

Notes to Consolidated Financial Statements

1. Summary of significant accounting policies

(1) Basis of financial statement preparation

The Company and its subsidiaries (collectively, the “Group”) prepares statutory consolidated financial statements in the Korean language in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”) enacted by the Act on External Audit of Stock Companies. 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. The accompanying consolidated financial statements have been translated into English from the Korean language consolidated financial statements.

The management has reasonable expectations that at the time of approving the consolidated financial statements, the Group has sufficient resources to continue as an entity for a foreseeable future period. Therefore, management prepared the consolidated financial statements on a going-concern principle.

(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 other comprehensive income; and
- 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.

For investments in equity instruments that are not held for trading, the Group 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 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 other comprehensive income those debt securities that satisfy the condition 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 the exchange rate.

(4) Property and equipment

Property and equipment are stated at cost, less any accumulated depreciation and accumulated impairment losses. Such cost includes an expenditure that 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 maintenance 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 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 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 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 comprehensive income and OCI 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 fulfillment of the liability with a range of possible outcomes arising from non-financial risks and the fulfillment of the liability generating a fixed cash flow with the identical expected present value as the insurance contract are indifferent.

The contract service 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; and
- The derecognition at the date of initial recognition of any asset for insurance acquisition cash flows and any other asset or liability previously recognized for cash flows related to 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 the remaining coverage for the group that would not differ materially from the one that would be produced applying the requirements in the 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 contracts.

The Group includes all risks related to the non-performance of the issuer of the 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 the 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 the 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 securities

Hybrid 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 an 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 1,484.40 to USD 1, the telegraphic

transfer selling rate of exchange as of December 31, 2024. The profit and loss account is translated at KRW 1,368.45 to USD 1, the average exchange rate of the period.

3. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2024 are as follows:

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Short-term bank deposits	399,416	269,076
Total	399,416	269,076

4. Financial assets

Carrying value and fair value of financial assets as of December 31, 2024 are as follows:

(Units: KRW million, USD thousand)

	Carrying value		Fair value	
	KRW	USD	KRW	USD
Cash and cash equivalents	399,416	269,076	399,416	269,076
Deposits	280,639	189,059	280,639	189,059
Financial assets measured at fair value through profit or loss	2,591,617	1,745,902	2,591,617	1,745,902
Financial assets measured at fair value through other comprehensive income	4,821,730	3,248,269	4,821,730	3,248,269
Financial assets measured at amortized cost	2,565,507	1,728,312	2,384,774	1,606,558
Derivative financial assets designated as hedges	45,363	30,560	45,363	30,560
Receivables	160,591	108,186	160,582	108,180
Total	10,864,863	7,319,364	10,684,121	7,197,602

5. Deposits

Deposits as of December 31, 2024 are as follows:

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Overseas deposits	225,415	151,856
Other deposits	55,224	37,203
Total	280,639	189,059

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

Financial assets measured at fair value through profit and loss as of December 31, 2024 are as follows:

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Stock	12,765	8,599
Equity investment	260,295	175,354
Special bonds	88,962	59,931
Financial bonds	37,839	25,491
Corporate bonds	118,273	79,677
Beneficiary certificates	1,531,159	1,031,501
Securities in foreign currencies	515,612	347,354
Other securities	303	204
Derivative financial assets held for trading	3,899	2,627
Loan receivables	22,510	15,164
Total	2,591,617	1,745,902

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

Financial assets measured at fair value through other comprehensive income as of December 31, 2024 are as follows:

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Equity instruments :		
Stock	102,341	68,944
Securities in foreign currencies	50,698	34,154
Others	386,189	260,165
Debt instruments :		
Government and public bonds	1,551,663	1,045,313
Special bonds	266,620	179,615
Corporate bonds	388,522	261,737
Financial bonds	187,573	126,363
Securities in foreign currencies	1,888,124	1,271,978
Total	4,821,730	3,248,269

8. Financial assets measured at amortized cost

Financial assets measured at amortized cost as of December 31, 2024 are as follows:

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Government and public bonds	144,741	97,508
Special bonds	236,800	159,526
Financial bonds	50,000	33,684
Corporate bonds	419,781	282,795
Securities in foreign currencies	1,155,373	778,342
Loans	565,866	381,209
Subtotal	2,572,561	1,733,064
Less: Allowance for loan losses	(5,778)	(3,892)
Present value premium	20	13
Less: Deferred loan fees and costs	(1,296)	(873)
Total	2,565,507	1,728,312

9. Other receivables

Other receivables as of December 31, 2024 are as follows:

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Accounts receivables	39,235	26,432
Accrued income	120,295	81,039
Guarantee deposits	1,262	850
Subtotal	160,792	108,321
Less: Allowance for doubtful receivables	(182)	(123)
Less: Present value discount	(19)	(13)
Total	160,591	108,186

10. Insurance contract assets and liabilities

The insurance contract assets and liabilities as of December 31, 2024, are as follows:

(Units: KRW million, USD thousand)

	FY 2024							
	General Non-Life		Long-Term Non-Life		Life		Total	
	KRW	USD	KRW	USD	KRW	USD	KRW	USD
Insurance contract assets	27,087	18,248	4	3	2,567	1,729	29,658	19,980
Insurance contract liabilities	5,551,050	3,739,592	771,629	519,826	2,780,656	1,873,252	9,103,335	6,132,670
Net liabilities	5,523,963	3,721,344	771,625	519,823	2,778,089	1,871,523	9,073,677	6,112,690
Reinsurance contract held assets	2,001,725	1,348,508	11,497	7,745	4,021	2,709	2,017,243	1,358,962
Reinsurance contract held liabilities	9,798	6,601	199	134	53,989	36,371	63,986	43,106
Net assets (liabilities)	1,991,927	1,341,907	11,298	7,611	(49,968)	(33,662)	1,953,257	1,315,856

11. Equity

(1) Capital stock

Details of capital stock as of December 31, 2024 are as follows:

	FY 2024 (KRW)	FY 2024 (USD)
Number of common shares authorized (shares)	320,000,000	320,000,000
Par value (KRW, USD)	500	0.3
Number of common shares issued and outstanding (shares)	194,821,031	194,821,031
Capital stock (KRW million, USD thousand)	97,411	65,623

(2) Capital surplus

Capital surplus consists of the following as of December 31, 2024 :

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Paid-in capital in excess of par value	66,503	44,801
Other capital reserve	72,649	48,942
Total	139,152	93,743

(3) Capital adjustments

Capital adjustments consist of the following as of December 31, 2024 :

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Treasury stock	(134,066)	(90,317)
Other capital adjustments	(792)	(534)
Total	(134,858)	(90,850)

(4) Accumulated other comprehensive income

Accumulated other comprehensive income consists of the following as of December 31, 2024 :

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	121,589	81,911
Finance income (expenses) from insurance contracts issued	(133,527)	(89,954)
Finance income (expenses) from reinsurance contracts held	(15,553)	(10,478)
Asset revaluation surplus	69,980	47,144
Exchange difference on translating foreign operations	153,955	103,715
Gain (loss) on valuation of derivative instruments designated as cash flow hedges	25,451	17,146
Remeasurement of the net defined benefit liabilities	(2,211)	(1,489)
Total	219,684	147,995

(5) Retained earnings

Retained earnings as of December 31, 2024 are as follows:

(Units: KRW million, USD thousand)

	FY 2024 (KRW)	FY 2024 (USD)
Legal reserve	41,342	27,851
Bad debt reserve	22,202	14,957
Catastrophe reserve	1,378,548	928,690
Surrender value reserve	102,015	68,725
Business stabilization reserve	2,033	1,370
Voluntary reserve	553,294	372,738
Unappropriated retained earnings	223,866	150,815
Total	2,323,300	1,565,146

(6) Hybrid securities

Hybrid securities as of December 31, 2024 are as follows:

	Description ¹⁾			
Date issued	May 30, 2022	Oct 28, 2022	Mar 16, 2023	Oct 11, 2024
Amounts issued (Unit: KRW million)	₩ 230,000	₩100,000	₩250,000	₩230,000
Maturity	30 years, Revolving	30 years, Revolving	30 years, Revolving	30 years, Revolving
Distribution term ²⁾	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	4.27% per annum on a face value basis

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

1) Although hybrid 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.