

Meritz Financial Group Inc. and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2024
with the independent auditor's report

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Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors Meritz Financial Group Inc.

Opinion

We have audited the consolidated financial statements of Meritz Financial Group Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2024, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2024 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Group's Internal Control over Financial Reporting ("ICFR") as of December 31, 2024 based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 12, 2025 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The risk rate among the assumptions applied in the valuation of insurance contract liabilities

As mentioned in Note 3 (Basis of preparation) to the consolidated financial statements, the Group's insurance contract liabilities consist of i) the fulfillment cash flows related to services to be provided in the future under the insurance contracts currently held by the Group, ii) contractual service margin, and iii) the fulfillment cash flows for claims and expenses arising from the insured event having incurred but not yet paid.

As described in Note 4 (Material accounting policies) to the consolidated financial statements, the measurement of fulfillment cash flows for insurance contracts not measured based on the premium allocation approach is

influenced by the assumptions that the insurance company decides at the reporting date, among which the risk rate is the most significant item that includes management's significant judgment related to the estimation of future claim payments over the insurance period. Therefore, it has been determined as a key audit matter requiring our significant attention.

Main audit procedures performed by the Group regarding the risk rate assumption applied in the measurement of insurance contract liabilities at the end of the reporting period are as follows:

- Obtain an understanding of the Group's procedures and criteria related to the calculation of the risk rate assumption and corroborate whether the calculation criteria used by the Group complies with *the Regulation on Supervision of Insurance Business* and the *Detailed Regulations on Supervision of Insurance Business* of the Republic of Korea.
- Obtain an understanding of the internal controls related to the calculation of the risk rate assumption and evaluate the effectiveness of design and operation of the internal controls.
- Corroborate the consistency of the basic data used in the calculation of the risk rate assumption by comparing it with the Group's actuarial settlement system data and related specifications.
- Corroborate the consistency between the results of the risk rate assumption calculation and the amounts in the cash flow model input table that uses the risk rate assumption.
- Obtain an understanding of the calculation logic of the risk rate assumption and attain confirmation from actuarial specialists for its reasonableness through procedures such as recalculation for the detailed items of the risk rate assumption.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kwan Cheol Oh.



March 12, 2025

This audit report is effective as of March 12, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Meritz Financial Group Inc. and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2024

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

Kim, Yong Beom
Chief Executive Officer
Meritz Financial Group Inc.

Meritz Financial Group Inc. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2024 and 2023

(In Korean won)

	Notes	December 31, 2024	December 31, 2023
Assets			
Cash and due from banks	6,17,25,38,39,41	₩ 4,999,589,217,672	4,928,102,291,702
Financial assets at fair value through profit or loss ("FVPL")	7,17,25,38,39,41	50,935,548,977,436	45,835,254,461,738
Derivative financial assets	10,25,38,39,40,41	1,999,065,193,225	1,076,245,317,071
Financial assets at fair value through other comprehensive income ("FVOCI")	8,17,25,38,39,41	31,652,211,478,537	27,917,741,681,483
Loan receivables at amortized cost	9,38,39,40,41	16,719,735,743,819	14,634,016,327,824
Investments in associates and joint ventures	15	745,359,519,899	1,012,456,902,693
Property and equipment	12	994,303,316,270	802,228,273,710
Investment property	13	769,793,516,758	689,594,746,304
Intangible assets	14	94,997,984,355	102,089,204,265
Lease assets	11,38,39,41	1,828,872,818,503	1,638,157,034,697
Deferred tax assets	34	243,386,138,549	14,321,916,473
Current tax assets		2,733,501,635	133,128,796,118
Insurance contract assets	18,41	13,422,443,806	11,342,723,029
Reinsurance contract assets	18,41	967,024,483,470	951,289,244,099
Other assets	16,17,23,38,39,40,41	3,610,852,062,924	2,488,523,042,983
Assets held for sale	42	1,350,716,000	1,350,716,000
Total assets		₩ 115,578,247,112,858	102,235,842,680,189
Liabilities			
Insurance contract liabilities	18,41	₩ 24,376,393,199,166	21,575,964,736,599
Reinsurance contract liabilities	18,41	385,162,305	715,860,724
Deposits	17,19,38,39,41	13,315,505,781,250	11,422,710,584,672
Financial liabilities at FVPL	17,20,38,39,40,41	20,178,006,177,290	19,862,228,955,287
Derivative financial liabilities	10,25,38,39,40,41	1,189,379,944,222	1,276,619,449,672
Borrowings	17,21,38,39,40,41	39,593,697,075,383	32,968,126,345,956
Net defined benefit liabilities	23	93,608,631	101,932,585
Provisions	24	44,049,093,461	46,537,123,971
Deferred tax liabilities	34	281,020,988,985	371,187,733,854
Current tax liabilities		457,224,152,674	205,116,425,713
Other liabilities	17,22,38,39,40,41	5,212,455,901,483	4,409,348,465,225
Total liabilities		104,648,211,084,850	92,138,657,614,258
Equity			
Equity attributable to the owners of the Parent Compa		10,094,442,922,761	9,581,907,410,678
Capital stock	26	113,093,927,000	113,093,927,000
Hybrid bond	26	891,960,616,004	593,207,756,004
Capital surplus	26	124,846,559,730	125,354,977,096
Capital adjustments	26	306,706,776,424	586,567,536,393
Accumulated other comprehensive income (loss)	26	(132,859,294,421)	553,028,906,082
Retained earnings	26	8,790,694,338,024	7,610,654,308,103
Non-controlling interests		835,593,105,247	515,277,655,253
Total equity		10,930,036,028,008	10,097,185,065,931
Total liabilities and equity		₩ 115,578,247,112,858	102,235,842,680,189

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

Meritz Financial Group Inc. and its subsidiaries
Consolidated statements of comprehensive income
for each of the two years in the period ended December 31, 2024
(In Korean won)

	Note	2024	2023
Operating income			
Insurance operating income	18 ₩	8,731,605,997,573	8,369,737,816,337
Reinsurance operating income	18	272,973,931,091	338,396,222,723
Interest income	27, 39	4,021,706,897,842	3,903,883,953,857
Commission income	28, 39	598,057,838,649	679,470,466,117
Dividend income	29, 39	283,891,933,381	63,690,533,894
Investment income from financial instruments	30, 39	29,940,004,018,058	42,445,957,572,260
Insurance finance income	18	27,919,351,787	25,932,864,124
Income related to leases	11	257,270,605,981	233,782,986,506
Other operating income	31	2,441,075,776,598	2,497,506,054,082
		<u>46,574,506,350,960</u>	<u>58,558,358,469,900</u>
Operating expenses			
Insurance operating expenses	18	6,721,407,590,568	6,217,470,046,479
Reinsurance operating expenses	18	593,294,922,438	726,081,922,453
Other insurance operation expenses	18	134,545,732,236	238,648,984,000
Interest expenses	27, 39	1,977,306,366,199	1,853,420,915,966
Commission fees	28, 39	101,330,468,629	96,616,142,589
Investment expenses from financial instruments	30, 39	30,204,570,222,093	42,902,636,235,343
Insurance finance expenses	18	719,221,843,999	673,995,363,422
Expenses related to leases	11	144,303,497,622	127,294,070,480
Investment management expenses	32	742,945,688,143	630,333,088,653
Other operating expenses	31	2,046,690,767,748	2,158,359,339,837
		<u>43,385,617,099,675</u>	<u>55,624,856,109,222</u>
Operating income		<u>3,188,889,251,285</u>	<u>2,933,502,360,678</u>
Other operating loss, net	33	(47,743,918,259)	(89,577,981,826)
Income before income tax expense		<u>3,141,145,333,026</u>	<u>2,843,924,378,852</u>
Income tax expense	34	<u>807,711,694,675</u>	<u>719,189,304,434</u>
Net income from continuing operations		<u>2,333,433,638,351</u>	<u>2,124,735,074,418</u>
Net income from discontinued operations	42	-	<u>641,509,015</u>
Net income		<u>2,333,433,638,351</u>	<u>2,125,376,583,433</u>
Net income attributable to:			
Owners of the Parent Company		2,306,096,480,027	2,041,748,863,339
Non-controlling interests		27,337,158,324	83,627,720,094
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Insurance finance loss		(1,690,940,215,782)	(1,263,324,514,720)
Reinsurance finance income		45,160,141,473	85,457,738,393
Gain on valuation of debt instruments at FVOCI		685,185,037,568	1,135,397,334,702
Gain on foreign currency translation of overseas operations		21,979,429,793	2,850,934,644
Gain on valuation of derivatives instruments used for hedges		175,504,288,526	297,002,758,475
Gain (loss) on share of other comprehensive income of subsidiaries and joint ventures		3,094,719,306	(1,380,847,642)
		<u>(760,016,599,116)</u>	<u>256,003,403,852</u>

(Continued)

Meritz Financial Group Inc. and its subsidiaries
Consolidated statements of comprehensive income, Continued
for each of the two years in the period ended December 31, 2024

(In Korean won)

	Note	2024	2023
Items that will not be reclassified subsequently to profit or loss:			
Changes in credit risk of financial liabilities designated at FVPL	₩	(4,341,631,757)	(1,743,749,934)
Gain on valuation of equity instruments at FVOCI		4,946,609,304	28,689,688,447
Remeasurements of defined benefit plans		(11,256,363,990)	(10,821,915,807)
Revaluation surplus		87,148,058,846	-
		<u>76,496,672,403</u>	<u>16,124,022,706</u>
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		1,621,447,421,223	2,308,594,878,777
Non-controlling interests		28,466,290,415	88,909,131,214
		<u>₩ 1,649,913,711,638</u>	<u>2,397,504,009,991</u>
Earnings per share	35		
Basic earnings per share	₩	12,259	11,020
Diluted earnings per share		12,238	10,970
Basic earnings from continuing operations per share		12,259	11,016
Diluted earnings from continuing operations per share		12,238	10,967

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

Meritz Financial Group Inc. and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2024
(In Korean won)

	Capital stock	Hybrid bond	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to the owners of the Parent Company	Non-controlling interests	Total
As of January 1, 2023									
Effects of changes in accounting policies									
As of January 1, 2023 (adjusted)									
Net income	₩ 71,442,909,000	593,198,566,161	63,236,378,044	13,236,387,265	120,980,072,540	4,081,877,176,282	4,943,371,489,302	3,597,999,305,548	8,541,970,794,850
Reinsurance finance expenses	-	593,198,566,161	-	-	(13,898,413,600)	4,095,775,589,892	4,943,371,489,302	3,597,999,305,548	8,541,970,794,850
Reinsurance finance income	-	-	63,236,378,044	13,236,387,265	107,081,658,940	2,041,748,863,339	2,041,748,863,339	89,627,720,094	2,125,376,583,433
Changes in credit risk of financial liabilities designated at FVPL	-	-	-	-	(1,263,324,514,720)	-	(1,263,324,514,720)	-	(1,263,324,514,720)
Gain on valuation of debt instruments at FVOCI	-	-	-	-	85,457,738,393	-	85,457,738,393	-	85,457,738,393
Gain on valuation of equity instruments at FVOCI	-	-	-	-	(1,708,805,237)	-	(1,708,805,237)	(34,944,697)	(1,743,749,934)
Loss on valuation of investment stock using the equity method	-	-	-	-	1,130,688,165,953	-	1,130,688,165,953	4,709,168,749	1,135,397,334,702
Gain on translation of foreign operations	-	-	-	-	29,418,567,630	-	29,418,567,630	(728,879,183)	28,689,688,447
Gain on valuation of derivative instruments used for hedges	-	-	-	-	(1,419,798,123)	-	(1,419,798,123)	38,950,481	(1,380,847,642)
Remeasurements of defined benefit plans	-	-	-	-	927,380,104	-	927,380,104	1,923,554,540	2,850,934,644
Dividends	-	-	-	-	297,002,758,475	-	297,002,758,475	(626,438,720)	10,821,915,807
Total comprehensive income:									
Dividends	-	-	-	-	(10,195,477,037)	-	(10,195,477,037)	88,909,131,214	2,307,594,009,991
Issue of share capital	41,651,018,000	-	2,216,716,693,313	-	266,846,015,438	2,041,748,863,339	2,308,594,878,777	(30,764,909,700)	43,485,192,450
Acquisition of treasury stock	-	-	-	(672,160,023,343)	-	(12,720,282,750)	(12,720,282,750)	-	(2,568,367,711,313)
Disposal of treasury stock	-	-	-	21,772,800	-	2,258,367,711,313	(672,160,023,343)	-	(672,160,023,343)
Retirement of treasury stock	-	-	-	300,067,036,350	-	-	21,772,800	-	2,177,280
Dividends on hybrid bond for subsidiaries	-	-	-	-	-	(300,067,036,350)	-	-	-
Dividends on hybrid bond	-	-	-	-	-	(26,528,000,000)	-	-	-
Stock option	-	-	141,266,870	(4,217,197,300)	-	-	(26,528,000,000)	-	(26,528,000,000)
Capital transaction within the Group	-	-	(4,735,351,131)	949,592,281,516	178,819,488,720	(337,273,083,044)	(4,075,930,430)	(20,194,304,007)	(20,194,304,007)
Transfer of other comprehensive income (loss) within equity	-	-	(2,150,000,000,000)	281,742,984	-	2,150,000,000,000	786,399,326,051	(3,120,748,767,802)	(4,075,930,430)
Transfer to share premium of retained earnings	-	-	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Others	-	9,189,843	-	27,279,105	-	-	36,468,948	77,200,000	77,200,000
As of December 31, 2023	₩ 113,093,927,000	593,207,756,004	125,354,977,096	586,567,536,393	553,028,906,082	7,610,654,308,103	9,581,307,410,678	515,277,655,253	10,097,185,065,931
As of January 1, 2024									
Net income	₩ 113,093,927,000	593,207,756,004	125,354,977,096	586,567,536,393	553,028,906,082	7,610,654,308,103	9,581,307,410,678	515,277,655,253	10,097,185,065,931
Reinsurance finance expenses	-	-	-	-	-	2,306,096,480,027	2,306,096,480,027	27,337,158,324	2,333,433,638,351
Reinsurance finance income	-	-	-	-	(1,690,940,215,782)	-	(1,690,940,215,782)	-	(1,690,940,215,782)
Changes in credit risk of financial liabilities designated at FVPL	-	-	-	-	45,160,141,473	-	45,160,141,473	-	45,160,141,473
Gain on valuation of debt instruments at FVOCI	-	-	-	-	(4,341,631,757)	-	(4,341,631,757)	-	(4,341,631,757)
Gain on valuation of equity instruments at FVOCI	-	-	-	-	685,180,468,773	-	685,180,468,773	4,548,795	685,185,037,568
Gain on valuation of investment stock using the equity method	-	-	-	-	4,946,009,304	-	4,946,009,304	-	4,946,009,304
Gain on translation of foreign operations	-	-	-	-	3,094,719,306	-	3,094,719,306	1,106,714,389	3,094,719,306
Gain on valuation of derivative instruments used for hedges	-	-	-	-	20,872,715,404	-	20,872,715,404	-	175,504,288,526
Remeasurements of defined benefit plans	-	-	-	-	175,504,288,526	-	175,504,288,526	-	87,148,058,846
Dividends	-	-	-	-	(11,274,232,897)	-	(11,274,232,897)	17,668,907	(11,256,563,990)
Total comprehensive income (loss):									
Dividends	-	-	-	-	(684,649,058,804)	2,306,096,480,027	1,621,447,421,223	28,466,290,415	1,649,913,711,638
Acquisition of treasury stock	-	-	-	(862,437,395,100)	-	(448,333,971,920)	(448,333,971,920)	-	(448,333,971,920)
Retirement of treasury stock	-	-	-	640,124,480,100	-	(640,124,480,100)	(862,437,395,100)	-	(862,437,395,100)
Issuance in of hybrid bonds by the parent	-	298,752,860,000	-	-	-	(38,837,139,785)	298,752,860,000	-	298,752,860,000
Dividends on hybrid bond	-	-	-	-	-	(38,837,139,785)	(38,837,139,785)	-	(38,837,139,785)
Issuance of hybrid bonds in subsidiaries	-	-	-	-	-	-	318,642,012,648	318,642,012,648	318,642,012,648
Dividends on hybrid bond for subsidiaries	-	-	-	-	-	-	(26,924,253,069)	(26,924,253,069)	(26,924,253,069)
Stock option	-	-	(508,417,366)	(57,451,844,969)	(1,239,141,699)	1,239,141,699	(57,960,262,335)	-	(57,960,262,335)
Transfer of other comprehensive income (loss) within equity	-	-	-	-	-	-	-	131,400,000	131,400,000
Changes in scope of consolidation	-	-	-	-	-	-	(96,000,000)	-	(96,000,000)
As of December 31, 2024	₩ 113,093,927,000	891,960,616,004	124,845,559,730	306,706,776,424	(132,859,294,421)	8,790,694,338,024	10,094,442,922,761	835,593,105,247	10,930,036,028,008

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

Meritz Financial Group Inc. and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2024

(In Korean won)

	Note	2024	2023	
Cash flows from operating activities				
Net income from continuing operations	₩	2,333,433,638,351	₩	2,125,376,583,433
Non-cash adjustment to reconcile income before income taxes to net cash flows used in operating activities:				
Insurance contract revenue		(8,731,605,997,573)		(8,369,737,816,337)
Reinsurance contract revenue		(272,973,931,091)		(338,396,222,723)
Insurance contract expenses		6,721,407,590,568		6,217,470,046,479
Reinsurance contract expenses		593,294,922,438		726,081,922,453
Insurance finance expenses		691,302,492,212		648,062,499,298
Interest income		(4,072,811,502,976)		(3,955,558,064,845)
Interest expenses		1,977,306,366,199		1,853,982,680,075
Dividends income		(283,891,933,381)		(63,792,174,945)
Gain on valuation of financial instruments at FVPL		(24,719,046,708)		(403,390,643,468)
Loss (gain) on disposal of financial instruments at FVOCI		(25,509,064,692)		3,850,364,772
Transfer of expected credit losses of financial instruments at FVOCI		21,428,058,530		87,653,284,988
Loss on valuation of derivative financial instruments used for hedges		153,315,505,909		14,086,480,174
Loss on transaction of derivative financial instruments used for hedges		26,231,304,365		18,642,070,748
Bad debt expenses		117,873,877,806		177,858,587,843
Gain on foreign currency translation		(256,076,217,370)		(53,008,659,218)
Loss (gain) on foreign currency transactions		(2,903,317,656)		522,347,480
Reversal of provisions		(1,573,610,097)		(11,457,180,593)
Retirement benefits		12,830,705,871		11,388,274,279
Depreciation		69,000,058,227		71,646,159,802
Income tax expense		807,711,694,675		725,712,556,998
Amortization of intangible assets		14,914,652,046		15,138,609,412
Loss (gain) on disposal of property and equipment, net		(268,862,849)		97,429,453
Loss (gain) on disposal of intangible assets		(211,658,951)		3,839,910
Transfer (reversal) of impairment loss on intangible assets		3,500,000		(1,750,000)
Impairment loss on investment property		-		72,579,829,424
Gain on disposal of investment property		-		(79,143,216)
Loss on investments in subsidiaries, associates and joint ventures		71,169,525,538		52,010,192,909
Gain from discontinued operations		-		(5,430,253,849)
Other operating loss (gain)		(32,271,696,662)		29,312,672,132
		(2,427,026,585,622)		(2,474,752,060,565)
Changes in assets and liabilities:				
Due from banks		367,691,820,898		(82,955,172,253)
Financial assets at FVPL		(4,387,560,230,914)		(9,673,594,006,477)
Loan receivables at amortization cost		(3,172,008,147,361)		(2,304,168,246,609)
Lease assets		(310,371,846,383)		3,157,267,486
Other assets		(947,836,302,756)		(155,393,594,794)
Insurance contract liabilities		1,805,020,303,724		2,360,034,735,712
Reinsurance contract liabilities		(246,848,667,906)		(183,921,912,566)
Deposits		1,767,824,959,169		2,667,895,041,007
Financial liabilities at FVPL		(810,851,506,856)		4,733,014,149,919
Net defined benefit liabilities		(18,102,308,849)		(15,757,282,495)
Others liabilities		443,926,063,283		398,847,658,135
Assets and liabilities held for sale		-		(2,193,680,897)
		(5,509,115,863,951)		(2,255,035,043,832)
Interest received		3,725,478,966,446		3,635,920,706,154
Interest paid		(1,898,346,892,337)		(1,750,670,088,443)
Dividend received		275,735,938,742		59,348,698,269
Income tax paid		(418,330,296,781)		(611,225,280,195)
Net cash flows used in operating activities		(3,918,171,095,152)		(1,271,036,485,179)

(Continued)

Meritz Financial Group Inc. and its subsidiaries
Consolidated statements of cash flows, Continued
for each of the two years in the period ended December 31, 2024

(In Korean won)

	Note	2024	2023
Cash flows from investing activities			
Disposal of financial assets at FVOCI	₩	5,748,674,391,849	₩ 8,348,345,357,997
Disposal of property and equipment		103,288,019	266,148,133
Disposal of investment property		-	841,413,190
Disposal of intangible assets		1,287,204,546	282,880,000
Disposal of investments in subsidiaries, associates and joint ventures		196,691,596,374	383,584,528,592
Dividend income from investments in subsidiaries, associates and joint ventures		54,346,410,470	45,776,847,907
Decrease in leasehold deposits		13,648,636,828	13,617,852,400
Decrease in derivative instruments for hedging		(68,616,186,191)	(46,239,939,187)
Acquisition of financial assets at FVOCI		(8,476,389,927,410)	(11,169,807,881,565)
Acquisition of property and equipment		(72,049,160,888)	(43,347,997,296)
Acquisition of intangible assets		(8,249,697,745)	(10,494,362,929)
Acquisition of investments in associates and joint ventures		(115,913,141,315)	(528,231,951,506)
Increase in leasehold deposits		(23,953,771,112)	(7,251,492,952)
Net cash flow due to changes in subsidiaries		7,843,588,164	901,238,770,960
Increase in due from banks		-	(589,002,485,986)
Net cash flows used in investing activities		(2,742,576,768,411)	(2,700,422,312,242)
Cash flows from financing activities			
Net increase in borrowing liabilities		7,807,085,001,021	3,062,401,845,313
Issuance of hybrid bonds by the parent		298,752,860,000	9,189,843
Issuance of hybrid bonds in subsidiaries		318,642,012,648	-
Increase in leasehold deposits received		778,104,137	3,102,342,698
Increase in non-controlling interests		131,400,000	-
Disposal of treasury shares by the parent		-	21,707,513
Decrease in leasehold deposits received		(1,794,350,000)	(314,329,000)
Acquisition of treasury shares by the parent		(858,300,688,300)	(671,968,514,793)
Acquisition of treasury stock in subsidiaries		-	(118,706,641)
Repayment of lease liabilities		(40,088,269,230)	(42,178,781,295)
Dividends paid on hybrid bonds by the parent		(36,503,000,000)	(26,528,000,000)
Dividends paid of hybrid bond in subsidiaries		(25,407,870,715)	(20,066,886,425)
Acquisition of investments in subsidiaries		-	(440,883,874)
Dividends paid		(448,333,971,920)	(40,345,051,935)
Cost of issuance of share capital and retirement of stocks		(96,000,000)	(1,785,129,439)
Net cash flows provided by financing activities		7,014,865,227,641	2,261,788,801,965
Effect of change in exchange rate on cash and cash equivalents		30,712,016,308	8,370,423,654
Disposal of assets held for sale		-	37,960,470,000
Net increase (decrease) in cash and cash equivalents		384,829,380,386	(1,663,339,101,802)
Cash and cash equivalents at the beginning of the year	6	1,992,067,252,286	3,655,406,354,088
Cash and cash equivalents at the end of the year	6	₩ 2,376,896,632,672	₩ 1,992,067,252,286

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

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

1. Group information

General information on Meritz Financial Group Inc. (the “Company” or the “Parent”) and its subsidiaries (collectively referred to as the “Group”) in accordance with KIFRS 1110 is as follows.

1.1 The Company

The Company was incorporated on March 25, 2011 as a result of the spin-off from Meritz Fire & Marine Insurance Co., Ltd for the purpose of controlling and managing its subsidiaries. The Company listed its common shares on the Korea Exchange on May 13, 2011. The Company’s headquarter is located in Gangnam-gu, Seoul and the number of shares issued as of December 31, 2024 is 190,720,114 shares (excluding the number of shares retired), amounting to ₩113,094 million. The shareholders of the Group as of December 31, 2024 are as follows.

Shareholders	Number of shares (in shares)	Percentage of ownership (%)
Cho Jeong Ho and 10 individuals (related parties)	98,348,691	51.57
Meritz Financial Group Inc. (treasury stock)	10,953,036	5.74
Others	81,418,387	42.69
	190,720,114	100.00

1.2 Information of subsidiaries and scope of consolidation

Details of subsidiaries as of December 31, 2024 are as follows:

Parent company	Subsidiaries	Ownership ratio (%)	Location	Business
Meritz Financial Group Inc.	Meritz Fire & Marine Insurance Co., Ltd.	100.00	Korea	Insurance
	MERITZ SECURITIES Co., Ltd.	100.00	Korea	Merchant banking and security
	Meritz Alternative Investment Management Co., Ltd.	100.00	Korea	Private equity fund
	AIP Euro Green real estate investment Trust 8th	99.99	Korea	Management trust
	Kiwoom milestone US real estate investment Trust 18th	100.00	Korea	Management trust
	Igis global real estate investment Trust 301ho	100.00	Korea	Management trust
	Igis global real estate investment Trust 434ho	100.00	Korea	Management trust
	Igis global real estate investment Trust 461ho	100.00	Korea	Management trust
	Igis US real estate investment Trust 292	100.00	Korea	Management trust
	Igis global real estate investment Trust 530ho	100.00	Korea	Management trust
	United Partners real estate investment Trust global 6th	100.00	Korea	Management trust
	Meritz 21Ho Professional Investment Private Real Estate Investment Ltd. (*1)	30.00	Korea	Management trust
	PIA Real Estate Investment Trust 6-1	100.00	Korea	Management trust
	PIA Real Estate Investment Trust 6-2	100.00	Korea	Management trust
	Igis global real estate investment Trust 548ho	100.00	Korea	Management trust
	Ecodaisy Co. (*2)	-	Korea	Special purpose company (SPC) for asset securitization
	DK Project 4th (*2)	-	Korea	SPC for asset securitization
	PSA Beauty Tech Private Equity Fund	99.50	Korea	Management trust
	Beauty Tech LLC	100.00	Korea	SPC for asset securitization
	SinGwanggyo 1st, Co., Ltd (*2)	-	Korea	SPC for asset securitization
project sungnae one Co.,Ltd. (*2)	-	Korea	SPC for asset securitization	
Project sungnae two Co.,Ltd. (*2)	-	Korea	SPC for asset securitization	
NH-Amundi North America Infra Private Fund No.6	100.00	Korea	Management trust	
Meritz Special Situation No.1 Private Equity Fund	56.08	Korea	Management trust	

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

1. Group information, Continued

1.2 Information of subsidiaries and scope of consolidation, Continued

Parent company	Subsidiaries	Ownership ratio (%)	Location	Business	
Meritz Fire & Marine Insurance Co., Ltd	PT.MERITZ KORINDO INSURANCE	51.00	Indonesia	Insurance	
	Meritz-Bio Designers fund no.1	99.00	Korea	Management trust	
	JR Real Estate Investment Trust 9-1(FoFs)	71.42	Korea	Management trust	
	Trustar IPO Fund 1 (FoF) (*3)	99.93	Korea	Management trust	
	Tiger Alternative Investment Class A Debt Trust No. 1 Type 1	99.67	Korea	Management trust	
	KCGI Korea Securities Feeder Investment Trust 1 C-2	100.00	Korea	Management trust	
	Meritz Private Real Estate Fund 19	75.00	Korea	Management trust	
	Saram4.0 Private Placed Fund 1 Class I	92.70	Korea	Management trust	
	PTR US NASDAQ100 Core Private Equity Investment Trust 1st	100.00	Korea	Management trust	
	PineStreet Asia Private Placement Special Asset Investment Trust No. 1-2	100.00	Korea	Management trust	
	Alpha Senior Loan Real Estate Investment Trust 1st	99.50	Korea	Management trust	
	VI MF Pricate Invstment Trust 1[Bond]	99.88	Korea	Management trust	
	Kiwoom Frontier Privately Placed Fund 20 [Bond]	99.73	Korea	Management trust	
	Hangang Domestic Private Investment Trust 1	100.00	Korea	Management trust	
	Saram4.0 Enterprise Private Placed Fund C-S	83.39	Korea	Management trust	
	KCGI Short-term High quality bond Fund	67.14	Korea	Management trust	
	Leewoon Multiplus IPO Fund 3 (FoF)	99.67	Korea	Management trust	
	Sun & Tree IPO Fund 1 (FoF)	99.88	Korea	Management trust	
	Galaxy IPO Fund 9 (FoF)	99.88	Korea	Management trust	
	BKPL IPO Fund 20 (FoF)	99.88	Korea	Management trust	
	Meritz Securities Co., Ltd	IGIS Core Energy InfrastructureFund 1-A	100.00	Korea	Management trust
		Meritz Capital Co., Ltd.	100.00	Korea	Financial service
		Itrust Private Investment Trust 3	100.00	Korea	Management trust
Brain KOSDAQ Venture Investment Private Trust 2nd C-I		100.00	Korea	Management trust	
Mercury Kosdaq Venture 2		97.38	Korea	Management trust	
Global One KOSDAQ Venture Investment Private Trust 1st (*3)		97.05	Korea	Management trust	
W KOSDAQ Venture(M) 2nd fund		99.98	Korea	Management trust	
IPARTNERS Prime Professional Private Investment Trust 10		69.19	Korea	Management trust	
IPARTNERS Prime Professional Private Investment Trust 10 C		71.35	Korea	Management trust	
Tiger Alternative Investment Real Estate Investment Trust 31th(FoFs)		100.00	Korea	Management trust	
LX LQ I Private Equity Investment Trust 1st		89.65	Korea	Management trust	
RootN Global Value-up Investment Trust (Private Placement) 1		100.00	Korea	Management trust	
Prophet Reach-Rich IPO Plus Qualified Private Asset Investment Trust		100.00	Korea	Management trust	
W KOSDAQ Venture(M) 4st Fund		100.00	Korea	Management trust	
Itrust Active High Yield Private Investment Trust 6		100.00	Korea	Management trust	
KAAM High Yield Hedge Fund 2		100.00	Korea	Management trust	
Vestas Qualified Private Real Estate Fund Investment Trust No.69-2[FoF]		100.00	Korea	Management trust	
Dunamis IPO General Private Investment Trust Fund 2		100.00	Korea	Management trust	
Itrust Active IPO Private Investment Trust 5		100.00	Korea	Management trust	
Korea Fixed Income Smart High Yield General Private Investment Trust No. 1 [bond balanced]		100.00	Korea	Management trust	

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

1. Group information, Continued

1.2 Information of subsidiaries and scope of consolidation, Continued

Parent company	Subsidiaries	Ownership ratio (%)	Location	Business
Meritz Securities Co., Ltd	LAMBDA Mezzanine Focus Private Equity Fund 1	100.00	Korea	Management trust
	KIFAS KSDAQ Venture Fund 1	98.76	Korea	Management trust
	JP Private Fund 17	100.00	Korea	Management trust
	Lefuture IPO PRIVATE INVEST 2ND	100.00	Korea	Management trust
	RD Equity 3st Fund (*3)	100.00	Korea	Management trust
	Aplan Private Securities Investment Trust 1st	100.00	Korea	Management trust
	Fairway IPO Privately Placed Fund No.2	100.00	Korea	Management trust
	BP IPO Private Balanced Fund 1	100.00	Korea	Management trust
	PIM IPO Private Equity Fund 5 (*3)	100.00	Korea	Management trust
	Walnut private investment fund No. 2	100.00	Korea	Management trust
	Tiger alternative Hedge Fund 20	100.00	Korea	Management trust
	EA general Investors Private equity investment trust No. 2	100.00	Korea	Management trust
	BEATUS IPO Investment Trust 2	100.00	Korea	Management trust
	Quantus IPO Initiative Private equity fund 2	100.00	Korea	Management trust
	itrust active IPO Private Equity Fund 10	99.90	Korea	Management trust
	JP High Yield Fund 14	99.80	Korea	Management trust
	KAAM Multi Strategy FUND 2nd	99.62	Korea	Management trust
	LX IPO Opportunity Private Hedge Fund 2	98.83	Korea	Management trust
	The Global 4st Fund	100.00	Korea	Management trust
	Dyne RICH General Private Investment Trust Fund 1 (*3)	99.70	Korea	Management trust
	SHIPO General Private Equity Investment No.1	62.39	Korea	Management trust
	One Eighth IPO Private Equity Fund No.1	99.76	Korea	Management trust
	Dyne RICH Fund of Funds Private Investment Trust Fund 1 (*3)	97.65	Korea	Management trust
	United Partners IPO Private Investment Fund No.5 (Professional Investors)	99.68	Korea	Management trust
	Athena Private equity Trust	99.65	Korea	Management trust
	CrownRock Plus IPO I Hedge Fund	99.84	Korea	Management trust
	KPEX IPO PRIVATE INVEST 1ST	99.84	Korea	Management trust
	DKP 2nd fund (*3)	99.84	Korea	Management trust
	Redwine IPO Private Investment Trust 2	99.65	Korea	Management trust
	KOREA IPO Private Equity Fund No.2	99.73	Korea	Management trust
	One Eighth IPO Private Equity Trust 3	99.73	Korea	Management trust
	Exponential TBTB IPO Private Placement Fund No.1	99.94	Korea	Management trust
	ST IPO Private Fund 2(Balanced)	99.95	Korea	Management trust
	Spinnaker Pure IPO General Private Trust	99.82	Korea	Management trust
	SLP Private Investment Trusts No.1 (*3)	99.90	Korea	Management trust
	Mind Private Securities Investment Trust 2 (Professional)	99.90	Korea	Management trust
	ORUM IPO 2nd Fund	99.94	Korea	Management trust
	Hanbaek Income Investment Trust 1	99.89	Korea	Management trust
	INMARK NewStar Opportunity IPO Hedge Fund No.1	99.71	Korea	Management trust
	Kingsley General Private Equity Investment Trust 7	99.95	Korea	Management trust
	AROUND Private Investment Trusts No.1	71.26	Korea	Management trust
LF IPO fund of funds private investment no.7	99.89	Korea	Management trust	
Fairfield IPO Private Investment Trust No.1	99.90	Korea	Management trust	
Grace IPO Private Equity Fund 1 [Professional]	99.94	Korea	Management trust	
East Wood Private Equity Trust IV	99.34	Korea	Management trust	
TBW General placement investment Trust	99.95	Korea	Management trust	

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

1. Group information, Continued

1.2 Information of subsidiaries and scope of consolidation, Continued

Parent company	Subsidiaries	Ownership ratio (%)	Location	Business
Meritz Securities Co., Ltd	Insight IPO General Private Investment Trust No. 2 (Professional Investors)	99.88	Korea	Management trust
	DBI IPO ordinary invest Fund	99.94	Korea	Management trust
	The Ocean T IPO Private Securities Investment Trust 1	99.94	Korea	Management trust
	PEBBLES IPO PRIVATE EQUITY FUND 5TH	100.00	Korea	Management trust
	Korean Alternative Investment Smart Education Investment Private Trust 1st	99.32	Korea	Management trust
	INMARK UK Private Real Estate Investment Trust 19-1	100.00	Korea	Management trust
	Genesis North America Upstream Enterprise No. 1 Private Equity Joint Venture	99.83	Korea	Management trust
	Genesis Upstream Co., Ltd.	100.00	Korea	Management trust
	GM Presidio, LLC	100.00	USA	Management trust
	Presidio Co-Investors A LLC	100.00	USA	Management trust
	Southlake Indiana LLC	100.00	USA	Management trust
	Southlake Mall	100.00	USA	Real estate leasing
	Milestone India Private Real Estate Investment Limited Liability Company	100.00	Korea	Management trust
	Samchully Midstream Private Placement Special Asset Fund8	100.00	Korea	Management trust
	IGIS U.S. PRIVATE INVESTMENT TRUST NO.401	100.00	Korea	Management trust
	AIP Energy Infrastructure Specialized Privately Placed Fund Trust No.3	100.00	Korea	Management trust
	Eugene Global Real Estate Fund No. 1	100.00	Korea	Management trust
	Lyric REIT LLC	100.00	USA	Management trust
	Lyric Joint Venture LLC	97.00	USA	Management trust
	Lyric Property Owner LLC	100.00	USA	Management trust
	Sprott Global Renewable Private Investment Trust No.1	94.60	Korea	Management trust
	Milestone Private Real Estate Investment Trust 15	100.00	Korea	Management trust
	Milestone Central Private Investment Trust	99.68	Korea	Management trust
	Milestone Private Real Estate Investment Trust 16	100.00	Korea	Management trust
	Milestone Harbor East Private Investment Trust	100.00	Korea	Management trust
	Samchully Midstream Private Placement Special Asset Fund 9	100.00	Korea	Management trust
	Stic Eugene Star Private Equity Fund	99.83	Korea	Management trust
	STIC Eugene Star Holdings Inc.	100.00	Korea	SPC for asset securitization
	Madeira No.1 Private Equity Fund	92.02	Korea	Management trust
	AIP Upstream Specialized Privately Placed Fund Trust #2	100.00	Korea	Management trust
	Genesis North America Upstream Enterprise No. 2 Private Equity Joint Venture	99.55	Korea	Management trust
	Genesis Upstream 2 LLC	100.00	Korea	Management trust
	Excelsior CanDx Private Equity Fund	99.99	Korea	Management trust
	CanDX Holdings Limited	74.14	Korea	Management trust
	Genesis North America Midstream Corporate No.2 Private Equity Fund	99.33	Korea	Management trust
	Genesis Midstream II Limited	100.00	Korea	Management trust
	EIP Lucy General Private Placement Investment Trust No.1	100.00	Korea	Management trust
	AIP Upstream Specialized Privately Placed Fund Trust No.4	100.00	Korea	Management trust
	The Global Rising Star Fund C class	98.99	Korea	Management trust
	Maven IPO private investment Trust 2	99.75	Korea	Management trust
Asam Together IPO Equity Fund No.5 (FOF)	99.90	Korea	Management trust	

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

1. Group information, Continued

1.2 Information of subsidiaries and scope of consolidation, Continued

Parent company	Subsidiaries	Ownership ratio (%)	Location	Business
Meritz Securities Co., Ltd	CROSS IPO PLUS FUND 2nd	99.89	Korea	Management trust
	KeyFLEX Private Investment Trust No.1	100.00	Korea	Management trust
	Pinnacle IPO focused Private Fund 1st	100.00	Korea	Management trust
	HAEDEUN IPO Fund 3	100.00	Korea	Management trust
	southlake 1st co., ltd (*2)	-	Korea	SPC for asset securitization
	MCBH 1st (*2)	-	Korea	SPC for asset securitization
	Maple Bay (*2)	-	Korea	SPC for asset securitization
	GPI 6th (*2)	-	Korea	SPC for asset securitization
	Cygnus 2nd (*2)	-	Korea	SPC for asset securitization
	Mary Milan (*2)	-	Korea	SPC for asset securitization
	SLT shinwha (*2)	-	Korea	SPC for asset securitization
	KSL 1st (*2)	-	Korea	SPC for asset securitization
	Grasslands 2nd (*2)	-	Korea	SPC for asset securitization
	KSL 2nd (*2)	-	Korea	SPC for asset securitization
	Vienna Rose, Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	GM New-York 1st (*2)	-	Korea	SPC for asset securitization
	GPI 15th (*2)	-	Korea	SPC for asset securitization
	Ecogrande (*2)	-	Korea	SPC for asset securitization
	GPI 17th (*2)	-	Korea	SPC for asset securitization
	Sky Castle 1st (*2)	-	Korea	SPC for asset securitization
	GPI 19th (*2)	-	Korea	SPC for asset securitization
	M Seong-Nae-dong 1st (*2)	-	Korea	SPC for asset securitization
	HDBA 3rd (*2)	-	Korea	SPC for asset securitization
	SeoCho Terrace HILL 1st (*2)	-	Korea	SPC for asset securitization
	S copper 1st (*2)	-	Korea	SPC for asset securitization
	Catalist 2nd (*2)	-	Korea	SPC for asset securitization
	GH Bul-dang 1st (*2)	-	Korea	SPC for asset securitization
	Project Ssangchon (*2)	-	Korea	SPC for asset securitization
	HERRYSBILL 1ST CO., LTD (*2)	-	Korea	SPC for asset securitization
	CAVALLI 1ST CO., LTD (*2)	-	Korea	SPC for asset securitization
	GREAT DAECHI 1st (*2)	-	Korea	SPC for asset securitization
	Smart Hapchun (*2)	-	Korea	SPC for asset securitization
	Yongsan Project 1st (*2)	-	Korea	SPC for asset securitization
	Gamma Story 1st (*2)	-	Korea	SPC for asset securitization
	Stark 1st Co., Ltd (*2)	-	Korea	SPC for asset securitization
	TREES THE FIRST CO., LTD (*2)	-	Korea	SPC for asset securitization
	Media Growth Capital 1st Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	JD Ulsan 1st, Co., Ltd (*2)	-	Korea	SPC for asset securitization
	ChangAm Development, Co., Ltd (*2)	-	Korea	SPC for asset securitization
	Nice Sunhwa Inc. (*2)	-	Korea	SPC for asset securitization
SLT NEWYORK1, Co., Ltd (*2)	-	Korea	SPC for asset securitization	
Smart nonhyeon, Co., Ltd (*2)	-	Korea	SPC for asset securitization	
GPI 23rd, Co., Ltd. (*2)	-	Korea	SPC for asset securitization	
GPI 22nd, Co., Ltd. (*2)	-	Korea	SPC for asset securitization	
Nice soo seong Inc. (*2)	-	Korea	SPC for asset securitization	
SegyoTera, Co., Ltd (*2)	-	Korea	SPC for asset securitization	
Nice Supyo Inc. (*2)	-	Korea	SPC for asset securitization	
Bikblue5, Co., Ltd (*2)	-	Korea	SPC for asset securitization	
Great Ulsan Jeilcha, Co., Ltd (*2)	-	Korea	SPC for asset securitization	

1. Group information, Continued

1.2 Information of subsidiaries and scope of consolidation, Continued

Parent company	Subsidiaries	Ownership ratio (%)	Location	Business
Meritz Securities Co., Ltd	The First GM 32th, Co., Ltd (*2)	-	Korea	SPC for asset securitization
	Great Indukwon Jaeilcha, Co., Ltd (*2)	-	Korea	SPC for asset securitization
	SLT Paju Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	GS 5ST CO., LTD. (*2)	-	Korea	SPC for asset securitization
	AIS GER 1st Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	LeoLaon Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	NeoIDT Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Great pyoungtaek godeok jaeilcha, Co., Ltd (*2)	-	Korea	SPC for asset securitization
	Mount Arklow Co., Ltd (*2)	-	Korea	SPC for loan securitization
	Jeco Company Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	GWANGJU NONGSUNG THE1ST Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	mind utility Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	zeroforjayang1st. co., ltd. (*2)	-	Korea	SPC for asset securitization
	Smart Plus 3rd Corporation (*2)	-	Korea	SPC for asset securitization
	GARASANI Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	SAMRT PF Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Libra1 Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Mount Cityscape Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Rosehills 1st Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Maryland Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Colombia Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Mindstance Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	GreatSinGwangGyo Inc. (*2)	-	Korea	SPC for asset securitization
	ssangryeong 1st Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Eco-Signature Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Luminous Yangjoo 1 Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	TSRY1 Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	SLT Jang Hang JungChae1 Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	castad1st co., Ltd. (*2)	-	Korea	SPC for asset securitization
	flui co., ltd. (*2)	-	Korea	SPC for asset securitization
	Eco Continental Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Kal Dia 1st Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Uporia 9th Co., Ltd (*2)	-	Korea	SPC for asset securitization
	Uporia 10th Co., Ltd (*2)	-	Korea	SPC for asset securitization
	Value Star 1st Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	NINE MOON 1ST Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	MJ BEST 1ST CO., LTD. (*2)	-	Korea	SPC for asset securitization
	GreatMD First Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	SLT Ansan 1st, Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	SLT Ansan 2nd, Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Energy Infra 1st Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Uporia 11st Co., Ltd (*2)	-	Korea	SPC for asset securitization
KJB Co.,Ltd. (*2)	-	Korea	SPC for asset securitization	
Gloryfine Co.,Ltd. (*2)	-	Korea	SPC for asset securitization	
Aston River 9 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization	
PMK ONE CO.,Ltd. (*2)	-	Korea	SPC for asset securitization	
PMK TWO CO.,Ltd. (*2)	-	Korea	SPC for asset securitization	

1. Group information, Continued

1.2 Information of subsidiaries and scope of consolidation, Continued

Parent company	Subsidiaries	Ownership ratio (%)	Location	Business
Meritz Securities Co., Ltd	PMK THREE CO.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Smartplus 5th Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	OSY 1st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	EternalGwacheon 1st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Icis 1st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Happyasset 6th Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Blue Bear 1st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Blue Bear 2nd Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	MJBest3rd Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	High Dream 10th Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	JYK Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Howmea Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	AIP Priority Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	SLT Geumo Corporation Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	SLT Jungoe1 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	grinichi4th Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Project anheung1 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Project anheung2 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	smartplus 4th Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Smart Plus 6th Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	ASTEION 1st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	SLT Yongsan1 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	August 1st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Meritz Gyeongbuk Energy Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Meritz Jeonbuk Energy Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Meritz Pyeongtaek Energy Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	JYK The Second Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Prime Lead One Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	almondblue Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	MPone Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Meritz Auto eleventh Securitization Specialty Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	Meritz Auto tenth Securitization Specialty Co., Ltd. (*2)	-	Korea	SPC for asset securitization
	risesilver Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Lucky Vicky the first Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Marrygh 1st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	VL 1st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	BLUEBEAR3 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	spacegreen Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Energy Infra 2nd Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	SLT Yeonsan1 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	SLT Osong1 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	SLT Okpo1 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	A1Dongin 1st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Mshinchun1 Inc. (*2)	-	Korea	SPC for asset securitization
	MF Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
M.J Best 4st Co.,Ltd. (*2)	-	Korea	SPC for asset securitization	
JB Second Securitization SPC (*2)	-	Korea	SPC for asset securitization	

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
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1. Group information, Continued

1.2 Information of subsidiaries and scope of consolidation, Continued

Parent company	Subsidiaries	Ownership ratio (%)	Location	Business
Meritz Securities Co., Ltd	GM Newyork 2nd Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	KHP THE THIRD, Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	cosmosblue Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	cosmos purple Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	KIS PUNG DONG No.1 (*2)	-	Korea	SPC for asset securitization
	Fairway-2 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization
	Fairway-1 Co.,Ltd. (*2)	-	Korea	SPC for asset securitization

(*1) Although the Group's ownership is less than 50 percent, the Group as General Partner has substantial power to influence related decisions of the entity and is exposed to significant changes in profit in which the Group can also influence, and therefore, the entity was classified as a subsidiary.

