group complies with the Regulation on Supervision of Insurance Business and the Detailed Regulations on Supervision of Insurance Business of the Republic of Korea;
- Understanding the internal controls related to the calculation of the risk rate assumption and evaluating the effectiveness of design and operation of the internal controls;
- Inspecting missing data and errors in mapping by corroborating the consistency of the basic data used in the calculation of the risk rate assumption by comparing it with the Group's actuarial settlement system data and related specifications;
- Inspecting missing data and errors in mapping by corroborating the consistency between the results of the risk rate assumption calculation and the amounts in the cash flow model input table that uses the risk rate assumption; and
- Inspecting the occurrence of errors by comparing the result of recalculation performed by the auditor and the result of calculation performed by the Group with regards to the detailed items of the risk rate assumption.

Other matters

The consolidated financial statements for the year ended December 31, 2023, presented for comparative purposes, and the consolidated statement of financial position as of January 1, 2023 have been retrospectively restated to reflect the changes in accounting policies described in Note 2.

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 KIFRS, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Sungyoun Hwang.

Ernst & Young Han Young

March 13, 2025

This audit report is effective as of March 13, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

TONG YANG Life Insurance Co., Ltd.

and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2024

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

Moon Koo, Lee
Chief Executive Officer
TONG YANG Life Insurance Co., Ltd.

TONG YANG LIFE INSURANCE CO., LTD. AND ITS SUBSIDIARIES

Consolidated statements of financial position

As of December 31, 2024 and 2023

(In Korean won)	Note		December 31, 2024	December 31, 2023	January 1, 2023
Assets					
Cash and cash equivalents	4, 6, 12	₩	269,107,843,866	961,674,860,600	602,036,177,820
Financial assets measured at fair value through profit or loss	5, 6, 12		5,857,335,621,093	5,497,372,576,031	8,737,984,706,891
Financial assets at fair value through other comprehensive Income	5, 6, 12		20,037,393,225,611	18,570,667,309,792	14,891,876,989,609
Financial assets measured at amortized cost	5, 6, 12		7,068,086,087,690	7,223,395,892,458	7,520,218,967,213
Derivative financial assets designated as hedges	5, 6		92,073,177,878	132,750,696,712	186,232,672,665
Investments in associates	7		51,642,754,136	-	-
Property and equipment	8		91,013,598,937	59,257,060,904	70,942,949,235
Investment properties	9		307,249,469,873	308,301,929,957	274,193,609,234
Intangible assets	10		18,704,735,364	19,978,127,658	24,801,360,047
Net defined benefit assets	17		-	-	4,895,343,798
Current tax assets	28		90,436,303,282	81,981,724,682	81,997,677,986
Deferred tax assets	28		205,199,525,497	-	-
Other assets	11		9,842,572,567	1,723,966,299	2,033,217,682
Reinsurance contract assets	13		449,126,940,456	12,333,245,076	31,868,571,896
Total assets			34,547,211,856,250	32,869,437,390,169	32,429,082,244,076

(continued)

TONG YANG LIFE INSURANCE CO., LTD. AND ITS SUBSIDIARIES
Consolidated statements of financial position, Continued
As of December 31, 2024 and 2023

(In Korean won)	Note		December 31, 2024	December 31, 2023	January 1, 2023
Liabilities					
Insurance contract liabilities	13	₩	28,221,455,749,061	26,417,000,323,931	26,240,368,974,589
Reinsurance contract liabilities	13		11,136,160,827	8,909,175,948	7,542,004,265
Investment contract liabilities	6, 15		3,469,088,291,050	3,058,395,190,919	2,463,630,677,044
Policyholders' equity adjustments	14		3,145,246,036	(1,676,958,492)	793,074,690
Financial liabilities measured at fair value through profit or loss	6		431,893,518	19,227,102,683	465,774,519
Financial liabilities measured at amortized cost	6, 15		365,528,379,807	253,263,801,723	336,931,245,105
Derivative financial liabilities designated as hedges	5, 6		424,941,663,781	53,139,376,109	209,950,122,433
Provisions	16		19,720,722,325	18,770,505,840	27,479,870,441
Net defined benefit liabilities	17		16,301,719,512	6,349,290,589	135,943,102
Deferred tax liabilities	28		-	91,282,053,698	117,472,288,135
Other liabilities	18		48,767,424,757	40,810,940,077	31,780,225,067
Total liabilities		₩	32,580,517,250,674	29,965,470,803,025	29,436,550,199,390
Stockholders' equity					
Capital stock	20		806,792,925,000	806,792,925,000	806,792,925,000
Capital surplus	20		463,680,391,349	463,680,391,349	463,680,391,349
Hybrid security bond	20		344,567,360,747	344,567,360,747	344,572,058,588
Capital adjustments	20		(60,260,611,553)	(60,666,659,540)	(60,806,002,790)
Accumulated other comprehensive income (loss)	5		(1,105,490,514,099)	56,853,824,906	364,628,841,418
Retained earnings	20		1,517,405,054,132	1,292,738,744,682	1,073,663,831,121
Equity attributable to owners of the Parent			1,966,694,605,576	2,903,966,587,144	2,992,532,044,686
Equity attributable to non-controlling interests					
Total stockholders' equity			1,966,694,605,576	2,903,966,587,144	2,992,532,044,686
Total liabilities and equity			34,547,211,856,250	32,869,437,390,169	32,429,082,244,076

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

TONG YANG LIFE INSURANCE CO., LTD. AND ITS SUBSIDIARIES
Consolidated statements of comprehensive income or loss
For each of the two years in the period ended December 31, 2024

(In Korean won)

	Note		2024	2023
Ⅰ. Operating income	13,21			
1. Operating income from insurance contracts		₩	1,233,613,962,236	1,131,389,699,633
(1) Insurance income			1,186,510,718,065	1,107,194,272,077
(2) Reinsurance income			47,103,244,171	24,195,427,556
2. Operating expense from insurance contracts			1,002,824,400,256	955,419,967,098
(1) Insurance expenses			883,828,068,783	851,905,690,815
(2) Reinsurance expenses			41,345,518,245	17,953,772,930
(3) Other operating expense			77,650,813,228	85,560,503,353
			230,789,561,980	175,969,732,535
Ⅱ. Investment income				
1. Investment income	22, 23, 24, 25, 30		2,265,833,601,837	2,119,431,283,498
(1) Insurance finance income from insurance contracts issued recognized in profit or loss			514,922,806	647,468,881
(2) Finance income from reinsurance contracts held recognized in profit or loss			7,142,640,596	315,441,843
(3) Interest income			995,307,446,197	924,035,710,468
(4) Dividend income			4,685,062,997	596,672,369
(5) Gain from financial assets measured at fair value through profit or loss			323,215,749,890	594,802,475,626
(6) Gain from financial assets measured at fair value through other comprehensive income			94,123,535,686	2,975,698,262
(7) Gain on financial assets at amortized cost			89,875,585	1,716,898,506
(8) Foreign exchange gain	12		613,192,810,803	209,150,572,844
(9) Gain from derivatives			29,526,806,323	167,653,911,720
(10) Commission income			50,216,641,715	49,288,884,133
(11) Other investment income	25		147,818,109,239	168,247,548,846
2. Investment expense	22, 23, 25, 26, 30		2,128,565,005,762	2,001,148,634,859
(1) Insurance finance expenses from insurance contracts issued recognized in profit or loss			954,222,661,894	1,105,915,137,106
(2) Interest expense from financial liabilities			132,245,571,549	134,034,180,377
(3) Loss on financial assets measured at fair value through profit or loss			336,269,979,945	271,029,815,494
(4) Loss on financial assets measured at fair value through other comprehensive income			4,020,868,656	2,940,119,151
(5) Loss on financial assets at amortized cost			-	1,664,361
(6) Provision of loss allowance for credit losses			8,422,281,693	57,533,547,892
(7) Foreign exchange loss	12		3,271,418,419	47,634,563,693
(8) Loss on derivatives			662,711,083,752	354,834,624,838
(9) Property management expenses			4,454,766,395	4,496,061,064
(10) Other investment expenses	25		22,946,373,459	22,728,920,883
		₩	137,268,596,075	118,282,648,639
Ⅲ. Profit from operating activities			368,058,158,055	294,252,381,174
Ⅳ. Non-operating income	27		29,240,173,301	14,257,789,999
Ⅴ. Non-operating expense	27		26,244,147,320	850,906,115
Ⅵ. Profit before tax			371,054,184,036	307,659,265,058

(continued)

			2024	2023
Ⅶ. Income tax expense	28		56,760,749,775	67,832,855,320
Ⅷ. Profit for the period			314,293,434,261	239,826,409,738
Ⅸ. Other comprehensive income (loss)	5			
1. Other comprehensive income (loss) that will be reclassified to profit or loss, net of tax			(1,171,946,224,140)	(323,320,028,225)
(1) Gain on valuation of debt securities at fair value through other comprehensive income			174,620,280,915	769,899,834,859
(2) Gain on valuation of cash flow hedge derivative			62,766,693,835	51,027,058,227
(3) Net financial income (expenses) from insurance contract assets (liabilities)			(1,442,630,160,241)	(1,121,304,812,252)
(4) Net financial income (expenses) from reinsurance contract assets (liabilities)			33,296,961,351	(22,942,109,059)
2. Other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax			9,554,951,062	15,545,011,713
(1) Gain (loss) on valuation of equity securities at fair value through other comprehensive income			19,261,177,985	22,717,920,717
(2) Gain (loss) on revaluation of property and equipment, right-of-use assets and intangible assets			7,626,281	9,225
(3) Remeasurements of the net defined benefit liabilities	17		(9,713,853,204)	(7,172,918,229)
		₩	(1,162,391,273,078)	(307,775,016,512)
X. Total comprehensive income (loss)		₩		
1. Total comprehensive income (loss) attributable to owners of the Parent			(848,097,838,817)	(67,948,606,774)
2. Total comprehensive income (loss) attributable to non-controlling interest			-	-
			(848,097,838,817)	(67,948,606,774)
Basic and diluted earnings per share (in Korean won)			2,015	1,538

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

TONG YANG LIFE INSURANCE CO., LTD. AND ITS SUBSIDIARIES
Consolidated statements of changes in equity
For each of the two years in the period ended December 31, 2024

(In Korean won)

	Note		Equity attributable to owners of the Parent								
			Capital stock	Capital surplus	Hybrid security bonds	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance as of January 1, 2023 (Before adjustment)		₩	806,792,925,000	463,680,391,349	344,572,058,588	(60,806,002,790)	1,526,855,429,597	1,778,495,002,383	4,859,589,804,127	-	4,859,589,804,127
Impact of changes in accounting policies			-	-	-	-	(1,162,226,588,179)	(704,831,171,262)	(1,867,057,759,441)	-	(1,867,057,759,441)
January 1, 2023 (After adjustment)			806,792,925,000	463,680,391,349	344,572,058,588	(60,806,002,790)	364,628,841,418	1,073,663,831,121	2,992,532,044,686	-	2,992,532,044,686
Transactions with shareholders recorded directly in the equity:											
Impact of changes in tax rate			-	-	(4,697,841)	-	-	-	(4,697,841)	-	(4,697,841)
Dividends to hybrid bond holders	20		-	-	-	-	-	(20,751,496,177)	(20,751,496,177)	-	(20,751,496,177)
Disposal of treasury stock	20		-	-	-	139,343,250	-	-	139,343,250	-	139,343,250
Total comprehensive income:											
Net income			-	-	-	-	-	239,826,409,738	239,826,409,738	-	239,826,409,738
Gain on valuation of debt securities at fair value through other comprehensive income	5		-	-	-	-	769,899,834,859	-	769,899,834,859	-	769,899,834,859
Gain on valuation of equity securities at fair value through other comprehensive income	5		-	-	-	-	22,717,920,717	-	22,717,920,717	-	22,717,920,717
Gain on valuation of cash flow hedge derivatives	5		-	-	-	-	51,027,058,227	-	51,027,058,227	-	51,027,058,227
Net financial expenses from insurance contract assets (liabilities)	13		-	-	-	-	(1,121,304,812,252)	-	(1,121,304,812,252)	-	(1,121,304,812,252)
Net financial expenses from reinsurance contract assets (liabilities)	13		-	-	-	-	(22,942,109,059)	-	(22,942,109,059)	-	(22,942,109,059)
Asset revaluation surplus	14		-	-	-	-	9,225	-	9,225	-	9,225
Remeasurement of the net defined benefit liabilities	17		-	-	-	-	(7,172,918,229)	-	(7,172,918,229)	-	(7,172,918,229)
Balance as of December 31, 2023		₩	806,792,925,000	463,680,391,349	344,567,360,747	(60,666,659,540)	56,853,824,906	1,292,738,744,682	2,903,966,587,144	-	2,903,966,587,144

(continued)

TONG YANG LIFE INSURANCE CO., LTD. AND ITS SUBSIDIARIES
Consolidated statements of changes in equity, Continued
For each of two years in the period ended December 31, 2024

(In Korean won)

	Note		Equity attributable to owners of the Parent							
			Capital stock	Capital surplus	Hybrid security bonds	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance as of January 1, 2024		₩	806,792,925,000	463,680,391,349	344,567,360,747	(60,666,659,540)	56,853,824,906	1,292,738,744,682	2,903,966,587,144	-	2,903,966,587,144
Transactions with shareholders recorded directly in the equity:											
Annual dividends			-	-	-	-	-	(62,378,105,200)	(62,378,105,200)	-	(62,378,105,200)
Dividends to hybrid bond holders	20		-	-	-	-	-	(21,026,018,713)	(21,026,018,713)	-	(21,026,018,713)
Disposal of treasury stock	20		-	-	-	406,047,987	-	-	406,047,987	-	406,047,987
Others						-	-	(6,176,066,825)	(6,176,066,825)		(6,176,066,825)
Total comprehensive income:											
Net income			-	-	-	-	-	314,293,434,261	314,293,434,261	-	314,293,434,261
Loss on valuation of debt securities at fair value through other comprehensive income	5		-	-	-	-	174,620,280,915	-	174,620,280,915	-	174,620,280,915
Loss on valuation of equity securities at fair value through other comprehensive income	5		-	-	-	-	19,261,177,985	-	19,261,177,985	-	19,261,177,985
Reclassification of gain(loss) on valuation of financial assets at fair value through other comprehensive income to equity			-	-	-	-	46,934,073	(46,934,073)	-	-	-
Loss on valuation of cash flow hedge derivatives	5		-	-	-	-	62,766,693,835	-	62,766,693,835	-	62,766,693,835
Net financial expenses from insurance contract assets (liabilities)	13		-	-	-	-	(1,442,630,160,241)	-	(1,442,630,160,241)	-	(1,442,630,160,241)
Net financial expenses from reinsurance contract assets (liabilities)	13		-	-	-	-	33,296,961,351	-	33,296,961,351	-	33,296,961,351
Asset revaluation surplus	14		-	-	-	-	7,626,281	-	7,626,281	-	7,626,281
Remeasurement of the net defined benefit liabilities	17		-	-	-	-	(9,713,853,204)	-	(9,713,853,204)	-	(9,713,853,204)
Balance as of December 31, 2024		₩	806,792,925,000	463,680,391,349	344,567,360,747	(60,260,611,553)	(1,105,490,514,099)	1,517,405,054,132	1,966,694,605,576	-	1,966,694,605,576

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

TONG YANG LIFE INSURANCE CO., LTD. AND ITS SUBSIDIARIES
Consolidated statements of cash flows
For each of the two years in the period ended December 31, 2024

(In Korean won)

	Note		2024	2023
Ⅰ. Cash flows from operating activities				
1. Cash flows generated from operations:		₩	(1,118,592,083,651)	345,690,437,665
(1) Net income			314,293,434,261	239,826,409,738
(2) Total adjustments to reconcile loss	31		(297,786,333,106)	(178,647,474,891)
(3) Changes in operating assets and liabilities	31		(1,135,099,184,806)	284,511,502,818
2. Receipt of interests			877,482,533,616	824,007,714,402
3. Payment of interests			(128,220,801,812)	(130,416,349,149)
4. Receipt of dividends			5,985,353,054	3,690,625,679
5. Income taxes refund (payment)			(24,892,289,187)	8,322,758,984
Net cash flows used in (provided by) operating activities		₩	(388,237,287,980)	1,051,295,187,581
Ⅱ. Cash flows from investing activities				
1. Acquisition of financial assets measured at fair value through other comprehensive income			(5,381,593,490,736)	(3,798,008,042,718)
2. Disposal of financial assets measured at fair value through other comprehensive income			4,841,907,364,640	1,350,388,849,118
3. Acquisition of financial assets at fair value through profit or loss			(1,073,961,794,755)	(2,082,466,616,789)
4. Disposal of financial assets at fair value through profit or loss			1,430,229,904,402	4,241,461,837,293
5. Settlement of derivative financial assets designated as hedges			(160,732,634,224)	(224,954,009,464)
6. Acquisition of investments in associates			(1,500,000,000)	(43,706,939,549)
7. Disposal of investments in associates			56,520,237,379	-
8. Acquisition of property and equipment			(8,841,776,008)	(6,333,404,045)
9. Disposal of property and equipment			1,146,281,000	3,430,433,863
10. Acquisition of investment property			(95,883,711)	(685,013,555)
11. Disposal of investment property			41,483,000	-
12. Acquisition of intangible assets			(5,497,746,948)	(1,890,337,904)
13. Increase in leasehold deposits			(7,290,686,900)	(1,023,525,500)
14. Decrease in leasehold deposits			5,419,170,916	3,272,528,617
15. Increase in advanced payment			(6,004,102,780)	-
Net cash flows used in investing activities			(310,253,674,725)	(560,514,240,633)
Ⅲ. Cash flows from financing activities	31			
1. Payment of dividends			5,923,944,291	(131,034,956,629)
2. Increase in leasehold deposits			(62,378,105,200)	-
3. Decrease in leasehold deposits			481,060,000	293,359,500
4. Disposal of treasury shares			(112,780,000)	(216,708,000)
5. Payments of lease liabilities	32		-	139,343,250
6. Dividends to hybrid bond holders			(11,040,211,796)	(10,499,455,202)
7. Repayments of subordinated liabilities			(21,026,018,713)	(20,751,496,177)
8. Issue of subordinated liabilities			(200,000,000,000)	(100,000,000,000)
Net cash flows provided by financing activities			300,000,000,000	-
Ⅳ. Effects of changes in foreign exchange rates			1,680	(107,307,539)
Ⅴ. Net increase (decrease) in cash and cash equivalents			(692,567,016,734)	359,638,682,780
Ⅵ. Cash and cash equivalents as of January 1	4		961,674,860,600	602,036,177,820
Ⅶ. Cash and cash equivalents as of December 31	4	₩	269,107,843,866	961,674,860,600

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

(In millions of Korean won, unless otherwise stated)

1. Group information

The consolidated financial statements have been prepared in accordance with KIFRS 1110 *Consolidated Financial Statements*, with TONG YANG Life Insurance Co., Ltd. as the controlling entity and its subsidiaries as the entities subject to consolidation. The controlling entity and its subsidiaries are collectively referred to as the "Group."

(1) Overview of the Group

The Group is primarily engaged in the life insurance business and was originally established as TONG YANG Benefit Life Insurance Co., Ltd. on April 20, 1989, through a joint investment by TONG YANG Co., Ltd. (formerly TONG YANG Major Co., Ltd.) of Korea and Mutual Benefits Life Insurance Co. of the United States. Following the divestment of foreign ownership, the Group changed its name to Tong yang Life Insurance Co., Ltd. Meanwhile, the Group merged with Taepyeongyang Life Insurance Co., Ltd. on July 1, 2000. As of the end of the current period, it operates 15 headquarters (business divisions) and 46 branch offices, primarily focusing on health and life insurance. the Group listed its common stock on the Korea Exchange (KOSPI market) on October 8, 2009.

(2) the Group offers various insurance products. Details of the products both currently available and discontinued but still in effect as of December 31, 2024 and 2023 are as follows:

(In number of products)

	December 31, 2024			December 31, 2023		
	For sale	Sale discontinued	Total	For sale	Sale discontinued	Total
Pure endowment Insurance	1	72	73	5	68	73
Death insurance	20	247	267	24	235	259
Endowment Insurance	1	74	75	6	69	75
Group insurance	5	10	15	5	10	15
	27	403	430	40	382	422

(3) Details of the Group's shareholders and their percentage of ownership as of December 31, 2024 and 2023 are as follows:

	December 31, 2024		December 31, 2023	
Stockholders	Number of shares	Percentage of ownership (%)	Number of shares	Percentage of ownership (%)
Dajia Life Insurance Co., Ltd. (Formerly, Anbang Life Insurance Co., Ltd.)	67,779,432	42.01	67,779,432	42.01
Anbang Group Holdings Co. Limited	53,786,195	33.33	53,786,195	33.33
Employees' Stock Ownership Association	166,703	0.1	331,013	0.21
Treasury stock	5,413,322	3.35	5,468,510	3.39
Others	34,212,933	21.21	33,993,435	21.06
	161,358,585	100	161,358,585	100.00

(In millions of Korean won, unless otherwise stated)

1. Group information, continued

(4) Subsidiaries

1) Details of subsidiaries included in the consolidated financial statements as of December 31, 2024 are as follows:

Name	Number of Shares Held	Ownership (%)	Industry	Location	Financial Statement Closing Date
Tongyang Life Financial Services Co., Ltd.	14,000,000	100	Service	South Korea	December 31

2) Summarized financial information of major subsidiaries

	December 31, 2024					
Name	Assets	liabilities	Equity	Total Revenue	Net Income (Loss)	Total Comprehensive Income (loss)
Tongyang Life Financial Services Co., Ltd.	29,994	27,404	2,590	70,566	(18,829)	(19,029)

	December 31, 2023					
Name	Assets	liabilities	Equity	Total Revenue	Net Income (Loss)	Total Comprehensive Income (loss)
Tongyang Life Financial Services Co., Ltd.	28,828	17,065	11,763	57,031	(24,376)	(24,385)
DAOL World Multi-Asset private securities investment trust 1 (Fofs)	55,049	5,011	50,038	-	-	-
DAOL EMP Global Asset Allocation private Securities investment trust 1	56,178	5,112	51,066	-	-	-

3) Changes in subsidiaries

DAOL World Multi-Asset private securities investment trust 1 (Fofs) and DAOL EMP Global Asset Allocation private Securities investment trust 1 were excluded from the scope of consolidation for the year ended December 31, 2024.

4) Information on non-controlling interests

There are no non-controlling interests included in the Group as of December 31, 2024, and 2023.

1. Group information, continued

(5) Details of the nature of the Group's interests in unconsolidated structured entities are as follows:

Characteristics	Purpose	Financing methods
Investment fund and trust	Real estate development and investments in social overhead capital	Equity investment and managing investment fund and others
Project financing	Investments in securities	Equity investment and credit enhancement and others
Underwriting financing	Financing for acquiring shares	Equity investment and borrowing

(In millions of Korean won, unless otherwise stated)

1. Group information, continued

(6) Details of the Group's maximum exposure to loss from its interests in unconsolidated structured entities as of December 31, 2024 and 2023 are as follows:

		December 31, 2024			
		Investment fund and trust	Project financing	Underwriting financing	Total
Assets of unconsolidated structured entities	₩	95,267,781	855,347	-	96,123,128
Assets:		3,022,255	262,834	-	3,285,089
Financial assets measured at fair value through profit or loss (A)		3,022,255	50,811	-	3,073,066
Financial assets measured at fair value through other comprehensive income (B)		-	-	-	-
Financial assets measured at amortized cost (C)		-	212,023	-	212,023
Maximum exposure to loss		3,401,889	262,834	-	3,664,723
Investment assets (A+B+C)		3,022,255	262,834	-	3,285,089
Commitment and credit		379,634	-	-	379,634
Loss from unconsolidated structured entities		(36,758)	-	-	(36,758)

		December 31, 2023			
		Investment fund and trust	Project financing	Underwriting financing	Total
Assets of unconsolidated structured entities	₩	47,731,968	666,443	28,086	48,426,497
Assets:		2,296,886	139,343	2,585	2,438,814
Financial assets measured at fair value through profit or loss (A)		2,296,886	36,317	2,585	2,335,788
Financial assets measured at fair value through other comprehensive income (B)		-	-	-	-
Financial assets measured at amortized cost (C)		-	103,026	-	103,026
Maximum exposure to loss		2,774,282	139,343	2,585	2,916,210
Investment assets (A+B+C)		2,296,886	139,343	2,585	2,438,814
Commitment and credit		477,396	-	-	477,396
Loss from unconsolidated structured entities		(42,944)	(2,017)	-	(44,961)

1. Group information, continued

(7) The summary of financial information is as follows:

The operating profit for the current year is ₩368.1 billion. Of this amount, insurance income accounts for ₩230.8 billion, while investment income is ₩137.3 billion. Non-operating income amounts to ₩3 billion. The income tax expense is ₩56.8 billion. Consequently, after adding non-operating income to operating income and deducting income tax expense, the net income for the current year is ₩314.3 billion.
Insurance income mainly arises from the amortization of the contractual service margin (CSM) of ₩260 billion and amortization of the risk adjustment of ₩47.2 billion.
Investment income consists of interest income of ₩863.1 billion, other investment income of ₩142.9 billion (including dividend income from beneficiary certificates), gains from sales of ₩96.9 billion, valuation losses of ₩36 billion, and insurance finance expenses of ₩946.6 billion.

Total assets amount to ₩34.5472 trillion, of which operating assets amount to ₩33.3136 trillion. Operating assets consist of cash and cash equivalents of ₩269.1 billion, financial assets at fair value through profit or loss (FVTPL) of ₩5.8573 trillion, financial assets at fair value through other comprehensive income (FVOCI) of ₩20.0374 trillion, financial assets measured at amortized cost of ₩7.0681 trillion, and other assets of ₩81.7 billion. The main reasons for changes in operating assets are net effect of financial asset transactions and valuation gains and losses due to interest rate declines.
Insurance liabilities consist of best estimate liabilities of ₩25.079 trillion, risk adjustment of ₩471.4 billion, and contractual service margin of ₩2.6711 trillion.
The key changes in best estimate liabilities compared to the previous year are the new contract effect of ₩(-)800.3 billion, effect of actuarial assumption changes of ₩265.2 billion, effect of discount rate changes of ₩1.876 trillion, and effect of other changes of ₩300.3 billion.
The key changes in contractual service margin are the new contracts of ₩732 billion, assumption changes of ₩ (-) 265.2 billion, interest expenses of ₩113.4 billion, amortization of ₩(-)260 billion, and other changes of ₩(-)190.9 billion.
Equity amounts to ₩1.9667 billion, consisting of capital stock of ₩806.8 billion, capital surplus of ₩463.7 billion, hybrid bond of ₩344.6 billion, capital adjustments of ₩(-)60.3 billion, retained earnings of ₩1.5174 trillion, and accumulated other comprehensive loss of ₩(-)1.1055 trillion.
The key changes in retained earnings are net income for the period, while the key changes in accumulated other comprehensive income or loss are valuation losses on insurance liabilities due to a decline in long-term forward interest rates and a decrease in liquidity premium applied to the discount rate.

2. Summary of material accounting policy information

(1) Basis of preparation

The Group prepares statutory consolidated financial statements in Korean in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"), enacted by the *Act on External Audit of Stock Companies.* 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 Group's financial statements were approved by the Board of Directors on February 11, 2025, and are scheduled for final approval at the General Shareholders' Meeting on March 27, 2025.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets and liabilities measured at fair value, and insurance and reinsurance contract assets (liabilities), which are measured at fair value.
The carrying amounts of assets and liabilities designated as hedged items in fair value hedges are not recorded at amortized cost but are adjusted to reflect changes in fair value corresponding to the hedged risk within an effective hedging relationship.
These financial statements are presented in Korean won (presented as "Korean won" or "\"), and unless otherwise stated, amounts are expressed in millions of won.

The Group has prepared its consolidated financial statements on a going concern basis.

The consolidated financial statements provide comparative information for the prior year. If the Group applies an accounting policy retrospectively, it restates the financial statement items retrospectively, or reclassifies the items retrospectively, and presents the consolidated statement of financial position as of January 1, 2023.

The consolidated statement of financial position as of January 1, 2023 is presented due to the retrospective application of accounting policies, as described in Note 2.

2. Summary of material accounting policy information

(2) Consolidation basis and accounting for consolidation

1) Consolidation basis

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as of each reporting period-end. Control is obtained when the investor is exposed to 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 only if all the following conditions are met:

- power over the investee (i.e., existing rights that give the ability to direct the relevant activities of the investee);
- exposure or rights to variable returns arising from the involvement with the investee; and
- ability to use its power over the investee to affect the amount of returns.

If the Group holds less than a majority of voting rights in the investee, it assesses whether it has control by considering all relevant facts and circumstances, including:

- contractual agreements between the investor and other voting rights holders;
- rights arising from other contractual arrangements; and
- the Group’s voting rights and potential voting rights.

The Group reassesses whether it has control over an investee whenever facts and circumstances indicate changes in one or more of the three elements of control. A subsidiary is included in the consolidation from the date the Group obtains control and is excluded from consolidation when control is lost. For subsidiaries acquired or disposed of during the reporting period, their assets, liabilities, revenues, and expenses are included in the consolidated statement of comprehensive income from the date control is obtained until the date control ceases.

Each component of net income and other comprehensive income is attributed to both the owners of the parent and non-controlling interests, even if non-controlling interests result in a negative balance. If necessary, the Group adjusts the financial statements of subsidiaries to align their accounting policies with those of the Group. Additionally, all intra-group transactions, balances, equity movements, revenues, expenses, and cash flows arising from transactions between Group entities are eliminated in full.

If there is a change in the parent’s ownership interest in a subsidiary that does not result in a loss of control, the transaction is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes all assets and liabilities of the subsidiary, including goodwill, and removes non-controlling interests as well as any other equity components related to the subsidiary. The resulting gain or loss from the disposal is recognized in profit or loss, and any remaining investment in the former subsidiary is re-measured at fair value.

2. Summary of material accounting policy information, continued

(2) Consolidation basis and accounting for consolidation, continued

2) Accounting for consolidation

The key accounting methods for consolidation adopted by the Group in preparing the consolidated financial statements are as follows:

① Subsidiaries
A subsidiary is an entity controlled by the Group, meaning the Group has the ability to determine the financial and operational policies of the subsidiary. In general, a subsidiary is an entity in which the Group holds a majority of voting rights, including special-purpose entities. When assessing whether an entity qualifies as a subsidiary, the Group considers the existence of potential voting rights that can be exercised or converted and evaluates their impact. the Group includes a subsidiary in the consolidation from the date control is obtained and excludes it from consolidation when control is lost.

② Offset of Investment and Equity Accounts

The Group offsets the parent's investment account against the corresponding equity account of the subsidiary as of the acquisition date of control.

③ Treatment of Investment Differences
The Group applies the acquisition method when eliminating the parent's investment in each subsidiary. If, at the acquisition date, the carrying amount of the investment in a subsidiary exceeds the fair value of the subsidiary's net assets, the difference is recognized as goodwill. Goodwill is subject to an impairment test at the end of each reporting period. However, as of the reporting date, no goodwill has been recognized for any subsidiary.

If the parent acquires additional shares in a subsidiary after obtaining control, the offsetting process is carried out as of the acquisition date of the additional shares. Any difference between the investment account and the corresponding equity account arising from such transactions is recognized as consolidated capital surplus (or consolidated capital adjustment).

④ Elimination of Intercompany Transactions
The Group eliminates all outstanding receivables and payables, as well as revenue and expense transactions, arising from intercompany transactions between consolidated entities.

⑤ Application of the Equity Method
For investments in associates, the Group applies the equity method based on the nature of changes in the investee's net assets. If changes arise from net income or net loss, they are recognized as equity method gains or losses. If changes arise from retained earnings carried forward from prior years, they are recorded as changes in equity method retained earnings (positive or negative). If changes arise from capital transactions other than net income or retained earnings, they are recorded as changes in equity method capital (positive or negative).

However, if shares of a subsidiary are disposed of while the subsidiary remains within the consolidated group, the difference between the disposal price and the book value is recognized as consolidated capital surplus (or consolidated capital adjustment).

⑥ Non-Controlling Interests
The portion of a subsidiary's equity that does not belong to the parent company is recognized as non-controlling interests. If losses in a subsidiary result in non-controlling interests falling below zero, the negative balance is presented as negative non-controlling interests, which is deducted from total equity.

2. Summary of material accounting policy information, continued

(3) Material accounting policies

1) Foreign currency transactions

① Functional currency

The Group measures and recognizes all transactions in the functional currency when preparing financial statements. The functional currency is the currency of the primary economic environment in which the entity operates. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the applicable exchange rates for measurement and recognition.

② Translation of foreign currency transactions and year-end balances

Foreign currency transactions are initially recognized in the functional currency using the exchange rates at the transaction date and average rates. Monetary assets and liabilities are translated into the functional currency at the year-end exchange rates for presentation in the statement of financial position, with any resulting exchange differences recognized in the income statement. Non-monetary assets and liabilities measured at fair value are also presented in the statement of financial position using year-end exchange rates, with exchange differences recognized in income if they are recognized in fair value profit or loss, and in other comprehensive income if they are recognized in other comprehensive income. Non-monetary assets and liabilities measured at cost are presented using the exchange rates at the initial recognition date, thus no exchange differences arise.

2) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, such as current accounts. Cash equivalents are short-term, highly liquid investments held for the purpose of meeting short-term cash demands rather than for investment or other purposes. They are short-term investment assets with high liquidity, easily convertible into known amounts of cash, and with minimal risk of value fluctuations.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

3) Non-derivative financial assets

The Group recognizes financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date when the Group commits to the purchase or sale of the asset.

All financial assets are recognized initially at fair value plus transactions costs, except in the case of financial assets recorded at fair value through profit and loss.

① Debt instruments

The subsequent measurement of financial assets is based on the contractual cash flow characteristics of the financial assets and the business model for managing those financial assets. the Group classifies debt instruments into the following three categories:

a) Financial Assets at Fair Value through Profit or Loss (FVTPL)

Debt instruments are classified as financial assets at fair value through profit or loss (FVTPL) if they are held for short-term trading purposes or are designated as FVTPL upon initial recognition, or if they are required to be classified as FVTPL due to certain obligations.

Additionally, debt instruments may be designated as FVTPL if doing so eliminates or significantly reduces mismatches in measurement or recognition of assets or liabilities, or related gains or losses, arising from measuring assets or liabilities or recognizing gains or losses on different bases.

Financial assets at FVTPL are subsequently measured at fair value, with related gains or losses, interest income, and dividend income recognized in profit or loss.

b) Financial Assets measured at Fair Value through Other Comprehensive Income

The Group classifies certain debt securities, which satisfy the evaluation of cash flow receipt and sales business model among debt instruments, as financial assets at fair value through other comprehensive income (OCI). Financial assets at fair value through OCI are subsequently measured at fair value upon initial recognition. Except for foreign exchange differences on monetary assets recognized directly in profit or loss, any gains or losses arising from fluctuations in fair value are recognized as other comprehensive income.

When derecognizing financial assets at fair value through OCI, the cumulative amount recognized in other comprehensive income is reclassified to profit or loss for the period.

The fair value of financial assets at fair value through OCI denominated in foreign currency is measured in the respective currency and translated into the reporting currency at the current exchange rate at the end of the reporting period. The portion of fair value changes attributable to fluctuations in the amortized cost resulting from exchange rate differences is recognized in profit or loss, while other changes are recognized in equity.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

c) Financial Assets at Amortized Cost

Under the business model where financial assets are held for the purpose of collecting contractual cash flows and the cash flows consist solely of principal and interest, assets are measured at amortized cost after initial recognition. For financial assets measured at amortized cost that are not subject to hedge accounting, gains or losses on disposal or impairment of such financial assets are recognized in profit or loss. Interest income on financial assets is recognized in profit or loss using the effective interest rate method.

