

KYOBO LIFE

Annual Report 2023



Kyobo Life Annual Report 2023

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Prologue

We aim to enhance competency in the insurance business and lay the foundation to drive the success of new businesses

Kyobo Life was founded in 1958 on the basis of founder Yong-ho Shin's commitment to contributing to the nation's post-war reconstruction by promoting national education and establishing national capital. The company has remained on an innovative journey over the past 66 years, eschewing complacency to grow soundly into a large financial enterprise, respected both at home and abroad.

The business environment was challenging in 2023, characterized by persistent inflation and high interest rates. Amidst this backdrop, Kyobo Life steadily advanced towards the realization of Vision 2025: "To become the leading financial company delivering value in art & culture" while materializing new growth engines for the digital era in preparation for the volatility, uncertainty, complexity, and ambiguity (VUCA) environment.

Kyobo Life has initiated various strategies since 2021 to realize this goal. These include establishing data/infrastructure systems for Kyobo Group and Kyobo Life, promoting e-insurance marketing, and introducing a new digital insurance sales model through the implementation of the Digital Transformation Based Strategy (DBS).

Additionally, we have introduced the two-sided market platform "donots" for promoting childcare health. Furthermore, we are currently in the development phase of an initial model for a play (experience)-based all-rounded platform supporting child growth, scheduled for release in 2024.

We recognize life insurance to be a societal and economic institution that supports individuals facing hardship in a spirit of neighborly love. To this end, we take the lead in rectifying industry practices, working tirelessly to ensure life insurance operates in alignment with the spirit of neighborly love, transcending the distorted perception of being solely a financial matter.



CEO Message

To our customers, investors, government agencies and local community members, I wish to express my heartfelt appreciation to all stakeholders who have consistently shown interest and support in enabling us at Kyobo Life to stably conduct our life insurance business.

Last year, our economy encountered significant challenges due to the prolonged period of high inflation and interest rates, creating a pervasive environment of volatility, uncertainty, complexity, and ambiguity (VUCA). While various risk factors continue to persist this year, I am hopeful that this year will be a time of significant progress for all economic participants.

I would like to present Kyobo Life's major achievements in 2023 followed by an outline of our key management goals for 2024.



The Year In Review

Last year, we pursued a management directive aimed at “materializing a new growth engine for the digital era in preparation for the VUCA environment” to ensure stable performance for today and corporate growth over the long term. Kyobo Life continues to progress steadily towards our Vision 2025 of being a “leading financial company delivering value in art and culture.”

We have been executing a DBS (Digital Transformation Based Strategy) since 2021 as our corporate approach to bolster core business competitiveness and lay the groundwork for the future growth. In 2023, we introduced “donots,” the Kyobo Group's second two-sided market platform in healthcare sector and initiated a health management services to employees as part of Employee Assistance Program.

In addition, Kyobo Life launched an e-insurance service to enhance the policyholder experience at every online customer contact point and explored a new digital-driven insurance sales model in collaboration with partners like Kyobo Book Centre and Interpark. We are also in the process of setting up the infrastructure needed to leverage customer data from both online and offline interactions in Kyobo Group and Kyobo Life's management activities.

We have maintained the industry-best global credit ratings, with Moody's A1 for nine consecutive years and an A+ from Fitch for the past 11 years in a row. Kyobo Life has also held the top position in the life insurance sector for 14 consecutive years in the Korea Sustainability Index and has been recognized as the Most Respected Life Insurance Industry Leader in Korea.

As a result of these efforts, Kyobo Life recorded total assets of KRW 131 trillion, a net income of KRW 475.4 billion, and an ROE of 4.0% on a consolidated basis for FY2023.

Insurance Business

In 2023, the life insurance market faced challenges such as a decline in sales of traditional life insurance products such as whole life due to societal/demographic changes, and intensified competition in marketing, particularly with non-life insurance companies and large general agencies (GAs), amid an economic slowdown attributed to rising interest rates and inflation.

As demand surged for insurance for illness and the elderly, development in health insurance products has been vibrant. Competition for securing contractual service margin (CSM) for new policies, especially for short-term payment whole life insurance, intensified following the full implementation of IFRS17 (the International Financial Reporting Standard for Insurance Contracts).

Kyobo Life focused on ascertaining customer needs accurately to promote customer-centered marketing activities, providing customers with the kinds of value they seek by innovating products and services accordingly.

We also prioritized supporting customers to expand their coverage assets through protection type products. We strengthened our insurance sales channels by recruiting top consultants to bolster the sales organization, aiming to provide optimal life planning and persistency service to broader customers.

Additionally, Kyobo Life leveraged various digital technologies to enhance insurance sales supporting systems and upgrade core processes of insurance business. This not only improved the policyholders experience but also enhanced our company's adaptability to the rapidly evolving insurance market.

These efforts to enhance competitiveness yielded significant results in each segment of insurance sales, especially with new business CSM, new policyholder acquisition, insurance subscription, and sales organization expansion, outperforming in our initial business plan.

Asset Management

The global financial market experienced notable volatility in 2023 amidst the easing of high consumer price, high interest rates, and high exchange rates against the US dollar globally, driven by expectations of the US restoring price stability and halting additional monetary tightening. As for the domestic economy, despite ongoing sluggish growth due to weakened consumer spending and a downturn in exports, domestic market interest rates fluctuated, coupling with international trends.

In this environment, Kyobo Life proactively responded to the financial market's instability, achieving sound performance in both profitability and risk management.

On the profitability front, we bolstered our returns by expanding into high yield assets with relatively low risk, including alternative investments, and through strategic rebalancing to capitalize on interest rate volatility, we ensure long-term stable sources of recurring income. For risk management, we consistently reduced asset-liability cash flow mismatches from an asset and liability management(ALM) perspective, thereby mitigating capital volatility stemming from interest rate fluctuations and increasing the Korean Insurance Capital Standard (K-ICS) ratio.

As a consequence, we could make meaningful results in various asset management areas, including outperformed operating asset yield and other key management indicators.

Digital Innovation and New Businesses

In 2023, Kyobo Life has focused on digital innovation and explored new business opportunities to realize our growth potential in the digital era.

With the introduction of integrated digital channel services, we have expanded our mobile application based non-face-to-face subscription and persistency process, significantly enhancing user convenience. This initiative allowed policyholders to subscribe needed insurance products(e-insurance) by themselves and conduct approximately 130 insurance and financial transactions.

Additionally, building on the success of the two-sided platform "Nalcee" in the cultural and arts domain, we have introduced a new healthcare platform called "donots," a platform for childcare health promotion. "donots" was initiated from an infant nutrition-focused information sharing community and will evolve into a comprehensive childcare health platform.

We have aggressively pursued open innovation to adapt to the rapidly evolving market landscape. We also make tireless efforts to deliver greater value to our customers by innovating customer services and insurance business process such as healthcare service, benefit claims, and customer data analysis through collaboration with startups, having innovative ideas, products and services, and new technologies.

Furthermore, our internal venture program, initiated in 2021, received recognition as the first financial institution among government-supported internal ventures to receive an Outstanding Evaluation in 2023. Particularly, the second-round internal startup "Haenenda(We Make It) Company" earned acclaim as the first-ever recipient of the top prize in the Women's Entrepreneurship Competition held by the Ministry of SMEs and Startups. Operational performance of Kyobo Life's internal venture program has been externally acknowledged as "Haenenda Company" transitions from a potential startup to an established spin-off venture.

The Year Ahead

This year, Korea's economic growth rate is expected to gradually improve despite low growth and prolonged high interest rates. Nevertheless, uncertainties in the financial market like shrinking domestic consumption, rising household debt, risks in real estate project financing, and China's economic instability still persist. Notably, we should stay vigilant to international geopolitical shifts like tensions between the US and China, potential escalations of conflicts in the Middle East, and shifts in economic policies followed by South Korea's April general elections, alongside North Korea's potential provocations.

Changing demographics are leading to a shrinking life insurance market, while the Millennials, Generation Z and the New Silver generation are emerging as key consumer demographics. Traditional life insurance products like whole life products are experiencing declining demand, while there's a rising need for the gray zone insurance products like health and accident insurance products that offer various forms of coverage while policyholders are alive.

The insurance providers face fierce competition in securing new business CSM, particularly in health insurance and short-term payment whole life insurance, amid the full implementation of IFRS17 and K-ICS. Additionally, competition is heated in scouting consultants, especially in the GA sector.

Kyobo Life remains committed to innovation to adapt to changing market dynamics and competitive landscapes.

In the insurance sector, the product line-ups will be expanded to include essential life insurance products such as family life protection and retiree life protection, as well as gray zone insurance products including healthy life protection reflecting changes in customer lifestyles. In the new business sector, various innovative business will be explored to either replace or complement traditional insurance business models' profitability.

In this regard, Kyobo Life has set the 2024 management directive as "enhancing competency in the insurance business and laying the foundation to drive the success of new business". Under the management directive, Kyobo Life is committed to implementing the following major initiatives:

- First,** we will secure a new growth engine by identifying new business opportunities vital to our future.
- Second,** we will expand our pool of customers through the expansion of online customer touchpoints.
- Third,** we will enhance collaboration with external partners to stimulate business innovation.
- Fourth,** we will foster a culture of innovation by encouraging small-scale innovations and learning from meaningful failures.
- Fifth,** we will promote marketing activities to provide "Balanced Protection" to customers.
- Sixth,** we will drive sustainable growth by enhancing our channel competency.
- Seventh,** we will enhance our competitive edge in asset management (to secure sustainable growth in the future).
- Eighth,** we will strengthen the internal control system to ensure the protection of financial consumers.

Despite a challenging business landscape, Kyobo Life will continue to introduce groundbreaking innovations for future growth and development. As an insurance company, we pledge to fulfill our responsibility so that life insurance can be operated as a social and economic system that compassionately supports individuals in overcoming life's challenges. We ask for your ongoing interest in and support for Kyobo Life, as we strive towards our Vision 2025 of becoming a "leading financial company delivering value in art and culture."

Thank you for your continued trust in Kyobo Life.

March 2024

Chairman & CEO Chang Jae Shin

Financial Highlights

FY2019~FY2022 : Based on IAS39 Financial Instruments
FY2023 : Based on IFRS9 Financial Instruments

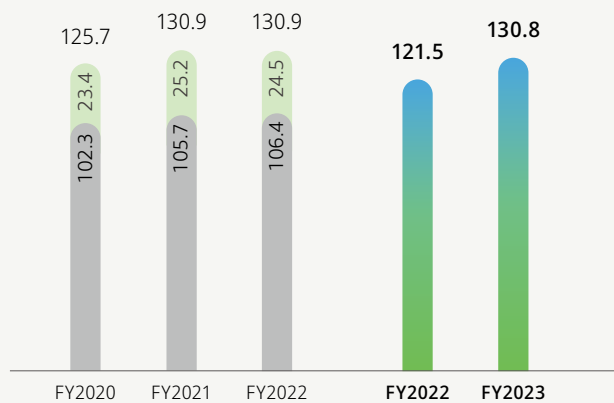
(Based on Consolidated Statements)

Growth

Total Assets

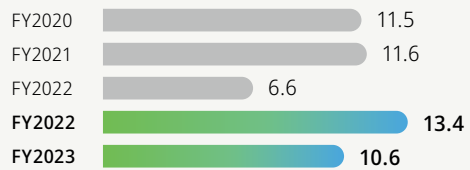
(Unit: KRW Tn)

● General Account ● Separate Account



Total Shareholders' Equity (Controlling Interests)

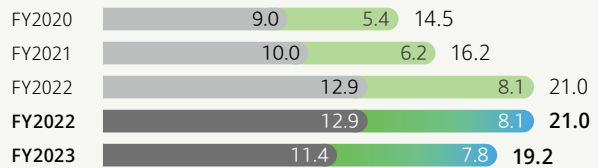
(Unit: KRW Tn)



Premium Income

(Unit: KRW Tn)

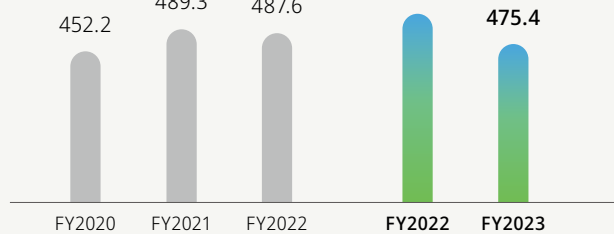
● General Account ● Separate Account



Profitability

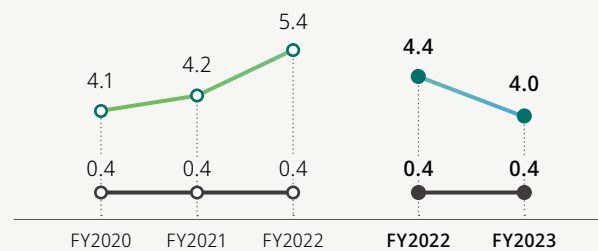
Net Income (Controlling Interests)

(Unit: KRW Bn)



● ROA ● ROE

(Unit: %)

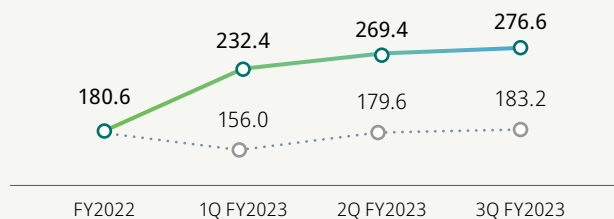


Stability

Solvency Ratio

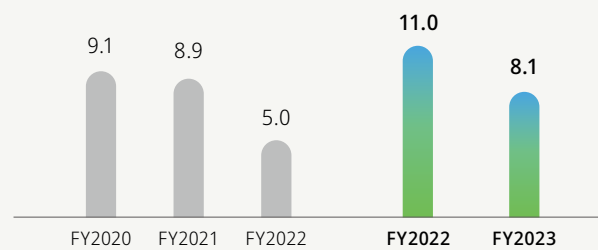
(Unit: %)

● Before Transitional Measures ● After Transitional Measures



Equity to Asset Ratio

(Unit: %)



Key Figures

Summary of Income Statement

(Unit: KRW Bn)

	IFRS4			IFRS17	
	FY2020	FY2021	FY2022	FY2022	FY2023
Operating Revenues	18,644.9	19,715.1	26,195.2	16,363.3	16,693.6
Operating Expenses	17,960.6	18,999.9	25,623.3	15,729.4	16,074.5
Operating Profit	684.3	715.2	572.0	633.9	619.0
Non-operating Profit	-17.9	8.9	-27.9	-27.2	26.5
Profit Before Tax	666.4	724.1	544.1	606.7	645.5
Income Tax Expense	188.6	198.4	42.8	68.9	155.1
Net Income	477.8	525.7	501.2	537.8	490.5
Net Income attributable to Controlling Interests	452.2	489.3	487.6	524.1	475.4

Summary of Statement of Financial Position

(Unit: KRW Bn)

	IFRS4			IFRS17	
	FY2020	FY2021	FY2022	FY2022	FY2023
Total Assets	125,704.7	130,934.9	130,880.6	121,502.5	130,779.3
Cash and Deposits	1,940.6	2,897.0	2,837.4	3,860.0	5,107.3
Securities	70,800.7	73,089.0	70,267.9	90,215.9	96,377.5
Loans	22,353.3	23,725.3	24,829.9	21,406.7	22,273.5
Investment in Associates	36.3	71.7	85.6	85.6	149.4
Investment Property	1,094.7	1,058.1	1,047.6	1,047.6	1,022.8
Property and Equipment	1,378.7	1,414.9	1,452.0	1,452.0	1,444.5
Intangible Assets	296.3	257.4	269.0	269.0	237.1
Other Assets	4,431.1	3,249.1	5,636.3	3,165.8	4,167.3
Separate Account Assets	23,373.0	25,172.4	24,455.0	-	-
Total Liabilities	113,925.2	118,980.1	123,955.1	107,722.9	119,959.9
Policy Reserve	76,686.2	79,287.1	81,702.0	79,065.2	88,114.9
Policyholder's Equity Adjustment	1,461.8	719.6	163.3	-	-
Other Liabilities	11,846.8	12,926.4	15,725.7	28,657.7	31,845.0
Separate Account Liabilities	23,930.4	26,046.9	26,364.1	-	-
Total Shareholders' Equity	11,779.5	11,954.8	6,925.5	13,779.6	10,819.4
Total Shareholders' Equity attributable to Controlling Interests	11,454.8	11,596.5	6,552.5	13,406.6	10,564.0

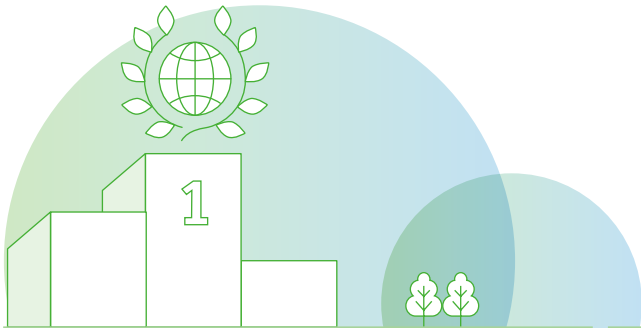
*Other Liabilities for 2022, 2023 include investment contract liabilities and other liabilities.

Financial Ratio

(Based on Separate Statements, Unit: %)

	FY2019	FY2020	FY2021	FY2022	FY2023
New Business Ratio	10.9	12.3	12.2	14.1	14.8
Growth Ratio	-2.3	-0.6	0.3	1.6	2.1
Lapses and Surrenders Ratio	8.6	8.1	7.2	7.5	7.6
Claims Paid Ratio	84.0	73.5	73.1	81.4	73.9
13 th Month Persistency Rate	77.8	80.8	82.3	81.7	81.8
13 th Month Retention Rate	31.5	43.5	41.2	39.3	40.8
Operating Expenses Ratio (before deferral)	12.5	11.8	10.7	8.6	11.6
Growth Ratio of Contractual Service Margin	-	-	-	17.9	10.5

FY2023 at a Glance



The Chairman & CEO, Chang Jae Shin received the 2023 IIS Insurance Hall of Fame Laureate!

The Chairman & CEO, Chang Jae Shin, has been honored with the prestigious Insurance Hall of Fame Laureate for 2023, further solidifying his global recognition for steadfast management philosophies that uphold the core essence of providing life insurance through fair practices.

Established in 1957, the Insurance Hall of Fame Laureate is often likened to the Nobel Prize for insurance, acknowledging individuals who have significantly contributed to the industry's development through innovative endeavors. This is the second time to receive the Insurance Hall of Fame Laureate after Kyobo Life's founder, Yong Ho Shin, father of the current CEO, Chang Jae Shin, became the inaugural recipient of the esteemed award in South Korea. This year's accolade created a notable legacy in global insurance industry.

During his acceptance speech, CEO Shin stressed, "Life insurance embodies 'stories of love'. It stands as a beautiful financial system where those in distress are assisted by others with a compassionate heart." He reaffirmed his dedication to rectifying the narrative surrounding life insurance, often reduced to mere financial discussions, by advocating for the concept that life insurance functions as a societal security and financial institution driven by the spirit of neighborly love.

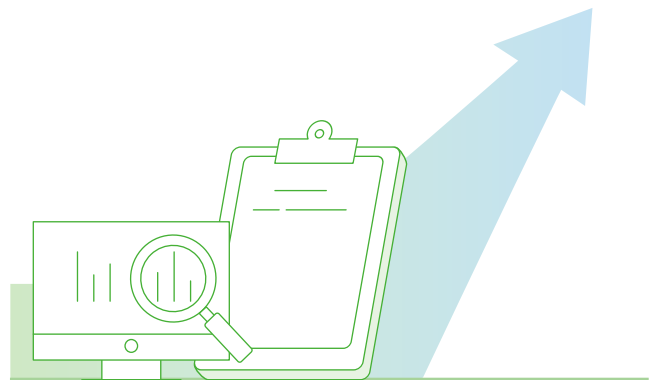
Remaining Resilient in the Face of VUCA Environment, Sustaining the Industry's Highest Credit Ratings from Moody's and Fitch

The year 2023 brought unprecedented changes to the insurance industry, marked by global economic downturns, the full implementation of IFRS17 and K-ICS, and challenges posed by high-interest rates and inflation.

Despite these challenges, Kyobo Life continued to maintain outstanding profitability, capital adequacy, and financial soundness, thanks to meticulous preemptive measures and proactive risk management. We continued to uphold the highest international credit ratings among domestic life insurers.

Kyobo Life achieved the remarkable feat of securing the Moody's A1 for the ninth consecutive year and the Fitch A+ for the eleventh consecutive year, establishing an industry-first and industry-best record. This underscores the company's unwavering commitment to customer coverage, demonstrating its ability to withstand any crisis in terms of claim payment capabilities.

Notably, amid the market turmoil caused by the bankruptcy of Credit Suisse Bank, Kyobo Life successfully issued hybrid bond worth KRW 500 billion in May 2023, the largest funding amount among issuance by domestic insurers, attesting to the company's high credibility.





Becoming Smarter in Sales Activities with Data based Customer-Tag

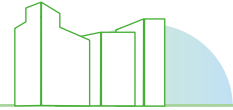
“More precise, rapid, and accurate like never before”

The continuous evolution of data research and digital technology is reshaping sales activities, making them smarter.

Every aspect of sales activities has undergone relentless upgrades, from the meticulous daily management to Lifelong Care Services and customer coverage activities. This encompasses the customer-tag related sales support helping successful marketing through systematic analysis based on massive customer data, the groundbreaking coverage analysis system ensuring seamless integration of customer MyData into the tablets carried by Financial Planners(FPs), and the augmentation of the V3 System streamlining FP activity processes based on customer.

In a comprehensive survey conducted in 2023, an impressive 81.1% of Kyobo Life's FPs acknowledge that the company's on-site business support is executed exceptionally well. This satisfaction level surpasses industry averages and also outshines competitors.

The innovation in sales support systems is aimed at empowering Kyobo Life's FPs to connect with more customers and safeguard their future risks while embodying neighborly love. The momentum of this effort will continue to be felt in 2024.



A Unified Hub for Account Transfers and Benefit Claims! Accelerating Digital Transformation in Customer Experience

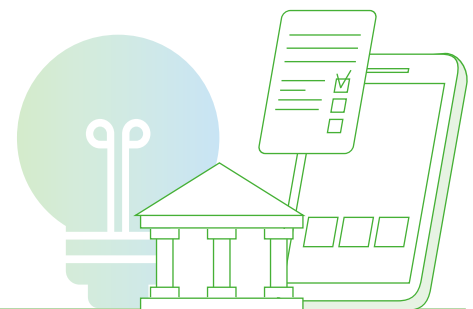
In 2023, Kyobo Life asserted its dominance by redefining the boundaries of insurance through pioneering service. The company introduced the industry's first batch claim filing service and open banking transfer service via the integrated digital channel launched in 2022.

The batch claim filing service allows customers to submit benefit claims not only within Kyobo but also with 37 other life and non-life insurers through Kyobo Life's mobile application. This service revolutionizes the claims payment process, a critical aspect of the customer experience.

Additionally, the open banking transfer service empowers customers to check and transfer funds from accounts at other financial institutions directly through Kyobo Life's mobile application, without utilizing other commercial banking platforms or platforms such as Kakao/Toss. Mobile transactional methods are now prevalent, and this service provides many customers with an unprecedented level of convenience.

Furthermore, Kyobo Life remains committed to innovating customer experiences across all domains. These include improving subscription of products for Direct channel through Visible Subscription and introducing the industry's first mobile driver's license verification service.

Our dedication to challenging norms and fostering innovation, unlocking new dimensions for insurance, will persist, ensuring that customers can revel in an even more convenient financial journey.



CORPORATE SOCIAL RESPONSIBILITY

Vision

Our constant innovation will not only add value to the insurance sector but also make a significant impact in the fields of (art) culture and finance 12

Corporate History

We have been growing together with a variety of stakeholders 14

Transparent Management

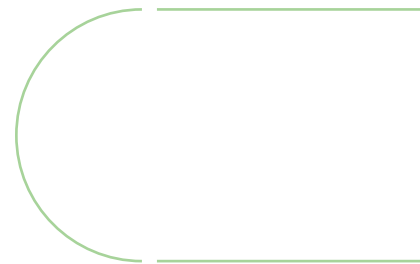
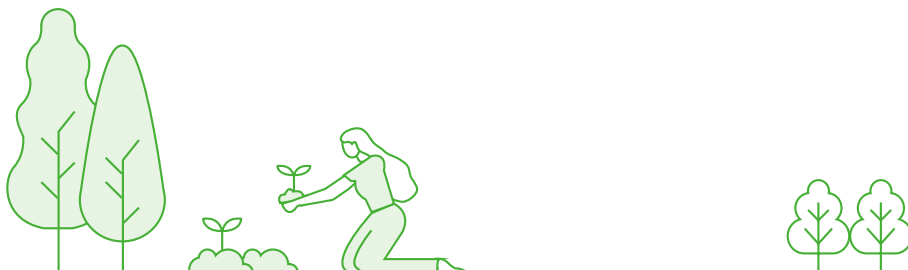
We maintain a clear shareholding structure and transparent decision-making system 16

Sustainability Management

We pursue long-term mutual growth with all stakeholders 20

Community Relations

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





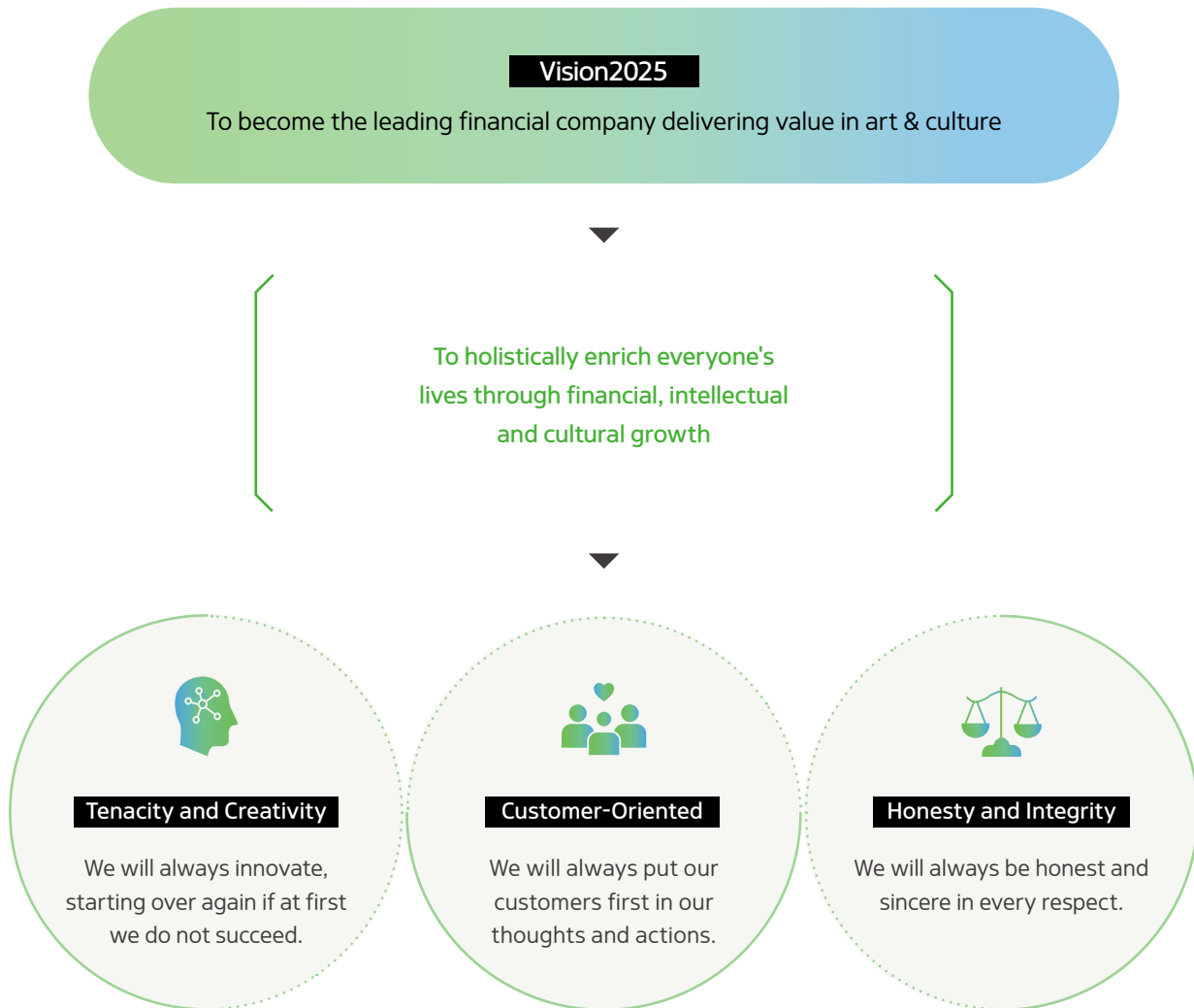
HONESTY & INTEGRITY

We will always be honest and sincere in every respect.

Vision

Our constant innovation will not only add value to the insurance sector but also make a significant impact in the fields of (art) culture and finance.

Responding to the swiftly changing business landscape, Kyobo Life proclaimed Vision 2025 : To become the leading financial company delivering value in art & culture. Concurrently, We are actively implementing Kyobo Group's future management strategy, known as DBS (Digital Transformation Based Strategy), aiming to enhance its insurance operations while also securing future growth engines. Kyobo Life is fostering continuous innovation and creating digital-based customer value not only in insurance business but also in both the (art) culture and non-insurance financial domains to realize Vision 2025 goals.



FY2024 Management Directive

Enhancing Competency in the Insurance Business and Laying the Foundation to Drive the Success of New Business.

Kyobo Life is committed to ongoing innovation to prosper and grow by adapting to the evolving market dynamics and the diversified competitive landscape in the insurance sector. Our focus is on understanding precisely what value customers are seeking and striving to offer differentiated products and services ahead of the market.

Furthermore, as we anticipate an ongoing contraction in the insurance market, we will promptly identify new business opportunities that can replace revenue from traditional insurance business or complement the existing business model, ensuring tangible results.

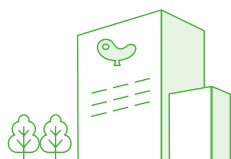
Consequently, our company is concentrating on enhancing competencies in the insurance business, our core business, to achieve sustainable financial performance and secure future growth drivers. From this perspective, Kyobo Life has established the 2024 business directive as “Enhancing competency in the insurance business and laying the foundation to drive the success of new businesses”. To this end, we will push forward with the following major initiatives.

Major Initiatives for 2024

<p>1 Secure a new growth engine by identifying new business opportunities vital to our future</p> 	<p>5 Promote marketing activities to provide 'Balanced Protection' to customers</p> 
<p>2 Expand our pool of customers through the expansion of online customer touchpoints</p> 	<p>6 Drive sustainable growth by enhancing our channel competency</p> 
<p>3 Enhance collaboration with external partners to stimulate business innovation</p> 	<p>7 Enhance our competitive edge in asset management (to secure sustainable growth in the future)</p> 
<p>4 Foster a culture of innovation by encouraging small-scale innovations and learning from meaningful failures</p> 	<p>8 Strengthen the internal control system to ensure the protection of financial consumers</p> 

Corporate History

We have been growing together with a variety of stakeholders



1958~1996

- Aug. 07, 1958** Established Daehan Education Insurance Co., Ltd. (now Kyobo Life Insurance Co., Ltd.)
- Sep. 21, 1964** Received Presidential Citation on the 1st Savings Day
- Sep. 25, 1969** Founder Yong-Ho Shin received Order of Civil Merit
- Nov. 15, 1979** Established Kyobo Real Estate Management Co., Ltd. (now Kyobo Realco, Inc.)
- Jul. 30, 1980** Moved Head Office to 1, Jongno-1ga, Jongno-gu, Seoul
- Dec. 24, 1980** Established Kyobo Book Centre Co., Ltd.
- Jun. 27, 1983** Founder Yong-Ho Shin received Founder's Award from International Insurance Society (IIS)
- Jun. 01, 1987** Grand opening of Kye Seong Won (HRD training center)
- Apr. 01, 1994** Acquired Daehan Securities and renamed it to Kyobo Securities Co., Ltd.
- Apr. 03, 1995** Renamed Daehan Education Insurance Co., Ltd. to Kyobo Life Insurance co., Ltd.
- Aug. 02, 1995** Acquired Korea Computing Information Co., Ltd. and renamed it to Kyobo Information & Communication Co., Ltd. (now Kyobo DTS Co., Ltd.)
- Jul. 08, 1996** Founder Yong-Ho Shin became a laureate of the Insurance Hall of Fame by the International Insurance Society (IIS)
- Aug. 06, 1996** Founder Yong-Ho Shin became first entrepreneur to receive Geum-gwan Order of Culture Merit



1997~2010

- Jul. 15, 1997** International Insurance Society (IIS) established the Shin Research Award in the honor of the founder, Yong-Ho Shin
- Dec. 08, 1998** Established Saengbo Real Estate Trust Co., Ltd. (now Kyobo Asset Trust Co., Ltd.)
- Dec. 01, 2001** Proclaimed Kyobo Vision 2010 and unveiled new Corporate Identity (CI)
- Feb. 28, 2002** Established A&D Credit Information Co., Ltd.
- Jul. 05, 2002** Established Kyobo Insurance Investigation Co., Ltd (now KCA Claim Adjustment Co., Ltd.)
- Dec. 11, 2002** Established Kyobo Dasomi, a special unit dedicated to community service
- Jun. 24, 2003** Received 1st Grand Prize at Corporate Ethics Awards by the Korean Ethics Studies Association
- Nov. 17, 2004** Won Grand Prize at Korean Customer Satisfaction Management Awards for 5th consecutive year and inducted into Hall of Fame by Korea Management Association
- Jul. 11, 2007** Received Consumer Complaints Management System (CCMS) Certification, the first in the insurance industry
- Dec. 21, 2007** Obtained approval for and launched trust business
- Jan. 08, 2008** Launched Korea's first social enterprise, Dasomi Foundation
- May. 19, 2008** Received Presidential Citation for Best Family-friendly Company
- Jul. 31, 2008** Obtained A2 credit rating from Moody's Investors Service
- Aug. 28, 2008** Established joint venture with AXA Group, Kyobo AXA Investment Managers Co., Ltd.
- Nov. 09, 2009** Won Best Life Insurance Company in Asia of 2009 Award at International Reinsurance Conference (IRC)
- Sep. 01, 2010** Joined UN Global Compact, an international pact for corporate social responsibility

2011~2020

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



2021~

- Apr. 28, 2021 Proclaimed Kyobo Vision 2025
- Jul. 01, 2021 Certified Consumer Centered Management(CCM)
- Jan. 28, 2022 Launched Peach, a financial MyData business (a personal credit information management business)
- Aug. 31, 2022 Received ISO 14001 Certification, Environmental Management System
- Oct. 28, 2022 Received ISO 37001 Certification, Anti-Bribery Management System
- Dec. 02, 2022 Received Family-friendly Company Certification for 15th consecutive year, designated as Best Family-friendly Company
- Feb. 06, 2023 Maintained A1 credit rating from Moody's Investors Service for 9th consecutive year
- Feb. 22, 2023 Founder Yong-Ho Shin entered Hall of Fame for Honor of Korean Companies by Korean Academic Society of Business Administration
- Mar. 17, 2023 Ranked Most Admired Company in Korea by Korea Management Association Consulting(KMAC)
- Apr. 03, 2023 Acquired Pavilion Asset Management Co., Ltd. and rebranded it as Kyobo AIM Asset Management Co., Ltd.
- Apr. 11, 2023 Maintained A+ credit rating from Fitch Ratings for 11th consecutive year
- May. 26, 2023 Certified Consumer Centered Management(CCM) for 9th consecutive time
- Jun. 08, 2023 Recognized by Minister of Environment for outstanding contributions in environmental education and social contribution
- Aug. 25, 2023 Received ISO45001 certification, Occupational Health and Safety Management System
- Sep. 27, 2023 Obtained certification for Personal Information and Information Security Management System(ISMS-P)
- Nov. 01, 2023 Named Korea's Best Korean Consumer Protection Index(KCPI) company by Korea Management Association Consulting(KMAC) for 3rd consecutive year
- Nov. 06, 2023 Chairman & CEO Chang Jae Shin awarded Insurance Hall of Fame by International Insurance Society(IIS)
- Nov. 22, 2023 Awarded Minister's Commendation in Green Management category at Global Standard Management Awards, hosted by Korea Management Registrar(KMR)
- Nov. 24, 2023 Topped Korean Sustainability Index(KSI) in Life Insurance category for 14th consecutive year



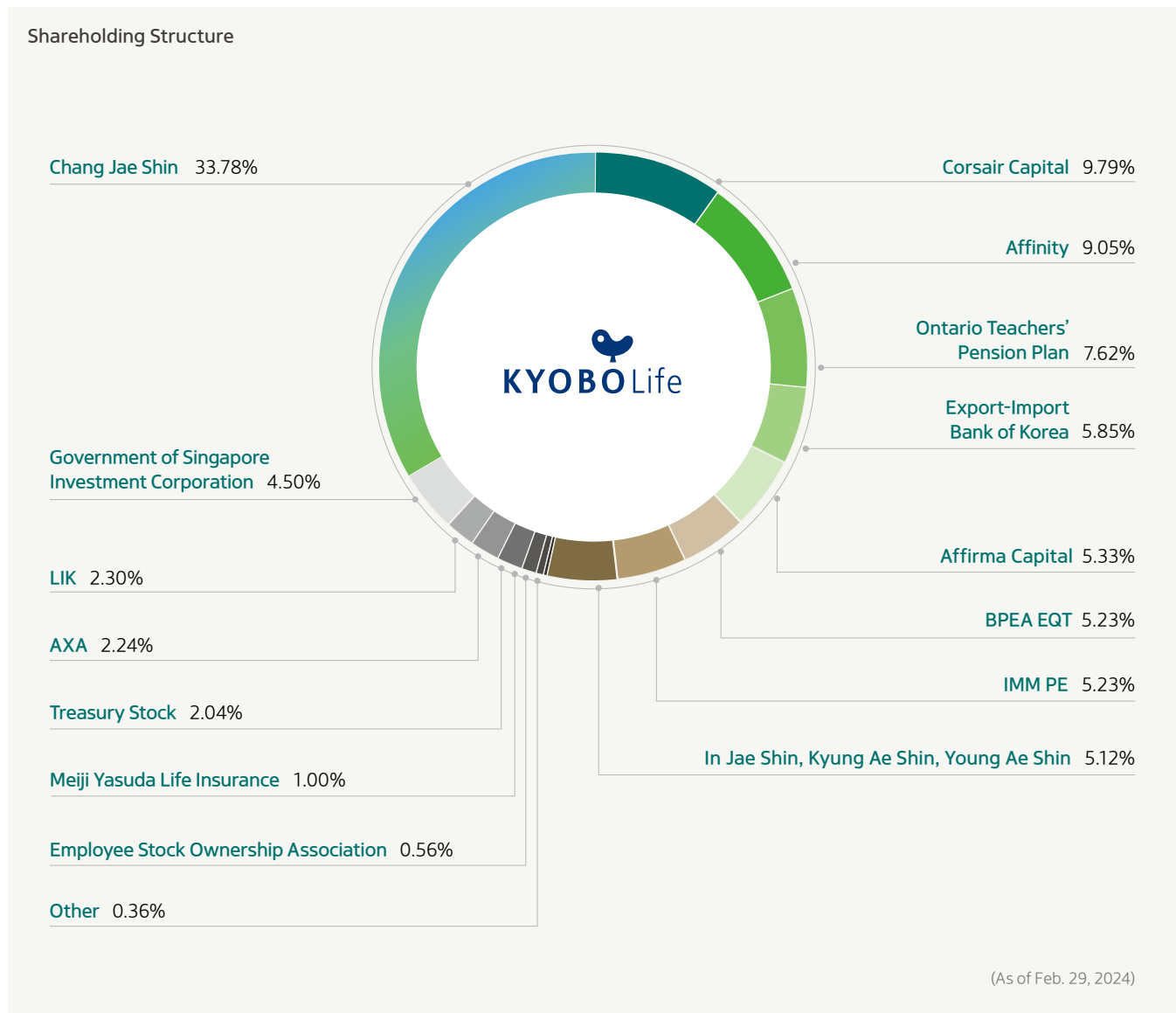
Transparent Management

We maintain a clear shareholding structure and transparent decision-making system.

Shareholding Structure

Kyobo Life maintains a robust management system with a transparent and clear shareholding structure, with the principal shareholder, Mr. Chang Jae Shin, holding a 33.78% stake in the company. In 2007, Corsair Capital, Affirma Capital, and AXA became shareholders through a combination of capital increase and purchasing existing share. In 2012, Ontario Teachers' Pension Plan (OTPP), Affinity, and others became shareholders after acquiring stakes from Daewoo International and the Korea Asset Management Corporation. LIK also joined as a shareholder in 2017, acquiring a portion of OTPP's shares.

In 2023, Kyobo Life conducted share buyback from minority shareholders, offering them an opportunity to divest their holdings.



Board of Directors

The Board of Directors, the final decision-making body that reviews and approves major corporate policies, consists of two inside directors; four outside directors with expertise in finance, management, digital, and law; and one non-standing director. Outside directors make up the majority of the board to ensure effective supervision, ensuring transparent management and a balanced alignment of interests among the company and stakeholders. In addition, efficiency of decision-making process has been improved by assigning all tasks except those related to shareholders' general meeting and those unique to the Board of Directors to committee under the Board.

Audit Committee

The Audit Committee consists of three outside directors, ensuring independence from the Board of Directors and executive bodies. It is responsible for evaluating and enhancing the appropriateness of the internal control systems and business performance. The Committee develops diverse internal audit plans, encompassing comprehensive and special audits. It evaluates the results of these audits and then provides post-audit measures and improvement recommendations.

Executive Candidate Recommendation Committee

The Executive Candidate Recommendation Committee plays a key role in promoting transparent management by nominating CEO candidates who embody integrity, qualifications, leadership, and managerial skills required for a CEO of an insurer. The Committee also recommends outside directors who are independent but have competence and expertise required for the company's strategic goals, and Audit Committee Members with capabilities and expertise to conduct overall supervision, including independent audits on the directors and management.

Risk Management Committee

The Risk Management Committee formulates foundational guidelines and key policies for effective risk management, sanctioning significant corporate strategies while considering various risks. It also performs routine risk analysis, devises risk management plans, and oversees the implementation of risk management practices. Kyobo Life has instituted the Risk Management Committee as an integral part of the Board of Directors, ensuring proactive and systematic risk management, with regular reporting of outcomes.

Remuneration Committee

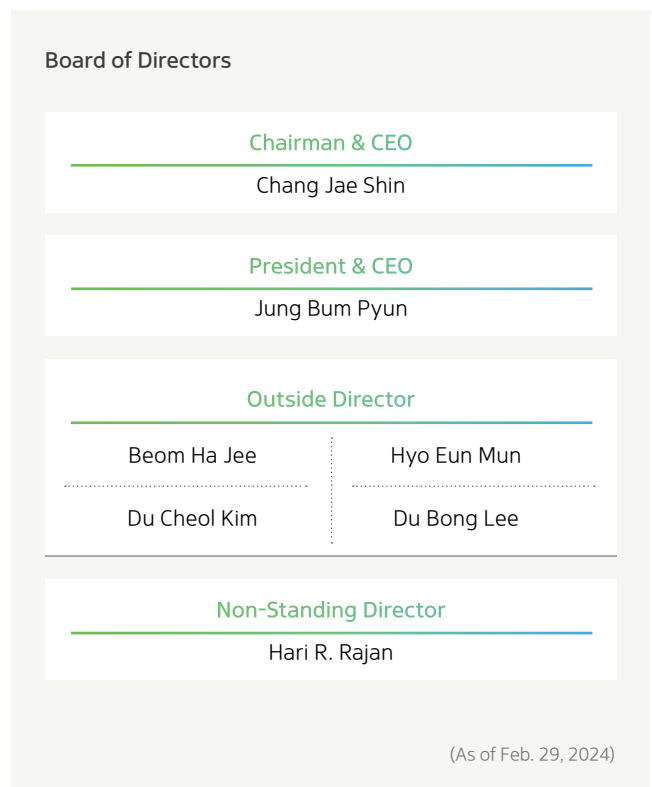
The Remuneration Committee is responsible for devising the remuneration framework for executives and employees engaged in critical decision-making for corporate management and tasks significantly impacting risks. Its goal is to align the company's performance with its risk structure. In particular, the Committee ensures a fair operation of the remuneration scheme, preventing the management level from engaging in excessive risk-taking solely for the purpose of higher remuneration.

Management Committee

The Management Committee is responsible for making comprehensive management decisions, encompassing short to long-term management directives, business plans, initiation of new businesses, and financial decisions such as the disposal/transfer of major assets. The outcomes of these decisions are reported to the Board of Directors.

Sustainable ESG Committee

The Sustainable ESG Committee serves as the ultimate decision-making body for sustainable management, engaging in discussions on key policies and the strategic direction of ESG in pursuit of mutual growth with all stakeholders. It is also accountable for deliberating and deciding on major items related to ESG management.



Management

Senior Executive Vice President(SEVP)

Jin Ho Park	Chief Financial Officer/ Head of Retirement Pension Consulting Center
Sam Geol Lyoo	Chief Investment Officer
Dae Kyu Cho	Head of Corporate Planning Division/ Head of HR Division
Gyu Sik Cho	Head of Channel Distribution Division

Executive Vice President(EVP)

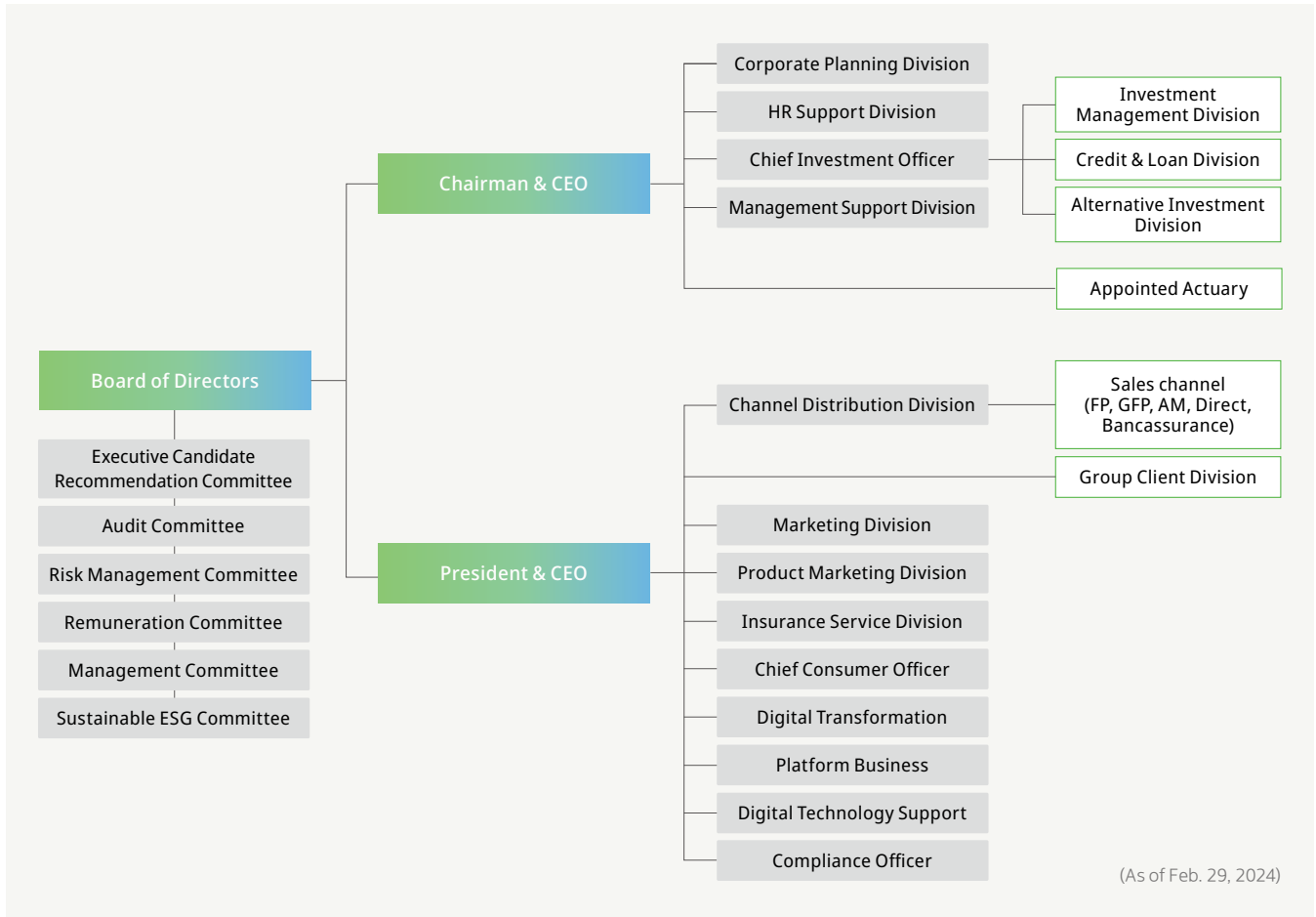
Ki Ryong Cho	Head of Legal Services Division
Woo Kyung Chang	Head of Digital Transformation
Mee Young Lee	Head of Marketing Division
Jae Myeong Park	Head of Audit Division
Jin Mo Jang	Head of Public Relations
Hak Sang Lee	Head of KYOBO Finance Laboratory
Gil Hong Cho	Head of Group Client Division

Senior Vice President(SVP)

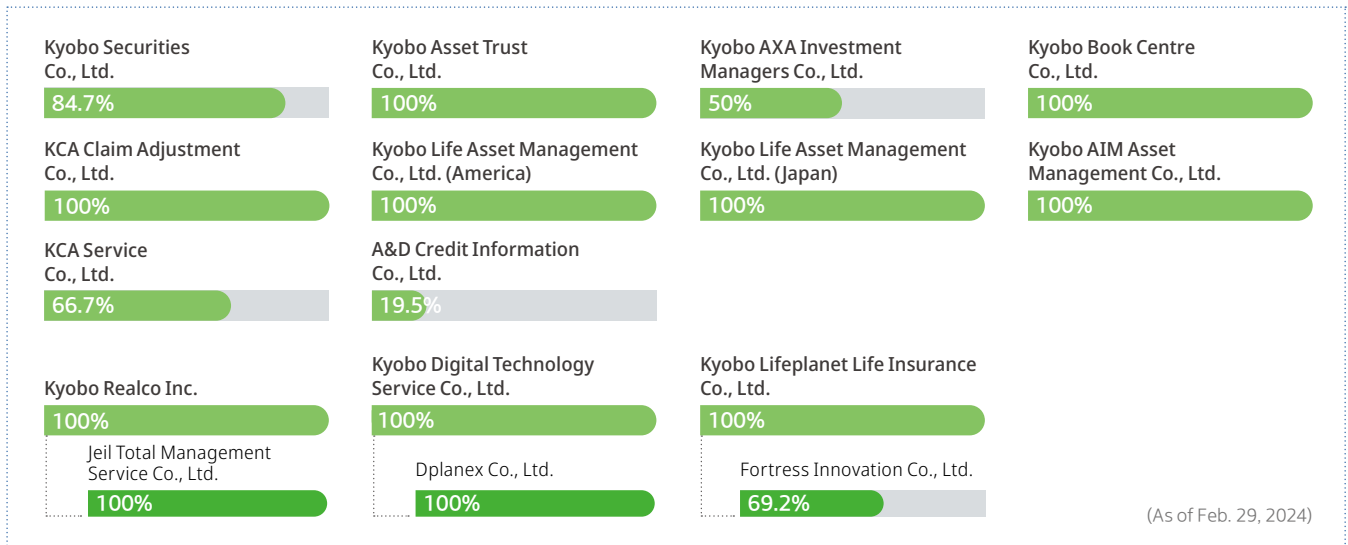
Young Kyu Youn	Head of Insurance Service Division	Gi Beom Kim	Head of AM Division
Chul Lee	Head of Digital Transformation Support	Sung Il Moon	Head of Group Sales Division 1
Kwan Sang Lee	Gangnam Regional Manager	Young Mi Moon	Head of Group Sales Division 2
Byung Doo Noh	Head of Marketing Support Division	Young Jae Kim	Head of Healthcare Center
Hong Yoo	Head of Labor-Management Support Division	Hwan Kang	Chief Customer Officer(CCO)/Head of Customer Care Center/Financial Consumer Protection Manager
Bong Hyun Jeong	Head of IT Support	Tae Dong Lee	Head of New Technology Development Team
Kwang Soo Mun	Gyeongin Regional Manager	Nam Kyu Lee	Chief Information Security Officer(CISO)/Chief Privacy Officer(CPO)/Credit Information Protection Manager
Young Dae Son	Gangbuk Regional Manager	Seung Won Kim	Head of Human Resource Management Team
Kyoung Bae Kim	Head of Financial Management/Internal Accounting Manager/Head of Governance TF	Jung Sik Park	Head of Human Resource Development Team
Hong Min Chung	Compliance Officer/Compliance Program Manager	Sang Yeol Lee	Head of Alternative Investment Division
Jong Kil Park	Appointed Actuary	Dong Mo Lee	Head of Asset Portfolio Management Team
Jong Hoon Kim	Head of Platform Business	Seung Hyun Byun	Head of New Business Development Laboratory
Ji Hyun Jo	Head of Platform Business Team	Sang Woo Nam	Head of Digital Marketing/Head of Digital Marketing Team
Woo Chul Jung	Head of Bancassurance Division	Joong Ho Kim	Daegu Regional Manager
Jae Hyuck Jeong	Head of Credit & Loan Division	Heon Jae Kim	Head of Product Strategy Team
Kyong Won Noh	Chief Risk Officer/Risk Manager	Hyo Young Lee	Head of GFP Department
Gyoung Jong Suh	Head of Product Marketing	Se Hyun Lim	Head of Group Data Strategy
Jun Hyun Kim	Busan Regional Manager	In Kyu Choi	Head of Policy Research Support Team
Ji Woo Kim	Head of Variable Asset Management	Jong Hyuk Paik	Head of Investment Management Division
Sung Soo Kim	Head of Digital Technology Support/ Head of Cloud Operations TF		
Seung Yong Rho	Joongbu Regional Manager		
Gi Hwan Jung	Honam Regional Manager		

(As of Feb. 29, 2024)

Organization Chart



Overview of the Affiliates



Sustainability Management

We pursue long-term mutual growth with all stakeholders

Promotion of Sustainable Management

Kyobo Life has established a sustainable management system in 2011, focusing on the Human-Centered Management Philosophy that the company has been promoting since its inception. The sustainable management system is comprised of the sustainable management philosophy, which highlights the pursuit of mutual growth with all stakeholders, and the commitment & principles for each stakeholder.

We uphold the sustainable management philosophy of “Pursuing mutual growth with all stakeholders,” explicitly outlined in the preface of the Articles of Association in 2012.

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

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



Kyobo Life has been a trailblazer in sustainable management, taking the lead as the first domestic insurer to join the UN Global Compact in 2010. In 2011, we broke new ground by issuing the first sustainability report in the domestic life insurance industry. More recently, Kyobo Life has actively engaged in global initiatives such as Principles for Sustainable Insurance (PSI) and Task Force on Climate-related Financial Disclosures (TCFD). These efforts have garnered recognition, and in 2023, Kyobo Life achieved the top spot in the life insurance sector for the fourteenth consecutive year in the Korea Sustainability Index(KSI), organized by the Korean Standards Association (KSA).

Sustainable Management System

Sustainable Management Philosophy						
Pursue the Mutual Growth with All Stakeholders						
For Stakeholders	Customers	Financial Planners	Employees	Investors	Ecosystem Players	Gov't and Local Communities
Commitments	Provide optimum insurance coverage and ongoing services	Succeed together with our Financial Planners	Grow together with our employees	Be attractive to investors	Cooperate with ecosystem players (affiliates and partners, etc.)	Grow together with the gov't and local communities
Principles	<p>① We will listen to the customers and manage the company from the customers' perspective.</p> <p>② We will enhance service quality from subscription to persistency and to benefits payment.</p>	<p>③ We will respect and trust the Financial Planners as our business partners.</p> <p>④ We will establish fair standards and help the Financial Planners engage in their sales and service activities with peace of mind.</p> <p>⑤ We will support the Financial Planners grow into the insurance expert.</p>	<p>⑥ We will continue our corporate culture of joy, pride, and trust.</p> <p>⑦ We will provide employees equal opportunities and reward them based on fair performance evaluation.</p> <p>⑧ We will help our employees to become the experts.</p>	<p>⑨ We will continue to produce exceptional profit through the good growth.</p> <p>⑩ We will increase the value of the company through preemptive financial and non-financial risk management.</p>	<p>⑪ We will grow together with our partners through fair transactions.</p> <p>⑫ We will pursue mutual growth in collaboration with ecosystem players including affiliates and partners.</p>	<p>⑬ We will fulfill our obligation for tax payment and cooperation by complying with the national tax and relevant laws.</p> <p>⑭ We will fulfill our social and environmental responsibilities as corporate citizen.</p>

ESG Initiatives

Kyobo Life is committed to authentic ESG management as an integral part of its sustainable management philosophy. In 2022, Kyobo Life crafted and publicly disclosed its ESG policy, a declaration outlining strategic directions to address ESG issues. Building on this policy, Kyobo Life actively pursues and incorporates specific initiatives for each E (Environment), S (Social), and G (Governance) aspect into its ESG roadmap.

Environmental (E)

Kyobo Life has undertaken various initiatives to address environmental challenges like climate change. In 2023, we collaborated with the Financial Supervisory Service (FSS) and Ewha Womans University on the 'Climate Risk Measurement Methodology Development Project' to understand the impact of climate risks on the company. Proactive environmental management efforts earned Kyobo Life the Minister's Commendation in the Green Management category at the Global Standard Management Awards cohosted by the Korea Management Register and Ministry of Trade, Industry and Energy. Recognition for implementing a nationwide environmental education program led to Kyobo Life receiving the Minister of Environment Award in the Environmental Education Social Contribution category.

Social (S)

Kyobo Life actively addresses diverse social challenges, focusing on privacy protection and promoting diversity among employees. We have established an information security system to ensure the protection of customer information. In 2023, Kyobo Life obtained certification for ISMS-P from the Korea Financial Security Institute, confirming the stability and reliability of its information security and technology capabilities. Efforts to foster female talent, coupled with the organization of DE&I(Diversity, Equity & Inclusion) conferences, illustrate Kyobo Life's commitment to expanding awareness and experiences related to diversity, fairness, and inclusivity within the workforce.

Governance (G)

In its systematic approach to ESG management, Kyobo Life has instituted and operates the Sustainable ESG Committee under the Board of Directors and the ESG Working Level Council, where key executives actively participate. We also maintain a dedicated ESG part, providing support for the implementation of ESG initiatives and committee operations. Kyobo Life has formulated a sustainable investment policy, considering ESG factors in asset management. Notably, in 2023, we are actively involved in ESG investments, including the issuance of hybrid bonds (sustainability bonds) totaling KRW 500billion.

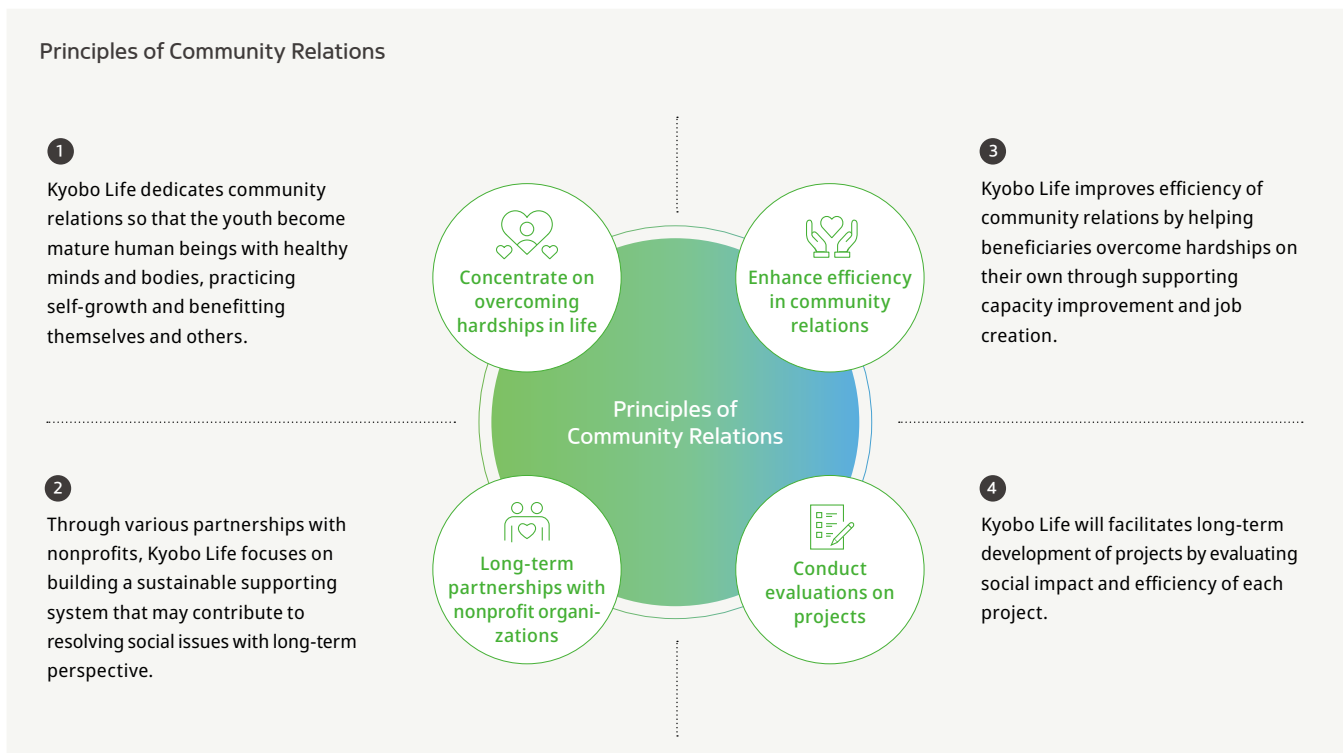
ESG Roadmap

Direction for major tasks	2022	2023~2024	2025
	Build the foundation for the ESG management	Internalize ESG and enhance the executing power	Generate the ESG business performance
 Respond to climate change, Enhance the environmental management	Build the environmental management system <ul style="list-style-type: none"> - Establish environmental policy - Push forward with acquiring the certification of environmental management system 	Enhance the environmental management system <ul style="list-style-type: none"> - Calculate financed emissions - Develop climate risks measurement methodology 	Strengthen the environmental management <ul style="list-style-type: none"> - Establish mid-to-long term goals to respond climate change - Set detailed operation standards for managing climate risks
 Proliferate the mutual-growth culture	Build the mutual-growth system <ul style="list-style-type: none"> - Build human rights policy and check human rights - Build an anti-harassment and bullying policy at work 	Enhance the mutual-growth system <ul style="list-style-type: none"> - Promote anti-corruption management system certification - Promote personal information protection system certification 	Strengthen the mutual-growth system <ul style="list-style-type: none"> - Expand the scope of the mutual-growth management
 Build the ESG decision-making system	Build the ESG decision-making system <ul style="list-style-type: none"> - Establish Sustainable ESG Committee - Install sustainable investment policy 	Enhance the ESG decision-making system <ul style="list-style-type: none"> - Prepare the ESG reflection within the voting rights guidance - Elaborate a sustainable investment policy 	Advance the ESG decision-making system <ul style="list-style-type: none"> - Promote the ESG reflection within the voting rights guidance - Enhance the independence of committees in the BOD

Community Relations

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

Kyobo Life acknowledges and embraces the enduring values upheld by humanity, striving to support individuals in the pursuit of these ideals. Our central corporate social responsibility initiatives are carried out through the Kyobo Dasomi Volunteers, founded in December 2002. These endeavors primarily focus on aiding those facing difficulties, fostering the development of our youth into well-rounded individuals with sound minds and bodies, capable of sustained self-growth and empathy.



01 Sharing Healthy Life with Others

Wow Dasomi Project for the Hearing-Impaired

The Wow Dasomi Project for the Hearing-Impaired is dedicated to assisting children with congenital hearing impairment, facilitating their recovery through timely treatment, as well as providing financial support for hearing assessments, cochlear implant procedures, and language therapy to address language disorders arising from hearing impairment. The positive results of these interventions enable these children to seamlessly integrate into mainstream educational environments and lead fulfilling lives. We are unwavering in our dedication to the Wow Dasomi Project, ensuring that these children can pursue their aspirations without being hindered by their disabilities.



Wow Dasomi Project for the Hearing-Impaired

02 Creating Dreams and Hopes Together

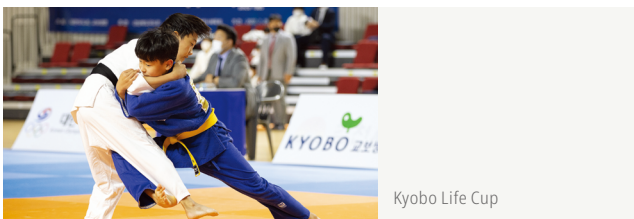
Ties of Love

The Ties of Love program sponsors underprivileged children, including those from child-headed families, single-parent households, and abandoned children. The Fund of Love is created through voluntary donations from employees' monthly payrolls and the company's contribution. The fund's proceeds are systematically delivered to support the upbringing of these children. Kyobo Life remains committed to providing ongoing support to ensure more children experience happiness in their lives.



Kyobo Life Cup: Youth Athletic Competition

Since 1985, Kyobo Life has been committed to nurturing wisdom, virtue, and physical health in youth through the annual Kyobo Life Cup, the only comprehensive sports competition for young athletes hosted by a private corporation in Korea. The event includes track and field, swimming, judo, table tennis, gymnastics, ice sports, and tennis. Held in collaboration with local governments in major cities nationwide, the competition serves to drive local economic growth.



Kyobo Scholarship Program for Youth Athletics

Kyobo Life awards fourteen outstanding young athletes (top two per discipline) from the Kyobo Life Cup with a KRW 2 million scholarship annually, along with various supporting programs (mental care, rehabilitation therapy, mentoring) from the 1st year of middle school to the 3rd year of high school. This initiative serves as a foundation for nurturing talented young athletes to become leaders in various societal spheres.

We remain committed to supporting and providing holistic education to these young athletes, fostering their growth as impactful leaders in society.

Kyobo Dream Makers

The Kyobo Dream Makers project is Kyobo Life's distinctive ICT education initiative, providing opportunities for youth to enhance their ICT capabilities.

ICT Future Talent Cultivation Project

We support the economic independence of young individuals by not only providing education for being a drone pilot, a webtoon creator (as a designer or author), a video expert, and coding expert but providing guidance on career paths through obtaining nationally recognized certifications, all of which are essential in the digital age.

ICT Experiential Education Program

The ICT experiential education program offers youth chances to explore novel cultural activities, incorporating ChatGPT, drones, AI augmented reality, self-driving RC cars, and design tools. This initiative fosters the development of young individuals' creative talents in the digital era.

Let's Add Impact to the World! UP!

Let's Add Impact to the World! UP! (ImpactUP) is a new social initiative dedicated to identifying and fostering Impact Enterprises* that tackle societal issues. The project involves delivering ICT services and products from these enterprises to underprivileged children and youth, narrowing the digital gap.

What is Impact Enterprises?

These impact enterprises not only generate profits but also have a positive impact on society. They act as economic entities supporting marginalized populations using their products and services.

Three goals of "Let's Add Impact to the World! Up!"



- 1 Provide opportunities for marginalized populations to access ICT-based digital services and skills.



- 2 Discover and nurture impact enterprises offering ICT-based services.



- 3 Overcome funding limitations and establish a new framework for social contribution.

“Earth Festival” for Boosting Awareness of Environmental Issues

In collaboration with the Ministry of Environment, Kyobo Life hosted the Earth Festival on October 23rd and 24th at Seoul's Gwanghwamun Square. The event serves as a platform for citizens to engage in discussions on carbon reduction and eco-friendly practices, aiming to highlight the importance of environmental conservation in the face of the climate crisis and promote sustainable actions in daily life.

With the participation of around 3,000 students and citizens, the festival provided valuable insights into climate crisis solutions and other environmental challenges. In tandem with the festival, Kyobo Life initiated diverse environmental education campaigns through the Environmental Globe Contest, Environmental Book Concert, and the ForUs environmental protection mobile application. These initiatives enabled people to learn and embrace the significance of environmental conservation and sustainable practices.

During the event, an awards ceremony was held for the 2023 20-Second Environmental Short Form Video Contest, which occurred in August. Under the theme of Everyday Eco-friendly Practices and Carbon Neutrality, the contest drew participation from 287 teams, with nineteen outstanding teams, including the grand prize winner, receiving certificates and cash prizes.

Looking ahead, Kyobo Life is dedicated to playing a leading role in practicing environmental protection and carbon neutrality in everyday life through distinctive environmental education and social contribution initiatives.



Earth Festival

Dream Goblin Project

Kyobo Life's Dream Goblin Project supports children in protective care facing challenges entering society due to a lack of preparation for independence. Through employee volunteerism, the project provides language, character, emotional, and financial education for children to lead healthy lives. Various programs help children to thrive as they become part of the social community.

Tailored language education for preschoolers, adapting to each child's language development stage, supports them in taking initial steps toward independence.

Recognized for systematic support from admission to discharge from childcare facilities, the Project earned the Prime Minister's Citation in 2023 in the Human Sharing category.

We will continue nuanced support to help children in protective care adapt and establish themselves in society seamlessly.



Kyobo Life's Dream Goblin Project

Independent Living Support Program

The Independent Living Support Program aims to equip young individuals transitioning from foster care or guardianship with financial self-reliance education to address economic challenges. Financial education is provided by experts, while self-reliance education involves mentoring sessions with former recipients of the Kyobo Life Hope Dasom scholarship. These sessions assess students' financial literacy and review income and expenses. We offer support for independent financial activities and opportunities to experience savings and funds.

Our commitment is to assist young individuals in overcoming concerns, providing the knowledge and experiences needed for successful economic independence.

Kyobo Leadership Program for Youth, “CHANGE”

CHANGE, an acronym for experience, character development, and wisdom cultivation, aspires to cultivate individuals embodying the concept of a “well-rounded person.” In the CHANGE framework, a well-rounded person is a leader achieving goals through consideration, creativity, and a spirit of challenge. The youth who have education in creativity and leadership, utilizing the Creative Leadership and Global Talent Assessment, can develop essential personal capabilities for the future. They also participate in team discussions and presentations, honing their communication and relationship-building skills. Our goal is to nurture the youth as genuine leaders capable of making a positive impact on the world.

03 A Beautiful Life of Sharing Together

Kyobo Dasomi Volunteer Team

The Kyobo Dasomi Volunteer Team actively reaches out to those in need, aiming to achieve joyful sharing. With 164 volunteer team, we participate in diverse activities to contribute to the community, collaborating regularly with social welfare organizations, and monthly nationwide plogging activities are also carried out.

To expand our reach and promote sharing in more locations, we will persist in developing locally tailored, community-focused programs.



Kyobo Dasomi Volunteer Team

“One Branch-One School” Financial Education Program

Kyobo Life's “One Branch-One School” Financial Education program aims to reduce financial literacy disparities among students in different regions. Through partnerships with local elementary, middle, and high schools, the program offers a variety of financial education activities. Using case-based textbooks and teaching aids, it incorporates experiential learning, field trips, and career counseling.

Our goal is to provide comprehensive support to ensure that students gain a solid understanding of finance from an early age, addressing gaps in financial education.

Social Contribution Projects for Global Society

Kyobo Dasomi Global Volunteers

Kyobo Dasomi Global Volunteers, comprised of employees, has been actively involved in volunteer activities since 2011 to enhance educational and living conditions in developing nations like Vietnam and Laos. The team has contributed to constructing educational facilities and houses of love, facilitated seed planting initiatives to empower economic self-reliance in struggling farming communities, and organized small-scale events, including sports competitions and graduation yearbook photoshoots for the local children, creating lasting memories.

We will continue to improve the educational environment for children abroad, ensuring the continuity of their learning journeys. Additionally, we strive to create a nurturing haven by constructing houses of love.

Building Schools and Improving Educational Environment

This project includes building schools and educational facilities in educationally vulnerable areas of Southeast Asian developing countries (Myanmar, Vietnam, Laos and Indonesia). The goal is to broaden learning opportunities and establish a conducive educational environment, contributing to the infrastructure for future dreams.

Dasomi Global Tree-planting Project for Economic Independence

For impoverished farming households in Vietnam, we provide grapefruit saplings and agricultural materials, coupled with ongoing education on cultivation techniques. We support the foundation for economic self-reliance and income enhancement for beneficiary households. Kyobo Life is dedicated not only to fostering economic independence for disadvantaged farming households abroad but also to promoting a cycle of generosity through substantial support.

The Beautiful Companionship of Moving Forward Together

Kyobo Life facilitates specialized and efficient public service projects through its foundations.

The Daesan Agriculture Foundation

The Daesan Agriculture Foundation, South Korea's pioneering agricultural support foundation, executes projects like the prestigious Daesan Agriculture Award, nurturing of next-generation agricultural experts, and backing practical agricultural research led by farmers. Through diverse public service initiatives, including elevating the value of agriculture, promoting rural experiences, fostering rural-urban exchanges, and backing local cultural events, the foundation contributes to fostering a joyful, sustainable society where urban and rural areas coexist.



The Daesan Agriculture Foundation

The Daesan Foundation

The Daesan Foundation is dedicated to cultural projects fostering the growth of our literature, the globalization of Korean literature, youth development, and cultural education. This encompasses awards such as the Daesan Literary Award, Daesan Creation Fund, Daesan Literary Award for College Students, and Daesan Literary Award for youth. The foundation also supports translation, research and publications for Korean and foreign literature, organizing public cultural activities like the Seoul International Forum for literature and the Book Love Campaign.

Kyobo Foundation for Education

The Kyobo Foundation for Education, established in 1997 with Kyobo Life's contribution, is an educational foundation focused on Promotion of National Education and Prosperity of Human Culture. With a sincere and dedicated approach, the foundation pursues continuous self-growth, undertaking various educational projects, including the Kyobo Education Awards, character education, leadership training, and education on importance of life.

INTANGIBLE VALUE DRIVERS

Customer

We place the highest priority on our customer and always strive to innovate customer value 28

Brand

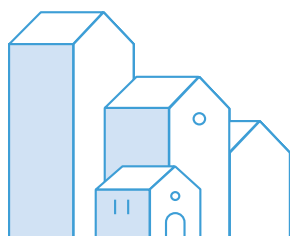
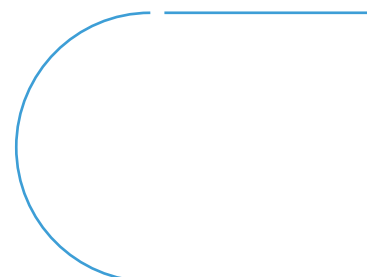
Kyobo Life Brand realizes the value of respect for humanity 30

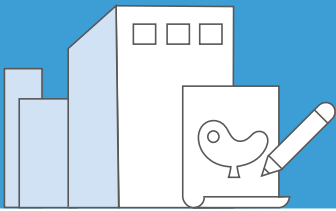
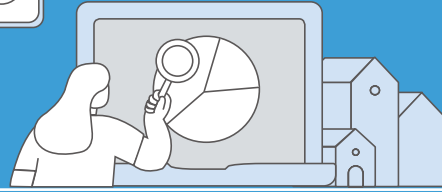
People

We aim for mutual growth with all employees 32

Digital Innovation

We are seeking digital innovation for strengthening competitiveness of insurance business and securing new growth engines 34





CUSTOMER-ORIENTED

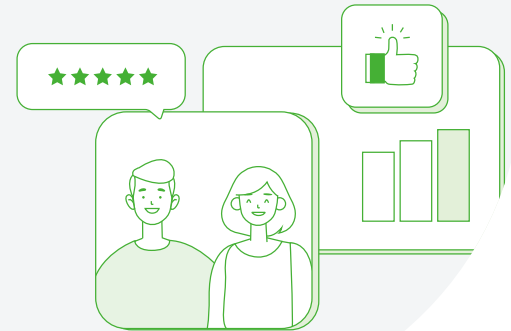
We will always put our customers first in our thoughts and actions.

Customer

We place the highest priority on our customers and always strive to innovate customer value.

Kyobo Life consistently strives to think from the customer perspective and endeavors to become a company that excels in providing insurance coverage.

We strengthen the competitiveness of our products and channels based on genuine understanding of our customers, providing extended customer value that goes beyond the expected “financial security” and “psychological stability” throughout the entire process of subscription-persistency-payment. We are committed to doing our best to enable customers to lead prosperous and happy lives. Furthermore, we concentrate on creating the intrinsic value of life insurance, aiming to actively support everyone in overcoming future challenges and pursuing their cherished dreams throughout their lifetimes.



Implementation of “Lifelong Care Service” to Keep Our Promise on Insurance Coverage for Customers

Kyobo Life is committed to the principle of prioritizing service for existing customers over acquiring new policies, exemplified through our active implementation of the Lifelong Care Service. This commitment is deeply rooted in our customer-centric management approach, aiming to meet and exceed customer expectations while proactively adapting to market changes, fostering a mutually beneficial relationship with our policyholders. Our dedicated financial planners (FPs) routinely visit customers to confirm their information, explain coverage of existing policies, and provide guidance on unclaimed insurance benefits. Additionally, we conduct regular assessments of changes in policyholder needs and financial status, assisting them in maintaining optimal coverage. As a result, we have successfully delivered the Lifelong Care Service to approximately 2.34 million customers over the past 13 years, earning recognition for rebuilding trust in the life insurance sector, instilling a culture centered on persistency, and becoming a benchmark for industry peers.

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

Kyobo Life strives to provide various services through Customer PLAZAs and customer centers to ensure that all customers can conveniently and swiftly handle various financial transactions.

Leveraging advanced IT systems incorporating digital technologies, we offer real-time subscription, persistency, and benefits payment via our website and mobile application. Notably, our continuous enhancement of the mobile sales support system, tailored for smartphones and tablet PCs, enables FPs to deliver one-stop insurance services without the constraints of time and location. Furthermore, we have developed unique services such as smart coverage analysis and illness prediction by using web scraping and Big Data.

Advanced Consumer Protection Practices

To handle customer feedback efficiently and promptly from various channels, Kyobo Life utilizes a Voice of Customer(VOC) management support system for VOC counseling and processing purposes. The tablet version of VOC management support system facilitates face-to-face customer consultations and real-time information provision in a digital environment. Additionally, a non-face-to-face video consultation system has been integrated to cater to vulnerable financial groups, ensuring seamless online and offline customer interactions. These initiatives underscore our dedication to consumer protection.

In addition, to take preemptive measures for preventing complaints and ensure timely business improvements, our dedicated Consumer Protection Department conducts weekly VOC Town Hall meeting. Significant matters are presented to the Consumer Protection Working-level Council and the Consumer Protection Committee for discussion. This facilitates swift decision-making by management, leading to the integration of improvements in our products and services.

In the sales field, Removing Mis-selling Consulting is carried out by a Customer Care Center so that the Financial Consumer Protection Act is well understood and the “six restrictions” on sales activities are faithfully followed. The Removing Mis-selling Consulting policy includes education on compliance with the Financial Consumer Protection Act, case based training for complaint prevention, and addressing field inconveniences through tailored consultations while collaboratively devising improvement strategies. Through Removing Mis-selling Consulting, our aim is to raise awareness of legal compliance and the importance of practicing complete subscription, thereby strengthening our capacity for consumer protection.

With our continuous efforts to protect consumers, Kyobo Life has been nominated to the Consumer-Centered Management (CCM) Certification Hall of Fame, hosted by the Fair Trade Commission (FTC) having acquired the certificate for ninth consecutive times. In addition, we were selected as an excellent company for three years in a row by the Korea Financial Consumer Protection Index (KCPI) by receiving an excellent rating from the consumer

perception survey hosted by Korea Management Association Consulting (KMAC) for each stage of insurance subscription.

Moving forward, Kyobo Life will make efforts to maintain our current status as an industry leader in consumer protection practice by innovating consumer-oriented business process, improving the speed and accuracy of handling complaints and taking follow-up measures. In the process, increasing value to customers to ensure consumer-centered management is truly attained. With the understanding that the genesis of every innovation stems from our customer feedback, we will endeavor to establish advanced consumer protection practices by implementing VOC management.

Pushing Forward with Upgraded Customer-Centric Comprehensive Financial Planning Advisory Service and Asset Management

Kyobo Life has rolled out the Kyobo Asset Management System (KAMS), delivering tailored comprehensive financial solutions aligned with life cycles and shifts in the financial landscape. Through collaboration with seasoned and specialized Wealth Managers and advisory groups across various domains, we provide a forward-looking approach to asset growth, protection, and succession planning, catering not only to individuals but also spanning across generations. Additionally, we offer specialized asset management seminars designed for affluent and middle-class customers, covering a range of topics such as real estate, taxation, and labor. In response to the post-COVID-19 trend favoring non-face-to-face interactions, we have introduced online asset management seminars and video consultation services.

Kyobo Life's comprehensive asset management services assist individual customers in crafting optimal coverage based on financial goals, encompassing family protection, health coverage, and retirement planning. For corporate clients, our differentiated services include consulting on various issues (wages, retirement benefits, dividends, and compensation for bereaved families) and succession plans of family businesses by analyzing corporate status and financial information as well as evaluating the appropriateness of executives and shareholder structure.

Throughout 2023, Kyobo Life provided 7,464 consultation sessions to 5,243 customers, held 355 asset management seminars, which demonstrates our continuous dedication to enhancing our financial advisory services.

Furthermore, Kyobo Life has established the Total Asset Management Biz. Development Team, recognizing the suitability of comprehensive property trust-based asset management for the future super-aged society. The team aims to provide customers with comprehensive solutions for stable asset management and efficient intergenerational transfers. The core business, the comprehensive property trust, includes testamentary trusts, gift trusts, guardianship trusts, and trusts for people with disabilities, facilitating customers' comprehensive asset management.

In 2023, we initiated system development and licensing process to conduct comprehensive property trust business and we are now preparing detailed asset management service with a target launch in the first half of 2024. Following the launch, industry-leading professionals such as Wealth Manag-

ers, attorneys, and tax professionals will focus on each individual customer, delivering personalized asset management services.

“DA-Win Service” to Help Partners Grow and Be Successful

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

As a customized corporate training program, DA-Win Service provides training programs on customer satisfaction improvement, CS quality improvement, and organizational activation for employee satisfaction and legally compulsory education. Since 2005, around 20,000 corporate clients including public institutions, medical institutions, and various corporations have provided DA-Win service to 1.2 million customers. Through the service, Kyobo Life's management philosophy to prioritize our customers and support their success has been shared.



Humanities Website, “Read, Walk, and Feel in Gwanghwamun” for Digital Communication with Our Customers

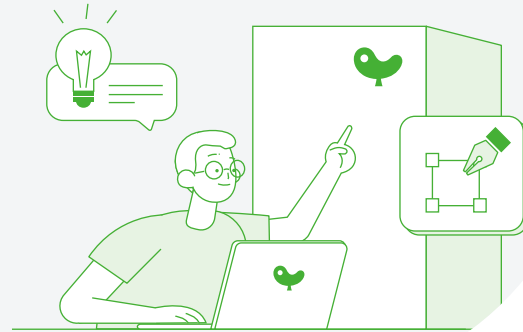
To harness evolving digital technologies and offer unique customer experience, Kyobo Life operates the humanities-focused website “Read, Walk, and Feel in Gwanghwamun (www.kyobostory.co.kr),” embodying the brand philosophy of Respecting Human Values. The platform hosts a diverse range of videos and lecture content in the humanities, allowing customers to effortlessly enjoy these materials. Additionally, Kyobo Life collaborates with Kyobo Book Centre to manage an e-book digital library, providing rental services for major e-books related to humanities. As of 2023, an average of over 97,000 customers visits the website monthly. Kyobo Life aims to further broaden our bond of sympathy on humanities with customers using digital technology in the future.



Brand

Kyobo Life Brand realizes the value of respect for humanity

Humanity is the most valuable presence in the world, and businesses exist to serve people. Every product and service offered by Kyobo Life stems from a mindset that values the aspirations of individuals. The Kyobo Life brand, founded on a sincere understanding of humanity, is committed to helping everyone support one another, overcome future challenges, and pursue their cherished dreams with unwavering determination throughout their lives.

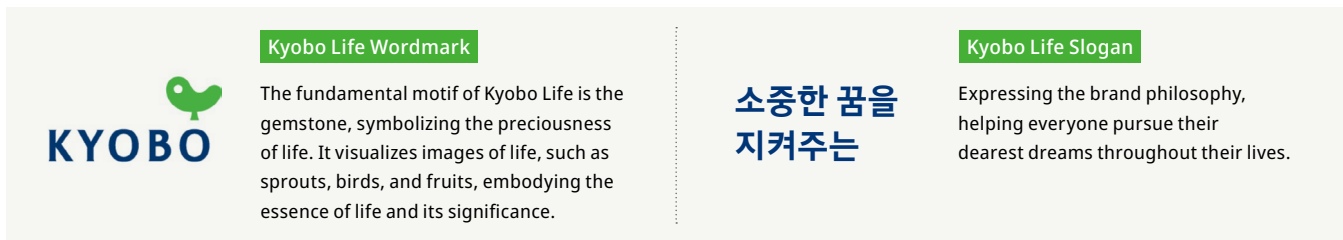
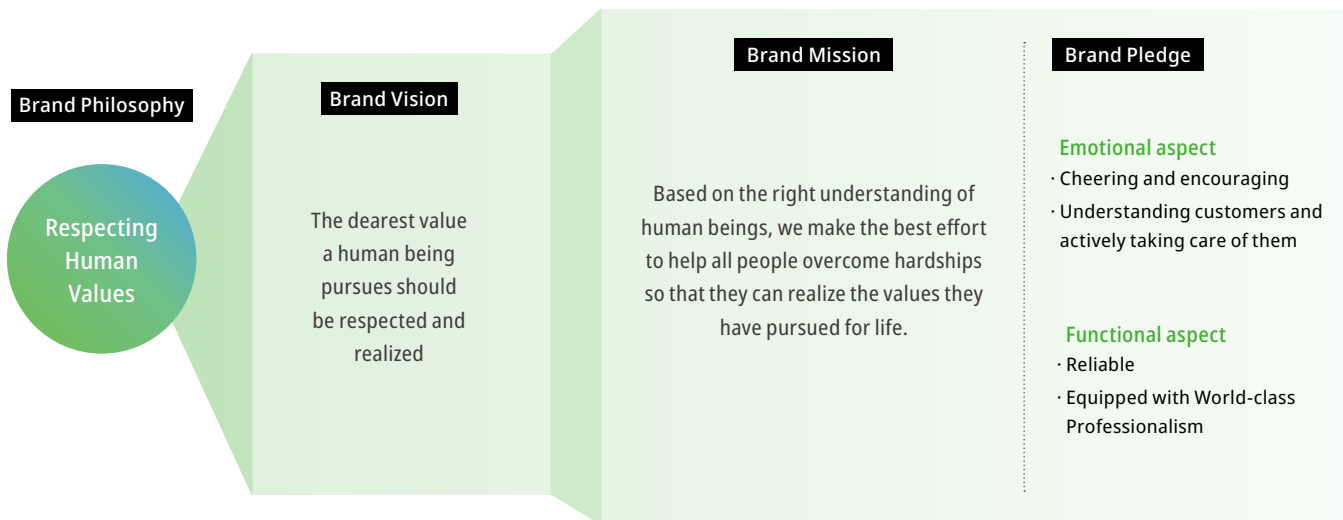


Corporate Brand

Our Pledge to Customers

The brand platform of Kyobo Life is based on the philosophy of our respect for human values. It embraces the vision that "The dearest value a human being pursues should be respected and realized.", missions defining the responsibility and methods of the brand, and our pledge describing the values and benefits we wish to deliver to society and our customers.

Kyobo Life Brand Platform and Expression System



Practicing Brand Promises Through Systematic Brand Management

Kyobo Life has set out a brand strategy and brand management system (rules/policies etc.) since 2003. Based on the infrastructure needed for systematic brand management, we consistently develop products/services and conduct marketing and communications activities to share the brand value. As a result, Kyobo Life was recognized with a brand value worth of KRW 1,402.5 billion won* from a credible global brand ratings agency.

(*As of the 2023, announced by Interbrand)

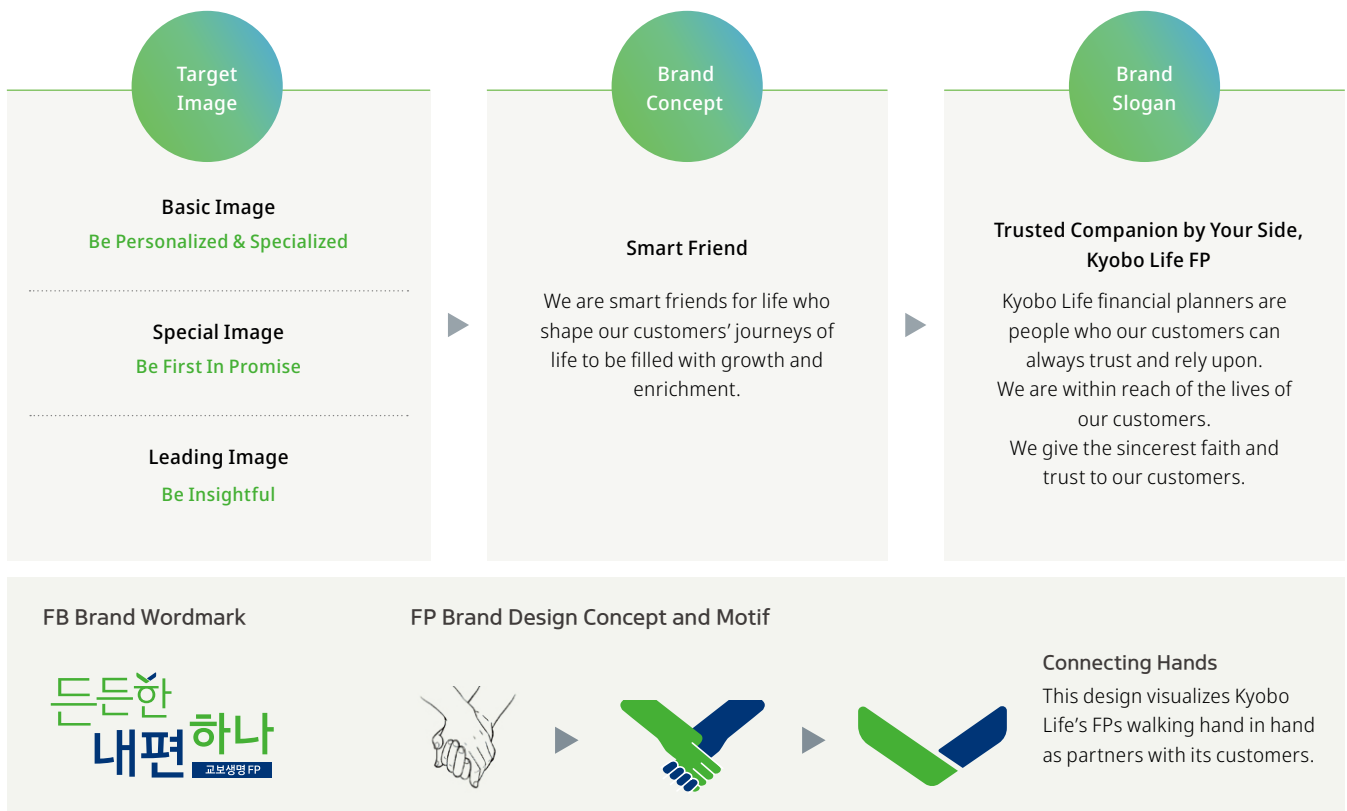
FP Brand

Kyobo Life FP Brand to be “Your Trusted Companion”

Recognizing the challenges of contactless interactions, Kyobo Life introduces FP brand to enhance its distinctive competitiveness through emotional marketing at the customer's closest contact point. It reflects a commitment to expanding relationships beyond mere customer-consultant interactions.

Defined by the unique strengths of Kyobo Life FP, the brand sets its target image and concept, encapsulated in its slogan, Your Trusted Companion. To effectively convey the FP brand, design elements like wordmarks and motifs have been developed.

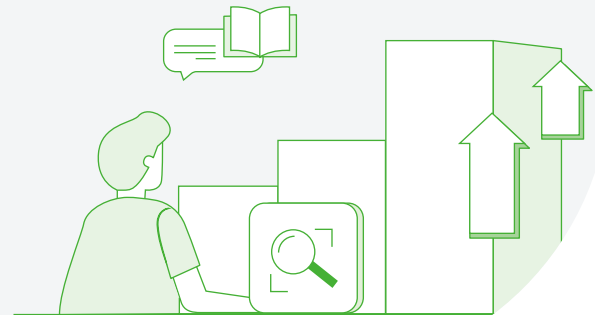
FP Brand System and Its Visual Expression



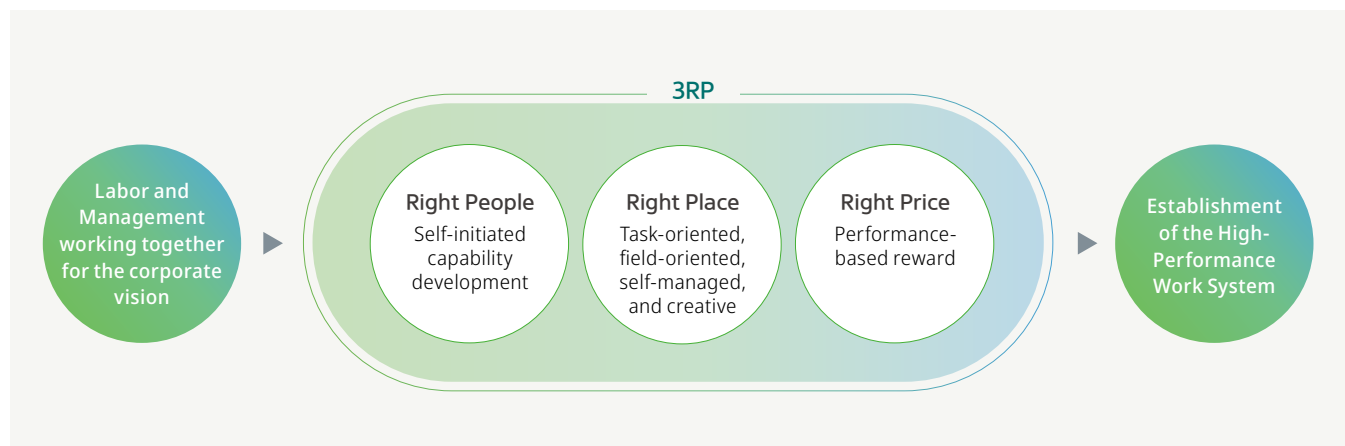
People

We aim for mutual growth with all employees

Kyobo Life pursues a vision of shared growth with all employees. We strive to cultivate a workplace culture that attracts talented employees, rewards for performance, and fosters development, aiming to be "The most desirable workplace." Going forward, we will maintain a balance between the company's vision and employees' personal goals, fostering a mutually beneficial relationship for both sides. Our commitment is to ensure Kyobo Life remains the premier workplace for people who work here in the future.



HR vision



Strengthening the Job-Oriented HR Management System

Since 2010, Kyobo Life has bolstered job-oriented HR management system covering hiring, promotion, performance evaluation, and compensation. We adopted a recruiting system in 2016 that focuses primarily on job requirements, hiring the candidates best suited for their respective positions as well as for the organization as a whole. In 2020, our compensation system was restructured and expanded to put greater weight on work positions. In 2022, we improved part of the work system focusing on job skills to align with current market trends so that we can hire and manage human resources for future competitiveness in the insurance industry. Kyobo Life remains dedicated to enhancing a fair and objective "Job-oriented HR management system" going forward.

Strengthening Performance Management System to Establish an HPWS Culture

Kyobo Life defines clear performance responsibilities for heads of all business units, including top management, in accordance with their roles. Also, we are working to establish a High Performance Work System (HPWS) culture that focuses on worksites. HPWS culture enables employees are well-informed about their vision, strategy, performance responsibilities, and goals, fostering voluntary engagement and immersion for achieving maximum performance.

Strengthening Key HR Management to Secure Future Corporate Competitiveness

Kyobo Life prioritizes managing key human resources for organizational competitiveness. An HR selection and nurturing system were established in 2005, followed by the institution of the Kyobo Leader(KL) Session in 2006. This event involves top management, the heads and directors of each business unit and the HR team in selecting and managing potential successors for organizational leadership. Since 2012, we have motivated professionals in key areas like product development, actuarial work, risk management, asset management, and digital operations, enhancing overall performance. Also, we expand opportunities for discovering and nurturing talent through conducting internal and external recruitment in crucial functional areas for securing HR pool on a regular basis.

For executive appointments, through the Management Executive Candidate Cultivation Course, we strengthen leadership and capabilities of executive candidates, minimizing management risks.

Securing Digital Experts and Strengthening Organizational Capabilities

Kyobo Life actively utilizes digital technology to uncover and realize new customer value by securing digital specialists and strengthening organizational capabilities.

By consistently recruiting top-tier digital professionals, we cultivate a creative and innovative organizational culture through the integration of new digital technologies and job competencies. Through systematic digital experts nurturing programs, we support the cultivation of current employees into digital experts.

Furthermore, we introduce and operate an HR system tailored for the digital era, offering diverse growth paths for our employees.

Supporting HR Cultivation in Response to a VUCA Environment

Kyobo Life has been pursuing initiatives to support the growth and development of employees in response to the VUCA environment in 2023. These efforts focus on enhancing digital competencies through practical data utilization in the field, promoting organizational innovation and adaptability, effective competency development, taking into account the generational characteristics of the workforce, and fostering a comprehensive understanding of DE&I(Diversity, Equity & Inclusion) among employees.

Initiatives like internally recognized data analysis certification, practical data utilization courses, digital online learning, and company-wide data utilization contests emphasize a data analysis and utilization centered approach to job performance and innovation.

Future plans involve enhancing digital competencies by improving utilization of internal data system and AI. Continuous leadership training for executives and team leaders is supported through activities like executive book club discussions, lectures, seminars, and innovative leadership development through online knowledge services and development of humanities capabilities, we also supported to extend innovation in each business unit by fostering DT translators, nurturing female talent in both headquarters and field positions.

We introduced Learning Together, a platform that encourages knowledge and experience sharing among employees in a bid to cater to the characteristics of the MZ generation and integrate work related to learning. We have selected new peer-to-peer (P2P) instructors among employees in the Kyobo Creator program, enabling all employees to serve as both a teacher and a learner through the Teaching and Learning Together*. Looking ahead, we aim to motivate more employees to actively create and share knowledge through Learning Together.

*Teaching and Learning Together: old probe, meaning Development via Teaching and Learning Together

Moreover, we facilitate various self-development opportunities, such as an AI Big Data master's program, mini-classes (peer-to-peer learning), training program held by Korea Insurance Institute, outsourced learning programs, certification acquisition support, micro-learning, and more. As part of building a horizontal organizational culture, we host the Kyobo Group DE&I (Diversity, Equity & Inclusion) Conference, striving to enhance understanding and promote values of diversity, inclusivity, and fairness among employees.

Kyobo Life remains committed to supporting employee development for quick adaptation to the digital era and evolving market trends. Our goal is to nurture a workforce capable of delivering innovative customer value and experiences, embracing continuous experimentation, improvement, and effective HR development.

Establishing Advanced Labor-Management Relations and Operating Fringe Benefits that Meets Employees' Needs

Kyobo Life is committed to upholding labor laws and principles, actively cultivating advanced labor-management relationships as a strategic partner. Through regular discussions and various communication channels such as labor-management council, we foster labor-management relationships based on mutual respect and trust, with the aim of fostering continuous growth and enhancing employees' quality of life.

These efforts have led to Kyobo Life being recognized as a Best Labor-Management Culture Enterprise by the government and receiving the Transparency Award from the Five Leading Economic Organizations for fostering a collaborative labor-management culture.

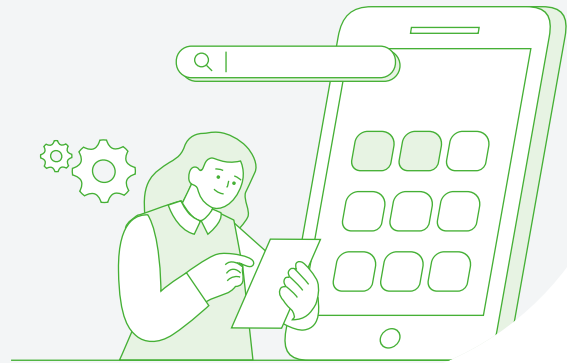
Additionally, we have consistently maintained Family-Friendly Certification since its introduction in 2008, securing the top rank as a family-friendly company according to the Ministry of Gender Equality and Family for sixteen consecutive years. We actively promote a family-friendly corporate culture by helping employees to strike a balance between family and work life and by supporting pregnancy, childbirth, childcare, and flexible working hours.