(*2) The entities marked above are structured companies for asset securitization, and the Group owns less than 50% of its ownership stake, but considered to have control as it is exposed to substantial force and fluctuating profits.

(*3) The name of fund changed from 'TRUSTAR IPO Fund Series 4' to 'Trustar IPO Fund 1 (FoF)', from 'Global One KOSDAQ Venture Investment Private Trust 1st' to 'Global One KOSDAQ Venture Investment Private Trust 1st', from 'Hans IPO Investment Private Trust 2nd' to 'DKP 2nd fund', from 'JMC Equity 3rd Fund' to 'RD Equity 3st Fund', from 'Maven IPO private investment Trust 1' to 'PIM IPO Private Equity Fund 5', from 'Moonchase RICH IPO Private Fund 1' to 'Dyne RICH General Private Investment Trust Fund 1', from 'Moonchase RICH FOF IPO Private Fund 1' to 'Dyne RICH Fund of Funds Private Investment Trust Fund 1', from 'LEE&K Private Investment Trusts No.1' to 'SLP Private Investment Trusts No.1'.

The key financial information on the subsidiaries as of and for the years ended December 31, 2024 and 2023 is summarized as follows (Korean won in millions):

Subsidiaries	As of and for the year ended December 31, 2024				
	Assets	Liabilities	Equity	Operating income	Net income
Meritz Fire & Marine Insurance Co., Ltd.	₩ 43,524,610	37,772,617	5,751,993	11,653,163	1,713,536
Meritz Securities Co., Ltd.	73,255,880	66,351,704	6,904,176	34,785,044	695,985
Meritz Alternative Investment Management Co., Ltd	26,409	6,545	19,864	8,572	2,413
Subsidiaries	As of and for the year ended December 31, 2023				
	Assets	Liabilities	Equity	Operating income	Net income
Meritz Fire & Marine Insurance Co., Ltd.	₩ 39,525,209	34,046,676	5,478,533	10,933,502	1,567,162
Meritz Securities Co., Ltd.	63,629,088	57,530,695	6,098,393	47,448,296	589,966
Meritz Asset Management Co., Ltd.	-	-	-	7,751	1,247
Meritz Alternative Investment Management Co., Ltd	23,633	6,182	17,451	8,387	2,084

1. Group information, Continued

1.3 Changes in consolidated subsidiaries

Subsidiaries newly included in scope of consolidation for the year ended December 31, 2024 are as follows:

Subsidiaries	Reason
EA general Investors Private equity investment trust No. 2	Newly acquired (*1)
INMARK NewStar Opportunity IPO Hedge Fund No.1	"
KCGI Short-term High quality bond Fund	"
Gloryfine Co.,Ltd.	"
Redwine IPO Private Investment Trust 2	"
Lefuture IPO PRIVATE INVEST 2ND	"
SLP Private Investment Trusts No.1	"
Leewoon Multiplus IPO Fund 3 (FoF)	"
Mind Private Securities Investment Trust 2 (Professional)	"
PIM IPO Private Equity Fund 5	"
Dyne RICH Fund of Funds Private Investment Trust Fund 2	"
BP IPO Private Balanced Fund 1	"
Spinnaker Pure IPO General Private Trust	"
Aston River 9 Co.,Ltd.	"
Athena Private equity Trust	"
AROUND Private Investment Trusts No.1	"
ST IPO Private Fund 2(Balanced)	"
AIP Midstream Specialized Privately Placed Fund Trust #2	"
AIP Upstream 1st Co.,Ltd.	"
Aplan Private Securities Investment Trust 1st	"
Exponential TBTB IPO Private Placement Fund No.1	"
Orca IPO PRIVATE INVEST 2ND	"
ORUM IPO 2nd Fund	"
One Eighth IPO Private Equity Trust 3	"
Walnut private investment fund No. 2	"
United Partners IPO Private Investment Fund No.5 (Professional Investors)	"
RD Equity 3st Fund	"
JP Private Fund 17	"
KJB Co.,Ltd.	"
KPEX IPO PRIVATE INVEST 1ST	"
KOREA IPO Private Equity Fund No.2	"
CrownRock Plus IPO I Hedge Fund	"
Kingsley General Private Equity Investment Trust 7	"
Tiger alternative Hedge Fund 20	"
Fairway IPO Privately Placed Fund No.2	"
PMK THREE CO.,Ltd.	"
PMK TWO CO.,Ltd.	"
PMK ONE CO.,Ltd.	"
Hanbaek Income Investment Trust 1	"
DKP 2nd fund	"
project sungnae one Co.,Ltd.	"
Project sungnae two Co.,Ltd.	"

1. Group information, Continued

1.3 Changes in consolidated subsidiaries, Continued

Subsidiaries newly included in scope of consolidation for the year ended December 31, 2024 are as follows, Continued:

Subsidiaries	Reason
BKPL IPO Fund 20 (FoF)	Newly acquired (*1)
Galaxy IPO Fund 9 (FoF)	"
Sun & Tree IPO Fund 1 (FoF)	"
Grace IPO Private Equity Fund 1 [Professional]	"
BEATUS IPO Investment Trust 2	"
BRSTNO1 Co.,Ltd.	"
Blue Bear 2nd Co.,Ltd.	"
Blue Bear 1st Co.,Ltd.	"
Smartplus 5th Co.,Ltd.	"
Icis 1st Co.,Ltd.	"
LF IPO fund of funds private investment no.7	"
MJBest3rd Co.,Ltd.	"
OSY 1st Co.,Ltd.	"
East Wood Private Equity Trust IV	"
EIP Lucy General Private Placement Investment Trust No.1	"
EternalGwacheon 1st Co.,Ltd.	"
Insight IPO General Private Investment Trust No. 2 (Professional Investors)	"
Genesis Midstream II Limited	"
Genesis North America Midstream Corporate No.2 Private Equity Fund	"
JYK Co.,Ltd.	"
Quantus IPO Initiative Private equity fund 2	"
TBW General placement investment Trust	"
Fairfield IPO Private Investment Trust No.1	"
Howmea Co.,Ltd.	"
High Dream 10th Co.,Ltd.	"
Happyasset 6th Co.,Ltd.	"
Hyundai You First Private Real Estate Investment Trust 32	"
DBI IPO ordinary invest Fund	"
grinichi4th Co.,Ltd.	"
The Ocean T IPO Private Securities Investment Trust 1	"
Meritz Gyeongbuk Energy Co.,Ltd.	"
Meritz Jeonbuk Energy Co.,Ltd.	"
Meritz Pyeongtaek Energy Co.,Ltd.	"
smartplus 4th Co.,Ltd.	"
Smart Plus 6th Co.,Ltd.	"
almondblue Co.,Ltd.	"
ASTEION 1st Co.,Ltd.	"
itrust active IPO Private Equity Fund 10	"
SLT Geumo Corporation Co.,Ltd.	"
SLT Yongsan1 Co.,Ltd.	"

Meritz Financial Group Inc. and its subsidiaries
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December 31, 2024 and 2023

1. Group information, Continued

1.3 Changes in consolidated subsidiaries, Continued

Subsidiaries newly included in scope of consolidation for the year ended December 31, 2024 are as follows, Continued:

Subsidiaries	Reason
SLT Jungoe1 Co.,Ltd.	Newly acquired (*1)
AIP Upstream Specialized Privately Placed Fund Trust No.4	"
AIP Priority Co.,Ltd.	"
MPone Co.,Ltd.	"
August 1st Co.,Ltd.	"
JYK The Second Co.,Ltd.	"
PEBBLES IPO PRIVATE EQUITY FUND 5TH	"
Prime Lead One Co.,Ltd.	"
Project anheung2 Co.,Ltd.	"
Project anheung1 Co.,Ltd.	"
Igis global real estate investment Trust 548ho	"
IGIS Core Energy InfrastructureFund 1-A	"
NH-Amundi North America Infra Private Fund No.6	"
Meritz Special Situation No.1 Private Equity Fund	"
The Global Rising Star Fund C class	"
risesilver Co.,Ltd.	"
Lucky Vicky the first Co.,Ltd.	"
Marrygh 1st Co.,Ltd.	"
Maven IPO private investment Trust 2	"
VL 1st Co.,Ltd.	"
BLUEBEAR3 Co.,Ltd.	"
spacegreen Co.,Ltd.	"
Asam Together IPO Equity Fund No.5 (FOF)	"
Energy Infra 2nd Co.,Ltd.	"
SLT Yeonsan1 Co.,Ltd.	"
SLT Osong1 Co.,Ltd.	"
SLT Okpo1 Co.,Ltd.	"
A1Dongin 1st Co.,Ltd.	"
Mshinchun1 Inc.	"
MF Co.,Ltd.	"
M.J Best 4st Co.,Ltd.	"
JB Second Securitization SPC	"
GM Newyork 2nd Co.,Ltd.	"
KHP THE THIRD, Co.,Ltd.	"
cosmosblue Co.,Ltd.	"
cosmos purple Co.,Ltd.	"
CROSS IPO PLUS FUND 2nd	"
KIS PUNG DONG No.1	"
KeyFLEX Private Investment Trust No.1	"
Fairway-2 Co.,Ltd.	"
Fairway-1 Co.,Ltd.	"
Pinnacle IPO focused Private Fund 1st	"
HAEDEUN IPO Fund 3	"

1. Group information, Continued

1.3 Changes in consolidated subsidiaries, Continued

Subsidiaries excluded from the scope of consolidation for the year ended December 31, 2024 are as follows:

Subsidiaries	Reason
APEX High yield General Private Investment Trust No.1	Disposal (*2)
W high yield 3rd Fund	"
RootN Global High-Yield Investment Trust (Private Placement) 3	"
Melon IPO Investment Private Trust 1st	"
Belle Époque Opportunity M1 Hedge Fund 1	"
MBS Jaeilcha co., Ltd.	"
alltime high co., Ltd.	"
GM the One	"
Kclavis IPO Private Investment Trust 2	"
Fairway IPO Privately Placed Fund No.1	"
Hizeasset IPO Private Investment Trust 2	"
Haeyoudong 2nd	"
GTOG General Private Investment Trust	"
CL IPO Private Equity Investment Trust 1st	"
JB IPO Professional Private Investment Trust 3	"
Trinity Unicorn IPO Professional Private Investment Trust 1	"
Blitz High-Yield MGreen Private Investment Trust 2	"
KFIN IPO focused High Yield Bond Private Fund 2nd	"
LX LQ III KOSDAQ Venture Private Equity Investment Trust 1st A	"
Great WangSan 3rd	"
Haksan Castle 1st Co., Ltd	"
Bikblue6, Co., Ltd	"
Bumin Metro Co., Ltd.	"
Uprising Blue Co., Ltd.	"
Uprising Red Co., Ltd.	"
Armstrong Co., Ltd.	"
smart osan yangsan 1st Co., Ltd.	"
AIP Midstream Specialized Privately Placed Fund Trust #2	"
AIP Upstream 1st Co.,Ltd.	"
KS High-Yield Private Investment Trusts No.2	"
APEX KOSDAQ VENTURE FUND 1	"
Great Yeoksam 1st	"
Dunamis High Yield General Private Investment Trust Fund	"
ST.Luis	"
AlmondGold Co., Ltd.	"
SLT Goejeong Co., Ltd.	"
Yeojusamgyo the first Co., Ltd.	"
Uporia 7th Co.,Ltd.	"
Uporia 7th Co., Ltd	"
Consus IPO Private Fund(Balanced)	"
Tiger Alternative IPO Private Equity Investment Trust 17th	"
Prophet Reach-Rich Highyield Qualified Private Asset Investment Trust No. 3	"

1. Group information, Continued

1.3 Changes in consolidated subsidiaries, Continued

Subsidiaries excluded from the scope of consolidation for the year ended December 31, 2024 are as follows, Continued:

Subsidiaries	Reason
project galmae Co., Ltd.	Disposal (*2)
Pearmint 2nd Co., Ltd.	"
Pearmint 1st Co., Ltd.	"
Innovation IB plan A Private Equity Fund	"
BKPL Private Fund 13	"
KCGI China Securities Investment Trust Class CI	"
Sun&Tree IPO Private investment trust-1	"
TRUSTAR High Yield Fund Series 1	"
Igis US real estate investment Trust 266	"
Meritz 20Ho Professional Investment Private Real Estate Investment Ltd.	"
Meritz Private Real Estate Fund 31	"
Moru Jang-in IPO Investment Trust (Private Placement) 2	"
Dyne General Private Investment Trust Fund 1	"
JP Professional investment type private equity investment trust 12th	"
KOREIT IPO M Private Equity Fund No.1	"
Dyne RICH Fund of Funds Private Investment Trust Fund 2	"
Cosmojoy Co., Ltd	"
newrisingred co., ltd.	"
MTJ 1st Co., Ltd.	"
BRSTNO1 Co.,Ltd.	"
Meritz Auto ninth Securitization Specialty Co., Ltd.	"
Hyundai You First Private Real Estate Investment Trust 32	"

(*1) The Group is deemed to have control over those entities considering its power over the activities related to an investee as structured entity, or acquisition of new equity investments, increases in ownership percentage, its power over variable returns and exposure to variable returns, and, therefore, the entities above are included in the scope of consolidation.

(*2) The Group is deemed to have lost control over those entities as a result of the termination of transactions, such as the disposal of ownership interests, a decrease in ownership percentage, or the repayment of loan receivables which are underlying assets of structured entity, and, therefore, the entities above are excluded from the scope of consolidation.

2. Unconsolidated structured entities

Details of the unconsolidated structured entities over which the Group does not have control as of December 31, 2024 are as follows (Korean won in millions):

	Characteristics and purposes	Financing arrangement	Controlling type	Total assets
Securitization	Securitization of underlying assets	Issuing ABS/ABCP	Purchase commitment, etc.	₩ 1,861,198
Real estate	Investment in real estate and SOC development	Providing loan and credit line	Loan commitment, credit line commitment	62,634,651
Financing for ships and M&A	Raising funds for ships and M&A	Investment in equity or borrowings	Loan commitment	69,032
Investment fund and trust	Investment in securities and others	Beneficiary certificates, investment by general partners and limited partners	Holding beneficiary certificates, investment in equity	22,816,981

Details of the nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2024 are as follows (Korean won in millions):

	Securitization	Real estate	Financing for ships and M&A	Investment fund and trust
Assets:				
Loans receivable	₩ 316,927	13,238,251	69,432	2,450
Securities	98,474	27,913	-	1,904,156
	<u>₩ 415,401</u>	<u>13,266,164</u>	<u>69,432</u>	<u>1,906,606</u>
Maximum exposure (*1) to loss:				
Assets held	₩ 415,401	13,266,164	69,432	1,906,606
Loan commitment	58,883	2,232,563	-	818,567
Purchase and Investment commitment	-	130,000	-	-
	<u>₩ 474,284</u>	<u>15,628,727</u>	<u>69,432</u>	<u>2,725,173</u>

(*1) The maximum exposure to loss includes the amount of investment assets recognized in the financial statements, purchase agreements, credit extensions and other amounts which are likely to be confirmed if certain conditions are met in the future based on relevant contracts.

3. Basis of preparation

3.1 Adoption of accounting standard

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the Republic of Korea (“KIFRS”). The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail. The consolidated financial statements were authorized by the Board of Directors on February 6, 2025, which will be submitted for final approval to the shareholders’ meeting to be held on March 26, 2025.

3.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments measured at fair value;
- financial assets measured at fair value through profit or loss (“FVPL”);
- financial assets measured at fair value through other comprehensive income (“FVOCI”);
- financial assets and liabilities designated as hedged items in a fair value hedge accounting of which changes in fair value attributable to the hedged risk recognized in profit or loss;
- insurance contracts and reinsurance contracts;
- liabilities (assets) for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets and unrecognized past service costs; and
- property and equipment (land) are measured using a revaluation model.

3.3 Functional and presentation currency

The financial statements of each consolidated entity included in the Group are presented in the currency used in the primary economic environment in which the entity operates, i.e., the functional currency of the entity. The consolidated financial statements of the Group are presented in Korean won (presented as “Korean won” or “₩”, which is functional currency and presentation currency of the Group.

3.4 Estimates and assumptions

In conformity with KIFRS, the preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates at the end of reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis.

(1) Management’s judgement and uncertainty of estimates and assumptions

Following notes include major management’s judgement related to the application of accounting policies that significantly affect amounts recognized in consolidated financial statements and information about uncertainty of assumptions and estimates with significant risks that actual results may differ from these estimates.

- Note 8: Financial assets measured at FVOCI
- Note 9: Loan receivables at amortized cost
- Note 11: Lease assets
- Note 15: Investments in associates and joint ventures
- Note 16: Other assets
- Note 18: Insurance and reinsurance contract liabilities
- Note 23: Net defined benefit liabilities
- Note 24: Provisions
- Note 25: Contingent Liabilities and Commitments
- Note 34: Income tax
- Note 38: Fair value of financial instruments

3. Basis of preparation, Continued

3.4 Estimates and assumptions, Continued

(2) Measurement of fair value

The Group's accounting policies and disclosures require fair value measurement for a number of financial and nonfinancial assets and liabilities. The Group has established fair value measurement policies and procedures. These policies and procedures include the operation of a valuation department that is responsible for reviewing all significant fair value measurements, including fair values classified as Level 3 in the fair value hierarchy, and the results are reported directly to the financial officer.

The valuation department regularly reviews significant unobservable input variables and valuation adjustments. If a fair value measurement uses third-party information such as broker prices or valuation agencies, valuations based on the information obtained from the third parties by the valuation department includes classification by level within the fair value hierarchy. We are determining whether we can conclude that it meets the requirements of the relevant standards.

The Group reports significant valuation issues to the Audit Committee.

When measuring the fair value of an asset or liability, the Group uses input variables that are observable in the market as much as possible.

Fair values are classified within the fair value hierarchy based on those inputs used in valuation techniques as follows:

- Level 1: Unadjusted published price of an active market with access to the same asset or liability on the measurement date;
- Level 2: Inputs that can be directly or indirectly observed for assets or liabilities other than the published price at level 1; and
- Level 3: Unobservable inputs to assets or liabilities.

If multiple inputs used to measure the fair value of an asset or liability are classified at different levels within the fair value hierarchy, the Group classifies the entire fair value measurement at the same level as the lowest level input in the fair value hierarchy that is significant across the measurement and recognizes a change between levels of the fair value hierarchy as of the end of the reporting period in which the change occurs.

Details of the assumptions used in the fair value measurement are included in the following notes.

- Note 38: Fair value of financial assets or liabilities

3.5 Changes in accounting policies

The Group applied for the first-time the following standards and amendments, which are effective for annual periods beginning on or after January 1, 2024, and the financial statements for the current year prepared under the same accounting policies as those for previous years, unless described below.

- Amendments to KIFRS 1116 - *Lease Liability in a Sale and Leaseback*

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments have no impact on the consolidated financial statements of the Group.

3. Basis of preparation, Continued

3.5 Changes in accounting policies, Continued

- Amendments to KIFRS 1001 - Classification of Liabilities as Current or Non-current

The amendments to KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have no impact on the consolidated financial statements of the Group.

- Amendments to KIFRS 1007 and KIFRS 1107 - Supplier Finance Arrangements

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments have no impact on the consolidated financial statements of the Group.

- Amendments to KIFRS 1001 Presentation of Financial Statements - Disclosure of Virtual assets

These amendments mandate entities to disclose material information for the financial statement users such as the impact of holding and issuing virtual assets on their accounting policies and financial statements. The entities should separately disclose information related to holding virtual assets, holding them on behalf of the customers, The amendments have no impact on the consolidated financial statements of the Group.

4 Material accounting policies

The material accounting policies applied by the Group in preparation of its consolidated financial statements are included below and the Group applies its accounting policies consistently.

4.1 Principle of consolidation

(1) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

4.1 Principle of consolidation, Continued

(2) Non-controlling interests

Non-controlling interests must be presented in the consolidated statement of financial position within equity, separate from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Some puttable financial instruments or some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation are not accounted as the residual equity in consolidated financial statements, therefore, those non-controlling interests are classified as financial liabilities in the consolidated financial statement. Changes in the Company's interests in the subsidiary over which the Company maintain control is accounted for as capital transactions.

(3) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(4) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associated and a joint venture.

Associates are the entities that the Group has significant effect on, but has no controlling power. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The investment in an associate and a joint venture is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and changes in equity of the associate and the joint venture after the date of acquisition.

(5) Elimination of Intra-group transactions

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Intra-group losses recognized as expense if intragroup losses indicate an impairment that requires recognition in the consolidated financial statements.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and the investments which have maturities at acquisition of three months or less. Equity investments also qualify if they are, in substance, cash equivalents such as preference shares acquired within a short period of their maturity and with a specified redemption date.

4. Material accounting policies, Continued

4.3 Non-derivative financial assets

(1) Recognition and initial measurement

Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. In addition, a regular way purchase or sale (a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market concerned) is recognized on the trade date.

A financial asset is measured initially at its fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition of the financial asset. Transaction costs on the financial assets at FVPL that are directly attributable to the acquisition are recognized in profit or loss as incurred.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are “solely payments of principal and interest (SPPI)” on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level. The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(2) Classification and subsequent measurement

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

- financial assets at amortized cost (debt instruments);
- financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition;
- and
- financial assets at FVPL.

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and ; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

4. Material accounting policies, Continued

4.3 Non-derivative financial assets, Continued

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under KIFRS 1032 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes derivatives and equity instruments that do not make an irrevocable choice to treat changes in FVOCI. A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

(3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

If the Group transferred the financial assets but still retains substantially all the risks and rewards of ownership of the transferred financial assets, the Company continues to recognize the transferred financial assets and recognizes collateralized borrowings for the consideration received.

(4) Impairment of financial assets

The Group recognizes an allowance for expected credit losses for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

4. Material accounting policies, Continued

4.3 Non-derivative financial assets, Continued

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

4.4 Derivative financial assets

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized as below.

(1) Hedge accounting

The Group holds derivatives to manage interest rate risk and foreign exchange risk. The Group designated derivatives as hedging instruments to hedge risk related to cash flow of highly probable forecasted transactions due to changes of interest rate and foreign currency and the risk of changes in the fair value. The Group documents the objectives and strategies of risk management to carry out hedging at the initiation of the hedging. The Group documents the economic relationship between the hedged item and the hedging instrument, including whether changes in cash flows of the hedged item and the hedging instrument are expected to offset each other.

(i) Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. Both the gain or loss from re-measuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item are recognized as operating profit in the consolidated statements of comprehensive income.

If the fair value hedge accounting fails to meet the application requirements or meets the criteria for discontinuing fair value hedge accounting, the Group prospectively discontinues hedge accounting and amortizes the adjustment amount of the carrying amount of the hedged item due to the hedged risk and recognizes it in profit or loss from the date on which hedge accounting is discontinued.

(ii) Cash flow hedge

When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income, net of tax, and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. If the cash flow hedge accounting fails to meet the application requirements or meets the criteria for discontinuing cash flow hedge accounting, the hedge accounting is prospectively discontinued.

The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

(2) Other derivative financial instruments

Changes in the fair value of other derivative financial instrument not designated as a hedging instrument and effective on hedging are recognized immediately in profit or loss.

4. Material accounting policies, Continued

4.4 Derivative financial assets, Continued

(3) Day one profit and loss

For financial instruments classified as Level 3 fair value, where the Group uses unobservable market inputs to determine fair value, the difference between the initial carrying amount recognized in profit or loss and the transaction price is amortized on a straight-line basis over the life of the instrument and recognized in profit or loss.

4.5 Impairment of financial assets

(1) Financial instrument and contract assets

The Group recognizes an allowance for expected credit losses for all debt instruments not held at FVPL. Financial assets migrate through the following three stages based on the change in credit risk since initial recognition and loss allowances for the financial assets are measured at the 12-month expected credit losses ("ECL") or the lifetime ECL, depending on the stage.

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

(*) If the credit risk is low at the as of the December 31, 2024, it can be considered that the credit risk has not increased significantly.

The Group only recognizes the cumulative changes in lifetime expected credit losses since the initial recognition as loss allowance for credit-impaired financial assets.

When determining whether credit risk has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information which is available without undue cost or effort. This includes qualitative and quantitative information and analysis based on the Group's past experience and known credit ratings, including forward-looking information.

The Group assumes a significant increase in credit risk when the number of delinquency days for a financial asset exceeds 30 days or when a credit rating of 2 falls from the initial recognition date.

(2) Measurement of expected credit loss

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e., the difference between all contractual cash flows payable under the contract and all contractual cash flows expected to be received). Expected credit losses are discounted at the effective interest rate of the relevant financial asset.

4. Material accounting policies, Continued

4.5 Impairment of financial assets, Continued

(3) Credit-impaired financial assets

At the end of each reporting period, the Group assesses whether the credit on financial assets measured at amortized cost and on debt securities measured at FVOCI are impaired. If one or more events occur that adversely affect the estimated future cash flows of the financial asset, the financial asset is considered as credit-impaired. Evidence that financial asset is credit-impaired includes observable information as follow:

- significant financial difficulty of the issuer or the borrower;
- breach of contracts, such as default or overdue for more than 90 days;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- disappearance of an active market for that financial asset because of financial difficulties.

4.6 Property and equipment

Property and equipment are initially measured at cost. The cost of property and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent to initial recognition, an item of property and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated and a revaluation model is applied. Land for property, plant and equipment is measured at fair value, and changes in fair value are reflected in other comprehensive income. Other property and equipment are depreciated based on the straight-line method over the estimated useful lives, which most closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The gain or loss arising from the derecognition of property, and equipment is determined as the difference between the net sale amount and the carrying amount, and the difference is recognized in profit or loss.

Property and equipment are depreciated over its estimated useful lives as described below:

	<u>Years</u>
Buildings	20-40
Vehicles	4
Furniture and equipment	4
Leasehold improvements	4

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate and the change resulted therefrom is treated as a change in accounting estimate, if any.

4. Material accounting policies, Continued

4.7 Investment properties

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

The cost of replacing a part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced cost is derecognized. The costs of the day-today servicing of property and equipment are recognized in profit or loss as incurred.

The Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 20 ~ 40 years.

Depreciation methods of investment properties, useful lives and residual values are reviewed at the end of each reporting date and adjusted if appropriate. The change is accounted for as a change in accounting estimate.

4.8 Intangible assets

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which club memberships are expected to be available for use, this intangible asset is determined as having indefinite useful lives and not amortized.

The Group's accounting policy related intangible assets is as follows:

	Amortization method used	Years
Trademark	No amortization	Indefinite
Development cost	Amortized on a straight line	5
Software	Amortized on a straight line	5
Membership rights	No amortization	Indefinite
Goodwill	No amortization	Indefinite

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

(1) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

4. Material accounting policies, Continued

4.8 Intangible assets, Continued

(2) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

4.9 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 non-financial asset is required, the Group estimates the asset's recoverable amount except for contract asset which recognizes assets from employee benefit, deferred tax liabilities, non-current assets held for sale. However, whether there is an indication of impairment, Group assesses impairment of goodwill, intangible asset with indefinite useful life, intangible assets not usable at each reporting date by comparing book value and its recoverable amount.

The Group estimates the recoverable amount of an individual asset. If it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of cash generating unit ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the goodwill acquired. Any impairment identified at the CGU level will first reduce the carrying value of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4. Material accounting policies, Continued

4.10 Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease considering if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(1) Group as a lessee

At the commencement date of the lease, the Group recognizes the right-of-use assets and the lease liabilities. The right-of-use asset is measured at cost, which comprises the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date (less any lease incentives received), initial direct costs, and 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.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement of the lease to the end of the lease term. However, if the lessor transfers the ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee depreciates the right-of-use same as a fixed asset from the commencement date to the end of the useful life of the underlying asset.

The right-of-use asset may be reduced by an impairment of the underlying asset of adjusted by remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that cannot be readily determined, the Group uses its incremental borrowing rate. The Group generally uses the incremental borrowing rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments);
- variable lease payments depending on the index (or a rate), initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liabilities are amortized using the effective interest method. The lease liability is remeasured if the future lease payments change depending on changes in the index (or a rate), changes in the expected amount to be paid under the residual value guarantee, and changes in the assessment of whether the purchase or extension option is reasonably certain to be exercised or not to exercise the terminate option.

When remeasuring a lease liability, the related right-of-use asset is adjusted and if the carrying amount of the right-of-use asset decreases to zero (0), the remeasurement amount is recognized in profit or loss.

In the consolidated statements of financial position, the Group classified the lease liabilities that do not meet the definition of investment property as 'other liabilities.

The Group has chosen a practical expedient that does not recognize the right-of-use asset and lease liabilities for short-term lease with leases with a lease term less than 12 months and leases for which the underlying asset is of low value. The Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

4. Material accounting policies, Continued

4.10 Lease, Continued

(2) Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in KIFRS 1109 to the net investment in the lease (See Note 4-3 and Note 4-5). The Group further regularly reviews estimates unguaranteed residual values used in calculating the gross investment in the lease.

4.11 Non-current assets held for sale and discontinued operations

If the carrying amount of a non-current asset or disposal group is expected to be recovered primarily through a sale transaction rather than continued use, it is classified as an asset to be sold. These conditions are considered to be met only when the asset (or disposal group) is available for sale immediately and is very likely to be sold. Before the first classification of an asset (or disposal group) for sale, it is measured as the lesser of the carrying amount and the net fair value of the asset (or asset and liability). At the time of initial classification, impairment loss is recognized in profit or loss immediately if the net fair value of the asset in which the impairment is recognized decreases, and if the net fair value increases, the impairment loss recognized in the past is recognized in profit or loss.

If a non-current asset is classified as held for sale or is part of a disposal group classified as held for sale, the asset is not amortized.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

A disposal group is classified as held for sale if it

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group presents the post-tax profit or loss as a single amount in the consolidated statement of comprehensive income, excluding it from the results of continuing operations. Detailed information on assets held for sale and discontinued operations can be found in Note 42.

4. Material accounting policies, Continued

4.12 Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into financial liabilities at FVPL or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

(1) Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading or designated as such upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value. The amount of change in the fair value of the financial liabilities designated at FVPL that is attributable to changes in the credit risk of that liabilities shall be presented in other comprehensive income. The remaining fair value changes are recognized as profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred.

(2) Other financial liabilities

Non-derivative financial liabilities other than financial liabilities at FVPL are classified as other financial liabilities. At the date of initial recognition, other financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

(3) Derecognition of financial liabilities

The Group derecognizes a financial liability from the statement of financial position when it is extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires). When cash flows of financial liability are altered in substance due to changes of contractual terms, previous financial liability is derecognized and the new financial liability is measured as fair value based on the new contract.

Subsequent to the derecognition of financial liability, the difference between book value and the paid amount (including non-monetary asset transferred or assumed liability) is recognized as profit or loss.

4.13 Classification of insurance contracts and investment contracts

The Group assesses whether it assumes significant insurance risk from the policyholder for all contracts it has acquired, considering the substantive rights and obligations. As a result, contracts that assume significant insurance risk from the policyholder, reinsurance contracts, and investment contracts with discretionary participation features are accounted for under KIFRS 1117 *Insurance Contracts*. Contracts that do not transfer significant insurance risk, even if they take the legal form of an insurance contract, are classified as investment contracts and are accounted for under KIFRS 1109 *Financial Instruments*. The Group classifies non-participating pension products as investment contracts without discretionary participation features.

Furthermore, as of December 31, 2024, the Group does not have any embedded derivatives, investment components, or goods and services components in the insurance contracts it holds that meet the criteria for disaggregation.

4. Material accounting policies, Continued

4.14 Insurance contracts and reinsurance contracts

4.14.1 Level of aggregation of insurance contracts

KIFRS 1117 *Insurance Contracts* determines the level of aggregation to be used for measuring insurance contracts. The starting point for aggregating contracts is to identify portfolios of insurance contracts. The contracts in each portfolio consist of those exposed to similar risks and managed together. A group of contracts within each portfolio does not include contracts issued more than one year apart and shall be divided into the following groups:

- those of contracts that are onerous at initial recognition;
- those of contracts that have no significant possibility of becoming onerous subsequently at initial recognition;
- or
- those of contracts remaining in the portfolio.

The composition of the group established at the time of initial recognition is not reassessed subsequently.

For contracts to which the premium allocation approach is applied, it is assumed that they are not onerous at initial recognition unless facts and circumstances indicate otherwise. The Group assesses whether it is probable that the facts and circumstances may change subsequently in order to determine whether insurance contracts not onerous at initial recognition are included in a group of contracts without any significant possibility of becoming onerous in the future. If facts and circumstances indicate that some contracts might become onerous at initial recognition, a quantitative assessment is performed to determine whether the carrying amount of the liability for remaining coverage determined by the premium allocation approach is less than the fulfillment cash flows related to the remaining coverage determined by applying the general model. If the fulfillment cash flows related to the remaining coverage determined by applying the general model exceed the carrying amount of the liability for remaining coverage determined by the premium allocation approach, the difference is recognized in profit or loss and the liability for remaining coverage is increased to the extent of the difference.

4.14.2 Recognition

The Group recognizes a group of insurance contracts issued from the earliest of:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

If the reinsurance contracts held provide proportionate coverage, it is recognized at the later of the commencement date of the coverage period of the group of reinsurance contracts held or the initial recognition of the underlying group of contracts. In all other cases, the group of reinsurance contracts is recognized at the commencement date of the coverage period.

4. Material accounting policies, Continued

4.14 Insurance contracts and reinsurance contracts, Continued

4.14.3 Contract boundary

The measurement of a group of insurance contracts includes all the cash flows expected to result from the contracts within the boundary of an existing contract. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations existing in the reporting period in which the insurer can compel the policyholder to pay the premiums or has a substantive obligation to provide insurance contract services to the policyholder. The substantive obligation ends when:

- the insurer has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- the insurer has the practical ability to reassess the risks of the portfolio of insurance contracts, and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and, the pricing of premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Until the risk is reassessed, the pricing of premiums does not take into account the risk after the reassessment, and the contract boundaries are re-evaluated at each reporting period.

The boundary of the reinsurance contract is determined based on the rights and obligations between the Group and the reinsurance company, and would be severed if both parties to the reinsurance contract had a cancellation option at the same time.

4.14.4 Measurement

4.14.4.1 General model

(1) Initial recognition

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

The estimates of future cash flows shall incorporate all reasonable and supportable information available without undue cost or effort and be measured as the expected value (i.e., the probability-weighted mean) of the full range of possible outcomes. The estimated future cash flows are current estimate of cash flows within the boundaries of the contract considering market and non-market variables. The Group updates its estimates at the end of each reporting period using any new information available, including historical evidence and information about trends. The most recent and earlier experience and other information are considered in developing new estimates.

The time value of money and financial risk are measured separately from the estimated future cash flows. When determining the discount rate, the Group uses a bottom-up approach that adjusts the liquidity risk-free rate curve to reflect the difference between the liquidity characteristics of the financial instrument to which the discount rate is applied as observed in the market and the liquidity characteristics of the insurance contract. It excludes factors that affect observable market prices but do not affect the future cash flows of insurance contracts (i.e., credit risk). At initial recognition, the Group estimates the discount rate applicable to each group of insurance contracts based on contracts already recognized. Additional insurance contracts may be included in the group after the end of the reporting period if the recognition requirements are met. This may result in changes in the determination of the discount rate at the time of initial recognition, and the discount rate applicable at the time of initial recognition is modified using a weighted average discount rate over the period in which the insurance contracts in the group were issued. The discount rate is applied from the beginning of the reporting period when new insurance contracts are added to the group.

4. Material accounting policies, Continued

4.14 Insurance contracts and reinsurance contracts, Continued

4.14.4 Measurement, Continued

4.14.4.1 General model, Continued

(1) Measurement on initial recognition, Continued

Risk adjustment for non-financial risks is a compensation required by the Group for bearing the uncertainty about the amount and timing of cash flows arising from non-financial risks, and the difference between the fulfillment of liabilities with a range of possible outcomes arising from non-financial risks and the fulfillment of a liability that generates fixed cash flows with the same expected present value as the insurance contract is calculated by applying confidence level technique. The Group calculates the distribution effect at the integrated level of the Group and distributes it to each individual contract level.

Contractual service margin represents unrealized profits that will be recognized as insurance contract services are provided in the future. Contractual service margin is measured when a group of insurance contracts is initially recognized and, unless it is a group of onerous contracts, is measured as the amount that prevents income or expenses from being generated from:

- the initial recognition of an amount for the fulfilment cash flows;
- any cash flows arising from the contracts in the group at that date; and
- the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows and any other asset or liability previously recognized for cash flows related to the group of contracts.

If the total of fulfillment cash flows allocated to the insurance contract, previously recognized insurance acquisition cash flows, and cash flows arising from the contract at the time of initial recognition is a net outflow, at initial recognition, the insurance contract is classified as a group of onerous contracts, and the net outflow is recognized in profit or loss and subsequently measured.

(2) Subsequent measurement

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 related to past services allocated to the group at the end of the reporting period.

Fulfillment cash flows for a group of insurance contracts are measured at the reporting date using estimates of future cash flows, present value discount rates and estimates of risk adjustments for non-financial risks, and changes in fulfillment cash flows are recognized as follows:

- for changes related to future services, recognized as adjusted contractual service margin (in case of a group of onerous contracts, recognized in profit or loss as a result of insurance service);
- for changes related to present or past services, recognized in profit or loss as a result of insurance services; and
- for time value of money, financial risk and its fluctuating effects, recognized as insurance finance income or expense.

4. Material accounting policies, Continued

4.14 Insurance contracts and reinsurance contracts, Continued

4.14.4 Measurement, Continued

4.14.4.2 Premium allocation approach

The Group applies the premium allocation approach to general insurance, auto insurance, and long-term non-proportional reinsurance contracts held. If a group of insurance contracts satisfies the following conditions at the time of inception of the group of insurance contracts, the premium application approach is applied:

- the coverage period of each insurance contract in the group of insurance contracts (including insurance contract services arising from all premiums within the contract boundary) is no more than one year; or
- if the premium allocation approach is reasonably expected to measure the liability for remaining coverage for the group without material differences from that measured applying the general model requirements.

(1) Initial recognition

The carrying value of the liability for remaining coverage on initial recognition of a group of insurance contracts is measured as the premium received at initial recognition less any insurance acquisition cash flows allocated to the group at that date, plus or minus any amount arising from the derecognition at that date of any other asset or liability previously recognized for cash flows related to the group of contracts. However, since the coverage period of auto insurance contracts is less than one year, all insurance acquisition cash flows arising therefrom shall be expensed as incur.

(2) Subsequent measurement

The carrying amount of the liability for remaining coverage subsequently increases when the premium is received, the insurance acquisition cash flows are amortized, or financing components are adjusted, and decreases to the extent of the amount recognized as insurance revenue for the services provided or the insurance acquisition cash flows allocated to the group (unless the payment is recognized as expense).

The Group believes that, except for technology insurance, none of insurance contracts issued have a significant financing component because the period between when each part of the services is provided and the insurance premium payment date is less than one year, and accordingly elects not to adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If facts and circumstances at any time during the coverage period indicate that the group of insurance contracts are onerous, any further deficits or surpluses calculated as a result of comparison of the book value of the liabilities for remaining coverage and the current estimate of the fulfillment cash flows related thereto would be recognized in profit or loss.

4.14.5 Reinsurance contracts held

For the measurement of a group of reinsurance contracts held, the Group applies the accounting policies used for the measurement of a group of insurance contracts, except for the followings:

- The effects of all risks related to the reinsurance contract issuer's default (including effects due to collateral and losses due to disputes) are included 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;
- Risk adjustments for non-financial risks to reflect the risk transferred to the reinsurer are calculated; and
- 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 a group of onerous contract or the expected net outflow amount is not recognized as profit or loss.

4. Material accounting policies, Continued

4.14 Insurance contracts and reinsurance contracts, Continued

4.14.6 Modification and derecognition

The Group derecognizes the obligations specified in the insurance contract when they are extinguished due to expiration, discharge, or cancellation. Additionally, if the terms of an insurance contract are modified, the Group derecognize the original contract and recognize the modified contract as a new contract, if the modified terms had been included at contract inception, the accounting treatment of the contract would have been significantly different. If the contract is not derecognized after the modification of contractual terms, changes in cash flows caused by the modification are treated as changes in estimates of fulfilment cash flows.

4.14.7 Presentation

The Group presents the carrying amount of the following items separately in the statement of financial position.

- Portfolio of insurance contracts issued as assets
- Portfolio of insurance contracts issued as liabilities
- Portfolio of reinsurance contracts held as assets
- Portfolio of reinsurance contracts held that are liabilities

The Group disaggregates the amounts recognized in the statement of comprehensive income into i) insurance service results, comprising insurance revenue and insurance service expense, and ii) insurance finance income or expenses.

The Group does not disaggregate the changes in risk adjustment for non-financial risks into insurance service results and insurance finance income or expenses and includes the entire changes in risk adjustments for non-financial risks as part of the insurance service result.

