
Financial Report

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Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)	FY 2022 (KRW)	FY 2022 (USD)
Assets				
I. Cash and cash equivalents	510,175	391,839	498,904	389,860
II. Deposits	377,504	289,942	328,237	256,495
III. Financial assets measured at fair value through profit or loss	2,271,825	1,744,873	-	-
IV. Financial assets at fair value through profit or loss	-	-	127,105	99,324
V. Financial assets measured at fair value through other comprehensive income	2,752,819	2,114,300	-	-
VI. Available-for-sale financial assets	-	-	3,339,780	2,609,815
VII. Financial assets measured at amortized cost	3,626,015	2,784,958	-	-
VIII. Held-to-maturity financial assets	-	-	3,007,020	2,349,785
IX. Derivative financial assets designated as hedges	33,958	26,081	28,641	22,381
X. Loans receivable	-	-	1,039,008	811,915
XI. Receivables	113,948	87,518	76,526	59,800
XII. Investments in subsidiaries and associates	12,141	9,325	12,264	9,583
XIII. Insurance contract assets	24,890	19,117	38,715	30,253
XIV. Reinsurance contract held assets	2,048,131	1,573,065	2,241,049	1,751,230
XV. Property and equipment	96,652	74,233	114,454	89,438
XVI. Investment properties	90,131	69,225	72,438	56,605
XVII. Intangible assets	47,623	36,577	40,032	31,282
XVIII. Other assets	60,512	46,476	53,051	41,456
Total assets	12,066,324	9,267,529	11,017,224	8,609,222
Liabilities				
I. Insurance contract liabilities	8,174,698	6,278,570	7,661,996	5,987,338
II. Reinsurance contract held liabilities	90,945	69,850	146,773	114,693
III. Financial liabilities measured at fair value through profit or loss	771	592	-	-
IV. Financial liabilities measured at amortized cost	28,061	21,552	27,256	21,299
V. Derivative financial liabilities designated as hedges	926	711	1,536	1,200
VI. Current income taxes payable	2,856	2,194	42,142	32,931
VII. Deferred tax liabilities	361,959	278,002	309,647	241,968
VIII. Net defined benefit liabilities	33,322	25,593	27,269	21,309
IX. Provisions	212	163	119	93
X. Other liabilities	119,678	91,919	84,856	66,309
Total liabilities	8,813,428	6,769,146	8,301,594	6,487,140
Equity				
I. Capital stock	82,684	63,505	70,411	55,021
II. Capital surplus	153,879	118,187	166,148	129,834
III. Hybrid equity securities	808,089	620,652	558,631	436,533
IV. Capital adjustments	(134,169)	(103,048)	(134,157)	(104,835)
V. Accumulated other comprehensive income	215,499	165,514	149,592	116,896
VI. Retained earnings	2,126,914	1,633,573	1,905,005	1,488,633
Total shareholders' equity	3,252,896	2,498,383	2,715,630	2,122,082
Total liabilities and shareholders' equity	12,066,324	9,267,529	11,017,224	8,609,222

Note: For the B/S section, Korean won amounts have been converted into the U.S. dollar based on the exchange rate of KRW 1,302 per USD 1 for FY 2023 and KRW 1,279.7 for FY 2022. For the I/S section, the applicable exchange rate was KRW 1,319.43 per USD 1 for FY 2023 and KRW 1,299.78 for FY 2022.