② Equity Instruments

The Group subsequently measures all equity instruments at fair value. Amounts recognized in other comprehensive income for equity instruments held for long-term investment purposes or strategic investment purposes, where the choice has been made to present fair value changes in other comprehensive income, are not reclassified to profit or loss upon disposal of the equity instrument. Dividend income on such equity instruments is recognized in profit or loss when the Group's right to receive dividends is established. Fair value changes of financial assets measured at fair value through profit or loss are presented in the statement of comprehensive income as "Gains or losses on financial assets measured at fair value". Provision for credit losses transferred (reversed) for equity instruments measured at fair value through other comprehensive income is not separately recognized.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

4) Derivative instruments and hedging accounting

Derivative instruments are initially recognized at fair value at the time of contract inception and classified into trading derivatives and hedging derivatives depending on the application of hedging accounting. Subsequent to initial recognition, derivative instruments are measured at fair value, and related gains or losses are recognized in profit or loss. However, if a derivative instrument is designated as a hedging instrument for cash flow hedges or net investment hedges and the hedge is effective, the related gains or losses are recognized in other comprehensive income.

To apply hedge accounting, the Group formally designates and documents the hedging relationships, risk management objectives, hedging strategies, hedged risks, and assessment methods for hedging effectiveness at the inception of the hedging relationship. Hedge effectiveness refers to the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item. the Group evaluates the expected and actual high effectiveness of hedging at each reporting period end and documents it accordingly.

① Fair Value Hedging Accounting

Under fair value hedging accounting, gains or losses on the hedged item attributable to the hedged risk are recognized in profit or loss along with gains or losses on the hedging instrument in the same period. If the criteria for applying fair value hedge accounting are not met or if the hedge accounting is retrospectively discontinued, the Group discontinues the hedge accounting prospectively and amortizes the adjustment to the carrying amount of the hedged item using the effective interest rate method until maturity, reflecting it in profit or loss.

② Cash Flow Hedging Accounting

Under cash flow hedging accounting, gains or losses on the hedged item attributable to the hedged risk are initially recognized in other comprehensive income to the extent the hedging is effective. When the hedged item affects profit or loss, the related amount previously recognized in other comprehensive income is reclassified to profit or loss. Gains or losses on the hedging instrument attributable to ineffective hedging are immediately recognized in profit or loss. If the criteria for applying cash flow hedge accounting are not met or if the hedge accounting is retrospectively discontinued, the Group discontinues the hedge accounting prospectively. The cumulative gain or loss previously recognized in other comprehensive income for the hedging instrument is reclassified to profit or loss at the time of expected transactions. If no further expected transactions are anticipated, the cumulative gain or loss recognized in equity is immediately reclassified to the statement of comprehensive income.

③ Embedded Derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives, if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured by fair value through profit or loss. The fair value changes of the separated embedded derivative are recognized as part of the net gains or losses on financial assets measured at fair value through profit or loss.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

5) Expected credit losses on financial assets

For financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income (FVOCI), excluding those measured at fair value through profit or loss (FVTPL), the Group evaluates expected credit losses at the end of each reporting period and recognizes an allowance for expected credit losses (ECLs) for them.

Expected credit losses are assessed in three stages based on the increase in credit risk since initial recognition of the financial asset, as shown in the table below:

		credit loss allowances
Stage 1	Credit risk has not increased significantly since initial recognition	The 12-month expected credit losses represent the expected credit losses arising from default events on financial products that may occur within 12 months after the end of the reporting period.
Stage 2	Credit risk has increased significantly since initial recognition	The lifetime expected credit losses refer to the expected credit losses resulting from default events that may occur throughout the entire remaining lifespan (expected existence period) of the financial product.
Stage 3	In the event of a loss of credit	

However, financial assets that are credit-impaired at initial recognition are recognized for impairment allowances based on the cumulative change in expected credit losses over the entire period after initial recognition.

The entire period refers to the period until the contractual maturity of the financial instrument, representing the expected remaining period of existence.

The Group assesses whether there is a significant increase in credit risk (Stage 2 classification) using the following information, and if any of the following conditions apply, it is considered that there has been a significant increase in credit risk. The same criteria are applied to assess the significant increase in credit risk for renegotiated cash flows or modified financial assets.

- when a financial asset is overdue by more than 30 days;
- when the credit rating has declined by a certain margin compared to the initial recognition date as of the reporting date;
- when public indebtedness proceedings (individual rehabilitation, credit recovery, bankruptcy discharge) are commenced; or
- when a financial asset is classified as those requiring cautions in asset soundness classification.

2. Summary of material accounting policy information, continued

(2) Material Accounting Policies, continued

Notwithstanding the above, the Group considers a financial instrument to have a low credit risk at the end of the reporting period if it determines that the credit risk of the financial instrument has not significantly increased. A financial instrument is considered to have a low credit risk if: (1) it has a low risk of default; (2) the borrower has a strong capacity to meet the contractual cash flow obligations in the near term, and (3) while adverse changes in economic and business conditions over the long term may, but will not necessarily, reduce the ability of the borrower to fulfill the contractual cash flow obligations.

Furthermore, the Group generally considers that credit impairment (Stage 3) has occurred if any of the following conditions apply:

- when the payment is overdue by more than 90 days or remains unpaid at maturity;
- upon the occurrence of public obligations (individual rehabilitation, credit recovery, bankruptcy discharge);
- when classified as fixed or below in asset soundness classification;
- for companies rated D in credit ratings; or
- when there is debt restructuring, etc.

① Incorporation of forward-looking information

The Group reflects forward-looking information when assessing significant increases in credit risk and measuring expected credit losses.

The Group calculates expected credit losses by incorporating forward-looking information into the measurement factors, assuming that the measurement factors of expected credit losses are correlated with economic fluctuations. This is done through modeling between macroeconomic variables and measurement factors.

② Measurement of expected credit losses for financial assets at amortized cost

Expected credit losses for financial assets at amortized cost are measured by the difference between the present value of cash flows contracted to be received and the present value of expected cash flows to be received. For this purpose, the Group calculate expected recovery cash flows individually for significant financial assets.

For financial assets that are not individually significant, the Group measure expected credit losses collectively by including them in a set of financial assets with similar credit risk characteristics.

Expected credit losses are deducted using the allowance for ECLs. If a financial asset is deemed not recoverable, the asset shall be written off with the allowance for ECLs. If a previously written-off loan receivable is subsequently recovered, the allowance increases, and changes in the allowance are recognized in profit or loss.

③ Measurement of expected credit losses for financial assets at fair value through other comprehensive income (FVOCI)

The method of calculating expected credit losses is the same as that for financial assets measured at amortized cost. Changes in the allowance for ECLs are recognized in the profit or loss, and the allowance for ECLs is reflected in the cumulative other comprehensive income. For financial assets measured at fair value through other comprehensive income, if the assets are disposed of or repaid, the amount of the allowance for ELCs is reclassified from other comprehensive income to the profit or loss.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

④ Assumptions, methods, and variables used in expected credit loss measurement

Credit risk measurement factors are estimated from externally provided credit ratings, statistical techniques developed internally, and historical experience data, with adjustments made through the incorporation of forward-looking information.

For individually assessed financial assets, the Group calculates expected credit losses by estimating future cash flows of individual assets and considering collateral or other credit enhancements. For collectively assessed financial assets, the Group measures expected credit losses for each financial asset Group using information such as default rates (PD) and loss given default (LGD). The information used varies for retail loans and corporate loans/securities as follows:

a) Retail Loans

- Probability of default (PD):
  The Group directly calculate probability of default (PD) using a roll-rate method based on historical impairment loss and loss emergence period.

- Loss Given Default (LGD):
  LGD represents the extent of expected losses upon default. the Group directly calculates recovery rates for defaulted bonds based on recovery data for defaulted bonds during the past observation period. However, to avoid the influence of recovery data from bonds where recovery is not yet complete, the Group adjusts the recovery data to the average recovery period for each asset pool.

- Exposure at Default (EAD):

  EAD at default refers to the expected exposure at the time of default. For defaulted financial assets, EAD is equal to the total book amount of the asset. For defaulted loan agreements and financial guarantee contracts, EAD is calculated as the sum of the drawn amount and the expected future additional amounts.

- Incorporation of forward-looking information:

  The Group incorporates forward-looking information when assessing significant increases in credit risk and measuring expected credit losses. the Group assumes that the measurement factors of expected credit losses are correlated with economic fluctuations and reflect forward-looking information into measurement factors through modeling between macroeconomic variables and measurement factors.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

b) Corporate loans and debt securities

- Probability of Default (PD):

The Group applies default rates obtained from reputable external credit rating agencies. These default rates are estimated based on statistical models reflecting the characteristics of counterparties and exposures.

- Loss Given Default (LGD):

Loss given default refers to the extent of expected loss upon default occurrence. In general cases, the Group applies a 40% loss given default rate, while for unsecured subordinate financial assets, a 75% loss given default rate is applied.

- Exposure at Default (EAD):

Exposure at default represents the expected exposure at the time of default occurrence. For financial assets, exposure at default equals the total carrying amount of the asset, while for loan agreements and financial guarantee contracts, exposure at default is calculated as the sum of the outstanding usage amount and the expected future usage amount.

- Incorporation of forward-looking information

The Group incorporates forward-looking information when assessing significant increases in credit risk and measuring expected credit losses. Assuming a correlation between credit risk factors and economic fluctuations, the Group model forward-looking information to reflect these factors in measuring expected credit losses.

6) Reclassification of financial assets

Initially, financial assets are classified based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are reclassified only when there is a change in the business model affecting all financial assets concerned. When reclassifying, the fair value at the reclassification date is measured and applied prospectively from that date onwards, without restating any gains or losses recognized prior to the reclassification. However, changes in intention related to specific financial assets, temporary disappearance of specific financial assets from the market, or transfer of financial assets between different business models within the entity do not constitute a change in business model. Changes in classification resulting from the application or discontinuation of hedge accounting, or designation and derecognition of credit exposure at fair value through profit or loss, do not constitute reclassifications.

7) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to cash flows from the financial assets expire or substantially all risks and rewards of ownership of the financial assets are transferred. If substantially all risks and rewards of ownership of the financial assets are retained or not transferred, and the transferred financial assets are controlled by the Group, the Group recognizes in the statement of financial position the portion of the financial assets and any related liabilities that it retains. If substantially all risks and rewards of ownership of the transferred financial assets are retained, the Group continues to recognize the transferred financial assets and recognizes the consideration received as a secured borrowing.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

8) Property and equipment

Property and equipment are presented in the statement of financial position by deducting the accumulated depreciation and impairment losses from the historical cost. Historical cost includes expenditures directly attributable to the acquisition of assets.

Historical costs and subsequent costs are recognized as assets when it is probable that future economic benefits associated with the assets will flow to the Group and the costs can be reliably measured, and the carrying amount of replaced parts is removed. All other maintenance and repair costs are recognized as expenses incurred during the period.

If it is estimated that costs will be incurred for the removal, dismantling, or restoration of assets for original recovery after the economic use of the assets has ended, and if those costs meet the recognition criteria for provisions, the present value of such expenditures is included in the acquisition cost of the property and equipment.

Land is not subject to depreciation. Depreciation of other assets is calculated on a straight-line basis over the estimated economic useful lives, excluding residual value, from the acquisition cost of the asset.

	Useful Life (years)
Buildings and structures	10 ~ 40
Vehicles	5
Furniture and other equipment	4

At the end of each reporting period, we review the carrying amount, economic useful lives, and appropriateness of the depreciation method of assets. If a change in the useful life is deemed necessary, we apply it prospectively. Property, plant, and equipment are removed from the financial statements when it is determined that no future economic benefits are expected from their use or disposal. Any difference between the net disposal proceeds and the carrying amount is reflected in the current period's profit or loss upon removal.

Additionally, we consider climate-related risks, including physical and transitional risks. Specifically, we assess whether climate-related laws and regulations prohibit or restrict the use of fossil fuel-based machinery and equipment or impose additional energy efficiency requirements on our buildings and facilities, as such factors may impact the useful lives or residual values.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

9) Investment property

The Group recognizes investment property only when there is a high probability that future economic benefits associated with the asset will flow to the entity, and the amount can be reliably measured.

At the initial recognition, investment property is measured at cost, including transaction costs. Subsequently, it is measured using the cost model.

If it is anticipated that no further future economic benefits can be derived from either disposal or usage of the investment property, the Group removes it from the financial statements. Any difference between the disposal proceeds and the carrying amount is recognized in profit or loss at the point of derecognition. Additionally, if there is a change in the intended use of the asset, the Group either reclassifies it from or to investment property.

For investment properties (excluding land), depreciation is performed based on the following asset-specific depreciation methods and economic useful lives.

	Useful Life (years)	Depreciation method
Buildings and structures	10 ~ 40	Straight-line method

10) Intangible assets

The Group recognizes intangible assets only when there is a high probability that future economic benefits associated with the asset will flow to the entity, and the amount can be reliably measured. Intangible assets include software, development costs, and memberships.

Individually acquired intangible assets are recognized at cost, while the acquisition cost of intangible assets acquired through business combinations is recognized at fair value as of the acquisition date in accordance with KIFRS 1103 "Business Combinations." Subsequently, they are presented on the balance sheet net of accumulated amortization and impairment losses. Intangible assets with finite useful lives are amortized using the following methods and useful lives.

	Useful Life (year)	Depreciation method
Software and development costs	5	Straight-line method
Membership	Indefinite	-

For intangible assets with indefinite useful lives, the Group does not amortize them. Instead, the Group conducts impairment tests at the end of each reporting period and whenever there are indicators of impairment. Additionally, for intangible assets with indefinite useful lives, the Group reviews at the end of each reporting period whether it is appropriate to continue applying indefinite useful lives. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Furthermore, the Group reviews the useful lives and amortization methods of intangible assets at the end of each reporting period. If changes are needed due to changes in the expected useful life or the pattern of economic benefits consumption, the Group accounts for them as changes in estimates. Amortization of intangible assets is recognized in the statement of profit or loss as expenses consistent with the function of the intangible asset. Any gains or losses arising from the disposal of intangible assets are recognized in the statement of profit or loss at the time of disposal.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

11) Impairment of non-financial assets

The Group reviews for indicators of impairment in non-financial assets such as property and equipment, intangible assets, and investment properties at the end of each reporting period. When indicators of impairment are present, or when impairment testing is required at each reporting period, such as for goodwill, the Group performs impairment testing. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

Recoverable amount is determined as the higher of fair value less costs to sell and value in use. For the purpose of estimating recoverable amounts, assets are grouped into the lowest levels of cash-generating units (CGUs) that are identifiable with the asset.

The Group reviews at the end of each reporting period whether there are indications that the impairment losses recognized for non-financial assets, excluding goodwill, in prior periods no longer exist or have decreased. In the event of such indications, the Group estimates the recoverable amount. Impairment losses for non-financial assets, excluding goodwill, are reversed to the extent that the carrying amount of the asset after impairment reflects the recoverable amount determined using the same assumptions applied in the prior recognition of the impairment loss. Such impairment losses reversed are recognized in the statement of profit or loss.

12) Leases

If a contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration, then that contract is or contains a lease.

Upon commencement or modification of a contract containing lease components, the Group allocates the consideration to each lease component based on relative standalone prices. However, for real estate leases, the Group applies a practical expedient that does not separate lease and non-lease components and accounts for lease and non-lease components as a single lease component.

The Group recognizes the right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial measurement amount of the lease liability, lease payments made before or on the commencement date (net of any lease incentives received), initial direct costs of the lease, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the underlying land to its original condition, incurred by the lessee.

The right-of-use asset is subsequently depreciated on a straight-line basis from the lease commencement date to the end of the lease term. However, if ownership of the right-of-use asset is transferred at the end of the lease term or the exercise price of a purchase option is reflected in the cost of the right-of-use asset, the right-of-use asset is depreciated to the end of the lease term of the underlying asset based on the same method as the depreciation of property and equipment. Additionally, the right-of-use asset may be adjusted due to impairment losses or remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments not yet paid as of the lease commencement date. Lease payments are discounted using the implicit interest rate of the lease. If the implicit interest rate cannot be readily determined, the Group's incremental borrowing rate is used for discounting. Typically, the Group uses its incremental borrowing rate as the discount rate.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

The lease payments included in the measurement of lease liability consist of the following items:

- fixed lease payments (including any substantive fixed payments);
- variable lease payments that depend on an index or rate (initially measured using the index or rate at the lease commencement date);
- amounts expected to be paid under residual value guarantees; and
- payments to be made if a purchase option is reasonably certain to be exercised, lease payments for renewal periods if renewal is reasonably certain, and payments to terminate the lease if the lease term reflects a termination option.

The lease liability is amortized using the effective interest rate. The lease liability is remeasured if there are changes in future lease payments due to fluctuations in an index or rate, changes in amounts expected to be paid under residual value guarantees, changes in assessments of whether purchase, extension, or termination options will be exercised, or if substantive fixed lease payments are modified.

When the lease liability is remeasured, any related right-of-use asset is adjusted, and if the carrying amount of the right-of-use asset decreases to zero, the remeasurement amount is recognized in the income statement.

The Group presents right-of-use assets that do not meet the definition of investment property in the statement of financial position as "property, plant, and equipment," while lease liabilities are presented as "finance lease liabilities measured at amortized cost."

The Group has chosen the practical expedient of not recognizing right-of-use assets and lease liabilities for leases of low-value underlying assets. Lease payments related to such leases are recognized as expenses on a straight-line basis over the lease term.

13) Insurance liabilities

① Classification of insurance contracts and investment contracts

The Group classifies contracts as insurance contracts when the entity (i.e., issuer) agrees to compensate the counterparty (i.e., policyholder) for adverse effects arising from specified uncertain future events (i.e., insurance events), thereby assuming significant insurance risk from the policyholder. Except for scenarios lacking commercial substance, whenever significant additional payments are expected to be made by the issuer due to insurance events in any scenario, the insurance risk is deemed significant, and the additional payments are measured at their present value. Additionally, in the case of reinsurance contracts, even if the issuer is not exposed to significant losses, if the contract effectively transfers all insurance risks related to the ceded portion of the underlying insurance contract to the reinsurer, the contract is considered to have transferred significant insurance risk.

On the other hand, in cases where there are no significant insurance risks, the Group classifies contracts, excluding investment contracts with discretionary participation features, as investment contracts and recognizes them in accordance with KIFRS 1109 *Financial Instruments*.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

② Separation of Components of Insurance Contracts

The Group separates the following components from insurance or reinsurance contracts and considers them as independent financial instruments:

- derivative instruments included in contracts that do not satisfy the definition of insurance or reinsurance contracts as standalone instruments with independent executory features, which are not closely related to the economic characteristics and risks of the host contract; and

- investment components that are not highly interrelated with insurance components and can be separately sold or transferred under equivalent terms in the same market or legal jurisdiction.

After separating the components of financial products, the Group separates promises to transfer separate products or non-insurance services to policyholders and accounts for them under separate contracts (i.e., contracts other than insurance contracts). If policyholders can derive benefits through their own or readily available resources other than insurance contracts, the benefits or services are separate. If the cash flows and risks associated with goods or services are closely related to those associated with insurance components, the goods or services are not considered separately but are accounted for along with the insurance components, and the Group provides significant services integrated with insurance products.

There are no insurance contracts sold by the Group that are subject to separate accounting treatment for the aforementioned separated components.

③ Level of aggregation for insurance contracts

The level of aggregation to be used for measuring insurance contracts are consolidated into aggregation for measurement. The starting point for aggregating contracts is to identify portfolios of insurance contracts. The contracts in each portfolio shall be divided into the following groups:

- those contracts that have no significant possibility of becoming onerous subsequently;
- those contracts that are probable to become onerous subsequently at initial recognition; or
- those contracts that are onerous at initial recognition.

Furthermore, each set of insurance contracts is divided by issue year, and the divided sets represent the level at which recognition and measurement accounting policies are applied. The composition of the sets established at the time of initial recognition is not subsequently reevaluated.

④ Cash flows for acquisition of insurance acquisition

Cash flows for acquisition of insurance refer to the cash flows arising from the costs related to sale, underwriting, and commencement of a group of insurance contracts that directly attributable to insurance contract portfolios to which the Group of insurance contracts belongs. These cash flows also include cash flows not directly attributable to individual contracts or a group of insurance contract sets within the portfolio.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

⑤ Insurance Contract Assets (Liabilities)

a) Initial recognition

The Group recognizes a group of insurance contracts issued (i.e., a portfolio of insurance contracts) at the earliest of:

- the beginning of the coverage period of the Group of contracts, where the insurance period is the period during which the portfolio of contracts shall compensate for insurance events related to all premiums within the scope of the portfolio of contracts;
- the date when the first payment from policyholders in the portfolio of contracts becomes due, or if there is no specific due date specified in the contract, the date when the first premium is received from the policyholder; and
- when the facts and circumstances identify that the portfolio becomes onerous.

If the reinsurance contract provides proportionate coverage, it is recognized at the later of the beginning of the coverage period of the Group of reinsurance contracts and the date that any underlying insurance contract is initially recognized. Otherwise, the Group of reinsurance contracts is recognized at the beginning of the coverage period. The coverage period is the period during which the Group receives insurance benefits from the reinsured portion of the underlying insurance contract.

Subsequently, if all contracts within the Group are issued or commenced in the same year, new contracts are added to the same group of insurance contracts and the Group is recognized on the acquisition date when the new contract is issued or commenced.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

b) Measurement

The measurement of a group of insurance contracts includes all the cash flows expected to result from the contracts within the boundary of an existing contract. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations existing in the reporting period in which the insurer can compel the policyholder to pay the premiums or has a substantive obligation to provide insurance contract services to the policyholder.

The substantive obligation to provide services ceases under the following circumstances, and the boundaries of the contract may be reassessed at each reporting date and may change over time.

- The Group as an insurer has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

- The Group as an insurer has the practical ability to reassess the risks of the portfolio of insurance contracts, and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and, the pricing of premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

i) Initial measurement

Upon initial recognition, the Group measures a group of insurance contracts as the sum of:

- fulfillment cash flows consisting of estimates of future cash flows, adjustments to reflect the financial risks and time value of money related to future cash flows, and risk adjustments for non-financial risks; and
- insurance contract margin.

The measurement of fulfillment cash flows does not reflect nonperformance risk. Insurance acquisition cash flows paid by the Group before recognition of the related contract portfolio are recognized as insurance contract. Once the portfolio of contracts is recognized, these cash flows are included in the measurement of the portfolio, and previously recognized assets are removed.

Risk adjustment for non-financial risks is a compensation required by the Group for bearing the uncertainty about the amount and timing of cash flows arising from non-financial risks. The insurance contract margin represents unrealized profits that will be recognized as insurance contract services are provided in the future.

If the total of fulfillment cash flows allocated to the insurance contract, previously recognized insurance acquisition cash flows, and cash flows arising from the contract at the time of initial recognition is a net inflow, at initial recognition, the insurance contract is classified as a group of contracts that are not onerous, and the net inflow is recognized in as a deduction to the contractual service margin at the same amount, resulting in no initial recognition of revenue or expenses.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

If the sum of the fulfillment cash flows is a net outflow at initial recognition, the portfolio is classified as an onerous portfolio. In such cases, the net outflow is recognized in profit or loss and subsequently measured. The loss component is established to represent the losses recognized in profit or loss, and it determines the amount recognized in profit or loss as a loss recovery for the onerous portfolio.

ii) Subsequent measurement

The carrying amount of insurance contracts at the end of the reporting period comprises the aggregate of the residual benefit obligation and the incurred claims liability. The responsibility for the residual benefits is composed of (a) the cash flows for obligations related to services to be provided under the contract in future periods and (b) the residual insurance contract margin as of that date. The incurred claims liability consists of cash flows for claims and expenses incurred but not yet reported, including claims incurred but not yet paid. The cash flows for the fulfillment of obligations of the insurance contract portfolio are measured as of the reporting date using the present estimates of future cash flows, the current discount rate, and the present estimates of risk adjustments for non-financial risks.

iii) Contracts eligible for premium allocation approach

The Group may apply the premium allocation approach to contract groups that meet one of the following conditions:

- it is reasonably expected that the measurement results under the premium allocation approach will not be significantly different from those under the general model; or
- the coverage period of each contract included in the insurance contract portfolio is one year or less.

iv) Derecognition

The Group derecognizes insurance contracts when they expire (i.e., when the obligations specified in the insurance contract are fulfilled, expired, or cancelled). Upon derecognition, the Group adjusts the allocated cash flows within the portfolio to remove the present value of future cash flows associated with the rights and obligations removed from the portfolio, along with the risk adjustment for non-financial risks. Unless it is a loss-bearing contract, the Group adjusts the insurance contract margin for these changes.

⑥ Reinsurance Assets (Liabilities)

Regarding the accounting policy applied to reinsurance contracts held, the Group modifies and applies the following:

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

a) Initial recognition

Upon initial recognition, the insurance contract margin of the reinsurance contract portfolio represents the net cost or profit of reinsurance purchases. Assets related to cash flows occurring before portfolio recognition are removed, measured at the total amount of cash flows occurring on the same date but with opposite signs. However, if the net cost of purchasing reinsurance coverage relates to insurance events occurring before the acquisition of the portfolio, the Group recognizes the cost immediately in the income statement. Reinsurance contracts cannot be loss-bearing contracts. The risk adjustment for non-financial risks represents the amount of risk transferred to the reinsurer by the Group.

b) Measurement

The carrying amount of the reinsurance contract portfolio at each reporting date consists of the remaining coverage element and the incurred claims element. The remaining coverage element comprises (a) future cash flows related to services to be received under the contracts and (b) the residual insurance contract margin at that date. the Group measures the present value of future cash flows using assumptions consistent with those used to measure the present value of future cash flows of the underlying insurance contracts and adjust for non-performance risk. The impact of non-performance risk is reassessed each reporting period, and the effect of changes in non-performance risk is recognized in the income statement.

c) Contracts eligible for the premium allocation approach

The Group may apply the premium allocation approach to contract sets that satisfy one of the following conditions:

- it is reasonably expected that the measurement results under the premium allocation approach will not be materially different from those under the general model; or
- each contract included in the reinsurance contract set has a coverage period of one year or less.

Subsequently, the carrying amount of the remaining coverage liability increases due to the reinsurance claims provided and decreases due to the amounts recognized as reinsurance expenses for the coverage received. the Group reasonably expects that the measurement results under the premium allocation approach will not be materially different from those under the general model. Additionally, the Group has determined that the effects of the time value of money and financial risks on the cash flows related to these reinsurance contracts are insignificant and therefore has not discounted them.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

14) Contractor equity adjustment

Under KIFRS 1117, it is required to estimate the relevant cash flows for dividends arising from participating insurance contracts and to measure the liability using discount rates that reflect assumptions and risks. This requirement deviates from the previous accounting treatment recognized under KIFRS 1104, as it fails to adequately represent the potential obligations towards policyholders of participating insurance contracts in accordance with the "Conceptual Framework." Considering the potential for misunderstanding by financial statement users due to the conflict with the "Objective of Financial Statements" as defined in the Conceptual Framework, the Group has calculated liabilities for potential obligations arising from unrealized assets at the end of the reporting period, which are expected to result in valuation gains or losses, using the method specified in Article 4-1, Paragraph 2 of the *Detailed Regulations on Supervision of Insurance Business*.

15) Non-derivative financial liabilities

Financial liabilities are classified into financial liabilities measured at fair value through profit or loss (FVTPL) and financial liabilities at amortized cost. They are initially measured at fair value. Except for financial liabilities classified as FVTPL, transaction costs directly attributable to the issuance of such financial liabilities are deducted from the fair value at initial recognition.

① Financial liabilities at fair value through profit or loss

Financial liabilities incurred for the purpose of repurchasing within a short period are classified as held for trading items. This category also includes derivatives not designated as hedging instruments under KIFRS 1109. Additionally, separated embedded derivatives are classified as held for trading items if they are not designated as effective hedging instruments.

Gains and losses arising from financial liabilities classified as held for trading items are recognized in profit or loss. Financial liabilities designated as fair value through profit or loss are only designated at initial recognition if they meet the criteria of KIFRS 1109. There are no financial liabilities designated as fair value through profit or loss by the Group.

② Financial liabilities at amortized cost

After initial recognition, the measurement of financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest rate method. The liability is derecognized or remeasured at the effective interest rate amortized cost. Gains or losses arising from the derecognition of the liability or from the effective interest rate amortization process are recognized in profit or loss. The amortized cost considers discounts or premiums for fees or costs that are an integral part of the effective interest rate. Effective interest rate amortization is included in the interest expense on the statement of comprehensive income.

③ Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligations are fulfilled, cancelled, or expired. If an existing financial liability is replaced by another financial liability with different contractual terms from the same borrower, or if the contractual terms are substantially modified, such replacement or modification is accounted for as the derecognition of the existing liability and the recognition of a new liability. Any difference between the carrying amount and the consideration paid is recognized in profit or loss.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

16) Offset of financial assets and financial liabilities

The Group has legally enforceable rights to offset recognized financial assets and financial liabilities and intends to settle the net amount or simultaneously settle the assets and liabilities upon realization. Therefore, financial assets and financial liabilities are offset against each other and presented as a net amount in the statement of financial position.

17) Provisions

The Group recognizes provisions when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. In such cases, the estimated loss amount is recognized as a provision. If it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the loss cannot be reliably estimated, then such losses are disclosed as contingent liabilities.

When the difference between the nominal amount of the provision and its present value is significant, it is recognized at the present value of the expected expenditure required to settle the obligation.

18) Provision for restoration

The Group recognizes a restoration provision for estimated costs that are expected to be incurred to restore leased buildings after their use has ceased. This provision is calculated based on management's assumptions and estimates of the restoration costs per square meter of the leased building, applying a discount rate.

19) Retirement benefit obligation

① Defined contribution retirement benefit system

Regarding the defined contribution retirement pension system, the Group recognizes the contributions (payments) that the Group is required to make during the accounting period as retirement benefits (expenses), and does not recognize retirement benefit obligations. the Group recognizes the contributions that should be paid into the defined contribution system in exchange for the services rendered by employees over a certain period.

② Defined benefit retirement benefit system

The Group operates a defined benefit retirement benefit system and determines the amount of retirement benefits to be paid to employees upon retirement based on factors such as years of service and salary level.

Regarding the defined benefit plan, the liability recognized in the statement of financial position represents the present value of the defined benefit obligation as of the end of the reporting period, adjusted for the fair value of plan assets. The defined benefit obligation is calculated annually using an actuarial valuation method. The present value of the defined benefit obligation is determined by discounting the expected future cash inflows using the interest rate of high-quality corporate bonds with maturities similar to the expected timing of benefit payments, expressed in the currency in which the benefits will be paid.

Changes in insurance actuarial assumptions and the difference between actuarial assumptions and actual experience result in insurance actuarial gains or losses, which are recognized in other comprehensive income during the period in which they occur. Past service costs are recognized immediately in profit or loss.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

20) Capital

① Classification of capital

When issuing financial instruments, they are classified as either financial liabilities or equity at initial recognition based on the substance of the contract. If it is possible to avoid the obligations under the contract, the financial instrument is classified as equity based on the economic substance.

② Treasury stock

When the Group repurchases treasury stock, such stock is deducted from equity. Gains or losses from the sale or cancellation of treasury stock are not recognized in profit or loss.

③ Legal reserve

The legal reserve represents 10% of the cash dividends for each fiscal year until it reaches 50% of the share capital, as required by the Commercial Act. This reserve cannot be disposed of for purposes other than deficit coverage and capital transfer.

④ Allowance for doubtful accounts

If the balance of the allowance for doubtful accounts for assets subject to asset soundness classification under *Regulations on Supervision of Insurance Business*, such as loans, insurance receivables, other receivables, accrued income, suspense payments and notes receivables, is less than the amount of the allowance for doubtful accounts calculated according to Article 7-4 of the *Regulations on Supervision of Insurance Business*, the difference is recorded as an allowance for doubtful accounts within retained earnings up to the amount of reserves established under insurance laws and other regulations. If accumulated allowance for doubtful accounts to be provided by the reporting date is less than those previously recognized, such excess amount is reversed to unappropriated retained earnings.

⑤ Surrender value reserve

The Group calculates and reserves the surrender value according to the method prescribed in Article 6-11-6 of the *Regulations on Supervision of Insurance Business*, considering the risk of contract termination.

⑥ Guarantee reserve

In accordance with *Regulations on Supervision of Insurance Business,* the Group is required to reserve a guarantee reserve to cover expected losses, considering future expected losses to guarantee insurance benefits beyond a certain level. The guarantee reserve is established after the surrender value reserve is reserved, and the amount deducted from retained earnings for the surrender value reserve serves as a limit.

2. Summary of material accounting policy information, continued

(2) Material Accounting Policies, continued

⑦ Share-Based Compensation

The Group grants stock options to employees. For stock-settled share-based compensation, the increase in equity attributable to the goods or services received and their corresponding cost is measured directly at fair value. If the fair value of the goods or services received cannot be reliably measured, the fair value of the equity instruments granted is used to indirectly measure the fair value of the goods or services, and this amount is accounted for as compensation cost and equity (other comprehensive income). For cash-settled share-based compensation, the liability is measured at fair value. The fair value of the liability is remeasured at each reporting date and at the final settlement date, with changes in fair value recognized as compensation cost. For elective share-based compensation where employees can choose between cash or stock settlement, accounting treatment is based on the substance of the transaction.

21) Recognition of Income

① Insurance income

The Group recognizes insurance revenue when it fulfills its obligations to provide insurance contract services or other services. Insurance revenue related to services provided during the reporting period reflects the change in the estimated residual benefit obligation associated with the consideration expected by the Group. The insurance contract margin recognized as insurance revenue during the reporting period represents the amount allocated to the services provided to policyholders during the reporting period and the remaining coverage period, after systematic allocation, with the portion allocated to the current period recognized in profit or loss. Loss components are systematically allocated during each reporting period based on the ratio of the present value of expected cash outflows from initial cash flow estimates to the initial loss component balance, excluding financial risks, and the risk adjustment amount. Loss component allocations excluding the current period are excluded from recognition as insurance revenue and insurance service expenses.

② Insurance finance income

Insurance finance income comprises changes in the carrying amounts of insurance contract portfolios and reinsurance contract portfolios resulting from the time value of money and financial risk effects. the Group selects whether to systematically allocate insurance finance income between profit or loss and other comprehensive income on a portfolio-by-portfolio basis. Systematic allocation involves allocating the expected total insurance finance income systematically across the duration of the contract portfolio, recognizing the current portion in profit or loss and the remaining portion in other comprehensive income. For insurance contract portfolios with direct participation features where there's an accounting mismatch between the profit or loss on held items and the income included in the profit or loss, the Group applies the portfolio yield curve method. For insurance contract portfolios without held items and where changes in financial risks significantly affect the amounts payable to policyholders, the Group applies the effective yield to allocate insurance finance income systematically. For other insurance contract portfolios, insurance finance income is calculated using the discount rate at initial recognition. Any insurance finance income arising from insurance contract margins is determined systematically either based on future cash flows consistent with direct participation features or by applying the discount rate at initial recognition, depending on the presence of direct participation features in the insurance contract portfolio. When the Group transfers an insurance contract to a third party or derecognizes it due to changes in contract terms, the accumulated other comprehensive income of the insurance contract measured using the book yield approach is reclassified to profit or loss, while in other cases where the book yield approach is applied, amounts are not reclassified to profit or loss.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

③ Reinsurance incomes and reinsurance expenses

Reinsurance gains or losses are recognized separately from reinsurance expenses and amounts recovered from reinsurers. Reinsurance expenses are recognized for the portion of reinsurance contract groups that receive coverage or other services. The reinsurance expenses related to services received during the reporting period under the reinsurance contract reflect the changes in the remaining coverage reinsurance assets associated with the services for which the Group provided coverage. Reinsurance income is recognized as the amount recovered from reinsurers.

④ Interest income and interest expenses

The Group recognizes interest income and interest expenses using the effective interest rate method.