Furthermore, we are dedicated to enhancing the convenience and satisfaction of employees through fringe benefits that cater to various needs and by streamlining user-centric business processes. Efforts also extend to the rational and efficient operation of the in-house labor welfare fund. Looking forward, we remain focused on maintaining and advancing stable and cooperative labor-management relationships while continuously enhancing work conditions and environments. The objective is to empower employees to boost performance through job engagement and elevate their overall quality of life.

Digital Innovation

We are seeking digital innovation for strengthening competitiveness of insurance business and securing new growth engines

Kyobo Life is focusing on enhancing its core competitiveness in the insurance business through extensive digital transformation. Actively exploring and promoting new business, we aim to secure fresh sources of growth. Our goal is to identify the values customers seek and respond with unique and differentiated customer experiences.



Digital Transformation in Insurance Business for innovative Customer Experiences

Expanding User-Friendly Digital Services for Innovative Customer Experiences

Kyobo Life is committed to continuously improving and enhancing customer-friendly services by offering diverse digital content and services. Following the integration and revamping of digital channels, non-face-to-face services expansion of mobile application for insurance subscription and persistency enables customers to easily subscribe to necessary insurance products (e-insurance). With approximately 130 financial transactions available, user convenience has significantly improved. Additional features, such as Mobile App Easy Mode for enhanced readability and convenience for elderly users, and the batch claim filing service, facilitating simultaneous claims for insurance benefits from Kyobo Life and other insurers, have been implemented to enhance the customer experience across different demographics.

Moreover, we recently introduced the Goal Setting-Management service to support the cultivation of positive habits. Kyobo Life remains committed to expanding various customer services and persisting in efforts to provide positive digital-based customer experiences, fostering continuous innovation.

Retirement Planning Service
Tailored retirement planning solutions through ChatGPT consultations

Mydata home

김교보님의 총자산
19,083,200원

부동산 비중 35% | 금융자산 비중 65%

계좌: 15,608,400원 | 증권: 109,800원

Coverage Analysis Service
Precision in coverage analysis services utilizing coverage analysis solutions

Carbon Emission Consumption Analysis Service
ESG management driven by awareness of carbon emissions

Consumption Analysis Service
Insights into consumption through diverse consumption analysis

MyData and Open Banking for Enhanced Financial Services Experience

Kyobo Life leads the industry as the first life insurer to offer MyData and Open Banking services simultaneously, focusing on improving the convenience of financial services for all customers. Our commitment to elevating customer experience is evident in the provision of digital financial services, covering asset management, financial account inquiries, and fund transfers—all within a single application, a feature unprecedented in insurance applications.

Also, we have extensively revamped MyData services with a focus on Personal Financial Management (PFM), delivering digital services such as personal asset management, retirement planning, and carbon emission consumption analysis. This effort has allowed us to secure customer data from the 2040 age group, contributing to sales channel performance through the integration of our proprietary data and financial MyData to offer coverage analysis services. Looking ahead, we aim to boost competitiveness by making quantitative and qualitative improvements in data, enhancing personal asset management services, and exploring revenue models such as white labeling. Our dedication lies in advancing towards a comprehensive digital financial business.

Enhancing Competitiveness of insurance Business through Expanded Data Utilization Capability

Kyobo Life is committed to making data utilization a standard practice for all employees. To achieve this, we have expanded the use of BI tools like EDW and Tableau, providing comprehensive training and workshops across different levels of the organization. This empowers employees, from headquarters to the field, to effectively integrate data into their day-to-day tasks. Specifically, we have boosted data utilization capabilities by enabling insurance professionals to autonomously construct the Integrated Analysis Monitoring System for Insurance Services through a user-friendly BI visualization portal without assistance from IT department. Our ongoing efforts involve promoting a field-centric data utilization system, ensuring that all employees recognize their capacity to independently utilize data. Also, by encouraging a culture of innovation, we aim to enhance operational efficiency and continually innovate processes to ultimately enhance the customer experience.

On a broader scale, Kyobo Life has established a Group Data System and Infrastructure Agreement with affiliates such as Kyobo Securities, Kyobo Book Centre, Kyobo Life Planet, Kyobo DTS (Kyobo Information & Communication), and DPLANEX. It consolidates data, facilitating data-driven decision-making and fostering synergy among affiliates. We are at the forefront of implementing services that cater to customer needs.

Moreover, we are actively working on predicting customer life events for personalized services and enhancing consumer protection through predictive modeling for mis-selling. Leveraging data on the search and purchasing behavior of Kyobo Book Centre customers, we implemented a digitalized new insurance business model for securing prospective custom-

ers and aligning with insurance products. Looking ahead, Kyobo Life will expand the digitalized customer experiences, thus contributing to the continuous enhancement of core competitiveness in insurance business.

Strengthening Competitiveness of Insurance Business through Enhanced AI Capabilities

Kyobo Life has taken a pioneering step in the insurance industry by introducing an AI program named KyoboGPT. It includes Insurance Policy GPT, summarizing about 36 types of insurance policies, and Enterprise GPT, utilizing AI for employee tasks. KyoboGPT is set to expand into nine additional functions, such as legal support and healthcare inquiry responses. While the introduction of generative AI is in the initial stage to enhance productivity, our plan is to further develop employees' AI skills. Simultaneously, we aim to extend KyoboGPT into a customer touchpoint AI service, contributing to the delivery of new customer value.

Strengthening Competitiveness of Insurance Business through the Introduction of AI Contact Center

Kyobo Life strengthens its competitiveness of Insurance Business by introducing AI contact center, employing voice bots and STT/TA technologies. It enhances the accuracy and efficiency of insurance subscription processing, prevents mis-selling, and implements measures for consumer protection. The voice bot actively supports executing of complete sales process and monitoring, while STT/TA independently evaluates insurance contracts through Direct channel explained by consultants over the phone, aiding in subscription. Moreover, customers can enjoy 24/7 non-face-to-face personalized consultation services, increasing overall convenience. Our commitment lies in constantly improving customer experiences and delivering consumer-centric services through ongoing AI learning and service enhancement.

Securing New Growth Engines through Establishing a Business Ecosystem

Building a Business Ecosystem through Open Innovation

Kyobo Life actively nurtures a business ecosystem through partnerships with external entities, ranging from startups and public institutions to universities, venture capital firms, and global organizations. Through corporate venture capital (CVC) initiatives, we launched the First Kyobo New Technology Investment Association Fund, investing in a total of 21 projects by 2023.

We also run open innovation program INNOSTAGE, supporting the identification and development of promising startups with exceptional technological capabilities and ideas. Leveraging this, Kyobo Life continues collaborations with outstanding startups, implementing initiatives like a co-payment with ceiling inquiry system using digital technology, offering batch claim filing service for insurance benefits, and partnering for additional services related to dietary management for chronic disease patients. Additionally, we have established diverse and long-term partnerships with leading domestic companies, by implementing online customer attraction services in collaboration with Interpark's "BalanceKOK"

Moreover, Kyobo Life has been chosen as a partner for the Tech Incubator Program for Startup (TIPS) program* and the Startup Leap Package,* expanding the infrastructure for the investment, cultivation, and collaboration of early-stage startups. Looking ahead, we will proactively explore, collaborate with, and invest in promising startups to secure new growth momentum, consistently expanding our business ecosystem.

*TIPS Program: A program that selects entrepreneurial teams with innovative technology ideas to foster future promising startup companies led by private sector

*Startup Leap Package: A government-supported program aimed at assisting startups to overcome the "Death Valley" and achieve growth in their third to seventh year of operation

Promoting Healthcare Business Through Health Promotion Platform and Employee Health Management

Kyobo Life is venturing into the healthcare sector with the new health promotion platform like "donots" for childcare health and "MyBalabce" for employee health, building on its previous success with the two-sided platform "Nalcee" in culture and arts. "donots" will be evolved from an infant nutrition-focused information sharing community into a comprehensive childcare health platform. Simultaneously, another new platform "MyBalance" is in a pilot phase, accumulating expertise in various healthcare programs for employees. Kyobo Life aims to expand its digital healthcare platform, commencing with "donots" and "MyBalance", delivering value of securing family health, and addressing the emerging needs of the silver generation.

Promoting a Culture of Innovation through Small Innovations

Strengthening Internal and External Collaboration through the Innovation Lab where Innovation Becomes a Reality

The Innovation Lab serves as a dynamic space for continuous experimentation with new challenges to generate innovations in insurance products, services, and new business models. Employees from different departments come together in the Innovation Lab to swiftly refine ideas, with a focus on improving customer value through customer-centric thinking.

The Innovation Lab not only introduces services from affiliates and partner startups to internal employees but also identifies challenges that may be difficult to tackle within a single department. It seeks opportunities for collaboration across departments to generate synergies and quick combinations of external expertise and capabilities. By identifying and addressing such challenges, the Innovation Lab facilitates diverse collaboration for various stakeholders. Going forward, Kyobo Life will leverage collaboration as a cornerstone for realizing innovations in customer experience.

Kyobo's Internal Ventures, Expanding a Culture of Business Innovation through Open Innovation

Kyobo Life's internal venture system supports employees in transforming their business ideas into viable startups. Over the past three years, we have selected 20 internal venture teams, and as of 2024, the third cohort with four teams continues to embody Kyobo Life's spirit of challenge and creativity. We actively assist employees from validating idea concepts to business commercialization, offering coaching, consulting, and marketing support throughout their entrepreneurial journey. Employees whose internal venture ideas materialize and receive positive evaluations become task force leaders, supporting the actual launch of the business.

In 2023, Kyobo Life became the first financial institution to receive an Outstanding Evaluation for companies operating government-supported internal ventures. Notably, the second cohort's internal venture, Haenanda Company, won the Grand Prize in a women's entrepreneurship competition hosted by the Ministry of SMEs and Startups, growing into an actual spin-off startup. Kyobo Life's achievements from operating internal venture have gained external recognition.

Looking ahead, Kyobo Life will foster open innovation with external startups, ensuring that employees' internal venture ideas become the company's new growth engines. We are committed to establishing a unique innovation culture at Kyobo Life, marked by a spirit of challenge and creativity.

MARKET & STRATEGY

Insurance Business

We will pursue innovations in products and distribution channels with digital transformation 38

Asset Management

We will stay true to the principles of asset management for life insurers by creating continued and stable investment profits with long-term perspective 39

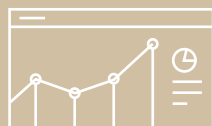
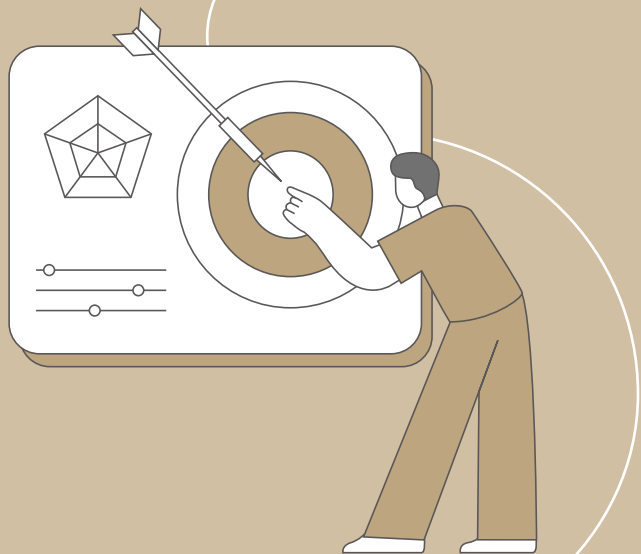
Risk Management

We maximize corporate value with thorough and strategic risk management 41



TENACITY & CREATIVITY

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



Insurance Business



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

Kyobo Life takes immense pride in embodying the true essence and foundational spirit of life insurance - fostering humanity through collaborative support, empowering individuals to overcome future challenges. Our commitment centers around delivering distinctive products and services that exceed customer expectations, providing both emotional reassurance and financial security. In pursuit of this commitment, we actively drive customer-centric digital innovation, expediting the transformation of our products and channels. Through these efforts, our goal is to contribute to a world where everyone can pursue their cherished dreams without succumbing to unforeseen life challenges.

Insurance Market Overview in 2023

The year 2023 presented a challenging landscape marked by economic downturns attributed to rising interest rates and inflation. Also, marketing competition was intensified due to contraction of traditional life insurance triggered by shifts in societal and demographic structures, and fierce competition in products against non-life insurance companies.

The advent of an era of longevity with disease, increased awareness of health issues, coupled with advancements in medical technology, signaling continuous growth in overall medical expenditures. Consequently, the demand for insurance for individuals with illness and disability was constantly expanded.

The flourishing development of health insurance products, particularly those catering to diseases and seniors, was notable. The implementation of IFRS17 intensified competition in the sale of short-term payment whole life insurance to secure CSM(Contractual Service Margin).

Insurance Business Performance in 2023

In 2023, we analyzed and understood customers for pushing ahead with customer centered marketing. Based on this, we innovated products and services to create customer value. By maintaining a substantial share of sales in protection type products such as whole life and general protection products compared to industry peers, we expanded customers' coverage asset, resulting in increased both the number of existing and new customers compared to the previous year.

To enhance our competitive edge in insurance operations, we expanded our channel organization by securing qualified Financial Planners(FPs) and enhancing training program of new FPs. This enabled us to offer optimal coverage plan and persistency services to a broader customer base.

Furthermore, we accelerated the digitization of sales support tools, fostering a growth-oriented sales culture. Leveraging digital technology for upgraded optimization of core processes of insurance enhanced customer experiences, while system improvements increased the efficiency of insurance service operations.

Insurance Market Outlook in 2024

In 2024, global financial uncertainties are expected to decrease compared to 2023. However, due to domestic challenges, including ongoing demographic changes due to low birth rates and aging population, the

strain of high household debt on principal and interest repayments, and sustained low growth amid inflation, low growth will be persisted. As implementation of International Financial Reporting Standard for Insurance Contracts(IFRS17) and the Korean Insurance Capital Standard(K-ICS), consumer protection policies by financial authorities for protecting customer rights and enhancing both transparency and responsibility of financial institutions will be reinforced.

Customer needs are expected to expand, with a focus on short-term payment whole life insurance and insurance for the sick customized to the health condition of the insured person. For acquiring Contractual Service Margin(CSM), competition between life and non-life insurers in the gray zone insurance market is expected to intensify, along with growing competition centered around short-term payment whole life insurance in the traditional life insurance market. The relaxation of regulations on online platforms providing insurance product comparison and recommendation services is predicted to accelerate the entry of big tech and platform companies into the finance/insurance sector, heightening market competition.

In response, insurers are expected to proactively adapt to customer and market changes, introducing new products and services to offer customers innovative experiences.

Insurance Business Strategy in 2024

In 2024, we will achieve growth goals by enhancing our competitiveness in the insurance business. Through the "Balanced Protection" project, we will provide products and services that ensure coverage throughout the entire life cycle, extending beyond family life protection, and strengthen our competitiveness in the insurance business using digital technology.

Additionally, in our customer-oriented marketing efforts for both new and existing customers, we will expand the provision of Customer Tag based Pools and further refine predictive models for future behavior to support targeted marketing.

We will strengthen our product lineup to provide optimal coverage for each customer. Through tied agent channel, we will emphasize qualitative growth, considering the company's philosophy, organizational/operational culture, and capabilities. Also, we will focus on quantitative growth including market expansion through agency channel.

Furthermore, we will increase the utilization of digital-based non-face-to-face channels to enhance customer convenience and improve on-site operational efficiency.

Asset Management



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

Kyobo Life's asset management adheres to the core principles of constructing an optimal asset portfolio within asset management constraints, focusing on risk limits and duration targets to achieve sustained stable returns. The foundation lies in asset liability management(ALM), considering the characteristics of long-term insurance products. This involves pursuing stable returns through a strategic asset allocation(SAA) with a long-term perspective, complemented by tactical asset allocation(TAA) to actively address market fluctuations and secure excess returns with a short-term perspective.

Financial Market Overview in 2023

In 2023, the global economy experienced a faster-than-expected inflation slowdown attributed to supply chain improvements and rigorous monetary tightening. This development offered a potential escape from the vicious cycle of persistent inflation, high-interest rates, and high exchange rate in the post-COVID. Notably, the United States has seen improvements in labor market imbalances, showing signs of disinflation without accompanying economic downturn.

Amid easing concerns about an economic downturn related to high inflation and interest rates, global financial markets displayed heightened volatility, influenced by expectations of inflation stabilization and shifts in monetary policy. The yield on the 10-year US Treasury bond fluctuated, reaching nearly 5% in the latter half after starting the year at around 3.9%, only to decline to approximately 3.9% by year-end. Despite market fluctuations, stock price, centered with tech stocks was increased. Especially, NASDAQ posted an annual return of +43.4%, while the MSCI ACWI index recorded +19.9%.

Despite a sustained low growth rate fueled by weakened consumption and export, domestic interest rates were coupled with intensified external market volatility, undergoing repeated fluctuations. The domestic stock market experienced fluctuations driven by interest rate volatility and concerns over sluggish domestic demand. However, with positive expectations for the growth of the secondary battery market in the first half of the year and optimism for the recovery of the semiconductor industry in the second half of the year, the KOSPI index recorded a return of +18.7% for the year.

Kyobo Life's 2023 Asset Management Performance Overview

In fiscal year 2023, our asset management division adeptly navigated the volatile financial markets, delivering impressive results in both profitability and risk management. On the profitability front, we strategically expanded investment in assets with high risk adjusted return, such as alternative investments, elevating portfolio yields. We focused on bond rebalancing, leveraging interest rate volatility, aimed to secure stable future source of recurring income. Variable insurance assets outperformed benchmarks by dynamically adjusting equity and bond portfolios in response to market dynamics.

In terms of risk management, we persistently worked to minimize mismatch of asset-liability cash flow through a comprehensive asset liability management(ALM). This not only aimed at reducing capital volatility but also improving the K-ICS ratio in response to interest rate fluctuations. Proactive measures for risky assets, and strategic foreign exchange hedging were implemented to ensure stable credit and market risk management. In anticipation of concerns regarding household debt amid high-interest rates, we focused on enhancing the qualitative structure of retail loan assets, including reinforced delinquency rate management.

Financial Market Outlook in 2024

In 2024, we anticipate a relief in inflationary pressures, but global economic growth is poised to decline due to the cumulative impact of tightened monetary policies, which led to diminished consumer purchasing power. The global bond market is closely watching the anticipated policy shift by the Federal Reserve, and volatility is expected based on the speed and intensity of actual interest rate adjustments. Global stock markets may see heightened volatility amid concerns about a potential economic downturn, coupled with expectations surrounding monetary policy changes, resulting in continuous decoupling with macro economy by nation, industry and company.

Despite challenges in the domestic economy, including weakened demand and reduced global trade, South Korea is expected to see gradual improvement in GDP growth rate, particularly driven by enhancements in exports, centering around the semiconductor sector. Nevertheless, risks persist like weakened domestic demand, escalating household debt, challenges in real estate project financing, and uncertainties in the Chinese economy. The domestic bond market might experience increased volatility in anticipation of the policy shift, but overall, interest rates are projected to decline based on stable consumer price, prolonged low economic growth, and an abundance of liquidity. The domestic stock market is forecasted to perform well, benefiting from improved investor sentiment due to anticipated shifts in monetary policy and entering a positive phase in the semiconductor cycle. However, increased volatility is expected in the latter half of the year, influenced by the extent of the economic slowdown in advanced countries and corporate performance.

Asset Management Strategies for Kyobo Life in 2024

In 2024, while financial conditions are expected to gradually improve, the combined impact of a tightening monetary policy poses both challenges and opportunities. We are strategically focusing on leveraging these factors to strengthen our competitive edge in asset management for sustained growth.

First, under the IFRS17 regime, we aim to reduce volatility of capital and K-ICS ratio by expanding long-term high interest bearing assets to secure future revenue.

Second, we will actively enhance alternative investment capabilities and competitiveness, fostering collaborative relationships with external asset managers to boost profitability.

Third, we will proactively manage risks to navigate increased financial market volatility in response to evolving investment conditions.

Last, we will make efforts to achieve tangible outcomes in the digital transformation of the asset management sector, with a focus on improving robo-advisor services for variable insurance asset.

Risk Management



We maximize corporate value with thorough and strategic risk management

Risk management is a fundamental competitive advantage in the insurance industry. Kyobo Life is dedicated to minimizing operational uncertainties and enhancing stability through systematic risk quantification and integration. We actively build a group-level risk management system and maintain sound capital adequacy ratio to manage group-level risks systematically. For the implementation of IFRS17 and K-ICS in 2023, we have established relevant infrastructure and systems to maintain a stable solvency ratio under the new regulations.

We have implemented measures to reduce required capital and expand available capital, and we will continue to execute further measures. Kyobo Life's robust risk management forms the cornerstone for long-term corporate value enhancement, aligning with its business essence and creating new opportunities.

Strategic Risk Management to Maximize Corporate Value

To ensure financial soundness, Kyobo Life has set limits and monitors risks affecting capital, adopting an ALM policy that considers both liabilities and assets for sustainable long-term corporate value growth. Non-financial risks, such as operational, strategic, and reputational risks, are integrated into the risk management focus. We conduct risk control assessments by business unit, continually improving related systems and infrastructure for the seamless operation of the overall risk management framework.

Systematic Risk Management for Management Stability

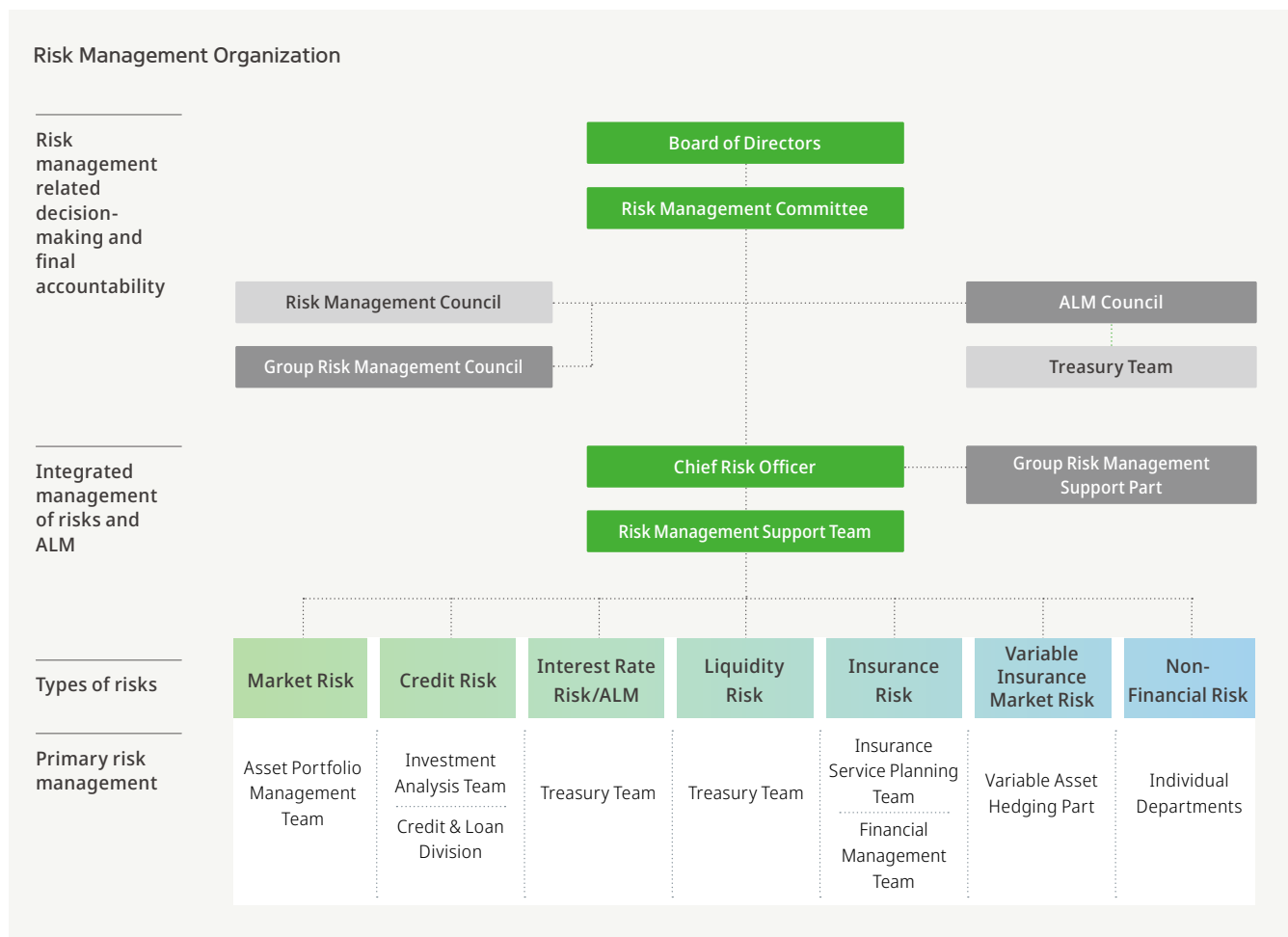
Kyobo Life measures potential risks involved with daily business operations, which include sales activities and asset management, and sets permissible risk levels for daily business operations, ensuring stable operations within available capital level. Utilizing proactive risk management techniques, including risk acceptance, reduction, transfer and avoidance, we regularly monitor and manages total risks and individual risks to maintain an appropriate level relative to permissible limits.

Kyobo Life is actively developing a proactive risk management framework to prevent or minimize losses resulting from rapid financial market changes. This involves a dedicated organization conducting proactive risk reviews on major decision makings across the company, implementing pre-emptive and staged risk limit management, conducting regular checks, and making adjustments to ensure compliance with risk limits. We have also set and manage loss limits of securities and conduct periodic monitoring of various risk factors. These measures collectively contribute to a robust risk management system that allows us to anticipate and respond effectively to evolving risks.

To ensure operational sustainability even under the extreme market fluctuations, Kyobo Life, at the corporate level, formulates crisis scenario for various risks, establishes and operates appropriate response measures. Additionally, we perform periodic drills to validate the effectiveness of response strategies.

Risk Management System

Kyobo Life distinguishes risks into market, credit, interest rate, liquidity, insurance, variable insurance market, and non-financial risks and systematically formulates and manages management strategies for each type of risk.



Market and Credit Risks

Kyobo Life ensures effective management of potential asset losses resulting from changes in the financial environment at a withstanding level by incorporating risk limits into the formulation of asset portfolios. In asset management, we consistently monitor adherence to market and credit risk limit, risky asset group limit, loss limits for securities and derivatives, as well as transaction limit across borrowers, groups, and industries. Furthermore, to preemptively prevent non-performing assets due to realized market and credit risks-such as fluctuations of interest rate, stock price, and exchange rate, deterioration in corporate and household debt repayment capacity, and a decline in collateral values-Kyobo Life has implemented and operates a continuous monitoring system for various risk factors. Additionally, we remain dedicated to refining individual and corporate credit rating models, enhancing the sophistication of credit risk management for trading counterparties.

Interest Rate Risk

To stabilize the company's net asset value amid market interest rate fluctuations, we've devised and executed a strategy to manage the duration gap within a defined range. This includes actively managing asset portfolios, monitoring liability duration through replication portfolios, and implementing various measures to minimize the duration gap.

Furthermore, aligned with our business plan, we set an annual interest rate risk limit and have established a systematic monitoring and inspection system to consistently uphold the efficacy of our ongoing interest rate risk reduction policy.

Insurance Risk

In adapting to the Korean Insurance Capital Standard(K-ICS), we are shifting towards an insurance risk management system focused on capital impact management. To stabilize volatility of net asset value triggered by mortality/morbidity rates, surrender rates, and expense ratios, we've set insurance risk limit. Regular monitoring and adequacy checks ensure a balanced level of insurance risk relative to available capital.

Moreover, we consistently strengthen underwriting standards, fortify insurance claims assessments to prevent unjust insurance claim payment, and proactively mitigate potential losses through regular mortality/morbidity gain analysis. Our efforts are also aimed at establishing and managing mortality/morbidity gain targets for a secure and stable mortality/morbidity gain outcome.

Liquidity Risk

To avoid unexpected liquidity shortages from essential cash expenditures like insurance claim payment and executing policy loans, we've established a minimum liquidity fund limit, actively overseeing its management. We set and regularly monitor key liquidity management indicators, including liquidity gaps, liquidity ratio, and liquidity coverage ratio. In preparation for potential fund outflows amid sudden shifts in the financial market, we annually conduct mock training to refine response strategies based on liquidity crisis scenarios.

Variable Insurance Market Risk

For Variable Insurance Market Risk, we've set limits to minimize losses from variable insurance asset/liability fluctuations gap driven by financial market changes and we consistently monitor compliance with the limits. Furthermore, to stabilize profit and loss amidst financial market changes and safeguard capital in crises, we employ dynamic hedging through derivative instruments.

Non-financial Risk

To meet company-wide management goals, we've created standard scenarios for non-financial risks such as shifts in the business environment, regulation, and operational risks by each business unit and department so that we can conduct scenario-based Risk Control Self-Assessment on business environment changes. We have also developed and operated key risk indicators for rapid monitoring and response.

ALM Policy for Long-Term Risk Management

Kyobo Life actively employs an asset liability management (ALM) policy to ensure stable management of interest rate risk amid financial environment changes and minimize capital volatility resulting from interest rate fluctuations. We use replication portfolios to monitor liability duration, consistently refining the structure of assets and liabilities to manage the duration gap within target levels by controlling the scale and duration of interest-bearing assets and liabilities. Furthermore, we are continuously enhancing the ALM system, with a specific focus on improving the accuracy of asset and liability cash flow calculations.

Climate Risk Response

Kyobo Life has partnered with industry, government, and academia to create a management model for accurately and systematically addressing the ongoing climate risks resulting from climate change. Additionally, we've implemented a climate risk management system that includes financial emissions measurements and scenario analyses related to climate change to strengthen our climate risk management capabilities and prepare for regulatory enhancements mandated by supervisory authorities.

Kyobo Life's Preparations for New Regulations

Response to the International Financial Reporting Standard for Insurance Contracts(IFRS17), and Korean-Insurance Capital Standard(K-ICS)

Kyobo Life has established the required infrastructure and systems to sustain a stable solvency ratio following the implementation of the International Financial Reporting Standard for Insurance Contracts(IFRS17) and the Korean Insurance Capital Standard(K-ICS) in 2023. We actively monitor the effects of regulatory changes, collaborating closely with financial authorities and the insurance industry to mitigate potential disruptions and will continue to focus on strengthening financial soundness under the new regulations.

Integrated Supervision System for Financial Conglomerates

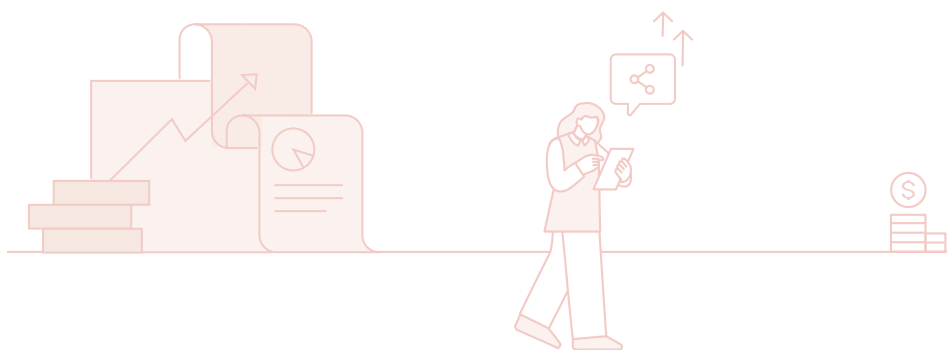
In response to the implementation of the "Act on The Supervision of Financial Conglomerates" in June, 2021 for effective risk management at the financial conglomerate group level, Kyobo Life has established and operates a comprehensive risk management system. This system addresses risks associated with the Kyobo Financial Conglomerate group,* and we ensure financial consumer protection through quarterly disclosures of ownership structures, internal controls, risk management practices, capital adequacy, internal transactions, and risk concentrations.

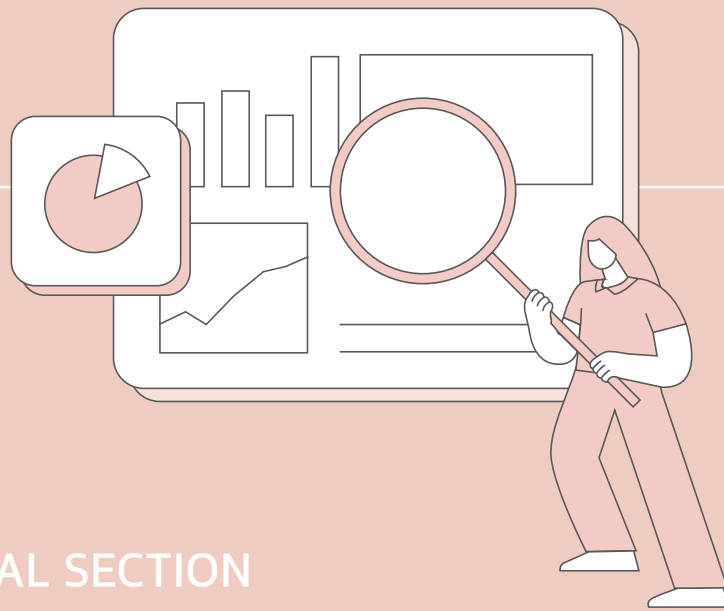
*Major affiliated financial companies of Kyobo Financial Conglomerates Group: Kyobo Life, Kyobo Securities, Kyobo Life Planet Life Insurance, Kyobo AXA Asset Management, Kyobo Asset Trust, Kyobo AIM Asset Management

The ORSA System

As part of enhancing risk management for insurance companies, the regulatory authority introduced the Own Risk and Solvency Assessment (ORSA) system in 2017, enabling insurers to self-assess risks and solvency. Kyobo Life adopted ORSA in 2019, conducting annual self-assessments and reporting the results to the board of directors. The evaluation outcomes are seamlessly integrated into management policies, ensuring a robust risk management framework.

FINANCIAL SECTION





FINANCIAL SECTION

Management's Discussion and
Analysis

I. Introduction

The Management's Discussion and Analysis section covers both Kyobo Life's past performance as well as forward-looking statements, including anticipated shifts in the economic landscape, prospects for the life insurance industry, and Kyobo Life's target goals and strategies. These statements would be subject to inevitable influences by unpredictable external factors, which may cause the actual economic environment or performance of Kyobo Life to differ from the projections stated or implied herein. Thus, readers are advised to carefully consider such possibilities in understanding the content of Management's Discussion and Analysis.

The fiscal year of Kyobo Life commences on January 1 and ends on December 31. Thus, in this document, the terms "Fiscal Year 2023" and "FY2023" refer to the period from January 1 through December 31, 2023, and the same principle applies to all other years under discussion.

FY2023 is the first year the International Financial Reporting Standard for Insurance Contracts, IFRS17, and the new solvency regime, K-ICS, were implemented. For Kyobo Life, this is also the first year the IFRS9 was adopted for classifying and quantifying financial instruments. These changes in accounting standards have significantly altered the accounting framework, posing difficulties when comparing the figures with those for the FY2022 financial statements. Therefore, the Management's Discussion and Analysis includes insights into how these new standards have influenced the results.

Two accounting principles standards, Generally Accepted Accounting Principles (GAAP) and the Statutory Accounting Principles (SAP), are applied to life insurance companies in Korea. Despite the differences in operating profits arising from the distinct classifications of operating and non-operating activities, pre-tax income is identical whether the figure is based on GAAP or SAP. The Management's Discussion and Analysis section in the Kyobo Life FY2023 Annual Report is based on SAP, under which profits and expenses related to each activity (investment and insurance sales) are distinguished. Additionally, products that profits and losses from investments attributed to policyholders are classified as separate accounts under SAP.

II. Key Financial Performance Overview

1. Growth

Kyobo Life has demonstrated consistent growth in recent years, driven by its excellent asset management, thorough risk management system, market-leading product development capabilities, and robust exclusive distribution channels. Since 2016, Kyobo Life has been strategically preparing for the implementation of new accounting standards, resulting in minimal asset reduction following the implementation of IFRS17. Total assets increased 6.7% year-on-year to KRW 115.1 trillion during FY2023. At year's end, total equity decreased to KRW 9.8 trillion. This is primarily attributed to a decline in other comprehensive income by KRW 2.9 trillion, caused by an increase in insurance liabilities due to lower interest rate compared to the interest rate posted at the end of FY2022. Nevertheless, Kyobo Life remains dedicated to enhancing both the quantity and quality of its capital through sustained profit generation with retained earnings accounting for 63.7% of capital.

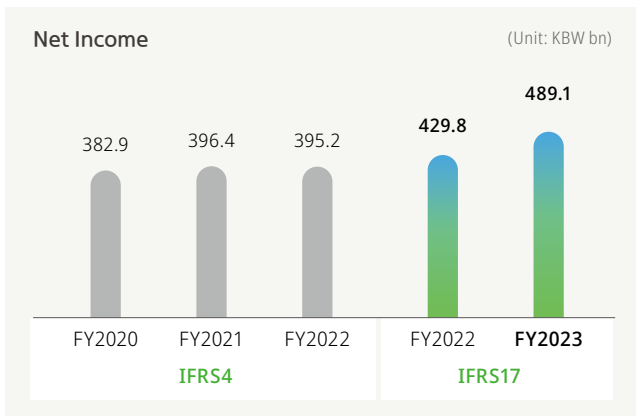
2. Profitability

Kyobo Life is committed to upholding the core principle of the life insurance business, namely providing optimal customer coverage, with a focus on securing sustainable long-term profitability over rapid expansion of scale. A profitability-driven approach has been implemented from a long-term perspective, allowing Kyobo Life to consistently deliver stable annual net income of around KRW 400 billion. Importantly, in FY2023, net income reached just under KRW 490 billion, up 13.8% year-on-year. This growth was propelled by robust performance in insurance profits, primarily driven by amortization of the contractual service margin, as well as investment gains derived from recurring income such as interest income.

Growth Indicators

(Unit: KBW bn)

	IFRS4			IFRS17	
	FY2020	FY2021	FY2022	FY2022	FY2023
Total Assets	115,486.1	119,149.3	117,175.7	107,826.6	115,079.6
Total Equity	12,093.9	11,024.0	5,909.7	12,715.6	9,762.4
Premium Income	14,280.0	15,808.3	20,736.1	20,736.1	18,987.0
General Accounts	8,836.6	9,560.7	12,658.4	12,658.4	11,178.7
Separate Accounts	5,443.4	6,247.6	8,077.7	8,077.7	7,808.3



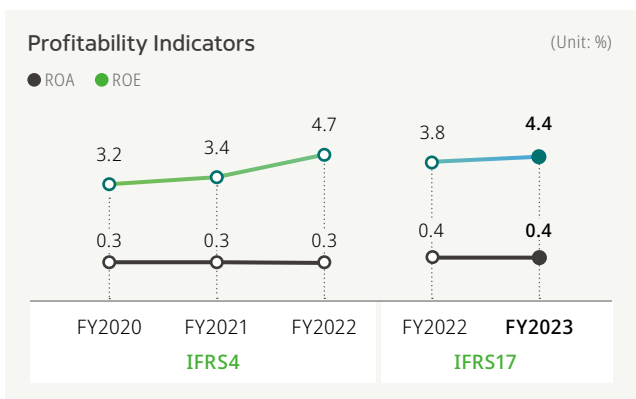
The contractual service margin(CSM) is a new concept under IFRS17. It signifies the present value of future profits derived from insurance contracts. As the CSM undergoes amortization and is recognized as insurance profit, it serves as a prominent metric for gauging an insurer's profitability. The new business CSM enables a concurrent evaluation of an insurer's growth potential and the profitability of new businesses, thus playing a pivotal role in assessing insurers' growth and profitability. However, given that both the CSM and new business CSM are based on the estimation of future profits and converting it into present value, their outcomes may greatly vary based on the underlying assumptions, necessitating careful scrutiny when analyzing these metrics.

At the end of FY2023, Kyobo Life's contractual service margin reached KRW 6.1 trillion, a 10.5% increase over the previous year. Similarly, the new business CSM also grew by around 8.8% year-on-year, driven by robust sales of protection type products.

Contractual Service Margin (Unit: KBW bn)

	FY2022	FY2023
Contractual Service Margin	5,533.8	6,115.4
New business CSM	1,262.0	1,372.9

ROE in FY2023 increased due to the rise in net income to 4.4%, up 0.6% from a year earlier.



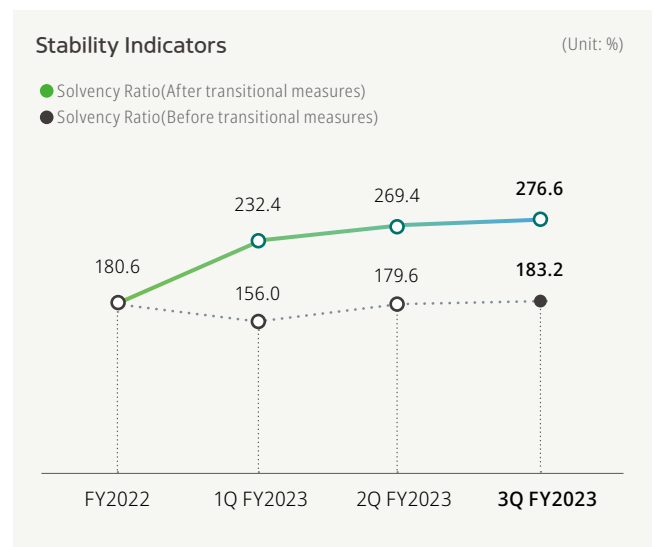
* ROE = {Net income / (Beginning total capital + Ending total capital) / 2}
 * ROA = {Net income / (Beginning total assets + Ending total assets) / 2}

3. Stability (Financial Soundness)

Kyobo Life recognizes risk management as a core competitive advantage of an insurer. Risk factors are quantified and systematically managed through integration to proactively reduce or eliminate uncertainties in operations and enhance operational stability. New infrastructure and systems have been prepared since 2016 in preparation for the implementation of International Financial Reporting Standard for Insurance Contracts(IFRS17) and the new solvency regime, Korean Insurance Capital Standard(K-ICS). As a result, Kyobo Life has maintained a solid solvency ratio even amidst the introduction of new regulatory frameworks. Anticipating heightened volatility in financial markets and considering the first year of implementing the new solvency regime, we applied for a transitional measure for the solvency ratio to financial authorities in February 2023 to mitigate potential volatility in the solvency ratio.

The risk-based capital(RBC) method has been replaced by K-ICS, a new financial soundness indicator for life insurers. Both assets and liabilities are now assessed at fair market value. Confidence levels are enhanced and the scope of measured risks are expanded, compared to the RBC. Consequently, life insurers should have a higher required capital under K-ICS, which can be viewed as a strengthened solvency regime compared to the RBC approach.

As of the third quarter of 2023, Kyobo Life's K-ICS ratio stands at 276.6%, showing a continuous upward trend since the introduction of the K-ICS ratio. Kyobo Life's solvency ratio even without transitional measures stands at 183.2%, surpassing regulatory recommendations and demonstrating stability.



* The RBC ratio for 2022, and the K-ICS ratio for 2023
 * Solvency ratio= Solvency margin / Total K-ICS risk or RBC risk
 * Based on consolidated financial statements

III. Insurance Business Analysis

1. Premium Income

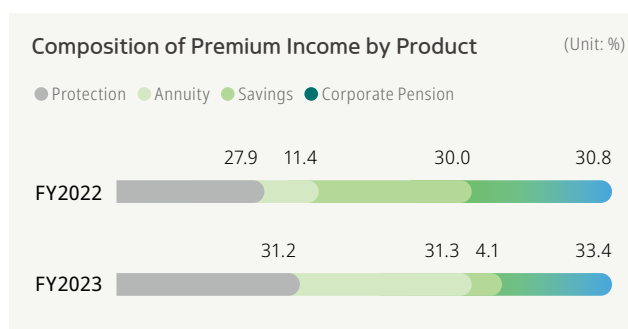
Insurers competed fiercely in 2023 to secure strong profitability indicators, CSM, under the new accounting standards. Life insurers strategically prioritized the sale of short-term payment whole life and general protection products (health insurance) to bolster their CSM. On the other hand, Kyobo Life adopted a prudent approach, steering clear of the overheated competition in the short-term payment whole life, characterized by high surrender values and sales commissions. Instead, our efforts were directed towards promoting whole life and general protection products, which are more aligned with the core principles of the insurance business. As a result, premium income from protection type products rose 2.4% in FY2023 despite the heightened competitive landscape.

Moreover, Kyobo Life responded to the sustained high interest rate environment since 2022 by introducing hybrid annuity products early in 2023. Unlike traditional savings products, the annuity products serve to mitigate the risk of mass surrenders at specific junctures and facilitates the dispersion of cash flows over an extended period through staggered payouts. Consequently, annuity sales were prioritized over savings products through the bancassurance channel, allowing Kyobo Life's premium income from annuity products to grow by 152.2% in FY2023, while premium income from savings products declined by 87.5%. The fall in premium income from savings products resulted in 8.4% of decline in total premium income year-on-year, marking KRW 19 trillion for FY2023.

Premium Income by Product

(Unit: KBW bn)

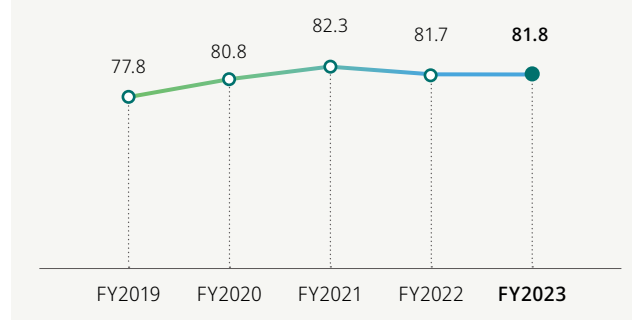
	FY2022	FY2023	Change
Protection	5,784.7	5,922.3	2.4%
Annuity	2,358.5	5,948.6	152.2%
Savings	6,211.3	777.7	-87.5%
Corporate Pension	6,381.5	6,338.5	-0.7%
Total	20,736.1	18,987.0	-8.4%



As increased surrender rate of savings was stabilized, the 13th persistency ratio also has been gradually recovering. Kyobo Life is working to enhance the persistency ratio by maintaining a product portfolio focused on health insurance with high persistency rates, developing AI-based lapse policy prediction systems, and refining commission structures.

Persistency Ratio in the 13th month

(Unit: %)



*13th month persistency ratio: persisted contract amount in the 13th month / total subscribed contract amount in the 13th month (overdue twice, accumulation basis)

2. New Business

The total annualized premium equivalent (APE) for FY2023 reached KRW 1.8 trillion. Kyobo Life's strategic emphasis on prioritizing protection type products to uphold the core principles of life insurance led to the launch of various new protection type products tailored to meet diverse customer needs. These offerings include whole life insurance, caregiving insurance, cancer insurance, brain/heart care insurance, and prenatal insurance. Moreover, we introduced unique and beneficial products like the Kyobo Our Child Insurance, for which Kyobo Life secured exclusive right of use. This strategic approach resulted in a 23.7% increase in APE for protection type products over the previous year, with protection type products accounting for 52.9% of total APE, up 15.4%p year-on-year.

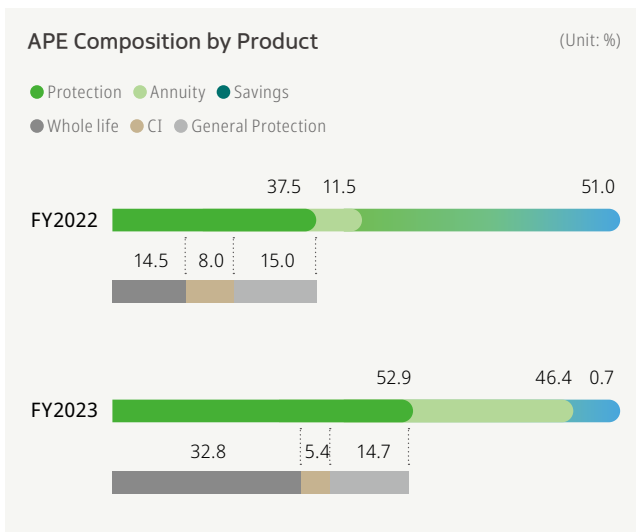
Looking ahead to FY2024, Kyobo Life will remain focused on "Balanced Protection" project, a major initiative that emphasizes expanding the general protection product lineups and aggressively securing new contracts of protection products by introducing differentiated products and competitive marketing strategies.

APE by Product

(Unit: KBW bn)

	FY2022	FY2023	Change
Protection	788.9	975.5	23.7%
Whole life	305.4	604.4	97.9%
CI	168.2	99.5	-40.9%
General Protection	315.3	271.6	-13.8%
Annuity	241.8	855.4	253.7%
Savings	1,074.6	12.6	-98.8%
Total	2,105.3	1,843.5	-12.4%

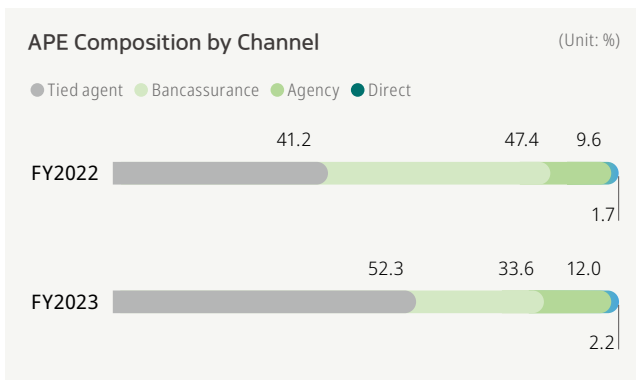
* Excluding Corporate Pension



3. Sales by Channel

Kyobo Life meets diverse customer needs by providing differentiated products and services through diverse channels, including tied agent (FPs, the main sales channel), bancassurance, agency, direct channel, and corporate sales channels.

In FY2023, with the increase in new business APE for protection type products, the tied agent channel's share rose to 52.3% of the total, while the agency channel also saw steady growth, capturing a 12.0% share of new business APE. However, the portion contributed by the bancassurance channel fell to 33.6% due to a drop in sales of savings products.



* Excluding Corporate Pension

4. Insurance Operating Income

IFRS4 recognizes insurance premiums as income on a cash basis, while IFRS17 takes an accrual-based approach, recognizing the cash value of insurance services provided during the accounting period as income. Thus, insurance operating income consists of expected insurance claims, expected operating expenses, and the amortization of contractual service margin (the present value of future expected insurance contract profits recognized over the reporting period). Insurance operating expenses include actual incurred claims, operating expenses, and expenses related to onerous contracts.

In FY2023, Kyobo Life reported an insurance profit of KRW 42.1 billion. Difference between actual and expected, which is the deviation between expected and actual insurance claims/expenses, totaled KRW 49.4 billion, mainly due to higher expected operating expenses from increased sales and enhanced claims assessment. Since transitioning to IFRS17, Kyobo Life has recognized a stable gain from amortization of contractual service margin of approximately KRW 400 billion every year. Looking ahead, Kyobo Life will continue to achieve sustained and stable insurance profits through increasing sales and effective management of difference between actual and expected.

Insurance Income

(Unit: KBW bn)

	FY2022	FY2023	Change
Insurance Revenue	3,414.2	3,661.3	7.2%
Expected Incurred Claims	1,784.8	1,921.5	7.7%
Expected Operating Expense	922.1	1,048.2	13.7%
Change in the Risk Adjustment	142.7	137.0	-3.9%
Amortization of Contractual Service Margin	458.1	413.5	-9.7%
Other Insurance Profits	106.6	141.0	32.3%
Insurance Expenses	3,469.9	3,586.2	3.4%
Incurred Claims	1,815.9	1,897.8	4.5%
Actual Operating Expense	962.6	1,022.5	6.2%
Losses on Onerous Contracts	583.0	509.7	-12.6%
Adjustment to Incurred Claims	-10.7	1.4	-
Other Insurance Expenses	119.0	154.8	30.1%
Reinsurance Income	2.6	3.5	34.2%
Other Operating Expenses	32.4	36.4	12.4%
Insurance Income	-85.5	42.1	-

IV. Asset Management Analysis

1. Asset Portfolio

Kyobo Life consistently follows a long-term asset management strategy based on asset liability management(ALM) principles suited for the nature of long-term insurance products. The strategy is to build an optimal asset portfolio and generate stable profits over time.

Beginning in FY2023, Kyobo Life adopted the International Financial Reporting Standard 9(IFRS9) for classifying and quantifying financial instruments. Under IFRS9, financial asset classification is determined objectively, rather than at the discretion of insurance companies. Financial assets are categorized into three groups: Fair Value Through Profit or Loss(FVTPL), Fair Value Through Other Comprehensive Income(FVTOCI), Amortized Cost(AC). This change has resulted in assets that were classified as available-for-sale securities such as stocks, beneficiary certificates, and certain bonds in FY2022 to now be classified as FVTPL, leading to increased volatility in profit and loss due to fair value changes.

It is also important to note that while the financial statements for FY2022 were prepared in accordance with IFRS17 and International Accounting Standard for Financial Instruments(IAS39), those for FY2023 are prepared in accordance with IFRS17 and IFRS9. Therefore, year-on-year comparison might be difficult due to changes of standard when analyzing the asset portfolio and financial statements related to investment income.

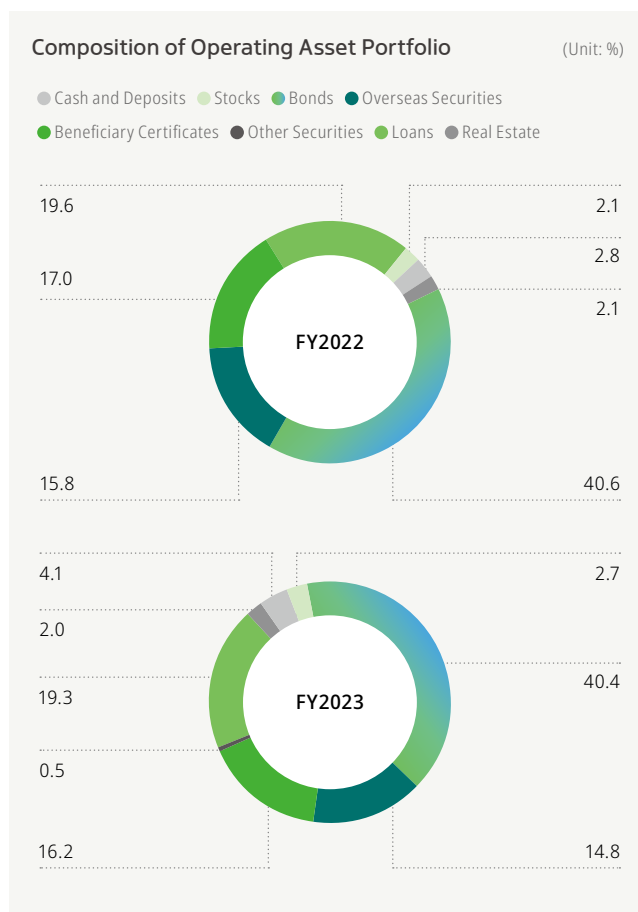
Kyobo Life's operating assets totaled KRW 97.3 trillion as of the end of FY2023. We took advantage of the high-interest-rate environment to expand investments in domestic and foreign bonds in order to increase long-term fixed-rate assets, while reducing investments in stocks and beneficiary certificates to mitigate volatility in profit and loss. However, the book value of these assets increased due to capital increases in affiliates and valuation gains on beneficiary certificates.

Asset Portfolio

(Unit: KBW bn)

	FY2022	FY2023
Operating Assets	91,923.3	97,258.9
Cash and Deposits	2,587.0	3,982.7
Stocks	1,941.4	2,628.6
Bonds	37,311.2	39,278.2
Overseas Securities	14,492.8	14,418.3
Beneficiary Certificates	15,589.9	15,761.6
Other Securities	25.1	497.7
Loans	18,003.7	18,736.7
Real Estate	1,972.3	1,955.2
Non-operating Assets	2,992.3	2,217.5
Derivative Instruments	395.6	659.9
Other Non-operating Assets	2,596.7	1,557.6
General Account Assets	94,915.6	99,476.4

As for the operating asset composition by asset type at the end of FY2023, domestic bonds constitute the largest portion at 40.4%, with loans following behind at 19.3%.



2. Investment Income

Income from Kyobo Life's investment was KRW 597.2 billion in FY2023. Interest expenses on insurance liabilities and investment profit and loss from investment-linked insurance products are categorized as insurance finance gains or losses following the implementation of IFRS17. As profits generated from asset portfolios of investment linked insurance products increased, insurance financial expenses climbed, too. As the profits from these products are attributed to policyholders rather than Kyobo Life, the total profits from the asset portfolio of those products and insurance finance expenses after deducting insurance liability cost on financial statements should balance to zero. Consequently, insurance finance gains or losses are not relevant to the performance of asset management. Therefore, insurance finance gains or losses should be disregarded when analyzing investment income.

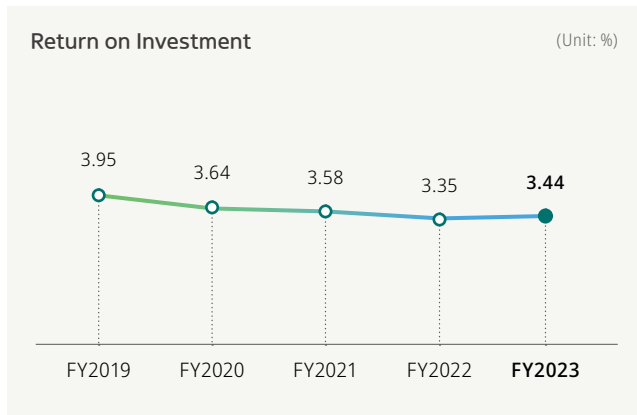
Kyobo Life is committed to securing stable investment income by continuously growing recurring income. In the recurring investment income sector, interest income from bonds and loans, along with dividend income from stocks and hybrid bonds, exceeded KRW 3 trillion.

Investment Income

(Unit: KBW bn)

	FY2022	FY2023
Recurring investment income	2,560.2	2,892.2
Interest Income	2,505.8	2,896.8
Dividend Income	143.7	112.6
Rental Income	93.3	99.3
Commissions Income	26.6	30.1
Investment Administration Expense	81.9	85.0
Interest Expense	127.4	161.6
Non-recurring investment income	-1,742.8	1,996.7
Gain/Loss on Disposition	-505.2	563.8
Gain/Loss on Valuation	-1,523.9	1,496.6
Gain/Loss on Impairment	-67.8	-77.4
Gain/Loss on Derivative Instruments	-108.9	-103.3
Other	462.9	116.9
Insurance Finance income	-197.3	-4,291.7
Investment Income	620.1	597.2

Return on investment marked 3.44% in FY2023, driven by bond rebalancing utilizing interest rate fluctuation and competitive returns on interest-bearing assets.



* Return on Investment = [(Investment income - Insurance Finance income - Variable Insurance Hedge income) / ((Beginning Operating Assets + Ending Operating Assets) / 2)]

3. Domestic Bonds

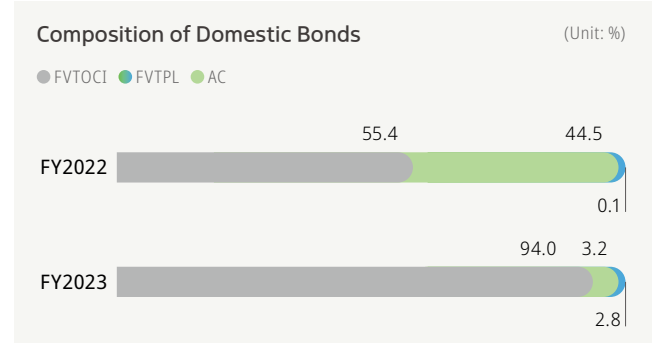
Kyobo Life's domestic bond balance came to KRW 39.3 trillion at the end of FY2023 with a greater portion of the portfolio in domestic long-term bonds, achieving longer duration and steady interest income amidst a period of rising interest rates. The implementation of IFRS9 significantly lowered the bonds measured at Amortized Cost(AC) through reclassification, amounting to KRW 1.2 trillion. However, Fair Value through Other Comprehensive Income(FVTOCI) was up substantially, to reach KRW 36.9 trillion.

Investment in Domestic Bonds

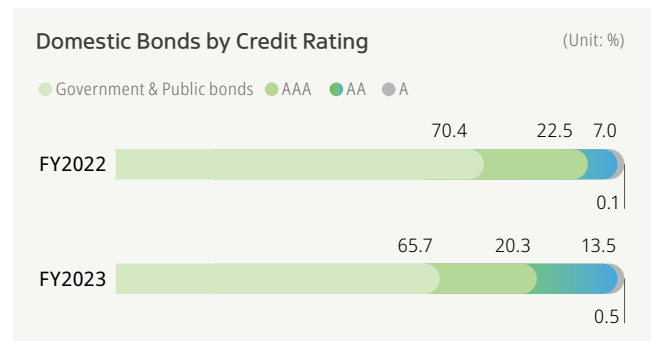
(Unit: KBW bn)

	FY2022	FY2023
FVTPL	43.6	1,117.8
FVTOCI	20,679.9	36,916.5
AC	16,587.8	1,243.9
Total	37,311.2	39,278.2

FVTOCI among domestic bonds made up 94.0% of the total at the end of FY2023, with 3.2% of AC. As IFRS9 requires strict classification for financial instruments, it is expected that the proportion of domestic bonds will be maintained without significant fluctuations in the future.



As for the proportion of domestic bonds by credit rating, the share of AA-rated bonds has increased to 13.5%, attributing to the expansion of investments in selected corporate bonds, capitalizing on the high-interest-rate environment.



4. Overseas Securities

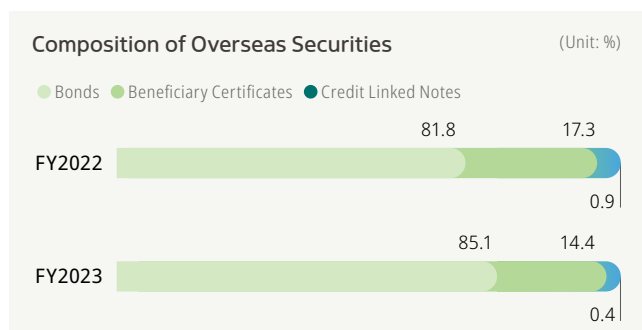
The balance of overseas securities amounted to KRW 14.4 trillion at the close of FY2023. The balance of beneficiary certificates at year-end came down to KRW 2.1 trillion due to reduced investment in those securities to minimize volatility in risk-adjusted returns and net income.

Investment in Overseas Securities

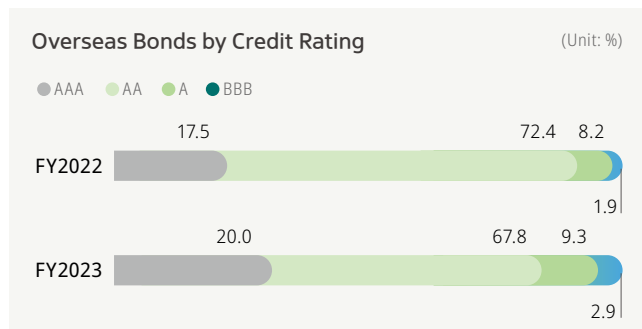
(Unit: KBW bn)

	FY2022	FY2023
Bonds	11,858.7	12,272.9
Beneficiary Certificates	2,510.0	2,081.3
Credit Linked Notes	124.0	64.0
Total	14,492.8	14,418.3
Total (USD Mn)	11,435.9	11,182.1

The proportion of overseas bonds among overseas securities was 85.1% at the end of FY2023, up 3.3%p from the previous year, due to expanded investments in high-interest bearing bonds during a period of increasing interest rates. Meanwhile, the proportion of overseas beneficiary certificates was 14.4%, down 2.9%p from the previous year.



At the close of FY2023, Kyobo Life exclusively held only investment-grade overseas bonds, with 97.1% rated A or above. With cumulative impact of tight monetary policies expected to slow down global economic growth, Kyobo Life is progressively adjusting its portfolio to have more AAA-rated bonds.



5. Loan Asset Management

During FY2023, as for the loan asset portfolio, Kyobo Life ensured stable returns by adjusting retail credit portfolios to enhance profitability in response to market environment changes like rising interest rates. Additionally, we made continuous efforts to mitigate the rise in delinquencies, particularly among financially vulnerable borrowers, due to the impact of high interest rates.

Amid concerns about the soundness of domestic real estate project financing, Kyobo Life adhered to a strategy that investment in senior tranche and the Seoul metropolitan area PF, proactively managing associated risks. As a result, as of the end of 2023, no delinquencies or defaults related to real estate project financing were experienced, underscoring excellent soundness.

As of the end of FY2023, Kyobo Life's balance of loan asset is KRW 18.8 trillion, up 4.2% from the previous year. Unsecured retail loans, primarily targeting prime customers, recorded a 9.4% increase from the previous year, reaching KRW 1.5 trillion, while corporate loans increased approximately 29.1%.

Loan Asset Breakdown

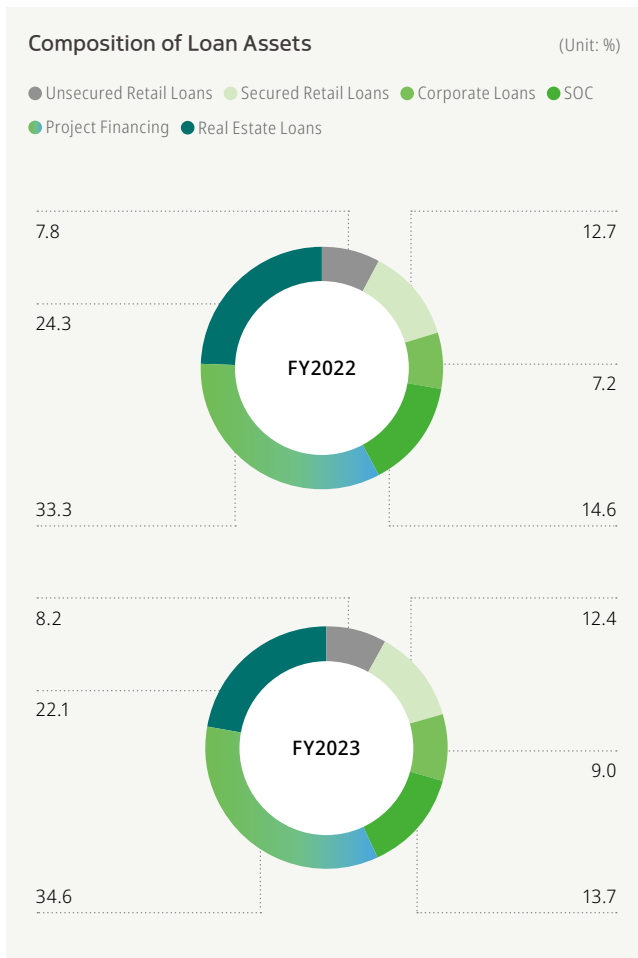
(Unit: KBW bn)

	FY2022	FY2023	Change
Unsecured Retail Loans	1,405.3	1,537.1	9.4%
Secured Retail Loans	2,300.6	2,335.8	1.5%
Corporate Loans	1,305.7	1,685.4	29.1%
SOC	2,642.4	2,570.9	-2.7%
Project Financing	6,012.2	6,513.2	8.3%
Real Estate Loans	4,382.9	4,158.5	-5.1%
Total	18,049.2	18,800.9	4.2%

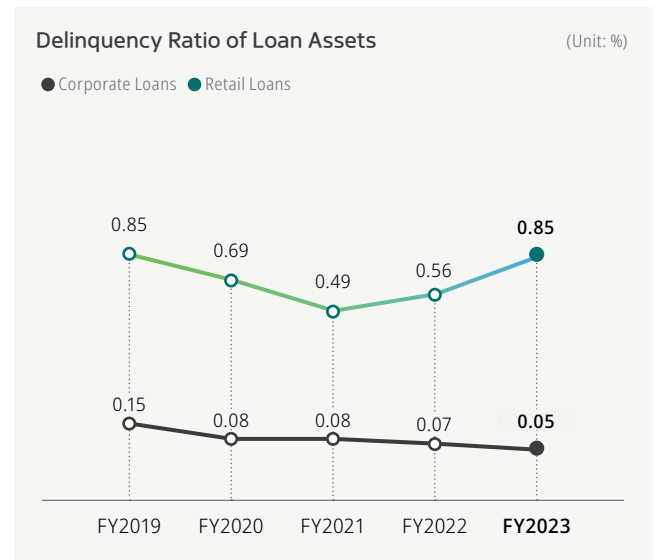
* Before including Deferred Loan Origination Fee

With IFRS17 implementation, policy loans, once counted as assets, are now classified as deductions from insurance liabilities, leading to their exclusion from the loan portfolio.

As a result, while policy loans previously held the largest share, project financing constitutes the largest share of loan assets in FY2023 at 34.6%. Around 40% of Kyobo Life's project financing is allocated to stable renewable energy and power plant projects, many of which supported by government.

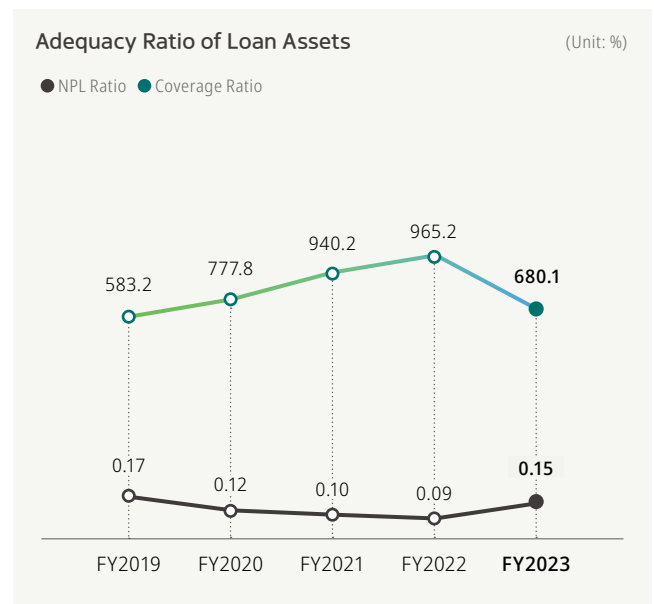


The steady rise in interest rates from the second half of 2022 has led to heightened repayment burden, resulting in a 0.29%p increase year-on-year in the delinquency ratio of retail loan during FY2023 while the delinquency ratio of corporate loans decreased by 0.02%p year-on-year. In response to the rise in delinquency ratio of retail loans attributed to the high-interest-rate environment, Kyobo Life is consistently taking measures such as reinforcing loan-to-value (LTV) ratios for new mortgage loans, enhancing approval criteria for retail loans and strengthening management for financially vulnerable borrowers. Furthermore, Kyobo Life plans to enhance risk management of retail loans in 2024 by assigning delinquency managers to regional loan operations team.



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

The NPL ratio increased by 0.06%p compared to the previous year. This is mainly attributed to the exclusion of insurance policy loan assets which has low delinquency rate from the loan portfolio under the new accounting standards, resulting in a reduction of approximately KRW 3 trillion in the loan asset balance from the previous year.



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

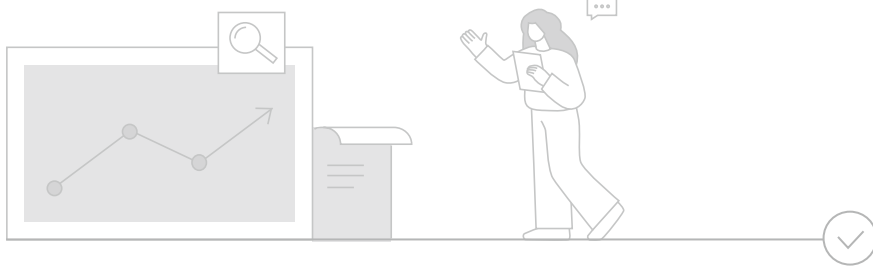
* Coverage Ratio = (Total allowance / Sub-standard or below loan assets)

APPENDIX

Auditors' Report(Consolidated)

Auditors' Report(Separate)

Business Network





Kyobo Life Insurance Co., Ltd.
and its subsidiaries

Consolidated financial statements

**for the years ended December 31, 2023 and 2022
with the independent auditor's report**

Disclaimer

Please note that the English translation version of audit report is before final review of the external auditor.

Therefore, it may cause some parts of this document to change after review of external auditor.

If there is any conflict between Korean and English version of audit report, the Korean version takes precedence.

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Independent Auditor's Report
(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of Kyobo Life Insurance Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Other Matter

We audited the consolidated financial statements of the Group for the year ended December 31, 2022, and expressed an unqualified opinion on those statements on March 3, 2023. The consolidated financial statements on which we expressed the unqualified opinion were the consolidated financial statements before the adjustments to K-IFRS 1117 as described in note 51 were reflected, and the consolidated financial statements as of and for the year ended in December 31, 2022 and the consolidated statement of financial position as at January 1, 2022, which were prepared for comparative purposes, were restated to reflect the adjustments described in note 51.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

March 5, 2024

This report is effective as of March 5, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Kyobo Life Insurance Co., Ltd.
and its subsidiaries

Consolidated financial statements
for the years ended December 31, 2023 and 2022

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

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

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

Kyobo Life Insurance Co., Ltd. and its subsidiaries
Consolidated statements of financial position
As of December 31, 2023, 2022 and January 1, 2022

<i>(In won)</i>	<i>Note</i>	December 31, 2023	December 31, 2022	January 1, 2022
Assets				
Cash and due from banks	5,16,17,42,47,51	₩ 5,107,297,868,564	3,860,009,827,365	4,124,985,087,081
Financial assets designated at fair value through profit or loss	6,16,17,42,51	-	369,490,233,198	526,970,498,303
Financial assets held for trading	7,16,17,42,51	-	24,116,924,320,786	23,271,086,962,131
Financial assets at fair value through profit or loss	8,16,17,42,47,51	44,501,060,931,792	-	-
Derivative assets	16,17,31	1,395,597,282,005	1,378,922,576,981	464,693,211,274
Available-for-sale financial assets	9,16,17,42,51	-	39,781,006,700,004	66,276,999,575,929
Financial assets at fair value through other comprehensive income	10,16,17,42,47,51	50,576,574,453,167	-	-
Held-to-maturity financial assets	11,16,17,42,51	-	25,948,485,082,345	4,553,550,393,992
Financial assets at amortized cost	12,16,17,42,51	1,299,927,415,644	-	-
Loan receivables at amortized cost	13,16,17,42,47,51	22,273,414,255,306	21,406,694,085,113	19,495,859,092,266
Other receivables	14,16,17,42,47,51	1,855,469,017,729	1,382,307,552,137	1,569,949,453,136
Investments in associates	15,16,17	149,405,184,745	85,589,962,605	71,670,152,838
Reinsurance contract assets	22	178,221,461,887	180,130,516,334	163,636,082,433
Investment properties	18,47	1,022,842,573,321	1,047,557,654,643	1,058,099,935,135
Property and equipment	19,47	1,444,470,607,329	1,451,960,254,637	1,414,876,099,291
Intangible assets	20,47	237,066,922,086	268,994,694,432	257,351,416,395
Current tax assets	44	251,635,222,007	31,153,831,729	4,777,082,311
Deferred tax assets	44	264,980,401,161	9,064,022,332	11,486,476,236
Other assets	21	221,340,210,952	184,254,707,370	165,399,047,076
Total assets		₩ 130,779,303,807,695	121,502,546,022,011	123,431,390,565,827
Liabilities				
Insurance contract liabilities	22,53	₩ 88,114,937,611,889	79,065,237,791,555	90,006,836,950,252
Reinsurance contract liabilities	22,53	255,774,607,570	218,828,025,425	281,730,881,194
Investment contract liabilities	16,17,40	15,321,085,379,599	11,934,585,656,101	9,385,681,833,925
Policyholders' equity adjustments	23	167,435,620,687	163,323,424,130	719,615,616,198
Financial liabilities at fair value through profit or loss	16,17,24,34,40	-	4,231,097,442,724	3,564,848,850,228
Financial liabilities held for trading	16,17,25,34,40,51	-	98,389,002,820	117,483,707,750
Financial liabilities at fair value through profit or loss	16,17,24,25,34,40,51	5,045,132,388,656	-	-
Derivative liabilities	16,17,31,51	1,859,098,032,542	2,584,127,951,420	905,793,602,302
Borrowings	16,17,26,39,49	5,918,190,920,045	5,644,625,427,333	3,541,752,624,582
Other financial liabilities	16,17,27,41	2,821,006,198,665	2,256,761,052,425	3,142,946,053,884
Provisions	28,51	56,050,584,307	24,556,446,635	22,223,341,525
Defined benefit liabilities	29,49	106,608,827,945	79,607,817,188	163,488,519,608
Current tax liabilities	44	1,019,302,057	192,206,831,970	24,791,259,685
Deferred tax liabilities	44	83,702,974,752	1,019,368,451,629	461,087,892,275
Other liabilities	30	209,865,379,892	210,207,166,132	196,101,801,606
Total liabilities		₩ 119,959,907,828,606	107,722,922,487,487	112,534,382,935,014
Equity				
Capital stock	32	102,500,000,000	102,500,000,000	102,500,000,000
Hybrid bonds	32	1,607,440,428,213	1,108,898,948,213	1,020,053,815,983
Capital surplus	32	643,824,180,663	513,879,671,872	520,179,448,547
Capital adjustments	32	(200,363,103,885)	(116,375,971,377)	(12,001,961,598)
Accumulated other comprehensive income	32	1,731,069,383,112	4,592,969,883,744	2,020,648,113,921
Retained earnings	32	6,679,505,819,099	7,204,719,190,235	6,887,376,554,075
Equity attributable to equity holders of the parent company		10,563,976,707,202	13,406,591,722,687	10,538,755,970,928
Non-controlling interests	32	255,419,271,887	373,031,811,837	358,251,659,885
Total equity		10,819,395,979,089	13,779,623,534,524	10,897,007,630,813
Total equity and liabilities		₩ 130,779,303,807,695	121,502,546,022,011	123,431,390,565,827

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

Kyobo Life Insurance Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
For the years ended December 31, 2023 and 2022

<i>(In won)</i>	<i>Note</i>	<u>2023</u>	<u>2022</u>
Insurance service incomes and expenses			
Insurance service incomes	22,47		
Insurance income	22,47	₩ 3,682,464,074,682	3,433,242,668,245
Reinsurance income	22,47	35,954,337,603	33,663,139,040
		<u>3,718,418,412,285</u>	<u>3,466,905,807,285</u>
Insurance service expenses	22,47		
Insurance expenses	22,47	3,623,329,145,552	3,496,348,896,426
Reinsurance premium expenses	22	31,144,281,131	30,598,783,596
Other insurance operating expenses	46	37,392,237,980	34,113,690,028
		<u>3,691,865,664,663</u>	<u>3,561,061,370,050</u>
Investment incomes and expenses	35,47		
Investment incomes	16,36,47		
Insurance finance income	22	3,017,314,928	2,470,148,985
Reinsurance finance income	22	2,361,992,640	1,735,412,212
Interest income	16,33,47	3,353,828,044,615	3,133,170,885,996
Gain on valuation and disposal of financial assets at fair value through profit or loss	16,40	3,113,267,400,771	-
Gain on valuation and disposal of financial assets held for trading	16,40	-	831,861,648,444
Gain on valuation and disposal of financial assets at fair value through other comprehensive income	16,40	205,537,434,835	-
Gain on valuation and disposal of available-for-sale financial assets	22	-	509,983,127,451
Gain on valuation and disposal of financial assets at amortized cost	22	12,356,773,992	910,344,652
Gain on valuation and disposal of derivative assets	16,39	3,303,585,627,178	3,989,348,893,080
Gain on foreign currency transaction	42	600,856,885,725	2,066,627,914,663
Fee and commission income	35,47	369,102,343,926	420,223,223,866
Rental income	18,47	89,659,980,870	84,541,732,780
Dividend income	16,36,47	110,591,997,511	137,030,649,855
Other operating income	41	749,333,810,403	711,551,324,712
		<u>11,913,499,607,394</u>	<u>11,889,455,306,696</u>
Investment expenses			
Insurance finance expenses	22	4,311,489,463,794	214,718,236,900
Reinsurance finance expenses	22	6,804,383,061	5,099,098,139
Interest expenses	16,39	352,473,097,848	519,878,261,219
Loss on valuation and disposal of financial assets at fair value through profit or loss	16,40	1,316,715,442,618	-
Loss on valuation and disposal of financial assets held for trading	16,40	-	3,028,903,098,511
Loss on valuation and disposal of financial assets at fair value through other comprehensive income	16,40	74,206,764,879	-
Loss on valuation and disposal of available-for-sale financial assets	16,40	-	484,176,244,271
Loss on valuation and disposal of financial assets at amortized cost	16,40	250,880,522,559	51,679,222,744
Loss on valuation and disposal of derivative assets	16,40	3,712,183,787,107	5,275,350,260,031
Other financial expenses	47	570,278,549,771	180,654,879,682
Loss on foreign currency transaction	16,42	209,607,341,044	915,442,820,814
Asset management expenses	38	84,976,538,414	81,911,093,656
Other operating expenses	41	139,635,097,297	148,898,330,005
		<u>11,029,250,988,392</u>	<u>10,906,711,545,972</u>
Other operating income and expense			
Other operating income	37	1,061,643,641,274	1,006,984,780,780
Other operating expense	41	1,353,395,870,253	1,261,657,563,612
		<u>(291,752,228,979)</u>	<u>(254,672,782,832)</u>
Operating profit		619,049,137,645	633,915,415,127
Non-operating income	43,47	51,882,755,925	26,887,284,161
Non-operating expenses	43,47	25,395,737,343	54,108,194,691
Profit before income tax expenses		645,536,156,227	606,694,504,597
Income tax expenses	44	155,058,105,904	68,875,056,304
Profit for the period		₩ 490,478,050,323	537,819,448,293

(Continued)

Kyobo Life Insurance Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income (loss), continued
For the years ended December 31, 2023 and 2022

<i>(In won)</i>	<i>Note</i>	<u>2023</u>	<u>2022</u>
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Loss on valuation of equity instrument at fair value through other comprehensive income	32		
	32	₩ (26,647,628,590)	-
Credit risk adjustments of financial liabilities designated at fair value through profit or loss			
	32	(2,409,990,414)	-
Revaluation of property and equipment	32	(14,339,672,365)	5,860,464,012
Remeasurements on defined benefit obligation	32	(8,842,907,898)	30,163,282,227
		<u>(52,240,199,267)</u>	<u>36,023,746,239</u>
Items that are or may be reclassified subsequently to profit or loss:			
Gain on valuation of debt instrument at fair value through other comprehensive income	32	2,352,731,825,941	-
Gain allowance of debt instrument at fair value through other comprehensive income	32	2,060,374,537	-
Loss on valuation of available-for-sale financial assets and held-to-maturity financial assets	32	-	(5,350,595,939,370)
Net financial gain(loss) on insurance contract assets(liabilities)	32	(3,559,604,947,542)	7,824,773,198,300
Net financial gain(loss) on reinsurance contract assets(liabilities)	32	(36,311,067,978)	49,316,060,987
Gain on valuation of investments in associates	32	(18,705,701)	11,975,464
Gain on valuation of derivative instruments for hedging purpose	32	357,360,796,277	16,700,300,343
Foreign currency translation adjustments for foreign operations	32	37,980,271	348,634,119
		<u>(883,743,744,195)</u>	<u>2,540,554,229,843</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(935,983,943,462)</u>	<u>2,576,577,976,082</u>
Total comprehensive income (loss) for the period		<u>₩ (445,505,893,139)</u>	<u>3,114,397,424,375</u>
Profit for the period attributable to:			
Owners of the parent company		₩ 475,364,130,952	524,133,949,576
Non-controlling interests		15,113,919,371	13,685,498,717
		<u>₩ 490,478,050,323</u>	<u>537,819,448,293</u>
Total comprehensive income (loss) for the period attributable to:			
Owners of the parent company		₩ (437,509,391,128)	3,096,455,719,399
Non-controlling interests		(7,996,502,011)	17,941,704,976
		<u>₩ (445,505,893,139)</u>	<u>3,114,397,424,375</u>
Earnings per share			
Basic and diluted earnings per share	48	-	-
	₩	<u>3,941</u>	<u>4,597</u>

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

Kyobo Life Insurance Co., Ltd. and its subsidiaries
Consolidated statements of changes in equity
For the years ended December 31, 2023 and 2022

	Equity attributable to equity holders of the parent company							Total Equity	
	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Subtotal		N on -controlling interests
Balance as of January 1, 2022 (Before change)	102,500,000,000	1,020,053,815,983	520,179,448,547	(12,001,961,598)	1,914,204,928,207	8,051,586,120,865	11,596,522,352,004	358,251,659,885	11,954,774,011,889
Effects of changes in accounting policies	-	-	-	-	106,443,185,714	(1,164,209,566,790)	(1,057,766,381,076)	-	(1,057,766,381,076)
Balance as of January 1, 2022 (After change)	102,500,000,000	1,020,053,815,983	520,179,448,547	(12,001,961,598)	2,020,648,113,921	6,887,376,554,075	10,538,755,970,928	358,251,659,885	10,897,007,630,813
Total comprehensive income:	-	-	-	-	2,572,321,769,823	524,133,949,576	3,096,455,719,399	17,941,704,976	3,114,397,424,375
Profit for the period	-	-	-	-	-	524,133,949,576	524,133,949,576	13,685,498,717	537,819,448,293
Other comprehensive income	-	-	-	-	2,572,321,769,823	-	2,572,321,769,823	4,256,206,259	2,576,577,976,082
Financial gain of insurance contract assets (liabilities) net	-	-	-	-	7,824,773,198,300	-	7,824,773,198,300	-	7,824,773,198,300
Financial gain of reinsurance contract assets (liabilities) net	-	-	-	-	49,316,060,987	-	49,316,060,987	-	49,316,060,987
Gain (loss) on valuation of available-for-sale financial assets and held-to-maturity financial assets	-	-	-	-	(5,353,349,580,239)	-	(5,353,349,580,239)	2,753,640,869	(5,350,595,939,370)
Gain on valuation of investments in associates	-	-	-	-	8,582,205	-	8,582,205	3,393,259	11,975,464
Gain on valuation of derivative instruments for hedging	-	-	-	-	16,700,300,343	-	16,700,300,343	-	16,700,300,343
Foreign currency translation adjustments for foreign operations	-	-	-	-	348,634,119	-	348,634,119	-	348,634,119
Gain on revaluation of property and equipment	-	-	-	-	5,860,464,012	-	5,860,464,012	-	5,860,464,012
Remeasurement loss on defined benefit obligation	-	-	-	-	28,664,110,096	-	28,664,110,096	1,499,172,131	30,163,282,227
Transactions with shareholders:	-	88,845,132,230	(6,299,776,675)	(104,374,009,779)	-	(206,640,845,833)	(228,469,500,057)	(3,161,553,024)	(231,631,053,081)
Annual dividends	-	-	-	-	-	(153,750,000,000)	(153,750,000,000)	(8,160,464,500)	(161,910,464,500)
Issuance to hybrid bonds	-	640,283,068,213	-	-	-	640,283,068,213	640,283,068,213	-	640,283,068,213
Dividends to hybrid bonds	-	-	-	-	-	(52,890,845,833)	(52,890,845,833)	-	(52,890,845,833)
Redemption of hybrid bonds	-	(551,437,935,983)	-	(104,412,064,017)	-	-	(655,850,000,000)	-	(655,850,000,000)
Compensation expense associated with incentive stock options	-	-	-	38,054,238	-	-	38,054,238	13,147,685	51,201,923
Acquisition of investments in subsidiaries	-	-	(1,400,079,394)	-	-	-	(1,400,079,394)	133,754,615	(1,266,324,779)
Disposal of investments in subsidiaries	-	-	(47,688,105)	-	-	-	(47,688,105)	-	(47,688,105)
Unequal dividends paid to subsidiaries	-	-	(4,852,009,176)	-	-	-	(4,852,009,176)	4,852,009,176	-
Others:	-	-	-	-	-	(150,467,583)	(150,467,583)	-	(150,467,583)
Balance as of December 31, 2022	₩ 102,500,000,000	1,108,898,948,213	513,879,671,872	(116,375,971,377)	4,592,969,883,744	7,204,719,190,235	13,406,591,722,687	373,031,811,837	13,779,623,534,524

(Continued)

Kyobo Life Insurance Co., Ltd. and its subsidiaries
Consolidated statements of changes in equity, continued
For the years ended December 31, 2023 and 2022

(In won)	Equity attributable to equity holders of the parent company							Non -controlling interests	Total equity
	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Subtotal		
Balance as of January 1, 2023 (Before change)	102,500,000,000	1,108,898,948,213	513,879,671,872	(116,375,971,377)	4,592,969,883,744	7,204,719,190,235	13,406,591,722,687	373,031,811,837	13,779,623,534,524
Effects of changes in accounting policies	-	-	-	-	(1,949,024,284,401)	(875,187,199,772)	(2,824,211,484,173)	(310,825,462)	(2,824,522,309,635)
Balance as of January 1, 2023 (After change)	102,500,000,000	1,108,898,948,213	513,879,671,872	(116,375,971,377)	2,643,945,599,343	6,329,531,990,463	10,582,380,238,514	372,720,986,375	10,955,101,224,889
Total comprehensive income:	-	-	-	-	(912,873,522,080)	475,364,130,952	(437,509,391,128)	(7,996,502,011)	(445,505,893,139)
Profit for the period	-	-	-	-	-	475,364,130,952	475,364,130,952	15,113,919,371	490,478,050,323
Other comprehensive loss	-	-	-	-	(912,873,522,080)	-	(912,873,522,080)	(23,110,421,382)	(935,983,943,462)
Gain (loss) on valuation of debt instrument at fair value through other comprehensive income	-	-	-	-	2,338,130,352,350	-	2,338,130,352,350	(12,046,154,999)	2,326,084,197,351
Loss allowance of debt instrument at fair value through other comprehensive income	-	-	-	-	(3,559,604,947,542)	-	(3,559,604,947,542)	-	(3,559,604,947,542)
Net financial gain(loss) on insurance contracts	-	-	-	-	(8,816,552)	-	(8,816,552)	(9,889,149)	(18,705,701)
Net financial gain(loss) on reinsurance contracts	-	-	-	-	2,060,374,537	-	2,060,374,537	-	2,060,374,537
Loss on valuation of investments in associates	-	-	-	-	(36,311,067,978)	-	(36,311,067,978)	-	(36,311,067,978)
Gain on valuation of derivative instruments for hedging	-	-	-	-	(8,816,552)	-	(8,816,552)	-	(8,816,552)
Foreign currency translation adjustments for foreign operations	-	-	-	-	357,360,796,277	-	357,360,796,277	-	357,360,796,277
Credit risk adjustments of financial liabilities designated at fair value through profit or loss	-	-	-	-	37,980,271	-	37,980,271	-	37,980,271
Loss on revaluation of property and equipment	-	-	-	-	(1,643,907,911)	-	(1,643,907,911)	(766,082,503)	(2,409,990,414)
Remeasurement loss on defined benefit obligation	-	-	-	-	(4,662,076,959)	-	(4,662,076,959)	(9,677,595,406)	(14,339,672,365)
Transactions with shareholders:	-	498,541,480,000	129,944,508,791	(83,987,132,508)	-	(125,494,916,670)	419,003,939,613	(109,305,904,284)	309,698,035,329
Annual dividends	-	-	-	-	-	(51,250,000,000)	(51,250,000,000)	(3,264,185,800)	(54,514,185,800)
Issuance to hybrid bonds	-	498,541,480,000	-	-	-	-	498,541,480,000	-	498,541,480,000
Dividends to hybrid bonds	-	-	-	-	-	(74,244,916,670)	(74,244,916,670)	-	(74,244,916,670)
Redemption of hybrid bonds	-	-	-	-	-	-	-	-	-
Acquisition of Treasury Stock	-	-	-	-	-	-	-	-	-
Compensation expense associated with incentive stock options	-	-	-	-	(84,007,875,600)	-	(84,007,875,600)	-	(84,007,875,600)
Acquisition of investments in subsidiaries	-	-	20,743,092	-	-	-	20,743,092	7,166,710	27,909,802
Disposal of investments in subsidiaries	-	-	132,496,032,332	-	-	-	132,496,032,332	(108,474,889,782)	24,021,142,550
Unequal dividends paid to subsidiaries	-	-	(125,518,953)	-	-	-	(125,518,953)	-	(125,518,953)
Replacement to retained earnings	-	-	(2,426,004,588)	-	(2,694,151)	2,002,344	(2,426,004,588)	2,426,004,588	-
Others:	-	-	-	-	(691,807)	102,612,010	(691,807)	691,807	-
Balance as of December 31, 2023	₩ 102,500,000,000	1,607,440,428,213	643,824,180,663	(200,363,103,885)	1,731,069,383,112	6,679,505,819,099	10,563,976,707,202	255,419,271,887	10,819,395,979,089

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

Kyobo Life Insurance Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
For the years ended December 31, 2023 and 2022

<i>(In won)</i>	<i>Note</i>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:			
Profit for the period	₩	490,478,050,323	537,819,448,293
Other adjustments to reconcile profit before income tax for the period to net cash provided by operating activities		230,575,150,149	(1,060,895,831,886)
Changes in operating assets and liabilities		155,111,817,731	(2,520,006,054,513)
Income taxes paid		(421,319,360,976)	(262,929,931,837)
Interest received		3,187,748,984,936	2,839,336,156,504
Interest paid		(340,543,816,702)	(515,277,623,026)
Dividends received		130,395,676,475	853,075,506,974
Net cash provided by operating activities		3,432,446,501,936	(128,878,329,491)
Cash flows from investing activities:			
Acquisition of available-for-sale financial assets		-	(15,590,936,047,747)
Disposal of available-for-sale financial assets		-	17,575,818,231,748
Acquisition of held-to-maturity financial assets		-	(3,567,767,451,531)
Disposal of held-to-maturity financial assets		-	5,750,725,000
Acquisition of financial assets at fair value through other comprehensive income		(16,772,946,700,255)	-
Disposal of financial assets at fair value through other comprehensive income		10,801,489,196,985	-
Acquisition of securities at amortized cost		(30,000)	-
Disposal of securities at amortized cost		121,835,250,905	-
Disposal of loans receivables at amortized cost		34,190,200,000	-
Acquisition of loans receivables at amortized cost		(53,425,000,000)	-
Acquisition of financial assets at fair value through profit or loss		(6,241,162,738,080)	-
Disposal of financial assets at fair value through profit or loss		9,044,396,001,147	-
Cash inflows from derivatives held for hedging		104,227,327,266	414,375,323,411
Cash outflows from derivatives held for hedging		(29,143,025,947)	(310,570,703,622)
Acquisition of investments in associates and subsidiaries		(76,176,179,464)	(19,539,239,062)
Disposal of investments in associates and subsidiaries		48,176,363,629	2,535,961,756
Dividends from associates and subsidiaries		7,257,260,616	8,493,750,000
Acquisition of property, equipment		(42,325,347,203)	(67,414,051,326)
Disposal of property, equipment		1,442,021,889	241,589,437
Acquisition of investment properties		(825,772,561)	(1,069,791,195)
Disposal of investment properties		-	765,000,000
Acquisition of intangible assets		(26,462,750,048)	(76,835,220,570)
Disposal of intangible assets		601,832,000	2,898,466,912
Increase in leasehold deposits		(168,789,848,639)	(60,851,238,708)
Decrease in leasehold deposits		42,558,517,260	14,552,438,232
Net cash inflows(outflows) from disposal of subsidiaries		1,096,883,797	-
Cash outflows from business combinations		(33,501,345,630)	(1,958,133,506)
Net cash used in investing activities		(3,237,487,882,333)	(1,671,510,390,771)

(Continued)

Kyobo Life Insurance Co., Ltd. and its subsidiaries
Consolidated statements of cash flows, continued
For the years ended December 31, 2023 and 2022

<i>(In won)</i>	<u>Note</u>	<u>2023</u>	<u>2022</u>
Cash flows from financing activities:			
Dividends paid to non-controlling interests	₩	(3,264,185,800)	(8,160,464,500)
Issuance of hybrid bonds		498,541,480,000	640,283,068,213
Increase in leasehold deposits received		45,388,043,125	6,954,727,178
Decrease in leasehold deposits received		(45,035,184,595)	(8,263,834,474)
Dividends paid		(51,250,000,000)	(101,808,945,000)
Dividends to hybrid bonds		(67,806,362,500)	(39,789,275,000)
Redemption of hybrid bonds		-	(551,437,935,983)
Commission for redemption of hybrid bond		-	(104,412,064,017)
Borrowings, net		269,905,502,222	2,025,840,625,036
Reimbursement of lease liabilities		(50,935,857,363)	(51,389,128,879)
Acquisition of subordinate equity securities without change in control		(1,291,981,250)	(116,173,907)
Acquisition of treasury stock		(84,007,875,600)	-
Net cash provided by financing activities		510,243,578,239	1,807,700,598,667
Effect of exchange rate fluctuations on cash and cash equivalents held		7,316,256,022	33,606,694
Net increase (decrease) in cash and cash equivalents		712,518,453,864	7,345,485,099
Cash and cash equivalents at the beginning of the period		2,468,013,484,214	2,460,667,999,116
Cash and cash equivalents at the end of the period	5 ₩	3,180,531,938,078	2,468,013,484,215

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

Kyobo Life Insurance Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

1. Reporting entity

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

(1) Controlling Company

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

As of December 31, 2023, the Group has 7 Financial Planner (FP) offices, 70 supporting offices and 481 branches in the Republic of Korea and engages in the life insurance business and its related reinsurance contracts. The following table lists the number of currently available insurance products and discontinued but currently effective insurance products as of December 31, 2023.

Type	Insurance products in effect		
	Available	Discontinued	Total
Individual annuity	18	89	107
Pure endowment	26	46	72
Death	39	199	238
Endowment	2	45	47
Group insurance	20	26	46
	105	405	510

(2) Shareholders

The Company's major shareholders and their respective shareholdings as of December 31, 2023 are as follows:

	Number of shares		Ownership (%)
Chang-Jac Shin	34,627,370		33.78
Corsair Korea Investors LLC	10,038,830		9.79
Guardian Holdings Limited	9,276,250		9.05
Tiger Holdings LP	7,813,250		7.62
The Export-Import bank of Korea	5,995,005		5.85
KLI Investors LLC	5,460,825		5.33
KLIC Holdings Limited	5,355,625		5.23
Hoenir Inc.	5,355,625		5.23
Kyobo Life Insurance Co., Ltd.	2,093,911		2.04
Kyung-Ae Shin	1,450,010		1.41
Young-Ae Shin	1,199,960		1.17
Employee's stock ownership association	572,678		0.56
Others	13,260,661		12.94
	102,500,000		100.00

(3) Subsidiaries

	County of domicile	Reporting date	Ownership (%)		Industry
			2023	2022	
Kyobo Securities Co., Ltd.	Korea	31 December	84.70	73.10	Stock brokerage
Kyobo Book Center Co., Ltd.	Korea	31 December	100.00	100.00	Retail of books and magazines
Kyobo Hottracks Co., Ltd.(*2)	Korea	31 December	-	100.00	Retail of stationery
Kyobo Info. & Comm. Co., Ltd.	Korea	31 December	100.00	100.00	Software advisory and development
The Planics Co.,Ltd.	Korea	31 December	100.00	100.00	Data processing and data analysis, provision
Kyobo Realco Inc.	Korea	31 December	100.00	100.00	Non-residential property managements
Jeil Total Management Co., Ltd.	Korea	31 December	100.00	100.00	Safety and cleaning service
KCA Claim Adjustment Co., Ltd.	Korea	31 December	100.00	100.00	Service related to insurance and pension
KCA Service Co., Ltd.	Korea	31 December	100.00	100.00	Service
Kyobo Life Planet Life Insurance Company	Korea	31 December	100.00	100.00	On-line life insurance
Fortress Innovation Co., Ltd	Korea	31 December	69.20	69.20	Actuary software development and sales
Kyobo Asset Trust Co., Ltd.	Korea	31 December	100.00	100.00	Real Estate Trust
Kyobo AIM Asset Management Co., Ltd.	Korea	31 December	100.00	-	Trust and collective investment
Kyobo Life Asset Management (USA) Co., Ltd.	USA	31 December	100.00	100.00	Asset management
Kyobo Life Asset Management (Japan) Co., Ltd.	Japan	31 December	100.00	100.00	Asset management
Consus BTL Private Special Asset Investment Trust 1	Korea	31 December	57.20	57.20	Beneficiary certificates
Consus Hope BTL Private Special Asset Investment Trust 1	Korea	31 December	66.70	66.70	Beneficiary certificates
Consus New Energy Private Special Asset Investment Trust 2	Korea	31 December	68.80	68.80	Beneficiary certificates
KIAMCO SHIPPING Private Equity Special Asset Investment Trust KX-No.1	Korea	31 December	100.00	100.00	Beneficiary certificates
Kyobo AIM Core General Private Real Estate Investment Trust 1	Korea	31 December	98.10	-	Beneficiary certificates
Kyobo AIM ESG Infrastructure General Private Placement Special Asset Investment Trust 1	Korea	31 December	98.10	-	Beneficiary certificates
Kyobo AIM Corporate Finance General Private Investment Trust No. 1	Korea	31 December	99.80	-	Beneficiary certificates
Kyobo new technology Investment Association No. 1	Korea	31 December	100.00	100.00	Investment association
Kyobo Tech Value up Investment Association No. 1	Korea	31 December	100.00	-	Investment association

Kyobo Life Insurance Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Districtyangjoo Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Caba chic 3rd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Goeun angol 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Exelstonered 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Doublerich 5th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Doublerich 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Doublerich 8th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Atlantisgogyeong 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Autodream 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
K-hotel 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
X-med 7th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
K Logistics 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Lycos 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Oblique 5th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
SJgreat 7th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
BrightStar 4th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Whitewood 7th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
X-med 9th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Intgreen 2nd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Yangdocube 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Metagreen 3rd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Metagreen 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Easytree 3rd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Metagreen 6th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Metagreen 8th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Theflex 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
BrightStar 9th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Easyplant 4th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Ujur 2nd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Theteras 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Ujur 5th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
HW Yeouido 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Phoenix Living 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Phoenix Living 2nd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Intgreen 9th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Entrepo JinCheon Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Asan JS 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
KCQ 3rd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
KCQ 4th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Stadblue 4th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Ujureu 7th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
K Seongjeong 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Perfectdream 2nd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Dreamgusam Siheung 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Entrepo JinCheon 4th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
F.I Sancheok Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Entrepo Icheon 5th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Easy Plant 8th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Dream Spare 6th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Great Ocean 2nd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Phoenix Logistics 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Phoenix Logistics 2nd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Easy Plant 9th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Phoenix Living 4th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
K Logistics 2nd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Dear Buddy 4th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Perfectdream 9th Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Highlightful 2nd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Highlightful 3rd Co., Ltd.	Korea	31 December	-	-	SPC (*1)
H1 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Dreamgusam Songlim 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Yongin Cheoin 2 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Dreamgusam Nonhyeon 2st Co., Ltd.	Korea	31 December	-	-	SPC (*1)
Joyce 1st Co., Ltd.	Korea	31 December	-	-	SPC (*1)

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

(*)2 It was absorbed and merged with Kyobo Book Center Co., Ltd. during the year.