The Group presents the income or expenses from reinsurance contracts held separately from the expenses or income of insurance contracts issued.

4.14.8 Insurance revenue

Insurance revenue depicts the provision of services arising from the group of insurance contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

In the case of a group of insurance contracts to which the general model is applied, the insurance revenue recognized in the reporting period consists of insurance premiums and expenses incurred for the period at the amount expected at the beginning of the period, changes in risk adjustment and contractual service margin recognized as services provided during the current period.

The amount of contractual service margin recognized as insurance revenue during the reporting period is recognized as the amount allocated to the coverage units provided during the reporting period after the proportionate allocation of the remaining insurance contract 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 contractual service margin 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.

Insurance revenue related to insurance acquisition cash flow is allocated to each reporting period in a systematic manner over time, and the portion for the current period is recognized as insurance revenue and insurance service expense at the same amount.

4. Material accounting policies, Continued

4.14 Insurance contracts and reinsurance contracts, Continued

4.14.8 Insurance revenue, Continued

Insurance revenue under the premium allocation approach is recognized by applying a systematic manner (However, if the expected pattern of risk release during the coverage period is significantly different from the passage of time, according to the expected pattern) to the total expected premiums received based on the passage of time.

Regardless of which accounting model is applied, investment components (amounts that must be repaid to the policyholder under the insurance contract under all circumstances, such as whether or not an insurance event occurs, such as surrender refund or maturity refund) are excluded from insurance revenue and insurance service expense.

Loss components are allocated to each reporting period in a systematic manner in the ratio of the balance of the underlying loss components to the sum of the present value (excluding investment components, insurance acquisition cash flow) of expected cash flow outflows at the beginning and the risk adjustment amount for underlying non-financial risks. The current portion of the loss component allocation is excluded from insurance revenue and insurance service expense.

4.14.9 Insurance service expenses

Insurance service expenses arising from a group of issued insurance contracts consist of the following:

- incurred claims and other insurance service expenses (excluding investment components);
- amortization of insurance acquisition cash flows;
- changes that relate to past service, i.e., changes in fulfilment cash flows relating to the liability for incurred claims; and
- changes that relate to future service, i.e., loss on groups of onerous contracts and reversals of such loss.

4.14.10 Insurance finance income or expenses

Insurance finance income or expenses consist of changes in the carrying amounts of groups of insurance contracts issued and groups of reinsurance contracts held arising from the following:

- time value of money and its fluctuation effects; and
- financial risk and its fluctuation effects.

The Group elected an accounting policy disaggregating insurance finance income or expenses to include either in profit or loss or in other comprehensive income for the entire portfolios issued and held. The amount of the expected total insurance financial income or expenses allocated on a systemic basis over the duration of the group of insurance contracts shall be recognized in profit or loss subject to the following method. All other amounts are included in other comprehensive income.

- for a group of insurance contracts where changes in assumptions related to financial risk do not have a significant effect on the amount paid to the policyholder, the discount rate determined at the time of initial recognition is used to determine the discount rate;
- for a group of insurance contracts where changes in assumptions related to financial risk have a significant impact on the amount paid to the policyholder, a single rate is used to determine the adjusted residual expected financial gain or loss over the remaining duration of the group of contracts; and
- in the case of a group of insurance contracts applying the premium allocation approach, the discount rate determined at the date of insurance payment is used to determine the amount.

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.

4. Material accounting policies, Continued

4.14 Insurance contracts and reinsurance contracts, Continued

4.14.11 Reinsurance revenue and reinsurance service expenses

The Group presents income or expenses from reinsurance contracts held separately from the expenses or income from insurance contracts issued into amounts recovered from the reinsurer (i.e., reinsurance revenue) and an allocation of the premiums paid (i.e., reinsurance service expenses). The Group recognizes the portion of the group of reinsurance contracts that receives coverage or other services as reinsurance service expenses. Reinsurance service expenses related to services provided during the reporting period of the reinsurance contract represent changes in the remaining coverage reinsurance assets related to services for which the Group provided compensation. Reinsurance revenue is recognized on amounts recovered from the reinsurer. And the amount recognized for the recovery of losses is accounted for as the amount recovered from the reinsurer.

4.15 Employee benefits

The Group operates both defined benefit and defined contribution plans.

(1) 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.

(2) 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.

(3) Retirement benefits: Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

4. Material accounting policies, Continued

4.15 Employee benefits, Continued

(3) Retirement benefits: Defined benefit plans, Continued

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and 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.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provision is used only for expenditures for which the provision was originally recognized.

4.17 Foreign exchange

(1) Functional currency

When preparing for the consolidated financial statements, the Group measures and recognizes all the transactions using the functional currency. The term, functional currency, is defined as the currency used to conduct operating activities in the primary economic environment and when trades are done between each entity using the functional currency and other currencies, which are converted to the Group's functional currency to be measured and recognized.

(2) Foreign currency translation

Transactions in foreign currencies are translated to the functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For currency differences are generally recognized in profit or loss. Exemptions relate to monetary items that in substance form part of the Groups' net investment in a foreign operation and hedging instruments in a qualifying cash flow hedge or hedge of a net investment in a foreign operation. When a gain or loss on a non-monetary item is recognized in other comprehensive income, the foreign exchange component is recognized in other comprehensive income.

4. Material accounting policies, Continued

4.18 Equity capital

(1) Capital stock

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.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the controlling company's shareholders.

Preferred stocks that are eligible for reimbursement of a defined or determinable amount on or after a certain date are classified as liabilities. The related dividend is recognized in profit or loss at the time of occurrence as interest expense.

(2) Hybrid bond

The controlling company classifies hybrid bond as either financial liability or equity instrument, based on the substance of the contract condition. If the controlling company has enforceable right to refuse delivering financial asset as the payment of contract obligation, hybrid bond is classified as equity instrument. However, hybrid bond issued by subsidiaries are classified as non-controlling interests, dividends are recognized in the consolidated statement of comprehensive income as profit attributable to non-controlling interests.

(3) Treasury stock

Additional stock issuance costs or incremental costs related to the stock issuance for business combinations are recorded as a deduction from capital stock net of tax effects. If an entity within the Group acquires and retains treasury shares, the consideration paid or received is directly recognized in equity.

4.19 Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

4. Material accounting policies, Continued

4.20 Revenue and expense

(1) Interest income and interest expenses

Interest income and interest expenses are recognized over time using the effective interest method. The effective interest method is using the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating interest revenue and interest expense, effective interest rate applied to total book value (if not impaired) of the asset and amortized cost of the liability. After the initial recognition, if credit risk of an asset is subsequently impaired, interest revenue is calculated by applying effective interest rate on the amortized cost of the asset. If the credit risk of asset could no longer be impaired, effective interest rate is applied on total book value to calculate interest revenue.

(2) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee and commission income from financial services are accounted for based on the related accounting standards of financial instruments and their purpose of such fees and commissions. Fee and commission income are accounted for as follows:

- when the earned fees and commissions are an integral part of the effective interest method from the related financial assets, the income is accounted for using the effective interest method;
- fee and commission income earned from rendering services are recognized throughout the service period; and
- fee and commission income arising from the performance of an important activity is recognized immediately at the end of the important activity.

(3) Dividend income

Dividends are recognized as an item of operating revenue in the separate statement of comprehensive income when the shareholders' right to receive payment is established.

4. Material accounting policies, Continued

4.21 Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(1) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

The Group offsets current income tax assets and current income tax liabilities if, and only if, the Group (a) has a legally enforceable right to set off the recognized amounts and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(2) Deferred tax

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities. The Group recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis. Additional income tax expenses incurred by paying dividends, if any, are recognized when the liabilities related to paying dividends are recorded.

4.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4. Material accounting policies, Continued

4.23 Standards and interpretations issued but not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group has never early adopted the following standards and amendments early in preparing the consolidated financial statements.

(1) Amendments to KIFRS 1021 and KIFRS 1101 - *Lack of exchangeability*

The amendments require entities to disclose its estimate of spot exchange rate, nature of circumstances and financial impact, spot exchange rate used, estimated process, and information of risks to which an entity is exposed when exchangeability is lacking.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The Group does not expect that these amendments have a material impact on the consolidated financial statements.

(2) Amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

The amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments* include the following:

- clarifying that a financial liability is derecognized on the settlement date and introducing an accounting policy choice to derecognize financial liabilities that are settled by using electronic payment system before the settlement date (if specific criteria are met);
- providing additional guidance as to how to assess contractual cash flows of financial assets that include environmental, social and governance (ESG)-linked features and similar features;
- clarifying what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
- introducing new disclosures for financial instruments with contingent features and adding a disclosure requirement for equity instruments measured at FVOCI.

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, and only the amendments for the classification of financial assets and related disclosures may be adopted. The Group does not plan to early apply the amendments.

In relation to the derecognition of financial liabilities that are settled via electronic payment systems, the Group is performing assessment on all the major electronic payment systems used in various jurisdictions in which the Group operates. The Group is assessing whether the amendments will have a material impact on the current practices and whether the criteria for the accounting policy choice to derecognize financial liabilities are met. In order to assess if a financial asset is derecognized on the date on which the contractual rights to the cash flows expire, and if a financial liability is derecognized on the settlement date, the Group is currently assessing all payment systems such as cheques, credit cards, and debit cards.

Furthermore, the Group is assessing the impact of the amendments on financial assets with ESG-linked and similar contingent features, financial instruments with non-recourse features, and contractually linked financial instruments. The Group does not expect that these amendments have a material impact on the consolidated financial statements.

(3) Annual Improvements to KIFRS - Volume 11

Annual Improvements to KIFRS - Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.

- Amendments to KIFRS 1101 *First-time adoption of KIFRS: Hedge accounting by a first-time adopter*
- Amendments to KIFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition, Guidance for application of amendments in practice*

4. Material accounting policies, Continued

4.23 Standards and interpretations issued but not yet adopted

- Amendments to KIFRS 1109 *Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices*
- Amendments to KIFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Amendments to KIFRS 1007 *Statement of Cash Flows: Cost Method*

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, but will need to be disclosed. The Group does not expect that these amendments have a material impact on the consolidated financial statements.

4.24 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

5. Operating segment information

The Group's revenue is mainly generated from the Republic of Korea.

The Group discloses its operating segments by business segment reported to the chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments. Its Board of Directors is regarded as chief operating decision-maker.

Details of financial performance by operating segment for each of the two years in the period ended December 31, 2024 are as follow (Korean won in millions):

	2024					
	Insurance	Securities	Capital	Others	Adjustments	Total
Operating income	₩ 11,653,163	33,937,927	847,117	1,367,036	(1,230,737)	46,574,506
Operating expenses	9,355,873	33,072,961	657,222	143,657	155,904	43,385,617
Net operating income	2,297,290	864,966	189,895	1,223,379	(1,386,641)	3,188,889
Non-operating income	8,241	119,330	37,155	32	(22,299)	142,459
Non-operating expenses	2,922	238,609	54,025	24	(105,378)	190,202
Income tax expense	589,073	184,556	38,172	(6,634)	2,545	807,712
Net income	₩ 1,713,536	561,131	134,853	1,230,021	(1,306,107)	2,333,434

	2023					
	Insurance	Securities	Capital	Others (*1)	Adjustments (*2)	Total (*3)
Operating income	₩ 10,933,502	46,557,028	891,267	432,310	(255,749)	58,558,358
Operating expenses	8,825,491	45,938,107	628,887	92,097	140,274	55,624,856
Net operating income	2,108,011	618,921	262,380	340,213	(396,023)	2,933,502
Non-operating income	16,145	98,110	37,722	38	(28,118)	123,897
Non-operating expenses	4,313	233,936	19,450	140	(44,364)	213,475
Income tax expense	552,681	110,704	63,077	(3,336)	(3,937)	719,189
Net income	₩ 1,567,162	372,391	217,575	343,447	(375,840)	2,124,735

(*1) The performance of Meritz Asset Management Co., Ltd., classified as a discontinued operation, is included.

(*2) Adjustment amounts due to classification as a discontinued operation of Meritz Asset Management Co., Ltd. are included.

(*3) Income or loss from discontinued operations is excluded.

5. Operating segment information, Continued

Details of financial status by operating segment as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024					
	Insurance	Securities	Capital	Others	Adjustments	Total
Assets (*1)	₩ 43,524,610	64,355,536	8,900,344	5,266,882	(6,469,125)	115,578,247
Liabilities (*1)	37,772,617	59,162,010	7,189,694	1,573,473	(1,049,583)	104,648,211

(*1) Total assets and total liabilities by reporting segment are based on amounts before considering inter-segment transactions.

	December 31, 2023					
	Insurance	Securities	Capital	Others	Adjustments	Total
Assets (*1)	₩ 39,525,209	55,031,075	8,598,012	4,843,470	(5,761,923)	102,235,843
Liabilities (*1)	34,046,676	50,378,505	7,152,190	1,291,468	(730,181)	92,138,658

(*1) Total assets and total liabilities by reporting segment are based on amounts before considering inter-segment transactions.

6. Cash and Deposits

(1) Details of cash and deposits as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash and cash equivalent:		
Checking accounts	₩ 56,717	25,211
Demand deposits	284,859	359,416
Checking accounts in foreign currency	548,969	111,362
MMDA	503,229	676,935
Others	983,122	819,143
	<u>2,376,896</u>	<u>1,992,067</u>
Deposits:		
Time deposits	423,415	1,116,021
Time deposits in foreign currency	14,377	13,909
Guarantee deposits for checking accounts	223	193
Reserve for claims of customers' deposits	552,527	330,363
Guarantee deposits for securities borrowed	347,000	-
Clearing margin	110,000	47,000
Guarantee deposits for trading futures and options	171,809	415,692
Guarantee deposits for stock borrowings from KSFC	-	48
Guarantee deposits for KSFC trading	-	536
Others	1,003,342	1,012,273
	<u>2,622,693</u>	<u>2,936,035</u>
	<u>₩ 4,999,589</u>	<u>4,928,102</u>

6. Cash and Deposits, Continued

(2) Details of restricted-in-use balances in due from banks as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	Financial institutions	December 31, 2024	December 31, 2023	Description
Other accounts	Shinhan Bank and others	₩ 1,551	144	Seizure related to litigation
Time deposits	Woori bank and others	302,000	302,000	Collateral related to margin settlement and lending
Reserve for claims of customers' deposits	Korea Securities Finance Corporation	552,527	330,363	(*1)
Securities market clearing margin	Korea Exchange	110,000	47,000	
Guarantee deposits for securities borrowed	Korea Securities Depository and others	347,000	-	
Guarantee deposits for trading exchange -traded derivatives	Korea Exchange	171,809	415,692	
Guarantee deposits for stock borrowings from KSFC	Korea Securities Finance Corporation ("KSFC")	-	48	
Guarantee deposits for KSFC trading	KSFC	-	536	
Other deposits	Woori bank and others	96,875	317,021	Foreign currency transactions-related collateral
Guaranteed deposits for checking accounts	KB Kookmin bank and others	223	193	
		<u>₩ 1,581,985</u>	<u>1,412,997</u>	

(*1) Pursuant to Article 74 of the *Financial Investment Services and Capital Markets Act*, the Group is required to deposit customer deposits to the depository institution. The excess amount after the cash deposit is deducted from the total of deposits for brokerage, derivatives trading deposits, savings deposits, collective investment fund deposits, conditional deposits, is recalculated daily and separately deposited to the KSFC.

7. Financial assets measured at FVPL

Details of financial assets measured at FVPL as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Securities:		
Equity securities and investments	₩ 2,261,123	2,233,035
Government and public bonds	14,271,924	12,712,124
Special purpose bonds	5,594,784	4,406,293
Corporate Bonds	3,530,524	3,603,840
Beneficiary interest in investment	12,127,109	11,144,610
C.P. (commercial paper)	954,503	816,026
Asset Backed Short-Term Bond	3,696,810	2,434,581
Foreign currency securities	3,743,848	2,091,395
Reserve for claims of customers' deposits (trust) (*1)	778,207	764,310
Joint fund for damages (*2)	86,959	49,561
Equity linked securities	16,532	96,406
Private placement bonds	1,635,546	1,737,006
Other securities	274,374	2,006,574
Adjustments for credit risk	(23)	(229)
Deferred day 1 profit or loss	16,438	39,712
	<u>48,988,658</u>	<u>44,135,244</u>
Loan receivables:		
Other loans	1,946,891	1,700,010
	<u>₩ 50,935,549</u>	<u>45,835,254</u>

(*1) Pursuant to Article 74 of the *Financial Investment Services and Capital Markets Act*, the Group is required to deposit customer deposits to the depository institution. The excess amount after the cash deposit is deducted from the total of deposits for brokerage, derivatives trading deposits, savings deposits, collective investment fund deposits, conditional deposits, is recalculated daily and separately deposited to the KSFC.

(*2) In order to compensate for losses arising from the breach of trading in the securities or futures market pursuant to Article 394 of the *Financial Investment Services and Capital Markets Act* and Article 362 of the Enforcement Decree thereof, the portion of the transaction amount from the stock or futures market that the Group incurs is credited to the Korean Exchange through the stock market and derivatives market joint funds.

8. Financial assets measured at FVOCI

(1) Details of financial assets measured at FVOCI as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Acquisition cost	Book value	Acquisition cost	Book value
Equity instruments (*1):				
Stock	₩ 129,217	373,243	129,143	383,919
Securities in foreign currency	19,002	36,864	19,002	24,795
Others	90,000	90,990	90,000	87,008
	<u>238,219</u>	<u>501,097</u>	<u>238,145</u>	<u>495,722</u>
Debt instrument:				
Government and public bonds	11,900,858	10,539,912	10,719,374	8,782,333
Special bonds	3,303,567	3,241,512	3,144,347	2,988,750
Corporate bonds	3,974,309	3,908,642	3,910,226	3,820,552
Securities in foreign currency	1,410,579	1,080,469	1,301,783	1,083,165
Loans	12,023,071	12,380,579	10,722,771	10,747,220
	<u>32,612,384</u>	<u>31,151,114</u>	<u>29,798,501</u>	<u>27,422,020</u>
	<u>₩ 32,850,603</u>	<u>31,652,211</u>	<u>30,036,646</u>	<u>27,917,742</u>

(*1) Equity securities acquired by law for contribution and acquisition, donation and public or business collaboration purposes were classified as financial assets at FVOCI.

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8. Financial assets measured at fair value other comprehensive income, Continued

(2) Changes in gain (loss) on valuation of financial assets measured at FVOCI for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024						
	Beginning	Gain (loss) on valuation	Changes in credit loss	Realization		Ending	
				Reclassification to profit or loss	Reclassification to retained earnings		
Equity instruments at FVOCI:							
Stock	₩ 254,777	(9,077)	-	-	(1,674)	244,026	
Securities in foreign currency	5,793	12,069	-	-	-	17,862	
Other equity securities	(2,993)	3,983	-	-	-	990	
	<u>257,577</u>	<u>6,975</u>	<u>-</u>	<u>-</u>	<u>(1,674)</u>	<u>262,878</u>	
Debt instruments at FVOCI:							
Government and public bonds	(1,938,124)	585,650	-	(9,468)	-	(1,361,942)	
Special bonds	(154,979)	100,849	(4,764)	(2,545)	-	(61,439)	
Corporate bonds	(83,019)	50,697	(5,578)	(6,498)	-	(44,398)	
Securities in foreign currency	(216,405)	(111,622)	(1,656)	30	-	(329,653)	
Loans	53,839	231,038	33,426	-	-	318,303	
	<u>(2,338,688)</u>	<u>856,612</u>	<u>21,428</u>	<u>(18,481)</u>	<u>-</u>	<u>(1,479,129)</u>	
	₩ <u>(2,081,111)</u>	<u>863,587</u>	<u>21,428</u>	<u>(18,481)</u>	<u>(1,674)</u>	<u>(1,216,251)</u>	
Income tax effect	543,618					367,651	
Balances after income tax expense	(1,537,493)					(848,600)	
	2023						
	Beginning	Effects of changes in accounting policies (*1)	Gain on valuation	Changes in credit loss	Realization		Ending
					Reclassification to profit or loss	Reclassification to retained earnings	
Equity instruments at FVOCI:							
Stock	₩ 241,254	-	13,164	-	-	359	254,777
Securities in foreign currency	(3,866)	-	9,659	-	-	-	5,793
Other equity securities	-	(18,782)	15,789	-	-	-	(2,993)
	<u>237,388</u>	<u>(18,782)</u>	<u>38,612</u>	<u>-</u>	<u>-</u>	<u>359</u>	<u>257,577</u>
Debt instruments at FVOCI:							
Government and public bonds	(2,939,943)	-	977,283	-	24,536	-	(1,938,124)
Special bonds	(314,907)	-	167,612	38	(7,722)	-	(154,979)
Corporate bonds	(177,989)	-	78,723	2,330	13,917	-	(83,019)
Securities in foreign currency	(236,291)	-	19,637	249	-	-	(216,405)
Loans	(203,548)	-	190,997	66,390	-	-	53,839
	<u>(3,872,678)</u>	<u>-</u>	<u>1,434,252</u>	<u>69,007</u>	<u>30,731</u>	<u>-</u>	<u>(2,338,688)</u>
	₩ <u>(3,635,290)</u>	<u>(18,782)</u>	<u>1,472,864</u>	<u>69,007</u>	<u>30,731</u>	<u>359</u>	<u>(2,081,111)</u>
Income tax effect	947,327						543,618
Balances after income tax expense	(2,687,963)						(1,537,493)

(*1) In accordance with the transitional provisions of KIFRS 1117 *Insurance Contracts*, the classification of financial assets has been changed.

8. Financial assets measured at FVOCI, Continued

(3) Changes in expected credit losses on debt securities relating to financial assets measured at FVOCI for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 130,171	8,281	30,877	169,329
Reclassification to:				
12-month ECL	629	-	(629)	-
Lifetime ECL	(4,642)	4,642	-	-
Lifetime ECL for impaired loans	(5,299)	(3,284)	8,583	-
Transfer of allowance for ECL	18,244	281	2,902	21,427
Ending	₩ 139,103	9,920	41,733	190,756

	2023			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 98,377	604	1,341	100,322
Reclassification to:				
Lifetime ECL	(2,587)	2,587	-	-
Lifetime ECL for impaired loans	(685)	-	685	-
Transfer of allowance for ECL	35,066	5,090	28,851	69,007
Ending	₩ 130,171	8,281	30,877	169,329

8. Financial assets measured at FVOCI, Continued

(4) Changes in the gross value of debt securities among financial assets measured at FVOCI for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 27,092,395	167,396	162,229	27,422,020
Reclassification to:				
12-month ECL	5,583	-	(5,583)	-
Lifetime ECL	(194,962)	194,962	-	-
Lifetime ECL for impaired loans	(176,649)	(74,371)	251,020	-
Execution and collection	3,200,082	(15,824)	(237,567)	2,946,691
Exchange rate fluctuation and others	681,920	(60,150)	160,633	782,403
Ending	₩ 30,608,369	212,013	330,732	31,151,114
	2023			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 22,579,031	15,115	114,626	22,708,772
Reclassification to:				
Lifetime ECL	(156,039)	156,039	-	-
Lifetime ECL for impaired loans	(57,642)	-	57,642	-
Execution and collection	3,111,359	(13,050)	(86,040)	3,012,269
Exchange rate fluctuation and others	1,615,686	9,292	76,001	1,700,979
Ending	₩ 27,092,395	167,396	162,229	27,422,020

9. Loan receivables at amortized cost

(1) Details of loan receivables at amortized cost as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Loans denominated in Korean won	₩ 13,606,462	10,792,555
Loans denominated in foreign currencies	1,177,728	858,920
Securities purchased under reverse repo	1,634,375	1,604,743
Credit lines (*1)	581,058	1,664,635
Corporate purchase loan	48,900	200
Private placement bonds	6,035	6,035
Other loans	2,959	3,786
	<u>17,057,517</u>	<u>14,930,874</u>
Less: deferred loan incidental profit and loss	(37,155)	(14,093)
Less: allowance for ECL	(300,626)	(282,765)
	<u>₩ 16,719,736</u>	<u>14,634,016</u>
Rate of allowance for ECL	1.76%	1.89%

(*1) The Group provides loans for stock purchase funds for credit transaction customers or executes loans for customers who have deposited securities with the Group and records them as credit transaction loan funds and securities collateral loans, respectively. The Group receives securities or cash equivalent to a minimum of 140% to a maximum of 160% of the loan funds depending on the investment item as collateral for the credit transaction loan funds, and primarily receives the stocks purchased by the customer with the credit transaction loan funds as collateral (credit purchase collateral securities). If the primary collateral does not meet the standards, the Group receives cash (credit grant collateral) or securities (credit transaction collateral securities) from the customer as additional collateral.

(2) Details of allowance for ECL of loan receivables at amortized cost as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Loans denominated in Korean won	₩ (281,511)	(267,386)
Loans denominated in foreign currencies	(11,920)	(9,272)
Corporate purchase loans	(1,091)	(2)
Private placement bonds	(6,035)	(6,035)
Other loans	(69)	(70)
	<u>₩ (300,626)</u>	<u>(282,765)</u>

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9. Loan receivables at amortized cost, Continued

(3) Changes in the credit loss allowance for loan receivables at amortized cost for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 97,495	31,623	153,647	282,765
Reclassification to:				
12-month ECL	1,387	(1,384)	(3)	-
Lifetime ECL	(3,430)	3,451	(21)	-
Lifetime ECL for impaired loans	(2,881)	(2,264)	5,145	-
Execution and Collection, etc.	(6,490)	(8,433)	(287)	(15,210)
Write-offs	-	-	(55,642)	(55,642)
Transfer	-	-	(1,757)	(1,757)
Unwinding of discount	-	-	(19,357)	(19,357)
Transfer of allowance for ECL	4,356	13,835	91,636	109,827
Ending	₩ 90,437	36,828	173,361	300,626

	2023			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 91,446	19,541	69,293	180,280
Reclassification to:				
12-month ECL	867	(867)	-	-
Lifetime ECL	(3,548)	3,561	(13)	-
Lifetime ECL for impaired loans	(4,887)	(5,334)	10,221	-
Execution and Collection, etc.	(3,990)	(5,952)	6,124	(3,818)
Write-offs	-	-	(51,253)	(51,253)
Unwinding of discount	-	-	(15,796)	(15,796)
Transfer of allowance for ECL	17,607	20,674	135,071	173,352
Ending	₩ 97,495	31,623	153,647	282,765

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9. Loan receivables at amortized cost, Continued

(4) Changes in the gross value of loan receivables at amortized cost for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 13,535,598	936,865	458,411	14,930,874
Reclassification to:				
12-month ECL	116,298	(115,049)	(1,249)	-
Lifetime ECL	(385,325)	385,359	(34)	-
Lifetime ECL for impaired loans	(268,158)	(82,334)	350,492	-
Execution and Collection	2,037,625	92,310	35,940	2,165,875
Write-offs	-	-	(55,642)	(55,642)
Exchange rate fluctuation and others	18,167	-	(1,757)	16,410
Ending	₩ 15,054,205	1,217,151	786,161	17,057,517

	2023			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 14,000,855	334,258	160,428	14,495,541
Reclassification to:				
12-month ECL	33,888	(33,888)	-	-
Lifetime ECL	(532,232)	532,255	(23)	-
Lifetime ECL for impaired loans	(266,906)	(71,976)	338,882	-
Execution and Collection	301,732	176,216	10,377	488,325
Write-offs	-	-	(51,253)	(51,253)
Exchange rate fluctuation and others	(1,739)	-	-	(1,739)
Ending	₩ 13,535,598	936,865	458,411	14,930,874

(5) Changes in deferred loan gains (losses) for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Beginning	₩ (14,093)	(10,000)
Increase	(55,344)	(57,472)
Decrease	32,281	53,379
Ending	₩ (37,156)	(14,093)

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10. Derivatives

(1) Details of derivative financial instruments as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024								
	Fair value hedges		Cash flow hedges		Trading		Total		
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
Exchange-traded derivatives									
Interest related:									
Futures	₩	-	-	-	-	1,938	1,625	1,938	1,625
Options		-	-	-	-	-	214	-	214
Currency related:									
Futures		-	-	-	-	7,962	4,024	7,962	4,024
Stock related:									
Futures		-	-	-	-	16,940	13,149	16,940	13,149
Options		-	-	-	-	81,786	128,030	81,786	128,030
Commodity related:									
Futures		-	-	-	-	1,319	378	1,319	378
		-	-	-	-	109,945	147,420	109,945	147,420
Over-the-counter (“OTC”) derivatives									
Interest related:									
Forwards		-	-	470,313	61,293	20,676	75,008	490,989	136,301
Swaps		-	-	-	-	(23,906)	62,220	(23,906)	62,220
Currency related:									
Forwards		-	15,980	-	3,314	230,501	372,779	230,501	392,073
Swaps		-	-	-	131,139	13,184	11,325	13,184	142,464
Stock related:									
Swaps		-	-	-	-	36,078	110,208	36,078	110,208
Options		-	-	-	-	1,029,232	(34,684)	1,029,232	(34,684)
Credit related:									
Swaps		-	-	-	-	58	228	58	228
Others:									
Swaps		-	-	-	-	112,984	233,151	112,984	233,151
		-	15,980	470,313	195,746	1,418,807	830,235	1,889,120	1,041,961
₩		-	15,980	470,313	195,746	1,528,752	977,655	1,999,065	1,189,381

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10. Derivatives, Continued

(1) Details of derivative financial instruments as of December 31, 2024 and 2023 are as follows (Korean won in millions), Continued:

	December 31, 2023							
	Fair value hedges		Cash flow hedges		Trading		Total	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Exchange-traded derivatives								
Interest related:								
Futures	₩ -	-	-	-	1,109	812	1,109	812
Currency related:								
Futures	-	-	-	-	611	4,350	611	4,350
Stock related:								
Futures	-	-	-	-	56,050	10,422	56,050	10,422
Options	-	-	-	-	69,876	272,873	69,876	272,873
Commodity related:								
Futures	-	-	-	-	946	208	946	208
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,592</u>	<u>288,665</u>	<u>128,592</u>	<u>288,665</u>
Over-the-counter (“OTC”) derivatives								
Interest related:								
Forwards	-	-	271,157	112,960	45,459	82,543	316,616	195,503
Swaps	-	-	-	-	776	4,481	776	4,481
Currency related:								
Forwards	3,244	-	213	5,518	45,958	44,182	49,415	49,700
Swaps	-	-	16,671	40,458	37,736	35,823	54,407	76,281
Options	-	-	-	-	64	-	64	-
Stock related:								
Swaps	-	-	-	-	3,955	4,156	3,955	4,156
Options	-	-	-	-	190,352	(5,399)	190,352	(5,399)
Credit related:								
Swaps	-	-	-	-	-	977	-	977
Options	-	-	-	-	-	71	-	71
Others:								
Swaps	-	-	-	-	332,033	662,194	332,033	662,194
Options	-	-	-	-	35	(10)	35	(10)
	<u>3,244</u>	<u>-</u>	<u>288,041</u>	<u>158,936</u>	<u>656,368</u>	<u>829,018</u>	<u>947,653</u>	<u>987,954</u>
₩	<u>3,244</u>	<u>-</u>	<u>288,041</u>	<u>158,936</u>	<u>784,960</u>	<u>1,117,683</u>	<u>1,076,245</u>	<u>1,276,619</u>

10. Derivatives, Continued

(2) Details of valuation gains or losses from derivative financial instruments for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

		2024			
		Fair value hedges	Cash flow hedges	Trading	Total
Exchange-traded derivatives:					
Interest	₩	-	-	56,494	56,494
Currency		-	-	25,698	25,698
Security		-	-	(33,678)	(33,678)
Stock index		-	-	18,887	18,887
Others		-	-	941	941
		-	-	68,342	68,342
OTC derivatives:					
Interest		-	(162)	(149,791)	(149,953)
Currency		(17,408)	(135,745)	(137,538)	(290,691)
Security		-	-	655,538	655,538
Credit		-	-	(1,555)	(1,555)
Others		-	-	(113,461)	(113,461)
		(17,408)	(135,907)	253,193	99,878
		₩ (17,408)	(135,907)	321,535	168,220
		2023			
		Fair value hedges	Cash flow hedges	Trading	Total
Exchange-traded derivatives:					
Interest	₩	-	-	(59,653)	(59,653)
Currency		-	-	(6,123)	(6,123)
Security		-	-	(2,377)	(2,377)
Stock index		-	-	30,690	30,690
Others		-	-	738	738
		-	-	(36,725)	(36,725)
OTC derivatives:					
Interest		-	(216)	(124,059)	(124,275)
Currency		1,996	(15,867)	(634)	(14,505)
Security		-	-	81,964	81,964
Credit		-	-	(8,268)	(8,268)
Others		-	-	132,975	132,975
		1,996	(16,083)	81,978	67,891
		₩ 1,996	(16,083)	45,253	31,166

(3) Details of hedges of the Group are as follows:

Type	Hedged item	Hedging instrument	Hedged item
Fair value hedges	Securities in foreign currency at FVPL, Securities in foreign currency at FVOCI	Currency forwards	Exchange rate
Cash flow hedges	Securities in foreign currency at FVPL Securities in foreign currency at FVOCI Expected purchase transaction of bonds	Currency swaps, Currency forwards Bond forwards	Exchange rate, Interest Interest

10. Derivatives, Continued

- (4) Changes in gain (loss) from derivative financial instruments recognized in accumulated other comprehensive income due to the adoption of cash flow hedge accounting for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			2023		
	Beginning	Increase (decrease)	Ending	Beginning	Increase (decrease)	Ending
Amount before tax	₩ 176,085	237,168	413,253	₩ (225,270)	401,355	176,085
Income tax benefit (expense)	(45,782)	(61,664)	(107,446)	58,570	(104,352)	(45,782)
Total amount, net of tax	₩ 130,303	175,504	305,807	₩ (166,700)	297,003	130,303

- (5) Details of amounts transferred from equity to the consolidated statement of comprehensive income and the ineffective portion of loss on valuation of derivative instruments designated as cash flow hedges which are charged to the consolidated statement of comprehensive income for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024					
	Realized (derecognition)		Ineffective portion		Total	
	Gain	Loss	Gain	Loss	Gain	Loss
Currency related: Swaps	₩ 1,219	(4,953)	-	(421)	1,219	(5,374)

	2023					
	Realized (derecognition)		Ineffective portion		Total	
	Gain	Loss	Gain	Loss	Gain	Loss
Currency related: Swaps	₩ 3,623	(1,135)	273	(259)	3,896	(1,394)

10. Derivatives, Continued

(6) Details of notional amount as of December 31, 2024 and 2023 are as follows (Korean won in millions):

		December 31, 2024			
		Fair value hedges	Cash flow hedges	Trading	Total
Exchange-traded derivatives:					
Currency futures	₩	-	-	1,944,945	1,944,945
Interest futures		-	-	9,045,347	9,045,347
Interest option		-	-	52,438	52,438
Security futures		-	-	5,059,259	5,059,259
Security related options		-	-	10,666,647	10,666,647
Other futures		-	-	32,995	32,995
		-	-	26,801,631	26,801,631
Over-the-counter derivatives:					
Currency forwards	₩	186,009	32,834	12,194,512	12,413,355
Currency swaps		-	1,223,885	382,260	1,606,145
Currency option		-	-	497	497
Interest forwards		-	4,765,000	2,015,000	6,780,000
Interest swaps		-	-	304,960,328	304,960,328
Security swaps		-	-	903,662	903,662
Security related options		-	-	3,490,110	3,490,110
Other swaps		-	-	11,257,094	11,257,094
		186,009	6,021,719	335,203,463	341,411,191
	₩	186,009	6,021,719	362,005,094	368,212,822
		December 31, 2023			
		Fair value hedges	Cash flow hedges	Trading	Total
Exchange-traded derivatives:					
Currency futures	₩	-	-	1,039,871	1,039,871
Interest futures		-	-	9,110,948	9,110,948
Security futures		-	-	5,972,135	5,972,135
Security related options		-	-	12,046,930	12,046,930
Other futures		-	-	28,495	28,495
		-	-	28,198,379	28,198,379
Over-the-counter derivatives:					
Currency forwards	₩	107,176	123,485	6,149,659	6,380,320
Currency swaps		-	1,097,734	1,066,375	2,164,109
Currency option		-	-	38,682	38,682
Interest forwards		-	3,425,000	1,967,000	5,392,000
Interest swaps		-	-	356,297,477	356,297,477
Security swaps		-	-	544,221	544,221
Security related options		-	-	1,632,466	1,632,466
Other swaps		-	-	10,779,312	10,779,312
Other related options		-	-	502,699	502,699
		107,176	4,646,219	378,977,891	383,731,286
	₩	107,176	4,646,219	407,176,270	411,929,665

11. Lease assets

(1) Details of lease assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Finance lease receivables	₩ 957,138	933,335
Less: allowance for ELC	<u>(6,785)</u>	<u>(4,099)</u>
	950,353	929,236
Operating lease assets	1,081,303	922,838
Less: accumulated depreciation	<u>(242,508)</u>	<u>(222,281)</u>
	838,795	700,557
Prepaid lease assets	39,725	8,364
	<u>₩ 1,828,873</u>	<u>1,638,157</u>

(2) Changes in allowance for ECL on finance lease receivables for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 1,125	1,077	1,897	4,099
Reclassification to:				
12-month ECL	55	(55)	-	-
Lifetime ECL	(95)	95	-	-
Lifetime ECL for impaired loans	(4)	(199)	203	-
Execution and collection	-	-	641	641
Write-offs	-	-	(1,935)	(1,935)
Sales	-	(5)	(9)	(14)
Unwinding of discount	-	-	(144)	(144)
Transfer (reversal) of allowance for ECL	410	1,692	2,036	4,138
Ending	<u>₩ 1,491</u>	<u>2,605</u>	<u>2,689</u>	<u>6,785</u>
	2023			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 1,583	940	1,195	3,718
Reclassification to:				
12-month ECL	58	(58)	-	-
Lifetime ECL	(106)	106	-	-
Lifetime ECL for impaired loans	(10)	(44)	54	-
Execution and collection	-	-	328	328
Write-offs	-	-	(486)	(486)
Sales	-	-	(9)	(9)
Unwinding of discount	-	-	(44)	(44)
Transfer (reversal) of allowance for ECL	(400)	133	859	592
Ending	<u>₩ 1,125</u>	<u>1,077</u>	<u>1,897</u>	<u>4,099</u>

11. Lease assets, Continued

(3) Changes in the total carrying value of finance lease receivables for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 755,704	174,805	2,826	933,335
Reclassification to:				
12-month ECL	14,093	(14,093)	-	-
Lifetime ECL	(36,856)	36,856	-	-
Lifetime ECL for impaired loans	(1,400)	(1,995)	3,395	-
Execution and collection	70,324	(44,840)	254	25,738
Write-offs	-	-	(1,935)	(1,935)
Ending	₩ 801,865	150,733	4,540	957,138

	2023			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 903,865	193,975	1,676	1,099,516
Reclassification to:				
12-month ECL	17,361	(17,361)	-	-
Lifetime ECL	(46,074)	46,074	-	-
Lifetime ECL for impaired loans	(1,529)	(1,438)	2,967	-
Execution and collection	(117,919)	(46,445)	(1,331)	(165,695)
Write-offs	-	-	(486)	(486)
Ending	₩ 755,704	174,805	2,826	933,335

(4) Details of income and expenses related to leases for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Lease related income:		
Interest income from finance lease	₩ 51,105	51,131
Operating lease payment	201,315	178,943
Gain on disposal of lease assets	4,851	3,709
Reversal of expected credit losses	-	-
	257,271	233,783
Lease related expense:		
Operating lease depreciation	115,754	104,477
Loss on disposal of lease assets	3,319	2,595
Transfer of reserve for expected credit losses	4,138	592
Others	21,093	19,630
	144,304	127,294
Income related to leases, net	₩ 112,967	106,489

11. Lease assets, Continued

(5) Details of total investments and the present value of minimum payments as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Total investments	Present value of minimum payments	Total investments	Present value of minimum payments
Within 1 year	₩ 92,646	91,996	105,365	104,574
Over 1 year and within 2 years	180,910	178,612	169,996	167,869
Over 2 year and within 3 years	246,674	242,678	263,771	259,029
Over 3 year and within 4 years	135,087	131,727	251,087	245,623
Over 4 year and within 5 years	293,506	282,744	136,758	133,335
Over 5 years	10,872	10,399	8,787	8,464
	₩ 959,695	938,156	935,764	918,894

(6) Details of unrealized interest income of finance lease receivables for each of the two years in the period ended December 31, 2024 are as follow (Korean won in millions):

	2024	2023
Total investments	₩ 959,695	935,764
Net investments	957,138	933,335
Unrealized interest income	₩ 2,557	2,429

(7) The unsecured residual value of finance lease as of December 31, 2024 and 2023 is as follows (Korean won in millions)

	December 31, 2024	December 31, 2023
Unsecured residual value of finance lease	₩ 3,178	928

(8) Details of amounts to be collected as minimum operating lease payments for each upcoming 5-year periods as of December 31, 2024 and 2023 are as follows (In millions of Koran won):

	December 31, 2024	December 31, 2023
Within 1 year	₩ 124,472	104,031
Over 1 year and within 2 years	158,992	159,852
Over 2 year and within 3 years	188,594	192,181
Over 3 year and within 4 years	191,052	166,837
Over 4 year and within 5 years	176,533	89,483
Over 5 years	2,660	1,084
	₩ 842,303	713,468

12. Property and equipment

(1) Details of property and equipment as of December 31, 2024 and 2023 are summarized as follows (Korean won in millions):

	December 31, 2024			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	₩ 697,767	-	-	697,767
Buildings	230,338	(52,599)	-	177,739
Furniture and equipment	223,007	(184,727)	-	38,280
Vehicles	317	(202)	-	115
Right-of-use assets	116,039	(37,909)	-	78,130
Construction in-progress	5,470	-	(3,795)	1,675
Others	597	-	-	597
	₩ 1,273,535	(275,437)	(3,795)	994,303

	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	₩ 579,228	-	-	579,228
Buildings	134,389	(47,578)	-	86,811
Furniture and equipment	200,952	(169,755)	-	31,197
Vehicles	317	(131)	-	186
Right-of-use assets	111,392	(71,227)	-	40,165
Construction in-progress	67,839	-	(3,795)	64,044
Others	597	-	-	597
	₩ 1,094,714	(288,691)	(3,795)	802,228

12. Property and equipment, Continued

(2) Changes in property and equipment for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024						Ending
	Beginning	Acquisition	Disposal	Transfers	Revaluation	Depreciation	
Land	₩ 579,228	-	-	771	117,768	-	697,767
Buildings	86,811	-	-	96,080	-	(5,152)	177,739
Furniture and equipment	31,197	14,701	(65)	8,048	-	(15,602)	38,279
Vehicles	186	-	-	-	-	(71)	115
Right-of-use assets	40,165	80,367	(5,358)	-	-	(37,044)	78,130
Construction-in-progress	64,044	57,964	-	(120,332)	-	-	1,676
Others	597	-	-	-	-	-	597
	<u>₩ 802,228</u>	<u>153,032</u>	<u>(5,423)</u>	<u>(15,433)</u>	<u>117,768</u>	<u>(57,869)</u>	<u>994,303</u>

	2023					Ending
	Beginning	Acquisition	Disposal	Transfers	Depreciation	
Land	₩ 587,021	-	-	(7,793)	-	579,228
Buildings	93,477	-	-	(2,510)	(4,156)	86,811
Furniture and equipment	30,236	10,915	(42)	6,396	(16,308)	31,197
Vehicles	161	281	(178)	-	(78)	186
Right-of-use assets	52,175	32,889	(5,079)	-	(39,820)	40,165
Construction-in-progress	31,582	32,462	-	-	-	64,044
Others	597	-	-	-	-	597
	<u>₩ 795,249</u>	<u>76,547</u>	<u>(5,299)</u>	<u>(3,907)</u>	<u>(60,362)</u>	<u>802,228</u>

(3) Details of right-of-use assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		
	Acquisition cost	Accumulated depreciation	Book value
Real estate	₩ 109,822	(34,945)	74,877
Vehicles	6,217	(2,964)	3,253
	<u>₩ 116,039</u>	<u>(37,909)</u>	<u>78,130</u>

	December 31, 2023		
	Acquisition cost	Accumulated depreciation	Book value
Real estate	₩ 105,195	(68,429)	36,766
Vehicles	6,197	(2,798)	3,399
	<u>₩ 111,392</u>	<u>(71,227)</u>	<u>40,165</u>

12. Property and equipment, Continued

(4) Changes in acquisition cost of right-of-use assets for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	Beginning	Acquisition	Termination of contract	Ending
Real estate	₩ 105,195	78,291	(73,664)	109,822
Vehicles	6,197	2,076	(2,056)	6,217
	₩ 111,392	80,367	(75,720)	116,039

	2023			
	Beginning	Acquisition	Termination of contract	Ending
Real estate	₩ 108,692	29,895	(33,392)	105,195
Vehicles	4,927	2,994	(1,724)	6,197
	₩ 113,619	32,889	(35,116)	111,392

(5) Changes in accumulated depreciation of right-of-use assets for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	Beginning	Depreciation	Termination of contract	Ending
Real estate	₩ (68,429)	(35,149)	68,633	(34,945)
Vehicles	(2,798)	(1,895)	1,729	(2,964)
	₩ (71,227)	(37,044)	70,362	(37,909)

	2023			
	Beginning	Depreciation	Termination of contract	Ending
Real estate	₩ (59,199)	(37,938)	28,708	(68,429)
Vehicles	(2,245)	(1,882)	1,329	(2,798)
	₩ (61,444)	(39,820)	30,037	(71,227)

(6) Application of the revaluation model

Comparison details of the revaluation model and the cost model of property and equipment as of December 31, 2024 are as follows (Korean won in millions):

	Revaluation model	Cost model
Lands (self-use)	₩ 697,767	₩ 284,292

The fair value of lands as of the end of the current term was determined based on the assessment conducted by Mirae & Saehan Appraisal Co., Ltd., an independent appraisal corporation, as of June 30, 2024.