The effective interest rate method involves calculating the amortized cost of financial assets or financial liabilities and allocating interest income or interest expenses over the relevant period. The effective interest rate is the discount rate that equates the estimated future cash flows or outflows expected to be received or paid over the expected life or, if appropriate, a shorter period for the financial asset or financial liability's net carrying amount. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument, excluding future credit losses. These cash flows include transaction costs, premiums, or discounts, as well as amounts paid or received that form a key component of the financial instrument's effective interest rate. These cash flows include transaction costs, premiums, or discounts, as well as amounts paid or received that form a key component of the financial instrument's effective interest rate.

If the realization of interest income is deemed unlikely, making accrual-based revenue recognition inappropriate, the Group recognizes interest income only when it is actually received. Additionally, for individually impaired loan receivables and accounts receivable, any increase in recoverable amounts over time is recognized as interest income.

⑤ Commission revenue

The Group recognizes commission revenue from various services provided to counterparties in transactions. Commission revenues are accounted for as follows:

a) recognition of commission revenue from financial services fees varies depending on the accounting treatment of financial products related to the purpose of fee imposition. If commission revenues represent a significant component of the effective interest rate on financial assets, they are recognized using the effective interest rate method;

b) commission revenues earned from the provision of services are recognized over the period in which the services are provided; and

c) commission revenues arising from the completion of significant acts are recognized immediately upon the completion of the significant acts.

⑥ Dividend income

Dividend income is recognized at the point when the right to receive dividends as a shareholder becomes certain.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

22) Income tax

Income tax expenses consist of current income taxes and deferred income taxes. Income taxes are recognized in the comprehensive income statement, excluding items directly recognized in equity. In such cases, the corresponding corporate tax related to items directly recognized in equity is adjusted in other comprehensive income.

The current income tax expenses are calculated based on the tax laws that have been enacted or substantively enacted in the countries where the Group operates and generates taxable income. Management evaluates periodically the amounts expected to be paid to tax authorities based on the interpretations of applicable tax laws dependent on interpretation. These amounts are recognized as current corporate tax liabilities.

The Group applies the asset and liability method to recognize deferred income tax for all temporary differences arising from the differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred income tax assets and liabilities arising from the initial recognition of assets or liabilities in transactions other than business combinations are not recognized if the transaction does not affect accounting profit or taxable income. Deferred income tax is determined using the tax rates and tax laws that are expected to be enacted or substantively enacted by the reporting date when the related deferred income tax asset is expected to be realized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period, and if it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized, the carrying amount of the deferred income tax asset is reduced. Conversely, any reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available. Additionally, unrecognized deferred income tax assets are reassessed at the end of each reporting period, and unrecognized deferred income tax assets are recognized to the extent it becomes probable that future taxable income will allow the deferred income tax assets to be recovered.

Deferred income tax liabilities for all temporary differences related to investments in subsidiaries and associates are recognized unless it is probable that the temporary difference will not reverse in the foreseeable future. However, deferred income tax assets related to all deductible temporary differences related to investments in subsidiaries and associates are recognized only if it is probable that the temporary difference will reverse in the foreseeable future and sufficient taxable income will be available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different entities, but they intend to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be settled or recovered.

24) Earnings per share and diluted earnings per share

Basic earnings per share are calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares during the period as reported in the comprehensive income statement.

Diluted earnings per share are calculated by dividing the net income attributable to ordinary shareholders, adjusted for the effects of dilutive securities, by the weighted average number of outstanding ordinary shares and potential ordinary shares resulting from dilutive securities during the period.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

24) Operating segments

Operating segments are identifiable components of an entity that engage in business activities that generate revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker for decision-making and performance assessment purposes based on internal reporting materials. These segments are distinguished based on the allocation of resources to the segment. the Group has not separately disclosed operating segments as it does not meet the disclosure criteria under KIFRS 1108 *Operating Segments*.

25) Application of new and amended standards

The Group has adopted the standards and amendments that are effective for annual periods beginning on or after January 1, 2024, for the first time. the Group has not early adopted any standards, interpretations, or amendments that have been issued but are not yet effective.

① Amendments to KIFRS 1116 *Leases - Lease Liability in a Sale and Leaseback*

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. These amendments have no impact on the Group's consolidated financial statements.

② Amendments to KIFRS 1001 *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

The amendments to KIFRS 1001 clarify the following requirements regarding the classification of liabilities as current or non-current:

• what is meant by a right to defer settlement;
• that a right to defer must exist at the end of the reporting period;
• that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
• that terms of a liability that could result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.
These amendments have no impact on the Group's consolidated financial statements.

③ *Supplier Finance Arrangements* - Amendments to KIFRS 1007 and KIFRS 1107

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's consolidated financial statements.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

26) Standards issued but not yet effective

As of the approval date of the Group's financial statements, the amendments and new standards under KIFRS that have been issued or announced but not yet implemented by the Group are as follows:

① Amendment to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* has been amended to clarify how an entity assesses exchangeability between currencies and how to determine the spot exchange rate when exchangeability is lacking. Additionally, the amendment requires entities to disclose information that enables financial statement users to understand how a currency with a lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

This amendment is effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, and if applied early, this fact must be disclosed. When applying this amendment, the Group will not restate comparative information. the Group expects that this amendment will not have a material impact on the consolidated financial statements.

② Amendment to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

The amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures* regarding the classification and measurement of financial instruments include the following:
• clarifying that a financial liability is derecognized on the settlement date and introducing an accounting policy choice to derecognize financial liabilities that are settled by using electronic payment system before the settlement date (if specific criteria are met);
• providing additional guidance as to how to assess contractual cash flows of financial assets with environmental, social and governance (ESG)-linked features and similar features;
• clarifying what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
• introducing new disclosures for financial instruments with contingent features and adding disclosure requirements for equity instruments measured at fair value through other comprehensive income.

This amendment is effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, and entities may choose to early apply only the amendments related to the classification of financial assets and related disclosure requirements. the Group expects that this amendment will not have a material impact on the consolidated financial statements.

2. Summary of material accounting policy information, continued

(2) Material accounting policies, continued

③ Annual Improvements to KIFRS Volume 11

Annual Improvements to KIFRS - Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.

- Amendments to KIFRS 1101 *First-time adoption of KIFRS: Hedge accounting by a first-time adopter*
- Amendments to KIFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition, Guidance for application of amendments in practice*
- Amendments to KIFRS 1109 *Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices*
- Amendments to KIFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Amendments to KIFRS 1007 *Statement of Cash Flows: Cost Method*

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the consolidated financial statements.

(3) Changes in accounting policies

The Group has changed its accounting policy for recognizing insurance finance income (expenses) for the year ended December 31, 2024, reflecting the decisions made by the Financial Supervisory Service's Inquiry Response Joint Meeting and the Accounting Review Committee. In accordance with KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates, and Errors*, the changes have been retrospectively applied to all prior reporting periods presented for comparative purposes. The effects of the changes on the consolidated statements of financial position as of December 31, 2023 and January 1, 2023, as well as on the consolidated statement of comprehensive income or loss for the year ended December 31, 2023 are as follows:

(In millions of Korean won, unless otherwise stated)

2. Summary of material accounting policy information, continued

(3) Changes in accounting policies, continued

		Consolidated Statement of Financial Position as of January 1, 2023		
		Before	After	Increase (Decrease)
Assets	₩			
Cash and cash equivalents		602,036	602,036	-
Financial assets		31,336,313	31,336,313	-
Property and equipment		70,943	70,943	-
Investment properties		274,194	274,194	-
Intangible assets		24,801	24,801	-
Other assets		88,926	88,926	-
Reinsurance contract assets		31,869	31,869	-
	₩	32,429,082	32,429,082	-
Liabilities				
Insurance contract liabilities		26,240,369	26,240,369	-
Reinsurance contract liabilities		7,542	7,542	-
Investment contract liabilities		2,463,631	2,463,631	-
Policyholders' equity adjustments		793	793	-
Financial liabilities		547,347	547,347	-
Other liabilities		176,868	176,868	-
		29,436,550	29,436,550	-
Equity				
Capital stock		806,793	806,793	-
Capital surplus		463,680	463,680	-
Hybrid security bond		344,572	344,572	-
Consolidated capital adjustments		(60,806)	(60,806)	-
Consolidated accumulated other comprehensive income (loss)		374,831	364,629	(10,202)
Consolidated retained earnings		1,063,462	1,073,664	10,202
Total equity		2,992,532	2,992,532	-
Total liabilities and equity		32,429,082	32,429,082	-

(In millions of Korean won, unless otherwise stated)

2. Summary of material accounting policy information, continued

(3) Changes in accounting policies, continued

		Consolidated Statement of Financial Position as of December 31, 2023		
		Before	After	Increase (Decrease)
Assets	₩			
Cash and cash equivalents		961,675	961,675	-
Financial assets		31,424,186	31,424,186	-
Property and equipment		59,257	59,257	-
Investment properties		308,302	308,302	-
Intangible assets		19,978	19,978	-
Other assets		83,706	83,706	-
Reinsurance contract assets		12,333	12,333	-
	₩	32,869,437	32,869,437	-
Liabilities				
Insurance contract liabilities		26,417,000	26,417,000	-
Reinsurance contract liabilities		8,909	8,909	-
Investment contract liabilities		3,058,395	3,058,395	-
Policyholders' equity adjustments		(1,677)	(1,677)	-
Financial liabilities		325,630	325,630	-
Other liabilities		157,200	157,213	13
		29,965,457	29,965,470	13
Equity				
Capital stock		806,793	806,793	-
Capital surplus		463,680	463,680	-
Hybrid security bond		344,567	344,567	-
Consolidated capital adjustments		(60,666)	(60,666)	-
Consolidated accumulated other comprehensive income (loss)		36,250	56,854	20,604
Consolidated retained earnings		1,313,356	1,292,739	(20,617)
Total equity		2,903,980	2,903,967	(13)
Total liabilities and equity		32,869,437	32,869,437	-

(In millions of Korean won, unless otherwise stated)

2. Summary of material accounting policy information, continued

(3) Changes in accounting policies, continued

		Consolidated Statement of Comprehensive Income or Loss for the year ended December 31, 2023		
		Before	After	Increase (Decrease)
Insurance income	₩	175,970	175,970	-
Investment income		158,360	118,283	(40,077)
Operating income		334,330	294,253	(40,077)
Non-operating income		14,258	14,258	-
Non-operating expense		851	851	-
Profit before tax		347,737	307,660	(40,077)
Income tax expense		77,091	67,833	(9,258)
Profit for the period		270,646	239,827	(30,819)
Other comprehensive income (loss)		(338,581)	(307,775)	30,806
Total comprehensive income (loss)	₩	(67,935)	(67,948)	(13)

3. Material accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key accounting estimates and assumptions used in the preparation of the consolidated financial statements are based on the same accounting policies and basis of estimation applied in the annual consolidated financial statements for the year ended December 31, 2024, except for the changes in accounting policies described in Note 2.

(In millions of Korean won, unless otherwise stated)

4. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2024 and 2023 are as follows:

		December 31, 2024	December 31, 2023
Current deposits	₩	918	472
Ordinary deposits		56,833	151,172
Other deposits - Local currencies		183,771	798,542
Other deposits - Foreign currencies		27,586	11,489
	₩	269,108	961,675

(In millions of Korean won, unless otherwise stated)

5. Financial assets

5-1 Financial assets at fair value through profit or loss

Details of financial assets at fair value through profit or loss as of December 31, 2024 and 2023 are as follows:

		December 31, 2024
Financial assets at fair value through profit or loss:		
Stocks	₩	327,128
Contributed capital		54,662
Government bonds		209,113
Special bonds		105,869
Financial bonds		427,297
Corporate bonds		120,493
Beneficiary certificates		3,467,256
Foreign currency securities		672,462
Other securities		472,879
Derivatives held-for-trading (*)		177
Total	₩	5,857,336

(*) Details of derivative financial instruments are described in Note 5-3.

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-1 Financial assets at fair value through profit or loss, continued

Details of financial assets at fair value through profit or loss as of December 31, 2024 and 2023 are as follows, continued:

		December 31, 2023
Financial assets at fair value through profit or loss:		
Stocks	₩	354,990
Contributed capital		67,752
Government bonds		200,036
Special bonds		130,585
Financial bonds		473,476
Corporate bonds		146,005
Beneficiary certificates		2,852,486
Foreign currency securities		597,463
Other securities		672,490
Derivatives held-for-trading (*)		2,090
Total	₩	5,497,373

(*) Details of derivative financial instruments are described in Note 5-3.

(In millions of Korean won, unless otherwise stated)

5. Financial assets

5-1 Financial assets at fair value through profit or loss, continued

(2) Details of debt securities classified as financial assets at fair value through profit or loss as of December 31, 2024 and 2023 are as follows.:

		December 31, 2024		
		Face Value	Acquisition cost	Book value
Stocks	₩	-	76,386	78,719
Contributed capital		-	59,767	54,662
Government bonds		226,120	207,090	209,113
Special bonds		107,800	107,710	105,869
Financial bonds		440,000	439,511	427,297
Corporate bonds		120,000	120,343	120,493
Beneficiary certificates		-	3,432,957	3,467,256
Foreign currency securities		881,342	752,193	627,202
Other securities		485,000	473,684	472,879
Total	₩	2,260,262	5,669,641	5,563,490

		December 31, 2023		
		Face value	Acquisition cost	Book value
Stocks	₩	-	49,941	45,399
Contributed capital		-	85,485	67,752
Government bonds		220,902	200,738	200,036
Special bonds		136,487	136,279	130,585
Financial bonds		501,600	500,600	473,476
Corporate bonds		145,870	146,047	146,005
Beneficiary certificates		-	2,815,759	2,852,486
Foreign currency securities		779,671	719,219	562,937
Other securities		694,000	673,328	672,489
Total	₩	2,478,530	5,327,396	5,151,165

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-2 Financial assets at fair value through other comprehensive income

(1) Details of financial assets at fair value through other comprehensive income as of December 31, 2024 and 2023 are as follows:

		December 31, 2024
Equity securities:		
Stock	₩	1,886
Others		397,062
		398,948
Debt securities:		
Government and public bonds		8,498,657
Special bonds		2,978,356
Financial bonds		2,349,678
Corporate bonds		1,851,873
Foreign currency debt securities		3,959,881
		19,638,445
	₩	20,037,393

		December 31, 2023
Equity securities:		
Stock	₩	1,868
Others		302,027
		303,895
Debt securities:		
Government and public bonds		7,970,118
Special bonds		2,839,129
Financial bonds		2,079,309
Corporate bonds		1,725,551
Foreign currency debt securities		3,652,665
		18,266,772
	₩	18,570,667

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-2 Financial assets at fair value through other comprehensive income, continued

(2) Details of equity securities classified as financial assets at fair value through other comprehensive income as of December 31, 2024 and 2023 are as follows:

		December 31, 2024	
		Face Value	Book Value
Stocks	₩	1,906	1,886
Other securities		405,595	397,062
Total	₩	407,501	398,948

(*) the Group has designated equity instruments as financial assets at fair value through other comprehensive income when they are held for strategic business alliances, acquired through debt-to-equity swaps, or not intended for short-term trading purposes.

		December 31, 2023	
		Face Value	Book Value
Stocks	₩	1,906	1,868
Other securities		335,651	302,027
Total	₩	337,557	303,895

(*) the Group has designated equity instruments as financial assets at fair value through other comprehensive income when they are held for strategic business alliances, acquired through debt-to-equity swaps, or not intended for short-term trading purposes.

(3) Dividend income recognized from equity instruments designated as financial assets at fair value through other comprehensive income for the year ended December 31, 2024, is as follows:

		December 31, 2024	
		Derecognized	Holding
Unlisted Stocks	₩	-	52

(4) the Group sold ₩110,005 million worth of equity instruments previously designated as financial assets at fair value through other comprehensive income for the year ended December 31, 2024, as the original long-term holding purpose was revised due to a change in investment strategy. The fair value at the time of disposal was ₩110,005 million, with accumulated losses of ₩(-) 61 million at the disposal date. Of this amount, ₩ (-) 47 million was reclassified from other comprehensive income to retained earnings, net of income tax.

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-2 Financial assets at fair value through other comprehensive income, continued

(5) Details of debt securities classified as financial assets at fair value through other comprehensive income as of December 31, 2024 and 2023 are as follows:

		December 31, 2024		
		Face Value	Acquisition cost	Book value
Government bonds	₩	11,640,158	8,386,587	8,498,657
Special bonds		2,981,700	3,011,112	2,978,356
Financial bonds		2,310,000	2,309,680	2,349,678
Corporate bonds		1,846,500	1,841,949	1,851,873
Foreign currency debt securities		5,137,596	4,009,129	3,959,881
Total	₩	23,915,954	19,558,457	19,638,445

		December 31, 2023		
		Face Value	Acquisition cost	Book value
Government bonds	₩	10,933,658	8,147,833	7,970,118
Special bonds		2,946,800	2,972,054	2,839,129
Financial bonds		2,100,000	2,098,225	2,079,309
Corporate bonds		1,768,176	1,764,316	1,725,551
Foreign currency debt securities		4,599,471	3,959,726	3,652,665
Total	₩	22,348,105	18,942,154	18,266,772

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-2 Financial assets at fair value through other comprehensive income, continued

(6) Details of debt securities classified as financial assets at fair value through other comprehensive income by maturity as of December 31, 2024 and 2023 are as follows:

		December 31, 2024				
		Within 1 Year	Within 5 Years	Within 10 Years	Over 10 Years	Total
Government bonds	₩	814,919	2,639,606	1,478,164	3,565,968	8,498,657
Special bonds		79,999	495,077	672,059	1,731,221	2,978,356
Financial bonds		209,031	1,329,109	596,727	214,811	2,349,678
Corporate bonds		227,982	1,183,909	352,155	87,827	1,851,873
Foreign currency debt securities		438,763	1,256,935	-	2,264,183	3,959,881
Total	₩	1,770,694	6,904,636	3,099,105	7,864,010	19,638,445

		December 31, 2023				
		Within 1 Year	Within 5 Years	Within 10 Years	Over 10 Years	Total
Government bonds	₩	235,025	3,278,139	2,130,538	2,326,416	7,970,118
Special bonds		75,177	425,451	745,066	1,593,435	2,839,129
Financial bonds		269,427	1,429,160	318,772	61,950	2,079,309
Corporate bonds		198,721	1,153,844	262,446	110,540	1,725,551
Foreign currency debt securities		102,588	1,437,179	24,484	2,088,414	3,652,665
Total	₩	880,938	7,723,773	3,481,306	6,180,755	18,266,772

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-2 Financial assets at fair value through other comprehensive income, continued

(7) Details of credit loss allowances recognized for financial assets at fair value through other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

		2024	
		Credit Loss Allowances	Cause
Special bonds	₩	17	Increase in Default Rate, etc.
Financial bonds		720	Increase in Default Rate, etc.
Corporate bonds		1,086	Increase in Default Rate, etc.
Foreign currency debt securities		339	Increase in Default Rate, etc.
Total	₩	2,162	

		2023	
		Credit Loss Allowances	Cause
Special bonds	₩	180	Increase in Default Rate, etc.
Financial bonds		1,747	Increase in Default Rate, etc.
Corporate bonds		1,405	Increase in Default Rate, etc.
Foreign currency debt securities		931	Increase in Default Rate, etc.
Total	₩	4,263	

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-2 Financial assets at fair value through other comprehensive income, continued

(8) Changes in gains and losses on valuation of financial assets at fair value through other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024			
		Beginning balance	Valuation	Realization	Ending balance
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩	(1,632,195)	347,117	(90,103)	(1,375,181)
Policyholders' equity adjustment		2,496	-	-	(2,335)
Net valuation loss before tax		(1,629,699)	-	-	(1,377,516)
Income tax effect		376,460	-	-	318,207
Net valuation loss after tax	₩	(1,253,239)	-	-	(1,059,309)

		For the year ended December 31, 2023			
		Beginning balance	Valuation	Realization	Ending balance
Loss on valuation of financial assets at fair value through other comprehensive income	₩	(2,663,874)	1,031,716	(37)	(1,632,195)
Policyholders' equity adjustment		-	-	-	2,497
Net valuation loss before tax		(2,663,874)	-	-	(1,629,698)
Income tax effect		618,018	-	-	376,460
Net valuation loss after tax	₩	(2,045,856)	-	-	(1,253,238)

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-2 Financial assets at fair value through other comprehensive income, continued

(9) Changes in allowance for credit losses for financial assets at fair value through other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

	For the year ended December 31, 2024			
		Lifetime expected credit losses		
	12-month expected credit losses	Unrecognized impairments	Recognized impairments	Total
Beginning balance	₩ 4,293	-	-	4,293
Changes due to significant increase or decrease in credit risk				
Transfer to 12 months expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to financial assets with credit impairment	-	-	-	-
Transfer of credit loss allowances	3,228	-	-	3,228
Disposals	(1,065)	-	-	(1,065)
Others	(155)			(155)
Ending balance	₩ 6,301	-	-	6,301

	For the year ended December 31, 2023			
		Lifetime expected credit losses		
	12-month expected credit losses	Unrecognized impairments	Recognized impairments	Total
Beginning balance	₩ 30	-	-	30
Changes due to significant increase or decrease in credit risk				
Transfer to 12 months expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to financial assets with credit impairment	-	-	-	-
Transfer of credit loss allowances	-	-	-	-
Disposals	4,266	-	-	4,266
Others	(3)			(3)
Ending balance	₩ 4,293	-	-	4,293

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-2 Financial assets at fair value through other comprehensive income, continued

(10) Changes in the total carrying amounts of debt securities measured at fair value through other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairments	Recognized impairments	Total
Beginning balance	₩	18,266,772	-	-	18,266,772
Transfer to 12-month expected credit losses		-	-	-	-
Transfer to lifetime expected credit losses		-	-	-	-
Transfer to lifetime expected credit losses for impaired debts		-	-	-	-
Execution or acquisition of financial assets		5,201,593	-	-	5,201,593
Derecognition and recovery		(4,641,796)	-	-	(4,641,796)
Amortization of effective interest rate		87,851	-	-	87,851
Other factors such as exchange rate fluctuations		724,025	-	-	724,025
Ending balance	₩	19,638,445	-	-	19,638,445

		For the year ended December 31, 2023			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairments	Recognized impairments	Total
Beginning balance	₩	14,604,266	-	-	14,604,266
Transfer to 12-month expected credit losses		-	-	-	-
Transfer to lifetime expected credit losses		-	-	-	-
Transfer to expected credit losses for impaired debts		-	-	-	-
Execution or acquisition of financial assets		3,768,008	-	-	3,768,008
Derecognition and recovery		(1,310,353)	-	-	(1,310,353)
Amortization of effective interest rate		78,596	-	-	78,596
Other factors such as exchange rate fluctuations		1,126,255	-	-	1,126,255
Ending balance	₩	18,266,772	-	-	18,266,772

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-2 Financial assets at fair value through other comprehensive income, continued

(11) Details of loaned financial assets that do not meet the derecognition requirements under KIFRS 1109 as of December 31, 2024 and 2023 are as follows:

	Accounting classification	December 31, 2024	December 31, 2023	Loaned by
Government bonds	Financial assets at fair value through other comprehensive income	₩ 1,274,156	-	Korea Securities Finance Corporation, Korea Securities Depository
Foreign currency debt securities	Financial assets at fair value through other comprehensive income	61,687	59,064	Nomura Financial Investment Korea
	Total	1,335,843	59,064	

5. Financial assets, continued

5-3 Derivatives

(1) The information related to the hedge type of the Group is as follows:

	Hedged items	Hedging items	Hedged risk
Fair value hedges	Financial assets at fair value through other comprehensive income (Foreign currency securities), Financial assets at fair value through profit or loss (Foreign currency securities)	Currency forwards	Exchange rate
Cash flow hedges	Financial assets at fair value through other comprehensive income (Foreign currency securities)	Currency swaps, Korean treasury-bond forwards	Exchange rate, Interest rate

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-3 Derivatives, continued

(2) Details of derivative financial instruments as of December 31, 2024 and 2023 are as follows:

		December 31, 2024							
		Fair value hedges		Cash flow hedges		Trading		Total	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Currency forwards	₩	111	418,371	-	-	-	432	111	418,803
Currency swaps		-	-	-	4,834	-	-	-	4,834
Korean treasury-bond forwards		-	-	91,963	1,737	-	-	91,963	1,737
Korean treasury-bond futures		-	-	-	-	177	-	177	-
	₩	111	418,371	91,963	6,571	177	432	92,251	425,374

		December 31, 2023							
		Fair value hedges		Cash flow hedges		Trading		Total	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Currency forwards	₩	106,092	50,700	-	-	2,089	-	108,181	50,700
Currency swaps		-	-	-	1,031	-	-	-	1,031
Korean treasury-bond forwards		-	-	26,659	1,408	-	-	26,659	1,408
Korean treasury-bond futures		-	-	-	-	-	19,227	-	19,227
	₩	106,092	50,700	26,659	2,439	2,089	19,227	134,840	72,366

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-3 Derivatives, continued

(3) Details of gains or losses on valuation of derivative instruments recognized in the statements of comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024							
		Fair value hedges		Cash flow hedges		Trading		Total	
		Gain	Loss	Gain	Loss	Gain	Loss	Gain	Loss
Currency forwards	₩	29,305	(661,129)	-	-	8,845	(13,737)	38,150	(674,866)
Currency swaps		-	-	189	(1,461)	-	-	189	(1,461)
Korean treasury-bond forwards		-	-	33	(121)	-	-	33	(121)
Korean treasury-bond futures		-	-	-	-	78,671	(59,367)	78,671	(59,367)
Stock index futures		-	-	-	-	6,456	(4,477)	6,456	(4,477)
	₩	29,305	(661,129)	222	(1,582)	93,972	(77,581)	123,499	(740,292)

		For the year ended December 31, 2023							
		Fair value hedges		Cash flow hedges		Trading		Total	
		Gain	Loss	Gain	Loss	Gain	Loss	Gain	Loss
Currency forwards	₩	166,960	(352,198)	693	(2,623)	27,554	(39,423)	195,207	(394,244)
Currency swaps		-	-	-	(1)	-	-	-	(1)
Korean treasury-bond futures		-	-	-	-	69,560	(113,283)	69,560	(113,283)
Korean treasury-bond forwards		-	-	1	(13)	-	-	1	(13)
	₩	166,960	(352,198)	694	(2,637)	97,114	(152,706)	264,768	(507,541)

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-3 Derivatives, continued

(4) Details of the hedged items for fair value risk as of December 31, 2024 and 2023, changes in fair value for each of the two years in the period ended December 31, 2024 are as follows:

			December 31, 2024		Accounts for hedged item in the statement of financial position	For the year ended December 31, 2024
			Book value	Cumulative fair value changes		Fair value changes
Currency risk	Foreign currency securities	₩	4,403,532	1,065,683	Financial assets at fair value through other comprehensive income Financial assets at fair value through profit or loss	572,062

			December 31, 2023		Accounts for hedged item in the statement of financial position	For the year ended December 31, 2023
			Book value	Cumulative fair value changes		Fair value changes
Currency risk	Foreign currency securities	₩	4,198,602	506,109	Financial assets at fair value through other comprehensive income Financial assets at fair value through profit or loss	138,894

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-3 Derivatives, continued

(5) Details of derivative instruments designated as hedging instruments for fair value risk as of December 31, 2024 and 2023, and changes in fair value for each of the two years in the period ended December 31, 2024 are as follows:

		December 31, 2024			Accounts for hedging instrument in the statement of financial position	For the year ended December 31, 2024
			Book value			
		Agreed value	Assets	Liabilities		Fair value changes
Currency forwards	₩	5,222,897	111	418,371	Derivative assets(liabilities) for the purpose of hedges	(621,189)

		December 31, 2023			Accounts for hedging instrument in the statement of financial position	For the year ended December 31, 2023
			Book value			
		Agreed value	Assets	Liabilities		Fair value changes
Currency forwards	₩	5,288,524	106,092	50,700	Derivative assets(liabilities) for the purpose of hedges	(164,072)

(6) Gains and losses on fair value hedging instruments and hedged risk-related gains and losses on hedged items for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Gains or losses of hedging instrument	₩	(621,189)	(164,072)
Effective gains and losses (Other Comprehensive Income)		572,062	138,894
Ineffective gains and losses (profit or loss)		(49,127)	(25,178)

(7) Details of the hedged items for cash flow risks as of December 31, 2024 and 2023, and changes in fair values for each of the two years in the period ended December 31, 2024 are as follows:

		Reserve for cash flow hedge		Fair value changes	
		December 31, 2024	December 31, 2023	For the year ended December 31, 2024	For the year ended December 31, 2023
Currency risk	₩	756	(177)	4,845	463
Interest rate risk		105,984	25,297	(80,731)	(66,018)
	₩	106,740	25,120	(75,886)	(65,555)

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-3 Derivatives, continued

(8) Details of derivative instruments designated as hedging instruments for cash flow risks as of December 31, 2024 and 2023, and changes in fair value for each of the two years in the period ended December 31, 2024 are as follows:

		December 31, 2024			Accounts for hedging instrument in the statement of financial position	For the year ended December 31, 2024
		Agreed value	Book value			
			Assets	Liabilities		Fair value changes
Currency swaps	₩	128,050	-	4,834	Derivative assets (liabilities) for the purpose of hedges	(4,845)
Korean treasury bond forwards		1,200,000	91,963	1,737		80,725
	₩	1,328,050	91,963	6,571		75,880

		December 31, 2023			Accounts for hedging instrument in the statement of financial position	For the year ended December 31, 2023
		Agreed value	Book value			
			Assets	Liabilities		Fair value changes
Currency swaps	₩	29,950	-	1,031	Derivative assets (liabilities) for the purpose of hedges	(463)
Korean treasury bond forwards		750,000	26,659	1,408		66,007
	₩	779,950	26,659	2,439		65,544

(9) The gains or losses on hedging instruments for cash flow risks and the gains or losses related to the hedged risk of the hedged items for cash flow risks for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Effective portion of gains or losses in other comprehensive income (loss)	₩	75,880	65,543
Ineffective gains or losses in profit or loss(*)		75,886	65,555
Gains or losses of hedging instrument	₩	(6)	(12)

(*) Included in derivative-related gains and losses.

(10) The amounts recognized in other comprehensive income related to cash flow hedging derivatives and the amounts reclassified from equity to profit or loss for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Recognized in other comprehensive income (loss)	₩	75,886	65,555
Reclassified as profit or loss		5,735	853
Income tax effect		(18,854)	(15,382)
	₩	62,767	51,026

5. Financial assets, continued

5-3 Derivatives, continued

(11) As of December 31, 2024, the longest period that the cash flow hedge is expected to be applied to the hedged item, for which the Group anticipates being exposed to cash flow variability risk, is the period until October 12, 2027.

(12) The contractual amounts for the unsettled derivatives as of December 31, 2024 and 2023 are as follows (In thousands of U.S. dollars, thousands of EURO, thousands of Australian dollars and millions of Korean won):

	December 31, 2024				
	Currency	Fair value hedges	Cash flow hedges	Trading	Total
Currency forwards	USD	2,618,858	-	4,060	2,622,918
	EUR	979,354	-	-	979,354
	AUD	419,970	-	-	419,970
Currency swaps	USD	-	37,410	-	37,410
	AUD	-	85,000	-	85,000
Korean treasury-bond futures	USD	-	-	9,690	9,690
Korean treasury-bond forwards	KRW	-	1,200,000	-	1,200,000
Total	USD	2,618,858	37,410	13,750	2,670,018
	EUR	979,354	-	-	979,354
	AUD	419,970	85,000	-	504,970
	KRW	-	1,200,000	-	1,200,000

	December 31, 2023				
	Currency	Fair value hedges	Cash flow hedges	Trading	Total
Currency forwards	USD	2,695,900	-	37,279	2,733,179
	EUR	977,704	-	-	977,704
	AUD	483,160	-	-	483,160
Currency swaps	AUD	-	35,000	-	35,000
Korean treasury-bond futures	USD	-	-	466,440	466,440
Bond forwards	KRW	-	750,000	-	750,000
Total	USD	2,695,900	-	503,719	3,199,619
	EUR	977,704	-	-	977,704
	AUD	483,160	35,000	-	518,160
	KRW	-	750,000	-	750,000

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-3 Derivatives, continued

(13) Details of financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2024 and 2023 are as follows:

		Assets	
		December 31, 2024	December 31, 2023
Gross amounts of recognized financial assets	₩	92,250	134,840
Gross amounts of recognized financial liabilities set off in the statement of financial position		-	-
Net amounts of financial assets presented in the statement of financial position		92,250	134,840
Related amounts not set off in the statement of financial position:			
Financial instruments		92,250	134,840
Net amounts	₩	-	-

		Liabilities	
		December 31, 2024	December 31, 2023
Gross amounts of recognized financial liabilities	₩	425,374	72,366
Gross amounts of recognized financial assets set off in the statement of financial position		-	-
Net amounts of financial liabilities presented in the statement of financial position		425,374	72,366
Related amounts not set off in the statement of financial position:			
Financial instruments		92,250	134,377
Cash collateral pledged		116,278	21,036
Net amounts	₩	216,846	(83,047)

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-4 Loans measured at amortized cost

(1) Details of loans measured at amortized cost as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Property-backed loans	₩	1,883,277	1,768,847
Credit loans		46,413	55,506
Guaranteed loans		1,024,936	1,228,811
Other loans		3,174,400	3,251,821
		6,129,026	6,304,985
Present value discounts		-	-
Deferred loan fee and income		(16,402)	(14,156)
Allowance for loan losses		(76,233)	(73,030)
	₩	6,036,391	6,217,799
The ratio of allowance for loan losses		1.24%	1.16%

(2) The maturity structure of loan receivables measured at amortized cost as of December 31, 2024 and 2023 is as follows:

		December 31, 2024					
		Within 1 Year	Within 2 Years	Within 3 Years	Within 4 Years	Over 4 Years	Total
Property-backed loans	₩	734,662	741,533	302,416	-	104,666	1,883,277
Credit loans		46,187	226	-	-	-	46,413
Guaranteed loans		254,195	897	150	45,024	724,670	1,024,936
Other loans		638,284	754,448	592,205	310,859	878,604	3,174,400
Total	₩	1,673,328	1,497,104	894,771	355,883	1,707,940	6,129,026

		December 31, 2023					
		Within 1 Year	Within 2 Years	Within 3 Years	Within 4 Years	Over 4 Years	Total
Property-backed loans	₩	488,211	694,837	432,443	152,416	940	1,768,847
Credit loans		55,506	-	-	-	-	55,506
Guaranteed loans		104,605	412,948	8	30	711,220	1,228,811
Other loans		1,032,386	464,850	385,027	427,023	942,535	3,251,821
Total	₩	1,680,708	1,572,635	817,478	579,469	1,654,695	6,304,985

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-4 Loans measured at amortized cost, continued

(3) Changes in the total carrying amount of loans measured at amortized cost for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance	₩	5,712,463	540,435	52,087	6,304,985
Transfer to 12 months expected credit losses		426,239	(426,196)	(43)	-
Transfer to lifetime expected credit losses		(6,976)	7,032	(56)	-
Transfer to financial assets with credit impairment		(2,235)	(2,100)	4,335	-
Disposal		-	-	(310)	(310)
Written off		-	-	(2,743)	(2,743)
Net increase (decrease), including issue and repayment, etc.		(122,577)	(44,540)	(5,789)	(172,906)
Ending balance	₩	6,006,914	74,631	47,481	6,129,026

		For the year ended December 31, 2023			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance(*)	₩	6,765,816	23,244	31,686	6,820,746
Transfer to 12 months expected credit losses		9,734	(9,726)	(8)	-
Transfer to lifetime expected credit losses		(491,248)	501,601	(10,353)	-
Transfer to financial assets with credit impairment		(33,595)	(906)	34,501	-
Disposal		-	-	(205)	(205)
Written off		-	-	(2,383)	(2,383)
Net increase (decrease), including issue and repayment, etc.		(538,244)	26,222	(1,151)	(513,173)
Ending balance	₩	5,712,463	540,435	52,087	6,304,985

(*) The beginning balance reflects the amounts after applying KIFRS 1109 *Financial Instruments*.