* Individual figures may not add up to the total shown due to rounding.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)	FY 2022 (KRW)	FY 2022 (USD)
I. Insurance service result	206,233	156,304	248,626	191,283
1. Insurance revenue	6,265,445	4,748,599	6,990,745	5,378,406
(1) Income from insurance contracts issued	5,167,614	3,916,550	5,763,018	4,433,841
(2) Income from reinsurance contracts held	1,097,831	832,049	1,227,727	944,565
2. Insurance service expenses	6,059,212	4,592,295	6,742,119	5,187,123
(1) Expenses from insurance contracts issued	4,406,548	3,339,736	4,999,314	3,846,277
(2) Expenses from reinsurance contracts held	1,553,479	1,177,386	1,643,645	1,264,556
(3) Other insurance expenses	99,185	75,173	99,160	76,290
II. Investment result	157,656	119,488	103,903	79,939
1. Investment revenue	694,141	526,092	695,107	534,788
(1) Insurance finance income	170,850	129,488	269,003	206,960
(2) Interest income	242,626	183,887	192,786	148,322
(3) Dividend income	17,934	13,592	70,105	53,936
(4) Investment income from financial instruments	119,949	90,910	52,694	40,541
(5) Other investment revenues	142,782	108,215	110,519	85,029
2. Investment expenses	536,485	406,604	591,204	454,849
(1) Insurance finance expenses	306,428	232,243	430,356	331,099
(2) Interest expenses	359	272	303	233
(3) Investment expenses from financial instruments	147,957	112,137	97,113	74,715
(4) Asset management expenses	14,926	11,312	17,541	13,495
(5) Investment properties management expenses	3,244	2,459	3,431	2,640
(6) Other investment expenses	63,571	48,181	42,460	32,667
III. Other operating result	(215)	(163)	(121)	(93)
1. Other operating revenue	3,720	2,819	3,225	2,481
2. Other operating expenses	3,935	2,982	3,346	2,574
IV. Operating income	363,674	275,629	352,408	271,129
V. Non-operating profit and loss	(2,237)	(1,695)	(739)	(569)
1. Non-operating income	1,422	1,078	2,604	2,003
2. Non-operating expenses	3,659	2,773	3,343	2,572
VI. Income before income taxes	361,437	273,934	351,669	270,560
VII. Income tax expenses	77,568	58,789	73,208	56,323
VIII. Net income	283,869	215,145	278,461	214,237
IX. Other comprehensive income (loss)	100,096	75,863	(44,118)	(33,943)
X. Total comprehensive income	383,965	291,008	234,343	180,294

Note: For the B/S section, Korean won amounts have been converted into the U.S. dollar based on the exchange rate of KRW 1,302 per USD 1 for FY 2023 and KRW 1,279.7 for FY 2022. For the I/S section, the applicable exchange rate was KRW 1,319.43 per USD 1 for FY 2023 and KRW 1,299.78 for FY 2022.

* Individual figures may not add up to the total shown due to rounding.

Consolidated Statements of Changes in Equity (KRW)

For the years ended December 31, 2023 and 2022

(Unit: KRW million)

	Capital stock	Capital surplus	Hybrid equity securities	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total
As at January 1, 2022	60,185	176,375	229,439	(134,066)	193,710	2,000,064	2,525,707
The effect of changing of accounting policy	-	-	-	-	-	(300,874)	(300,874)
Balance after reflecting the effect of changing of accounting policy	60,185	176,375	229,439	(134,066)	193,710	1,699,190	2,224,833
Transactions with owners :							
Cash dividends	-	-	-	-	-	(53,691)	(53,691)
Bonus issue	10,226	(10,227)	-	(91)	-	-	(92)
Issuance of hybrid capital securities	-	-	329,192	-	-	-	329,192
Dividends of hybrid equity securities	-	-	-	-	-	(18,955)	(18,955)
Total Transactions with owners	10,226	(10,227)	329,192	(91)	-	(72,646)	256,454
Comprehensive income:							
Net income	-	-	-	-	-	278,461	278,461
Insurance finance income (expenses) from insurance contracts issued	-	-	-	-	96,907	-	96,907
Insurance finance income (expenses) from reinsurance contracts held	-	-	-	-	(24,021)	-	(24,021)
Loss on valuation of AFS financial assets	-	-	-	-	(143,327)	-	(143,327)
Loss on valuation of HTM financial assets	-	-	-	-	(5,118)	-	(5,118)
Exchange difference on translating foreign operations	-	-	-	-	24,068	-	24,068
Gain on valuation of derivative instruments designated as cash flow hedges	-	-	-	-	1,259	-	1,259
Revaluation surplus	-	-	-	-	910	-	910
Gain on remeasurement of the net defined benefit liabilities	-	-	-	-	5,204	-	5,204
Total comprehensive income	-	-	-	-	(44,118)	278,461	234,343
As at December 31, 2022	70,411	166,148	558,631	(134,157)	149,592	1,905,005	2,715,630
As at January 1, 2023	70,411	166,148	558,631	(134,157)	149,592	1,905,005	2,715,630
The effect of changing of accounting policy	-	-	-	-	(34,189)	31,000	(3,189)
Balance after reflecting the effect of changing of accounting policy	70,411	166,148	558,631	(134,157)	115,403	1,936,005	2,712,441
Transactions with owners :							
Issuance and disposition of treasury stocks	-	3	-	-	-	-	3
Cash dividends	-	-	-	-	-	(52,771)	(52,771)
Bonus issue	12,273	(12,272)	-	(103)	-	-	(102)
Amortization of discounted stock issuance	-	-	-	91	-	(91)	-
Issuance of hybrid capital securities	-	-	249,458	-	-	-	249,458
Dividends of hybrid equity securities	-	-	-	-	-	(40,098)	(40,098)
Total Transactions with owners	12,273	(12,269)	249,458	(12)	-	(92,960)	156,490
Comprehensive income:							
Net income	-	-	-	-	-	283,869	283,869
Insurance finance income (expenses) from insurance contracts issued	-	-	-	-	(87,721)	-	(87,721)
Insurance finance income (expenses) from reinsurance contracts held	-	-	-	-	8	-	8
Total Gains on debt securities at fair value through other comprehensive income	-	-	-	-	150,729	-	150,729
Exchange difference on translating foreign operations	-	-	-	-	14,973	-	14,973
Gain on valuation of derivative instruments designated as cash flow hedges	-	-	-	-	23,801	-	23,801
Revaluation surplus	-	-	-	-	91	-	91
Loss on remeasurement of the net defined benefit liabilities	-	-	-	-	(1,785)	-	(1,785)
Total comprehensive income	-	-	-	-	100,096	283,869	383,965
As at December 31, 2023	82,684	153,879	808,089	(134,169)	215,499	2,126,914	3,252,896