12. Property and equipment, Continued

(6) Application of the revaluation model, Continued

Valuation techniques and main inputs used for the revaluation are as follows:

	Valuation techniques and main inputs used
Lands	The Officially Assessed Land Price ("OALP") standard method and the comparable transaction method were used to perform the fair value assessment, considering the OALP of representative land in neighboring region, comparable transactions incurring in neighboring region, historical evaluation data, and appropriate land price levels in the area.

Changes in comprehensive income related to the revaluation of property and equipment for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Revaluation surplus	₩ 117,768	₩ -
The effect of changes in the deferred tax	(30,620)	-
	87,148	-

The fair value hierarchy for property and equipment as of December 31, 2024 is as follows (Korean won in millions):

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Lands	₩ -	₩ -	₩ 697,767	₩ 697,767

13. Investment property

(1) Details of investment property as of December 31, 2024 and 2023 are as follows (Korean won in millions):

		December 31, 2024			
		Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	₩	425,040	-	-	425,040
Buildings		493,684	(72,391)	(76,540)	344,753
	₩	918,724	(72,391)	(76,540)	769,793

		December 31, 2023			
		Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	₩	382,369	-	-	382,369
Buildings		441,784	(58,018)	(76,540)	307,226
	₩	824,153	(58,018)	(76,540)	689,595

(2) Changes in investment property for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

		2024						Ending
		Beginning	Disposal	Transfers	Impairment	Depreciation	Others (*1)	
Land	₩	382,369	-	14,700	-	-	27,971	425,040
Buildings		307,226	-	8,780	-	(11,131)	39,878	344,753
	₩	689,595	-	23,480	-	(11,131)	67,849	769,793

(*1) Others are changes arising from the translation of the financial statements of overseas operations.

		2023						Ending
		Beginning	Disposal	Transfers	Impairment	Depreciation	Others (*1)	
Land	₩	371,514	(361)	7,793	-	-	3,423	382,369
Buildings		382,757	(401)	2,510	(72,580)	(10,952)	5,892	307,226
	₩	754,271	(762)	10,303	(72,580)	(10,952)	9,315	689,595

(*1) Others are changes arising from the translation of the financial statements of overseas operations.

(3) Details of rental income and directly incurred expenses in respect of such investment property for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024	2023
Rental income	₩ 62,455	57,127
Direct operating expenses	17,148	12,926

(4) The officially certified appraisal specialist independently assessed the fair value of properties held by the Group. Based on such valuation, the fair values of land and building in the investment property were ₩951,171 million as of December 31, 2024.

14. Intangible assets

(1) Details of intangible assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

		December 31, 2024		
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Trademark right	₩ 5,796	-	-	5,796
Development cost	163,599	(146,548)	-	17,051
Software	83,176	(64,019)	-	19,157
Membership rights	38,918	-	(1,831)	37,087
Other	15,907	-	-	15,907
	₩ 307,396	(210,567)	(1,831)	94,998

		December 31, 2023		
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Trademark right	₩ 5,796	-	-	5,796
Development cost	156,362	(134,777)	-	21,585
Software	80,971	(60,236)	-	20,735
Membership rights	39,894	-	(1,828)	38,066
Other	15,907	-	-	15,907
	₩ 298,930	(195,013)	(1,828)	102,089

(2) Changes in intangible assets for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

		2024					
	Beginning	Acquisitions	Disposals	Transfers	Amortization	Impairment loss	Ending
Trademark right	₩ 5,796	-	-	-	-	-	5,796
Development cost	21,586	2,789	-	-	(7,324)	-	17,051
Software	20,734	6,014	-	-	(7,591)	-	19,157
Membership rights	38,066	99	(1,075)	-	-	(3)	37,087
Other	15,907	-	-	-	-	-	15,907
	₩ 102,089	8,902	(1,075)	-	(14,915)	(3)	94,998

		2023					
	Beginning	Acquisitions	Disposals	Transfers	Amortization	Reversal of impairment loss	Ending
Trademark right	₩ 5,795	1	-	-	-	-	5,796
Development cost	26,157	2,542	-	-	(7,114)	-	21,585
Software	23,404	5,350	-	-	(8,019)	-	20,735
Membership rights	35,692	2,659	(287)	-	-	2	38,066
Other	15,907	-	-	-	-	-	15,907
	₩ 106,955	10,552	(287)	-	(15,133)	2	102,089

Meritz Financial Group Inc. and its subsidiaries
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14. Intangible assets, Continued

(3) Details of intangible assets with indefinite useful lives as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Trademark right	₩ 5,796	5,796
Membership rights	37,087	38,066
	<u>₩ 42,883</u>	<u>43,862</u>

15. Investments in associates and joint ventures

(1) Details of investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows (Korean won in millions):

Associates	Location	Ownership (%)	Book value	
			December 31, 2024	December 31, 2023
Korea Airplane Investment Fund 5th (*1)	Korea	20.81	₩ -	-
Korea Airplane Investment Fund 6th (*1)	"	8.87	-	-
Meritz Private Real Estate Investment Fund 8th (*1)	"	0.64	83	109
M Plus Sky Private Real Estate Investment Trust 4 (*1)	"	8.37	3,639	3,622
Heungkuk Flight Private Real Estate Investment Trust 10 (*1)	"	7.82	10,386	9,276
Heungkuk Flight Private Real Estate Investment Trust 11 (*1)	"	54.84	-	-
AI Partners Energy Infra Investment Trust 1 (*3)	"	-	-	4,788
Heungkuk Flight Private Real Estate Investment Trust 12 (*1)	"	32.40	29,587	26,459
Heungkuk Flight Private Real Estate Investment Trust 13 (*1)	"	46.37	-	-
Mastern Europe Flight Private Real Estate Investment Trust 5 (*1)	"	26.53	24,576	24,155
Mastern Europe Flight Private Real Estate Investment Trust 10 (*1)	"	49.89	-	34,161
Consus Busan Gijang Private Real Estate Fund no.2 (*2)	"	50.00	1,416	1,396
Lion JCGI Blue Pre-IPO Private Equity Fund III Class C-I	"	22.22	8,002	8,001
APEX Post IPO Private No.1 C-I class (*3)	"	-	-	1,535
Midas Global DEBT Private Real Estate Investment Trust 6 (*3)	"	-	-	77,795
AIP Euro Green Private Real Estate Investment Trust 7 (*1)	"	66.15	79,964	117,803
VM Energy Highyield Fund	"	28.01	10,041	10,192
Asia Growth 1st Joint Venture Company	"	45.45	4,558	4,574
Global Bio Investment Association (*2)	"	12.07	1,055	1,838
Genesis North America Power Co. 1st	"	24.40	3,063	3,533
GongPyeong 15-16 PFV (*2)	"	19.52	-	-
OST partners (*3)	"	-	-	-
Higgs Frontier (*2,4)	"	50.00	-	-
TK build (*2,4)	"	17.50	4,800	3,716
Meritz DS Shin Technology Investment Union (*2)	"	22.73	890	915
Chungmuro FV (*2)	"	5.00	250	1,554
Daon Construction (*2)	"	19.00	-	852

Meritz Financial Group Inc. and its subsidiaries
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15. Investments in associates and joint ventures, Continued

(1) Details of investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows (Korean won in millions), Continued:

Associates	Location	Ownership (%)	Book value	
			December 31, 2024	December 31, 2023
Attila Infrastructure 1st Private Equity Joint Venture Company	Korea	28.57	₩ 471	529
Galmae PFV Co., Ltd. (*2,4)	"	18.00	1,898	2,935
Songgang Industrial Development (*3)	"	-	-	-
Daesan ENG Industrial Construction (*2)	"	66.15	-	-
Next V City PFV (*2)	"	16.15	-	-
triple space (*3)	"	-	-	1
Meritz Kingo New Technology Finance Association 1ST (*3)	"	-	-	1,902
Meritz-K-Clavis New Technology Association 1st (*2)	"	22.08	939	954
Marston No.116 Gangnam Premier PFV (*2)	"	10.00	-	-
Anseongseong Logistics PFV (*2)	"	6.25	-	-
DM Metal (*2)	"	73.17	-	-
Handa REITS (*2)	"	0.63	1	1
Meritz Golden Egg New Technology Finance Association 1st (*2)	"	13.51	922	943
SR Industries (*2)	"	14.99	1	1
Sinchon 27 Development PFV	"	30.00	-	-
NH-Meritz Contents No.1 New Technology Association (*3)	"	-	-	1,164
Daehoon Partners (*2)	"	0.04	-	-
JQ (*2)	"	19.00	-	-
Hanyang-Meritz New Technology Business Investment Association No.1 (*3)	"	-	-	653
Heung Young Industrial Development (*2)	"	9.05	-	-
The First Forte 2 (*2)	"	19.90	-	-
K.I. Cheongpyeong PFV (*2)	"	5.00	-	-
buulgyeong Logistics Project Financial Investment (*2)	"	5.00	159	208
Han River Eco-Tech Development (*3)	"	-	-	147
Jungeum Construction (*2)	"	19.90	2	-
Gimhae Daedong Smart Logistics (*2)	"	13.62	-	815
KR Seocho Co., Ltd. (*2)	"	14.37	-	-
COSMOS (*2)	"	15.00	-	-
Meritz-AssetOne 1 Partners (*3)	"	-	-	2,532
Dongtan Triple Space (*3)	"	-	-	-
Pentastone-The Leo Hi-tech I Funds (*3)	"	-	-	1,447
Meritz-NH healthcare 1 Fund (*2)	"	19.35	2,809	2,872
Meritz-SNP 1 Fund (*2)	"	12.00	2,666	2,587
STCL Incorporation (*2)	"	18.00	-	-
Moohan Urban Development, Co.,Ltd (*2)	"	19.00	-	-
Meritz-GCI system semiconductor Fund no.1 (*2)	"	3.39	962	972
AsanBaebangCombined development PFV (*2)	"	30.00	-	-

15. Investments in associates and joint ventures, Continued

(1) Details of investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows (Korean won in millions), Continued:

Associates	Location	Ownership (%)	Book value	
			December 31, 2024	December 31, 2023
Gimhae Daedong Green Smart Logistics, Co.,Ltd (*2)	Korea	6.00	₩ -	486
JC Insurance Platform Private Equity Fund No.1 (*1)	"	83.21	92,324	100,389
Guri PFV (*2)	"	37.10	-	215
Candmpartners, Co.,Ltd (*2)	"	19.00	-	-
Meritz-DS 1 Fund (*3)	"	-	-	964
East chungla, Co.,Ltd (*2)	"	12.70	-	-
Daishin Eco Energy 1st Private Equity Fund (*1)	"	69.53	222	35,091
Samil DnC, Co.,Ltd (*2)	"	15.00	-	-
Meritz Alphaview Fund 3 (*3)	"	-	-	315
Ascent-Meritz Fund 1 (*2)	"	8.05	4,726	4,834
NH-Meritz Hightech Fund (*2)	"	10.34	870	972
Gmdtaewoo, Co.,Ltd (*2)	"	12.50	8	8
Ascent-Meritz Fund 2 (*2)	"	9.43	910	929
Recycling I Funds (*3)	"	-	-	988
The L One, Co.,Ltd (*2)	"	19.90	-	-
Meritz-Susung GlobalBio Fund 1	"	22.99	1,909	1,963
Meritz-Foward fund no.1 (*2)	"	6.62	488	496
BridgePole-NICE Venture Investment Fund #1 (*2)	"	19.05	966	988
Forward-Meritz GlobalBio fund no.1	"	42.55	1,930	1,958
Meritz-GCI system semiconductor 2 Fund (*2)	"	5.43	292	295
Carlybs-Meritz fund no.1 (*2)	"	3.40	4,672	4,771
Meritz-JB fund no.1 (*2)	"	10.00	3,398	3,444
Meritz-Simone Fund 1 (*3)	"	-	-	992
union holdings Co., Ltd. (*2)	"	18.03	-	-
PT2Tech Co., Ltd. (*2)	"	19.00	234	354
Meritz-SK Fund 1 (*2)	"	5.66	292	-
Investwith-Meritz Fund 1st (*2)	"	8.97	980	-
Paratus-Meritz Fund no.1 (*2)	"	4.71	220	-
Trump D&C Inc.	"	20.00	2	-
Hyundai You First Private Real Estate Investment Trust 32 (*3)	"	-	-	28,471
KCLAVIS Fund No.24	"	22.32	9,033	6,659
NH Presidio Investments LLC (*2)	US	16.60	-	-
Edelweiss Alternative Solutions Trust (*1)	India	70.00	122,520	153,401
Shinhan AIM Real Estate Fund No. 22-A	Korea	69.68	103,530	56,398
PT. Wampu Electric Power	Indonesia	34.00	28,440	27,330
GTOG General Private Investment Trust (*6)	Korea	26.22	1,923	-
AROUND Private Investment Trusts No.1 (*5)	"	-	-	1,983

15. Investments in associates and joint ventures, Continued

(1) Details of investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows (Korean won in millions), Continued:

Associates	Location	Ownership (%)	Book value	
			December 31, 2024	December 31, 2023
AMICUS Private Equity Fund No.1 C-F (*3)	Korea	-	₩ -	3,183
Cytogen, Inc.	"	33.17	32,292	100,000
NH Mission Creek Investments, LLC	US	20.85	19,500	19,500
Durango Co-Investors A, LLC	US	24.95	7,089	-
Mastern Fund Partners Private Equity Fund	Korea	43.75	7,000	-
KAI-DI Hidden Tag Combination	"	24.29	497	505
Seongnam Godeung Jeil Pungkyeongchae Fund No.1	"	33.33	28,584	29,298
Kingo Bio-growth No. 3 Investment Association	"	36.36	6,412	6,401
Kiwoom Real Estate Investment Trust 4 Fund	"	25.00	839	886
KCGI Vietnam Securities Investment Trust	"	33.24	23,530	18,554
Truston CVD Private Investment Trust 1	"	39.96	46,588	42,499
			₩ 745,360	1,012,457

(*1) Classified as joint venture after the consent of all participants that make important decisions. The joint venture is financed by the participants and invests in stocks and real estate and distributes the revenue to the investors.

(*2) The Group can be executive officer or designate one, making it possible for him/her to participate in the Board of Directors, thereby exercising significant control over the investee. Thus, it is classified as investments in associates.

(*3) All shares have been sold or collected during the year 2024.

(*4) The percentage of ownership is the Group's revenue distribution percentage in accordance with contracts of the shareholders.

(*5) For the year ended December 31, 2024, the shareholding ratio increased, and the investments were reclassified as investments in subsidiaries.

(*6) For the year ended December 31, 2024, the shareholding ratio decreased, and the investments were reclassified as an investment in an associate (joint) company.

(2) Changes in investments in associates and joint ventures for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Beginning	₩ 1,012,457	926,276
Acquisition	113,600	654,133
Disposals	(228,870)	(514,329)
Share of profit of associates and joint ventures	(102,622)	(51,643)
Changes in equity interests in associates and joint venture under the equity method	4,132	(1,844)
Dividends	(55,488)	(45,777)
Other	2,151	45,641
Ending	₩ 745,360	1,012,457

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15. Investments in associates and joint ventures

(3) The condensed financial information of associates and joint ventures as of and for the years ended December 31, 2024 and 2023 is as follows (Korean won in millions):

	As of and for the year ended December 31, 2024			
	Assets	Liabilities	Operating income	Net income (loss)
Korea Airplane Investment Fund 5th	₩ 748	748	27,678	-
Korea Airplane Investment Fund 6th	-	-	17,442	-
Meritz Private Real Estate Investment Fund 8th	12,917	3	667	(3,111)
M Plus Sky Private Real Estate Investment Trust 4	43,502	-	4,581	1,341
Heungkuk Flight Private Real Estate Investment Trust 10	139,397	6,573	11,864	23
Heungkuk Flight Private Real Estate Investment Trust 11	-	-	6	-
Heungkuk Flight Private Real Estate Investment Trust 12	92,895	1,580	881	-
Heungkuk Flight Private Real Estate Investment Trust 13	-	-	3	-
Mastern Europe Flight Private Real Estate Investment Trust 5	92,849	220	24,602	(6)
Mastern Europe Flight Private Real Estate Investment Trust 10	27,450	27,450	45,473	(53,012)
Consus Busan Gijang Private Real Estate Fund no.2	2,861	28	232	152
Lion JCGI Blue Pre-IPO Private Equity Fund III Class C-I	36,044	36	362	4
AIP Euro Green Private Real Estate Investment Trust 7	173,047	92	770	(20,834)
VM Energy Highyield Fund	35,846	1	4,029	2,538
Asia Growth 1st Joint Venture Company	10,070	42	-	(34)
Global Bio Investment Association	8,795	56	373	(3,715)
Genesis North America Power Co. 1st	12,827	274	7,881	7,292
GongPyeong 15-16 PFV	670,411	931,863	74	(83,132)
Higgs Frontier	1	-	-	-
TK build	52,057	7,955	124,679	22,867
Meritz DS Shin Technology Investment Union	4,016	99	-	(109)
Chungmuro FV	95,905	58,456	-	-
Daon Construction	50,936	51,710	20,678	(3,616)
Attila Infrastructure 1st Private Equity Joint Venture Company	1,959	309	-	(201)
Galmae PFV Co., Ltd.	52,748	44,223	17,292	(8,638)
Daesan ENG Industrial Construction	-	-	-	-
Next V City PFV	640,976	715,328	-	4,183
Meritz-K-Clavis New Technology Association 1st	4,389	136	-	(68)
Marston No.116 Gangnam Premier PFV	910,542	993,282	-	(74,251)
Anseongseong Logistics PFV	146,188	164,455	-	(7,618)
DM Metal	41,435	41,435	-	-
Handa REITS	84,084	114,283	26,909	(14,179)

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15. Investments in associates and joint ventures, Continued

(3) The condensed financial information of associates and joint ventures as of and for the years ended December 31, 2024 and 2023 is as follows (Korean won in millions), Continued:

	As of and for the year ended December 31, 2024			
	Assets	Liabilities	Operating income	Net income (loss)
Meritz Golden Egg New Technology Finance Association 1st	₩ 7,082	262	1	(161)
SR Industries	28,293	29,883	-	(128)
Sinchon 27 Development PFV	51,605	62,823	-	(2,817)
Daehoon Partners	18,812	20,783	-	-
JQ	20,637	26,340	-	(1,164)
Heung Young Industrial Development	28,751	29,859	-	(44)
The First Forte 2	48,767	58,552	-	(2,584)
K.I. Cheongpyeong PFV	28,133	29,390	-	(4,002)
buulgyeong Logistics Project Financial Investment	292,857	289,682	-	(995)
Jungeum Construction	7,596	7,580	-	26
Gimhae Daedong Smart Logistics	33,769	33,769	-	(9,844)
KR Seocho Co., Ltd.	62,966	66,722	215	(6,854)
COSMOS	2,595	3,488	-	(150)
Meritz-NH healthcare 1 Fund	15,002	488	-	(323)
Meritz-SNP 1 Fund	23,163	950	1,163	654
STCL Incorporation	7,724	8,270	-	17
Moohan Urban Development, Co.,Ltd	19,232	26,350	-	(4,267)
Meritz-GCI system semiconductor Fund no.1	28,380	-	5	(275)
AsanBaebangCombined development PFV	70,233	77,162	326	(4,775)
Gimhae Daedong Green Smart Logistics, Co.,Ltd	2,923	2,923	-	(8,105)
JC Insurance Platform Private Equity Fund No.1	120,566	793	3,600	2,770
Guri PFV	7,248	8,291	-	(1,976)
Candmpartners, Co.,Ltd	3,355	3,586	-	(27)
East chungla, Co.,Ltd	108,418	117,338	-	(8,894)
Daishin Eco Energy 1st Private Equity Fund	1,016	697	14,612	13,595
Samil DnC, Co.,Ltd	4,984	5,005	-	(21)
Ascent-Meritz Fund 1	60,019	1,328	-	(1,343)
NH-Meritz Hightech Fund	8,413	-	21	(183)
Gmdtaewoo, Co.,Ltd	352,648	393,670	52,492	(3,802)
Ascent-Meritz Fund 2	9,650	-	-	(202)
The L One, Co.,Ltd	8,650	9,378	-	(298)
Meritz-Susung GlobalBio Fund 1	8,306	-	2	(235)
Meritz-Foward fund no.1	7,362	-	-	(123)
BridgePole-NICE Venture Investment Fund #1	5,073	-	3	(113)
Forward-Meritz GlobalBio fund no.1	4,535	-	-	(65)
Meritz-GCI system semiconductor 2 Fund	5,373	-	3	(56)

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15. Investments in associates and joint ventures, Continued

(3) The condensed financial information of associates and joint ventures as of and for the years ended December 31, 2024 and 2023 is as follows (Korean won in millions), Continued:

	As of and for the year ended December 31, 2024			
	Assets	Liabilities	Operating income	Net income (loss)
Carlybs-Meritz fund no.1	₩ 137,242	-	1,000	(67)
Meritz-JB fund no.1	33,981	-	-	(466)
union holdings Co., Ltd.	47,480	29,689	58	536
PT2Tech Co., Ltd.	1,245	15	-	(634)
Meritz-SK Fund 1	5,157	2	2	(145)
Investwith-Meritz Fund 1st	10,931	-	-	(219)
Paratus-Meritz Fund no.1	4,675	-	-	(121)
Trump D&C Inc.	10	-	-	-
KCLAVIS Fund No.24	21,137	333	1,149	702
NH Presidio Investments LLC (*1)	310,007	84	-	(18)
Edelweiss Alternative Solutions Trust (*1)	248,763	1,429	20,485	(42,995)
Shinhan AIM Real Estate Fund No. 22-A	151,399	21	9,558	11,836
PT. Wampu Electric Power	209,725	124,358	19,146	7,047
GTOG General Private Investment Trust	7,361	28	743	229
Cytogen, Inc. (*1)	84,271	25,768	5,324	(8,771)
NH Mission Creek Investments, LLC (*1)	93,603	20	-	(20)
Durango Co-Investors A, LLC (*1)	28,411	-	-	-
Mastern Fund Partners Private Equity Fund	16,000	65	-	(65)
KAI-DI Hidden Tag Combination	2,046	-	-	(32)
Seongnam Godeung Jeil Pungkyeongchae Fund No.1	283,232	193,267	13,781	2,072
Kingo Bio-growth No. 3 Investment Association	5,165	-	-	(60)
Kiwoom Real Estate Investment Trust 4 Fund	3,196	-	-	(235)
KCGI Vietnam Securities Investment Trust	73,565	57	21,637	17,693
Truston CVD Private Investment Trust 1	136,891	24,894	21,911	9,122

(*1) Financial information above presents the consolidated financial information as of September 30, 2024.

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15. Investments in associates and joint ventures, Continued

(3) The condensed financial information of associates and joint ventures as of and for the years ended December 31, 2024 and 2023 is as follows (Korean won in millions), Continued:

	As of and for the year ended December 31, 2023			
	Assets	Liabilities	Operating income	Net income (loss)
Korea Airplane Investment Fund 5th	₩ 517	517	1,748	(14,539)
Korea Airplane Investment Fund 6th	-	-	2,228	-
Meritz Private Real Estate Investment Fund 8th	16,901	4	11,468	1,392
M Plus Sky Private Real Estate Investment Trust 4	42,873	-	2,040	1,831
Heungkuk Flight Private Real Estate Investment Trust 10	121,900	3,269	1,368	(38,636)
Heungkuk Flight Private Real Estate Investment Trust 11	-	-	6	-
AI Partners Energy Infra Investment Trust 1	18,793	9,160	4,173	924
Heungkuk Flight Private Real Estate Investment Trust 12	86,376	4,714	11,621	(94,528)
Heungkuk Flight Private Real Estate Investment Trust 13	-	-	3	-
Mastern Europe Flight Private Real Estate Investment Trust 5	91,291	243	28,348	7,143
Mastern Europe Flight Private Real Estate Investment Trust 10	53,278	266	24,615	(80,851)
Consus Busan Gijang Private Real Estate Fund No.2	2,820	28	153	73
Lion JCGI Blue Pre-IPO Private Equity Fund III Class C-I	36,040	36	361	3
APEX Post IPO Private No.1 C-I class	3,465	196	293	292
Midas Global DEBT Private Real Estate Investment Trust 6	132,248	1,362	8,518	98
VM Energy Highyield Fund	31,740	-	4,097	3,070
Asia Growth 1st Joint Venture Company	10,073	11	-	(70)
Global Bio Investment Association	15,303	74	16	(296)
Genesis North America Power Co. 1st	14,718	238	2,847	2,499
GongPyeong 15-16 PFV	533,006	711,326	112	(35,941)
OST partners	403,398	417,239	-	(22,940)
Higgs Frontier, Co., Ltd	1	-	-	-
TK build	107,432	86,197	132,641	19,322
Meritz DS Shin Technology Investment Union	4,026	-	-	(63)
Chungmuro FV	95,905	58,456	-	-
Daon Construction	102,261	86,841	22,588	6,495
Attila Infrastructure 1st Private Equity Joint Venture Company	2,078	227	-	(10)
Galmae PFV Co., Ltd.	124,212	107,049	252,037	41,589
Songgang Industrial Development	47,290	60,437	8	(4,638)
Daesan ENG Industrial Construction	44,630	44,630	-	-
Next V City PFV	338,822	417,357	-	(64,705)
Triple Space	3	-	-	(6)

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15. Investments in associates and joint ventures, Continued

(3) The condensed financial information of associates and joint ventures as of and for the years ended December 31, 2024 and 2023 is as follows (Korean won in millions), Continued:

	As of and for the year ended December 31, 2023			
	Assets	Liabilities	Operating income	Net income (loss)
Meritz Kingo New Technology Finance Association 1ST	₩ 12,145	246	131	(109)
Meritz-K-Clavis New Technology Association 1st	4,390	70	-	(69)
Marston No.116 Gangnam Premier PFV	900,420	908,909	-	(7,032)
Anseong Seong-eun Logistics PFV	89,000	99,649	-	(5,336)
DM Metal	41,435	41,435	-	-
Handa REITS	89,548	105,567	-	(8,294)
Meritz Golden Egg New Technology Finance Association 1st	7,094	114	-	(153)
SR Industries	28,564	30,026	-	76
Sinchon 27 Development PFV	52,477	60,877	-	(9,428)
NH-Meritz Contents No.1 New Technology Association	12,808	-	193	(1,067)
Daehoon Partners	18,812	20,783	-	(1,975)
JQ	20,651	25,190	-	(2,064)
Hanyang-Meritz New Technology Business Investment Association No.1	12,601	-	544	381
Heung Young Industrial Development	29,088	30,153	-	(406)
The First Forte 2	45,945	53,145	-	(2,025)
K.I. Cheongpyeong PFV	26,172	23,427	-	(256)
Buulgyeong Logistics Project Financial Investment	133,338	129,168	-	(526)
Han River Eco-Tech Development	491	-	-	(9)
Jungeum Construction	7,559	7,568	-	81
Gimhae Daedong Smart Logistics	42,958	33,012	-	(604)
KR Seocho Co., Ltd.	61,565	62,089	31	(5,177)
COSMOS	2,596	3,339	-	(142)
Meritz-AssetOne 1 Partners	13,188	22	41	(2,243)
Dongtan Triple Space	63,109	77,002	-	(15,085)
Pentastone-The Leo Hi-tech I Funds	5,109	47	-	(160)
Meritz-NH healthcare 1 Fund	15,002	165	-	(323)
Meritz-SNP 1 Fund	22,005	446	-	(445)
STCL Incorporation	7,707	8,270	50	(147)
Moohan Urban Development, Co.,Ltd	20,102	22,953	-	(1,920)
Meritz-GCI system semiconductor Fund no.1	28,655	-	-	(278)
AsanBaebangCombined development PFV	70,070	72,224	1,750	(3,864)
Gimhae Daedong Green Smart Logistics, Co.,Ltd	39,852	31,746	-	(785)
JC Insurance Platform Private Equity Fund No.1	120,625	22	-	(841)
Guri PFV	7,055	6,122	-	(1,572)

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15. Investments in associates and joint ventures, Continued

(3) The condensed financial information of associates and joint ventures as of and for the years ended December 31, 2024 and 2023 is as follows (Korean won in millions), Continued:

	As of and for the year ended December 31, 2023			
	Assets	Liabilities	Operating income	Net income (loss)
Candmpartners, Co.,Ltd	₩ 3,228	3,432	-	(98)
Meritz-DS 1 Fund	17,455	-	2	(377)
East chungla, Co.,Ltd	103,843	103,869	-	(28)
Daishin Eco Energy 1st Private Equity Fund	50,584	116	-	(437)
Samil DnC, Co.,Ltd	4,983	4,983	-	-
Meritz Alphaview Fund 3	3,466	-	2,849	2,713
Ascent-Meritz Fund 1	60,093	60	2	(1,337)
NH-Meritz Hightech Fund	9,450	49	3	(202)
Gmdtaewoo, Co.,Ltd	192,148	229,368	-	(36,491)
Ascent-Meritz Fund 2	9,852	-	-	(405)
Recycling I Funds	17,602	23	3	(200)
The L One, Co.,Ltd	8,650	9,080	-	(421)
Meritz-Susung GlobalBio Fund 1	8,541	-	1	(159)
Meritz-Foward fund no.1	7,486	-	-	(64)
BridgePole-NICE Venture Investment Fund #1	5,214	28	2	(64)
Forward-Meritz GlobalBio fund No.1	4,601	-	-	(99)
Meritz-GCI system semiconductor 2 Fund	5,429	-	2	(92)
Carlybs-Meritz fund No.1	140,149	-	-	(6,741)
Meritz-JB fund No.1	34,447	-	1,052	442
Meritz-Simone Fund 1	11,410	-	1	(90)
Union Holdings Co., Ltd.	15,882	17,414	1	(1,827)
PT2Tech Co., Ltd.	1,865	1	-	(1,137)
Hyundai You First Private Real Estate Investment Trust 32	42,711	5	1,974	585
AIP Euro Green Private Real Estate Investment Trust 7	179,270	58,644	3,581	633
NH Presidio Investments LLC (*1)	425,118	57	47,313	47,303
Edelweiss Alternative Solutions Trust (*1)	289,593	4,431	10,031	(19,837)
Shinhan AIM Real Estate Fund No. 22-A	81,960	60	9,002	7,302
PT. Wampu Electric Power	206,777	131,554	20,153	9,982
AROUND Private Investment Trusts No.1	4,767	23	545	477
AMICUS Private Equity Fund No.1 C-F	11,944	2,417	742	527
Cytogen, Inc. (*1)	25,390	15,175	2,322	(8,544)
NH Mission Creek Investments, LLC (*1)	132,164	-	2,611	2,611
KAI-DI Hidden Tag Combination	2,078	-	-	(240)
Seongnam Godeung Jeil Pungkyeongchae Fund No.1	271,787	181,737	54	(8,173)
Kingo Bio-growth No. 3 Investment Association	5,248	19	-	(81)
Kiwoom Real Estate Investment Trust 4 Fund	3,583	-	-	(417)

15. Investments in associates and joint ventures, Continued

(3) The condensed financial information on associates and joint ventures as of and for the years ended December 31, 2024 and 2023 is as follows (Korean won in millions), Continued:

	As of and for the year ended December 31, 2023			
	Assets	Liabilities	Operating income	Net income (loss)
KCLAVIS Fund No.24	₩ 21,974	338	474	25
KCGI Vietnam Securities Investment Trust	51,067	53	6,054	(2,646)
Truston CVD Private Investment Trust 1	106,536	179	7,066	6,258

(*1) Financial information above presents the consolidated financial information as of September 30, 2023.

16. Other assets

(1) Details of other assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Other financial assets		
Self-account receivables	₩ 454,727	137,492
Receivable from trading on consignment	2,309	234,124
Receivable from exchange trading	209,392	-
Unsettled spot exchange	1,314,394	801,427
Amount receivable	389,389	244,395
Deposit received	76,915	66,609
Accrued income	612,145	460,730
Others	3,489	3,357
Less: present value discount	(1,688)	(1,652)
Less: allowance for expected credit losses	(21,860)	(19,594)
	<u>3,039,212</u>	<u>1,926,888</u>
Other non-financial assets		
Prepaid expenses	93,143	76,233
Advanced payments	388,731	404,760
Net defined benefit assets	17,044	27,023
Other assets	76,806	53,619
	<u>575,724</u>	<u>561,635</u>
	<u>₩ 3,614,936</u>	<u>2,488,523</u>

(2) Details of allowance for expected credit loss as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Accounts receivable	₩ 12,601	12,439
Accrued income	9,259	7,153
Other	-	2
	<u>₩ 21,860</u>	<u>19,594</u>

16. Other assets, Continued

(3) Changes in allowance for expected credit losses on other assets for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 10,457	378	8,759	19,594
Reclassification to:				
12-month ECL	12	(12)	-	-
Lifetime ECL	(30)	30	-	-
Lifetime ECL for impaired loans	(29)	(45)	74	-
Write-offs	-	-	(989)	(989)
Sales	(2)	(4)	(315)	(321)
Collection	-	-	44	44
Exchange rate fluctuation and others	(378)	-	-	(378)
Transfer of allowance for ECL	2,670	67	1,173	3,910
Ending	₩ 12,700	414	8,746	21,860
	2023			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 8,259	368	7,227	15,854
Reclassification to:				
12-month ECL	9	(9)	-	-
Lifetime ECL	(20)	21	(1)	-
Lifetime ECL for impaired loans	(22)	(41)	63	-
Write-offs	-	-	(2,531)	(2,531)
Sales	(2)	(3)	(1)	(6)
Exchange rate fluctuation and others	-	-	(9)	(9)
Transfer of allowance for ECL	2,233	42	4,011	6,286
Ending	₩ 10,457	378	8,759	19,594

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

17. Monetary assets and liabilities denominated in foreign currencies

Details of monetary assets and liabilities denominated in foreign currencies as of December 31, 2024 and 2023 are as follows (In millions of Korean won, each foreign currency):

	December 31, 2024	
	Foreign currencies	Korean won equivalent
Assets		
Deposits:		
USD	646,912,015	₩ 950,961
EUR	34,975,813	53,469
JPY	8,360,073,019	78,290
CNH	41,120,442	8,276
SGD	58	-
HKD	250,375,105	47,396
VND	274,597,573,542	15,844
AUD	1,089,547	995
GBP	648,178	1,195
CAD	7,070,416	7,240
Others		23,424
		<u>1,187,090</u>
Financial instruments:		
USD	3,792,411,667	5,574,845
EUR	161,424,638	246,775
JPY	2,752,040,486	25,772
CNH	60,913,787	12,260
HKD	214,994,838	40,699
VND	20,539,000,000	1,185
AUD	19,732,566	18,029
GBP	226,560,289	417,702
CAD	1,064,662,712	1,090,172
Others		161,572
		<u>7,589,011</u>
Other assets:		
USD	612,802,633	900,820
EUR	1,447,655	2,213
HKD	2,261,650	428
GBP	6,994,055	12,895
Others		690
		<u>917,046</u>
		<u>₩ 9,693,147</u>

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

17. Monetary assets and liabilities denominated in foreign currencies, Continued

Details of monetary assets and liabilities denominated in foreign currencies as of December 31, 2024 and 2023 are as follows (In millions of Korean won, each foreign currency), Continued:

	December 31, 2024	
	Foreign currencies	Korean won equivalent
Liabilities		
Withholdings:		
USD	1,055,234,137	₩ 1,551,194
EUR	103,208	158
JPY	1,558,633,206	14,596
GBP	4,363	8
CNH	2,436,942	490
CHF	33	-
HKD	55,708,747	10,546
VND	500,471	-
AUD	11,926	11
CAD	561	1
		<u>1,577,004</u>
Foreign currency financial liabilities:		
USD	839,869,411	1,234,608
HKD	31,651,118	5,992
JPY	31,801,998	298
		<u>1,240,898</u>
Borrowing liabilities:		
USD	1,590,871,761	2,338,581
		<u>2,338,581</u>
Other liabilities:		
USD	338,998,403	498,328
HKD	2,767,103	524
Others		254
		<u>499,106</u>
		<u>₩ 5,655,589</u>

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

17. Monetary assets and liabilities denominated in foreign currencies, Continued

Details of monetary assets and liabilities denominated in foreign currencies as of December 31, 2024 and 2023 are as follows (In millions of Korean won, each foreign currency), Continued:

	December 31, 2023	
	Foreign currencies	Korean won equivalent
Assets		
Deposits:		
USD	206,626,825	₩ 266,425
EUR	45,270,129	64,582
JPY	8,195,588,755	74,798
CNH	22,497,397	4,068
SGD	156,278	153
HKD	442,195,799	72,989
VND	841,306,007,232	44,757
AUD	340,939	300
GBP	383,691	630
CAD	9,615,262	9,371
Others		16,839
		<u>554,912</u>
Financial instruments:		
USD	2,833,674,156	3,653,739
EUR	174,371,713	248,757
JPY	3,551,989,893	32,418
CNH	105,011,887	18,990
HKD	222,618,264	36,745
VND	17,250,000,000	918
AUD	19,734,575	17,368
GBP	104,588,610	171,713
CAD	1,004,994,863	979,508
Others		217,900
		<u>5,378,056</u>
Other assets:		
USD	347,382,321	447,915
EUR	795,068	1,134
HKD	2,259,500	373
GBP	399,452	656
CAD	1,467,729	1,431
Others		803
		<u>452,312</u>
		<u>₩ 6,385,280</u>

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

17. Monetary assets and liabilities denominated in foreign currencies, Continued

Details of monetary assets and liabilities denominated in foreign currencies as of December 31, 2024 and 2023 are as follows (In millions of Korean won, each foreign currency), Continued:

	December 31, 2023	
	Foreign currencies	Korean won equivalent
Liabilities		
Withholdings:		
USD	390,871,176	₩ 503,989
EUR	761,479	1,086
JPY	469,154,895	4,282
CNH	2,707,419	490
SGD	38	-
HKD	2,239,254	370
VND	422,186	-
AUD	5,025	4
CAD	40,496	39
		<u>510,260</u>
Foreign currency financial liabilities:		
USD	603,782,325	778,517
EUR	9,926,660	14,161
HKD	30,065,217	4,963
JPY	168,976,377	1,542
		<u>799,183</u>
Borrowing liabilities:		
USD	574,132,156	740,286
EUR	33,923,126	48,394
		<u>788,680</u>
Other liabilities:		
USD	280,553,705	361,746
EUR	334,287	477
HKD	1,534,519	253
Others		1,074
		<u>363,550</u>
		<u>₩ 2,461,673</u>

18. Insurance and reinsurance contract assets and liabilities

(1) Details of the insurance assets and liabilities issued and reinsurance contract assets and liabilities held as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024			
	Long-term	General	Vehicles	Total
Insurance contract assets	₩ 13,407	15	-	13,422
Insurance contract liabilities	22,904,985	862,974	608,434	24,376,393
Net insurance contract liabilities	(22,891,578)	(862,959)	(608,434)	(24,362,971)
Reinsurance contract assets	623,006	328,074	15,944	967,024
Reinsurance contract liabilities	385	-	-	385
Net reinsurance contract assets	622,621	328,074	15,944	966,639
	December 31, 2023			
	Long-term	General	Vehicles	Total
Insurance contract assets	₩ 11,336	7	-	11,343
Insurance contract liabilities	20,069,727	891,201	615,037	21,575,965
Net insurance contract liabilities	(20,058,391)	(891,194)	(615,037)	(21,564,622)
Reinsurance contract assets	550,488	381,089	19,712	951,289
Reinsurance contract liabilities	716	-	-	716
Net reinsurance contract assets	549,772	381,089	19,712	950,573

18. Insurance and reinsurance contract assets and liabilities, Continued

(2) The Group uses the following assumptions for the current estimates of future cash flows as of December 31, 2024 and 2023 (in %):

	2024	2023	Method
Risk rate	12 ~ 752	9 ~ 698	<p>The ratio of insurance claims payment to risk insurance premiums calculated separately by collateral, sex, age group, and elapsed years, based on empirical statistics for the last five years</p> <p>※ The insurance premium payment is based on the final payment insurance that uses statistics for the last five years as of the date of the accident and reflects the progress rate of unreported damages.</p> <p>※ Risk insurance premiums are based on risk insurance premiums recalculated at the latest risk rate at the time of calculation (at the end of June 2024 and 2023, respectively).</p>
Surrender rate	0 ~ 55	0 ~ 56	<p>The ratio of surrender charges to gross premium calculated separately by group of plans, payment method, surrender refund level, channel, elapsed years, based on empirical statistics for the last five years</p>
Business expense rate	-	-	<p>Calculated as proportionate unit costs such as conversion performance, planners' fees, number of new/holding contracts, scheduled business expenses, insurance premiums, reserve funds, based on insurance business regulations and project cost execution performance.</p> <p>※ Statistical period: 1 year for contract signing cost, contract maintenance cost, and damage investigation cost/3 years for investment management cost and special bonus</p>
Discount rate	(-)6.65 ~ 23.13	(-)3.67 ~ 20.04	<p>The adjusted risk-free interest rate term structure (reflects long-term forward interest rates and liquidity premiums) estimates parameters consistent with assets traded in the market and applies them to 1,000 interest rate scenarios.</p>
Risk-adjusted confidence level about non-financial risk	75	75	<p>Risk adjustment is used to calculate the portion of the 75% percentile that exceeds the probability weighted average of the present value of future cash flow, assuming that the probability distribution of the present value of the future cash flow at each reporting time is normally distributed.</p>