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-4 Loans measured at amortized cost, continued

(4) Changes in allowance for loans measured at amortized cost for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance	₩	10,717	33,965	28,348	73,030
Transfer to 12 months expected credit losses		29,743	(29,712)	(31)	-
Transfer to lifetime expected credit losses		(348)	354	(6)	-
Transfer to financial assets with credit impairment		(154)	(281)	435	-
Provision for allowance		388	4,546	1,298	6,232
Collection of amortized receivables		-	-	573	573
Written off		-	-	(2,743)	(2,743)
Disposal		-	-	(304)	(304)
Unwinding effect		-	-	(555)	(555)
Ending balance	₩	40,346	8,872	27,015	76,233

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-4 Loans measured at amortized cost, continued

(4) Changes in allowance for loans measured at amortized cost for each of the two years in the period ended December 31, 2024 are summarized as follows, continued:

		For the year ended December 31, 2023			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance(*)	₩	1,840	411	20,121	22,372
Transfer to 12 months expected credit losses		163	(158)	(5)	-
Transfer to lifetime expected credit losses		(168)	4,827	(4,659)	-
Transfer to financial assets with credit impairment		(93)	(178)	271	-
Provision for allowance		8,975	29,063	15,085	53,123
Collection of amortized receivables		-	-	777	777
Written off		-	-	(2,383)	(2,383)
Disposal		-	-	(203)	(203)
Unwinding effect		-	-	(656)	(656)
Ending balance	₩	10,717	33,965	28,348	73,030

(*) The beginning balance reflects the amounts after applying KIFRS 1109 *Financial Instruments*.

(5) Changes in deferred loan fees and income for each of the two years in the period ended December 31, 2024 are as follows :

		For the year ended December 31, 2024			
		Beginning balance	Incurred	Reversal	Ending balance
Property-backed loans	₩	(2,888)	(7,186)	3,482	(6,592)
Guaranteed loans		-	(185)	100	(85)
Other loans		(11,268)	(3,688)	5,231	(9,725)
Total	₩	(14,156)	(11,059)	8,813	(16,402)

		For the year ended December 31, 2023			
		Beginning balance	Incurred	Reversal	Ending balance
Property-backed loans	₩	(5,723)	(109)	2,944	(2,888)
Guaranteed loans		-	(305)	305	-
Other loans		(14,190)	(3,470)	6,392	(11,268)
Total	₩	(19,913)	(3,884)	9,641	(14,156)

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-5 Receivables measured at amortized cost

(1) Details of receivables measured at amortized cost as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Account receivables	₩	15,618	63,127
Guarantee deposits		17,934	16,083
Accrued incomes		280,118	259,254
		313,670	338,464
Allowance for expected credit losses		(1,768)	(529)
Discount		(2,076)	(366)
	₩	309,826	337,569
Ratio of allowance for expected credit losses		0.56 %	0.16 %

(2) Changes in the total carrying amount of receivables measured at amortized cost for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance	₩	337,426	693	344	338,463
Transfer to 12 months expected credit losses		307	(307)	-	-
Transfer to lifetime expected credit losses		(17)	17	-	-
Transfer to financial assets with credit impairment		(7)	(13)	20	-
Disposal		-	-	(1)	(1)
Written off		-	-	(41)	(41)
Net increase (decrease), including issue and repayment, etc.		(27,622)	(236)	3,107	(24,751)
Ending balance	₩	310,087	154	3,429	313,670

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-5 Receivables measured at amortized cost, continued

(2) Changes in the total carrying amount of receivables measured at amortized cost for each of the two years in the period ended December 31, 2024 are summarized as follows, continued:

		For the year ended December 31, 2023			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance(*)	₩	305,729	61	335	306,125
Transfer to 12 months expected credit losses		22	(22)	-	-
Transfer to lifetime expected credit losses		(611)	611	-	-
Transfer to financial assets with credit impairment		(278)	(10)	288	-
Disposal		-	-	-	-
Written off		-	-	(6)	(6)
Net increase (decrease), including issue and repayment, etc.		32,564	53	(273)	32,344
Ending balance	₩	337,426	693	344	338,463

(*) The beginning balance reflects the amounts after applying KIFRS 1109 *Financial Instruments*.

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-5 Receivables measured at amortized cost, continued

(3) Changes in allowance for receivables measured at amortized cost for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance	₩	199	5	325	529
Transfer to 12 months expected credit losses		1	(1)	-	-
Transfer to lifetime expected credit losses		(1)	1	-	-
Transfer to financial assets with credit impairment		(1)	(1)	2	-
Provision for (reversal of) allowance		63	2	(37)	28
Collection of amortized receivables		-	-	(12)	(12)
Written off		-	-	(41)	(41)
Disposal		-	-	(1)	(1)
Foreign currency translation and others		-	-	1,265	1,265
Ending balance	₩	261	6	1,501	1,768

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-5 Receivables measured at amortized cost, continued

(3) Changes in allowance for receivables measured at amortized cost for each of the two years in the period ended December 31, 2024 are summarized as follows, continued:

		For the year ended December 31, 2023			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance(*)	₩	99	3	298	400
Transfer to 12 months expected credit losses		-	-	-	-
Transfer to lifetime expected credit losses		(1)	1	-	-
Transfer to financial assets with credit impairment		(1)	(2)	3	-
Provision for (reversal of) allowance		102	3	43	148
Collection of amortized receivables		-	-	9	9
Written off		-	-	(28)	(28)
Ending balance	₩	199	5	325	529

(*) The beginning balance reflects the amounts after applying KIFRS 1109 *Financial Instruments*.

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-6 Deposits measured at amortized cost

(1) Details of deposits measured at amortized cost as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Time deposit	₩	390,000	214,000
Deposit of foreign currency		60,013	12,159
Overseas deposit		1,617	1,028
Futures trading margin deposit		42,688	58,032
Other deposits		227,551	382,809
	₩	721,869	668,028

(2) Details of restricted deposits measured at amortized cost as of December 31, 2024 and 2023 are as follows:

	Purpose		December 31, 2024	December 31, 2023
Futures trading margin deposit	Margin deposits for futures trading	₩	285	18,030
Other deposits	Deposits for checking accounts		11	11
		₩	296	18,041

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-6 Deposits measured at amortized cost, continued

(3) Changes in the total carrying amount of deposits measured at amortized cost for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance	₩	668,028	-	-	668,028
Transfer to 12 months expected credit losses		-	-	-	-
Transfer to lifetime expected credit losses		-	-	-	-
Transfer to financial assets with credit impairment		-	-	-	-
Net changes		53,841	-	-	53,841
Ending balance	₩	721,869	-	-	721,869

		For the year ended December 31, 2023			
			Lifetime expected credit losses		
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	Total
Beginning balance(*)	₩	436,452	-	-	436,452
Transfer to 12 months expected credit losses		-	-	-	-
Transfer to lifetime expected credit losses		-	-	-	-
Transfer to financial assets with credit impairment		-	-	-	-
Net changes		231,576	-	-	231,576
Ending balance	₩	668,028	-	-	668,028

(*) The beginning balance reflects the amounts after applying KIFRS 1109 *Financial Instruments*.

(In millions of Korean won, unless otherwise stated)

5. Financial assets, continued

5-7 Financial assets provided as collaterals

Details of financial assets provided as collaterals as of December 31, 2024 and 2023 are summarized as follows:

	December 31, 2024		
	Face value	Book value	Purpose
Financial assets at fair value through profit or loss	₩ 1,601	2,147	Collateral for derivative contract
Financial assets at fair value through other comprehensive income	699,413	635,410	Collateral for derivative contract, Payment guarantee
	₩ 701,014	637,557	

	December 31, 2023		
	Face value	Book value	Purpose
Financial assets at fair value through profit or loss	₩ 2,601	3,181	Collateral for derivative contract
Financial assets at fair value through other comprehensive income	378,213	360,334	Collateral for derivative contract
	₩ 380,814	363,515	

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities

6-1 Details of financial instruments by category

(1) Details of financial instruments by category as of December 31, 2024 and 2023 are as follows:

	December 31, 2024					
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets measured at amortized cost	Derivative financial assets designated as hedges	Financial liabilities measured at amortized cost	Total
Financial assets:						
Cash and cash equivalents ₩	-	-	269,108	-	-	269,108
Financial assets at fair value through profit or loss	5,857,336	-	-	-	-	5,857,336
Financial assets at fair value through other comprehensive income	-	20,037,393	-	-	-	20,037,393
Derivative financial assets designated as hedges	-	-	-	92,073	-	92,073
Deposits measured at amortized cost	-	-	721,869	-	-	721,869
Loans measured at amortized cost	-	-	6,036,391	-	-	6,036,391
Other receivables measured at amortized cost	-	-	309,826	-	-	309,826
Financial liabilities:						
Financial liabilities at fair value through profit or loss	432	-	-	-	-	432
Financial liabilities measured at amortized cost	-	-	-	-	365,528	365,528
Investment contract liability	-	-	-	-	3,469,088	3,469,088
Derivative financial liabilities designated as hedges	-	-	-	424,942	-	424,942

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities, continued

6-1 Details of financial instruments by category, continued

(1) Details of financial instruments by category as of December 31, 2024 and 2023 are as follows, continued:

	December 31, 2023					
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets measured at amortized cost	Derivative financial assets designated as hedges	Financial liabilities measured at amortized cost	Total
Financial assets:						
Cash and cash equivalents ₩	-	-	961,675	-	-	961,675
Financial assets at fair value through profit or loss	5,497,373	-	-	-	-	5,497,373
Financial assets at fair value through other comprehensive income	-	18,570,667	-	-	-	18,570,667
Derivative financial assets designated as hedges	-	-	-	132,751	-	132,751
Deposits measured at amortized cost	-	-	668,028	-	-	668,028
Loans measured at amortized cost	-	-	6,217,799	-	-	6,217,799
Other receivables measured at amortized cost	-	-	337,569	-	-	337,569
Financial liabilities:						
Financial liabilities at fair value through profit or loss	19,227	-	-	-	-	19,227
Financial liabilities measured at amortized cost	-	-	-	-	253,264	253,264
Investment contract liability	-	-	-	-	3,058,395	3,058,395
Derivative financial liabilities designated as hedges	-	-	-	53,139	-	53,139

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities, continued

6-2 Fair value

(1) The fair values of the financial assets and liabilities as of December 31, 2024 and 2023 are as follows:

		December 31, 2024	
		Book value	Fair value
Financial assets:			
Cash and cash equivalents	₩	269,108	269,108
Financial assets at fair value through profit or loss		5,857,336	5,857,336
Financial assets at fair value through other comprehensive income		20,037,393	20,037,393
Derivative financial assets designated as hedges		92,073	92,073
Deposits measured at amortized cost		721,869	709,860
Loans measured at amortized cost		6,036,391	6,093,829
Other receivables measured at amortized cost		309,826	310,057
	₩	33,323,996	33,369,656
Financial liabilities:			
Financial liabilities at fair value through profit or loss	₩	432	432
Financial liabilities measured at amortized cost		365,528	365,796
Investment contract liability		3,469,087	3,469,087
Derivative financial liabilities designated as hedges		424,942	424,942
	₩	4,259,989	4,260,257

		December 31, 2023	
		Book value	Fair value
Financial assets:			
Cash and cash equivalents	₩	961,675	961,675
Financial assets at fair value through profit or loss		5,497,373	5,497,373
Financial assets at fair value through other comprehensive income		18,570,667	18,570,667
Derivative financial assets designated as hedges		132,751	132,751
Deposits measured at amortized cost		668,028	617,718
Loans measured at amortized cost		6,217,799	6,140,320
Other receivables measured at amortized cost		337,569	337,766
	₩	32,385,862	32,258,270
Financial liabilities:			
Financial liabilities at fair value through profit or loss	₩	19,227	19,227
Financial liabilities measured at amortized cost		253,264	253,477
Investment contract liability		3,058,395	3,058,395
Derivative financial liabilities designated as hedges		53,139	53,139
	₩	3,384,025	3,384,238

6. Fair value of financial assets and liabilities, continued

6-2 Fair value, continued

(2) The fair values of the above financial assets and liabilities are recorded at the amount traded between parties who are willing to deal based on a normal transaction basis. The methods and assumptions used to estimate the fair value are as follows.

- Cash and cash equivalents
  Book value and fair value of cash are the same and the book value of cash equivalents such as ordinary deposits are used as the proxy of fair value.

- Deposits
  The Group uses book value of short-term deposits as the proxy of fair values. In case of long-term deposits, the present values of the estimated cash flows discounted by market interest rates are used as fair value.

- Financial assets at fair value through profit or loss (except for derivatives held-for-trading)
  The Group uses quoted price for securities in active markets. For unquoted instruments, the Group uses the fair value calculated by independent external professional evaluation agencies. External professional evaluation agencies use one or more suitable valuation methods among Discounted Cash Flow (“DCF”) model, comparable group analysis, and the divided discount model in consideration of characteristics of evaluation target and calculate fair values.

- Financial assets at fair value through other comprehensive income
  The Group uses quoted price for securities in active markets. For unquoted instruments, the Group uses the fair value calculated by independent external professional evaluation agencies. External professional evaluation agencies use one or more suitable valuation methods in consideration of characteristics of evaluation target among DCF model, imputed market value (“IMV”) model, discounted free cash flow (“FCFE”) model, discounted dividend model and risk adjusted discounted rate model where future cash flows, expected dividends or average stock price and financial ratios for comparable companies are referred at the calculation of fair values.

- Derivatives
  The Group uses price quotations for derivatives in active markets. For unquoted derivatives, the Group uses the fair value calculated by independent external professional evaluation agencies. In case of determining the fair value of OTC derivatives such as currency swap, interest rate swap, and option based on the observable inputs, independent external professional evaluation agencies use self-assessment evaluation models, the valuation technique which market participants generally use. However, in case of complex financial instruments, the independent external professional evaluation agencies measure the fair values using valuation techniques based on assumptions due to all or part of inputs being unobservable in the model. The independent external professional evaluation agencies use self-assessment evaluation model developed from a general value evaluation model.

6. Fair value of financial assets and liabilities, continued

6-2 Fair value, continued

(2) The fair values of the above financial assets and liabilities are recorded at the amount traded between parties who are willing to deal based on a normal transaction basis. The methods and assumptions used to estimate the fair value are as follows, continued.

- Loans
  In case of loans, the Group calculates fair values using DCF model that reflects an appropriate discount rate corresponding to the expected cash flows and prepayment rate that reflects the redemption risk.

- Receivables
  In case of receivables, most receivables are accounts receivables and accrued income, etc. carried out in a short time period. Thus, book values of receivables are used as proxy of reasonable fair values. In case of guaranteed deposits, the present values of the contractual cash flows discounted by market interest rates are used as the fair values.

(3) The Group classifies fair value measurements using a hierarchy that reflects the significance of the inputs to measure the fair value. The fair value hierarchy has the following levels:

✓ Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
✓ Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
✓ Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes the level changes within the fair value hierarchy at the end of the reporting period. There were no significant movements between Level 1 and Level 2 of the fair value hierarchy during the current and prior periods.

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities, continued

6-3 Financial instruments measured at fair value

(1) The fair value hierarchy of the financial instruments as of December 31, 2024 and 2023 is as follows:

		December 31, 2024			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at fair value through profit or loss	₩	522,920	3,272,179	2,055,378	5,850,477
Financial assets at fair value through other comprehensive Income		8,498,657	11,139,788	398,802	20,037,247
Derivative financial assets designated as hedges		-	92,073	-	92,073
	₩	9,021,577	14,504,040	2,454,180	25,979,797
Financial liabilities:					
Financial liabilities at fair value through profit or loss	₩	-	432	-	432
Derivative financial liabilities designated as hedges		-	424,942	-	424,942
	₩	-	425,374	-	425,374

		December 31, 2023			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at fair value through profit or loss	₩	496,174	2,939,550	2,054,491	5,490,215
Financial assets at fair value through other comprehensive Income		7,970,118	10,296,654	303,750	18,570,522
Derivative financial assets designated as hedges		-	132,751	-	132,751
	₩	8,466,292	13,368,955	2,358,241	24,193,488
Financial liabilities:					
Financial liabilities at fair value through profit or loss	₩	-	19,227	-	19,227
Derivative financial liabilities designated as hedges		-	53,139	-	53,139
	₩	-	72,366	-	72,366

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities, continued

6-3 Financial instruments measured at fair value, continued

(2) Details of non-marketable equity securities of which the fair value cannot be measured reliably as there is no quoted price in an active market and measured at costs as of December 31, 2024 and 2023 are as follows:

		December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss:			
Unlisted stocks	₩	5,765	5,733
Equity investment		1,094	1,424
		6,859	7,157
Financial assets at fair value through other comprehensive income:			
Unlisted stocks		145	145
	₩	7,004	7,302

(3) Changes in book value of financial instruments, whose fair value is categorized as level 3, for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024		
		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
Beginning balance	₩	2,054,491	303,750	-
Profit or loss		15,203	-	-
Other comprehensive income		-	20,349	-
Acquisition		175,805	180,000	-
Disposal		(207,652)	(105,297)	-
Transfer to level3(*)		17,531	-	-
Ending balance	₩	2,055,378	398,802	-

(*) Transfers between levels occurred due to changes in the availability of observable market data for the financial instrument.

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities, continued

6-3 Financial instruments measured at fair value, continued

(3) Changes in book value of financial instruments, whose fair value is categorized as level 3, for each of the two years in the period ended December 31, 2024 are as follows, continued:

		For the year ended December 31, 2023		
		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
Beginning balance	₩	1,910,565	287,611	-
Conversion effect		42,558	-	-
Other comprehensive income		-	22,718	-
Acquisition		204,140	30,000	-
Disposal		(96,745)	(36,434)	-
Transfer to level3(*)		1,179	(145)	-
Transfer from level3(*)		(7,205)	-	-
Ending balance	₩	2,054,492	303,750	-

(*) Transfers between levels occurred due to changes in the availability of observable market data for the financial instrument.

(4) The amounts of total gains or losses recognized in profit or loss related to Level 3 financial instruments for each of the two years ended December 31, 2024 and 2023, and the gains or losses recognized in profit or loss related to the Level 3 financial instruments held by the Group as of December 31, 2024 and 2023 are as follows:

		For the year ended December 31, 2024		For the year ended December 31, 2023	
		Gains	Gains on the portions held as of Dec. 31	Gains	Gains on the portions held as of Dec. 31
Recognized in profit or loss	₩	17,727	15,203	42,558	37,206

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities, continued

6-3 Financial instruments measured at fair value, continued

(5) The valuation techniques and inputs for the items classified as level 2 as of December 31, 2024 and 2023 are as follows:

		December 31, 2024		
		Fair value	Valuation techniques	Inputs
Financial assets:				
Financial assets measured at fair value through profit or loss	Equity securities	₩ 562,291	Net asset value model etc.	Interest rate, foreign exchange rate, stock price, etc.
	Debt securities	2,709,711	DCF model, Monte-Carlo Simulation, Hull & White model	Interest rate, foreign exchange rate, stock price, etc.
	Derivative financial assets held-for-trading	177	DCF model, Implied forward rate calculation	Interest rate, foreign exchange rate, etc.
Financial assets measured at fair value through other comprehensive income	Debt securities	11,139,788	DCF model	Interest rate, foreign exchange rate, etc.
Derivative financial assets designated as hedges		92,073	DCF model, Implied forward rate calculation	Interest rate, foreign exchange rate, etc.
Financial liabilities:				
Derivative financial liabilities held-for-trading		432	DCF model, Implied forward rate calculation	Interest rate, foreign exchange rate, etc.
Derivative financial liabilities designated as hedges		424,942	DCF model, Implied forward rate calculation	Interest rate, foreign exchange rate, etc.

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities, continued

6-3 Financial instruments measured at fair value, continued

(5) The valuation techniques and inputs for the items classified as level 2 as of December 31, 2024 and 2023 are as follows, continued:

		December 31, 2023		
		Fair value	Valuation techniques	Inputs
Financial assets:				
Financial assets measured at fair value through profit or loss	Equity securities	₩ 34,526	Net asset value model etc.	Interest rate, foreign exchange rate, stock price, etc.
	Debt securities	2,902,934	DCF model, Monte-Carlo Simulation, Hull & White model	Interest rate, foreign exchange rate, stock price, etc.
	Derivative financial assets held-for-trading	2,090	DCF model, Implied forward rate calculation	Interest rate, foreign exchange rate, etc.
Financial assets measured at fair value through other comprehensive income	Debt securities	10,296,654	DCF model	Interest rate, foreign exchange rate, etc.
Derivative financial assets designated as hedges		132,751	DCF model, Implied forward rate calculation	Interest rate, foreign exchange rate, etc.
Financial liabilities:				
Derivative financial liabilities held-for-trading		19,227	DCF model, Implied forward rate calculation	Interest rate, foreign exchange rate, etc.
Derivative financial liabilities designated as hedges		53,139	DCF model, Implied forward rate calculation	Interest rate, foreign exchange rate, etc.

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities, continued

6-3 Financial instruments measured at fair value, continued

(6) The valuation techniques, inputs, range of inputs of the financial instruments categorized as level 3 as of December 31, 2024 and 2023 are as follows:

		December 31, 2024			
		Fair value	Valuation techniques	Inputs	Range of inputs
Financial assets:					
Financial assets measured at fair value through profit or loss	Equity securities	₩ 26,242	DCF model, CCA	Interest rate, discount rate growth rate, stock price, etc.	8.15% ~ 14.14%
	Debt securities	2,029,136	DCF model, DDM, Net asset value, FCF	Discount Rate, foreign exchange rate, growth rate, liquidation value variability, etc.**	3.13%~18.11%
Financial assets measured at fair value through other comprehensive income	Equity securities	398,802	DCF model , Hull & White model	Coefficient of Correlation	0.65%~0.80%
				Discount rate	2.28%~5.70%
				Interest rate	2.60%~2.98%
				WACC	11.26%
Financial liabilities: Investment contracts liabilities		3,469,088	DCF model	Discount rate	-

		December 31, 2023			
		Fair value	Valuation techniques	Inputs	Range of inputs
Financial assets:					
Financial assets measured at fair value through profit or loss	Equity securities	₩ 26,828	DCF model	Interest rate, foreign exchange rate, stock price, etc.	9.89% ~ 14.29%
	Debt securities	2,027,663	Monte Carlo Simulation	The volatility of the underlying assets	22.33%~27.33%
			DCF model, DDM, Net asset value, FCF	Discount rate, Terminal growth rate, variability of liquidation value	4.53%~20.29%
Financial assets measured at fair value through other comprehensive income	Equity securities	398,802	DCF model , Hull & White model	Coefficient of Correlation	0.67%~0.99%
				Discount rate	2.49%~5.05%
				Interest rate	3.06%~3.55%
				WACC	11.10%

(continued)

	December 31, 2023			
	Fair value	Valuation techniques	Inputs	Range of inputs
Financial liabilities:				
Investment contracts liabilities	3,058,395	DCF model	Discount rate	-

6. Fair value of financial assets and liabilities, continued

6-3 Financial instruments measured at fair value, continued

(7) The results of the sensitivity analysis related to changes in unobservable inputs at level 3 as of December 31, 2024 are as follows:

		Favorable changes	Unfavorable changes
Financial assets measured at fair value through profit or loss	₩	28,796	(27,543)
Financial assets measured at fair value through other comprehensive income		194	(186)

(In millions of Korean won, unless otherwise stated)

6. Fair value of financial assets and liabilities, continued

6-4 Financial instruments whose fair value is not measured but disclosed

The fair value hierarchy of the financial instruments as of December 31, 2024 and 2023 is as follows:

		December 31, 2024			
		Level 1	Level 2	Level 3	Total
Financial assets (*):					
Cash and cash equivalents	₩	-	269,108	-	269,108
Deposits measured at amortized cost		-	709,860	-	709,860
Loans measured at amortized cost		-	-	6,093,829	6,093,829
Other receivables measured at amortized cost		-	-	310,057	310,057
	₩	-	978,968	6,403,886	7,382,854
Financial liabilities:					
Financial liabilities measured at amortized cost		-	-	365,796	365,796
Investment contracts liabilities	₩	-	-	3,469,088	3,469,088
		-	-	3,834,884	3,834,884

(*) The fair value hierarchy has not been disclosed for items where the carrying amount is considered a reasonable approximation of fair value and is presented as fair value.

		December 31, 2023			
		Level 1	Level 2	Level 3	Total
Financial assets (*):					
Cash and cash equivalents	₩	-	961,675	-	961,675
Deposits measured at amortized cost		-	617,718	-	617,718
Loans measured at amortized cost		-	-	6,140,320	6,140,320
Other receivables measured at amortized cost		-	-	337,766	337,766
	₩	-	1,579,393	6,478,086	8,057,479
Financial liabilities:					
Financial liabilities measured at amortized cost	₩	-	-	253,477	253,477
Investment contracts liabilities		-	-	3,058,395	3,058,395
		-	-	3,311,872	3,311,872

(*) The fair value hierarchy has not been disclosed for items where the carrying amount is considered a reasonable approximation of fair value and is presented as fair value.

6. Fair value of financial assets and liabilities, continued

6-5 Interest rate benchmark reform

The interest rate benchmark reform is underway worldwide and the Group's financial assets are subjected to the reform. As of December 31, 2024, the main IBOR exposed is CD interest rates, and will be replaced with the Korea Overnight Financing Repo rate (KOFR).

For CD-related financial instruments that have not yet been discontinued, the Group plans to either complete the insertion of an alternative clause or change to an alternative interest rate benchmark.

The Group plans to monitor 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 alternative 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.

As of December 31, 2024 and 2023, the total amount of the Group's contracts that have not been converted is as follows:

(In thousands of U.S. dollars and millions of Korean won)

		December 31, 2024		
Interest rate benchmark	Currency	Financial assets	Financial liabilities	Derivative
CD	KRW	35,846	-	-
CD	USD	21,701	-	-

		December 31, 2023		
Interest rate benchmark	Currency	Financial assets	Financial liabilities	Derivative
CD	KRW	32,987	-	-
CD	USD	26,221	-	-

(In millions of Korean won, unless otherwise stated)

7. Investments in associates

(1) Details of investments in associates as of December 31, 2024 and 2023 are as follows:

		December 31, 2024				
		Industry	Percentage of ownership (%)(*2)	Fiscal year-end	Acquisition cost	Book value
DAOL EMP Global Asset Allocation private Securities investment trust 1(Fofs) (*1)	₩	Investment Finance	99.37%	December 31, 2024	44,730	50,107
Welcome Best Short-Term Bond Investment Trust		Investment Finance	21.17%	December 31, 2024	1,500	1,536
					46,230	51,643

(*1) Although the Group holds a majority interest in the investment securities, it does not have power over them. Therefore, the Group has determined that it does not have control and has excluded them from consolidation. Instead, the equity method has been applied, as the Group is deemed to have significant influence.
(*2) Although the Group holds an ownership interest of 20% or more, investment trusts and partnerships that are subject to trust and partnership agreements restricting influence over relevant activities have been excluded from associates.

There are no investments in associates as of December 31, 2023.

(In millions of Korean won, unless otherwise stated)

7. Investments in associates, continued

(2) Details of equity method valuation in associates for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024					
		Beginning balance	Acquisition	Reclassification (*)	Profit of equity method	Disposal	Ending balance
DAOL EMP Global Asset Allocation private Securities investment trust 1(Fofs)	₩	-	-	51,066	5,377	(6,336)	50,107
DAOL World Multi-Asset private securities investment trust 1 (Fofs)		-	-	50,038	-	(50,038)	-
Welcome Best Short-Term Bond Investment Trust		-	1,500		36	-	1,536
	₩	-	1,500	101,104	5,413	(56,374)	51,643

(*) Portion of financial assets at fair value through profit or loss was reclassified to investments in associates as the Group gained a significant influence after additional acquisition of financial assets at fair value through profit or loss for the year ended December 31, 2024.

		For the year ended December 31, 2023					
		Beginning balance	Acquisition	Reclassification (*1)	Profit of equity method	Substitute (*2)	Ending balance
DAOL EMP Global Asset Allocation private Securities investment trust 1(Fofs)	₩	-	24,500	25,642	924	(51,066)	-
DAOL World Multi-Asset private securities investment trust 1 (Fofs)		-	24,500	25,846	(308)	(50,038)	-
	₩	-	49,000	51,488	616	(101,104)	-

(*1) Portion of financial assets at fair value through profit or loss was reclassified to investments in associates as the Group gained a significant influence after additional acquisition of financial assets at fair value through profit or loss for the year ended December 31, 2023.
(*2) Due to changes in the ownership percentage of investments in associates, the Group obtained a substantive control, and the investment was transferred to investment in subsidiaries for the year ended December 31, 2023.

(In millions of Korean won, unless otherwise stated)

8. Property and equipment

(1) Details of property and equipment as of December 31, 2024 and 2023 are as follows:

	December 31, 2024		
	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 24,117	-	24,117
Building	25,420	(16,873)	8,547
Structures	133	(38)	95
Vehicles	173	(173)	-
Furniture and other equipment	51,917	(39,140)	12,777
Right-of-use assets	70,365	(25,024)	45,341
Leases	61,441	(20,163)	41,278
Leasehold improvements	2,615	(1,799)	816
Prepaid lease fees	3,223	(1,172)	2,051
Vehicles	1,099	(494)	605
IT equipment	1,987	(1,396)	591
Others	137	-	137
	₩ 172,262	(81,248)	91,014

	December 31, 2023		
	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 25,452	-	25,452
Building	30,455	(19,337)	11,118
Structures	95	(24)	71
Vehicles	173	(173)	-
Furniture and other equipment	47,756	(39,289)	8,467
Right-of-use assets	47,067	(33,055)	14,012
Leases	40,200	(28,736)	11,464
Leasehold improvements	2,353	(1,783)	570
Prepaid lease fees	1,396	(1,033)	363
Vehicles	1,131	(392)	739
IT equipment	1,987	(1,111)	876
Others	137	-	137
	₩ 151,135	(91,878)	59,257

(In millions of Korean won, unless otherwise stated)

8. Property and equipment, continued

(2) Changes in property and equipment for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024					
		Beginning balance	Acquisition	Disposal	Transfer from/to other accounts(*)	Depreciation	Ending balance
Land	₩	25,452	-	(1,259)	(76)	-	24,117
Building		11,118	9	(283)	(1,498)	(799)	8,547
Structures		71	-	-	28	(4)	95
Furniture and other equipment		8,467	8,827	(193)	-	(4,324)	12,777
Right-of-use Assets		14,012	46,203	(2,638)	-	(12,236)	45,341
Leases		11,464	42,679	(2,091)	-	(10,774)	41,278
Leasehold improvements		570	778	(251)	-	(281)	816
Prepaid lease fees		363	2,291	(61)	-	(542)	2,051
Vehicles		739	455	(235)	-	(355)	604
IT equipment		876	-	-	-	(284)	592
Others		137	7	(7)	-	-	137
	₩	59,257	55,046	(4,380)	(1,546)	(17,363)	91,014

(*) Reclassified to investment properties

		For the year ended December 31, 2023					
		Beginning balance	Acquisition	Disposal	Transfer from/to other accounts(*)	Depreciation	Ending balance
Land	₩	29,945	-	(1,687)	(2,806)	-	25,452
Building		14,090	197	(71)	(2,156)	(942)	11,118
Structures		47	14	(2)	15	(3)	71
Furniture and other equipment		4,967	6,122	(14)	-	(2,608)	8,467
Right-of-use Assets		21,757	6,945	(4,824)	-	(9,866)	14,012
Leases		19,045	5,608	(4,493)	-	(8,696)	11,464
Leasehold improvements		487	360	(54)	-	(223)	570
Prepaid lease fees		375	392	(80)	-	(324)	363
Vehicles		689	585	(197)	-	(338)	739
IT equipment		1,161	-	-	-	(285)	876
Others		137	-	-	-	-	137
	₩	70,943	13,278	(6,598)	(4,947)	(13,419)	59,257

(*) Reclassified to investment properties

(In millions of Korean won, unless otherwise stated)

9. Investment properties

(1) Details of investment properties as of December 31, 2024 and 2023 are as follows:

		December 31, 2024			
		Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	₩	267,318	-	-	267,318
Building		91,950	(53,536)	(1,943)	36,471
Structures		6,181	(2,359)	(362)	3,460
	₩	365,449	(55,895)	(2,305)	307,249

		December 31, 2023			
		Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	₩	267,279	-	-	267,279
Building		88,199	(48,897)	(1,946)	37,356
Structures		6,220	(2,192)	(362)	3,666
	₩	361,698	(51,089)	(2,308)	308,301

(2) Changes in investment properties for each of the two years in the period ended December 31, 2024 are as follows:

		2024						
		Beginning balance	Acquisition	Disposal	Transfer from/to other accounts (*)	Depreciation	Reversal of Impairment Loss	Ending balance
Land	₩	267,279	-	(37)	76	-	-	267,318
Building		37,356	97	(37)	1,498	(2,443)	-	36,471
Structures		3,666	-	-	(28)	(178)	-	3,460
	₩	308,301	97	(74)	1,546	(2,621)	-	307,249

(*) Reclassified from property and equipment

		2023						
		Beginning balance	Acquisition	Disposal	Transfer from/to other accounts (*)	Depreciation	Reversal of Impairment Loss	Ending balance
Land	₩	235,498	-	-	2,806	-	28,975	267,279
Building		35,654	614	(221)	2,156	(2,202)	1,355	37,356
Structures		3,041	71	-	(15)	(142)	711	3,666
	₩	274,193	685	(221)	4,947	(2,344)	31,041	308,301

(*) Reclassified from property and equipment

(In millions of Korean won, unless otherwise stated)

9. Investment properties, continued

(3) Fair value of investment properties as of December 31, 2024 and 2023 are as follows:

		December 31, 2024	December 31, 2023
Investment properties	₩	425,893	408,230

Fair value of investment properties as of December 31, 2024 and 2023 was determined based on the valuation performed by Hana Appraisal Association, an independent appraiser specialized in valuation of investment properties. As a member of Korea Appraisal Board, the appraisal association is and has appropriate qualifications and experience in real estate valuation. General valuation theories and relevant laws were considered at the calculation of the value of investment properties. The fair value measurements for the investment properties have been categorized as Level 3 fair value measurements.

Valuation techniques and main inputs are as follows:

	Valuation techniques and main inputs
Lands	Fair value estimation takes into consideration the appropriate level of land prices of surrounding area, nearby trading transactions, precedent valuation, and standard value of nearby land determined by the government
Building	Fair value estimation takes into consideration the management condition, supplementary installation, structure degree, materials and structure of the building for the construction cost index and procurement cost.

(4) Details of rental income and directly incurred expenses in respect of such investment properties for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Gain or loss on disposal of investment properties		(31)	1,157
Rental income		17,412	15,985
Depreciation of investment properties		(2,621)	(2,344)
Direct operating expenses		(5,967)	(5,305)
	₩	8,793	9,493

(5) For lands and buildings of the Group as of December 31, 2024, ₩ 11,933 million and ₩ 10,618 million is pledged as mortgage and lease rights in relation to rental deposits therefor, respectively (2023: ₩ 11,525 million and ₩ 10,279 million, respectively).