Consolidated Statements of Changes in Equity (USD)

For the years ended December 31, 2023 and 2022

(Unit: USD thousand)

	Capital stock	Capital surplus	Hybrid equity securities	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total
As at January 1, 2022	46,225	135,465	176,220	(102,969)	148,779	1,536,147	1,939,867
The effect of changing of accounting policy	-	-	-	-	-	(231,086)	(231,086)
Balance after reflecting the effect of changing of accounting policy	46,225	135,465	176,220	(102,969)	148,779	1,305,061	1,708,781
Transactions with owners :							
Cash dividends	-	-	-	-	-	(41,237)	(41,237)
Bonus issue	7,854	(7,855)	-	(70)	-	-	(71)
Issuance of hybrid capital securities	-	-	252,836	-	-	-	252,836
Dividends of hybrid equity securities	-	-	-	-	-	(14,558)	(14,558)
Total Transactions with owners	7,854	(7,855)	252,836	(70)	-	(55,795)	196,970
Comprehensive income:							
Net income	-	-	-	-	-	213,872	213,872
Insurance finance income (expenses) from insurance contracts issued	-	-	-	-	74,429	-	74,429
Insurance finance income (expenses) from reinsurance contracts held	-	-	-	-	(18,449)	-	(18,449)
Loss on valuation of AFS financial assets	-	-	-	-	(110,082)	-	(110,082)
Loss on valuation of HTM financial assets	-	-	-	-	(3,931)	-	(3,931)
Exchange difference on translating foreign operations	-	-	-	-	18,485	-	18,485
Gain on valuation of derivative instruments designated as cash flow hedges	-	-	-	-	967	-	967
Revaluation surplus	-	-	-	-	699	-	699
Gain on remeasurement of the net defined benefit liabilities	-	-	-	-	3,997	-	3,997
Total comprehensive income	-	-	-	-	(33,885)	213,872	179,987
As at December 31, 2022	54,079	127,610	429,056	(103,039)	114,894	1,463,138	2,085,738
As at January 1, 2023	54,079	127,610	429,056	(103,039)	114,894	1,463,138	2,085,738
The effect of changing of accounting policy	-	-	-	-	(26,259)	23,810	(2,449)
Balance after reflecting the effect of changing of accounting policy	54,079	127,610	429,056	(103,039)	88,635	1,486,948	2,083,289
Transactions with owners :							
Issuance and disposition of treasury stocks	-	2	-	-	-	-	2
Cash dividends	-	-	-	-	-	(40,531)	(40,531)
Bonus issue	9,426	(9,425)	-	(79)	-	-	(78)
Amortization of discounted stock issuance	-	-	-	70	-	(70)	-
Issuance of hybrid capital securities	-	-	191,596	-	-	-	191,596
Dividends of hybrid equity securities	-	-	-	-	-	(30,799)	(30,799)
Total Transactions with owners	9,426	(9,423)	191,596	(9)	-	(71,400)	120,190
Comprehensive income:							
Net income	-	-	-	-	-	218,025	218,025
Insurance finance income (expenses) from insurance contracts issued	-	-	-	-	(67,374)	-	(67,374)
Insurance finance income (expenses) from reinsurance contracts held	-	-	-	-	6	-	6
Total Gains on debt securities at fair value through other comprehensive income	-	-	-	-	115,768	-	115,768
Exchange difference on translating foreign operations	-	-	-	-	11,500	-	11,500
Gain on valuation of derivative instruments designated as cash flow hedges	-	-	-	-	18,280	-	18,280
Revaluation surplus	-	-	-	-	70	-	70
Loss on remeasurement of the net defined benefit liabilities	-	-	-	-	(1,371)	-	(1,371)
Total comprehensive income	-	-	-	-	76,879	218,025	294,904
As at December 31, 2023	63,505	118,187	620,652	(103,048)	165,514	1,633,573	2,498,383