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held

Changes in liabilities to long-term underlying insurance contracts and reinsurance contracts issued for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Non-loss component	Loss component		
Beginning	₩ 17,380,212	996,056	1,682,123	20,058,391
Insurance revenue	(7,061,753)	-	-	(7,061,753)
Insurance contracts under the modified retrospective approach	(2,704,002)	-	-	(2,704,002)
Insurance contracts under the fair value approach	(2,604,903)	-	-	(2,604,903)
Other insurance contracts	(1,752,848)	-	-	(1,752,848)
Insurance service expenses	820,000	(76,925)	4,614,679	5,357,754
Incurred claims and other insurance service expenses	-	(115,484)	4,875,728	4,760,244
Amortization of insurance acquisition cash flows	820,000	-	-	820,000
Changes in fulfilment cash flows for incurred claims	-	-	(261,049)	(261,049)
(Reversal of) Loss on groups of onerous contracts	-	38,559	-	38,559
Investment components	(1,538,819)	-	1,538,819	-
Insurance service result	(7,780,572)	(76,925)	6,153,498	(1,703,999)
Insurance finance income, net	2,820,733	66,688	81,301	2,968,722
Cash flows:	7,708,568	-	(6,140,104)	1,568,464
Premiums received	9,816,010	-	-	9,816,010
Insurance acquisition cash flows	(2,107,442)	-	-	(2,107,442)
Claims and insurance service expenses paid (including investment components)	-	-	(6,140,104)	(6,140,104)
Others	-	-	-	-
Ending	₩ 20,128,941	985,819	1,776,818	22,891,578

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in liabilities to long-term underlying insurance contracts and reinsurance contracts issued for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

	2023			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Non-loss component	Loss component		
Beginning	₩ 14,846,529	878,083	1,786,010	17,510,622
Insurance revenue	(6,783,759)	-	-	(6,783,759)
Insurance contracts under the modified retrospective approach	(2,950,500)	-	-	(2,950,500)
Insurance contracts under the fair value approach	(2,733,902)	-	-	(2,733,902)
Other insurance contracts	(1,099,357)	-	-	(1,099,357)
Insurance service expenses	678,427	52,047	4,120,719	4,851,193
Incurred claims and other insurance service expenses	-	(81,719)	4,462,023	4,380,304
Amortization of insurance acquisition cash flows	678,427	-	-	678,427
Changes in fulfilment cash flows for incurred claims	-	-	(341,304)	(341,304)
(Reversal of) Loss on groups of onerous contracts	-	133,766	-	133,766
Investment components	(1,469,845)	-	1,469,845	-
Insurance service result	(7,575,177)	52,047	5,590,564	(1,932,566)
Insurance finance income, net	2,231,811	65,926	60,120	2,357,857
Cash flows:	7,877,049	-	(5,754,571)	2,122,478
Premiums received	9,631,138	-	-	9,631,138
Insurance acquisition cash flows	(1,754,089)	-	-	(1,754,089)
Claims and insurance service expenses paid (including investment components)	-	-	(5,754,571)	(5,754,571)
Others	-	-	-	-
Ending	₩ 17,380,212	996,056	1,682,123	20,058,391

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in liabilities to general underlying insurance contracts and reinsurance contracts issued for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024					Total
	Liabilities for remaining coverage		Liabilities for incurred claims		Total	
	Non-loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk		
Beginning	₩ 311,458	-	529,823	49,913	891,194	
Insurance revenue	(930,493)	-	-	-	(930,493)	
Insurance contracts under the modified retrospective approach	-	-	-	-	-	
Insurance contracts under the fair value approach	-	-	-	-	-	
Other insurance contracts	(930,493)	-	-	-	(930,493)	
Insurance service expenses	142,798	1,859	497,834	(23,702)	618,789	
Incurred claims and other insurance service expenses	-	-	418,192	18,015	436,207	
Amortization of insurance acquisition cash flows	142,798	-	-	-	142,798	
Changes in fulfilment cash flows for incurred claims (Reversal of) Loss on groups of onerous contracts	-	-	79,642	(41,717)	37,925	
	-	1,859	-	-	1,859	
Investment components	-	-	-	-	-	
Insurance service result	(787,695)	1,859	497,834	(23,702)	(311,704)	
Net insurance finance income	3,974	-	23,469	-	27,443	
Cash flows	812,764	-	(555,137)	-	257,627	
Premiums received	971,581	-	-	-	971,581	
Insurance acquisition cash flows	(158,817)	-	-	-	(158,817)	
Claims and insurance service expenses paid (including investment components)	-	-	(555,137)	-	(555,137)	
Others	(5,295)	-	3,694	-	(1,601)	
Ending	₩ 335,206	1,859	499,683	26,211	862,959	

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in liabilities to general underlying insurance contracts and reinsurance contracts issued for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

	2023					Total
	Liabilities for remaining coverage		Liabilities for incurred claims			
	Non-loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk		
Beginning	₩ 266,979	-	539,415	38,091	844,485	
Insurance revenue	(827,788)	-	-	-	(827,788)	
Insurance contracts under the modified retrospective approach	-	-	-	-	-	
Insurance contracts under the fair value approach	-	-	-	-	-	
Other insurance contracts	(827,788)	-	-	-	(827,788)	
Insurance service expenses	121,475	-	490,465	11,822	623,762	
Incurred claims and other insurance service expenses	-	-	423,561	25,506	449,067	
Amortization of insurance acquisition cash flows	121,475	-	-	-	121,475	
Changes in fulfilment cash flows for incurred claims (Reversal of) Loss on groups of onerous contracts	-	-	66,904	(13,684)	53,220	
-	-	-	-	-	-	
Investment components	-	-	-	-	-	
Insurance service result	(706,313)	-	490,465	11,822	(204,026)	
Net insurance finance income	63	-	16,199	-	16,262	
Cash flows	748,760	-	(515,053)	-	233,707	
Premiums received	883,264	-	-	-	883,264	
Insurance acquisition cash flows	(134,504)	-	-	-	(134,504)	
Claims and insurance service expenses paid (including investment components)	-	-	(515,053)	-	(515,053)	
Others	1,969	-	(1,203)	-	766	
Ending	₩ 311,458	-	529,823	49,913	891,194	

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in liabilities for vehicle insurance contracts and reinsurance contracts issued for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024					Total
	Liabilities for remaining coverage		Liabilities for incurred claims		Total	
	Non-loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk		
Beginning	₩ 427,371	-	173,708	13,958	615,037	
Insurance revenue	(739,359)	-	-	-	(739,359)	
Insurance contracts under the modified retrospective approach	-	-	-	-	-	
Insurance contracts under the fair value approach	-	-	-	-	-	
Other insurance contracts	(739,359)	-	-	-	(739,359)	
Insurance service expenses	112,910	-	638,236	(6,282)	744,864	
Incurred claims and other insurance service expenses	-	-	644,407	6,322	650,729	
Amortization of insurance acquisition cash flows	112,910	-	-	-	112,910	
Changes in fulfilment cash flows for incurred claims (Reversal of) Loss on groups of onerous contracts	-	-	(6,171)	(12,604)	(18,775)	
Investment components	-	-	-	-	-	
Insurance service result	(626,449)	-	638,236	(6,282)	5,505	
Net insurance finance income	-	-	8,111	-	8,111	
Cash flows	638,461	-	(658,680)	-	(20,219)	
Premiums received	751,372	-	-	-	751,372	
Insurance acquisition cash flows	(112,911)	-	-	-	(112,911)	
Claims and insurance service expenses paid (including investment components)	-	-	(658,680)	-	(658,680)	
Others	-	-	-	-	-	
Ending	₩ 439,383	-	161,375	7,676	608,434	

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in liabilities for vehicle insurance contracts and reinsurance contracts issued for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

	2023					Total
	Liabilities for remaining coverage		Liabilities for incurred claims		Total	
	Non-loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk		
Beginning	₩ 433,925	-	173,161	13,570	620,656	
Insurance revenue	(758,191)	-	-	-	(758,191)	
Insurance contracts under the modified retrospective approach	-	-	-	-	-	
Insurance contracts under the fair value approach	-	-	-	-	-	
Other insurance contracts	(758,191)	-	-	-	(758,191)	
Insurance service expenses	109,042	-	633,086	388	742,516	
Incurred claims and other insurance service expenses	-	-	638,087	8,645	646,732	
Amortization of insurance acquisition cash flows	109,042	-	-	-	109,042	
Changes in fulfilment cash flows for incurred claims (Reversal of) Loss on groups of onerous contracts	-	-	(5,001)	(8,257)	(13,258)	
Investment components	-	-	-	-	-	
Insurance service result	(649,149)	-	633,086	388	(15,675)	
Net insurance finance income	-	-	7,071	-	7,071	
Cash flows	642,595	-	(639,610)	-	2,985	
Premiums received	751,636	-	-	-	751,636	
Insurance acquisition cash flows	(109,041)	-	-	-	(109,041)	
Claims and insurance service expenses paid (including investment components)	-	-	(639,610)	-	(639,610)	
Others	-	-	-	-	-	
Ending	₩ 427,371	-	173,708	13,958	615,037	

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in assets for long-term reinsurance contracts held for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024						Total
	Liabilities for remaining coverage		Liabilities for incurred claims				
	Non-loss-recovery component	Loss-recovery component	Incurred claim components under the general model	Premium allocation approach applied			
			Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk			
Beginning	₩ 156,112	65,366	327,112	1,164	18	549,772	
Allocation of premiums paid to reinsurers	(216,696)	-	-	-	-	(216,696)	
Reinsurance contracts under the modified retrospective approach	(85,946)	-	-	-	-	(85,946)	
Reinsurance contracts under the fair value approach	(27,927)	-	-	-	-	(27,927)	
Other reinsurance contracts	(102,823)	-	-	-	-	(102,823)	
Amounts recovered from reinsurers	-	(20,211)	167,663	(685)	3	146,770	
Incurred claims and other insurance service expenses	-	(8,330)	248,004	(28)	36	239,682	
Recognition and reversal of loss-recovery components	-	(11,881)	-	-	-	(11,881)	
Changes in fulfilment cash flows for incurred claims	-	-	(80,341)	(657)	(33)	(81,031)	
Investment components	(262,457)	-	262,457	-	-	-	
Net cost (margin) of reinsurance	(479,153)	(20,211)	430,120	(685)	3	(69,926)	
Net reinsurance finance income	59,666	8,101	7,361	22	-	75,150	
Effect of changes in reinsurer's non-performance risk	1,373	-	(4)	-	-	1,369	
Reinsurance finance income excluding reinsurer's non-performance risk	58,293	8,101	7,365	22	-	73,781	
Cash flows	447,725	-	(380,201)	101	-	67,625	
Reinsurance premiums paid	447,725	-	-	-	-	447,725	
Amounts recovered from reinsurers	-	-	(380,201)	101	-	(380,100)	
Others	-	-	-	-	-	-	
Ending	₩ 184,350	53,256	384,392	602	21	622,621	

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in assets for long-term reinsurance contracts held for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

	2023						Total
	Liabilities for remaining coverage		Liabilities for incurred claims				
	Non-loss-recovery component	Loss-recovery component	Incurred claim components under the general model	Premium allocation approach applied			
Estimates of the present value of the future cash flows				Risk adjustment for non-financial risk			
Beginning	₩ 240,240	49,731	274,276	4,902	14	569,163	
Allocation of premiums paid to reinsurers	(357,619)	-	-	-	-	(357,619)	
Reinsurance contracts under the modified retrospective approach	(97,788)	-	-	-	-	(97,788)	
Reinsurance contracts under the fair value approach	(181,514)	-	-	-	-	(181,514)	
Other reinsurance contracts	(78,317)	-	-	-	-	(78,317)	
Amounts recovered from reinsurers	-	11,573	154,089	(1,058)	4	164,608	
Incurred claims and other insurance service expenses	-	(5,304)	214,838	2,724	29	212,287	
Recognition and reversal of loss-recovery components	-	16,877	-	-	-	16,877	
Changes in fulfilment cash flows for incurred claims	-	-	(60,749)	(3,782)	(25)	(64,556)	
Investment components	(209,335)	-	209,335	-	-	-	
Net cost (margin) of reinsurance	(566,954)	11,573	363,424	(1,058)	4	(193,011)	
Net reinsurance finance income	122,042	4,062	6,955	25	-	133,084	
Effect of changes in reinsurer's non-performance risk	1,639	-	1	1	-	1,641	
Reinsurance finance income excluding reinsurer's non-performance risk	120,403	4,062	6,954	24	-	131,443	
Cash flows	360,784	-	(317,543)	(2,705)	-	40,536	
Reinsurance premiums paid	360,784	-	-	-	-	360,784	
Amounts recovered from reinsurers	-	-	(317,543)	(2,705)	-	(320,248)	
Others	-	-	-	-	-	-	
Ending	₩ 156,112	65,366	327,112	1,164	18	549,772	

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in assets for general reinsurance contracts held for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024					Total
	Liabilities for remaining coverage		Liabilities for incurred claims		Total	
	Non-loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk		
Beginning	₩ 46,371	-	310,560	24,158	381,089	
Allocation of premiums paid to reinsurers	(370,852)	-	-	-	(370,852)	
Reinsurance contracts under the modified retrospective approach	-	-	-	-	-	
Reinsurance contracts under the fair value approach	-	-	-	-	-	
Other reinsurance contracts	(370,852)	-	-	-	(370,852)	
Amounts recovered from reinsurers	-	152	138,861	(13,181)	125,832	
Incurred claims and other insurance service expenses	-	-	154,383	7,605	161,988	
Recognition and reversal of loss-recovery components	-	152	-	-	152	
Changes in fulfillment cash flows for incurred claims	-	-	(15,522)	(20,786)	(36,308)	
Investment components	-	-	-	-	-	
Net cost (margin) of reinsurance	(370,852)	152	138,861	(13,181)	(245,020)	
Net reinsurance finance income	3,571	-	10,142	-	13,713	
Effect of changes in reinsurer's non-performance risk	-	-	48	-	48	
Reinsurance finance income excluding reinsurer's non-performance risk	3,571	-	10,094	-	13,665	
Cash flows	373,064	-	(200,780)	-	172,284	
Reinsurance premiums paid	373,064	-	-	-	373,064	
Amounts recovered from reinsurers	-	-	(200,780)	-	(200,780)	
Others	35	-	5,973	-	6,008	
Ending	₩ 52,189	152	264,756	10,977	328,074	

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in assets for general reinsurance contracts held for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

	2023					Total
	Liabilities for remaining coverage		Liabilities for incurred claims		Total	
	Non-loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk		
Beginning	₩ 34,472	-	370,140	18,490	423,102	
Allocation of premiums paid to reinsurers	(363,968)	-	-	-	(363,968)	
Reinsurance contracts under the modified retrospective approach	-	-	-	-	-	
Reinsurance contracts under the fair value approach	-	-	-	-	-	
Other reinsurance contracts	(363,968)	-	-	-	(363,968)	
Amounts recovered from reinsurers	-	-	166,260	5,668	171,928	
Incurred claims and other insurance service expenses	-	-	187,971	11,413	199,384	
Recognition and reversal of loss-recovery components	-	-	-	-	-	
Changes in fulfillment cash flows for incurred claims	-	-	(21,711)	(5,745)	(27,456)	
Investment components	-	-	-	-	-	
Net cost (margin) of reinsurance	(363,968)	-	166,260	5,668	(192,040)	
Net reinsurance finance income	2,581	-	5,710	-	8,291	
Effect of changes in reinsurer's non-performance risk	-	-	519	-	519	
Reinsurance finance income excluding reinsurer's non-performance risk	2,581	-	5,191	-	7,772	
Cash flows	366,785	-	(229,756)	-	137,029	
Reinsurance premiums paid	366,785	-	-	-	366,785	
Amounts recovered from reinsurers	-	-	(229,756)	-	(229,756)	
Others	6,501	-	(1,794)	-	4,707	
Ending	₩ 46,371	-	310,560	24,158	381,089	

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in assets for vehicle reinsurance contracts held for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024					Total
	Liabilities for remaining coverage		Liabilities for incurred claims		Total	
	Non-loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk		
Beginning	₩ (1,097)	-	20,727	83	19,713	
Allocation of premiums paid to reinsurers	(5,747)	-	-	-	(5,747)	
Reinsurance contracts under the modified retrospective approach	-	-	-	-	-	
Reinsurance contracts under the fair value approach	-	-	-	-	-	
Other reinsurance contracts	(5,747)	-	-	-	(5,747)	
Amounts recovered from reinsurers	-	-	397	(26)	371	
Incurred claims and other insurance service expenses	-	-	(10)	44	34	
Recognition and reversal of loss-recovery components	-	-	-	-	-	
Changes in fulfilment cash flows for incurred claims	-	-	407	(70)	337	
Investment components	-	-	-	-	-	
Net cost (margin) of reinsurance	(5,747)	-	397	(26)	(5,376)	
Net reinsurance finance income	-	-	84	-	84	
Effect of changes in reinsurer's non-performance risk	-	-	-	-	-	
Reinsurance finance income excluding reinsurer's non-performance risk	-	-	84	-	84	
Cash flows	5,476	-	(3,953)	-	1,523	
Reinsurance premiums paid	5,476	-	-	-	5,476	
Amounts recovered from reinsurers	-	-	(3,953)	-	(3,953)	
Others	-	-	-	-	-	
Ending	₩ (1,368)	-	17,255	57	15,944	

18. Insurance and reinsurance contract assets and liabilities, Continued

(3) Changes in liabilities to underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Changes in assets for vehicle reinsurance contracts held for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

	2023					Total
	Liabilities for remaining coverage		Liabilities for incurred claims		Total	
	Non-loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk		
Beginning	₩ (1,103)	-	21,461	81	20,439	
Allocation of premiums paid to reinsurers	(4,495)	-	-	-	(4,495)	
Reinsurance contracts under the modified retrospective approach	-	-	-	-	-	
Reinsurance contracts under the fair value approach	-	-	-	-	-	
Other reinsurance contracts	(4,495)	-	-	-	(4,495)	
Amounts recovered from reinsurers	-	-	1,857	2	1,859	
Incurred claims and other insurance service expenses	-	-	(143)	49	(94)	
Recognition and reversal of loss-recovery components	-	-	-	-	-	
Changes in fulfillment cash flows for incurred claims	-	-	2,000	(47)	1,953	
Investment components	-	-	-	-	-	
Net cost (margin) of reinsurance	(4,495)	-	1,857	2	(2,636)	
Net reinsurance finance income	-	-	41	-	41	
Effect of changes in reinsurer's non-performance risk	-	-	(1)	-	(1)	
Reinsurance finance income excluding reinsurer's non-performance risk	-	-	42	-	42	
Cash flows	4,501	-	(2,633)	-	1,868	
Reinsurance premiums paid	4,501	-	-	-	4,501	
Amounts recovered from reinsurers	-	-	(2,633)	-	(2,633)	
Others	-	-	-	-	-	
Ending	₩ (1,097)	-	20,726	83	19,712	

18. Insurance and reinsurance contract assets and liabilities, Continued

(4) Changes in liabilities for remaining coverage of underlying insurance contracts and reinsurance contracts issued and reinsurance contract held

Details of changes in the liabilities for underlying insurance contracts and reinsurance contracts issued under the general model for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024					Total
	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin (Modified retrospective approach)	Contractual service margin (Fair value approach)	Contractual service margin (Other insurance contracts)	
Beginning	₩ 7,791,063	1,798,602	4,618,145	3,222,460	2,628,121	20,058,391
Changes related to future services	(1,317,727)	(175,206)	142,787	733,137	655,568	38,559
Effect of new contracts	(1,514,707)	216,627	-	-	1,379,571	81,491
Changes in estimates adjusting the contractual service margin	120,544	(272,465)	142,787	733,137	(724,003)	-
Changes in estimates not adjusting the contractual service margin	76,436	(119,368)	-	-	-	(42,932)
Changes related to current services	(266,199)	(65,142)	(425,463)	(335,177)	(389,528)	(1,481,509)
Contractual service margin recognized in profit or loss	-	-	(425,463)	(335,177)	(389,528)	(1,150,168)
Changes in risk adjustment due to release of risk	-	(65,142)	-	-	-	(65,142)
Experience adjustment	(266,199)	-	-	-	-	(266,199)
Changes related to past services	(175,510)	(85,539)	-	-	-	(261,049)
Changes in fulfilment cash flows from incurred claims	(175,510)	(85,539)	-	-	-	(261,049)
Insurance service result	(1,759,436)	(325,887)	(282,676)	397,960	266,040	(1,703,999)
Net reinsurance finance income	2,630,882	-	121,630	87,871	128,339	2,968,722
Cash flows	1,568,464	-	-	-	-	1,568,464
Premiums received	9,816,010	-	-	-	-	9,816,010
Insurance acquisition cash flows	(2,107,442)	-	-	-	-	(2,107,442)
Claims paid and other insurance service expenses	(6,140,104)	-	-	-	-	(6,140,104)
Others	-	-	-	-	-	-
Ending	₩ 10,230,973	1,472,715	4,457,099	3,708,291	3,022,500	22,891,578

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18. Insurance and reinsurance contract assets and liabilities, Continued

(4) Changes in liabilities for remaining coverage of underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Details of changes in the liabilities for underlying insurance contracts and reinsurance contracts issued under the general model for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

	2023					
	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin (Modified retrospective approach)	Contractual service margin (Fair value approach)	Contractual service margin (Other insurance contracts)	Total
Beginning	₩ 5,901,267	1,971,716	5,585,511	2,410,974	1,641,154	17,510,622
Changes related to future services	(1,433,422)	(35,624)	(607,406)	1,011,779	1,198,439	133,766
Effect of new contracts	(1,708,185)	195,077	-	-	1,600,648	87,540
Changes in estimates adjusting the contractual service margin	179,795	(181,959)	(607,406)	1,011,779	(402,209)	-
Changes in estimates not adjusting the contractual service margin	94,968	(48,742)	-	-	-	46,226
Changes related to current services	(612,157)	(42,971)	(490,522)	(263,335)	(315,903)	(1,724,888)
Contractual service margin recognized in profit or loss	-	-	(490,522)	(263,335)	(315,903)	(1,069,760)
Changes in risk adjustment due to release of risk	-	(42,971)	-	-	-	(42,971)
Experience adjustment	(612,157)	-	-	-	-	(612,157)
Changes related to past services	(246,925)	(94,519)	-	-	-	(341,444)
Changes in fulfilment cash flows from incurred claims	(246,925)	(94,519)	-	-	-	(341,444)
Insurance service result	(2,292,504)	(173,114)	(1,097,928)	748,444	882,536	(1,932,566)
Net reinsurance finance income	2,059,822	-	130,562	63,042	104,431	2,357,857
Cash flows	2,122,478	-	-	-	-	2,122,478
Premiums received	9,631,138	-	-	-	-	9,631,138
Insurance acquisition cash flows	(1,754,089)	-	-	-	-	(1,754,089)
Claims paid and other insurance service expenses	(5,754,571)	-	-	-	-	(5,754,571)
Others	-	-	-	-	-	-
Ending	₩ 7,791,063	1,798,602	4,618,145	3,222,460	2,628,121	20,058,391

18. Insurance and reinsurance contract assets and liabilities, Continued

(4) Changes in liabilities for remaining coverage of underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Details of changes in assets for reinsurance contracts held under the general model for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024					
	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin (Modified retrospective approach)	Contractual service margin (Fair value approach)	Contractual service margin (Other insurance contracts)	Total
Beginning	₩ 745,209	149,483	(466,275)	93,669	26,688	548,774
Changes related to future services	(229,708)	1,111	75,696	20,271	120,749	(11,881)
Effect of new contracts	(41,624)	13,812	-	-	32,795	4,983
Changes in estimates adjusting the contractual service margin	(183,349)	(572)	75,696	20,271	87,954	-
Changes in estimates not adjusting the contractual service margin	(4,735)	(12,129)	-	-	-	(16,864)
Changes related to current services	10,863	1,086	43,231	(19,179)	(12,319)	23,682
Contractual service margin recognized in profit or loss	-	-	43,231	(19,179)	(12,319)	11,733
Changes in risk adjustment due to release of risk	-	1,086	-	-	-	1,086
Experience adjustment	10,863	-	-	-	-	10,863
Changes related to past services	(71,574)	(8,766)	-	-	-	(80,340)
Changes in fulfillment cash flows from incurred claims	(71,574)	(8,766)	-	-	-	(80,340)
Net cost (margin) of reinsurance	(290,419)	(6,569)	118,927	1,092	108,430	(68,539)
Net reinsurance finance income or expenses	83,314	-	(13,227)	2,307	2,735	75,129
Effect of changes in reinsurer's non-performance risk	1,369	-	-	-	-	1,369
Reinsurance finance income or expenses excluding reinsurer's non-performance risk	81,945	-	(13,227)	2,307	2,735	73,760
Cash flows	66,818	-	-	-	-	66,818
Reinsurance premiums paid	447,019	-	-	-	-	447,019
Amounts recovered from reinsurers	(380,201)	-	-	-	-	(380,201)
Others	-	-	-	-	-	-
Ending	₩ 604,922	142,914	(360,575)	97,068	137,853	622,182

18. Insurance and reinsurance contract assets and liabilities, Continued

(4) Changes in liabilities for remaining coverage of underlying insurance contracts and reinsurance contracts issued and reinsurance contract held, Continued

Details of changes in assets for reinsurance contracts held under the general model for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

	2023					
	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service Margin (modified retrospective approach)	Contractual service margin (Fair value approach)	Contractual service margin (Other insurance contracts)	Total
Beginning	₩ 1,075,347	177,557	(720,493)	71,516	(39,328)	564,599
Changes related to future services	(446,525)	(19,055)	230,001	185,482	66,974	16,877
Effect of new contracts	(14,285)	12,031	-	-	5,801	3,547
Changes in estimates adjusting the contractual service margin	(434,067)	(42,589)	230,001	185,482	61,173	-
Changes in estimates not adjusting the contractual service margin	1,827	11,503	-	-	-	13,330
Changes related to current services	(26,396)	414	43,092	(165,047)	754	(147,183)
Contractual service margin recognized in profit or loss	-	-	43,092	(165,047)	754	(121,201)
Changes in risk adjustment due to release of risk	-	414	-	-	-	414
Experience adjustment	(26,396)	-	-	-	-	(26,396)
Changes related to past services	(51,315)	(9,433)	-	-	-	(60,748)
Changes in fulfillment cash flows from incurred claims	(51,315)	(9,433)	-	-	-	(60,748)
Net cost (margin) of reinsurance	(524,236)	(28,074)	273,093	20,435	67,728	(191,054)
Net reinsurance finance income or expenses	151,928	-	(18,875)	1,718	(1,712)	133,059
Effect of changes in reinsurer's non-performance risk	1,640	-	-	-	-	1,640
Reinsurance finance income or expenses excluding reinsurer's non-performance risk	150,288	-	(18,875)	1,718	(1,712)	131,419
Cash flows	42,170	-	-	-	-	42,170
Reinsurance premiums paid	359,715	-	-	-	-	359,715
Amounts recovered from reinsurers	(317,545)	-	-	-	-	(317,545)
Others	-	-	-	-	-	-
Ending	₩ 745,209	149,483	(466,275)	93,669	26,688	548,774

18. Insurance and reinsurance contract assets and liabilities, Continued

(5) Details of insurance revenue and expenses

(Korean won in millions)

	2024				Total
	Long-term	Domestic General	Vehicles	Overseas	
Insurance revenue:					
Insurance revenue from contracts without premium allocation approach	₩ 7,061,754	-	-	-	7,061,754
Expected claims and insurance service expenses	4,934,485	-	-	-	4,934,485
Changes in risk adjustment due to release of risk	155,256	-	-	-	155,256
Contractual service margin recognized in profit or loss	1,150,169	-	-	-	1,150,169
Other amounts	1,843	-	-	-	1,843
Reversal of insurance acquisition cash flows	820,001	-	-	-	820,001
Insurance revenue from contracts with premium allocation approach	-	911,719	739,359	18,774	1,669,852
	7,061,754	911,719	739,359	18,774	8,731,606
Insurance service expenses:					
Insurance service expenses from contracts without premium allocation approach	5,357,755	-	-	-	5,357,755
Claims and insurance service expenses	4,760,244	-	-	-	4,760,244
Insurance acquisition cash flows	820,001	-	-	-	820,001
Changes in fulfilment cash flows for incurred claims	(261,049)	-	-	-	(261,049)
Losses and reversals on onerous contracts	38,559	-	-	-	38,559
Insurance service expenses from contracts with premium allocation approach	-	604,975	744,864	13,814	1,363,653
	5,357,755	604,975	744,864	13,814	6,721,408

18. Insurance and reinsurance contract assets and liabilities, Continued

(5) Details of insurance revenue and expenses, Continued

(Korean won in millions)

	2024				Total
	Long-term	Domestic General	Vehicles	Overseas	
Reinsurance revenue:					
Reinsurance income from contracts without premium allocation approach	147,453	-	-	-	147,453
Recoverable claims and insurance service expenses	239,674	-	-	-	239,674
Changes in fulfilment cash flows for incurred claims	(80,340)	-	-	-	(80,340)
Recognition and reversal of loss-recovery components	(11,881)	-	-	-	(11,881)
Reinsurance income (expenses) from contracts with premium allocation approach	(682)	116,298	371	9,534	125,521
	<u>146,771</u>	<u>116,298</u>	<u>371</u>	<u>9,534</u>	<u>272,974</u>
Reinsurance service expenses:					
Reinsurance service expenses from contracts without premium allocation approach	215,991	-	-	-	215,991
Expected recoverable claims and insurance service expenses	241,351	-	-	-	241,351
Changes in risk adjustment due to release of risk	8,150	-	-	-	8,150
Contractual service margin recognized in profit or loss	(11,733)	-	-	-	(11,733)
Other amounts	(21,777)	-	-	-	(21,777)
Reinsurance service expenses from contracts with premium allocation approach	705	354,593	5,747	16,259	377,304
Cost of coverage for claims incurred before purchasing reinsurance	-	-	-	-	-
	<u>216,696</u>	<u>354,593</u>	<u>5,747</u>	<u>16,259</u>	<u>593,295</u>
Total insurance service result	<u>₩ 1,634,074</u>	<u>68,449</u>	<u>(10,881)</u>	<u>(1,765)</u>	<u>1,689,877</u>

18. Insurance and reinsurance contract assets and liabilities, Continued

(5) Details of insurance revenue and expenses, continued

(Korean won in millions)

	2023				Total
	Long-term	Domestic General	Vehicles	Overseas	
Insurance revenue:					
Insurance revenue from contracts without premium allocation approach	₩ 6,783,759	-	-	-	6,783,759
Expected claims and insurance service expenses	4,941,636	-	-	-	4,941,636
Changes in risk adjustment due to release of risk	131,440	-	-	-	131,440
Contractual service margin recognized in profit or loss	1,069,760	-	-	-	1,069,760
Other amounts	(37,504)	-	-	-	(37,504)
Reversal of insurance acquisition cash flows	678,427	-	-	-	678,427
Insurance revenue from contracts with premium allocation approach	-	803,499	758,191	24,289	1,585,979
	6,783,759	803,499	758,191	24,289	8,369,738
Insurance service expenses:					
Insurance service expenses from contracts without premium allocation approach	4,851,193	-	-	-	4,851,193
Claims and insurance service expenses	4,380,304	-	-	-	4,380,304
Insurance acquisition cash flows	678,427	-	-	-	678,427
Changes in fulfilment cash flows for incurred claims	(341,304)	-	-	-	(341,304)
Losses and reversals on onerous contracts	133,766	-	-	-	133,766
Insurance service expenses from contracts with premium allocation approach	-	607,642	742,515	16,120	1,366,277
	4,851,193	607,642	742,515	16,120	6,217,470

18. Insurance and reinsurance contract assets and liabilities, Continued

(5) Details of insurance revenue and expenses, continued

(Korean won in millions)

	2023				Total
	Long-term	Domestic General	Vehicles	Overseas	
Reinsurance revenue:					
Reinsurance income from contracts without premium allocation approach	165,663	-	-	-	165,663
Recoverable claims and insurance service expenses	209,534	-	-	-	209,534
Changes in fulfilment cash flows for incurred claims	(60,748)	-	-	-	(60,748)
Recognition and reversal of loss-recovery components	16,877	-	-	-	16,877
Reinsurance income (expenses) from contracts with premium allocation approach	(1,055)	159,935	1,860	11,993	172,733
	<u>164,608</u>	<u>159,935</u>	<u>1,860</u>	<u>11,993</u>	<u>338,396</u>
Reinsurance service expenses:					
Reinsurance service expenses from contracts without premium allocation approach	356,717	-	-	-	356,717
Expected recoverable claims and insurance service expenses	294,188	-	-	-	294,188
Changes in risk adjustment due to release of risk	8,862	-	-	-	8,862
Contractual service margin recognized in profit or loss	121,201	-	-	-	121,201
Other amounts	(67,534)	-	-	-	(67,534)
Reinsurance service expenses from contracts with premium allocation approach	902	342,286	4,495	21,682	369,365
Cost of coverage for claims incurred before purchasing reinsurance	-	-	-	-	-
	<u>357,619</u>	<u>342,286</u>	<u>4,495</u>	<u>21,682</u>	<u>726,082</u>
Total insurance service result	<u>₩ 1,739,555</u>	<u>13,506</u>	<u>13,041</u>	<u>(1,520)</u>	<u>1,764,582</u>

18. Insurance and reinsurance contract assets and liabilities, Continued

(6) The impacts on the consolidated financial statements of underlying insurance contracts and reinsurance contracts issued and reinsurance contracts held initially recognized under the general model for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

(a) Underlying insurance contracts and reinsurance contracts issued

	2024		
	Issued contracts		
	Non-onerous contracts	Onerous contracts	Total
Present value of future cash outflows	₩ 7,006,841	876,265	7,883,106
Insurance acquisition cash flows	1,796,214	193,683	1,989,897
Others than insurance acquisition cash flows	5,210,627	682,582	5,893,209
Present value of future cash inflows	(8,585,441)	(812,372)	(9,397,813)
Risk adjustment for non-financial risk	199,029	17,598	216,627
Contractual service margin	1,379,571	-	1,379,571
Loss component amount of the initially recognized contracts	₩ -	81,491	81,491
	2023		
	Issued contracts		
	Non-onerous contracts	Onerous contracts	Total
Present value of future cash outflows	₩ 6,235,905	633,509	6,869,414
Insurance acquisition cash flows	1,412,433	89,014	1,501,447
Others than insurance acquisition cash flows	4,823,472	544,495	5,367,967
Present value of future cash inflows	(8,020,858)	(556,741)	(8,577,599)
Risk adjustment for non-financial risk	184,305	10,772	195,077
Contractual service margin	1,600,648	-	1,600,648
Loss component amount of the initially recognized contracts	₩ -	87,540	87,540

(b) Reinsurance contracts held

	2024		
	Issued contracts		
	Net cost contracts	Net gain contracts	Total
Present value of future cash inflows	₩ 605,203	2,303	607,506
Present value of future cash outflows	(646,871)	(2,259)	(649,130)
Risk adjustment for non-financial risk	13,741	71	13,812
Contractual service margin	32,847	(52)	32,795
Loss-recovery component amount of the initially recognized contracts	₩ 4,920	63	4,983
	2023		
	Issued contracts		
	Net cost contracts	Net gain contracts	Total
Present value of future cash inflows	₩ 172,677	287,213	459,890
Present value of future cash outflows	(191,222)	(282,953)	(474,175)
Risk adjustment for non-financial risk	3,713	8,318	12,031
Contractual service margin	15,295	(9,494)	5,801
Loss-recovery component amount of the initially recognized contracts	₩ 463	3,084	3,547

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18. Insurance and reinsurance contract assets and liabilities, Continued

(7) The amounts of the remaining contractual service margin to be amortized subsequently as of December 31, 2024 and 2023 are as follows. (Korean won in millions):

	December 31, 2024									
	Within 1 year	Within 2 year	Within 3 year	Within 4 year	Within 5 year	Within 10 years	Within 20 years	Within 30 years	Over 30 years	Total
Issued contracts	₩ 1,078,110	940,805	831,511	741,679	662,999	2,458,195	2,617,219	1,117,499	739,873	11,187,890
Long-term non-life insurance	1,078,110	940,805	831,511	741,679	662,999	2,458,195	2,617,219	1,117,499	739,873	11,187,890
Reinsurance contracts held	(17,842)	(10,958)	(6,820)	(3,631)	347	33,990	63,380	37,973	29,215	125,654
Long-term non-life insurance	(17,842)	(10,958)	(6,820)	(3,631)	347	33,990	63,380	37,973	29,215	125,654

December 31, 2023

	Within 1 year	Within 2 year	Within 3 year	Within 4 year	Within 5 year	Within 10 years	Within 20 years	Within 30 years	Over 30 years	Total
Issued contracts	₩ 1,051,871	908,049	798,997	711,328	638,460	2,356,730	2,433,779	984,698	584,814	10,468,726
Long-term non-life insurance	1,051,871	908,049	798,997	711,328	638,460	2,356,730	2,433,779	984,698	584,814	10,468,726
Reinsurance contracts held	20,842	20,108	20,007	20,192	19,661	87,591	97,170	37,889	22,458	345,918
Long-term non-life insurance	20,842	20,108	20,007	20,192	19,661	87,591	97,170	37,889	22,458	345,918

18. Insurance and reinsurance contract assets and liabilities, Continued

(8) The relationships between insurance finance income (expenses) and the investment income (expenses) for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

	2024			
	Non-life insurance			Total
	Long-term	General and vehicles	Others	
Investment income:				
Net interest income	₩ 1,195,038	-	-	1,195,038
Dividend income	25,549	-	-	25,549
Gain on valuation and disposal of securities	601,986	-	-	601,986
Gain on valuation and disposal of loans and other receivables	255,156	-	-	255,156
Gain related to derivatives instruments	27,247	-	-	27,247
Gain on foreign currency transactions	184,132	-	-	184,132
Other investment return	381,024	-	-	381,024
Investment return recognized in profit or loss	1,454,974	-	-	1,454,974
Investment return recognized in other comprehensive income	1,215,158	-	-	1,215,158
	<u>2,670,132</u>	<u>-</u>	<u>-</u>	<u>2,670,132</u>
Insurance finance expenses:				
Net interest expense	(689,931)	(25,290)	-	(715,221)
Effect of changes in discount rates and financial assumptions	(2,278,791)	(7,896)	-	(2,286,687)
Effect of foreign exchange rate changes	-	(2,368)	-	(2,368)
Insurance finance expenses recognized in profit or loss	(691,563)	(27,659)	-	(719,222)
Insurance finance expenses recognized in other comprehensive income	(2,277,159)	(7,895)	-	(2,285,054)
	<u>(2,968,722)</u>	<u>(35,554)</u>	<u>-</u>	<u>(3,004,276)</u>
Reinsurance finance income:				
Net interest expense	14,948	11,942	-	26,890
Effect of changes in discount rates and financial assumptions	58,832	1,258	-	60,090
Changes in reinsurer's non-performance risk	1,369	48	-	1,417
Effect of foreign exchange rate changes	-	549	-	549
Insurance finance income recognized in profit or loss	16,721	11,198	-	27,919
Insurance finance income recognized in other comprehensive income	58,428	2,599	-	61,027
	<u>75,149</u>	<u>13,797</u>	<u>-</u>	<u>88,946</u>
Net finance expenses recognized in profit or loss and other comprehensive income	₩ (223,441)	(21,757)	-	(245,198)

18. Insurance and reinsurance contract assets and liabilities, Continued

(8) The relationships between insurance finance income (expenses) and the investment income (expenses) for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

	2023			
	Non-life insurance			Total
	Long-term	General and vehicles	Others	
Investment income:				
Net interest income	₩ 1,019,950	-	-	1,019,950
Dividend income	43,235	-	-	43,235
Gain on valuation and disposal of securities	1,241,234	-	-	1,241,234
Gain on valuation and disposal of loans and other receivables	184,975	-	-	184,975
Gain related to derivatives instruments	368,178	-	-	368,178
Gain on foreign currency transactions	35,686	-	-	35,686
Other investment return	312,966	-	-	312,966
Investment return recognized in profit or loss	1,259,912	-	-	1,259,912
Investment return recognized in other comprehensive income	1,946,312	-	-	1,946,312
	<u>3,206,224</u>	<u>-</u>	<u>-</u>	<u>3,206,224</u>
Insurance finance expenses:				
Net interest expense	(671,831)	(20,522)	-	(692,353)
Effect of changes in discount rates and financial assumptions	(1,686,026)	(3,000)	-	(1,689,026)
Effect of foreign exchange rate changes	-	189	-	189
Insurance finance expenses recognized in profit or loss	(654,798)	(19,198)	-	(673,996)
Insurance finance expenses recognized in other comprehensive income	(1,703,059)	(4,135)	-	(1,707,194)
	<u>(2,357,857)</u>	<u>(23,333)</u>	<u>-</u>	<u>(2,381,190)</u>
Reinsurance finance income:				
Net interest expense	15,739	10,011	-	25,750
Effect of changes in discount rates and financial assumptions	115,604	(2,180)	-	113,424
Changes in reinsurer's non-performance risk	1,641	519	-	2,160
Effect of foreign exchange rate changes	100	(18)	-	82
Insurance finance income recognized in profit or loss	18,697	7,236	-	25,933
Insurance finance income recognized in other comprehensive income	114,387	1,096	-	115,483
	<u>133,084</u>	<u>8,332</u>	<u>-</u>	<u>141,416</u>
Net finance income (expenses) recognized in profit or loss and other comprehensive income	₩ 981,451	(15,001)	-	966,450

18. Insurance and reinsurance contract assets and liabilities, Continued

(9) The cumulative difference between the insurance finance income or expenses that would have been recognized in profit or loss for each of the two years in the period ended December 31, 2024 and the total insurance finance income or expenses at the date of transition is as follows (Korean won in millions):

	2024		
	Profit (loss)	Other comprehensive loss	Total insurance finance expenses
Fair value approach	₩ (522,348)	₩ (1,446,822)	₩ (1,969,170)
Modified retrospective approach	43,918	(806,237)	(762,319)
	₩ (478,430)	₩ (2,253,059)	₩ (2,731,489)
	2023		
	Profit (loss)	Other comprehensive loss	Total insurance finance expenses
Fair value approach	₩ (553,941)	₩ (1,251,119)	₩ (1,805,060)
Modified retrospective approach	87,609	(381,101)	(293,492)
	₩ (466,332)	₩ (1,632,220)	₩ (2,098,552)

(10) Changes in other comprehensive income (loss) of financial assets measured at FVOCI related to groups of insurance contracts for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	Beginning	Other comprehensive income (loss)	Profit or loss	Ending
Financial assets measured at FVOCI:				
Securities	₩ (2,376,225)	3,309,738	(3,528)	929,985
Loans	398	(95,711)	6,075	(89,238)
	₩ (2,375,827)	3,214,027	2,547	840,747
	2023			
	Beginning	Other comprehensive income	Profit or loss	Ending
Financial assets measured at FVOCI:				
Securities	₩ (3,228,273)	849,693	2,355	(2,376,225)
Loans	(134,687)	102,537	32,548	398
	₩ (3,362,960)	952,230	34,903	(2,375,827)

18. Insurance and reinsurance contract assets and liabilities, Continued

(11) Expansion of financial disclosure on insurance segment

1) Insurance liabilities by accounting model and portfolio

Insurance liabilities by accounting model and portfolio as of December 31, 2024 are as follows (Korean won in millions):

			December 31, 2024				
			General model			PAA	
			BEL	RA	CSM		
Long-term non-life	Non-Par	Non-participating accident	₩ (854,227)	₩ 234,621	₩ 1,782,561	₩ -	
		Non-participating disease	288,970	66,300	413,667	-	
		Non-participating property	(80,921)	2,611	60,691	-	
		Participating pension and savings	28,922	269	1,127	-	
		Non-participating pension and savings	213,576	87	903	-	
		Non-participating others	1,839	9	-	-	
		Indirect-Par	Non-participating accident	6,975,659	912,550	8,132,691	-
			Non-participating disease	457,223	109,859	410,227	-
	Non-participating property		199,234	3,895	19,845	-	
	Participating pension and savings		1,333,367	1,137	46,063	-	
	Non-participating pension and savings		393,401	274	978	-	
	Non-participating others		(446,091)	84,305	319,136	-	
	General non-life		-	-	-	337,065	
	Auto		-	-	-	439,383	
				<u>₩ 8,510,952</u>	<u>₩ 1,415,917</u>	<u>₩ 11,187,889</u>	<u>₩ 776,448</u>

(*) The table above has been prepared in relation to the liability for remaining coverage of direct insurance and reinsurance contracts.