(In millions of Korean won, unless otherwise stated)

10. Intangible assets

(1) Details of intangible assets as of December 31, 2024 and 2023 are as follows:

		December 31, 2024			
		Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	₩	77,594	(68,513)	-	9,081
Software		22,947	(19,806)	-	3,141
Other intangible assets		7,127	-	(644)	6,483
	₩	107,668	(88,319)	(644)	18,705

		December 31, 2023			
		Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	₩	74,744	(62,190)	-	12,554
Software		21,352	(18,773)	-	2,579
Other intangible assets		5,491	(2)	(644)	4,845
	₩	101,587	(80,965)	(644)	19,978

(2) Changes in net book value of intangible assets for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024			
		Beginning balance	Acquisition	Amortization	Ending balance
Development cost	₩	12,554	2,850	(6,323)	9,081
Software		2,579	1,595	(1,033)	3,141
Other intangible assets		4,845	1,639	(1)	6,483
	₩	19,978	6,084	(7,357)	18,705

		For the year ended December 31, 2023			
		Beginning balance	Acquisition	Amortization	Ending balance
Development cost	₩	17,031	1,665	(6,142)	12,554
Software		2,924	761	(1,106)	2,579
Other intangible assets		4,846	-	(1)	4,845
	₩	24,801	2,426	(7,249)	19,978

11. Other assets

Details of other assets as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Prepaid expenses	₩	3,785	1,108
Advance payment		6,058	615
	₩	9,843	1,723

12. Monetary assets and liabilities denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies as of December 31, 2024 and 2023 are summarized as follows (In thousands of U.S. dollars, thousands of Chinese yuan in Hongkong, thousands of Hongkong dollars, thousands of EURO, thousands of Australian dollars, thousands of Singapore dollars, and millions of Korean won):

		December 31, 2024		
		Foreign currencies	Equivalent Korean won	Gain (loss) on translation
Deposit in foreign currency	USD	74,912	110,120	3,780
	SGD	17	19	2
	EUR	4	7	-
	CNH	737	148	3
			110,294	3,785
Financial assets measured at fair value through profit or loss	USD	377,616	555,096	100,474
	EUR	34,740	53,109	4,596
	AUD	20,792	18,997	1,176
			627,202	106,246
Financial assets measured at fair value through other comprehensive income	USD	1,787,710	2,627,934	364,566
	EUR	642,849	982,742	94,515
	AUD	382,196	349,205	13,551
			3,959,881	472,632
Accrued income	USD	61,745	90,765	8,621
	EUR	8,143	12,448	376
	AUD	11,496	10,503	257
			113,716	9,254
		₩	4,811,093	591,917

(In millions of Korean won, unless otherwise stated)

12. Monetary assets and liabilities denominated in foreign currencies, continued

		December 31, 2023		
		Foreign currencies	Equivalent Korean won	Gain (loss) on translation
Cash and cash equivalents	USD	8,702	11,220	(107)
Deposit in foreign currency	USD	42,160	54,362	(733)
	SGD	17	17	1
	HKD	75	12	(1)
	EUR	4	6	-
	CNH	10	2	-
			54,399	(733)
Financial assets measured at fair value through profit or loss	USD	380,600	490,746	11,584
	EUR	34,915	49,810	3,393
	AUD	21,682	19,082	758
	HKD	19,989	3,299	(97)
			562,937	15,638
Financial assets measured at fair value through other comprehensive income	USD	1,812,358	2,336,854	45,329
	EUR	678,163	967,461	69,514
	AUD	395,816	348,350	9,426
			3,652,665	124,269
Accrued income	USD	73,456	94,714	247
	EUR	7,566	10,793	17
	AUD	17,319	15,242	279
			120,749	543
		₩	4,401,970	139,610

(In millions of Korean won, unless otherwise stated)

13. Insurance contract

(1) Changes in insurance contracts for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024			
		Other insurance contracts beyond the approach of premium allocation			
		Remaining guarantee liabilities (assets)		Liabilities arising from accidents or incidents	
		Exclude loss element	Loss element		Total
Beginning balance	₩				
Portfolio of issued insurance contract assets		-	-	-	-
Portfolio of issued insurance contract liabilities		24,354,901	159,296	1,902,803	26,417,000
Net liabilities (assets) (A)		24,354,901	159,296	1,902,803	26,417,000
Insurance revenue					
Insurance contracts with retroactive application of conversion date method		(254,033)	-	-	(254,033)
Insurance contracts with fair value method at conversion date		(588,815)	-	-	(588,815)
All other insurance contracts (new contracts + full retroactive application)		(343,662)	-	-	(343,662)
Subtotal (B)		(1,186,510)	-	-	(1,186,510)
Insurance service expenses					
Incurred insurance claims (excluding investment components) and other incurred insurance service expenses		(18,565)	(12,738)	761,491	730,188
Amortization of insurance acquisition cash flows		131,964	-	-	131,964
Fluctuations related to past services (changes in cash flows related to incurred accident liabilities)		-	-	327	327
Fluctuations related to future services (transfer and reversal of losses for onerous contracts)		-	21,347	-	21,347
Subtotal (C)		113,399	8,609	761,818	883,826
Investment component (payment) and insurance premium refunds (D)		(3,009,989)	-	3,009,989	-
Adjustments related to insurance services (E = B + C + D)		(4,083,100)	8,609	3,771,807	(302,684)

(continued)

(In millions of Korean won, unless otherwise stated)

Insurance financial expenses (revenue)					
Recognized in profit or loss		889,373	3,087	61,248	953,708
Recognized in other comprehensive income		1,874,471	-	1,511	1,875,982
Subtotal (F)		2,763,844	3,087	62,759	2,829,690
Total comprehensive income (G = E +F)		(1,319,256)	11,696	3,834,566	2,527,006
Cash flow for the respective period					
Premiums received for issued insurance contracts		4,015,315	-	-	4,015,315
Cash flow from insurance acquisitions		(766,288)	-	-	(766,288)
Payments for incurred insurance claims (excluding investment components) and other insurance service expenses		-	-	(742,580)	(742,580)
Cash receipts (payments) from investment components and premium refunds		-	-	(3,231,044)	(3,231,044)
Other cash flows		-	-	-	-
Subtotal (H)		3,249,027	-	(3,973,624)	(724,597)
Additional items that may be necessary to understand changes in the net carrying amount of insurance contracts (I)		16,524	(16,524)	2,046	2,046
Adjustments unrelated to insurance services (J = H + I)		3,265,551	(16,524)	(3,971,578)	(722,551)
Ending balance					
Portfolio of issued insurance contract assets		-	-	-	-
Portfolio of issued insurance contract liabilities		26,301,196	154,468	1,765,791	28,221,455
Net liability (asset) (K = A + G + J)	₩	26,301,196	154,468	1,765,791	28,221,455

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(1) Changes in insurance contracts for each of the two years in the period ended December 31, 2024 are as follows, continued:

		For the year ended December 31, 2023			
		Other insurance contracts beyond the approach of premium allocation			
		Remaining guarantee liabilities (assets)		Liabilities arising from accidents or incidents	Total
		Exclude loss element	Loss element		
Beginning balance	₩				
Portfolio of issued insurance contract assets		-	-	-	-
Portfolio of issued insurance contract liabilities		24,029,052	126,328	2,084,989	26,240,369
Net liabilities (assets) (A)		24,029,052	126,328	2,084,989	26,240,369
Insurance revenue					
Insurance contracts with retroactive application of conversion date method		(286,297)	-	-	(286,297)
Insurance contracts with fair value method at conversion date		(612,879)	-	-	(612,879)
All other insurance contracts (new contracts + full retroactive application)		(208,018)	-	-	(208,018)
Subtotal (B)		(1,107,194)	-	-	(1,107,194)
Insurance service expenses					
Incurred insurance claims (excluding investment components) and other incurred insurance service expenses		(1,124)	(12,223)	694,165	680,818
Amortization of insurance acquisition cash flows		112,665	-	-	112,665
Fluctuations related to past services (changes in cash flows related to incurred accident liabilities)		-	-	(395)	(395)
Fluctuations related to future services (transfer and reversal of losses for onerous contracts)		-	58,818	-	58,818
Subtotal (C)		111,541	46,595	693,770	851,906
Investment component (payment) and insurance premium refunds (D)		(4,477,529)	-	4,477,529	-
Adjustments related to insurance services (E = B + C + D)		(5,473,182)	46,595	5,171,299	(255,288)

(continued)

(In millions of Korean won, unless otherwise stated)

Insurance financial expenses (revenue)				
Recognized in profit or loss	1,044,886	1,836	58,545	1,105,267
Recognized in other comprehensive income	1,461,688	-	561	1,462,249
Subtotal (F)	2,506,574	1,836	59,106	2,567,516
Total comprehensive income (G = E +F)	(2,966,608)	48,431	5,230,405	2,312,228
Cash flow for the respective period				
Premiums received for issued insurance contracts	3,823,940	-	-	3,823,940
Cash flow from insurance acquisitions	(546,946)	-	-	(546,946)
Payments for incurred insurance claims (excluding investment components) and other insurance service expenses	-	-	(691,467)	(691,467)
Cash receipts (payments) from investment components and premium refunds	-	-	(4,692,879)	(4,692,879)
Other cash flows	-	-	-	-
Subtotal (H)	3,276,994	-	(5,384,346)	(2,107,352)
Additional items that may be necessary to understand changes in the net carrying amount of insurance contracts (I)	15,463	(15,463)	(28,245)	(28,245)
Adjustments unrelated to insurance services (J = H + I)	3,292,457	(15,463)	(5,412,591)	(2,135,597)
Ending balance				
Portfolio of issued insurance contract assets	-	-	-	-
Portfolio of issued insurance contract liabilities	24,354,901	159,296	1,902,803	26,417,000
Net liability (asset) (K = A + G + J)	₩ 24,354,901	159,296	1,902,803	26,417,000

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(2) Changes in the measurement elements of insurance contract for each of the two years in the period ended December 31, 2024 are as follows:

	For the year ended December 31, 2024							
	Insurance contracts beyond the premium allocation approach							
			Contractual service margin					
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts (new contracts + fully retrospective)	Subtotal	Total
Beginning balance	₩							
Portfolio of issued insurance contract assets		-	-	-	-	-	-	-
Portfolio of issued insurance contract liabilities		23,437,806	437,393	1,024,291	409,112	1,108,398	2,541,801	26,417,000
Net liabilities (assets) (A)		23,437,806	437,393	1,024,291	409,112	1,108,398	2,541,801	26,417,000
Fluctuations related to future services								
Fluctuations in estimated adjustments to contract service margin		442,040	14,099	(98,698)	9,916	(367,357)	(456,139)	-
Fluctuations in estimated adjustments without contract service margin		34,656	(17,929)	-	-	-	-	16,727

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2024						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts (new contracts + fully retrospective)	Subtotal	Total
Effect of initially recognized contracts during the period	(800,328)	72,972	-	-	731,976	731,976	4,620
Subtotal (B)	(323,632)	69,142	(98,698)	9,916	364,619	275,837	21,347
	-	-					
Fluctuations related to current services							
Amount of contract service margin recognized in profit or loss to reflect service transfer			(87,458)	(41,356)	(131,17)	(259,987)	(259,987)
Amortization of risk adjustment for non-financial risk	-	(47,227)	-	-	-	-	(47,227)
Experience adjustments	(778,635)	-	-	-	-	-	(778,635)
Subtotal (C)	(778,635)	(47,227)	(87,458)	(41,356)	(131,173)	(259,987)	(1,085,849)
Fluctuations related to past services							
Fluctuations in estimated cash flows related to the settlement of incurred claims	761,491	327	-	-	-	-	761,818
Subtotal (D)	761,491	327	-	-	-	-	761,818

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2024						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts (new contracts + fully retrospective)	Subtotal	Total
Adjustments related to insurance services (E = B + C + D)	(340,776)	22,242	(186,156)	(31,440)	233,446	15,850	(302,684)
Insurance financial expenses (revenue)							
Profit or loss	824,364	15,907	38,323	10,810	64,304	113,437	953,708
Other comprehensive income	1,880,122	(4,140)	-	-	-	-	1,875,982
Subtotal (F)	2,704,486	11,767	38,323	10,810	64,304	113,437	2,829,690
Total comprehensive income (G = E +F)	2,363,710	34,009	(147,833)	(20,630)	297,750	129,287	2,527,006
Cash flow for the respective period							
Premiums received for issued insurance contracts	4,015,315	-	-	-	-	-	4,015,315
Cash flow from insurance acquisitions	(766,288)	-	-	-	-	-	(766,288)
Payments for incurred insurance claims (excluding investment components) and other insurance service expenses	(742,580)	-	-	-	-	-	(742,580)

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2024						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts (new contracts + fully retrospective)	Subtotal	Total
Cash receipts (payments) from investment components and premium refunds	(3,231,044)	-	-	-	-	-	(3,231,044)
Other cash flows	-	-	-	-	-	-	-
Subtotal (H)	(724,597)	-	-	-	-	-	(724,597)
Additional items that may be necessary to understand changes in the net carrying amount of insurance contracts (I)	2,046	-	-	-	-	-	2,046
Adjustments unrelated to insurance services (J = H + I)	(722,551)	-	-	-	-	-	(722,551)
Ending balance							
Portfolio of issued insurance contract assets	-	-	-	-	-	-	-
Portfolio of issued insurance contract liabilities	25,078,965	471,402	876,458	388,482	1,406,148	2,671,088	28,221,455
Net liability (asset) (K = A + G + J)	₩ 25,078,965	471,402	876,458	388,482	1,406,148	2,671,088	28,221,455

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(2) Changes in the measurement elements of insurance contract for each of the two years in the period ended December 31, 2024 are as follows, continued:

		For the year ended December 31, 2023						
		Insurance contracts beyond the premium allocation approach						
				Contractual service margin				
		Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts (new contracts + fully retrospective)	Subtotal	Total
Beginning balance	₩							
Portfolio of issued insurance contract assets		-	-	-	-	-	-	-
Portfolio of issued insurance contract liabilities		23,421,169	444,972	1,263,839	620,330	490,059	2,374,228	26,240,369
Net liabilities (assets) (A)		23,421,169	444,972	1,263,839	620,330	490,059	2,374,228	26,240,369
Fluctuations related to future services								
Fluctuations in estimated adjustments to contract service margin		431,332	(25,549)	(179,245)	(135,935)	(90,603)	(405,783)	-
Fluctuations in estimated adjustments without contract service margin		54,379	901	-	-	-	-	55,280

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2023						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts (new contracts + fully retrospective)	Subtotal	Total
Effect of initially recognized contracts during the period	(819,555)	62,936	-	-	760,162	760,162	3,543
Subtotal (B)	(333,844)	38,288	(179,245)	(135,935)	669,559	354,379	58,823
Fluctuations related to current services							
Amount of contract service margin recognized in profit or loss to reflect service transfer	-	-	(105,573)	(63,021)	(89,121)	(257,715)	(257,715)
Amortization of risk adjustment for non-financial risk	-	(45,258)	-	-	-	-	(45,258)
Experience adjustments	(704,906)	-	-	-	-	-	(704,906)
Subtotal (C)	(704,906)	(45,258)	(105,573)	(63,021)	(89,121)	(257,715)	(1,007,879)
Fluctuations related to past services							
Fluctuations in estimated cash flows related to the settlement of incurred claims	694,165	(395)	-	-	-	-	693,770
Subtotal (D)	694,165	(395)	-	-	-	-	693,770

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2023						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts (new contracts + fully retrospective)	Subtotal	Total
Adjustments related to insurance services (E = B + C + D)	(344,587)	(7,365)	(284,818)	(198,956)	580,438	96,664	(255,288)
Insurance financial expenses (revenue)							
Profit or loss	1,019,380	14,978	45,270	(12,262)	37,901	70,909	1,105,267
Other comprehensive income	1,477,441	(15,192)	-	-	-	-	1,462,249
Subtotal (F)	2,496,821	(214)	45,270	(12,262)	37,901	70,909	2,567,516
Total comprehensive income (G = E +F)	2,152,234	(7,579)	(239,548)	(211,218)	618,339	167,573	2,312,228
Cash flow for the respective period							
Premiums received for issued insurance contracts	3,823,940	-	-	-	-	-	3,823,940
Cash flow from insurance acquisitions	(546,946)	-	-	-	-	-	(546,946)
Payments for incurred insurance claims (excluding investment components) and other insurance service expenses	(691,467)	-	-	-	-	-	(691,467)

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2023						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts (new contracts + fully retrospective)	Subtotal	Total
Cash receipts (payments) from investment components and premium refunds	(4,692,879)	-	-	-	-	-	(4,692,879)
Other cash flows	-	-	-	-	-	-	-
Subtotal (H)	(2,107,352)	-	-	-	-	-	(2,107,352)
Additional items that may be necessary to understand changes in the net carrying amount of insurance contracts (I)	(28,245)	-	-	-	-	-	(28,245)
Adjustments unrelated to insurance services (J = H + I)	(2,135,597)	-	-	-	-	-	(2,135,597)
Ending balance							
Portfolio of issued insurance contract assets	-	-	-	-	-	-	-
Portfolio of issued insurance contract liabilities	23,437,806	437,393	1,024,291	409,112	1,108,398	2,541,801	26,417,000

(continued)

	For the year ended December 31, 2023						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts (new contracts + fully retrospective)	Subtotal	Total
Net liability (asset) (K = A + G + J)	₩ 23,437,806	437,393	1,024,291	409,112	1,108,398	2,541,801	26,417,000

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(3) The effects of initial recognition of new contracts for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024				
		Present value estimation of future cash outflows			Risk adjustment for non-financial risk	Contract service margin
		Insurance acquisition cash flow	Outflows of insurance claims and other future cash flows	Estimated present value of inflows of future cash flows		
Initially issued insurance contract	₩					
Excluding loss-sharing contract group		921,001	5,862,716	(7,585,851)	70,158	731,976
Onerous contract group		30,852	113,014	(142,060)	2,814	-
Subtotal		951,853	5,975,730	(7,727,911)	72,972	731,976
Contracts acquired from other companies prior to the insurance contract		-	-	-	-	-
Contracts acquired from other companies due to business combinations		-	-	-	-	-
Total	₩	951,853	5,975,730	(7,727,911)	72,972	731,976

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(3) The effects of initial recognition of new contracts for each of the two years in the period ended December 31, 2024 are as follows, continued:

		For the year ended December 31, 2023				
		Present value estimation of future cash outflows				
		Insurance acquisition cash flow	Outflows of insurance claims and other future cash flows	Estimated present value of inflows of future cash flows	Risk adjustment for non-financial risk	Contract service margin
Initially issued insurance contract	₩					
Excluding loss-sharing contract group		641,606	4,412,897	(5,876,667)	62,002	760,162
Onerous contract group		8,985	38,477	(44,853)	934	-
Subtotal		650,591	4,451,374	(5,921,520)	62,936	760,162
Contracts acquired from other companies prior to the insurance contract		-	-	-	-	-
Contracts acquired from other companies due to business combinations		-	-	-	-	-
Total	₩	650,591	4,451,374	(5,921,520)	62,936	760,162

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(4) Details of assets held for insurance contracts under the variable fee approach as of December 31, 2024 and 2023 are as follows:

		December 31, 2024	December 31, 2023
Cash and deposits	₩	49,783	60,445
Securities		984,511	1,032,995
Others		91,353	102,533
	₩	1,125,647	1,195,973

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(5) Changes in reinsurance contract for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024			
		Other reinsurance contracts beyond the approach of premium allocation			
		Remaining guarantee liabilities (assets)		Assets (liabilities) arising from accidents or incidents	
		Amount other than loss recovery factor	Loss recovery factor		Total
Beginning balance	₩				
Reinsurance contract asset portfolio		(12,727)	7,598	17,462	12,333
Reinsurance contract liability portfolio		9,787	(57)	(835)	8,895
Net assets (liabilities) (A)		(22,514)	7,655	18,297	3,438
Reinsurance revenue					
Incurred reinsurance recoveries (excluding investment elements) and other reinsurance income		-	(725)	43,481	42,756
Variations related to past services (fluctuations in cash flows from incurred loss assets (liabilities))		-	-	58	58
Transfer (reversal) of loss recovery factors due to primary insurance contracts involving onerous		-	4,290	-	4,290
Subtotal (B)		-	3,565	43,539	47,104
Reinsurance service expenses					
Reinsurance contracts applying retrospective adjustment at the transition date		(11,753)	-	-	(11,753)
Reinsurance contracts applying fair value at the transition date		(15,724)	-	-	(15,724)
All other reinsurance contracts		(12,918)	-	-	(12,918)
Subtotal (C)		(40,395)	-	-	(40,395)
Recovery of investment elements (D)		(36,140)	-	36,140	-
Adjustment related to insurance services (E = B+C+D)		(76,535)	3,565	79,679	6,709
Reinsurance financial expenses (income)					
Variation effect of reinsurer default risk		240	-	(1)	239

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2024			
	Other reinsurance contracts beyond the approach of premium allocation			
	Remaining guarantee liabilities (assets)		Assets (liabilities) arising from accidents or incidents	
	Amount other than loss recovery factor	Loss recovery factor		Total
Profit of loss	5,985	256	662	6,903
Other comprehensive income	43,117	-	182	43,299
Subtotal (F)	49,342	256	843	50,441
Total comprehensive income (G = E +F)	(27,193)	3,821	80,522	57,150
Cash flow for the respective period				
Premiums paid for reinsurance contracts	452,794	-	-	452,794
Incurred reinsurance recoveries (excluding investment elements) and other amounts received from reinsurers	-	-	(40,469)	(40,469)
Receipt of investment elements	-	-	(36,151)	(36,151)
Subtotal (H)	452,794	-	(76,620)	376,174
Any additional items necessary to understand the fluctuations in net carrying amount of reinsurance contracts (I)	-	-	1,231	1,231
Adjustments unrelated to Insurance services (J = H + I)	452,794	-	(75,389)	377,405
Ending balance				
Reinsurance contract asset portfolio	414,609	11,314	23,204	449,127
Reinsurance contract liability portfolio	11,523	(163)	(224)	11,136
Net assets (liabilities) (K = A + G + J)	₩ 403,086	11,477	23,428	437,991

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(5) Changes in reinsurance contract for each of the two years in the period ended December 31, 2024 are as follows, continued:

		For the year ended December 31, 2023			
		Other reinsurance contracts beyond the approach of premium allocation			
		Remaining guarantee liabilities (assets)		Assets (liabilities) arising from accidents or incidents	
		Amount other than loss recovery factor	Loss recovery factor		Total
Beginning balance	₩				
Reinsurance contract asset portfolio		10,948	3,953	16,968	31,869
Reinsurance contract liability portfolio		8,075	(5)	(528)	7,542
Net assets (liabilities) (A)		2,873	3,958	17,496	24,327
Reinsurance revenue					
Incurred reinsurance recoveries (excluding investment elements) and other reinsurance income		-	(198)	20,732	20,534
Variations related to past services (fluctuations in cash flows from incurred loss assets (liabilities))		-	-	(95)	(95)
Transfer (reversal) of loss recovery factors due to primary insurance contracts involving onerous		-	3,757	-	3,757
Subtotal (B)		-	3,559	20,637	24,196
Reinsurance service expenses					
Reinsurance contracts applying retrospective adjustment at the transition date		(5,905)	-	-	(5,905)
Reinsurance contracts applying fair value at the transition date		(7,594)	-	-	(7,594)
All other reinsurance contracts		(3,329)	-	-	(3,329)
Subtotal (C)		(16,828)	-	-	(16,828)
Recovery of investment elements (D)		(43,878)	-	43,878	-
Adjustment related to insurance services (E = B+C+D)		(60,706)	3,559	64,515	7,368
Reinsurance financial expenses (income)					
Variation effect of reinsurer default risk		(538)	-	-	(538)
Profit or loss		155	138	560	853
Other comprehensive income		(29,945)	-	111	(29,834)
Subtotal (F)		(30,328)	138	671	(29,519)

(continued)

(In millions of Korean won, unless otherwise stated)

		For the year ended December 31, 2023			
		Other reinsurance contracts beyond the approach of premium allocation			
		Remaining guarantee liabilities (assets)		Assets (liabilities) arising from accidents or incidents	
		Amount other than loss recovery factor	Loss recovery factor		Total
Total comprehensive income (G = E +F)		(91,034)	3,697	65,186	(22,151)
Cash flow for the respective period					
Premiums paid for reinsurance contracts		65,647	-	-	65,647
Incurred reinsurance recoveries (excluding investment elements) and other amounts received from reinsurers		-	-	(21,347)	(21,347)
Receipt of investment elements		-	-	(43,878)	(43,878)
Subtotal (H)		65,647	-	(65,225)	422
Any additional items necessary to understand the fluctuations in net carrying amount of reinsurance contracts (I)		-	-	840	840
Adjustments unrelated to insurance services (J = H + I)		65,647	-	(64,385)	1,262
Ending balance					
Reinsurance contract asset portfolio		(12,727)	7,598	17,462	12,333
Reinsurance contract liability portfolio		9,787	(57)	(835)	8,895
Net assets (liabilities) (K = A + G + J)	₩	(22,514)	7,655	18,297	3,438

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(6) Changes in the measurement elements of reinsurance contracts for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024						
		Insurance contracts beyond the premium allocation approach						
				Contractual service margin				
		Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts	Subtotal	Total
Beginning balance	₩							
Reinsurance contract asset portfolio		76,215	23,030	(452)	(89,800)	3,340	(86,912)	12,333
Reinsurance contract liability portfolio		11,463	(945)	(1,108)	338	(853)	(1,623)	8,895
Net assets (liabilities) (A)		64,752	23,975	656	(90,138)	4,193	(85,289)	3,438
Fluctuations related to future services								
Fluctuations in estimated adjustments to contract service margin		(87,372)	(12,283)	62,132	26,598	10,925	99,655	-
Fluctuations in estimated adjustments without contract service margin		3,289	(938)	-	-	-	-	2,351
Effect of initially recognized contracts during the period		(15,695)	1,795	-	-	15,840	15,840	1,940
Subtotal (B)		(99,778)	(11,426)	62,132	26,598	26,765	115,495	4,291

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2024						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts	Subtotal	Total
Fluctuations related to current services							
Amount of contract service margin recognized in profit or loss to reflect service transfer	-	-	(3,266)	7,546	(2,569)	1,711	1,711
Amortization of risk adjustment for non-financial risk	-	(1,559)	-	-	-	-	(1,559)
Experience adjustments	(41,273)	-	-	-	-	-	(41,273)
Subtotal (C)	(41,273)	(1,559)	(3,266)	7,546	(2,569)	1,711	(41,121)
Fluctuations related to past services							
Fluctuations in estimated cash flow of incurred loss assets (liabilities)	43,481	58	-	-	-	-	43,539
Subtotal (D)	43,481	58	-	-	-	-	43,539
Adjustments related to insurance services (E = B + C + D)	(97,570)	(12,927)	58,866	34,144	24,196	117,206	6,709
Insurance financial expenses (revenue)							
Variation effect of reinsurer default risk	239	-	-	-	-	-	239
Profit or loss	8,232	836	301	(3,143)	677	(2,165)	6,903
Other comprehensive income	40,741	2,558	-	-	-	-	43,299
Subtotal (F)	49,212	3,394	301	(3,143)	677	(2,165)	50,441

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2024						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts	Subtotal	Total
Total comprehensive income (G = E +F)	(48,358)	(9,533)	59,167	31,001	24,873	115,041	57,150
Cash flow for the respective period							
Premiums paid for reinsurance contracts	452,794	-	-	-	-	-	452,794
Incurred reinsurance recoveries (excluding investment elements) and other amounts received from reinsurers	(40,469)	-	-	-	-	-	(40,469)
Receipt of investment elements	(36,151)	-	-	-	-	-	(36,151)
Subtotal (H)	376,174	-	-	-	-	-	376,174
Additional items that may be necessary to understand changes in the net carrying amount of reinsurance contracts (I)	1,231	-	-	-	-	-	1,231
Adjustments unrelated to insurance services (J = H + I)	377,405	-	-	-	-	-	377,405
Ending balance							
Reinsurance contract asset portfolio	404,947	13,731	59,459	(57,621)	28,611	30,449	449,127

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2024							
	Insurance contracts beyond the premium allocation approach							
			Contractual service margin					
		Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts	Subtotal	Total
Reinsurance contract liability portfolio		11,147	(709)	(364)	1,515	(453)	698	11,136
Net liability (asset) (K = A + G + J)	₩	393,800	14,440	59,823	(59,136)	29,064	29,751	437,991

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(6) Changes in the measurement elements of reinsurance contracts for each of the two years in the period ended December 31, 2024 are as follows, continued:

		For the year ended December 31, 2023						
		Insurance contracts beyond the premium allocation approach						
				Contractual service margin				
		Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts	Subtotal	Total
Beginning balance	₩							
Reinsurance contract asset portfolio		(6,621)	15,591	13,804	5,536	3,559	22,899	31,869
Reinsurance contract liability portfolio		10,812	(709)	(1,461)	(400)	(700)	(2,561)	7,542
Net assets (liabilities) (A)		(17,433)	16,300	15,265	5,936	4,259	25,460	24,327
Fluctuations related to future services								
Fluctuations in estimated adjustments to contract service margin		105,904	8,215	(13,855)	(99,034)	(1,230)	(114,119)	-
Fluctuations in estimated adjustments without contract service margin		3,343	101	-	-	-	-	3,444
Effect of initially recognized contracts during the period		(1,768)	570	-	-	1,511	1,511	313
Subtotal (B)		107,479	8,886	(13,855)	(99,034)	281	(112,608)	3,757
Fluctuations related to current services								
Amount of contract service margin recognized in profit or loss to reflect service transfer		-	-	(899)	3,638	(554)	2,185	2,185
Amortization of risk adjustment for non-financial risk		-	(1,400)	-	-	-	-	(1,400)
(continued)		(17,811)	-	-	-	-	-	(17,811)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2023						
	Insurance contracts beyond the premium allocation approach						
			Contractual service margin				
	Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts	Subtotal	Total
Experience adjustments							
Subtotal (C)	(17,811)	(1,400)	(899)	3,638	(554)	2,185	(17,026)
Fluctuations related to past services							
Fluctuations in estimated cash flow of incurred loss assets (liabilities)	20,732	(95)	-	-	-	-	20,637
Subtotal (D)	20,732	(95)	-	-	-	-	20,637
Adjustments related to insurance services (E = B + C + D)	110,400	7,391	(14,754)	(95,396)	(273)	(110,423)	7,368
Insurance financial expenses (revenue)							
Variation effect of reinsurer default risk	(538)	-	-	-	-	-	(538)
Profit or loss	493	686	145	(678)	207	(326)	853
Other comprehensive income	(29,432)	(402)	-	-	-	-	(29,834)
Subtotal (F)	(29,477)	284	145	(678)	207	(326)	(29,519)
Total comprehensive income (G = E +F)	80,923	7,675	(14,609)	(96,074)	(66)	(110,749)	(22,151)
Cash flow for the respective period							
Premiums paid for reinsurance contracts	65,647	-	-	-	-	-	65,647
Incurred reinsurance recoveries (excluding investment elements) and other amounts received from reinsurers	(21,347)	-	-	-	-	-	(21,347)
Receipt of investment elements	(43,878)	-	-	-	-	-	(43,878)
Subtotal (H)	422	-	-	-	-	-	422

(continued)

(In millions of Korean won, unless otherwise stated)

		For the year ended December 31, 2023						
		Insurance contracts beyond the premium allocation approach						
				Contractual service margin				
		Estimation of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts applying the modified retrospective approach at transition date	Contracts applying the fair value approach at transition date	Other contracts	Subtotal	Total
Additional items that may be necessary to understand changes in the net carrying amount of reinsurance contracts (I)		840	-	-	-	-	-	840
Adjustments unrelated to insurance services (J = H + I)		1,262	-	-	-	-	-	1,262
Ending balance								
Reinsurance contract asset portfolio		76,215	23,030	(452)	(89,800)	3,340	(86,912)	12,333
Reinsurance contract liability portfolio		11,463	(945)	(1,108)	338	(853)	(1,623)	8,895
Net liability (asset) (K = A + G + J)	₩	64,752	23,975	656	(90,138)	4,193	(85,289)	3,438

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(7) The effects of initial recognition for the Group's reinsurance for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024			
		Present value estimation of future cash outflows	Present value estimation of future cash inflows	Risk adjustment for non-financial risk	Contract service margin
Original reinsurance contract	₩				
Excluding net income contract group		(6,370)	6,451	154	(42)
Net income contract group		(327,871)	312,094	1,642	15,883
Subtotal		(334,241)	318,545	1,796	15,841
Contracts acquired from other companies prior to insurance contract		-	-	-	-
Contracts acquired from other companies due to business combinations		-	-	-	-
Total	₩	(334,240)	318,546	1,795	15,840

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(7) The effects of initial recognition for the Group's reinsurance for each of the two years in the period ended December 31, 2024 are as follows, continued:

		For the year ended December 31, 2023			
		Present value estimation of future cash outflows	Present value estimation of future cash inflows	Risk adjustment for non-financial risk	Contract service margin
Original reinsurance contract	₩				
Excluding net income contract group		(7,267)	7,406	134	(273)
Net income contract group		(29,243)	27,337	437	1,783
Subtotal		(36,510)	34,743	571	1,510
Contracts acquired from other companies prior to insurance contract		-	-	-	-
Contracts acquired from other companies due to business combinations		-	-	-	-
Total	₩	(36,510)	34,743	571	1,510

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(8) Changes in the composition of reinsurance contracts under the application of the premium allocation approach for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024			
		Outward reinsurance contracts with the premium allocation approach			
		Remaining guarantee liabilities (assets)		Assets (liabilities) arising from accidents or incidents	
		Amount other than loss recovery factor	loss recovery factor		Total
Beginning balance:	₩				
Reinsurance contract asset portfolio		-	-	-	-
Reinsurance contract liability portfolio		12	-	-	12
Net assets (liabilities) (A)		(12)	-	-	(12)
Reinsurance revenue:					
Incurred reinsurance recoveries (excluding investment elements) and other reinsurance income		-	-	-	-
Variations related to past services (fluctuations in cash flows from incurred loss assets (liabilities))		-	-	-	-
Transfer (reversal) of loss recovery factors due to primary insurance contracts involving onerous		-	-	-	-
Subtotal (B)		-	-	-	-
Reinsurance service expenses:					
Reinsurance contracts applying retrospective adjustment at the transition date		-	-	-	-
Reinsurance contracts applying fair value at the transition date		-	-	-	-
All other reinsurance contracts		(950)	-	-	(950)
Subtotal (C)		(950)	-	-	(950)
Return of investment elements (D)		-	-	-	-
Adjustment related to insurance services (E = B+C+D)		(950)	-	-	(950)

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2024			
	Outward reinsurance contracts with the premium allocation approach			
	Remaining guarantee liabilities (assets)		Assets (liabilities) arising from accidents or incidents	Total
	Amount other than loss recovery factor	loss recovery factor		
Reinsurance financial expenses (income):				
Variation effect of reinsurer default risk	-	-	-	-
Profit or loss	-	-	-	-
Other comprehensive income	-	-	-	-
Subtotal (F)	-	-	-	-
Total comprehensive loss (G = E +F)	(950)	-	-	(950)
Cash flow for the period:				
Premiums paid for reinsurance contracts	962	-	-	962
Reinsurance receded premium (excluding investment elements) and other amounts received from reinsurers	-	-	-	-
Return of investment elements	-	-	-	-
Subtotal (H)	962	-	-	962
Any additional items necessary to understand the fluctuations in net carrying amount of reinsurance contracts (I)	-	-	-	-
Adjustments unrelated to insurance services (J = H + I)	962	-	-	962
Ending balance:				
Reinsurance contract asset portfolio	-	-	-	-
Reinsurance contract liability portfolio	-	-	-	-
Net assets (liabilities) (K = A + G + J)	₩ -	-	-	-

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(8) Changes in the composition of reinsurance contracts under the application of the premium allocation approach for each of the two years in the period ended December 31, 2024 are as follows, continued:

		For the year ended December 31, 2023			
		Outward reinsurance contracts with the premium allocation approach			
		Remaining guarantee liabilities (assets)		Assets (liabilities) arising from accidents or incidents	Total
		Amount other than loss recovery factor	loss recovery factor		
Beginning balance:	₩				
Reinsurance contract asset portfolio		-	-	-	-
Reinsurance contract liability portfolio		-	-	-	-
Net assets (liabilities) (A)		-	-	-	-
Reinsurance revenue:					
Incurred reinsurance recoveries (excluding investment elements) and other reinsurance income		-	-	-	-
Variations related to past services (fluctuations in cash flows from incurred loss assets (liabilities))		-	-	-	-
Transfer (reversal) of loss recovery factors due to primary insurance contracts involving onerous		-	-	-	-
Subtotal (B)		-	-	-	-
Reinsurance service expenses:					
Reinsurance contracts applying retrospective adjustment at the transition date		-	-	-	-
Reinsurance contracts applying fair value at the transition date		-	-	-	-
All other reinsurance contracts		(1,125)	-	-	(1,125)
Subtotal (C)		(1,125)	-	-	(1,125)
Return of investment elements (D)		-	-	-	-
Adjustment related to insurance services (E = B+C+D)		(1,125)	-	-	(1,125)

(continued)

(In millions of Korean won, unless otherwise stated)

	For the year ended December 31, 2023			
	Outward reinsurance contracts with the premium allocation approach			
	Remaining guarantee liabilities (assets)		Assets (liabilities) arising from accidents or incidents	
	Amount other than loss recovery factor	loss recovery factor		Total
Reinsurance financial expenses (income):				
Variation effect of reinsurer default risk	-	-	-	-
Profit or loss	-	-	-	-
Other comprehensive income	-	-	-	-
Subtotal (F)	-	-	-	-
Total comprehensive loss (G = E +F)	(1,125)	-	-	(1,125)
Cash flow for the period:				
Premiums paid for reinsurance contracts	1,113	-	-	1,113
Reinsurance receded premium (excluding investment elements) and other amounts received from reinsurers	-	-	-	-
Return of investment elements	-	-	-	-
Subtotal (H)	1,113	-	-	1,113
				-
Any additional items necessary to understand the fluctuations in net carrying amount of reinsurance contracts (I)	-	-	-	-
Adjustments unrelated to insurance services (J = H + I)	1,113	-	-	1,113
				-
Ending balance:				
Reinsurance contract asset portfolio	-	-	-	-
Reinsurance contract liability portfolio	12	-	-	12
Net assets (liabilities) (K = A + G + J) ₩	(12)	-	-	(12)

(9) Among insurance contracts that existed at transition date, the assumptions used when calculating the conversion amount for contracts applying the modified retrospective approach or applying the fair value approach are as follows:

The Group used the applying the modified retrospective approach for contracts issued between 2019 and 2021, and calculated the contractual service margin at the transition date, using the actual cash flow and the expected cash flow within modified retrospective period. When using the modified retrospective approach, the assumption of transition date was used for the actuarial assumption, and the assumption of retroactive date was used for the economic assumption. For contracts issued before 2018, the fair value method was used, and the contractual service margin at the transition date was calculated based on the difference between the fair value at transition date and the fulfilment cash flow. Under the fair value approach, both the actuarial and economic assumption used is same as the assumptions at the transition date.