(4) Changes in subsidiaries

Changes in subsidiaries during the nine-month period ended December 31, 2023 are as follows:

1) Newly acquired subsidiaries:

Subsidiaries	Reason
Kyobo Securities target income solution 2Y General Private Equity Investment Trust U-8	The Group concluded that it has control over these structured companies for the purpose of investing in real estate-related loans, etc. companies, as it has existing rights that give the
Kyobo Securities target income solution 3Y General Private	

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<p>Equity Investment Trust U-9 Yongin Cheoin 2 1st Co., Ltd. Dreamgusam Nonhyeon 2st Co., Ltd. Joyce 1st Co., Ltd. Kyoboplant 2nd Co.,Ltd. Dreamgusam Chungra 1st Co., Ltd. Hidream 4th Co.,Ltd. JWD 1st Co., Ltd. Kyobo AIM Core General Private Real Estate Investment Trust 1 Kyobo AIM ESG Infrastructure General Private Placement Special Asset Investment Trust 1 Kyobo AIM Corporate Finance General Private Investment Trust 1 Kyobo Tech Value up Investment Association No. 1 Kyobo AIM Asset Management Co., Ltd.</p>	<hr/> <p>Group the ability to direct the relevant activities, and is exposed to variable returns and has the ability to affect the variable returns.</p> <hr/> <p>Included in consolidation due to acquisition of new shares</p>
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2) Geobuk Island Rich 1st Co., Ltd., SJ great 3th Co., Ltd., I-pro 3rd Co., Ltd., Dream Spare 2nd Co., Ltd., Gabriel 2nd Co., Ltd., BrightStar 2nd Co., Ltd., Dreamgusam Nonhyeon 1st Co., Ltd. and BrightStar 10th Co., Ltd. was excluded from consolidation due to the termination of commitment for the year ended December 31, 2023. Kyobo Hottracks Co., Ltd was absorbed and merged with Kyobo Book Center Co., Ltd. as of July 1, 2023.

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(5) Financial information of subsidiaries

(a) Financial information of subsidiaries as of and for the year ended December 31, 2023 is as follows:

Company	Assets	Liabilities	Revenue	Net profit or loss	Total comprehensive income (loss)
Kyobo Securities Co., Ltd.	₩ 15,441,396	13,676,024	3,753,383	68,735	69,789
Kyobo Book Center Co., Ltd.	519,966	298,443	962,622	(34,463)	(31,332)
Kyobo Info. & Comm. Co., Ltd.	106,758	29,029	133,316	5,540	4,223
Kyobo Realco Inc.	68,736	18,055	114,704	4,083	3,957
Jeil Total Management Co., Ltd.	5,699	2,247	25,092	520	512
KCA Claim Adjustment Co., Ltd.	38,497	2,690	40,943	902	144
KCA Service Co., Ltd.	18,803	3,839	35,203	2,143	1,622
Kyobo Life Planet Life Insurance Company	649,904	588,472	49,517	(21,391)	(20,655)
Fortress Innovation Co., Ltd	1,179	146	1,572	(609)	(624)
Kyobo Asset Trust Co., Ltd.	555,569	87,425	104,668	(31,091)	(31,632)
Kyobo AIM Asset Management Co., Ltd.	15,403	2,161	4,490	(1,313)	(1,310)
Kyobo Life Asset Management (USA) Co., Ltd.	9,323	5	1,655	490	646
Kyobo Life Asset Management (Japan) Co., Ltd.	2,429	143	1,172	188	91
Kyobo new technology Investment Association No. 1	70,962	2,001	190	(6,037)	(6,037)
The Planics Co.,Ltd.	3,629	1,701	1,776	(2,618)	(2,618)
Consus BTL Private Special Asset Investment Trust 1	26,681	11,864	1,181	970	970
Consus Hope BTL Private Special Asset Investment Trust 1	22,600	7,609	1,577	882	882
Consus New Energy Private Special Asset Investment Trust 2	8,269	2,606	724	533	533
KIAMCO SHIPPING Private Equity Special Asset Investment Trust KX-No.1	12,662	831	1,338	1,320	1,320
Kyobo Tech Value up Investment Association No. 1	28,503	853	50	(2,061)	(2,061)
Kyobo AIM Core General Private Real Estate Investment Trust 1	60,711	1,260	780	(1,123)	(1,123)
Kyobo AIM Infrastructure General Private Investment Trust 1	34,801	704	436	103	103
Kyobo AIM Corporate Finance General Private Investment Trust 1	93,183	187	216	(44)	(44)
Districtyangjoo Co., Ltd.	5,294	5,385	1,774	4	4
Caba chic 3rd Co., Ltd.	3,594	3,595	283	(1)	(1)
Goeun angol 1st Co., Ltd.	4,052	4,049	363	(1)	(1)
Exelstonered 1st Co., Ltd.	3,050	3,049	354	-	-
Doublerich 5th Co., Ltd	1,142	1,148	50	(5)	(5)
Doublerich 1st Co., Ltd	15,156	15,183	1,228	-	-
Doublerich 8th Co., Ltd	12,418	12,418	1,487	-	-
Atlantisgogyong 1st Co., Ltd	9,147	9,149	1,181	(46)	(46)
Autodream 1st Co., Ltd	12,209	12,213	1,091	(53)	(53)
K-hotel 1st Co., Ltd	8,208	8,223	1,084	(75)	(75)
X-med 7th Co., Ltd.	10,802	10,406	882	361	361
K Logistics 1st Co., Ltd.	₩ 9,904	10,120	802	(23)	(23)
Lycos 1st Co., Ltd.	10,122	10,119	757	-	-
Oblique 5th Co., Ltd.	707	904	-	(45)	(45)
SJgreat 7th Co., Ltd.	1,917	1,918	9	-	-
BrightStar 4th Co., Ltd.	2,635	2,636	241	(1)	(1)
Whitewood 7th Co., Ltd.	12,576	12,576	1,364	(1)	(1)
X-med 9th Co., Ltd.	346	400	15	(7)	(7)
Intgreen 2nd Co., Ltd.	10,142	10,141	1,117	-	-
Yangdocube 1st Co., Ltd.	30,141	31,457	280	(1,316)	(1,316)
Metagreen 3rd Co., Ltd.	15,251	15,251	1,390	-	-
Metagreen 1st Co., Ltd.	9,214	9,214	1,075	-	-
Easytree 3rd Co.,Ltd.	3,011	3,002	52	(10)	(10)
Metagreen 6th Co., Ltd.	7,087	7,087	460	-	-

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Metagreen 8th Co., Ltd.		5,403	5,403	610	-	-
Theflex 1st Co., Ltd.		12,141	12,157	1,196	14	14
BrightStar 9th Co., Ltd.		20,620	20,621	1,808	5	5
Easyplant 4th Co., Ltd.		6,395	6,396	955	(1)	(1)
Ujur 2nd Co., Ltd.		6,095	6,095	480	-	-
Theteras 1st Co., Ltd.		6,331	6,145	700	(59)	(59)
Ujur 5th Co., Ltd.		23,188	23,246	1,529	45	45
HW Yeouido 1st Co., Ltd.		4,257	4,282	632	59	59
Phoenix Living 1st Co., Ltd.		21,410	21,096	1,487	(255)	(255)
Phoenix Living 2nd Co., Ltd.		10,720	10,678	1,001	(6)	(6)
Intgreen 9th Co., Ltd.		10,109	10,102	849	(36)	(36)
Entrepo JinCheon Co., Ltd.		5,109	5,131	511	(22)	(22)
Asan JS 1st Co., Ltd.		3,085	3,128	262	(43)	(43)
KCQ 3rd Co., Ltd.		1,031	1,016	74	18	18
KCQ 4th Co., Ltd.		1,034	1,015	74	18	18
Stadblue 4th Co., Ltd.		1,040	1,024	116	16	16
Ujureu 7th Co., Ltd.		13,025	13,038	1,246	(10)	(10)
K Seongjeong 1st Co., Ltd.		6,537	6,351	531	184	184
Perfectdream 2nd Co., Ltd.		10,323	10,498	1,760	179	179
Dreamgusam Siheung 1st Co., Ltd.		7,938	7,835	547	106	106
Entrepo JinCheon 4th Co., Ltd.		2,213	2,229	70	(16)	(16)
F.I Sancheok Co., Ltd.		2,129	2,129	71	-	-
Entrepo Icheon 5th Co., Ltd.		19,493	19,296	1,257	(11)	(11)
Easy Plant 8th Co., Ltd.		3,125	3,135	570	(10)	(10)
Dream Spare 6th Co., Ltd.		10,569	10,569	1,215	-	-
Great Ocean 2nd Co., Ltd.		5,245	4,993	453	14	14
Phoenix Logistics 1st Co., Ltd.		10,446	10,197	1,132	165	165
Phoenix Logistics 2nd Co., Ltd.	₩	20,601	20,598	1,753	2	2
Easy Plant 9th Co., Ltd.		5,075	5,076	1,031	-	-
Phoenix Living 4th Co., Ltd.		3,046	3,045	240	-	-
K Logistics 2nd Co., Ltd.		27,434	26,771	2,898	613	613
Dear Buddy 4th Co., Ltd.		47,891	47,923	3,281	10	10
Perfectdream 9th Co., Ltd.		15,691	15,694	714	(2)	(2)
Highlightful 2nd Co., Ltd.		6,260	6,272	1,032	(11)	(11)
Highlightful 3rd Co., Ltd.		3,653	3,659	762	(6)	(6)
H1 1st Co., Ltd.		1,670	2,200	-	(256)	(256)
Dreamgusam Songlim 1st Co., Ltd.		14,737	14,793	1,457	(55)	(55)
Yongin Cheoin 2 1st Co., Ltd.		4,470	4,294	279	176	176
Dreamgusam Nonhyeon 2st Co., Ltd.		10,640	10,230	659	410	410
Joyce 1st Co., Ltd.		31,283	31,332	873	(49)	(49)
Kyobo Plant 2nd Co., Ltd.		38,653	38,653	787	-	-
Dreamgusam chungra 1st Co., Ltd.		25,525	25,421	308	104	104
Hidream 4th Co., Ltd.		35,749	35,752	278	(3)	(3)
JWD 1st Co., Ltd.		25,986	26,131	359	(145)	(145)
Kyobo Securities target income solution 1Y General Private Equity Investment Trust U-4		412,882	319,699	9,283	5,198	5,198
Kyobo Securities target income solution General Private Equity Investment Trust U-6		620,138	478,733	13,959	6,823	6,823
Kyobo Securities target income solution 2Y General Private Equity Investment Trust U-8		540,107	367,240	9,023	(7,683)	(7,683)
Kyobo Securities target income solution 3Y General Private Equity Investment Trust U-9		133,852	95,113	939	(1,271)	(1,271)

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

Company	Assets	Liabilities	Revenue	Net profit or loss	Total comprehensive income (loss)
Kyobo Securities Co., Ltd.	₩ 13,260,652	11,809,400	4,081,460	52,040	68,615
Kyobo Book Center Co., Ltd.	499,031	239,711	835,022	(15,375)	(11,588)
Kyobo Hottracks Co., Ltd.	48,380	30,247	109,617	832	2,575
Kyobo Info. & Comm. Co., Ltd.	82,898	9,392	83,117	1,228	1,228
The Planics Co., Ltd.	4,368	1,792	456	(2,337)	(2,337)
Kyobo Realco Inc.	71,838	25,113	116,592	5,110	6,076
Jeil Total Management Co., Ltd.	5,095	2,154	22,060	403	417
KCA Claim Adjustment Co., Ltd.	38,413	2,750	40,631	3,908	4,612
KCA Service Co., Ltd.	16,680	3,338	34,594	2,542	3,100
Kyobo Life Planet Life Insurance Company	642,752	607,106	290,203	(13,864)	(50,138)
Fortress Innovation Co., Ltd	2,515	874	4,183	982	982
Kyobo Asset Trust Co., Ltd.	411,779	61,966	112,168	30,202	28,402
Kyobo Life Asset Management (USA) Co., Ltd.	8,668	12	1,515	181	124
Kyobo Life Asset Management (Japan) Co., Ltd.	2,416	222	1,628	397	238
Consus BTL Private Special Asset Investment Trust 1	29,955	13,868	918	(608)	(608)
Consus Hope BTL Private Special Asset Investment Trust 1	26,251	9,022	1,773	273	273
Consus New Energy Private Special Asset Investment Trust 2	11,478	3,809	465	194	194
KIAMCO SHIPPING Private Equity Special Asset Investment Trust KX-No.1	13,389	1,523	661	(971)	(971)
Kyobo new technology Investment Association No. 1	77,108	3,233	179	(2,983)	(3,286)
Districtyangjoo Co., Ltd.	15,524	15,620	1,609	(34)	(34)
Caba chic 3rd Co., Ltd.	3,614	3,614	245	-	-
Goeun angol 1st Co., Ltd.	4,051	4,048	331	5	5
Exelstonered 1st Co., Ltd.	3,075	3,074	368	-	-
Doublerich 5th Co., Ltd	1,197	1,197	50	-	-
Doublerich 1st Co., Ltd	15,301	15,327	3,430	(3)	(3)
Doublerich 8th Co., Ltd	12,446	12,446	1,253	-	-
Atlantisgogyong 1st Co., Ltd	9,512	9,468	1,113	71	71
Autodream 1st Co., Ltd	12,267	12,217	1,087	103	103
K-hotel 1st Co., Ltd	8,361	8,301	937	51	51
Gabriel 2nd Co., Ltd.	3,220	3,233	281	(4)	(4)
Geobukseom Island Rich 1st Co., Ltd.	6,088	6,110	825	28	28
SJgreat 3rd Co., Ltd.	15,563	15,573	1,468	12	12
X-med 7th Co., Ltd.	10,163	10,129	1,128	12	12
K Logistics 1st Co., Ltd.	9,928	10,120	799	96	(53)
Lycos 1st Co., Ltd.	₩ 10,124	10,121	757	-	-
Oblique 5th Co., Ltd.	711	864	-	(57)	(57)
SJgreat 7th Co., Ltd.	1,917	1,918	199	6	6
BrightStar 4th Co., Ltd.	2,643	2,644	264	-	-
BrightStar 2nd Co., Ltd.	8,346	8,357	750	14	14
Whitewood 7th Co., Ltd.	12,530	12,530	1,106	-	-
X-med 9th Co., Ltd.	352	400	15	2	2
Intgreen 2nd Co., Ltd.	10,145	10,144	998	57	57
I-pro 3rd Co., Ltd.	5,675	5,671	547	(2)	(2)
Yangdocube 1st Co., Ltd.	30,583	30,583	2,838	-	-
Metagreen 3rd Co., Ltd.	15,268	15,268	1,119	-	-
Metagreen 1st Co., Ltd.	9,222	9,222	942	-	-
Easytree 3rd Co., Ltd.	3,066	3,047	202	18	18
Metagreen 6th Co., Ltd.	7,109	7,109	406	-	-
Metagreen 8th Co., Ltd.	5,204	5,204	508	-	-
Theflex 1st Co., Ltd.	12,110	12,139	958	(22)	(22)
BrightStar 9th Co., Ltd.	20,334	20,341	1,395	(6)	(6)

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Easyplant 4th Co.,Ltd.	6,111	6,112	1,361	(1)	(1)
Ujur 2nd Co.,Ltd.	6,135	6,135	480	-	-
Theteras 1st Co.,Ltd.	6,382	6,136	581	(106)	(106)
BrightStar 10th Co.,Ltd.	5,127	5,127	400	-	-
Ujur 5th Co.,Ltd.	20,941	21,045	947	(104)	(104)
HW Yeouido 1st Co., Ltd.	4,404	4,488	1,482	(84)	(84)
Phoenix Living 1st Co., Ltd.	21,120	20,551	1,815	568	568
Phoenix Living 2nd Co., Ltd.	10,453	10,405	1,497	48	48
Intgreen 9th Co., Ltd.	10,146	10,104	892	43	43
Entrepo JinCheon Co., Ltd.	5,134	5,134	398	-	-
Asan JS 1st Co., Ltd.	3,181	3,181	334	-	-
KCQ 3rd Co., Ltd.	1,017	1,019	90	(3)	(3)
KCQ 4th Co., Ltd.	1,020	1,020	88	1	1
Stadblue 4th Co., Ltd	1,028	1,028	113	-	-
Ujureu 7th Co., Ltd.	12,945	12,949	905	(3)	(3)
K Seongjeong 1st Co., Ltd.	6,190	6,187	343	2	2
Perfectdream 2nd Co., Ltd.	10,584	10,938	2,425	(354)	(354)
Dreamgusam Siheung 1st Co., Ltd	7,735	7,737	438	(3)	(3)
Entrepo JinCheon 4th Co., Ltd.	2,229	2,229	176	-	-
F.I Sancheok Co., Ltd.	2,154	2,154	169	-	-
Entrepo Icheon 5th Co., Ltd.	9,459	9,251	1,094	208	208
Dream Spare 2nd Co., Ltd.	4,068	4,070	181	(2)	(2)
Easy Plant 8th Co., Ltd.	3,094	3,094	634	-	-
Dream Spare 6th Co., Ltd.	10,431	10,431	613	-	-
Great Ocean 2nd Co., Ltd.	5,240	5,002	320	138	215
Dreamgusam Nonhyeon 1st Co., Ltd.	25,769	26,446	3,136	(677)	(677)
Phoenix Logistics 1st Co., Ltd.	10,284	10,200	551	84	84
Phoenix Logistics 2nd Co., Ltd.	10,391	10,390	590	2	2
Easy Plant 9th Co., Ltd.	5,070	5,070	451	-	-
Phoenix Living 4th Co., Ltd.	3,047	3,045	103	2	2
K Logistics 2nd Co., Ltd.	6,623	6,573	413	50	50
Dear Buddy 4th Co., Ltd.	27,047	27,089	669	(42)	(42)
Perfectdream 9th Co., Ltd.	8,571	8,572	129	(1)	(1)
Highlightful 2nd Co., Ltd.	6,232	6,233	293	(1)	(1)
Highlightful 3rd Co., Ltd	3,637	3,637	219	-	-
H1 1st Co., Ltd	1,526	1,800	-	(27)	(216)
Dreamgusam Songlim 1st Co., Ltd.	9,609	9,609	78	-	-
Kyobo Securities target income solution 1Y General Private Equity Investment Trust U-4	381,082	292,995	608	(12,013)	(12,013)
Kyobo Securities target income solution General Private Equity Investment Trust U-6	545,088	415,507	637	(25,518)	(25,518)

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2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“KIFRS”), as prescribed in the Act on External Audits of Stock Companies.

The consolidated financial statements are prepared based on historical cost, except for derivative financial instruments, 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, defined benefit liabilities, Insurance contract liabilities, reinsurance contract assets and reinsurance contract liabilities. The consolidated financial statements are presented in Korean won (KRW) and all amounts are rounded to the nearest millions, except when otherwise indicated.

The consolidated financial statements as of and for the year ended December 31, 2023 were authorized for issue by the Board of Directors on March 5, 2024. The consolidated financial statements may be revised and authorized at regular general meeting of shareholders scheduled on March 22, 2024.

2.2 Basis of consolidation

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

Specifically, the Group controls an investee if and only if the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.3 Significant accounting policies

2.3.1 Investment in associates and a joint venture

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

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group’s investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

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

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

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

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

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

2.3.2 Fair value measurement

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

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts

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and other relevant documents.

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

2.3.3 Foreign currencies

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

(1) Transactions and balances

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

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

(2) Foreign operations

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

2.3.4 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

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

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

2.3.5 Leases

Consolidated companies consider whether a contract transfers the right to control the use of identified assets for a specified period by exchanging consideration in order to determine at the inception of the contract whether the contract itself is a lease or whether it contains a lease.

(1) Group as a lessee

Consolidated entities apply a single recognition and measurement approach to all leases, excluding short-term leases and leases of low-value underlying assets. Consolidated entities recognize lease liabilities representing the obligation to pay lease payments and right-of-use assets representing the right to use the underlying assets.

1) Right-of-use asset

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

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

Right-of-use assets of the Group are included in property and equipment (See Note 19).

2) Lease liabilities

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

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

Lease liabilities of the Group are included in other financial liabilities (See Note 27).

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

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

(2) Group as a lessor

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

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earned.

2.3.6 Investment properties

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as Investment properties. Investment properties is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, Investment properties is carried at depreciated cost less any accumulated impairment losses. Investment properties is depreciated on a basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

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

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

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

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

2.3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

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

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

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

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

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

2.3.8 Inventories

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

2.3.9 Impairment of non-financial assets

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

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

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

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

The following assets have specific characteristics for impairment testing:

1) Goodwill

Goodwill is tested for impairment annually as of December 31 and when circumstances indicate that the carrying value may be impaired.

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

2) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as of December 31 at the CGU level and when circumstances indicate that the carrying value may be impaired.

2.3.10 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or

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less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

2.3.11 Financial instruments

(1) Classification

Financial assets are classified as

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

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

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 depending on the business model that holds the asset. The Group reclassifies debt instruments only when the Group changes the business model that manages financial assets.

For investments in equity instruments that are not held for trading, an irrevocable election may be made upon initial recognition to designate that subsequent changes in fair value be presented in other comprehensive income. Changes in the fair value of investments in undesignated equity instruments are recognized in profit or loss.

(2) Measurement

Financial assets are recognized initially at fair value and in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. Transaction costs for financial assets measured at fair value through profit or loss are recognized in profit or loss.

For hybrid contracts including embedded derivatives, the entire contract is considered when determining whether the cash flows under the contract consist solely of principal and interest.

1) Debt instruments

The subsequent measurement of a financial asset is based on the contractual cash flow characteristics of the financial asset and the business model that manages the financial asset and classified three categories as follows:

(a) Financial asset at amortized cost

Financial asset held under a business model where the purpose is to hold the asset to receive contractual cash flows and assets of which contractual cash flows consist solely of principal and interest are measured at amortized cost. Gains and losses on financial assets at amortized cost that are not subject to a hedging relationship are recognized in profit or loss when the financial asset is derecognized or impaired. Interest income from financial assets recognized according to the effective interest rate method is included in 'interest income'.

(b) Financial assets at fair value through other comprehensive income

Financial assets held under a business model that achieves the purpose through both receiving contractual cash flows and selling financial assets, and financial assets of which contractual cash flows consist only of principal and interest are measured at fair value through other comprehensive income. Except for impairment losses (reversals), interest income, and foreign exchange gains and losses, valuation gains and losses on financial assets measured at fair value are recognized in other comprehensive income. When derecognizing a financial asset, the recognized accumulated other comprehensive income is reclassified from equity to profit or loss. Interest income from financial assets recognized according to the effective interest rate method is included in 'financial income'. Foreign exchange gains and losses are expressed as 'foreign exchange transaction gains' or 'foreign exchange transaction losses', and impairment losses are expressed as 'other comprehensive income – losses related to financial instruments measured at fair value.'

(c) Financial assets at fair value through profit or loss

Debt instruments that are not financial assets at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Gains and losses on debt instruments measured at fair value through profit or loss that are not subject to the hedging relationship are recognized in profit or loss and is presented in the statement of comprehensive income as 'profit or loss - profit related to financial instrument measured at fair value' or 'profit or loss - loss related to financial instrument measured at fair value'.

2) Equity instruments

The Group subsequently measures its investments in all equity instruments at fair value.

Amounts recognized as other comprehensive income for equity instruments for long-term or strategic investment purposes that choose to report changes in fair value as other comprehensive income are not reclassified to current profit or loss even when the equity instruments are derecognized. Dividend income from such equity instrument is recognized in profit or loss as 'dividend income' when the Group's right to receive dividends is confirmed.

Changes in the fair value of financial assets at fair value through profit or loss are presented in the income statement as 'gains related to financial instruments at fair value through profit or loss' or 'losses related to financial instruments at fair value through profit or loss'. Impairment losses (reversals) on equity instruments measured at fair value through other comprehensive income are not recognized separately.

(3) Impairment

The Group evaluates expected credit losses on debt instruments measured at amortized cost or fair value through other comprehensive income based on the information of forward-looking criteria and impairment is determined by considering whether there is a significant increase in credit risk.

(4) Recognition and derecognition

Regular purchases or sales of financial assets are recognized on the transaction date on which the purchase or sale of the financial asset is agreed and confirmed. Financial assets are derecognized when the contractual rights to cash flows expire or when the financial asset is transferred and substantially all of the risks and rewards of ownership have been transferred.

Even in cases where financial assets are transferred, the Group does not remove most of the risks and rewards of owning the transferred financial assets and retains all of the transferred assets if the Group retains most of the risks and rewards of ownership of the transferred financial assets due to the right of recourse in case of default by the debtor and the consideration received is recognized as a financial liability and classified as 'other financial liabilities' in the statement of financial position.

(5) Offset

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. A legally enforceable right of offset does not depend on future events and is enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy.

2.3.12 Derivatives and hedge accounting

Derivatives are initially recognized at fair value at the time the derivatives contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of a derivative are accounted for differently depending on whether the derivative is designated as a hedging instrument and the nature of the hedged item.

(1) Derivatives held for trading

Derivatives that do not meet the requirements for hedge accounting are classified as trading purposes, and changes in the fair value of the derivatives are recognized in the statement of comprehensive income as 'derivatives-related gains' or 'derivatives-related losses'.

(2) Derivatives held for hedging

The Group designates the following hedging relationship as a hedging instrument.

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

At inception of the hedge, the Group documents the economic relationship between the hedging instrument and the hedged item, including whether the hedging instrument is expected to offset the changes in the cashflow of hedged item. Additionally, the Group documents the risk management objectives and strategies for conducting hedging transactions.

1) Fair value hedge

Changes in the fair value of derivatives that are designated as fair value hedge and meet the application requirements are recognized in profit or loss for the current period, and changes in the fair value of the hedged item due to the hedged risk are also recognized in profit or loss for the current period.

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Changes in the fair value of the hedging instrument and changes in the fair value of the hedged item due to the hedged risk are all recognized in the statement of comprehensive income as profit or loss. Fair value hedge accounting is discontinued when the Group no longer designates a hedging relationship, when the hedging instrument expires, is sold, liquidated or exercised, or when it no longer meets the requirements for fair value hedge accounting. The adjustment to the carrying amount of the hedged item due to the hedged risk is amortized from the date hedge accounting and recognized in current profit or loss.

2) Cashflow hedge

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges and meet the application requirements are recognized as other comprehensive income, and the ineffective portion is recognized immediately in the statement of comprehensive income as current profit or loss. The amount accumulated in accumulated other comprehensive income is recognized in the statement of comprehensive income as profit or loss during the period in which the hedged item affects profit or loss (for example, when the expected sales that are the hedged item occur).

In case the hedging instrument expires or is sold, or if it no longer meets the requirements for hedge accounting, cumulative valuation gains and losses recognized as other comprehensive income are recognized in current profit or loss when expected transactions are recognized in the comprehensive income statement. If the expected transaction is no longer expected to occur, the accumulated profit or loss recognized in equity is immediately recognized in the statement of comprehensive income as current profit or loss.

(3) Embedded derivatives

If the embedded derivative is not closely related to the economic characteristics and risk of the host contract and a separate product with the same conditions as the embedded derivative meets the definition of a derivative, the embedded derivative is separated from the host contract and accounted for separately if the host contract of a hybrid financial product does not constitute a financial asset and is not designated as an item measured at fair value through profit or loss. Changes in the fair value of embedded derivatives that are separate from the host contract are recognized as part of the net profit or loss of financial instruments at fair value through profit or loss.

2.3.13 Non-current assets and disposal groups held for sale

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

2.3.14 Employee benefits

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

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

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

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

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

(1) Retirement benefits: defined contribution plans

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

(2) Retirement benefits: defined benefit plans

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

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

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

(3) Short-term employee benefits

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

(4) Other long-term employee benefits

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

(5) Redundancy payments

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

2.3.15 Provisions

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

2.3.16 Insurance contracts

(1) Classification : Insurance contracts and investment contracts

The Group considers the actual rights and obligations of all insurance contracts and determines whether to assume significant insurance risks from policyholders. As a result, if significant insurance risk is acquired from the policyholder, it is classified as an insurance contract, and if there is no significant transfer of insurance risk, it is classified as an investment contract even if it takes the legal form of an insurance contract. Depending on the classification of the contract, KIFRS 1117 'Insurance Contracts' applies to insurance contracts and investment contracts with discretionary participation features, and KIFRS 1109 'Financial Instruments' applies to investment contracts without discretionary participation features. The Group classifies non-dividend retirement insurance and retirement pension products as investment contracts without discretionary participation features. There are no embedded derivative elements embedded in insurance contracts held by the Group that meet the requirements for separation.

The Group measures insurance contracts with direct participation characteristics by applying the variable fee approach in accordance with KIFRS 1117, 'Insurance Contracts'. Insurance contracts that do not have direct participation characteristics are measured using the general model, and the premium allocation approach, which is a simplified

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method of the general model, is not applied.

(2) Insurance contract liabilities

1) Level of aggregation

The Group divides insurance contracts into groups and portfolios based on the likelihood of loss, similarity of risk, and management level. The possibility of bearing losses in an insurance contract is determined based on the risk adjustment and ratio of contractual service margin ratio at the time of initial recognition of the insurance contract. The Group determines the minimum unit of insurance contract group at the time of initial recognition and does not subsequently re-evaluate the composition of the group. Except for exceptions according to the provisions at the time of transition, Insurance contracts with a difference in issuance time of more than one year are not included within the same set of insurance contracts.

2) Recognition

The Group recognizes a group of insurance contracts at the earliest of the start of the coverage period for the group of insurance contracts, when the first premium is payable by the policyholder, or when the group of insurance contracts is expected to bear a loss. If the reinsurance contract held provides proportional coverage, it is recognized at the later of the start of the coverage period of the group of reinsurance contracts held or the initial recognition of the group of original insurance contracts, and in all other cases, the beginning of the coverage period. A group of reinsurance contracts is recognized at the time of the transaction.

3) Contract boundary

The measurement of a group of insurance contracts includes future cash flows within the boundaries of the contracts in the group. If the cash flows arise from substantive rights and obligations that exist in the reporting period, where policyholders can be forced to pay premiums, or when there is a substantive obligation to provide services to policyholders, the cash flows are within the boundaries of the insurance contract. The Group determines the boundaries of insurance contracts based on whether it has the actual ability to re-evaluate the risks of a particular policyholder or a particular portfolio and whether the results of that reevaluation can be reflected in the price or level of benefits. Until the risk is reevaluated, the pricing of premiums does not take into account the risk at any time after the reevaluation. Contract boundaries are remeasured at each reporting point.

The Group determines the boundaries of the contract at the insurance contract level, which integrates the main contract and rider. Therefore, the boundary of the contract is judged based on the expiration of the main contract, not the renewal time of the renewable rider. In addition, the interim additional option guaranteed by the Group was judged to be a future cash flow within the boundary of the contract. The boundary of the reinsurance contract is determined according to the rights and obligations of the Group and the reinsurer, and it was determined that the boundary of the reinsurance contract is severed when both parties to the reinsurance contract have a cancellation option at the same time.

4) Initial measurement of insurance contract

Upon initial recognition, the Group measures a group of insurance contracts as the sum of fulfillment cash flows and contractual service margin. Fulfillment cash flows consist of estimates of future cash flows, related to future cash flows, and risk adjustments for non-financial risks.

- Estimates of future cash flows

The purpose of estimation of future cash flow is to determine the expected value of all possible scenarios using available reasonable and valid information without excessive cost or effort and discounted cash flow results for each scenario are measured using a probability-weighted average. In addition, the current assumptions are estimated by reflecting significant interconnections between cash flows and market variables and reflecting reasonable and objectively supported information excluding the convenience of future cash flows, but are measured in a manner consistent with market prices. Until revisions to laws and regulations are actually enacted, the effects of changes in laws and regulations are not reflected, and cash flow within the contract boundary is directly related to the performance of contractual obligations and includes discretionary effects on the timing and amount of payment.

The main input variables when estimating future cash flows are insurance premiums, payments, contract conclusion costs, contract maintenance costs, costs related to providing investment services, investment activities and costs related to investment activities performed to increase insurance coverage, and taxes and costs explicitly charged to policyholders.

The method the Group uses to distinguish between changes in future cash flow estimates due to the exercise of discretion and other changes in future cash flow estimates for contracts without direct participation features is as follows. To identify changes in discretionary cash flows, the rate of return implied in the performance cash measurement upon initial recognition is considered a contractual commitment (e.g., published interest rate) and is updated each reporting period to reflect current financial risk assumptions. Changes in discretionary cash flow determined through this procedure are related to future services and are reflected in the contractual service margin.

- Adjustments to reflect financial risk and time value of money

All cash flows are discounted in the risk-free yield curve by reflecting the characteristics of the cash flows and the liquidity of the insurance contract. The risk-free rate uses government bonds, etc., and the yield curve uses as much observable market information as possible and interpolates to arrive at the final forward rate maturity. To reflect the liquidity characteristics of insurance contracts, the risk-free yield curve is adjusted by an illiquidity premium, and illiquidity risk is typically measured by taking into account corporate bond spreads and equivalent CDS costs under same condition. In addition, cash flow linked to asset performance is measured by reflecting the degree of linkage through risk-neutral measurement.

- Risk adjustments for non-financial risks

Risk adjustment for non-financial risks is determined by reflecting the compensation required by the issuing company for assuming the risk. Risk adjustment reflects the diversification effect of risk and is measured using the confidence level method. Risk adjustment of cedant insurance is measured by considering the transfer of risk before and after ceded, and when measuring risk adjustment through the confidence level method, the expected future cash flow distribution is measured and the confidence level is calculated as 75th percentile. When measuring risk adjustment for non-financial risks, major input variables include death, longevity, disease, business operation expenses, and termination risk.

The Group presents the changes in risk adjustment for non-financial risks by dividing these into insurance service components and insurance finance components.

- Contractual service margin

Contractual service margin is the unrealized profit that will be recognized through the provision of insurance services in a future period and if the fulfillment cash flow at the time of initial recognition of a group of insurance contracts is a net inflow, the contractual service margin is measured to ensure that no revenue or expense is generated at the time of initial recognition for the group of insurance contracts. Meanwhile, if the fulfillment cash flow at the time of initial recognition of a group of insurance contracts is a net outflow, the group of insurance contracts is classified as an onerous contract group, the expected net outflow amount is recognized as profit or loss, and it is subsequently measured as a loss element.

5) Subsequent measurement of insurance contract

The carrying amount of the group of insurance contracts as of the end of the reporting period is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage consists of fulfillment cash flows and contractual service margin related to future services allocated to the group of insurance contracts as of the end of the reporting period. The liability for incurred claims consists of fulfillment cash flows for insurance claims and insurance costs that have not yet been paid, and fulfillment cash flows include unreported incurred losses and dividend reserves in accordance with supervisory regulations.

6) Reinsurance contract

The Group applies the same accounting policies applied to the measurement of groups of insurance contracts to the measurement of groups of reinsurance contracts, except for the following.

The Group includes the effects of all risks related to default by the issuer of reinsurance contracts (including the effects of collateral and losses resulting from disputes) when measuring the group of reinsurance contracts.

The effect of the reinsurer's default risk is remeasured at the end of each reporting period, and the effect of changes in default risk are recognized in profit or loss. The Group calculates risk adjustments for non-financial risks to reflect the risks transferred to the reinsurer.

Considering the characteristics of reinsurance contracts, even if the fulfillment cash flow at the time of initial recognition is a net outflow, the contract is not classified as an onerous group of contracts or the expected net outflow amount is not recognized as profit or loss.

7) Derecognition and modification

The Group derecognizes insurance contracts when the obligations specified in the insurance contract extinguished due to expiration, fulfillment, or cancellation. Additionally, if the contract terms are changed and the accounting treatment would have been significantly different if the new contract terms had already existed, the contract is derecognized and recognized as a new contract.

If the contract terms are changed but the contract is not derecognized, it is treated as a change in the estimate of fulfillment cash flows.

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8) Policyholder's equity adjustments

According to KIFRS 1117, cash flows related to dividends to be generated from par insurance contracts are estimated and insurance liabilities are measured using a discount rate that reflects assumptions and risks.

Unlike the existing accounting practices recognized under KIFRS 1104, the requirements do not adequately represent the potential obligations to the policyholder for par insurance and it is judged that it may cause misunderstanding of users of financial statements due to conflict with the "purpose of financial statements" set forth in the "conceptual framework". For future potential obligations that are expected to arise from the valuation gains and losses of unrealized assets as of the end of the reporting period, the Group calculated insurance liabilities by the method specified in Article 2 of Article 4-1 of the Enforcement Rules for Insurance Industry Supervision. The management judged that the Group's financial statements, including the above, fairly represent the financial position at the end of the reporting period, the end of the previous year, and the beginning of the previous year, as well as the financial performance and cash flow for the reporting period and previous year.

Policyholders' equity adjustment consists of the following:

- Other comprehensive income - valuation gains and losses on financial assets measured at fair value, etc. : The amount corresponding to the policyholder's equity adjustment calculated based on the composition ratio of investment resources by each investment year (investment profits and losses arising from existing assets acquired before applying the investment year method is based on the composition ratio of par and non-par insurance average liability reserves in the relevant reporting period) among the differences between the acquisition cost and fair value as of the end of the reporting period.
- Public service contribution fund : the accumulated amount corresponding to the policyholder's equity among the revaluation reserves. Every year, the amount calculated by multiplying this amount by the average asset management rate of return for the last three fiscal years is to be contributed as public service funds.

2.3.17 Equity capital

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

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

2.3.18 Recognition of revenue and expenses

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

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

(1) Insurance revenue

The Group recognizes insurance revenue as it fulfills its obligations to provide insurance contract services for a group of insurance contracts or to provide other services. Insurance revenue related to insurance services provided during the reporting period represents changes in the liability for remaining coverage related to the consideration the Group expect to receive. The investment component of an insurance contract is determined by the amount paid to the policyholder in all scenarios with economic substance, including cases where an insured event occurs, upon expiration, or without an insured event occurring.

Insurance contracts such as whole life insurance have an explicit surrender value (investment component), and the investment component is excluded from insurance profits and insurance service expenses and if there is no amount to pay to the policyholder in any one scenario, it is not classified as an investment component.

The amount of contractual service margin recognized as insurance revenue during the reporting period is recognized as the amount distributed to the coverage units provided during the reporting period after proportional allocation of the remaining contractual service margin at the end of the amortization period to the coverage units provided during the reporting period and subsequent coverage units. The number of coverage units is the quantitative unit of insurance contract services provided by the insurance contract, and is determined by considering the quantitative units and expected duration of insurance coverage services, investment return services, and investment-related services.

In determining the amount of benefits provided by an insurance contract in order to recognize the contractual service margin of the insurance contract issued by the Group and the cedant insurance contract held in the current profit or loss, the method for calculating the relative proportion of benefits provided by insurance coverage and investment return services or insurance coverage and investment-related services among insurance contract services is as follows.

	Calculation method
Insurance coverage and investment return services (Insurance contracts without direct participation feature)	<ul style="list-style-type: none"> - The amount of benefits provided in the contract takes into account the subscription amount for insurance benefits paid upon death, etc. - Calculated by applying the same standards as the coverage unit provided in the insurance contract for cedant insurance contracts.
Insurance coverage and investment return services (Insurance contracts with direct participation feature)	<ul style="list-style-type: none"> - For contracts providing insurance coverage and investment services, investment services (e.g. insurance policyholder reserve - investment service, risk insurance claims payment - insurance coverage, etc.) are considered in calculating the coverage unit.

Insurance acquisition cash flows are allocated to each reporting period in a systematic manner over time, and the current portion is recognized as insurance revenue and insurance expenses in equal amounts.

Loss component is allocated to each reporting period in a systematic way in the ratio of the balance of the basic loss component to the present value of the expected cash flow outflows at the beginning and the risk adjustment amount for basic non-financial risks.

Among the loss component allocations, the current portion is excluded from recognition in the same amount as insurance revenue and insurance expense.

(2) Insurance finance profit and loss

Insurance finance profit and loss consist of changes in the carrying amount of a group of insurance contracts and a group of reinsurance contracts resulting from the time value of money and financial risk effects. The Group selects and decides on a portfolio-by-portfolio basis whether to systematically allocate insurance finance profits and losses to current profit or loss and other comprehensive income. Systematic allocation systematically allocates the expected total insurance finance profit or loss over the duration of the contract group, recognizing the current portion as profit or loss and the remaining portion as other comprehensive income.

In the case of a group of insurance contracts with direct participation features that hold basic items, the Group includes in profit or loss the amount that eliminates accounting discrepancies with the profit or loss on the basic items held included in profit or loss for the current period. Insurance finance profits and losses are subdivided by applying the book return method. In addition, for a set of insurance contracts with direct participation features that do not hold the underlying item and for a set of insurance contracts where changes in financial risk have a significant impact on the amount paid to the policyholder, the effective interest rate method is applied to systematically allocate insurance financial profit or loss. For other groups of insurance contracts, insurance finance profit or loss is calculated by applying the discount rate at the time of initial recognition.

Insurance finance gains and losses arising from contractual service margins are determined in a consistent distribution method with future cash flows for a set of insurance contracts with direct participation features, and in a set of insurance contracts without direct participation features, the discount rate at the time of initial recognition is applied and systematically distributed.

When the Group transfers an insurance contract to a third party or eliminates it due to changes in the terms of the insurance contract, the accumulated other comprehensive income (loss) of the relevant insurance contract is reclassified to current profit or loss.

(3) Reinsurance profit and loss

Reinsurance profit and loss is recognized separately from reinsurance premium expenses and amounts recovered from the reinsurer. The Group recognizes the portion of the

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group of reinsurance contracts in which coverage or other services are provided as reinsurance premium expenses. Reinsurance expenses related to services provided during the reporting period for reinsurance contracts represent changes in remaining coverage reinsurance assets related to services for which the Group have provided coverage. Reinsurance revenue is recognized on amounts recovered from the reinsurer.

(4) Interest income and expense

Interest accruing from all financial instruments and available-for-sale financial assets measured at amortized cost is recognized as interest income or expense using the effective interest rate method. The effective interest rate is the interest rate that exactly equalizes the present value of the expected future cash outflows and inflows over the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Interest income is included in financial income in the statement of comprehensive income.

(5) Fee and commission income

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

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

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

- 1) Fees and commissions earned by performance of meaningful action
Fees and commissions earned by delivering meaningful performances such as negotiating on behalf of third parties' transactions, such as stock or other securities transactions and underwriting of business settlements, or as a consideration for participating in negotiation are recognized as revenue upon completion of the delivery of services.
 - 2) Fees and commissions earned by providing services
Fees and commissions levied as a consideration for providing services for a certain period of time, such as asset management fees, trust fees, guarantee service fees, are recognized as revenue when the service is provided. Also, when it is not probable that a specific loan commitment will be entered into, and when the loan commitment does not fall under the scope of KIFRS1039 Financial instruments: recognition and measurement, related commitment fee is recognized over the commitment period.
 - 3) Fees forming a part of effective interest income of financial instruments
Fees forming a part of effective interest of financial instruments are generally recognized as adjustments to effective interest rates. These fees include costs incurred for activities such as the valuation of the financial status of borrowers, guarantee, collaterals and other commitments, administrative expenditures, and expenditures made for issuance of financial liabilities. However, if the financial instrument is recognized at fair value through profit or loss, related fees and commissions are recognized in profit or loss at the initial recognition of the financial instrument.
- (6) Sale of goods
- 1) Identify the performance obligations in the contract
Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.
 - 2) price concession
The Group provides to customer a price concession at the time of sale. In accordance with KIFRS 1115, if consideration payable to a customer is not a payment for a distinct good or service from the customer, the Group accounts for all of the consideration payable to the customer as a reduction of the transaction price.
 - 3) Obligations for returns and refunds
The Group recognizes a refund liability if the Group expects to refund some or all of that consideration to the customer and adjusts revenue for the transferred products. The Group recognizes as an asset for the Group's right to recover products from a customer when the customer exercises a right of return and adjusts cost of sales for any expected costs to recover those products. The amount expected to be refunded to the customer and the amount of the right to recover the goods shall be measured applying the return experience rate based on the past practice.
 - 4) Customer loyalty program
Under the customer loyalty program, the Group provides to customer the points that entitle the customers to future discounted purchases. The Group allocates part of the consideration received to the customer loyalty program and the amount of allocation is measured based on the relative stand-alone selling prices. The amount allocated under the customer loyalty program is deferred and recognized as revenue when the points are used or extinguished.
- (7) Rendering of services
Revenue from services rendered is recognized in profit or loss when recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, in proportion to the stage of completion of the transaction at the reporting date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

(8) Dividends

Revenue is recognized when the consolidated company's right to receive dividends is established.

(9) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

2.3.19 Income tax

(1) Current income tax

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

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

(2) Deferred tax

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

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

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

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

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

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

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that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
 Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
 Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.
 Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.
 Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 Changes in accounting policies and disclosures

2.4.1 New and amended standards and interpretations adopted

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Group has not early applied standards, interpretations or amendments that have been issued but have not been implemented. The nature and the impact of each new standard or amendment is described below:

(1) KIFRS 1001 Presentation of Financial Statements – Disclosure of accounting policies

Material accounting policy information (important accounting policy information refers to the level of influence on the decision-making of major users of financial statements when considered together with other information included in the financial statements) was defined and disclosed.

The Group does not expect this amendment to have a material impact on the financial statements.

(2) KIFRS 1001 Presentation of Financial Statements – Disclosure of valuation gains and losses on financial liabilities subject to exercise price adjustment conditions

If all or part of a financial instrument with a condition where the exercise price is adjusted according to changes in the issuer's stock price is classified as a financial liability, the book value of the financial liability and related profits and losses must be disclosed. The Group does not expect this amendment to have a material impact on the financial statements.

(3) KIFRS 1008 Accounting Policy, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates

The amendments defined an accounting estimate and clarified how to distinguish it from a change in accounting policy. The Group does not expect this amendment to have a material impact on the financial statements.

(4) KIFRS 1012 Corporate Tax - Deferred income tax on assets and liabilities from a single transaction

In addition to the requirements for exceptions to initial recognition for transactions in which assets or liabilities are recognized for the first time, a requirement for transactions that do not generate same temporary differences to be added and to be deducted at the time of the transaction has been added. The Group does not expect this amendment to have a material impact on the financial statements.

(5) KIFRS 1012 Corporate Tax - International Tax Reform – Pillar 2 Model Rules

The amendments temporarily ease the accounting treatment of deferred tax arising from the enforcement of laws reflecting the Pillar 2 model rules for reforming international taxation of multinational companies and requires disclosure of current corporate tax effects related thereto. The Group does not expect this amendment to have a material impact on the financial statements.

(6) KIFRS 1109 Financial Instruments

Main characteristics of KIFRS 1109 are the classification and measurements of financial assets in accordance with the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, impairment model of financial instruments based on expected credit losses, expansion of hedged item and the hedging instrument qualifies for hedge accounting and changes to the methods for assessing hedge effectiveness.

1) Classification and measurement

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

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

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

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

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

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

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

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

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

2) Classification and measurement of financial liabilities

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

3) Impairment: Financial assets and contract assets

Under KIFRS 1109, after the initial recognition of a financial asset, it is divided into three stages according to the degree of increase in credit risk as shown in the table below, and the loss allowance is measured at the amount corresponding to the 12-month expected credit loss or the lifetime expected credit loss and credit losses can be recognized earlier compared to the loss incurred model of KIFRS 1039.

	Stages	Loss allowance
Stage 1	Credit risk has not increased significantly since initial recognition(*1)	12-month expected credit losses: the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Stage 2	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses: the expected credit losses that result from all possible default events over the expected life of a financial instrument.
Stage 3	Credit-impaired	

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

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

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since initial recognition as a loss allowance.

4) Hedge accounting

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

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

(7) KIFRS 1117 Insurance Contracts

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

1) Measurement of insurance liabilities

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

Specifically, an insurance company identifies a portfolio of insurance contracts consisting of contracts that are exposed to similar risks and managed together, and within that portfolio, groups of insurance contracts are classified into contracts with similar profitability. Thereafter, the group of insurance contracts is measured as the sum of estimated future cash flows (including cash flows related to policy loans, reflecting the time value of money, etc.), risk adjustments, and contractual service margins. With the introduction of KIFRS 1117, an account of contractual service margin is newly introduced, which means unrealized profit to be recognized as insurance contractual services are provided in the future.

On the other hand, a reinsurance contract refers to an insurance contract issued by a reinsurance company to compensate for insurance claims paid arising from original insurance contracts issued by other insurance companies, and when estimating the present value of future cash flows for a group of insurance contracts ceded, assumptions consistent with the underlying group of original insurance contracts are applied.

2) Recognition and assessment of financial results

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

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

3) Accounting policies related to the transition of insurance contracts

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

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

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

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

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

3. Significant accounting judgments, estimates and assumptions

3.1 Accounting estimates and changes

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

(1) Fair value of financial instruments

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

(2) Impairment of financial instruments

Loss allowance for financial assets is measured based on assumptions about default risk and expected loss rate.

When setting these assumptions and selecting input variables used in the impairment model, the Group considers its past experience, current market conditions, and forward-looking information as of the financial reporting date.

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(3) Impairment of non-financial assets

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

(4) Deferred tax asset

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

(5) Development costs

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

(6) Defined benefit plans

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

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

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

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

(8) Provision for decommissioning

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

(9) Income tax

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

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

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

(11) Insurance Contract Liabilities

The Group calculates current neutral estimates of future cash flows, adjustments to the time value of money and financial risks associated with future cash flows, and adjustments to non-financial risks to measure the current value of the cash flows of the liabilities for remaining coverage and the liabilities for incurred claims, and the current value measurement of these fulfillment cash flows is determined by the estimation of relevant market variables, the determination of uncertainty about the amount and timing of future cash flows, the accounting assumptions and economic assumptions and other risks.

The Group calculates the profit earned during the period by providing insurance contract margin services based on the number of coverage units in the insurance contract group. The number of coverage units in a group of insurance contracts is determined by the quantitative unit of insurance contract services of individual contract benefits and the expected duration.

4. Standards issued but not yet effective

The standards and interpretations that are issued, as of December 31, 2023, but not yet effective are disclosed below.

(1) Amendments to KIFRS 1001 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current, Non-current liabilities with commitments

The classification is made as current or non-current depending on the substantive rights that exist at the end of the reporting period, and or the possibility of exercising the right to defer payment of liabilities or management's expectations are not taken into account. In addition, the transfer of own equity instruments is included in the settlement of liabilities, except when options to settle with equity instruments in compound financial instruments meet the definition of equity instruments and are recognized separately from liabilities. Additionally, covenants with which an entity must comply after the end of the reporting period do not affect the classification of the liability, and If liabilities that must comply with agreements within 12 months after the reporting period are classified as non-current liabilities, and information regarding the risk that the liabilities may be repaid within 12 months after the reporting period must be disclosed. These amendments are effective for the annual periods beginning on or after January 1, 2024, with early application permitted. The Group is reviewing the impact of this amendment on its financial statements.

(2) Amendments to KIFRS 1007 'Statement of Cash flows', Amendments to KIFRS 1107 'Financial Instruments - Disclosures' – Disclosure of information on supplier finance arrangement

When applying a supplier finance arrangement, information on the supplier finance arrangement must be disclosed so that users of financial statements can evaluate the impact of the supplier finance arrangement on the Group's liabilities, cash flow, and liquidity risk exposure. These amendments are effective for the annual periods beginning on or after January 1, 2024, with early application permitted. The Group is reviewing the impact of this amendment on its financial statements.

(3) Amendments to KIFRS 1116 'Lease' – Lease liabilities arising from sale and leaseback

When subsequently measuring the lease liability arising from sale and leaseback, the lease fee or modified lease fee is calculated in a manner that does not recognize the profit or loss related to the usage rights held by the seller-lessee.

These amendments are effective for the annual periods beginning on or after January 1, 2024, with early application permitted. The Group is reviewing the impact of this amendment on its financial statements.

(4) Amendments to KIFRS 1001 'Presentation of Financial Statements' – Virtual asset Disclosure

Additional disclosure requirements are stipulated when holding virtual assets, when holding virtual assets on behalf of a customer, and when issuing virtual assets. These amendments are effective for the annual periods beginning on or after January 1, 2024, with early application permitted. The Group does not expect this amendment to have a material impact on the financial statements.

5. Cash and due from banks

(1) Cash and cash equivalent as of December 31, 2023 and 2022 are as follows:

		2023	2022
Cash	₩	1,094	1,292
Current deposits		1,881	4,041
Demand deposits		191,801	254,807
Time deposits		140,000	-

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MMDA		1,914,592	1,314,632
Other deposits		931,164	893,242
	₩	<u>3,180,532</u>	<u>2,468,014</u>

(2) Due from banks as of December 31, 2023 and 2022 are as follows:

		2023	2022
Time deposits	₩	527,690	221,890
Margin on futures		167,576	226,909
Reserve for claims of customers' deposits		271,429	141,089
Other deposits		960,740	802,108
(Allowance for loss)		(669)	-
	₩	<u>1,926,766</u>	<u>1,391,996</u>

(3) Bank deposits that are restricted in use as of December 31, 2023 and 2022 are as follows:

		2023	2022	Details
Demand deposits	₩	-	111	Partially seized, etc.
Guarantee deposits for current deposits		22	27	Guarantee deposits for checking accounts
Time deposits		600	3,213	Payment settlement of micro payment etc.
Margin on futures, etc.		204,174	294,234	In relation to derivatives transactions
Reserve for claims of customers' deposits		271,429	141,089	Reserve for return of customer deposits Customers' deposits of overseas futures FX margin, deposits for loan transactions, etc.
Other deposits		197,177	278,004	
	₩	<u>673,402</u>	<u>716,678</u>	

(4) Changes in the loss allowance for deposits at amortized cost for the year ended December 31, 2023 is as follows:

		2023			
		12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
	₩	Non impaired	Impaired		
Beginning balance	₩	181	-	-	181
Changes due to significant increases and decreases in credit risk		-	-	-	-
Replaced by 12-month expected credit loss		-	-	-	-
Replaced by lifetime expected credit loss		-	-	-	-
Replacing credit-damaged financial assets		-	-	-	-
Charge for the period(reversal), net		488	-	-	488
Write off, etc.		-	-	-	-
Effective interest amortization		-	-	-	-
Recovery of amortized Receivables		-	-	-	-
Ending balance	₩	<u>669</u>			<u>669</u>

(5) Changes in the total carrying amount of deposits at amortized cost for the year ended December 31, 2023 is as follows:

		2023			
		12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
	₩	Non impaired	Impaired		
Beginning balance	₩	1,391,996	-	-	1,391,996
Replaced by 12-month expected credit loss		-	-	-	-
Replaced by lifetime expected credit loss (collective assessment)		-	-	-	-
Replaced by lifetime expected credit loss of impaired receivables		-	-	-	-
Replaced by lifetime expected credit loss (individual assessment)		-	-	-	-
Purchases or removals, etc. (net increase or decrease)		535,439			535,439
Ending balance	₩	<u>1,927,435</u>			<u>1,927,435</u>

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

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

		2022
Debt securities:	₩	
Other securities		71,366
Hybrid financial instruments:		
Derivatives linked securities		298,124

7. Financial assets held for trading

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

		2022
Equity securities:		
Listed shares	₩	3,283,558
Beneficiary certificates		6,387,541
Overseas beneficiary certificates		294,788
		<u>9,965,887</u>

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Debt securities:		
Government and public bonds		5,342,487
Special bonds		2,537,110
Financial institutions bonds		2,068,427
Corporate bonds		2,148,916
Overseas securities		940,112
Other securities		1,113,985
		<u>14,151,037</u>
	₩	<u>24,116,924</u>

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

Purpose		2022	Counter party
Payment of deposit, etc.	₩	5,375,987	KSFC, etc.
Borrowing of bonds and Derivative contract, etc.		1,226,445	KSD, etc.
	₩	<u>6,602,432</u>	

8. Financial assets at fair value through profit or loss

(1) Financial assets at fair value through profit or loss as of December 31, 2023 is as follows:

		2023
Shares	₩	4,503,999
Equity investments		183,752
Beneficiary certificates (*)		19,301,541
Government and public bonds		6,687,693
Special bonds		4,007,522
Financial institutions bonds		3,003,215
Corporate bonds		1,647,706
Other securities		5,165,587
Loan receivables		46
	₩	<u>44,501,061</u>

(*) Amounts of the Corsair-related fund, which is the major shareholder of the Group, includes ₩234,530 million as of December 31, 2023, and dividend income recognized from the fund for the period ended December 31, 2023 is ₩8,860 million. In addition, the additional acquisition amount is ₩5,449 million and the disposal amount is ₩10,872 million for the period ended December 31, 2023.

(2) As described in Note 51, as the Group first applies KIFRS 1109 'Financial Instruments' for years beginning on or after January 1, 2023, Beneficiary certificates and some receivables held are classified as financial assets at fair value through profit or loss, and the changes due to the measurement of the fair value of the securities is recognized in the statement of comprehensive income as profit or loss from the period ended December 31, 2023. Meanwhile, due to changes in the economic environment such as stock index and interest rates, the fair value of beneficiary certificates and bonds classified as financial assets at fair value through profit or loss rose and the Group recognized ₩506,718 million of the change in fair value in profit or loss in the statement of comprehensive income as gain or loss on valuation of financial assets at fair value through profit or loss.

(3) Financial assets at fair value through profit or loss pledged as collateral as of December 31, 2023 is as follows:

Purpose		2023	Counter party
Payment of deposit and repurchase agreements, etc.	₩	7,346,915	KSFC, etc.
Collateral for derivative contracts, etc.		755,536	KSD, etc.

(4) As a transfer transaction that does not meet the derecognition requirements of KIFRS 1109, the details of securities lent in relation to financial assets at fair value through profit or loss as of December 31, 2023 are as follows.:

		2023
Government and public bonds	Financial assets at fair value through profit or loss	₩ 173,843

9. Available-for-sale financial assets

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

		2022
Equity securities:		
Listed shares	₩	121,993
Unlisted shares		486,306
Equity investments		182,630
Beneficiary certificates (*1)		12,366,308
Overseas securities		2,510,006
Other securities		1
		<u>15,667,244</u>
Debt securities:		
Government and public bonds		11,368,625
Special bonds		4,514,214
Financial institutions bonds		1,652,946
Corporate bonds		3,617,863
Overseas securities		2,900,184
		<u>24,053,832</u>
Cooperative Fund for default losses (*2)		59,931
	₩	<u>39,781,007</u>

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(*1) Amounts of the Corsair-related fund, which is the major shareholder of the Group, included ₩202,602 million as of December 31, 2022. Dividend income recognized from the fund is ₩18,123 million for the year ended December 31, 2022. In addition, the additional acquisition amount was ₩7,151 million and the disposal amount was ₩15,550 million for the year ended December 31, 2022.

The fair values of domestic currency debt securities and foreign currency debt securities of available-for-sale financial assets are based on the average prices of base prices on the latest business day, which are provided by Korea Asset Pricing (KAP) and KIS Pricing Inc, etc. The fair values of unlisted stocks and investments of which the posted prices are not available in an active market, are calculated based on the appraised values in the appraisal reports of KAP.

(*2) In accordance with article 394 of the Capital Market and Finance Investment Services Act and article 362 of enforcement decree of this Act, the Group reserved basic reserve of ₩1,000 million plus variable reserves as securities market joint funds and derivative market joint funds to compensate for damages from violation of transaction (derivative instrument transaction) in securities market or derivative market. The Group has no free rights to dispose the fund for its profit.

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

	2022	
Gain on valuation of available-for-sale securities	₩	(2,997,340)
Amount allocated to policyholder's equity adjustment		(135,476)
Amount allocated to deferred tax liabilities		(758,394)
Amount allocated to accumulated other comprehensive income		(2,103,470)

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

(4) Impairment losses on available-for-sale financial assets for the year ended December 31, 2022 amounted to ₩41,356 million. Reversal of impairment losses on available-for-sale financial assets for year ended December 31, 2022 amounted to ₩4,944 million.

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

Purpose		2022	Counter party
Collateral for derivatives	₩	760,329	NH Securities, etc
Repurchase agreements		244,331	KSFC, etc.
Loans for agency funding		148,270	KSFC, etc.
	₩	<u>1,152,930</u>	

(6) As the intention to hold available for sale financial assets changed during the current year, the Group reclassified some of its available for sale financial assets as held to maturity financial assets on March 2, April 1, May 13, and October 4, 2022, respectively. The carrying amounts of available for sale financial assets as of March 2, April 1, May 13, and October 4, 2022 are ₩5,298,029 million, ₩5,812,401 million, ₩274,339 million and, ₩6,730,661 million respectively and for the reclassified held to maturity financial assets, future interest income is recognized by recalculating the effective interest rate that matches the fair value at the date of reclassification with expected future cash flows. The effective interest rates calculated as of the date of reclassification of held to maturity financial assets reclassified on March 2, April 1, May 13, and October 4, 2022 are 2.594%~2.909% and 1.262%~4.660%, 2.521% to 3.622% and 3.177% to 6.605%, respectively. The carrying amounts of held-to-maturity financial assets reclassified on March 2, April 1, May 13, and October 4, 2022 are ₩5,328,961 million, ₩5,911,635 million, ₩276,283 million, and ₩6,201,979 million, respectively. Fair values are ₩4,260,055 million, ₩4,984,360 million, ₩263,018 million, and ₩6,221,345 million, respectively. Other comprehensive losses on available-for-sale financial assets that would have been recognized if not reclassified are ₩1,047,885 million, ₩911,983 million, ₩13,265 million, and other comprehensive income of ₩44,062 million, respectively.

10. Financial assets at fair value through other comprehensive income

(1) Financial assets at fair value through other comprehensive income as of December 31, 2023 is as follows:

	2023	
Equity securities:		
Listed shares	₩	317,862
Overseas equity securities		27,729
Other securities		496,317
		<u>841,908</u>
Debt securities:		
Contribution		310
Government and public bonds		26,050,272
Special bonds		5,237,371
Financial institutions bonds		1,681,111
Corporate bonds		4,624,646
Overseas debt securities		12,140,956
		<u>49,734,666</u>
	₩	<u>50,576,574</u>

(2) Details and reasons for equity instruments designated as fair value through other comprehensive income as of December 31, 2023 is as follows:

	2023	
Korea Exchange	₩	154,172
SK Telecom New Capital Securities 3		153,509
Emart Hybrid Capital Securities 3		65,659
SK E&S Hybrid Capital Securities 3		63,611
DGBFG conditional(upper)7(new type permanent-5 call)		51,451
Shinhan Financial Conditional (upper) 14 (new type permanent-5 call)		51,274
South-East Power New Capital Securities 1-2		49,173
Macquarie Infra		46,403
Agricultural Finance Bond (Bank) 2023-07E-A (New Type)		30,889
Others		175,767
	₩	<u>841,908</u>

(*) The fair value option in other comprehensive income was exercised for reasons such as retention as required by policy.

(3) Dividend income recognized from equity instruments designated as fair value through other comprehensive income for the year ended December 31, 2023 is as follows:

2023

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Shares	₩	7,012
Overseas equity securities		1,010
Other securities		18,306

₩ 26,328

- (4) There are no equity instruments disposed that are designated as fair value through other comprehensive income for the year ended December 31, 2023 .
(5) Changes in the loss allowance for financial assets at fair value through other comprehensive income for the year ended December 31, 2023 is as follows:

	12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
		Non impaired	Impaired	
Beginning balance (*)	₩ 7,909	-	1,501	9,410
Changes due to significant increases and decreases in credit risk				
Replaced by 12-month expected credit loss	-	-	-	-
Replaced by lifetime expected credit loss	-	-	-	-
Replacing credit-damaged financial assets	-	-	-	-
Charge for the period(reversal), net	4,300		(1,501)	2,799
Write off, etc	-	-	-	-
Effective interest amortization	-	-	-	-
Recovery of amortized Receivables	-	-	-	-
Ending balance	₩ 12,209	-	-	12,209

(*) This amount is applied to KIFRS1109.

- (6) Changes in the carrying amount of debt securities measured at fair value through other comprehensive income for the year ended December 31, 2023 is as follows:

	12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
		Non impaired	Impaired	
Beginning balance (*)	₩ 40,472,625	-	3,210	40,475,835
Increased in a business combination	1,325			1,325
Replaced by 12-month expected credit loss	-	-	-	-
Replaced by lifetime expected credit loss (collective assessment)	-	-	-	-
Replaced by lifetime expected credit loss of impaired receivables	-	-	-	-
Replaced by lifetime expected credit loss (individual assessment)	-	-	-	-
Purchases or removals, etc. (net increase or decrease)	9,260,715	-	(3,209)	9,257,506
Ending balance	₩ 49,734,665	-	1	49,734,666

(*) This amount is applied to KIFRS1109.

- (7) As a transaction that does not meet the requirements for derecognition under KIFRS 1109, the details of loaned securities related to financial assets at fair value through other comprehensive income as of December 31, 2023 is as follows:

	Classification	2023
Government and public bonds	₩ Financial assets at fair value through other comprehensive income	503,371

- (8) Financial assets pledged as collateral as of December 31, 2023 is as follows:

Purpose	2023	Counterparty
Collateral for derivative contracts	₩ 779,387	BNPP Bank, etc.
Futures substitute securities	13,519	Hanwha Investment & Securities
CCP-IRS substitute securities	225,114	NH Investment & Securities, etc.
Sale of repurchase agreement bonds, etc.	120,129	Korea Securities Finance Corp, etc.
Loans for agency funding	154,172	Korea Exchange

- (9) Total profit and loss related to financial assets at fair value through other comprehensive income and its allocation to policyholder's equity adjustment, deferred tax liability and accumulated other comprehensive income are as follows as of December 31, 2023 is as follows:

	2023
Amount allocated to policyholder's equity adjustment	₩ (4,910,185)
Amount allocated to deferred tax liabilities	(1,256,826)

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Amount allocated to accumulated other comprehensive income		(3,519,061)
Total profit and loss related to financial assets at fair value through other comprehensive income	₩	(4,910,185)

11. Held-to-maturity financial assets financial assets

(1) Held to maturity financial assets as of December 31, 2022 is as follows:

	2022	
Debt securities:		
Government and public bonds	₩	13,641,666
Special bonds		2,278,580
Financial bonds		132,465
Corporate bonds		813,194
Overseas securities		9,082,580
	₩	25,948,485

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

Purpose	2022	Counter party
Collateral for derivative contracts	₩ 1,302,031	KSD, etc.
Overdraft	1,053,900	SC Bank, etc.
RP sold (*)	786,576	Yuanta securities, etc.
	₩ 3,142,507	

(*) The transaction corresponds to an agreement to repurchase securities at a specific price on the contract expiration date simultaneously with the sale, so the derecognition conditions are not met.

12. Financial assets at amortized cost

(1) Financial assets at amortized cost as of December 31, 2023 is as follows:

	2023	
Debt securities:		
Government and public bonds	₩	36,407
Special bonds		656,068
Corporate bonds		587,819
Overseas bonds		19,660
		1,299,954
Loss allowances		(27)
	₩	1,299,927

(2) Changes in the loss allowance for financial assets at amortized cost for the year ended December 31, 2023 is as follows:

		2023				Total
		12-month expected credit loss measurement	Lifetime expected credit loss measurement			
			Non impaired	Impaired		
Beginning balance (*)	₩	23	-	-	-	23
Changes due to significant increases and decreases in credit risk						
Replaced by 12-month expected credit loss		-	-	-	-	-
Replaced by lifetime expected credit loss		-	-	-	-	-
Replacing credit-damaged financial assets		-	-	-	-	-
Charge for the period(reversal), net		4	-	-	-	4
Write off, etc		-	-	-	-	-
Effective interest amortization		-	-	-	-	-
Recovery of amortized Receivables		-	-	-	-	-
Ending balance	₩	27	-	-	-	27

(*) This amount is applied to KIFRS1109.

(3) Changes in the carrying amount of financial assets at amortized for the year ended December 31, 2023 is as follows:

		2023			Total
		12-month expected credit loss measurement	Lifetime expected credit loss measurement		
			Non impaired	Impaired	
Beginning balance (*)	₩	1,421,381	-	-	1,421,381
Replaced by 12-month expected credit loss		-	-	-	-
Replaced by lifetime expected credit loss (collective assessment)		-	-	-	-
Replaced by lifetime expected credit loss of impaired receivables		-	-	-	-
Replaced by lifetime expected credit loss (individual assessment)		-	-	-	-
Purchases or removals, etc. (net increase or decrease)		(121,426)	(1)	-	(121,427)
Ending balance	₩	1,299,955	(1)	-	1,299,954

(*) This amount is applied to KIFRS1109.

(4) Financial assets at amortized cost pledged as collateral as of December 31, 2023 is as follows:

Purpose	2023	Counter party
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Loan execution ₩ 19,852 Kookmin Bank

13. Loan receivables at amortized cost

(1) Loan receivables at amortized cost as of December 31, 2023 and 2022 are as follows:

	2023	2022
Loan receivables secured by investment	₩ 730,575	682,203
Loan receivables secured by real estate	7,366,724	7,428,039
Unsecured loan receivables	10,897,501	9,932,163
Guaranteed loan receivables	1,126,745	1,038,104
Other loan receivables	2,495,380	2,471,479
	<u>22,616,925</u>	<u>21,551,988</u>
Less: Present value discount	(4,269)	(10,266)
Less: Deferred loan origination costs and fees	(64,243)	(45,472)
Less: Allowance for loss on loan receivables	(274,999)	(89,556)
	<u>₩ 22,273,414</u>	<u>21,406,694</u>

(2) Changes in loss allowance for loan receivables at amortized cost for the year ended December 31, 2023 is as follows:

	₩	12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
			Non impaired	Impaired	
Beginning balance (*)		19,265	21,987	37,528	78,780
Changes due to significant increases and decreases in credit risk					
Replaced by 12-month expected credit loss		1,820	(1,820)	-	-
Replaced by lifetime expected credit loss		(2,548)	2,695	(147)	-
Replacing credit-damaged financial assets		(2,013)	(8,514)	10,527	-
		<u>(2,741)</u>	<u>(7,639)</u>	<u>10,380</u>	<u>-</u>
Charge for the period(reversal), net		5,695	39,611	181,727	227,033
Write off, etc		(9)	(118)	(43,791)	(43,918)
Effective interest amortization		-	-	-	-
Recovery of amortized Receivables		-	(1,798)	14,902	13,104
Ending balance	₩	<u>22,210</u>	<u>52,043</u>	<u>200,746</u>	<u>274,999</u>

(*) This amount is applied to KIFRS1109.

(3) Changes in allowance for loss on loan receivables for the year ended December 31, 2022 is as follows:

	2022
Beginning balance	₩ 58,570
Charge for the year(reversal), net	47,147
Write-off, etc.	(27,913)
Unwinding effect	(394)
Recovery of bad debts	12,146
Ending balance	<u>₩ 89,556</u>

(4) Changes in loan receivables at amortized cost for the year ended December 31, 2023 is as follows:

	₩	2023		Total
		12-month expected credit loss measurement	Lifetime expected credit loss measurement	
		Non impaired	Impaired	
Beginning balance (*)		20,936,452	528,759	21,537,744
Increased in a business combination		50	-	50
Replaced by 12-month expected credit loss		97,464	(97,464)	-
Replaced by lifetime expected credit loss (collective assessment)		(676,653)	679,565	(2,912)
Replaced by lifetime expected credit loss of impaired receivables		(114,004)	(33,086)	147,090
Replaced by lifetime expected credit loss (individual assessment)		-	-	-
Purchases or removals, etc. (net increase or decrease)		819,549	143,638	1,079,131
Ending balance	₩	<u>21,062,858</u>	<u>1,221,412</u>	<u>22,616,925</u>

(*) This amount is applied to KIFRS1109.

(5) Changes in deferred loan origination costs and fees for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Beginning balance	₩ (45,472)	(39,094)
Loan originations	(33,387)	(23,020)
Amortization	14,616	16,642
Ending balance	<u>₩ (64,243)</u>	<u>(45,472)</u>

(6) There are no loan receivable of which contractual cash flow has changed for the year ended December 31, 2023 among the loans for which the allowance for bad debts has been measured as lifetime expected credit losses.

(7) Among the loans of which contractual cash flow has changed, the allowance for bad debts was measured by the lifetime expected credit loss, but there is no loan that has changed to measure the allowance for bad debts by the 12-month expected credit loss after initial recognition for the year ended December 31, 2023.

(8) Contractual uncollected amount of the loan receivables which have been amortized as of December 31, 2023 but are still being collected is ₩137,690 million as of December 31, 2023.

14. Other financial assets at amortized cost

(1) Other financial assets as of December 31, 2023 and 2022 are as follows:

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	2023	2022
Insurance receivables:		
Premiums transferred automatically	₩ 42,262	48,017
Insurance settlement adjustments	3,899	3,489
Other insurance receivables	9,623	22,944
	<u>55,784</u>	<u>74,450</u>
Accounts receivables	611,600	304,002
Guarantee deposits	304,083	219,327
Accrued income	845,302	738,558
Finance lease receivables	4,627	5,096
Others	84,241	76,389
	<u>1,905,637</u>	<u>1,417,822</u>
Less: Present value discount	(4,015)	(3,615)
Less: Allowance for other receivables	<u>(46,154)</u>	<u>(31,899)</u>
	<u>₩ 1,855,468</u>	<u>1,382,308</u>

(2) Changes in allowance for losses other financial assets at amortized cost for the year ended December 31, 2023 is as follows:

	2023				Total
	12-month expected credit loss measurement	Lifetime expected credit loss measurement			
		Non impaired	Impaired		
Beginning balance (*)	₩ 3,983	1,230	24,396		29,609
Increased in a business combination	-	11	-		11
Changes due to significant increases and decreases in credit risk					
Replaced by 12-month expected credit loss	17	(17)	-		-
Replaced by lifetime expected credit loss	(8)	47	(39)		-
Replacing credit-damaged financial assets	(2,369)	(20)	2,389		-
	<u>(2,360)</u>	<u>10</u>	<u>2,350</u>		<u>-</u>
Charge for the period(reversal), net	1,159	661	17,115		18,935
Write off, etc	(26)	(5)	(2,370)		(2,401)
Effective interest amortization	-	-	-		-
Recovery of amortized Receivables	-	-	-		-
Others	-	-	-		-
Ending balance	₩ 2,756	1,907	41,491		46,154

(*) This amount is applied to KIFRS1109.

(3) Changes in allowance for bad debts for other financial assets for the year ended December 31, 2022 is as follows:

	2022
Beginning balance	₩ 28,674
Charge for the period(reversal), net	4,470
Recovery of amortized Receivables	1
Write-off, etc.	<u>(1,246)</u>
Ending balance	₩ 31,899

(4) Changes in other financial assets measured at amortized cost for the year ended December 31, 2023 is as follows:

	2023			
	12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
		Non impaired	Impaired	
Beginning balance (*)	₩ 1,293,008	44,522	80,292	1,417,822
Increased in a business combination	2,827	-	-	2,827
Replaced by 12-month expected credit loss	536	(254)	-	282
Replaced by lifetime expected credit loss (collective assessment)	(1,803)	1,820	(17)	-
Replaced by lifetime expected credit loss of impaired receivables	(15,945)	(177)	16,122	-
Replaced by lifetime expected credit loss (individual assessment)	(12,243)	-	12,243	-
Purchases or removals, etc. (net increase or decrease)	472,211	8,516	3,979	484,706
Ending balance	₩ 1,738,591	54,427	112,619	1,905,637

(*) This amount is applied to KIFRS1109.

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(5) Gross investment and present value of minimum lease payment of Finance lease receivables as of December 31, 2023 and 2022 are as follows:

		2023	
		Gross investment	Present value of minimum lease payment
Not later than 1 year	₩	3,312	3,126
1 ~5 years		3,043	3,053
Later than 5 years		-	-
Ending balance	₩	6,355	6,179

		2022	
		Gross investment	Present value of minimum lease payment
Not later than 1 year	₩	4,121	4,057
1 ~5 years		5,290	5,497
Later than 5 years		253	247
Ending balance	₩	9,664	9,801

(6) The unrealized interest income of gross investment from finance lease receivable is ₩385 million as of December 31, 2023.

15. Investments in associates and joint ventures

(1) Investments in associates and joint ventures as of December 31, 2023 and 2022 are as follows:

	Country of domicile	Reporting date	2023		2022		
			Book value	Owner -ship (%)	Book value	Owner -ship (%)	
Associates:							
A&D Credit Information Co., Ltd.(*1)	Korea	December 31, 2023	₩ 3,519	19.50	3,403	19.50	
Songsan Industrial Complex Development Co., Ltd. (*1, *4)	Korea	September 30, 2023	-	14.12	-	15.00	
Pusan Millak PFV (*1)	Korea	December 31, 2023	306	5.00	724	5.00	
Jinjeop2 REIT Co., Ltd. (*5)	Korea	December 31, 2023	-	-	59	0.13	
Guri Galmae REIT Co., Ltd. (*1)	Korea	December 31, 2023	19	0.14	20	0.03	
Yeouido H2 PFV (*1,*4)	Korea	December 31, 2023	2	5.00	-	5.00	
Pusan Eco delta city PFV(*1,*6)	Korea	December 31, 2023	-	-	-	-	
Logistec Yangsan Co., Ltd. (*1)	Korea	December 31, 2023	266	19.90	272	19.90	
Incheon Gundam 3rd PFV(*1,*6)	Korea	December 31, 2023	-	-	-	-	
Hera Park City development PFV (*1)	Korea	December 31, 2023	724	19.50	591	19.50	
Hera Park City development AMC (*1)	Korea	December 31, 2023	40	19.50	26	19.50	
Incheon Yeongjong PFV(*1,*6)	Korea	December 31, 2023	-	-	-	-	
Dongdaemoo Urban PFV(*1,*6)	Korea	December 31, 2023	-	-	-	-	
Chungju Biz Core City Co., Ltd. (*1,*4)	Korea	December 31, 2023	-	10.00	-	10.00	
Chungnam Naepo 1 PFV(*1,*6)	Korea	December 31, 2023	-	-	-	-	
Yangjuhoechun PFV(*1,*6)	Korea	December 31, 2023	-	-	-	-	
Peco-city Co., Ltd. (*1)	Korea	September 30, 2023	35	12.50	15	12.50	
Incheon Yeongjong 1st PFV(*1,*6)	Korea	December 31, 2023	-	-	-	-	
Changwon gapo PFV(*1,*6)	Korea	December 31, 2023	-	-	-	-	
Osong Smart Valley Co., Ltd.(*1)	Korea	December 31, 2023	7	10.00	8	10.00	
Jinjeop 2nd District Land Development consignment Management Real Estate Investment Company (*1)	Korea	December 31, 2023	57	0.44	-	-	
Kyobo 10 Special Purpose Acquisition Company (*3)	Korea	December 31, 2023	-	-	118	1.32	
Kyobo 11 Special Purpose Acquisition Company (*1)	Korea	December 31, 2023	20	0.23	20	0.23	
Kyobo 12 Special Purpose Acquisition Company (*1)	Korea	December 31, 2023	20	0.17	20	0.17	
Kyobo 13 Special Purpose Acquisition Company (*1)	Korea	December 31, 2023	20	0.25	20	4.00	
Kyobo 14 Special Purpose Acquisition Company (*1)	Korea	December 31, 2023	₩ 20	0.24	-	-	
Kyobo 15 Special Purpose Acquisition Company (*1)	Korea	December 31, 2023	20	0.26	-	-	
Kyobo NH Healthcare New Technology Investment Association 1 (*2)	Korea	December 31, 2023	2,502	13.89	2,635	13.89	
NH Kyobo AI solution New Technology Investment Association (*2)	Korea	December 31, 2023	-	-	1,110	8.70	
Kyobo Kiwoom New Materials & Technology Investment Association (*2)	Korea	December 31, 2023	1,200	12.50	1,988	12.50	
Kyobo Hanyang ESG New Technology Investment Association (*5)	Korea	December 31, 2023	-	-	1,289	11.76	
Kyobo Axis Future & New Technology Investment Association 1st (*2)	Korea	December 31, 2023	1,153	9.43	1,504	9.43	
Kyobo-YG Ilguimu new Technology Investment Association(*2)	Korea	December 31, 2023	694	11.49	946	11.49	
KB Kyobo New Mobility New Technology Investment Association(*2)	Korea	December 31, 2023	1,766	19.05	1,849	19.05	
Kyobo Advanced Materials & Technology Investment Association(*2)	Korea	December 31, 2023	1,893	19.42	1,808	19.42	

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NH Daishin Kyobo Healthcare 1(*2)	Korea	December 31, 2023	2,963	18.75	2,548	18.75
KYOBO-SP Advanced Materials New Technology Investment Association	Korea	December 31, 2023	2,328	21.69	2,417	21.69
Kyobo OSAT New Technology Investment Association(*2)	Korea	December 31, 2023	15,404	14.00	-	-
Kyobo-Mark New Technology Investment Association 1(*2)	Korea	December 31, 2023	268	18.75	-	-
Kyobo Healthcare New Technology Investment Association 1 (*2)	Korea	December 31, 2023	1,868	19.05	-	-
SBI-NTU-Kyobo Digital Innovation Fund(*2)	Singapore	September 30, 2023	56	0.75	5	0.75
Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery 4(*2)	Korea	December 31, 2023	30,869	4.91	-	-
Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery 5(*2)	Korea	December 31, 2023	8,652	2.60	-	-
Kyobo Securities Champion Inc. Solutions 3Y General Private Equity Trust(*2)	Korea	December 31, 2023	59	0.07	-	-
Marston General Private Real Estate Investment Trust 61	Korea	August 31, 2023	28,084	32.78	19,980	32.78
The Givers	Korea	December 31, 2023	9,644	29.80	9,917	29.80
Spiderlab	Korea	December 31, 2023	2,501	22.97	-	-
			<u>116,977</u>		<u>53,292</u>	
Joint venture:						
Kyobo AXA Investment Management Co., Ltd.	Korea	December 31, 2023	32,427	50.00	32,298	50.00
			<u>W 149,404</u>		<u>85,590</u>	

(*1) The entities are classified as associates even though the Group holds less than 20% of shares since members of the Group's Board of Directors are also the members of the entities' board and thus have significant influence over the entities.

(*2) The entities are classified as associates even though the Group holds less than 20% of shares. Since the Group can participate in decision-making related to the investees' financial and operating policies as a general manager, and thus has significant influence over the entities.

(*3) The entities are excluded from associates due to loss of significant influence for the year ended December 31, 2023.

(*4) The Group discontinued to recognize its shares of profit or loss of the associate as the amount of equity investment fell below zero.

(*5) The entities are excluded from associates because the investment was withdrawn for the year ended December 31, 2023.

(*6) By investing in preferred stocks issued by an investee company with significant influence, it was determined that the profits associated with the ownership stake in the affiliated company could not be substantially accessed through the relevant financial instruments. In accordance with KIFRS 1109, it is classified as a financial asset measured at fair value through profit or loss.

(2) Changes in investments in associates and joint ventures the year ended December 31, 2023 and 2022 are as follows:

	2023						
	Beginning balance	Acquisition	Disposal	Gain (loss) on equity-method accounting	Dividend	Capital change	Ending balance
Associates:							
A&D Credit Information Co., Ltd.	₩ 3,403	-	-	165	(49)	-	3,519
Songsan Industrial Complex Development Co., Ltd.	-	180	-	(180)	-	-	-
Pusan Millak PFV	724	-	-	(418)	-	-	306
Jinjeop2 REIT Co., Ltd.	59	-	(59)	-	-	-	-
Guri Galmae REIT Co., Ltd.	20	-	-	(1)	-	-	19
Yeouido H2 PFV	-	-	-	-	-	-	-
Logistec Yangsan Co., Ltd.	272	-	-	(6)	-	-	266
Hera Park City development PFV	591	-	-	133	-	-	724
Hera Park City development AMC	26	-	-	14	-	-	40
Chungju Biz Core City Co., Ltd.	-	-	-	-	-	-	-
Peco-city Co., Ltd.	15	-	-	20	-	-	35
Osong Smart Valley Co., Ltd.	8	-	-	(1)	-	-	7
Jinjeop District 2 REIT Co., Ltd.	-	59	-	(2)	-	-	57
Private Rental Hub No. 8 Consignment Management Real Estate Investment Company	-	59	(59)	-	-	-	-
Kyobo 10 Special Purpose Acquisition Company	118	-	(70)	-	-	(48)	-
Kyobo 11 Special Purpose Acquisition Company	20	-	-	-	-	-	20
Kyobo 12 Special Purpose Acquisition Company	20	-	-	-	-	-	20
Kyobo 13 Special Purpose Acquisition Company	20	-	-	-	-	-	20
Kyobo 14 Special Purpose Acquisition Company	-	10	-	2	-	8	20

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Kyobo 15 Special Purpose Acquisition Company	-	10	-	-	-	10	20
Kyobo NH Healthcare New Technology Investment Association 1st	2,635	-	-	(133)	-	-	2,502
NH Kyobo AI solution New Technology Investment Association	1,110	-	(1,000)	494	(604)	-	-
Kyobo Kiwoom New Materials & Technology Investment Association	1,988	-	(861)	73	-	-	1,200
Kyobo Hanyang ESG New Technology Investment Association	1,289	-	(1,000)	(46)	(243)	-	-
Kyobo Axis Future & New Technology Investment Association I	1,504	-	(674)	323	-	-	1,153
Kyobo-YG Ilguimu newTechnology Investment Association	946	-	(280)	28	-	-	694
KB Kyobo New Mobility New Technology Investment Association	1,849	-	-	(83)	-	-	1,766
Kyobo Advanced Materials & Technology Investment Association	₩ 1,808	-	-	85	-	-	1,893
NH Daishin Kyobo Healthcare I	2,548	-	-	415	-	-	2,963
KYOBO-SP Advanced Materials New Technology Investment Association	2,417	-	-	(89)	-	-	2,328
Kyobo OSAT New Technology Investment Association	-	7,000	-	8,404	-	-	15,404
Kyobo-Mark New Technology Investment Association No. 1	-	300	-	(32)	-	-	268
Kyobo NH Healthcare New Technology Investment Association I	-	2,000	-	(132)	-	-	1,868
SBI-NTU-Kyobo Digital Innovation Fund	5	58	-	(7)	-	-	56
Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery No. 1	-	5,000	(5,000)	-	-	-	-
Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery No. 2	-	5,000	(5,000)	-	-	-	-
Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery No. 3	-	10,000	(10,000)	-	-	-	-
Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery No. 4	-	29,400	-	1,469	-	-	30,869
Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery No. 5	-	10,000	-	(1,348)	-	-	8,652
Kyobo Securities Champion Inc. Solutions 3Y General Private Equity Trust	-	100	-	(41)	-	-	59
Kyobo Securities Safe-Up Bond Investment Type General Private Equity Investment Trust No. 4	-	5,000	(5,000)	-	-	-	-
The Givers	9,916	-	-	(272)	-	-	9,644
Marston General Private Real Estate Investment Trust No. 61	19,980	-	-	8,366	(262)	-	28,084
Spiderlab	-	2,501	-	-	-	-	2,501
	<u>53,291</u>	<u>76,677</u>	<u>(29,003)</u>	<u>17,200</u>	<u>(1,158)</u>	<u>(30)</u>	<u>116,977</u>

Joint ventures:

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Kyobo AXA Investment Management Co., Ltd.	32,298	-	-	6,228	(6,099)	-	32,427
	<u>₩ 85,589</u>	<u>76,677</u>	<u>(29,003)</u>	<u>23,428</u>	<u>(7,257)</u>	<u>(30)</u>	<u>149,404</u>
	2022						
	Beginning balance	Acquisition	Disposal	Gain (loss) on equity-method accounting	Dividend	Changes in equity	Ending balance
Associates:							
A&D Credit Information Co., Ltd.	₩ 3,381	-	-	71	(49)	-	3,403
Songsan Industrial Complex development Co., Ltd.	-	-	-	-	-	-	-
Pusan Millak PFV	-	-	-	724	-	-	724
Jinjeop2 REIT Co., Ltd.	59	-	-	-	-	-	59
Guri Galmae REIT Co., Ltd.	19	-	-	1	-	-	20
Yeouido H2 PFV	161	-	-	(162)	-	1	-
Logistec Yangsan Co., Ltd.	205	-	-	67	-	-	272
Hera Park City development PFV	709	-	-	(118)	-	-	591
Hera Park City development AMC	36	-	-	(10)	-	-	26
Chungju Biz Core City Co., Ltd.	-	-	-	-	-	-	-
Peco-city Co., Ltd.	15	-	-	-	-	-	15
Osong Smart Valley Co., Ltd.	-	10	-	(2)	-	-	8
Kyobo 9 Special Purpose Acquisition Company	19	-	(10)	-	-	(9)	-
Kyobo 10 Special Purpose Acquisition Company	117	-	-	1	-	-	118
Kyobo 11 Special Purpose Acquisition Company	19	-	-	-	-	-	19
Kyobo 12 Special Purpose Acquisition Company	-	10	-	(1)	-	11	20
Kyobo 13 Special Purpose Acquisition Company	-	10	-	(4)	-	14	20
Kyobo NH Healthcare New Technology Investment Association 1st	2,297	-	-	338	-	-	2,635
NH Kyobo AI solution New Technology Investment Association	1,042	-	-	68	-	-	1,110
Kyobo Kiwoom New Materials & Technology Investment Association	2,212	-	-	(224)	-	-	1,988
Kyobo Hanyang ESG New Technology Investment Association	1,095	-	-	194	-	-	1,289
Kyobo Axis Future & New Technology Investment Association 1	1,985	-	-	(481)	-	-	1,504
Kyobo-YG Ilguimu newTechnology Investment Association	973	-	-	(27)	-	-	946
KB Kyobo New Mobility New Technology Investment Association	-	2,000	-	(151)	-	-	1,849
Kyobo Advanced Materials & Technology Investment Association	-	2,000	-	(192)	-	-	1,808
NH Daishin Kyobo Healthcare 1	-	3,000	-	(452)	-	-	2,548
KYOBO-SP Advanced Materials New Technology Investment Association	-	2,500	-	(83)	-	-	2,417
SBI-NTU-Kyobo Digital Innovation Fund	-	9	-	(4)	-	-	5
NPC&C Co.Ltd.	2,754	-	(2,618)	(136)	-	-	-
Marston General Private Real Estate Investment Trust No. 61	20,000	-	-	(20)	-	-	19,980
The Givers	-	10,000	-	(84)	-	-	9,916
	<u>37,098</u>	<u>19,539</u>	<u>(2,628)</u>	<u>(687)</u>	<u>(49)</u>	<u>17</u>	<u>53,290</u>
Joint ventures:							
Kyobo AXA Investment Management Co., Ltd.	34,572	-	-	6,171	(8,445)	-	32,298
	<u>₩ 71,670</u>	<u>19,539</u>	<u>(2,628)</u>	<u>5,484</u>	<u>(8,494)</u>	<u>17</u>	<u>85,588</u>

(3) Accumulated unrecognized change in equity due to discontinued use of the equity method as of December 31, 2023 and 2022 are as follows:

	2023	
	Unrecognized losses	Accumulated unrecognized losses
Songsan Industrial Complex Development Co., Ltd.	₩ 920	2,224
Yeouido H2 PFV	(205)	9
Chungju Biz Core City Co., Ltd.	46	70
	<u>₩ 761</u>	<u>2,303</u>
2022		
	Unrecognized losses	Accumulated unrecognized losses
Songsan Industrial Complex Development Co., Ltd.	₩ 788	1,305
Yeouido H2 PFV	213	213

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Chungju Biz Core City Co., Ltd.		25	25
	₩	1,026	1,543

(4) Condensed financial information of the Group's associates and joint ventures as of December 31, 2023 and 2022 are as follows:

		2023			
		Assets	Liabilities	Operating profit	Net income(loss)
Associates:					
A&D Credit Information Co., Ltd.	₩	27,315	9,269	47,695	844
Songsan Industrial Complex Development Co., Ltd.		38,234	53,990	9,807	(705)
Pusan Millak PFV		48,070	41,943	2	(8,138)
Guri Galmae REIT Co., Ltd.		78,321	64,390	-	(72)
Yeouido H2 PFV		71,515	71,686	20,270	579
Logistec Yangsan Co., Ltd.		9,351	8,015	222	(125)
Hera Park City development PFV		18,715	15,000	72	(165)
Hera Park City development AMC		271	66	735	71
Chungju Biz Core City Co., Ltd.		192	896	-	(451)
Peco-city Co., Ltd.		336	56	-	(8)
Osong Smart Valley Co., Ltd.		82	13	-	(14)
Jinjeop2 REIT Co., Ltd.		54,426	41,592	-	(498)
Kyobo 11 Special Purpose Acquisition Company		11,146	2,253	371	201
Kyobo 12 Special Purpose Acquisition Company		14,251	2,145	368	232
Kyobo 13 Special Purpose Acquisition Company		10,133	1,918	332	188
Kyobo 14 Special Purpose Acquisition Company		9,955	1,704	143	36
Kyobo 15 Special Purpose Acquisition Company		8,840	1,379	-	25
Kyobo NH Healthcare New Technology Investment Association 1		18,062	46	1	(959)
Kyobo Kiwoom New Materials & Technology Investment Association		9,643	44	754	582
Kyobo Axis Future & New Technology Investment Association 1		12,306	85	3,754	3,420
Kyobo-YG Ilguimu new Technology Investment Association		6,087	45	429	248
KB Kyobo New Mobility New Technology Investment Association		9,311	40	1	(437)
Kyobo Advanced Materials & Technology Investment Association		9,750	-	522	438
NH Daishin Kyobo Healthcare 1		15,804	-	2,295	2,055
KYOBO-SP Advanced Materials New Technology Investment Association		10,733	-	9	(409)
Kyobo OSAT New Technology Investment Association		110,031	-	60,440	60,031
Kyobo-Mark New Technology Investment Association 1		1,427	-	-	(173)
Kyobo NH Healthcare New Technology Investment Association 1		9,807	-	-	(693)
SBI-NTU-Kyobo Digital Innovation Fund		7,509	28	-	(687)
Kyobo Securities Safe-Up Bond Investment Type General Private Equity Investment Trust 4		2,943,936	2,315,064	33,594	26,645
Kyobo Securities Safe-Up Bond Investment Type General Private Equity Investment Trust 5		1,153,606	820,694	5,002	4,907
Kyobo Securities Champion Inc. Solutions 3Y General Private Equity Trust		343,397	262,766	5,130	(59,469)
The Givers		8,880	89	821	(920)
Marston General Private Real Estate Investment Trust 61		202,083	150,538	30,912	25,480
Spiderlab		2,037	644	820	971
Joint ventures:					
Kyobo AXA Investment Management Co., Ltd.		77,560	12,705	41,145	12,456
		2022			
		Assets	Liabilities	Operating profit	Net income(loss)
Associates:					
A&D Credit Information Co., Ltd.	₩	27,038	9,585	44,216	365
Songsan Industrial Complex Development Co., Ltd.		100,785	109,482	13,589	(2,403)
Pusan Millak PFV		52,792	38,316	89,823	12,885
Jinjeop2 REIT Co., Ltd.		44,007	221	-	-
Guri Galmae REIT Co., Ltd.		71,041	402	-	(10)
Yeouido H2 PFV		68,076	72,344	26,394	(9,627)
Logistec Yangsan Co., Ltd.		8,010	6,643	138	(254)
Hera Park City development PFV		18,029	15,000	43	(591)
Hera Park City development AMC		160	26	540	(36)
Chungju Biz Core City Co., Ltd.		156	404	-	(249)
Peco-city Co., Ltd.		117	-	-	(183)
Osong Smart Valley Co., Ltd.		84	-	-	(16)
Kyobo 10 Special Purpose Acquisition Company		9,896	903	139	44
Kyobo 11 Special Purpose Acquisition Company		10,905	2,212	150	60
Kyobo 12 Special Purpose Acquisition Company		13,946	2,071	164	54
Kyobo 13 Special Purpose Acquisition Company		9,877	1,805	59	(12)
Kyobo NH Healthcare New Technology Investment		19,018	43	2,623	2,439

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Association 1st NH Kyobo AI solution New Technology Investment Association	12,828	58	1,022	783
Kyobo Kiwoom New Materials & Technology Investment Association	15,943	40	4	(1,793)
Kyobo Hanyang ESG New Technology Investment Association	10,979	21	1,743	1,649
Kyobo Axis Future & New Technology Investment Association 1	16,022	80	5	(5,099)
Kyobo-YG Ilguimu new Technology Investment Association	8,275	46	1	(235)
KB Kyobo New Mobility New Technology Investment Association	9,748	40	2	(792)
Kyobo Advanced Materials & Technology Investment Association	9,312	-	-	(988)
NH Daishin Kyobo Healthcare KYOBO-SP Advanced Materials New Technology Investment Association	13,587	-	-	(2,413)
SBI-NTU-Kyobo Digital Innovation Fund	11,147	5	-	(383)
Marston General Private Real Estate Investment Trust 61 The Givers	700	25	-	(580)
	32,678	5,813	7	(45)
	9,967	261	616	(435)
Joint venture:				
Kyobo AXA Investment Management Co., Ltd.	78,756	14,159	41,508	12,342

(5) The market value for associates and joint ventures which are publicly traded as of December 31, 2023 and 2022 are as follows:

	2023		2022	
	Fair value	Book value	Fair value	Book value
Kyobo 10 Special Purpose Acquisition Company ₩	-	-	152	118
Kyobo 11 Special Purpose Acquisition Company	30	20	20	20
Kyobo 12 Special Purpose Acquisition Company	21	20	20	20
Kyobo 13 Special Purpose Acquisition Company	21	20	20	20
Kyobo 14 Special Purpose Acquisition Company	21	20	-	-
Kyobo 15 Special Purpose Acquisition Company	21	20	-	-

(6) Gain and loss on valuation of associates and a joint venture and its allocations to policyholder equity adjustment, deferred tax liabilities and accumulated other comprehensive income as of December 31, 2023 and 2022 are as follows:

	2023	2022
Gain on valuation of associates and a joint venture ₩	29	54
Amount allocated to policyholder's equity adjustment	5	8
Amount allocated to deferred tax liabilities	5	13
Amount allocated to accumulated other comprehensive income	19	33

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16. Classification by categories of financial instruments

(1) The carrying amounts of each category of financial assets and financial liabilities as of December 31, 2023 and 2022 are as follows:

	2023							
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets at amortized cost	Loan receivables and other receivables at amortized cost	Hedging purpose derivatives	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Financial assets:								
Cash and due from banks	-	-	-	5,107,298	-	-	-	5,107,298
Financial assets at fair value through profit or loss	44,501,061	-	-	-	-	-	-	44,501,061
Derivative assets	1,008,805	-	-	-	386,792	-	-	1,395,597
Financial assets at fair value through other comprehensive income	-	50,576,574	-	-	-	-	-	50,576,574
Securities at amortized cost	-	-	1,299,927	-	-	-	-	1,299,927
Loan receivables at amortized cost	-	-	-	22,273,414	-	-	-	22,273,414
Other financial assets at amortized cost	-	-	-	1,855,469	-	-	-	1,855,469
	₩ 45,509,866	50,576,574	1,299,927	29,236,181	386,792	-	-	127,009,340
Financial liabilities:								
Investment contract liabilities	-	-	-	-	-	-	15,321,085	15,321,085
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	4,787,659	-	4,787,659
Financial liabilities at fair value through profit or loss	-	-	-	-	-	257,473	-	257,473
Derivative liabilities	-	-	-	-	628,801	1,230,297	-	1,859,098
Borrowings	-	-	-	-	-	-	5,918,191	5,918,191
Other financial liabilities	-	-	-	-	-	-	2,821,006	2,821,006
	₩ -	-	-	-	628,801	6,275,429	24,060,282	30,964,512

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	2022							
	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Held-to-maturity financial assets	Loans and receivables	Hedging purpose derivatives	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Financial assets:								
Cash and due from banks	-	-	-	3,860,010	-	-	-	3,860,010
Financial assets designated at fair value through profit or loss	369,490	-	-	-	-	-	-	369,490
Financial assets held for trading	24,116,924	-	-	-	-	-	-	24,116,924
Derivatives	1,174,884	-	-	-	204,039	-	-	1,378,923
Available-for-sale financial assets	-	39,781,007	-	-	-	-	-	39,781,007
Held-to-maturity financial assets	-	-	25,948,485	-	-	-	-	25,948,485
Loan receivables at amortized cost	-	-	-	21,406,694	-	-	-	21,406,694
Other financial assets at amortized cost	-	-	-	1,382,307	-	-	-	1,382,307
	₩ 25,661,298	₩ 39,781,007	₩ 25,948,485	₩ 26,649,011	₩ 204,039	-	-	₩ 118,243,840
Financial liabilities:								
Investment contract liabilities	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-	4,231,097	11,934,586	11,934,586
Financial liabilities held for trading	-	-	-	-	-	98,389	-	98,389
Derivatives	-	-	-	-	926,077	1,658,051	-	2,584,128
Borrowings	-	-	-	-	-	-	5,644,625	5,644,625
Other financial liabilities	-	-	-	-	-	-	2,256,761	2,256,761
	₩ -	₩ -	₩ -	₩ -	₩ 926,077	₩ 5,987,537	₩ 19,835,972	₩ 26,749,586

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(2) Gain or loss on categories of financial instruments for the years ended December 31, 2023 and 2022, are as follows:

	2023					
	Net profit and loss			Other comprehensive income (expense) (*2)		
	Interest income (expense)	Gain (loss) on disposal	Gain (loss) on valuation	Impairment loss	Other operating income (expense) (*1)	Subtotal
₩						
Financial assets designated at fair value through profit or loss	-	814	-	-	-	814
Financial assets at fair value through profit or loss	577,529	483,819	1,679,691	-	917,551	3,658,590
Financial assets at fair value through other comprehensive income	1,607,269	134,130	-	(2,799)	308,903	2,047,503
Securities at amortized cost	42,072	-	-	(5)	9,161	51,228
Loan receivables at amortized cost	973,745	7,462	-	(227,033)	13,559	767,733
Other receivables at amortized cost	114,500	-	-	(19,286)	392	95,606
Derivatives	(83,659)	(391,811)	(16,787)	-	(4,771)	(497,028)
Investment contract liabilities	-	-	-	-	(509,880)	(509,880)
Financial liabilities designated at fair value through profit or loss	-	(202,498)	(128,977)	-	(9,273)	(340,748)
Financial liabilities at fair value through profit or loss	-	(18,648)	(17,650)	-	-	(36,298)
Financial liabilities at amortized cost	(230,101)	-	-	-	1,963	(228,138)
₩	3,001,355	13,268	1,516,277	(249,123)	727,605	5,009,382

(*1) Including gain or loss from foreign currency transaction, dividend income and other financial expenses.