2) Changes in insurance liabilities

Actuarial assumptions as of December 31, 2024 are as follows (Korean won in millions):

		December 31, 2024		
		BEL	RA	CSM
Changes in future service	₩	(1,317,728)	₩ (175,206)	₩ 1,531,492
Changes due to new contracts		(1,514,707)	216,627	1,379,571
Changes due to others (other than new contracts)		196,979	(391,833)	151,921
Impact of changes in assumptions		(272,179)	-	272,179
Changes in surrender rate assumptions		304,641	-	(304,641)
Changes in risk rate assumptions		(915,465)	-	915,465
Changes in business expense rate assumptions		327,976	-	(327,976)
Changes in other assumptions		10,669	-	(10,669)
Volume differences and actual-to-expected investment components		469,158	(391,833)	(77,325)
Loss component		-	-	(42,933)

(*) The table above has been prepared in relation to the liability for remaining coverage of direct insurance contracts.

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18. Insurance and reinsurance contract assets and liabilities, Continued

(11) Expansion of financial disclosure on insurance segment, Continued

2) Changes in insurance liabilities, Continued

Contractual service margin as of December 31, 2024 are as follows (Korean won in millions):

	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years
Non-Par	₩ 84,681	₩ 71,594	₩ 59,731	₩ 51,969	₩ 45,392	₩ 42,141	₩ 41,547	₩ 41,010
Non-participating accident								
Non-participating disease	19,714	17,752	16,440	15,525	14,892	14,449	14,148	13,919
Non-participating property	7,335	6,330	5,649	5,064	4,581	4,268	3,997	3,723
Participating pension and savings	147	136	121	109	98	88	78	67
Non-participating pension and savings								
savings	292	270	267	74	-	-	-	-
Indirect-Par	540,906	488,103	438,073	403,049	376,516	351,531	329,552	304,287
Non-participating accident								
Non-participating disease	37,917	32,548	28,546	25,726	23,255	21,272	19,766	18,382
Non-participating property	4,553	3,677	2,847	2,124	1,503	1,090	912	744
Participating pension and savings	4,431	4,246	3,926	3,674	3,481	3,246	2,986	2,705
Non-participating pension and savings								
savings	377	234	136	79	49	25	13	12
Non-participating others	55,437	43,937	35,189	28,484	23,129	18,906	15,596	12,993
	<u>755,790</u>	<u>668,827</u>	<u>590,925</u>	<u>535,877</u>	<u>492,896</u>	<u>457,016</u>	<u>428,595</u>	<u>397,842</u>
Non-Par	₩ 40,341	₩ 39,662	₩ 183,107	₩ 161,089	₩ 136,530	₩ 122,712	₩ 661,055	₩ 1,782,561
Non-participating accident								
Non-participating disease	13,737	13,531	59,458	43,459	35,365	29,038	92,240	413,667
Non-participating property	3,498	3,248	11,265	1,732	-	-	-	60,690
Participating pension and savings	57	48	134	34	7	2	1	1,127
Non-participating pension and savings								
savings	-	-	-	-	-	-	-	903
Indirect-Par	277,580	262,680	1,132,133	808,172	576,121	424,316	1,419,673	8,132,692
Non-participating accident								
Non-participating disease	16,937	15,600	60,179	36,204	22,742	15,568	35,585	410,227
Non-participating property	597	446	1,172	167	12	1	-	19,845
Participating pension and savings	2,428	2,164	7,241	3,218	1,410	593	316	46,065
Non-participating pension and savings								
savings	11	7	21	7	4	2	2	979
Non-participating others	11,001	9,475	32,593	15,993	7,392	4,245	4,766	319,136
	<u>366,187</u>	<u>346,861</u>	<u>1,487,303</u>	<u>1,070,075</u>	<u>779,583</u>	<u>596,477</u>	<u>2,213,638</u>	<u>11,187,892</u>

(*) The table above has been prepared in relation to the contractual service margin of direct insurance contracts. The amount at each period represents the net amount amortized, calculated as the amount to be amortized based on the transfer of insurance contract services, less the interest accretion for the period.

18. Insurance and reinsurance contract assets and liabilities, Continued

(11) Expansion of financial disclosure on insurance segment, Continued

3) Best estimate assumptions

- Actual-to-expected loss ratio for the current period

<u>Expected loss ratio(A) (%)(*2)</u>	<u>Actual loss ratio(B) (%)(*3)</u>	<u>Actual-to-expected loss ratio (C=A-B) (%p)</u>
99.49	90.18	9.31

(*1) Presented is the actual-to-expected loss ratio in the Group's consolidated statement of comprehensive income and is based on direct insurance contracts.

(*2) Expected loss ratio(A) = Expected claims for the current period ÷ Actual risk premiums for the current period

(*3) Actual loss ratio(B) = (Incurred claims for the current period + Incurred claims component adjustment for the current period) ÷ Actual insurance risk premiums for the current period

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18. Insurance and reinsurance contract assets and liabilities, Continued

(11) Expansion of financial disclosure on insurance segment, Continued

3) Best estimate assumptions, Continued

- Expected claims to insurance risk premiums

	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years
Non-Par								
Non-participating accident	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 892,844 ₩ 788,062 113.00%	₩ 921,895 ₩ 791,330 116.00%	₩ 892,367 ₩ 758,898 118.00%	₩ 844,402 ₩ 718,271 118.00%	₩ 789,207 ₩ 676,147 117.00%	₩ 762,306 ₩ 645,372 118.00%	₩ 767,599 ₩ 644,070 119.00%
Non-participating disease	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 86,990 ₩ 84,074 100.00%	₩ 86,301 ₩ 84,074 103.00%	₩ 86,998 ₩ 82,779 105.00%	₩ 86,997 ₩ 82,268 106.00%	₩ 87,575 ₩ 82,364 106.00%	₩ 89,392 ₩ 83,074 108.00%	₩ 90,664 ₩ 83,791 108.00%
Non-participating property	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 11,472 ₩ 17,134 67.00%	₩ 11,440 ₩ 14,226 80.00%	₩ 12,349 ₩ 12,980 95.00%	₩ 15,139 ₩ 14,328 106.00%	₩ 17,675 ₩ 16,255 109.00%	₩ 20,383 ₩ 18,946 118.00%	₩ 24,184 ₩ 20,936 116.00%
Participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 31 ₩ 25 124.00%	₩ 28 ₩ 22 127.00%	₩ 24 ₩ 18 133.00%	₩ 20 ₩ 15 133.00%	₩ 17 ₩ 12 142.00%	₩ 15 ₩ 10 163.00%	₩ 13 ₩ 8 157.00%
Non-participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 166 ₩ 175 95.00%	₩ 52 ₩ 56 93.00%	₩ 13 ₩ 12 108.00%	₩ 1 ₩ 1 100.00%	₩ 1 ₩ - -	₩ - ₩ - -	₩ - ₩ - -
Non-participating others	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 100 ₩ 102 98.00%	₩ 93 ₩ 91 102.00%	₩ 87 ₩ 82 106.00%	₩ 68 ₩ 62 110.00%	₩ 1 ₩ 1 100.00%	₩ - ₩ - -	₩ - ₩ - -
Indirect-Par								
Non-participating accident	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 3,025,765 ₩ 3,216,507 94.00%	₩ 3,026,426 ₩ 3,140,412 96.00%	₩ 2,983,601 ₩ 3,053,232 98.00%	₩ 2,956,909 ₩ 2,989,786 99.00%	₩ 2,892,946 ₩ 2,878,304 101.00%	₩ 2,657,517 ₩ 2,606,887 102.00%	₩ 2,557,544 ₩ 2,497,564 102.00%
Non-participating disease	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 265,214 ₩ 274,706 97.00%	₩ 258,751 ₩ 262,897 98.00%	₩ 249,497 ₩ 249,200 100.00%	₩ 238,984 ₩ 236,661 101.00%	₩ 228,113 ₩ 224,372 102.00%	₩ 204,857 ₩ 201,587 102.00%	₩ 194,562 ₩ 191,294 102.00%
Non-participating property	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 20,627 ₩ 31,660 65.00%	₩ 16,855 ₩ 24,862 68.00%	₩ 13,581 ₩ 18,980 72.00%	₩ 11,197 ₩ 14,250 79.00%	₩ 9,260 ₩ 10,151 91.00%	₩ 7,544 ₩ 6,326 119.00%	₩ 6,910 ₩ 5,098 136.00%
Participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 1,103 ₩ 1,031 107.00%	₩ 1,018 ₩ 914 111.00%	₩ 945 ₩ 811 117.00%	₩ 876 ₩ 715 123.00%	₩ 810 ₩ 625 130.00%	₩ 691 ₩ 483 143.00%	₩ 633 ₩ 427 148.00%
Non-participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 266 ₩ 189 141.00%	₩ 132 ₩ 99 133.00%	₩ 87 ₩ 64 136.00%	₩ 54 ₩ 38 142.00%	₩ 34 ₩ 23 148.00%	₩ 14 ₩ 9 100.00%	₩ 1 ₩ 1 100.00%
Non-participating others	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 316,641 ₩ 71,000 445.00%	₩ 253,872 ₩ 72,000 350.00%	₩ 203,324 ₩ 74,000 275.00%	₩ 165,001 ₩ 75,000 220.00%	₩ 135,089 ₩ 77,000 175.00%	₩ 111,818 ₩ 81,000 138.00%	₩ 93,862 ₩ 84,000 112.00%
	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	₩ 4,529,736 ₩ 4,732,430 96.00%	₩ 4,505,993 ₩ 4,572,855 99.00%	₩ 4,389,161 ₩ 4,380,380 100.00%	₩ 4,279,182 ₩ 4,221,396 101.00%	₩ 4,129,713 ₩ 4,023,343 103.00%	₩ 3,942,680 ₩ 3,806,408 104.00%	₩ 3,820,845 ₩ 3,656,546 105.00%

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18. Insurance and reinsurance contract assets and liabilities, Continued

(11) Expansion of financial disclosure on insurance segment, Continued

3) Best estimate assumptions, Continued

- Expected claims to insurance risk premiums, Continued

	9 year	10 years	11 years to 15 years	16 years to 20 years	21 years to 25 years	26 years to 30 years	More than 30 years	present value
Non-Par								
Non-participating accident	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	591,597 505,351 117,000%	1,675,192 1,530,015 109,000%	1,575,641 1,430,239 110,000%	1,608,844 1,398,651 115,000%	1,631,109 1,397,163 117,000%	10,639,051 8,982,883 118,000%	₩ 12,088,735 ₩ 10,442,194 ₩ 116,000%
Non-participating disease	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	92,172 84,630 109,000%	488,039 427,664 114,000%	511,119 420,275 122,000%	535,150 437,940 122,000%	523,069 424,051 123,000%	1,847,176 1,504,830 123,000%	₩ 2,228,834 ₩ 1,938,993 ₩ 115,000%
Non-participating property	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	23,973 21,447 112,000%	22,351 20,748 108,000%	75,259 74,934 100,000%	12,809 12,819 100,000%	- - -	- - -	₩ 207,950 ₩ 204,281 ₩ 102,000%
Participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	9 5 180,000%	8 4 200,000%	21 10 210,000%	5 2 250,000%	1 1 100,000%	- - -	₩ 174 ₩ 121 ₩ 144,000%
Non-participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	- - -	- - -	- - -	- - -	- - -	- - -	₩ 227 ₩ 239 ₩ 95,000%
Non-participating others	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	- - -	- - -	- - -	- - -	- - -	- - -	₩ 329 ₩ 319 ₩ 103,000%
Indirect-Par								
Non-participating accident	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	2,421,263 2,371,763 102,000%	2,380,346 2,328,417 102,000%	11,382,513 11,057,609 103,000%	10,340,475 9,908,534 104,000%	9,382,644 8,857,395 106,000%	8,423,594 7,840,437 107,000%	₩ 51,515,888 ₩ 50,162,705 ₩ 103,000%
Non-participating disease	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	183,379 180,187 102,000%	173,741 169,658 102,000%	726,889 703,031 103,000%	545,612 508,213 107,000%	426,856 385,309 111,000%	340,401 300,804 113,000%	₩ 896,292 ₩ 774,271 ₩ 103,000%
Non-participating property	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	6,244 4,017 155,000%	5,019 3,005 167,000%	12,987 7,743 168,000%	2,145 1,302 165,000%	92 57 161,000%	10 6 167,000%	₩ 103,419 ₩ 120,727 ₩ 86,000%
Participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	576 378 152,000%	525 336 156,000%	1,605 1,021 157,000%	519 341 152,000%	186 126 148,000%	74 44 168,000%	₩ 8,398 ₩ 6,487 ₩ 129,000%
Non-participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	1 1 100,000%	1 1 100,000%	3 2 150,000%	2 1 200,000%	1 1 100,000%	- - -	₩ 565 ₩ 407 ₩ 139,000%
Non-participating others	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	58,783 68,530 86,000%	52,242 59,420 88,000%	183,950 204,505 90,000%	92,957 99,611 93,000%	45,937 45,509 101,000%	27,875 26,568 105,000%	₩ 1,221,971 ₩ 1,566,157 ₩ 78,000%
	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	3,520,095 3,346,529 105,000%	3,319,768 3,172,482 105,000%	14,546,458 14,006,534 104,000%	13,081,284 12,381,337 106,000%	11,999,711 11,124,989 108,000%	10,946,133 9,989,073 110,000%	₩ 47,360,592 ₩ 41,411,583 ₩ 114,000%

(*) The table above has been prepared in relation to the liability for remaining coverage of direct insurance contracts.

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18. Insurance and reinsurance contract assets and liabilities, Continued

(11) Expansion of financial disclosure on insurance segment, Continued

3) Best estimate assumptions, Continued

- Expected maintenance cost and others to planned maintenance cost

	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years
Non-Par								
Non-participating accident	Expected claim(A) W 98,567	W 54,826	W 52,825	W 47,807	W 45,399	W 43,847	W 43,487	W 43,298
	Risk premium(B)(*2) W 212,347	W 243,310	W 235,894	W 220,569	W 205,772	W 194,229	W 188,734	W 184,584
	Ratio(A/B) 46.00%	23.00%	22.00%	22.00%	22.00%	23.00%	23.00%	23.00%
Non-participating disease	Expected claim(A) W 13,422	W 11,640	W 11,489	W 10,515	W 10,495	W 10,515	W 10,561	W 10,623
	Risk premium(B)(*2) W 63,537	W 57,925	W 53,901	W 50,936	W 48,578	W 46,602	W 44,847	W 43,183
	Ratio(A/B) 21.00%	20.00%	21.00%	21.00%	22.00%	23.00%	24.00%	25.00%
Non-participating property	Expected claim(A) W 722	W 617	W 558	W 577	W 626	W 649	W 679	W 735
	Risk premium(B)(*2) W 5,406	W 4,695	W 4,333	W 4,854	W 5,565	W 5,929	W 6,383	W 7,109
	Ratio(A/B) 13.00%	13.00%	13.00%	12.00%	11.00%	11.00%	11.00%	10.00%
Participating pension and savings	Expected claim(A) W 33	W 30	W 26	W 18	W 16	W 13	W 11	W 9
	Risk premium(B)(*2) W 7	W 7	W 7	W 6	W 6	W 5	W 5	W 4
	Ratio(A/B) 471.00%	429.00%	371.00%	300.00%	267.00%	260.00%	220.00%	225.00%
Non-participating pension and savings	Expected claim(A) W 517	W 473	W 427	W 74	W -	W -	W -	W -
	Risk premium(B)(*2) W (47)	W 218	W 275	W 64	W -	W -	W -	W -
	Ratio(A/B) (1,100.00%)	217.00%	155.00%	116.00%	-	-	-	-
Non-participating others	Expected claim(A) W 18	W 17	W 15	W 11	W -	W -	W -	W -
	Risk premium(B)(*2) W 36	W 32	W 28	W 21	W -	W -	W -	W -
	Ratio(A/B) 50.00%	53.00%	54.00%	52.00%	-	-	-	-
Indirect-Par								
Non-participating accident	Expected claim(A) W 271,283	W 209,125	W 199,828	W 179,358	W 168,055	W 157,600	W 148,767	W 140,037
	Risk premium(B)(*2) W 987,077	W 912,123	W 850,344	W 794,219	W 720,856	W 655,177	W 602,450	W 553,604
	Ratio(A/B) 27.00%	23.00%	23.00%	23.00%	23.00%	24.00%	25.00%	25.00%
Non-participating disease	Expected claim(A) W 38,736	W 21,483	W 20,032	W 17,664	W 16,541	W 15,514	W 14,537	W 13,653
	Risk premium(B)(*2) W 110,193	W 97,028	W 87,418	W 79,675	W 72,907	W 67,167	W 62,096	W 57,144
	Ratio(A/B) 35.00%	22.00%	23.00%	22.00%	23.00%	23.00%	23.00%	24.00%
Non-participating property	Expected claim(A) W 4,453	W 2,713	W 2,125	W 1,575	W 1,212	W 952	W 791	W 641
	Risk premium(B)(*2) W 4,493	W 3,564	W 2,812	W 2,223	W 1,696	W 1,280	W 1,065	W 865
	Ratio(A/B) 99.00%	76.00%	76.00%	71.00%	71.00%	74.00%	74.00%	74.00%
Participating pension and savings	Expected claim(A) W 4,832	W 4,349	W 4,177	W 3,210	W 3,006	W 2,790	W 2,572	W 2,354
	Risk premium(B)(*2) W 3,349	W 3,012	W 2,699	W 2,439	W 2,205	W 1,982	W 1,773	W 1,577
	Ratio(A/B) 144.00%	144.00%	155.00%	132.00%	136.00%	141.00%	145.00%	149.00%
Non-participating pension and savings	Expected claim(A) W 1,309	W 777	W 454	W 236	W 163	W 117	W 91	W 79
	Risk premium(B)(*2) W 559	W 332	W 197	W 120	W 80	W 60	W 48	W 40
	Ratio(A/B) 234.00%	234.00%	230.00%	197.00%	204.00%	195.00%	190.00%	198.00%
Non-participating others	Expected claim(A) W 42,854	W 25,248	W 20,559	W 16,528	W 13,646	W 11,277	W 9,476	W 8,086
	Risk premium(B)(*2) W 135,187	W 107,757	W 86,297	W 69,914	W 57,044	W 46,362	W 37,993	W 31,655
	Ratio(A/B) 32.00%	23.00%	24.00%	24.00%	24.00%	24.00%	25.00%	26.00%
Non-participating	Expected claim(A) W 476,747	W 331,297	W 312,217	W 277,573	W 259,159	W 243,272	W 230,972	W 219,514
	Risk premium(B)(*2) W 1,522,145	W 1,430,002	W 1,324,207	W 1,225,039	W 1,114,709	W 1,018,793	W 945,393	W 879,764
	Ratio(A/B) 31.00%	23.00%	24.00%	23.00%	23.00%	24.00%	24.00%	25.00%

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18. Insurance and reinsurance contract assets and liabilities, Continued

(11) Expansion of financial disclosure on insurance segment, Continued

3) Best estimate assumptions, Continued

- Expected maintenance cost and others to planned maintenance cost, Continued

	9 year	10 years	11 years to 15 years	16 years to 20 years	21 years to 25 years	26 years to 30 years	More than 30 years	present value
Non-Par								
Non-participating accident	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	38,633 157,685 25.00%	158,695 555,938 29.00%	140,657 334,033 42.00%	122,581 184,831 66.00%	109,824 114,046 96.00%	487,222 295,264 165.00%	₩ 824,520 ₩ 2,482,563 33.00%
Non-participating disease	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	10,696 41,710 26.00%	50,586 153,842 33.00%	38,564 50,290 77.00%	32,867 25,942 127.00%	26,129 7,950 329.00%	68,527 13,446 510.00%	₩ 191,716 ₩ 574,732 33.00%
Non-participating property	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	740 7,230 10.00%	709 6,967 10.00%	441 4,218 10.00%	441 4 1	- - -	- - -	₩ 7,576 ₩ 68,417 ₩ 11,00%
Participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	8 4 200.00%	6 3 167.00%	15 9 200.00%	4 2 -	1 - -	- - -	₩ 166 ₩ 55 ₩ 302.00%
Non-participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	- - -	- - -	- - -	- - -	- - -	- - -	₩ - ₩ 1,424 ₩ 473
Non-participating others	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	- - -	- - -	- - -	- - -	- - -	- - -	₩ 57 ₩ 111 ₩ 51.00%
Indirect-Par								
Non-participating accident	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	132,216 512,541 26.00%	127,226 485,619 28.00%	555,169 1,970,194 28.00%	454,669 1,476,748 31.00%	381,829 1,151,442 33.00%	317,402 903,930 35.00%	₩ 2,675,499 ₩ 9,836,654 27.00%
Non-participating disease	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	12,763 52,292 24.00%	11,841 47,338 25.00%	46,627 168,107 28.00%	34,235 112,660 30.00%	24,276 63,912 38.00%	17,993 41,890 43.00%	₩ 39,800 ₩ 239,185 ₩ 881,401 ₩ 27.00%
Non-participating property	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	517 692 75.00%	406 525 77.00%	1,133 1,348 84.00%	285 278 103.00%	13 11 118.00%	1 1 100.00%	₩ 14,958 ₩ 18,467 ₩ 81.00%
Participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	2,136 1,399 153.00%	1,920 1,231 156.00%	6,933 4,078 170.00%	3,867 1,937 200.00%	2,137 930 230.00%	1,149 460 250.00%	₩ 36,014 ₩ 23,580 ₩ 153.00%
Non-participating pension and savings	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	68 32 213.00%	58 26 223.00%	204 90 227.00%	124 54 230.00%	75 29 259.00%	40 14 286.00%	₩ 3,400 ₩ 1,504 ₩ 226.00%
Non-participating others	Expected claim(A) Risk premium(B)(*2) Ratio(A/B)	208,489 820,219 25.00%	197,679 762,643 26.00%	843,130 2,952,898 29.00%	683,191 2,009,269 34.00%	568,773 1,437,872 46.00%	475,575 1,074,372 55.00%	₩ 4,164,166 ₩ 14,532,056 29.00%

(*) The table above has been prepared in relation to the liability for remaining coverage of direct insurance contracts.

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18. Insurance and reinsurance contract assets and liabilities, Continued

(11) Expansion of financial disclosure on insurance segment, Continued

4) Assumption sensitivity

The sensitivity analysis on insurance risk as of December 31, 2024 is as follows (Korean won in millions):

	Base amount		Variable Amount		Impact on profit and equity (Before tax)	
	Fulfillment cash flows(*3)	Contractual service margin	Fulfillment cash flows(*3)	Contractual service margin	Profit (loss)(*2)	Other comprehensive income (loss)
Mortality rate			₩ 71,648	₩ (71,776)	₩ (1,543)	₩ 1,671
Disability and disease (Fixed benefit)	3.27% Increase					
Disability and disease (Indemnity Benefit)	3.40% Increase					
Long-term property and other	2.62% Increase		1,140,708	(1,051,185)	(90,246)	723
Lapse ratio (Increase)	4.19% Increase	₩ 9,926,869				
Lapse ratio (Decrease)	9.16% Increase	₩ 11,187,892				
Operating expenses (Level)	9.16% Decrease		36,425	(34,746)	(1,773)	95
Operating expenses (Inflation)	2.62% Increase		574,936	(602,780)	(8,138)	35,982
	0.26%p		(633,560)	663,038	9,662	(39,141)
			168,249	(157,853)	(10,094)	(302)

(*1) This is a sensitivity analysis of the liability for remaining coverage of direct insurance contracts. The shock levels applied to actuarial assumptions are based on the supervisory regulation used for the calculation of the risk adjustment (confidence level of 75%).

(*2) The impact on profit or loss represents the increase in the best estimate liability that exceeds the carrying amount of the contractual service margin, thereby resulting in a loss due to changes in assumptions.

(*3) No shocks were applied to the risk adjustment component within the fulfillment cash flows.

The sensitivity analysis on interest rate risk as of December 31, 2024 is as follows (Korean won in millions):

	Sensitivity	Impact on profit and equity (Before tax)	
		Profit (loss)(*2)	Other Comprehensive Income (loss)
100bp increase	Financial assets	₩ (15,024)	₩ (3,636,936)
	Assumed insurance contracts (*1)	-	2,983,446
	Ceded insurance contracts (*1)	-	(64,473)
100bp decrease	Financial assets	15,024	3,636,936
	Assumed insurance contracts (*1)	-	(3,741,253)
	Ceded insurance contracts (*1)	-	76,714

(*1) The impact relates to the liability for remaining coverage for direct insurance contracts and reinsurance contracts held.

(*2) No shocks were applied to the risk adjustment component within the fulfillment cash flows.

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19. Deposits

Details of deposits as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Customers' claims on deposits	₩ 2,191,912	1,415,345
Investment insurance contract deposits	9,877,037	9,340,209
Security deposit of import	1,005,081	444,542
Others	241,476	222,615
	<u>₩ 13,315,506</u>	<u>11,422,711</u>

20. Financial liabilities measured at FVPL

Details of financial liabilities measured at FVPL as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial liabilities designated as measured at FVPL:		
Equity linked securities (*1)	₩ 5,790,676	7,857,706
Derivatives-linked securities (*1)	1,947,559	1,831,735
Others	4,171,090	4,407,675
Adjustments for credit risk	(17,290)	(33,003)
Deferred initial profit / loss adjustment	22,687	79,780
	<u>11,914,722</u>	<u>14,143,893</u>
Financial liabilities held-for-trading:		
Stocks	1,368,985	1,137,910
Government and public bonds	6,115,462	4,008,270
Special bonds	263,746	389,315
Foreign currency securities	515,091	182,841
	<u>8,263,284</u>	<u>5,718,336</u>
	<u>₩ 20,178,006</u>	<u>19,862,229</u>

(*1) The Group designates equity linked securities sold and derivative linked securities sold as financial liability designated as measured at FVPL without separating embedded derivative from the host contract.

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21. Borrowings

Details of borrowings as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	Rate (%)	December 31, 2024	December 31, 2023
Commercial paper (CP)	2.32~4.30	₩ 4,203,850	3,000,700
Bonds sold under repurchase agreements	2.17~4.83	19,004,398	15,747,431
Borrowing from KSFC	3.40~4.18	435,541	431,006
Others	2.82~10.00	943,617	1,093,342
		<u>24,587,406</u>	<u>20,272,479</u>
Asset Backed Short-Term bond (ABSTB)	3.10~4.95	3,168,806	2,631,520
Bonds	2.01~6.39	9,695,100	8,415,700
Subordinated bonds	3.20~5.40	2,160,000	1,660,000
Discount on bonds	-	(17,615)	(11,573)
		<u>15,006,291</u>	<u>12,695,647</u>
		<u>₩ 39,593,697</u>	<u>32,968,126</u>

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December 31, 2024 and 2023

22. Other liabilities

(1) Details of other liabilities as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other financial liabilities:		
Accounts payable	₩ 956,645	840,865
Accrued dividend	14,237	2,983
Accrued expenses	1,787,311	1,634,278
Leasehold deposits received	17,578	18,534
Lease deposits	295,967	291,019
Payables unpaid spot exchange	1,314,206	801,259
Liabilities arising from financial guarantee contract	4,980	3,868
Demand repayment interest	197,091	195,019
Lease liability	77,977	42,791
	<u>4,665,992</u>	<u>3,830,616</u>
Other non-financial liabilities:		
Premiums received in advance	15,119	17,196
Advances received	43,452	35,342
Withholdings tax	28,884	19,637
Income received in advance	388,875	444,134
Accrued value added tax	1,779	1,938
Others	68,355	60,485
	<u>546,464</u>	<u>578,732</u>
	<u>₩ 5,212,456</u>	<u>4,409,348</u>

(2) The residual maturity of lease liabilities as of December 31, 2024 is as follows (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Within 3 months	₩ 9,768	10,378
3~6 months	4,919	4,338
6~12 months	13,887	13,337
1~5 years	57,761	18,855
Over 5 years	1,361	-
	<u>₩ 87,696</u>	<u>46,908</u>

(3) Details of cash flow lease commitments for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	<u>31, 2024</u>	<u>31, 2023</u>
Repayment of lease liabilities	₩ 40,088	42,204
Payments of short-term lease and leases of low-values assets	1,672	3,528
	<u>₩ 41,760</u>	<u>45,732</u>

23. Net defined benefit liabilities

(1) Details of net defined benefit liabilities as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	₩ 132,961	122,154
Fair value of plan assets	(149,911)	(149,075)
Net defined benefit assets (*1)	₩ (16,950)	(26,921)

(*1) The net defined benefit asset of ₩16,950 million as of December 31, 2024 is the amount obtained by netting off the net defined benefit liability of ₩94 million and the net defined benefit asset of ₩17,044 million recorded in other assets.

(2) Changes in the present value of defined benefit obligation for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Beginning	₩ 122,154	104,939
Changes:		
Current service cost	16,026	14,166
Interest cost	6,224	6,098
Benefits paid	(22,666)	(15,571)
Remeasurements of defined benefit obligations	12,457	12,460
Gain on settlement	(1,415)	(130)
Transfers	-	158
Others	181	34
Ending	₩ 132,961	122,154

(3) Changes in plan assets for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Beginning	₩ 149,075	142,161
Changes:		
Interest income	8,005	8,745
Employer contributions	16,600	13,270
Payments	(21,165)	(13,084)
Others	136	(2)
Remeasurements of plan assets	(2,740)	(2,173)
Transfers	-	158
Ending	₩ 149,911	149,075

23. Net defined benefit liabilities, Continued

(4) Details of total income or expenses incurred related to net defined benefit liabilities for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Expenses included in net income:		
Current service cost	₩ 16,026	14,166
Net interest cost of the net defined benefit liabilities	(1,781)	(2,647)
Others	(1,409)	(131)
	<u>12,836</u>	<u>11,388</u>
Other comprehensive income:		
Remeasurements of plan assets	2,740	2,173
Remeasurements of defined benefit liabilities	12,457	12,460
Others	-	22
	<u>15,197</u>	<u>14,655</u>
Total comprehensive gain	<u>₩ 28,033</u>	<u>26,043</u>

(5) Details of principal actuarial assumptions as of December 31, 2024 and 2023 are as follows (rate in %):

	December 31, 2024	December 31, 2023
Demographic assumptions:		
Mortality rate	0.002 ~ 0.059	0.002 ~ 0.063
Financial assumptions:		
Discount rate	4.11 ~ 4.66	4.67 ~ 5.60
Expected return on plan assets	4.11 ~ 4.58	4.67 ~ 5.60
Future salary increasing rate	2.00 ~ 4.19	2.00 ~ 4.75

(6) Plan assets are accumulated including cash, time deposits, interest-guaranteed retirement pensions, and ELB/DLB as of December 31, 2024

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24. Provisions

(1) Details of provisions as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Provision for financial guarantee contract	₩ 4,434	-
Provision for undrawn commitment	25,649	31,854
Provision for restoration cost	10,736	11,722
Provision for lawsuits	3,230	2,961
	<u>₩ 44,049</u>	<u>46,537</u>

(2) Changes in provision for financial guarantee contract for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ -	-	-	-
Reclassification to:				
12-month ECL	-	-	-	-
Lifetime ECL	-	-	-	-
Lifetime ECL for impaired loans	-	-	-	-
Transfer of provisions for debt guarantee	4,435	-	-	4,435
Ending	<u>₩ 4,435</u>	<u>-</u>	<u>-</u>	<u>4,435</u>
	2023			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 506	-	-	506
Reclassification to:				
12-month ECL	-	-	-	-
Lifetime ECL	-	-	-	-
Lifetime ECL for impaired loans	-	-	-	-
Transfer (reversal) of provisions for debt guarantee	(506)	-	-	(506)
Ending	<u>₩ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

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24. Provisions, Continued

(3) Changes in provision for undrawn commitment for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 30,759	1,089	6	31,854
Reclassification to:				
12-month ECL	217	(217)	-	-
Lifetime ECL	(71)	71	-	-
Lifetime ECL for impaired loans	-	-	-	-
Purchased and Execution	-	-	-	-
Removed and reimbursement	-	-	-	-
Transfer (reversal) of provisions for undrawn commitment	(5,444)	(755)	(6)	(6,205)
Ending	₩ 25,461	188	-	25,649

	2023			
	12-month ECL	Lifetime ECL		Total
		Not-impaired	Impaired	
Beginning	₩ 19,095	557	-	19,652
Reclassification to:				
12-month ECL	-	-	-	-
Lifetime ECL	(339)	339	-	-
Lifetime ECL for impaired loans	(97)	-	97	-
Purchased and Execution	-	-	-	-
Removed and reimbursement	-	-	-	-
Transfer (reversal) of provisions for undrawn commitment	12,100	193	(91)	12,202
Ending	₩ 30,759	1,089	6	31,854

24. Provisions, Continued

(4) Changes in provision for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024			
	Provision for restoration cost	Provision for lawsuits	Other provisions	Total
Beginning	₩ 11,722	2,961	-	14,683
Increase	807	-	-	807
Provisions	171	269	-	440
Termination	(1,543)	-	-	(1,543)
Used	(277)	-	-	(277)
Reversal	(144)	-	-	(144)
Ending	₩ 10,736	3,230	-	13,966

	2023			
	Provision for restoration cost	Provision for lawsuits	Other provisions	Total
Beginning	₩ 12,160	9,492	210	21,862
Increase	454	-	-	454
Provisions	149	-	-	149
Termination	(906)	-	(210)	(1,116)
Used	-	-	-	-
Reversal	(135)	(6,531)	-	(6,666)
Ending	₩ 11,722	2,961	-	14,683

25. Contingent liabilities and commitment

(1) The Group's purchase agreements as of December 31, 2024 are as follows (Korean won in millions):

	December 31, 2024	
	Maximum limit	Balance
Payment guarantees	₩ 19,052	₩ 19,052
Contingent underwriting agreement	350,000	350,000
Contingent loan agreement	69,000	69,000
Loans on limit	20,938,406	2,689,958
Loan commitment (*1)	1,702,932	593,082
	₩ 23,079,390	₩ 3,721,092

(*1) The amount is the sum of the contractual amounts of secured loans executed by the Group according to mortgage loan commitments as of December 31, 2024.

25. Contingent liabilities and commitment, Continued

(2) The Group has the following agreements with several financial institutions as of December 31, 2024 (In millions of Korean won and in USD):

	<u>Financial institutions</u>	<u>Currency</u>	<u>Maximum limit</u>	<u>Maturity date</u>	
Intraday overdraft	Woori Bank	KRW	50,000	Aug. 29, 2025	
	Hana Bank	KRW	10,000	Oct. 28, 2025	
	Shinhan Bank	KRW	20,000	Sep. 5, 2025	
	KB Bank	KRW	5,000	Nov. 19, 2025	
Overdraft	Daegu Bank	KRW	5,000	Jul. 1, 2025	
Loans on limit	Woori Bank	KRW	30,000	Aug. 29, 2025	
	NH Bank	KRW	40,000	Mar. 4, 2025	
	Daegu Bank	KRW	20,000	Dec. 18, 2025	
	Suhyup Bank	KRW	20,000	Jul. 21, 2025	
Performance payment guarantees	SGI	KRW	8,419	Individual contract	
Commitment with limit	China Everbright Bank	KRW	20,000	Feb. 17, 2025	
	China Bank	KRW	30,000	Dec. 3, 2025	
	Woori Bank	KRW	30,000	May 2, 2025	
	Woori Bank	KRW	2,400	Jan. 10, 2025	
	The Korea Development Bank	KRW	90,000	Aug. 7, 2025	
	Shinhan Bank	KRW	20,000	Aug. 12, 2025	
	NH Bank	KRW	20,000	Feb. 22, 2025	
	Daegu Bank	KRW	40,000	May 27, 2025	
	Suhyup Bank	KRW	10,000	Dec. 31, 2025	
	Mizuho Bank	KRW	50,000	Jan. 15, 2025	
	Commitment with limit (Short-Term bond)	Daol Investment & Securities	KRW	120,000	Apr. 10, 2025
		Hanyang Securities	KRW	170,000	May 16, 2027
	Note discounted	KSFC	KRW	200,000	Oct. 31, 2025
Note discounted	KSFC	-	Within the Subscription money	Oct. 31, 2025	
Agency operating funds	KSFC	KRW	200,000	Mar. 2, 2025	
Agency operating funds (trust)	KSFC	-	Within the scope of trust funds	Mar. 2, 2025	
Financial capital distribution	KSFC	KRW	300,000	Jul. 1, 2025	
Mortgage financing	KSFC	KRW	700,000	Apr. 30, 2025	
Call half the day	KSFC	KRW	200,000	Mar. 3, 2025	
Financial bond dealer	KSFC	KRW	300,000	Apr. 1, 2025	
FX Swap Committed contract	BNP Paribas	USD	50,000,000	Dec. 26, 2025	

25. Contingent liabilities and commitment, Continued

(3) Lawsuit

As of December 31, 2024, 2,859 litigation cases with a total value of ₩604,564 million are pending (Group as a defendant: 1,513 cases amounting to ₩397,998 million, as a plaintiff: 1,346 cases amounting to ₩206,565 million). The provision is set based on the experience of loss on cases similar to ongoing litigations as of December 31, 2024. The provision for litigation amounts to ₩3,230 million (see Note 24).

(4) Details of assets pledged as collateral as of December 31, 2024 and 2023 are as follows (Korean won in millions):

Counterparty	Collaterals provided	Reason	December 31, 2024 (*1)	December 31, 2023 (*1)
KRX and others	Bonds	Derivative transaction	₩ 7,629,244	7,917,063
Korea Securities Depository and KSFC	Cash, time deposits, ETF beneficiary, stocks and treasury stock, CP, bonds etc.	Lending and borrowing transactions	11,276,031	11,520,975
KSFC and others	Bonds	Bonds under repurchase agreements (*2)	20,184,976	16,756,826
Woori Bank.	Time deposits, bonds	Payment loans and payment fund security etc.	36,143	35,121
KSFC	Cash	Financial capital collateral	-	584
			<u>₩ 39,126,394</u>	<u>36,230,569</u>

(*1) The amount excludes restricted deposits and is calculated from the closing price of the collateral or based on the External Credit Assessment Institution's valuation. Meanwhile, the assets provided as collateral included borrowing securities.

(*2) A Repurchase agreement is a transaction in which a Group sells securities to a customer on the condition that it repurchases the sum of the amount of interest, such as interest, and the amount of the original sale after a certain period of time. As the elimination condition for the transfer of financial assets is not met, the related assets are recognized continuously and the amount of the sale is recognized as a liability. The liability amounted to ₩19,004,398 million and ₩15,747,431 million as of December 31, 2024 and 2023, respectively.

(5) The fair value of collateral that can be sold and re-secured regardless of default as of December 31, 2024 and 2023 is as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Fair value of collateral held	Fair value of collateral sold or re-provided as collateral	Fair value of collateral held	Fair value of collateral sold or re-provided as collateral
Securities	₩1,935,328	₩1,737,261	₩1,181,519	₩807,504

26. Equity

(1) Details of capital stock as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Number of authorized shares to issue (In shares)	500,000,000	500,000,000
Par value per share (In Korean won)	₩ 500	500
Number of shares issued (In shares)	190,720,114	203,372,114
Capital stock (Korean won in millions) (*1)	₩ 113,094	113,094

(*1) The capital differs from the total face value of the issued shares due to the retirement of treasury stocks.

(2) Hybrid bonds classified as a capital as of December 31, 2024 and 2023 consist of the following (Korean won in millions):

	Date of issue	Maturity	Interest rate (%)		December 31, 2024		December 31, 2023
Private bond type hybrid bond 1 st	Apr. 28, 2020	Apr. 28, 2050	4.20	₩	100,000	₩	100,000
Public bond type hybrid bond 2 nd	May 28, 2020	May 28, 2050	4.20		70,000		70,000
Public bond type hybrid bond 3 rd	Oct. 21, 2020	Oct. 21, 2050	4.40		100,000		100,000
Public bond type hybrid bond 4 th	Sep. 29, 2021	Sep. 29, 2051	4.36		150,000		150,000
Public bond type hybrid bond 5 th	Feb. 17, 2022	Feb. 17, 2052	4.80		176,000		176,000
Public bond type hybrid bond 6 th	Feb. 22, 2024	Feb. 20, 2054	5.80		200,000		-
Public bond type hybrid bond 7 th	Jul. 17, 2024	Jul. 17, 2054	5.10		100,000		-
Issue price					(4,039)		(2,792)
					₩ 891,961	₩	593,208

Above bond-type hybrid bonds have no contractual obligations to deliver financial assets such as cash exits, they have been classified as equity. Details of bond-type hybrid bonds are as follows:

Classification	Details
Revaluation interest rate	Revaluate rate of interest for every 5 years, adding with interest rate to the final quoted yield of 5-year treasury bond
Interest payment condition	Payment is made every three months, and interest payments can be postponed at the option of the Group. When the interest payment is postponed, the interest rate, applied to the principal, additionally paid to the unpaid interest.
Maturity	The maturity term is 30 years, and if bond type hybrid bond is not redeemed at the option, maturity is automatically extended for 30 years based on the Group's decision.

(3) Details of capital surplus as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Paid-in capital in excess of par value	₩ 124,847	124,847
Other capital surplus	-	508
	₩ 124,847	125,355

26. Equity, Continued

(4) Details of capital adjustments as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Treasury stock	₩ (768,839)	(546,527)
Loss on disposal of treasury stocks	(3,084)	(3,084)
Other capital adjustments	1,078,630	1,136,179
	<u>₩ 306,707</u>	<u>586,568</u>

(5) Share-based payment transaction

Details of stock options granted by the Group as of December 31, 2024 are summarized as follows.

(a) Details of stock options

	Meritz Financial Group (*1)
Method of grant (*2)	Cash payment
Date of grant	2018.03.16
Exercise price (In Korean won) (*3)	5,010
Number of stocks granted	2,000,000 shares
Exercisable period	2023.01.01~2027.12.31

(*1) Following the comprehensive exchange of shares between the Parent and its subsidiary, Meritz Securities Co., Ltd., which resulted in the delisting of Meritz Securities Co., Ltd.'s stocks, the contract was amended to change the underlying stock and unify the exercise method of the stock options to cash settlement.

(Cash settlement amount = [Market price of the Parent's stock at the time of exercise - (Exercise price / Exchange ratio)] X Number of shares exercised X Exchange ratio (1 : 0.1607327))

(*2) The Group recognized ₩13,920 million as payables for cash-settled share-based payment transactions.

(b) Changes in the number of stock options

	Meritz Financial Group	Meritz Financial Group	Meritz Financial Group (*1)	Meritz Financial Group (*1)
Beginning	1,057,980 shares	142,358 shares	2,832,509 shares	1,615,010 shares
Fluctuation due to stocks retirement	(1,057,980) shares	(142,358) shares	(2,832,509) shares	(411,473) shares
Ending	- shares	- shares	- shares	1,203,537 shares

(*1) Following the comprehensive exchange of shares between the Parent and its subsidiary, Meritz Securities Co., Ltd., which resulted in the delisting of Meritz Securities Co., Ltd.'s stocks, the contract was amended to change the underlying stock and unify the exercise method of the stock options to cash settlement.

(Cash settlement amount = [Market price of the Parent's stock at the time of exercise - (Exercise price / Exchange ratio)] X Number of shares exercised X Exchange ratio (1 : 0.1607327))

(c) Assumptions used to calculate compensation costs

Details of assumptions used to calculate compensation costs are as follows:

	Meritz Financial Group
Date of grant	2018.03.16
Risk free interest rate	2.60%~2.86%
Expected stock volatility	24.87%
Expected dividend ratio	0.00%
Evaluation method	Model, Monte-Carlo Simulation

26. Equity, Continued

(d) Share-based payment expenses

Share-based payment expenses of ₩34,930 million were taken into account as general and administrative expenses in 2024.