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(10) The approach used to measure insurance contracts issued and the reinsurance contracts held by the Group, and the process of estimating the input variables of the approach are as follows:

	December 31, 2024	
	Assumption (%)	calculation methods
Surrender rate	0 ~ 71	The ratio of surrender charges to gross premium calculated separately by group of plans, payment method, surrender refund level, channel, elapsed years, based on empirical statistics for the last five years at the end of June 2024
Risk rate	25.0 ~ 517.1	The ratio of insurance premium payment to risk insurance premiums calculated separately by collateral, sex, age group, and elapsed years, based on empirical statistics for the last five years at the end of June 2024 *A/E ratio uses 5-year empirical statistics, Trend uses 10-year empirical statistics.
Business expense rate	-	Calculated as proportionate unit costs based on empirical statistics for the last one year (3 years for investment management cost) considering project cost execution performance at the end of June 2024 *Designer fees and sales promotion expenses are calculated based on the amount to be actually executed in the future in accordance with the relevant regulations, such as recruitment allowance regulations, for each elapsed round. *Cost drivers use conversion results, number of new/owned contracts, expected project costs, insurance premiums, reserves etc. depending on the nature of cost execution.

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(10) The approach used to measure insurance contracts issued and the reinsurance contracts held by the Group, and the process of estimating the input variables of the approach are as follows, continued:

	December 31, 2023	
	Assumption (%)	calculation methods
Surrender rate	0.25 ~ 65	The ratio of surrender charges to gross premium calculated separately by group of plans, payment method, surrender refund level, channel, elapsed years, based on empirical statistics for the last five years at the end of June 2023
Risk rate	24.9 ~ 499.1	The ratio of insurance premium payment to risk insurance premiums calculated separately by collateral, sex, age group, and elapsed years, based on empirical statistics for the last five years at the end of June 2023 *A/E ratio uses 5-year empirical statistics, Trend uses 8-year empirical statistics.
Business ratio	-	Calculated as proportionate unit costs based on empirical statistics for the last one year (3 years for investment management cost) considering project cost execution performance at the end of June 2023 *Designer fees and sales promotion expenses are calculated based on the amount to be actually executed in the future in accordance with the relevant regulations, such as recruitment allowance regulations, for each elapsed round. *Cost drivers use conversion results, number of new/owned contracts, expected project costs, insurance premiums, reserves etc. depending on the nature of cost execution.

(11) The method used by the Group to calculate the discount rate applied to estimates of future cash flow of issued insurance contracts and held reinsurance contract is as follows:

The Group evaluates the fair value of insurance contracts and reinsurance contracts by applying the DCF model.
In addition, in accordance with the Attachment 27 and Attachment 35 of the Regulation On Supervision Of Insurance Business, future cash flow estimates are generated under risk-neutral and market-consistent assumptions.

Therefore, the discount rate is calculated by adding the liquidity premium to reflect the non-current nature of the debt based on the risk-free interest rate (national bond yield) at the time of settlement. In addition, interpolation and extrapolation are required to calculate the discount rate for long-term insurance liabilities, and the Smith-Wilson method is used for this purpose, and the hull-white 1fator (bond) and Log-Normal (stock) models are used to calculate options and guarantee values to calculate probabilistic scenarios.

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(12) The method of calculating the investment factor included in the cash flow of the Group's insurance contract issued and the reinsurance contract held has not changed significantly compared to 2023, and the method of calculating the investment factors in 2024 and 2023 are as follows:

	Calculating method
Survival benefits	Surrender refund, maturity insurance amount and other survival benefits are classified as investment factors
Life annuity	The amount of annuity from the commencement of annuity to the guarantee period is classified as an investment factor
Accident insurance money	The amount equivalent to cancellation refund at the time of the accident is classified as an investment factor -

(13) When determining the amount of benefits provided by the insurance contract to recognize the insurance contract margin of the Group's issued and the reinsurance contract in profit or loss ,the method of calculating the relative proportion of insurance coverage and investment return services or insurance coverage and investment-related services among insurance contract services has not changed significantly compared to 2023, and the method of calculating the relative proportion of benefits in 2024 and 2023 are as follows :

	Calculating method
Insurance coverage and investment return services (Insurance contract without direct participation characteristics)	Apply the same proportion of insurance coverage and investment return services
Insurance coverage and investment-related services (Insurance contract with direct participation characteristics)	Apply the same proportion of insurance coverage and investment-related services

(14) The Group has chosen to subdivide insurance finance income (expense) into amounts presented as profit or loss and amounts presented as other comprehensive income. In this regard, there are no significant changes in the method used to calculate insurance finance income (expense) recognized in current profit or loss compared to 2023, and the method of subdividing insurance finance profit and loss in 2024 and 2023 are as follows:

	Insurance financial income(expense) segmentation method
Insurance contract without direct participation characteristics	The systematically allocated interest expense is reflected in profit or loss, and other insurance financial income (expense) is reflected in other comprehensive income
Insurance contract with direct participation characteristics	All insurance financial income (expense) is reflected in profit or loss

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(15) The confidence level used by the Group to calculate risk adjustments for non-financial risks has not changed significantly compared to 2023, and the calculation techniques and confidence levels used to calculate risk adjustments for 2024 and 2023 are as follows:

	Calculating method	Confidence level
Insurance contracts issued and reinsurance contracts held by the Group	Confidence level technique	75%

(16) As of the December 31, 2024 and 2023, the yield curve used by the Group to discount cash flows that remain unchanged based on the revenue of the underlying item are as follows:

	December 31, 2024					
	1 year	5 years	10 years	20 years	30 years	40 years
Insurance contracts issued by the Group and reinsurance contracts held by the Group	3.35%	3.26%	3.02%	3.29%	4.19%	4.44%

	December 31, 2023					
	1 year	5 years	10 years	20 years	30 years	40 years
Insurance contracts issued by the Group and reinsurance contracts held by the Group	4.30%	4.03%	4.01%	3.94%	4.53%	4.71%

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(17) The Group is using the portfolio as an integrated standard for information disclosed regarding issued insurance contracts and held reinsurance contracts, and the status as of the December 31, 2024 and 2023 are as follows:

1) Insurance contracts portfolio

	Assets		Liabilities	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Participating life insurance	-	-	26,268	28,029
Non-participating life insurance	-	-	4,978,524	3,827,188
Variable life insurance	-	-	580,315	573,569
Participating health insurance	-	-	187,046	188,575
Non-participating health insurance	-	-	5,038,529	4,073,031
Participating annuity savings insurance	-	-	2,849,751	2,639,493
Non-participating annuity savings insurance	-	-	13,910,527	14,348,157
Variable annuity savings insurance	-	-	637,815	725,051
Asset-linked annuity savings insurance	-	-	5,973	7,019
Other participating insurance	-	-	6,709	6,888
	-	-	28,221,457	26,417,000

2) Reinsurance contracts portfolio

	Assets		Liabilities	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Life reinsurance	402,658	-	11,136	8,896
Health reinsurance	46,469	12,333	-	-
Mass lapse reinsurance	-	-	-	13
	449,127	12,333	11,136	8,909

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(18) The expected period over which the Group will recognize the remaining contractual service margin (CSM) related to issued insurance contracts in profit or loss as of December 31, 2024, and 2023 is as follows:

Category (*1)	December 31, 2024														
		Fixed interest rate type						Interest rate-linked type					Direct participating type(*2)		
		Participating death	Non-participating death	Participating health	Non-participating health	Participating annuity & savings	Non-participating annuity & savings	Non-participating death	Non-participating health	Participating annuity & savings	Non-participating annuity & savings	Asset-linked annuity & savings	Participating others	Variable death	Variable annuity & savings	Total
1 year	₩	102	20,983	392	78,057	81	2,773	4,052	43	2,727	29,991	179	35	35	90	139,538
2 years		95	18,172	371	70,706	72	2,585	3,272	41	2,671	26,068	170	35	30	88	124,376
3 years		88	17,055	349	62,027	64	1,614	2,681	39	2,607	22,467	162	36	26	85	109,301
4 years		81	16,779	326	55,940	56	280	2,225	39	2,528	20,364	155	37	23	82	98,918
5 years		74	16,927	303	51,508	48	235	1,885	37	2,434	18,084	88	37	20	79	91,759
6 years		68	16,619	280	48,229	41	214	1,646	35	2,335	15,592	72	38	18	75	85,263
7 years		62	15,151	256	45,742	35	203	1,468	34	2,223	13,747	68	37	17	70	79,112
8 years		57	14,300	233	43,725	31	199	1,344	33	2,107	12,621	64	38	16	62	74,829
9 years		51	13,927	213	41,994	27	107	1,257	32	1,993	11,486	62	38	15	55	71,257
10 years		45	13,222	194	40,465	23	4	1,200	31	1,876	9,742	61	38	15	49	66,964
11 ~ 15 years		158	56,729	732	188,404	75	2	5,591	86	7,750	37,010	265	147	75	169	297,191
16 ~ 20 years		77	52,472	411	173,310	41	1	5,119	-	5,595	24,841	216	19	62	91	262,256
21 ~ 25 years		32	49,484	195	160,314	26	1	5,023	-	4,066	17,492	154	-	54	56	236,898
26 ~ 30 years		5	46,314	71	137,902	24	-	4,898	-	2,892	12,451	82	-	49	33	204,722
After 30 years		-	174,157	26	507,998	55	-	18,005	-	4,665	23,518	72	-	161	48	728,705
Total	₩	996	542,293	4,353	1,706,321	701	8,219	59,665	449	48,468	295,475	1,869	533	616	1,132	2,671,089

(*1) Prepared based on the contractual service margin (CSM) of direct insurance and reinsurance contracts. The amortization amount at each point in time represents the net amortization amount, which is derived by deducting the interest accretion effect for the period from the amount to be amortized before the transfer of insurance contract services.
(*2) Insurance contracts under which a substantial portion of the fair value gains on underlying items is paid to policyholders.

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(18) The expected period over which the Group will recognize the remaining contractual service margin (CSM) related to issued insurance contracts in profit or loss as of December 31, 2024, and 2023 is as follows, continued:

Category (*1)	December 31, 2023														
	Fixed interest rate type						Interest rate-linked type						Direct participating type(*2)		
	Participating death	Non-participating death	Participating health	Non-participating health	Participating annuity & savings	Non-participating annuity & savings	Non-participating death	Non-participating health	Participating annuity & savings	Non-participating annuity & savings	Asset-linked annuity & savings	Participating others	Variable death	Variable annuity & savings	Total
1 year	₩ 43	28,643	201	62,397	1,000	2,825	8,003	58	2,297	23,643	191	33	3,308	240	132,882
2 years	41	23,177	192	58,596	902	2,606	6,263	55	2,278	21,206	178	34	3,131	207	118,867
3 years	38	19,802	181	52,233	801	2,446	5,182	53	2,262	18,643	170	35	2,993	185	105,024
4 years	35	17,770	170	47,157	704	1,456	4,377	52	2,224	16,301	163	36	2,882	167	93,494
5 years	32	16,544	159	42,998	613	145	3,763	51	2,171	15,047	156	37	2,783	153	84,653
6 years	30	15,915	148	39,652	521	123	3,306	47	2,108	13,631	85	38	2,691	141	78,434
7 years	27	15,317	136	37,023	440	114	2,980	45	2,042	11,986	70	38	2,599	131	72,948
8 years	25	14,084	124	34,912	370	109	2,731	43	1,959	10,692	66	38	2,507	120	67,780
9 years	22	13,610	113	33,191	314	108	2,573	42	1,871	9,890	63	39	2,419	106	64,363
10 years	20	13,489	103	31,745	266	49	2,478	41	1,782	8,913	61	40	2,337	95	61,419
11 ~ 15 years	71	65,308	391	144,664	772	6	11,821	149	7,507	31,853	273	176	10,401	344	273,737
16 ~ 20 years	35	64,195	227	130,421	339	3	11,469	-	5,556	21,781	221	34	8,883	195	243,359
21 ~ 25 years	16	61,786	111	119,868	215	2	11,709	-	4,182	15,588	171	-	7,666	121	221,435
26 ~ 30 years	3	58,471	44	105,815	193	1	11,780	-	3,066	11,395	89	-	6,358	76	197,289
After 30 years	-	225,186	17	414,217	438	1	44,906	-	5,210	23,060	80	-	12,914	90	726,118
Total	₩ 439	653,297	2,319	1,354,891	7,887	9,995	133,340	636	46,514	253,630	2,035	576	73,871	2,371	2,541,802

(*1) Prepared based on the contractual service margin (CSM) of direct insurance and reinsurance contracts. The amortization amount at each point in time represents the net amortization amount, which is derived by deducting the interest accretion effect for the period from the amount to be amortized before the transfer of insurance contract services.
(*2) Insurance contracts under which a substantial portion of the fair value gains on underlying items is paid to policyholders.

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(19) The status of insurance liabilities by accounting model and portfolio as of December 31, 2024 is as follows:

			December 31, 2024						
			General model			Variable fee approach			
Category(*1)			Best estimate liability	Risk adjust -ment	Contract service margin	Best estimate liability	Risk adjust-ment	Contract service margin	Premium allocation approach
Fixed interest rate type	Participating death	₩	22,977	235	996	-	-	-	-
	Non-participating death		2,982,014	103,935	542,293	-	-	-	-
	Participating health		169,905	1,980	4,353	-	-	-	-
	Non-participating health		2,651,268	269,034	1,706,321	-	-	-	-
	Participating annuity & savings		2,220,207	13,168	701	-	-	-	-
	Non-participating annuity & savings		4,269,474	1,467	8,219	-	-	-	-
	Participating others		157	-	-	-	-	-	-
Interest rate-linked type	Non-participating death		1,158,291	43,016	59,665	-	-	-	-
	Non-participating health		4,498	83	449	-	-	-	-
	Participating annuity & savings		495,615	1,160	48,468	-	-	-	-
	Non-participating annuity & savings		8,150,005	15,609	295,475	-	-	-	-
	Participating others		5,917	-	533	-	-	-	-
Direct participating type(*2)	Non-participating death		-	-	-	556,441	14,085	616	-
	Non-participating annuity & savings		-	-	-	627,479	2,554	1,132	-
Asset-linked annuity & savings			3,993	11	1,869	-	-	-	-
Total		₩	22,134,321	449,698	2,669,342	1,183,920	16,639	1,748	-

(*1) Prepared based on the remaining coverage component. Negative amounts represent remaining coverage assets.
(*2) Insurance contracts under which a substantial portion of the fair value gains on underlying items is paid to policyholders.

(In millions of Korean won, unless otherwise stated)

13. Insurance contract, continued

(20) Details of changes in future service as of December 31, 2024 are as follows:

		December 31, 2024		
Category(*)		Best estimate	Risk adjustment	Contract service margin
Changes in future service	₩	(323,632)	69,142	275,836
New contracts		(800,328)	72,972	731,976
Changes other than new contracts		476,696	(3,829)	(456,139)
Effect of assumption changes		265,202	-	(265,202)
Change in lapse rate assumptions		614,976	-	(614,976)
Change in mortality/morbidity rate assumptions		(271,515)	-	271,515
Change in expense ratio assumptions		(23,981)	-	23,981
Change in other assumptions		(54,278)	-	54,278
Volume differences and variances in investment components		211,494	(3,829)	(195,165)
Loss component		-	-	4,228

(*) Prepared based on the remaining coverage component of direct insurance and reinsurance contracts.

(21) The claims experience variance ratio as of December 31, 2024 are as follows:

Expected loss ratio (A) (%)	Actual loss ratio (B) (%)	Claims experience variance ratio (C = A - B) (%p)
85.30 %	86.7 %	-1.4 % (*)

(*) Excluding regulatory changes by the Financial Supervisory Service, the actual loss ratio (B) for 2024 is 83.0%.

13. Insurance contract, continued

(22) The expected insurance claims relative to risk premiums as of December 31, 2024 are as follows:

(In millions of Korean won)

Category (*1)	Portfolio		Period 1	2	3	4	5	6	7	8	9	10	11~15	16~20	21~25	26~30	More than 30years	Present value
Total		Expected insurance claims (A)	₩ 519,246	515,123	508,121	503,222	502,716	503,441	504,620	507,375	508,887	508,592	2,547,463	2,513,323	2,454,467	2,288,791	10,398,179	11,464,968
		Risk premiums (B)	638,411	629,844	616,229	606,666	603,238	602,320	602,659	602,739	601,367	599,079	2,959,938	2,867,933	2,755,476	2,539,156	10,784,815	13,215,389
		Ratio (A/B)	81.30%	81.80%	82.50%	82.90%	83.30%	83.60%	83.70%	84.20%	84.60%	84.90%	86.10%	87.60%	89.10%	90.10%	96.40%	86.80%
Fixed interest rate type	Participating death	Expected insurance claims (A)	990	936	881	816	755	704	652	608	566	523	1,987	1,082	493	78	4	8,636
		Risk premiums (B)	2,247	2,126	2,021	1,888	1,757	1,649	1,529	1,433	1,338	1,239	4,751	2,654	1,256	203	7	20,293
		Ratio (A/B)	44.10%	44.00%	43.60%	43.20%	43.00%	42.70%	42.60%	42.40%	42.30%	42.20%	41.80%	40.80%	39.20%	38.70%	59.30%	42.60%
	Non-participating death	Expected insurance claims (A)	72,766	73,417	73,283	72,819	72,287	70,956	69,240	68,335	68,080	67,572	320,534	284,559	260,687	234,854	877,272	1,376,468
		Risk premiums (B)	99,223	100,118	99,476	99,016	98,805	98,422	98,171	98,416	98,849	99,069	482,461	447,965	418,491	382,299	1,467,428	2,075,859
		Ratio (A/B)	73.30%	73.30%	73.70%	73.50%	73.20%	72.10%	70.50%	69.40%	68.90%	68.20%	66.40%	63.50%	62.30%	61.40%	59.80%	66.30%
	Participating health	Expected insurance claims (A)	8,233	7,950	7,601	7,236	6,831	6,420	5,989	5,590	5,206	4,856	19,158	11,381	5,896	2,409	1,016	80,094
		Risk premiums (B)	12,916	12,587	12,151	11,666	11,102	10,521	9,896	9,322	8,746	8,229	33,379	20,592	10,958	4,575	1,931	133,986
		Ratio (A/B)	63.70%	63.20%	62.60%	62.00%	61.50%	61.00%	60.50%	60.00%	59.50%	59.00%	57.40%	55.30%	53.80%	52.70%	52.60%	59.80%

(continued)

(In millions of Korean won)

Category (*1)	Portfolio		Period 1	2	3	4	5	6	7	8	9	10	11~15	16~20	21~25	26~30	More than 30years	Present value
Fixed interest rate type	Non-participating health	Expected insurance claims (A)	368,881	364,616	358,789	356,175	356,470	358,571	361,451	365,040	366,742	366,787	1,853,457	1,852,269	1,811,274	1,677,206	8,139,343	8,355,876
		Risk premiums (B)	431,173	423,508	412,451	406,458	404,064	403,947	404,952	405,157	403,869	401,904	1,996,126	1,944,919	1,861,322	1,693,124	7,714,426	8,916,427
		Ratio (A/B)	85.60%	86.10%	87.00%	87.60%	88.20%	88.80%	89.30%	90.10%	90.80%	91.30%	92.90%	95.20%	97.30%	99.10%	105.50%	93.70%
	Participating annuity & savings	Expected insurance claims (A)	169	809	682	593	521	466	421	389	366	352	1,734	1,292	961	673	1,099	7,228
		Risk premiums (B)	300	1,463	1,249	1,095	941	823	730	666	612	576	2,530	1,855	1,356	935	1,500	11,418
		Ratio (A/B)	56.30%	55.30%	54.60%	54.20%	55.40%	56.60%	57.70%	58.40%	59.90%	61.20%	68.50%	69.70%	70.80%	72.00%	73.20%	63.30%
	Non-participating annuity & savings	Expected insurance claims (A)	1,700	1,625	1,412	62	50	41	35	30	22	14	47	27	16	10	5	4,794
		Risk premiums (B)	2,757	2,636	2,206	106	88	75	64	55	42	25	78	46	27	15	8	7,756
		Ratio (A/B)	61.70%	61.60%	64.00%	58.70%	56.30%	54.80%	54.30%	54.90%	51.80%	58.10%	60.20%	58.60%	60.80%	66.30%	67.80%	61.80%
	Non-participating death	Expected insurance claims (A)	40,073	39,690	39,506	39,518	39,711	40,014	40,338	40,682	41,055	41,421	211,524	220,337	233,824	242,827	1,040,492	1,032,860
		Risk premiums (B)	52,926	51,637	51,353	51,326	51,518	51,882	52,175	52,565	52,914	53,038	264,865	272,712	287,869	298,055	1,192,656	1,290,303
		Ratio (A/B)	75.70%	76.90%	76.90%	77.00%	77.10%	77.10%	77.30%	77.40%	77.60%	78.10%	79.90%	80.80%	81.20%	81.50%	87.20%	80.00%
Interest rate-linked type	Non-participating health	Expected insurance claims (A)	165	160	133	107	100	96	94	93	91	90	249	-	-	-	-	1,151
		Risk premiums (B)	345	333	299	277	261	251	245	242	238	235	655	-	-	-	-	2,802
		Ratio (A/B)	47.90%	47.90%	44.40%	38.80%	38.50%	38.30%	38.40%	38.40%	38.40%	38.40%	38.10%	-	-	-	-	41.10%

(continued)

(In millions of Korean won)

Category (*1)	Portfolio		Period															
			1	2	3	4	5	6	7	8	9	10	11~15	16~20	21~25	26~30	More than 30years	Present value
Interest rate-linked type	Participating annuity & savings	Expected insurance claims (A)	43	45	46	47	49	50	51	53	55	56	303	218	82	14	6	804
		Risk premiums (B)	83	87	91	94	95	94	95	97	98	97	469	333	122	20	9	1,358
		Ratio (A/B)	52.30%	51.30%	50.60%	50.20%	51.40%	52.60%	53.70%	54.40%	55.90%	57.20%	64.50%	65.70%	66.80%	68.00%	69.20%	59.20%
	Non-participating annuity & savings	Expected insurance claims (A)	5,173	4,554	4,122	3,793	3,498	3,250	3,052	2,862	2,613	2,403	10,133	9,000	9,241	9,939	43,318	60,565
		Risk premiums (B)	9,909	8,730	7,853	7,200	6,613	6,127	5,768	5,411	4,997	4,681	20,432	17,459	16,634	16,337	56,616	109,580
		Ratio (A/B)	52.20%	52.20%	52.50%	52.70%	52.90%	53.00%	52.90%	52.90%	52.30%	51.30%	49.60%	51.50%	55.60%	60.80%	76.50%	55.30%
	Asset-linked annuity & savings	Expected insurance claims (A)	7	7	6	6	5	4	4	4	4	4	23	23	18	10	6	88
		Risk premiums (B)	18	18	17	16	11	10	10	10	10	10	47	41	29	15	10	192
		Ratio (A/B)	39.30%	38.30%	37.70%	38.30%	40.10%	41.50%	42.30%	43.20%	43.10%	44.50%	49.20%	54.80%	62.70%	64.70%	58.10%	45.90%
Direct participating type(*2)	Variable death	Expected insurance claims (A)	20,526	20,844	21,228	21,652	22,075	22,532	22,980	23,398	23,817	24,261	127,281	132,376	131,408	120,379	295,056	531,424
		Risk premiums (B)	25,732	25,889	26,405	26,916	27,417	27,991	28,529	28,903	29,220	29,569	152,428	158,068	156,456	142,907	349,254	637,663
		Ratio (A/B)	79.80%	80.50%	80.40%	80.40%	80.50%	80.50%	80.50%	81.00%	81.50%	82.00%	83.50%	83.70%	84.00%	84.20%	84.50%	83.30%
	Variable annuity & savings	Expected insurance claims (A)	520	472	432	396	365	337	312	290	271	252	1,033	758	568	393	561	4,978
		Risk premiums (B)	782	711	655	608	566	527	493	463	435	408	1,716	1,289	956	673	969	7,753
		Ratio (A/B)	66.50%	66.40%	65.90%	65.20%	64.50%	63.90%	63.30%	62.70%	62.20%	61.80%	60.20%	58.90%	59.40%	58.40%	57.90%	64.20%

(*1) Prepared based on the remaining coverage component of direct insurance and reinsurance contracts.
(*2) Insurance contracts under which a substantial portion of the fair value gains on underlying items is paid to policyholders.

13. Insurance contract, continued

(23) As of December 31, 2024, the expense ratio of expected maintenance expenses to planned maintenance expenses is as follows:

(In millions of Korean won)

Category (*1)	Portfolio		Period															
				1	2	3	4	5	6	7	8	9	10	11~15	16~20	21~25	26~30	More than 30years	Present value
	Total	Expected maintenance expenses (A)	₩	192,173	179,030	167,842	142,722	137,969	133,045	125,027	119,051	115,330	111,629	508,636	434,051	374,805	320,132	1,158,455	2,354,789
		Planned maintenance expenses (B)		441,847	395,196	354,081	322,352	296,831	275,047	241,017	216,083	202,421	192,319	802,012	545,858	345,981	244,756	820,641	3,832,872
		Ratio (A/B)		43.50%	45.30%	47.40%	44.30%	46.50%	48.40%	51.90%	55.10%	57.00%	58.00%	63.40%	79.50%	108.30%	130.80%	141.20%	61.40%
Fixed interest rate type	Participating death	Expected maintenance expenses (A)		200	186	174	150	138	127	115	105	95	85	297	152	65	10	1	1,522
		Planned maintenance expenses (B)		20	16	13	10	8	7	5	4	3	2	3	-	-	-	-	83
		Ratio (A/B)		993.60%	1181.40%	1345.70%	1440.10%	1644.30%	1881.80%	2132.90%	2566.90%	3244.10%	4198.20%	10336.90%	44599.00%	95546.20%	26007.00%	2608.40%	1842.70%
	Non-participating death	Expected maintenance expenses (A)		38,426	36,788	35,931	31,783	31,596	30,375	25,272	22,013	21,456	21,063	93,781	80,169	71,732	63,752	209,366	468,378
		Planned maintenance expenses (B)		93,720	86,201	77,206	70,996	66,501	61,843	41,485	28,411	26,161	26,887	106,392	60,971	45,200	36,360	104,737	678,226
		Ratio (A/B)		41.00%	42.70%	46.50%	44.80%	47.50%	49.10%	60.90%	77.50%	82.00%	78.30%	88.10%	131.50%	158.70%	175.30%	199.90%	69.00%

(In millions of Korean won)

Category (*1)	Portfolio		Period															
			1	2	3	4	5	6	7	8	9	10	11~15	16~20	21~25	26~30	More than 30years	Present value
Fixed interest rate type	Participating health	Expected maintenance expenses (A)	1,231	1,175	1,112	979	917	855	792	732	676	623	2,417	1,423	718	284	114	10,808
		Planned maintenance expenses (B)	60	55	50	46	41	38	34	31	27	25	94	54	27	11	4	467
		Ratio (A/B)	2045.80%	2128.20%	2204.60%	2145.80%	2216.90%	2269.90%	2320.70%	2396.00%	2484.70%	2533.50%	2567.70%	2656.10%	2665.10%	2662.20%	2712.20%	2312.10%
	Non-participating health	Expected maintenance expenses (A)	98,414	92,483	88,490	80,950	78,529	76,710	75,260	73,792	71,946	69,953	327,122	285,206	247,215	210,788	834,317	1,434,543
		Planned maintenance expenses (B)	265,555	235,942	213,270	195,204	180,299	168,919	160,725	153,398	145,733	138,106	604,049	426,605	258,024	173,736	595,990	2,559,464
		Ratio (A/B)	37.10%	39.20%	41.50%	41.50%	43.60%	45.40%	46.80%	48.10%	49.40%	50.70%	54.20%	66.90%	95.80%	121.30%	140.00%	56.00%
	Participating annuity & savings	Expected maintenance expenses (A)	2,392	2,405	2,404	1,887	1,881	1,873	1,863	1,852	1,840	1,827	8,851	8,259	7,486	6,482	14,388	37,563
		Planned maintenance expenses (B)	148	133	120	108	96	86	78	71	65	61	257	216	193	169	400	1,396
		Ratio (A/B)	1620.30%	1808.50%	2001.60%	1743.70%	1958.80%	2180.90%	2402.90%	2613.50%	2820.70%	3002.10%	3440.30%	3818.20%	3880.80%	3825.10%	3592.50%	2690.40%

(In millions of Korean won)

Category (*1)	Portfolio		Period 1	2	3	4	5	6	7	8	9	10	11~15	16~20	21~25	26~30	More than 30years	Present value
Fixed interest rate type	Non-participating annuity & savings	Expected maintenance expenses (A)	8,028	7,572	5,901	108	87	79	74	72	40	5	13	7	5	2	1	20,974
		Planned maintenance expenses (B)	228	173	148	92	41	32	26	25	15	2	5	2	1	1	-	730
		Ratio (A/B)	3528.00%	4388.30%	3977.70%	117.40%	214.30%	248.00%	280.50%	293.90%	271.30%	214.90%	258.50%	353.10%	410.10%	356.00%	620.20%	2873.20%
Interest rate-linked type	Non-participating death	Expected maintenance expenses (A)	12,262	11,702	11,186	9,591	9,245	8,920	8,595	8,310	8,022	7,725	33,633	28,536	24,875	21,615	62,165	155,535
		Planned maintenance expenses (B)	43,035	38,890	34,891	31,891	29,199	26,643	24,174	22,102	20,046	17,937	58,979	37,413	27,692	22,729	81,222	352,733
		Ratio (A/B)	28.50%	30.10%	32.10%	30.10%	31.70%	33.50%	35.60%	37.60%	40.00%	43.10%	57.00%	76.30%	89.80%	95.10%	76.50%	44.10%
	Non-participating health	Expected maintenance expenses (A)	303	288	233	130	117	111	107	104	100	97	250	-	-	-	-	1,585
		Planned maintenance expenses (B)	874	821	557	33	10	9	9	8	8	7	19	-	-	-	-	2,245
		Ratio (A/B)	34.70%	35.10%	41.90%	396.00%	1196.20%	1216.50%	1237.50%	1258.80%	1280.30%	1302.90%	1339.30%	-	-	-	-	70.60%

(continued)

(In millions of Korean won)

Category (*1)	Portfolio		Period 1	2	3	4	5	6	7	8	9	10	11~15	16~20	21~25	26~30	More than 30years	Present value
Interest rate-linked type	Participating annuity & savings	Expected maintenance expenses (A)	1,298	1,248	1,185	892	846	802	760	717	677	639	2,695	2,027	1,545	1,181	2,599	12,646
		Planned maintenance expenses (B)	1,019	887	751	640	546	472	404	345	297	259	931	558	382	279	589	6,360
		Ratio (A/B)	127.30%	140.70%	157.90%	139.40%	154.90%	169.80%	188.20%	208.00%	228.00%	246.80%	289.60%	363.30%	404.00%	423.50%	441.60%	198.80%
	Non-participating annuity & savings	Expected maintenance expenses (A)	21,994	17,937	14,323	9,933	8,568	7,423	6,684	6,129	5,531	4,919	19,331	12,145	8,405	6,061	13,078	121,381
		Planned maintenance expenses (B)	19,815	16,230	12,599	10,237	8,155	6,268	4,688	3,613	3,068	2,837	9,900	5,760	3,630	2,437	4,229	92,698
		Ratio (A/B)	111.00%	110.50%	113.70%	97.00%	105.10%	118.40%	142.60%	169.60%	180.30%	173.40%	195.30%	210.90%	231.60%	248.70%	309.30%	130.90%
	Asset-linked annuity & savings	Expected maintenance expenses (A)	10	10	9	7	4	3	3	3	3	3	13	11	8	4	4	71
		Planned maintenance expenses (B)	5	4	4	4	2	2	2	1	1	1	5	3	2	1	1	29
		Ratio (A/B)	213.40%	221.20%	230.20%	185.70%	182.50%	201.80%	209.00%	215.80%	223.80%	234.30%	276.10%	413.90%	450.80%	480.60%	580.50%	244.80%

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(continued)

(In millions of Korean won)

Category (*1)	Portfolio		Period 1	2	3	4	5	6	7	8	9	10	11~15	16~20	21~25	26~30	More than 30years	Present value
Direct participating type(*2)	Variable death	Expected maintenance expenses (A)	5,012	4,926	4,836	4,500	4,408	4,297	4,169	4,017	3,856	3,707	16,432	13,604	11,063	8,768	20,026	69,564
		Planned maintenance expenses (B)	15,808	14,560	13,394	12,172	11,143	10,052	8,807	7,573	6,559	5,813	20,026	13,516	10,394	8,774	33,086	129,409
		Ratio (A/B)	31.70%	33.80%	36.10%	37.00%	39.60%	42.70%	47.30%	53.00%	58.80%	63.80%	82.10%	100.60%	106.40%	99.90%	60.50%	53.80%
	Variable annuity & savings	Expected maintenance expenses (A)	2,603	2,311	2,058	1,811	1,633	1,468	1,331	1,204	1,088	984	3,801	2,512	1,689	1,185	2,397	20,220
		Planned maintenance expenses (B)	1,561	1,285	1,077	918	790	676	581	502	436	383	1,352	760	436	259	382	9,031
		Ratio (A/B)	166.70%	179.90%	191.20%	197.20%	206.70%	217.20%	229.30%	240.00%	249.30%	257.00%	281.10%	330.50%	387.60%	456.90%	626.90%	223.90%

(*1) Prepared based on the remaining coverage component of direct insurance and reinsurance contracts.
(*2) Insurance contracts under which a substantial portion of the fair value gains on underlying items is paid to policyholders.