(*2) Accumulated other comprehensive income after adjustment for income tax effect.

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	2022						Other comprehensive income (expense) (*2)
	Interest income (expense)	Gain (loss) on disposal	Gain (loss) on valuation	Reversal of impairment loss	Other operating income (expense) (*1)	Subtotal	
	₩						
Financial assets designated at fair value through profit or loss	24	1,031	5,374	-	-	6,429	-
Financial assets held for trading	336,400	(696,290)	(1,926,693)	-	199,115	(2,087,468)	-
Available-for-sale financial assets	848,100	118,173	(55,954)	(36,412)	2,203,107	3,077,014	(3,556,130)
Held-to-maturity financial assets	684,334	-	-	-	(350,083)	334,251	(1,794,466)
Trading purpose derivatives	(5,607)	(1,483,389)	2,279,745	-	-	790,749	-
Hedging purpose derivatives	(50,827)	93,456	(2,175,813)	-	-	(2,133,184)	16,700
Loans receivables and other financial assets at amortized cost	905,570	581	-	(51,349)	23,747	878,549	-
Investment contract liabilities	-	-	-	-	(140,318)	(140,318)	-
Financial liabilities designated at fair value through profit or loss	-	(62,962)	460,097	-	(75,172)	321,963	-
Financial liabilities held for trading	-	16,970	5,433	-	-	22,403	-
Financial liabilities at amortized cost	(104,701)	-	-	-	(23,970)	(128,671)	-
	₩	2,613,293	(1,407,811)	(87,761)	1,836,426	941,717	(5,333,896)

(*1) Including gain or loss from foreign currency transaction, dividend income and other financial expenses.

(*2) Accumulated other comprehensive income after adjustment for income tax effect.

(*3) Including gain or loss from performance dividends.

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17. Fair value of financial assets and liabilities

(1) The book value and fair value of financial assets and liabilities as of December 31, 2023 and 2022 are as follows:

		2023		2022	
		Book value	Fair value	Book value	Fair value
Financial assets:					
Cash and due from banks	₩	5,107,298	5,107,298	3,860,010	3,860,010
Financial assets designated at fair value through profit or loss		-	-	369,490	369,490
Financial assets held for trading		-	-	24,116,924	24,116,924
Financial assets at fair value through profit or loss		44,501,061	44,501,061	-	-
Derivative assets		1,395,597	1,395,597	1,378,923	1,378,923
Available-for-sale financial assets		-	-	39,781,007	39,781,007
Financial assets at fair value through other comprehensive income		50,576,574	50,576,574	-	-
Held to maturity financial assets		-	-	25,948,485	21,985,990
Securities at amortized cost		1,299,927	1,159,165	-	-
Loan receivables at amortized cost		22,273,414	21,882,280	21,406,694	20,369,832
Other financial assets at amortized cost		1,855,469	1,855,032	1,382,308	1,381,821
	₩	<u>127,009,340</u>	<u>126,477,007</u>	<u>118,243,841</u>	<u>113,243,997</u>
Financial liabilities:					
Investment contract liabilities	₩	15,321,085	15,321,085	11,934,586	11,934,586
Financial liabilities designated at fair value through profit or loss		4,787,659	4,787,659	4,231,097	4,231,097
Financial liabilities at fair value through profit or loss		257,473	257,473	-	-
Financial liabilities held for trading		-	-	98,389	98,389
Borrowings		5,918,191	5,918,191	5,644,625	5,644,626
Derivative liabilities		1,859,098	1,859,098	2,584,128	2,584,128
Other financial liabilities		2,821,006	2,818,748	2,256,761	2,251,206
	₩	<u>30,964,512</u>	<u>30,962,254</u>	<u>26,749,586</u>	<u>26,744,032</u>

(2) Financial instruments measured at the fair value

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

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

The Group recognizes transfers between levels of fair value hierarchy at the end of the reporting period.

Financial instruments measured at fair value as of December 31, 2023 and 2022 are as follows:

		2023			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at fair value through profit or loss	₩	12,193,483	17,711,276	14,596,302	44,501,061
Financial assets at fair value through other comprehensive income		27,125,398	23,229,619	221,557	50,576,574
Derivative assets		2,299	1,300,862	92,436	1,395,597
	₩	<u>39,321,180</u>	<u>42,241,757</u>	<u>14,910,295</u>	<u>96,473,232</u>
Financial liabilities:					
Financial liabilities designated at fair value through profit or loss	₩	-	-	4,787,659	4,787,659
Financial liabilities at fair value through profit or loss		257,473	-	-	257,473
Derivative liabilities		8,164	1,179,914	671,020	1,859,098
	₩	<u>265,637</u>	<u>1,179,914</u>	<u>5,458,679</u>	<u>6,904,230</u>
2022					
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets designated at fair value through profit or loss	₩	-	298,124	71,366	369,490
Financial assets held for trading		9,001,845	15,103,578	11,501	24,116,924
Derivative assets		7,448	1,260,595	110,880	1,378,923
Available-for-sale financial assets		12,832,034	13,245,196	13,703,777	39,781,007
	₩	<u>21,841,327</u>	<u>29,907,493</u>	<u>13,897,524</u>	<u>65,646,344</u>
Financial liabilities:					
Financial liabilities at fair value through profit or loss	₩	-	-	4,231,097	4,231,097
Financial liabilities held for trading		98,389	-	-	98,389

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Derivative liabilities		16,382	1,837,180	730,566	2,584,128
	₩	<u>114,771</u>	<u>1,837,180</u>	<u>4,961,663</u>	<u>6,913,614</u>

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

		2023				
		Financial assets designated at fair value through profit or loss	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivatives, net	Total
Beginning balance	₩	(4,231,097)	13,543,307	213,800	(622,128)	8,903,882
Increased in a business combination		-	-	313	-	313
Purchases/issuance		(4,092,183)	2,006,368	29,695	(48,792)	(2,104,912)
Settlements/disposals		3,676,221	(1,210,732)	(3)	29,849	2,495,335
Total income:		(140,600)	257,359	2,752	62,487	181,998
Profit or loss		(138,250)	257,359	-	62,487	181,596
Other comprehensive income(loss)		(2,350)	-	2,752	-	402
Transfer from level 3		-	-	(25,000)	-	(25,000)
Ending balance	₩	<u>(4,787,659)</u>	<u>14,596,302</u>	<u>221,557</u>	<u>(578,584)</u>	<u>9,451,616</u>

		2022					
		Financial assets designated at fair value through profit or loss	Financial assets held for trading	Financial liabilities at fair value through profit or loss	Derivatives, net	Available-for- sale financial assets	Total
Beginning balance	₩	22,915	3,000	(3,564,849)	(121,669)	12,533,867	8,873,264
Purchases/issuance		45,452	8,501	(3,311,282)	76,177	3,188,157	7,005
Settlements/disposals		(859)	-	2,260,107	(117,224)	(1,270,636)	871,388
Total income:		3,857	-	384,927	(456,969)	(576,438)	(644,623)
Profit or loss		3,857	-	375,359	(456,969)	(4,528)	(82,281)
Other comprehensive income(loss)		-	-	9,568	-	(571,910)	(562,342)
Transfer to level 3		-	-	-	-	(171,173)	(171,173)
Ending balance	₩	<u>71,366</u>	<u>11,501</u>	<u>(4,231,097)</u>	<u>(619,685)</u>	<u>13,703,777</u>	<u>8,935,862</u>

In the current and prior periods, there have been no movements to or from Level 3 in the fair value hierarchy

(4) Total gains or losses for the nine-month periods ended December 31, 2023 and 2022 recognized in profit or loss and gains or losses relating to financial instruments in level 3 at the end of the reporting period are presented in the statement of comprehensive income as follows:

		2023	
		Total Gains or losses	Gains or losses relating to financial instruments held at the end of the reporting period
Recognized in profit or loss relating to financial instruments in level 3	₩	<u>62,601</u>	<u>181,596</u>

		2022	
		Total Gains or losses	Gains or losses relating to financial instruments held at the end of the reporting period
Recognized in profit or loss relating to financial instruments in level 3	₩	<u>(117,392)</u>	<u>(82,281)</u>

(5) Valuation techniques and inputs used in measuring fair value of financial instruments classified as level 2 as of December 31, 2023 and 2022 are as follows:

Type of financial instrument	Valuation technique	Input variables
Financial assets:		
Financial assets at fair value through profit or loss	Discounted cash flow, Dividend discount model, Net worth method	Interest rate, foreign exchange rate, stock price, net worth etc.
Derivative assets	Discounted cash flow, Option pricing model	Interest rate, foreign exchange rate, stock price, etc.
Financial assets at fair value through other comprehensive income	Discounted cash flow, Dividend discount model	Interest rate, foreign exchange rate, stock price, etc.
Financial liabilities:		
Derivative liabilities	Discounted cash flow, Option pricing model	Interest rate, foreign exchange rate, stock price, etc.

(6) There are no transfer between level 1 and level 2 fair value measurement for the years ended December 31, 2023 and 2022.

(7) Information about significant unobservable inputs in measuring financial instruments categorized within level 3 as of December 31, 2023 is as follows:

		2023		
Type of financial instrument	Valuation technique	Input variables	Range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Financial assets:				
Financial assets at fair value through profit or loss	Binomial model, DCF model,	Growth rate	0%~1%	A significant increase in growth rate would result in a higher fair value

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	Net worth method,	Discount rate	5.05%~15.69%	A significant increase in discount rate would result in a lower fair value
		The volatility of liquidation value rate	0%~1%	A significant increase in the volatility of liquidation value rate would result in a higher fair value
		Correlation coefficient	-0.99~0.99	Not standardized but depends on the structure of financial instrument
Financial assets at fair value through other comprehensive income	DCF model, Residual profit model, Net worth method	Growth rate	0%~2%	A significant increase in growth rate would result in a higher fair value
		Discount rate	8.35%~16.4%	A significant increase in discount rate would result in a lower fair value
		Volatility	0%~99%	For CDS, increase in correlation coefficient would result in a higher fair value. For ELW, increase in volatility would result in higher fair value. Stock derivative option is not standardized but depends on the structure of financial instrument.
Derivative assets	Price formulas, Simulation, 1-factor Gaussian Copular model	Correlation coefficient	-0.99~0.99	
Financial liabilities:				
Financial liabilities designated at fair value through profit or loss	Price formulas, Simulation	Volatility	0%~99%	Not standardized but depends on the structure of financial instrument
		Correlation coefficient	-0.99~0.99	
Derivative liabilities	DCF model, Price formulas, Simulation, 1-factor Gaussian Copular model	Discount rate	2.00%~3.89%	A significant increase in discount rate would result in a lower fair value
		Volatility	0%~99%	For CDS, increase in correlation coefficient would result in a higher fair value. For ELW, increase in volatility would result in higher fair value. Stock derivative option is not standardized but depends on the structure of financial instrument.
		Correlation coefficient	-0.99~0.99	

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Type of financial instrument	Valuation technique	2022		
		Input variables	Range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Financial assets:				
Financial assets designated at fair value through profit or loss	T-F Model, Binomial model, Price formulas	Stock price	KRW 977,452	Not standardized but depends on the structure of financial instrument
		Volatility	0%~99%	
		Discount rate	22.29%	
Derivative assets	Price formulas, Simulation, 1-factor Gaussian Copular model, Binomial model, Discounted cash flow	Correlation coefficient	-0.99~0.99	For CDS, increase in correlation coefficient would result in a higher fair value. For ELW, increase in volatility would result in higher fair value. Stock derivative option is not standardized but depends on the structure of financial instrument.
		Volatility	0%~99%	
		Correlation coefficient	-0.99~0.99	
Available-for-sale financial assets	Discounted cash flow, Dividend discount model, Net asset method, Residual income model, etc.	Stock price	KRW3,775~3,851	A significant increase in stock price and volatility would result in a higher fair value
		Permanent growth rate	0.00%~1.00%	A significant increase in growth rate would result in a higher fair value
		Discount rate	4.44%~16.43%	A significant increase in discount rate would result in a lower fair value
		The volatility of liquidation value rate	0~1%	A significant increase in liquidation value rate would result in a higher fair value
Financial liabilities:				
Financial liabilities at fair value through profit or loss	Price formulas, Simulation	Volatility	0%~99%	Not standardized but depends on the structure of financial instrument
Derivative liabilities	Price formulas, Simulation, 1-factor Gaussian Copular model, Discounted cash flow	Correlation coefficient	-0.99~0.99	
		Volatility	0%~99%	
		Correlation coefficient	-0.99~0.99	
		Discount rate	1.76%~3.15%	

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(8) A sensitivity analysis for fair value measurement arising from changes in the significant unobservable inputs as of December 31, 2023 and 2022 are as follows:

		2023			
		Profit or loss		Other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:	₩				
Financial assets at fair value through profit or loss (*1)		174,412	(118,326)	-	-
Financial assets at fair value through other comprehensive income(*2)		-	-	11,305	(12,131)
Derivative assets		1,742	(3,794)	-	-
Investments in associates		1,399	(1,399)	-	-
Financial liabilities:					
Financial liabilities designated at fair value through profit or loss	₩	14,298	(12,417)	-	-
Derivative liabilities		66,711	(56,774)	-	-

(*1) A change in fair value is calculated by increasing or decreasing underlying assets' price (-1%~1%), volatility (-1%~1%), and discount rate (-1%~1%).
(*2) A change in fair value is calculated by increasing or decreasing the correlation of permanent growth rate (-1%~1%), liquidation value rate (-1%~1%) and discount rate (-1%~1%).

		2022			
		Profit or loss		Other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:	₩				
Financial assets designated at fair value through profit or loss (*1)		157	(155)	-	-
Derivative assets (*1)		1,454	(3,855)	-	-
Available-for-sale financial assets (*2)		-	-	144,653	(138,199)
Investments in associates		-	-	519	(518)
Financial liabilities:					
Financial liabilities designated at fair value through profit or loss (*1)	₩	35,357	(32,219)	-	-
Derivative liabilities (*1)		78,674	(70,788)	-	-

(*1) A change in fair value is calculated by increasing or decreasing underlying assets' price (-1%~1%), volatility (-1%~1%), and discount rate (-1%~1%).
(*2) A change in fair value is calculated by increasing or decreasing the correlation of permanent growth rate (-1%~1%), liquidation value rate (-1%~1%) and discount rate (-1%~1%).

(9) The fair value hierarchy of financial instruments which are not measured at fair value in the consolidated statement of financial position as of December 31, 2023 and 2022 are as follows:

		2023			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and due from banks	₩	1,094	5,106,204	-	5,107,298
Securities at amortized cost		-	1,157,340	1,825	1,159,165
Loan receivables at amortized cost		-	-	21,882,280	21,882,280
Other financial assets at amortized cost		-	-	1,855,032	1,855,032
	₩	<u>1,094</u>	<u>6,263,544</u>	<u>23,739,137</u>	<u>30,003,775</u>
Financial liabilities:					
Investment contract liabilities		-	-	15,321,085	15,321,085
Borrowings	₩	-	-	5,918,191	5,918,191
Other financial liabilities		-	-	2,818,748	2,818,748
	₩	<u>-</u>	<u>-</u>	<u>24,058,024</u>	<u>24,058,024</u>
		2022			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and due from banks	₩	1,292	3,858,718	-	3,860,010
Held-to-maturity financial assets		11,643,909	10,342,081	-	21,985,990
Loan receivables		-	-	20,369,832	20,369,832
Other receivables		-	-	1,381,821	1,381,821
	₩	<u>11,645,201</u>	<u>14,200,799</u>	<u>21,751,653</u>	<u>47,597,653</u>
Financial liabilities:					
Investment contract liabilities		-	-	11,934,586	11,934,586
Borrowings	₩	-	-	5,644,626	5,644,626
Other financial liabilities		-	-	2,251,206	2,251,206
	₩	<u>-</u>	<u>-</u>	<u>19,830,418</u>	<u>19,830,418</u>

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(10) The Group is subject to enforceable master commercial agreements such as derivatives clearing agreement, international standard repurchase agreement, international standard securities lending agreement and financial collateral, or similar agreements in relation to derivatives, repurchase agreement bond trading, securities lending transactions, etc.

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

	2023					
	Financial assets and liabilities recognized	Offsetting financial assets and liabilities recognized	Financial assets and liabilities recognized after offset	Amount not offsetting in the statements of financial position		Net amounts
				Financial instruments	Cash collateral received	
Financial assets:						
Derivative assets	₩ 1,421,145	-	1,421,145	907,541	113,491	400,113
Receivables from KRX	342,514	295,989	46,525	41,243	-	5,282
Securities lending agreement	535,129	-	535,129	535,129	-	-
	<u>₩ 2,298,787</u>	<u>295,989</u>	<u>2,002,799</u>	<u>1,483,912</u>	<u>113,491</u>	<u>405,396</u>
Financial liabilities:						
Securities sold	₩ 257,473	-	257,473	257,473	-	-
Derivative liabilities	1,997,098	-	1,997,098	907,541	336,233	753,324
Bonds sold under repurchase agreements	3,485,904	-	3,485,904	3,485,904	-	-
Payables to KRX	442,490	295,989	146,501	41,243	-	105,258
	<u>₩ 6,182,965</u>	<u>295,989</u>	<u>5,886,977</u>	<u>4,692,161</u>	<u>336,233</u>	<u>858,582</u>
	2022					
	Financial assets and liabilities recognized	Offsetting financial assets and liabilities recognized	Financial assets and liabilities recognized after offset	Financial instruments	Cash collateral received	Net amounts
Financial assets:						
Derivative assets	₩ 1,378,923	-	1,378,923	867,826	19,263	491,834
Receivables from KRX	186,694	150,638	36,056	-	-	36,056
Securities Lending Agreement	882,509	-	882,509	882,509	-	-
	<u>₩ 2,448,126</u>	<u>150,638</u>	<u>2,297,488</u>	<u>1,750,335</u>	<u>19,263</u>	<u>527,890</u>
Financial liabilities:						
Securities sold	₩ 98,389	-	98,389	98,389	-	-
Derivative liabilities	2,584,128	-	2,584,128	1,729,600	-	854,528
Bonds sold under repurchase agreements	2,954,145	-	2,954,145	2,954,145	-	-
Payables to KRX	181,240	150,638	30,602	-	-	30,602
	<u>₩ 5,817,902</u>	<u>150,638</u>	<u>5,667,264</u>	<u>4,782,134</u>	<u>-</u>	<u>885,130</u>

18. Investment property

(1) Investment property as of December 31, 2023 and 2022 are as follows:

	2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 753,387	-	(6,744)	746,643
Buildings	465,087	(182,350)	(11,775)	270,962
Structures	8,891	(3,450)	(262)	5,178
Right of use asset	199	(139)	-	60
	<u>₩ 1,227,564</u>	<u>(185,940)</u>	<u>(18,781)</u>	<u>1,022,843</u>
	2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 753,970	-	(6,704)	747,266
Buildings	484,175	(178,207)	(10,991)	294,977
Structures	8,829	(3,249)	(265)	5,315
	<u>₩ 1,246,974</u>	<u>(181,456)</u>	<u>(17,960)</u>	<u>1,047,558</u>

(2) Changes in investment property for the years ended December 31, 2023 and 2022 are as follows:

	2023						
	Beginning balance	Increased in a business combination	Acquisitions	Disposals	Depreciation	Others (*)	Ending balance
Land	₩ 747,266	-	-	-	-	(623)	746,643
Buildings	294,977	-	826	-	(10,191)	(14,650)	270,962
Structures	5,315	-	-	-	(172)	36	5,179

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Right of use asset	-	248	-	-	(39)	(149)	60
	<u>₩ 1,047,558</u>	<u>248</u>	<u>826</u>	<u>-</u>	<u>(10,402)</u>	<u>(15,386)</u>	<u>1,022,844</u>

(*) Others include transfers from property and equipment, etc.

2022						
	Beginning balance	Acquisitions	Disposals	Depreciation	Others (*)	Ending balance
Land	₩ 749,340	-	(649)	-	(1,425)	747,266
Buildings	303,249	1,070	(66)	(10,412)	1,136	294,977
Structures	5,511	-	-	(173)	(23)	5,315
	<u>₩ 1,058,100</u>	<u>1,070</u>	<u>(715)</u>	<u>(10,585)</u>	<u>(312)</u>	<u>1,047,558</u>

(*) Others include transfers from property and equipment, etc.

(3) Gain or loss on investment properties for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Rental income	₩ 113,704	84,542
Direct operating expenses for investment properties:		
Generated from rental income	49,797	64,566
Not generated from rental income	4,778	7,258

(4) The fair value of investment properties as of December 31, 2023 and 2022 are ₩2,522,115 million and ₩2,527,244 million, respectively. The fair value is estimated by qualified and independent appraiser. The fair value of investment properties is classified as level 3.

Valuation techniques and inputs used in measuring investment properties as of December 31, 2023 are as follows:

Valuation technique	Input variables	Fair value measurement sensitivity to unobservable inputs
Cost approach, sales comparison, income approach	Discount rate, vacancy rate, operating expenses rate, etc.	An increase in discount rate, vacancy rate, operating expenses rate would result in a lower fair value

(5) Investment property pledged as collaterals as of December 31, 2023 and 2022 are as follows:

	2023	2022	Purpose
Woori Bank, etc.			
Book value	51,164	59,352	Establishment of the right to collateral security
Maximum credit amount	₩ 60,386	72,234	
Korea ratings, etc.			
Book value	₩ 6,988	-	Establishment of the right to rental deposit
Maximum credit amount	6,988	-	

19. Property and equipment

(1) Property and equipment as of December 31, 2023 and 2022 are as follows:

2023				
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 831,886	-	(4,835)	827,051
Buildings	691,427	(264,048)	(33,798)	393,582
Structures	21,119	(8,961)	(262)	11,895
Vehicles	2,241	(1,995)	-	246
Equipment	314,883	(240,127)	-	74,756
Construction in progress	4,759	-	-	4,759
Right-of-use asset				
(Real estate)	129,063	(47,771)	-	81,292
Right-of-use asset				
(Vehicles)	7,971	(4,381)	-	3,590
Others	92,455	(44,751)	(405)	47,299
	<u>₩ 2,095,804</u>	<u>(612,033)</u>	<u>(39,300)</u>	<u>1,444,471</u>
2022				
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 830,141	-	(4,876)	825,265
Buildings	670,906	(244,554)	(34,581)	391,771
Structures	20,476	(8,349)	(260)	11,867

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Vehicles	2,293	(1,883)	-	410
Equipment	334,238	(261,726)	-	72,512
Construction in progress	29,047	-	-	29,047
Right-of-use asset				
(Real estate)	146,411	(49,884)	-	96,527
Right-of-use asset				
(Vehicles)	3,743	(1,661)	-	2,082
Others	61,648	(38,764)	(405)	22,479
	<u>2,098,903</u>	<u>(606,821)</u>	<u>(40,122)</u>	<u>1,451,960</u>
₩				

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(2) Changes in property and equipment for year ended December 31, 2023 is as follows:

	2023					
	Beginning balance	Increased in a business combination	Acquisitions	Disposals/ Termination	Depreciation	Ending balance
₩	825,265	-	1,162	-	-	827,051
Buildings	391,771	-	605	-	(13,454)	393,582
Structures	11,867	-	712	-	(649)	11,895
Vehicles	410	-	22	(27)	(159)	246
Equipment	72,512	25	29,905	(201)	(29,874)	74,756
action in progress	29,047	-	4,596	-	-	4,759
Right-of-use assets	96,526	-	80,790	(30,526)	(65,499)	81,292
(Real estate)	2,082	1,067	2,285	(168)	(1,824)	3,590
Right-of-use assets	22,479	69	5,323	(400)	(6,749)	47,299
(Others)	1,451,960	1,161	125,400	(31,322)	(118,208)	1,444,471

(*) Others include transfers to or from investment properties, advanced payments and others.

(2) Changes in property and equipment for year ended December 31, 2022 is as follows:

	2022					
	Beginning balance	Increased in a business combination	Acquisitions	Disposals/ Termination	Depreciation	Ending balance
₩	823,808	-	124	(94)	-	825,266
Buildings	386,959	-	732	-	(12,781)	391,770
Structures	11,401	-	997	-	(554)	11,867
Vehicles	547	-	79	(38)	(249)	411
Equipment	58,814	14	36,100	(627)	(28,738)	72,512
action in progress	29,301	-	26,555	(371)	-	29,047
Right-of-use assets	78,541	30	81,450	(14,464)	(49,097)	96,526
(Real estate)	1,989	2	1,273	(17)	(1,179)	2,082
Right-of-use assets	23,516	-	2,716	(77)	(5,143)	22,479
(Vehicles)	1,414,876	46	150,026	(15,688)	(97,741)	1,451,960

(*) Others include transfers to or from investment properties, advanced payments and others.

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(3) Changes in asset revaluation of land accounted in other comprehensive income and policyholder's equity adjustments and deferred tax liabilities as of December 31, 2023 and 2022 are as follows:

	2023	2022
Revaluation reserves	₩ 884,960	900,443
Amount allocated into policyholder's equity adjustment	129,327	123,922
Deferred tax liabilities	195,901	212,126
Amount allocated into other comprehensive income	559,732	564,395

(4) Reserve for revaluation as of December 31, 2023 is as follows:

Revaluation date	Amount
January 1, 1981	₩ 165
April 1, 1989	300
April 1, 1999	23,900
	24,365
Deferred tax effect	(19,863)
	₩ 4,502

As of April 1, 1999, a certain portion of the Group's property and equipment was revalued in accordance with the Korean Asset Revaluation Law. As a result, a revaluation difference of ₩478,550 million occurred, of which ₩47,800 million, excluding ₩430,750 million of policyholders' equity, was recorded as revaluation reserve, of which ₩23,900 million was capitalized during the year ended December 31, 2002. Of the ₩430,750 million in the policyholders' equity, ₩64,000 million was appropriated as the policyholders' special dividend reserve and paid in the year ended December 31, 2002 and the remaining balances of ₩1,986 million and ₩63,750 million were appropriated as public project contribution funds and of the remaining amount of ₩303,000 million, ₩126,438 million was used for the year ended December 31, 2001, policyholder dividend, and the remaining ₩176,562 million was accumulated as policyholder dividend stabilization reserve.

Meanwhile, As of April 1, 1989, a certain portion of the Group's property and equipment was revalued in accordance with the Korean Asset Revaluation Law., resulting in a revaluation difference of ₩226,500 million, and ₩131,823 million, excluding the policyholder's equity of ₩87,882 million and after paying- ₩6,796 million of revaluation tax , was recorded as revaluation reserve and of this, ₩65,600 million was transferred to capital. Of the ₩87,882 million in the policyholders' equity, ₩54,151 million was accounted for as a policyholder special dividend reserve, and the remaining balances of ₩3,731 million and ₩30,000 million were appropriated as public project contribution funds and among the asset revaluation reserve, ₩65,923 million of internal reserve was accumulated as the policyholder dividend stabilization reserve for the year ended December 31, 2019. Of the policyholder dividend stabilization reserve, ₩167,081 million was used as a policyholder dividend fund, and the policyholder dividend stabilization reserve is ₩75,403 million as of December 31, 2023.

20. Intangible assets

(1) Intangible assets as of December 31, 2023 and 2022 are as follows:

	2023			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Book value
Goodwill	₩ 81,896	-	(15,160)	66,736
Software	143,497	(115,746)	-	27,752
Development costs (*)	374,461	(262,050)	-	112,411
Memberships	19,342	(56)	(940)	18,347
Customer relationships	28,443	(23,662)	-	4,781
Others	10,184	(3,144)	-	7,040
	₩ 657,824	(404,658)	(16,100)	237,067

(*) Amounts of ₩27,666 million of development costs related to the new generation system are included as of December 31, 2023 and the remaining useful life of the development cost is 0.75 years.

	2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Book value
Goodwill	₩ 62,911	-	(15,160)	47,751
Software	137,640	(99,947)	-	37,693
Development costs (*)	360,417	(206,600)	-	153,817
Memberships	15,794	(125)	(823)	14,846
Customer relationships	25,861	(18,103)	-	7,758
Others	9,163	(2,034)	-	7,129
	₩ 611,786	(326,809)	(15,983)	268,994

(*) Amounts of ₩57,987 million of development costs related to the new generation system are included as of December 31, 2022 and the remaining useful life of the development cost is 1.75 years.

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

	2023							Ending balance
	Beginning balance	Increased in a business combination	Acquisitions	Disposals	Amortization	Impairment	Others (*)	
Goodwill	₩ 47,752	-	18,985	-	-	-	-	66,736
Software	37,693	-	6,291	-	(16,130)	-	(103)	27,752
Development costs	153,817	-	6,945	-	(56,976)	-	8,626	112,411
Memberships	14,846	-	4,162	(613)	(36)	(31)	20	18,347
Customer relationships	7,758	2,582	-	-	(5,560)	-	-	4,781
Others	7,129	-	718	-	(1,031)	-	224	7,040
	₩ 268,995	2,582	37,099	(613)	(79,732)	(31)	8,768	237,067

(*) Others include transfers from advanced payments and others.

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	Beginning balance	Increased in a business combination	Acquisitions	Disposals	Amortization	Impairment	Others (*)	Ending balance
₩ Goodwill	47,311	1,779	-	-	-	(1,339)	-	47,751
Software	40,462	-	11,376	(263)	(15,157)	-	1,275	37,693
Development costs	136,700	-	41,488	(2,637)	(50,508)	-	28,774	153,817
Memberships	13,733	-	1,212	(91)	(3)	(6)	-	14,845
Customer relationships	12,931	-	-	-	(5,172)	-	-	7,759
Others	6,214	872	1,373	(9)	(837)	-	(484)	7,129
₩	257,351	2,651	55,449	(3,000)	(71,677)	(1,345)	29,565	268,994

(*) Others include transfers from advanced payments and others.

(3) Impairment assessment of goodwill

Management reviews sales performance based on types of products by regions. Management of the Group allocates and manages goodwill by segments (legal entity) as follows:

	Beginning balance	Acquisitions	Impairment loss	Ending balance
₩ Kyobo Hottracks Co., Ltd.	7,600	-	-	7,600
Kyobo Asset Trust Co., Ltd.	39,711	-	-	39,711
Fortress Innovation Co., Ltd	440	-	-	440
Kyobo AIM asset management	-	18,985	-	18,985
₩	47,751	18,985	-	66,736

Major assumptions, permanent growth rate and discount rate used in the calculation of value in use with regards to significant goodwill allocated to cash generating unit are as follows:

	2023	2024	2025	2026	2027
Operating profit rate	(7.41%)	(2.24%)	1.81%	2.79%	4.12%
Permanent growth rate					0.00%
Discount rate					15.2%
Recoverable amount of cash-generating unit					23,941

Estimated sales on a yearly basis was calculated by analyzing and reviewing the Group's sales environment and middle and long-term sales plan based on sales results and data predicting future market volumes up to December 2023. Sales costs were estimated based on the past performance results and future business plan. Selling and administrative expenses comprise of expenses related to sales, labor costs, expenses related to labor, fixed expenses, depreciation expenses and amortization expenses on intangible assets. As a result of estimating sales and sales costs, the average yearly operating profit rate for the estimation period was (-)0.19%, and weighted average cost of capital, calculated by using average beta and liability ratio of the companies in the same industry listed on KOSPI and KOSDAQ, were 15.2%. The Group calculated recoverable amount using the DCF model.

Major assumptions, permanent growth rate and discount rate used in the calculation of value in use with regards to significant goodwill allocated to cash generating unit are as follows:

	2023	2024	2025	2026	2027
Operating profit rate	60.1%	55.1%	56.1%	58.1%	60.1%
Permanent Growth rate					0.00%
Discount rate					8.3%
Recoverable amount of cash-generating unit					713,325

Operating income was estimated by reflecting past sales trends, external agency forecasts, and expert agency analysis based on the business plan provided by the company subject to impairment assessment. Operating expenses are estimated by dividing into personnel expenses, variable expenses, fixed expenses, amortization expenses for tangible and intangible assets, and bad debt expenses. As a result of the Group's estimation of sales and cost of sales, the average annual operating margin for the estimated period was 57.9%, and the weighted average cost of capital calculated using the average beta and debt ratio of the same industry listed on the KOSPI and KOSDAQ was 8.3%. The Group used the DCF model to calculate the recoverable value.

Major assumptions, permanent growth rate and discount rate used in the calculation of value in use with regards to significant goodwill allocated to cash generating unit are as follows:

	2023	2024	2025	2026	2027
Operating profit rate	(30.80%)	32.52%	31.22%	24.53%	36.20%
Permanent Growth rate					1.00%
Discount rate					12.22%
Recoverable amount of cash-generating unit					3,538

Operating income was estimated by reflecting Variable Guarantee Reserve System, IFRS17 System, ALM System, Pathwise Conversion related to past sales trends, external agency forecasts, and expert agency analysis based on the business plan provided by the company subject to impairment assessment. Operating expenses are estimated by dividing into personnel expenses, variable expenses, fixed expenses, depreciation. As a result of the Group's estimation of sales and cost of sales, the average annual operating margin for the estimated period was 19.74%, and the weighted average cost of capital calculated using the average beta and debt ratio of the same industry listed on the KOSPI and KOSDAQ was 12.22%. The Group used the DCF model to calculate the recoverable value.

Major assumptions, permanent growth rate and discount rate used in the calculation of value in use with regards to significant goodwill allocated to cash generating unit are as follows:

	2023	2024	2025	2026	2027
Operating profit rate	1.64%	12.02%	19.18%	25.09%	30.46%
Permanent Growth rate					1.00%
Discount rate					14.71%
Recoverable amount of cash-generating unit					34,345

Sales were calculated based on business performance up to November 2023, and estimated sales by year were calculated by analyzing and reviewing the company's business environment. Cost of sales was estimated based on past performance data. Selling and administrative expenses were estimated by dividing them into sales-related expenses, labor expenses, labor-related expenses, fixed expenses, depreciation expenses, and intangible asset amortization expenses. As a result of estimating sales, cost of sales, and selling and administrative expenses, the average annual operating profit ratio during the estimation period was 17.68% the weighted average cost of capital calculated using the beta and debt ratio of similar companies was 14.71%. The Group used the DCF model to calculate the recoverable value.

21. Other assets

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(1) Other assets as of December 31, 2023 and 2022 are as follows:

	2023	2022
Prepaid expense	27,924	34,405
Advanced payments	49,257	18,829
Inventories	123,300	118,223
Others	20,860	12,798
	<u>₩ 221,340</u>	<u>184,255</u>

(2) Inventories as of December 31, 2023 and 2022 are as follows:

	2023	2022
Merchandise	₩ 117,126	116,454
Finished goods	7,140	3,191
Supplies	259	334
Sub-materials	16	-
Merchandise in transit	-	-
	<u>124,541</u>	<u>119,979</u>
Accumulated impairment loss, merchandise	₩ (1,148)	(1,604)
Accumulated impairment loss, finished goods	(93)	(152)
	<u>(1,241)</u>	<u>(1,756)</u>
	<u>₩ 123,300</u>	<u>118,223</u>

(3) The amounts of inventories recognized as an expense which is included in cost of sales for the years ended December 31, 2023 and 2022 are ₩615,103 million and ₩635,067 million, respectively.

(4) Contract assets included in other assets as of December 31, 2023 and 2022 are as follows:

	2023	2022
Refund assets (estimated return assets)	₩ 2,178	1,629
Due from customers	-	-
	<u>₩ 2,178</u>	<u>1,629</u>

22. Insurance contract liabilities and reinsurance contract liabilities

(1) Insurance contract liabilities and reinsurance contract assets held for insurance contracts issued by portfolio as of December 31, 2023 and 2022 are as follows:

	Assets		Liabilities	
	2023	2022	2023	2022
Insurance contract portfolio:	₩			
Death	-	-	23,437,239	19,519,077
Health	-	-	9,648,193	9,315,309
Annuity saving	-	-	54,533,684	49,727,987
Other	-	-	495,822	502,865
	<u>-</u>	<u>-</u>	<u>88,114,938</u>	<u>79,065,238</u>
Reinsurance contract portfolio:				
Death	13,681	16,912	131,202	104,271
Health	86,087	82,779	52,169	46,663
Compound	78,453	80,440	72,403	67,894
	<u>₩ 178,221</u>	<u>180,131</u>	<u>255,775</u>	<u>218,828</u>

(2) Changes in insurance contract liabilities for years ended December 31, 2023 and 2022 are as follows:

	2023				
	Remaining coverage component		Liability for incurred claims	Insurance contract liabilities (assets)	
	Excluding loss component	Including loss component			
1. Beginning balance of Insurance contract assets and liabilities	₩	75,906,205	521,206	2,637,826	79,065,238
(1) Insurance contract assets		-	-	-	-
(2) Insurance contract liabilities		75,906,205	521,206	2,637,826	79,065,238
Insurance contract liabilities (assets), net		<u>75,906,205</u>	<u>521,206</u>	<u>2,637,826</u>	<u>79,065,238</u>
2. Insurance revenue		(3,682,464)	-	-	(3,682,464)
(1) Insurance contracts under full retrospective approach		(407,141)	-	-	(407,141)
(2) Insurance contracts under fair value approach		(2,406,530)	-	-	(2,406,530)
(3) Others		(868,794)	-	-	(868,794)
3. Insurance service expense		258,887	493,242	2,871,201	3,623,329
(1) Claims and other insurance service expenses incurred		66,159	-	2,948,464	3,014,623
(2) Amortization of insurance acquisition cash flow		192,728	-	-	192,728
(3) Changes in the fulfillment cash flow in the liability for incurred claims		-	-	(77,264)	(77,264)
(4) Losses(reversal) of group of onerous contracts		-	493,242	-	493,242
4. Investment components		(9,046,966)	173,596	8,873,370	-

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5. Cash flow	11,848,228	-	(11,717,265)	130,963
(1) Premium received	12,869,318	-	-	12,869,318
(2) Insurance acquisition cash flow	(1,021,090)	-	-	(1,021,090)
(3) Claims and other insurance service expenses incurred	-	-	(11,717,265)	(11,717,265)
6. Insurance finance income(expense)	9,113,455	9,973	30,446	9,153,874
(1) Profit or loss	4,261,638	21,393	25,442	4,308,472
(2) Other comprehensive income	4,851,817	(11,419)	5,004	4,845,402
7. Others	(179,852)	(158)	4,007	(176,002)
(1) Adjustments not related to movements	(179,852)	(158)	4,007	(176,002)
8. Ending balance of Insurance contract assets and liabilities	84,217,494	1,197,860	2,699,584	88,114,938
(1) Insurance contract assets	-	-	-	-
(2) Insurance contract liabilities	84,217,494	1,197,860	2,699,584	88,114,938
Insurance contract liabilities (assets), net	₩ 84,217,494	1,197,860	2,699,584	88,114,938
2022				
Remaining coverage component				
	Excluding loss component	Including loss component	Liability for incurred claims	Insurance contract liabilities (assets)
1. Beginning balance of Insurance contract assets and liabilities	₩ 87,320,825	17,563	2,668,449	90,006,836
(1) Insurance contract assets	-	-	-	-
(2) Insurance contract liabilities	87,320,825	17,563	2,668,449	90,006,836
Insurance contract liabilities (assets), net	87,320,825	17,563	2,668,449	90,006,836
2. Insurance revenue	(3,433,242)	-	-	(3,433,242)
(1) Insurance contracts under full retrospective approach	(634,310)	-	-	(634,310)
(2) Insurance contracts under fair value approach	(2,417,114)	-	-	(2,417,114)
(3) Others	(381,819)	-	-	(381,819)
3. Insurance service expense	245,037	539,554	2,711,757	3,496,348
(1) Claims and other insurance service expenses incurred	75,091	-	2,783,711	2,858,802
(2) Amortization of insurance acquisition cash flow	169,946	-	-	169,946
(3) Changes in the fulfillment cash flow in the liability for incurred claims	-	-	(71,954)	(71,954)
(4) Losses(reversal) of group of onerous contracts	-	539,554	-	539,554
4. Investment components	(11,255,293)	-	11,255,294	1
5. Cash flow	13,721,194	-	(14,006,255)	(285,061)
(1) Premium received	14,615,747	-	-	14,615,747
(2) Insurance acquisition cash flow	(894,554)	-	-	(894,554)
(3) Claims and other insurance service expenses incurred	-	-	(14,006,255)	(14,006,255)
6. Insurance finance income(expense)	(10,398,375)	(34,994)	3,125	(10,430,245)
(1) Profit or loss	195,434	1,250	15,564	212,249
(2) Other comprehensive income	(10,593,810)	(36,244)	(12,439)	(10,642,493)
7. Others	(293,937)	(917)	5,455	(289,399)
(1) Adjustments not related to movements	(293,937)	(917)	5,455	(289,399)
8. Ending balance of Insurance contract assets and liabilities	75,906,206	521,207	2,637,826	79,065,237
(1) Insurance contract assets	-	-	-	-
(2) Insurance contract liabilities	75,906,206	521,207	2,637,826	79,065,237
Insurance contract liabilities (assets), net	₩ 75,906,206	521,207	2,637,826	79,065,237
(3) Changes in reinsurance contract liabilities for the year ended December 31, 2023 and 2022 are as follows:				
2023				
Remaining coverage component				
	Excluding loss component	Including loss component	Liability for incurred claims	Reinsurance contract assets (liabilities)
1. Beginning balance of reinsurance contract assets and liabilities	₩ (157,612)	(779)	119,693	(38,698)
(1) Reinsurance contact assets	81,551	(771)	99,351	180,131
(2) Reinsurance contract liabilities	239,162	8	(20,342)	218,828
Reinsurance contract assets (liabilities), net	(157,612)	(779)	119,693	(38,698)
2. Reinsurance service expenses	(29,757)	(763)	(624)	(31,144)
3. Reinsurance service income	4,400	(1,594)	33,148	35,954
4. Investment components	(150,405)	-	150,405	-
5. Cash flow	193,944	-	(175,731)	18,214
(1) Reinsurance premium paid	193,944	-	-	193,944

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(2) Reinsurance claim received and other reinsurance service income	-	-	(175,731)	(175,731)
6. Reinsurance finance income and expenses	(54,987)	(3)	1,195	(53,796)
(1) Profit or loss	(5,546)	(3)	1,181	(4,369)
(2) The effect of changes in the risk of non-performance of the issuer of reinsurance contract ceded	(73)	-	(1)	(74)
(3) Other comprehensive income	(49,368)	-	15	(49,354)
7. Others	(6,096)	-	(1,987)	(8,083)
8. Ending balance of reinsurance contract assets and liabilities	(200,512)	(3,140)	126,099	(77,553)
(1) Reinsurance contract assets	79,581	(3,051)	101,692	178,221
(2) Reinsurance contract liabilities	280,094	88	(24,408)	255,775
Ending balance of reinsurance contract assets (liabilities),net	₩ (200,512)	(3,140)	126,099	(77,553)

	2022			
	Remaining coverage component		Liability for incurred claims	Reinsurance contract assets (liabilities)
	Excluding loss component	Including loss component		
1. Beginning balance of reinsurance contract assets and liabilities	₩ (223,369)	77	105,197	(118,095)
(1) Reinsurance contract assets	77,341	77	86,219	163,636
(2) Reinsurance contract liabilities	300,709	-	(18,978)	281,731
Reinsurance contract liabilities (assets), net	(223,369)	77	105,197	(118,095)
2. Reinsurance service expenses	(29,358)	(507)	(734)	(30,599)
3. Reinsurance service income	2,473	(352)	31,542	33,663
4. Investment components	(138,414)	-	138,414	-
5. Cash flow	176,333	-	(166,413)	9,920
(1) Reinsurance premium paid	176,333	-	-	176,333
(2) Reinsurance claim received and other reinsurance service income	-	-	(166,413)	(166,413)
6. Reinsurance finance income and expenses	62,661	3	693	63,357
(1) Profit or loss	(4,072)	3	716	(3,352)
(2) The effect of changes in the risk of non-performance of the issuer of reinsurance contract ceded	(11)	-	-	(11)
(3) Other comprehensive income	66,744	-	(23)	66,721
7. Others	(7,938)	-	10,994	3,056
8. Ending balance of reinsurance contract assets and liabilities	(157,612)	(779)	119,693	(38,698)
(1) Reinsurance contract assets	81,551	(771)	99,351	180,131
(2) Reinsurance contract liabilities	239,162	8	(20,342)	218,828
Ending balance of reinsurance contract assets (liabilities),net	₩ (157,612)	(779)	119,693	(38,698)

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(4) Changes in insurance contract liabilities (assets) for the years ended December 31, 2023 and 2022 by element, other than insurance contracts to which the premium allocation approach was applied, are as follows:

	Contractual Service Margin						Sub total	Insurance contract liabilities (assets)
	An estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Insurance contracts under full retrospective approach	Insurance contracts under fair value approach	Others	Insurance contract liabilities (assets)		
1. Beginning balance of insurance contract assets and liabilities	₩ 72,145,126	1,327,432	1,954,673	2,609,164	1,028,843	5,592,680	79,065,238	
(1) Insurance contract assets	-	-	-	-	-	-	-	
(2) Insurance contract liabilities	72,145,126	1,327,432	1,954,673	2,609,164	1,028,843	5,592,680	79,065,238	
Insurance contract liabilities(assets), net	72,145,126	1,327,432	1,954,673	2,609,164	1,028,843	5,592,680	79,065,238	
2. Changes related to future service	1,014,453	(42,636)	(27,753)	(1,508,249)	1,089,549	(446,453)	525,364	
(1) Change in estimate adjusting contractual service margin	1,998,148	(173,839)	(27,753)	(1,508,249)	(288,307)	(1,824,309)	-	
(2) Losses(reversal) of group of onerous contracts	481,924	7,606	-	-	-	-	489,530	
(3) Effect of initially recognized contracts	(1,465,618)	123,597	-	-	1,377,855	1,377,855	35,834	
3. Changes related to current service	68,375	(134,195)	(141,504)	(130,668)	(169,244)	(441,416)	(507,235)	
(1) Contractual service margin recognized in profit or loss to reflect service transfers	-	-	(141,504)	(130,668)	(169,244)	(441,416)	(441,416)	
(2) Changes in risk adjustment for non-financial risk	68,375	(134,195)	-	-	-	-	(134,195)	
(3) experience adjustments	-	-	-	-	-	-	68,375	
4. Changes in the fulfillment cash flow in the liability for incurred claims	(77,181)	(83)	-	-	-	-	(77,264)	
5. Cash flow	130,963	-	-	-	-	-	130,963	
(1) Premium received	12,869,318	-	-	-	-	-	12,869,318	
(2) Insurance acquisition cash flow	(1,021,090)	-	-	-	-	-	(1,021,090)	
(3) Claims and other insurance service expenses	7,592,692	-	-	-	-	-	(11,717,265)	
6. Insurance finance income or loss	2,804,474	101,280	63,479	1,323,693	72,733	1,459,902	9,153,874	
(1) Profit or loss	4,788,217	45,060	63,455	1,322,749	72,733	1,458,938	4,308,472	
(2) Other comprehensive income	(176,002)	56,220	24	944	-	964	4,845,402	
7. Others	-	-	-	-	-	-	(176,002)	
8. Ending balance of insurance contract assets and liabilities	80,698,426	1,251,799	1,848,895	2,293,940	2,021,881	6,164,713	88,114,938	
(1) Insurance contract assets	-	-	-	-	-	-	-	
(2) Insurance contract liabilities	80,698,426	1,251,799	1,848,895	2,293,940	2,021,881	6,164,713	88,114,938	
Ending balance of insurance contract liabilities (assets), net	₩ 80,698,426	1,251,799	1,848,895	2,293,940	2,021,881	6,164,713	88,114,938	

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	2022						
	Contractual Service Margin						
	An estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Insurance contracts under full retrospective approach	Insurance contracts under fair value approach	Others	Sub total	Insurance contract liabilities (assets)
1. Beginning balance of insurance contract assets and liabilities	₩ 83,866,192	1,415,538	2,283,509	2,441,598	-	4,725,107	90,006,837
(1) Insurance contract assets	-	-	-	-	-	-	-
(2) Insurance contract liabilities	83,866,192	1,415,538	2,283,509	2,441,598	-	4,725,107	90,006,837
Insurance contract liabilities(assets), net	83,866,192	1,415,538	2,283,509	2,441,598	-	4,725,107	90,006,837
2. Changes related to future service margin	(3,028,255)	117,882	(135,643)	2,523,020	1,111,244	3,498,621	588,248
(1) Change in estimate adjusting contractual service margin	(2,221,567)	(7,541)	(135,643)	2,523,020	(158,268)	2,229,109	1
(2) Losses(reversal) of group of onerous contracts	361,045	6,825	-	-	-	-	367,870
(3) Effect of initially recognized contracts	(1,167,733)	118,598	-	-	1,269,512	1,269,512	220,377
3. Changes related to current service margin	174,532	(139,633)	(205,848)	(185,510)	(96,728)	(488,086)	(453,187)
(1) Contractual service margin recognized in profit or loss to reflect service transfers	-	-	(205,848)	(185,510)	(96,728)	(488,086)	(488,086)
(2) Changes in risk adjustment for non-financial risk	-	(139,633)	-	-	-	-	(139,633)
(3) experience adjustments	174,532	-	-	-	-	-	174,532
4. Changes in the fulfillment cash flow in the liability for incurred claims	(71,926)	(28)	-	-	-	-	(71,954)
5. Cash flow	(285,061)	-	-	-	-	-	(285,061)
(1) Premium received	14,615,747	-	-	-	-	-	14,615,747
(2) Insurance acquisition cash flow	(894,554)	-	-	-	-	-	(894,554)
(3) Claims and other insurance service expenses incurred	(14,006,255)	-	-	-	-	-	(14,006,255)
6. Insurance finance income or loss	(8,220,957)	(66,327)	12,655	(2,169,944)	14,328	(2,142,961)	(10,430,245)
(1) Profit or loss	2,315,596	39,612	12,655	(2,169,944)	14,328	(2,142,961)	212,247
(2) Other comprehensive income	(10,536,553)	(105,939)	-	-	-	-	(10,642,492)
7. Others	(289,399)	-	-	-	-	-	(289,399)
8. Ending balance of insurance contract assets and liabilities	72,145,126	1,327,432	1,954,673	2,609,164	1,028,843	5,592,680	79,065,237
(1) Insurance contract assets	-	-	-	-	-	-	-
(2) Insurance contract liabilities	72,145,126	1,327,432	1,954,673	2,609,164	1,028,843	5,592,680	79,065,237
Ending balance of insurance contract liabilities (assets), net	₩ 72,145,126	1,327,432	1,954,673	2,609,164	1,028,843	5,592,680	79,065,237

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(5) Changes in ceded reinsurance contract assets/(liabilities) for the years ended December 31, 2023 and 2022, by element, to which the premium allocation approach is not applied, are as follows:

	2023					Reinsurance contract assets (liabilities)
	An estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Insurance contracts under full retrospective approach	Insurance contracts under fair value approach	Others	
1. Beginning balance of reinsurance contract assets and liabilities	₩ (111,183)	19,864	3,254	45,575	3,793	(38,698)
(1) Reinsurance contract assets	138,954	12,801	(3,971)	32,409	(62)	180,131
(2) Reinsurance contract liabilities	250,137	(7,062)	(7,226)	(13,166)	(3,855)	218,828
Reinsurance contract liabilities/(assets), net	(111,183)	19,864	3,254	45,575	3,793	(38,698)
2. Changes related to future service	120,331	(9,086)	(5,681)	(130,530)	28,036	3,070
(1) Change in estimate adjusting contractual service margin	137,649	(16,831)	(5,681)	(130,530)	15,394	-
(2) Losses/(reversal) of group of onerous contracts	3,162	(92)	-	-	-	3,070
(3) Effect of initially recognized contracts	(20,479)	7,838	-	-	12,642	-
3. Changes related to current service	7,062	1,745	(2,844)	1,031	(5,594)	1,401
(1) Contractual service margin recognized in profit or loss to reflect service transfers	-	-	(2,844)	1,031	(5,594)	(7,406)
(2) Changes in risk adjustment for non-financial risk	-	1,745	-	-	-	(7,406)
(3) experience adjustments	7,062	-	-	-	-	1,745
4. Changes in the fulfillment cash flow in the liability for incurred claims	-	-	-	-	-	7,062
5. Cash flow	377	(38)	-	-	-	339
(1) Reinsurance premium paid	18,214	-	-	-	-	18,214
(2) Reinsurance claim received and other reinsurance service income	193,944	-	-	-	-	193,944
6. Effect of changes in the risk of non-performance of the issuer of the reinsurance contract ceded	(175,731)	-	-	-	-	(175,731)
(1) Profit or loss	(74)	-	-	-	-	(74)
(2) Other comprehensive income	(56,681)	3,334	(43)	(493)	161	(53,722)
(3) Ending balance of Reinsurance contract assets and liabilities	(4,723)	729	(43)	(493)	161	(4,369)
(4) Other comprehensive income	(51,959)	2,605	-	-	-	(49,354)
(5) Ending balance of Reinsurance contract assets and liabilities	(8,083)	-	-	-	-	(8,083)
7. Ending balance of Reinsurance contract assets and liabilities	(30,038)	15,819	(5,313)	(84,417)	26,395	(63,335)
(1) Reinsurance contract assets	174,001	6,519	(6,254)	(13,898)	17,853	178,221
(2) Reinsurance contract liabilities	204,039	(9,301)	(941)	70,520	(8,542)	255,775
Ending balance of reinsurance contract assets (liabilities), net	₩ (30,038)	15,819	(5,313)	(84,417)	26,395	(63,335)

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	2022					
	An estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin			Reinsurance contract assets (liabilities)
			Insurance contracts under full retrospective approach	Insurance contracts under fair value approach	Others	
₩						
1. Beginning balance of reinsurance contract assets and liabilities	(204,325)	21,612	9,892	54,725	-	64,618
(1) Reinsurance contract assets	120,663	12,981	(4,064)	34,057	-	29,993
(2) Reinsurance contract liabilities	324,987	(8,652)	(13,956)	(20,669)	-	(34,625)
Reinsurance contract liabilities(assets), net	(204,325)	21,612	9,892	54,725	-	64,618
2. Changes related to future service margin	929	3,495	(3,761)	(7,128)	8,661	(2,228)
(1) Change in estimate adjusting contractual service margin	10,415	2,887	(3,761)	(7,128)	(2,412)	(13,302)
(2) Losses(reversal) of group of onerous contracts	2,229	(33)	-	-	-	-
(3) Effect of initially recognized contracts	(11,714)	641	-	-	11,073	11,073
3. Changes related to current service margin	12,937	(2,058)	(3,013)	(2,883)	(4,949)	(10,845)
(1) Contractual service margin recognized in profit or loss to reflect service transfers	-	-	(3,013)	(2,883)	(4,949)	(10,845)
(2) Changes in risk adjustment for non-financial risk	-	(2,058)	-	-	-	-
(3) experience adjustments	12,937	-	-	-	-	-
4. Changes in the fulfillment cash flow in the liability for incurred claims	848	(15)	-	-	-	834
5. Cash flow	9,920	-	-	-	-	9,920
(1) Reinsurance premium paid	176,333	-	-	-	-	176,333
(2) Reinsurance claim received and other reinsurance service income	(166,413)	-	-	-	-	(166,413)
6. Effect of changes in the risk of non-performance of the issuer of the reinsurance contract ceded	(11)	-	-	-	-	(11)
7. Reinsurance finance income or expenses	65,462	(3,172)	136	861	81	1,078
(1) Profit or loss	(4,915)	484	136	861	81	1,078
(2) Other comprehensive income	70,377	(3,656)	-	-	-	-
8. Others (financial settlement slip)	3,056	-	-	-	-	3,056
9. Ending balance of Reinsurance contract assets and liabilities	(111,183)	19,864	3,254	45,575	3,793	52,622
(1) Reinsurance contract assets	138,954	12,801	(3,971)	32,409	(62)	28,375
(2) Reinsurance contract liabilities	250,137	(7,062)	(7,226)	(13,166)	(3,855)	(24,247)
Ending balance of reinsurance contract assets (liabilities), net	(111,183)	19,864	3,254	45,575	3,793	52,622
₩						

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(6) The effect on the statement of financial position at the time of initial recognition of new insurance contracts for the years ended December 31, 2023 and 2022 are as follows:

	2023			Insurance contracts acquired through business combinations, etc.	Insurance contract liabilities (assets)
	Exclusive of onerous contracts	Onerous contracts	Insurance contract issued		
1. Estimate of the present value of future cash outflows	₩ 9,689,401	336,068	-	-	10,025,469
(1) Expected claims and other insurance service expenses	8,772,850	303,379	-	-	9,076,229
(2) Insurance acquisition cash flow	916,551	32,689	-	-	949,240
2. Estimate of the present value of future cash inflows	11,187,470	303,617	-	-	11,491,087
3. Estimate of the present value of future cash flows	(1,498,069)	32,451	-	-	(1,465,618)
4. Risk adjustment for non-financial risk	120,214	3,383	-	-	123,597
5. Contractual service margin	1,377,855	-	-	-	1,377,855
* Loss component at initial recognition	₩ -	35,834	-	-	35,834

	2022			Insurance contracts acquired through business combinations, etc.	Insurance contract liabilities (assets)
	Exclusive of onerous contracts	Onerous contracts	Insurance contract issued		
1. Estimate of the present value of future cash outflows	₩ 7,317,564	4,494,992	-	-	11,812,556
(1) Expected claims and other insurance service expenses	6,548,879	4,429,541	-	-	10,978,420
(2) Insurance acquisition cash flow	768,685	65,451	-	-	834,136
2. Estimate of the present value of future cash inflows	8,699,943	4,280,346	-	-	12,980,289
3. Estimate of the present value of future cash flows	(1,382,379)	214,647	-	-	(1,167,733)
4. Risk adjustment for non-financial risk	112,868	5,731	-	-	118,598
5. Contractual service margin	1,269,512	-	-	-	1,269,512
* Loss component at initial recognition	₩ -	220,377	-	-	220,377

(7) The effect on the statement of financial position at the time of initial recognition of new reinsurance contracts ceded for the years ended December 31, 2023 and 2022 are as follows:

	2023			Reinsurance contracts acquired through business combinations, etc.	Reinsurance contract assets/(liabilities)
	Exclusive of onerous contracts	Onerous contracts	Reinsurance contract ceded held		
1. Estimate of the present value of future cash outflows	₩ 22,282	33,484	-	-	55,767
2. Estimate of the present value of future cash inflows	20,502	14,785	-	-	35,287
3. Estimate of the present value of future cash flows	(1,780)	(18,699)	-	-	(20,479)
(1) New contract_ onerous	(663)	(18,699)	-	-	(19,362)
(2) New contract_ non onerous	(1,118)	-	-	-	(1,118)
4. Risk adjustment for non-financial risk	7,763	75	-	-	7,838
(1) New contract_ onerous	-	75	-	-	75
(2) New contract_ non onerous	7,763	-	-	-	7,763
5. Contractual service margin	(5,982)	18,624	-	-	12,642
* Loss recovery component	₩ -	977	-	-	977

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	Reinsurance contract ceded held		Insurance contracts acquired through business combinations, etc.					Reinsurance contract assets(liabilities)	
	Exclusive of onerous contracts	Onerous contracts	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
₩									
1. Estimate of the present value of future cash outflows	25,057	121,175							146,233
2. Estimate of the present value of future cash inflows	27,548	106,970							134,518
3. Estimate of the present value of future cash flows	2,491	(14,205)							(11,714)
(1) New contract_onerous	(1,002)	(14,205)							(15,207)
(2) New contract_non_onerous	3,493	-							3,493
4. Risk adjustment for non-financial risk	344	297							641
(1) New contract_onerous	-	297							297
(2) New contract_non_onerous	344	-							344
5. Contractual service margin	(2,835)	13,908							11,073
₩									
* Loss recovery component	-	860							860

(8) Contractual service margin by expected amortization period for insurance contracts issued and reinsurance contracts held as of December 31, 2023 and 2022 are as follows:

	2023					2022					Total	
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Over 10 years	Over 10 years	Total		
₩												
Underlying contracts	377,672	328,894	312,756	270,125	267,698	1,086,227	3,521,341	3,521,341	3,521,341	6,164,713		
Contractual service margin of reinsurance contracts ceded	3,277	2,798	2,641	2,197	2,264	9,230	40,928	40,928	40,928	63,335		
₩												
Underlying contracts	347,815	283,838	271,002	235,091	241,122	981,733	3,232,079	3,232,079	3,232,079	5,592,680		
Contractual service margin of reinsurance contracts ceded	(3,657)	(2,902)	(2,633)	(2,208)	(2,157)	(8,317)	(30,747)	(30,747)	(30,747)	(52,622)		

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(9) Total amount recognized as insurance finance income and expenses, the amount recognized as other comprehensive income among insurance finance income and expenses and investment gains and losses on assets for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
1. Investment income and expense	₩ 8,798,828	(9,282,373)
(1) Interest income	3,353,828	3,133,171
(2) Other investment income and expense	1,924,864	(1,850,892)
(3) Other comprehensive income and expense	3,520,136	(10,564,652)
2. Insurance finance income and expense	(9,153,874)	10,430,245
(1) Profit or loss	(4,308,472)	(212,248)
(2) Other comprehensive income	(4,845,402)	10,642,493
3. Reinsurance finance income and expense	(53,796)	63,357
(1) Profit or loss	(4,442)	(3,364)
(2) Other comprehensive income	(49,354)	66,721
4. Total finance income and expense	₩ (408,842)	1,211,229

(10) The fair values of the underlying items of contracts with direct participation features among insurance contracts issued by the Group as of December 31, 2023 and 2022 are as follows:

	2023	2022
Cash and deposits	₩ 263,862	399,559
Securities	14,435,021	12,707,900
Loan receivable	572,015	1,043,115
Derivative assets	4,440	6,279
Other assets	286,932	292,033
	₩ 15,562,270	14,448,886

(11) Group of insurance contracts to which the VFA model is applied, the effect of financial risk on the amount corresponding to the Group's share among underlying items is mitigated by related derivatives and reinsurance contracts ceded. These economic offsets are specified in the relevant documents, and credit risk is believed not to be dominant over economic offsets. In this situation, among the changes in the fulfillment cash flow of the group of contracts to which the VFA model is applied, the amount that does not adjust the contractual service margin are as follows:

	2023	2022
Unrecognized amount of change	₩ 43,272	-

(12) Insurance revenue recognized for insurance contracts issued by the Group for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
1.Amount related to changes in the liability for remaining coverage	₩ 3,489,736	3,263,296
(1) Insurance service expenses incurred	2,953,304	2,672,141
a.Expected claim (insurance component)	1,925,827	1,788,147
b.Expected maintenance expense, etc	1,058,844	932,338
c.Allocation of loss component	(31,367)	(48,344)
(2) Change in risk-adjustment for non-financial risk	139,259	145,192
a. RA amortization	138,004	143,394
b. Allocation of loss component	(755)	(350)
c. Cancelled contracts	2,011	2,148
(3) Contractual service margin recognized in profit or loss	441,416	488,087
a. CSM amortization	417,891	462,248
b. Cancelled contracts	23,525	25,839
(4) Others	(44,243)	(42,124)
a. Cancelled contracts	(44,243)	(42,124)
2. Allocation of Insurance acquisition cash flow	192,728	169,947
a. Contract conclusion expense amortization	192,728	169,947
Total	₩ 3,682,464	3,433,243

(13) Reinsurance revenue recognized for insurance contracts held by the Company for the period ended December 31, 2023 and 2022 are as follows:

	2023	2022
Incurred reinsurance	₩ 28,606	29,996
Adjustment of Reinsurance incurred accident factors	7,007	2,858
Revenue related to loss recovery factors	342	809
	₩ 35,954	33,663

(14) Insurance service cost recognized for insurance contracts issued by the Company for the period ended December 31, 2023 and 2022 are as follows:

	2023	2022
1. Insurance costs for insurance contracts	₩ 3,623,329	3,496,349
Actual insurance premium	1,900,986	1,818,274
Actual contract maintenance costs	952,441	893,694
Actual investment management expenses	86,196	82,572
Expenses related to loss-bearing contracts	525,364	588,248

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Adjustment of accident factors	1,686	(9,259)
Depreciation of cash flow obtained from insurance	192,728	169,947
Amount of loss factor allocation	(32,122)	(48,694)
Other insurance service expenses	(3,950)	1,566
2. Other insurance operating expense	37,392	34,114
	<u>₩ 3,660,721</u>	<u>3,530,463</u>

(15) Reinsurance cost recognized for insurance contracts held by the Company for the period ended December 31, 2023 and 2022 are as follows:

		2023	2022
Estimated reinsurance	₩	20,023	14,079
Adjustment of Reinsurance estimated accident factors		4,544	3,329
Change in risk adjustment		(1,171)	1,705
Depreciation of insurance contract margin		7,406	10,845
Loss Recovery Factor Distribution Reinsurance Cost Reduction		(264)	(75)
Other reinsurance expenses		606	716
	₩	<u>31,144</u>	<u>30,599</u>

23. Other contract liabilities

Other contract liabilities as of December 31, 2023 and 2022 are as follows:

		2023	2022
Reserve for policyholder dividend stabilization	₩	72,936	75,403
Policyholder's equity adjustment		94,500	87,920
	₩	<u>167,436</u>	<u>163,323</u>

24. Financial liabilities designated at fair value through profit or loss

(1) Financial liabilities designated at fair value through profit or loss as of December 31, 2023 is as follows:

Basis for designation		2023
Compound instruments	Equity-linked securities for sale	₩ 1,325,081
	Other sold derivatives-linked securities	102,246
	Derivatives-linked bonds	3,233,939
	Credit risk adjustment	(4,404)
	Trading day valuation adjustment	130,797
	₩	<u>4,787,659</u>

(2) Financial liabilities designated at fair value through profit or loss as of December 31, 2022 is as follows:

Basis for designation		2022
Compound instruments	Equity-linked securities for sale	₩ 1,379,102
	Other sold derivatives-linked securities	99,186
	Derivatives-linked bonds	2,585,907
	Credit risk adjustment	(4,009)
	Trading day valuation adjustment	170,911
	₩	<u>4,231,097</u>

25. Financial liabilities measured at fair value through profit or loss and financial liabilities held for trading

(1) Financial liabilities measured at fair value through profit or loss as of December 31, 2023 is as follows:

		2023
Securities for sale	Shares	₩ 174,741
	National and local government bonds	82,732
	₩	<u>257,473</u>

(2) Financial liabilities held for trading as of December 31, 2022 is as follows:

		2022
Securities for sale	Shares	₩ 80,201
	National and local government bonds	18,188
	₩	<u>98,389</u>

26. Borrowings

Borrowings as of December 31, 2023 and 2022 are as follows:

	Creditors	2023	2022
Bonds sold under repurchase			
Agreements (*)	Public offerings, Institutions	₩ 3,484,515	2,954,145
Subordinated debt securities	Hidden Palace, etc.	7,651	7,148
Overdraft commitments	Standard Chartered Bank, etc.	-	500,000
Call money	Samsung Asset Management	100,000	200,000
Borrowings from KSFC	KSFC	273,969	209,627
Borrowings for general purpose	Kookmin Bank, etc.	57,400	-
Borrowings for equipment	Kookmin Bank, etc.	35,000	32,554
Debentures	Individuals, etc.	1,217,156	1,366,951
Other Borrowings	Individuals, etc.	742,500	374,200
	₩	<u>5,918,191</u>	<u>5,644,625</u>

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

27. Other financial liabilities

(1) Other financial liabilities as of December 31, 2023 and 2022 are as follows:

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	2023	2022
Insurance payables:		
Dormant policies	₩ 32,416	35,856
Insurance settlement adjustments	3,412	3,003
	<u>35,828</u>	<u>38,859</u>
Accounts payable	884,646	344,410
Accrued expenses	366,472	397,930
Leasehold deposits received	98,966	98,735
Less: Present value discount	(6,632)	(7,104)
Dividends payable	20	714
Trust accounts liabilities	105,050	88,409
Customers' deposits	978,834	955,166
Securities deposit received	9,578	80,343
Other depository liabilities	3,354	-
Financial guarantee contract	1,285	-
Non-controlling interest liabilities (*1)	46,241	28,577
Lease liabilities (*2)	79,089	94,213
Others	218,275	136,508
	<u>₩ 2,821,006</u>	<u>2,256,761</u>

(*1) Non-controlling interest liabilities are the accumulated non-controlling interest amount of consolidated investment associations and beneficiary securities

(*2) Lease liabilities are recognized and measured in accordance with KIFRS 1116.

(2) Lease expenses for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Short-term lease expenses (*)	₩ 4,131	2,897
Lease for which the underlying asset is of low value (*)	503	570
Interest expenses of lease liabilities	3,085	2,336
	<u>₩ 7,719</u>	<u>5,803</u>

(*) The Group recognized lease payments as an expense on a straight-line basis over the lease term.

(3) Details of lease liabilities by the maturity according to remaining lease terms as of December 31, 2023 and 2022 are as follows:

	2023		
	Less than 1 year	1 ~ 5 years	More than 5 years
Real estates	₩ 31,099	75,260	12,142
Vehicles	994	1,641	-
	<u>₩ 32,094</u>	<u>76,902</u>	<u>12,142</u>
	2022		
	Less than 1 year	1 ~ 5 years	More than 5 years
Real estates	₩ 45,388	67,425	20,021
Vehicles	599	1,491	-
	<u>₩ 45,987</u>	<u>68,916</u>	<u>20,021</u>

(4) Details of lease cash payments related to lease liabilities are ₩50,924 million and ₩54,856 million for the years ended December 31, 2023 and 2022, respectively.

28. Provisions

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

	2023				
	Restoration cost	Litigation	Unused commitments (*1)	Others (*2)	Total
Beginning balance	₩ 14,423	1,312	8,594	6,873	31,202
Increase	10,622	4,011	3,308	2,425	20,366
Utilized	(1,048)	(70)	-	(1,553)	(2,671)
Charge (reversal) for the period, net	(9,792)	(318)	10,778	6,411	7,079
Other	76	-	-	-	76
Ending balance	<u>₩ 14,280</u>	<u>4,934</u>	<u>22,680</u>	<u>14,156</u>	<u>56,051</u>

(*1) Beginning balance of unused commitments is applied to KIFRS1109.

(*2) Amounts of refund liability corresponding to the contract liability of ₩2,406 million is included.

	2022			
	Restoration cost	Litigation	Others (*1)	Total
Beginning balance	₩ 15,229	341	6,653	22,223
Increase	7,532	-	2,369	9,901
Utilized	(1,155)	-	(3,004)	(4,159)
Reversal of provision, net	(7,183)	971	2,803	(3,409)
Ending balance	<u>₩ 14,423</u>	<u>1,312</u>	<u>8,821</u>	<u>24,556</u>

(*1) Amounts of refund liability corresponding to the contract liability of ₩1,810 million is included.

(2) The nature of the provisions and the timing of the expected outflow of economic benefits as of December 31, 2023 is as follows:

	2023				
	Less than 1 year	1 ~ 3 years	3 ~ 5 years	More than 5 years	Total
Restoration	₩ 5,170	5,407	1,398	2,304	14,280
Litigation	772	221	3,941	-	4,934
Unused commitment	20,877	1,803	-	-	22,680
Others	13,503	349	305	-	14,156
	<u>₩ 40,323</u>	<u>7,781</u>	<u>5,644</u>	<u>2,304</u>	<u>56,051</u>

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29. Defined benefit liabilities

(1) The Group operates a defined benefit plan based on compensation for pension of the employees and the period of services rendered. The Group has entrusted the plan assets of defined benefit obligations at Kookmin Bank and others.

Defined benefit plan assets and liabilities as of December 31, 2023 and 2022 are as follows:

	2023		2022	
Present value of defined benefit obligations	₩	397,022		353,042
Fair value of plan assets		(290,413)		(273,434)
Defined benefit liabilities	₩	106,609		79,608

(2) Changes in the present value of defined benefit obligations for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
Beginning balance	₩	353,042		367,337
Business combination		622		-
Current service costs		67,694		62,644
Interest expenses		16,337		8,704
Remeasurement		16,124		(48,105)
Change in financial assumptions		21,186		(52,750)
Change in population statistics		(4,834)		(1,663)
Experience adjustments		(228)		6,307
Benefits paid by the plan		(56,809)		(35,984)
Past service cost		12		(1,554)
Ending balance	₩	397,022		353,042

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

	2023		2022	
Beginning balance	₩	273,434		385,864
Business combination		769		-
Interest income		20,210		9,251
Remeasurements		4,152		(8,281)
Contributions paid into the plan		29,345		46,374
Benefits paid by the plan		(48,271)		(42,853)
Other management costs		10,774		(116,921)
Ending balance	₩	290,413		273,434

(4) The composition of plan assets as of December 31, 2023 and 2022 are as follows:

	₩	2023		2022	
		Amount	Ratio (%)	Amount	Ratio (%)
Fixed deposit		167,933	57.83%	162,954	59.60
Equity securities		1,863	0.64%	3,565	1.30
Debt securities		52,910	18.22%	33,674	12.32
Beneficiary certificates		67,707	23.31%	73,241	26.79
	₩	290,413	100.00	273,434	100.00

(5) Actuarial assumptions as of December 31, 2023 and 2022 are as follows:

	2023	2022
Discount rate (*)	4.04%~5.49%	2.4%~5.86%
Future salary increasing rate	2%~7%	2.2%~7%

(*) Considering the timing of the payments of retirement benefits, the Group applied a rate of return of unsecured debenture bonds with a rating of AA+.

(6) Sensitivity analysis

Sensitivity analysis of the present value of defined benefit obligation as of December 31, 2023 is as follows:

	₩	2023	
		1% Point Increase	1% Point Decrease
Discount rate		(14,585)	33,199
Future salary increasing rate		34,514	(16,142)

(7) The weighted average maturity of the defined benefit obligation is 3.87~11.27 years for the year ended December 31, 2023.

30. Other liabilities

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

	2023		2022	
Advanced receipts	₩	24,446		19,226
Unearned income (*1)		71,922		78,892
Withholdings		84,354		82,523
Value added tax withheld		13,244		9,635
Others(*2)		15,900		19,931
	₩	209,865		210,207

(*1) The Group provided a certain portion of the customer's purchase amounts as points, and the points awarded are accounted as deferred revenue to be recognized as sales at the time of use of the points in the future and deducted from sales. Amounts of customer loyalty programs are ₩12,101 million and ₩11,744 million as of December 31, 2023 and 2022, respectively.

(*2) Others include the amount estimated to be paid in the future to the policyholder of the immediate annuity inheritance maturity type.

31. Derivatives

1. Derivative instruments held for trading

(1) Unsettled commitments and fair values of derivative instruments held for trading as of December 31, 2023 is as follows:

Currency related:	Type	₩	2023		
			Unsettled commitment	Cumulative valuation gains and losses	
				Asset	Liability
Currency forward		₩	4,388,839	84,518	13,287

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	Currency futures	60,542	-	-
	Currency swap	8,083,815	286,112	354,421
		<u>12,533,196</u>	<u>370,630</u>	<u>367,708</u>
Equity related:	Stock index futures	1,354,666	-	-
	Warrant	1,588	7	-
	Stock index options	3,269	-	5,299
	Equity linked warrant	15,000	-	3,518
	Equity derivatives	1,031,725	88,960	155,871
	Others	1,474,397	30,599	486,888
		<u>3,880,645</u>	<u>119,566</u>	<u>651,576</u>
Credit related:	Credit default swap	11,852,646	133,733	112,115
Commodity related:	Commodity swaps	24,157	138	134
Interest related:	Interest rate futures	2,279,017	-	-
	Interest rate forward	7,164,102	216,246	26,974
	Interest rate swap	42,235,499	169,959	66,213
	Interest rate option	23,865	-	9,364
		<u>51,702,483</u>	<u>386,205</u>	<u>102,551</u>
Credit risk adjustments		-	(1,467)	(3,787)
		<u>₩ 79,993,127</u>	<u>1,008,805</u>	<u>1,230,297</u>

(2) Gains and losses on valuation of derivative instruments held for trading for the year ended December 31, 2023 is as follows:

		2023	
		Gain	Loss
Currency related:	Currency forward	₩ 34,819	13,661
	Currency futures	4,024	7,737
	Currency swap	82,405	90,176
		<u>121,248</u>	<u>111,574</u>
Equity related:	Stock index futures	32,848	12,622
	Warrant	-	119
	Stock index options	24,595	24,996
	Equity linked warrant	144	125
	Others	34,818	52,441
		<u>92,405</u>	<u>90,303</u>
Credit related:	Credit default swap	114,983	65,393
Commodity related:	Commodity swaps	325	7
Interest related:	Interest rate futures	30,532	7,766
	Interest rate forward	134,116	80,042
	Interest rate swap	188,945	69,560
	Interest rate option	-	873
		<u>353,593</u>	<u>158,241</u>
Credit risk adjustments		812	1,449
		<u>₩ 683,366</u>	<u>426,967</u>

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2. Fair value hedge

(1) Fair value hedged item as of December 31, 2023 and changes in fair value for the year ended December 31, 2023 is as follows:

	Type	2023		
		Book value	Accumulated fair value adjustment	Change in fair value during the period
Interest rate related:	Foreign debt securities	₩ 817,533	12,892	12,892
	Foreign debt securities	94,328	9,194	1,837
Foreign exchange related:	Foreign beneficiary securities	1,849,166	130,511	52,395
		₩ 2,761,027	152,597	67,124

(2) Derivatives designated as fair value hedging instruments as of December 31, 2023 and changes in fair value for the year ended December 31, 2023 is as follows:

		2023			
		Unrecognized firm commitments	Asset	Liability	Change in fair value for the period
Interest rate forward	₩	50,013	-	2,036	(2,036)
Interest rate futures		1,000,385	-	-	-
Currency forward		2,446,110	39,461	36,664	(25,302)
Currency swap		114,870	343	-	343
		₩ 3,611,378	39,804	38,700	(26,995)

(3) The amount recognized in profit or loss due to the ineffectiveness of fair value hedge for the year ended December 31, 2023 is as follows:

		2023			
		Risk	Profit and loss related to fair value hedge designation (hedged item)	Profit and loss related to fair value hedge designation (hedging instrument)	Ineffective portion of hedge recognized in profit or loss (*)
Fair value hedge	₩	Market price	12,892	(13,419)	(527)
		Foreign exchange	70,043	(67,646)	2,397
			82,935	(81,065)	1,870

(*) The ineffectiveness of the hedge is the difference between the hedging gain and loss between the hedging instrument and the hedged item.

3. Cash flow hedge

(1) Derivatives designated as cash flow hedging instruments as of December 31, 2023 and changes in fair value for the year ended December 31, 2023 is as follows:

		2023			
		Unrecognized firm commitments	Asset	Liability	Change in fair value for the period
Interest rate forward	₩	5,640,000	207,690	159,156	452,956
Interest rate swap		64,171	-	1,815	839
Currency forward		1,512,549	12,239	27,034	(39,221)
Currency swap		9,059,514	127,059	402,096	(120,963)
		₩ 16,276,234	346,988	590,101	293,611

(2) Changes in the value of hedged items and cash flow hedge reserve used as a basis for recognizing the ineffectiveness of hedge for the year ended December 31, 2023 is as follows:

		2023	
		Change in fair value used to calculate hedge ineffectiveness	Cash flow hedge reserve
Foreign exchange risk:	₩	235,804	342,571
		12,431	3,185
		248,235	345,756
Interest rate risk:		-	48,534
		-	(1,815)
		-	46,719
		₩ 248,235	392,475

(3) Profit or loss and other comprehensive income affected from the ineffectiveness of cash flow hedge for the year ended December 31, 2023 is as follows:

		2023		
		Hedge gain and loss recognized in other comprehensive income (*1)	Ineffectiveness of hedge recognized in profit or loss (*2)	Reclassified from cash flow hedge reserve to profit or loss
Cash flow hedge	₩	Interest rate	453,795	-
		Foreign exchange	86,499	(3,063)
		₩ 540,294	(3,063)	(239,059)

(*1) Other comprehensive income on the statement of comprehensive income before income tax effect.

(*2) The ineffectiveness of hedge is the difference between the hedge gain and loss of the hedging instrument and the hedged item.

(4) Derivative assets and liabilities as of December 31, 2022 is as follows:

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		2022	
		Assets	Liabilities
Currency related:	Currency forward	₩ 91,484	62,338
	Currency swap	74,297	432,490
		165,781	494,828
Interest rate related:	Interest rate swap	-	2,654
	Interest rate forward	43,174	454,393
		43,174	457,047
Hedge accounting applied		208,955	951,875
Currency related:	Currency forward	126,061	70,936
	Currency swap	479,813	556,233
		605,874	627,169
Interest rate related:	Interest rate swap	164,010	98,315
	Interest rate forward	169,961	42,186
		333,971	140,501
Equity related:	Preemptive rights	-	-
	Stock index options	383	15,723
	Stock index future	-	12
	Equity linked warrant	-	381
	Stock swap	70,018	63,676
	Conversion rights	5,131	-
	Others	35,958	582,826
	111,490	662,618	
Credit related	Credit default swap	120,517	206,809
Commodity related:	Commodity swaps	147	144
Hedge accounting not applied		1,171,999	1,637,241
Credit risk adjustment		(2,032)	(4,988)
₩		1,378,922	2,584,128

(5) Valuation gains or losses of derivatives for the year ended December 31, 2022 is as follows:

		Profit or loss		Other comprehensive income(*)	
		Gain	Loss	Gain	Loss
Currency related:	Currency forward	₩ 84,168	60,027	3,883	9,241
	Currency swap	25,762	693,864	330,973	25,674
		109,930	753,891	334,856	34,915
Interest rate related:	Interest rate swap	-	-	-	2,654
	Interest rate forward	11,704	-	31,470	454,393
		11,704	-	31,470	457,047
Hedge accounting applied		121,634	753,891	366,326	491,962
Currency related:	Currency forward	125,709	60,172	-	-
	Currency futures	1,564	701	-	-
	Currency swap	408,215	427,452	-	-
		535,488	488,325	-	-
Interest rate related:	Interest rate swap	239,345	497,832	-	-
	Interest rate option	149,319	34,102	-	-
	Interest rate future	131,369	136,920	-	-
		520,033	668,854	-	-
Equity related:	Equity index future	190,103	222,722	-	-
	Equity index options	10,519	5,195	-	-
	Equity linked warrant	1,365	120	-	-
	Individual stock futures	6,614	7,323	-	-
	Equity swap and forward	23,077	67,858	-	-
	Conversion right	1,080	1,232	-	-
	232,758	304,450	-	-	
Credit related	Credit default swap	42,637	211,514	-	-
Commodity related:	Commodity swaps	108	139	-	-

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Hedge accounting not applied	1,331,024	1,673,282	-	-
Credit risk adjustment	4,182	1,404	-	-
	<u>₩ 1,456,840</u>	<u>2,428,577</u>	<u>366,326</u>	<u>491,962</u>

(*) Other comprehensive income due to the application of cash flow hedge accounting before income tax.

(6) Profit or loss of hedging instruments and hedged item subject to cash flow hedge accounting for the year ended December 31, 2022 is as follows:

		2022	
		Profit	Loss
Hedged item	₩	141,206	(79,755)
Hedging instrument		213,675	(265,574)

(7) The Group recognized ₩1,317 million of derivative valuation gains for the year ended December 31, 2023 and ₩6,048 million of derivative valuation losses in the year ended December 31, 2022 due to the expiration of terms and disposition of currency forward contracts, currency swap contracts, and interest rate swap contracts to which cash flow hedges apply. In addition, the Group recognized a loss of ₩1 million as an ineffectiveness of cash flow hedge for the year ended December 31, 2022.

When a forecast transaction subject to cash flow hedge accounting is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately transferred to the statement of comprehensive income. The expected longest period of exposure to cash flow volatility risk for derivative contracts subject to cash flow hedge is September 13, 2029.

32. Equity

(1) Equity as of December 31, 2023 and 2022 are as follows:

	2023	2022
Capital stock:		
Common stock	₩ 102,500	102,500
Hybrid bonds:		
Hybrid bonds	1,607,440	1,108,899
Capital surplus:		
Share premium	359,937	359,937
Asset revaluation surplus	4,502	4,502
Others	279,385	149,441
	<u>643,824</u>	<u>513,880</u>
Capital adjustments:		
Negative equity changes in equity method adjustments	(15,995)	(15,995)
Others	(100,664)	(100,664)
Stock option	304	283
Treasury stock	(84,008)	-
	<u>(200,363)</u>	<u>(116,376)</u>
Accumulated other comprehensive income, net of tax:		
Gain (loss) on valuation of available-for-sale financial assets	-	(2,103,469)
Gain (loss) on valuation of held to maturity financial assets	-	(1,794,465)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(3,519,061)	-
Allowance of debt instrument at fair value through other comprehensive income	8,994	-
Profit or loss – credit risk of financial liabilities designated at fair value through profit or loss	1,702	-
Other comprehensive income - financial gain of insurance contract assets (liabilities) net	4,371,761	7,931,367
Other comprehensive income - financial gain of reinsurance contract assets (liabilities) net	12,855	49,166
Gain (loss) on valuation of cash flow hedge derivatives	265,018	(92,343)
Gain on valuation of investment in associates	19	33
Foreign currency translation adjustments for foreign operations	569	531
Gain on revaluation of property and equipment	559,732	564,394
Remeasurement loss related to defined benefit plan	29,480	37,756
	<u>1,731,069</u>	<u>4,592,970</u>
Retained earnings:		
Legal reserve	51,493	51,250
Other legal reserves	1,096,736	1,096,736
Regulatory reserve for loan loss	164,659	164,398
Retained earnings	5,363,619	5,889,335
Voluntary reserve	3,000	3,000
	<u>6,679,506</u>	<u>7,204,719</u>
Non-controlling interests	<u>255,419</u>	<u>373,032</u>
	<u>₩ 10,819,396</u>	<u>13,779,624</u>

(2) Capital stock

Capital stock as of December 31, 2023 and 2022 are as follows:

	2023	2022
Number of authorized shares	300,000,000 shares	300,000,000 shares
Par value per share in won	₩ 1,000	1,000

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Number of issued common stocks outstanding		102,500,000 shares	102,500,000 shares
Capital stock	₩	102,500	102,500

(3) Hybrid bond as of December 31, 2023 is as follows:

						2023	
	Issue date	Maturity date	Interest rate (%)	Amount in foreign currency		Amount of KRW equivalent	
Overseas hybrid securities (*1)	June 15, 2022	June 15, 2052	5.90	\$ 500,000	₩	644,850	
Issuance costs (underwriting fees and other direct issuance costs)					₩	(4,567)	
						<u>640,283</u>	
Domestic hybrid securities (*2)	Sept. 10, 2021	Sept. 10, 2051	3.72	₩	₩	470,000	
Domestic hybrid securities (*2)	May 12, 2023	May 12, 2053	5.80	₩	₩	500,000	
Issuance costs (underwriting fees and other direct issuance costs)						(2,843)	
						<u>967,157</u>	
					₩	<u>1,607,440</u>	

(*1) Hybrid securities above can be redeemed early after 5 years from the date of issuance and interest rate can be adjusted only once after 10 years from the date of issuance. Upon maturity date, the Group has the unconditional right to extend the maturity under the same condition.

(*2) Hybrid securities above can be redeemed early after 5 years from the date of issuance and standard interest rate and spread can be adjusted only once after 5 & 10 years from the date of issuance. Upon maturity date, the Group has the unconditional right to extend the maturity under the same condition.

(4) Hybrid bonds as of December 31, 2022 is as follows:

						2022	
	Issue date	Maturity date	Interest rate (%)	Amount in foreign currency		Amount of KRW equivalent	
Overseas hybrid securities (*1)	June 15, 2022	June 15, 2052	5.90	\$ 500,000	₩	644,850	
Issuance costs (underwriting fees and other direct issuance costs)					₩	(4,567)	
						<u>640,283</u>	
Domestic hybrid securities (*2)	Sept. 10, 2021	Sept. 10, 2051	3.72	₩	₩	470,000	
Issuance costs (underwriting fees and other direct issuance costs)						(1,384)	
						<u>468,616</u>	
					₩	<u>1,108,899</u>	

(*1) Hybrid securities above can be redeemed early after 5 years from the date of issuance and interest rate can be adjusted only once after 10 years from the date of issuance. Upon maturity date, the Group has the unconditional right to extend the maturity under the same condition.

(*2) Hybrid securities above can be redeemed early after 5 years from the date of issuance and standard interest rate and spread can be adjusted only once after 5 & 10 years from the date of issuance. Upon maturity date, the Group has the unconditional right to extend the maturity under the same condition.

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

	2023										
	Gain (loss) on valuation of financial assets at fair value through other comprehensive income	Loss allowance for debt instruments at fair value through other comprehensive income	Gain (loss) on valuation of financial liabilities designated at fair value	Financial gain (loss) on insurance contract assets (liabilities), net	Financial gain (loss) on reinsurance contract assets (liabilities), net	Valuation gain (loss) on cash flow hedge	Gain (loss) on valuation of investment of associates	Gain (loss) on revaluation of property and equipment	Foreign currency translation adjustments	Remeasurement gain (loss) related to defined benefit plan	Total
Beginning balance	₩ (5,857,192)	6,934	3,348	7,931,366	49,166	(92,343)	28	564,394	531	37,712	2,643,945
Business combination	7	-	-	-	-	-	-	-	-	-	7
Fair value evaluation	3,128,590	2,834	(2,349)	(4,845,402)	(49,354)	628,553	(364)	(698)	-	(12,015)	(1,150,205)
Realization of income or loss	(34,137)	-	-	-	-	(142,838)	(48)	-	-	-	(177,023)
Policyholder's equity adjustment (*)	73,846	-	-	-	-	-	390	(5,405)	-	-	68,831
Income tax effects	(842,223)	(774)	(61)	1,285,797	13,042	(128,354)	4	(6,563)	(9)	3,172	324,032
Transfer to retained earnings	-	-	(3)	-	-	-	-	-	-	-	(3)
Non-consolidated adjustments	12,046	-	766	-	-	-	10	9,678	-	611	23,111
Foreign exchange difference	-	-	-	-	-	-	-	-	47	-	47
Others	-	-	-	-	-	-	-	(1,674)	-	-	(1,674)
Ending balance	₩ (3,519,061)	8,994	1,702	4,371,761	12,855	265,018	19	559,732	569	29,480	1,731,069

(*) Allocation to policyholder's equity adjustment from the changes in other comprehensive income during the reporting period.

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	2022									
	Gain (loss) on valuation of available-for-sale and held to maturity financial assets	Gain (loss) on valuation of cash flow hedge	Gain(loss) on insurance contract asset/(liability)	Gain(loss) on reinsurance contract asset/(liability)	Gain on valuation of investment of associates	Gain on revaluation of property and equipment	Foreign currency translation adjustments for foreign operations	Remeasurement loss related to defined benefit plan	Total	
Beginning balance	₩ 1,455,415	(109,043)	106,593	(150)	25	538,534	182	9,092	2,020,648	
Fair value evaluation	(10,483,863)	164,928	10,642,493	67,099	17	(6,899)	-	39,824	423,599	
Realization of income	(105,573)	(140,161)	-	-	-	-	-	-	(245,734)	
Foreign exchange difference	-	-	-	-	-	-	-	-	438	
Policyholder's equity adjustment (*)	548,634	-	-	-	-	-	438	-	553,692	
Income tax effects	2,196,267	(8,067)	(2,817,720)	(17,783)	(2)	5,060	(89)	(9,156)	(648,852)	
Non-consolidated adjustments	(2,754)	-	-	-	(3)	-	-	(1,499)	(4,256)	
Other (reclassification)	2,493,940	-	-	-	-	-	-	(505)	2,493,435	
Ending balance	₩ (3,897,934)	(92,343)	7,931,366	49,166	33	564,395	531	37,756	4,592,970	

(*) Allocation to policyholder's equity adjustment from the changes in other comprehensive income during the reporting period.

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(6) Retained earnings

(a) Legal reserve

Legal reserve is restricted for the dividend to stockholders by law or legislation. According to article 458 of the Commercial Act, the Group is required to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of capital stock. The legal reserve may not be allocated in cash and may be used to reduce a deficit or may be transferred to capital based on the decision of board of directors.

(b) Regulatory reserve for loan loss

When a consolidated corporation falls short of the minimum reserve requirement for impaired credit losses specified in the supervisory regulations due to the reserve amount for expected credit losses based on Korean-adopted International Financial Reporting Standards (K-IFRS), the shortfall is reserved as a separate reserve for impaired credit losses in the financial statements at each year-end

The regulatory reserve for loan losses is, in nature, an arbitrary reserve for retained earnings. When there are unappropriated deficits, regulatory reserve for loan losses is reserved after the deficits are appropriated. When the amount previously reserved for regulatory reserve for loan losses exceeds the amount of regulatory reserve for loan losses to be reserved as of the closing date, the reversal of the excess amount is allowed.

i. Regulatory reserve for loan losses as of December 31, 2023 and 2022 are as follows:

		2023	2022
Regulatory reserve for loan losses accumulated	₩	164,659	164,398
To be accumulated		(29,380)	261
Balance	₩	135,279	164,659

ii. There are no accumulated surrender value reserve as of December 31, 2023 and 2022.

iii. Guarantee reserve, etc. as of December 31, 2023 and 2022 are as follows:

		2023	2022
Guarantee reserve accumulated	₩	-	-
To be accumulated (reversed)		275,996	-
		275,996	-

iv. Transfer (reversal) including regulatory reserve for loan losses and adjusted profit after reflection of regulatory reserve for loan losses for the year ended December 31, 2023 and 2022 are as follows:

		2023	2022
Profit for the period before legal reserve	₩	490,478	537,819
Hybrid securities dividend		(74,245)	(52,891)
Charge (reversal) of regulatory reserve for loan losses		29,380	(261)
Charge (reversal) of guarantee reserve		(275,996)	-
Income adjusted for regulatory reserve for loan losses, etc. (*)		169,617	484,667

(*) Net income adjusted for regulatory reserve above is non-KIFRS financial information. The adjustment amount is calculated under the assumption that provision for regulatory reserve is reflected on the current net income without considering policyholders' equity adjustment and deferred tax effect.

(7) Share-based payment

1) Kyobo Securities has a shared-based payment arrangement for its executives and employees as of December 31, 2023 and the share options granted under the arrangement are paid when its own shares are exercised and its details are as follows:

Grant date	Number of options granted	Number of options forfeited	Number of unexercised quantities	Number of exercisable options	Exercise price
March 22, 2018	690,000	59,865	630,135	630,135	12,000 won
March 24, 2021	280,000	6,124	273,876	273,876	10,000 won

2) Vesting condition and exercise period of the share-based payment as of December 31, 2023 is as follows:

Grant date	Vesting condition	Exercise period
March 22, 2018	In case of service for more than 2 years from grant date (2018.3.22 ~ 2020.3.21)	within 5 years from the date 2 years have passed from grant date (2020.3.22 ~ 2025.3.21)
March 24, 2021	In case of service for more than 2 years from grant date (2021.3.24 ~ 2023.3.23)	within 5 years from the date 2 years have passed from grant date (2023.3.24 ~ 2028.3.23)

3) Kyobo securities used the binomial model to measure the fair value of share options, and inputs used are as follows:

	Granted on March 22, 2018	Granted on March 24, 2021
Fair value of option per share	1,027 won	433 won
Closing price of the day before grant date	9,790 won	7,550 won
Exercise price	12,000 won	10,000 won
Expected volatility (*)	12.17%	21.60%
Expected exercise period	4.5 years	4.5 years
Expected dividends	-	-
Risk-free interest rate (return on government bonds)	2.64%	1.59%

(*) 120-day index volatility of the KOSPI market to which Kyobo Securities belongs was applied.