Note: Korean won amounts have been converted into the U.S. dollar based on the exchange rate of KRW 1,302.0 per USD 1.

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)	FY 2022 (KRW)	FY 2022 (USD)
I. Cash flows from operating activities	638,604	490,479	1,306,506	1,020,947
1. Cash generated from operations	465,062	357,190	1,059,179	827,678
2. Receipt of interest	210,755	161,870	187,368	146,416
3. Payment of interest	(359)	(276)	(395)	(309)
4. Receipt of dividends	17,934	13,774	70,105	54,782
5. Refund(payment) of income taxes	(54,788)	(42,080)	(9,752)	(7,621)
II. Cash flows from investing activities	(794,266)	(610,035)	(1,532,481)	(1,197,531)
III. Cash flows from financing activities	162,862	125,086	256,124	200,144
IV. Effects of changes in foreign exchange rates on cash and cash equivalents	4,070	3,126	(10,191)	(7,964)
V. Net increase in cash and cash equivalents	11,271	8,657	19,957	15,595
VI. Cash and cash equivalents at the beginning of the year	498,904	383,183	478,947	374,265
VII. Cash and cash equivalents at the end of year	510,175	391,839	498,904	389,860

Note: For the B/S section, Korean won amounts have been converted into the U.S. dollar based on the exchange rate of KRW 1,302 per USD 1 for FY 2023 and KRW 1,279.7 for FY 2022. For the I/S section, the applicable exchange rate was KRW 1,319.43 per USD 1 for FY 2023 and KRW 1,299.78 for FY 2022.

* Individual figures may not add up to the total shown due to rounding.

Notes to Consolidated Financial Statements

1. Summary of significant accounting policies

(1) Basis of financial statement preparation

The Company and its subsidiaries (collectively referred to as the "Group") prepare statutory financial statements in the Korean language in accordance with the Korean International Financial Reporting Standards ("K-IFRS") enacted by the Act on External Audit of Stock Companies. The accompanying consolidated financial statements have been translated into English from the Korean language consolidated financial statements. In the event of any differences in interpreting the consolidated financial statements or the independent auditors' report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets measured at fair value through profit or loss, derivative financial instruments designated as hedges, financial assets measured at fair value through other comprehensive income, insurance contract assets and liabilities, and reinsurance contract held assets and liabilities.

The carrying amounts of assets and liabilities designated as hedged items of fair value hedge are not recorded at amortized cost but recorded after reflecting the change in fair value corresponding to the risk hedged in effective hedge relationships.

(2) Classification and measurement of financial assets

Financial assets are classified into the following measurement categories :

- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through comprehensive income
- Financial assets measured at amortized cost

Financial assets are classified based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

The gains and losses on financial assets measured at fair value are recognized in profit or loss or other

comprehensive income. Investments in debt instruments are recognized in profit or loss or other comprehensive income according to the business model for holding the assets. The Group only reclassifies debt instruments when there is a change in the business model for managing financial assets.