(In millions of Korean won, unless otherwise stated)

14. Policyholders' equity adjustment

According to KIFRS 1117, participating insurance contracts require the estimation of expected dividends and the measurement of liabilities using a discount rate that reflects relevant cash flows, assumptions, and risks.

Unlike the previous accounting practices permitted under KIFRS 1104, this requirement may fail to appropriately represent potential obligations to policyholders of participating insurance contracts. This misalignment with the "*objective of financial statements*" defined in the "*Conceptual Framework*" could lead to misunderstandings among financial statement users.

To address this, the Group has calculated liabilities related to future potential obligations arising from unrealized gains and losses on assets based on the methodology prescribed in Article 4-1-2 of the Regulation on Supervision of Insurance Business as of the reporting date.

Except for the matters stated above, the Group's financial statements have been prepared in compliance with Korean International Financial Reporting Standards (KIFRS).

If KIFRS 1117 "*Insurance Contracts*" had been applied, liabilities and equity as of the end of the current period would have increased and decreased, respectively, by 3,146 million won (2023: decrease and increase of 1,677 million won, respectively).

Additionally, management has assessed that, including the matters mentioned above, the Group's financial statements fairly present its financial position as of the current and prior period-end, as well as its financial performance and cash flows for each of the two years in the period ended December 31, 2024.

Details of policyholders' equity adjustment as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Securities measured at fair value through other comprehensive income	₩	2,336	(2,496)
Asset revaluation surplus		810	819
	₩	3,146	(1,677)

(In millions of Korean won, unless otherwise stated)

15. Financial liabilities

(1) As of December 31, 2024 and 2023, the financial liabilities measured at fair value through profit or loss are entirely comprised of trading derivatives liabilities. (Refer to Note 5-3 for derivatives)

(2) Financial liabilities measured at amortized cost as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Subordinated corporate bond	₩	300,000	200,000
Accounts payable		10,639	29,280
Leasehold deposits received		10,618	10,250
Lease liabilities		45,329	14,157
		366,586	253,687
Present value discount		(1,058)	(423)
	₩	365,528	253,264

(3) Details of borrowings as of December 31, 2024 and 2023 are summarized as follows:

Classification	Borrowing / Issuing group name	Borrowing / Issuing date	Maturity date	Rate (%)		December 31, 2024	December 31, 2023	Interest payment & reimbursement method
Subordinated corporate bond	TONG YANG LIFE Co., Ltd.	Jan. 29, 2019	Jan. 29, 2029	4.3	₩	-	199,727	Interest: quarterly payment Principal: payments at the maturity
Subordinated corporate bond	TONG YANG LIFE Co., Ltd.	Oct. 7, 2024	Oct. 7, 2034	4.7	₩	299,129	-	Interest: quarterly payment Principal: payments at the maturity
						299,129	199,727	

(4) Investment contract liabilities as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Principal and interest guaranteed type	₩	3,462,632	3,052,966
Performance-based dividend type		6,456	5,429
	₩	3,469,088	3,058,395

(In millions of Korean won, unless otherwise stated)

16. Provisions

(1) Provisions as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Provision for restoration (*1)	₩	2,896	2,913
Provision for undrawn commitment (*2)		3,467	2,872
Others (*3)		13,358	12,985
	₩	19,721	18,770

(*1) Provision for restoration is the present value of the future cash outflows required to restore leasehold improvements at the end of the lease contract. The expected future restoration costs are determined by reflecting the average inflation rate of producer price and market risk premium, and present value is estimated by discounting those future restoration costs by the risk-free interest rate plus the Group's credit risk rate. These estimations are based on arm's length transaction between third parties.
(*2) Provision for undrawn commitment is the provisions for unused commitments provided by the Group in relation to investment commitments.
(*3) The Group recorded a provision for pending litigation for insurance claims and others.

(In millions of Korean won, unless otherwise stated)

16. Provisions, continued

(2) Changes in provision for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024				
		Provision for restoration	Provision for undrawn commitment	Social contributions	Others	Total
Beginning balance	₩	2,913	2,872	-	12,985	18,770
New		778	-	-	-	778
Provision (Reversal)		(188)	595	-	373	780
Use (restoration)		(607)	-	-	-	(607)
Ending balance	₩	2,896	3,467	-	13,358	19,721

		For the year ended December 31, 2023				
		Provision for restoration	Provision for undrawn commitment	Social contributions	Others	Total
Beginning balance	₩	2,726	-	419	24,309	27,454
New		360	2,872	-	-	3,232
Provision (Reversal)		159	-	(419)	(11,324)	(11,584)
Use (restoration)		(332)	-	-	-	(332)
Ending balance	₩	2,913	2,872	-	12,985	18,770

(In millions of Korean won, unless otherwise stated)

16. Provisions, continued

(3) The expected outflow time of economic benefits by provision as of December 31, 2024 and 2023 is as follows:

		December 31, 2024				
		Within 1 year	1 ~ 5 years	5 to 10 years	Over 10 years	Total
Provision for restoration	₩	1,038	1,296	562	-	2,896
Provision for undrawn commitment		434	131	497	2,405	3,467
	₩	1,472	1,427	1,059	2,405	6,363

		December 31, 2023				
		Within 1 year	1 ~ 5 year	5 to 10 years	Over 10 years	Total
Provision for restoration	₩	978	1,935	-	-	2,913
Provision for undrawn commitment		400	45	519	1,908	2,872
	₩	1,378	1,980	519	1,908	5,785

(In millions of Korean won, unless otherwise stated)

17. Net defined benefit assets (liabilities)

(1) Details of net defined benefit assets (liabilities) as of December 31, 2024 and 2023 are as follows:

		December 31, 2024	December 31, 2023
Present value of defined benefit obligations	₩	(97,244)	(82,579)
Fair value of plan assets		80,942	76,230
Net defined benefit liabilities		(16,302)	(6,349)

(2) Changes in present value of net defined benefit assets (liabilities) for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Beginning balance	₩	(6,349)	4,760
Changes:			
Current service cost		(8,120)	(6,481)
Net interest cost		(263)	258
		(8,383)	(6,223)
Payments		5,478	4,111
Remeasurements of net defined benefit liabilities		(12,572)	(9,328)
Contribution payment		5,524	331
Ending balance	₩	(16,302)	(6,349)

(3) Details of changes in actuarial gains and losses directly recognized in equity for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Current service cost	W	(11,225)	(4,052)
Net interest cost		(9,714)	(7,173)
	W	(20,939)	(11,225)

(4) Details of retirement benefit expenses for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Current service cost	₩	7,230	6,481
Past service cost		890	-
Net interest cost		263	(258)
	₩	8,383	6,223

(In millions of Korean won, unless otherwise stated)

17. Net defined benefit liabilities (assets), continued

(5) The amount recognized in the statement of comprehensive income by defined contribution plans for each of the two years ended December 31, 2024 are summarized as follows:

		2024	2023
Retirement benefits	₩	1,402	1,455

(6) Changes in present value of defined benefit obligation for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Beginning balance	₩	82,579	73,603
Changes:			
Current service cost		7,230	6,481
Past service cost		890	-
Interest cost		3,378	3,612
		11,498	10,093
Payments		(8,980)	(9,565)
Remeasurements:			
Demographic assumption		(6,194)	(1,279)
Financial assumption		14,849	5,951
Experiential adjustment		3,492	3,776
		12,147	8,448
Succession of severance pay between affiliates		-	-
Ending balance	₩	97,244	82,579

(7) Changes in the fair value of plan assets for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Beginning balance	₩	76,230	78,362
Expected return on plan assets		3,115	3,870
Payments		(3,502)	(5,454)
Remeasurements		(425)	(879)
Contributions		5,524	331
Transfer of retirement benefits between affiliates		-	-
Ending balance	₩	80,942	76,230
Actual return on plan assets		2,690	2,991

(In millions of Korean won, unless otherwise stated)

17. Net defined benefit liabilities (assets), continued

(8) Details of rate of return and fair value of plan assets as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024		December 31, 2023	
		Fair value	Rate of return(%)	Fair value	Rate of return(%)
Cash and deposits	₩	75,892	3.35	62,714	4.23
Others		5,050	4.69	13,516	3.42
	₩	80,942		76,230	

(9) The key actuarial assumptions used in determining retirement benefits for each of the two years in the period ended December 31, 2024 are as follows (%):

	For the year ended December 31, 2024	For the year ended December 31, 2023
Discounting rate	3.30%~3.61%	4.09%~4.30%
Expected rate of wages increase	6.77%~6.79%	5.63%~5.78%
Mortality rate	0.01%~0.02%	0.01%~0.02%
Retirement rate:	4.30%~10.38%	1.96%~11.08%

(10) The impact of changes in actuarial assumptions on defined benefit obligations is as follows:

		Increase by 1%	Decrease by 1%
Change in discount rate	₩	(6,829)	7,750
Change in rate of wage increase		6,944	(6,221)

(In millions of Korean won, unless otherwise stated)

18. Other liabilities

Details of other liabilities as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Accrued expenses	₩	32,902	30,197
Unearned income		9,261	4,870
Depository liabilities		1,386	1,269
Others		5,218	4,475
	₩	48,767	40,811

19. Contingent liabilities and commitments

(1) The insurance contracts and the insured amounts of the Group as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Number of insurance contracts		4,302,883	4,119,479
The amounts of insurance purchase	₩	86,895,809	88,012,238

(2) The Group's reinsurance contracts as of December 31, 2024 are summarized as follows:

Reinsurer	Ratio of reinsurance (%)	Insurance plans
Proportional:		
Korean Re	5 ~ 30	General/Accident/Cancer/Insurance for children/ Composite guarantee/Actual loss/Health with Simple Inspection, customized coverage / Whole life
Munich Re	30 ~ 80	High guarantee contract/CI/Voluntary
RGA	10 ~ 80	Term/Voluntary/Dementia, Customized coverage
	100	Co-reinsurance
Swiss Re	50 ~ 80	Silver cancer, Targeted anticancer drug treatment
Gen Re	30	High blood pressure term
SCOR	50 ~ 80	Dental, Insurance for seniors
Hannover Re	10 ~ 20	Customized coverage
Pacific Re	10 ~ 50	Simple Health Care, Easy Evaluation System, Easy 335
Over proportional:		
Korean Re	5	Whole life
RGA	10	Whole life
SCOR	10	Whole life

(In millions of Korean won, unless otherwise stated)

19. Contingent liabilities and commitments, continued

(3) The pending litigations in respect of the Group as of December 31, 2024 and 2023 are as follows:

	Number of lawsuits			Amounts	
	December 31, 2024	December 31, 2023		December 31, 2024	December 31, 2023
Defendant (*1)	36	34	₩	2,301	5,437
Plaintiff (*2)	13	35	₩	406	635

(*1) These are lawsuits related to payments for insurance claims, damage compensation, commissions and loans.
(*2) These are lawsuits related to return of insurance claims, damage compensation, commissions and loans. Results of the lawsuits are difficult to be reliably estimated as of December 31, 2024.

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(4) Details of the Group's credit limits as of December 31, 2024 are as follows:

Bank		Limit
Woori Bank	₩	10,000

(5) The Group maintains bancassurance agreements with financial institution insurance agencies (16 banks, 7 securities firms and 2 mutual saving banks) as of December 31, 2024. In accordance with these agreements, the financial institutions insurance agencies acting as the Group's insurance agents sell the Group's insurance products.

(6) As of December 31, 2024 and 2023, the amounts including the Group's investment agreement and loan agreement are as follows:

		December 31, 2024	December 31, 2023
Investment agreement	₩	514,684	604,629
Loan agreement		987,107	1,103,505

(7) Other commitment

As of December 31, 2024, the Group has entered into an agreement (the "Agreement") with TONG YANG Leisure Co., Ltd. on revision of lease contract and disposition of operating rights on the condition that conversion of the golf course to a public course, consent from members and recovery plan approval by the court are completed. In the event of disposal of the golf course, the compensation will be paid based on the disposition proceeds in accordance with the agreement. Currently, the conversion of the golf course to a public course and consent from members have been completed. The compensation of the disposal will be reflected once the disposal decision is made.

(In millions of Korean won, unless otherwise stated)

20. Equity

(1) Details of equity as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024	December 31, 2023
Capital stock:			
Ordinary share capital stock(*1)	₩	806,793	806,793
Capital surplus:			
Paid-in capital in excess of par value		463,680	463,680
Hybrid security		344,567	344,567
Capital adjustments:			
Treasury shares		(59,848)	(60,458)
Other capital adjustment		(413)	(208)
		(60,261)	(60,666)
Accumulated other comprehensive income:			
Valuation loss on securities measured at fair value through other comprehensive income, net		(1,064,154)	(1,256,539)
Provision for losses on financial liabilities measured at fair value through other comprehensive income		4,845	3,302
Valuation loss on cash flow hedging derivatives		82,084	19,317
Asset revaluation surplus		15,602	15,594
Remeasurement of the net defined benefit obligations		(20,939)	(11,225)
Net financial income from insurance contract assets (liabilities)		(133,478)	1,309,152
Net financial income from reinsurance contract assets (liabilities)		10,550	(22,747)
		(1,105,490)	56,854
Retained earnings:			
Legal reserve		61,503	55,266
Bad debt reserve		30,243	71,030
Surrender refund reserve		640,201	-
Guarantee reserve		16,959	-
Retained earnings before appropriations(*2)		768,498	1,166,444
		1,517,404	1,292,740
	₩	1,966,693	2,903,968

(*1) The number of authorized shares of the Group is 300 million in compliance with the Commercial Act of the Republic of Korea. A common stock paid in full (face value: ₩ 5,000) includes the right to vote and receive dividend.
(*2) The bad debt reserve expected to be allocated for the current period is ₩ 27,404 million, while the surrender value reserve and guarantee reserve expected to be accrued for the current period are ₩ 278,634 million and ₩ 1,937 million, respectively.

20. Equity, continued

(2) Details of hybrid securities as of December 31, 2024 and 2023 are as follows (In thousands of U.S. dollars and in millions of Korean won):

	December 31, 2024					
Classification	Issuing date	Maturity date	Rate (%)	Foreign currencies		Local currencies
Hybrid securities (*1)	Sep. 22, 2020	Sep. 22, 2050	5.25	USD 300,000	₩	348,180
Discount on Hybrid securities issued (*2)						(3,613)
					₩	344,567

	December 31, 2023					
Classification	Issuing date	Maturity date	Rate (%)	Foreign currencies		Local currencies
Hybrid securities (*1)	Sep. 22, 2020	Sep. 22, 2050	5.25	USD 300,000	₩	348,180
Discount on Hybrid securities issued (*2)						(3,613)
					₩	344,567

(*1) The above hybrid securities are subject to an early redemption option held by the Group after five years from the date of issuance, and the interest rate is subject to adjustment only once after ten years from the date of issuance. The maturity can be extended under the same condition continuously at the maturity date at the option of the Group.
(*2) Underwriting fees and other direct issuance costs are included.

(3) Details of capital stock as of December 31, 2024 and 2023 are as follows:

(Unit: shares)		December 31, 2024	December 31, 2023
Total number of shares to be issued		300,000,000	300,000,000
Amount per share	₩	5,000	5,000
Total number of shares issued		161,358,585	161,358,585
Ordinary shares		161,358,585	161,358,585

(In millions of Korean won, unless otherwise stated)

20. Equity, continued

(4) Changed in the number of issued shares, capital stock and paid-in capital in excess of par value for each of the two years in the period ended December 31, 2024 are as follows:

(Unit: shares)	2024				
	Number of issued shares		Capital stock	Paid-in capital in excess of par value	Total
Beginning balance	161,358,585	₩	806,793	463,680	1,270,473
Ending balance	161,358,585	₩	806,793	463,680	1,270,473

(Unit: shares)	2023				
	Number of issued shares		Capital stock	Paid-in capital in excess of par value	Total
Beginning balance	161,358,585	₩	806,793	463,680	1,270,473
Ending balance	161,358,585	₩	806,793	463,680	1,270,473

(5) Details of capital adjustments as of December 31, 2024 and 2023 are as the follows:

		2024	2023
Treasury stock	₩	(59,848)	(60,458)
Losses on disposition of treasury stock		(413)	(208)
		(60,261)	(60,666)

(6) Details of accumulated other comprehensive income as of December 31, 2024 and 2023 are as follows:

		2024	2023
Valuation gain (loss) on cash flow hedging derivatives	₩	82,084	19,317
Valuation gain (loss) on securities measured at fair value through other comprehensive income, net		(1,064,154)	(1,256,539)
Provision for losses on financial liabilities measured at fair value through other comprehensive income		4,845	3,302
Net financial income from insurance contract assets (liabilities)		(133,478)	1,309,152
Net financial income from reinsurance contract assets (liabilities).		10,550	(22,747)
Asset revaluation surplus (*)		15,602	15,594
Remeasurement of the net defined benefit obligations		(20,939)	(11,225)
	₩	(1,105,490)	56,854

(*) This is the balance after deducting the policyholders' equity adjustments of ₩ 810 million (2023: ₩ 820 million) out of the land revaluation difference conducted before the date of transaction of ₩ 21,098 million (2023: ₩ 21,098 million) and the Income tax effects of ₩ 4,686 million (2023: ₩ 4,684 million).

(In millions of Korean won, unless otherwise stated)

20. Equity, continued

(7) Details of retained earnings as of December 31, 2024 and 2023 are as follows:

		December 31, 2024	December 31, 2023
Legal reserve	₩	61,503	55,266
Bad debt reserve		30,243	71,030
Surrender reserve		640,201	-
Guarantee reserve		16,959	-
Retained earnings before appropriations		768,498	1,166,444
	₩	1,517,404	1,292,740

(8) Changes in reserve for each of the two years in the period ended December 31, 2024 are as follows:

1) Bad debt reserve

		December 31, 2024	December 31, 2023
Beginning balance	₩	30,243	71,030
Additional bad debt reserve		(27,405)	(40,786)
Planned ending balance	₩	2,838	30,244

2) Surrender refund

		December 31, 2024	December 31, 2023
Beginning balance	₩	640,201	-
Additional surrender refund		278,634	640,201
Planned ending balance	₩	918,835	640,201

3) Guarantee reserve

		December 31, 2024	December 31, 2023
Beginning balance	₩	16,959	-
Additional guarantee reserve		1,937	16,959
Planned ending balance	₩	18,896	16,959

(9) Adjusted net income deducting bad debt reserve for each of the two years in the period ended December 31, 2024 are as follows:

		2024	2023
Net income before deducting reserves	₩	314,293	270,646
Provisions for bad debt reserve		27,405	40,786
Provisions for Surrender refund		(278,634)	(640,201)
Provisions for Guarantee reserve		(1,937)	(16,959)
Adjusted net income after deducting reserves	₩	61,127	(345,728)

(In millions of Korean won, unless otherwise stated)

21. Net insurance income

Details of net insurance income for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Insurance income :			
Expected insurance claims and insurance service expenses		563,420	524,176
Expected other insurance service expenses		196,651	179,603
Fluctuations in risk adjustment due to risk mitigation		47,227	45,258
Insurance contract margin for services provided		259,987	257,715
Recovery of insurance acquisition cash flows		131,964	112,665
Allocation of loss component		(12,738)	(12,223)
		1,186,511	1,107,194
Insurance service expenses :			
Insurance claims and insurance service expenses		545,944	507,140
Actual other insurance service expenses		193,436	180,909
Loss and recovery of onerous contracts		21,347	58,818
Fluctuation in incurred claims liabilities		22,425	5,720
Amortization of insurance acquisition cash flows		131,964	112,665
Allocation of loss component		(12,738)	(12,223)
Other operating expenses		(18,550)	(1,124)
		883,828	851,905
Total insurance service result		302,683	255,289
Reinsurance income		47,103	24,195
Reinsurance expenses		41,345	17,954
Total reinsurance service result		5,758	6,241
Other service expenses		77,796	85,561
Total	₩	230,645	175,969

(In millions of Korean won, unless otherwise stated)

22. Net insurance financial income

Details of net insurance financial income for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Investment income :			
Net interest income	₩	1,083,833	1,223,235
Financial asset income		863,062	790,002
Others		45,683	238,426
Investment income recognized in profit or loss		175,088	194,807
Investment income recognized in other comprehensive income		338,575	1,098,089
	₩	1,422,408	2,321,324
Insurance Finance Income :			
Effects of changes in interest income and discount rate etc.	₩	(953,708)	(1,105,268)
Fair value fluctuation effect of underlying assets of insurance contracts with direct participation feature		(971,367)	(998,352)
Insurance income recognized in profit or loss		17,659	(106,916)
Insurance income recognized in other comprehensive income		(1,875,982)	(1,462,249)
	₩	(2,829,690)	(2,567,517)
Reinsurance Finance Income :			
Effects of changes in economic assumption (interest income and discount rate etc.)	₩	7,143	315
Fluctuation effect of default risk of reinsurance issuers		6,903	853
Reinsurance income recognized in profit or loss		240	(538)
Reinsurance income recognized in other comprehensive income		43,299	(29,834)
	₩	50,442	(29,519)
Net investment income recognized in profit or loss and other comprehensive income	₩	(1,356,840)	(275,712)

(In millions of Korean won, unless otherwise stated)

23. Gain or loss related with financial instruments

Details of gains or losses related with financial instruments for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024				
		Interest income (expense) (*1)	Dividend gain	Gain (loss) on valuation and disposal	Impairment loss	Total
Financial assets:						
Cash and cash equivalents	₩	5,266	-	-	-	5,266
Financial assets measured at fair value through profit or loss		75,698	4,633	(13,054)	-	67,277
Financial assets measured at fair value through other comprehensive income		608,886	52	90,103	(2,162)	696,879
Derivatives designated as hedges		-	-	(633,184)	-	(633,184)
Deposits measured at amortized cost		13,548	-	-	-	13,548
Loans measured at amortized cost		291,282	-	90	(6,232)	285,140
Receivables measured at amortized cost		628	-	-	(28)	600
	₩	995,308	4,685	(556,045)	(8,422)	435,526
Financial liabilities:						
Financial liabilities measured at amortized cost (*2)		(132,246)	-	-	-	(132,246)
	₩	863,062	4,685	(556,045)	(8,422)	303,280

(*1) Interest income and expense arising from non-financial assets are excluded.
(*2) ₩ 1,442 million of interest expense on lease liabilities is included.

(In millions of Korean won, unless otherwise stated)

23. Gain or loss related with financial instruments, continued

Details of gains or losses related with financial instruments for each of the two years in the period ended December 31, 2024 are as follows, continued:

	For the year ended December 31, 2023					
		Interest income (expense) (*1)	Dividend gain	Gain (loss) on valuation and disposal	Impairment loss	Total
Financial assets:						
Cash and cash equivalents	₩	9,110	-	-	-	9,110
Financial assets measured at fair value through profit or loss		90,499	544	323,773	-	414,816
Financial assets measured at fair value through other comprehensive income		536,114	52	36	(4,263)	531,939
Derivatives designated as hedges		-	-	(187,181)	-	(187,181)
Deposits measured at amortized cost		8,884	-	-	-	8,884
Loans measured at amortized cost		279,040	-	1,715	(53,123)	227,632
Receivables measured at amortized cost		387	-	-	(148)	239
	₩	924,034	596	138,343	(57,534)	1,005,439
Financial liabilities:						
Financial liabilities measured at amortized cost (*2)		(134,034)	-	-	-	(134,034)
	₩	790,000	596	138,343	(57,534)	871,405

(*1) Interest income and expense arising from non-financial assets are excluded.
(*2) ₩ 806millions of interest expense on lease liabilities is included.

(In millions of Korean won, unless otherwise stated)

24. Commission income

Details of commission income for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Loans	₩	14,499	12,846
Others		35,717	36,443
	₩	50,216	49,289

25. Other operating investment revenues and expenses

(1) Details of other operating investment revenues for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Rental income	₩	17,412	15,985
Real estate impairment loss reversal		-	31,041
Other investment income		130,405	121,222
	₩	147,817	168,248

(2) Details of other operating investment expenses for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Amortization of intangible assets	₩	7,357	7,249
Property management fees		11,691	10,186
Depreciation of properties		2,621	2,344
Other investment expense		1,277	2,949
	₩	22,946	22,728

(In millions of Korean won, unless otherwise stated)

26. Asset management expenses

Details of asset management expenses for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Wages and salaries	₩	571	421
Provision for retirement benefits		31	16
Other employee benefits		28	24
Fee expense		781	636
Taxes and dues		1,485	1,565
Depreciation expense		1	1
Others		1,558	1,833
	₩	4,455	4,496

(In millions of Korean won, unless otherwise stated)

27. Non-operating income and expenses

(1) Details of non-operating income for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Gain on disposal of property and equipment	₩	326	1,746
Gain on disposal of investment properties		5	-
Gains on disposal of investments in associates		663	-
Gain on valuation using equity method		5,413	924
Miscellaneous non-operating income		22,833	11,588
	₩	29,240	14,258

(2) Details of non-operating expenses for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Loss on disposal of investment properties	₩	36	221
Loss on disposal of property and equipment		842	90
Donations		518	-
Loss on disposal of investments in associates		22,905	58
Loss on valuation using equity method		-	308
Miscellaneous non-operating losses		1,943	174
	₩	26,244	851

(In millions of Korean won, unless otherwise stated)

28. Income tax

(1) The major components of income tax expenses for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Current taxes	₩	9,777	-
Deferred income tax fluctuations on temporary differences		(296,482)	(26,190)
Current and deferred income taxes recognized directly to equity		349,097	93,069
Deferred income tax fluctuations on tax credits carryforwards		(114)	314
Changes in deferred tax due to carryforward tax credits		520	637
Other		(6,037)	3
Income tax expenses	₩	56,761	67,833

(2) The tax effects on temporary differences recognized directly in equity for each of the two years in the period ended December 31, 2024 are as follows

		For the year ended December 31, 2024	For the year ended December 31, 2023
Gain on valuation of securities	₩	(58,254)	(241,559)
Gain on valuation of derivatives		(18,854)	(15,382)
Asset revaluation surplus		(2)	26
Hybrid security bonds		-	(2)
Remeasurements of net defined benefit liabilities		2,858	2,150
Net finance income (expenses) from insurance contract assets (liabilities)		423,349	347,836
	₩	349,097	93,069

(3) The relationship between net income before income taxes and income tax expenses for each of the two years in the period ended December 31, 2024 are as follows

		For the year ended December 31, 2024	For the year ended December 31, 2023
Net income before income taxes	₩	371,054	307,659
Tax at the statutory income tax rate		87,596	70,860
Adjustment:			
Non-taxation income		(206)	(345)
Non-deductible expense		367	47
Others		(30,996)	(2,729)
Income tax expenses		56,761	67,833
Effective income tax rate		15.30%	22.05%

28. Income tax, continued

(4) Changes in temporary differences and deferred income tax assets and liabilities for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of won)		For the year ended December 31, 2024		
		Beginning balances	Increase (decrease)	Ending balances
Accumulated Temporary differences:				
Accounts receivables	₩	(1,014,773)	267,569	(747,204)
Net defined benefit liabilities		20,358	7,286	27,644
Assets measured at fair value through profit or loss		257,877	32,895	290,772
Gain (loss) on valuation of derivatives		(37,744)	456,239	418,495
Depreciation		7,174	(1,735)	5,439
Others		(1,067,495)	(569,959)	(1,637,454)
		(1,834,603)	192,295	(1,642,308)
Deferred income tax assets and liabilities		(423,794)	44,422	(379,372)
Temporary differences deducted from or added to equity:				
Gain (loss) on valuation of securities		1,629,698	(252,182)	1,377,516
Valuation gain (loss) on derivatives		(25,120)	(81,621)	(106,741)
Asset revaluation surplus		(20,278)	(10)	(20,288)
Actuarial gain (loss)		11,607	12,372	23,979
Hybrid security bonds		4,698	-	4,698
Carried-forward deficit		(1,672,829)	1,832,682	159,853
	₩	(72,224)	1,511,241	1,439,017
Deferred income tax assets and liabilities				
		(16,682)	349,097	332,415
Tax credits carried forward		345,663	(101,114)	244,549
Excess tax credit carryforward		2,796	(114)	2,682
Excess charitable contribution tax credit		735	4,191	4,926
	₩	(91,282)	296,482	205,200

(In millions of Korean won, unless otherwise stated)

28. Income tax, continued

(4) Changes in temporary differences and deferred income tax assets and liabilities for each of the two years in the period ended December 31, 2024 are as follows, continued:

		For the year ended December 31, 2023		
		Beginning balances	Increase (decrease)	Ending balances
Accumulated Temporary differences:				
Accounts receivables	₩	(613,734)	(401,039)	(1,014,773)
Net defined benefit liabilities		15,001	5,357	20,358
Assets measured at fair value through profit or loss		51,826	206,051	257,877
Loss on impairment of securities		94,207	(94,207)	-
Gain (loss) on valuation of derivatives		(22,375)	(15,369)	(37,744)
Deposit Insurance premium		16,679	(16,679)	-
Depreciation		6,870	304	7,174
Guaranteed minimum benefit reserves		173,008	(173,008)	-
Other liabilities		26,477	(26,477)	-
Others		(434,796)	(632,699)	(1,067,495)
		(686,837)	(1,147,766)	(1,834,603)
deferred income tax assets and liabilities		(159,346)	(264,448)	(423,794)
Temporary differences deducted from or added to equity:				
Gain (loss) on valuation of securities		2,663,874	(1,034,176)	1,629,698
Valuation gain (loss) on derivatives		41,289	(66,409)	(25,120)
Asset revaluation surplus		(20,305)	27	(20,278)
Actuarial gain (loss)		2,291	9,316	11,607
Hybrid security bonds		4,698	-	4,698
Carried-forward deficit		(3,164,912)	1,492,083	(1,672,829)
	₩	(473,065)	400,841	(72,224)
deferred income tax assets and liabilities		(109,751)	93,069	(16,682)
Deferred tax liabilities due to deficit carried forward	₩	4,872	(4,872)	-
Tax credits carried forward		87,888	257,775	345,663
Excess tax credit carryforward		2,481	315	2,796
Excess charitable contribution tax credit		725	10	735
Impact of changes in accounting policies		55,659	(55,659)	-
	₩	(117,472)	26,190	(91,282)

28. Income tax, continued

(5) Introduction and impact of the global minimum tax

The Group has applied the temporary exception rule for deferred taxes under KIFRS 1012, and therefore, does not recognize deferred tax assets or liabilities related to Pillar Two legislation and does not disclose information related to deferred taxes.

The Group, as an intermediate parent entity, does not qualify for the transitional relief for the income inclusion rule and does not directly or indirectly own any low-taxed constituent entities. Therefore, no Pillar Two current tax expense has been recognized during the period.

(In millions of Korean won, unless otherwise stated)

29. Earnings per share

(1) Earnings per share for each of the two years in the period ended December 31, 2024 are computed as follows:

(Unit: shares, KRW)		For the year ended December 31, 2024	For the year ended December 31, 2023
Net income of common stocks	₩	314,293,434,261	239,826,409,738
Weighted average number of common stocks outstanding		155,939,533	155,886,020
Earnings per share	₩	2,015	1,538

(2) Weighted average number of common stocks outstanding for each of the two years in the period ended December 31, 2024 are computed as follows:

	For the year ended December 31, 2024						
(Unit: shares, KRW)	Date	The number of stocks	The number of Treasury stocks	The number of common shares outstanding	Weight	Multiplication	Weighted average number of common stocks outstanding
Beginning	January 1, 2024	161,358,585	(5,468,510)	155,890,075	366 days	57,055,767,450	155,890,075
Losses on disposition of treasury stock	February 7, 2024	-	55,188	55,188	328 days	18,101,664	49,458
Ending	December 31, 2024	161,358,585	(5,413,322)	155,945,263		57,073,869,114	155,939,533

	For the year ended December 31, 2023						
(Unit: shares, KRW)	Date	The number of stocks	The number of Treasury stocks	The number of common shares outstanding	Weight	Multiplication	Weighted average number of common stocks outstanding
Beginning	January 1, 2023	161,358,585	(5,500,000)	155,858,585	365 days	56,888,383,525	155,858,585
Losses on disposition of treasury stock	February 16, 2023	-	31,490	31,490	318 days	10,013,820	27,435
Ending	December 31, 2023	161,358,585	(5,468,510)	155,890,075		56,898,397,345	155,886,020

(3) the Group does not have any diluted potential common stock for each of the two years in the period ended December 31, 2024 and therefore diluted earnings per share are the same as basic earnings per share

(In millions of Korean won, unless otherwise stated)

30. Related parties

(1) the Group's related parties as of December 31, 2024 and 2023 are as follows:

Relationship	December 31, 2024	December 31, 2023
The ultimate parent group	Dajia Insurance Group Co., Ltd.	Dajia Insurance Group Co., Ltd.
Parent group	Dajia Life Insurance Co., Ltd. (Former, Anbang Insurance Group Co., Ltd.)	Dajia Life Insurance Co., Ltd. (Former, Anbang Insurance Group Co., Ltd.)
Entities with significant influence over the group	Anbang Group Holdings Co., Ltd. (*1)	Anbang Group Holdings Co., Ltd.
Associates	DAOL EMP Global Asset Allocation trust1 (Fofs) Welcome Best Short-Term Bond Investment Trust	-
Others (*2)	ABL Life Insurance Co., Ltd. ABA Financial Service L.L.C. and others	ABL Life Insurance Co., Ltd. ABA Financial Service L.L.C. and others

(*1) Anbang Group Holdings Co. Limited is a 100% subsidiary of Dajia Life Insurance Co., Ltd.
(*2) Others include the subsidiaries of Dajia Insurance Group Co., Ltd. which is the ultimate holding group.

(2) The material transactions with the related parties for each of the two years in the period ended December 31, 2024 are as follows:

			For the year ended December 31, 2024	For the year ended December 31, 2023
Revenue:				
ABL Life Insurance Co., Ltd.	Rental income	₩	182	180
Expense:				
ABL Life Insurance Co., Ltd.	Maintenance expenses		353	338
	Asset management expenses		-	4
ABA Financial Service L.L.C.	Commission expenses		2,643	1,699

(In millions of Korean won, unless otherwise stated)

30. Related parties, continued

(3) Outstanding balances arising from transactions with the related parties as of December 31, 2024 and 2023 are summarized as follows:

		December 31, 2024			
		Assets	Liabilities		
		Leasehold deposits	Accrued expenses	Leasehold deposits received	Lease liability
ABL Life Insurance Co., Ltd.	₩	286	-	81	811
ABA Financial Service L.L.C.		-	99	-	-

		December 31, 2023			
		Assets	Liabilities		
		Leasehold deposits	Accrued expenses	Leasehold deposits received	Lease liability
ABL Life Insurance Co., Ltd.	₩	210	-	81	358
ABA Financial Service L.L.C.		-	116	-	-

(4) Details of investing transactions with the related parties for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
DAOL EMP Global Asset Allocation private securities investment trust 1(Fofs)	Acquisition of shares	-	-
	Disposal of shares	6,337	-
DAOL World Multi-Asset private securities investment trust 1(Fofs)	Acquisition of shares	-	-
	Disposal of shares	50,038	-
Welcome Best Short-Term Bond Investment Trust	Acquisition of shares	1,500	-
	Disposal of shares	-	-

(In millions of Korean won, unless otherwise stated)

30. Related parties, continued

(5) Compensations for key management personnel for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Short-term salaries expenses	₩	1,278	1,237
Severance and retirement benefits		289	252
	₩	1,567	1,489

The Group designated registered executives who have significant rights and responsibilities for planning, managing and control as key management personnel.