3) Kyobo Securities accounts for the compensation costs as an expense in the period covered by the contract. Details of the reimbursement are as follows:

		2023	2022
Compensation cost, gross	₩	766	749
Accumulated compensation expense		738	687
Compensation expense recognized in the current period		28	51
Residual compensation cost to be recognized		-	12

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33. Interest income

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

	2023	2022
Cash and due from banks	₩ 87,283	46,866
Financial assets at fair value through profit or loss	577,529	-
Financial assets designated at fair value through profit or loss	-	24
Financial assets held for trading	-	336,400
Financial assets at fair value through other comprehensive income	1,607,269	-
Available-for-sale financial assets	-	848,100
Financial assets at amortized cost	42,072	-
Held to maturity financial assets	-	684,334
Loan receivables at amortized cost	973,745	848,167
Derivatives	38,713	358,743
Others	27,217	10,537
	<u>₩ 3,353,828</u>	<u>3,133,171</u>

34. Gain on valuation and disposal of financial instruments

Gain on valuation and disposal of financial instruments for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Financial assets designated at fair value through profit or loss:		
Gain on valuation	₩ -	5,572
Gain on disposal	813	1,040
Financial assets at fair value through profit or loss:		
Gain on valuation	2,074,730	-
Gain on disposal	942,732	-
Financial assets held for trading:		
Gain on valuation	-	91,275
Gain on disposal	-	186,900
Financial assets at fair value through other comprehensive income:		
Reversal of impairment loss	-	-
Gain on disposal	205,537	-
Available-for-sale financial assets:		
Reversal of impairment loss	-	4,944
Gain on valuation	-	87
Gain on disposal	-	504,952
Loan receivables at amortized cost		
Reversal of bad debt expense	-	-
Gain on disposal	12,357	910
Derivatives		
Gain on valuation	708,304	1,456,840
Gain on transaction	2,595,282	2,532,509
Financial liabilities designated at fair value through profit or loss:		
Gain on valuation	69,916	498,034
Gain on transaction	8,597	19,688
Financial liabilities at fair value through profit or loss:		
Gain on valuation	5,324	-
Gain on transaction	11,155	-
Trading liabilities:		
Gain on valuation	-	7,678
Gain on transaction	-	21,676
	<u>₩ 6,634,747</u>	<u>5,332,105</u>

35. Fee and commission income

Fee and commission income for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Brokerage commissions	₩ 115,411	127,700
Underwriting commissions	24,207	19,639
Credit placement fees	16,374	9,912
Asset management fees	50,908	9,051
Brokerage commissions on collective investment securities	8,580	8,397
Securities lending and borrowing fees	1,508	3,230
Management fees of retirement pension	166	197

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Mortgage fees	1,367	1,513
Merger and acquisition fees	-	88,958
Others	150,581	151,626
	<u>₩ 369,102</u>	<u>420,223</u>

36. Dividend income

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

	2023	2022
Financial assets at fair value through profit or loss:		
Equity securities	₩ 84,169	-
Other securities	33	-
Overseas securities	13	-
	<u>84,215</u>	<u>-</u>
Financial assets held for trading:		
Equity securities	-	92,328
Financial assets at fair value through other comprehensive income:		
Equity securities	7,061	-
Other securities	19,316	-
	<u>26,377</u>	<u>-</u>
Available-for-sale financial assets:		
Equity securities	-	39,524
Equity investments	-	5,179
	<u>-</u>	<u>44,703</u>
	<u>₩ 110,592</u>	<u>137,031</u>

37. Other operating income

(1) Other operating income for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Merchandise sales	₩ 915,602	871,373
Product sales	12,661	11,556
Other sales	133,380	124,056
Other investment income	735,643	700,117
Other operating income	2,336	-
Separate account fee income	11,355	11,434
	<u>₩ 1,810,977</u>	<u>1,718,536</u>

(2) The classification of revenue recognized into categories and the timing of revenue recognition of merchandise sales, product sales and other sales for the years ended December 31, 2023 and 2022 are as follows:

		2023			
		Book sales and publication	Facility management	Others	Total
At a point in time	₩	942,261	5,524	156,141	1,103,927
Over time		17,944	106,943	4,747	129,634
	<u>₩</u>	<u>960,206</u>	<u>112,467</u>	<u>160,888</u>	<u>1,233,561</u>
		2022			
		Book sales and publication	Facility management	Others	Total
At a point in time	₩	812,856	6,219	58,597	877,672
Over time		19,523	107,606	2,184	129,313
	<u>₩</u>	<u>832,379</u>	<u>113,825</u>	<u>60,781</u>	<u>1,006,985</u>

38. Business expenses and property management expenses

Business expenses and property Dividend income for the years ended December 31, 2023 is as follows:

		2023				
		Cash flow obtained from insurance	maintenance cost	Property management expenses	Other business expenses	Total
Salary	₩	2,602	223,882	19,393	22,411	268,288
Welfare expenses		666	56,556	5,293	21,433	83,948
Proportional allowance		504,101	-	-	7,724	511,825
Tax		-	123,644	9,790	24,634	158,068
Commission fee		354	166,269	20,081	9,273	195,977
Computerized expenses		1,729	66,041	8,059	6,398	82,227
Store operating expenses		55,840	10,002	-	1,777	67,619
Special bonus		-	105,471	9,038	10,101	124,610
Sales promotion expenses		166,960	-	-	3,472	170,432

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Depreciation expense	126	95,441	1,108	(35,174)	61,501
Management expenses	-	5,998	457	57,444	63,899
Others	294,296	99,136	12,977	39,052	445,461
W	1,026,674	952,440	86,196	168,545	2,233,855

*1) Other operating expenses include other business expenses, money management expenses, and other financial expenses

39. Interest expenses

Interest expenses for years ended December 31, 2023 and 2022 are as follows:

		2023	2022
Borrowings	₩	207,877	90,671
Derivatives		122,372	415,177
Others		22,224	14,030
W		352,473	519,878

40. Loss on valuation and disposal of financial instruments

Loss on valuation and disposal of financial instruments for the years ended December 31, 2023 and 2022 are as follows:

		2023	2022
Financial assets designated at fair value through profit or loss:	₩		
Loss on valuation		-	198
Loss on disposal		-	9
Financial assets at fair value through profit or loss:			
Loss on valuation		395,039	-
Loss on disposal		458,912	-
Financial assets held for trading:			
Loss on valuation		-	2,017,968
Loss on disposal		-	883,190
Financial assets at fair value through other comprehensive income:			
Loss on disposal		71,407	-
Impairment loss		2,799	-
Available-for-sale financial assets:			
Loss on valuation (*1)		-	56,041
Impairment loss		-	41,356
Loss on disposal		-	386,779
Securities at amortized cost:			
Loss on disposal		5	-
Impairment loss		-	-
Loan receivables at amortized cost:			
Provision for bad debt		227,033	47,147
Loss on disposal		4,894	329
Other financial assets at amortized cost:			
Provision for bad debt		18,949	4,202
Derivatives:			
Loss on valuation		725,091	2,428,577
Loss on transaction		2,987,093	2,846,773
Unused commitments (*2)			
Provision for bad debt		14,232	-
Financial liabilities designated at fair value through profit or loss:			
Loss on valuation		198,893	37,937
Loss on transaction		211,095	82,650
Financial liabilities at fair value through profit or loss:			
Loss on valuation		22,974	-
Loss on transaction		29,803	-
Trading liabilities:			
Loss on valuation		-	2,245
Loss on transaction		-	4,706
Retirement pension (*2)			
General expenses		556,047	180,655
W		5,924,266	9,020,762

(*1) By applying fair value hedge accounting, changes in the fair value of the hedged item are recognized in profit or loss.

(*2) These are included in other financial expenses in the statement of comprehensive income.

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41. Other operating expenses

Other operating expenses for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Depreciation of investment properties	₩ 9,430	9,652
Amortization of intangible assets	63,065	59,809
Fees and commission expense	58,546	70,871
Cost of sales-merchandise	535,614	488,268
Cost of sales-services	146,695	149,705
Cost of sales-products	7,233	6,488
Cost of other goods sold	29,318	11,159
General and administrative expenses:		
Employee costs	373,967	358,640
De-amortization	53,711	31,226
Other general expenses	206,859	216,171
Others	8,593	8,567
	₩ 1,493,031	1,410,555

42. Foreign currency translation

(1) Foreign currency denominated assets and liabilities as of December 31, 2023 and 2022 are as follows:

(In thousands of USD, EUR, JPY, GBP, AUD, CAD, SEK, and HKD)	2023		2022	
	Amount of foreign currency	Amount of KRW equivalent	Amount of foreign currency	Amount of KRW equivalent
Cash and due from banks				
USD	181,657	₩ 234,218	325,973	₩ 413,051
EUR	3,475	4,957	10,732	14,501
JPY	3,038,817	27,733	5,167,952	49,261
Others	24,656	26,266	25,322	31,555
Financial assets at fair value through profit or loss:				
USD	2,525,685	3,256,214	-	-
EUR	469,369	669,597	-	-
JPY	6,543,597	59,707	-	-
Others	25,251	33,910	-	-
Financial assets at fair value through profit or loss:				
USD	-	-	955,834	1,210,706
EUR	-	-	7,814	10,559
JPY	-	-	1,089,043	10,391
Others	-	-	20,006	3,245
Financial assets at fair value through other comprehensive income:				
USD	7,932,559	10,228,242	-	-
EUR	561,935	801,652	-	-
JPY	5,611,028	51,210	-	-
Others	2,175,649	1,087,583	-	-
Securities at amortized cost				
USD	15,248	19,660	-	-
EUR	-	-	-	-
Others	-	-	-	-
Available-for-sale financial assets				
USD	-	-	3,411,572	4,323,485
EUR	-	-	725,086	979,737
JPY	-	-	2,770,617	26,409
Others	-	-	78,842	80,559
Held-to-maturity financial assets				
USD	-	-	6,202,125	7,859,953
EUR	-	-	537,642	726,462
JPY	-	-	6,214,208	59,233
Others	-	-	1,526,816	436,932
Loan receivables at amortized cost				
USD	157,945	203,655	159,673	202,353
EUR	33,500	47,791	33,500	45,265
Others	170,642	178,605	172,486	172,920
Other financial assets at amortized cost				
USD	199,853	₩ 257,691	161,696	₩ 204,918
EUR	9,552	13,626	9,629	13,011
JPY	19,112	174	18,643	178

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Others	44,738	27,175	18,595	6,543
Other financial assets				
USD	-	-	543,504	688,782
EUR	-	-	5,982	8,083
JPY	-	-	325,673	3,104
Others	-	-	8,682	11,003
Financial assets total				
USD	11,012,947	14,199,680	11,760,377	14,903,248
EUR	1,077,831	1,537,623	1,330,385	1,797,618
JPY	15,212,554	138,824	15,586,136	148,576
Others	2,440,936	1,353,539	1,850,749	742,757
Financial liabilities total				
USD	1,671,382	₩ 2,155,080	1,946,602	₩ 2,466,928
EUR	1,297	1,851	3,056	4,129
JPY	1,038,888	9,482	609,957	5,814
Others	5,120	6,602	7,132	9,120

(2) Gains and losses on foreign currency transactions for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
Gain on foreign currency translation	₩	452,157	1,665,818	
Gain on foreign currency transaction		148,700	400,810	
	₩	<u>600,857</u>	<u>2,066,628</u>	
Loss on foreign currency translation	₩	105,847	770,593	
Loss on foreign currency transaction		103,760	144,850	
	₩	<u>209,607</u>	<u>915,443</u>	

43. Non-operating income and expenses

(1) Non-operating income for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
Gain on valuation of investments in associates	₩	26,221	7,635	
Gain on disposal of investments in associates		1,015	26	
Gain on disposal of investment properties		-	103	
Gain on disposal of property and equipment		1,515	233	
Gain on disposal of intangible assets		2	23	
Gain on reversal of impairment losses for intangible assets		4	1	
Miscellaneous gains		10,760	11,645	
Others		12,365	7,221	
	₩	<u>51,882</u>	<u>26,887</u>	

(2) Non-operating expenses for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
Loss on valuation of investments in associates	₩	2,793	2,151	
Loss on disposal of investments in associates		6,672	118	
Loss on disposal of property and equipment		5,364	3,347	
Loss on disposal of Investment properties		-	52	
Loss on disposal of intangible assets		14	125	
Impairment loss on intangible assets		36	1,346	
Donations		5,944	39,441	
Miscellaneous losses		3,381	6,892	
Fines and penalties		29	142	
Others		1,164	494	
	₩	<u>25,396</u>	<u>54,108</u>	

44. Income tax expense

(1) Income tax expenses for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
Current income tax expenses	₩	-	420,577	
Origination and reversal of temporary differences		(1,191,582)	560,703	
Income tax expense directly recognized in equity		1,034,693	(938,072)	
Additional payment (refund) of income taxes		(1,019)	(10,951)	
Adjustments recognized in the current period for past income taxes		312,966	36,618	
Income tax expenses	₩	<u>155,058</u>	<u>68,875</u>	

(2) Reconciliations between profit before income taxes and income tax expenses for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
Profit before income taxes	₩	645,536	606,695	
Income taxes at statutory tax rates		183,122	153,832	
Adjustments:				
Permanent differences		(22,604)	(26,816)	
Additional payment (refund) of income taxes		(1,019)	(10,951)	

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Effect of changes in tax rate		(4,441)	(47,190)
Income tax expenses	₩	155,058	68,875
Effective tax rate		24.02%	11.35%
(3) Details of increases and decreases in deferred tax assets (liabilities) for the years ended December 31, 2023 and 2022 are as follows:			
		2023	
		Beginning balance	Increase (decrease) (*)
			Ending balance
Deferred tax assets:			
Depreciation	₩	13,964	(158)
Loss on valuation of financial assets at fair value through profit and loss		-	25,675
Loss Allowance		-	20,400
Taxes and dues		11,025	1,097
Liability for defined benefit obligations		21,225	(1,028)
Accrued bonus expenses		19,532	(2,252)
Miscellaneous losses (impairment loss on land)		2,848	(11)
Miscellaneous losses (dormant insurance payments)		9,469	(975)
Minimum policy holder reserves		318,870	(318,870)
Contingent liabilities		4,861	(79)
Loss on revaluation of land		3,498	(13)
Loss on valuation of financial assets at fair value through other comprehensive income (OCI)		-	1,277,804
Loss on valuation of derivatives (OCI)		33,695	(33,695)
Loss on valuation of financial assets held for trading		239,111	(239,111)
Loss on impairment of available for sale financial assets		17,267	(17,267)
Loss on valuation of available for sale financial assets (OCI)		654,696	(654,696)
Loss on valuation of held to maturity financial assets (OCI)		636,235	(636,235)
Loss on valuation of derivatives		226,235	(57,520)
Conversion to KIFRS		431,161	(431,161)
Other (Deficit carried forward)		-	1,343,059
Others		487,742	(116,503)
		3,131,435	158,460
Deferred tax liabilities:			
Gain on valuation of financial assets at fair value through profit and loss		-	(231,609)
Interest income		(71,244)	(8,343)
Valuation gain on foreign assets		(295,217)	2,866
Allowance related to asset revaluation		(21,696)	82
Cost adjustments		(151,616)	(34,963)
Gain on valuation of derivatives (OCI)		-	(95,061)
Gain on revaluation of property and equipment		(215,715)	1,147
Financial gain on insurance contract asset(liability),net (OCI)		(2,858,152)	1,285,797
Financial gain on reinsurance contract asset(liability),net (OCI)		(17,348)	13,042
Gain on valuation of available for sales financial asset (OCI)		(35,656)	35,656
Gain on valuation of financial assets at fair value through other comprehensive income (OCI)		-	(38,181)
Loss provision on debt instruments at fair value through other comprehensive income (OCI)		-	(3,215)
Others		(475,097)	105,904
		(4,141,740)	1,033,122
Deferred tax assets (liabilities), net	₩	(1,010,304)	1,191,582

(*) Includes movement due from business combination.

		2022	
		Beginning balance	Increase (decrease) (*)
			Ending balance
Deferred tax assets:			
Depreciation	₩	14,863	(899)
Loss on valuation of financial assets held for trading		15,175	223,936
Impairment loss on financial assets		22,048	(4,781)
Taxes and dues		10,700	325
Liability for defined benefit obligations		23,502	(2,277)
Loss on valuation of derivatives		88,151	138,084
Accrued bonus expenses		21,027	(1,495)
Miscellaneous losses (impairment loss on land)		2,956	(108)
Miscellaneous losses (dormant insurance payments)		9,222	247
Minimum policy holder reserves		376,035	(57,165)
Contingent liabilities		5,778	(917)
Loss on revaluation of land		3,630	(132)
Loss on valuation of derivatives (OCI)		-	33,695
Loss on valuation of available for sale financial assets (OCI)		-	654,696

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Loss on valuation of held to maturity financial assets (OCI)	-	636,235	636,235
Conversion to KIFRS	447,309	(16,148)	431,161
Others	556,847	(69,105)	487,742
	<u>1,597,243</u>	<u>1,534,192</u>	<u>3,131,435</u>
Deferred tax liabilities:			
Gain on valuation of financial assets held for trading	-	-	-
Valuation gains on assets and liabilities in foreign currency	(157,607)	(137,610)	(295,217)
Interest income	(65,661)	(5,583)	(71,244)
Allowance related to asset revaluation	(22,514)	818	(21,696)
Cost adjustments	-	(151,616)	(151,616)
Financial gain on insurance contract asset(liability),net (OCI)	(38,431)	(2,819,721)	(2,858,152)
Financial gain on reinsurance contract asset(liability),net (OCI)	54	(17,402)	(17,348)
Gain on valuation of financial assets held for trading	(338,448)	338,448	-
Gain on valuation of available-for-sale financial assets(OCI)	(571,344)	535,688	(35,656)
Gain on revaluation of property and equipment	(224,812)	9,097	(215,715)
Others	(628,081)	152,984	(475,097)
	<u>(2,046,844)</u>	<u>(2,094,896)</u>	<u>(4,141,740)</u>
Deferred tax assets (liabilities), net	₩ (449,601)	(560,703)	(1,010,304)

(*) Includes movement due from business combination.

(4)Deferred taxes reflected recognized other than current profit or loss as of December 31, 2023 and 2022 are as follows:

	2023		2022	
	Amount	Tax effect	Amount	Tax effect
Gain or loss on valuation of financial assets at fair value through other comprehensive income	₩ (4,775,887)	1,256,826	-	-
Loss provision on debt instruments at fair value through other comprehensive income	12,209	(3,215)	-	-
Own credit risk of financial liabilities designated at fair value through profit or loss	2,154	(453)	-	-
Financial gain or loss, net, other comprehensive income-insurance contract assets(liabilities)	5,944,116	(1,572,354)	10,789,518	(2,858,152)
Financial gain or loss, net, other comprehensive income-reinsurance contract assets(liabilities)	17,161	(4,306)	66,515	(17,348)
Gain or loss on valuation of available for sale financial assets	-	-	(2,859,804)	756,334
Gain or loss on valuation of held-to maturity financial assets	-	-	(2,430,700)	636,235
Reserve for asset revaluation	24,366	(19,863)	24,366	(19,863)
Gain or loss on valuation of cash flow hedge derivatives	360,079	(95,061)	(125,638)	33,296
Gain on valuation of investments in associates	24	(5)	39	(6)
Gain on revaluation of property and equipment	755,633	(195,901)	761,193	(196,798)
Remeasurement gain (loss) related to defined benefit liabilities	41,549	(12,069)	52,557	(14,800)
Foreign currency translation adjustments for foreign operations	705	(136)	659	(128)
	<u>₩ 2,382,109</u>	<u>(646,537)</u>	<u>6,278,703</u>	<u>(1,681,230)</u>

(5)Deferred tax assets and deferred tax liabilities and current income tax assets and current income tax liabilities based on the total amount of the Group as of December 31, 2023 and 2022 are as follows:

	2023	2022
Deferred tax assets	₩ 3,289,895	3,131,435
Deferred tax liabilities	D(3,108,618)	(4,141,740)
Deferred tax assets (liabilities), net	₩ 181,277	(1,010,304)
Current tax assets	₩ 255,782	237,517
Current tax liabilities	(5,166)	(398,570)
Current tax liabilities, net	₩ 250,616	(161,053)

Meanwhile, since individual companies within the Group does not have the legal authority or intention to offset income taxes, the deferred tax assets of individual companies were separated from the above net amount, and accordingly, they were separately presented in the consolidated financial statements as of December 31, 2023 and 2022. Deferred tax assets are ₩264,980 million and ₩9,064 million, respectively, and deferred tax liabilities are ₩83,704 million and ₩1,019,368 million, respectively. Current income tax assets separately presented in the consolidated financial statements as of December 31, 2023 and 2022 are ₩251,635 million and ₩31,154 million, respectively, and current income tax liabilities are ₩1,019 million and ₩192,207 million, respectively.

(6)Deferred corporate tax assets include ₩1,332,213 million related to Kyobo Life Insurance's loss carried forward for tax purposes ₩338 million related to Kyobo Securities' loss carried forward for tax purposes, ₩2,000 million related to Kyobo Bookstore's loss carried forward for tax purposes, and ₩8,508 million related to Kyobo Asset Trust's loss carried forward for tax purposes. This loss was related to the one-time cost of introducing IFRS17 and IFRS9, the non-recognition of amounts related to losses such as bond valuation losses, and the increase in trust account balances and loss reserves due to the real estate downturn, and will not incur any losses in the future. Kyobo Life Insurance concluded that the deferred tax assets will be recoverable using the predicted future taxable income based on the approved business plan and budget. Kyobo Life Insurance is expected to generate taxable income after 2024. The loss carried forward for tax purposes will be carried forward for 15 years and the expiration date is 2038.

45. Employee benefits

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

	2023	2022
Short-term and other long-term employee benefits	₩ 727,741	694,861
Post-employment benefits (*)	82,602	80,977

(*) Post-employment benefits include ₩8,123 million and ₩645 million of termination benefits and permanent consolation money for the years ended December 31, 2023 and 2022, respectively, and ₩20,826 million and ₩20,088 million of defined contribution plans for the years ended December 31, 2023 and 2022, respectively.

46. Commitments and contingencies

(1) Pending litigations

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The Group has 380 pending litigations in which the Group is a defendant, such as claims for insurance payments and others, and the total legal proceedings amounts to ₩ 241,657 million as of December 31, 2023. In addition, the Group has 372 pending litigations in which the Group is a plaintiff with total claims of ₩ 53,741 million. As of the end of the current reporting period, the Group cannot reliably determine the outcome of the pending litigations as of the end of reporting period, and ₩ 6,395 million was accounted for as a reserve in relation to the claims above for payment of insurance payments, and ₩ 4,934 million was recognized as a provision for payment of general claims.

As the Financial Supervisory Service announced the application of lump-sum regulation in July 2018 for immediate annuity products that have paid insurance benefits in the past, there is a possibility that the Group may make additional insurance payments. The Group reasonably estimated the amount of additional payment and reflected it in the financial statements as of December 31, 2023.

(2) Insurance commitments

The contract amounts under the insurance contracts in the general and separate accounts as of December 31, 2023 is as follows:

	Number of contracts		Total contract amount
General accounts	8,460,988	₩	298,050,635
Separate accounts	1,087,460		15,426,088
	<u>9,548,448</u>	₩	<u>313,476,723</u>

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(3) Reinsurance agreements

Reinsurance agreements of individual and group insurance as of December 31, 2023 is as follows:

Reinsurance method	Reinsurance company	Ceding ratio (%)	Nature of risk
Surplus	SCOR Reinsurance Asia-Pacific	100	Risk from excessive contracts
Surplus	SCOR Reinsurance Asia-Pacific	100	Risk from excess number of contracts with individuals with high-risk occupations
Surplus	Korean Re	100	Kyobo Big Love Guarantee Insurance
Surplus	Pacific Life Re	Exceeding ₩100 million per person	Mortality (term insurance and whole life insurance)
Surplus, Quota Share	Munich Re	60	Risk from excessive contracts
Surplus, Quota Share	Korean Re	40	Risk from excessive contracts
Quota Share	General Cologne Re	10	Individual medical Insurance
Quota Share	General Cologne Re	10	Accident insurance
Quota Share	General Cologne Re	30	CI whole life Reinsurance
Quota Share	General Cologne Re	30	SI Insurance
Quota Share	General Cologne Re	30	Second CI Guarantee reinsurance
Quota Share	Hannover Re	10	CI reinsurance
Quota Share	Hannover Re	10 ~ 25	Individual medical Insurance
Quota Share	Hannover Re	30	Kyobo cancer insurance
Quota Share	Hannover Re	80	Facultative reinsurance
Quota Share	Swiss Re	30	Hospitalized caregiver
Quota Share	Swiss Re	50	Re-diagnosis cancer insurance
Quota Share	Swiss Re	80	Target anticancer drug treatment
Quota Share	Munich Re	10	CI reinsurance
Quota Share	Munich Re	5 ~ 20	Whole life insurance
Quota Share	Munich Re	30	LTC (Silver care insurance)
Quota Share	Munich Re	30	Premier CI Insurance
Quota Share	Munich Re	80	Facultative reinsurance
Quota Share	RGA Re	20	Kyobo cancer insurance
Quota Share	RGA Re	30	Dental Benefits
Quota Share	RGA Re	40	Children insurance
Quota Share	RGA Re	50	Mortality (term insurance and whole life insurance), diagnosis (cancer, insurance for lifestyle disease)
Quota Share	RGA Re	80	Facultative reinsurance
Quota Share	RGA Re	90	Substandards insurance
Quota Share	SCOR Reinsurance Asia-Pacific	10	Personal loss rider
Quota Share	SCOR Reinsurance Asia-Pacific	15	CI reinsurance
Quota Share	SCOR Reinsurance Asia-Pacific	15	Direct health insurance
Quota Share	SCOR Reinsurance Asia-Pacific	30 ~ 60	Top Class cancer Insurance
Quota Share	SCOR Reinsurance Asia-Pacific	50	Juvenile & Dental Benefits
Quota Share	SCOR Reinsurance Asia-Pacific	50	Diagnosis (dental benefits, excluding new contracts after 2023)
Quota Share	SCOR Reinsurance Asia-Pacific	30	Hospitalized caregiver
Quota Share	SCOR Reinsurance Asia-Pacific	80	Facultative reinsurance
Quota Share	Korean Re	10	CI whole life reinsurance
Quota Share	Korean Re	10 ~ 50	SI whole life insurance
Quota Share	Korean Re	15 ~ 25	Individual medical Insurance
Quota Share	Korean Re	30	Kyobo cancer Insurance
Quota Share	Korean Re	30	Disability (Let's go M Accident insurance)
Quota Share	Korean Re	50	SI Insurance, Dementia Insurance
Quota Share	Korean Re	50	Mortality (term insurance), injuries (children, accident insurance), hospitalization/surgery (children insurance), diagnosis (children, accident insurance, M3 cancer insurance, fine dust disease insurance, E women's Health Insurance, B women's Health Insurance,)
Quota Share	Korean Re	80	Facultative reinsurance
Quota Share	Korean Re	Main contract: 40 Joint developed rider: 50	Kyobo cancer insurance
Financial Reinsurance	Munich Re	-	Mass cancellation reinsurance
Financial Reinsurance	Swiss Re	-	Mass cancellation reinsurance

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(4) Purchase commitment of commercial paper

The Group provides ABCP purchase commitments amounting to ₩ 21,000 million (December 31, 2022: ₩ 41,200 million) to SPC, etc. in relation to developer's project as of December 31, 2023.

	Amounts	Period	Description
MKDREAM 5th Co., Ltd.	21,000	2018.11.12~2024.12.20	ABCP purchase commitments

(5) Guarantee commitments

The Group provides guarantee of debts (purchase commitment etc.) of ₩158,404 million (December 31, 2022: ₩231,708 million) to SPC for the developer's projects as of December 31, 2023.

Company	Trade Opponent	Amount	Description
Kyobo Securities Co., Ltd.	Ujur 8th Co., Ltd.	₩ 13,000	Loan purchase commitment
	Easy plant 10th Co., Ltd.	10,000	
	Perfectdream 4th Co., Ltd.	10,000	
	Highdream 2nd Co., Ltd.	50,000	
	Highlight Full 7th Co., Ltd.	16,900	
	Quadverthill Chuncheon 1st Co., Ltd.	4,000	
	Dream Dioban 1st Co., Ltd.	2,000	
	Keymars 13th Co., Ltd.	8,000	
	Maruna 1st Co., Ltd.	10,000	
	KCQ 1st Co., Ltd.	1,050	
	Whitewood 8th Co., Ltd.	16,000	
	Must Hakik 1st Co., Ltd.	10,000	
	Dream Spare 9th Co., Ltd.	5,000	
	Dear buddy 3th Co., Ltd.	2,000	
Kyobo Asset Trust Co., Ltd	Busan Geumjeong-gu Office	454	Related to BusanGeumjeongsan 2nd Ssangyong Yega construction project/ Equity guarantee
		₩ 158,404	

(6) Payment guarantee provided as of December 31, 2023 is as follows:

	Amount
Seoul Guarantee Insurance	₩ 248,321
Korea Specialty Contractor Financial Cooperative	-
Korea Software Financial Cooperative	115
Korea Housing & Urban Guarantee Corporation	7,032,976
Others	600
	₩ 7,282,013

(7) Other commitments as of December 31, 2023 is as follows:

	Amount
Loan commitments	₩ 2,721,060
Investment commitments	5,462,916
	₩ 8,183,976

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(8) Overdraft commitments, etc.

The commitments and guarantees as of December 31, 2023 is as follows:

			Amount	Counter party	Descriptions	
Kyobo Life Insurance Co., Ltd.	Overdraft commitments	₩	200,000	Standard Chartered Bank	Bank overdraft	
			30,000	Hana Bank	Bank overdraft	
			30,000	Shinhan Bank	Bank overdraft	
			30,000	Citibank	Bank overdraft	
Kyobo Securities Co., Ltd.	Overdraft commitments		10,000	Hana Bank	Intra-day credit	
			3,000	Hana Bank	Intra-day credit	
			20,000	Shinhan Bank	Intra-day credit	
			5,000	Kookmin Bank	Intra-day credit	
			1,000	Busan Bank	Intra-day credit	
			10,000	Woori Bank	Intra-day credit	
			52,000	Woori Bank	Micro payment	
						Securities distribution
						finance, CP issue limit
						commitments
	Limit commitments		975,000	KSFC		
Kyobo Book Center Co., Ltd.	Overdraft commitments		10,000	Kookmin Bank	Bank overdraft	
		Limit commitments		14,000	Woori Bank	Corporate operating loan limit commitments
			18,000	Shinhan Bank	Corporate operating loan limit commitments	
			8,000	Hana Bank	Corporate operating loan limit commitments	
	Credit loan			5,000	Kookmin Bank	Credit loan
				5,000	Woori Bank	Credit loan
				10,000	Hana Bank	Credit loan
Kyobo Asset Trust Co., Ltd. Borrowings commitments			5,000	Suhyup Bank	Comprehensive corporate bank account loan	
			4,000	Woori Bank	Retail finance general loan	
			10,000	Kookmin Bank	General corporate working capital loan	
					NH Eco-friendly Company Preferential Loan	
			10,000	Nonghyup Bank	General corporate working capital loan	
			10,000	Kookmin Bank	General corporate working capital loan	
			10,000	Kookmin Bank	General corporate working capital loan	
			10,000	Kookmin Bank	General corporate working capital loan	
			5,000	Shinhan Bank	General working capital loan	
			20,000	Woori investment bank	Bill transaction	
			16,000	Kookmin Bank	General corporate working capital loan	
			₩	1,536,000		

(9) Securities lending and borrowing

Securities lending and borrowing as of December 31, 2023 are as follows:

	Type		Amount	Valuation standard
Securities lent	Equity securities	₩	83,534	Fair value
	Debt securities		677,214	Fair value
Securities borrowed	Equity securities		319,025	Fair value
	Debt securities		2,634,389	Fair value

Securities lending transaction is a transaction that transfers the ownership of the same amount and kind of securities after a certain period of time and continues to be recognized as an asset of the Group because it does not meet the conditions for the derecognition of transfer of financial assets.

The Group executes loan transaction and keeps memorandum notes on borrowed securities from KSFC and Korea Securities Depository. The Group accounts for the transaction as financial liabilities designated at fair value through profit or loss when it sells borrowed securities or when it makes a short sale of the borrowed securities.

(10) The Group provided tenants with 3 overdraft checks (issue price of ₩712 million) as collateral for the lease deposit when the Group signed lease contracts for buildings owned by Kyobo Securities and sub-lease contracts for building owned by others as of December 31, 2023.

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47. Related parties

(1) Related parties as of December 31, 2023 is as follows:

2023	Location
Associates	
A&D Credit Information Co., Ltd., Songsan Industrial Complex Development Co., Ltd., Pusan Millak PFV, Guri Galmae REIT Co., Ltd., Yeoido H2 PFV, Pusan Eco delta city PFV, Logistec Yangsan Co., Ltd. Incheon Gundam 3rd PFV, Hera Park City development PFV, Hera Park City development AMC Co., Ltd., Incheon Yeongjong PFV, Dongdaemoon Urban PFV, Chungju Biz Core City Chungnam Naepo 1 PFV, Yangjuhoechun PFV, Peco-city, Incheon Yeongjong 1st PFV, Changwon gapo PFV, Osong Smart Valley Co., Ltd., Kyobo 11 Special Purpose Acquisition Company, Kyobo 12 Special Purpose Acquisition Company, Kyobo 13 Special Purpose Acquisition Company, Kyobo 14 Special Purpose Acquisition Company, Kyobo NH Healthcare New Technology Investment Association 1, Kyobo-Kiwoom New Materials & Technology Investment Association, Kyobo Axis Future & New Technology Investment Association 1, Kyobo-YG Ilguimu new Technology Investment Association, KB Kyobo New Mobility New Technology Investment Fund, Kyobo Advanced Materials New Technology Investment Association, NH Daeshin Kyobo Healthcare No. 1, Kyobo-SP Advanced Materials New Technology Investment Association, Kyobo-OSAT Advanced Materials New Technology Investment Association, SBI-NTU-Kyobo Digital Innovation Fund, Kyobo Securities Champion Inc. Solutions 3Y General Private Equity Trust, Jinjeop District 2 REIT Co., Ltd., Kyobo-Mark New Technology Investment Association 1, Kyobo Healthcare New Technology Investment Association 1, Kyobo 15 Special Purpose Acquisition Company, Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery 5, The Givers Co., Ltd, Marston General Private Real Estate Investment Trust 61, Spiderlab Co., Ltd.	Korea
Joint Ventures	
Kyobo AXA Investment Managers Co., Ltd.	Korea
Others	
Daesan Foundation For Rural Society, Daesan Foundation For Culture, Kyobo Foundation For Education	Korea
2022	Location
Associates	
A&D Credit Information Co., Ltd., Songsan Industrial Complex Development Co., Ltd., Pusan Millak PFV, Jinjeop2 REIT Co., Ltd., Guri Galmae REIT Co., Ltd., Yeoido H2 PFV, Pusan Eco delta city PFV, Logistec Yangsan Co., Ltd., Incheon Gundam 3rd PFV, Hera Park City development PFV, Hera Park City development AMC Co., Ltd., Incheon youngjong PFV, Dongdaemoon Urban PFV, Chungju Biz Core City, Chungnam Naepo 1 PFV, Yangjuhoechun PFV, Pecocity, Incheon Younjong 1st PFV, Changwon Gapo PFV, Osong Smart Vally Co., Ltd., Kyobo 10 Special Purpose Acquisition Company, Kyobo 11 Special Purpose Acquisition Company, Kyobo 12 Special Purpose Acquisition Company, Kyobo 13 Special Purpose Acquisition Company, KYOBO-NH Healthcare New Technology Investment Association No.1, NH-KYOBO AI Solution New Technology Investment Association, Kyobo Kiwoom New Materials and New Technology Investment Association, KYOBO-HANYANG ESG New Technology Investment Association, KYOBO-AXIS Future Technology New Technology Investment Association 1, Kyobo-YG Ilguimu new Technology Investment Association, KB Kyobo New Mobility New Technology Investment Fund, Kyobo Advanced Materials New Technology Investment Association, NH Daeshin Kyobo Healthcare 1st, KYOBO-SP Advanced Materials New Technology Investment Association, SBI-NTU-Kyobo Digital Innovation Fund, Marston General Private Real Estate Investment Trust. 61, The Givers Co., Ltd.	Korea
Joint Ventures	
Kyobo AXA Investment Managers Co., Ltd.	Korea
Others	
Daesan Foundation For Rural Society, Daesan Foundation For Culture, Kyobo Foundation For Education	Korea

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(2) Significant balances with the related parties as of December 31, 2023 and 2022 are as follows:

Related party	Account	2023	2022
Associates:			
A&D Credit Information Co., Ltd.	Accounts payable	₩ 560	605
Kyobo 10 Special Purpose Acquisition Company (*2)	Retirement pension (*1)	420	463
Kyobo 11 Special Purpose Acquisition Company	Loan receivables	-	2,012
Kyobo 12 Special Purpose Acquisition Company	Loan receivables	-	2,067
Kyobo 13 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,940	-
Kyobo 14 Special Purpose Acquisition Company	Loan receivables	-	976
Kyobo 15 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	960	-
Hera Park City development PFV	Loan receivables	-	990
Hera Park City development AMC Co., Ltd.	Financial assets at fair value through profit or loss	990	-
Kyobo-Mark New Technology Investment Association 1	Financial assets at fair value through profit or loss	990	-
	Bonds Sold under Repurchase Agreements)	1,511	2,588
	Deposits	70	70
	Unearned income	6	-
Joint Ventures:			
Kyobo AXA Investment Managers Co., Ltd.	Accounts payable	779	514
	Leasehold deposits received	845	805
	Deposits	-	181
Others:			
Daesan Foundation For Culture	Accounts receivables	1	-
	Leasehold deposits received	1,363	1,363
	Accounts payable	17	-
Key management	Loan receivables	419	79

(*1) Retirement insurance and pension are reserve for policyholder in separate account liabilities.

(*2) It was excluded from the related parties for the year ended December 31, 2023.

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(3) Significant transactions with the related parties for years ended December 31, 2023 and 2022 are as follows:

Related party	Account	2023		2022	
		Revenues	Expenses	Revenues	Expenses
Associates:					
A&D Credit Information	Insurance service income	₩ -	-	1	-
	Commission income	1	-	-	-
	Dividend income	49	-	49	-
	Other finance expense	-	25	-	11
	Insurance service expenses	-	6,671	-	7,195
Kyobo 9 Special Purpose Acquisition Company (*1)	Loss on valuation of derivatives	-	-	-	74
Kyobo 10 Special Purpose Acquisition Company (*2)	Gain on valuation of derivatives	-	-	33	-
Kyobo 11 Special Purpose Acquisition Company	Gain on valuation of derivatives	941	-	-	101
Kyobo 12 Special Purpose Acquisition Company	Commission income	-	-	150	-
	Loss on valuation of derivatives	-	-	-	30
Kyobo 13 Special Purpose Acquisition Company	Commission income	-	-	-	-
Kyobo 14 Special Purpose Acquisition Company	Commission income	-	-	125	-
Kyobo 15 Special Purpose Acquisition Company	Commission income	125	-	-	-
Guri Galmae REIT Co., Ltd.	Commission income	150	-	-	-
Yeouido H2 PFV	Commission income	319	-	-	-
Pusan Eco delta city PFV	Commission income	-	-	594	-
Incheon Yeongjong PFV	Commission income	-	-	89	-
Yangjuhoechun PFV	Commission income	-	-	881	-
Changwon gapo PFV	Commission income	656	-	292	-
Jinjeop District 2 REIT Co., Ltd.	Commission income	-	-	60	-
Dongdaemoon Urban PFV	Commission income	914	-	-	-
Incheon Gundam 3rd PFV	Commission income	-	-	-	-
Kyobo NH Healthcare New Technology Investment Association 1st	Commission income	120	-	120	-
NH Kyobo AI solution New Technology Investment Association	Commission income	671	-	69	-
Kyobo Kiwoom New Materials & Technology Investment Association	Commission income	112	-	112	-
Kyobo Hanyang ESG New Technology Investment Association (*2)	Commission income	465	-	60	-
Kyobo Axis Future & New Technology Investment Association 1st	Commission income	223	-	223	-
Kyobo-YG Ilguimu new Technology Investment Association	Commission income	52	-	52	-
KB Kyobo New Mobility New Technology Investment Fund	Commission income	39	-	34	-
Kyobo Advanced Materials New Technology Investment Association	Commission income	125	-	71	-
NH Daishin Kyobo Healthcare 1st	Commission income	45	-	13	-
Kyobo-SP Advanced Materials New Technology Investment Association	Commission income	65	-	3	-
Kyobo OSAT New Technology Investment Association	Commission income	377	-	-	-
Kyobo-Mark New Technology Investment Association No. 1	Commission income	9	-	-	-
Kyobo Healthcare New Technology Investment Association No. 1	Commission income	21	-	-	-
Joint Ventures:					
Kyobo AXA Investment Managers Co., Ltd.	Insurance service income	₩ 2	-	2	-
	Commission income	1,048	-	1,113	-
	Dividend income	6,099	-	8,445	-
	Rental income	1,514	-	1,456	-
	Insurance service expense	-	2,669	-	2,407
	Other operating income	-	-	1	-
Others:					
Daesan Foundation For Rural Culture & Society	Other finance expense	-	-	-	1
	Non-operating expense	-	1,146	-	-
	Commission income	-	-	1	-
Daesan Foundation For Culture	Rental income	63	-	62	-
	Commission income	2	-	6	-
	Non-operating income	2	-	-	-
	Other finance expense	-	-	-	1
	Insurance service expense	-	54	-	42
	Non-operating expense	-	1,018	-	2172
Kyobo Foundation For	Insurance Service income	-	-	1	-
	Rental income	3	-	-	-

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Education & Culture	Non-operating income	14	-	-	-
	Other finance expense	-	-	-	1
	Non-operating expense	-	1,000	-	1047
	Commission income	-	-	1	-

(*) Insurance income is based on the actual premium income and insurance service expense is based on the actual insured amount and actual Operating and administrative expenses.

(*1) It was excluded from related parties for the year ended December 31, 2022.

(*2) It was excluded from related parties for the year ended December 31, 2023.

(4) Financing transactions with the related parties for the years ended December 31, 2023 and 2022 are as follows:

Related party	2023		
	Loan transaction		Investment in kind
	Lending	Collection	(collection of investment)
Songsan Industrial Complex Development Co., Ltd.	₩	-	180
Jinjeop2 REIT Co., Ltd.		-	(59)
Jinjeop District 2 REIT Co., Ltd.		-	59
Kyobo 14 Special Purpose Acquisition Company		990	10
Kyobo 15 Special Purpose Acquisition Company		990	10
NH-KYOBO AI Solution New Technology Investment Association		-	(1,000)
Kyobo Kiwoom New Materials & Technology Investment Association		-	(861)
KYOBO-HANYANG ESG New Technology Investment Association		-	(1,000)
Kyobo Axis Future & New Technology Investment Association 1st		-	(674)
Kyobo-YG Ilguimu new Technology Investment Association		-	(280)
KYOBO-OSAT New Technology Investment Association		-	7,000
Kyobo-Mark New Technology Investment Association No. 1		-	300
Kyobo Healthcare New Technology Investment Association No. 1		-	2,000
SBI-NTU-Kyobo Digital Innovation Fund		-	58
Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery 4		-	29,400
Kyobo Securities Bond Investment Type General Private Equity Investment Trust Recovery 5		-	10,000
Kyobo Securities Champion Inc. Solutions 3Y		-	100

Related party	2022		
	Loan transaction		Investment in kind
	Lending	Collection	(collection of investment)
Osong Smart Valley Co., Ltd.	₩	-	10
Kyobo 12 Special Purpose Acquisition Company		990	10
Kyobo 13 Special Purpose Acquisition Company		990	10
KB KYOBO New Mobility New Technology Investment Association		-	2,000
Kyobo Advanced Materials & Technology Investment Association		-	2,000
NH Daishin Kyobo Healthcare		-	3,000
Kyobo-SP Advanced Materials New Technology Investment Association		-	2,500
SBI-NTU-Kyobo Digital Innovation Fund		-	9

(5) The Group determined that the key management includes executives and external directors who have authority and responsibilities for decision making of the business plan, operations and control over the Group. Key management compensation for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Long and short-term employee benefits	₩ 30,069	29,476
Retirement benefits	6,423	5,930
Share-based payments	28	51
	₩ 36,520	35,457

(6) Transactions of securities through major related parties for the years ended December 31, 2023 and 2022 are as follows:

Related party	Type of securities	2023		2022	
		Buy	Sell	Buy	Sell
Kyobo AXA Investment Management Co., Ltd.	Beneficiary certificates.	2,400,065	2,630,871	1,604,875	1,214,910

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48. Earnings per share

(1) Basic earnings per share for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Profit for the year	₩ 475,364	524,134
Dividends to hybrid bonds	(74,245)	(52,891)
Profit available for common stock	₩ 401,119	471,243
Weighted average number of common shares outstanding	101,777,170 shares	102,500,000 shares
Earnings per share in won	₩ 3,941	4,597

(2) Weighted average number of common shares outstanding for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Weighted average total number of shares issued	₩ 102,500,000	102,500,000
Weighted average number of treasury shares	722,830	-
Weighted average number of common shares outstanding	₩ 101,777,170	102,500,000

The Group's basic earnings per share and diluted earnings per share are the same since there are no potential diluted shares for the years ended December 31, 2023 and 2022.

49. Statements of cash flows

(1) Adjustment of income and expenses for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Interest income	₩ (3,353,828)	(3,133,171)
Interest expenses	352,473	519,878
Dividend income	(110,592)	(836,575)
Income tax expenses	155,058	68,875
Loss on valuation of financial assets held for trading, net	-	1,926,693
Gain on disposal of available-for-sale financial assets, net	-	(5,781)
Loss on valuation of Financial assets designated at fair value through profit or loss	-	(6,059)
Loss on valuation of Financial debt designated at fair value through profit or loss	-	(460,097)
Gain on valuation of financial assets at fair value through profit or loss	(1,679,701)	-
Gain on valuation of financial debts at fair value through profit or loss	17,659	-
Gain on valuation of financial debts designated at fair value through profit or loss	128,977	-
Gain on disposal of financial assets at fair value through profit or loss	(124,858)	-
Gain on disposal of financial assets at fair value through other comprehensive income	(134,130)	-
Impairment losses on financial assets at fair value through other comprehensive income	5,634	-
Losses on disposal of securities measured after amortization	-	-
Losses on impairment of securities measured after amortization	5	-
Gain on disposal of available-for-sale financial assets, net	-	(118,173)
Loss on valuation of available-for-sale financial assets	-	55,954
Impairment losses on available-for-sale financial assets	-	36,412
Bad debt expenses	241,752	47,147
Gain on foreign currency transaction, net	(346,309)	(890,421)
Loss on valuation of derivative, net	16,787	971,737
Loss on valuation of derivative trading, net	42,193	105,054
Loss on investment in associates and subsidiaries, net	(17,771)	(5,393)
Depreciation of investment properties	10,402	10,585
Loss on disposal of property, equipment and investment properties, net	3,849	3,113
Loss on investment properties	-	(51)
Depreciation of property and equipment	118,208	97,797
Loss on disposal of intangible asset	12	101
Amortization of intangible asset	79,732	71,676
Impairment losses on intangible assets	31	1,345
Insurance contract service expenses	3,623,329	3,496,349
Insurance contract service revenue	(3,682,464)	(3,433,243)
Insurance finance expenses	4,311,489	214,718
Insurance finance revenue	(3,017)	(2,470)
Reinsurance premium expenses	31,144	30,599
Reinsurance income	(35,954)	(33,663)
Reinsurance finance expenses	6,804	5,099
Reinsurance finance income	(2,362)	(1,735)
Other finance expenses	515,575	141,586
Retirement benefits	53,113	60,833
Bad debt expenses for other assets	18,799	4,470
Gain on cancellation of lease contracts	(968)	(371)
Other gain	(10,497)	(3,715)
	230,574	(1,060,896)

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(2) Changes in assets and liabilities for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Deposits	₩ (533,218)	332,352
Financial assets designated at fair value through profit or loss	-	187,288
Financial assets held for trading	-	(2,742,061)
Loan receivables	-	(1,940,102)
Financial assets at fair value through profit or loss	(1,483,320)	-
Financial assets designated at fair value through profit or loss	324,229	-
Loan receivables of securities measured after amortization	(1,043,868)	-
Other receivables	(396,957)	216,086
Derivatives Assets	(65,485)	(1,378,908)
Other assets	(37,333)	(139,469)
Reinsurance contract asset	(10,130)	(11,410)
Insurance contract liabilities	(45,059)	(574,028)
Investment contract liabilities	2,877,169	2,342,789
Financial debt designated at fair value through profit or loss	-	1,051,173
Reinsurance contract liabilities	141,435	-
Policyholders' equity adjustments	415,962	-
Derivatives liabilities	-	(13,314)
Other financial liabilities	(323,192)	985,172
Estimated liabilities	355,971	(838,996)
Defined benefit liabilities	6,209	(1,689)
Investment contract liabilities	(49,046)	77,127
Other liabilities	21,746	(69,417)
Adjustment of Contractor Equity	-	(2,600)
	155,113	(2,520,006)

(3) Significant non-cash activities for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Changes in valuation gain on available-for-sale financial assets and Held-to-maturity financial assets	-	(5,353,349)
Changes in valuation gains and losses on financial assets at fair value through other comprehensive income	2,338,130	-
Insurance contract assets (liabilities) net financial profit and loss	(3,559,605)	7,824,773
Reinsurance contract assets (liabilities) net financial profit and loss	(36,311)	49,316
Substitution between investment property and tangible assets	15,458	2,583
Changes in valuation gain on revaluation of tangible assets	(4,662)	5,860
Change in gain or loss on valuation of cash flow hedging derivatives	357,361	16,700
Changes in other comprehensive income in associates	(9)	9
Changes in foreign currency translation adjustments for foreign operations	38	349
Changes in remeasurements on defined benefit obligation	(8,232)	28,664
Write-off of loan	(43,918)	(28,023)
Write-off of other receivables, etc.	(2,401)	(1,247)
Transfer prepaid expense to property and equipment	83	38
Transfer prepaid expense to intangible assets	8,767	30,049
Transfer from construction in progress	28,884	26,425
Changes in right-of-use assets (transfer, acquisition)	83,075	82,783
Changes in right-of-use assets (disposal)	(30,694)	(14,481)
Policyholders' equity adjustments	(68,831)	(553,692)
Income tax expense reflected directly in capital	324,067	(648,852)
Dividends payable of hybrid bond	6,439	52,891
Regulatory reserve for loan losses accumulated	(652)	41,864

(4) Changes in liabilities from financing activities for the years ended December 31, 2023 and 2022 are as follows:

		2023			
		Lease liabilities	Borrowings	Leasehold deposits received	Total
Beginning balance	₩	94,213	5,644,625	91,631	5,830,469
Cash flows from financing activities		(50,936)	269,906	353	219,323
Interest expense, etc.		35,812	3,660	350	39,822
Ending balance	₩	79,089	5,918,191	92,334	6,089,614
		2022			
		Lease liabilities	Borrowings	Leasehold deposits received	Total
Beginning balance	₩	70,789	3,541,753	94,585	3,707,127
Business combination		32	400	-	432
Cash flows from financing activities		(51,421)	2,025,841	(1,309)	1,973,111
Interest expense, etc.		74,813	76,632	(1,645)	149,800
Ending balance	₩	94,213	5,644,626	91,631	5,830,470

50. Transfer of financial assets

(1) Financial instruments for which the conditions for derecognition were not met as the Group sold securities under the condition that they be repurchased at a fixed price as of December 31, 2023 and 2022 are as follows:

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	Type	2023	2022
Transferred asset	Financial asset at fair value through profit or loss	₩ 2,650,688	1,681,478
	Financial asset at fair value through other comprehensive income	119,648	229,552
		<u>2,770,336</u>	<u>1,911,030</u>

Related liability	Sale of bonds under repurchase agreements(*)	₩ 3,485,904	2,474,311
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(*) Among bonds sold under repurchase agreements, ₩984,041 million for the year ended December 31, 2023 and ₩748,018 million for the year ended December 31, 2022, respectively, are amounts traded as borrowed securities.

(2) Details of issuance of securitized securities using financial instruments held by the Group as of December 31, 2023 and 2022 are as follows:

	Type	2023	2022
Underlying asset	Financial asset at fair value through profit or loss	₩ 17,001	16,909
	Loan receivables at amortized cost	631,630	544,130
		<u>648,631</u>	<u>561,039</u>
Securitized securities	Electronic short-term bonds	₩ 651,900	556,460

(3) When the securities held by the Group are lent, the ownership of the securities is transferred, however, as the securities are returned at the end of the lending period, the Group continues to recognize the entirety of the securities lent as it retains most of the risks and rewards of the securities. The details of transferred financial assets for which the entirety of the loaned securities has not been derecognized are described in Note 8 and 10.

51. Effects of changes in accounting policies

51-1) Application of KIFRS 1109, 'Financial Instruments'

As described in note 2.4.1, the Group newly applied KIFRS 1109 on January 1, 2023 as the date of initial application, resulting in changes in accounting policies and amendments to the amounts recognized in the financial statements. In accordance with transitional provisions, the financial statements for the previous year have not been restated.

KIFRS 1109 replaces the provisions of KIFRS 1039 Financial Instruments: Recognition and Measurement related to the recognition, classification and measurement of financial assets and financial liabilities and the derecognition of financial instruments, impairment of financial assets and hedge accounting. In addition, other standards dealing with financial instruments, such as KIFRS 1107 'Financial Products: Disclosure', have been amended in accordance with KIFRS 1109.

The impact on the Group's financial statements due to the application of KIFRS 1109 as of the initial application date is as follows:

(1) Beginning balance of retained earnings of the Group that have changed due to the application of KIFRS 1109 is as follows:

	Amount
Beginning balance of retained earnings (KIFRS 1039)	₩ 7,204,719
Effect from the reclassification of accounts	(1,145,277)
Effect from the remeasurement of financial instruments	(5,790)
Effects from the change in the reserve for losses of financial instruments	(9,876)
	<u>(1,160,943)</u>
Income tax effect	283,392
Consolidation adjustments	2,364
Change in total retained earnings due to introduction of KIFRS 1109	<u>(875,187)</u>
Beginning balance of retained earnings (KIFRS 1109)	₩ <u>6,329,532</u>

(2) Beginning balance of accumulated other comprehensive income of the Group that have changed due to the application of KIFRS 1109 is as follows:

	Amount
Beginning balance of other comprehensive income (KIFRS 1039)	₩ 4,592,970
Reclassification from available-for-sale financial assets to financial assets at fair value through profit or loss	892,939
Reclassification from held-to-maturity financial assets to financial assets at fair value through other comprehensive income	(3,774,154)
Reclassification from available-for-sale financial assets to financial assets at amortized cost	202,425
Increase in loss allowance for debt instruments at fair value through other comprehensive income	9,343
Impairment cancellation for equity instruments at fair value through other comprehensive income	(2,002)
Others	37,626
	<u>(2,633,823)</u>
Income tax effect	730,408
Consolidation adjustments	(45,609)
Change in total accumulated other comprehensive income due to introduction of KIFRS 1109	<u>(1,949,024)</u>
Beginning balance of other comprehensive income (KIFRS 1109)	₩ <u>2,643,946</u>

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(3) The measurement categories and types of financial assets presented in accordance with KIFRS 1039 and 1109 as of the date of initial application of the Group are as follows:

Subsequent measurement categories and types	Carrying value(*1)			
	As of December 31, 2022 (KIFRS 1039)	As of January 2023 (KIFRS 1109)	KIFRS 1039	KIFRS 1109
Deposit	₩		1,391,996	1,391,816
Financial assets at fair value through profit or loss				(180)
Financial assets designated at fair value through profit or loss(*2)		(299,124)		
Financial assets held for trading		306,542		79
		7,418		79
Available-for-sale financial assets				
Available-for-sale financial assets			39,781,007	19,193,559
Financial assets at fair value through other comprehensive income		(20,587,448)		
Financial assets at fair value through profit or loss (*3) (*4)		19,370,317		2,017
Financial assets at amortized cost(*5)		1,217,131		202,425
			39,781,007	204,442
Held-to-maturity financial assets				
Held-to-maturity financial assets			25,948,485	29,963
Financial assets at amortized cost		(25,670,377)		
Financial assets at fair value through other comprehensive income(*6)		25,452,390		(3,901,274)
Financial assets at fair value through profit or loss(*7)		217,986		(47,957)
		(1)	25,948,485	(3,919,268)
Loan receivables			21,406,694	(3,469)
Receivables			1,382,308	5,906
	₩	7,417	114,396,904	(3,712,490)
				110,691,832

(*1) Presented after deduction of reserve for loan losses.

(*2) Compound financial instruments including embedded derivatives, which were classified as financial assets designated at fair value through profit or loss in accordance with KIFRS 1039, amounting to ₩70,366 million, were classified as financial assets at fair value through profit or loss as they did not meet the SPPI characteristics in accordance with KIFRS 1109.

(*3) Among the equity instruments that were classified as available-for-sale financial assets in accordance with KIFRS 1039, ₩394,499 million were not designated as financial assets at fair value through other comprehensive income, so they were classified as financial assets at fair value through profit or loss.

(*4) Among the equity instruments classified as available-for-sale financial assets in accordance with KIFRS 1039, ₩1,058,943 million were classified as debt instruments in accordance with KIFRS 1109 and were classified as financial assets at fair value through profit or loss as they did not meet the SPPI characteristics, and among debt instruments classified as available-for-sale financial assets in accordance with KIFRS 1039, ₩3,916,873 million were managed in the take-and-sell model, but were classified as financial assets at fair value through profit or loss as they did not meet the SPPI requirements.

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(*5) Among the debt instruments classified as available-for-sale financial assets in accordance with KIFRS 1039, ₩1,217,131 million were classified as financial assets at amortized cost as they managed as a cash flow collection business model and met the SPPI characteristics.

(*6) Among the debt instruments classified as held-to-maturity financial assets in accordance with KIFRS 1039, ₩25,452,390 million were classified as financial assets at fair value through other comprehensive income as they were managed in the take-and-sell model and met the SPPI characteristics.

(*7) Among the debt instruments classified as held-to-maturity financial assets in accordance with KIFRS 1039, ₩217,986 million were classified as financial assets at fair value through profit or loss as they did not meet the SPPI characteristics.

(4) Changes in the category of subsequent measurement from other than financial assets at amortized cost to a financial asset at amortized cost is as follows:
 Financial asset amounting to ₩1,217,131 million was reclassified from other than financial assets at amortized cost at the beginning of the year ended December 31, 2023. The Group's business model as of the date of initial application is to hold to receive contractual cash flows, and cash flows from receivables represent payments of principal and interest only.

	Category before the change	Fair value	Gain or loss recognized if not reclassified (OCI)
Corporate bond	Available-for-sale financial assets	₩83,664	(2,963)
Asset backed bonds	Available-for-sale financial assets	₩1,133,466	(194,313)
		₩1,217,130	(197,276)

(5) Change in the category of subsequent measurement from financial asset at fair value through profit or loss to financial asset at fair value through other comprehensive income.

There are no financial assets reclassified from the category of financial assets at fair value through profit or loss to financial assets at fair value through other comprehensive income as of the date of initial application of KIFRS 1109.
 (6) Reclassification from available-for-sale financial assets to financial assets at fair value through profit or loss

At the beginning of the year ended December 31, 2023, ₩19,370,317 million was reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss. These financial assets are classified as financial assets at fair value through profit or loss as the contractual cash flows do not represent only payment of principal and interest.

(7) Measurement of expected credit loss of financial instruments due to the introduction of KIFRS 1109

Changes in the allowance for expected credit loss for financial instruments due to the introduction of KIFRS 1109 on January 1, 2023, the date of initial application, are as follows:

	Subsequent measurement categories and types			
	As of December 31, 2022 (KIFRS 1039)	As of January 2023 (KIFRS 1109)	Carrying value	
	KIFRS 1039	Reclassification	Remeasurement	KIFRS 1109
Loan and receivables				
Deposits				180
Loan receivable			(10,776)	78,780
Other financial asset			(2,282)	29,609
Available-for-sale financial assets			6,867	6,867
Held-to-maturity financial assets			23	23
	121,447	-	(5,988)	115,459
Loan commitment			8,594	8,594
			8,594	8,594
(8) Measurement categories and types of financial liabilities presented in accordance with KIFRS 1039 and 1109 as of the date of initial application of the Group are as follows:				
			Carrying value	
	As of December 31, 2022 (KIFRS 1039)	As of January 2023 (KIFRS 1109)		
Financial liabilities at amortized cost				
			Reclassification	Remeasurement
		7,901,386	-	7,901,386

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Financial liabilities designated at fair value through profit or loss		
Financial liabilities for trading	4,231,097	4,231,097
Derivative liabilities	98,389	98,389
	2,584,128	2,584,128
	<u>14,815,000</u>	<u>14,815,000</u>
	₩ -	-
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at fair value through profit or loss	-	-
Derivative liabilities	-	-
	<u>14,815,000</u>	<u>14,815,000</u>

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51-2) Application of KIFRS 1117, 'Insurance contracts'

The Group applied KIFRS 1117 with January 1, 2023 as the date of initial application, and retroactively restated the previous financial statements.

The impact of the application of this standard on the financial statements is as follows:

(1) The impact on the financial position as of January 1, 2022, which was retrospectively restated with the introduction of KIFRS 1117 is as follows:

KIFRS 1104(*)		KIFRS 1117(*)		Variance
Account	Amount	Account	Amount	
Asset	₩ 130,934,864	Asset	₩ 123,431,391	(7,503,473)
Financial asset	101,570,712	Financial asset	120,284,094	18,713,382
Reinsurance asset	31,850	Insurance and reinsurance contract asset	163,636	131,786
Other asset	29,332,302	Other asset	2,983,660	(26,348,642)
Liability	118,980,090	Liability	112,534,383	(6,445,707)
Financial liabilities	11,199,336	Financial liabilities	11,272,825	73,489
Insurance contract liabilities	79,287,141	Insurance and reinsurance contract liabilities	90,288,568	11,001,427
Other liabilities	28,493,613	Other liabilities	10,972,990	(17,520,623)
Equity	₩ 11,954,774	Equity	₩ 10,897,008	(1,057,766)

(*) In accordance with the first application of KIFRS 1109 as of January 1, 2023, above financial statements were prepared based on KIFRS 1039.

(2) The impact on the financial position with the introduction of KIFRS 1117 as of December 31, 2022, which was retrospectively restated, is as follows:

- Statement of financial position

KIFRS 1104(*)		KIFRS 1117(*)		Variance
Account	Amount	Account	Amount	
Asset	₩ 130,880,610	Asset	₩ 121,502,546	(9,378,064)
Financial asset	100,634,794	Financial asset	118,243,840	17,609,046
Reinsurance asset	35,575	Insurance and reinsurance contract asset	180,131	144,556
Other asset	30,210,242	Other asset	3,078,575	(27,131,667)
Liability	123,955,123	Liability	107,722,922	(16,232,201)
Financial liabilities	14,824,201	Financial liabilities	14,815,001	(9,200)
Insurance contract liabilities	81,701,960	Insurance and reinsurance contract liabilities	79,284,066	(2,417,894)
Other liabilities	27,428,963	Other liabilities	13,623,856	(13,805,107)
Equity	₩ 6,925,487	Equity	₩ 13,779,624	6,854,137

(*) In accordance with the first application of KIFRS 1109 as of January 1, 2023, above financial statements were prepared based on KIFRS 1039.

(3) Each item of the statement of comprehensive income and statement of cash flows as of December 31, 2022, retrospectively restated in accordance with the introduction of KIFRS 1117 is as follows:

- Statement of comprehensive income

KIFRS 1104(*)		KIFRS 1117(*)		Variance
Account	Amount	Account	Amount	
Operating income	₩ 26,195,245	Insurance service result	₩ (94,156)	
Insurance income	13,097,693	Insurance service revenue	3,433,243	
Investment income	8,536,957	Insurance service expense	3,530,463	
Other operating income	4,560,594	Net income from reinsurance contracts held	3,064	
Operating expense	25,623,291	Investment service income or expense	728,071	
Insurance liability	2,300,633	Investment service income	12,892,235	
Insurance expense	13,835,608	Insurance finance income	4,206	
Investment expense	6,551,097	Investment service expense	11,948,552	
Other operating expense	2,935,953	Insurance finance expense	219,817	
Operating profit	571,954	Operating profit	633,915	61,961
Non operating income	26,174	Non operating income	26,887	713
Non operating expense	54,071	Non operating expense	54,108	37
Profit before income tax	544,057	Profit before income tax	606,695	62,638
Income tax expense	42,809	Income tax expense	68,875	26,066
Profit or loss for the period	501,248	Profit or loss for the period	537,819	36,571
Other comprehensive income	(5,298,754)	Other comprehensive income	2,576,578	7,875,332
Total comprehensive income	₩ (4,797,505)	Total comprehensive income	₩ 3,114,397	7,911,902

(*) As KIFRS 1109 was initially applied as of January 1, 2023, the above financial statements were prepared in accordance with KIFRS 1039.

- Statement of cash flows

	2023		Variance
	KIFRS 1104(*)	KIFRS 1117(*)	
Cash flows from operating activities	₩ (1,805,568)	1,094,953	2,900,521
Cash flows from investing activities	34,582	(2,895,341)	(2,929,923)
Cash flows from financing activities	₩ 1,807,701	1,807,701	-

(*) As KIFRS 1109 was initially applied as of January 1, 2023, the above financial statements were prepared in accordance with KIFRS 1039.

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52. Operating segments

(1) Operating segments consist of insurance segment, securities segment and other segments. Other segments contain retails, property managements and insurance related services, etc.

(2) Details of financial performance of each operating segment including income tax expenses for the year ended December 31, 2023 and 2022 are as follows:

		2023				
		Insurance	Securities	Others	Consolidation adjustments	Total
Operating revenues	₩	11,780,316	3,753,383	1,432,134	(272,271)	16,693,562
Operating expenses		11,160,331	3,672,741	1,515,576	(274,135)	16,074,513
Operating profit		619,985	80,642	(83,442)	1,864	619,049
Non-operating income		24,659	16,092	12,908	(1,776)	51,883
Non-operating expenses		21,802	10,960	1,680	(9,046)	25,396
Profit before income tax expenses		622,842	85,774	(72,214)	9,134	645,536
Income tax expenses		155,797	17,040	(8,594)	(9,185)	155,058
Profit for the period	₩	467,045	68,734	(63,620)	18,319	490,478

		2022				
		Insurance	Securities	Others	Consolidation adjustments	Total
Operating revenues	₩	11,176,050	4,081,460	1,361,395	(255,559)	16,363,346
Operating expenses		10,654,115	4,011,936	1,324,278	(260,899)	15,729,430
Operating profit		521,935	69,524	37,117	5,340	633,916
Non-operating income		34,143	3,062	2,648	(12,966)	26,887
Non-operating expenses		60,082	3,083	2,251	(11,308)	54,108
Profit before income tax expenses		495,996	69,503	37,514	3,682	606,695
Income tax expenses		78,369	17,462	14,516	(41,472)	68,875
Profit for the period	₩	417,627	52,041	22,998	45,154	537,820

(3) Details of information on assets and liabilities of each operating segment as of December 31, 2023 are as follows:

		2023				
		Insurance	Securities	Others	Consolidation adjustments	Total
Cash and due from banks	₩	4,272,844	694,253	178,458	(38,257)	5,107,298
Financial assets at fair value through profit or loss		34,196,171	10,044,054	262,319	(1,482)	44,501,062
Financial assets at fair value through other comprehensive income		50,274,937	293,209	8,428	-	50,576,574
Financial assets at amortized cost		21,494,806	3,301,360	680,314	(47,669)	25,428,811
Investments in associates and joint ventures		2,048,122	83,865	49,055	(2,031,637)	149,405
Others		3,441,518	1,024,655	525,374	24,608	5,016,155
		115,728,398	15,441,396	1,703,948	(2,094,437)	130,779,305
Insurance contract liabilities	₩	88,114,938	-	-	-	88,114,938
Other contract liabilities		15,830,186	-	-	(85,890)	15,744,296
Financial liabilities		957,202	12,540,778	409,239	(122,889)	13,784,330
Others		1,002,862	1,135,246	67,722	110,514	2,316,344
	₩	105,905,188	13,676,024	476,961	(98,265)	119,959,908

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		2022				
		Insurance	Securities	Others	Consolidation adjustments	Total
Cash and due from banks	₩	3,020,099	836,430	88,465	(84,984)	3,860,010
Securities		81,352,586	8,529,848	333,472	-	90,215,906
Loan receivables		18,999,540	2,188,908	218,246	-	21,406,694
Investments in associates and joint ventures		1,414,415	29,533	65,608	(1,423,966)	85,590
Others		3,654,240	1,675,933	641,955	(37,782)	5,934,346
	₩	<u>108,440,880</u>	<u>13,260,652</u>	<u>1,347,746</u>	<u>(1,546,732)</u>	<u>121,502,546</u>
Insurance contract liabilities	₩	79,065,238	-	-	-	79,065,238
Other contract liabilities		12,414,452	-	-	(97,715)	12,316,737
Financial liabilities		1,638,362	10,421,425	342,950	(171,864)	12,230,873
Others		2,523,463	1,387,975	65,202	133,435	4,110,075
	₩	<u>95,641,515</u>	<u>11,809,400</u>	<u>408,152</u>	<u>(136,144)</u>	<u>107,722,923</u>

(4) Geographical information

A geographical information is not disclosed as revenues are primarily derived from customers in the Republic of Korea, and long-term assets, such as property and equipment, are located in the Republic of Korea, where the Group's head office is domiciled.

(5) The Group has no single external customer from which revenues amount to 10 percent or more of the Group's operating revenues for the year ended December 31, 2023.

53. Business Combination

The Group acquired 1,010,000 shares out of 1,010,000 total issued shares of Pavilion Asset Management Co., Ltd. on April 1, 2023 as the deemed acquisition date, acquired 100% stake, and acquired control for the purpose of expanding business portfolio and securing competitiveness. After the acquisition, the name of Pavilion Asset Management Co., Ltd. was changed to Kyobo AIM Asset Management Co., Ltd. The Group acquired control over Kyobo AIM Asset Management Co., Ltd. on April 3, 2023, but there was no significant change in the financial statements of Kyobo AIM Asset Management Co., Ltd. between the actual acquisition date and the nearest quarterly settlement date, the business combination was accounted for as April 1, 2023. As a result, the consolidated statement of comprehensive income for the year ended December 31, 2023 of the Group includes Kyobo AIM Asset Management Co., Ltd.'s profit and loss items for the three months after April 2023.

(1) Details of business combinations for the nine-month period ended December 31, 2023 are as follows:

Company name	Business activity	Purpose	Date	Cost of business combination	
Kyobo AIM Asset Management Co., Ltd.	Trust and collective investment	Acquisition of management rights	April 3, 2023	₩	33,500

(2) All cost of business combination incurred for the year ended December 31, 2023 is in cash.

(3) Fair value of assets acquired and liabilities assumed as a result of a business combination at the acquisition date are as follows:

Item	Account	Amount
Assets	Cash and due from banks	1,097
	Financial assets at fair value through profit or loss	7,190
	Financial assets at fair value through other comprehensive income	1,325
	Loans receivables and other receivables	2,808
	Other assets	279
	Property and equipment	1,161
	Investment properties	248
	Intangible assets	2,582
	Defined benefit assets	148
	Deferred tax assets	213
		<u>17,051</u>
Liabilities	Lease liabilities	1,536
	Other liabilities	458
	Deferred tax liabilities	540
		<u>2,534</u>
Net asset		₩ <u>14,517</u>

(4) Goodwill arising from business combinations for the year ended December 31, 2023 is as follows:

Description	Amount
Cost of business combination (A)	₩ 33,500
Fair value of assets, net (B)	14,517
Goodwill (C=A-B)	18,983

(5) Net cash outflows from business combinations for the year ended December 31, 2023 is as follows:

Description	Amount
Cost of business combination (A)	₩ 33,500
Cash and cash equivalents acquired from business combination (B)	1,097
Cash outflows, net (C=A-B)	32,403

(6) Operating revenue of Kyobo AIM Asset Management Co., Ltd. since the acquisition date included in the consolidated statement of comprehensive income is W4,490 million, and the net loss for the year ended December 31, 2023 is W1,313 million, respectively.

(7) Assuming that the acquisition date is as of the start date of the reporting period, the Group's operating revenue during the reporting period is W16,694,750 million

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and net profit for the year ended December 31, 2023 is W490,370 million, respectively.

54. Risk management

54-1) General

(1) Risk management overview

The objective of risk management is to effectively manage and control various uncertainties that prevent the controlling company from achieving its business goal. The controlling company supports its stable business activities by setting the appropriate risk limits to ensure the regulatory capital is maintained above the minimum risk based capital required by the Financial Supervisory Service even in the environment which various risks may actually realize simultaneously, and also comprehensively manages assets and liabilities portfolios to enhance profitability compared to risk.

The controlling company's risk management process is as follows:

1) Risk identification and classification

The controlling company identifies risks related to market, credit, interest, insurance, liquidity, operation, strategy, reputation, and variable insurance guarantee as significant risks. Market, credit, interest, insurance, liquidity and variable insurance guarantee risks are classified as financial risks, while operation, strategy, reputation risks are classified as non-financial risks.

2) Risk measurement and management

Market, credit, interest, insurance and operational risks are measured using Value at Risk (VaR) method. Liquidity risk is periodically monitored and managed to ensure liquidity level is adequately maintained by setting the minimum liquidity limit that reflects cash flows and variability for the last 6 months. In addition, variable insurance market risk is periodically measured using a Stress scenario. Various measured risk amounts are operated with annual limits, and compliance with the limits and adequacy are regularly checked and managed.

The controlling company continues to maintain Asset-Liability Management (ALM) policy to secure long-term stable interest rate margins. In order to consistently improve the asset and liability structure, the product sales mix has been weighted more heavily in favor of investment linked products and floating-rate type policies, while cash flow stability has been strengthened through the increase of long-term fixed-rate interest assets. In addition, constant improvements are being made to the ALM systems.

3) Risk control

To hedge, accept, transfer and mitigate risks, the controlling company sets risk limits at adequate level and monitors if these limits are appropriate and in compliance with the risk management policies and procedures. The risk limits are adjusted as necessary, and a contingency plan is also placed in operation.

In addition, the risk management department provides timely feedbacks and ensures fast and proper decision making process for any important decision making matters.

4) Risk monitoring and reporting

The controlling company monitors various macroeconomic indicators such as interest rates, stock prices, exchange rates, individual risk volume and related monitoring indicators, and risk-related indicators such as solvency ratio on a daily, monthly, and quarterly basis using checklists and if any unusual instances are identified, they are reported to the management and appropriate action is taken.

(2) Risk management framework

Risk management organization is divided into division in charge of risk management and division managing individual risks.

The controlling company's major risk management organization is as follows.

1) Risk Management Committee

The Risk Management Committee is comprised of three outside directors and has overall responsibility for establishing basic directions and major policies of risk management consistent with management strategies and setting appropriate risk limits for the controlling company.

2) Risk Management Council

The Risk Management Council sets the agenda that will be discussed at the Risk Management Committee, implements strategies established by the Risk Management Committee, sets the limit for each risk factor and prepares suitable solution when risk limit exceeds or may exceed the set limit.

3) Risk Management Team

The controlling company runs the Risk Management Team and a risk management unit for each risk to support the Risk Management Committee and the Risk Management Council. The Risk Management Team who is independent from the business operation departments plans and sees company level of financial and non-financial risk management by preparing risk management policies, regulations.

Risk Management Support Team, in charge of risk management, performs plan-see functions independent from Sales Department (including non-financial risk management) such as establishing risk management policies and plan, regulations and rules, and setting risk limits. Individual risk management departments perform Do functions and operate in 7 teams.

- Market risk: asset portfolio management team
- Credit risk: investment asset evaluation team/retail credit marketing team
- Interest rate risk: financing team
- Liquidity risk: financing team
- Insurance risk: insurance risk management support team
- Variable insurance guarantee risk: variable hedge part

54-2) Regulatory capital adequacy

(1) Kyobo Life Insurance

1) K-ICS : Korean - Insurance Capital Standard

The controlling company measures, manages and discloses K-ICS ratio according to the Regulation on Supervision of Insurance Business to maintain required capital for the solvency margin.

K-ICS (Newly adopted Solvency ratio) is a system that ensures that companies have equity capital to cover unexpected losses. The solvency ratio is a ratio calculated by dividing the solvency amount (available capital), which is the capital that can be used to absorb losses, by the solvency standard amount (required capital), which is the amount of loss that may occur to the Group in the next one year, and this is a measure of a life insurance company's financial soundness or ability to pay claims. The solvency amount is calculated by adding or subtracting certain items depending on the presence or absence of loss absorption from the amount of assets (net assets) exceeding liabilities in the statement of financial position under Prudential Accounting Principles. The solvency standard amount measures the potential loss amount that may occur within the 99.5% confidence level over the next year as the basic required capital, and is calculated by subtracting the corporate tax adjustment amount from the basic required capital and adding other required capital.

The basic required capital is calculated by calculating the life/long-term non-life insurance, market, credit, and operational risk amounts respectively and then applying the correlation coefficient.

The Financial Supervisory Service ("FSS") mandates that the K-ICS ratio be maintained at 100% or more based on consolidated financial statements, and in cases where it falls short, timely corrective action is taken to maintain financial soundness.

	Solvency ratio	Corrective action
Improvement recommended	Above 50% and below 100%	-Requires increasing capital -Limits new business entering
Improvement required	Above 0% and below 50%	-Requires management replacement -Re-organization of subsidiaries
Improvement commanded	Below 0%	-Suspension of management duties -Suspension of insurance business

The controlling company complies with the K-ICS ratio prescribed by the FSS.

2) Measurement and management of capital adequacy

The Group sets the total risk limits and guidance as a part of annual business plan to ensure, even though risks are possible, the risk capital (e.g. solvency margin)

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is greater than minimum required risk based capital on the standard guidelines promulgated by the Financial Supervisory Service. Risk capital is monitored on a monthly basis to maintain at appropriate level against the amount of total risks of the assets. The controlling company reviews acceptability of risk capital under the case of abnormally increased risks by measuring sensitivity and conducting scenario method stress test for significant risk factors with supplementing the limitation of Value at Risk base measurement.

(2) Kyobo Securities

1) Net Capital Ratio (NCR)

In order to prevent inevitable risks arising from operating activities and to minimize investors', customers' and other stakeholder's loss in wealth, Kyobo Securities are at their best in managing their capital. The management of capital adequacy is based on net capital ratio enacted by the FSS. Kyobo Securities reports their net capital ratio results to the FSS at the end of every month.

2) Capital management

The main objective of Kyobo Securities' capital management is to maximize each shareholder's value and maintain its competitive credit rating through main operations of Kyobo Securities. To satisfy the externally imposed capital requirements, Kyobo Securities actively carries out capital management

Kyobo Securities may maintain or change the capital structure by adjusting the shareholder's amount of dividend, right issue or through capital reduction. Compared with the prior year, Kyobo Securities have not changed any rules or procedures in their objective to manage their capital.

3) Regulatory capital status

In order to maintain capital adequacy of financial investment firms, the FSS has decided to regulate the net capital ratio at 100%. For security firms that do not meet this requirement at a certain minimum, the FSS will take certain actions accordingly. The actions are as follows:

- Net capital ratio is above 50% but below 100%: recommendation of improvement

- Net capital ratio is above 0% but below 50%: requirement of improvement

- Net capital ratio is below 0%: commandment of improvement

Kyobo Securities' net capital ratio exceeds the management improvement measures standards of the FSS as of December 31, 2023 and 2022.

54-3) Insurance risk

(1) Overview

Insurance risk refers to the risk that arises in relation to the underwriting of insurance contracts and payment of insurance benefits, which are the unique tasks of an insurance company. It refers to the possibility of loss that may occur due to the actual risk becoming greater at the time of payment than the risk expected at the time of signing the insurance contract.

The insurance risk amount covers assets and liabilities that may directly or indirectly cause loss to the insurance company when actuarial assumptions change, and in the case of assets, if the value changes due to future cash flow changes when actuarial assumptions change (e.g. This applies only to insurance policy loans, reinsurance contracts, etc.), and in the case of liabilities, it is calculated for all insurance contracts. However, retirement insurance and retirement pension are not included in the measurement of life long-term non-life insurance risk.

(2) Status of insurance risk amount

The Group measures the amount of exposure to insurance risk as [current estimated liabilities - cedant insurance assets]. The amount exposed to insurance risk as of December 31, 2023 and 2022 are as follows:

		2023			2022		
		Insurance contract liabilities	Reinsurance contract assets	Sum	Insurance contract liabilities	Reinsurance contract assets	Sum
Death	₩	18,346,621	(117,521)	18,229,100	15,238,410	(87,360)	15,151,050
Health		9,648,193	33,918	9,682,111	9,315,309	36,117	9,351,426
Annuity/Savings		39,316,260	-	39,316,260	35,176,424	-	35,176,424
Others		495,822	6,050	501,872	502,865	12,545	515,411
Pension savings/asset linked		5,829,665	-	5,829,665	5,830,815	-	5,830,815
Death(Variable)		5,090,617	-	5,090,617	4,280,667	-	4,280,667
Health(Variable)		-	-	-	-	-	-
Annuity(Variable)/Savings(Variable)		9,387,760	-	9,387,760	8,720,748	-	8,720,748
Others(Variable)		-	-	-	-	-	-
	₩	88,114,938	(77,553)	88,037,384	79,065,238	(38,698)	79,026,540

Consolidated companies calculate risk concentration by considering past experience rates related to issued insurance contracts and held reinsurance contracts. Additionally, they identify common characteristics based on the calculated risk concentration.

The present value estimates of future cash flows for insurance types that the consolidated companies consider significant are equivalent to the exposure amount of insurance risk.

(3) Assumptions applied when measuring insurance contract liabilities

The assumptions and calculation basis for the current estimates of future cash flows applied by the Group to the holding contracts as of December 31, 2023 and 2022 are as follows.

	Assumption		Basis for calculation
	2023	2022	
Surrender rate	0%~53.5%	0%~54.5%	Surrender rate calculated based on payment method, payment status, product classification, dividend status, and channel based on the past 5 years of experience statistics as of June 30, 2023. (In the case of payment in progress, it is calculated as the ratio of the target contract insurance premium to the effective lapsed insurance premium, and in the case of after payment, the ratio of the target contract insurance premium reserve to the effective lapsed insurance premium reserve.) The ratio of insurance premiums paid to risk insurance premiums calculated by collateral, channel, and product based on the past five years of experience statistics as of June 30, 2023.
Payout rate	14.5%~363%	21%~264%	※ Insurance claims payment is calculated based on final payment that uses statistics for the previous five years as of the date of the accident and reflects the progress rate of incurred but not reported losses Calculated as unit cost in proportion to operating expense execution performance, conversion results based on insurance business standards, number of new/owned contracts, insurance premiums, insurance
Operating expense rate	-	-	

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Discount rate	-4.0%~18.8%	-3.2%~20.4%	reserves, policy loan balance, etc. ※ Performance statistics period: applicable to 1 year Parameters consistent with assets traded in the market are estimated in the adjusted risk-free interest rate term structure (reflecting long-term forward interest rates and liquidity premiums) and applied to 1,000 interest rate scenarios. Under the assumption that the probability distribution of the present value of future cash flows at each reporting time follows a normal distribution, the portion where the 75% percentile exceeds the probability-weighted average of the present value of future cash flows is calculated as risk adjustment.
Risk adjustment confidence level for non-financial risks	75%	75%	

1) Insurance risk sensitivity analysis

The Group conducts a sensitivity analysis of current estimates based on discount rates, loss ratios, and expense ratios that are judged to have a significant impact on the uncertainty about the amount and timing of future cash flows arising from insurance contracts and through this, manages insurance risk.

	2023			2022		
	Effect on Fulfilment Cashflows	Effect on net profit or loss before tax	Effect on equity	Effect on Fulfilment Cashflows	Effect on net profit or loss before tax(*1)	Effect on equity(*2)
Before risk reduction by cedant insurance						
10% increase in operating expense	615,655	(73,761)	(73,761)	546,096	(64,700)	(64,700)
10% decrease in operating expense	(615,650)	73,471	73,471	(546,089)	64,707	64,707
10% increase in payout rate	1,845,722	43,335	43,335	1,638,922	39,583	39,583
10% decrease in payout rate	(2,175,475)	(264,170)	(264,170)	(1,931,727)	(238,295)	(238,295)
10% increase in surrender rate	766,572	16,923	16,923	680,851	14,959	14,959
10% decrease in surrender rate	(830,596)	(16,207)	(16,207)	(737,612)	(14,331)	(14,331)
After risk reduction by cedant insurance						
10% increase in operating expense	615,655	(73,761)	(73,761)	546,096	(64,700)	(64,700)
10% decrease in operating expense	(615,650)	73,471	73,471	(546,089)	64,707	64,707
10% increase in payout rate	1,798,479	43,335	43,335	1,538,253	39,583	39,583
10% decrease in payout rate	(2,130,942)	(264,170)	(264,170)	(1,835,663)	(238,295)	(238,295)
10% increase in surrender rate	774,770	16,923	16,923	699,705	14,959	14,959
10% decrease in surrender rate	(841,034)	(16,207)	(16,207)	(761,522)	(14,331)	(14,331)

(*1) P&L before corporate tax.

(*2) Changes in equity represent the amount before deferred corporate tax allocation

2) Insurance claims development

The Group regularly verifies the adequacy of reserves using the bulk reserving method. The Bulk reserve amount is estimated and calculated by applying methods permitted by supervisory regulations, such as the Paid Loss Development Method (PLDM), Incurred Loss Progress Method (ILDLM), Frequency/Severity Method, and Bornhuetter-Ferguson Method.

The actual insurance claim amount (insurance claims development) compared to the Group's past estimates of undiscounted insurance claims is as follows:

	2023						
	Year end of accident	1 year later	2 years later	3 years later	4 years later	5 years later	Total
Cumulative amount of nominal insurance payment							
Year of accident							
2019	1,175,607	207,353	28,051	13,753	5,065	-	1,429,830
2020	1,162,858	205,374	29,619	13,469	-	-	1,411,320
2021	1,270,061	243,927	34,641	-	-	-	1,548,629
2022	1,274,928	263,465	-	-	-	-	1,538,393
2023	1,333,515	-	-	-	-	-	1,333,515
	6,216,968	920,119	92,312	27,222	5,065	-	7,261,687
Liability for incurred claims for insurance claims payments incurred after 2019	-	309,187	59,689	26,152	11,240	6,012	412,280
Liability for incurred claims for insurance claims payments incurred before 2019							5,474
Discount effects							(15,310)
Amount incurred in previous years, etc. (*)							2,273,713
Risk adjustments for non financial risks							23,428
Liability for incurred claims at the end of reporting period							2,699,584

(*) This amount includes the accident in the previous year and preparations for cost evaluation.

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	Year end of accident	1 year later	2 years later	3 years later	4 years later	5 years later	Total
Cumulative amount of nominal insurance payment							
₩							
Year of accident							
2018	1,100,478	203,946	28,715	11,271	5,332	-	1,349,741
2019	1,171,242	218,262	31,269	15,708	-	-	1,436,480
2020	1,145,480	215,048	31,795	-	-	-	1,392,324
2021	1,253,974	250,857	-	-	-	-	1,504,831
2022	1,265,377	-	-	-	-	-	1,265,377
	5,936,551	888,113	91,779	26,979	5,332	-	6,948,754
Liability for incurred claims for insurance claims payments incurred after 2018	-	285,686	57,846	25,305	11,422	5,657	385,916
Liability for incurred claims for insurance claims payments incurred before 2018							5,123
Discount effects							(15,998)
Amount incurred in previous years, etc. (*)							2,246,018
Risk adjustments for non financial risks							16,767
Liability for incurred claims at the end of reporting period							2,637,826

(*) This amount includes the accident in the previous year and preparations for cost evaluation.

(4) Management of insurance risk

Insurance risk is the death risk amount for each risk factor. Longevity risk, disability and disease risk, wealth and other risks. It is managed by dividing it into termination risk, project cost risk, and major disaster risk, and the details are as follows:

- Death risk and longevity risk refer to the risk of unexpected losses related to the death of the policyholder and is measured by the risk that net asset value will decrease due to changes in the level, trend, and volatility of death.
- Disability and disease risk is the risk of unexpected losses related to the policyholder's disability and disease, and is measured by the risk that net asset value will decrease due to changes in the risk rate, trend, volatility, etc. of disability and disease coverage.
- Property and other risks is the risk of unexpected losses related to property, cost, and compensation and other collateral and is measured as the risk of a decrease in net asset value due to changes in the level of risk, trends, volatility, etc.
- Termination risk is the risk of unexpected losses due to policyholder's exercise of options such as termination or renewal of the contract or choosing an annuity and is measured by the risk that net asset value will decrease due to changes in the policyholder's option exercise rate or group termination of policyholders.
- Operating expense risk includes the risk arising from changes in expenditure due to the level of future costs and inflation in relation to insurance contract costs. Expenses related to insurance contracts include all expenses except for allowances.
- Catastrophe risk refers to risks arising from exceptional risks (e.g. new infectious diseases, etc.) that could not be considered in the risk of death or disability or disease.

The Group calculates the risk amount for each factor on a quarterly basis in accordance with the Regulation on Supervision Article 7-2 (the Solvency standard amount).

(5) Credit risk from insurance contracts

① Overview

Credit risk is the risk of financial loss to the Group due to debtor's bankruptcy or if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk amount (the unexpected loss) exceeds the expected loss, and credit risk from insurance contract arising mainly from reinsurer's default risk.

When selecting a reinsurer, the Group deals with high-quality insurance companies who have investment qualifications such as credit rating, solvency, RBC, performance, market share, K-ICS, etc. (BBB or higher by S&P, Baa or higher by Moody's, B+ or higher by A.M. Best, or an equivalent level of credit from an institution recognized by public trust). The Group periodically evaluate the monitoring of the stability of reinsurance operations, including sudden declines in the reinsurer's credit rating, and if the evaluation results show a significant impact on the stability of reinsurance transactions, the Group prepares and operates countermeasures such as termination of reinsurance contracts.

② Credit rating of reinsurance contract assets by reinsurance company

The credit rating of reinsurance contract assets recognized by each reinsurance company as of December 31, 2023 and 2022 are as follows.

	2023	2022
AAA	₩ 4,206	2,410
AA+~AA-	(110,704)	(99,285)
A+~A-	28,944	58,178
	₩ (77,554)	(38,697)

54-4) Interest rate risk

(1) Overview

Interest rate risk from insurance contracts is the risk that the Group's net asset value (including accounting value and economic value) will decrease due to future changes in market interest rates, which is caused by inconsistencies in the maturity structure and interest rate conditions of assets and liabilities.

(2) Measurement (recognition) and management methods

① Measurement

The Group uses both the standard model (K-ICS) and the internal model for the measurement of interest rate risk.

The standard model measures the amount of interest rate risk in accordance with the method set forth in Article 7-2 (4) of the Insurance Business Supervision Regulations, and uses the method of measuring the amount of reduction in net asset value through the impact scenario method.

In the case of the internal model, the standard model is applied to measure the interest rate risk, but it is measured using assumptions that reflect the Group's asset/liability attributes. The confidence level of interest rate risk measurement is 99.5% (the probability of occurring once every 200 years) in both internal and standard models.

② Management methods

Interest rate risk is continuously pursuing ALM policies (such as management of the duration gap) in the mid- to long-term to reduce the duration gap of assets/liabilities, and is managed by setting interest rate risk targets (limits) in consideration of the company's equity capital, payment capacity, and risk policies. In addition, crisis scenario tests are regularly conducted and managed in consideration of abnormal economic conditions.

③ Status of interest rate risk

Current status of major exposures to interest rate-bearing assets and interest-bearing liabilities as of December 31, 2023 and 2022 are as follows:

	2023	2022
Interest bearing asset:		
Financial assets at fair value through profit or loss (*1)	₩ -	369,490

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Short-term financial assets (*1)	-	14,147,701
Financial assets at fair value through profit or loss (*1)	20,908,602	-
Available for sale financial assets (*1)	-	24,298,462
Financial assets at fair value through other comprehensive income	49,734,666	-
Held to maturity financial assets	-	25,948,485
Securities at amortized cost	1,299,954	-
Loan & receivables at amortized cost	22,273,414	21,406,694
Other receivables at amortized cost	978,247	845,330
	<u>95,194,883</u>	<u>87,016,162</u>
Interest bearing liabilities:		
Insurance contract liabilities (assets) (*2)	88,114,938	79,065,238
Reinsurance contract liabilities (assets) (*2)	77,553	38,698
Investment contract liabilities	15,427,506	12,052,073
	<u>103,619,997</u>	<u>91,156,009</u>
	<u>198,814,880</u>	<u>178,172,171</u>

(*1) Includes debt securities and bond-type beneficiary securities.

54-5) Credit risk

(1) Overview

Credit risk is the risk of financial loss to the Group due to debtor's bankruptcy or if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk amount (the unexpected loss) exceeds the expected loss.

(2) Measurement and management

The Group measures credit risk using the standard model and the internal model. The standard model calculates credit risk amount according to the fifth clause of Article 7-2 of the Regulation on Supervision of Insurance Business.

The internal model calculates credit risk amount using VaR calculated from the Group's Credit Risk Management System after reflecting correlation and portfolio distribution effect. For corporate borrower, the Group uses mark-to-market method, and for individual borrower, the Group uses Default Mode (DM) using loan pool.

The Group manages credit risk by setting VaR limit and maximum credit exposure. Compliance with credit risk management policy is monitored by checking the breaches of the VaR limit on a monthly basis, and reviewing the risk tolerance by analysing credit risk amount under normal and stress situation.

The Group sets credit exposure limit for each borrower base on its industry and credit rating. The conformity of this limit is reviewed every month. After the loan initiation, credit review for each significant borrower is performed regularly. The Group revises exposure limit, decreases credit line, collects the loan or increases collateral if any symptom of credit rating drop.

After the loan initiation, credit review for each significant borrower is performed regularly. The Group revises exposure limit, decreases credit line, collects the loan or increases collateral if any symptom of credit rating drop. Appropriate steps, such as collection, are taken when the borrower's credit rating becomes speculative. The Group establishes action plan by reviewing the financial structure and payment ability of the currently or potentially problematic borrowers through designated units (e.g. Investment Asset Analysis Team, Loan Management Team, etc.).

(3) Maximum exposure to credit risk

The Group's maximum exposure to credit risk as of December 31, 2023 and 2022 are as follows:

		2023	2022
Cash and due from banks (*1)	₩	5,106,203	3,858,718
Available-for-sale financial assets (*2)		-	369,490
Financial assets designated at fair value through profit or loss (*1)		-	14,151,038
Short-term financial assets (*1)		20,663,664	-
Financial assets at fair value through profit or loss (*1)		-	24,053,832
Financial assets at fair value through other comprehensive income(*2)		49,734,666	-
Held-to-maturity financial assets		-	25,948,485
Securities at amortized cost (*3)		1,299,954	-
Loan & receivables at amortized cost(*3)		22,616,925	21,551,988
Other receivables at amortized cost(*3)		1,905,637	1,417,822
Derivative assets		1,395,597	1,378,923
		<u>102,722,646</u>	<u>92,730,296</u>
commitment	₩	8,183,976	6,780,511

(*1) The maximum exposure amounts for cash and due from banks in the consolidated statement of financial position exclude cash on hand without credit risk.

(*2) Financial instruments in the nature of equity securities among financial assets at fair value through other comprehensive income in the statement of financial position.

(*3) The maximum exposure of amortized cost measurement financial assets (including amortized cost measurement securities and amortized cost measurement loans and receivables) is the amount before deducting loss allowance, and the maximum exposure of fair value measurement other receivables is the amount before deducting discounted cash flow and loss allowance

(4) Impairment information of loan receivables

The expected credit loss of a financial instrument is measured by reflecting the probability of default by the counterparty and the estimated recovery rate.

The book value of financial instruments by credit rating as of December 31, 2023 is as follows:

	₩	12-month expected credit	Lifetime expected credit loss measurement		Total
		loss measurement	Non impaired	Impaired	
Cash and due from banks					
Grade 1		5,019,154	26,921	-	5,046,075
Grade 2		60,129	-	-	60,129
Grade 3		-	-	-	-
		<u>5,079,282</u>	<u>26,921</u>	<u>-</u>	<u>5,106,203</u>

Financial assets at fair value through other comprehensive income

Grade 1	48,534,567	-	-	48,534,567
Grade 2	1,200,097	-	-	1,200,097
Grade 3	-	-	-	1

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	49,734,665	-	-	49,734,666
Securities at amortized cost				
Grade 1	1,265,373	-	-	1,265,373
Grade 2	34,582	-	-	34,582
Grade 3	-	-	-	-
	1,299,954	-	-	1,299,954
Loan and receivables at amortized cost				
Grade 1	18,988,331	314,324	309	19,302,964
Grade 2	1,045,752	382,362	6,511	1,434,625
Grade 3	1,028,775	524,726	325,835	1,879,336
	21,062,858	1,221,412	332,655	22,616,925
Other receivables at amortized cost				
Grade 1	1,400,034	7,650	1	1,407,685
Grade 2	12,487	911	9	13,406
Grade 3	427,369	2,077	55,099	484,545
	1,839,890	10,637	55,109	1,905,637
commitment				
Grade 1	8,183,976	-	-	8,183,976
Grade 2	-	-	-	-
Grade 3	-	-	-	-
	8,183,976	-	-	8,183,976
	₩ 87,200,625	1,258,970	387,765	88,847,361

The credit soundness of financial products is classified as follows based on the following credit ratings.

	Household (external rating)	Company (internal rating)	Company (domestic agency)	Corporate (Moody's)	Corporate (S&P)	
Grade 1	1 ~ 3 rating	AAA ~ BBB	AAA ~ A-	Aaa ~ Baa3	AAA ~ BBB-	Low credit risk applied
Grade 2	4 ~ 5 rating	BB+ ~ B	BBB+ ~ BB+	Ba1 ~ B1	BB+ ~ B+	significant increase in credit risk
Grade 3	Under 6 rating	Under CCC	Under BB	Under B2	Under B	Differential divergence point

The credit soundness of debt securities as of December 31, 2022 is as follows:

	Government bonds	Specific laws bond	Financial bonds	Company bonds	foreign currency securities	Other Currency securities	Total
risk-free	₩ 30,352,779	3,102,513	-	905,729	2,059,524	-	36,420,545
AAA	-	5,176,864	877,421	2,948,369	8,805,468	298,124	18,106,246
AA+ ~ AA-	-	1,050,527	2,976,419	2,563,360	1,305,199	1,039,642	8,935,147
A+ ~ BBB-	-	-	-	180,337	653,368	59,347	893,052
BBB-under	-	-	-	4,290	92,847	-	97,137
Grade-free	-	-	-	1,438	6,470	62,811	70,719
Total	₩ 30,352,779	9,329,904	3,853,840	6,603,523	12,922,876	1,459,924	64,522,846

(5) Concentration of debt securities by industry

The concentration of credit risk in securities measured at amortized cost by major industry as of December 31, 2023 is as follows:

	Country & public institution (Government bonds, Public bonds)	Finance, Insurance	Electricity, gas, steam and water supply	Construction	Real estate & rental	Retail, wholesale, Transportatio n, lodging	Others	Total
Financial assets at fair value through profit or loss	₩ 7,447,567	10,841,593	625,219	107,573	188,113	659,574	794,025	20,663,664
Financial assets at fair value through other comprehensive income	32,939,827	5,505,849	1,904,206	1,681,495	75,644	7,618,168	9,477	49,734,666
Financial assets at amortized cost	1,280,294	19,660	-	-	-	-	-	1,299,954
Total	₩ 41,667,688	16,367,102	2,529,425	1,789,068	263,757	8,277,742	803,502	71,698,284

The concentration of credit risk in securities measured at amortized cost by major industry as of December 31, 2022 is as follows:

	Country & public institution (Government bonds, Public bonds)	Finance, Insurance	Electricity, gas, steam and water supply	Construction	Real estate & rental	Others	Total
Financial assets at fair value through profit or loss	₩ -	298,124	-	-	45,262	26,104	369,490
Short-term financial assets	5,441,792	4,861,074	1,693,272	137,932	6,108	2,010,861	14,151,039
Financial assets	14,706,025	3,856,221	1,768,680	1,162,996	96,075	2,463,835	24,053,832

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available for sale Financial assets held by maturity		17,861,105	1,234,195	899,055	985,618	19,164	4,949,348	25,948,485
Total	₩	38,008,922	10,249,614	4,361,007	2,286,546	166,609	9,450,148	64,522,846

(6) Concentration of debt securities by country

The concentration of credit risk in debt securities by country as of December 31, 2023 and 2022 are as follows:

		2023						
		Korea	USA	England	France	China	Others	Total
Financial assets at fair value through profit or loss	₩	20,159,967	204,275	137,510	5,556	-	156,356	20,663,664
Financial assets at fair value through other comprehensive income		39,311,518	7,908,028	282,970	499,487	8,048	1,724,615	49,734,666
Financial assets at amortized cost		1,299,954	-	-	-	-	-	1,299,954
Total	₩	60,771,439	8,112,303	420,480	505,043	8,048	1,880,971	71,698,284

		2022						
		Korea	USA	England	France	China	Others	Total
Financial assets designated through profit or loss	₩	369,490	-	-	-	-	-	369,490
Short-term financial assets		13,751,025	167,500	70,017	11,497	-	151,000	14,151,039
Financial assets available for sale		21,703,279	1,857,331	137,021	86,547	3,888	265,766	24,053,832
Financial assets held by maturity		18,047,709	6,073,022	112,990	395,531	5,452	1,313,781	25,948,485
Total	₩	53,871,503	8,097,853	320,028	493,575	9,340	1,730,547	64,522,846

(7) The concentration of credit risk in loan and receivables at amortized cost by industry as of December 31, 2023 and 2022 are as follows:

		2023						
		Real estate & rental	Retail, wholesale, Transportation, lodging	Finance, Insurance	Electricity, gas, steam and water supply	Construction	Others	Total
Real estate mortgage loan	₩	2,405,875	54,345	2,534,300	-	-	2,372,204	7,366,724
Credit loan		3,113,425	664,731	1,205,541	2,015,335	-	4,629,043	11,628,075
Payment guarantee loan		774,153	-	-	-	232,761	119,832	1,126,746
Others		440,470	-	1,132,100	-	-	922,811	2,495,380
Total	₩	6,733,922	719,076	4,871,941	2,015,335	232,761	8,043,890	22,616,925

		2022						
		Real estate & rental	Retail, wholesale, Transportation, lodging	Finance, Insurance	Electricity, gas, steam and water supply	Construction	Others	Total
Securities mortgage loan		-	-	-	-	-	682,203	682,203
Real estate mortgage loan	₩	2,286,006	64,345	2,662,969	-	-	2,414,719	7,428,039
Credit loan		2,596,146	718,836	1,001,532	1,757,849	1,165,193	2,692,608	9,932,163
Payment guarantee loan		716,756	-	-	-	252,535	68,813	1,038,104
Others		273,042	95,062	1,874,200	179,885	2,875	46,414	2,471,478
Total	₩	5,871,950	878,243	5,538,701	1,937,734	1,420,603	5,904,757	21,551,987

(8) Credit reinforcement of loan and receivables at amortized cost

		12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
			Non impaired	Impaired	
Guarantee	₩	1,122,424	2,069	2,253	1,126,746
Real estates		6,450,910	186,655	5,829	6,643,394
Total	₩	7,573,334	188,724	8,081	7,770,139

There are no assets acquired and held through execution of collateral as of December 31, 2023.