Investments in equity instruments that are not held for trading can make an irrevocable election at initial recognition to recognize subsequent fair value changes in other comprehensive income. Fair value changes in investments in equity instruments that are not so designated are recognized in profit or loss.

At the initial recognition, financial assets are measured at fair value. For financial assets that are not measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition of the financial assets are added to the fair value. The transaction costs for financial assets measured at fair value through profit or loss are expensed in profit or loss.

For compound instruments that include embedded derivatives, the entire contract is considered when determining whether the contractual cash flows are solely payments of principal and interest.

i) Financial assets measured at fair value through profit or loss

Financial assets not classified as financial assets measured at fair value through other comprehensive income or financial assets measured at amortized cost are classified as financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are measured at fair value, and gains and losses arising from changes in fair value are recognized in profit or loss. Dividends and interest income received from financial assets are also recognized in profit or loss.

ii) Financial assets measured at fair value through other comprehensive income

The Group classifies as financial assets measured at fair value through comprehensive income those debt securities

that satisfy the review of being part of a business model classified for cash flow collection and sale and whose contractual cash flows consist solely of principal and interest, as well as equity securities that are not intended to be sold in the short term and are strategically held and designated as financial assets measured at fair value through other comprehensive income. Financial assets measured at fair value through other comprehensive income are measured at fair value after initial recognition. Gains and losses arising from changes in fair value, excluding foreign exchange differences on monetary assets directly recognized in profit or loss, interest income according to the effective interest method, and dividend income are recognized in other comprehensive income components of equity.

iii) Financial assets measured at amortized cost

Financial assets that are classified for cash flow collection according to the business model and satisfy the evaluation of contractual cash flow characteristics are classified as financial assets measured at amortized cost. After initial recognition, they are measured at amortized cost using the effective interest method, and interest income is recognized using the effective interest method.

(3) Foreign currency transactions

When preparing the consolidated financial statements, the Group measures and recognizes all the transactions in the functional currency. The term, functional currency, is defined as the currency of the primary economic environment in which the Group operates and transactions conducted in currencies other than the functional currency shall be recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency.

(4) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment in value. Such cost includes an expenditure which has directly occurred for the acquisition of the asset. The initial and subsequent costs are recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the Group and the costs of the asset can be measured reliably. The other maintenances and repairs are expensed in the year in which they are incurred and

the carrying amount of certain parts that are replaced is derecognized. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the related asset if the recognition criteria for a provision are met.

(5) Investment properties

Investment properties are recognized as assets only if it is probable that future economic benefits associated with the assets will flow to the Group and the costs of the assets can be measured reliably. Investment properties are initially recognized at cost and transaction costs are included in the initial measurement. The investment properties are also subsequently measured at cost.

Investment properties are derecognized on disposal or when no future economic benefits are expected from their use. Any gain or loss arising from the derecognition of the assets calculated as the difference between the net disposal proceeds and the carrying amount of the assets is recognized as profit or loss in the consolidated statement of profit or loss and other comprehensive income in the period in which the asset is derecognized. Transfers are made to or from investment properties only when there is a change in use.

(6) Insurance contract liabilities

i) Scope

The Group applies K-IFRS 1117 to insurance contracts, including reinsurance contracts it issues, reinsurance contracts it holds, and investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

Furthermore, when identifying contracts within the scope of application, K-IFRS 1117 assesses whether a set or series of contracts should be treated as a single contract. Additionally, it determines whether embedded derivatives, distinct investment components, and distinct goods and services components should be separated and accounted for under different standards.

ii) Level of aggregation

Under K-IFRS 1117, insurance contracts and investment contracts with discretionary participation features are aggregated into a group of contracts for measurement

purposes. To determine the group of contracts, a portfolio of contracts is identified first, with the portfolio comprising contracts subject to similar risks and managed together. Each group of contracts within the portfolio does not include contracts issued more than one year apart in the same group. The group of contracts for each issuance year is categorized into the following three groups:

- A group of contracts that are onerous at initial recognition, if any;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- A group of the remaining contracts in the portfolio, if any.

iii) Measurement: General approach

The Group applies the general approach to long-term non-life insurance and life insurance, and at initial recognition, the group of insurance contracts is measured as the sum of the fulfillment cash flows, which consist of estimates for future cash flows, risk adjustment for non-financial risks, and the contractual service margin.