(6) The accumulated other comprehensive income (loss) as of December 31, 2024 and 2023 is as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Loss on valuation of financial assets measured at FVOCI	₩ (848,655)	(1,537,543)
Gain on valuation of derivatives instruments used for hedges	305,807	130,303
Revaluation surplus	276,186	189,038
Gain on valuation of investment equity using the equity method	20,404	683
Gain on translation of foreign operations	26,320	22,073
Remeasurements of defined benefit plans	(24,773)	(13,497)
Finance income on insurance contract assets (liabilities)	125,600	1,816,540
Finance expenses on reinsurance contract assets (liabilities)	(10,497)	(55,658)
Finance expenses on reinsurance contract assets (liabilities)	(3,251)	1,090
	<u>₩ (132,859)</u>	<u>553,029</u>

(7) Details of retained earnings as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Legal reserve (*1)	₩ 113,094	113,094
Bad debt reserve	182,415	476,710
Other reserve	3,553,102	2,744,644
Unappropriated retained earnings	4,942,083	4,276,206
	<u>₩ 8,790,694</u>	<u>7,610,654</u>

(*1) Article 53 of the *Financial Holding Companies Act* requires the Group to appropriate, as a legal reserve, at least 10% of cash dividends for each accounting period until the reserve equals outstanding capital stock. The legal reserve may not be utilized for cash dividends, but may be used to offset a deficit, if any, or may be transferred to capital stock.

(8) As of December 31, 2024 and 2023, the balance of allowance for bad debts and catastrophe reserve is as follows (Korean won in millions):

	2024			
	Allowance for bad debts	Catastrophe reserve	Surrender value reserve	Total
Beginning	₩ 182,415	352,612	1,031,255	1,566,282
Planned appropriation	237,010	31,772	761,834	1,030,616
Ending	<u>₩ 419,425</u>	<u>384,384</u>	<u>1,793,089</u>	<u>2,596,898</u>
	2023			
	Allowance for bad debts	Catastrophe reserve	Surrender value reserve	Total
Beginning	₩ 155,654	321,056	-	476,710
Planned appropriation	26,761	31,556	1,031,255	1,089,572
Ending	<u>₩ 182,415</u>	<u>352,612</u>	<u>1,031,255</u>	<u>1,566,282</u>

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26. Equity, Continued

(9) Details of provisions for the bad debt reserve and income adjusted for the deductions for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Net income attributable to owners of the Company before deducting allowance for bad debt (*1)	₩ 2,267,259	2,015,221
Reversal (transfer) of allowance for bad debt	(237,010)	(26,761)
Provision for catastrophe reserve	(31,772)	(31,556)
Provision for surrender value reserve	(761,834)	(1,031,255)
Adjusted income after deducting allowance for bad debt	₩ 1,236,643	925,649
Basic earnings per share on adjustment after reflecting allowance for bad debt (In Korean won)	₩ 6,686	5,061
Diluted earnings per share on adjustment after reflecting allowance for bad debt (In Korean won)	6,675	5,039

(*1) The dividends on hybrid bond were deducted.

27. Interest income and expense

Details of interest income and expense for each of the two years in the period ended December 31, 2024 are as follows
(Korean won in millions):

	2024	2023
Interest income:		
Cash and deposits	₩ 123,092	128,913
Financial assets measured at FVPL	1,030,316	1,255,711
Financial assets measured at FVOCI	1,554,720	1,303,993
Loan receivables at amortized cost	1,163,154	1,050,351
Others	150,425	164,916
	4,021,707	3,903,884
Interest expense:		
Deposits received	454,553	416,704
Borrowings	709,885	710,605
Bonds	602,540	534,097
Others	210,328	192,015
	1,977,306	1,853,421
Net Interest income	₩ 2,044,401	2,050,463

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28. Commission income and expense

Details of commission income and expense for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Commission income:		
Brokerage commissions	₩ 77,514	74,307
Underwriting commissions	25,197	11,428
Brokerage commissions on collective investment securities	7,355	6,663
Management fee on wrap account and asset management	22,131	13,092
Corporate finance commissions	191,458	241,484
Fees on trust accounts	14,103	13,166
Other commission income	260,300	319,330
	<u>598,058</u>	<u>679,470</u>
Commission expense:		
Sale commission	16,027	13,032
Loan fees	26,355	31,393
Others	58,949	52,191
	<u>101,331</u>	<u>96,616</u>
Net Commission income	<u>₩ 496,727</u>	<u>582,854</u>

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29. Dividend income

Details of dividend income for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Financial assets measured at FVPL	₩ 267,639	45,745
Financial assets measured at FVOCI	15,980	17,674
Subsidiaries and Investments in associates	273	272
	<u>₩ 283,892</u>	<u>63,691</u>

30. Investment income and expense from financial instruments

Details of investment income and expense from financial instruments for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Investment income:		
Gain on valuation financial assets measured at FVPL	₩ 1,134,346	1,174,219
Gain on disposal financial assets measured at FVPL	2,635,611	2,245,761
Gain on valuation financial assets designated as measured at FVPL	36,102	227,918
Gain on disposal financial assets designated as measured at FVPL	158,433	52,353
Gain on valuation of derivatives held-for-trading	1,355,575	733,916
Gain on disposal of derivatives held-for-trading	24,519,596	37,964,424
Gain on valuation of derivative instruments designated as hedges	43	9,158
Gain on transaction of derivative instruments designated as hedges	65	3,541
Reversal of credit losses of financial assets measured at FVOCI	54,314	4,254
Gain on disposal of financial assets measured at FVOCI	30,498	18,014
Reversal of credit losses of loans and receivables at amortized cost	2,172	2,208
Gain on disposal of loans and receivables at amortized cost	13,249	10,192
	<u>29,940,004</u>	<u>42,445,958</u>
Investment expense:		
Loss on valuation financial assets measured at FVPL	1,050,630	760,309
Loss on disposal financial assets measured at FVPL	2,280,341	2,037,160
Loss on valuation financial assets designated as measured at FVPL	416,634	283,690
Loss on disposal financial assets designated as measured at FVPL	493,761	691,742
Loss on valuation of derivatives held-for-trading	1,034,040	688,663
Loss on disposal of derivatives held-for-trading	24,560,924	38,108,444
Loss on valuation of derivative instruments designated as hedges	153,359	23,245
Loss on transaction of derivative instruments designated as hedges	26,297	22,183
Provision for credit losses of financial assets measured at FVOCI	64,523	91,907
Loss on disposal of financial assets measured at FVOCI	4,988	21,865
Provision for credit losses of loans and receivables at amortized cost	109,831	173,376
Loss on disposal of loans and receivables at amortized cost	9,242	52
	<u>30,204,570</u>	<u>42,902,636</u>
	<u>₩ (264,566)</u>	<u>(456,678)</u>

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31. Other operating income and expenses

Details of other operating income and expenses for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Other operating income:		
Rental income	₩ 24,386	21,428
Gain on foreign currency transactions	2,074,077	1,895,270
Other fee income	342,613	580,808
	<u>2,441,076</u>	<u>2,497,506</u>
Other operating expenses:		
Loss on foreign currency transactions	1,908,418	1,860,393
Depreciation of investment property	11,131	10,952
Others	127,142	287,014
	<u>2,046,691</u>	<u>2,158,359</u>
	<u>₩ 394,385</u>	<u>339,147</u>

32. Investment management expenses

Details of investment management expenses for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Salaries	₩ 469,421	367,748
Retirement benefits	21,642	17,607
Employee welfare	50,940	53,760
Rents	12,452	11,670
Entertainment	8,726	10,722
Depreciation	15,087	16,841
Amortization of intangible assets	14,915	15,133
Taxes and dues	75,108	82,481
Advertising expense	12,092	6,395
IT operating expenses	14,076	13,529
Fees and commission	46,659	40,871
Others	27,616	49,458
	<u>768,734</u>	<u>686,215</u>
Insurance contract investment management expenses	<u>(25,788)</u>	<u>(55,882)</u>
	<u>₩ 742,946</u>	<u>630,333</u>

33. Non-operating income and expense

Details of non-operating income and expense for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Non-operating income:		
Gain on disposal of property and equipment	₩ 347	173
Gain on disposal of investment property	-	79
Gain on disposal of intangible assets	276	1
Reversal of impairment loss on intangible assets	-	4
Equity gains on investments	46,605	45,754
Gain on disposal of investments in associates and subsidiaries	37,486	9,762
Other	57,744	68,125
	<u>142,458</u>	<u>123,898</u>
Non-operating expense:		
Loss on disposal of property and equipment	78	270
Loss on disposal of intangible assets	65	5
Impairment loss on investment property	-	72,580
Impairment loss on intangible assets	3	2
Equity losses on investments	149,227	97,397
Loss on disposal of investments in associates and subsidiaries	6,034	10,129
Other	34,795	33,093
	<u>190,202</u>	<u>213,476</u>
	<u>₩ (47,744)</u>	<u>(89,578)</u>

34. Income tax expense

(1) Details of the major components of income tax expenses for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

(a) Income tax expenses on consolidated statement of comprehensive income

	2024	2023
Current income taxes:	₩	
Current income tax expense	736,416	376,104
Adjustments recognized in the current period for income taxes of prior periods	17,170	6,477
Changes in deferred income tax assets and liabilities	(267,422)	505,593
Income tax recognized directly in equity	321,548	(168,985)
Income tax expense	₩ 807,712	719,189

(b) Income taxes recognized directly in equity

	2024	2023
Current income taxes:		
Gain on valuation of financial assets measured at FVOCI	₩ (220,950)	(388,002)
Provision for credit losses of financial assets measured at FVOCI	44,984	(17,955)
Gain on valuation financial liabilities designated as measured at FVPL	1,456	585
Finance income (expenses) on insurance contract assets/liabilities	578,247	413,845
Gain on valuation of derivative instruments	(61,664)	(104,352)
Loss on foreign currency transactions	(6,612)	(726)
Valuation of investment stock using the equity method	(1,038)	463
Remeasurement of defined benefit liabilities	3,940	3,833
Stock option	14,239	-
Other	(31,054)	(76,676)
Current and deferred taxes recognized directly to equity	₩ 321,548	(168,985)

(2) Reconciliations of income tax expense

Details of reconciliations of income tax expense applicable to income before income tax expense at the Korea statutory tax rate to income tax expense at the effective tax rate of the Group for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Income before income tax expense	₩ 3,141,145	2,843,924
Income tax based on statutory tax rate	809,046	729,636
Adjustments:		
Non-deductible expenses	2,476	13,932
Non-taxable income	(19,852)	(23,186)
Others (changes in tax rate and others)	16,042	(1,193)
Income tax expense	₩ 807,712	719,189
Effective tax rate	25.71%	25.29%

Meritz Financial Group Inc. and its subsidiaries
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34. Income tax expense, Continued

(3) Deferred tax assets and liabilities

Details of temporary differences and deferred tax assets and liabilities as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Finance lease receivables	₩ (4,326)	(3,313)
Financial assets measured at FVPL	1,445	1,481
Gain (loss) on valuation of financial liabilities measured at FVPL	(34,128)	73,005
Gain (loss) on valuation of financial assets measured at FVPL	115,763	(159,448)
Financial instruments designated as measured at FVPL	23,897	(3,742)
Hybrid bonds sold	74,909	(133,012)
Hybrid bonds	174	3,571
Gain (loss) on valuation of derivatives	(104,007)	69,914
Deferred day 1 profit or loss	53,603	12,783
Leased assets	(6,564)	(5,051)
Defined benefit obligations	30,693	27,883
Pension insurance	6,022	6,535
Impairment loss on financial assets	3,068	4,987
Revaluation losses	2,195	2,195
Taxes and dues	6,973	6,993
Donations	508	717
Deferred loan fee and costs	64,170	48,145
Other comprehensive losses on valuation of derivatives	(107,446)	(45,782)
Loss on foreign currency translation	(77,031)	(48,337)
Accrued income	(67,774)	(56,359)
Retirement pension premium	(30,602)	(28,051)
Insurance contracts	(40,441)	(618,688)
Reserve for contingency	(99,940)	(91,679)
Deferred loan fee	(23)	(41)
Gain on valuation of financial assets measured at FVOCI	367,333	586,465
Revaluation surplus	(164,596)	(133,977)
Assets revaluation reserves	(411)	(411)
Provision for restoration	75	72
Lease liabilities	4,489	4,987
Accrued expenses	171,712	164,947
Stock option	-	744
Adjustments for credit risk	(3,645)	(8,325)
Property and equipment and intangible assets	(5,263)	(6,459)
Subsidiaries and associates	166,118	101,621
Provisions	30,740	36,240
Others	(415,325)	(167,476)
	<u>₩ (37,635)</u>	<u>(356,866)</u>
Deferred tax assets recognized	243,386	14,322
Deferred tax liabilities recognized	(281,021)	(371,188)
Net deferred tax assets recognized	<u>₩ (37,635)</u>	<u>(356,866)</u>

34. Income tax expense, Continued

(4) Changes in net deferred tax assets and liabilities

Changes in net deferred tax liabilities recognized for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Beginning book value	₩ (356,866)	151,972
The income tax recognized in profit or loss	588,969	(339,313)
Income tax recognized directly to equity	(321,547)	(169,525)
Deferred tax liabilities arising from discontinued operations	51,809	-
Ending book value	₩ (37,635)	(356,866)

The Group has a legally enforceable right to offset current tax assets against current tax liabilities. Deferred tax assets and deferred tax liabilities are offset in case the deferred tax assets and liabilities are related to income taxes levied by the same taxation authority.

35. Earnings per share

(1) Details of basic earnings and diluted per share for each of the two years in the period ended December 31, 2024 are computed as follows (In Korean won and number of shares):

	2024	2023
Net income on the controlling interests of the Company (*1)	₩ 2,267,259,340,242	2,015,220,863,339
Net income attributable to the common shareholders of the Company arising from discontinued operations	-	641,509,015
Net income attributable to the common shareholders of the Company arising from continuing operations	2,267,259,340,242	2,014,579,354,324
Weighted average number of ordinary shares outstanding	184,949,934	182,881,401
Earnings per share from discontinued operations	₩ -	4
Earnings per share from continuing operations	12,259	11,016

(*1) The dividends on hybrid bond were deducted.

(2) The weighted-average number of ordinary shares is as follows (In shares):

	2024	2023
Number of ordinary shares issued at the beginning of the year	189,903,022	121,056,889
Number of ordinary shares issued at the end of the year	179,767,078	189,903,022
Weighted-average number of ordinary shares issued and outstanding	184,949,934	182,881,401

(3) Diluted earnings per share for each of the two years in the period ended December 31, 2024 are calculated as follows (In Korean won and number of shares):

	2024	2023
Diluted earnings from discontinued operations (*1)	₩ -	641,509,015
Diluted earnings from continuing operations (*1)	2,267,259,340,242	2,014,579,354,324
Weighted average number of diluted ordinary shares outstanding	185,257,433	183,691,747
Diluted earnings per share from discontinued operations	₩ -	3
Diluted earnings per share from continuing operations	12,238	10,967

(4) The weighted average number of shares for calculating diluted earnings per share for each of the two years in the period ended December 31, 2024 is calculated as follows (In shares):

	2024	2023
Weighted average number of common shares outstanding	184,949,934	182,881,401
Adjustment:		
stock option	307,499	810,346
Weighted average number of diluted ordinary shares	185,257,433	183,691,747

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36. Cash flow information

(1) Details of significant non-cash transactions for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Loss on valuation of financial assets measured at FVOCI	₩ 690,132	1,164,087
Changes in finance expenses related to insurance and reinsurance contracts	(1,645,780)	(1,177,867)
Write-offs	(58,566)	54,270
Loss on valuation of derivative instruments designated as hedges	175,504	297,003
Retirement of treasury stock	640,124	300,067
Transfers between property and equipment and investment property	23,480	10,304
Remeasurements of net defined benefit liabilities	(11,256)	(10,822)

(2) Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024						
	Beginning e	Cash flows	Change in scope of consolidation	Non-cash flow changes			Ending
				New or termination	Changes of exchange rate	Others	
Borrowings							
Borrowing from KSFC	₩ 431,006	4,535	-	-	-	-	435,541
Bonds sold under repurchase agreements	15,747,431	3,230,194	-	-	26,773	-	19,004,398
Others	4,094,042	1,973,360	(919,935)	-	-	-	5,147,467
Asset Backed Short-Term bond (ABSTB)	2,631,520	833,786	(296,500)	-	-	-	3,168,806
Bonds	10,064,127	1,765,210	-	-	-	8,148	11,837,485
	32,968,126	7,807,085	(1,216,435)	-	26,773	8,148	39,593,697
Leasehold deposits received	18,534	(1,016)	-	(628)	-	688	17,578
Lease liabilities	42,791	(40,088)	-	73,547	-	1,727	77,977
	₩ 33,029,451	7,765,981	(1,216,435)	72,919	26,773	10,563	39,689,252

	2023						
	Beginning	Cash flows	Change in scope of consolidation	Non-cash flow changes			Ending
				New or termination	Changes of exchange rate	Others	
Borrowings							
Borrowing from KSFC	₩ 512,289	(81,283)	-	-	-	-	431,006
Bonds sold under repurchase agreements	14,800,356	1,086,990	(134,300)	-	(5,615)	-	15,747,431
Others	5,316,762	647,222	(1,869,942)	-	-	-	4,094,042
Asset Backed Short-Term bond (ABSTB)	2,769,020	312,420	(449,920)	-	-	-	2,631,520
Bonds	8,957,941	1,097,053	-	-	-	9,133	10,064,127
	32,356,368	3,062,402	(2,454,162)	-	(5,615)	9,133	32,968,126
Leasehold deposits received	16,134	2,788	(50)	-	-	(338)	18,534
Lease liabilities	56,018	(42,179)	-	27,239	-	1,713	42,791
	₩ 32,428,520	3,023,011	(2,454,212)	27,239	(5,615)	10,508	33,029,451

37. Related party transactions

(1) Details of the Group's related parties as of December 31, 2024 are as follows:

Relationship	Company name
Associates	Korea Airplane Investment Fund 5th Korea Airplane Investment Fund 6th Meritz Private Real Estate Investment Fund 8th M Plus Sky Private Real Estate Investment Trust 4 Heungkuk Flight Private Real Estate Investment Trust 10 Heungkuk Flight Private Real Estate Investment Trust 11 Heungkuk Flight Private Real Estate Investment Trust 12 Heungkuk Flight Private Real Estate Investment Trust 13 Mastern Europe Flight Private Real Estate Investment Trust 5 Mastern Europe Flight Private Real Estate Investment Trust 10 Consus Busan Gijang Private Real Estate Fund no.2 Lion JCGI Blue Pre-IPO Private Equity Fund III Class C-I AIP Euro Green Private Real Estate Investment Trust 7 VM Energy Highyield Fund Asia Growth 1st Joint Venture Company Global Bio Investment Association Genesis North America Power Co. 1st GongPyeong 15-16 PFV Higgs Frontier TK build Meritz DS Shin Technology Investment Union Chungmuro FV Daon Construction Attila Infrastructure 1st Private Equity Joint Venture Company Galmae PFV Co., Ltd. Daesan ENG Industrial Construction Next V City PFV Meritz-K-Clavis New Technology Association 1st Marston No.116 Gangnam Premier PFV Anseongseong Logistics PFV DM Metal Handa REITS Meritz Golden Egg New Technology Finance Association 1st SR Industries Sinchon 27 Development PFV Daehoon Partners JQ Heung Young Industrial Development The First Forte 2 K.I. Cheongpyeong PFV buulgyeong Logistics Project Financial Investment Jungeum Construction Gimhae Daedong Smart Logistics KR Seocho Co., Ltd. COSMOS Meritz-NH healthcare 1 Fund Meritz-SNP 1 Fund STCL Incorporation Moohan Urban Development, Co.,Ltd Meritz-GCI system semiconductor Fund no.1 AsanBaebangCombined development PFV Gimhae Daedong Green Smart Logistics, Co.,Ltd JC Insurance Platform Private Equity Fund No.1 Guri PFV Candmpartners, Co.,Ltd East chungla, Co.,Ltd Daishin Eco Energy 1st Private Equity Fund

37. Related party transactions, Continued

(1) Details of the Group's related parties as of December 31, 2024 are as follows, Continued:

Relationship	Company name
Associates	Samil DnC, Co.,Ltd Ascent-Meritz Fund 1 NH-Meritz Hightech Fund Gmdtaewoo, Co.,Ltd Ascent-Meritz Fund 2 The L One, Co.,Ltd Meritz-Susung GlobalBio Fund 1 Meritz-Foward fund no.1 BridgePole-NICE Venture Investment Fund #1 Forward-Meritz GlobalBio fund no.1 Meritz-GCI system semiconductor 2 Fund Carlybs-Meritz fund no.1 Meritz-JB fund no.1 union holdings Co., Ltd. PT2Tech Co., Ltd. Meritz-SK Fund 1 Investwith-Meritz Fund 1st Paratus-Meritz Fund no.1 Trump D&C Inc. KCLAVIS Fund No.24 NH Presidio Investments LLC Edelweiss Alternative Solutions Trust Shinhan AIM Real Estate Fund No. 22-A PT. Wampu Electric Power GTOG General Private Investment Trust Cytogen, Inc. NH Mission Creek Investments, LLC Durango Co-Investors A, LLC Mastern Fund Partners Private Equity Fund KAI-DI Hidden Tag Combination Seongnam Godeung Jeil Pungkyeongchae Fund No.1 Kingo Bio-growth No. 3 Investment Association Kiwoom Real Estate Investment Trust 4 Fund KCGI Vietnam Securities Investment Trust Truston CVD Private Investment Trust 1

Meritz Financial Group Inc. and its subsidiaries
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37. Related party transactions, Continued

(2) Details of significant assets and liabilities related to transactions with the related parties as of December 31, 2024 and 2023 are as follows (Korean won in millions):

Relationship	Company name	December 31, 2024		December 31, 2023	
		Receivable	Payable	Receivable	Payable
Associates	TK build	₩ 736	-	766	-
	Daon Construction	1,393	-	1,450	-
	Galmae PFV Co., Ltd.	-	-	57,584	3
	triple space	-	-	341	-
	Handa REITS	102,009	-	101,686	-
	SR Industries	-	-	1,578	-
	JQ	-	-	1,617	-
	The First Forte 2	2,067	-	1,940	-
	buulgyeong Logistics Project Financial Investment	200	-	200	-
	Jungeum Construction	-	-	784	-
	Gimhae Daedong Smart Logistics	5,133	-	5,039	56
	Dongtan Triple Space	-	-	60,941	-
	STCL Incorporation	-	-	2,710	-
	Moohan Urban Development, Co.,Ltd	-	-	2,623	-
	AsanBaebangCombined development PFV	-	-	2,428	-
	Candmpartners, Co.,Ltd	-	-	992	-
	East chungla, Co.,Ltd	-	-	1,932	-
	Samil DnC, Co.,Ltd	22	-	3,106	-
	Gmdtaewoo, Co.,Ltd	125,653	1,551	162,275	2,102
	The L One, Co.,Ltd	2,020	-	1,982	-
	Mastern 116th Gangnam Premium PFV	185,963	2,896	49,906	1,978
	union holdings Co., Ltd.	12,941	88	12,950	656
	Trump D&C Inc.	121,745	-	-	-
	GongPyeong 15-16 PFV	14,879	130	-	-
		<u>₩ 574,761</u>	<u>4,665</u>	<u>474,830</u>	<u>4,795</u>

(*) The balances of receivables as of December 31, 2024 and 2023 are presented net of allowance for ECL. The allowance for ECL recognized as of December 31, 2024 and 2023 amounts to ₩52,406 million and ₩45,006 million, respectively.

Meritz Financial Group Inc. and its subsidiaries
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37. Related party transactions, Continued

(3) Significant transactions with the related parties for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

Relationship	Company name	2024		2023	
		Income	Expense	Income	Expense
Associates	Meritz Private Real Estate Investment Fund 8th	₩ 5	-	10	-
	Meritz Private Real Estate Investment Fund 7th	-	-	7	-
	M Plus Sky Private Real Estate Investment Trust 4	125	-	139	-
	AI Partners Energy Infra Investment Trust 1	137	-	651	-
	Heungkuk Flight Private Real Estate Investment Trust 12	230	-	230	-
	Heungkuk Flight Private Real Estate Investment Trust 13	42	-	42	-
	Mastern Europe Flight Private Real Estate Investment Trust 5	-	-	2,265	-
	VM Energy Highyield Fund	862	-	820	-
	Consus Busan Gijang Private Real Estate Fund no.2	56	-	65	-
	APEX Post IPO Private No.1 C-I class	68	-	161	-
	Global Bio Investment Association	87	-	76	-
	Genesis North America Power Co. 1st	955	-	1,914	-
	GongPyeong 15-16 PFV	11,766	92	180	-
	OST partners	-	-	17,851	-
	JC Insurance Platform Private Equity Fund No.1	2,357	-	-	-
	union holdings Co., Ltd.	1,794	8	353	50
	TK build	40	30	70	-
	Chungmuro FV	23	-	3,660	2,332
	Daishin Eco Energy 1st Private Equity Fund	8,758	-	-	-
	Gaha U&I	-	-	955	-
	Daon Construction	355	57	2,257	1
	Galmae PFV Co., Ltd.	4,783	-	5,007	811
	New Wave New Technology Finance Association 2	-	-	5,349	-
	Bumin Metro Co., Ltd.	-	-	12	-
	Daesan ENG Industrial Construction	-	-	55	2,847
	Next V City PFV	-	-	1,900	-
	BridgePole-NICE Venture Investment Fund #1	-	-	15	1
	Bumin Metro Co., Ltd.	-	-	652	-
	Meritz Kingo New Technology Finance Association 1ST	2,029	-	-	-
	Anseongseong Logistics PFV	-	-	8	-
	DM Metal	5,320	-	1,675	11,796
	Handa REITS	7,316	147	7,628	107
	Meritz Golden Egg New Technology Finance Association 1st	7	-	-	-
	SR Industries	-	1,508	45	1
	BridgePole-NICE Venture Investment Fund #1	-	-	742	-
	BridgePole-NICE Venture Investment Fund #1	130	-	161	-
	Daehoon Partners	-	-	-	967
	JQ	-	1,403	62	1
	KIM Navigator Securities Investment Trust 1(Equity)(C-F)	-	-	53	-
	The First Forte 2	99	20	46	113

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37. Related party transactions, Continued

(3) Significant transactions with the related parties for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

Relationship	Company name	2024		2023	
		Income	Expense	Income	Expense
Associates	buulgyeong Logistics Project Financial Investment	₩ 14	-	34	-
	Jungeum Construction	-	-	-	2,907
	Gimhae Daedong Smart Logistics	331	21	573	3
	COSMOS	-	-	-	1,156
	Meritz-AssetOne 1 Partners	-	-	70	-
	Dongtan Triple Space	3,954	393	7,314	43
	STCL Incorporation	-	-	120	7,136
	Moohan Urban Development, Co.,Ltd	-	2,583	60	2
	Meritz-GCI system semiconductor Fund no.1	96	-	96	-
	AsanBaebangCombined development PFV	-	3,473	81	3
	Gimhae Daedong Green Smart Logistics, Co.,Ltd	15	-	-	-
	Candmpartners, Co.,Ltd	-	987	23	1
	Meritz-DS 1 Fund	-	-	333	-
	Meritz DS Shin Technology Investment Union	7	-	-	-
	East chungla, Co.,Ltd	-	1,932	-	1
	Samil DnC, Co.,Ltd	-	3,143	198	453
	Meritz Alphaview Fund 3	14	-	115	-
	Ascent-Meritz Fund 1	7	-	220	-
	NH-Meritz Hightech Fund	58	-	43	-
	Gmdtaewoo, Co.,Ltd	15,239	91	14,401	1,564
	Ascent-Meritz Fund 2	25	-	81	-
	Recycling I Funds	47	-	-	-
	The L One, Co.,Ltd	46	77	46	2
	Meritz-Susung GlobalBio Fund 1	203	-	196	-
	Meritz Alphaview Fund 4	-	-	56	-
	Meritz-Foward fund no.1	109	-	102	-
	Forward-Meritz GlobalBio fund no.1	33	-	33	-
	Trinity Unicorn IPO Professional Private Investment Trust 1	-	-	42	-
	Hyundai You First Private Real Estate Investment Trust 32	-	-	2,378	-
	AIP Euro Green real estate investment Trust 7th	-	-	2,938	-
	Midas Global DEBT Private Real Estate Investment Trust 6	4,735	-	6,856	-
	NH Presidio Investments LLC	-	-	4,086	-
	Edelweiss Alternative Solutions Trust	16,045	-	2,957	-
	Meritz-SK Fund 1	81	-	-	-
	Shinhan AIM Real Estate Fund No. 22-A	10,869	-	7,471	-
	Consus Osan Segyo Private Real Estate Fund	-	-	167	-
	PT. Wampu Electric Power	4,548	-	1,010	-
	GTOG General Private Investment Trust	456	-	-	-
	Marston No.116 Gangnam Premier PFV	14,144	1,497	9,600	95
	Meritz-GCI system semiconductor 2 Fund	25	-	25	-
	Truston CVD Private Investment Trust 1	1,392	-	-	-
	Investwith-Meritz Fund 1st	89	-	-	-

37. Related party transactions, Continued

(3) Significant transactions with the related parties for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

Relationship	Company name	2024		2023	
		Income	Expense	Income	Expense
Associates	Paratus-Meritz Fund no.1	₩ 41	-	-	-
	Carlybs-Meritz fund no.1	1,032	-	1,032	-
	Meritz-JB fund no.1	255	-	255	-
	Meritz-Simone Fund 1	-	-	69	-
	KCGI Vietnam Securities Investment Trust	892	-	99	-
	Hanwha-Pentastone I Funds	-	-	829	-
	AROUND Private Investment Trusts No.1	-	-	203	-
	Trump D&C Inc.	1,404	3,458	-	-
		₩ 123,550	20,920	119,328	32,393

(*) Amounts related to the transfer and reversal of allowance for ECL on the balances of receivables are included in income or expenses for the current and prior periods. The transfers of allowance for ECL in the current and prior periods amount to ₩20,299 million and ₩29,468 million, respectively, while the reversals of allowance for ECL amount to ₩6,560 million and ₩3,367 million, respectively.

(4) Details of funds transaction with the related parties for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

Relationship	Company name	2024		2023	
		Loan	Collection	Loan	Collection
Associates	OST partners	₩ -	-	-	300,800
	Daon Construction	-	-	6,700	27,800
	YKOSAN PFV	-	-	5,000	12,000
	Galmae PFV Co., Ltd.	17,400	75,000	57,600	67,000
	Gmdtaewoo, Co.,Ltd	-	39,400	163,000	3,800
	GongPyeong 15-16 PFV	14,900	-	-	-
	Mastern 116th Gangnam Premium PFV	187,600	50,000	170,400	120,400
	union holdings Co., Ltd.	-	-	13,000	-
	DM Metal	-	5,200	-	-
	Handa REITS	-	900	-	-
	JQ	-	100	-	-
	Dongtan Triple Space	-	700	-	-
	Trump D&C Inc.	122,000	-	-	-
		₩ 341,900	171,300	415,700	531,800

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37. Related party transactions, Continued

(5) Details of contribution and collection with the related parties for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions):

Relationship	Company name	2024		2023	
		Contribution	Collection	Contribution	Collection
Associates	Korea Airplane Investment Fund 5th	₩ -	-	3,025	-
	Meritz Private Real Estate Investment Fund 8th	1	2	11	83
	Meritz Professional Private Real Estate Investment Trust 7	-	-	-	500
	M Plus Sky Private Real Estate Investment Trust 4	213	179	-	350
	AI Partners Energy Infra Investment Trust 1	63	4,752	214	7,012
	Heungkuk Flight Private Real Estate Investment Trust 10	1,108	-	62	104
	Heungkuk Flight Private Real Estate Investment Trust 12	3,210	82	-	4,223
	Anda Project C Private Securities Investment Trust 1	-	-	-	968
	Skywalk Game Changer Hedge Fund No.1	-	-	-	2,621
	Midas Global DEBT Private Real Estate Investment Trust 6	-	74,718	38,639	40,010
	Pharos Investment Private Trust 1st	-	-	-	973
	Core SPAC Private equity fund 2	-	-	-	1,511
	Mastern Europe Flight Private Real Estate Investment Trust 5	421	-	-	-
	Global Bio Investment Association	-	335	-	-
	Hanyang-Meritz New Technology Business Investment Association No.1	-	783	-	197
	Genesis North America Power Co. 1st	398	1,692	-	811
	NH-Meritz Contents No.1 New Technology Association	-	1,126	-	750
	Meritz-AssetOne 1 Partners	-	2,140	-	-
	OST partners	-	250	-	-
	Chungmuro FV	-	704	-	-
	Songgang Industrial Development	-	30	-	-
	Gaha U&I	-	-	-	10
	Naejapilwoon PFV	-	-	-	777
	Han river Landmark PFV	-	-	-	103
	New Wave New Technology Finance Association 2	-	-	-	1,059
	Sunu Urban Development	-	-	-	2,435
	SW-RN Fund	-	-	-	993
	YKOSAN PFV	-	-	-	450
	NH-Meritz Hightech Fund	-	83	-	-
	Meritz Alphaview Fund2	-	-	-	2,371
	Cornerstone Mutual Growth 8 Fund	-	-	-	202
	Hanwha-Pentastone I Funds	-	-	-	2,588
	Nuova dong cheon PFV	-	-	-	570
	Meritz Alphaview Fund 3	-	120	-	380
	Meritz Kingo New Technology Finance Association 1ST	-	2,000	-	-
	Meritz-DS 1 Fund	-	257	-	-
	Meritz-Simone Fund 1	-	981	1,000	-
	Meritz-SK Fund 1	300	-	-	-
	Meritz-Susung GlobalBio Fund 1	-	-	2,000	-
	Meritz Alphaview Fund 4	-	-	210	183
	Meritz-Foward fund no.1	-	-	500	-
	BridgePole-NICE Venture Investment Fund #1	-	-	1,000	-

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37. Related party transactions, Continued

(5) Details of contribution and collection with the related parties for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in millions), Continued:

Relationship	Company name	2024		2023	
		Contribution	Collection	Contribution	Collection
Associates	Meritz-GCI system semiconductor 2 Fund	₩ -	-	300	-
	Forward-Meritz GlobalBio fund no.1	-	-	2,000	-
	Meritz-JB fund no.1	-	-	3,400	-
	Carlybs-Meritz fund no.1	-	-	5,000	-
	Investwith-Meritz Fund 1st	1,000	-	-	-
	Paratus-Meritz Fund no.1	400	174	-	-
	Edelweiss Alternative Solutions Trust	-	34,085	-	6,069
	Shinhan AIM Real Estate Fund No. 22-A	29,125	-	10,002	189
	AIP Euro Green Private Real Estate Investment Trust 7	9,036	-	4,567	-
	Durango Co-Investors A, LLC	7,089	-	-	-
	JC Insurance Platform Private Equity Fund No.1	-	-	643	-
	Uamco Pinewood Corporate Financial Stability Private Equity partnership	-	-	-	9,022
	Consus Osan Segyo Private Real Estate Fund	-	-	-	2,943
	APEX Post IPO Private No.1 C-I class	-	1,545	-	-
	Han River Eco-Tech Development	-	150	-	-
	Pentastone-The Leo Hi-tech I Funds	-	1,863	-	-
	Daishin Eco Energy 1st Private Equity Fund	-	35,564	-	-
	Recycling I Funds	-	978	-	-
	Trump D&C Inc.	1	-	-	-
	Mastern Fund Partners Private Equity Fund	7,000	-	-	-
	Cytogen, Inc.	-	-	100,000	-
	NH Mission Creek Investments, LLC	-	-	19,500	-
	union holdings Co., Ltd.	-	-	200	-
	PT2Tech Co., Ltd.	-	-	570	-
	ASEAN Platform New Technology Association 1	-	-	-	249
	Korea Asset Classic IPO Private Equity Fund 2	-	-	-	295
		₩ 59,365	164,593	192,843	91,001

37. Related party transactions, Continued

(6) Details of commitment balance to the related parties of the Group as of December 31, 2024 and 2023 are as follows (Korean won in millions):

Relationship	Company name	Transaction	December 31, 2024	December 31, 2023
Associates	Galmae PFV Co., Ltd.	Credit line agreement	₩ -	30,000
	Gmdtaewoo, Co.,Ltd	Credit line agreement	-	1,000
	Seongnam Godeung Jeil Pungkyeongchae Fund No.1	Credit line agreement	-	19,700
	Lion JCGI Blue Pre-IPO Private Equity Fund III	Credit line agreement	-	15,550
	Masterm 116th Gangnam Premium PFV	Credit line agreement	12,400	-
	JC Insurance Platform Private Equity Fund No.1	Credit line agreement	59	59
	GongPyeong 15-16 PFV	Credit line agreement	5,100	-
	Trump D&C Inc.	Credit line agreement	1,500	-
	Shinhan AIM Real Estate Fund No. 22-A	Securities purchase commitment	11,256	30,673
	JC Insurance Platform Private Equity Fund No.1	Securities purchase commitment	132	132
			₩ 30,447	97,114

(7) Compensation for key management personnel

Details of compensation for key management personnel for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024	2023
Short-term employee payment	₩ 183,416	108,045
Retirement benefits	6,223	5,392
Share-based payments	17,600	-
	₩ 207,239	113,437

Meritz Financial Group Inc. and its subsidiaries
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December 31, 2024 and 2023

38. Fair value of financial instruments

Details of the book value and fair value of financial instruments as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	
	Book value	Fair value
Financial assets:		
Cash and deposits	₩ 4,999,589	4,999,589
Financial assets measured at FVPL	50,935,549	50,935,549
Derivative financial assets	1,999,065	1,999,065
Financial assets measured at FVOCI	31,652,211	31,652,211
Loan receivables at amortized cost	16,719,736	16,511,197
Finance lease receivables	950,353	931,354
Receivables	3,039,212	3,039,212
	<u>₩ 110,295,715</u>	<u>110,068,177</u>
Financial liabilities:		
Deposits	₩ 13,315,506	13,315,506
Financial liabilities measured at FVPL	20,178,006	20,178,006
Derivative financial liabilities	1,189,380	1,189,380
Borrowings	39,593,697	39,185,007
Payables	4,665,992	4,665,992
	<u>₩ 78,942,581</u>	<u>78,533,891</u>
	December 31, 2023	
	Book value	Fair value
Financial assets:		
Cash and deposits	₩ 4,928,102	4,928,102
Financial assets measured at FVPL	45,835,254	45,835,254
Derivative financial assets	1,076,245	1,076,245
Financial assets measured at FVOCI	27,917,742	27,917,742
Loan receivables at amortized cost	14,634,016	14,560,037
Finance lease receivables	929,236	920,052
Receivables	1,926,888	1,926,888
	<u>₩ 97,247,483</u>	<u>97,164,320</u>
Financial liabilities:		
Deposits	₩ 11,422,711	11,422,711
Financial liabilities measured at FVPL	19,862,229	19,862,229
Derivative financial liabilities	1,276,619	1,276,619
Borrowings	32,968,126	33,038,807
Payables	3,830,617	3,830,617
	<u>₩ 69,360,302</u>	<u>69,430,983</u>

38. Fair value of financial instruments, Continued

The following standards are applied in measuring fair value of financial assets and financial liabilities:

- a) The fair value of the financial assets and liabilities which are not stated at fair value in the consolidated statement of financial position is measured using the quoted price in an active market, if the active market exists. Otherwise, the fair value is calculated by discounting expected future cash flows using the market interest rate of similar financial instruments. As the carrying amount of short-term receivables and payables without a specified interest rate and financial assets and liabilities expired within 1 year or with a variable interest rate, is a reasonable approximate value of the fair value, the fair value of the financial instruments is the same as their carrying amount.
- b) The fair value of the securities is measured using observable current market price and generally accepted pricing model.

The marketable equity securities have been evaluated by applying the closing price of the reporting period end date (if there is no closing price of the reporting period end date, then the closing price of the previous trading day is used).

The non-marketable equity securities have been evaluated using fair value calculated by using reasonable valuation models and the appropriate estimate based on the professional judgment of the external evaluation agency (Korea Asset Pricing). External evaluation agency calculated fair value using evaluation models (DCF model-Discounted Cash Flow Model, IMV model-Inputted Market Value Model, FCFE model-Discounted Free Cash Flow to Equity Model, dividend discount model, risk-adjusted discount method and etc.) by applying several assumptions of reasonable inferences to properly assess the value of the evaluation target's share.

In case of fair value of debt securities that is marketable, the closing price amount of the reporting period end date (closing price the previous trading day if there is no closing price of the reporting period end date).

In case of fair value of debt securities that is not marketable, the amount is calculated using future cash flow and discount rate that takes into consideration proper credit rating (or credit rating of the Company that has similar properties as the Group issuing the debt securities) evaluated by independent credit rating agency with credibility.

The capital and non-listed equity securities that cannot reliably measure fair value were evaluated using cost methods.

- c) The fair values of derivatives are estimated by applying a yield curve (based on observable market interest rates at the end of the reporting period) on discount cash flows, if a quoted price is not available.

The Group classifies fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs are unobservable inputs for the asset or liability.

38. Fair value of financial instruments, Continued

38.1 Fair value hierarchy of financial instruments

(1) Details of the fair value hierarchy of financial instruments as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVPL	₩ 9,469,322	32,633,752	8,832,475	50,935,549
Derivative financial assets	109,945	878,812	1,010,308	1,999,065
Financial assets measured at FVOCI	10,380,707	8,826,263	12,445,242	31,652,212
	<u>₩ 19,959,974</u>	<u>42,338,827</u>	<u>22,288,025</u>	<u>84,586,826</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ 2,412,104	11,019,421	6,746,481	20,178,006
Derivative financial liabilities (*1)	147,419	995,961	46,000	1,189,380
	<u>₩ 2,559,523</u>	<u>12,015,382</u>	<u>6,792,481</u>	<u>21,367,386</u>

(*1) This is the amount including gains and losses on the first deferred day incurred in financial instruments with a level 3 fair value hierarchy.

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVPL	₩ 8,459,330	29,218,456	8,157,468	45,835,254
Derivative financial assets	128,593	673,766	273,886	1,076,245
Financial assets measured at FVOCI	8,365,592	8,626,824	10,925,326	27,917,742
	<u>₩ 16,953,515</u>	<u>38,519,046</u>	<u>19,356,680</u>	<u>74,829,241</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ 1,770,585	8,854,894	9,236,750	19,862,229
Derivative financial liabilities (*1)	288,665	383,683	604,271	1,276,619
	<u>₩ 2,059,250</u>	<u>9,238,577</u>	<u>9,841,021</u>	<u>21,138,848</u>

(*1) This is the amount including the deferred day 1 profit or loss incurred from financial instruments with a Level 3 fair value hierarchy.