(9) Impairment information according to credit risk of off-balance sheet accounts

Impairment information based on credit risk of the investment agreement as of December 31, 2023 is as follows.

		12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
			Non impaired	Impaired	
As of December 31, 2023	₩	8,183,976	-	-	8,183,976

(10) Impairment information of loan receivables

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Past due or impairment information for loan receivables as of December 31, 2022 is as follows:

	2022
Neither past due nor impaired	₩ 21,348,891
Past due but not impaired	123,410
Impaired	79,686
	<u>21,551,987</u>
Less: allowance	<u>(89,556)</u>
	₩ <u>21,462,432</u>

(11) Credit soundness of loan receivables neither past due nor impaired

	2022				
	Policy loan receivables	Loan receivables Secured by real estate	Unsecured loan receivables and guaranteed loan receivables	Other loan receivables	Total
Risk-free	₩ -	-	2,502,133	-	2,502,133
AAA	-	89,564	1,177,066	16,386	1,283,016
AA+ ~ AA-	-	-	1,396,697	898,287	2,294,984
A+ ~ BBB-	-	-	322,896	297,666	620,562
Unrated	-	4,610,691	3,987,666	249,104	8,847,461
Other	682,203	2,626,287	1,446,779	1,045,468	5,800,737
	<u>682,203</u>	<u>7,326,542</u>	<u>10,833,237</u>	<u>2,506,911</u>	<u>21,348,893</u>
Less: allowance	-	(10,020)	(21,711)	(3,843)	(35,574)
	₩ <u>682,203</u>	<u>7,316,522</u>	<u>10,811,526</u>	<u>2,503,068</u>	<u>21,313,319</u>
Mitigation of credit risk due to collateral	₩ -	2,137,422	25,929	897	2,164,248

Credit rating above is classified by Risk Based Capital Manual enacted by the FSS. Retail loan included in other is classified by internal credit rating which is rated by Behavior Scoring System (BSS).

Classification of retail loan as of December 31, 2022 and 2021 are as follows:

	2022
Gilts (Grade 1~4)	₩ 2,177,685
Normal (Grade 5~8)	983,492
Disadvantage (Grade 9~10)	5,524
Other (i.e. risk free, etc.)	266,017
	<u>₩ 3,432,718</u>

(12) Aging analysis of loan receivables that were past due but not impaired

Aging analysis of loan receivables that were past due but not impaired as of December 31, 2022 is as follows:

	2022				
	Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Others	Total
Less than 30 days	₩ 88,165	26,546	692	-	115,403
31~60 days	673	3,638	53	-	4,364
61~90 days	912	2,593	136	-	3,641
More than 91 days	-	-	-	3	3
	<u>89,750</u>	<u>32,777</u>	<u>881</u>	<u>3</u>	<u>123,411</u>
Less: allowance	(7,883)	(3,336)	(1)	-	(11,220)
	₩ <u>81,867</u>	<u>29,441</u>	<u>880</u>	<u>3</u>	<u>112,191</u>
Mitigation of credit risk due to collateral	₩ 32,635	-	881	3	33,023

(13) Impaired loan receivables

Impaired loan receivables as of December 31, 2022 is as follows:

	2022						
	Individual assessing			Collective assessing			
	Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Total
Impaired	₩ 7,900	8,380	37,329	3,847	20,228	2,002	79,686
Less: allowance	(1,900)	(8,380)	(18,579)	(797)	(12,963)	(101)	(42,720)
	₩ <u>6,000</u>	<u>-</u>	<u>18,750</u>	<u>3,050</u>	<u>7,265</u>	<u>1,901</u>	<u>36,966</u>

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Mitigation of credit risk due to collateral	₩	6,000	-	46	3,784	-	2,002	11,832
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54-6) Market risk

(1) Overview

Market risk is the risk that the Group incurs loss due to decrease in asset value caused by changes in market prices such as foreign exchange rates, interest rates and stock prices.

(2) Measurement and management

The Group measures market risk using the standard model and the internal model. The standard model evaluates the market risk according to the fourth clause of Article 7-2 of the Regulation on Supervision of Insurance Business. One-year 99.5% VaR is utilized for the internal model. The Group mainly uses the delta-normal method that assumes normal distribution return rate and linear valuation. The Group also measures daily VaR based on simulation method as an assistance method.

The market risk limit is set up based on VaR and monitored daily so that it stays below the annual market risk limit. Other than VaR, the sensitivity indices, for instance, the duration and the beta are used as a supplementary market risk measurement. In order to supplement VaR measurement method, loss measurement is conducted under a variety of scenarios covering severe market condition such as IMF or financial economic crisis in 2008. The Group regularly reviews the impact of loss on profit or loss before dividends and K-ICS ratio and establishes countermeasure plan. In addition, the Group maintains adequate level of risk in holding equities by managing investment limit and foreign exchange translation hedge of asset group that influences market risk.

(3) Sensitivity analysis to risk factors including interest rates, etc.

Sensitive analysis of foreign exchange rate, interest rate and equity market as of December 31, 2023 and 2022 are as follow:

		2023		
Risk factor		Profit or loss effect (*1)	Equity effect (*2)	
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ 50,606	61,658	
	₩ 100 decrease in KRW/USD FX Rate	(50,606)	(61,658)	
Interest rate	100bp increase	(47,520)	(5,186,734)	
	100bp decrease	47,520	5,186,734	
Stock prices	10% increase in equity index	87,119	10,571	
	10% decrease in equity index	₩ (87,119)	(10,571)	

(*1) Profit before income tax expenses.

(*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

(*3) Sensitivities of assets linked to general accounts, asset linked and annuity savings.

		2022		
Risk factor		Profit or loss effect (*1)	Equity effect (*2)	
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ (12,205)	6,512	
	₩ 100 decrease in KRW/USD FX Rate	12,205	(6,512)	
Interest rate	100bp increase	42,809	839	
	100bp decrease	(42,809)	(839)	
Stock prices	10% increase in equity index	-	11	
	10% decrease in equity index	₩ -	(11)	

(*1) Profit before income tax expenses.

(*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

(*3) Sensitivities of assets linked to general accounts, asset linked and annuity savings.

(4) Sensitivity analysis of insurance liabilities to risk factors including interest rates

Sensitivity analysis of changes in insurance liabilities and their impact on profits and losses and capital due to exchange rate, interest rate, and stock price fluctuations as of December 31, 2023 and 2022 are as follows:

		2023				
Risk factor		Estimated future cash flow	Estimated CSM	Estimated Other comprehensive income	Profit or loss effect (*1)	Equity effect (*2)
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ -	-	-	-	-
	₩ 100 decrease in KRW/USD FX Rate	-	-	-	-	-
Interest rate	100bp increase	(6,825,773)	223,143	6,602,630	-	6,602,630
	100bp decrease	8,109,537	(642,983)	(7,466,553)	-	(7,466,553)
Stock prices	10% increase in equity index	-	-	-	-	-
	10% decrease in equity index	₩ -	-	-	-	-

(*1) Profit before income tax expenses.

(*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

		2022				
Risk factor		Estimated future cash flow	Estimated CSM	Estimated Other comprehensive income	Profit or loss effect (*1)	Equity effect (*2)
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ -	-	-	-	-
	₩ 100 decrease in KRW/USD FX Rate	-	-	-	-	-
Interest rate	100bp increase	(6,091,479)	199,050	5,892,429	-	5,892,429
	100bp decrease	7,252,955	(573,558)	(6,679,397)	-	(6,679,397)
Stock prices	10% increase in equity index	-	-	-	-	-
	10% decrease in equity index	-	-	-	-	-

(*1) Profit before income tax expenses.

(*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

(5) Market risk analysis of Kyobo Securities

An analysis of VaR for trading portfolio held by Kyobo Securities for the years ended December 31, 2023 and 2022 are as follows:

2023

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	Average	Maximum	Minimum	December 31, 2023
Stock price risk	₩ 1,952	2,986	334	1,185
Interest rate risk	1,618	2,577	781	1,642
Foreign exchange risk	2,167	3,141	1,263	2,727
Portfolio diversification effect	-	-	-	1,274
Total VaR	₩ 4,097	5,751	2,643	4,280

2022				
	Average	Maximum	Minimum	December 31, 2022
Stock price risk	₩ 3,669	7,109	1,977	2,118
Interest rate risk	1,275	2,327	351	1,149
Foreign exchange risk	1,259	2,059	756	1,502
Portfolio diversification effect	-	-	-	1,296
Total VaR	₩ 5,153	8,552	3,204	3,473

54-7) Liquidity risk

(1) Overview

Liquidity risk is the risk that the Group is unable to meet its payment obligations arising from financial liabilities as they fall due or raise funds with high interest rates and unfavorable disposal of securities to solve the shortage of funds or facing inability to pay due to unexpected cash flows.

(2) Recognition and management

1) Management index of liquidity risk

Liquidity risk is measured by liquidity gap and liquidity ratio.

Liquidity ratio is the percentage of the Group's assets convertible to cash with the within 3 months maturities against claims paid for the past three months. The liquidity ratio is an indicator that evaluates the adequacy of current asset holdings as the ratio of current assets with a maturity of less than 3 months to the average 3-month insurance payment, and is maintained above 150%. Liquidity gap is the index representing shortage or oversupply of the cash flow within a month, a quarter, half a year, and more than a year. The Group calculates liquidity gap on a monthly or weekly basis and manages supply and demand schedule of the cash flow to ensure this index stays in positive.

2) Management method

- Periodic establishment of plans for demand and supply of fund

All cash flow information from financial assets and liability and insurance liability is gathered for liquidity risk management on a monthly or weekly basis to prepare for unforeseen cash flow surplus and deficit. And funds are daily checked if they flow by the schedule and any changes are reflected on the fund schedule. For the analysis of long-term cash flow projection of insurance liability, the Group utilizes ALM system. The Group prepares for unforeseen cash flow deficit caused by the concentrated number of maturities.

- Maintaining target liquidity fund level

The Group keeps a certain amount of the liquidity fund to prepare for unexpected liquidity deficit. The level of liquidity fund is revised dynamically in line with trend of the financial market status and the volatility of claim payments.

- Liquidity contingency plan

The Group sets a contingency plan to appropriately respond to emergency situation such as the massive claim of the cash payment in an economic crisis.

Liquidity contingency plan defines an action plan regarding the priorities of funding, roles & responsibilities of each department and the form of the emergency committee. Simulated liquidity exercise under various possible scenarios is performed regularly so as to investigate and improve its contingency plans.

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(3) Liquidity risk exposure

	2023						Total
	Less than 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years	
Insurance contracts and financial liabilities:							
Insurance contract liabilities	₩ 4,742,849	2,663,442	2,765,456	6,035,981	2,646,122	61,844,577	80,698,426
Reinsurance contract liabilities	82,724	4,338	4,162	3,965	3,457	54,219	152,865
Financial liabilities designated at fair value through profit or loss	86,105	331,882	1,466,245	1,597,665	-	1,305,761	4,787,659
Financial liabilities at fair value through profit or loss	174,742	-	82,732	-	-	-	257,473
Borrowings	4,709,646	549,502	632,555	27,877	-	-	5,919,580
Other financial liabilities (*1)	2,732,600	60,255	60,274	16,451	4,791	11,122	2,885,492
Derivative liabilities	498,793	259,308	246,324	321,143	14,067	519,463	1,859,098
	<u>13,027,459</u>	<u>3,868,727</u>	<u>5,257,748</u>	<u>8,003,082</u>	<u>2,668,437</u>	<u>63,735,142</u>	<u>93,560,593</u>
Off-balance items							
Loan agreement (*2)	2,668,875	-	-	52,185	-	-	2,721,060
Investment agreement (*2)	5,431,026	-	-	31,236	-	654	5,462,916
ABCP purchase agreement	-	-	21,000	-	-	-	21,000
CP total acceptance agreement	-	-	-	-	-	-	-
Loan purchase agreement, etc	39,000	28,000	90,950	98,450	-	-	256,400
	<u>8,138,901</u>	<u>28,000</u>	<u>111,950</u>	<u>181,871</u>	<u>-</u>	<u>654</u>	<u>8,461,376</u>

(*1) Lease liabilities are excluded (See Note 27. (3)).

(*2) These are the maximum amounts that the Group may pay in future by the contract. As of December 31, 2023, the Group expects that actual payments will be less than the commitment amounts in consideration of past experiences and characteristics of commitment, and it is difficult to reasonably estimate the timing, amounts, and feasibility of actual payment.

(*3) In accordance with paragraph 132 of the standard, the amount to be paid upon request is ₩83,259.4 billion.

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	2022						Total
	Less than 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years	
Insurance contracts and financial liabilities:							
Insurance contract liabilities	₩ 4,208,981	1,331,741	1,035,676	889,050	4,683,544	59,996,134	72,145,126
Reinsurance contract liabilities	76,084	(367)	(161)	(66)	(98)	152,897	228,289
Investment contract liabilities	2,312,771	230,888	477,722	-	23,547	1,186,171	4,231,099
Short-term financial liabilities	98,389	-	-	-	-	-	98,389
Borrowing liabilities	4,228,500	434,970	1,200	122	-	(1)	4,664,791
Other financial liabilities(*1)	2,246,866	50,849	23,521	16,090	7,473	22,215	2,367,014
Derivative liabilities	617,034	574,141	484,966	217,480	49,668	640,838	2,584,127
	<u>13,788,625</u>	<u>2,622,222</u>	<u>2,022,924</u>	<u>1,122,676</u>	<u>4,764,134</u>	<u>61,998,254</u>	<u>86,318,835</u>
Off-balance item							
Loan agreement (*2)	2,530,696	-	-	-	-	-	2,530,696
Investment agreement (*2)	4,374,105	-	15,000	-	-	767	4,389,872
ABCP purchase agreement	-	41,200	-	-	-	-	41,200
CP total acceptance agreement	-	-	-	-	-	-	-
Loan purchase agreement, etc	<u>177,900</u>	<u>25,900</u>	<u>21,000</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>230,800</u>
	₩ <u>7,082,701</u>	<u>67,100</u>	<u>36,000</u>	<u>6,000</u>	<u>-</u>	<u>767</u>	<u>7,192,568</u>

(*1) Lease liabilities are excluded (See Note 27. (3)).

(*2) These are the maximum amounts that the Group may pay in future by the contract. As of December 31, 2023, the Group expects that actual payments will be less than the commitment amounts in consideration of past experiences and characteristics of commitment, and it is difficult to reasonably estimate the timing, amounts, and feasibility of actual payment.

(*3) In accordance with paragraph 132 of the standard, the amount to be paid upon request is ₩79,374.3 billion.

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55. Interests in unconsolidated structured entities

(1) The nature, purposes and activities of the unconsolidated structured entities which the Group had interest in as of December 31, 2023, and how these structured entities are financed were summarized as follows:

Nature	Purposes	Activities	Financing methods
Asset securitization	(1) Encashment by transferring securitized assets (2) Investment fee collection by providing credit offering and ABCP purchase commitments to SPC	(1) Carrying out a plan to securitized assets (2) Taking over and collecting securitized assets (3) Issuing and redeeming ABS and ABCP	(1) Issuance of ABS and ABCP
Project financing	(1) Project financing loans for social overhead capital (SOC) and real estate (2) Lending loans to shipbuilding/airplane SPC	(1) Constructing social overhead capital and real estate (2) Manufacturing and purchasing shipbuilding/airplanes	(1) Entering into loan commitments, credit offering and investment commitments (with credit line)
Investment fund	(1) Investment in beneficiary certificates (2) Investment in PEF and cooperatives	(1) Management and operation of fund assets (2) Payment of fund management fees and sharing of profits from asset management	(1) Sales of beneficiary certificates (2) Investment by general managers and limited liability partners

(2) Total assets of the unconsolidated structured entities, carrying value of equity and maximum exposure to loss related to the Group's interests in unconsolidated structured entities as of December 31, 2023 is as follows:

Type	Asset-backed securitization	Project financing	Investment fund	Total
Total assets of the unconsolidated structured entities	₩ 11,917,494	124,597,363	89,060,693	225,575,550
Carrying value of assets:				
Financial assets at fair value through profit or loss	282,317	12,437,666	5,685,773	18,405,756
Financial assets at fair value through other comprehensive income	2,061,473	100,312	27,729	2,189,514
Securities at amortized cost	666,011	629,665	-	1,295,676
Loan & receivables at amortized cost	439,801	9,135,325	200,000	9,775,126
Others	5,439	95,706	83,798	184,943
	₩ 3,455,041	22,398,674	5,997,300	31,851,015
Maximum exposure to loss (*)	₩ 3,742,928	26,984,293	6,036,536	36,763,757
Method to determine maximum exposure to loss	Purchase commitment /Credit offering	Loan commitment /Investment commitment	Purchase commitment	

(*) The maximum amounts exposed to losses included investment assets in the consolidated financial statements.

(3) There are no financial support or any other support provided for consolidated or unconsolidated structured entities without contractual consideration as of December 31, 2023.

Kyobo Life Insurance Co., Ltd.

Separate financial statements

**for the years ended December 31, 2023 and 2022
with the independent auditor's report**

Disclaimer

Please note that the English translation version of audit report is before final review of the external auditor. Therefore, it may cause some parts of this document to change after review of external auditor. If there is any conflict between Korean and English version of audit report, the Korean version takes precedence.

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

**To the Board of Directors and Shareholders of
Kyobo Life Insurance Co., Ltd.**

Opinion

We have audited the accompanying separate financial statements of Kyobo Life Insurance Co., Ltd. (the Company), which comprise the separate statement of financial position as at December 31, 2023, and the separate statement of comprehensive income (loss), separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

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

Basis for Opinion

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

Other Matter

We audited the separate financial statements of the Company for the year ended December 31, 2022, and expressed an unqualified opinion on those statements on March 3, 2023. The financial statements on which we expressed the unqualified opinion were the financial statements before the adjustments to K-IFRS 1117 as described in note 49 were reflected, and the financial statements as of and for the year ended in December 31, 2022 and the statement of financial position as at January 1, 2022, which were prepared for comparative purposes, were restated to reflect the adjustments described in note 49.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

March 5, 2024

This report is effective as of March 5, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Kyobo Life Insurance Co., Ltd.
Separate financial statements
for the years ended December 31, 2023 and 2022

“The accompanying separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

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

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

Kyobo Life Insurance Co., Ltd.
Separate statements of financial position
As of December 31, 2023, 2022 and January 1, 2022

<i>(In won)</i>	<i>Note</i>	December 31, 2023	December 31, 2022	January 1, 2022
Assets				
Cash and due from banks	5, 16, 17	₩ 4,265,642,709,444	3,010,246,813,693	2,874,431,291,253
Financial assets designated at fair value through profit or loss	6, 16, 17	-	25,104,275,749	867,774,370
Financial assets held for trading	7, 16, 17	-	16,267,028,608,025	16,568,806,079,066
Financial assets at fair value through profit or loss	8, 16, 17	34,153,491,484,438	-	-
Derivative assets	16, 17, 29	665,243,262,581	402,983,488,911	123,280,192,589
Available-for-sale financial assets	9, 16, 17	-	38,838,728,699,199	65,049,004,271,492
Financial assets at fair value through other comprehensive income	10, 16, 17	49,724,360,239,462	-	-
Held-to-maturity financial assets	11, 16, 17	-	25,670,376,531,394	4,551,725,208,992
Financial assets at amortized cost	12, 16, 17	1,263,520,722,386	-	-
Loan receivables at amortized cost	13, 16, 17	19,225,686,060,264	18,966,106,673,737	17,652,789,497,762
Other receivables	14, 16, 17	974,297,988,445	841,359,285,702	865,522,354,299
Investments in subsidiaries, associates and joint ventures	15, 16, 17	2,048,122,402,180	1,414,414,836,809	1,396,865,060,502
Reinsurance contract assets	22	173,481,167,358	177,133,521,659	162,285,780,475
Investment properties	18	1,162,379,757,334	1,174,479,175,463	1,152,819,677,868
Property and equipment	19	871,607,952,815	884,856,855,903	919,293,723,671
Intangible assets	20	98,963,014,640	143,785,928,801	166,756,953,880
Current tax assets	42	198,364,899,256	-	2,176,509,997
Deferred tax assets	42	244,632,214,267	-	-
Other assets	21	9,844,679,425	10,021,005,864	20,629,292,717
Total assets		₩ 115,079,638,554,295	107,826,625,700,909	111,507,253,668,933
Liabilities				
Insurance contract liabilities	22	₩ 87,533,336,488,348	78,591,222,299,634	89,394,438,613,961
Reinsurance contract liabilities	22	255,240,639,692	218,240,804,869	280,529,490,966
Investment contract liabilities	16,17,38	15,427,506,286,619	12,052,072,569,077	9,567,697,606,275
Other contract liabilities	23	146,904,945,690	143,550,962,431	699,418,492,623
Derivative liabilities	16, 17, 29	843,086,217,893	1,293,340,237,313	551,321,048,163
Borrowings	16, 17, 24	-	930,000,000,000	-
Other financial liabilities	16, 17, 25	951,900,475,093	653,251,191,404	655,905,691,945
Provisions	26	26,944,550,086	10,418,844,774	10,575,076,550
Current tax liabilities	42	-	183,593,307,005	-
Deferred tax liabilities	42	-	946,725,053,368	354,553,471,863
Defined benefit liabilities	27	34,645,052,862	4,702,647,176	(430,200,709)
Other liabilities	28	97,681,927,809	83,876,301,499	68,260,933,525
Total liabilities		₩ 105,317,246,584,092	95,110,994,218,550	101,582,270,225,162
Equity				
Capital stock	30	102,500,000,000	102,500,000,000	102,500,000,000
Hybrid bonds	30	1,607,440,428,213	1,108,898,948,213	1,020,053,815,983
Capital surplus	30	365,936,339,794	365,936,339,794	365,936,339,794
Capital adjustments	30	(197,414,736,484)	(113,406,860,884)	(8,994,796,867)
Accumulated other comprehensive income	30	1,670,167,445,676	4,534,291,588,534	1,951,271,444,871
Retained earnings	30	6,213,762,493,004	6,717,411,466,702	6,494,216,639,990
Total equity		9,762,391,970,203	12,715,631,482,359	9,924,983,443,771
Total equity and liabilities		₩ 115,079,638,554,295	107,826,625,700,909	111,507,253,668,933

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

Kyobo Life Insurance Co., Ltd.
Separate statements of comprehensive income
For the years ended December 31, 2023 and 2022

<i>(In won)</i>	<i>Note</i>	<u>2023</u>	<u>2022</u>
Insurance service incomes and expenses			
Insurance service incomes			
Insurance income	22	₩ 3,661,258,608,356	3,414,217,392,746
Reinsurance income	22	32,407,581,345	31,147,439,026
		<u>3,693,666,189,701</u>	<u>3,445,364,831,772</u>
Insurance service expenses			
Insurance expenses	22, 36	3,586,226,174,921	3,469,856,476,556
Reinsurance premium expenses	22	28,956,369,199	28,576,421,125
Other insurance operating expenses	36	36,409,966,414	32,396,454,282
		<u>3,651,592,510,534</u>	<u>3,530,829,351,963</u>
Investment incomes and expenses			
Investment incomes			
Reinsurance finance income	22	2,071,693,076	1,534,414,485
Interest income	16, 31	2,896,798,598,127	2,505,828,690,034
Gain on valuation and disposal of financial assets at fair value through profit or loss	16, 32	2,652,333,003,379	-
Gain on valuation and disposal of financial assets held for trading	16, 32	-	201,574,162,128
Gain on valuation and disposal of financial assets at fair value through other comprehensive income	16, 32	204,653,150,568	-
Gain on valuation and disposal of Available-for-sale financial assets	16, 32	-	502,555,719,440
Gain on valuation and disposal of financial assets at amortized cost	16, 32	12,356,639,576	250,924,543
Gain on valuation and disposal of derivative assets	16, 32	828,503,996,182	1,685,921,405,934
Gain on foreign currency transaction	16, 40	452,069,227,899	1,820,210,721,433
Fee and commission income	33	35,586,414,781	30,261,330,468
Rental income	18	99,316,668,366	93,296,367,897
Dividend income	16, 34	106,422,071,900	130,509,741,537
Other operating income	35	745,849,223,469	711,595,675,077
		<u>8,035,960,687,323</u>	<u>7,683,539,152,976</u>
Investment expenses			
Insurance finance expenses	22	4,287,191,014,580	193,897,514,652
Reinsurance finance expenses	22	6,576,970,918	4,911,031,028
Interest expenses	16, 37	161,642,653,168	127,355,197,031
Loss on valuation and disposal of financial assets at fair value through profit or loss	16, 38	733,011,795,569	-
Loss on valuation and disposal of financial assets held for trading	16, 38	-	2,291,276,253,264
Loss on valuation and disposal of financial assets at fair value through other comprehensive income	16, 38	70,999,225,268	-
Loss on valuation and disposal of Available-for-sale financial assets	16, 38	-	477,148,606,700
Loss on valuation and disposal of financial assets at amortized cost	16, 38	63,295,657,998	21,863,107,300
Loss on valuation and disposal of derivative assets	16, 38	1,319,656,415,631	2,957,505,805,030
Asset management expenses	36	84,976,538,414	81,911,093,656
Loss on foreign currency transaction	16, 40	64,206,277,804	657,489,917,796
Other financial expenses	38	572,674,314,797	182,616,606,252
Other operating expenses	39	71,723,594,841	69,845,368,115
		<u>7,435,954,458,988</u>	<u>7,065,820,500,824</u>
Operating profit		642,079,907,502	532,254,131,961
Non-operating income	41	24,609,995,561	34,080,835,459
Non-operating expenses	41	(21,591,386,078)	(58,413,896,465)
Profit before income tax expenses		645,098,516,985	507,921,070,955
Income tax expenses	42	156,016,939,190	78,085,398,410
Profit for the period		₩ 489,081,577,795	429,835,672,545

(Continued)

Kyobo Life Insurance Co., Ltd.
Separate statements of comprehensive income (loss), continued
For the years ended December 31, 2023 and 2022

<i>(In won)</i>	<i>Note</i>	<u>2023</u>	<u>2022</u>
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Loss on valuation of equity instrument at fair value through other comprehensive income	30	₩ 9,280,370,217	-
Revaluation of property and equipment	30	(3,640,898,588)	5,608,543,808
Remeasurements on defined benefit obligation	30	(3,946,272,900)	15,755,804,472
		<u>1,693,198,729</u>	<u>21,364,348,280</u>
Items that are or may be reclassified subsequently to profit or loss:			
Gain on valuation of debt instrument at fair value through other comprehensive income	30	2,297,111,160,286	-
Loss allowance of debt instrument at fair value through other comprehensive income	30	2,095,383,890	-
Loss on valuation of available-for-sale financial assets and held-to-maturity financial assets	30	-	(5,322,126,105,970)
Net financial gain(loss) on insurance contract assets(liabilities)	30	(3,543,792,299,432)	7,820,733,023,585
Net financial gain(loss) on reinsurance contract assets(liabilities)	30	(36,112,798,724)	48,266,557,114
Gain(loss) on valuation of investments in associates	30	5,343,565	(1,917,979,689)
Gain on valuation of derivative instruments for hedging purpose	30	357,360,796,277	16,700,300,343
		<u>(923,332,414,138)</u>	<u>2,561,655,795,383</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(921,639,215,409)</u>	<u>2,583,020,143,663</u>
Total comprehensive income (loss) for the period		<u>₩ (432,557,637,614)</u>	<u>3,012,855,816,208</u>
Profit for the period attributable to:			
Earnings per share	46		
Basic and diluted earnings per share		₩ 4,076	3,678

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

Kyobo Life Insurance Co., Ltd.
Separate statements of changes in equity
For the years ended December 31, 2023 and 2022

<i>(In won)</i>	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total
Balance as of January 1, 2022 (Before change)	₩ 102,500,000,000	1,020,053,815,983	365,936,339,794	(8,994,796,867)	1,844,828,259,157	7,699,634,505,883	11,023,958,123,950
Effects of changes in accounting policies	-	-	-	-	106,443,185,714	(1,205,417,865,893)	(1,098,974,680,179)
Balance as of January 1, 2022 (After change)	102,500,000,000	1,020,053,815,983	365,936,339,794	(8,994,796,867)	1,951,271,444,871	6,494,216,639,990	9,924,983,443,771
Total comprehensive income:	-	-	-	-	2,583,020,143,663	429,835,672,545	3,012,855,816,208
Profit for the year	-	-	-	-	-	429,835,672,545	429,835,672,545
Other comprehensive income	-	-	-	-	2,583,020,143,663	-	2,583,020,143,663
Loss on valuation of available-for-sale financial assets and held-to-maturity financial assets	-	-	-	-	(5,322,126,105,970)	-	(5,322,126,105,970)
Financial gain of insurance contract assets (liabilities) net	-	-	-	-	7,820,733,023,585	-	7,820,733,023,585
Financial gain of reinsurance contract assets (liabilities) net	-	-	-	-	48,266,557,114	-	48,266,557,114
Loss on valuation of investments in associates	-	-	-	-	(1,917,979,689)	-	(1,917,979,689)
Gain on valuation of derivative instruments for hedging	-	-	-	-	16,700,300,343	-	16,700,300,343
Gain on revaluation of property and equipment	-	-	-	-	5,608,543,808	-	5,608,543,808
Remeasurement gain on defined benefit obligation	-	-	-	-	15,755,804,472	-	15,755,804,472
Transactions with owners:	-	88,845,132,230	-	(104,412,064,017)	-	(206,640,845,833)	(222,207,777,620)
Annual dividends	-	-	-	-	-	(153,750,000,000)	(153,750,000,000)
Issuance to hybrid bonds	-	-	-	-	-	(52,890,845,833)	(52,890,845,833)
Dividends to hybrid bonds	-	640,283,068,213	-	-	-	-	640,283,068,213
Redemption of hybrid bonds	-	(551,437,935,983)	-	(104,412,064,017)	-	-	(655,850,000,000)
Balance as of December 31, 2022	₩ 102,500,000,000	1,108,898,948,213	365,936,339,794	(113,406,860,884)	4,534,291,588,534	6,717,411,466,702	12,715,631,482,359

(Continued)

Kyobo Life Insurance Co., Ltd.
Separate statements of changes in equity, continued
For the years ended December 31, 2023 and 2022

<i>(In won)</i>	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total
Balance as of January 1, 2023 (Before change) ₩	102,500,000,000	1,108,898,948,213	365,936,339,794	(113,406,860,884)	4,534,291,588,534	6,717,411,466,702	12,715,631,482,359
Effects of changes in accounting policies	-	-	-	-	(1,942,484,927,449)	(867,235,634,823)	(2,809,720,562,272)
Balance as of January 1, 2023 (After change)	102,500,000,000	1,108,898,948,213	365,936,339,794	(113,406,860,884)	2,591,806,661,085	5,850,175,831,879	9,905,910,920,087
Total comprehensive income:	-	-	-	-	(921,639,215,409)	489,081,577,795	(432,557,637,614)
Profit for the year	-	-	-	-	-	489,081,577,795	489,081,577,795
Other comprehensive income (loss)	-	-	-	-	(921,639,215,409)	-	(921,639,215,409)
Other comprehensive income (loss)	-	-	-	-	2,306,391,530,503	-	2,306,391,530,503
Gain (loss) on valuation of debt instrument at fair value through other comprehensive income	-	-	-	-	2,095,383,890	-	2,095,383,890
Loss allowance of debt instrument at fair value through other comprehensive income	-	-	-	-	(3,543,792,299,432)	-	(3,543,792,299,432)
Net financial gain(loss) on insurance contracts	-	-	-	-	(36,112,798,724)	-	(36,112,798,724)
Net financial gain(loss) on reinsurance contracts	-	-	-	-	5,343,565	-	5,343,565
Loss on valuation of investments in associates	-	-	-	-	357,360,796,277	-	357,360,796,277
Gain on valuation of derivative instruments for hedging	-	-	-	-	(3,640,898,588)	-	(3,640,898,588)
Gain on revaluation of property and equipment	-	-	-	-	(3,946,272,900)	-	(3,946,272,900)
Transactions with owners:	-	-	-	(84,007,875,600)	-	(125,494,916,670)	289,038,687,730
Annual dividends	-	498,541,480,000	-	-	-	(51,250,000,000)	(51,250,000,000)
Issuance to hybrid bonds	-	-	-	-	-	-	-
Dividends to hybrid bonds	-	498,541,480,000	-	-	-	(74,244,916,670)	(74,244,916,670)
Acquisition of Treasury Stock	-	-	-	(84,007,875,600)	-	-	498,541,480,000
	-	-	-	-	-	-	(84,007,875,600)
Balance as of December 31, 2023 ₩	102,500,000,000	1,607,440,428,213	365,936,339,794	(197,414,736,484)	1,670,167,445,676	6,213,762,493,004	9,762,391,970,203

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

Kyobo Life Insurance Co., Ltd.
Separate statements of cash flows
For the years ended December 31, 2023 and 2022

<i>(In won)</i>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Profit	₩ 489,081,577,795	429,835,672,545
Adjustments for:		
Interest income	(2,896,798,598,127)	(2,505,828,690,034)
Interest expenses	161,642,653,168	127,355,197,031
Dividend income	(112,569,821,900)	(828,526,283,645)
Other adjustments to reconcile profit before income tax for the period to net cash provided by operating activities:		
Income tax expenses	156,016,939,190	78,085,398,410
Loss on valuation of designated financial assets at fair value through profit or loss	-	(487,241,645)
Loss on valuation of financial assets held for trading, net	-	1,467,980,459,082
Gain on disposal of available-for-sale financial assets, net	-	(116,820,743,229)
Impairment losses on available-for-sale financial assets	-	35,372,347,195
Loss on valuation of available-for-sale financial assets	-	56,041,283,294
Bad debt expenses	63,982,612,554	20,316,723,995
Gain on foreign currency transaction, net	(340,792,393,964)	(888,489,606,885)
Loss on valuation of derivative, net	65,549,116,761	732,595,957,183
Loss on valuation of derivative trading, net	42,193,422,114	105,053,853,960
Loss on investment in associates and subsidiaries, net	-	47,688,102
Impairment loss on associates and subsidiaries	8,052,414,312	10,835,888,222
Depreciation of investment properties	10,543,126,968	10,513,613,811
Loss on disposal of property, equipment and investment properties, net	4,341,462,432	2,682,535,331
Depreciation of property and equipment	60,751,371,545	64,052,972,259
Loss on disposal of intangible asset	-	123,225,305
Amortization of intangible asset	61,032,593,901	58,342,537,529
Impairment losses on intangible assets	35,276,990	-
Reinsurance premium expenses	28,956,369,199	28,576,421,125
Reinsurance income	(32,407,581,345)	(31,147,439,026)
Insurance contract service revenue	(3,661,258,608,356)	(3,414,217,392,746)
Insurance contract service expenses	3,586,226,174,921	3,469,856,476,556
Insurance contract finance profit and loss	4,287,191,014,580	193,897,514,652
Reinsurance contract finance expenses	6,576,970,918	4,911,031,028
Reinsurance contract finance income	(2,071,693,076)	(1,534,414,485)
Gain on Investment contract liabilities	515,584,311,472	141,585,736,310
Retirement benefits	49,726,443,721	44,331,774,159
Bad debt expenses for other assets	2,508,422,859	1,230,249,724
Gain on cancellation of lease contracts	(905,283,450)	(336,001,787)
Other gain	(10,365,173,018)	(6,338,236,301)
Gain on disposal of financial assets at fair value through profit or loss	(125,086,426,303)	-
Gain on valuation of financial assets at fair value through profit or loss	(1,496,619,637,697)	-
Gain on disposal of financial assets at fair value through other comprehensive income	(133,653,925,300)	-
Impairment losses on financial assets at fair value through other comprehensive income	2,834,295,047	-
	301,215,850,116	(1,139,937,165,520)
Changes in operating assets and liabilities:		
Deposits	(480,179,062,948)	(144,068,227,696)
Financial assets designated at fair value through profit or loss	-	-
Financial assets held for trading	-	(1,199,109,929,857)
Financial assets at fair value through profit or loss	519,839,205,836	-
Loan receivables	(280,644,129,304)	(1,310,356,096,541)
Other receivables	(76,203,137,922)	59,865,455,059
Derivatives Assets	288,734,063,254	(201,098,947,619)
Other assets	1,387,841,189	3,363,441,253
Reinsurance contract asset	37,525,645,159	(13,313,326,699)
Insurance contract liabilities	(102,100,954,370)	(412,299,819,475)
Reinsurance contract liabilities	(47,082,771,368)	1,040,085,965
Policyholders' equity adjustments	-	(2,600,109,459)

(Continued)

Kyobo Life Insurance Co., Ltd.
Separate statements of cash flows
For the years ended December 31, 2023 and 2022

(In won)

	<u>2023</u>	<u>2022</u>
Changes in operating assets and liabilities:		
Derivatives liabilities	₩ (700,375,921,748)	(255,285,435,018)
Other financial liabilities	70,853,537,560	(74,035,864,865)
Provisions	(519,764,204)	(960,683,697)
Defined benefit liabilities	(25,220,127,105)	(18,221,108,456)
Investment contract liabilities	2,859,849,406,070	2,342,789,226,492
Other liabilities	7,909,402,041	(21,969,019,538)
	<u>2,073,773,232,140</u>	<u>(1,246,260,360,172)</u>
Income taxes paid	(381,622,189,548)	(199,659,828,353)
Interest received	2,715,386,209,347	2,219,087,475,085
Interest paid	(155,785,732,082)	(123,863,929,334)
Dividends received	126,225,750,864	829,664,756,700
Net cash provided by operating activities	<u>5,168,274,698,632</u>	<u>768,866,620,951</u>
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	-	(13,835,902,674,664)
Disposal of available-for-sale financial assets	-	15,838,180,643,440
Acquisition of held-to-maturity financial assets	-	(3,567,766,851,531)
Repayment of held-to-maturity financial assets	-	5,750,000,000
Cash inflows from derivatives held for hedging	104,227,327,266	414,375,323,411
Cash outflows from derivatives held for hedging	(29,143,025,947)	(310,570,703,622)
Acquisition of investments in associates and subsidiaries	(640,464,826,802)	(36,119,808,368)
Disposal of investments in associates and subsidiaries	-	7,406,595,344
Dividends of investments in associates and subsidiaries	6,147,750,000	15,362,359,251
Acquisition of property, equipment	(10,773,958,699)	(11,635,196,812)
Disposal of property, equipment	-	177,250,000
Acquisition of investment properties	(825,772,561)	(1,069,730,525)
Acquisition of intangible assets	(17,539,081,480)	(30,981,682,000)
Disposal of intangible assets	-	-
Increase in leasehold deposits	(29,149,396,920)	(11,218,804,872)
Decrease in leasehold deposits	36,676,492,081	12,050,219,292
Acquisition of financial assets at fair value through profit or loss	(6,235,122,285,362)	-
Disposal of financial assets at fair value through profit or loss	8,991,756,492,095	-
Acquisition of financial assets at fair value through other comprehensive income	(16,558,953,028,484)	-
Disposal of financial assets at fair value through other comprehensive income	10,536,957,799,247	-
Repayment of financial assets at amortized cost	121,834,595,905	-
Net cash provided by (used in) investing activities	<u>(3,724,370,919,661)</u>	<u>(1,511,963,061,656)</u>
Cash flows from financing activities:		
Increase in leasehold deposits received	44,379,956,850	6,022,945,300
Decrease in leasehold deposits received	(44,663,134,595)	(6,872,067,334)
Dividends paid	(51,250,000,000)	(101,808,945,000)
Issuance of hybrid bonds	498,541,480,000	640,283,068,213
Hybrid bonds dividend	(67,806,362,500)	(42,206,062,500)
Redemption of hybrid bond dividends	-	(551,437,935,983)
Exchange rate difference and commission for redemption of hybrid bond	-	(104,412,064,017)
Reimbursement of lease liabilities	(33,204,706,974)	(34,574,217,395)
Repayment of borrowings	(930,000,000,000)	930,000,000,000
Acquisition of treasury stock	(84,007,875,600)	-
Net cash used in financing activities	<u>(668,010,642,819)</u>	<u>734,994,721,284</u>
Effect of exchange rate fluctuations on cash and cash equivalents held	<u>(7,359,670)</u>	<u>(150,985,835)</u>
Net increase in cash and cash equivalents	<u>775,885,776,482</u>	<u>(8,252,705,256)</u>
Cash and cash equivalents at the beginning of the period	2,193,845,720,474	2,202,098,425,730
Cash and cash equivalents at the end of the period	<u>₩ 2,969,731,496,956</u>	<u>2,193,845,720,474</u>

The accompanying notes are an integral part of the interim condensed separate financial statements.

KYOBO LIFE INSURANCE CO., LTD.
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(In millions of won)

1. Company information

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

As of December 31, 2023, the Company has 7 Financial Planner (FP) offices, 65 supporting offices, 461 branches in the Republic of Korea and engages in the life insurance business and its related reinsurance contracts. The following table lists the number of currently available insurance products and discontinued but currently effective insurance products as of December 31, 2023.

Type	Insurance products in effect		Total
	Available	Discontinued	
Individual annuity	18	89	107
Pure endowment	26	46	72
Death	39	199	238
Endowment	2	45	47
Group insurance	20	26	46
	105	405	510

The Company’s major shareholders and their respective shareholdings as of December 31, 2023 are as follows:

Shareholders	Number of shares (in shares)	Ownership (%)
Chang-Jae Shin	34,627,370	33.78%
Corsair Korea Investors LLC	10,038,830	9.79%
Guardian Holdings Limited	9,276,250	9.05%
Tiger Holdings LP	7,813,250	7.62%
The Export-Import bank of Korea	5,995,005	5.85%
KLI Investors LLC	5,460,825	5.33%
KLIC Holdings Limited	5,355,625	5.23%
Hoenir Inc.	5,355,625	5.23%
KYOBO Life Insurance	2,093,911	2.04%
Kyung-Ae Shin	1,450,010	1.41%
Young-Ae Shin	1,199,960	1.17%
Employee stock ownership association	572,678	0.56%
Other shareholders	13,260,661	12.94%
	102,500,000	100.00%

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2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

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

The separate financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, retirement benefits that have been measured at fair value and insurance contract liabilities and reinsurance contract assets (including liabilities). The separate financial statements are presented in Korean won (KRW) and all amounts are rounded to the nearest millions, except when otherwise indicated.

The separate financial statements as of and for the year ended December 31, 2023 were authorized for issue by the Board of Directors on March 5, 2024. The separate financial statements may be revised and authorized at regular general meeting of shareholders scheduled on March 22, 2024.

2.2 Significant accounting policies

2.2.1 Subsidiaries and associates in the separate financial statements

These separate financial statements are prepared and presented in accordance with KIFRS 1027 Separate Financial Statements. The Company applied the cost method or fair value method to investments in subsidiaries and associates in accordance with KIFRS 1027 or KIFRS 1109. Dividends from a subsidiary are recognized in profit or loss when the right to receive the dividend is established.

2.2.2 Fair value measurement

The Company measures financial instruments, including derivative instruments, and partial non-financial assets at fair value at each balance sheet date.

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

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

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

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

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

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

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

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

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

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

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

2.2.3 Foreign currencies

The Company's separate financial statements are presented in Korean won, which is the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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

2.2.4 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Descriptions	Useful lives	Depreciation method
Buildings	50 years	Straight-line
Structures	50 years	Straight-line
Vehicles	5 years	Declining-balance
Equipment	5 years	Declining-balance
Others	5 years	Straight-line

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

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

2.2.5 Lease

The company determines whether an arrangement is a lease or involves a lease at the inception of the arrangement by considering whether the arrangement transfers control of the use of an identified asset for a period of time in exchange for consideration.

2.2.5.1 The Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of minor underlying assets. The company recognizes a lease liability to represent the obligation to make lease payments and a right-of-use asset to represent the right to use the underlying asset.

• **Right-of-use asset**

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

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

Right-of-use assets of the Company are included in property and equipment (See Note 19).

• **Lease liability**

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

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

Lease liabilities of the Company are included in other financial liabilities (See Note 25).

• **Short-term leases and leases for which the underlying asset is of low value**

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

2.2.5.2 The Company as a lessor

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

2.2.6 Investment properties

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

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

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

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

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

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of the effect of any changes in estimation.

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

2.2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Descriptions	Useful lives	Amortization method
Software	5 years	Straight-line
Development costs	5 years	Straight-line
Membership	Indefinite	-

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

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

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

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

2.2.8 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

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

2.2.9 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the separate statement of cash flows, cash and cash equivalents means the same amounts defined earlier.

2.2.10 Financial instruments

(1) Classification

Financial assets are classified as

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

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

Gains and losses on financial assets measured at fair value are recognized in profit or loss or other comprehensive income.

The Company reclassifies debt instruments only when the Company changes the business model that manages financial assets.

For investments in equity instruments that are not held for trading, an irrevocable election may be made upon initial recognition to designate that subsequent changes in fair value be presented in other comprehensive income. Changes in the fair value of investments in undesignated equity instruments are recognized in profit or loss.

(2) Measurement

Financial assets are recognized initially at fair value and in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. Transaction costs for financial assets measured at fair value through profit or loss are recognized in profit or loss.

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For hybrid contracts including embedded derivatives, the entire contract is considered when determining whether the cash flows under the contract consist solely of principal and interest.

1) Debt instruments

The subsequent measurement of a financial asset is based on the contractual cash flow characteristics of the financial asset and the business model that manages the financial asset and classified three categories as follows:

(a) Financial asset at amortized cost

Financial asset held under a business model where the purpose is to hold the asset to receive contractual cash flows and assets of which contractual cash flows consist solely of principal and interest are measured at amortized cost. Gains and losses on financial assets at amortized cost that are not subject to a hedging relationship are recognized in profit or loss when the financial asset is derecognized or impaired. Interest income from financial assets recognized according to the effective interest rate method is included in 'interest income'.

(b) Financial assets at fair value through other comprehensive income

Financial assets held under a business model that achieves the purpose through both receiving contractual cash flows and selling financial assets, and financial assets of which contractual cash flows consist only of principal and interest are measured at fair value through other comprehensive income. Except for impairment losses (reversals), interest income, and foreign exchange gains and losses, valuation gains and losses on financial assets measured at fair value are recognized in other comprehensive income. When derecognizing a financial asset, the recognized accumulated other comprehensive income is reclassified from equity to profit or loss. Interest income from financial assets recognized according to the effective interest rate method is included in 'financial income'. Foreign exchange gains and losses are expressed as 'foreign exchange transaction gains' or 'foreign exchange transaction losses', and impairment losses are expressed as 'other comprehensive income - losses related to financial instruments measured at fair value'.

(c) Financial assets at fair value through profit or loss

Debt instruments that are not financial assets at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss. Gains and losses on debt instruments measured at fair value through profit or loss that are not subject to the hedging relationship are recognized in profit or loss and is presented in the statement of comprehensive income as 'profit or loss - profit related to financial instrument measured at fair value' or 'profit or loss - loss related to financial instrument measured at fair value'.

2) Equity instruments

The Company subsequently measures its investments in all equity instruments at fair value.

Amounts recognized as other comprehensive income for equity instruments for long-term or strategic investment purposes that choose to report changes in fair value as other comprehensive income are not reclassified to current profit or loss even when the equity instruments are derecognized. Dividend income from such equity instrument is recognized in profit or loss as 'dividend income' when the Company's right to receive dividends is confirmed. Changes in the fair value of financial assets at fair value through profit or loss are presented in the income statement as 'gains related to financial instruments at fair value through profit or loss' or 'losses related to financial instruments at fair value through profit or loss'. Impairment losses (reversals) on equity instruments measured at fair value through other comprehensive income are not recognized separately.

(3) Impairment

The Company evaluates expected credit losses on debt instruments measured at amortized cost or fair value through other comprehensive income based on the information of forward-looking criteria and impairment is determined by considering whether there is a significant increase in credit risk.

(4) Recognition and derecognition

Regular purchases or sales of financial assets are recognized on the transaction date on which the purchase or sale of the financial asset is agreed and confirmed. Financial assets are derecognized when the contractual rights to cash flows expire or when the financial asset is transferred and substantially all of the risks and rewards of ownership have been transferred.

Even in cases where financial assets are transferred, the Company does not remove most of the risks and rewards of owning the transferred financial assets and retains all of the transferred assets if the Company retains most of the risks and rewards of ownership of the transferred financial assets due to the right of recourse in case of default by the debtor and the consideration received is recognized as a financial liability and classified as 'other financial liabilities' in the statement of financial position.

(5) Offset

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. A legally enforceable right of offset does not depend on future events and is enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy.

2.2.11 Derivatives and hedge accounting

Derivatives are initially recognized at fair value at the time the derivatives contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of a derivative are accounted for differently depending on whether the derivative is designated as a hedging instrument and the nature of the hedged item.

(1) Derivatives held for trading

Derivatives that do not meet the requirements for hedge accounting are classified as trading purposes, and changes in the fair value of the derivatives are recognized in the statement of comprehensive income as 'derivatives-related gains' or 'derivatives-related losses'.

(2) Derivatives held for hedging

The Company designates the following hedging relationship as a hedging instrument.

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

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

At inception of the hedge, the Company documents the economic relationship between the hedging instrument and the hedged item, including whether the hedging instrument is expected to offset the changes in the cash flow of hedged item. Additionally, the Company documents the risk management objectives and strategies for conducting hedging transactions.

1) Fair value hedge

Changes in the fair value of derivatives that are designated as fair value hedge and meet the application requirements are recognized in profit or loss for the current period, and changes in the fair value of the hedged item due to the hedged risk are also recognized in profit or loss for the current period.

Changes in the fair value of the hedging instrument and changes in the fair value of the hedged item due to the hedged risk are all recognized in the statement of comprehensive income as profit or loss. Fair value hedge accounting is discontinued when the Company no longer designates a hedging relationship, when the hedging instrument expires, is sold, liquidated or exercised, or when it no longer meets the requirements for fair value hedge accounting. The adjustment to the carrying amount of the hedged item due to the hedged risk is amortized from the date hedge accounting and recognized in current profit or loss.

2) Cash flow hedge

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The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges and meet the application requirements are recognized as other comprehensive income, and the ineffective portion is recognized immediately in the statement of comprehensive income as current profit or loss. The amount accumulated in accumulated other comprehensive income is recognized in the statement of comprehensive income as profit or loss during the period in which the hedged item affects profit or loss (for example, when the expected sales that are the hedged item occur). In case the hedging instrument expires or is sold, or if it no longer meets the requirements for hedge accounting, cumulative valuation gains and losses recognized as other comprehensive income are recognized in current profit or loss when expected transactions are recognized in the comprehensive income statement. If the expected transaction is no longer expected to occur, the accumulated profit or loss recognized in equity is immediately recognized in the statement of comprehensive income as current profit or loss.

(3) Embedded derivatives

If the embedded derivative is not closely related to the economic characteristics and risk of the host contract and a separate product with the same conditions as the embedded derivative meets the definition of a derivative, the embedded derivative is separated from the host contract and accounted for separately if the host contract of a hybrid financial product does not constitute a financial asset and is not designated as an item measured at fair value through profit or loss. Changes in the fair value of embedded derivatives that are separate from the host contract are recognized as part of the net profit or loss of financial instruments at fair value through profit or loss.

2.2.12 Non-current assets held for sale

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

2.2.13 Employee benefits

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

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

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

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

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

(1) Retirement benefits: defined contribution plan

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

(2) Retirement benefits: defined benefit plans

The defined benefit obligation related to defined benefit plans is recognized as the present value of the defined benefit obligation less the fair value of plan assets. The calculation is performed annually by an independent actuary using the projected unit credit method.

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

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

(3) Short-term employee benefits

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

(4) Other benefits for the vested employees

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

(5) Redundancy payments

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

2.2.14 Provisions

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

2.2.15 Insurance contracts

(1) Classification : Insurance contracts and investment contracts

The Company considers the actual rights and obligations of all insurance contracts and determines whether to assume significant insurance risks from policyholders. As a result, if significant insurance risk is acquired from the policyholder, it is classified as an insurance contract, and if there is no significant transfer of insurance risk, it is classified as an investment contract even if it takes the legal form of an insurance contract. Depending on the classification of the contract, KIFRS 1117

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'Insurance Contracts' applies to insurance contracts and investment contracts with discretionary participation features, and KIFRS 1109 'Financial Instruments' applies to investment contracts without discretionary participation features. The Company classifies non-dividend retirement insurance and retirement pension products as investment contracts without discretionary participation features. There are no embedded derivative elements embedded in insurance contracts held by the Company that meet the requirements for separation.

The Company measures insurance contracts with direct participation characteristics by applying the variable fee approach in accordance with KIFRS 1117, 'Insurance Contracts'. Insurance contracts that do not have direct participation characteristics are measured using the general model, and the premium allocation approach, which is a simplified method of the general model, is not applied.

(2) Insurance contract liabilities

1) Level of aggregation

The Company divides insurance contracts into groups and portfolios based on the likelihood of loss, similarity of risk, and management level. The possibility of bearing losses in an insurance contract is determined based on the risk adjustment and ratio of contractual service margin ratio at the time of initial recognition of the insurance contract. The Company determines the minimum unit of insurance contract group at the time of initial recognition and does not subsequently re-evaluate the composition of the group. Except for exceptions according to the provisions at the time of transition, Insurance contracts with a difference in issuance time of more than one year are not included within the same set of insurance contracts.

2) Recognition

The Company recognizes a group of insurance contracts at the earliest of the start of the coverage period for the group of insurance contracts, when the first premium is payable by the policyholder, or when the group of insurance contracts is expected to bear a loss. If the reinsurance contract held provides proportional coverage, it is recognized at the later of the start of the coverage period of the group of reinsurance contracts held or the initial recognition of the group of original insurance contracts, and in all other cases, the beginning of the coverage period. A group of reinsurance contracts is recognized at the time of the transaction.

3) Contract boundary

The measurement of a group of insurance contracts includes future cash flows within the boundaries of the contracts in the group. If the cash flows arise from substantive rights and obligations that exist in the reporting period, where policyholders can be forced to pay premiums, or when there is a substantive obligation to provide services to policyholders, the cash flows are within the boundaries of the insurance contract. The Company determines the boundaries of insurance contracts based on whether it has the actual ability to re-evaluate the risks of a particular policyholder or a particular portfolio and whether the results of that reevaluation can be reflected in the price or level of benefits. Until the risk is reevaluated, the pricing of premiums does not take into account the risk at any time after the reevaluation. Contract boundaries are remeasured at each reporting point.

The Company determines the boundaries of the contract at the insurance contract level, which integrates the main contract and rider. Therefore, the boundary of the contract is judged based on the expiration of the main contract, not the renewal time of the renewable rider. In addition, the interim additional option guaranteed by the Company was judged to be a future cash flow within the boundary of the contract. The boundary of the reinsurance contract is determined according to the rights and obligations of the Company and the reinsurer, and it was determined that the boundary of the reinsurance contract is severed when both parties to the reinsurance contract have a cancellation option at the same time.

4) Initial measurement of insurance contract

Upon initial recognition, the Company measures a group of insurance contracts as the sum of fulfillment cash flows and contractual service margin. Fulfillment cash flows consist of estimates of future cash flows, related to future cash flows, and risk adjustments for non-financial risks.

- Estimates of future cash flows

The purpose of estimation of future cash flow is to determine the expected value of all possible scenarios using available reasonable and valid information without excessive cost or effort and discounted cash flow results for each scenario are measured using a probability-weighted average. In addition, the current assumptions are estimated by reflecting significant interconnections between cash flows and market variables and reflecting reasonable and objectively supported information excluding the convenience of future cash flows, but are measured in a manner consistent with market prices. Until revisions to laws and regulations are actually enacted, the effects of changes in laws and regulations are not reflected, and cash flow within the contract boundary is directly related to the performance of contractual obligations and includes discretionary effects on the timing and amount of payment.

The main input variables when estimating future cash flows are insurance premiums, payments, contract conclusion costs, contract maintenance costs, costs related to providing investment services, investment activities and costs related to investment activities performed to increase insurance coverage, and taxes and costs explicitly charged to policyholders.

The method the company uses to distinguish between changes in future cash flow estimates due to the exercise of discretion and other changes in future cash flow estimates for contracts without direct participation features is as follows. To identify changes in discretionary cash flows, the rate of return implied in the performance cash measurement upon initial recognition is considered a contractual commitment (e.g., published interest rate) and is updated each reporting period to reflect current financial risk assumptions.

Changes in discretionary cash flow determined through this procedure are related to future services and are reflected in the contractual service margin.

- Adjustments to reflect financial risk and time value of money

All cash flows are discounted in the risk-free yield curve by reflecting the characteristics of the cash flows and the liquidity of the insurance contract. The risk-free rate uses government bonds, etc., and the yield curve uses as much observable market information as possible and interpolates to arrive at the final forward rate maturity. To reflect the liquidity characteristics of insurance contracts, the risk-free yield curve is adjusted by an illiquidity premium, and illiquidity risk is typically measured by taking into account corporate bond spreads and equivalent CDS costs under same condition. In addition, cash flow linked to asset performance is measured by reflecting the degree of linkage through risk-neutral measurement.

- Risk adjustments for non-financial risks

Risk adjustment for non-financial risks is determined by reflecting the compensation required by the issuing company for assuming the risk. Risk adjustment reflects the diversification effect of risk and is measured using the confidence level method. Risk adjustment of cedant insurance is measured by considering the transfer of risk before and after ceded, and when measuring risk adjustment through the confidence level method, the expected future cash flow distribution is measured and the confidence level is calculated as 75th percentile. When measuring risk adjustment for non-financial risks, major input variables include death, longevity, disease, business operation expenses, and termination risk.

The Company presents the changes in risk adjustment for non-financial risks by dividing these into insurance service components and insurance finance components.

- Contractual service margin

Contractual service margin is the unrealized profit that will be recognized through the provision of insurance services in a future period and if the fulfillment cash flow at the time of initial recognition of a group of insurance contracts is a net inflow, the contractual service margin is measured to ensure that no revenue or expense is generated at the time of initial recognition for the group of insurance contracts. Meanwhile, if the fulfillment cash flow at the time of initial recognition of a group of insurance contracts is a net outflow, the group of insurance contracts is classified as an onerous contract group, the expected net outflow amount is recognized as profit or loss, and it is subsequently measured as a loss element.

5) Subsequent measurement of insurance contract

The carrying amount of the group of insurance contracts as of the end of the reporting period is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage consists of fulfillment cash flows and contractual service margin related to future services allocated to the group of insurance contracts as of the end of the reporting period. The liability for incurred claims consists of fulfillment cash flows for insurance claims and insurance costs that have not yet been paid, and fulfillment cash flows include unreported incurred losses and dividend reserves in accordance with supervisory regulations.

6) Reinsurance contract

The Company applies the same accounting policies applied to the measurement of groups of insurance contracts to the measurement of groups of reinsurance contracts, except for the following.

The Company includes the effects of all risks related to default by the issuer of reinsurance contracts (including the effects of collateral and losses resulting from disputes) when measuring the group of reinsurance contracts.

The effect of the reinsurer's default risk is remeasured at the end of each reporting period, and the effect of changes in default risk are recognized in profit or loss. The

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Company calculates risk adjustments for non-financial risks to reflect the risks transferred to the reinsurer. Considering the characteristics of reinsurance contracts, even if the fulfillment cash flow at the time of initial recognition is a net outflow, the contract is not classified as onerous group of contracts or the expected net outflow amount is not recognized as profit or loss.

7) Derecognition and modification

The Company derecognizes insurance contracts when the obligations specified in the insurance contract extinguished due to expiration, fulfilment, or cancellation. Additionally, if the contract terms are changed and the accounting treatment would have been significantly different if the new contract terms had already existed, the contract is derecognized and recognized as a new contract.

If the contract terms are changed but the contract is not derecognized, it is treated as a change in the estimate of fulfilment cash flows.

8) Policyholder's equity adjustments

According to KIFRS 1117, cash flows related to dividends to be generated from par insurance contracts are estimated and insurance liabilities are measured using a discount rate that reflects assumptions and risks.

Unlike the existing accounting practices recognized under KIFRS 1104, the requirements do not adequately represent the potential obligations to the policyholder for par insurance and it is judged that it may cause misunderstanding of users of financial statements due to conflict with the "purpose of financial statements" set forth in the "conceptual framework". For future potential obligations that are expected to arise from the valuation gains and losses of unrealized assets as of the end of the reporting period, the Company calculated insurance liabilities by the method specified in Article 2 of Article 4-1 of the Enforcement Rules for Insurance Industry Supervision

The management judged that the Company's financial statements, including the above, fairly represent the financial position at the end of the reporting period, the end of the previous year, and the beginning of the previous year, as well as the financial performance and cash flow for the reporting period and previous year.

Policyholders' equity adjustment consists of the following:

- Other comprehensive income - valuation gains and losses on financial assets measured at fair value, etc. : The amount corresponding to the policyholder's equity adjustment calculated based on the composition ratio of investment resources by each investment year (investment profits and losses arising from existing assets acquired before applying the investment year method is based on the composition ratio of par and non-par
- insurance average liability reserves in the relevant reporting period)among the differences between the acquisition cost and fair value as of the end of the reporting period.
- Public service contribution fund: the accumulated amount corresponding to the policyholder's equity among the revaluation reserves. Every year, the amount calculated by multiplying this amount by the average asset management rate of return for the last three fiscal years is to be contributed as public service funds.

2.2.16 Equity capital

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

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

2.2.17 Recognition of revenue and expenses

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

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

(1) Insurance revenue

The Company recognizes insurance revenue as it fulfills its obligations to provide insurance contract services for a group of insurance contracts or to provide other services. Insurance revenue related to insurance services provided during the reporting period represents changes in the liability for remaining coverage related to the consideration the Company expect to receive.

The investment component of an insurance contract is determined by the amount paid to the policyholder in all scenarios with economic substance, including cases where an insured event occurs, upon expiration, or without an insured event occurring.

Insurance contracts such as whole life insurance have an explicit surrender value (investment component), and the investment component is excluded from insurance profits and insurance service expenses and if there is no amount to pay to the policyholder in any one scenario, it is not classified as an investment component.

The amount of contractual service margin recognized as insurance revenue during the reporting period is recognized as the amount distributed to the coverage units provided during the reporting period after proportional allocation of the remaining contractual service margin at the end of the amortization period to the coverage units provided during the reporting period and subsequent coverage units. The number of coverage units is the quantitative unit of insurance contract services provided by the insurance contract, and is determined by considering the quantitative units and expected duration of insurance coverage services, investment return services, and investment-related services.

In determining the amount of benefits provided by an insurance contract in order to recognize the contractual service margin of the insurance contract issued by the Company and the cedant insurance contract held in the current profit or loss, the method for calculating the relative proportion of benefits provided by insurance coverage and investment return services or insurance coverage and investment-related services among insurance contract services is as follows.

	Calculation method
Insurance coverage and investment return services (Insurance contracts without direct participation feature)	<ul style="list-style-type: none"> - The amount of benefits provided in the contract takes into account the subscription amount for insurance benefits paid upon death, etc. - Calculated by applying the same standards as the coverage unit provided in the insurance contract for cedant insurance contracts.
Insurance coverage and investment return services (Insurance contracts with direct participation feature)	<ul style="list-style-type: none"> - For contracts providing insurance coverage and investment services, investment services (e.g. insurance policyholder reserve - investment service, risk insurance claims payment - insurance coverage, etc.) are considered in calculating the coverage unit.

Insurance acquisition cash flows are allocated to each reporting period in a systematic manner over time, and the current portion is recognized as insurance revenue and insurance expenses in equal amounts.

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Loss component is allocated to each reporting period in a systematic way in the ratio of the balance of the basic loss component to the present value of the expected cash flow outflows at the beginning and the risk adjustment amount for basic non-financial risks.

Among the loss component allocations, the current portion is excluded from recognition in the same amount as insurance revenue and insurance expense.

(2) Insurance finance profit and loss

Insurance finance profit and loss consist of changes in the carrying amount of a group of insurance contracts and a group of reinsurance contracts resulting from the time value of money and financial risk effects. The Company selects and decides on a portfolio-by-portfolio basis whether to systematically allocate insurance finance profits and losses to current profit or loss and other comprehensive income. Systematic allocation systematically allocates the expected total insurance finance profit or loss over the duration of the contract group, recognizing the current portion as profit or loss and the remaining portion as other comprehensive income.

In the case of a group of insurance contracts with direct participation features that hold basic items, the Company includes in profit or loss the amount that eliminates accounting discrepancies with the profit or loss on the basic items held included in profit or loss for the current period. Insurance finance profits and losses are subdivided by applying the book return method. In addition, for a set of insurance contracts with direct participation features that do not hold the underlying item and for a set of insurance contracts where changes in financial risk have a significant impact on the amount paid to the policyholder, the effective interest rate method is applied to systematically allocate insurance financial profit or loss. For other groups of insurance contracts, insurance finance profit or loss is calculated by applying the discount rate at the time of initial recognition.

Insurance finance gains and losses arising from contractual service margins are determined in a consistent distribution method with future cash flows for a set of insurance contracts with direct participation features, and in a set of insurance contracts without direct participation features, the discount rate at the time of initial recognition is applied and systematically distributed.

When the Company transfers an insurance contract to a third party or eliminates it due to changes in the terms of the insurance contract, the accumulated other comprehensive income (loss) of the relevant insurance contract is reclassified to current profit or loss.

(3) Reinsurance profit or loss

Reinsurance profit or loss is recognized separately from reinsurance premium expenses and amounts recovered from the reinsurer. The Company recognizes the portion of the group of reinsurance contracts in which coverage or other services are provided as reinsurance premium expenses. Reinsurance expenses related to services provided during the reporting period for reinsurance contracts represent changes in remaining coverage reinsurance assets related to services for which the Company have provided coverage. Reinsurance revenue is recognized on amounts recovered from the reinsurer.

(4) Interest income and interest expense

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

(5) Fee and commission

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

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

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

- a) Fees and commissions earned by performance of meaningful action
Fees and commissions earned by delivering meaningful performances such as negotiating on behalf of third parties' transactions, such as stock or other securities transactions and underwriting of business settlements, or as a consideration for participating in negotiation are recognized as revenue upon completion of the delivery of services.
- b) Fees and commissions earned by providing services
Fees and commissions levied as a consideration for providing services for a certain period of time, such as asset management fees, trust fees, guarantee service fees, are recognized as revenue when the service is provided. Also, when it is not probable that a specific loan commitment will be entered into, and when the loan commitment does not fall under the scope of KIFRS 1039 Financial instruments: recognition and measurement, related commitment fee is recognized over the commitment period.
- c) Fees forming a part of effective interest income of financial instruments
Fees forming a part of effective interest of financial instruments are generally recognized as adjustments to effective interest rates. These fees include costs incurred for activities such as the valuation of the financial status of borrowers, guarantee, collaterals and other commitments, administrative expenditures, and expenditures made for issuance of financial liabilities. However, if the financial instrument is recognized at fair value through profit or loss, related fees and commissions are recognized in profit or loss at the initial recognition of the financial instrument.

(6) Dividends

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

(7) Rental income

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

2.2.18 Current and deferred income tax

(1) Current income tax

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

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

(2) Deferred income tax

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

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

- When the deferred income tax liability arises from the initial recognition of goodwill
- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future
Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized
The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.
Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.3 Changes in accounting policies and disclosures

2.3.1 New and amended standards and interpretations adopted

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Company has not early applied standards, interpretations or amendments that have been issued but have not been implemented. The nature and the impact of each new standard or amendment is described below:

(1) KIFRS 1001 Presentation of Financial Statements – Disclosure of accounting policies

Material accounting policy information (important accounting policy information refers to the level of influence on the decision-making of major users of financial statements when considered together with other information included in the financial statements) was defined and disclosed.

The Company does not expect this amendment to have a material impact on the financial statements.

(2) KIFRS 1001 Presentation of Financial Statements – Disclosure of valuation gains and losses on financial liabilities subject to exercise price adjustment conditions

If all or part of a financial instrument with a condition where the exercise price is adjusted according to changes in the issuer's stock price is classified as a financial liability, the book value of the financial liability and related profits and losses must be disclosed. The Company does not expect this amendment to have a material impact on the financial statements.

(3) KIFRS 1008 Accounting Policy, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates

The amendments defined an accounting estimate and clarified how to distinguish it from a change in accounting policy. The Company does not expect this amendment to have a material impact on the financial statements.

(4) KIFRS 1012 Corporate Tax - Deferred income tax on assets and liabilities from a single transaction

In addition to the requirements for exceptions to initial recognition for transactions in which assets or liabilities are recognized for the first time, a requirement for transactions that do not generate same temporary differences to be added and to be deducted at the time of the transaction has been added. The Company does not expect this amendment to have a material impact on the financial statements.

(5) KIFRS 1012 Corporate Tax - International Tax Reform – Pillar 2 Model Rules

The amendments temporarily ease the accounting treatment of deferred tax arising from the enforcement of laws reflecting the Pillar 2 model rules for reforming international taxation of multinational companies and requires disclosure of current corporate tax effects related thereto. The Company does not expect this amendment to have a material impact on the financial statements.

(6) KIFRS 1109 Financial Instruments

Main characteristics of KIFRS 1109 are the classification and measurements of financial assets in accordance with the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, impairment model of financial instruments based on expected credit losses, expansion of hedged item and the hedging instrument qualifies for hedge accounting and changes to the methods for assessing hedge effectiveness.

1) Classification and measurement

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

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

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

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

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

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

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

Under KIFRS 1109, equity instruments that are not held for trading can be irrevocably selected at the time of initial recognition to be designated as fair value through

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other comprehensive income and the comprehensive income is not subsequently recycled to profit or loss.

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

2) Classification and measurement of financial liabilities

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

3) Impairment: Financial assets and contract assets

Under KIFRS 1109, after the initial recognition of a financial asset, it is divided into three stages according to the degree of increase in credit risk as shown in the table below, and the loss allowance is measured at the amount corresponding to the 12-month expected credit loss or the lifetime expected credit loss and credit losses can be recognized earlier compared to the loss incurred model of KIFRS 1039.

	Stages	Loss allowance
Stage 1	Credit risk has not increased significantly since initial recognition(*1)	12-month expected credit losses: the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Stage 2	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses: the expected credit losses that result from all possible default events over the expected life of a financial instrument.
Stage 3	Credit-impaired	

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

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

4) Hedge accounting

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

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

(7) KIFRS 1117 Insurance Contracts

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

1) Measurement of insurance liabilities

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

Specifically, an insurance company identifies a portfolio of insurance contracts consisting of contracts that are exposed to similar risks and managed together, and within that portfolio, groups of insurance contracts are classified into contracts with similar profitability. Thereafter, the group of insurance contracts is measured as the sum of estimated future cash flows (including cash flows related to policy loans, reflecting the time value of money, etc.), risk adjustments, and contractual service margins. With the introduction of KIFRS 1117, an account of contractual service margin is newly introduced, which means unrealized profit to be recognized as insurance contractual services are provided in the future.

On the other hand, a reinsurance contract refers to an insurance contract issued by a reinsurance company to compensate for insurance claims paid arising from original insurance contracts issued by other insurance companies, and when estimating the present value of future cash flows for a group of insurance contracts ceded, assumptions consistent with the underlying group of original insurance contracts are applied.

2) Recognition and assessment of financial results

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

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

3) Accounting policies related to the transition of insurance contracts

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

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

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

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

KIFRS 1104

KIFRS 1117

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Measurement of Insurance Contract liabilities	Measured at cost using past information	<ul style="list-style-type: none"> Measured at current value using information at the time of reporting Evaluation Model: General Model, Variable Fee Approach, Premium Allocation Approach Transition method on the date of transition <ol style="list-style-type: none"> Contracts issued in 2021: Fully retroactive approach Contracts issued in or before 2021 : Fair value approach
Recognition of Insurance revenue	Cash basis	<ul style="list-style-type: none"> Revenue recognition according to the aspect of providing insurance contract services (accrual basis)
Classification and segmentation of insurance finance gains and losses	Included in investment gain or loss	<ul style="list-style-type: none"> Separate presentation of insurance finance gains and losses from investment gains and losses Separated into current profit or loss and other comprehensive income

3. Significant accounting judgments, estimates and assumptions

3.1 Estimates and changes

(1) Fair value measurement of financial instruments

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

(2) Impairment on financial assets

Loss allowance for financial assets is measured based on assumptions about default risk and expected loss rate.

When setting these assumptions and selecting input variables used in the impairment model, the Company considers its experience, current market conditions, and forward-looking information as of the financial reporting date.

(3) Impairment on non-financial assets

The Company tests non-financial assets for impairment at the end of every reporting period. Goodwill and intangible assets with indefinite useful lives are tested for impairment at the end of each reporting period or when there is indication that they may be impaired. Other non-financial assets are tested for impairment whenever there is an indication that the book value cannot be recoverable. To calculate value in use, management must estimate the expected future cash flows from the asset or cash-generating unit (CGU) and select an appropriate discount rate to calculate the present value of those expected future cash flows.

(4) Development costs

The Company records development costs as assets as described in 2.2 'Significant Accounting Policies'. Development costs recorded as assets are based on management's judgment that it is technically and economically feasible, which means that a certain level of goals selected according to project management techniques has been reached. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

(5) Retirement benefits

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. To apply actuarial valuation methods, it is necessary to make various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

To determine the appropriate discount rate, management refers to the interest rates of corporate bonds rated A+ or higher. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

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

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

(7) Provision for decommissioning

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

(8) Income tax

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

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

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

(10) Insurance Contract Liabilities

The Company calculates current neutral estimates of future cash flows, adjustments to the time value of money and financial risks associated with future cash flows, and adjustments to non-financial risks to measure the current value of the cash flows of the liabilities for remaining coverage and the liabilities for incurred claims, and the current value measurement of these fulfillment cash flows is determined by the estimation of relevant market variables, the determination of uncertainty about the amount and timing of future cash flows, the accounting assumptions and economic assumptions and other risks.

The Company calculates the profit earned during the period by providing insurance contract margin services based on the number of coverage units in the insurance contract group.

The number of coverage units in a group of insurance contracts is determined by the quantitative unit of insurance contract services of individual contract

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benefits and the expected duration.

4. Standards issued but not yet effective

The standards and interpretations that are issued, as of December 31, 2023, but not yet effective are disclosed below.

- (1) Amendments to KIFRS 1001 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current, Non-current liabilities with commitments

The classification is made as current or non-current depending on the substantive rights that exist at the end of the reporting period, and the possibility of exercising the right to defer payment of liabilities or management's expectations are not considered. In addition, the transfer of own equity instruments is included in the settlement of liabilities, except when options to settle with equity instruments in compound financial instruments meet the definition of equity instruments and are recognized separately from liabilities.

Additionally, covenants with which an entity must comply after the end of the reporting period do not affect the classification of the liability, and if liabilities that must comply with agreements within 12 months after the reporting period are classified as non-current liabilities, information regarding the risk that the liabilities may be repaid within 12 months after the reporting period must be disclosed.

These amendments are effective for the annual periods beginning on or after January 1, 2024, with early application permitted. The Company is reviewing the impact of this amendment on its financial statements.

- (2) Amendments to KIFRS 1007 'Statement of Cash flows', Amendments to KIFRS 1107 'Financial instruments - Disclosures' – Disclosure of information on supplier finance arrangement

When applying a supplier finance arrangement, information on the supplier finance arrangement must be disclosed so that users of financial statements can evaluate the impact of the supplier finance arrangement on the Company's liabilities, cash flow, and liquidity risk exposure.

These amendments are effective for the annual periods beginning on or after January 1, 2024, with early application permitted. The Company is reviewing the impact of this amendment on its financial statements.

- (3) Amendments to KIFRS 1116 'Lease' – Lease liabilities arising from sale and leaseback

When subsequently measuring the lease liability arising from sale and leaseback, the lease fee or modified lease fee is calculated in a manner that does not recognize the profit or loss related to the usage rights held by the seller-lessee.

These amendments are effective for the annual periods beginning on or after January 1, 2024, with early application permitted. The Company is reviewing the impact of this amendment on its financial statements.

- (4) Amendments to KIFRS 1001 'Presentation of Financial Statements' – Virtual asset Disclosure

Additional disclosure requirements are stipulated when holding virtual assets, when holding virtual assets on behalf of a customer, and when issuing virtual assets. These amendments are effective for the annual periods beginning on or after January 1, 2024, with early application permitted. The Company does not expect this amendment to have a material impact on the financial statements.

5. Cash and due from banks

- (1) Cash and cash equivalent as of December 31, 2023 and 2022 are as follows:

		2023	2022
Cash	₩	512	623
Demand deposits		71,535	96,594
Time deposits		140,000	-
MMDA		1,907,616	1,247,410
Other deposits		850,069	849,219
	₩	<u>2,969,732</u>	<u>2,193,846</u>

- (2) Due from banks as of December 31, 2023 and 2022 are as follows:

		2023	2022
Time deposits	₩	482,990	202,990
Other deposits		738,548	521,472
Future transactions deposits		75,042	91,939
Allowance for loss		(669)	-
	₩	<u>1,295,911</u>	<u>816,401</u>

- (3) Bank deposits with withdrawal restrictions as of December 31, 2023 and 2022 are as follows:

		2023	2022	Details
Demand deposits	₩	-	111	Partially seized
Other deposits		10	10	Guarantee deposits for checking accounts
Future transactions deposits		75,042	91,939	Future trading
	₩	<u>75,042</u>	<u>92,060</u>	

- (4) Changes in the loss allowance for deposits at amortized cost for the period ended December 31, 2023 is as follows:

		2023			
		12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
			Non impaired	Impaired	
Beginning balance	₩	181	-	-	181
Changes due to significant increases and decreases in credit risk		-	-	-	-
Replaced by 12-month expected credit loss		-	-	-	-
Replaced by lifetime expected credit loss		-	-	-	-

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Replacing credit-damaged financial assets		-	-	-	-
		-	-	-	-
Charge for the period(reversal), net		488	-	-	488
Write off, etc.		-	-	-	-
Effective interest amortization		-	-	-	-
Recovery of amortized Receivables		-	-	-	-
Ending balance	₩	669	-	-	669

(5) Changes in the total carrying amount of deposits at amortized cost for the period ended December 31, 2023 is as follows:

	₩	2023			Total
		12-month expected credit loss measurement	Lifetime expected credit loss measurement		
			Non impaired	Impaired	
Beginning balance		816,401	-	-	816,401
Replaced by 12-month expected credit loss		-	-	-	-
Replaced by lifetime expected credit loss (collective assessment)		-	-	-	-
Replaced by lifetime expected credit loss of impaired receivables		-	-	-	-
Replaced by lifetime expected credit loss (individual assessment)		-	-	-	-
Purchases or removals, etc. (net increase or decrease)		480,179	-	-	480,179
Ending balance	₩	1,296,580	-	-	1,296,580

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

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

	₩	2022
Debt instruments:		
Other securities		23,551
Hybrid financial instruments:		
Derivatives linked securities		1,553

7. Financial assets held for trading

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

	₩	2022
Equity securities:		
Listed shares		3,281,518
Beneficiary certificates		6,363,883
Overseas securities		294,788
Debt securities:		
Government and public bonds		3,894,839
Special bonds		1,493,415
Financial institutions bonds		300,262
Corporate bonds		638,323
	₩	16,267,028

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

Purpose	₩	2022	Counter party
Collateral for derivative contracts		60,710	Korea securities depository, etc.

8. Financial assets at fair value through profit or loss

(1) Financial assets at fair value through profit or loss as of December 31, 2023 is as follows:

2023

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Shares	₩	4,357,551
Equity investments		158,614
Beneficiary certificates (*)		19,026,615
Government and public bonds		3,671,295
Special bonds		2,348,203
Financial institutions bonds		1,088,701
Corporate bonds		864,517
Other securities		2,637,995
	₩	<u>34,153,491</u>

(*) Amounts of the Corsair-related fund, which is the major shareholder of the Company, includes ₩ 234,530 million as of December 31, 2023, and dividend income recognized from the fund for the period ended December 31, 2023 is ₩ 8,860 million. In addition, the additional acquisition amount is ₩ 5,449 million and the disposal amount is ₩ 10,872 million for the period ended December 31, 2023.

(2) Financial assets at fair value through profit or loss pledged as collateral as of December 31, 2023 is as follows:

Purpose		2023	Counter party
Shares	₩	231,916	Korea securities depository, etc.
bonds		54,060	Korea securities depository, etc.
		<u>285,975</u>	

- (3) As described in Note 47, as the Company first applies Korean IFRS 1109 'Financial Instruments' for years beginning on or after January 1, 2023, Beneficiary certificates and some receivables held are classified as financial assets at fair value through profit or loss, and the changes due to the measurement of the fair value of the securities is recognized in the statement of comprehensive income as profit or loss from the period ended December 31, 2023. Meanwhile, in the first half of 2023, due to changes in the economic environment such as stock index and interest rates, the fair value of beneficiary certificates and bonds classified as financial assets at fair value through profit or loss rose and the Company recognized ₩318,759 million of the change in fair value in profit or loss in the statement of comprehensive income as gain or loss on valuation of financial assets at fair value through profit or loss.
- (4) As a transfer transaction that does not meet the removal requirements of KIFRS 1109, the details of loaned securities related to financial assets at fair value through profit or loss as of December 31, 2023 is as follows.

		Accounting classification	2023
Government and public bonds	₩	Financial assets at fair value through profit or loss	31,758

9. Available-for-sale financial assets

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

		2022
Equity securities:		
Listed shares	₩	120,452
Unlisted shares		254,484
Equity investments		152,052
Beneficiary certificates (*1)		12,221,679
Overseas securities		2,510,006
		<u>15,258,673</u>
Debt securities:		
Government and public bonds		11,235,048
Special bonds		4,445,821
Financial institutions bonds		1,563,311
Corporate bonds		3,435,692
Overseas securities		2,900,184
		<u>23,580,056</u>
	₩	<u>38,838,729</u>

(*1) Amounts of the Corsair-related fund, which is the major shareholder of the Company, included ₩202,602 million as of December 31, 2022. Dividend income recognized from the fund is ₩18,123 million for the year ended December 31, 2022. In addition, the additional acquisition amount was ₩ 7,151 million and the disposal amount was ₩ 15,550 million for the year ended December 31, 2022.

The fair values of debt securities of available-for-sale financial assets are based on the average prices of base prices on the latest business day, which are provided by Korea Asset Pricing (KAP) and KIS Pricing Inc, etc. The fair values of unlisted stocks and equity investments are calculated based on the appraised values in the appraisal reports of KAP.

- (2) Unlisted stocks and equity investments were recognized at acquisition costs of ₩ 35,899 million as of December 31, 2022 as the fair value cannot be reliably estimated.
- (3) Impairment losses on available-for-sale financial assets for the period ended December 31, 2022 amounted to ₩ 40,316 million and the reversal of impairment losses on available-for-sale financial assets for the same periods ended December 31, 2022 amounted to ₩ 4,944 million.
- (4) Available-for-sale financial assets pledged as collateral as of December 31, 2022 are as follows:

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Purpose		2022	Counter party
Collateral for derivatives	₩	760,329	Korea securities depository, etc.

- (5) The Company reclassified some of its available-for-sale financial assets as held-to-maturity financial assets as of March 2, April 1, October 4, 2022, as the holding intention of available-for-sale financial assets changed during the previous year. The carrying amounts of available-for-sale financial assets were ₩ 5,298,029 million, ₩ 5,812,401 million and ₩ 6,730,661 million as of March 2, April 1, October 4, 2022, respectively, at the time of reclassification. For held-to-maturity financial assets that have been reclassified, future interest income is recognized by recalculating the effective interest rate that matches the fair value at the date of reclassification with expected future cash flows. The effective interest rates calculated as of the reclassification dates for the reclassified held-to-maturity financial assets were 2.594%~2.909%, 1.262%~4.660%, and 3.177%~6.605%, respectively. The carrying amounts of the held-to-maturity financial assets reclassified on March 2, April 1 and October 4, 2022 were ₩ 5,328,961 million, ₩ 5,911,635 million and ₩ 6,201,979 million, respectively, and their fair values are ₩ 4,260,055 million, ₩ 4,984,360 million and ₩ 6,221,345 million, respectively, as of December 31, 2022. Other comprehensive losses on available-for-sale financial assets that would have been recognized, if assets had not been reclassified, were ₩ 1,047,885 million, ₩ 911,983 million and other comprehensive income of ₩ 44,062 million, respectively.
- (6) Details of distribution of total gain on valuation of available-for-sale financial assets, policyholder's equity adjustment, deferred corporate tax liability, and accumulated other comprehensive income of December 31, 2022 are as follows:

		2022
Gain on valuation of available-for-sale financial assets		(3,072,490)
Amount allocated to policyholder's equity adjustment	₩	(146,825)
Amount allocated to deferred tax liabilities		(775,301)
Amount allocated to accumulated other comprehensive income		(2,150,363)

10. Financial assets at fair value through other comprehensive income

- (1) Financial assets at fair value through other comprehensive income as of December 31, 2023 is as follows:

		2023
Equity securities:		
Listed shares	₩	142,871
Overseas securities		27,729
Other securities		496,318
		<u>666,918</u>
Debt securities:		
Government and public bonds		25,735,577
Special bonds		5,171,465
Financial institutions bonds		1,579,065
Corporate bonds		4,430,379
Overseas securities		12,140,956
		<u>49,057,442</u>
	₩	<u>49,724,360</u>

- (2) Details and reasons for equity instruments designated as fair value through other comprehensive income as of December 31, 2023 is as follows:

		2023
SK Telecom New Capital Securities 3	₩	153,509
Emart Hybrid Capital Securities 3		65,659
SK E&S Hybrid Capital Securities 3		63,611
DGBFG conditional(upper)7(new type permanent-5 call)		51,451
Shinhan Financial Conditional (upper) 14 (new type permanent-5 call)		51,274
South-East Power New Capital Securities 1-2		49,173
Macquarie Infra		46,403
Agricultural Finance Bond (Bank) 2023-07E-A (New Type)		30,889
Others		154,949
	₩	<u>666,918</u>

(*) The fair value option in other comprehensive income was exercised for reasons such as retention as required by policy.

- (3) Dividend income recognized from equity instruments designated as fair value through other comprehensive income for the period ended December 31, 2023 is as follows:

		2023
Shares	₩	3,685
Overseas securities		1,009
Other securities		18,307

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₩ 23,001

- (4) There are no equity instruments disposed that are designated as fair value through other comprehensive income for the period ended December 31, 2023.
(5) Changes in the loss allowance for financial assets at fair value through other comprehensive income for the period ended December 31, 2023 is as follows:

	2023				Total
	12-month expected credit loss measurement	Lifetime expected credit loss measurement			
		Non impaired	Impaired		
Beginning balance(*1)	₩ 7,842	-	1,501		9,343
Changes due to significant increases and decreases in credit risk					
Replaced by 12-month expected credit loss	-	-	-		-
Replaced by lifetime expected credit loss	-	-	-		-
Replacing credit-damaged financial assets	-	-	-		-
Charge for the period(reversal), net	4,335	-	(1,501)		2,834
Write off, etc.	-	-	-		-
Effective interest amortization	-	-	-		-
Recovery of amortized Receivables	-	-	-		-
Ending balance	₩ <u>12,177</u>	<u>-</u>	<u>-</u>		<u>12,177</u>

(*1) This amount is applied to KIFRS1109.

- (6) Changes in the carrying amount of debt securities measured at fair value through other comprehensive income for the period ended December 31, 2023 is as follows:

	2023				Total
	12-month expected credit loss measurement	Lifetime expected credit loss measurement			
		Non impaired	Impaired		
Beginning balance(*1)	₩ 39,779,674	-	3,210		39,782,884
Replaced by 12-month expected credit loss	-	-	-		-
Replaced by lifetime expected credit loss (collective assessment)	-	-	-		-
Replaced by lifetime expected credit loss of impaired receivables	-	-	-		-
Replaced by lifetime expected credit loss (individual assessment)	-	-	-		-
Purchases or removals, etc. (net increase or decrease)	9,277,767	-	(3,209)		9,274,558
Ending balance	₩ <u>49,057,441</u>	<u>-</u>	<u>1</u>		<u>49,057,442</u>

(*1) This amount is applied to KIFRS1109.

- (7) As a transaction that does not meet the requirements for derecognition under KIFRS 1109, the details of loaned securities related to financial assets at fair value through other comprehensive income as of December 31, 2023 is as follows:

Government and public bonds	Classification		2023
	Financial assets at fair value through other comprehensive income		₩
			<u>503,371</u>

- (8) Financial assets pledged as collateral as of December 31, 2023 is as follows:

Purpose	2023	Counterparty
Collateral for derivative contracts	₩ 779,387	BNP Bank, etc.
CCP-IRS substitute securities	324,377	NH Investment & Securities, etc.
Futures substitute securities	<u>188,061</u>	Kyobo Securities, etc.

- (9) Total profit and loss related to financial assets at fair value through other comprehensive income and its allocation to policyholder's equity adjustment, deferred tax liability and accumulated other comprehensive income are as follows as of December 31, 2023 is as follows:

	2023	
Amount allocated to policyholder's equity adjustment	₩	(146,608)
Amount allocated to deferred tax liabilities		(1,276,824)
Amount allocated to accumulated other comprehensive income		<u>(3,559,631)</u>
Total profit and loss related to financial assets at fair value through other comprehensive income	₩	<u>(4,983,063)</u>

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11. Held-to-maturity financial assets

(1) Held to maturity financial assets as of December 31, 2022 is as follows:

	2022	
Debt securities:		
Government and public bonds	₩	13,409,306
Special bonds		2,232,831
Financial bonds		132,465
Corporate bonds		813,195
Overseas securities		9,082,580
	₩	<u>25,670,377</u>

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

Purpose	2023	Counterparty
Collateral for derivative contracts	₩ 1,380,851	Korea securities depository, etc.
Collateral for overdraft and RP	1,008,900	SC Bank
RP sold (*)	<u>706,576</u>	JPMCB, K-bank
	<u>3,096,327</u>	

(*1) The transaction corresponds to an agreement to repurchase securities at a specific price on the contract expiration date simultaneously with the sale, so the derecognition conditions are not met.

12. Securities at amortized cost

(1) Securities at amortized cost as of December 31, 2023 is as follows:

	2023	
Debt securities:		
Special bonds	₩	656,068
Corporate bonds		587,819
Overseas securities		19,661
		<u>1,263,548</u>
Loss allowances		<u>(27)</u>
	₩	<u>1,263,521</u>

(2) Changes in the loss allowance for securities at amortized cost for the period ended December 31, 2023 is as follows:

		2023			
		12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
			Non impaired	Impaired	
Beginning balance(*1)	₩	23	-	-	23
Changes due to significant increases and decreases in credit risk					-
Replaced by 12-month expected credit loss		-	-	-	-
Replaced by lifetime expected credit loss		-	-	-	-
Replacing credit-damaged financial assets		-	-	-	-
Charge for the period(reversal), net		4	-	-	4
Write off, etc.		-	-	-	-
Effective interest amortization		-	-	-	-
Recovery of amortized Receivables		-	-	-	-
Ending balance	₩	<u>27</u>	<u>-</u>	<u>-</u>	<u>27</u>

(*1) This amount is applied to KIFRS1109.

(3) Changes in the carrying amount of securities at amortized for the period ended December 31, 2023 is as follows:

2023

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		Lifetime expected credit loss measurement			
		12-month expected credit loss measurement	Non impaired	Impaired	Total
Beginning balance(*1)	₩	1,385,049	-	-	1,385,049
Replaced by 12-month expected credit loss		-	-	-	-
Replaced by lifetime expected credit loss (collective assessment)		-	-	-	-
Replaced by lifetime expected credit loss of impaired receivables		-	-	-	-
Replaced by lifetime expected credit loss (individual assessment)		-	-	-	-
Purchases or removals, etc. (net increase or decrease)		(121,501)	-	-	(121,501)
Ending balance	₩	1,263,548	-	-	1,263,548

(*1) This amount is applied to KIFRS1109.

13. Loan receivables at amortized cost

(1) Loan receivables at amortized cost as of and December 31, 2023 and December 31, 2022 are as follows:

		2023		2022	
Loan receivables secured by real estate	₩	6,643,394		6,858,909	
Unsecured loan receivables		10,670,499		9,782,815	
Guaranteed loan receivables		1,126,746		1,038,104	
Other loan receivables		919,637		1,383,835	
		19,360,276		19,063,663	
Less: Present value discount		(2)		(12)	
Less: Deferred loan origination costs and fees		(64,189)		(45,430)	
Less: Allowance for loss on loan receivables		(70,398)		(52,114)	
	₩	19,225,687		18,966,107	

(2) Changes in loss allowance for loan receivables at amortized cost for the period ended and December 31, 2023 is as follows:

		2023			
		12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
			Non impaired	Impaired	
Beginning balance(*1)	₩	12,870	11,094	24,181	48,145
Changes due to significant increases and decreases in credit risk		-	-	-	-
Replaced by 12-month expected credit loss		1,820	(1,820)	-	-
Replaced by lifetime expected credit loss		(1,452)	1,463	(10)	1
Replacing credit-damaged financial assets		(967)	(5,987)	6,954	-
		(599)	(6,344)	6,944	1
Charge for the period(reversal), net		4,136	17,480	31,437	53,053
Write off, etc		(9)	(118)	(45,575)	(45,702)
Effective interest amortization		-	-	-	-
Recovery of amortized Receivables		-	-	14,902	14,902
Ending balance	₩	16,398	22,112	31,889	70,399

(*1) This amount is applied to KIFRS1109.

(3) Changes in allowance for loss on loan receivables for the period ended and December 31, 2022 is as follows:

		2022	
Beginning balance	₩	47,959	
Charge for the year(reversal), net		20,317	

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Write-off, etc.		(27,914)
Unwinding effect		(394)
Recovery of bad debts		12,146
Ending balance	₩	<u>52,114</u>

(4) Changes in loan receivables at amortized cost for the period ended and December 31, 2023 is as follows:

	2023			
	12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
		Non impaired	Impaired	
Beginning balance(*1)	₩ 18,669,081	360,100	34,481	19,063,662
Replaced by 12-month expected credit loss	97,464	(97,464)	-	-
Replaced by lifetime expected credit loss (collective assessment)	(575,020)	575,012	8	-
Replaced by lifetime expected credit loss of impaired receivables	(16,204)	(10,658)	26,862	-
Replaced by life time expected credit loss (individual assessment)	-	-	-	-
Purchases or removals, etc. (net increase or decrease)	296,234	16,301	33,753	346,289
Write-off or sale of non-performing loans	(18)	(183)	(49,473)	(49,675)
Ending balance	₩ <u>18,471,537</u>	<u>843,108</u>	<u>45,632</u>	<u>19,360,276</u>

(*1) This amount is applied to KIFRS1109.

(5) Changes in deferred loan origination costs and fees for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
Beginning balance	₩	(45,430)		(39,010)
Loan originations		(33,333)		(23,062)
Amortization		14,574		16,642
Ending balance	₩	<u>(64,189)</u>		<u>(45,430)</u>

(6) There is no loan receivable of which contractual cash flow has changed for the period ended December 31, 2023 among the loans for which the allowance for bad debts has been measured as lifetime expected credit losses.

(7) Among the loans of which contractual cash flow has changed, the allowance for bad debts was measured by the lifetime expected credit loss, but there is no loan that has changed to measure the allowance for bad debts by the 12-month expected credit loss after initial recognition for the period ended December 31, 2023.

(8) Contractual uncollected amount of the loan receivables which have been amortized as of December 31, 2023 but are still being collected is ₩ 137,690 million as of December 31, 2023.

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14. Other receivables

(1) Details of other receivables as of December 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Insurance receivables:		
Premiums transferred automatically	₩ 42,262	48,017
Insurance settlement adjustments	3,936	3,512
Other insurance receivables	9,623	22,944
	<u>55,821</u>	<u>74,473</u>
Accounts receivables	169,985	69,044
Guarantee deposits	45,481	53,867
Accrued income	721,407	664,360
Others	88	56
	<u>992,782</u>	<u>861,800</u>
Less: Present value discount	(2,397)	(1,930)
Less: Allowance for other receivables	(16,087)	(18,510)
	<u>₩ 974,298</u>	<u>841,360</u>

(2) Changes in allowance for losses other receivables at amortized cost for the period ended December 31, 2023 is as follows:

		2023			Total
		12-month expected credit loss measurement	Lifetime expected credit loss measurement		
			Non impaired	Impaired	
Beginning balance(*1)	₩ 592	229	15,344	16,165	
Changes due to significant increases and decreases in credit risk	-	-	-	-	
Replaced by 12-month expected credit loss	17	(17)	-	-	
Replaced by lifetime expected credit loss	(8)	8	(1)	(1)	
Replacing credit-damaged financial assets	(4)	(20)	24	-	
	<u>5</u>	<u>(29)</u>	<u>23</u>	<u>(1)</u>	
Charge for the period(reversal), net	228	182	1,610	2,020	
Write off, etc	-	(2)	(2,096)	(2,098)	
Effective interest amortization	-	-	-	-	
Recovery of amortized Receivables	-	-	-	-	
Ending balance	₩ 825	380	14,881	16,086	

(*1) This amount is applied to KIFRS1109.

(3) Changes in allowance for bad debts for other receivables for the period ended December 31, 2022 is as follows:

	2022
Beginning balance	₩ 18,018
Charge for the period(reversal), net	1,230
Write-off, etc.	(738)
Ending balance	<u>₩ 18,510</u>

(4) Changes in other receivables measured at amortized cost for the period ended December 31, 2023 is as follows:

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		2023			
		12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
			Non impaired	Impaired	
Beginning balance(*1)	₩	844,428	1,169	16,203	861,800
Replaced by 12-month expected credit loss		254	(254)	-	-
Replaced by lifetime expected credit loss (collective assessment)		(1,794)	1,794	-	-
Replaced by lifetime expected credit loss of impaired receivables		(1,382)	(155)	1,537	-
Replaced by lifetime expected credit loss (individual assessment)		-	-	-	-
Purchases or removals, etc. (net increase or decrease)		132,188	(91)	(1,115)	130,982
Ending balance	₩	<u>973,694</u>	<u>2,463</u>	<u>16,625</u>	<u>992,782</u>

(*1) This amount is applied to KIFRS1109.

15. Investments in subsidiaries, associates and joint ventures

(1) Investments in subsidiaries, associates and joint ventures as of December 31, 2023 and December 31, 2022 are as follows:

	Valuation method	Country of domicile	2023		2022		
			Book value	Owner -ship (%)	Book value	Owner -ship (%)	
Subsidiaries:							
Kyobo Securities Co., Ltd.	Cost	Korea	₩ 730,104	84.70%	480,104	73.10%	
Kyobo Book Center Co., Ltd.	Cost	Korea	223,830	100%	223,830	100%	
Kyobo Info. & Comm. Co., Ltd	Cost	Korea	53,253	100%	53,253	100%	
Kyobo Realco Inc.	Cost	Korea	15,985	100%	15,985	100%	
KCA Claim Adjustment Co., Ltd.	Cost	Korea	2,680	100%	2,680	100%	
KCA Service	Cost	Korea	10,484	66.70%	10,484	66.70%	
Kyobo Life Planet Life Insurance company	Cost	Korea	167,231	100%	175,283	100%	
Kyobo Asset Trust Co., Ltd.	Cost	Korea	445,420	100%	295,420	100%	
Kyobo AIM Life Asset Management Co., Ltd.(*1)	Cost	Korea	33,501	100%	-	-	
Kyobo Life Asset Management Co., Ltd. (USA)	Cost	USA	3,503	100%	3,503	100%	
Kyobo Life Asset Management Co., Ltd. (Japan)	Cost	Japan	1,118	100%	1,118	100%	
Kyobo New Technology Investment Association No.1	Cost	Korea	70,000	87.50%	70,000	87.50%	
Kyobo Tech Valueup Investment Association No. 1 (*1)	Cost	Korea	28,000	93.30%	-	-	
Consus BTL Private Special Asset Investment Trust 1	Fair value	Korea	14,816	57.20%	16,087	57.20%	
Consus Hope BTL Private Special Asset Investment Trust 1	Fair value	Korea	14,990	66.70%	17,229	66.70%	
Consus New Energy Private Special Asset Investment Trust 2	Fair value	Korea	5,658	68.80%	7,669	68.80%	
KIAMCO SHIPPING Private Special Asset Investment Trust KX-1	Fair value	Korea	11,819	100%	11,864	100%	
Kyobo AIM Core General Private Real Estate Investment Trust 1 (*1)	Fair value	Korea	59,510	97.50%	-	-	
Kyobo AIM ESG Infrastructure General Private Placement Special Asset Investment Trust 1 (*1)	Fair value	Korea	34,195	97.50%	-	-	
Kyobo AIM Corporate Finance Private Equity Trust 1 (*1)	Fair value	Korea	92,119	98.80%	-	-	
			<u>2,018,216</u>		<u>1,384,509</u>		
Associates:							
A&D Credit Information Co., Ltd. (*2)	Cost	Korea	2,947	19.5%	2,947	19.5%	
Joint ventures:							
Kyobo AXA Investment Management Co., Ltd.	Cost	Korea	26,959	50.0%	26,959	50.0%	
			<u>₩ 2,048,122</u>		<u>1,414,415</u>		

(*1) Newly acquired shares for the period ended December 31, 2023.