(In millions of Korean won, unless otherwise stated)

31. Cash flow information

(1) Adjustments of income and expense to calculate cash flows from operating activities for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Interest expense	₩	132,246	134,034
Insurance service expenses		883,828	851,905
Reinsurance expenses		41,346	17,954
Insurance financial income of insurance contract		953,708	1,105,268
Reinsurance financial income of reinsurance contract		(7,143)	(315)
Retirement benefits		8,383	6,223
Loss on valuation of financial assets measured at fair value through profit or loss		164,947	53,054
Loss on disposal of financial assets measured at fair value through profit or loss		1,024	4,344
Loss on disposal of financial assets measured at fair value through other comprehensive income		4,021	2,940
Impairment loss on financial assets measured at fair value through other comprehensive income		2,162	4,263
Loss on valuation using equity method		-	308
Loss on disposal of investment securities in associates		518	-
Loss on the valuation of derivative financial instruments held for trading purposes		432	19,228
Loss on transaction of derivatives designated as hedges		204,239	295,475
Loss on valuation of derivatives designated as hedges		458,472	59,360
Impairment loss		6,260	53,271
Loss on foreign currency translation		-	1,794
Depreciation of property and equipment		17,366	13,419
Depreciation of investment properties		2,620	2,344
Amortization of intangible assets		7,356	7,249
Loss on disposal of investment properties		36	221
Loss on disposal of property and equipment		842	90
Other investment expenses		1,277	2,949
Provisions (reversal)		(188)	138
Income tax expense		56,761	67,833
Miscellaneous non-operating loss		1,516	106
Interest income		(995,308)	(924,036)
Insurance income		(1,186,511)	(1,107,194)
Reinsurance income		(47,103)	(24,195)
Gain on valuation of financial assets measured at fair value through profit or loss		(128,950)	(294,693)

(continued)

(In millions of Korean won, unless otherwise stated)

		For the year ended December 31, 2024	For the year ended December 31, 2023
Gain on disposal of financial assets measured at fair value through profit or loss		(1,868)	(51,205)
Gain on disposal of financial assets measured at fair value through other comprehensive income		(94,124)	(2,976)
Gain on valuation using equity method		(5,413)	(924)
Gain on disposal of investment securities in associates		(663)	-
Gains on the valuation of derivative financial instruments held for trading purposes		(177)	(1,627)
Gain on transaction of derivatives designated as hedges		(29,440)	(115,868)
Gain on valuation of derivatives designated as hedges		(87)	(51,786)
Gain on foreign currency translation		(591,917)	(141,405)
Gain on disposal of property and equipment and investment properties		(326)	(1,746)
Gain on disposal of investment properties		-	(31,041)
Reversal of impairment loss on investment property		(5)	-
Dividend income		(4,685)	(596)
Other investment income		(130,405)	(121,222)
Miscellaneous non-operating income		(22,833)	(11,588)
	₩	(297,786)	(178,647)

(2) Changes in assets and liabilities to calculate cash flows from operating activities for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024	For the yearended December 31, 2023
Deposits measured at amortized cost	₩	(55,427)	(232,296)
Financial assets measured at fair value through profit or loss		(740,859)	1,429,986
Loans measured at amortized cost		182,818	514,293
Receivables measured at amortized cost		177,901	105,236
Other assets		21,202	12,170
Financial liabilities measured at fair value through profit or loss		(19,050)	1,161
Financial liabilities measured at amortized cost		(13,410)	13,430
Other liabilities		(4,013)	(6,904)
Insurance contract liabilities		(716,376)	(2,144,854)
Reinsurance contract assets		(436,794)	19,535
Reinsurance contract liabilities		58,426	(21,910)
Investment contract liabilities		410,483	594,665
	₩	(1,135,099)	284,512

(In millions of Korean won, unless otherwise stated)

31. Cash flow information, continued

(3) Significant non-cash transactions for each of the two years in the period ended December 31, 2024 are summarized as follows:

		For the year ended December 31, 2024	For the year ended December 31, 2023
Transfers between property and equipment	₩	1,545	4,947
Gain on valuation of financial assets measured at fair value through other comprehensive income		193,881	1,031,680
Valuation loss on cash flow hedging derivatives		62,767	66,409
Remeasurements of the net defined benefit liabilities		(9,714)	(7,173)
Written-off loans measured at amortized cost		(2,743)	(2,383)
Written-off receivables measured at amortized cost		(60)	(28)
Right-of-use assets and lease liabilities		42,689	1,759
Net financial income from insurance contract assets (liabilities)		(1,442,630)	(1,121,305)
Net financial income from reinsurance contract assets (liabilities)		33,297	(22,942)
Transfer between investment in subsidiaries and investment in associates		(101,104)	-
Reclassification between financial assets at fair value through profit or loss and investments in associates		-	51,489
Transfer between advanced payments and intangible assets		585	1,121

(4) Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2024 are as follows:

		For the year ended December 31, 2024			
		Unpaid dividends	Bonds	Leasehold deposits received	Lease liabilities
Beginning balance	₩	2	199,727	10,100	14,157
Cash flow		(62,378)	100,000	368	(11,040)
Other changes		62,378	(597)	(38)	42,212
Ending balance	₩	2	299,130	10,430	45,329

		For the year ended December 31, 2023		
		Bonds	Leasehold deposits received	Lease liabilities
Beginning balance	₩	299,493	10,028	22,737
Cash flow		(100,000)	77	(10,499)
Other changes		234	(4)	1,919
Ending balance	₩	199,727	10,101	14,157

(In millions of Korean won, unless otherwise stated)

32. Leases (Lessee)

(1) For each of the two years in the period ended December 31, 2024, there has been no profit from sub-lease of right-of-use assets.

(2) For each of the two years in the period ended December 31, 2024, the total cash outflows from leases are as follows:

		For the year ended December 31, 2024 (*2)	For the year ended December 31, 2023 (*2)
Cash outflows from low-value assets(*1)	₩	5,954	2,367
Cash outflows from lease liabilities		11,040	10,499
Total cash outflows from leases	₩	16,994	12,866

(*1) Low-value asset leases are not included in the measurement of lease liabilities.
(*2) There has been no variable lease fees for each of the two years in the period ended December 31, 2024.

(3) The Group provides some of its real estate as operating leases, and the maturity analysis of lease fees as of December 31, 2024 and 2023 is as follows:

		December 31, 2024	December 31, 2023
Less than a year	₩	1,920	1,343
More than a year and less than five years		861	153
	₩	2,781	1,496

33. Risk Management

(1) Risk Management Policy

1) Overview

Insurance products of life insurance companies, unlike other financial products, possess the nature of long-term contracts. Therefore, the Group needs to effectively respond to the uncertain financial environment and prevent various risks that may arise in the course of management activities to protect the interests of policyholders and insureds. Accordingly, our group manages various risks that may arise throughout management activities by stabilizing income and promoting sustainable growth to contribute to policyholders, insureds, shareholders, and society, thereby enhancing corporate value. The risks managed by our group in the course of management activities include insurance (death, longevity, disability/illness, long-term property/other, termination, operating expenses), market (interest rate, stocks, exchange rate, real estate, asset concentration), credit, operational, and liquidity risks.

2) Objectives of Risk Management

The Group's risk management aims to prevent various uncertainties or possibilities of losses that may arise in the changing financial environment and during management activities, by effectively evaluating and managing them in advance. This is done with the purpose of maximizing the Group's corporate value and securing continuous and stable growth for the benefit of policyholders, insureds, shareholders, and society.

3) Risk Management Strategy

To achieve the objectives of the risk management policy, the Group adheres to the risk management provisions defined by the Insurance Business Act and its subordinate regulations. Since the implementation of the accounting system change in 2023, the Group complies with the risk management matters defined by the Korean Insurance Capital Standards (K-ICS) to maintain an appropriate solvency ratio within allowable limits. The Group establishes and implements risk management basic principles, regulations, and management systems to realize these principles. It supports various management activities (such as insurance product development, investment, ALM management, etc.) through the Risk Management Committee and risk management organization, and establishes and implements risk management procedures to identify and manage risks in a timely manner. Additionally, the risk management organization and reporting system maintain independence and checks and balances functions.

4) Structure and Functions of Risk Management-related Organizations

The Group supports major risk-related decisions through the Risk Management Committee, a committee under the Board of Directors, and the Risk Management Operational Committee that assists it. Additionally, there is a separate independent risk management team responsible for supporting committee work and performing various risk-related tasks.

33. Risk Management, continued

(1) Risk Management Policy, continued

5) Internal Capital Adequacy Assessment and Management Procedures

The Group measures the solvency ratio according to the Korean Insurance Capital Standards (K-ICS) as per the insurance supervisory regulations to manage the necessary capital for maintaining solvency. It internally manages and externally discloses the solvency ratio, reflecting the predicted solvency ratio when formulating business plans, and establishes capital management plans accordingly. The K-ICS solvency ratio indicates the extent to which the Group can fulfill its obligation to pay insurance benefits to policyholders even in the face of serious financial risks (such as unexpected losses or asset value declines) while conducting business.

- available capital consists of capital stock, capital surplus, retained earnings, etc.;
- required capital is calculated taking into account diversification effects for insurance risks (death risk, longevity risk, disability/illness risk, long-term property/other risk, termination risk, operating expense risk), market risks (interest rate risk, stock risk, exchange rate risk, real estate risk, asset concentration risk), credit risk, operational risk, etc.;
- to supplement the limitations of risk measurement, stress tests are conducted to periodically check whether the Group can withstand increased risks under abnormal circumstances with its available capital;
- business strategies are formulated considering the impact of K-ICS during business planning, and credit and market risks are managed by measuring the Group's own risk amount using internal models in addition to standard models;
- regulatory authorities mandate maintaining the K-ICS solvency ratio above 100%. Therefore, if the K-ICS solvency ratio falls below 100%, timely corrective measures are taken to prevent exacerbation of insolvency. The Group's K-ICS solvency ratio exceeds 100%, indicating a stable level compared to regulatory requirements.

	K-ICS	Improvement Measures
Business improvement recommendations	50%~100%	Request for increase in equity capital, restriction on new business, etc.
Request for Business improvement	0%~50%	Request for replacement of executive, liquidation of subsidiaries, etc.
Business improvement order	Less than 0%	Suspension of executives duties, suspension of insurance business, etc.

33. Risk Management, continued

(2) Insurance Risk Management

1) Overview of Insurance Risk

Insurance risk refers to the situation where insurance benefits are paid exceeding the level anticipated at the time of premium setting due to unexpected events or changes in the economic environment. Our group manages insurance risk through "Net Insurance Contract Liabilities - Net Insurance Contract Assets." Additionally, insurance risk based on the solvency standard amount is divided into sub-risks such as death risk, longevity risk, disability/illness risk, long-term property/other risk, termination risk, and operating expense risk. The Group measures the amount of risk by shock scenario method based on future cash flows resulting in net asset value fluctuations related to each risk and the actuarial assumptions associated with each risk. Therefore, we manage insurance risk based on actuarial assumptions and financial market indicators such as the amount, timing, and uncertainty of future cash flows of insurance contracts, which have a significant impact on the future cash flows of insurance contracts.

	Assumption & Financial indicators	Remarks
Actuarial assumption	Risk assumption	Death risk, Longevity risk, Disability/Illness risk, Long-term property/Other risk
	Termination rate assumption	Termination risk
	Business ratio assumption	Business cost risk
	Other assumptions	Contractor behavior assumptions, etc.
Financial market indicators	Interest rate	Discount rate for calculating future cash flows and present value of insurance contracts linked to interest rates
	Stock price	Future cash flow of insurance contracts linked to stock prices
	Exchange rate	Future cash flow of insurance contracts linked to exchange rates

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(2) Insurance Risk Management, continued

2) Sensitivity Analysis of Insurance Risk

The financial impact of insurance risk related to actuarial assumptions and financial market indicators managed by the Group is as follows:

① Financial Impact of Changes in Actuarial Assumptions

The financial impact of insurance contracts as of December 31, 2024 and 2023 due to changes in each actuarial assumption is as follows:

		December 31, 2024			
	Assumption & Financial indicators	Before risk deduction by reinsurance contract		After risk deduction by reinsurance contract	
		Changes in profit or loss	Changes in capital	Changes in profit or loss	Changes in capital
Risk rate	Increase 10%	(401,927)	(497,518)	(364,519)	(436,706)
	Decrease 10%	18,119	118,334	13,648	120,592
Termination rate	Increase 10%	(49,753)	(65,597)	(45,737)	(62,299)
	Decrease 10%	17,256	37,848	14,431	35,929
Business ratio	Increase 10%	(49,049)	(54,300)	(45,054)	(50,305)
	Decrease 10%	33,274	39,641	29,992	36,360

		December 31, 2023			
	Assumption & Financial indicators	Before risk deduction by reinsurance contract		After risk deduction by reinsurance contract	
		Changes in profit or loss	Changes in capital	Changes in profit or loss	Changes in capital
Risk rate	Increase 10%	(402,396)	(370,514)	(371,765)	(349,974)
	Decrease 10%	12,886	(18,181)	11,944	(9,426)
Termination rate	Increase 10%	(35,887)	(127,603)	(35,270)	(129,532)
	Decrease 10%	17,182	117,213	17,024	119,932
Business ratio	Increase 10%	(20,241)	(10,709)	(19,664)	(10,132)
	Decrease 10%	20,243	10,888	19,667	10,312

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(2) Insurance Risk Management, continued

② Financial Impact of Changes in Financial Market Indicators

The financial impact of current changes in each financial market indicator as of December 31, 2024 and 2023 is as follows:

		December 31, 2024					
		Insurance contract		Reinsurance contracts issued		Financial asset	
		Changes in profit or loss	Changes in capital	Changes in profit or loss	Changes in capital	Changes in profit or loss	Changes in capital
Interest rate	Increase 100bp	12,033	2,524,630	-	(53,771)	(100,394)	(1,798,118)
	Decrease 100bp	(94,770)	(3,038,771)	-	65,780	100,394	1,798,118
Stock price(*1)	Increase 10%	-	-	-	-	29,663	-
	Decrease 10%	-	-	-	-	(29,663)	-
Exchange rate(*2)	Increase 10%	-	-	-	-	18,404	-
	Decrease 10%	-	-	-	-	(18,404)	-

(*1) In our case, fluctuations in stock prices have no impact on the fluctuations in current profits and capital related to insurance contracts.
(*2) As we do not sell foreign currency insurance, fluctuations in exchange rates have no impact on the fluctuations in current profits and capital related to insurance contracts.

		December 31, 2023					
		Insurance contract		Reinsurance contracts issued		Financial asset	
		Changes in profit or loss	Changes in capital	Changes in profit or loss	Changes in capital	Changes in profit or loss	Changes in capital
Interest rate	Increase 100bp	1,305	2,094,832	-	(10,626)	(99,152)	(1,589,169)
	Decrease 100bp	(4,126)	(2,524,827)	-	14,664	101,973	1,589,169
Stock price(*1)	Increase 10%	-	-	-	-	12,329	-
	Decrease 10%	-	-	-	-	(12,329)	-
Exchange rate(*2)	Increase 10%	-	-	-	-	(17,935)	-
	Decrease 10%	-	-	-	-	17,935	-

(*1) In our case, fluctuations in stock prices have no impact on the fluctuations in current profits and capital related to insurance contracts.
(*2) As we do not sell foreign currency insurance, fluctuations in exchange rates have no impact on the fluctuations in current profits and capital related to insurance contracts.

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(2) Insurance Risk Management, continued

③ Financial impact of other assumption changes

The financial impact of assumption changes in the risk adjustment for non-financial risk as of December 31, 2024 and 2023 is as follows:

		December 31, 2023					
		Baseline amount		Change in amount		Impact on profit and equity (before tax)	
	Shock level	Fulfillment cash flows	Contract service margin	Fulfillment cash flows	Contract service margin	Profit or loss	Other comprehensive income
Mortality rate	Increase 3.27%	23,758,974	2,671,089	27,227	(6,055)	(21,172)	1,670
Disability and illness (fixed benefits)	Increase 3.40%			244,497	(192,296)	(52,200)	9,984
Disability and illness (indemnity benefits)	Increase 2.62%			9,010	(6,512)	(2,498)	(457)
Long-term property and others	Increase 4.19%			-	-	-	-
Lapse rate (increase)	Increase 9.16%			237,613	(199,309)	(38,305)	14,692
Lapse rate (decrease)	Decrease 9.16%			(259,713)	251,418	8,295	(18,829)
Operating expenses (level)	Increase 2.62%			103,806	(83,223)	(20,583)	2,077
Operating expenses (inflation)	0.26%p						

(*1) This is a sensitivity analysis on the remaining coverage component of direct insurance and reinsurance contracts. The shock level of actuarial assumptions is based on the regulatory standard for calculating risk adjustment (75% confidence level).
(*2) The impact on profit or loss represents the increase in best estimate liabilities that exceeds the carrying amount of the contractual service margin, resulting in a loss due to assumption changes.
(*3) No shocks were applied to the risk adjustment within fulfillment cash flows.

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(2) Insurance Risk Management, continued

3) Liquidity Risk Related to Insurance Contracts

① As of December 31, 2024 and 2023, the maturity analysis details of the present value estimates of future cash flows related to insurance contracts issued and reinsurance contracts held by the Group are as follows:

	December 31, 2024						
	Within 1 year	1 ~ 2 year	2 ~ 3 year	3 ~ 4 year	4 ~ 5 year	Over 5 year	Total
Insurance contract assets	-	-	-	-	-	-	-
Insurance contract liabilities	843,892	1,578,769	4,822,724	404,555	576,125	15,066,573	23,292,638
Reinsurance contract assets (liabilities)	(49)	(41)	(36)	53	-	371,077	371,004

	December 31, 2023						
	Within 1 year	1 ~ 2 year	2 ~ 3 year	3 ~ 4 year	4 ~ 5 year	Over 5 year	Total
Insurance contract assets	-	-	-	-	-	-	-
Insurance contract liabilities	813,233	854,699	1,586,561	4,841,296	418,771	12,991,486	21,506,047
Reinsurance contract assets (liabilities)	(57)	(132)	(237)	(435)	(560)	48,420	46,999

② As of December 31, 2024 and 2023, the amounts payable by insurance contract holders upon demand and the corresponding insurance contract book amounts related to the contract are as follows:

		December 31, 2024		December 31, 2023	
		Amount payable upon request	Book value of insurance contract(*1)	Amount payable upon request	Book value of insurance contract(*1)
Insurance contract assets	₩	-	-	-	-
Insurance contract assets (liabilities)		28,955,606	28,112,996	28,620,813	26,302,748

(*1) For the insurance contracts related to the amounts payable upon demand, the present value estimates of future cash flows, risk adjustments, and insurance contract margins as of the reporting period end are provided.

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(2) Insurance Risk Management, continued

4) Concentration of Insurance Risk

The Group calculates the concentration of risk considering past experience rates related to issued insurance contracts and held reinsurance contracts. Additionally, the identified concentration of risk is categorized based on common characteristics.

① As of December 31, 2024 and 2023, the present value estimates of future cash flows by portfolio that the Group deems significant are as follows:

		December 31, 2024		December 31, 2023	
		Insurance contract assets (liabilities)	Reinsurance contract assets (liabilities)	Insurance contract assets (liabilities)	Reinsurance contract assets (liabilities)
Fixed interest rate type	Participating death	₩ 25,038	-	27,335	-
	Non-participating death	3,046,828	-	2,037,914	-
	Participating health	180,759	-	184,305	-
	Non-participating health	2,921,091	-	2,336,269	-
	Participating annuity & savings	2,267,268	-	2,053,285	-
	Non-participating annuity & savings	4,270,485	-	4,265,530	-
	Participating others	157	-	152	-
	Non-participating others	-	-	-	-
Interest rate-linked type	Participating death	-	-	-	-
	Non-participating death	1,182,894	-	857,610	-
	Participating health	-	-	-	-
	Non-participating health	110,125	-	106,415	-
	Participating annuity & savings	520,432	-	520,316	-
	Non-participating annuity & savings	9,318,601	-	9,799,403	-
	Participating others	6,019	-	6,160	-
	Non-participating others	-	-	-	-
Direct participating type	Participating death	-	-	-	-
	Non-participating death	565,498	-	484,559	-
	Participating health	-	-	-	-
	Non-participating health	-	-	-	-
	Participating annuity & savings	-	-	-	-
	Non-participating annuity & savings	634,074	- -	720,139	-
Asset-linked annuity & savings		4,094	-	4,973	-
Reinsurance - Death			372,350	-	(12,276)
Reinsurance - Health			(1,346)	-	59,275
Total		₩ 25,053,363	371,004	23,404,365	46,999

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(2) Insurance Risk Management, continued

② As of December 31, 2024 and 2023, the present value estimates of future cash flows by country where the Group's insurance contracts are providing coverage are as follows:

		December 31, 2024		December 31, 2023	
		Insurance contract assets (liabilities)	Reinsurance contract assets (liabilities)	Insurance contract assets (liabilities)	Reinsurance contract assets (liabilities)
Domestic	₩	25,078,965	371,004	23,437,806	46,999
Oversea		-	-	-	-
	₩	25,078,965	371,004	23,437,806	46,999

③ Reinsurance Status

The current status of the present value estimates of future cash flows by credit rating category of reinsurers as of December 31, 2024 and 2023 is as follows:

		December 31, 2024			
		AA- and above	A+ ~ A-	BBB+ and below	Total
Reinsurance contract assets		384,918	57,368	-	442,286
Reinsurance contract liabilities	₩	51,949	19,331	-	71,280

		December 31, 2023			
		AA- and above	A+ ~ A-	BBB+ and below	Total
Reinsurance contract assets		5,519	81,296	-	86,815
Reinsurance contract liabilities	₩	29,262	10,554	-	39,816

33. Risk Management, continued

(3) Credit Risk Management

1) Concept

"Credit risk" refers to potential losses that may arise due to debtor default, counterparty failure to meet obligations, or credit rating downgrades. the Group manages credit risk as expected losses (EL) and risks exceeding expected losses (unexpected losses, UEL). Expected losses are measured by provisions (reserves), and risks exceeding expected losses are managed as credit risk based on the solvency standard amount.

2) Measurement Method

Credit risk is measured using both standard models and internal models. Standard models follow calculation methods specified in insurance supervisory regulations and guidelines, where expected losses are accrued based on expected values considering recovery rates and default rates, and risks exceeding expected losses (unexpected losses) are measured by multiplying risk coefficients by expected future cash flows of assets held, categorized by asset exposure under asset soundness classification. Additionally, the Group adopts internal rating methods similar to Basel regulations used by banks in addition to the solvency standard measurement method. These internal models utilize borrower-specific default rates, credit ratings, default loss rates, etc., to measure and manage unexpected losses.

3) Management Methods

① Management through Allowable Limits:

The Group sets annual limits for the maximum potential unexpected loss amount (at a 99.5% confidence level) that can occur in the Group's portfolio due to changes in debtors, defaults, and rating downgrades of investment products under business plans. These limits are regularly calculated to ensure that the maximum unexpected loss amount does not exceed the Group's available capital.

② Management through Individual Assessment of Borrowers and Investment Products:

The Group conducts internal assessments through meticulous analysis by the department responsible for asset management for individual borrowers and investment products. Based on these results, investments are made in eligible borrowers and investment products. Regular loan review analyses are conducted even after investment execution for monitoring and management.

③ Management through Diversified Investment and Operational Limits:

To prevent concentration risks that may arise during investment, the Group sets limits for industries, groups, borrowers, and products, and manages them by allocating limits based on risk levels.

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(3) Credit Risk Management, continued

4) Maximum Exposure to Credit Risk

The maximum exposure of financial assets exposed to credit risk as of December 31, 2024 and 2023 is as follows:

		December 31, 2024	December 31, 2023
Cash and cash equivalents	₩	269,108	961,675
Deposits measured at amortized cost		721,869	668,028
Securities measured at fair value through profit or loss		5,857,336	5,497,373
Securities measured at other comprehensive income		20,037,393	18,570,667
Loans measured at amortized cost		6,129,026	6,304,985
Receivables measured at amortized cost		309,826	337,569
Derivatives financial assets		92,073	132,751
Loan agreement		987,107	1,103,505

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(3) Credit Risk Management, continued

5) Exposure Status by Credit Rating

The current exposure status of securities and loans held by the Group categorized by credit rating as of December 31, 2024 and 2023 is as follows:

① Debt Securities

		December 31, 2024				
		Risk Free	AAA	AA+ ~ AA-	A+ ~ BBB-	Total
Government bonds	₩	8,707,770	-	-	-	8,707,770
Special bonds		37,247	2,978,757	68,221	-	3,084,225
Financial bonds		-	210,651	2,279,011	287,313	2,776,975
Corporate bonds		-	255,330	846,233	870,804	1,972,367
Foreign currency securities		-	379,823	2,359,757	1,803,109	4,542,689
Other securities		-	-	472,879	-	472,879
	₩	8,745,017	3,824,561	6,026,101	2,961,226	21,556,905

		December 31, 2023				
		Risk Free	AAA	AA+ ~ AA-	A+ ~ BBB-	Total
Government bonds	₩	8,170,154	-	-	-	8,170,154
Special bonds		35,918	2,868,783	65,012	-	2,969,713
Financial bonds		-	100,872	2,124,423	327,490	2,552,785
Corporate bonds		-	321,479	961,734	588,343	1,871,556
Foreign currency securities		-	263,939	2,280,615	1,671,047	4,215,601
Other securities		-	105,189	567,300	-	672,489
	₩	8,206,072	3,660,262	5,999,084	2,586,880	20,452,298

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(3) Credit Risk Management, continued

② Loans Receivable

	December 31, 2024							
(*)		Risk Free	AAA	AA+ ~ AA-	A+ ~ BBB-	Less than BBB	Unrated	Total
Credit loans		-	-	-	-	-	46,413	46,413
Guaranteed loans	₩	1,022,960	-	-	-	-	1,976	1,024,936
Loans secured by real estate		-	-	-	1,825,538	-	57,739	1,883,277
Other loans		526,321	-	659,558	1,769,784	40,000	178,737	3,174,400
		1,549,281	-	659,558	3,595,322	40,000	284,865	6,129,026

(*) Loans receivable have been categorized based on the principal amount.

	December 31, 2023							
(*)		Risk Free	AAA	AA+ ~ AA-	A+ ~ BBB-	Less than BBB	Unrated	Total
Credit loans		-	-	-	-	-	55,506	55,506
Guaranteed loans	₩	1,169,408	57,000	-	-	-	2,403	1,228,811
Loans secured by real estate		-	-	50,000	1,549,361	-	169,485	1,768,847
Other loans		557,995	-	656,757	1,952,967	40,000	44,103	3,251,821
		1,727,403	57,000	706,757	3,502,328	40,000	271,497	6,304,985

(*) Loans receivable have been categorized based on the principal amount.

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(3) Credit Risk Management, continued

6) Industry Concentration

The current industry concentration of debt securities and loans measured at amortized cost receivable held by the Group as of December 31, 2024 and 2023 is as follows:

	December 31, 2024						
	National and Public institutions	Financial and insurance industries	Electricity, gas, steam and water industries	Construction industries	Real estate and rental industries	Others	Total
Debt securities	11,367,624	5,644,042	623,990	91,254	218,908	3,611,087	21,556,905
Loans measured at amortized cost (*)	-	2,219,600	231,592	653,838	2,092,720	931,276	6,129,026
	11,367,624	7,863,642	855,582	745,092	2,311,628	4,542,363	27,685,931

(*) Loans measured at amortized cost have been categorized based on the principal amount.

	December 31, 2023						
	National and Public institutions	Financial and insurance industries	Electricity, gas, steam and water industries	Construction industries	Real estate and rental industries	Others	Total
Debt securities	11,293,888	7,156,452	483,018	80,292	-	1,438,651	20,452,301
Loans measured at amortized cost (*)	-	2,155,272	205,124	1,055,566	1,792,951	1,096,072	6,304,985
	11,293,888	9,311,724	688,142	1,135,858	1,792,951	2,534,723	26,757,286

(*) Loans measured at amortized cost have been categorized based on the principal amount.

33. Risk Management, continued

(4) Market Risk Management

1) Concept

"Market risk" refers to the risk of loss due to adverse price fluctuations in market variables such as interest rates, stock prices, and exchange rates, resulting in a decrease in the value of held assets. The Group manages market risk through Market Value at Risk (Market VaR) and fluctuations in net asset value. Additionally, market risk based on the statutory solvency capital is categorized into sub-risks such as interest rate risk, equity risk, exchange rate risk, real estate risk, and concentration risk, and is measured as the fluctuation in net asset value using scenario shock methods related to each risk variable.

2) Measurement Method

Market risk is measured using both a standard model with a confidence level of 99.5% and an internal model. The standard model follows calculation methods specified in insurance regulations and regulatory guidelines, applying shock scenarios for market variables such as interest rates, stock prices, and exchange rates to measure the fluctuation in net asset value as risk. The internal model measures the risk amount periodically by calculating the Market VaR based on the price volatility of target assets over a certain period.

3) Management Method

① Management through Permitted Limits:

The Group estimates the maximum expected loss that could occur in its portfolio due to volatility in market variables such as stock prices, interest rates, and exchange rates using both standard and internal models during business planning. Annual limits are set accordingly to ensure that losses from fluctuations in net asset value do not exceed the Group's available capital, and regular monitoring is conducted.

② Asset Liability Management (ALM) Management:

As a life insurance group with long-term liability durations, the Group is exposed to the risk of fluctuations in the net asset value of assets and liabilities due to future market interest rate fluctuations. Therefore, the Group measures the risk of net asset value fluctuations due to interest rate changes through interest rate risk, a sub-risk of market risk based on the statutory solvency capital. Additionally, the Group regularly calculates the effective duration of assets and liabilities to maintain an appropriate asset-liability duration gap for short- and medium-term periods to ensure capital adequacy and solvency.

③ Loss Limits:

The Group sets loss limits by accounting account and asset type. If the loss rate exceeds a certain level or negative credit rating issues occur, measures such as selling assets are taken to prevent additional losses, and asset value impairment is managed within a specified range.

④ Operational Limits:

The Group sets operational limits by product category to prevent concentration of investment in specific product categories and ensure stability in the statutory solvency capital.

(In millions of Korean won, unless otherwise stated)

33. Risk Management, continued

(5) Liquidity Risk Management

1) Concept

"Liquidity risk" refers to the risk of unexpected losses due to a shortage of liquidity funds caused by a mismatch in the maturity structure of assets and liabilities or sudden fluctuations in cash flows.

2) Management Method

The Group focuses on managing liquidity assets considering monthly cash flow plans for insurance and also emphasizes predicting and managing daily cash flows.

3) The current remaining maturity breakdown of liabilities for each of the two years in the period ended December 31, 2024 is as follows:

		December 31, 2024				
		Within 1 year	1 ~5 year	5 ~ 10 year	Over 10 year	Total
Borrowings	₩	-	-	299,129	-	299,129
Other financial liabilities		54,985	11,058	36,741	-	102,784
Derivative financial liabilities		265,530	159,844	-	-	425,374
Loan agreement		27,260	573,119	136,198	250,530	987,107
Investment agreement		509	19,384	73,804	420,986	514,683
	₩	348,284	763,405	545,872	671,516	2,329,077

		December 31, 2023				
		Within 1 year	1 ~5 year	5 ~ 10 year	Over 10 year	Total
Borrowings	₩	6,939	30,333	162,455	-	199,727
Other financial liabilities		75,013	11,833	-	-	86,846
Derivative financial liabilities		50,125	21,832	409	-	72,366
Loan agreement		209,375	476,717	119,396	298,017	1,103,505
Investment agreement		604,629	-	-	-	604,629
	₩	946,081	540,715	282,260	298,017	2,067,073

33. Risk Management, continued

(6) Operational Risk Management

1) Concept

"Operational risk" refers to the possibility of financial and non-financial losses resulting from inadequate internal processes, personnel, systems, external events, reputation, and legal regulations. the Group manages operational risk as part of the statutory solvency capital by calculating financial losses. Operational risk under the statutory solvency capital is calculated by multiplying a risk coefficient by the sum of the premiums paid in the previous year and a certain percentage of the excess premiums, as well as the exposure related to loss reserves for benefits and operating expense reserves.

2) Management Method

The Group manages operational risk by not only regularly calculating potential financial losses based on regulatory capital requirements but also by establishing a clear reporting system that enables management oversight. the Group assigns authority and responsibility to relevant departments, ensuring self-assessment, monitoring, and internal control procedures to manage non-financial losses.
Additionally, efforts to minimize operational risk include:

- establishing contingency plans to ensure system stability;
- conducting periodic training to prevent incidents and fraud; and
- developing procedures for handling and managing customer complaints and disputes.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of TONG YANG Life Insurance Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies.*

Attachments:
1. Independent auditor's report on internal control over financial reporting
2. Report on the operation of the internal control over financial reporting for Consolidation Purposes

Ernst & Young Han Young
2-3F, 7-8F, Taeyoung Building, 111, Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

Independent auditor's report on internal control over financial reporting
(English translation of a report originally issued in Korean)

TONG YANG Life Insurance Co., Ltd.
The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of TONG YANG Life Insurance Co., Ltd. and its subsidiaries (collectively referred to as the "Group") based on the *Conceptual Framework for Design and Operation of ICFR* established by Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2024.

In our opinion, the Group's ICFR has been designed and is operating effectively, in all material respects, as of December 31, 2024, in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We also have audited, in accordance with the Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of comprehensive income or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information, of the Group and our report dated March 13, 2025 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, implementing, and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Report on the operations of the ICFR for consolidation purposes.

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

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Group's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

A company and its subsidiaries' ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The company and its subsidiaries' ICFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company and its subsidiaries are being made only in accordance with authorizations of management and directors of the company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company and its subsidiaries' assets that could have a material effect on the consolidated financial statements

Because of its inherent limitations, ICFR may not prevent or detect misstatements of the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Sungyoun Hwang.

Ernst & Young Han Young

March 13, 2025

This audit report is effective as of March 13, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR and may result in modifications to this report.

Report on the operations of the internal control over financial reporting for Consolidation Purposes

To the Shareholders, Board of Directors, and Audit Committee of TongYang Life Insurance Co., Ltd.

We, as the Chief Executive Officer and the Internal Accounting Manager of TongYang Life Insurance Co., Ltd.("the Company"), assessed operating status of the Company's Internal Control over Financial Reporting for Consolidated Financial Statements ("ICFR for Consolidation Purposes") for the year ending December 31, 2024.

Design and operation of ICFR for Consolidation Purposes is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").
We evaluated whether the Company effectively designed and operated its ICFR for Consolidation Purposes to prevent and detect errors or frauds which may cause a misstatement in consolidated 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 for Consolidation Purposes. And we conducted an evaluation of ICFR for Consolidation Purposes 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 for Consolidation Purposes is designed and operated effectively as of December 31, 2024, 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 that 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, 5, 2025

Peter Jin, Internal Accounting Control Officer

Mun Koo Lee, Chief Executive Officer

ISSUER

TONGYANG Life Insurance Co., Ltd.
Gran Seoul Building
33, Jong-ro, Jongno-gu
Seoul 03159, Korea

JOINT LEAD MANAGERS

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road
Central, Hong Kong

Mizuho Securities Asia Limited
14-15/F., K11 Atelier
18 Salisbury Road, Tsim Sha Tsui
Kowloon, Hong Kong

Morgan Stanley & Co. International plc
25 Cabot Square, Canary Wharf
London E14 4QA
United Kingdom

CO-MANAGER

Korea Investment & Securities Co., Ltd.
88 Uisadang-daero, Yeongdeungpo-Gu
Seoul 07321, Korea

LEGAL ADVISERS TO THE ISSUER

As to Korean law

Shin & Kim LLC
23F, D-Tower (D2)
17 Jongno 3-gil, Jongno-gu
Seoul 03155, Korea

LEGAL ADVISER TO THE MANAGERS

As to English law

Linklaters LLP
22F East Tower, Mirae Asset Center 1
26 Eulji-ro 5-gil, Jung-gu
Seoul 04639, Korea

INDEPENDENT AUDITOR OF THE ISSUER

Ernst & Young Han Young
Taeyoung Bldg., 111, Yeouigongwon-ro
Yeongdeungpo-gu
Seoul 07241, Korea

FISCAL AGENT AND REGISTRAR

Citicorp International Limited
40/F, Champion Tower
3 Garden Road
Central, Hong Kong

PRINCIPAL PAYING AGENT, CALCULATION AGENT AND TRANSFER AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
United Kingdom

SINGAPORE LISTING AGENT

Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542