The risk adjustment for non-financial risks is measured as the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks, ensuring that the performance of the liability with a range of possible outcomes due to non-financial risks and the performance of the liability generating a fixed cash flow with an expected present value identical to the insurance contract are indifferent.

The insurance contract margin is measured at initial recognition of the group of insurance contracts and is the amount that ensures no income or expenses arise from the following, except onerous contracts or when eliminating assets for cash flows do not relate to insurance acquisition cash flows:

- The initial recognition amount of the fulfillment cash flows
- All cash flows arising from contracts within the group of contracts at initial recognition
- Elimination of assets recognized for insurance acquisition cash flows paid before initial recognition of the group of insurance contracts and other assets or liabilities previously recognized for cash flows other than those related to insurance acquisition cash flows associated with the group of contracts.

iv) Measurement: Premium allocation approach

The Group applies the premium allocation approach to simplify the measurement of the group of contracts for general non-life insurance when the coverage period of each contract in the group at the inception (including insurance contract services arising from all premiums within the contract boundary) is one year or less, or when it is reasonably expected that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the requirements in general approach.

v) Reinsurance contract held

Except for the following, the Group applies the same accounting policies to the measurement of groups of reinsurance contracts as the Group does to groups of insurance contract.

The Group includes all risks related to the non-performance of the issuer of reinsurance contract (including the effects of collateral and losses due to disputes) in the measurement of groups of reinsurance contracts. The Group remeasures the effects of the non-performance risk of the issuer of reinsurance contract at the end of each reporting period and recognizes changes in the non-performance risk in profit or loss. The risk adjustment for non-financial risks is calculated to reflect the risks transferred to the issuer of reinsurance contract. Reinsurance contracts held are not classified as a group of onerous contracts or recognized in profit or loss for the expected net outflows, even if the cash flows at initial recognition are net outflows, considering the nature of reinsurance.

(7) Hybrid equity securities

Hybrid equity security is classified as an equity only if its contractual arrangements at the time of the issuance of the security meet the criteria to be classified as equity.

2. Translation of consolidated financial statements indicated in foreign currencies.

Assets and liabilities, including equity indicated in the consolidated financial statements, are translated into the U.S. dollar at the rate of KRW 1,302.00 to USD 1, the telegraphic transfer selling rate of exchange as

at December 31, 2023. The profit and loss account is translated at KRW 1,319.43 to USD 1, the average exchange rate of the period.

3. Cash and cash equivalents

Cash and cash equivalents as at December 31, 2023 are as follows:

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Cash on hand	1	1
Short-term bank deposits	510,174	391,838
Total	510,175	391,839

4. Financial assets

Carrying value and fair value of financial assets as at December 31, 2023 are as follows:

(Units: KRW million, USD thousand)

	Carrying value		Fair value	
	KRW	USD	KRW	USD
Cash and cash equivalents	510,175	391,839	510,175	391,839
Deposits	377,504	289,942	377,504	289,942
Financial assets measured at fair value through profit or loss	2,271,825	1,744,873	2,271,825	1,744,873
Financial assets measured at fair value through other comprehensive income	2,752,819	2,114,300	2,752,819	2,114,300
Financial assets measured at amortized cost	3,626,015	2,784,958	3,438,971	2,641,299
Derivative financial assets designated as hedges	33,958	26,081	33,958	26,081
Receivables	113,948	87,518	113,912	87,490
Total	9,686,244	7,439,511	9,499,164	7,295,825

5. Deposits

Deposits as at December 31, 2023 are as follows:

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Term deposits	-	-
Overseas deposits	251,131	192,881
Other deposits	126,373	97,061
Total	377,504	289,942

6. Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss of December 31, 2023 are as follows:

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Stock	14,600	11,214
Equity investment	210,751	161,867
Special bonds	87,087	66,887
Financial bonds	46,043	35,363
Corporate bonds	134,827	103,554
Beneficiary certificates	1,474,664	1,132,614
Securities in foreign currencies	251,791	193,388
Other securities	370	284
Derivative financial assets held for trading	719	552
Loan receivables	50,973	39,150
Total	2,271,825	1,744,873

7. Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income of December 31, 2023 are as follows:

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Equity instruments :		
Stock	45,588	35,014
Securities in foreign currencies	84,286	64,736
Others	360,092	276,568
Debt instruments :		
Government and public bonds	898,542	690,124
Special bonds	325,579	250,061
Corporate bonds	249,324	191,493
Financial bonds	155,571	119,486
Securities in foreign currencies	633,837	486,818
Total	2,752,819	2,114,300

8. Financial assets measured at amortized cost

Financial assets measured at amortized cost of December 31, 2023 are as follows:

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Government and public bonds	144,460	110,952
Special bonds	300,000	230,415
Financial bonds	190,000	145,929
Corporate bonds	808,974	621,332
Securities in foreign currencies	1,450,492	1,114,050
Loans	741,540	569,539
Subtotal	3,635,466	2,792,217
Less: Allowance for loan losses	(6,949)	(5,337)
Less: Deferred loan fees and costs	(2,502)	(1,922)
Total	3,626,015	2,784,958

9. Receivables

Receivables as at December 31, 2023 are as follows:

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Accounts receivables	14,547	11,173
Accrued income	98,389	75,568
Guarantee deposits	1,190	914
Subtotal	114,126	87,654
Less: Allowance for doubtful receivables	(168)	(129)
Less: Present value discount	(10)	(8)
Total	113,948	87,518

10. Other assets

Other assets as at December 31, 2023 are as follows:

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Current income tax assets	48	37
Deferred tax assets	15,975	12,271
Right of use assets	8,554	6,570
Prepaid expenses	1,509	1,159
Advanced payments	34,419	26,435
Others	7	4
Total	60,512	46,476

11. Insurance contract assets and liabilities

The insurance contract assets and liabilities as of December 31, 2023, are as follows:

(Units: KRW million, USD thousand)

	FY 2023						Total	
	General Non-Life		Long-Term Non-Life		Life			
	KRW	USD	KRW	USD	KRW	USD	KRW	USD
Insurance contract assets	24,781	19,033	3	2	106	81	24,890	19,117
Insurance contract liabilities	5,118,690	3,931,406	676,724	519,757	2,379,284	1,827,407	8,174,698	6,278,570
Net liabilities	5,093,909	3,912,373	676,721	519,755	2,379,178	1,827,326	8,149,808	6,259,453
Reinsurance contract held assets	2,002,839	1,538,279	41,151	31,606	4,141	3,180	2,048,131	1,573,065
Reinsurance contract held liabilities	14,767	11,342	534	410	75,644	58,098	90,945	69,850
Net assets(liabilities)	1,988,072	1,526,937	40,617	31,196	(71,503)	(54,918)	1,957,186	1,503,215

12. Equity

(1) Capital stock

Details of capital stock as at December 31, 2023 are as follows:

	FY 2023 (KRW)	FY 2023 (USD)
Number of common shares authorized (shares)	320,000,000	320,000,000
Par value (KRW, USD)	500	0.4
Number of common shares issued and outstanding (shares)	165,367,526	165,367,526
Capital stock (KRW million, USD thousand)	82,684	63,505

(2) Capital surplus

Capital surplus consists of the following as at December 31, 2023 :

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Paid-in capital in excess of par value	81,230	62,389
Other capital reserve	72,649	55,798
Total	153,879	118,187

(3) Capital adjustments

Capital adjustments consist of the following as at December 31, 2023 :

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Treasury stock	(134,066)	(102,969)
Other capital adjustments	(103)	(79)
Total	(134,169)	(103,048)

(4) Accumulated other comprehensive income

Accumulated other comprehensive income consists of the following as at December 31, 2023 :

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	79,031	60,700
Finance income (expenses) from insurance contracts issued	9,188	7,057
Finance income (expenses) from reinsurance contracts held	(24,013)	(18,443)
Asset revaluation surplus	69,980	53,748
Exchange difference on translating foreign operations	56,534	43,421
Gain (loss) on valuation of derivative instruments designated as cash flow hedges	24,459	18,786
Remeasurement of the net defined benefit liabilities	320	246
Total	215,499	165,514

(5) Retained earnings

Retained earnings as at December 31, 2023 are as follows:

(Units: KRW million, USD thousand)

	FY 2023 (KRW)	FY 2023 (USD)
Legal reserve	35,206	27,040
Bad debt reserve	14,563	11,185
Catastrophe reserve	1,456,297	1,118,507
Business rationalization reserve	2,033	1,561
Voluntary reserve	577,918	443,868
Unappropriated retained earnings	40,897	31,411
Total	2,126,914	1,633,573

(6) Hybrid equity securities

Hybrid equity securities as at December 31, 2023 are as follows:

	Description ¹⁾			
Date issued	Oct 21, 2019	May 30, 2022	Oct 28, 2022	Mar 16, 2023
Amounts issued (Unit: KRW million)	₩ 230,000	₩ 230,000	₩ 100,000	₩ 250,000
Maturity ²⁾	30 years, Revolving	30 years, Revolving	30 years, Revolving	30 years, Revolving
Distribution term	3.40% per annum on a face value basis	4.90% per annum on a face value basis	6.70% per annum on a face value basis	5.50% per annum on a face value basis

* Redetermination of interest rate every 5 years, Step up 100bps once at 10th year

1) Although hybrid equity securities have maturities, they meet the criteria to be classified as equity, such as that the Group has the right to continue to extend maturities.

2) The Group will not pay interest if no dividends are paid on the common shares.

Independent Auditor's Report

The Shareholders and Board of Directors Korean Reinsurance Company and its Subsidiaries

Opinion

We have audited the consolidated financial statements of Korean Reinsurance Company and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2023, 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 financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023 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, 2023 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 our report dated March 21, 2024 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 audit opinion.

Emphasis of matter

Without qualifying our audit opinion, users should pay attention to Note 2 to the Group's consolidated financial statements. As explained in Note 2 to the consolidated financial statements, the consolidated statement of financial position as of December 31, 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended December 31, 2022, presented hereunder for comparative purposes, have been restated to reflect the application of KIFRS 1117.

Key audit matter

A 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.

Loss ratio as part of the assumptions applied to assess insurance contract liabilities

As described in Note 2 to the consolidated financial statements, the Group's insurance contract liabilities consist of estimates on future cash flows from the insurance contracts held (including cash flows related to insurance contract loans, reflecting the effects of the time value of money, etc), risk adjustments, and contractual service margin.

The measurement of fulfillment cash flows from the insurance contracts not measured under insurance premium allocation approach is impacted by the assumptions made by the insurance company at the closing date. Among these assumptions, loss ratio, which is assumed in relation to the estimated future insurance claims, is the most material assumption, accompanied by management's significant judgment. Therefore, we identified this matter as key audit matter as it requires our significant attention.

The primary audit procedures we performed in this regard are as follows:

- Understand the Group's procedures and calculation basis regarding the calculation of loss ratio assumptions and review whether the calculation basis complies with the Insurance Supervision Regulations and the Enforcement Decree of Insurance Supervision Regulations.
- Understand the internal control regarding the calculation of loss ratio assumptions and evaluate the effectiveness of design and operation of the relevant internal control.
- Verify whether there is any omission or mapping error of data by comparing the basic data used for calculating the loss ratio with the data of the Group's actuarial settlement system and relevant statements.
- Verify whether there is any omission or mapping error of data by comparing numerical values of the cash flow model input table that used loss ratio assumptions and their calculations.
- Verify whether there is any error by comparing the detailed items of loss ratio assumptions in our recalculated results and the Group's results.

Other matters

The Group's consolidated financial statements as of and for the year ended December 31, 2022 have been audited by Deloitte Anjin Accounting Corp. whose audit report dated March 23, 2023 expressed an unqualified audit conclusion.

The consolidated financial statements on which the above auditor expressed opinion are the consolidated financial statements before adjusted to reflect the effect of adopting KIFRS 1117 described in

Note 2, and the accompanying financial statements as of and for the year ended December 31, 2022 presented for comparative purposes reflect the adjustments described therein.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the accompanying 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.

Auditors' 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 auditors' 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 audits. 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 audit 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 auditors' 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 auditors' 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 are solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's 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 Myung Hyun Kim.

Ernst & Young Han Young

March 21, 2024

This audit report is effective as of March 21, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.