(*2) Classified as associates even though the Company holds less than 20% of shares, since members of the Company's Board of Directors are also the members of the entities' board and thus have significant influence over the entities.

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(2) The total amount of valuation gains and losses on related and subsidiaries, policyholder equity adjustments, deferred corporate tax liabilities, and accumulated other comprehensive income as of December 31, 2022 is as follows:

	2022
Gain on valuation of associates and subsidiaries	₩ (2,640)
Amount allocated to policyholder's equity adjustment	(380)
Amount allocated to deferred tax liabilities	(599)
Amount allocated to accumulated other comprehensive income	(1,661)

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16. Classification by categories of financial instruments

(1) The carrying amounts of each category of financial assets and financial liabilities as of December 31, 2023 and December 31, 2022 are as follows:

	2023							Total
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Securities at amortized cost	Loan receivables at amortized cost and other receivables	Hedging purpose derivatives	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	
Financial assets:								
Cash and due from banks	₩ -	-	-	4,265,643	-	-	-	4,265,643
Financial assets at fair value through profit or loss	34,153,491	-	-	-	-	-	-	34,153,491
Derivative assets	278,661	-	-	-	386,582	-	-	665,243
Financial assets at fair value through other comprehensive income	-	49,724,360	-	-	-	-	-	49,724,360
Investments in associates and subsidiaries (*)	233,109	-	-	-	-	-	-	233,109
Securities at amortized cost	-	-	1,263,521	-	-	-	-	1,263,521
Loan receivables at amortized cost	-	-	-	19,225,686	-	-	-	19,225,686
Other receivables at amortized cost	-	-	-	974,298	-	-	-	974,298
	₩ 34,665,261	49,724,360	1,263,521	24,465,627	386,582	-	-	110,505,351
Financial liabilities:								
Investment contract liabilities	₩ -	-	-	-	-	-	15,427,506	15,427,506
Derivative liabilities	-	-	-	-	628,801	214,285	-	843,086
Other financial liabilities	-	-	-	-	-	-	951,900	951,900
	₩ -	-	-	-	628,801	214,285	16,379,406	17,222,492

(*) The beneficiary certificates are within the scope of consolidation using KIFRS 1109.

	2022							Total
	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Held-to-maturity financial assets	Loans and receivables	Hedging purpose derivatives	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	
Financial assets:								
Cash and due from banks	₩ -	-	-	3,010,247	-	-	-	3,010,247
Financial assets designated at fair value through profit or loss	25,104	-	-	-	-	-	-	25,104
Financial assets held for trading	16,267,028	-	-	-	-	-	-	16,267,028
Derivatives	194,028	-	-	-	208,955	-	-	402,983
Available-for-sale financial assets	-	38,838,729	-	-	-	-	-	38,838,729
Investments in associates and subsidiaries (*)	-	52,851	-	-	-	-	-	52,851
Held-to-maturity financial assets	-	-	25,670,377	-	-	-	-	25,670,377
Loan receivables	-	-	-	18,966,107	-	-	-	18,966,107
Other receivables	-	-	-	841,359	-	-	-	841,359
	₩ 16,486,160	38,891,580	25,670,377	22,817,713	208,955	-	-	104,074,785
Financial liabilities:								
Investment contract liabilities	₩ -	-	-	-	-	-	12,052,073	12,052,073
Derivatives liabilities	-	-	-	-	951,875	341,465	-	1,293,340
Borrowings	-	-	-	-	-	-	930,000	930,000

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Other financial liabilities	-	-	-	-	-	-	653,251	653,251
₩	-	-	-	-	951,875	341,465	13,635,324	14,928,664

(*) The beneficiary certificates are within the scope of consolidation using KIFRS 1039.

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(2) Gains (losses) on categories of financial instruments for the period ended December 31, 2023 and 2022 are as follows:

	2023						Other comprehensive income (expense) (*2)
	Net profit or loss (*3)						
	Interest income (expense)	Gain (loss) on disposal	Gain (loss) on valuation	Impairment loss	Other Gain (loss) (*1)	Total	
Financial assets at fair value through profit or loss	₩ 323,143	422,711	1,496,610	-	898,049	3,140,513	-
Financial assets at fair value through other comprehensive income	1,588,542	133,654	-	(2,834)	305,527	2,024,889	2,323,292
Securities at amortized cost	41,592	-	-	(5)	9,161	50,748	-
Derivatives	(83,659)	(425,603)	(65,549)	-	-	(574,811)	357,361
Loans and receivables at amortized cost and other receivables	904,809	7,462	-	(55,562)	13,961	870,670	-
Investments in associates and subsidiaries	-	-	-	(8,052)	1,864	(6,188)	-
Investment contract liabilities	-	-	-	-	(515,584)	(515,584)	-
Financial liabilities at amortized cost	(39,271)	-	-	-	-	(39,271)	-
₩	<u>2,735,156</u>	<u>138,224</u>	<u>1,431,061</u>	<u>(66,453)</u>	<u>712,978</u>	<u>4,950,966</u>	<u>2,680,653</u>

(*1) Including gain or loss from foreign currency transaction, dividend income and other financial expenses.

(*2) Amounts adjusted for income tax effect.

(*3) Including gain or loss from performance dividends.

	2022						Other comprehensive income (expense) (*2)
	Net profit or loss (*3)						
	Interest income (expense)	Gain (loss) on disposal	Gain (loss) on valuation	Impairment loss	Other Gain (*1)	Total	
Cash and due from banks	₩ -	-	-	-	11,017	11,017	-
Financial assets designated at fair value through profit or loss	23	-	487	-	-	510	-
Financial assets held for trading	162,865	(621,862)	(1,467,981)	-	115,325	(1,811,653)	-
Available-for-sale financial assets	828,554	116,821	(56,041)	(35,372)	2,195,983	3,049,945	(3,557,474)
Held to maturity financial assets	681,142	-	-	-	(350,083)	331,059	(1,764,652)
Trading purpose derivatives	(14,670)	(632,444)	(100,339)	-	-	(747,453)	-
Hedging purpose derivatives	(50,827)	93,456	(632,257)	-	-	(589,628)	16,700
Loans and receivables at amortized cost and other receivables	782,183	(65)	-	(21,547)	30,023	790,594	-
Investments in associates and subsidiaries	-	(48)	-	(385)	2,145	1,712	(1,661)
Investment contract liabilities	-	-	-	-	(142,280)	(142,280)	-
Financial liabilities at fair value through profit or loss	-	-	(347)	-	-	(347)	-
Financial liabilities at amortized cost	(10,798)	-	-	-	-	(10,798)	-
₩	<u>2,378,472</u>	<u>(1,044,142)</u>	<u>(2,256,478)</u>	<u>(57,304)</u>	<u>1,862,130</u>	<u>882,678</u>	<u>(5,307,087)</u>

(*1) Including gain or loss from foreign currency transaction and dividend income and other financial expenses.

(*2) Amounts adjusted for income tax effect.

(*3) Including gain or loss from performance dividends.

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17. Fair value of financial assets and liabilities

(1) The book value and fair value of financial assets and liabilities as of December 31, 2023 and December 31, 2022 are as follows:

		2023		2022	
		Book value	Fair value	Book value	Fair value
Financial assets:					
Cash and due from banks	₩	4,265,643	4,265,643	3,010,247	3,010,247
Financial assets designated at fair value through profit or loss		-	-	25,104	25,104
Financial assets held for trading		-	-	16,267,028	16,267,028
Financial assets at fair value through profit or loss		34,153,491	34,153,491	-	-
Derivative assets		665,243	665,243	402,983	402,983
Available-for-sale financial assets		-	-	38,838,729	38,838,729
Financial assets at fair value through other comprehensive income		49,724,360	49,724,360	-	-
Held to maturity financial assets		-	-	25,670,377	21,721,146
Securities at amortized cost		1,263,521	1,122,759	-	-
Loan receivables at amortized cost		19,225,686	18,834,552	18,966,107	17,929,245
Other receivables at amortized cost		974,298	973,861	841,359	840,871
Investments in associates and subsidiaries		233,109	233,109	52,850	52,850
	₩	<u>110,505,351</u>	<u>109,973,018</u>	<u>104,074,784</u>	<u>99,088,203</u>
Financial liabilities:					
Investment contract liabilities	₩	15,427,506	15,427,506	12,052,073	12,052,073
Borrowings		-	-	930,000	930,000
Derivative liabilities		843,086	843,086	1,293,340	1,293,340
Other financial liabilities		951,900	949,643	653,251	652,049
	₩	<u>17,222,492</u>	<u>17,220,235</u>	<u>14,928,664</u>	<u>14,927,462</u>

(2) Financial instruments measured at the fair value

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

- Level 1: Quoted price (unadjusted) in an active, accessible market for the same asset or liability.
- Level 2: Fair value using inputs that are directly or indirectly observable where the lowest level of inputs that are significant in measuring fair value are observable.
- Level 3: Fair value using unobservable inputs where the lowest level of inputs that are significant in measuring fair value is unobservable.

The Company recognizes transfers between levels of fair value hierarchy at the end of the reporting period.

Financial instruments measured at fair value as of December 31, 2023 and December 31, 2022 are as follows:

		2023			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at fair value through profit or loss	₩	8,980,645	10,881,487	14,291,359	34,153,491
Financial assets at fair value through Other comprehensive income		27,125,398	22,552,706	46,256	49,724,360
Derivative assets		-	665,243	-	665,243
Investments in associates and subsidiaries				233,109	233,109
	₩	<u>36,106,043</u>	<u>34,099,436</u>	<u>14,570,724</u>	<u>84,776,203</u>
Financial liabilities:					
Derivative liabilities	₩	-	804,550	38,536	843,086
2022					
		Level 1	Level 2	Level 3	Total
Financial assets:					

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Financial assets designated at fair value through profit or loss	₩	-	-	25,104	25,104
Financial assets held for trading		7,542,356	8,724,672	-	16,267,028
Available-for-sale financial assets		12,733,240	12,758,878	13,346,611	38,838,729
Derivative assets		-	401,897	1,086	402,983
Investments in associates and subsidiaries		-	-	52,850	52,850
	₩	<u>20,275,596</u>	<u>21,885,447</u>	<u>13,425,651</u>	<u>55,586,694</u>
Financial liabilities:					
Derivative liabilities	₩	<u>-</u>	<u>1,230,712</u>	<u>62,628</u>	<u>1,293,340</u>

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

		2023				
		Financial assets at fair value through profit or loss	Derivative assets, net.	Financial assets at fair value through other comprehensive income	Investments in subsidiaries and associates	Total
Beginning balance	₩	13,330,184	(62,628)	42,462	52,850	13,362,868
Purchases		1,844,056	-	29,694	186,124	2,059,874
Settlements/disposals		(1,144,076)	-	-	(6,931)	(1,151,007)
Total income:		261,195	24,092	(900)	1,066	285,453
Profit or loss		261,195	24,092	-	1,066	286,353
Other comprehensive income (loss)		-	-	(900)	-	(900)
Transfer to level 1		-	-	(25,000)	-	(25,000)
Ending balance	₩	<u>14,291,359</u>	<u>(38,536)</u>	<u>46,256</u>	<u>233,109</u>	<u>14,532,188</u>

		2022				
		Financial assets designated at fair value through profit or loss	Derivative assets, net.	Available-for-sale financial assets	Investments in subsidiaries and associates	Total
Beginning balance	₩	868	(24,312)	12,115,560	63,745	12,155,861
Purchases		23,732	-	3,172,661	-	3,196,393
Settlements/disposals		-	-	(1,346,302)	(7,506)	(1,353,808)
Total income:		504	(37,231)	(595,308)	(3,389)	(635,424)
Profit or loss		504	(37,231)	(3,903)	(385)	(41,015)
Other comprehensive income (loss)		-	-	(591,405)	(3,004)	(594,409)
Ending balance	₩	<u>25,104</u>	<u>(61,543)</u>	<u>13,346,611</u>	<u>52,850</u>	<u>13,363,022</u>

As equity securities that were measured at level 3 during the current period were listed, they moved from level 3 to level 1, and there is no transfer between level 3 and other levels for the year ended December 31, 2022.

(4) Total gains or losses for the period ended December 31, 2023 and 2022 recognized in profit of loss and gains or losses relating to financial instruments in level 3 at the end of the reporting period are presented in the statement of comprehensive income as follows:

		2023	
		Total gains and losses	Gains(losses) relating to financial instruments held
Recognized in profit or loss relating to financial instruments in level 3	₩	<u>373,554</u>	<u>286,353</u>

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		2022	
		Total gains and losses	Gains(losses) relating to financial instruments held
Recognized in profit or loss relating to financial instruments in level 3	₩	(13,282)	(41,015)

(5) Valuation techniques and inputs used in measuring fair value of financial instruments classified as level 2 as of December 31, 2023 is as follows:

Type of financial instrument	Valuation technique	Input variables
Financial assets:		
Financial assets at fair value through profit or loss	Discounted cash flow Dividend discount model	Interest rate, foreign exchange rate, stock price, etc.
Derivative assets	Discounted cash flow, Option pricing model	Interest rate, foreign exchange rate, stock price, etc.
Financial assets at fair value through other comprehensive income	Discounted cash flow, Dividend discount model	Interest rate, foreign exchange rate, stock price, etc.
Financial liabilities:		
Derivative liabilities	Discounted cash flow, Option pricing model	Interest rate, foreign exchange rate, stock price, etc.

(6) There was no transfer between level 1 and level 2 fair value measurement during the period ended December 31, 2023 and 2022.

(7) Information about significant unobservable inputs in measuring financial instruments categorized within level 3 as of December 31, 2023 and December 31, 2022 are as follows:

		2023		
Type of financial instrument	Valuation technique	Input variables	Range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Financial assets:				
		Growth rate	0%~1%	A significant increase in growth rate would result in a higher fair value
Financial assets at fair value through profit or loss	Binomial model , DCF model, Net asset method	Discount rate	5.05%~15.69%	A significant increase in discount rate would result in a lower fair value
		The volatility of liquidation value rate	0%~1%	A significant increase in the volatility of liquidation value rate would result in a higher fair value
Financial assets at fair value through other comprehensive income	DCF model	Growth rate	1.00%	A significant increase in growth rate would result in a higher fair value
		Discount rate	8.35%~15.11%	A significant increase in discount rate would result in a lower fair value
Investments in associates and subsidiaries	Net asset method	The volatility of liquidation value rate	0%	A significant increase in the volatility of liquidation value rate would result in a higher fair value
Financial liabilities:				
Derivative liabilities	DCF model	Discount rate	2.00%~3.89%	A significant increase in discount rate would result in a lower fair value
		2022		
Type of financial instrument	Valuation technique	Input variables	Range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Financial assets:				
		Stock price	₩ 977,453	A significant increase in stock price would result in a higher fair value
Financial assets designated at fair value through profit or loss	T-F model, Binomial model	Volatility	28.80%	A significant increase in volatility would result in a higher fair value
		Discount rate	22.29%	A significant increase in discount rate would result in a lower fair value

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Derivative assets	Binomial model, DCF model	Stock price	₩ 3,775~3,851	A significant increase in stock price would result in a higher fair value
		Volatility	28.59%~29.17%	A significant increase in volatility would result in a higher fair value
		Permanent growth rate	0%~1%	A significant increase in growth rate would result in a higher fair value
Available-for-sale financial assets	DCF model, Dividend discount model, Net asset method, etc.	Discount rate	4.44%~16.43%	A significant increase in discount rate would result in a lower fair value
		The volatility of liquidation value rate	0~1%	A significant increase in liquidation value rate would result in a higher fair value
Investments in associates and subsidiaries	Net asset method	The volatility of liquidation value rate	0%	A significant increase in liquidation value rate would result in a higher fair value
Financial liabilities:				
Derivative liabilities	DCF model	Discount rate	1.76%~3.15%	A significant increase in discount rate would result in a lower fair value

(8) A sensitivity analysis for value measurement arising from changes in the significant unobservable inputs as of December 31, 2023 and December 31, 2022 are as follows:

		2023			
		Profit or loss		Other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:					
Financial assets at fair value through profit or loss (*1)	₩	174,412	(118,326)	-	-
Financial assets at fair value through other comprehensive income (*2)		-	-	2,178	(1,573)
Investments in associates and subsidiaries (*2)		1,399	(1,399)	-	-
Financial liabilities:					
Derivative liabilities (*1)		51,984	(42,735)	-	-

(*1) A change in fair value is calculated by increasing or decreasing stock price (-1%~1%), volatility (-1%~1%) and discount rate (-1%~1%).

(*2) A change in fair value is calculated by increasing or decreasing the correlation of permanent growth rate (-1%~1%), fluctuation rate of liquidation value (-1%~1%) and discount rate (-1%~1%).

		2022			
		Profit or loss		Other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets:					
Financial assets designated at fair value through profit or loss(*1)	₩	157	(155)	-	-
Derivative assets(*1)		-	-	-	-
Available-for-sale financial assets (*2)		-	-	135,132	(131,698)
Investments in associates and subsidiaries (*2)		-	-	519	(519)
Financial liabilities:					
Derivative liabilities (*1)		45,447	(37,196)	-	-

(*1) A change in fair value is calculated by increasing or decreasing stock price (-1%~1%), volatility (-1%~1%) and discount rate (-1%~1%).

(*2) A change in fair value is calculated by increasing or decreasing the correlation of permanent growth rate (-1%~1%), fluctuation rate of liquidation value (-1%~1%) and discount rate (-1%~1%).

(9) The fair value by evaluation of financial assets and financial liabilities, which are not measured as fair value as of December 31, 2023 and December 31, 2022 are as follows.

		2023			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and due from banks	₩	512	4,265,131	-	4,265,643
Loan receivables at amortized cost		-	-	18,834,552	18,834,552
Other receivables at amortized cost		-	-	973,861	973,861
Securities at amortized cost		-	1,122,759	-	1,122,759
		512	5,387,890	19,808,413	25,196,815
Financial liabilities:					
Investment contract liabilities				15,427,506	15,427,506

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Other financial liabilities	-	-	949,643	949,643
₩	-	-	16,377,149	16,377,149
2022				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and due from banks	₩ 623	3,009,624	-	3,010,247
Loan receivables	-	-	17,929,245	17,929,245
Other receivables	-	-	840,871	840,871
Held to maturity financial assets	11,421,346	10,299,800	-	21,721,146
₩	11,421,969	13,309,424	18,770,116	43,501,509
Financial liabilities:				
Investment contract liabilities			12,052,073	12,052,073
Borrowings	-	-	930,000	930,000
Other financial liabilities	-	-	652,049	652,049
₩	-	-	13,634,122	13,634,122

(10) The Company is subject to enforceable master commercial agreements such as derivatives clearing agreement, international standard repurchase agreement, international standard securities lending agreement and financial collateral, or similar agreements in relation to derivatives, repurchase agreement bond trading, securities lending transactions, etc.

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

2023						
	Financial assets and liabilities recognized	Offsetting financial assets and liabilities recognized	Financial assets and liabilities recognized after offset	Amount not offsetting in the statements of financial position		Net amounts
				Financial instruments	Cash collateral received	
Financial assets:						
Derivative assets	₩ 665,243	-	665,243	472,252	75,555	117,436
Securities lending agreement	535,129	-	535,129	535,129	-	-
Financial liabilities:						
Derivative liabilities	₩ 843,086	-	843,086	472,252	336,233	34,601
2022						
	Financial assets and liabilities recognized	Offsetting financial assets and liabilities recognized	Financial assets and liabilities recognized after offset	Amount not offsetting in the statements of financial position		Net amounts
				Financial instruments	Cash collateral received	
Financial assets:						
Derivative assets	₩ 402,982	-	402,982	389,496	-	13,486
Securities lending agreement	793,170	-	793,170	793,170	-	-
Financial liabilities:						
Derivative liabilities	₩ 1,293,341	-	1,293,341	1,251,270	-	42,071
Bonds sold under repurchase agreements	430,000	-	430,000	430,000	-	-

18. Investment property

(1) Investment property as of December 31, 2023 and December 31, 2022 are as follows:

2023				
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 852,252	-	(5,926)	846,326
Buildings	531,386	(206,788)	(15,374)	309,224
Structures	11,753	(4,617)	(306)	6,830
₩	1,395,391	(211,405)	(21,606)	1,162,380
2022				
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 855,112	-	(5,886)	849,226
Buildings	529,233	(195,916)	(15,111)	318,206
Structures	11,736	(4,381)	(308)	7,047
₩	1,396,081	(200,297)	(21,305)	1,174,479

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(2) Changes in investment property for the period ended December 31, 2023 and 2022 are as follows:

		2023				Ending balance
		Beginning balance	Acquisitions	Depreciation	Others (*)	
Land	₩	849,226	-	-	(2,900)	846,326
Buildings		318,206	826	(10,314)	506	309,224
Structures		7,047	-	(229)	12	6,830
	₩	<u>1,174,479</u>	<u>826</u>	<u>(10,543)</u>	<u>(2,382)</u>	<u>1,162,380</u>

(*) Others include transfers from property and equipment.

		2022				Ending balance
		Beginning balance	Acquisitions	Depreciation	Others (*)	
Land	₩	823,362	-	-	25,864	849,226
Buildings		322,242	1,070	(10,285)	5,179	318,206
Structures		7,216	-	(229)	60	7,047
	₩	<u>1,152,820</u>	<u>1,070</u>	<u>(10,514)</u>	<u>31,103</u>	<u>1,174,479</u>

(*) Others include transfers from property and equipment.

(3) Gain on investment properties for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Rentals	₩ 99,317	93,296
Direct operating expenses for investment property:		
Generated rental income	39,630	55,728
Not generated rental income	4,778	7,258

(4) The fair value of investment properties as of December 31, 2023 and 2022 are ₩2,448,134million and ₩ 2,149,836 million, respectively. The fair value is estimated by qualified and independent appraiser. The fair value of investment properties is classified as level 3.

Valuation techniques and inputs used in measuring investment properties as of December 31, 2023 are as follows:

Valuation technique	Input variables	Fair value measurement sensitivity to unobservable inputs
Cost approach, sales comparison, income approach	Discount rate, vacancy rate, operating expenses rate, etc.	An increase in discount rate, vacancy rate, operating expenses rate would result in a lower fair value

(5) Investment property pledged as collaterals as of December 31, 2023 and December 31, 2022 are as follows:

	2023	2022	Purpose
Book value	₩ 51,164	52,299	
WooriBank,etc			Establishment of right of mortgage
Maximum credit amount	<u>60,386</u>	<u>65,181</u>	

19. Property and equipment

(1) Property and equipment as of December 31, 2023 and December 31, 2022 are as follows:

		2023			Book value
		Acquisition cost	Accumulated depreciation	Accumulated impairment losses	
Land	₩	527,097	-	(4,821)	522,276
Buildings		468,490	(176,836)	(30,075)	261,579
Structures		16,562	(7,372)	(219)	8,971
Vehicles		1,596	(1,482)	-	114
Equipment		84,559	(66,702)	-	17,857
Right-of-use assets (Real estates)		93,288	(44,034)	-	49,254
Right-of-use assets (Vehicles)		2,078	(1,259)	-	819
Others		12,521	(1,425)	(358)	10,738

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	₩	1,206,191	(299,110)	(35,473)	871,608
2022					
		Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	523,076	-	(4,862)	518,214
Buildings		469,209	(168,612)	(30,338)	270,259
Structures		16,578	(7,052)	(216)	9,310
Vehicles		1,596	(1,382)	-	214
Equipment		86,725	(66,361)	-	20,364
Right-of-use assets (Real estates)		99,055	(44,426)	-	54,629
Right-of-use assets (Vehicles)		1,592	(654)	-	938
Others		12,580	(1,293)	(358)	10,929
	₩	1,210,411	(289,780)	(35,774)	884,857

(2) Changes in property and equipment for the period ended December 31, 2023 and 2022 are as follows:

2023							
		Beginning balance	Acquisitions	Disposals/ Termination	Depreciation	Others(*)	Ending balance
Land	₩	518,214	1,162	-	-	2,900	522,276
Buildings		270,259	590	-	(8,764)	(506)	261,579
Structures		9,310	-	-	(327)	(12)	8,971
Vehicles		214	-	-	(100)	-	114
Equipment		20,364	9,022	(212)	(11,400)	83	17,857
Right-of-use assets (Real estates)		54,629	51,634	(17,630)	(39,379)	-	49,254
Right-of-use assets (Vehicles)		938	533	(3)	(649)	-	819
Others		10,929	-	(58)	(133)	-	10,738
	₩	884,857	62,941	(17,903)	(60,752)	2,465	871,608

(*) Others include transfers to or from investment properties, advanced payments and others.

2022							
		Beginning balance	Acquisitions	Disposals/ Termination	Depreciation	Others(*)	Ending balance
Land	₩	544,048	30	-	-	(25,864)	518,214
Buildings		283,481	716	-	(8,759)	(5,179)	270,259
Structures		9,696	-	-	(326)	(60)	9,310
Vehicles		449	-	(38)	(197)	-	214
Equipment		22,746	10,740	(249)	(12,911)	38	20,364
Right-of-use assets (Real estates)		46,760	59,078	(9,987)	(41,222)	-	54,629
Right-of-use assets (Vehicles)		1,045	400	(1)	(506)	-	938
Others		11,069	66	(74)	(132)	-	10,929
	₩	919,294	71,030	(10,349)	(64,053)	(31,065)	884,857

(*) Others include transfers to or from investment properties, advanced payments and others.

(3) The changes in asset revaluation of land accounted in other comprehensive income and policyholder's equity adjustments and deferred tax liabilities as of December 31, 2023 and 2022 are as follows:

		2023	2022
Revaluation reserves	₩	833,109	833,807
Amount allocated into policyholder's equity adjustment		121,111	115,887
Deferred tax liabilities		187,967	190,249

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Amount allocated into other comprehensive income		524,030	527,671
(4) Reserve for revaluation as of December 31, 2023 is as follows:			
	Revaluation date	Amount	
	January 1, 1981	₩	165
	April 1, 1989		300
	April 1, 1999		23,900
	Deferred tax effect		24,365
			(19,863)
		₩	4,502

As of April 1, 1999, a certain portion of the Company's property and equipment was revalued in accordance with the Korean Asset Revaluation Law. As a result, the revaluation difference amounting to ₩478,550 million was classified as asset revaluation reserve. Out of this amount increment, ₩47,800 million, excluding participating policyholder's equity amounting to ₩430,750 million, was calculated as asset revaluation reserve. The asset revaluation reserve amounting to ₩23,900 million was transferred to capital stock during the year ended December 31, 2002. Out of ₩430,750 million, the amount of ₩64,000 million was transferred to the reserve for special participating policyholders' dividends and was paid during the year ended December 31, 2002, while the amount of ₩1,986 million and ₩63,750 million was transferred to reserve for social contributions in policyholders' equity. The amount of ₩126,438 million, out of the remainder amounting to ₩303,000 million, was used for dividends to policyholders for the year ended December 31, 2001, while the amount of ₩176,562 million was transferred to reserve for participating policyholder's dividends for stabilization.

As of April 1, 1989, a certain portion of the Company's property and equipment was revalued in accordance with the Korean Asset Revaluation Law. As a result, the revaluation difference amounting to ₩226,500 million was classified as asset revaluation reserve. Out of this amount increment, ₩131,823 million, excluding participating policyholder's equity amounting to ₩87,882 million, net of revaluation tax amounting to ₩6,796 million, was calculated as asset revaluation reserve. The asset revaluation reserve amounting to ₩65,600 million was transferred to capital stock.

Out of ₩87,882 million, the amount of ₩54,151 million was transferred to the reserve for special participating policyholders' dividends and paid, while the residual amount of ₩3,731 million and ₩30,000 million was transferred to reserve for social contributions in policyholders' equity. The residual amount of ₩65,923 million out of the revaluation reserve was used for reserve for participating policyholder's dividends for stabilization during the year ended December 31, 2019.

Out of the policyholders' dividend stabilization reserve, ₩167,100 million was used as a policyholder dividend resource, and the policyholder's dividend stabilization reserve amounts to ₩75,384 million as of December 31, 2023.

20. Intangible assets

(1) Intangible assets as of December 31, 2023 and 2022 are as follows:

		2023			
		Acquisition cost	Accumulated amortization	Accumulated impairment losses	Book value
Software	₩	98,804	(77,007)	-	21,797
Development costs(*)		257,763	(191,466)	-	66,297
Memberships		10,904	-	(35)	10,869
	₩	367,471	(268,473)	(35)	98,963

(*) Amounts of ₩27,667 million of development costs related to the new generation system are included as of December 31, 2023, and the remaining useful life of the development cost is 0.75 years.

		2022			
		Acquisition cost	Accumulated amortization	Accumulated impairment losses	Book value
Software	₩	93,875	(63,403)	-	30,472
Development costs(*)		250,424	(144,037)	-	106,387
Memberships		6,927	-	-	6,927
	₩	351,226	(207,440)	-	143,786

(*) Amounts of ₩57,987 million of development costs related to the new generation system are included as of December 31, 2023, and the remaining useful life of the development cost is 1.75 years.

(2) Changes in Intangible assets for the years ended December 31, 2023 and 2022 are as follows:

		2023					
		Beginning Balance	Acquisitions	Amortization	Impairment	Others (*)	Ending balance
Software	₩	30,472	4,917	(13,604)	-	12	21,797
Development costs		106,387	297	(47,429)	-	7,042	66,297
Memberships		6,927	3,977	-	(35)	-	10,869
	₩	143,786	9,191	(61,033)	(35)	7,054	98,963

(*) Others represent transfers to Development costs from intangible assets under development.

		2022					
		Beginning Balance	Acquisitions	Disposals	Amortization	Others (*)	Ending balance

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Software	₩	34,795	8,006	(264)	(13,043)	978	30,472
Development costs		125,035	718	(2,636)	(45,300)	28,570	106,387
Memberships		6,927	-	-	-	-	6,927
	₩	166,757	8,724	(2,900)	(58,343)	29,548	143,786

(*) Others represent transfers to Development costs from intangible assets under development.

21. Other assets

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

	2023	2022
Prepaid expense	2,674	1,989
Advanced payments	7,032	7,924
Others	139	108
	₩ 9,845	10,021

22. Insurance contract liabilities and reinsurance contract liabilities

(1) Insurance contract liabilities and reinsurance contract assets held for insurance contracts issued by portfolio as of December 31, 2023 and December 31, 2022 are as follows:

	Assets		Liabilities	
	2023	2022	2023	2022
Insurance contract portfolio:				
Death	₩ -	-	23,415,475	19,504,683
Health_	-	-	9,617,820	9,304,100
Annuity saving	-	-	54,004,220	49,279,574
Other	-	-	495,822	502,865
	-	-	87,533,336	78,591,222
Reinsurance contract portfolio:				
Death	13,681	16,708	130,668	103,697
Health_	81,347	79,985	52,169	46,649
Other_	78,453	80,440	72,403	67,894
	₩ 173,481	177,134	255,241	218,241

(2) Changes in insurance contract liabilities for the periods ended December 31, 2023 and 2022 are as follows:

	2023			
	Remaining coverage component		Liability for incurred claims	Insurance contract liabilities (assets)
	Excluding loss component	Including loss component		
1. Beginning balance of Insurance contract assets and liabilities	₩ 75,441,879	515,839	2,633,505	78,591,222
(1) Insurance contract assets	-	-	-	-
(2) Insurance contract liabilities	75,441,879	515,839	2,633,505	78,591,222
Insurance contract liabilities (assets), net	75,441,879	515,839	2,633,505	78,591,222
2. Insurance revenue	(3,661,259)	-	-	(3,661,259)
(1) Insurance contracts under full retrospective approach	(407,141)	-	-	(407,141)
(2) Insurance contracts under fair value approach	(2,388,969)	-	-	(2,388,969)
(3) Others	(865,149)	-	-	(865,149)
3. Insurance service expense	255,487	479,144	2,851,595	3,586,226
(1) Claims and other insurance service expenses incurred	65,196	-	2,929,145	2,994,342
(2) Amortization of insurance acquisition cash flow	190,291	-	-	190,291
(3) Changes in the fulfillment cash flow in the liability for incurred claims	-	-	(77,550)	(77,550)
(4) Losses(reversal) of group of onerous contracts	-	479,144	-	479,144
4. Investment components	(8,928,037)	173,596	8,754,441	-
5. Cash flow	11,657,545	-	(11,581,177)	76,368
(1) Premium received	12,667,472	-	-	12,667,472
(2) Insurance acquisition cash flow	(1,009,926)	-	-	(1,009,926)

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(3) Claims and other insurance service expenses incurred	-	-	(11,581,177)	(11,581,177)
6. Insurance finance income(expense)	9,076,698	9,708	30,375	9,116,780
(1) Profit or loss	4,240,691	21,127	25,373	4,287,191
(2) Other comprehensive income	4,836,007	(11,419)	5,002	4,829,589
7. Others	(179,852)	(158)	4,007	(176,002)
(1) Adjustments not related to movements	(179,852)	(158)	4,007	(176,002)
8. Ending balance of Insurance contract assets and liabilities	83,662,462	1,178,128	2,692,746	87,533,336
(1) Insurance contract assets	-	-	-	-
(2) Insurance contract liabilities	83,662,462	1,178,128	2,692,746	87,533,336
Insurance contract liabilities (assets), net	₩ 83,662,462	1,178,128	2,692,746	87,533,336

2022				
Remaining coverage component				
	Excluding loss component	Including loss component	Liability for incurred claims	Insurance contract liabilities (assets)
1. Beginning balance of Insurance contract assets and liabilities	₩ 86,713,969	17,141	2,663,328	89,394,439
(1) Insurance contract assets	-	-	-	-
(2) Insurance contract liabilities	86,713,969	17,141	2,663,328	89,394,439
Insurance contract liabilities (assets), net	86,713,969	17,141	2,663,328	89,394,439
2. Insurance revenue	(3,414,217)	-	-	(3,414,217)
(1) Insurance contracts under full retrospective approach	(634,310)	-	-	(634,310)
(2) Insurance contracts under fair value approach	(2,398,878)	-	-	(2,398,878)
(3) Others	(381,029)	-	-	(381,029)
3. Insurance service expense	240,924	534,617	2,694,316	3,469,856
(1) Claims and other insurance service expenses incurred	71,806	-	2,767,697	2,839,503
(2) Amortization of insurance acquisition cash flow	169,117	-	-	169,117
(3) Changes in the fulfillment cash flow in the liability for incurred claims	-	-	(73,381)	(73,381)
(4) Losses(reversal) of group of onerous contracts	-	534,617	-	534,617
4. Investment components	(10,888,524)	-	10,888,524	-
5. Cash flow	13,496,697	-	(13,621,190)	(124,493)
(1) Premium received	14,380,232	-	-	14,380,232
(2) Insurance acquisition cash flow	(883,534)	-	-	(883,534)
(3) Claims and other insurance service expenses incurred	-	-	(13,621,190)	(13,621,190)
6. Insurance finance income(expense)	(10,413,033)	(35,003)	3,480	(10,444,555)
(1) Profit or loss	176,744	1,242	15,912	193,898
(2) Other comprehensive income	(10,589,776)	(36,244)	(12,432)	(10,638,453)
7. Others	(293,937)	(917)	5,046	(289,808)
(1) Adjustments not related to movements	(293,937)	(917)	5,046	(289,808)
8. Ending balance of Insurance contract assets and liabilities	75,441,879	515,839	2,633,505	78,591,222
(1) Insurance contract assets	-	-	-	-
(2) Insurance contract liabilities	75,441,879	515,839	2,633,505	78,591,222
Insurance contract liabilities (assets), net	₩ 75,441,879	515,839	2,633,505	78,591,222

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(3) Changes in reinsurance contract liabilities for the periods ended December 31, 2023 and 2022 are as follows:

		2023			
		Remaining coverage component		Liability for incurred claims	Reinsurance contract assets (liabilities)
		Excluding loss component	Including loss component		
1. Beginning balance of reinsurance contract assets and liabilities	₩	(159,308)	459	117,741	(41,107)
(1) Reinsurance contract assets		78,885	456	97,792	177,134
(2) Reinsurance contract liabilities		238,193	(3)	(19,949)	218,241
Reinsurance contract assets (liabilities), net		(159,308)	459	117,741	(41,107)
2. Reinsurance service expenses		(28,193)	(763)	-	(28,956)
3. Reinsurance service income		-	606	31,802	32,408
4. Investment components		(148,371)	-	148,371	-
5. Cash flow		191,187	-	(173,546)	17,640
(1) Reinsurance premium paid		191,187	-	-	191,187
(2) Reinsurance claim received and other reinsurance service income		-	-	(173,546)	(173,546)
6. Reinsurance finance income and expenses		(54,852)	11	1,181	(53,661)
(1) Profit or loss		(5,610)	11	1,167	(4,432)
(2) The effect of changes in the risk of non-performance of the issuer of reinsurance contract ceded		(73)	-	(1)	(73)
(3) Other comprehensive income		(49,169)	-	14	(49,155)
7. Others		(6,096)	-	(1,987)	(8,083)
8. Ending balance of reinsurance contract assets and liabilities		(205,633)	313	123,561	(81,759)
(1) Reinsurance contract assets		73,192	166	100,123	173,481
(2) Reinsurance contract liabilities		278,826	(147)	(23,438)	255,241
Ending balance of Reinsurance contract assets (liabilities), net	₩	(205,633)	313	123,561	(81,759)
2022					
		Remaining coverage component		Liability for incurred claims	Reinsurance contract assets (liabilities)
		Excluding loss component	Including loss component		
1. Beginning balance of reinsurance contract assets and liabilities	₩	(222,385)	77	104,064	(118,244)
(1) Reinsurance contract assets		76,623	77	85,586	162,286
(2) Reinsurance contract liabilities		299,008	-	(18,478)	280,529
Reinsurance contract liabilities (assets), net		(222,385)	77	104,064	(118,244)
2. Reinsurance service expenses		(28,069)	(507)	-	(28,576)
3. Reinsurance service income		-	884	30,263	31,147
4. Investment components		(136,641)	-	136,641	-
5. Cash flow		174,126	-	(164,911)	9,215
(1) Reinsurance premium paid		174,126	-	-	174,126
(2) Reinsurance claim received and other reinsurance service income		-	-	(164,911)	(164,911)
6. Reinsurance finance income and expenses		61,599	5	691	62,295
(1) Profit or loss		(4,080)	5	710	(3,365)
(2) The effect of changes in the risk of non-performance of the issuer of reinsurance contract ceded		(11)	-	-	(11)
(3) Other comprehensive income		65,690	-	(19)	65,672
7. Others		(7,938)	-	10,994	3,056
8. Ending balance of reinsurance contract assets and liabilities		(159,308)	459	117,741	(41,107)
(1) Reinsurance contract assets		78,885	456	97,792	177,134
(2) Reinsurance contract liabilities		238,193	(3)	(19,949)	218,241
Ending balance of Reinsurance contract assets (liabilities), net	₩	(159,308)	459	117,741	(41,107)

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22. Insurance contract liabilities and reinsurance contract liabilities, continued

(4) Changes in insurance contract liabilities (assets) for the periods ended December 31, 2023 and 2022 by element, other than insurance contracts to which the premium allocation approach was applied, are as follows:

	2023						
	An estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Insurance contracts under full retrospective approach	Insurance contracts under fair value approach	Others	Sub total	Insurance contract liabilities (assets)
1. Beginning balance of insurance contract and liabilities	₩ 71,737,265	1,320,191	1,954,673	2,555,948	1,023,144	5,533,766	78,591,222
(1) Insurance contract assets	-	-	-	-	-	-	-
(2) Insurance contract liabilities	71,737,265	1,320,191	1,954,673	2,555,948	1,023,144	5,533,766	78,591,222
Insurance contract liabilities(assets), net	71,737,265	1,320,191	1,954,673	2,555,948	1,023,144	5,533,766	78,591,222
2. Changes related to future service	994,981	(46,486)	(27,753)	(1,500,574)	1,089,541	(438,787)	509,709
(1) Change in estimate adjusting contractual service margin	1,988,389	(176,714)	(27,753)	(1,500,574)	(283,347)	(1,811,675)	-
(2) Losses(reversal) of group of onerous contracts	474,305	7,462	-	-	-	-	481,766
(3) Effect of initially recognized contracts	(1,467,713)	122,767	-	-	1,372,888	1,372,888	27,942
3. Changes related to current service	63,148	(133,329)	(141,504)	(126,801)	(168,705)	(437,009)	(507,191)
(1) Contractual service margin recognized in profit or loss to reflect service transfers	-	-	(141,504)	(126,801)	(168,705)	(437,009)	(437,009)
(2) Changes in risk adjustment for non-financial risk	-	(133,329)	-	-	-	-	(133,329)
(3) experience adjustments	63,148	-	-	-	-	-	63,148
4. Changes in the fulfillment cash flow in liability for incurred claims	(77,550)	-	-	-	-	-	(77,550)
5. Cash flow	76,368	-	-	-	-	-	76,368
(1) Premium received	12,667,472	-	-	-	-	-	12,667,472
(2) Insurance acquisition cash flow	(1,009,926)	-	-	-	-	-	(1,009,926)
(3) Claims and other insurance service expenses incurred	(11,581,177)	-	-	-	-	-	(11,581,177)
6. Insurance finance income or loss	7,557,847	101,522	63,479	1,321,566	72,369	1,457,411	9,116,780
(1) Profit or loss	2,786,003	44,741	63,455	1,320,622	72,369	1,456,447	4,287,191
(2) Other comprehensive income	4,771,844	56,781	24	944	-	964	4,829,589
7. Others	(176,002)	-	-	-	-	-	(176,002)
8. Ending balance of insurance contract assets and liabilities	80,176,057	1,241,898	1,848,895	2,250,139	2,016,350	6,115,381	87,533,336
(1) Insurance contract assets	-	-	-	-	-	-	-
(2) Insurance contract liabilities	80,176,057	1,241,898	1,848,895	2,250,139	2,016,350	6,115,381	87,533,336
Ending balance of insurance contract liabilities (assets), net	₩ 80,176,057	1,241,898	1,848,895	2,250,139	2,016,350	6,115,381	87,533,336

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22. Insurance contract liabilities and reinsurance contract liabilities, continued

(4) Changes in insurance contract liabilities (assets) for the periods ended December 31, 2023 and 2022 by element, other than insurance contracts to which the premium allocation approach was applied, are as follows, continued:

	₩	Contractual Service Margin						
		An estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Insurance contracts under full retrospective approach	Insurance contracts under fair value approach	Others	Sub total	Insurance contract liabilities (assets)
1. Beginning balance of insurance contract liabilities and liabilities		83,289,572	1,409,349	2,283,509	2,412,008	-	4,695,518	89,394,439
(1) Insurance contract assets		-	-	-	-	-	-	-
(2) Insurance contract liabilities		83,289,572	1,409,349	2,283,509	2,412,008	-	4,695,518	89,394,439
Insurance contract liabilities(assets), net		83,289,572	1,409,349	2,283,509	2,412,008	-	4,695,518	89,394,439
2. Changes related to future service		(2,998,579)	114,842	(135,643)	2,496,941	1,105,422	3,466,720	582,982
(1) Change in estimate adjusting contractual service margin		(2,194,970)	(9,782)	(135,643)	2,496,941	(156,546)	2,204,752	-
(2) Losses(reversal) of group of onerous contracts		358,233	6,775	-	-	-	-	365,009
(3) Effect of initially recognized contracts		(1,161,842)	117,848	-	-	1,261,968	1,261,968	217,974
3. Changes related to current service		168,960	(138,985)	(205,848)	(181,659)	(96,431)	(483,938)	(453,963)
(1) Contractual service margin recognized in profit or loss to reflect service transfers		-	-	(205,848)	(181,659)	(96,431)	(483,938)	(483,938)
(2) Changes in risk adjustment for non-financial risk		-	(138,985)	-	-	-	-	(138,985)
(3) Experience adjustments		168,960	-	-	-	-	-	168,960
4. Changes in the fulfillment cash flow in liability for incurred claims		(73,381)	-	-	-	-	-	(73,381)
5. Cash flow		(124,493)	-	-	-	-	-	(124,493)
(1) Premium received		14,380,232	-	-	-	-	-	14,380,232
(2) Insurance acquisition cash flow		(883,534)	-	-	-	-	-	(883,534)
(3) Claims and other insurance service expenses incurred		(13,621,190)	-	-	-	-	-	(13,621,190)
6. Insurance finance income or loss		(8,235,008)	(65,014)	12,655	(2,171,343)	14,154	(2,144,533)	(10,444,555)
(1) Profit or loss		2,298,086	40,345	12,655	(2,171,343)	14,154	(2,144,533)	193,898
(2) Other comprehensive income		(10,533,093)	(105,359)	-	-	-	-	(10,638,453)
7. Others		(289,808)	-	-	-	-	-	(289,808)
8. Ending balance of insurance contract assets and liabilities		71,737,265	1,320,191	1,954,673	2,555,948	1,023,144	5,533,766	78,591,222
(1) Insurance contract assets		-	-	-	-	-	-	-
(2) Insurance contract liabilities		71,737,265	1,320,191	1,954,673	2,555,948	1,023,144	5,533,766	78,591,222
Ending balance of insurance contract liabilities (assets), net	₩	71,737,265	1,320,191	1,954,673	2,555,948	1,023,144	5,533,766	78,591,222

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(5) Changes in ceded reinsurance contract assets(liabilities) for the periods ended December 31, 2023 and 2022, by element, to which the premium allocation approach is not applied, are as follows:

	An estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin				Sub total	Reinsurance contract assets (liabilities)
			Insurance contracts under full retrospective approach	Insurance contracts under fair value approach	Others	Reinsurance contract assets (liabilities)		
1. Beginning balance of reinsurance contract assets and liabilities	₩ (106,986)	19,050	3,254	40,223	3,351	46,828	(41,107)	
(1) Reinsurance contract assets	141,913	12,090	(3,971)	27,597	(495)	23,130	177,134	
(2) Reinsurance contract liabilities	(248,899)	(6,960)	(7,226)	(12,626)	(3,846)	(23,698)	218,241	
Reinsurance contract liabilities(assets), net	(106,986)	19,050	3,254	40,223	3,351	46,828	(41,107)	
2. Changes related to future service	122,235	(9,680)	(5,681)	(133,517)	27,249	(111,949)	606	
(1) Change in estimate adjusting contract service margin	140,937	(17,440)	(5,681)	(133,517)	15,701	(123,497)	-	
(2) Losses(reversal) of group of onerous contracts	521	85	-	-	-	-	606	
(3) Effect of initially recognized contracts	(19,222)	7,675	-	-	11,547	11,547	-	
3. Changes related to current service	7,509	2,075	(2,844)	1,598	(5,493)	(6,738)	2,845	
(1) Contractual service margin recognized : profit or loss to reflect service transfers	-	-	(2,844)	1,598	(5,493)	(6,738)	(6,738)	
(2) Changes in risk adjustment for non-financial risk	-	2,075	-	-	-	-	2,075	
(3) experience adjustments	7,509	-	-	-	-	-	7,509	
4. Changes in the fulfillment cash flow in liability for incurred claims	-	-	-	-	-	-	-	
5. Cash flow	17,640	-	-	-	-	-	17,640	
(1) Reinsurance premium paid	191,187	-	-	-	-	-	191,187	
(2) Reinsurance claim received and other reinsurance service income	(173,546)	-	-	-	-	-	(173,546)	
6. Effect of changes in the risk of non-performance of the issuer of the reinsurance contract ceded	(73)	-	-	-	-	-	(73)	
7. Reinsurance finance income or expenses	(56,257)	3,270	(43)	(673)	115	(600)	(53,587)	
(1) Profit or loss	(4,524)	692	(43)	(673)	115	(600)	(4,432)	
(2) Other comprehensive income	(51,734)	2,579	-	-	-	-	(49,155)	
8. Others (financial settlement slip)	(8,083)	-	-	-	-	-	(8,083)	
9. Ending balance of Reinsurance contract assets and liabilities	(24,016)	14,716	(5,313)	(92,368)	25,222	(72,460)	(81,759)	
(1) Reinsurance contract assets	176,405	5,658	(6,254)	(19,708)	17,379	(8,582)	173,481	
(2) Reinsurance contract liabilities	200,421	(9,058)	(941)	72,660	(7,842)	63,877	255,241	
Ending balance of reinsurance contract assets (liabilities), net	₩ (24,016)	14,716	(5,313)	(92,368)	25,222	(72,460)	(81,759)	

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(5) Changes in ceded reinsurance contract assets(liabilities) for the periods ended December 31, 2023 and 2022, by element, to which the premium allocation approach is not applied, are as follows, continued:

	2022									
	An estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin				Sub total	Reinsurance contract assets (liabilities)		
			Insurance contracts under full retrospective approach	Insurance contracts under fair value approach	Others	-				
1. Beginning balance of reinsurance contract assets and liabilities	₩ (199,689)	20,834	9,892	50,719	-	60,611	(118,244)			
(1) Reinsurance contract assets	122,338	12,482	(4,064)	31,530	-	27,466	162,286			
(2) Reinsurance contract liabilities	322,027	(8,352)	(13,952)	(19,189)	-	(33,145)	280,529			
Reinsurance contract liabilities(assets), net	(199,689)	20,834	9,892	50,719	-	60,611	(118,244)			
2. Changes related to future service	2,484	2,693	(3,761)	(8,741)	8,209	(4,293)	884			
(1) Change in estimate adjusting contractual service margin	11,947	2,236	(3,761)	(8,741)	(1,681)	(14,184)	-			
(2) Losses(reversal) of group of onerous contracts	799	86	-	-	-	-	884			
(3) Effect of initially recognized contracts	(10,262)	371	-	-	9,890	9,890	-			
3. Changes related to current service	13,551	(1,447)	(3,013)	(2,487)	(4,918)	(10,418)	1,687			
(1) Contractual service margin recognized in profit or loss to reflect service transfers	-	-	(3,013)	(2,487)	(4,918)	(10,418)	(10,418)			
(2) Changes in risk adjustment for non-financial risk	-	(1,447)	-	-	-	-	(1,447)			
4. Changes in the fulfillment cash flow in the liability for incurred claims	13,551	-	-	-	-	-	13,551			
(3) experience adjustments	-	-	-	-	-	-	-			
5. Cash flow	9,215	-	-	-	-	-	9,215			
(1) Reinsurance premium paid	174,126	-	-	-	-	-	174,126			
(2) Reinsurance claim received and other reinsurance service income	(164,911)	-	-	-	-	-	(164,911)			
6. Effect of changes in the risk of non-performance of the issuer of the reinsurance contract ceded	(11)	-	-	-	-	-	(11)			
7. Reinsurance finance income or expenses	64,408	(3,030)	136	732	60	928	62,306			
(1) Profit or loss	(4,748)	454	136	732	60	928	(3,365)			
(2) Other comprehensive income	69,156	(3,485)	-	-	-	-	65,672			
8. Others (financial settlement slip)	3,056	-	-	-	-	-	3,056			
9. Ending balance of Reinsurance contract assets and liabilities	(106,986)	19,050	3,254	40,223	3,351	46,828	(41,107)			
(1) Reinsurance contract assets	141,913	12,090	(3,971)	27,597	(495)	23,130	177,134			
(2) Reinsurance contract liabilities	248,899	(6,960)	(7,226)	(12,626)	(3,846)	(23,698)	218,241			
Ending balance of reinsurance contract assets (liabilities), net	₩ (106,986)	19,050	3,254	40,223	3,351	46,828	(41,107)			

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22. Insurance contract liabilities and reinsurance contract liabilities, continued

(9) The total amount recognized as insurance finance income and expenses, the amount recognized as other comprehensive income among insurance finance income and expenses and investment gains and losses on assets for the period ended December 31, 2023 and 2022 are as follows:

		2023	2022
1. Investment income and expense	₩	8,447,136	(6,976,415)
(1) Interest income		2,896,799	2,505,829
(2) Other investment income and expense		1,992,066	(1,688,470)
(3) Other comprehensive income		3,558,271	(7,793,774)
2. Insurance finance income and expense		(9,116,780)	10,444,555
(1) Profit or loss		(4,287,191)	(193,898)
(2) Other comprehensive income		(4,829,589)	10,638,453
3. Reinsurance finance income and expense		(53,660)	62,295
(1) Profit or loss		(4,505)	(3,377)
(2) Other comprehensive income		(49,155)	65,672
4. Total finance income and expense	₩	<u>(723,304)</u>	<u>3,530,435</u>

(10) The fair values of the underlying items of contracts with direct participation features among insurance contracts issued by the Company as of December 31, 2023 and December 31, 2022 are as follows:

		2023	2022
Cash and deposits	₩	263,862	399,559
Securities		14,435,021	12,707,900
Loan receivable		572,015	1,043,115
Derivative assets		4,440	6,279
Other assets		286,932	292,033
	₩	<u>15,562,270</u>	<u>14,448,886</u>

(11) Group of insurance contracts to which the VFA model is applied, the effect of financial risk on the amount corresponding to the Company's share among underlying items is mitigated by related derivatives and reinsurance contracts ceded. These economic offsets are specified in the relevant documents, and credit risk is believed not be dominant over economic offsets. In this situation, among the changes in the fulfillment cash flow of the group of contracts to which the VFA model is applied, the amount that does not adjust the contractual service margin are as follows:

		2023	2022
Unrecognized amount of change	₩	<u>43,272</u>	<u>-</u>

(12) Insurance revenue recognized for insurance contracts issued by the Company for the period ended December 31, 2023 and 2022 are as follows:

		2023	2022
1. Amount related to changes in the liability for remaining coverage	₩	3,470,968	3,245,100
(1) Insurance service expenses incurred		2,939,888	2,658,817
a. Expected claim (insurance component)		1,921,524	1,784,767
b. Expected maintenance expense, etc		1,048,197	922,071
c. Allocation of loss component		(29,833)	(48,012)
(2) Change in risk-adjustment for non-financial risk		138,314	144,468
a. RA amortization		137,035	142,664
b. Allocation of loss component		(732)	(344)
c. Cancelled contracts		2,011	2,148
(3) Contractual service margin recognized in profit or loss		437,009	483,938
a. CSM amortization		413,485	458,099
b. Cancelled contracts		23,525	25,839
(4) Others		(44,243)	(42,124)

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a. Cancelled contracts	(44,243)	(42,124)
2. Allocation of Insurance acquisition cash flow	190,291	169,117
a. Contract conclusion expense amortization	190,291	169,117
	<u>3,661,259</u>	<u>3,414,217</u>
	₩	

(13) Reinsurance revenue recognized for insurance contracts held by the Company for the period ended December 31, 2023 and 2022 are as follows:

	2023	2022
Incurred reinsurance	₩ 25,176	28,271
Adjustment of Reinsurance incurred accident factors	6,626	1,992
Revenue related to loss recovery factors	606	884
	<u>32,408</u>	<u>31,147</u>
	₩	

(14) Insurance service cost recognized for insurance contracts issued by the Company for the period ended December 31, 2023 and 2022 are as follows:

	2023	2022
1. Insurance costs for insurance contracts	₩ 3,586,227	3,469,857
Actual insurance premium	1,897,825	1,815,929
Actual contract maintenance costs	936,808	880,538
Actual investment management expenses	85,672	82,060
Expenses related to loss-bearing contracts	509,709	582,982
Adjustment of accident factors	1,399	(10,686)
Depreciation of cash flow obtained from insurance	190,291	169,117
Amount of loss factor allocation	(30,565)	(48,365)
Other insurance service expenses	(4,912)	(1,718)
2. Other insurance operating expense	36,410	32,396
	<u>3,622,637</u>	<u>3,502,253</u>
	₩	

(15) Reinsurance cost recognized for insurance contracts held by the Company for the period ended December 31, 2023 and 2022 are as follows:

	2023	2022
Estimated reinsurance	₩ 19,232	13,777
Adjustment of Reinsurance estimated accident factors	4,538	3,322
Change in risk adjustment	(1,552)	1,059
Depreciation of insurance contract margin	6,738	10,418
	<u>28,956</u>	<u>28,576</u>
	₩	

23. Other contract liabilities

Other contract liabilities as of December 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Reserve for policyholder dividend stabilization	₩ 72,936	75,403
Policyholder's equity adjustment	73,969	68,148
	<u>146,905</u>	<u>143,551</u>
	₩	

24. Borrowings

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Borrowings as of December 31, 2023 and December 31, 2022 are as follows:

	Type		2023	2022
Overdraft	SC Bank	₩	-	500,000
Sale of repurchase agreement (*)	JPMCB, K-bank		-	430,000
		₩	-	930,000

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

25. Other financial liabilities

(1) Other financial liabilities as of December 31, 2023 and 2022 are as follows:

		2023	2022
Insurance payables:			
Dormant policies	₩	32,173	35,731
Insurance settlement adjustments		3,438	3,020
		35,611	38,751
Accounts payable		430,196	114,433
Accrued expenses		237,470	261,875
Leasehold deposits received		105,106	105,389
Less: Present value discount		(5,985)	(5,687)
Trust accounts liabilities		105,050	88,409
Lease liabilities (*)		44,452	50,081
	₩	951,900	653,251

(*) Lease liabilities are recognized and measured in accordance with KIFRS 1116 Leases.

(2) Lease expenses for the years ended December 31, 2023 and 2022 are as follows:

		2023	2022
Short-term lease (*)	₩	4,120	2,882
Lease of low-value asset expenses (*)		39	38
Interest expense on the lease liability		1,517	1,209
	₩	5,676	4,129

(*) The Company recognized lease payments as an expense on a straight-line basis over the lease term.

(3) Details of Lease liabilities by maturity according to remaining lease terms as of December 31, 2023 and 2022 are as follows:

		2023	
		Less than 1 year	1 ~ 5 years
Real estates	₩	7,673	37,925
Vehicles		236	627
	₩	7,909	38,552
		2022	
		Less than 1 year	1 ~ 5 years
Real estates	₩	27,827	27,189
Vehicles		26	945
	₩	27,853	28,134

(4) Details of lease cash payments related to lease liabilities amounted to ₩37,363 million and to ₩37,493 million for the year ended December 31, 2023 and 2022, respectively.

26. Provisions

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

2023

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		Provision for restoration cost	Litigation	Unused commitment(*1)	Total
Beginning balance	₩	9,308	1,111	6,645	17,064
Charge for the period		9,493	-	-	9,493
Utilized		(519)	-	-	(519)
Provision (reversal), net		(9,678)	(339)	10,924	907
Ending balance	₩	8,604	772	17,569	26,945

(*1) This beginning amount is applied to KIFRS1109.

2022					
		Provision for restoration cost	Litigation		Total
Beginning balance	₩	10,234	341		10,575
Charge for the period		6,922	-		6,922
Utilized		(961)	-		(961)
Provision (reversal), net		(6,887)	770		(6,117)
Ending balance	₩	9,308	1,111		10,419

(2) The nature of the provisions and the timing of the expected outflow of economic benefits are as follows:

2023					
		Less than 1 year	1 ~ 3 years	3 ~ 5 years	Total
Provision for restoration costs	₩	4,240	3,813	551	8,604
Litigation		772	-	-	772
Unused commitments		17,569	-	-	17,569
	₩	22,581	3,813	551	26,945

27. Defined benefit liabilities

(1) The Company operates a defined benefit plan based on compensation of pension for the employees and the period of services rendered. The Company has trusted the plan assets of defined benefit obligations at Kookmin Banks and others. Defined benefit plan liabilities as of December 31, 2023 and 2022 are as follows:

		2023	2022
Present value of defined benefit obligations	₩	250,690	208,699
Fair value of plan assets		(216,045)	(203,996)
Recognized liabilities for defined benefit liabilities	₩	34,645	4,703

(2) Changes in the present value of defined benefit obligations for the years ended December 31, 2023 and 2022 are as follows:

		2023	2022
Beginning balances	₩	208,699	203,479
Current service costs		49,482	44,342
Interest expenses		9,955	4,638
Remeasurements:		5,630	(21,740)
Actual gain from change in financial assumptions		15,042	(25,146)
Actual gain from change in population statistics		(6,158)	-
Experience adjustments		(3,254)	3,406
Benefits paid by the plan		(23,076)	(20,466)
Past service costs		-	(1,554)
Ending balances	₩	250,690	208,699

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

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		2023	2022
Beginning balances	₩	203,996	203,910
Interest income		9,710	4,648
Remeasurements		194	(763)
Benefit paid by the company		20,000	25,000
Benefit paid by the plan		(17,855)	(28,799)
Ending balances	₩	<u>216,045</u>	<u>203,996</u>

(4) Plan assets as of December 31, 2023 and 2022 are as follows:

		2023		2022	
		Amount	Ratio (%)	Amount	Ratio (%)
Time deposit	₩	216,027	99.99%	203,976	99.99%
Debt securities		18	0.01%	20	0.01%
	₩	<u>216,045</u>	<u>100.00%</u>	<u>203,996</u>	<u>100.00%</u>

(5) Actuarial assumptions as of December 31, 2023 and 2022 are as follows:

	2023	2022
Discount rate (*)	4.42%	5.20%
Future salary increasing rate	1.90%	1.60%
	+advancement rate	+advancement rate

(*) Considering the timing of the payments of retirement benefits, the Company applied a rate of return of unsecured debenture bonds with a rating of AA+.

(6) Sensitivity analysis

Sensitivity analysis of the present value of defined benefit obligation as of December 31, 2023 is as follows:

		2023	
		1% Point increase	1% Point decrease
Discount rate	₩	(13,504)	15,339
Future salary increasing rate		16,524	(14,786)

(7) The weighted average maturity of the defined benefit obligation is 6.61 years as of December 31, 2023.

28. Other liabilities

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

		2023	2022
Unearned income	₩	13,728	11,544
Withholdings		66,014	54,540
Value added tax withheld		2,140	1,960
Other liabilities (*)		15,800	15,832
	₩	<u>97,682</u>	<u>83,876</u>

(*) Others include the amount estimated to be paid in the future to the policyholder of the immediate annuity inheritance maturity type.

29. Derivatives

1. Derivative instruments held for trading

(1) Unsettled commitments and fair values of derivative instruments held for trading as of December 31, 2023 are as follows:

	Type		2023		
			Unsettled commitment	Cumulative valuation gains and losses	
				Asset	Liability
Currency related:	Currency forward	₩	3,276,867	84,518	12,963
	Currency swap		3,788,764	53,262	198,196
	Currency futures		60,542	-	-
			<u>7,126,173</u>	<u>137,780</u>	<u>211,159</u>
Equity related:	Stock index futures		1,247,235	-	-

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	Stock index option	121	-	2,151
	Individual stock futures	8,610	-	-
		<u>1,255,966</u>	<u>-</u>	<u>2,151</u>
Interest related:	Interest rate futures	1,123,548	-	-
	Interest rate forward	930,000	92,170	-
	Interest rate swap	12,081,500	48,710	815
		<u>14,135,048</u>	<u>140,880</u>	<u>815</u>
	Credit risk adjustments	-	-	159
		<u>₩ 22,517,187</u>	<u>278,660</u>	<u>214,284</u>

(2) Gains and losses on valuation of derivative instruments held for trading for the period ended December 31, 2023 are as follows:

	Type	2023	
		Gain	Loss
Currency related:	Currency forward	₩ 34,820	13,256
	Currency swap	60,327	55,082
	Currency futures	4,024	7,737
		<u>99,171</u>	<u>76,075</u>
Equity related:	Stock index futures	30,667	7,422
	Stock index option	-	2,030
	Individual stock futures	2,749	2,263
		<u>33,416</u>	<u>11,715</u>
Interest related:	Interest rate futures	30,532	7,766
	Interest rate forward	92,170	-
	Interest rate swap	48,710	815
		<u>171,412</u>	<u>8,581</u>
	Credit risk adjustments	241	21
		<u>304,240</u>	<u>96,392</u>

2. Fair value hedged item

(1) Fair value hedged item as of December 31, 2023 and changes in fair value for the period ended December 31, 2023 are as follows:

	Type	2023		
		Book value	Accumulated fair value adjustment	Change in fair value during the period
Interest rate related:	Foreign debt instrument	₩ 817,533	12,892	12,892
Foreign exchange related:	Foreign debt instrument	94,328	9,194	1,837
	Foreign beneficiary certificate	1,757,953	130,298	52,183
		<u>₩ 2,669,814</u>	<u>152,384</u>	<u>66,912</u>

(2) Derivatives designated as fair value hedging instruments as of December 31, 2023 and changes in fair value for the period ended December 31, 2023 are as follows:

		2023			
		Unrecognized firm commitments	Asset	Liability	Change in fair value for the period
Currency forward	₩	2,446,110	39,461	36,664	(25,302)
Currency swap		20,536	133	-	133
Interest rate forward		50,013	-	2,036	(2,036)
Interest rate futures		1,000,385	-	-	-
	₩	<u>3,517,044</u>	<u>39,594</u>	<u>38,700</u>	<u>(27,205)</u>

(3) The amount recognized in profit or loss due to the ineffectiveness of fair value hedge for the period ended December 31, 2023 is as follows:

		2023			
		Risk	Profit and loss related to fair value hedge designation (hedged item)	Profit and loss related to fair value hedge designation (hedging instrument)	Ineffective portion of hedge recognized in profit or loss (*)
Fair value hedge	₩	Foreign exchange	12,892	(13,419)	(527)
		Foreign exchange risk	70,043	(67,646)	2,397
			<u>82,935</u>	<u>(81,065)</u>	<u>1,870</u>

(*) The ineffectiveness of the hedge is the difference between the hedging gain and loss between the hedging instrument and the hedged item.

3. Cash flow hedge

(1) Derivatives designated as cash flow hedging instruments as of December 31, 2023 and changes in fair value for the period ended December 31, 2023 are as follows:

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		2023			
		Unrecognized firm commitments	Asset	Liability	Change in fair value for the period
Interest rate forward	₩	5,640,000	207,690	159,156	452,956
Interest rate swap		64,171	-	1,815	839
Currency forward		1,512,549	12,240	27,034	(39,221)
Currency swap		9,059,514	127,059	402,096	(120,963)
	₩	16,276,234	346,989	590,101	293,611

(2) Changes in the value of hedged items and cash flow hedge reserve used as a basis for recognizing the ineffectiveness of hedge for the period ended December 31, 2023 is as follows:

		2023	
		Change in fair value used to calculate hedge ineffectiveness	Cash flow hedge reserve
Foreign exchange risk:	₩		
Foreign securities		235,804	342,571
Overseas loan receivable		12,431	3,185
		248,235	345,756
Interest rate risk:			
Bond prospective purchase transaction		-	48,534
Domestic loan receivable		-	(1,815)
		-	46,719
	₩	248,235	392,475

(3) Profit or loss and other comprehensive income affected from the ineffectiveness of cashflow hedge for the period ended December 31, 2023 is as follows:

		2023		
		Hedge gain and loss recognized in other comprehensive income (*1)	Ineffectiveness of hedge recognized in profit or loss (*2)	Reclassified from cash flow hedge reserve to profit or loss
Cash flow hedge	Risk			
	Interest rate	₩ 453,795	-	-
	Foreign exchange	86,499	(3,063)	(239,059)
		₩ 540,294	(3,063)	(239,059)

(*1) Other comprehensive income on the statement of comprehensive income before income tax effect.

(*2) The ineffectiveness of hedge is the difference between the hedge gain and loss of the hedging instrument and the hedged item.

(4) Derivative assets and liabilities as of December 31, 2022 is as follows:

		2022	
		Assets	Liabilities
Currency related:	Type		
	Currency forward	₩ 91,484	62,338
	Currency swap	74,297	432,490
		165,781	494,828
Interest rate related:	Interest rate swap	-	2,654
	Interest rate forward	43,174	454,393
		43,174	457,047
	Hedge accounting applied	208,955	951,875
Currency related:	Currency forward	125,786	69,900
	Currency swap	66,224	271,172
		192,010	341,072
Equity related:	Conversion right	1,086	-
	Stock index futures	-	12
		1,086	12
Credit related	Credit default swap	931	-
	Hedge accounting not applied	194,027	341,084
	Credit risk adjustment	-	382
		₩ 402,982	1,293,341

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(5) Valuation gains or losses of derivatives for the period ended December 31, 2022 is as follows:

	Type	Profit or loss		Other comprehensive income (*)	
		Gain	Loss	Gain	Loss
Currency related:	Currency forward	₩ 84,168	60,027	3,883	9,241
	Currency swap	25,762	693,864	330,973	25,674
		109,930	753,891	334,856	34,915
Interest rate related:	Interest rate swap	-	-	-	2,654
	Interest rate forward	11,704	-	31,470	454,393
		11,704	-	31,470	457,047
Hedge accounting applied		121,634	753,891	366,326	491,962
Currency related:	Currency forward	125,435	59,136	-	-
	Currency foreign currency futures	1,564	701	-	-
	Currency swap	67,074	194,441	-	-
		194,073	254,278	-	-
Equity related:	Stock index futures	190,103	222,722	-	-
	Stock index option	325	-	-	-
	Single-stock futures	6,614	7,323	-	-
	Conversion right	2	-	-	-
	others	-	-	-	-
		197,044	230,045	-	-
Interest rate related:	Interest rate forward	131,369	136,920	-	-
Credit related	Credit default swap	-	1,414	-	-
Hedge accounting not applied		522,486	622,657	-	-
Credit risk adjustment		8	176	-	-
		644,128	1,376,724	366,326	491,962

(*) Other comprehensive income due to the application of cash flow hedge accounting before income tax.

(6) Profit or loss of hedging instruments and hedged item subject to cash flow hedge accounting for the period ended December 31, 2022 is as follows:

		2022	
		Profit	Loss
Hedged item	₩	141,206	(79,755)
Hedging instrument		213,675	(265,574)

(7) The Company recognized ₩ 1,317 million of derivative valuation gains for the period ended December 31, 2023 and ₩ 6,048 million of derivative valuation losses in the period ended December 31, 2023 due to the expiration of terms and disposition of currency forward contracts, currency swap contracts, and interest rate swap contracts to which cash flow hedges apply. In addition, the Company recognized a loss of ₩1 million as an ineffectiveness of cash flow hedge.

When a forecast transaction subject to cash flow hedge accounting is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately transferred to the statement of comprehensive income. The expected longest period of exposure to cash flow volatility risk for derivative contracts subject to cash flow hedge is September 13, 2029.

30. Equity

(1) Equity as of December 31, 2023 and December 31, 2022 are as follows:

		2023	2022
		₩	₩
Capital stock	Capital stock	102,500	102,500
Hybrid bonds	Hybrid bonds	1,607,440	1,108,899
	Share premium	359,937	359,937
	Asset revaluation surplus	4,502	4,502
Capital surplus	Others	1,497	1,497
		365,936	365,936
Capital adjustments	Loss on valuation of investments using equity method	(8,995)	(8,995)
	Others	(104,411)	(104,412)
	Treasury Stock	(84,008)	-
		(197,414)	(113,407)
Accumulated other comprehensive income	Loss on valuation of financial assets at fair value	(3,559,631)	-
	Loss allowance of debt instrument at fair value	8,962	-
	Financial gain of insurance contract assets	-	-
	(liabilities) net	4,383,534	7,927,326
	Financial gain of reinsurance contract assets	12,004	48,117

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	(liabilities) net		
	Loss on valuation of available-for-sale financial assets	-	(2,150,363)
	Loss on valuation of cash flow hedging derivatives	265,018	(92,343)
	Loss on valuation of investment of associates and subsidiaries	-	(1,661)
	Loss on valuation of held to maturity financial assets	-	(1,764,652)
	Gain on revaluation of property and equipment	524,030	527,671
	Remeasurement component related to defined benefit plan	36,250	40,196
		<u>1,670,167</u>	<u>4,534,291</u>
Retained earnings	Legal reserve	51,250	51,250
	Other legal reserves	1,096,736	1,096,736
	Regulatory reserve for loan loss	158,499	160,480
	Retained earnings	4,904,277	5,405,946
	Voluntary reserve	3,000	3,000
		<u>6,213,762</u>	<u>6,717,412</u>
		<u>₩ 9,762,391</u>	<u>12,715,631</u>

(2) Capital stock

Capital stock as of December 31, 2023 and December 31, 2022 are as follows:

		December 31, 2023	December 31, 2022
Number of authorized shares		300,000,000 shares	300,000,000 shares
Par value per share in won	₩	1,000	1,000
Number of issued common stocks outstanding		102,500,000 shares	102,500,000 shares
Capital stock	₩	102,500	102,500

(3) Hybrid bonds

Hybrid bonds as of December 31, 2023 is as follows:

	Issue date	Maturity date	Interest rate (%)	Issued amount	Amount of KRW equivalent
Overseas hybrid bonds (*1)	June 15, 2022	June 15, 2052	5.90	\$ 500,000	₩ 644,850
Issuance costs (underwriting fees and other direct issuance costs)					(4,567)
					<u>640,283</u>
Domestic hybrid bonds (*2)	September 10, 2021	September 10, 2051	3.72	₩ -	470,000
Domestic hybrid bonds (*2)	May 12, 2023	May 12, 2053	5.80	-	500,000
Issuance costs (underwriting fees and other direct issuance costs)					(2,843)
					<u>967,157</u>
					<u>₩ 1,607,440</u>

(*1) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and interest rate can be adjusted only once after 10 years from the date of issuance. Upon maturity date, the controlling company has the right to extend the maturity under the same condition.

(*2) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and base interest rate and spreads can be adjusted only once after 5 or 10 years from the date of issuance. Upon maturity date, the controlling company has the right to extend the maturity under the same condition.

	Issue date	Maturity date	Interest rate (%)	Issued amount	Amount of KRW equivalent
Overseas hybrid bonds (*1)	June 15, 2022	June 15, 2052	5.90	\$ 500,000	₩ 644,850
Issuance costs (underwriting fees and other direct issuance costs)					(4,567)
					<u>640,283</u>
Domestic hybrid bonds (*2)	September 10, 2021	September 10, 2051	3.72	₩ -	470,000
Issuance costs (underwriting fees and other direct issuance costs)					(1,384)
					<u>468,616</u>
					<u>₩ 1,108,899</u>

(*1) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and interest rate can be adjusted only once after 10 years from the date of issuance. Upon maturity date, the controlling company has the right to extend the maturity under the same condition.

(*2) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and base interest rate and spreads can be adjusted only once after 5 or 10 years from the date of issuance. Upon maturity date, the controlling company has the right to extend the maturity under the same condition.

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30. Equity, continued

(4) Accumulated other comprehensive income

Changes in accumulated other comprehensive income for the periods ended December 31, 2023 are as follows:

	2023								
	Gain (loss) on valuation of financial assets at fair value through profit or loss	Loss allowance for debt instruments at fair value	Financial gain (loss) on insurance contract assets (liabilities), net	Financial gain (loss) on reinsurance contract assets (liabilities), net	Valuation gain (loss) on cash flow hedge	Gain (loss) on valuation of investment of associates	Gain (loss) on revaluation of property and equipment	Remeasurement gain related to defined benefit plan	Total
Beginning balance	₩ (5,866,022)	6,867	7,927,326	48,117	(92,343)	(5)	527,671	40,196	2,591,807
Fair value evaluation	3,105,637	2,834	(4,829,589)	(49,155)	628,553	-	(698)	(5,436)	(1,147,161)
Realization of income or loss	(35,915)	-	-	-	(142,838)	-	-	-	(178,748)
Policyholder's equity adjustment (*)	74,806	-	-	-	-	7	(5,224)	-	69,589
Income tax effects	(838,136)	(739)	1,285,797	13,042	(128,354)	(2)	1,583	1,490	334,681
Ending balance	₩ (3,559,630)	8,962	4,383,534	12,004	265,018	-	524,030	36,250	1,670,168
(*) Allocation to policyholder's equity adjustment for the period ended December 31, 2023.									

Changes in accumulated other comprehensive income for the periods ended December 31, 2022 are as follows:

	2022							
	Gain (loss) on valuation of available-for-sale financial assets	Gain (loss) on valuation of cash flow hedge	Financial gain (loss) on insurance contract assets (liabilities), net	Financial gain (loss) on reinsurance contract assets (liabilities), net	Gain (loss) on valuation of investment of associates	Gain (loss) on revaluation of property and equipment	Remeasurement gain (loss) related to defined benefit plan	Total
Beginning balance	₩ 1,407,111	(109,043)	106,593	(150)	256	522,063	24,440	1,951,270
Fair value evaluation	(6,830,551)	162,420	10,638,453	65,672	(3,056)	(6,899)	20,978	4,047,017
Realization of income or loss	(952,237)	(139,666)	-	-	-	-	-	(1,091,903)
Policyholder's equity adjustment (*)	548,092	-	-	-	442	4,733	-	553,267
Income tax effects	1,912,570	(6,054)	(2,817,720)	(17,405)	696	7,775	(5,222)	(925,360)
Ending balance	₩ (3,915,015)	(92,343)	7,927,326	48,117	(1,662)	527,672	40,196	4,534,291
(*) Allocation to policyholder's equity adjustment for the period ended December 31, 2022.								

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30. Equity, continued

(5) Retained earnings

(a) Legal reserve

Legal reserve is restricted for the dividend to stockholders by law or legislation. According to Commercial Act, the Company is required to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of capital stock. The legal reserve may not be allocated in cash and may be used to reduce a deficit or may be transferred to capital based on the decision of board of directors.

(b) Dividend

i) Details of dividends recognized as distributions to common stockholders for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Number of shares	₩ 102,500,000	102,500,000
Par value per share in Korean won in unit	1,000	1,000
Dividend rate per share	0%	50%
Dividend per share in Korean won in unit	-	500

ii) Dividend payout ratio for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Dividend per share in Korean won in unit	₩ -	51,250
Profit for the year	489,082	395,211
Dividend rate per share	0%	12.97%

(c) Appropriation of retained earnings

Separate statements of appropriation of retained earnings for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Unappropriated retained earnings:		
Balance at beginning of year	₩ 5,356,676	6,269,044
Net income	489,082	395,211
Dividends to hybrid bonds	(74,245)	(52,891)
Effect of changes in accounting policies	(867,236)	(1,205,418)
	<u>4,904,277</u>	<u>5,405,946</u>
Appropriation of retained earnings:		49,270
Regulatory reserve for loss on loan receivables	(31,947)	(1,980)
Dividends	-	51,250
Dividends in cash		
Dividend amount per share (rate):		
December 31, 2023: 0 won (0%)		
December 31, 2022: 500 won (50%)	(1,096,735)	-
Regulatory reserve for financial soundness		
Guarantee Reserve	<u>275,996</u>	<u>-</u>
	<u>(852,686)</u>	<u>49,270</u>
Unappropriated retained earnings to be carried over to subsequent year	₩ <u>5,756,963</u>	<u>5,356,676</u>

The comparatively shown statement of disposal of retained earnings reflects the adjustment in accordance with the application of Corporate Accounting Standard No. 1111 'Insurance Contract' and differs from the statement of disposal of retained earnings that was finalized on March 3, 2023.

(d) Regulatory reserve for loan losses

When a consolidated corporation falls short of the minimum reserve requirement for impaired credit losses specified in the supervisory regulations due to the reserve amount for expected credit losses based on Korean-adopted International Financial Reporting Standards (K-IFRS), the shortfall is reserved as a separate reserve for impaired credit losses in the financial statements at each year-end.

In consideration of the risk of surrender, in the case where the total amount of insurance liability reserve and separate account liabilities is less than the total amount of surrender value and unearned insurance premiums, the differences are accounted for as a surrender value reserve at each reporting period.

In addition, the Company is accumulating guarantee reserves already accumulated at the time of conversion to KIFRS No. 1117 at the end of 2021 and guarantee fees to be received in the future after the date of conversion as a guarantee reserve.

The regulatory reserve for loan losses is, in nature, an arbitrary reserve for retained earnings. When there is unappropriated deficits, regulatory reserve for loan losses are reserved after the deficits are appropriated. When the amount previously reserved for regulatory reserve for loan losses exceeds the amount of regulatory reserve for loan losses to be reserved as of the closing date, the reversal of the excess amount is allowed.

i) Regulatory reserve for loan losses as of December 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Regulatory reserve for loan losses accumulated	₩ 158,499	160,480
To be accumulated (reversed)	(31,947)	(1,980)
	<u>₩ 126,552</u>	<u>158,500</u>

ii) There is no accumulated surrender value reserve as of December 31, 2023 and December 31, 2022.

iii) Guarantee reserve, etc. as of December 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Guarantee reserve accumulated	₩ -	-
To be accumulated (reversed)	275,996	-
	<u>₩ 275,996</u>	<u>-</u>

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iv) Transfer (reversal) including regulatory reserve for loan losses and adjusted profit after reflection of regulatory reserve for loan losses for the periods ended December 31, 2023 and 2022 are as follows:

		2023	2022
Profit for the period before legal reserve	₩	489,098	429,836
Hybrid bonds dividend		(74,245)	(52,891)
Charge (reversal) of regulatory reserve for loan losses		31,947	1,980
Charge (reversal) of guarantee reserve		(275,996)	-
Income adjusted for regulatory reserve for loan losses, etc (*)	₩	<u>170,788</u>	<u>378,925</u>

(*) Net income adjusted for regulatory reserve above is non-KIFRS financial information. The adjustment amount is calculated under the assumption that provision for regulatory reserve is reflected on the current net income without considering policyholders' equity adjustment and deferred tax effect.

31. Interest income

Interest income for the three-month and periods ended December 31, 2023 and 2022 are as follows:

		2023	2022
Cash and due from banks	₩	61,095	30,538
Financial assets at fair value through profit or loss		323,143	-
Financial assets designated at fair value through profit or loss		-	23
Financial assets held for trading		-	162,865
Financial assets at fair value through other comprehensive income		1,588,542	-
Available-for-sale financial assets		-	828,554
Financial assets at amortized cost		41,592	-
Held to maturity financial assets		-	681,142
Loan receivables at amortized cost		841,890	749,863
Derivatives		38,713	51,061
Others		1,824	1,781
	₩	<u>2,896,799</u>	<u>2,505,827</u>

32. Gain on valuation and disposal of financial instruments

Gain on valuation and disposal of financial instruments for the three-month and periods ended December 31, 2023 and 2022 are as follows:

		2023	2022
Financial assets at fair value through profit or loss:			
Gain on valuation	₩	1,866,148	-
Gain on disposal		786,184	-
Financial assets designated at fair value through profit or loss:			
Gain on valuation		-	685
Financial assets held for trading:			
Gain on valuation		-	78,094
Gain on disposal		-	122,794
Financial assets at fair value through other comprehensive income:			
Reversal of impairment loss		-	-
Gain on disposal		204,653	-
Available-for-sale financial assets:			
Reversal of impairment loss		-	4,944
Gain on disposal		-	497,612
Loan receivables at amortized cost:			
Reversal of provision for loss		-	-
Gain on disposal		12,357	251
Derivatives:			
Gain on valuation		328,968	644,128
Gain on transaction		499,537	1,041,793
	₩	<u>3,697,847</u>	<u>2,390,301</u>

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33. Fee and commission income

Fee and commission income for the years ended December 31, 2023 and 2022 are as follows:

		2023	2022
Credit placement fees	₩	16,374	9,912
Securities lending and borrowing fees		1,508	3,230
Retirement pension management fee		172	204
Housing mortgage bond fees		1,367	1,513
Sales commissions on beneficiary certificates		2,862	2,986
Others		13,303	12,416
	₩	<u>35,586</u>	<u>30,261</u>

34. Dividend income

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

		2023	2022
Financial assets at fair value through profit or loss:			
Equity securities	₩	83,408	-
Equity investments		-	-
Overseas securities		13	-
		<u>83,421</u>	<u>-</u>
Financial assets held for trading:			
Equity securities		-	91,405
		<u>-</u>	<u>91,405</u>
Financial assets measured at fair value through other comprehensive income:			
Equity securities	₩	3,685	-
Other securities		18,306	-
Overseas securities		1,010	-
		<u>23,001</u>	<u>-</u>
Available-for-sale financial assets:			
Equity securities		-	33,926
Equity investments		-	5,179
		<u>-</u>	<u>39,105</u>
	₩	<u>106,422</u>	<u>130,510</u>

35. Other operating income

Other operating income for the years ended December 31, 2023 and 2022 are as follows:

		2023	2022
Other investment income		734,277	700,162
Commission income in separate account	₩	11,572	11,434
		<u>745,849</u>	<u>711,596</u>

36. Business expenses and property management expenses

Business expenses and property Dividend income for the years ended December 31, 2023 is as follows:

		2023				
		Cash flow obtained from insurance	maintenance cost	Property management expenses	Other business expenses (*1)	Total
Salary	₩	-	218,463	19,110	22,131	259,704
Welfare expenses		-	54,963	5,209	21,369	81,541
Proportional allowance		504,101	-	-	7,724	511,825
Tax		-	122,301	9,790	24,621	156,712
Commission fee		-	162,353	20,055	9,161	191,569
Computerized expenses		-	63,632	7,973	6,313	77,918
Store operating expenses		55,840	10,002	-	1,777	67,619
Special bonus		-	105,471	9,038	10,101	124,610
Sales promotion expenses		166,691	-	-	3,472	170,163
Depreciation expense		-	95,245	1,096	(35,590)	60,751
Management expenses		-	5,998	457	57,441	63,896

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Others	288,878	98,379	12,944	39,042	439,243
W	<u>1,015,510</u>	<u>936,807</u>	<u>85,672</u>	<u>167,562</u>	<u>2,205,551</u>

(*1) Other operating expenses include other business expenses, property management expenses, and other financial expenses.

37. Interest expenses

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

	2023	2022
Borrowings	₩ 30,845	5,133
Derivatives	122,372	116,557
Others	8,426	5,665
W	<u>161,643</u>	<u>127,355</u>

38. Loss on valuation and disposal of financial instruments

Loss on valuation and disposal of financial instruments for years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Financial assets at fair value through profit or loss:	₩	
Loss on valuation	369,530	-
Loss on disposal	363,473	-
Financial assets designated at fair value through profit or loss		
Loss on valuation	-	198
Financial assets held for trading:		
Loss on valuation	-	1,546,075
Loss on disposal	-	744,656
Financial assets at fair value through other comprehensive income:		
Loss on disposal	71,000	-
Impairment loss	2,834	-
Available-for-sale financial assets:		
Loss on valuation (*1)	-	56,041
Loss on disposal	-	380,791
Impairment loss	-	40,316
Financial assets at amortized cost		
Impairment loss	5	-
Loan receivables at amortized cost:		
Bad debt expense	53,054	20,317
Loss on disposal	4,894	316
Other financial assets at amortized cost:		
Bad debt expense	2,508	1,230
Derivatives:		
Loss on valuation	394,517	1,376,724
Loss on transaction	925,138	1,580,782
Unsettled commitments (*2)		
Bad debt expense	10,924	-
Retirement insurance annuity (*2) expenses	561,750	182,617
Financial liabilities at fair value through profit or loss:		
Loss on valuation	10	347
W	<u>2,759,637</u>	<u>5,930,410</u>

(*1) By applying fair value hedge accounting, changes in the fair value of the hedged item are recognized in profit or loss.

(*2) These are included in other financial expenses in the statement of comprehensive income.

39. Other operating expenses

Other operating expenses for the years ended December 31, 2023 and 2022 are as follows:

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	2023	2022
Depreciation of investment properties	₩ 10,543	10,514
Amortization of intangible assets	61,033	58,342
Others	148	989
	₩ 71,724	69,845

40. Foreign currency translation

(1) Foreign currency denominated assets and liabilities as of December 31, 2023 and 2022 are as follows:

<i>(In thousands of USD, EUR, JPY, GBP, AUD, CAD, SEK, and HKD)</i>	2023		2022	
	Foreign currency	KRW equivalent	Foreign currency	KRW equivalent
Cash and due from banks:				
USD	9,200	₩ 11,851	23,616	₩ 29,873
EUR	6	8	-	-
JPY	254,468	2,321	87,321	833
Others	4,915	810	486	79
Financial assets at fair value through profit or loss:				
USD	1,470,056	1,895,086	-	-
EUR	452,577	645,642	-	-
JPY	6,071,026	55,394	-	-
Others	22,755	30,693	-	-
Financial assets held for trading				
USD	-	-	222,343	281,153
EUR	-	-	-	-
JPY	-	-	1,089,043	10,391
Others	-	-	20,006	3,245
Financial assets at fair value through other comprehensive income:				
USD	7,932,559	10,228,242	-	-
EUR	561,935	801,652	-	-
JPY	5,611,028	51,210	-	-
Others	2,175,649	1,087,583	-	-

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(In thousands of USD, EUR, JPY, GBP, AUD, CAD, SEK, and HKD)	2023		2022	
	Foreign currency	KRW equivalent	Foreign currency	KRW equivalent
Available-for-sale financial assets:				
USD	-	-	3,411,572	4,323,485
EUR	-	-	725,086	979,737
JPY	-	-	2,770,617	26,409
Others	-	-	78,842	80,559
Held-to-maturity financial assets:				
USD	-	-	6,202,125	7,859,953
EUR	-	-	537,642	726,462
JPY	-	-	6,214,208	59,233
Others	-	-	1,526,816	436,932
Loan receivable at amortized cost:				
USD	157,945	203,655	159,673	202,353
EUR	33,500	47,791	33,500	45,265
Others	170,642	178,605	172,486	172,920
Marketable securities at amortized cost:				
USD	15,248	19,660	-	-
EUR	-	-	-	-
JPY	-	-	-	-
Others	-	-	-	-
Other financial assets at amortized cost:				
USD	171,825	221,552	161,696	204,918
EUR	9,394	13,401	9,629	13,011
JPY	18,643	170	18,643	178
Others	44,738	27,175	18,595	6,543
Financial assets:				
USD	9,756,833	12,580,046	10,181,025	12,901,735
EUR	1,057,412	1,508,494	1,305,857	1,764,475
JPY	11,955,165	109,095	10,179,832	97,044
Others	2,418,699	1,324,866	1,817,231	700,278
Financial liabilities:				
USD	-	-	15,979	20,250

(2) Gain (loss) on foreign currency transactions for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Gain on foreign currency translation	₩ 363,324	1,507,005
Gain on foreign currency transaction	88,745	313,206
	₩ 452,069	1,820,211
Loss on foreign currency translation	₩ 22,531	618,516
Loss on foreign currency transaction	41,675	38,974
	₩ 64,206	657,490

41. Non-operating income and expenses

(1) Non-operating income for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Disposal of investments in subsidiaries and associates	₩ -	1
Dividend of investments in subsidiaries and associates	6,148	13,218
Disposal of property and equipment	-	140
Miscellaneous gains	4,688	8,103
Others	13,774	12,619

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₩ 24,610 34,081

(2) Non-operating expenses for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Disposal of investments in subsidiaries and associates	₩ -	49
Impairments of investments in subsidiaries and associates	8,052	10,836
Disposal of property and equipment	4,341	2,822
Disposal of intangible assets	-	123
Impairments of intangible assets	35	-
Donations	5,377	38,947
Miscellaneous losses	2,812	5,159
Penalty	29	142
Others	<u>945</u>	<u>336</u>
	₩ <u>21,591</u>	<u>58,414</u>

42. Income tax expenses

(1) Income tax expenses for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Current income tax expenses	₩ -	391,671
Origination and reversal of temporary differences	(1,191,357)	592,172
Income tax expense directly recognized in equity	1,035,731	(931,293)
Additional payment (refund) of income taxes	(1,034)	(11,082)
Adjustments recognized in the current period for past income taxes	<u>312,677</u>	<u>36,617</u>
Income tax expenses	₩ <u>156,023</u>	<u>78,085</u>

(2) Income tax expenses calculated by multiplying Profit before income with the expenses for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Income before income taxes	₩ 645,099	507,921
Income taxes at statutory tax rates	159,944	123,729
Adjustments:	(3,927)	(45,644)
Permanent difference	(23,728)	(30,606)
Additional payment (refund) of income taxes	(1,034)	(11,082)
Effect of changes in tax rate	<u>20,835</u>	<u>(3,956)</u>
Income tax expenses	₩ <u>156,017</u>	<u>78,085</u>
Effective tax rate	24.18%	15.37%

(3) Deferred tax expenses by origination and reversal of deferred tax assets and liabilities and temporary differences for the years ended December 31, 2023 is as follows:

	<u>2023</u>		
	<u>Beginning balance</u>	<u>Increase (decrease)</u>	<u>Ending balance</u>
Deferred tax assets:			
Depreciation	₩ 9,942	(252)	9,690
Allowance for loss	-	4,698	4,698
Taxes and dues	11,025	1,097	12,122
Defined benefit liabilities	4,363	6,410	10,772
Accrued bonus expenses	13,412	(165)	13,247
Miscellaneous losses (impairment loss on land)	2,848	(11)	2,838
Miscellaneous losses (dormant insurance payments)	9,469	(975)	8,494
Minimum policy holder reserves	318,870	(318,870)	-

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Contingent liabilities	4,861	(79)	4,781
Loss on revaluation of land	3,498	(13)	3,485
Loss on valuation of financial assets at fair value through other comprehensive income (OCI)	-	1,276,824	1,276,824
Loss on valuation of derivatives (OCI)	33,695	(33,695)	-
Loss on valuation of financial assets held for trading	136,151	(136,151)	-
Loss on impairment of available for sale financial assets	15,648	(15,648)	-
Loss on valuation of available for sale financial assets (OCI)	654,472	(654,472)	-
Loss on valuation of held to maturity financial assets (OCI)	636,235	(636,235)	-
Loss on valuation of derivatives	210,199	(53,602)	156,597
Conversion to KIFRS	431,161	(431,161)	-
Other (Deficit carried forward)	-	1,332,213	1,332,213
Others	462,835	(120,314)	342,521
	<u>2,958,683</u>	<u>219,599</u>	<u>3,178,282</u>
Deferred tax liabilities:			
Gain on valuation of financial assets at fair value through profit and loss	-	(231,544)	(231,544)
Interest income	(62,286)	(6,730)	(69,016)
Valuation gains on assets and liabilities in foreign currency	(295,217)	2,866	(292,352)
Allowance related to asset revaluation	(21,696)	82	(21,614)
Cost adjustment	(151,616)	(34,963)	(186,579)
Gain on valuation of derivatives (OCI)	-	(95,061)	(95,061)
Gain on revaluation of property and equipment	(190,249)	2,281	(187,967)
Financial gain on insurance contract asset(liability),net (OCI)	(2,858,152)	1,285,797	(1,572,354)
Financial gain on reinsurance contract asset(liability),net (OCI)	(17,348)	13,042	(4,306)
Loss provision on debt instruments at fair value through other comprehensive income (OCI)	-	(3,215)	(3,215)
Others	(308,845)	39,202	(269,643)
	<u>(3,905,408)</u>	<u>971,758</u>	<u>(2,933,650)</u>
Deferred tax assets(liabilities)	₩ <u>(946,725)</u>	<u>1,191,357</u>	<u>244,632</u>

(3) Deferred tax expenses by origination and reversal of deferred tax assets and liabilities and temporary differences for the years ended December 31, 2022 is as follows:

	2022		
	Beginning balance	Increase (decrease)	Ending balance
Deferred tax assets:			
Depreciation	₩ 10,543	(601)	9,942
Gain (Loss) on valuation on financial assets held for trading	-	136,151	136,151
Impairment loss on available-for-sale financial assets	20,425	(4,777)	15,648
Taxes and dues (deposit insurance premium)	10,700	325	11,025
Liability for defined benefit obligations	3,394	969	4,363
Gain (Loss) on valuation of derivatives	81,703	128,496	210,199
Accrued bonus expenses	13,729	(317)	13,412
Miscellaneous losses (impairment loss on land)	2,956	(108)	2,848
Miscellaneous losses (dormant insurance payments)	9,222	247	9,469
Minimum policy holder reserves	376,035	(57,165)	318,870
Contingent liabilities	5,778	(917)	4,861
Loss on revaluation of land	3,630	(132)	3,498
Gain (Loss) on valuation of available-for-sale financial assets (other comprehensive income)	-	654,472	654,472
Gain (Loss) on valuation of derivatives (other comprehensive income)	40,701	(7,006)	33,695
Gain (Loss) on valuation of held-to-maturity financial assets (other comprehensive income)	-	636,235	636,235
KIFRS 17	447,309	(16,148)	431,161
Others	487,426	(24,592)	462,834
	<u>1,513,551</u>	<u>1,445,132</u>	<u>2,958,683</u>
Deferred tax liabilities:			
Gain on valuation of financial assets held for trading	(338,448)	338,448	-
Interest income	(58,335)	(3,951)	(62,286)
Valuation gains on assets and liabilities in foreign currency	(157,607)	(137,610)	(295,217)
Allowance related to asset revaluation	(22,514)	818	(21,696)
Gain on valuation of available-for-sale financial assets	(538,720)	538,720	-
Gain on revaluation of property and equipment	(198,024)	7,775	(190,249)
Financial gain on insurance contract asset(liability),net (OCI)	(38,431)	(2,819,721)	(2,858,152)
Financial gain on reinsurance contract asset(liability),net (OCI)	54	(17,402)	(17,348)

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Others		(516,079)	55,619	(460,460)
		(1,868,104)	(2,037,304)	(3,905,408)
Deferred tax assets(liabilities)	₩	(354,553)	(592,172)	(946,725)

(4) Deferred tax assets and liabilities that were directly charged or credited to equity for the years ended December 31, 2023 and 2022 are as follows:

		2023		2022	
		Amount	Tax effect	Amount	Tax effect
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩	(4,836,455)	1,276,824	-	-
Loss provision on debt instruments at fair value through other comprehensive income		12,177	(3,215)	-	-
Financial gain or loss, net, other comprehensive income-insurance contract assets(liabilities)		5,955,888	(1,572,354)	10,785,478	(2,858,152)
Financial gain or loss, net, other comprehensive income-reinsurance contract assets(liabilities)		16,310	(4,306)	65,465	(17,348)
Gain or loss on valuation of available for sale financial assets		-	-	(2,924,148)	774,900
Gain or loss on valuation of held-to maturity financial assets		-	-	(2,400,887)	636,235
Reserve for asset revaluation		24,366	(19,863)	24,366	(19,863)
Gain or loss on valuation of cash flow hedge derivatives		360,079	(95,061)	(127,153)	33,695
Gain or loss on valuation of investments in associates		-	-	(2,260)	599
Gain on revaluation of property and equipment		711,998	(187,967)	717,920	(190,249)
Remeasurement gain (loss) related to defined benefit liabilities		49,253	(13,003)	54,689	(14,492)
	₩	2,293,615	(618,945)	6,193,470	(1,654,675)

(5) Deferred tax assets and liabilities presented on a gross basis prior to any offsetting as of December 31, 2023 and 2022 are as follows:

		2023	2022
Deferred tax assets	₩	3,178,282	2,958,683
Deferred tax liabilities		(2,933,650)	(3,905,408)
Deferred tax assets (liabilities), net	₩	244,632	(946,725)
Current tax assets	₩	198,365	177,584
Current tax liabilities		-	(398,570)
Current tax assets (liabilities), net	₩	198,365	(220,986)

(6) Deferred corporate tax assets include ₩1,332,213 million related to Kyobo Life Insurance's loss carried forward for tax purposes. This loss was related to the one-time cost of introducing IFRS17 and IFRS9, the non-recognition of amounts related to losses such as bond valuation losses, and the increase in trust account balances and loss reserves due to the real estate downturn, and will not incur any losses in the future. Kyobo Life Insurance concluded that the deferred tax assets will be recoverable using the predicted future taxable income based on the approved business plan and budget. Kyobo Life Insurance is expected to generate taxable income after 2024. The loss carried forward for tax purposes will be carried forward for 15 years and the expiration date is 2038.

43. Employee benefits

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

		2023	2022
Short-term and other long-term employee benefits	₩	384,646	350,278
Post-employment benefits (*)		62,392	55,733

(*) Post-employment include ₩98 million of termination benefits and permanent consolation money for the year ended December 31, 2023, and ₩12,568 million of defined contribution plans for the years ended December 31, 2023.

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44. Commitments and contingencies

(1) Pending litigations

There are 129 litigations in which the Company is named including the ones for the payment of insurance claims with claimed amount amounting to ₩7,373 million as of December 31, 2023. Furthermore, there are 201 litigations where the Company is the plaintiff with claimed amount amounting to ₩12,603 million. The outcome of litigations cannot be predicted as of December 31, 2023. The Company has recognized a provision of ₩6,395million for the payment of above insurance claim, and provisions of ₩772 million for the payment of the other claims.

There is a possibility of additional payments related to the immediate pension products, which have previously been paid, due to the Financial Supervisory Service's announcement of the application of regulation in July 2018. As of December 31, 2023, the Company has included the reasonable estimates of additional payments and reflected in the separate financial statements.

(2) Insurance commitments

The contract amounts under the insurance contracts in the general and separate accounts as of December 31, 2023 are as follows:

	Number of contracts	Total contract amount
General accounts	8,319,744	292,063,611
Separate accounts	1,087,460	15,426,088
	9,407,204	307,489,700

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(3) Reinsurance agreements

The reinsurance agreements of individual and group insurance as of December 31, 2023 are as follows:

Reinsurance method	Reinsurance company	Ceding ratio (%)	Nature of risk
Surplus	SCOR Reinsurance Asia-Pacific	100	Risk from excessive contracts
Surplus	SCOR Reinsurance Asia-Pacific	100	Risk from excess number of contracts with individuals with high-risk occupations
Surplus	Korean Re	100	Kyobo Big Love Guarantee Insurance
Surplus, Quota Share	Munich Re	60	Risk from excessive contracts
Surplus, Quota Share	Korean Re	40	Risk from excessive contracts
Quota Share	General Cologne Re	10	Individual medical insurance
Quota Share	General Cologne Re	10	Accidental insurance
Quota Share	General Cologne Re	30	CI whole life Reinsurance
Quota Share	General Cologne Re	30	SI Insurance
Quota Share	General Cologne Re	30	Second CI Guarantee reinsurance
Quota Share	Hannover Re	10	CI reinsurance
Quota Share	Hannover Re	10	Direct health insurance
Quota Share	Hannover Re	10 ~ 25	Individual medical Insurance
Quota Share	Hannover Re	30	Kyobo cancer insurance
Quota Share	Hannover Re	80	Facultative reinsurance
Quota Share	Swiss Re	30	Hospitalized & caregivers
Quota Share	Swiss Re	50	Non-par relapse cancer rider
Quota Share	Swiss Re	80	Target anticancer drug treatment
Quota Share	Munich Re	10	CI reinsurance
Quota Share	Munich Re	5 ~ 20	Whole life Insurance
Quota Share	Munich Re	30	LTC (Silver care insurance)
Quota Share	Munich Re	30	Premier CI Insurance
Quota Share	Munich Re	80	Facultative reinsurance
Quota Share	RGA Re	20	Kyobo cancer insurance
Quota Share	RGA Re	30	Dental Benefits
Quota Share	RGA Re	40	Children insurance
Quota Share	RGA Re	80	Facultative reinsurance
Quota Share	RGA Re	90	Substandards insurance
Quota Share	SCOR Reinsurance Asia-Pacific	10	Individual medical Insurance
Quota Share	SCOR Reinsurance Asia-Pacific	15	CI reinsurance
Quota Share	SCOR Reinsurance Asia-Pacific	15	Direct health insurance
Quota Share	SCOR Reinsurance Asia-Pacific	30 ~ 60	Top Class cancer Insurance
Quota Share	SCOR Reinsurance Asia-Pacific	50	Dental & Juvenile Benefits
Quota Share	SCOR Reinsurance Asia-Pacific	50	Hospitalized & caregivers
Quota Share	SCOR Reinsurance Asia-Pacific	80	Facultative reinsurance
Quota Share	Korean Re	10	CI whole life reinsurance
Quota Share	Korean Re	10 ~ 50	SI whole life insurance
Quota Share	Korean Re	15 ~ 25	Individual medical Insurance
Quota Share	Korean Re	30	Kyobo cancer Insurance
Quota Share	Korean Re	50	Dementia Insurance
Quota Share	Korean Re	50	SI Insurance
Quota Share	Korean Re	80	Facultative reinsurance
		Main policy: 40	
Quota Share	Korean Re	Special Policy: 50	Kyobo cancer insurance

(4) As of December 31, 2023, the Company has bank overdraft facility agreements with Standard Chartered Bank, etc. with a residuary limit of ₩290,000 million.

(5) As of December 31, 2023, the Company is provided with payment guarantee of ₩24,100 million from the Seoul Guarantee Insurance.

(6) Other commitments

Other commitments as of December 31, 2023 are as follows:

	Amount
Loan commitments	₩ 2,637,875
Investment commitments	5,431,026
	₩ 8,068,901

(7) Securities lending and borrowing

Securities lending and borrowing as of December 31, 2023 are as follows:

Securities lent	Type	Amount	Valuation standard
	Debt securities	₩ 535,129	Fair value

Securities lending transaction is a transaction that transfers the ownership of the same amount and kind of securities after a certain period of time and continues to be recognized as an asset of the Company because it does not meet the conditions for the removal of transfer of financial assets.

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45. Related parties

(1) The related parties as of December 31, 2023 and December 31, 2022 are as follows:

	2023
Related parties	Investor
Subsidiaries	
Kyobo Securities Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Book Center Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Info. & Comm. Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Dplanex Co., Ltd.	Kyobo Info. & Comm. Co., Ltd.
Kyobo Realco Inc.	Kyobo Life Insurance Co., Ltd.
Jeil Total Management Co., Ltd.	Kyobo Realco Inc.
KCA Claim Adjustment Co., Ltd.	Kyobo Life Insurance Co., Ltd.
KCA Service Co., Ltd.	Kyobo Life Insurance Co., Ltd., KCA Claim Adjustment Co., Ltd.
Kyobo Life Planet Life Insurance Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Fortress Innovation Co., Ltd.	Kyobo Life Planet Life Insurance Co., Ltd.
Kyobo Life Asset Management (America) Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Life Asset Management (Japan) Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Asset Trust Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo AIM Asset Management Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Consus BTL Private Special Asset Investment Trust 1, Consus Hope BTL Private Special Asset Investment Trust 1, Consus New Energy Private Special Asset Investment Trust 2, KIAMCO Shipping Private Special Asset Investment Trust KX-1, Kyobo New Technology Investment Association No.1, Kyobo Tech Valueup Investment Association No. 1, Kyobo AIM Core General Private Real Estate Investment Trust 1, Kyobo AIM ESG Infrastructure General Private Placement Special Asset Investment Trust 1, Kyobo AIM Corporate Finance General Private Investment Trust 1	Kyobo Life Insurance Co., Ltd.
Districtyangjoo Co.,Ltd., Caba chic 3th Co.,Ltd., Goeun angol 1st Co., Ltd., Exelstonered 1st Co., Ltd., Doublerich 5th Co., Ltd., Doublerich 1st Co., Ltd., Doublerich 8th Co., Ltd., Atlantisogyeong 1st Co., Ltd., Autodream 1st Co., Ltd., K-hotel 1st Co., Ltd., X-med 7th Co., Ltd., K Logistics 1st Co., Ltd., Lycos 1st Co., Ltd., Oblique 5th Co.,Ltd., SJgreat 7th Co., Ltd., BrightStar 4th Co.,Ltd., Whitewood 7th Co.,Ltd., X-med 9th Co., Ltd., Intgreen 2nd Co.,Ltd., Yangdocube 1st Co.,Ltd., Metagreen 3rd Co.,Ltd., Metagreen 1st Co.,Ltd., Easytree 3rd Co.,Ltd., Metagreen 6th Co.,Ltd., Metagreen 8th Co.,Ltd., Theflex 1st Co.,Ltd., BrightStar 9th Co., Ltd., Easyplant 4th Co.,Ltd., Ujur 2nd Co.,Ltd., Theras 1st Co.,Ltd., Ujur 5th Co.,Ltd., HW Yeouido 1st Co., Ltd., Phoenix Living 1st Co., Ltd., Phoenix Living 2nd Co., Ltd., Int Green 9th Co., Ltd., Entrepo JinCheon Co., Ltd., Asan JS 1st Co., Ltd., KCQ 3rd Co., Ltd., KCQ 4th Co., Ltd., Stadblue 4th Co., Ltd., Ujureu 7th Co., Ltd., K Seongjeong 1st Co., Ltd., Perfectdream 2nd Co., Ltd., Dreamgusam Siheung 1st Co., Ltd., Entrepo JinCheon 4th Co., Ltd., F.I Sancheok Co., Ltd., Entrepo Icheon 5th Co., Ltd., Easy Plant 8th Co., Ltd., Dream Spare 6th Co., Ltd., Great Ocean 2nd Co., Ltd., Phoenix Logistics 1st Co., Ltd., Phoenix Logistics 2nd Co., Ltd., Easy Plant 9th Co., Ltd., Phoenix Living 4th Co., Ltd., K Logistics 2nd Co., Ltd., Dear buddy 4th Co., Ltd., Perfectdream 9th Co., Ltd., Highlight Pool 2nd Co., Ltd., Highlight Pool 3th Co., Ltd., H1 1st Co., Ltd., Dreamgusam Songlim 1st Co., Ltd., Kyobo Securities Target Income Solution 1Y General Private Equity Trust U-4, Kyobo Securities Target Income Solution General Private Equity Investment Trust U-6, Kyobo Securities Target Income Solution 2Y General Private Equity Trust U-8, Kyobo Securities Target Income Solution 3Y General Private Equity Trust U-9, Yongin Cheoin2 1st Co., Ltd., Dreamgusam Nonhyeon 2st Co., Ltd., Joyce 1st Co., Ltd., Kyobo Plant 2nd Co., Ltd. Dreamgusam Chungra 1st Co., Ltd., Hidream 4th Co.,Ltd. JWD 1st Co.,Ltd.	Kyobo Securities Co., Ltd.
Associates	
A&D Credit Information Co., Ltd.,	Kyobo Life Insurance Co., Ltd.
Joint Ventures	
Kyobo AXA Investment Managers Co., Ltd.,	Kyobo Life Insurance Co., Ltd.
Others	
Daesan Foundation For Rural Culture & Society, Daesan Foundation For Culture, Kyobo Foundation For Education & Culture	Kyobo Life Insurance Co., Ltd.
Kyobo 11 Special Purpose Acquisition Company, Kyobo 12 Special Purpose Acquisition Company, Kyobo 13	Kyobo Securities Co., Ltd.

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Special Purpose Acquisition Company, Kyobo 14 Special Purpose Acquisition Company, Songsan Industrial Complex Development Co., Ltd., Pusan Millak PFV, Guri Galmae REIT Co., Ltd., Yeoido H2 PFV, Pusan Eco delta city PFV, Logistec Yangsan Co., Ltd., Incheon Gundam 3rd PFV, Hera Park City development PFV, Hera Park City development AMC Co., Ltd., Incheon youngjong PFV, Dongdaemoon Urban PFV, Chungju Biz Core City, Chungnam Naepo 1 PFV, Yangjuhoechun PFV, Pecocity, Incheon Youngjong 1st PFV, Changwon Gapo PFV, Osong Smart Valley Co., Ltd., Kyobo NH Healthcare New Technology Investment Association No.1, Kyobo-Kiwoom New Materials & Technology Investment Association, Kyobo-Axis Future Technology New Technology Investment Association No.1, Kyobo-YG Ilguimu new Technology Investment Association, KB Kyobo New Mobility New Technology Investment Fund, Kyobo Advanced Materials New Technology Investment Association, NH Daishin Kyobo Healthcare 1st, SBI-NTU-Kyobo Digital Innovation Fund, Kyobo-SP Advanced Materials New Technology Investment Association, Kyobo OSAT New Technology Investment Fund, Kyobo Securities Champion Inc. Solutions 3Y General Private Equity Trust, Jinjeop District 2 REIT Co., Ltd., KYOBO-Mark New Technology Investment Association No.1, Kyobo 14 Special Purpose Acquisition Company, Kyobo Securities Safe-Up Bond Investment Type General Private Equity Investment Trust No. 4, Kyobo Healthcare New Technology Investment Association 1, Kyobo Securities Bond Investment Type General Private Investment Trust Recovery 5, Marston General Private Real Estate Investment Trust No. 61, The Givers, Spiderlab

Kyobo Book Center Co., Ltd.

2022

Related parties	Investor
Subsidiaries	
Kyobo Securities Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Book Center Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Hottracks Co., Ltd.	Kyobo Book Center Co., Ltd.
Kyobo Info. & Comm. Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Dplanex Co.,Ltd.	Kyobo Info. & Comm. Co., Ltd.
Kyobo Realco Inc.	Kyobo Life Insurance Co., Ltd.
Jeil Total Management Co., Ltd.	Kyobo Realco Inc.
KCA Claim Adjustment Co., Ltd.	Kyobo Life Insurance Co., Ltd. Kyobo Life Insurance Co., Ltd. KCA Claim Adjustment Co., Ltd.
KCA Service Co., Ltd.	
Kyobo Life Planet Life Insurance Company	Kyobo Life Insurance Co., Ltd. Kyobo Life Planet Life Insurance Co., Ltd.
Fortress Innovation Co., Ltd	
Kyobo Life Asset Management (America) Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Life Asset Management (Japan) Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Asset Trust Co., Ltd.	Kyobo Life Insurance Co., Ltd. Kyobo Life Insurance Co., Ltd.
Consus BTL Private Special Asset Investment Trust 1, Consus Hope BTL Private Special Asset Investment Trust 1, Consus New Energy Private Special Asset Investment Trust 2, KIAMCO Shipping Private Equity Special Asset Investment Trust KX-1, Kyobo New Technology Investment Association No.1	
Districtyangjoo Co.,Ltd., Caba chic 3th Co.,Ltd., Goeun angol 1st Co., Ltd., Exelstonered 1st Co., Ltd., Doublerlich 5th Co., Ltd., Doublerlich 1st Co., Ltd., Doublerlich 8th Co., Ltd., Atlantisgogyeong 1st Co., Ltd., Autodream 1st Co., Ltd., K-hotel 1st Co., Ltd., Gabriel 2nd Co., Ltd., Geobukseom Island Rich 1st Co., Ltd., SJgreat 3rd Co., Ltd., X-med 7th Co., Ltd., K Logistics 1st Co., Ltd., Lycos 1st Co., Ltd., Oblique 5th Co.,Ltd., SJgreat 7th Co., Ltd., BrightStar 4th Co.,Ltd., BrightStar 2nd Co., Ltd., Whitewood 7th Co.,Ltd., X-med 9th Co., Ltd., Intgreen 2nd Co.,Ltd., I-pro 3rd Co., Ltd., Yangdocube 1st Co.,Ltd., Metagreen 3rd Co.,Ltd., Metagreen 1st Co.,Ltd., Easytree 3rd Co.,Ltd., Metagreen 6th Co.,Ltd., Metagreen 8th Co.,Ltd., Theflex 1st Co.,Ltd., BrightStar 9th Co., Ltd., Easyplant 4th Co.,Ltd.,Ujur 2nd Co.,Ltd.,Theteras 1st Co.,Ltd., BrightStar 10th Co.,Ltd., Ujur 5th Co.,Ltd., HW Yeouido 1st Co., Ltd., Phoenix Living 1st Co., Ltd., Phoenix Living 2nd Co., Ltd., Int Green 9th Co., Ltd., Entrepo JinCheon Co., Ltd., Asan JS 1st Co., Ltd., KCQ 3rd Co., Ltd., KCQ 4th Co., Ltd., Stadblue 4th Co., Ltd, Ujureu 7th Co., Ltd., K Seongjeong 1st Co., Ltd., Perfectdream 2nd Co., Ltd., Dreamgusam Siheung 1st Co., Ltd, Entrepo JinCheon 4th Co., Ltd., F.I Sancheok Co., Ltd., Entrepo Icheon 5th Co., Ltd., Dream Spare 2nd Co., Ltd., Easy Plant 8th Co., Ltd., Dream Spare 6th Co., Ltd., Great Ocean 2nd Co., Ltd., Dreamgusam Nonhyeon 1st Co., Ltd., Phoenix Logistics 1st Co., Ltd., Phoenix Logistics 2nd Co., Ltd., Easy Plant 9th Co., Ltd., Phoenix Living 4th Co., Ltd., K Logistics 2nd Co., Ltd., Dear buddy 4th Co., Ltd., Perfectdream 9th Co., Ltd., Highlight Pool 2nd Co., Ltd., Highlight Pool 3th Co., Ltd., H1 1st Co., Ltd, Kyobo Securities target income solution 1Y General Private Equity Investment Trust U-4, Kyobo Securities target income solution General Private Equity Investment Trust U-6, Dream Gusam Songlim 1st Co., Ltd.	Kyobo Securities Co., Ltd.
Associates	
A&D Credit Information Co., Ltd.,	Kyobo Life Insurance Co., Ltd.
Joint Ventures	
Kyobo AXA Investment Managers Co., Ltd.,	Kyobo Life Insurance Co., Ltd.

Kyobo Life Insurance Co., Ltd.
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Others	
Daesan Foundation For Rural Culture & Society, Daesan Foundation For Culture, Kyobo Foundation For Education & Culture	Kyobo Life Insurance Co., Ltd.
Kyobo 10 Special Purpose Acquisition Company, Kyobo 11 Special Purpose Acquisition Company, Kyobo 12 Special Purpose Acquisition Company, Kyobo 13 Special Purpose Acquisition Company, Songsan Industrial Complex Development Co., Ltd., Pusan Millak PFV, Jinjeop2 REIT Co., Ltd., Guri Galmae REIT Co., Ltd., Yeoido H2 PFV, Pusan Eco delta city PFV , Logistec Yangsan Co.,Ltd., Incheon Gundam 3rd PFV , Hera Park City development PFV , Hera Park City development AMC Co., Ltd., Incheon youngjong PFV, Dongdaemoon Urban PFV, Chungju Biz Core City , Chungnam Naepo 1 PFV, Kyobo NH Healthcare New Technology Investment Association No.1, ,Yangjuhoechun PFV, Pecocity,Incheon Youngjong 1st PFV, NH-Kyobo AI Solution New Technology Investment Association, Kyobo-Kiwoom New Materials & Technology Investment Association, Kyobo-Hanyang ESG New Technology Investment Association, Kyobo-Axis Future Technology New Technology Investment Association No.1, Changwon Gapo PFV, Osong Smart Valley Co., Ltd., Kyobo-YG Ilguimu new Technology Investment Association, KB Kyobo New Mobility New Technology Investment Fund, Kyobo Advanced Materials New Technology Investment Association, NH Daishin Kyobo Healthcare 1st, SBI-NTU-Kyobo Digital Innovation Fund, Kyobo-SP Advanced Materials New Technology Investment Association	Kyobo Securities Co., Ltd.
Marston General Private Real Estate Investment Trust No. 61, The Givers	Kyobo Book Center Co., Ltd.

(2) Significant balances with the related parties as of December 31, 2023 and December 31, 2022 are as follows:

Related party	Account	2023	2022
Subsidiaries			
Kyobo Securities Co., Ltd.	Accounts receivables	₩ -	6
	Accounts payable	1	-
	Deposits	36,598	84,817
	Leasehold deposits received(*1)	2,822	2,822
	Retirement pension(*2)	23,385	22,230
Kyobo Book Center Co., Ltd.	Accounts receivables	293	8
	Accounts payable	298	106
	Leasehold deposits	994	994
	Leasehold deposits received	24,633	17,101
	Retirement pension(*2)	20,796	28,071
	Lease liabilities	451	418
Kyobo Hottracks Co., Ltd.(*3)	Accounts receivables	-	1
	Accounts payable	-	73
	Leasehold deposits received	-	7,626
	Retirement pension(*2)	-	4,695
Kyobo Info. & Comm Co., Ltd.	Accounts receivables	2	9
	Accounts payable	2,339	2,210
	Leasehold deposits	220	220
	Retirement pension(*2)	12,521	10,835
	Lease liabilities	1,125	2,932
Kyobo Realco Inc.	Accounts receivables	-	5
	Accounts payable	2,286	2,402
	Leasehold deposits received	127	119
	Retirement pension(*2)	12,747	13,828
Jeil Total Management Co., Ltd	Retirement pension(*2)	554	521
KCA Claim Adjustment Co., Ltd	Accounts receivables	2	3
	Accounts payable	4,795	4,324
	Leasehold deposits received	432	468
	Retirement pension(*2)	14,917	15,584
KCA Service Co., Ltd.	Accounts receivables	11	-
	Accounts payable	1,356	1,705
	Retirement pension(*2)	8,872	8,681
Kyobo Life Planet Life Insurance Co., Ltd.	Accounts receivables	-	3
	Leasehold deposits received	1,096	1,096

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Foretress Innovation Co.,Ltd.	Accounts payable	-	1
	Retirement pension(*2)	198	98
Kyobo Asset Trust Co., Ltd	Leasehold deposits received	3,000	3,000
	Retirement pension(*2)	12,431	12,944
DPLANEX Co.,Ltd.	Prepayments	-	674
	Leasehold deposits received	476	476
Associates			
A&D Credit Information Co., Ltd.	Accounts payable	560	605
	Retirement pension(*2)	420	463
Joint Ventures			
Kyobo AXA Investment Managers Co., Ltd.	Accounts payable	779	514
	Leasehold deposits received	845	805
Others			
Daesan Foundation For Rural Culture & Society,	Accounts receivables	1	-
	Leasehold deposits received	1,363	1,363
	Accounts payable	17	-
Key management	Loan receivables	₩ 419	79

(*1) In relation to the rental deposit, a maximum mortgage of ₩3,669 million has been set up for the land and buildings of the Company.

(*2) Retirement pension is the reserves of policyholders included in investment contract liabilities.

(*3) It was absorbed and merged with Kyobo Book Center Co., Ltd. as of December 31, 2023

(3) Significant transactions with the related parties for the periods ended December 31, 2023 and 2022 are as follows:

Related party	Account	2023		2022	
		Revenues	Expenses	Revenues	Expenses
Subsidiaries					
Kyobo Securities Co., Ltd.	Insurance service income	₩ 180	-	178	-
	Interest income	60	-	136	-
	Fee and commission income	2,422	-	4	-
	Dividend income	-	-	4,724	-
	Rental income	229	-	226	-
	Non-operating income	49	-	3,082	-
	Other finance expense	-	1,266	-	252
	Fee and commission expense	-	4,416	-	3,584
	Insurance service expense	-	85	-	73
	Kyobo Book Center Co., Ltd	Insurance service income	167	-	172
Fee and commission income		207	-	1	-
Rental income		9,068	-	6,853	-
Non-operating income		1,575	-	1,744	-
Other finance expense		-	1,133	-	589
Insurance service expense		-	3,621	-	2,151
Other insurance operating expense		-	668	-	668
Interest expenses		-	21	-	15
Kyobo Hottracks Co., Ltd. (*1)	Insurance service income	1	-	53	-
	Fee and commission income	14	-	1	-
	Rental income	1,748	-	3,410	-
	Non-operating income	-	-	115	-
	Other finance expense	-	100	-	114
	Insurance service expense	-	227	-	1,739

Kyobo Life Insurance Co., Ltd.
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	Other insurance operating expense	-	167	-	167	
Kyobo Info. & Comm. Co., Ltd.	Insurance service income	60	-	78	-	
	Fee and commission income	64	-	1	-	
	Rental income	-	-	1	-	
	Non-operating income	-	-	50	-	
	Other finance expense	-	578	-	198	
	Insurance service expense	-	59,244	-	40,662	
	Other insurance operating expense	-	15	-	15	
	Interest expense	₩	-	39	-	69
	Kyobo Realco Inc.	Insurance service income	₩	86	-	131
Fee and commission income		255	-	1	-	
Rental income		233	-	214	-	
Non-operating income		-	-	302	-	
Other finance expense		-	702	-	279	
Jeil Total Management Co., Ltd.	Insurance service expense	-	44,201	-	43,041	
	Insurance service income	-	-	1	-	
	Rental income	1	-	-	-	
	Fee and commission income	1	-	-	-	
	Other finance expense	-	26	-	10	
KCA Claim Adjustment Co., Ltd.	Insurance service expense	-	969	-	915	
	Insurance service income	60	-	107	-	
	Fee and commission income	37	-	1	-	
	Rental income	884	-	852	-	
	Other finance expense	-	779	-	287	
KCA Service Co., Ltd.	Insurance service expense	-	36,377	-	36,895	
	Insurance service income	129	-	16	-	
	Fee and commission income	22	-	1	-	
	Rental income	2,770	-	2,924	-	
	Other finance expense	-	446	-	145	
Kyobo Life Planet Life Insurance Co., Ltd.	Insurance service expense	-	33,967	-	34,230	
	Insurance service income	17	-	25	-	
	Fee and commission income	115	-	-	-	
	Rental income	580	-	502	-	
	Non-operating income	82	-	224	-	
Kyobo Asset Trust Co., Ltd	Other finance expense	-	-	-	45	
	Insurance service expense	-	1,866	-	91	
	Insurance service income	59	-	91	-	
	Fee and commission income	187	-	1	-	
	Rental income	2,832	-	2,802	-	
	Other finance expense	-	-	201	-	
	Insurance service expense	-	669	-	231	

(Continued)

Kyobo Life Insurance Co., Ltd.
Notes to the separate financial statements
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(In millions of won)

45. Related parties, continued

(3) Significant transactions with the related parties for the periods ended December 31, 2023 and 2022 are as follows, continued:

Related party	Account	2023		2022	
		Revenues	Expenses	Revenues	Expenses
Subsidiaries, continued					
Kyobo AIM Asset Management Co., Ltd	Fee and commission income	6	-	-	-
DPLANEX Co.,Ltd.	Insurance service income	486	-	120	-
	Rental income	143	-	240	-
	Non-operating income	-	1,699	-	-
	Insurance service expense	-	-	1	-
Fortress innovation Co.,Ltd.	Other finance expense	-	5	-	1
Kyobo Life Asset Management (America) Co., Ltd.	Insurance service expense	-	1,359	-	1,361
Kyobo Life Asset Management (Japan) Co., Ltd.	Insurance service expense	-	607	-	641
Consus BTL Private Special Asset Investment Trust 1	Other investment income	364	-	405	-
Consus Hope BTL Private Special Asset Investment Trust1	Other investment income	504	-	575	-
Consus New Energy Private Special Asset Investment Trust2	Other investment income	361	-	496	-
KIAMCO Shipping Private Special Asset Investment TrustKX-1	Other investment income	635	-	669	-
Associates					
A&D Credit Information Co., Ltd.	Insurance service income	-	-	1	-
	Fee and commission income	1	-	-	-
	Dividend income	49	-	49	-
	Other finance expense	-	25	-	11
	Insurance service expense	-	6,671	-	7,195
Joint Ventures					
Kyobo AXA Investment Managers Co., Ltd.	Insurance service income	2	-	2	-
	Fee and commission income	81	-	80	-
	Dividend income	6,099	-	8,445	-
	Rental income	1,514	-	1,456	-
	Insurance service expense	₩	-	2,669	-
Others					
Daesan Foundation For Rural Culture & Society	Other finance expense	₩	-	-	1
	Non-operating expense	-	1,146	-	-
Daesan Foundation For Culture	Rental income	63	-	62	-
	Other finance expense	-	-	-	1
	Insurance service expense	-	51	-	42
	Non-operating expense	-	1,018	-	2,172
Kyobo Foundation For Education & Culture	Rental income	3	-	-	-
	Other finance expense	-	-	-	1
	Non-operating expense	₩	-	1,000	-

(*1) As of December 31, 2023, it was absorbed and merged with Kyobo Book Center Co., Ltd. And the transaction occurred before the merger.

(*) Insurance service incomes are calculated based on the actual amount of insurance premiums, and insurance service expenses are calculated based on actual insurance claims and actual business expenses.

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45. Related parties, continued

(4) Significant transactions with the related parties for the periods ended December 31, 2023 and 2022 are summarized as follows:

Related party	Account	2023		2022		
		Acquisition	Disposition	Acquisition	Disposition	
Subsidiaries						
Fortress Innovation	Advanced payments	₩	-	-	1,470	-
	Software		-	-	1,900	-
Kyobo Life Planet Life Insurance Co., Ltd.	Right-of-use assets		33	-	-	-
Kyobo Book Center Co., Ltd	Right-of-use assets		1,634	-	248	-
	Development cost		-	-	-	2,523
	Software		-	-	-	254
Aston river 4th Co.,Ltd.	Loans receivables at amortized cost (*1)		55,000	-	-	-
Kyobo Info. & Comm. Co., Ltd.	Advanced payments		869	-	5,277	-
	Software		100	-	550	-
	Right-of-use assets		78	-	79	-
	Tool equipment		15	-	-	-

(*1) It is the amount before the loss allowance is deducted, and the loss allowance for the bond is ₩29 million.

(5) The fund transactions with the related parties for the periods ended December 31, 2023 and 2022 are as follows:

Related party		2023		
		Loan transaction		Collection of investment
		Lending	Collection	
Subsidiaries				
Kyobo Tech Valueup Investment Association No.1	₩	-	-	28,000
Kyobo Securities Co., Ltd.		-	-	250,000
Kyobo Asset Trust Co., Ltd.		-	-	150,000
Kyobo AIM Life Asset Management Co., Ltd.		-	-	33,500
Consus BTL Private Special Asset Investment Trust 1		-	-	(1,855)
Consus Hope BTL Private Special Asset Investment Trust 1		-	-	(2,404)
Consus New Energy Private Special Asset Investment Trust 2		-	-	(2,172)
KIAMCO Shipping Private Special Asset Investment Trust KX-1		-	-	(728)
Kyobo AIM Core General Private Real Estate Investment Trust 1		-	-	60,213
Kyobo AIM ESG Infrastructure General Private Placement Special Asset Investment Trust 1		-	-	33,791
Kyobo AIM Corporate Finance General Private Investment Trust 1		-	-	92,119
	₩	-	-	640,464
2022				
Related party		Loan transaction		
		Lending	Collection	Collection (Repayment) of investment
Subsidiaries				
Kyobo Securities Co., Ltd. (*1)	₩	-	-	3,896
Kyobo New Technology Investment Association No.1		-	-	35,000
Consus BTL Private Special Asset Investment Trust 1		-	-	(1,809)
Consus Hope BTL Private Special Asset Investment Trust 1		-	-	(2,325)
Consus New Energy Private Special Asset Investment Trust 2		-	-	(2,578)
KIAMCO Shipping Private Special Asset Investment Trust KX-1		-	-	(694)
	₩	-	-	31,490

(*1) This amount includes in-kind investment of ₩ 2,776 million.

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(6) The trading of bonds through related parties for the periods ended December 31, 2023 and 2022 are as follows.:

			2023		2022	
			Buy	Sell	Buy	Sell
Kyobo AXA Investment Managers						
Co., Ltd.	Beneficiary certificates	₩	2,400,065	2,630,871	1,604,875	1,214,910
Kyobo Securities Co., Ltd.	Bond		6,164,763	3,790,521	5,762,566	2,510,192
	Stock		1,440,205	1,406,583	1,244,358	1,344,454
	Beneficiary certificates		2,669,920	2,642,921	2,390,747	2,336,247
Kyobo AIM Life Asset Management						
Co., Ltd.	Beneficiary certificates		186,123	-	-	-
		₩	<u>12,861,076</u>	<u>10,470,896</u>	<u>11,002,546</u>	<u>7,405,803</u>

(7) Details of collateral that the Company has provided to its related parties as of December 31, 2023 are as follows:

Related party	Collateral		2023	
			Book value	Purpose
Subsidiaries				
Kyobo Securities Co., Ltd.	Available-for-sale financial asset	₩	174,542	Futures substitute Securities
Kyobo Securities Co., Ltd.	Available-for-sale financial asset		99,263	Deposits for CCP-IRS

(8) The Company concluded that the key management includes executives and outside directors who have authority and responsibilities for decision making of the business plan, operations and control over the Company. Key management compensation for the periods ended December 31, 2023 and 2022 are as follows:

		2023	2022
Long and short-term employee benefits	₩	13,642	11,142
Retirement benefits		4,009	3,321
	₩	<u>17,651</u>	<u>14,463</u>

46. Earnings per share

(1) Basic earnings per share for the years ended December 31, 2023 and 2022 are as follows:

		2023	2022
Profit for the year	₩	489,082	429,836
Dividends to hybrid bonds		(74,245)	(52,891)
Profit available for common stock	₩	<u>414,837</u>	<u>376,945</u>
Weighted average number of common shares outstanding (in shares)		101,777,170	102,500,000
Earnings per share in won	₩	<u>4,076</u>	<u>3,678</u>

(2) Weighted average number of common shares outstanding for the years ended December 31, 2023 and 2022 are as follows:

		2023	2022
Weighted average total number of shares issued	₩	102,500,000	102,500,000
Weighted average number of treasury shares		722,830	-
	₩	<u>101,777,170</u>	<u>102,500,000</u>

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47. Statement of cash flows

(1) Adjustment of earnings and expenses for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Interest expenses	₩ 161,643	127,355
Income tax expenses	156,017	78,085
Loss on valuation of Financial assets designated at fair value through profit or loss	-	(487)
Loss on valuation of financial assets held for trading, net	-	1,467,980
Gain on disposal of available-for-sale financial assets, net	-	(116,821)
Impairment losses on available-for-sale financial assets	-	35,372
Loss on valuation of available-for-sale financial assets	-	56,041
Bad debt expenses	63,983	20,317
Gain on foreign currency transaction, net	(340,792)	(888,490)
Loss on valuation of derivative, net	65,549	732,596
Loss on valuation of derivative trading, net	42,193	105,054
Loss on investment in associates and subsidiaries, net	-	48
Impairment loss on associates and subsidiaries	8,052	10,836
Depreciation of investment properties	10,543	10,514
Loss on disposal of property, equipment and investment properties, net	4,341	2,683
Depreciation of property and equipment	60,751	64,053
Loss on disposal of intangible asset	-	123
Amortization of intangible asset	61,033	58,343
Impairment losses on intangible assets	35	-
Reinsurance premium expenses	28,956	28,576
Interest income	(2,896,799)	(2,505,829)
Dividend income	(112,570)	(828,526)
Reinsurance income	(32,408)	(31,147)
Insurance contract service revenue	(3,661,259)	(3,414,217)
Insurance contract service expenses	3,586,226	3,469,856
Insurance contract finance profit and loss	4,287,191	193,898
Reinsurance contract finance expenses	6,577	4,911
Reinsurance contract finance income	(2,072)	(1,534)
Gain on other contract liabilities	515,584	141,586
Retirement benefits	49,726	44,332
Bad debt expenses for other assets	2,508	1,230
Gain on cancellation of lease contracts	(905)	(336)
Other gain	(10,361)	(6,339)
Gain on disposal of financial assets at fair value through profit or loss	(125,086)	-
Gain on valuation of financial assets at fair value through profit or loss	(1,496,620)	-
Gain on disposal of financial assets at fair value through other comprehensive income	(133,654)	-
Impairment losses on financial assets at fair value through other comprehensive income	2,834	-
	<u>301,216</u>	<u>(1,139,937)</u>

(2) Changes in assets and liabilities for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Deposits	₩ (480,179)	(144,068)
Financial assets designated at fair value through profit or loss	-	-
Financial assets held for trading	-	(1,199,110)
Financial assets at fair value through profit or loss	519,839	-
Loan receivables	(280,644)	(1,310,356)
Other receivables	(76,203)	59,865
Derivatives Assets	288,734	(201,099)
Other assets	1,388	3,363
Reinsurance contract asset	37,526	(13,313)
Insurance contract liabilities	(102,101)	(412,300)
Reinsurance contract liabilities	(47,083)	1,040
Policyholders' equity adjustments	-	(2,600)
Derivatives liabilities	(700,376)	(255,285)
Other financial liabilities	70,854	(74,036)
Estimated liabilities	(520)	(961)
Defined benefit liabilities	(25,220)	(18,221)
Investment contract liabilities	2,859,849	2,342,789
Other liabilities	7,909	(21,968)
	<u>2,073,773</u>	<u>(1,246,260)</u>

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(3) Significant non-cash activities for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Changes in valuation gains and losses on financial assets at fair value through other comprehensive income	₩ 2,306,392	-
Changes in valuation gain on available-for-sale financial assets	-	(3,557,475)
Insurance contract assets (liabilities) net financial profit and loss	(3,543,792)	7,820,733
Reinsurance contract assets (liabilities) net financial profit and loss	(36,113)	48,267
Substitution between investment property and tangible assets	3,418	31,103
Changes in other comprehensive income of related subsidiaries	5	17,550
Changes in remeasurements of net defined benefit obligations	(3,946)	15,756
Changes in related to receivables of purchase of securities	227,310	-
Changes in related to receivables of disposal of securities	(7,791)	-
Substitution of tangible assets from advance payments	83	38
Substitution of intangible assets from advance payments	7,054	29,548
Change in policyholder's equity adjustment	(69,589)	(555,868)
Changes in gains on revaluation of tangible assets	(3,641)	(2,074,256)
Change in gain or loss on valuation of cash flow hedging derivatives	357,361	16,700
Write-off of loan receivables, etc.	(45,702)	(24,035)
Conversion and acquisition of right-of-use assets	52,167	59,478
Disposition of right-of-use assets	(17,633)	(9,988)
Write-off of other receivables, etc.	(2,098)	739
Unpaid dividends on hybrid bonds	6,439	52,891
Accumulation of regulatory reserve for loan losses	(1,980)	41,220
Corporate tax expense reflected directly in capital	334,681	(925,360)

(4) Changes in liabilities from financing activities for the years ended December 31, 2023 and 2022 are as follows:

	2023			
	Beginning balance	Cash flows from financing activities	Interest expense, etc.	Ending balance
Leasehold deposits received	₩ 99,702	(283)	(298)	99,121
Lease liabilities	50,081	(33,205)	27,576	44,452
Borrowings	930,000	(930,000)	-	-
	2022			
	Beginning balance	Cash flows from financing activities	Interest expense, etc.	Ending balance
Leasehold deposits received	₩ 99,668	(849)	883	99,702
Lease liabilities	40,447	(34,574)	44,208	50,081
Borrowings	-	930,000	-	930,000

48. Operating segments

The Company consists of single operating segment primarily engaging in the insurance business. The information of operating segments is disclosed in the consolidated financial statements in accordance with KIFRS No.1108 'Operating Segments'.

49. Effects of changes in accounting policies

49-1) Application of KIFRS 1109, 'Financial Instruments'

As described in note 2.3.1, the Company newly applied KIFRS 1109 on January 1, 2023 as the date of initial application, resulting in changes in accounting policies and amendments to the amounts recognized in the financial statements. In accordance with transitional provisions, the financial statements for the previous year have not been restated.

KIFRS 1109 replaces the provisions of KIFRS 1039 Financial Instruments: Recognition and Measurement related to the recognition, classification and measurement of financial assets and financial liabilities and the derecognition of financial instruments, impairment of financial assets and hedge accounting. In addition, other standards dealing with financial instruments, such as KIFRS 1107 'Financial Products: Disclosure', have been amended in accordance with KIFRS 1109.

The impact on the Company's financial statements due to the application of KIFRS 1109 as of the initial application date is as follows:

(1) Beginning balance of retained earnings of the Company that have changed due to the application of KIFRS 1109 is as follows:

	Amount
Beginning balance of retained earnings (KIFRS 1039)	₩ 6,717,411
Effect from the reclassification of accounts	(1,169,401)
Effect from the remeasurement of financial instruments	(634)
Effects from the change in the reserve for losses of financial instruments	(9,876)
	(1,179,911)
Income tax effect	312,676
Change in total retained earnings due to introduction of KIFRS 1109	(867,235)
Beginning balance of retained earnings (KIFRS 1109)	₩ 5,850,176

(2) Beginning balance of accumulated other comprehensive income of the Company that have changed due to the application of KIFRS 1109 is as follows:

	Amount
Beginning balance of other comprehensive income (KIFRS 1039)	₩ 4,534,292
Reclassification from available-for-sale financial assets to financial assets at fair value through profit or loss	998,491
Reclassification from held-to-maturity financial assets to financial assets at fair value through other comprehensive income	(3,774,154)

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Reclassification from available-for-sale financial assets to financial assets at amortized cost	202,425
Impairment cancellation for equity instruments at fair value through other comprehensive income	(2,002)
Increase in loss allowance for debt instruments at fair value through other comprehensive income	9,343
Others	<u>(76,940)</u>
	<u>(2,642,837)</u>
Income tax effect	700,352
Change in total accumulated other comprehensive income due to introduction of KIFRS 1109	<u>(1,942,485)</u>
Beginning balance of other comprehensive income (KIFRS 1109)	₩ <u>2,591,807</u>

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49. Effects of changes in accounting policies, continued

(3) The measurement categories and types of financial assets presented in accordance with KIFRS 1039 and 1109 as of the date of initial application of the Company are as follows:

	Subsequent measurement categories and types				
	As of December 31, 2022 (KIFRS 1039)	As of 1 January 2023 (KIFRS 1109)	Carrying value (*1)		
Deposit	₩	KIFRS 1039	Reclassification	Remeasurement	KIFRS 1109
Deposit		816,401	-	(180)	816,221
Financial assets at fair value through profit or loss					
Financial assets designated at fair value through profit or loss(*2)		25,104	-	-	25,104
Financial assets held for trading		16,267,029	-	-	16,267,029
Available-for-sale financial assets		16,292,133	-	-	16,292,133
Available-for-sale financial assets		38,838,729	(20,255,776)	-	18,582,953
Financial assets at fair value through other comprehensive income		-	19,073,153	2,017	19,075,170
Financial assets at fair value through profit or loss (*3) (*4)		-	1,182,623	202,425	1,385,049
Financial assets at amortized cost(*5)		38,838,729	-	204,442	39,043,171
Held-to-maturity financial assets					
Held-to-maturity financial assets		25,670,377	(25,670,377)	-	-
Financial assets at amortized cost		-	25,452,391	(3,901,274)	21,551,117
Financial assets at fair value through other comprehensive income(*6)		-	217,986	(47,957)	170,029
Financial assets at fair value through profit or loss(*7)		25,670,377	-	(3,949,231)	21,721,146
Loan		18,966,107	-	3,970	18,970,077
Receivables		841,359	-	2,345	843,704
	₩	101,425,105	-	(3,738,654)	97,686,452

(*1) Presented after deduction of reserve for loan losses.

(*2) Compound financial instruments including embedded derivatives, which were classified as Financial assets designated at fair value through profit or loss in accordance with KIFRS 1039, amounting to ₩25,104 million, were classified as financial assets at fair value through profit or loss as they did not meet the SPPI characteristics in accordance with KIFRS 1109.

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(*3) Among the equity instruments that were classified as available-for-sale financial assets in accordance with KIFRS 1039, ₩332,474 million were not designated as financial assets at fair value through other comprehensive income, so they were classified as financial assets at fair value through profit or loss.

(*4) Among the equity instruments classified as available-for-sale financial assets in accordance with KIFRS 1039, ₩14,883,737 million were classified as debt instruments in accordance with KIFRS 1109 and were classified as financial assets at fair value through profit or loss as they did not meet the SPPI characteristics, and among debt instruments classified as available-for-sale financial assets in accordance with KIFRS 1039, ₩3,856,943 million were managed in the take-and-sell model, but were classified as financial assets at fair value through profit or loss as they did not meet the SPPI requirements.

(*5) Among the debt instruments classified as available-for-sale financial assets in accordance with KIFRS 1039, ₩1,182,624 million were classified as financial assets at amortized cost as they managed as a cash flow collection business model and met the SPPI characteristics.

(*6) Among the debt instruments classified as held-to-maturity financial assets in accordance with KIFRS 1039, ₩25,452,390 million were classified as financial assets at fair value through other comprehensive income as they were managed in the take-and-sell model and met the SPPI characteristics.

(*7) Among the debt instruments classified as held-to-maturity financial assets in accordance with KIFRS 1039, ₩217,987 million were classified as financial assets at fair value through profit or loss as they did not meet the SPPI characteristics.

(4) Changes in the category of subsequent measurement from other than financial assets at amortized cost to a financial asset at amortized cost is as follows:

Financial asset amounting to ₩ 1,182,623 million was reclassified from other than financial assets at amortized cost to financial assets at amortized cost at the beginning of periods ended December 31, 2023. The Company's business model as of the date of initial application is to hold to receive contractual cash flows, and cash flows from receivables represent payments of principal and interest only.

	Category before the change		Fair value	Gain or loss recognized if not reclassified (OCI)
	Available-for-sale financial assets	Available-for-sale financial assets		
Corporate bond		₩	49,157	(2,963)
Asset backed bonds			1,133,466	(194,313)
		₩	1,182,623	(197,276)

(5) Change in the category of subsequent measurement from financial asset at fair value through profit or loss to financial asset at fair value through other comprehensive income. There are no financial assets reclassified from the category of financial assets at fair value through profit or loss to financial assets at fair value through other comprehensive income as of the date of initial application of KIFRS 1109.

(6) Reclassification from available-for-sale financial assets to financial assets at fair value through profit or loss
As of January 1, 2023, ₩19,073,153 million was reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss. These financial assets are classified as financial assets at fair value through profit or loss as the contractual cash flows do not represent only payment of principal and interest.

(7) Measurement of expected credit loss of financial instruments due to the introduction of KIFRS 1109

Changes in the allowance for expected credit loss for financial instruments due to the introduction of KIFRS 1109 on January 1, 2023, the date of initial application, are as follows:

	Subsequent measurement categories and types		Carrying value	
	As of December 31, 2022 (KIFRS 1039)	As of January 1, 2023 (KIFRS 1109)	KIFRS 1039(*1)	KIFRS 1109(*1)
Loan and receivables				
Deposits		₩	-	180
Loan			-	(3,970)
Other financial asset			52,114	48,144
Available-for-sale financial assets			18,510	(2,345)
Held-to-maturity financial assets			-	6,867
			-	23

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Loan commitment	70,624	-	755	71,379
Loan commitment	-	-	6,645	6,645
	₩	-	6,645	6,645

(8) Measurement categories and types of financial liabilities presented in accordance with KIFRS 1039 and 1109 as of the date of initial application of the Company are as follows:

	Subsequent measurement categories and types			
	As of December 31, 2022 (KIFRS 1039)	As of January 1, 2023 (KIFRS 1109)		
Financial liabilities for trading		KIFRS 1039	Reclassification	Remeasurement
Financial liabilities at amortized cost		-	-	-
Derivative liabilities		1,583,251	-	1,583,251
		1,293,340	-	1,293,340
	₩	2,876,591	-	2,876,591

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49. Effects of changes in accounting policies, continued

49-2) Application of KIFRS 1117, 'Insurance contracts'

The Group applied KIFRS 1117 with January 1, 2023 as the date of initial application, and retroactively restated the previous financial statements. The impact of the application of this standard on the financial statements is as follows:

(1) The impact on the financial position as of January 1, 2022, which was retrospectively restated with the introduction of KIFRS 1117 is as follows:

KIFRS 1104(*)			KIFRS 1117(*)			Variance
Account	₩	Amount	Account	₩	Amount	
Asset		119,149,284	Asset		111,537,708	(7,611,576)
Financial asset		89,011,475	Financial asset		107,750,173	18,738,698
			Insurance and reinsurance			
Reinsurance asset		31,513	contract asset		162,286	130,773
Other asset		30,106,296	Other asset		3,625,249	(26,481,047)
Liability		108,125,326	Liability		101,612,724	(6,512,602)
			Financial			
Financial liabilities		1,132,627	liabilities		1,207,227	74,600
Insurance contract			Insurance and reinsurance			
liabilities		78,650,497	contract liabilities		89,674,968	11,024,471
Other liabilities		28,342,202	Other liabilities		10,730,529	(17,611,673)
Equity	₩	11,023,958	Equity	₩	9,924,984	(1,098,974)

(*) In accordance with the first application of KIFRS 1109 as of January 1, 2023, above financial statements were prepared based on KIFRS 1039.

(2) The impact on the financial position with the introduction of KIFRS 1117 as of December 31, 2022, which was retrospectively restated, is as follows:

- Statement of financial position

KIFRS 1104(*)			KIFRS 1117(*)			Variance
Account	₩	Amount	Account	₩	Amount	
Asset		117,175,706	Asset		107,826,625	(9,349,081)
Financial asset		86,428,399	Financial asset		104,074,785	17,646,386
			Insurance and reinsurance			
Reinsurance asset		35,088	contract asset		177,134	142,046
Other asset		30,712,219	Other asset		3,574,706	(27,137,513)
Liability		111,265,967	Liability		95,110,994	(16,154,973)
Financial liabilities		2,884,361	Financial liabilities		2,876,591	(7,770)
Insurance contract			Insurance and reinsurance			
liabilities		81,159,892	contract liabilities		78,809,463	(2,350,429)
Other liabilities		27,221,714	Other liabilities		13,424,940	(13,796,774)
Equity	₩	5,909,739	Equity	₩	12,715,631	6,805,892

(*) In accordance with the first application of KIFRS 1109 as of January 1, 2023, above financial statements were prepared based on KIFRS 1039.

(3) Each item of the statement of comprehensive income and statement of cash flows as of December 31, 2022, retrospectively restated in accordance with the introduction of KIFRS 1117 is as follows:

- Statement of comprehensive income

KIFRS 1104(*)			KIFRS 1117(*)			Variance
Account	₩	Amount	Account	₩	Amount	
Operating income		20,711,316	Insurance service result		(85,465)	
Insurance income		12,826,848	Insurance service revenue		3,414,217	
Investment income		4,959,056	Insurance service expense		3,502,253	
			Net revenue from reinsurance			
Other operating income		2,925,412	contracts held		2,571	
Operating expense		20,241,185	Investment service income or			
Insurance liability		2,395,210	expense		620,085	
Insurance expense		13,552,157	Investment service income		7,695,224	
Investment expense		3,066,258	Insurance finance income		1,534	
Other operating expense		1,227,559	Investment service expense		6,877,865	
Operating profit		470,132	Insurance finance expense		198,809	
Non operating income		35,513	Operating profit		534,620	64,488
Non operating expense		58,414	Non operating income		20,862	(14,651)
Profit before income tax		447,230	Non operating expense		47,561	(10,853)
Income tax expense		52,019	Profit before income tax		507,921	60,691
Profit or loss for the period		395,211	Income tax expense		78,085	26,066
Other comprehensive income		(5,287,222)	Profit or loss for the period		429,836	34,625
Total comprehensive income	₩	(4,892,011)	Other comprehensive income		2,583,020	7,870,242
			Total comprehensive income	₩	3,012,856	7,904,867

(*) As KIFRS 1109 was initially applied as of January 1, 2023, the above financial statements were prepared in accordance with KIFRS 1039.

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- Statement of cash flows

		2023		
		KIFRS 1104(*)	KIFRS 1117(*)	Variance
Cash flows from operating activities	₩	(907,823)	1,992,697	2,900,520
Cash flows from investing activities		194,129	(2,735,794)	(2,929,923)
Cash flows from financing activities	₩	734,995	734,995	-

(*) As KIFRS 1109 was initially applied as of January 1, 2023, the above financial statements were prepared in accordance with KIFRS 1039.

50. Risk management

50-1) General

(1) Risk management overview

The objective of risk management is to effectively manage and control various uncertainties that prevent the controlling company from achieving its business goal. The controlling company supports its stable business activities by setting the appropriate risk limits to ensure the regulatory capital is maintained above the minimum risk based capital required by the Financial Supervisory Service even in the environment which various risks may actually realize simultaneously, and also comprehensively manages assets and liabilities portfolios to enhance profitability compared to risk.

The controlling company's risk management process is as follows:

1) Risk identification and classification

The controlling company identifies risks related to market, credit, interest, insurance, liquidity, operation, strategy, reputation, and variable insurance guarantee as significant risks. Market, credit, interest, insurance, liquidity and variable insurance guarantee risks are classified as financial risks, while operation, strategy, reputation risks are classified as non-financial risks.

2) Risk measurement and management

Market, credit, interest, insurance and operational risks are measured using Value at Risk (VaR) method. Liquidity risk is periodically monitored and managed to ensure liquidity level is adequately maintained by setting the minimum liquidity limit that reflects cash flows and variability for the last 6 months. In addition, variable insurance market risk is periodically measured using a Stress scenario. Various measured risk amounts are operated with annual limits, and compliance with the limits and adequacy are regularly checked and managed.

The controlling company continues to maintain Asset-Liability Management (ALM) policy to secure long-term stable interest rate margins. In order to consistently improve the asset and liability structure, the product sales mix has been weighted more heavily in favor of investment linked products and floating-rate type policies, while cash flow stability has been strengthened through the increase of long-term fixed-rate interest assets. In addition, constant improvements are being made to the ALM systems.

3) Risk control

To hedge, accept, transfer and mitigate risks, the controlling company sets risk limits at adequate level and monitors if these limits are appropriate and in compliance with the risk management policies and procedures. The risk limits are adjusted as necessary, and a contingency plan is also placed in operation.

In addition, the risk management department provides timely feedbacks and ensures fast and proper decision making process for any important decision making matters.

4) Risk monitoring and reporting

The controlling company monitors various macroeconomic indicators such as interest rates, stock prices, exchange rates, individual risk volume and related monitoring indicators, and risk-related indicators such as solvency ratio on a daily, monthly, and quarterly basis using checklists and if any unusual instances are identified, they are reported to the management and appropriate action is taken.

(2) Risk management framework

Risk management organization is divided into division in charge of risk management and division managing individual risks.

The controlling company's major risk management organization is as follows.

1) Risk Management Committee

The Risk Management Committee is comprised of three outside directors and has overall responsibility for establishing basic directions and major policies of risk management consistent with management strategies and setting appropriate risk limits for the controlling company.

2) Risk Management Council

The Risk Management Council sets the agenda that will be discussed at the Risk Management Committee, implements strategies established by the Risk Management Committee, sets the limit for each risk factor and prepares suitable solution when risk limit exceeds or may exceed the set limit.

3) Risk Management Team

The controlling company runs the Risk Management Team and a risk management unit for each risk to support the Risk Management Committee and the Risk Management Council. The Risk Management Team who is independent from the business operation departments plans and sees company level of financial and non-financial risk management by preparing risk management policies, regulations.

Risk Management Support Team, in charge of risk management, performs plan-see functions independent from Sales Department (including non-financial risk management) such as establishing risk management policies and plan, regulations and rules, and setting risk limits. Individual risk management departments perform Do functions and operate in 7 teams.

- Market risk: asset portfolio management team
- Credit risk: investment asset evaluation team/retail credit marketing team
- Interest rate risk: financing team
- Liquidity risk: financing team
- Insurance risk: insurance risk management support team
- Variable insurance guarantee risk: variable hedge part

50-2) Regulatory capital adequacy

(1) Kyobo Life Insurance

1) K-ICS : Korean - Insurance Capital Standard

The controlling company measures, manages and discloses K-ICS ratio according to the Regulation on Supervision of Insurance Business to maintain required capital for the solvency margin.

K-ICS (Newly adopted Solvency ratio) is a system that ensures that companies have equity capital to cover unexpected losses. The solvency ratio is a ratio calculated by dividing the solvency amount (available capital), which is the capital that can be used to absorb losses, by the solvency standard amount (required capital), which is the amount of loss that may occur to the Company in the next one year, and this is a measure of a life insurance company's financial soundness or ability to pay claims.

The solvency amount is calculated by adding or subtracting certain items depending on the presence or absence of loss absorption from the amount of assets (net assets) exceeding liabilities in the statement of financial position under Prudential Accounting Principles. The solvency standard amount measures the potential loss amount that may occur within the 99.5% confidence level over the next year as the basic required capital, and is calculated by subtracting the corporate tax adjustment amount from the basic required capital and adding other required capital.

The basic required capital is calculated by calculating the life/long-term non-life insurance, market, credit, and operational risk amounts respectively and then applying

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the correlation coefficient.

The Financial Supervisory Service ("FSS") mandates that the K-ICS ratio be maintained at 100% or more based on consolidated financial statements, and in cases where it falls short, timely corrective action is taken to maintain financial soundness.

	Solvency ratio	Corrective action
Improvement recommended	Above 50% and below 100%	-Requires increasing capital -Limits new business entering
Improvement required	Above 0% and below 50%	-Requires management replacement -Re-organization of subsidiaries
Improvement commanded	Below 0%	-Suspension of management duties -Suspension of insurance business

The controlling company complies with the K-ICS ratio prescribed by the FSS.

2) Measurement and management of capital adequacy

The Company sets the total risk limits and guidance as a part of annual business plan to ensure, even though risks are possible, the risk capital (e.g. solvency margin) is greater than minimum required risk based capital on the standard guidelines promulgated by the Financial Supervisory Service. Risk capital is monitored on a monthly basis to maintain at appropriate level against the amount of total risks of the assets. The controlling company reviews acceptability of risk capital under the case of abnormally increased risks by measuring sensitivity and conducting scenario method stress test for significant risk factors with supplementing the limitation of Value at Risk base measurement.

50-3) Insurance risk

(1) Overview

Insurance risk refers to the risk that arises in relation to the underwriting of insurance contracts and payment of insurance benefits, which are the unique tasks of an insurance company. It refers to the possibility of loss that may occur due to the actual risk becoming greater at the time of payment than the risk expected at the time of signing the insurance contract.

The insurance risk amount covers assets and liabilities that may directly or indirectly cause loss to the insurance company when actuarial assumptions change, and in the case of assets, if the value changes due to future cash flow changes when actuarial assumptions change (e.g. This applies only to insurance policy loans, reinsurance contracts, etc.), and in the case of liabilities, it is calculated for all insurance contracts. However, retirement insurance and retirement pension are not included in the measurement of life long-term non-life insurance risk.

(2) Status of insurance risk amount

Insurance risk refers to the risk that arises in relation to the underwriting of insurance contracts and payment of insurance benefits, which are the unique tasks of an insurance company. It refers to the possibility of loss that may occur due to the actual risk becoming greater at the time of payment than the risk expected at the time of signing the insurance contract.

Insurance risk amount covers assets and liabilities that may directly or indirectly cause loss to the insurance company in the event of changes in actuarial assumptions and for assets, this applies only to cases where the value changes due to future cash flow changes when actuarial assumptions change (e.g., insurance policy loans, reinsurance contracts, etc.), and for liabilities, it is calculated for all insurance contracts. However, retirement insurance and retirement pension are not included in the measurement of life long-term non-life insurance risk.

The Group measures the amount of exposure to insurance risk as [current estimated liabilities - cedant insurance assets]. The amount exposed to insurance risk as of December 31, 2023 and 2022 are as follows:

		2023			2022		
		Insurance contract liabilities	Reinsurance contract assets	Sum	Insurance contract liabilities	Reinsurance contract assets	Sum
Death	₩	18,324,857	(116,987)	18,207,870	15,224,016	(86,989)	15,137,028
Health		9,617,820	29,178	9,646,998	9,304,100	33,336	9,337,436
Annuity/Savings		38,786,796	-	38,786,796	34,728,011	-	34,728,011
Others		495,822	6,050	501,872	502,865	12,545	515,411
Pension savings/asset linked		5,829,665	-	5,829,665	5,830,815	-	5,830,815
Death(Variable)		5,090,617	-	5,090,617	4,280,667	-	4,280,667
Health(Variable)		-	-	-	-	-	-
Annuity(Variable)		-	-	-	-	-	-
Savings(Variable)		9,387,760	-	9,387,760	8,720,748	-	8,720,748
Others(Variable)		-	-	-	-	-	-
	₩	87,533,336	(81,759)	87,451,577	78,591,222	(41,107)	78,550,115

The Company calculates the risk concentration by considering the past rate related to the issued insurance contract and the reinsurance contract in possession. In addition, it is identified as a common characteristic in relation to the calculated risk concentration.

The present value estimate of future cash flows for each type of insurance that the Company deems significant is equal to the exposure amount of insurance risk.

(3) Assumptions applied when measuring insurance contract liabilities

The assumptions and calculation basis for the current estimates of future cash flows applied by the Group to the holding contracts as of December 31, 2023 and 2022 are as follows.

	Assumption		Basis for calculation
	2023	2022	
Surrender rate	0%~53.5%	0%~54.5%	Surrender rate calculated based on payment method, payment status, product classification, dividend status, and channel based on the past 5 years of experience statistics as of June 30, 2023. (In the case of payment in progress, it is calculated as the ratio of the target contract insurance premium to the effective lapsed insurance premium, and in the case of after payment, the ratio of the target contract insurance premium reserve to the effective lapsed insurance premium reserve.)
Risk rate	14.5%~363%	21%~264%	The ratio of insurance premiums paid to risk insurance

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				premiums calculated by collateral, channel, and product based on the past five years of experience statistics as of June 30, 2023. ※ Insurance claims payment is calculated based on final payment that uses statistics for the previous five years as of the date of the accident and reflects the progress rate of incurred but not reported losses
Operating expense rate	-	-	-	Calculated as unit cost in proportion to operating expense execution performance, conversion results based on insurance business standards, number of new/owned contracts, insurance premiums, insurance reserves, policy loan balance, etc. ※ Performance statistics period: applicable to 1 year
Discount rate	-4.0%~18.8%	-3.2%~17.5%	-	Parameters consistent with assets traded in the market are estimated in the adjusted risk-free interest rate term structure (reflecting long-term forward interest rates and liquidity premiums) and applied to 1,000 interest rate scenarios.
Risk adjustment confidence level for non-financial risks	75%	75%	75%	Under the assumption that the probability distribution of the present value of future cash flows at each reporting time follows a normal distribution, the portion where the 75% percentile exceeds the probability-weighted average of the present value of future cash flows is calculated as risk adjustment.

1) Insurance risk sensitivity analysis

The Group conducts a sensitivity analysis of current estimates based on discount rates, risk ratios, and expense ratios that are judged to have a significant impact on the uncertainty about the amount and timing of future cash flows arising from insurance contracts and through this, manages insurance risk.

	2023			2022		
	Effect on Fulfilment Cashflows	Effect on net profit or loss before tax(*1)	Effect on equity(*2)	Effect on Fulfilment Cashflows	Effect on net profit or loss before tax	Effect on equity
Before risk reduction by cedant insurance						
₩ 10% increase in operating expense	605,237	(69,445)	(69,445)	537,541	(61,678)	(61,678)
10% decrease in operating expense	(605,232)	69,456	69,456	(537,537)	61,687	61,687
10% increase in payout rate	1,833,688	52,039	52,039	1,628,591	46,218	46,218
10% decrease in payout rate	(2,163,269)	(272,463)	(272,463)	(1,921,308)	(241,988)	(241,988)
10% increase in surrender rate	761,987	16,616	16,616	676,759	14,757	14,757
10% decrease in surrender rate	(825,599)	(15,905)	(15,905)	(733,256)	(14,126)	(14,126)
After risk reduction by cedant insurance						
10% increase in operating expense	605,237	(69,445)	(69,445)	537,541	(61,678)	(61,678)
10% decrease in operating expense	(605,232)	69,456	69,456	(537,537)	61,687	61,687
10% increase in payout rate	1,790,544	52,039	52,039	1,531,759	46,218	46,218
10% decrease in payout rate	(2,121,353)	(272,463)	(272,463)	(1,827,234)	(241,988)	(241,988)
10% increase in surrender rate	770,461	16,616	16,616	695,779	14,757	14,757
10% decrease in surrender rate	(836,331)	(15,905)	(15,905)	(757,342)	(14,126)	(14,126)

(*1) Profit and loss before corporate tax.

(*2) Effect on equity is the amount before the deferred income tax is distributed.

2) Insurance claims development

The Group regularly verifies the adequacy of reserves using the bulk reserving method. The Bulk reserve amount is estimated and calculated by applying methods permitted by supervisory regulations, such as the Paid Loss Development Method (PLDM), Incurred Loss Progress Method (ILDM), Frequency/Severity Method, and Bornhuetter-Ferguson Method.

The actual insurance claim amount (insurance claims development) compared to the Group's past estimates of undiscounted insurance claims is as follows:

Cumulative amount of nominal insurance payment Year of accident	2023						
	Year end of accident	1 year later	2 years later	3 years later	4 years later	5 years later	Total
₩							

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2019	1,173,980	207,347	27,934	13,746	5,065	-	1,428,073
2020	1,161,006	205,366	29,614	13,469	-	-	1,409,455
2021	1,267,559	243,887	34,637	-	-	-	1,546,084
2022	1,271,070	263,421	-	-	-	-	1,534,491
2023	1,329,554	-	-	-	-	-	1,329,554
	<u>6,203,169</u>	<u>920,021</u>	<u>92,185</u>	<u>27,215</u>	<u>5,065</u>	<u>-</u>	<u>7,247,656</u>
Liability for incurred claims for insurance claims payments incurred after 2019	-	380,355	59,689	26,152	11,240	6,012	411,448
Liability for incurred claims for insurance claims payments incurred before 2019							5,474
Discount effects							(15,284)
Amount incurred in previous years, etc. (*)							2,267,837
Risk adjustments for non financial risks							23,271
Liability for incurred claims at the end of reporting period							2,692,746

(*) This amount includes the accident in the previous year and preparations for cost evaluation.

	2022						Total
	Year end of accident	1 year later	2 years later	3 years later	4 years later	5 years later	
Cumulative amount of nominal insurance payment							
Year of accident							
2018	1,099,536	203,935	28,702	11,271	5,332	-	1,348,775
2019	1,169,616	218,256	31,151	15,701	-	-	1,434,724
2020	1,143,628	215,040	31,792	-	-	-	1,390,461
2021	1,251,614	250,853	-	-	-	-	1,502,467
2022	1,261,753	-	-	-	-	-	1,261,753
	<u>5,926,147</u>	<u>888,084</u>	<u>91,646</u>	<u>26,972</u>	<u>5,332</u>	<u>-</u>	<u>6,938,181</u>
Liability for incurred claims for insurance claims payments incurred after 2018	-	284,981	57,846	25,305	11,422	5,657	385,211
Liability for incurred claims for insurance claims payments incurred before 2018							5,123
Discount effects							(15,975)
Amount incurred in previous years, etc. (*)							2,242,510
Risk adjustments for non financial risks							16,635
Liability for incurred claims at the end of reporting period							2,633,505

(*) This amount includes the accident in the previous year and preparations for cost evaluation.

(4) Management of insurance risk

Insurance risk is the death risk amount for each risk factor. Longevity risk, disability and disease risk, wealth and other risks. It is managed by dividing it into termination risk, project cost risk, and major disaster risk, and the details are as follows:

- A. Death risk and longevity risk refer to the risk of unexpected losses related to the death of the policyholder and is measured by the risk that net asset value will decrease due to changes in the level, trend, and volatility of death.
- B. Disability and disease risk is the risk of unexpected losses related to the policyholder's disability and disease, and is measured by the risk that net asset value will decrease due to changes in the risk rate, trend, volatility, etc. of disability and disease coverage.
- C. Property and other risks is the risk of unexpected losses related to property, cost, and compensation and other collateral and is measured as the risk of a decrease in net asset value due to changes in the level of risk, trends, volatility, etc.
- D. Termination risk is the risk of unexpected losses due to policyholder's exercise of options such as termination or renewal of the contract or choosing an annuity and is measured by the risk that net asset value will decrease due to changes in the policyholder's option exercise rate or group termination of policyholders.
- E. Operating expense risk includes the risk arising from changes in expenditure due to the level of future costs and inflation in relation to insurance contract costs. Expenses related to insurance contracts include all expenses except for allowances.
- F. Catastrophe risk refers to risks arising from exceptional risks (e.g. new infectious diseases, etc.), that could not be considered in the risk of death or disability or disease.

The Corporation calculates the risk amount for each factor on a quarterly basis in accordance with the Regulation on Supervision Article 7-2 (the Solvency standard amount).

(5) Credit risk from insurance contracts

① Overview

Credit risk is the risk of financial loss to the Group due to debtor's bankruptcy or if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk amount (the unexpected loss) exceeds the expected loss, and credit risk from insurance contract arising mainly from reinsurer's default risk.

When selecting a reinsurer, the Group deals with high-quality insurance companies who have investment qualifications such as credit rating, solvency, RBC, performance, market share, K-ICS, etc. (BBB or higher by S&P, Baa or higher by Moody's, B+ or higher by A.M. Best, or an equivalent level of credit from an institution recognized by public trust). The Group periodically evaluate the monitoring of the stability of reinsurance operations, including sudden declines in the reinsurer's credit rating, and if the evaluation results show a significant impact on the stability of reinsurance transactions, the Group prepares and operates countermeasures such as termination of reinsurance contracts.

② Credit rating of reinsurance contract assets by reinsurance company

The credit rating of reinsurance contract assets recognized by each reinsurance company as of December 31, 2023 and 2022 are as follows.

		2023	2022
AA+~AA-	₩	(110,704)	(99,285)
A+~A-		28,944	58,178
	₩	<u>(81,760)</u>	<u>(41,107)</u>

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50-4) Interest rate risk

(1) Overview

Interest rate risk from insurance contracts is the risk that the Group's net asset value (including accounting value and economic value) will decrease due to future changes in market interest rates, which is caused by inconsistencies in the maturity structure and interest rate conditions of assets and liabilities.

(2) Measurement (recognition) and management methods

① Measurement

The Group uses both the standard model (K-ICS) and the internal model for the measurement of interest rate risk.

The standard model measures the amount of interest rate risk in accordance with the method set forth in Article 7-2 (4) of the Insurance Business Supervision Regulations, and uses the method of measuring the amount of reduction in net asset value through the impact scenario method.

In the case of the internal model, the standard model is applied to measure the interest rate risk, but it is measured using assumptions that reflect the Group's asset/liability attributes. The confidence level of interest rate risk measurement is 99.5% (the probability of occurring once every 200 years) in both internal and standard models.

② Management methods

Interest rate risk is continuously pursuing ALM policies (such as management of the duration gap) in the mid- to long-term to reduce the duration gap of assets/liabilities, and is managed by setting interest rate risk targets (limits) in consideration of the company's equity capital, payment capacity, and risk policies. In addition, crisis scenario tests are regularly conducted and managed in consideration of abnormal economic conditions.

③ Status of interest rate risk

Current status of major exposures to interest rate-bearing assets and interest-bearing liabilities as of December 31, 2023 and 2022 are as follows:

	2023	2022
Interest bearing asset:		
Financial assets designated at fair value through profit or loss (*1) ₩	-	23,551
Short-term financial assets (*1)	-	11,288,895
Financial assets at fair value through profit or loss (*1)	12,788,179	-
Available for sale financial assets (*1)	-	23,494,249
Financial assets at fair value through other comprehensive income	49,057,442	-
Held to maturity financial assets	-	25,670,377
Securities at amortized cost	1,263,548	-
Loan & receivables at amortized cost	19,225,686	18,966,107
Other receivables at amortized cost	974,298	841,359
	83,309,153	80,284,538
Interest bearing liabilities:		
Insurance contract liabilities (assets)	87,533,336	78,591,222
Reinsurance contract liabilities (assets)	81,759	41,107
Investment contract liabilities	15,427,506	12,052,073
	103,042,601	90,684,402
	186,351,754	170,968,940

(*1) Includes debt securities and bond-type beneficiary securities.

50-5) Credit risk

(1) Overview

Credit risk is the risk of financial loss to the Group due to debtor's bankruptcy or if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk amount (the unexpected loss) exceeds the expected loss.

(2) Measurement and management

The Group measures credit risk using the standard model and the internal model. The standard model calculates credit risk amount according to the fifth clause of Article 7-2 of the Regulation on Supervision of Insurance Business.

The internal model calculates credit risk amount using VaR calculated from the Group's Credit Risk Management System after reflecting correlation and portfolio distribution effect. For corporate borrower, the Group uses mark-to-market method, and for individual borrower, the Group uses Default Mode (DM) using loan pool. The Group manages credit risk by setting VaR limit and maximum credit exposure. Compliance with credit risk management policy is monitored by checking the breaches of the VaR limit on a monthly basis, and reviewing the risk tolerance by analysing credit risk amount under normal and stress situation.

The Group sets credit exposure limit for each borrower base on its industry and credit rating. The conformity of this limit is reviewed every month. After the loan initiation, credit review for each significant borrower is performed regularly. The Group revises exposure limit, decreases credit line, collects the loan or increases collateral if any symptom of credit rating drop.

After the loan initiation, credit review for each significant borrower is performed regularly. The Group revises exposure limit, decreases credit line, collects the loan or increases collateral if any symptom of credit rating drop. Appropriate steps, such as collection, are taken when the borrower's credit rating becomes speculative. The Group establishes action plan by reviewing the financial structure and payment ability of the currently or potentially problematic borrowers through designated units (e.g. Investment Asset Analysis Team, Loan Management Team, etc.

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(3) Maximum exposure to credit risk

The Group's maximum exposure to credit risk as of December 31, 2023 and 2022 are as follows:

		2023	2022
Cash and due from banks (*1)	₩	4,265,131	3,009,624
Financial assets designated at fair value through profit or loss		-	25,104
Short-term financial assets (*2)		-	9,695,044
Financial assets at fair value through profit or loss (*2)		10,853,819	-
Available-for-sale financial assets (*2)		-	23,271,334
Financial assets at fair value through other comprehensive income(*2)		49,057,442	-
Held-to-maturity financial assets		-	25,670,377
Securities at amortized cost (*3)		1,263,548	-
Loan & receivables at amortized cost(*3)		19,360,276	19,063,662
Other receivables at amortized cost(*3)		992,782	861,799
Derivative assets		665,243	402,983
	₩	<u>86,458,241</u>	<u>81,999,927</u>
Loan commitment	₩	8,068,901	6,904,801

(*1) The maximum exposure amounts for cash and due from banks in the consolidated statement of financial position exclude cash on hand without credit risk.

(*2) Financial instruments in the nature of equity securities among financial assets at fair value through other comprehensive income in the statement of financial position.

(*3) The maximum exposure of amortized cost measurement securities and amortized cost measurement loans is the amount before deducting loss allowance, and the maximum exposure of fair value measurement other receivables is the amount before deducting discounted cash flow and loss allowance.

(4) Impairment information of loan receivables

The expected credit loss of a financial instrument is measured by reflecting the probability of default by the counterparty and the estimated recovery rate.

The book value of financial instruments by credit rating as of December 31, 2023 is as follows:

		12-month expected credit loss measurement	Lifetime expected credit loss measurement		Total
			Non impaired	Impaired	
Cash and due from banks	₩				
Grade 1		4,205,002	-	-	4,205,002
Grade 2		60,128	-	-	60,128
Grade 3		-	-	-	-
		<u>4,265,130</u>	-	-	<u>4,265,130</u>
Financial assets at fair value through other comprehensive income					
Grade 1		47,857,344	-	-	47,857,344
Grade 2		1,200,097	-	-	1,200,097
Grade 3		-	-	1	1
		<u>49,057,441</u>	-	<u>1</u>	<u>49,057,442</u>
Securities at amortized cost					
Grade 1		1,263,548	-	-	1,263,548
Grade 2		-	-	-	-
Grade 3		-	-	-	-
		<u>1,263,548</u>	-	-	<u>1,263,548</u>
Loan and receivables at amortized cost					
Grade 1		16,903,873	314,324	309	17,218,506
Grade 2		1,018,252	382,362	6,511	1,407,125

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Grade 3	549,411	146,422	38,812	734,645
	18,471,536	843,108	45,632	19,360,276
Other receivables at amortized cost				
Grade 1	556,497	769	1	557,267
Grade 2	12,487	911	9	13,407
Grade 3	404,710	783	16,615	422,108
	973,694	2,463	16,625	992,782
Loan commitment				
Grade 1	8,068,901	-	-	8,068,901
Grade 2	-	-	-	-
Grade 3	-	-	-	-
	8,068,901	-	-	8,068,901
₩	82,100,250	845,571	62,258	83,008,079

The credit soundness of financial products is classified as follows based on the following credit ratings.

	Household (external rating)	Company (internal rating)	Company (domestic agency)	Corporate (Moody's)	Corporate (S&P)	
Grade 1	1 ~ 3 rating	AAA ~ BBB	AAA ~ A-	Aaa ~ Baa3	AAA ~ BBB-	Low credit risk applied significant increase in credit risk Differential divergence point
Grade 2	4 ~ 5 rating	BB+ ~ B	BBB+ ~ BB+	Ba1 ~ B1	BB+ ~ B+	
Grade 3	Under 6 rating	Under CCC	Under BB	Under B2	Under B	

The credit soundness of debt securities as of December 31, 2022 is as follows:

	Government bonds	Specific laws bond	Financial bonds	Company bonds	foreign currency securities	Other Currency securities	Total
risk-free	₩ 28,539,193	3,055,734	-	905,729	2,059,524	-	34,560,180
AAA	-	4,286,758	93,358	2,504,156	8,663,075	-	15,547,347
AA+ ~ AA-	-	781,123	1,902,682	1,182,476	1,034,343	-	4,900,624
A+ ~ BBB-	-	-	-	52,399	219,350	-	271,749
BBB-under	-	-	-	4,290	1	-	4,291
Grade-free	-	-	-	1,441	6,470	1,553	9,464
Total	₩ 28,539,193	8,123,615	1,996,040	4,650,491	11,982,763	1,553	55,293,655

(5) Concentration of debt securities by industry

The concentration of credit risk in securities measured at amortized cost by major industry as of December 31, 2023 and 2022 are as follows:

		2023						
		Country & public institution (Government bonds, Public bonds)	Finance, Insurance	Electricity, gas, steam and water supply	Construction	Real estate & rental	Others	Total
Financial assets at fair value through profit or loss	₩	4,107,234	5,050,511	616,441	107,573	188,113	783,946	10,853,818
Financial assets at fair value through other comprehensive income		32,625,132	5,198,160	1,876,491	1,672,542	75,644	7,609,473	49,057,442
Financial assets at amortized cost		1,243,887	19,661	-	-	-	-	1,263,548
Total	₩	37,976,253	10,268,332	2,492,932	1,780,115	263,757	8,393,419	61,174,808
		2022						
		Country & public institution (Government bonds, Public bonds)	Finance, Insurance	Electricity, gas, steam and water supply	Construction	Real estate & rental	Others	Total
Financial assets at fair value through profit or loss	₩	-	-	-	-	-	25,104	25,104
Short-term financial assets		3,894,839	3,668,466	1,493,415	137,932	6,108	494,284	9,695,044
Financial assets available for sale		14,570,593	3,227,509	1,768,680	1,162,996	96,076	2,445,480	23,271,334
Financial assets held by maturity	₩	17,628,745	1,224,997	871,505	976,618	19,164	4,949,348	25,670,377

(6) Concentration of debt securities by country

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The concentration of credit risk in debt securities by country as of December 31, 2023 and 2022 are as follows:

		2023						
		Korea	USA	England	France	China	Others	Total
Financial assets at fair value through profit or loss	₩	10,701,209	82,121	64,002	-	-	6,486	10,853,819
Financial assets at fair value through other comprehensive income		38,637,544	7,904,779	282,970	499,487	8,048	1,724,615	49,057,442
Financial assets at amortized cost		1,263,548	-	-	-	-	-	1,263,548
Total	₩	50,602,300	7,986,900	346,972	499,487	8,048	1,731,101	61,174,809

		2022						
		Korea	USA	England	France	China	Others	Total
Financial assets designated through profit or loss	₩	25,104	-	-	-	-	-	25,104
Short-term financial assets		9,695,044	-	-	-	-	-	9,695,044
Financial assets available for sale		20,923,944	1,854,167	137,021	86,547	3,888	265,767	23,271,334
Financial assets held by maturity		17,769,600	6,073,022	112,990	395,531	5,453	1,313,781	25,670,377
Total	₩	48,413,692	7,927,189	250,011	482,078	9,341	1,579,548	58,661,589

(7) The concentration of credit risk in loan and receivables at amortized cost by industry as of December 31, 2023 and 2022 are as follows:

		2023						
		Real estate & rental	Retail, wholesale, Transportation, lodging	Finance, Insurance	Electricity, gas, steam and water supply	Construction	Others	Total
Real estate mortgage loan	₩	1,682,545	54,345	2,534,300	-	-	2,372,204	6,643,394
Credit loan		3,085,407	652,423	1,205,541	1,967,555	-	3,759,573	10,670,499
Payment guarantee loan		774,153	-	-	-	232,761	119,832	1,126,746
Others		-	-	-	-	-	919,637	919,637
	₩	5,542,105	706,768	3,739,841	1,967,555	232,761	7,171,246	19,360,276

		2022						
		Real estate & rental	Retail, wholesale, Transportation, lodging	Finance, Insurance	Electricity, gas, steam and water supply	Construction	Others	Total
Real estate mortgage loan	₩	1,741,876	64,345	2,647,969	-	-	2,404,719	6,858,909
Credit loan		2,596,146	705,790	1,001,532	1,739,537	1,165,193	2,574,617	9,782,815
Payment guarantee loan		716,756	-	-	-	252,535	68,813	1,038,104
Others		110,753	95,062	962,400	178,985	-	36,634	1,383,834
	₩	5,165,531	865,197	4,611,901	1,918,522	1,417,728	5,084,783	19,063,662

(8) Credit reinforcement of loan and receivables at amortized cost

		Lifetime expected credit loss measurement			
		12-month expected credit loss measurement	Non impaired	Impaired	Total
Guarantee	₩	1,122,424	2,069	2,253	1,126,746
Real estates		6,450,910	186,655	5,829	6,643,394
Total	₩	7,573,334	188,724	8,082	7,770,140

There are no assets acquired and held through execution of collateral as of December 31, 2023.

(9) Impairment information according to credit risk of off-balance sheet accounts

Impairment information based on credit risk of the investment agreement as of December 31, 2023 is as follows.

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As of December 31, 2023	₩	12-month expected credit	Lifetime expected credit loss measurement		Total
		loss measurement	Non impaired	Impaired	
		8,068,901	-	-	8,068,901

(10) Damage information on loan receivables
As of the end of the previous year, loans are classified as follows depending on whether they are overdue or impaired.

	2022	
Neither past due nor impaired	₩	18,962,898
Past due but not impaired		66,308
Impaired		34,456
		<u>19,063,662</u>
Less: allowance		<u>(52,114)</u>
	₩	<u>19,011,548</u>

(11) Credit soundness of loan receivables neither past due nor impaired
Credit soundness of loan receivables that are neither past due nor impaired as of December 31, 2022:

		2022			
		Loan receivables	Unsecured loan	Other loan	Total
		Secured by real estate	receivables	receivables	
			and guaranteed loan		
			receivables		
Risk-free	₩	-	2,502,133	-	2,502,133
AAA		89,564	1,177,066	16,385	1,283,015
AA+ ~ AA-		-	1,396,697	235,786	1,632,483
A+ ~ BBB-		-	322,896	168,366	491,262
Unrated		4,585,690	3,979,166	-	8,564,856
Other		2,147,157	1,378,694	963,298	4,489,149
		<u>6,822,411</u>	<u>9,760,300</u>	<u>421,434</u>	<u>22,341,649</u>
Less: allowance		<u>(4,305)</u>	<u>(18,766)</u>	<u>(418)</u>	<u>(21,914)</u>
	₩	<u>6,818,106</u>	<u>10,734,940</u>	<u>1,383,416</u>	<u>18,936,462</u>
Mitigation of credit risk due to collateral	₩	<u>2,137,422</u>	<u>25,929</u>	<u>897</u>	<u>2,164,248</u>

Credit rating above is classified by Risk Based Capital Manual enacted by the FSS. Retail loan included in other is classified by internal credit rating which is rated by Behavior Scoring System (BSS).

Classification of retail loan as of December 31, 2022 is as follows:

		2022	
Gilts (Grade 1~4)	₩		2,177,685
Normal (Grade 5~8)			983,492
Disadvantage (Grade 9~10)			5,524
Other (i.e. risk free, etc.)			266,017
	₩		<u>3,432,718</u>

(12) Aging analysis of loan receivables that were past due but not impaired
Aging analysis of loan receivables that were past due but not impaired as of December 31, 2022 is as follows:

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		2022			
		Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Total
Less than 30 days	₩	31,065	26,546	691	58,302
31~60 days		673	3,638	53	4,364
61~90 days		912	2,593	136	3,641
		<u>32,650</u>	<u>32,777</u>	<u>881</u>	<u>66,308</u>
Less: allowance		(99)	(3,336)	-	(3,435)
	₩	<u>32,550</u>	<u>29,441</u>	<u>880</u>	<u>62,871</u>
Mitigation of credit risk due to collateral	₩	<u>32,635</u>	-	<u>881</u>	<u>33,516</u>

(13) Impaired loan receivables
Impaired loan receivables as of December 31, 2022 is as follows:

		2022				
		Individual assessing	Collective assessing			
		Unsecured loan receivables	Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Total
Impaired	₩	8,379	3,847	20,228	2,002	34,456
Less: allowance		(8,379)	(797)	(12,964)	(101)	(22,241)
	₩	<u>-</u>	<u>3,050</u>	<u>7,264</u>	<u>1,901</u>	<u>12,215</u>
Mitigation of credit risk due to collateral	₩	<u>-</u>	<u>3,784</u>	<u>-</u>	<u>2,002</u>	<u>5,786</u>

50-6) Market risk

(1) Overview

Market risk is the risk that the Group incurs loss due to decrease in asset value caused by changes in market prices such as foreign exchange rates, interest rates and stock prices.

(2) Measurement and management

The Group measures market risk using the standard model and the internal model. The standard model evaluates the market risk according to the fifth clause of Article 7-2 of the Regulation on Supervision of Insurance Business. One-year 99.5% VaR is utilized for the internal model. The Group mainly uses the delta-normal method that assumes normal distribution return rate and linear valuation. The Group also measures daily VaR based on simulation method as an assistance method.

The market risk limit is set up based on VaR and monitored daily so that it stays below the annual market risk limit. Other than VaR, the sensitivity indices, for instance, the duration and the beta are used as a supplementary market risk measurement. In order to supplement VaR measurement method, loss measurement is conducted under a variety of scenarios covering severe market condition such as IMF or financial economic crisis in 2008. The Group regularly reviews the impact of loss on profit or loss before dividends and K-ICS ratio and establishes countermeasure plan. In addition, the Group maintains adequate level of risk in holding equities by managing investment limit and foreign exchange translation hedge of asset group that influences market risk.

(3) Sensitivity analysis to risk factors including interest rates, etc.

Sensitive analysis of foreign exchange rate, interest rate and equity market as of December 31, 2023 and 2022 are as follow:

		2023		
		Risk factor	Profit or loss effect (*1)	Equity effect (*2)
Foreign exchange	₩	100 increase in KRW/USD FX Rate	50,606	61,658
	₩	100 decrease in KRW/USD FX Rate	(50,606)	(61,658)
Interest rate		100bp increase	(47,520)	(5,186,734)
		100bp decrease	47,520	5,186,734
Stock prices		10% increase in equity index	87,119	10,571
		10% decrease in equity index	(87,119)	(10,571)

(*1) Profit before income tax expenses.

(*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

(*3) Sensitivities of assets linked to general accounts, asset linked and annuity savings.

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	2022		
	Risk factor	Profit or loss effect (*1)	Equity effect (*2)
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ (12,205)	6,512
	₩ 100 decrease in KRW/USD FX Rate	12,205	(6,512)
Interest rate	100bp increase	42,809	839
	100bp decrease	(42,809)	(839)
Stock prices	10% increase in equity index	-	11
	10% decrease in equity index	-	(11)

(*1) Profit before income tax expenses.

(*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

(*3) Sensitivities of assets linked to general accounts, asset linked and annuity savings.

(4) Sensitivity analysis of insurance liabilities to risk factors including interest rates

Sensitivity analysis of changes in insurance liabilities and their impact on profits and losses and capital due to exchange rate, interest rate, and stock price fluctuations as of December 31, 2023 and 2022 are as follows:

	2023					
	Risk factor	Estimated future cash flow	Estimated CSM	Estimated Other comprehensive income	Profit or loss effect (*1)	Equity effect (*2)
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ -	-	-	-	-
	₩ 100 decrease in KRW/USD FX Rate	-	-	-	-	-
Interest rate	100bp increase	(6,825,773)	223,289	6,602,484	-	6,825,773
	100bp decrease	8,109,537	(643,285)	(7,466,252)	-	(8,109,537)
Stock prices	10% increase in equity index	-	-	-	-	-
	10% decrease in equity index	-	-	-	-	-

(*1) Profit before income tax expenses.

(*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

	2022					
	Risk factor	Estimated future cash flow	Estimated CSM	Estimated Other comprehensive income	Profit or loss effect (*1)	Equity effect (*2)
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ -	-	-	-	-
	₩ 100 decrease in KRW/USD FX Rate	-	-	-	-	-
Interest rate	100bp increase	(6,245,774)	199,154	6,046,620	-	6,245,774
	100bp decrease	7,441,712	(573,753)	(6,867,959)	-	(7,441,712)
Stock prices	10% increase in equity index	-	-	-	-	-
	10% decrease in equity index	-	-	-	-	-

(*1) Profit before income tax expenses.

(*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

50-7) Liquidity risk

(1) Overview

Liquidity risk is the risk that the Group is unable to meet its payment obligations arising from financial liabilities as they fall due or raise funds with high interest rates and unfavorable disposal of securities to solve the shortage of funds or facing inability to pay due to unexpected cash flows.

(2) Recognition and management

1) Management index of liquidity risk

Liquidity risk is measured by liquidity gap and liquidity ratio.

Liquidity ratio is the percentage of the Group's assets convertible to cash within the within 3 months maturities against claims paid for the past three months. The liquidity ratio is an indicator that evaluates the adequacy of current asset holdings as the ratio of current assets with a maturity of less than 3 months to the average 3-month insurance payment, and is maintained above 150%. Liquidity gap is the index representing shortage or oversupply of the cash flow within a month, a quarter, half a year, and more than a year. The Group calculates liquidity gap on a monthly or weekly basis and manages supply and demand schedule of the cash flow to ensure this index stays in positive.

2) Management method

- Periodic establishment of plans for demand and supply of fund

All cash flow information from financial assets and liability and insurance liability is gathered for liquidity risk management on a monthly or weekly basis to

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prepare for unforeseen cash flow surplus and deficit. And funds are daily checked if they flow by the schedule and any changes are reflected on the fund schedule. For the analysis of long-term cash flow projection of insurance liability, the Group utilizes ALM system. The Group prepares for unforeseen cash flow deficit caused by the concentrated number of maturities.

- Maintaining target liquidity fund level

The Group keeps a certain amount of the liquidity fund to prepare for unexpected liquidity deficit. The level of liquidity fund is revised dynamically in line with trend of the financial market status and the volatility of claim payments.

- Liquidity contingency plan

The Group sets a contingency plan to appropriately respond to emergency situation such as the massive claim of the cash payment in an economic crisis.

Liquidity contingency plan defines an action plan regarding the priorities of funding, roles & responsibilities of each department and the form of the emergency committee. Simulated liquidity exercise under various possible scenarios is performed regularly so as to investigate and improve its contingency plan.

(3) Liquidity risk exposure

		2023						
		Less than 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years	Total
Insurance contracts and financial liabilities:								
Insurance contract liabilities	₩	2,186,364	2,551,835	2,635,132	6,021,314	2,637,749	61,474,188	77,506,582
Reinsurance contract liabilities		78,265	4,213	4,031	3,838	3,356	50,681	144,384
Investment contract liabilities		827,647	54,810	15,308	5,071	1,864	2,748	907,448
Financial liabilities designated at fair value through profit or loss		332,714	220,221	190,248	24,099	14,067	61,737	843,086
		<u>3,424,990</u>	<u>2,831,079</u>	<u>2,844,719</u>	<u>6,054,322</u>	<u>2,657,036</u>	<u>61,589,354</u>	<u>79,401,500</u>
Off-balance items								
Loan agreement (*2)		2,637,875	-	-	-	-	-	2,637,875
Investment agreement (*2)		5,431,026	-	-	-	-	-	5,431,026
	₩	<u>8,068,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,068,901</u>

(*1) Lease liabilities are excluded (See Note 24. (3)).

(*2) These are the maximum amounts that the Group may pay in future by the contract. As of December 31, 2023, the Group expects that actual payments will be less than the commitment amounts in consideration of past experiences and characteristics of commitment, and it is difficult to reasonably estimate the timing, amounts, and feasibility of actual payment.

(*3) In accordance with paragraph 132 of the standard, the amount to be paid upon request is ₩82,625.6 billion for the year ended December 31, 2023.

		2022						
		Less than 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years	Total
Insurance contracts and financial liabilities:								
Insurance contract liabilities	₩	1,761,672	1,228,557	956,476	883,910	4,673,805	59,615,976	69,120,396
Reinsurance contract liabilities		67,740	(271)	(69)	22	(27)	154,807	222,202
Investment contract liabilities		512,699	48,271	20,537	13,710	4,771	3,184	603,172
Financial liabilities designated at fair value through profit or loss		378,497	343,605	298,290	170,388	27,347	75,213	1,293,340
		<u>2,720,608</u>	<u>1,620,162</u>	<u>1,275,234</u>	<u>1,068,030</u>	<u>4,705,896</u>	<u>59,849,180</u>	<u>71,239,110</u>
Off-balance items								
Loan agreement (*2)		2,530,696	-	-	-	-	-	2,530,696
Investment agreement (*2)		4,374,105	-	-	-	-	-	4,374,105
	₩	<u>6,904,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,904,801</u>

(*1) Lease liabilities are excluded (See Note 24. (3)).

(*2) These are the maximum amounts that the Group may pay in future by the contract. As of December 31, 2022, the Group expects that actual payments will be less than the commitment amounts in consideration of past experiences and characteristics of commitment, and it is difficult to reasonably estimate the timing, amounts, and feasibility of actual payment.

(*3) In accordance with paragraph 132 of the standard, the amount to be paid upon request is ₩78,841.6 billion for the year ended December 31, 2022

**Report on Independent Auditor's
Review of Internal Control over Financial Reporting**
(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Kyobo Life Insurance Co., Ltd.

We have reviewed the accompanying management's report on the effectiveness of Internal Control over Financial Reporting ("ICFR") of Kyobo Life Insurance Co., Ltd. (the "Company") as of December 31, 2023. The Company's management is responsible for designing and operating ICFR and for its assessment of the effectiveness of ICFR. Our responsibility is to review the management's report on the effectiveness of ICFR and issue a report based on our review. The management's report on the effectiveness of ICFR of the Company states that "Based on the assessment results, Chief Executive Officer and ICFR Officer believe that the Company's ICFR, as at December 31, 2023, is designed and operating effectively, in all material respects, in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

Our review was conducted in accordance with ICFR review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of the management's report on the effectiveness of ICFR to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's ICFR and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit.

An entity's ICFR is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's 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 entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that the management's report on the effectiveness of ICFR, referred to above, is not presented fairly, in all material respects, in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

Our review is based on the Company's ICFR as of December 31, 2023, and we did not review management's assessment of its ICFR subsequent to December 31, 2023. This report has been prepared pursuant to the Acts on External Audit for Stock Companies, etc. in Korea and may not be appropriate for other purposes or for other users.

Samil PricewaterhouseCoopers
March 5, 2024

This report is effective as at March 5, 2024, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the Company's internal control over financial reporting thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any

[Internal Control over Financial Reporting Operating Status Report]

Internal Control over Financial Reporting Operating Status Report

To the Shareholders, Board of Directors, and Audit Committee of Kyobo Life Insurance Co.,Ltd.

We, as the Chief Operating Officer and the Internal Accounting Manager of Kyobo Life Insurance Co., Ltd. ("the Company"), assessed operating status of the Company's Internal Control over Financial Reporting("ICFR") for the year ending December 31, 2023 .

Design and operation of ICFR is the responsibility of the Company's management, including the Chief Operating Officer and the Internal Accounting Manager(collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors of frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's ICFR.

And we conducted an evaluation of ICFR based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2023 , in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify the this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

February 29, 2024

Chang Jae Shin
CEO (Chairman&CEO)



Kyoung Bae Kim
Internal Accounting Manager



Business Network

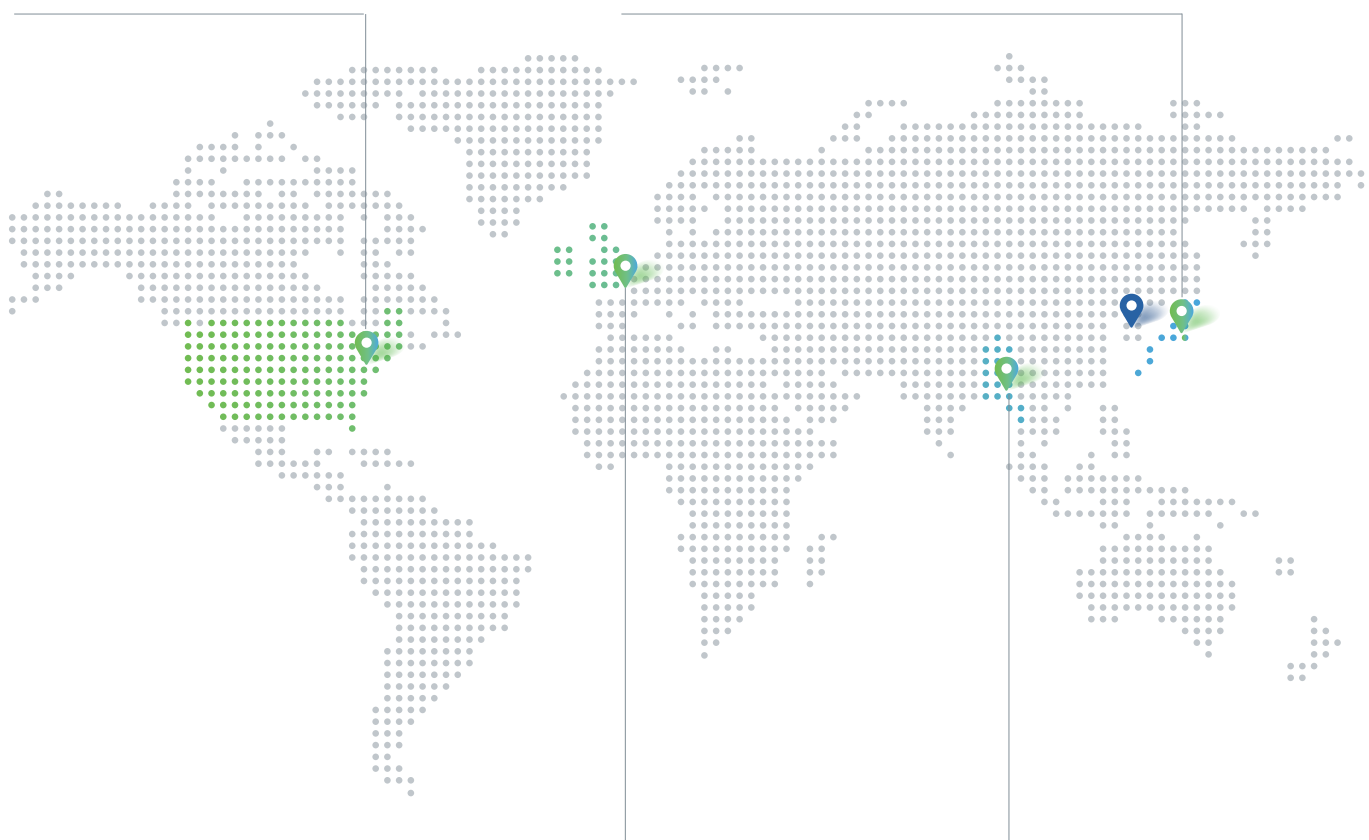
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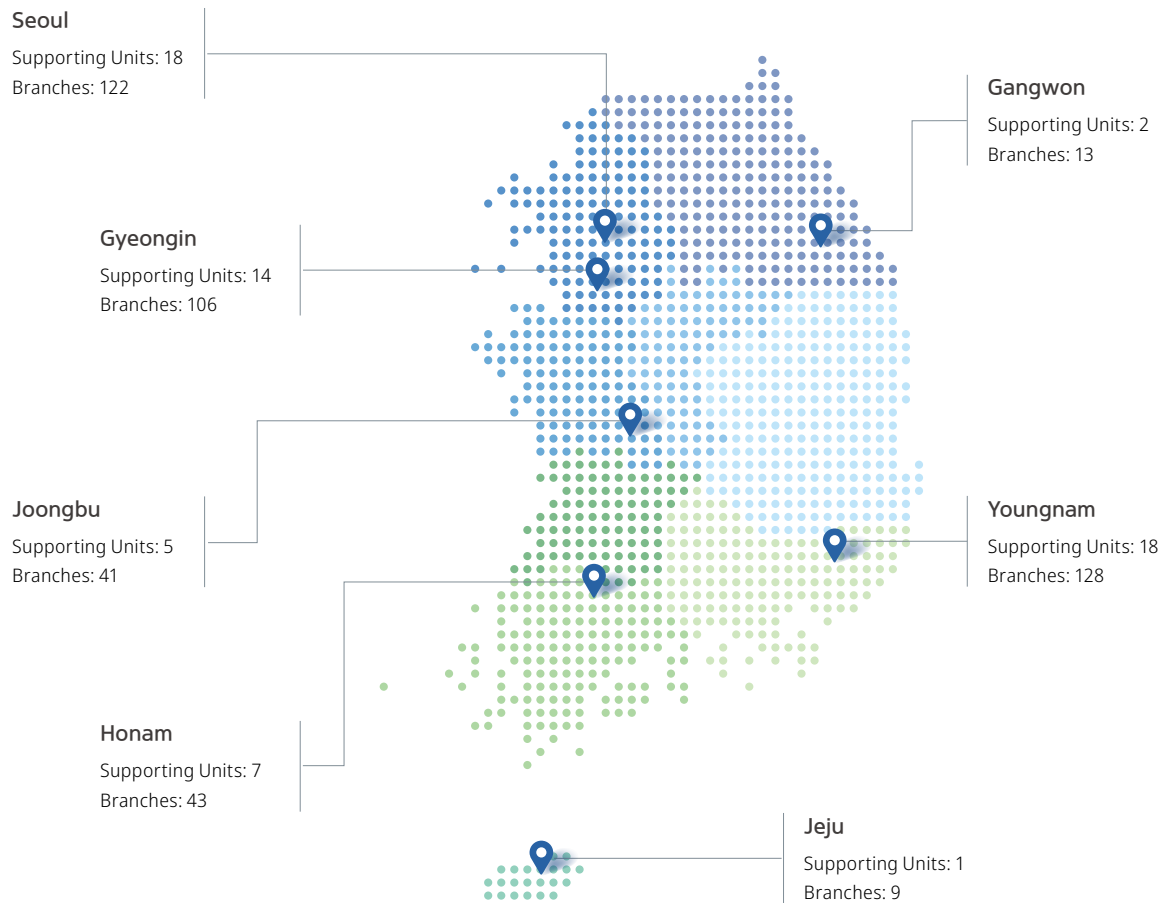
Kyobo Life Yangon Representative Office

Room No.1003, Crystal Office Tower, Kamaryut Township, Yangon
Office Tel: 95-94-4970-7873

Domestic Business Organizations

Supporting Units	65	Supporting Units	FP	GFP	Direct
			58	4	3
Branches	462	Branches	FP	GFP	Direct
			418	26	18

※ Except Sales Unit



(As of Feb.29,2024)



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