38. Fair value of financial instruments, Continued

38.1 Fair value hierarchy of financial instruments, Continued

(2) Details of fair value, valuation techniques and inputs of the financial instruments disclosed in the consolidated financial statement and classified as level 2 as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	Fair value		Valuation techniques	Inputs
	December 31, 2024	December 31, 2023		
Financial assets:				
Financial assets measured at FVPL	₩ 32,633,752	29,218,456	DCF model, Forward Approach and etc.	Discount rate, exchange rate, interest rate, stock price and etc.
Derivative financial assets designated as hedges	878,812	673,766		
Financial assets measured at FVOCI	8,826,263	8,626,824	DCF model and etc.	Discount rate and interest rate
	₩ 42,338,827	38,519,046		
Financial liabilities:				
Financial liabilities measured at FVPL	₩ 11,019,421	8,854,894	DCF model, Forward Approach and etc.	Discount rate, exchange rate, interest rate, stock price and etc.
Derivative financial liabilities designated as hedges	995,961	383,683		
	₩ 12,015,382	9,238,577		

38. Fair value of financial instruments, Continued

38.1 Fair value hierarchy of financial instruments, Continued

(3) Details of valuation techniques of financial instruments disclosed by fair value and classified as level 3, and inputs used to measure fair value and quantitative information which are significant but not observable as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	Fair value		Valuation techniques	Inputs	Unobservable inputs
	December 31, 2024	December 31, 2023			
Financial assets:					
Financial assets measured at FVPL	₩ 8,832,475	8,157,468	Discounted Cash Flow Model, Monte-Carlo Simulation, Cox, Ross and Rubinstein Model, Method of measuring default probability and etc.	Risk free rate, dividend rate, discount rate, default rate and etc.	Recovery, volatility, correlation coefficient and etc.
Derivative financial assets	1,010,308	273,886	Binomial Model, Black-Scholes Model, Monte-Carlo Simulation, Reduced Form Model and etc.	Risk free rate, dividend rate, discount rate, default rate and etc.	Volatility, correlation coefficient and etc.
Financial assets measured at FVOCI	12,445,242	10,925,326	Discounted Cash Flow Model, usage of past transactions, cost method, Method of measuring default probability and etc.	Cost of equity capital, permanent growth rate, dividend discount rate, weighted average cost of capital (WACC), cost of debt, credit spread, swap curve, default rate, recovery, correlation coefficient and etc.	Growth rate, discount rate and etc.
	<u>₩ 22,288,025</u>	<u>19,356,680</u>			
Financial liabilities:					
Financial liabilities measured at FVPL	₩ 6,746,481	9,236,750	Monte-Carlo simulation, Reduced form model, Hull&White 1 factor, Black-Scholes Model and etc.	Risk free rate, dividend rate, discount rate, default rate	Recovery, volatility, correlation coefficient
Derivative financial liabilities	46,000	604,271	Binomial Model Monte-Carlo Simulation, Hull&White 1 factor and etc.	Risk free rate, dividend rate, discount rate, stock price	Volatility, correlation coefficient
	<u>₩ 6,792,481</u>	<u>9,841,021</u>			

38. Fair value of financial instruments, Continued

38.1 Fair value hierarchy of financial instruments, Continued

(4) Changes in the fair value of financial instruments categorized as Level 3 of the fair value hierarchy of financial instruments that are measured at fair value in the consolidated statement of financial position for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

		2024				
		Financial assets		Financial assets	Financial liabilities	
		Financial assets	Derivative	Financial	Financial liabilities	Derivative
		measured at	financial assets	assets	measured at	liabilities
		FVPL		measured at	FVPL	liabilities
				FVOCI		
Beginning		₩ 8,157,468	273,886	10,925,326	(9,236,750)	(604,271)
Total profit or loss	Profit or loss	84,784	788,326	183,189	(453,229)	(74,264)
	Other comprehensive income (loss)	-	-	211,907	(5,484)	-
Buy / issue		16,713,417	71,484	5,498,053	(2,458,811)	(6,275)
Sell / settlement		(16,123,194)	(123,388)	(4,373,233)	5,407,793	638,810
Interlevel movement		-	-	-	-	-
Others		-	-	-	-	-
Ending		₩ 8,832,475	1,010,308	12,445,242	(6,746,481)	(46,000)

		2023				
		Financial assets		Financial assets	Financial liabilities	
		Financial assets	Derivative	Financial	Financial liabilities	Derivative
		measured at	financial assets	assets	measured at	liabilities
		FVOCI		measured at	FVPL	liabilities
				FVOCI		
Beginning		₩ 8,005,925	128,489	8,724,862	(8,489,527)	420,319
Total profit or loss	Profit (loss)	31,465	135,453	66,019	(366,065)	90,804
	Other comprehensive income (loss)	-	-	233,287	(1,704)	-
Buy / issue		15,514,541	18,016	5,260,527	(8,670,962)	74,084
Sell / settlement		(15,073,799)	(8,072)	(3,670,587)	8,291,508	19,064
Interlevel movement		(9,445)	-	-	-	-
Others		(311,219)	-	311,218	-	-
Ending		₩ 8,157,468	273,886	10,925,326	(9,236,750)	604,271

38. Fair value of financial instruments, Continued

38.1 Fair value hierarchy of financial instruments, Continued

- (5) Details of gains or losses recognized from financial instruments categorized as Level 3 of the fair value hierarchy of financial instruments that are measured at fair value in the consolidated statement of financial position for each of the two years in the period ended December 31, 2024 and the line items in profit or loss in which those gains or losses are recognized are as follows (Korean won in millions):

	2024	
	Profit (loss) for the year	Profit (loss) related to financial instruments held at the end of the reporting period
Financial instruments measured at FVPL	₩ (368,445)	(300,765)
Derivative financial instruments	714,062	621,158
Financial instruments measured at FVOCI	183,189	30,417
	<u>₩ 528,806</u>	<u>350,810</u>
	2023	
	Profit (loss) for the year	Profit (loss) related to financial instruments held at the end of the reporting period
Financial instruments measured at FVPL	₩ (334,600)	(210,798)
Derivative financial instruments	44,649	(606)
Financial instruments measured at FVOCI	66,019	77,245
	<u>₩ (223,932)</u>	<u>(134,159)</u>

- (6) Financial assets and liabilities classified as Level 3 are subject to the sensitivity analysis. The effect on other comprehensive income or Net income or loss is classified as favorable or unfavorable change. The results of the sensitivity analysis related to changes of inputs that are significant but unobservable as of December 31, 2024 are as follows (Korean won in millions):

	Computation effect of volatility	Favorable changes	Unfavorable changes
Financial assets:			
Financial assets measured at FVPL	Adjustment of 10% in unobservable inputs (volatility, recovery rate)	₩ 24,256	(21,103)
Derivative financial assets	Adjustment of 10% in unobservable inputs (volatility, recovery rate)	11,975	(10,999)
Financial assets designated as measured at FVOCI	Adjustment 1% of growth rate, discount rate	263,047	(229,508)
		<u>₩ 299,278</u>	<u>(261,610)</u>
Financial liabilities:			
Derivative financial liabilities	Adjustment of 10% in unobservable inputs (volatility, recovery rate)	₩ 23,816	(27,071)
Financial liabilities designated as measured at FVPL	Adjustment of 10% in unobservable inputs (volatility, recovery rate)	7,781	(9,049)
		<u>₩ 31,597</u>	<u>(36,120)</u>

38. Fair value of financial instruments, Continued

38.2 Financial instruments not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed

(1) Details of the levels of the fair value hierarchy of financial instruments not measured but disclosed at fair value as of December 31, 2024 and 2023 are as follows (Korean won in millions):

		December 31, 2024			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and deposits (*1)	₩	-	4,999,589	-	4,999,589
Loan receivables at amortized cost		-	-	16,511,197	16,511,197
Finance lease receivables		-	-	931,354	931,354
Receivables (*1)		-	-	3,039,212	3,039,212
	₩	-	4,999,589	20,481,763	25,481,352
Financial liabilities:					
Deposits (*1)	₩	-	3,438,469	9,877,037	13,315,506
Borrowings		-	37,642,831	1,542,175	39,185,006
Payables (*1)		-	-	4,665,992	4,665,992
	₩	-	41,081,300	16,085,204	57,166,504

(*1) As the book value is considered to be a reasonable approximation of fair value, book value is disclosed as fair value.

		December 31, 2023			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and deposits (*1)	₩	-	4,928,102	-	4,928,102
Loan receivables at amortized cost		-	-	14,560,037	14,560,037
Finance lease receivables		-	-	920,052	920,052
Receivables (*1)		-	-	1,926,888	1,926,888
	₩	-	4,928,102	17,406,977	22,335,079
Financial liabilities:					
Deposits (*1)	₩	-	2,082,501	9,340,209	11,422,710
Borrowings		-	31,794,662	1,244,145	33,038,807
Payables (*1)		-	-	3,830,617	3,830,617
	₩	-	33,877,163	14,414,971	48,292,134

(*1) As the book value is considered to be a reasonable approximation of fair value, book value is disclosed as fair value.

38. Fair value of financial instruments, Continued

38.2 Financial instruments not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, Continued

- (2) Details of fair value, valuation techniques and inputs used to measure the fair value of financial instruments disclosed in the consolidated financial statement and classified as level 2 as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	Fair value		Valuation techniques	Inputs
	December 31, 2024	December 31, 2023		
Financial liabilities:				
Borrowings	₩ 37,642,831	31,794,662	DCF model	Discount rate

- (3) Details of fair value, descriptions of the valuation technique, the inputs used in the fair value measurement of financial instruments, which are categorized as Level 3 of the fair value hierarchy, not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	Fair value		Valuation techniques	Inputs
	December 31, 2024	December 31, 2023		
Financial assets:				
Loan receivables at amortized cost	₩ 16,511,197	14,560,037	DCF model	Discount rate
Finance lease receivables	931,354	920,052	DCF model	Discount rate
	₩ 17,442,551	15,480,089		
Financial liabilities:				
Borrowings	₩ 1,542,175	1,244,145	DCF model	Other spread, Prepayment ratio

- (4) Changes in deferred day 1 profit and loss for each of the two years in the period ended December 31, 2024 are as follows (Korean won in millions):

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Beginning	₩ 107,445	21,958	44,984	45,988
New occurrence	190,278	(48,936)	(39,139)	28,888
Realization	61,183	(7,784)	101,600	(52,918)
Ending	₩ 358,906	(34,762)	107,445	21,958

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39. Categories of financial assets and liabilities

(1) The Group categorizes its financial assets and financial liabilities as of December 31, 2024 and 2023 as follows (Korean won in millions):

	December 31, 2024							
	Financial instruments measured at FVPL		Financial instruments at FVOCI			Financial instruments at amortized cost	Derivatives designated as hedges	Total
	Designated as measured at FVPL	Measured at FVPL	Equity instruments	Debt instruments	Financial instruments at amortized cost			
Financial assets:								
Cash and deposits	₩ -	-	-	-	4,999,589	-	-	4,999,589
Financial assets measured at FVPL	-	50,935,549	-	-	-	-	-	50,935,549
Derivative assets designated as hedges	-	1,528,752	-	-	-	470,313	-	1,999,065
Financial assets measured at FVOCI	-	-	501,097	31,151,114	-	-	-	31,652,211
Loan receivables at amortized cost	-	-	-	-	16,719,736	-	-	16,719,736
Finance lease receivables	-	-	-	-	950,353	-	-	950,353
Receivables	-	-	-	-	3,039,212	-	-	3,039,212
₩	-	52,464,301	501,097	31,151,114	25,708,890	470,313	-	110,295,715
Financial liabilities:								
Deposits	₩ -	-	-	-	13,315,506	-	-	13,315,506
Financial liabilities measured at FVPL	11,914,722	8,263,284	-	-	-	-	-	20,178,006
Derivative liabilities designated as hedges	-	977,654	-	-	-	211,726	-	1,189,380
Borrowings	-	-	-	-	39,593,697	-	-	39,593,697
Payables	-	-	-	-	4,665,992	-	-	4,665,992
₩	11,914,722	9,240,938	-	-	57,575,195	211,726	-	78,942,581

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39. Categories of financial assets and liabilities, Continued

(1) The Group categorizes its financial assets and financial liabilities as of December 31, 2024 and 2023 as follows (Korean won in millions), Continued:

	December 31, 2023							
	Financial instruments measured at FVPL		Financial instruments at FVOCI			Financial instruments at amortized cost	Derivatives designated as hedges	Total
	Designated as measured at FVPL	Measured at FVPL	Equity instruments	Debt instruments	Financial instruments at amortized cost			
Financial assets:								
Cash and deposits	₩ -	-	-	-	4,928,102	-	-	4,928,102
Financial assets measured at FVPL	-	45,835,254	-	-	-	-	-	45,835,254
Derivative assets designated as hedges	-	784,960	-	-	-	291,285	-	1,076,245
Financial assets measured at FVOCI	-	-	495,722	27,422,020	-	-	-	27,917,742
Loan receivables at amortized cost	-	-	-	-	14,634,016	-	-	14,634,016
Finance lease receivables	-	-	-	-	929,236	-	-	929,236
Receivables	-	-	-	-	1,926,888	-	-	1,926,888
₩	-	46,620,214	495,722	27,422,020	22,418,242	291,285	-	97,247,483
Financial liabilities:								
Deposits	₩ -	-	-	-	11,422,711	-	-	11,422,711
Financial liabilities measured at FVPL	14,143,893	5,718,336	-	-	-	-	-	19,862,229
Derivative liabilities designated as hedges	-	1,117,683	-	-	-	158,936	-	1,276,619
Borrowings	-	-	-	-	32,968,126	-	-	32,968,126
Payables	-	-	-	-	3,830,617	-	-	3,830,617
₩	14,143,893	6,836,019	-	-	48,221,454	158,936	-	69,360,302

39. Categories of financial assets and liabilities, Continued

(2) The Group categorizes profit and loss of financial instruments for each of the two years in the period ended December 31, 2024 as follows (Korean won in millions):

		2024
Cash and deposits	Interest income	₩ 123,092
	Net income	123,092
Financial assets measured at FVPL	Interest income	1,030,316
	Dividends income	267,638
	Gain on valuation	1,170,448
	Gain on disposal	2,794,044
	Loss on valuation	1,467,264
	Loss on disposal	2,774,102
Financial assets measured at FVOCI	Net income	1,021,080
	Interest income	1,554,720
	Dividends income	15,980
	Gain on valuation	54,314
	Gain on disposal	30,497
	Loss on valuation	64,523
Loan receivables at amortized cost	Loss on disposal	4,988
	Net income	1,586,000
	Interest income	1,163,153
	Reversal of expected credit losses	2,172
	Gain on disposal	13,250
	Transfer from reserve for expected credit losses	109,831
Derivative assets designated as hedges	Loss on disposal	9,242
	Net income	1,059,502
	Gain on valuation	1,355,618
	Gain on disposal	24,519,661
	Loss on valuation	1,187,398
	Loss on disposal	24,587,221
Other financial assets	Net loss	100,660
	Interest income	150,425
Deposits	Net income	150,425
	Interest expense	454,553
Borrowings	Net loss	(454,553)
	Interest expense	1,312,425
Other financial liabilities	Net loss	(1,312,425)
	Interest expense	210,328
	Net loss	(210,328)

39. Categories of financial assets and liabilities, Continued

(2) The Group categorizes profit and loss of financial instruments for each of the two years in the period ended December 31, 2024 as follows (Korean won in millions), Continued:

		2023
Cash and deposits	Interest income	₩ 128,913
	Net income	128,913
Financial assets measured at FVPL	Interest income	1,255,711
	Dividends income	45,745
	Gain on valuation	1,402,137
	Gain on disposal	2,298,114
	Loss on valuation	1,043,999
	Loss on disposal	2,728,902
Financial assets measured at FVOCI	Net income	1,228,806
	Interest income	1,303,993
	Dividends income	17,674
	Gain on valuation	4,254
	Gain on disposal	18,014
	Loss on valuation	91,907
Loan receivables at amortized cost	Loss on disposal	21,865
	Net income	1,230,163
	Interest income	1,050,351
	Reversal of expected credit losses	2,208
	Gain on disposal	10,192
	Transfer from reserve for expected credit losses	173,376
Derivative assets designated as hedges	Loss on disposal	52
	Net income	889,323
	Gain on valuation	743,074
	Gain on disposal	37,967,965
	Loss on valuation	711,908
Other financial assets	Loss on disposal	38,130,627
	Net loss	(131,496)
	Interest income	164,916
Deposits	Net income	164,916
	Interest expense	416,704
Borrowings	Net loss	(416,704)
	Interest expense	1,244,702
Other financial liabilities	Net loss	(1,244,702)
	Interest expense	192,015
	Net loss	(192,015)

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40. Offsetting of financial assets and liabilities

(1) Details of financial assets offset, the executable master netting arrangements and financial assets subject to a similar agreement as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024					
	Gross amounts of financial assets recognized	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Derivatives	₩ 2,391,401	-	2,391,401	292,351	745,659	1,353,391
Bonds purchased under resale agreement	1,634,375	-	1,634,375	-	1,634,375	-
Unsettled spot exchange	1,314,394	-	1,314,394	1,314,085	-	309
Domestic exchange settlement debts	3,477	-	3,477	-	-	3,477
Dealing receivable	714,029	259,301	454,728	-	-	454,728
Receivable on margin	614,037	402,335	211,702	-	-	211,702
	<u>₩ 6,671,713</u>	<u>661,636</u>	<u>6,010,077</u>	<u>1,606,436</u>	<u>2,380,034</u>	<u>2,023,607</u>

	December 31, 2023					
	Gross amounts of financial assets recognized	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Derivatives	₩ 1,221,728	-	1,221,728	281,614	264,844	675,270
Bonds purchased under resale agreement	1,604,743	-	1,604,743	-	1,604,743	-
Unsettled spot exchange	801,427	-	801,427	801,146	-	281
Domestic exchange settlement debts	12,623	9,586	3,037	-	-	3,037
Dealing receivable	495,348	357,856	137,492	-	-	137,492
Receivable on margin	635,214	401,089	234,125	-	-	234,125
	<u>₩ 4,771,083</u>	<u>768,531</u>	<u>4,002,552</u>	<u>1,082,760</u>	<u>1,869,587</u>	<u>1,050,205</u>

(2) Financial liabilities offset, the executable master netting arrangements and financial liabilities subject to a similar agreement as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024					
	Gross amounts of financial liabilities recognized	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral provided	
Derivatives	₩ 5,289,716	-	5,289,716	292,351	4,550,656	446,709
Securities sold	8,263,284	-	8,263,284	-	8,263,284	-
Bonds sold under repurchase agreements	19,004,398	-	19,004,398	-	19,004,398	-
Payables unpaid spot exchange	1,314,206	-	1,314,206	1,314,085	-	121
Domestic exchange settlement credits	144	-	144	-	-	144
Accounts payable for proprietary trading	351,943	259,301	92,642	-	-	92,642
Accounts payable on margin	611,727	402,335	209,392	-	-	209,392
	<u>₩ 34,835,418</u>	<u>661,636</u>	<u>34,173,782</u>	<u>1,606,436</u>	<u>31,818,338</u>	<u>749,008</u>

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40. Offsetting of financial assets and liabilities, Continued

(2) Financial liabilities offset, the executable master netting arrangements and financial liabilities subject to a similar agreement as of December 31, 2024 and 2023 are as follows (Korean won in millions), Continued:

	December 31, 2023					
	Gross amounts of financial liabilities recognized	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral provided	
Derivatives	₩ 5,738,590	-	5,738,590	281,614	4,660,416	796,560
Securities sold	5,718,335	-	5,718,335	-	5,718,335	-
Bonds sold under repurchase agreements	15,747,431	-	15,747,431	-	15,747,431	-
Payables unpaid spot exchange	801,259	-	801,259	801,146	-	113
Domestic exchange settlement credits	12,072	9,586	2,486	-	-	2,486
Accounts payable for proprietary trading	619,320	357,856	261,464	-	-	261,464
Accounts payable on margin	633,289	401,089	232,200	-	-	232,200
	₩ 29,270,296	768,531	28,501,765	1,082,760	26,126,182	1,292,823

41. Risk management

41.1 Overall risk management system

41.1.1 Overall risk management system including policy, strategy and process

41.1.1.1 Risk policy

The Group complies with the RIS and classifies all the risks arising from its business activities into insurance risk, interest rate risk, credit risk, market risk, liquidity risk and non-finance risk. Those risks are recognized, measured, assessed, controlled and monitored by the Group and accordingly, comprehensively managed by the Group at entity level to establish an optimal asset liability portfolio and secure a stable revenue generating base and ultimately maximize its corporate value. In particular, risk management from the customer's perspective and the Company's perspective is carried out together, considering that each subsidiary's risk type is very different depending on the sale structure.

41.1.1.2 Risk strategy

The Group establishes and activates risk management strategies approved by the quarterly Risk Management Committee. Primarily, the Group sets a combined risk limit to make sure the entity risk level is properly maintained compared to available capital level, and activates retention, reinsurance and hedge strategy for an elimination of a large risk.

41.1.1.3 Risk management process

- (i) Recognition of the risks - The Group classifies all the risks arising from its business activities into insurance risk, interest rate risk, credit risk, market risk, liquidity risk and non-finance risk.
- (ii) Risk assessment and measurement – The Group manages the risk considering each subsidiary's characteristics of risks and provides guideline regarding the measurement and assessment methods.
- (iii) Control of the risks - The Group sets a risk limit at an appropriate level by an individual risk and monitors whether risk exceeds the limit, to avoid, accept, transfer or mitigate the risks. In case of Meritz Fire & Marine Insurance Co., Ltd. if a new type of insurance risk is identified or a new investment is made, such new risk or investment is preliminarily reviewed by the line of business review committee or the investment and loan review committee, respectively. Meritz Securities Co., Ltd. also conducts important decision-making, risk review and control activities through the Risk management committee and practices committee, judging committee. Meritz Capital Co., Ltd. conducts decision-making, risk measurement and control of new investment through the loan review committee. For alternative investment management, decisions on new products and risk measurement and control are carried out through the Investment Review Committee.
- (iv) Monitoring and reporting of the risks - The Group regularly monitors various indicators such as individual risk quantity and risk limit considering the risk factors such as interest rates, KOSPI index, foreign exchange rate, probability of default, and reports the outcome to its management on a regular basis.

41.1.2 Assessment of internal capital adequacy and management process

The Group manages risk in accordance with risk management system that considers the characteristics of each company. Owner's equity ratio is maintained as more than 100% in the Financial Holding Company Act and the regulation by supervisory authority.

41.1.3 Structures and functions of the Board of Directors (Group's Risk Management Committee) and risk management organization

The Group's risk management is made by the Group's Risk Management Committee and risk management center.

41. Risk management, Continued

41.1 Overall risk management system, Continued

41.1.3 Structures and functions of the Board of Directors (Group's Risk Management Committee) and risk management organization, Continued

41.1.3.1 Group's risk management committee

The Risk Management Committee delegated by the Board of Directors is a top decision-making body and accordingly, makes significant risk related decisions based on the basic guidelines of risk management, strategic asset allocation and risk limit in compliance with the Group's business strategy.

41.1.3.2 Risk management center

The Risk Management Center consists of the Chief Risk Officer (CRO), which is the chief risk manager, and the risk management team, which manages the risk. The Risk Management Team conducts risk management for each company, limits management for preemptive risk management, and crisis situation analysis.

41.1.4 Activities for risk management system building

41.1.4.1 Risk management related regulations

The basic processes and guidelines for risk management activities are presented in a regulation on risk management, a regulation on the Risk Management Committee and a detailed regulation on risk management which includes the overall regulations on risk management activities, including regulations on risk management organization, risk strategy, risk measurement by segment, risk limit management, analysis of crisis situation and reporting.

41.1.4.2 Risk limit management

The Group and its subsidiaries manage risk limit and the total risk at entity level is set at a range of available capital (Meritz Fire & Marine Insurance Co., Ltd.: Amount of solvency margin, Meritz Securities Co., Ltd.: Net operating capital, Meritz capital: Adjusted capital, Meritz Alternative Investment Management: Maintained capital) and a risk limit by individual risk is allocated and managed not to exceed the risk limit set by the individual risk (Insurance, Interest rate, Market, Credit and Operational risk).

The Group's Risk Management Committee approves the allocation of required capital and risk limit criteria, and the related items are controlled and monitored by the risk management organization and reported to the Group's management and the committee.

41. Risk management, Continued

41.2 Insurance risk management

41.2.1 General non-life Insurance

41.2.1.1 Concept

Insurance risk refers to the potential economic loss risk that can arise from various risk factors in an insurance contract, and it is measured and managed by distinguishing between long-term non-life insurance and general non-life insurance.

Insurance risk targets assets and liabilities that can cause direct or indirect losses to the insurance company when actuarial assumptions change. For assets, it applies only when the value changes due to future cash flow fluctuations caused by changes in actuarial assumptions (e.g., insurance policy loans, reinsurance contracts), and for liabilities, it is calculated for all insurance contracts. However, retirement insurance and pension plans are not included in the measurement of long-term non-life insurance risk.

Long-term non-life insurance risk can be divided into risk factors such as death risk amount, longevity risk amount, disability/disease risk amount, property/other risk amount, cancellation risk amount, operating expense risk amount, and catastrophic risk amount. Death risk amount, longevity risk amount, disability/disease risk amount, property/other risk amount, cancellation risk amount, and operating expense risk amount are measured using shock scenario methods, and catastrophic risk amount is measured using risk factor methods. The measurement criteria for each risk amount are as follows:

- (A) Death risk and longevity risk refer to the risk of unexpected losses related to the death of the policyholder.
- (B) Disability/disease risk refers to the risk of unexpected losses related to the disability and disease of the policyholder.
- (C) Property/other risk refers to the risk of unexpected losses related to property, expenses, compensation, and other coverages.
- (D) Cancellation risk refers to the risk of unexpected losses due to the policyholder's exercise of options such as contract termination, renewal, and pension selection.
- (E) Operating expense risk includes the risk of future cost levels and expenditure fluctuations due to inflation related to insurance contract costs. Costs related to insurance contracts include all cost items except allowances.
- (F) Catastrophic risk refers to the risk arising from extreme and exceptional risks not considered in death risk or disability/disease risk (e.g., new infectious diseases).

General non-life insurance risk can be divided into risk factors such as insurance pricing risk, reserve risk, and catastrophic risk. Insurance pricing risk, reserve risk, and catastrophic risk are measured using risk factor methods, and the measurement criteria for each risk amount are as follows:

- (A) Insurance pricing risk refers to the risk of unexpected losses related to the timing, frequency, and severity of future insurance accidents.
- (B) Reserve risk refers to the risk of unexpected losses when the reserves set aside for payment of insurance claims for incurred insurance accidents fail to cover the future insurance claims to be paid.
- (C) Catastrophic risk refers to the risk arising from extreme and exceptional risks not considered in insurance pricing risk or reserve risk.

41. Risk management, Continued

41.2 Insurance risk management, Continued

41.2.1 General non-life Insurance, Continued

41.2.1.2 Concentration of insurance risk and reinsurance policy

The subsidiary Meritz Fire & Marine Insurance Co., Ltd. sells various insurance contracts including general non-life insurance (fire, marine, personal accident, engineering, liability, comprehensive, authority, guarantee, and other special types of insurance) and auto insurance (personal, business, commercial, motorcycle, and others) as well as long-term non-life insurance (long-term damage, property, personal accident, driver, savings, disease, nursing care, pension savings damage, etc.).

Along with the sale of diversified products, the company is diversifying risk through reinsurance cessions and joint underwriting. In addition, products such as natural disaster insurance, which cover risks that are low in probability but very severe, such as major disasters, are controlled by setting underwriting limits and through joint underwriting to manage the risk of the subsidiary company.

Regarding the reinsurance policy, an annual reinsurance operation strategy for each category is established and managed with the approval of the Risk Management Committee. The category-specific reinsurance operation strategy includes the existing reinsurance cession status and analysis, future cession strategy direction, risk retention limits, maximum cession ratio to a single reinsurer, and transaction restrictions on ineligible reinsurers.

41.2.1.3 Credit risk of insurance contracts

The credit risk of insurance contracts refers to the economic loss that occurs when the counterparty, the reinsurer, fails to fulfill contractual obligations due to a downgrade in credit rating or default. The subsidiary company, Meritz Fire & Marine Insurance Co., Ltd., selects and transacts with reputable insurance companies that have received a rating of BBB- or higher according to S&P standards or equivalent through internal review.

(a) The concentration and credit ratings of the main transaction reinsurers as of December 31, 2024 and 2023 are as follows:

Reinsurer	December 31, 2024		Reinsurer	December 31, 2023	
	%	Credit rating		%	Credit rating
Korean Re	40.84	A	Korean Re	42.34	A
SCOR, KOREA	28.50	A+	SCOR, KOREA	24.91	A+
PACIFIC LIFE RE LIMITED	11.61	AA-	PACIFIC LIFE RE LIMITED	10.13	AA-

(b) Details of the classification by the creditworthiness of the net reinsurance contract assets held by Meritz Fire & Marine Insurance Co., Ltd. as of December 31, 2024 and 2023 are as follows:

	December 31, 2024					
	AAA~AA+	AA~A+	A~BBB+	BBB or lower	Unrated	Total
Long-term	₩ -	381,124	241,497	-	-	622,621
General	21,506	90,233	198,681	-	177	310,597
Vehicles	-	83	15,862	-	(1)	15,944

	December 31, 2023					
	AAA~AA+	AA~A+	A~BBB+	BBB or lower	Unrated	Total
Long-term	₩ -	324,245	225,527	-	-	549,772
General	25,875	101,415	225,525	1	(1,885)	350,931
Vehicles	-	259	19,453	-	1	19,713

41. Risk management, Continued

41.2 Insurance risk management, Continued

41.2.1 General non-life Insurance, Continued

41.2.1.4 The characteristics and degree of risk arising from insurance risk

The insurance risk of the subsidiary Meritz Fire & Marine Insurance Co., Ltd. is recognized as exposure based on the present value estimates of future cash flows of remaining coverage elements classified to either from underlying insurance or from reinsurance, and the maximum exposure to insurance risk is as follows. (Korean won in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value estimate of future cash flows from underlying insurance contracts	₩ 8,511,521	6,158,677
Present value estimate of future cash flows from reinsurance contracts held	(458,544)	(616,066)
	<u>₩ 8,052,977</u>	<u>5,542,611</u>

41.2.1.5 Assumptions that affected the measurement of insurance liabilities

The subsidiary Meritz Fire & Marine Insurance Co., Ltd. calculates the present value of future cash flows with optimal assumptions in compliance with the *Insurance Business Act* and *Regulation on Supervision of Insurance Business*, applying KIFRS 1117 at each reporting period for the calculation of liability reserves.

41. Risk management, Continued

41.2 Insurance risk management, Continued

41.2.1 General non-life Insurance, Continued

41.2.1.6 Sensitivity analysis of insurance risk

The subsidiary Meritz Fire & Marine Insurance Co., Ltd. conducts sensitivity analysis of current estimates based on factors such as loss rate, surrender rate, and business expense ratio, which are considered to have a significant impact on the amount and timing of future cash flows arising from insurance contracts, and manages insurance risk through this process. (Korean won in millions):

Type of risks	Volatility	Classification	2024	
			Profit (loss)	Equity
Death	Increase by 3.27%	Underlying insurance	₩ (1,543)	1,671
		Reinsurance held	155	19
		Net	(1,388)	1,690
Disability·Diseases	Increase by lump-sum compensation 3.40% and actual loss compensation 2.62%	Underlying insurance	(90,246)	723
		Reinsurance held	6,896	713
		Net	(83,350)	1,436
Long-term property and others	Increase by 4.19%	Underlying insurance	(1,773)	95
		Reinsurance held	153	7
		Net	(1,620)	102
Surrender rate	Increase by 9.16%	Underlying insurance	(8,138)	35,982
		Reinsurance held	4,087	515
		Net	(4,051)	36,497
	Decrease by 9.16%	Underlying insurance	9,662	(39,141)
		Reinsurance held	(4,604)	(534)
		Net	5,058	(39,675)
Business expense rate	Increase by level 2.62% and Inflation 0.26%p	Underlying insurance	(10,094)	(302)
		Reinsurance held	680	6
		Net	(9,414)	(296)

41. Risk management, Continued

41.2 Insurance risk management, Continued

41.2.1 General non-life Insurance, Continued

41.2.1.6 Sensitivity analysis of insurance risk, Continued

The subsidiary Meritz Fire & Marine Insurance Co., Ltd. conducts sensitivity analysis of current estimates based on factors such as loss rate, surrender rate, and business expense ratio, which are considered to have a significant impact on the amount and timing of future cash flows arising from insurance contracts, and manages insurance risk through this process. (Korean won in millions), Continued:

Type of risks	Volatility	Classification	2023	
			Profit (loss)	Equity
Death	Increase by 3.27%	Underlying insurance	₩ (1,665)	4,756
		Reinsurance held	290	83
		Net	(1,375)	4,839
Disability·Diseases	Increase by lump-sum compensation 3.40% and Actual loss compensation 2.62%	Underlying insurance	(113,236)	91,835
		Reinsurance held	13,527	(8,690)
		Net	(99,709)	83,145
Long-term property and others	Increase by 4.19%	Underlying insurance	(1,359)	2,031
		Reinsurance held	187	(10)
		Net	(1,172)	2,021
Surrender rate	Increase by 9.16%	Underlying insurance	(7,440)	(49,356)
		Reinsurance held	4,808	4,227
		Net	(2,632)	(45,129)
Business expense rate	Decrease by 9.16%	Underlying insurance	4,677	47,897
		Reinsurance held	(5,254)	(4,594)
		Net	(577)	43,303
Business expense rate	Increase by level 2.62% and Inflation 0.26%p	Underlying insurance	(10,193)	15,624
		Reinsurance held	1,040	(83)
		Net	(9,153)	15,541

41. Risk management, Continued

41.3 Credit risk management

41.3.1 Concept and exposure status

41.3.1.1 Concept

The credit risk is the risk of possible loss to portfolio due to counterparty's default, breach of covenant and loss of credibility. Credit risk arises from on-balance and off-balance-sheet accounts including loans, financial guarantees, securities and derivatives, and the purpose to manage the credit risk is to control the relevant losses upon the counterparties' default, for a certain period, within the allowable range.

The Group regularly checked credit risk by Group Risk Management Committee and Group Risk Council. Also, the Group constantly check the compliance with the credit regulation for the same counterparties, associates and asset quality of each affiliate.

Each subsidiary controls all aspects of credit risk through Risk Management Committee and Investment Review Body.

41.3.1.2 Exposure status

The maximum exposures to credit risk related to financial instruments on the statements of financial position as of December 31, 2024 and 2023 are as follows. The maximum exposure below is the amount before the risk mitigation effect through collaterals and other credit reinforcements is reflected, excluding adjustment for credit risk and expected credit losses allowance, deferred day 1 profit or loss, etc. Also, the amount of equity securities is excluded. (Korean won in millions):

	December 31, 2024	December 31, 2023
Assets in the consolidated statement of financial position:		
Deposits	₩ 4,999,589	4,928,102
Financial assets measured at FVPL		
Securities	48,776,131	43,905,335
Loans receivable	1,946,891	1,700,010
	<u>50,723,022</u>	<u>45,605,345</u>
Derivative financial assets		
Trading	1,908,337	934,750
Designated as hedges	470,313	291,285
	<u>2,378,650</u>	<u>1,226,035</u>
Financial assets measured at FVOCI	33,017,001	28,653,338
Loans and receivables at amortized cost	17,057,519	14,930,875
Lease assets	990,078	937,599
Other financial assets	3,062,760	1,948,135
	<u>112,228,619</u>	<u>98,229,429</u>
Off-board derivative transactions including guarantee of payment	4,155,905	7,225,334
	<u>₩ 116,384,524</u>	<u>105,454,763</u>

41. Risk management, Continued

41.3 Credit risk management, Continued

41.3.1 Concept and exposure status, Continued

41.3.1.3 Credit risk mitigation by collateral and other credit enhancements

As of December 31, 2024 and 2023, the effects associated with credit risk that are mitigated by collateral and other credit enhancements are as follows (Korean won in millions):

	December 31, 2024		
	Impairment loss		
	Individual evaluation	Collective evaluation	Total
Loans and receivables	₩ 1,127,457	151,387	1,278,844
Lease assets	-	4,540	4,540
Other financial assets	8,253	-	8,253
	₩ 1,135,710	155,927	1,291,637

	December 31, 2023		
	Impairment loss		
	Individual evaluation	Collective evaluation	Total
Loans and receivables	₩ 764,131	45,351	809,482
Lease assets	-	2,826	2,826
Other financial assets	7,927	579	8,506
	₩ 772,058	48,756	820,814

41.3.1.4 Exposures by credit ratings of assets

As of December 31, 2024, the Group classifies loan receivables, debt securities and off-balance-sheet items based on the debtor's credit based on the following categories:

	Household loan	Internal rating	Domestic credit rating agency	Foreign credit rating Company	
				Moody's	Fitch
Rating 1	CB grade (1 ~ 3)	AAA ~ A-	AAA ~ A-	Aaa ~ Baa2	AAA ~ BBB
Rating 2	CB grade (4 ~ 6)	BBB+ ~ BB-	BBB+ ~ BB-	Baa3 ~ B3	BBB- ~ B-
Rating 3	CB grade (Less 7)	Less B+	B+ ~ B-	Caa1 ~ Caa3	CCC+ ~ CCC-
Unrated	Unrated	Unrated			
Risk free assets	Loan on premium, Payment guarantees	Government, public and specific bonds			

41. Risk management, Continued

41.3 Credit risk management, Continued

41.3.1 Concept and exposure status, Continued

41.3.1.4 Exposures by credit ratings of assets, Continued

The Group manages exposures to credit risk by applying credit ratings of securities and loans, etc. Details of exposure by credit ratings of the assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024			
	12-month expected credit loss measurement	Measurement of expected credit losses over the entire period		Total
		Unimpaired bonds	Credit-impaired bonds	
Loans and receivables				
Rating 1	₩ 8,496,618	57,357	3,108	8,557,083
Rating 2	16,049,134	1,135,060	306,708	17,490,902
Rating 3	80,598	44,709	53,156	178,463
Unrated	4,052,886	1,292,531	915,872	6,261,289
	<u>28,679,236</u>	<u>2,529,657</u>	<u>1,278,844</u>	<u>32,487,737</u>
Debt security				
Rating 1	20,821,530	-	-	20,821,530
Rating 2	41,073	-	-	41,073
Rating 3	-	-	-	-
Unrated	2,606,160	16,380	8,253	2,630,793
Government, public and specific bonds etc.	<u>28,129,067</u>	<u>-</u>	<u>-</u>	<u>28,129,067</u>
	<u>51,597,830</u>	<u>16,380</u>	<u>8,253</u>	<u>51,622,463</u>
Lease assets				
Rating 1	-	-	-	-
Rating 2	-	-	-	-
Rating 3	-	-	-	-
Unrated	801,865	150,733	4,540	957,138
	<u>801,865</u>	<u>150,733</u>	<u>4,540</u>	<u>957,138</u>
Off-balance-sheet items				
Rating 1	707,566	21,200	-	728,766
Rating 2	2,379,829	25,752	-	2,405,581
Rating 3	36,447	3,215	-	39,662
Unrated	952,233	-	29,663	981,896
	<u>4,076,075</u>	<u>50,167</u>	<u>29,663</u>	<u>4,155,905</u>
	<u>₩ 85,155,006</u>	<u>2,746,937</u>	<u>1,321,300</u>	<u>89,223,243</u>

(*) The status of other financial assets by credit rating is not included.

41. Risk management, Continued

41.3 Credit risk management, Continued

41.3.1 Concept and exposure status, Continued

41.3.1.4 Exposures by credit ratings of assets, Continued

	December 31, 2023			
	12-month expected credit loss measurement	Measurement of expected credit losses over the entire period		Total
		Unimpaired bonds	Credit-impaired bonds	
Loans and receivables				
Rating 1	₩ 6,673,497	76,919	-	6,750,415
Rating 2	13,284,878	814,808	151,608	14,251,294
Rating 3	10,418	106,872	-	117,291
Unrated	5,481,842	854,997	657,874	6,994,712
	<u>25,450,635</u>	<u>1,853,596</u>	<u>809,482</u>	<u>28,113,713</u>
Debt security				
Rating 1	18,236,161	-	-	18,236,161
Rating 2	241,403	-	-	241,403
Rating 3	-	-	-	-
Unrated	1,577,105	17,348	8,506	1,602,959
Government, public and specific bonds etc.	23,914,024	-	-	23,914,024
	<u>43,968,693</u>	<u>17,348</u>	<u>8,506</u>	<u>43,994,547</u>
Lease assets				
Rating 1	-	-	-	-
Rating 2	-	-	-	-
Rating 3	-	-	-	-
Unrated	755,703	174,805	2,826	933,334
	<u>755,703</u>	<u>174,805</u>	<u>2,826</u>	<u>933,334</u>
Off-balance-sheet items				
Rating 1	1,660,188	5,020	-	1,665,208
Rating 2	4,522,712	132,670	240	4,655,622
Rating 3	21,974	153	-	22,127
Unrated	864,707	160	17,510	882,377
	<u>7,069,581</u>	<u>138,003</u>	<u>17,750</u>	<u>7,225,334</u>
	<u>₩ 77,244,612</u>	<u>2,183,752</u>	<u>838,564</u>	<u>80,266,928</u>

(*) The status of other financial assets by credit rating is not included.

41. Risk management, Continued

41.4 Market risk management

41.4.1 Concept and exposure status

Market risk is the risk of suffering an economic loss arising from a decrease in net asset value due to the change in market indicators such as stock price, interest rate and foreign exchange rate, etc. Key assets exposed to market risk by risk factor are as follows:

Risk factor	Relevant assets	Market risk amount
Stock price	Stocks	Decrease in the value of stocks held due to a fall in stock price
Interest rate	Bonds	Decrease in the value of bonds held due to a rise in interest rate
Foreign exchange rate	Assets denominated in foreign currencies	Decrease in the value of assets denominated in foreign currencies due to a translation to Korean won

41.4.2 Measurement and management methodology of the market risk

41.4.2.1 Measurement methodology

Meritz Fire & Marine Insurance Co., Ltd. and Meritz Securities Co., Ltd. measures the market risk with respect to the assets exposed to market risk according to the standard model for each sector and the Company's internal model.

Market risk of the assets exposed to market risk is measured under the industrial standard model and the Group's internal model. Market risk amount under the RBC system is calculated using a standard model prescribed in detail in the RIS. In addition, for the calculation of market risk amount under the Group's internal model, parametric VaR, historical VaR and Monte-Carlo VaR are calculated using MRO (Market Risk On-line) system which considers correlations between risk factors and portfolio diversification effect. Stock beta and bond durations generated from the system are used as auxiliary indicators to manage the market risk.

41.4.2.2 Management methodology

Meritz Fire & Marine Insurance Co., Ltd. and Meritz Securities Co., Ltd. prescribe and comply limits such as bearable loss limit and operation limit, etc. which are regularly monitored by the finance risk management team and reported to the Group's management and the Risk Management Committee. The Group daily examines as to whether such limits are well complied using the MRO system which also enables to measure market risk. Furthermore, the Group daily performs a stress test using historical scenarios, and daily performs a back test to validate as to whether the measurement model is appropriate.

41. Risk management, Continued

41.4 Market risk management, Continued

41.4.3 Status of market risk amount

The positions exposed to market risk such as exchange rates, interest rates, and stock price fluctuations as of December 31, 2024 and 2023 consist of the following (Korean won in millions):

	December 31, 2024	December 31, 2023
Interest rate risk	₩ 32,317,092	27,295,174
Stock price risk	445,237	800,276
Foreign exchange rate risk	548,170	578,744
Total risk (VaR)	33,310,499	28,674,194

41.4.4 Interest rate risk management

41.4.4.1 Concept

Interest rate risk, part of market risk, is a risk of suffering an economic loss which may incur from a reduction of net asset value in case of a fluctuation in interest rates due to mismatches of the duration and interest rate structure of assets and liabilities. It is a policy of the Group that interest risk of non-trading should be monitored by each subsidiary by reflecting each subsidiary's characteristics and risk environment.

41.4.4.2 Management (recognition) and management methodology

The Group assesses exposure after valuing each asset and liability according to the characteristics of each subsidiary and manages it through measurement methods established for each sector.

41.4.4.3 Status of interest rate risk

The Group's exposure to interest rate risk as of December 31, 2024 and 2023 is as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Interest-bearing assets	₩ 48,233,635	43,489,714
Interest-bearing liabilities	30,254,999	26,812,308

(*1) The Group applied K-ICS standards to Meritz Fire & Marine Insurance Co., Ltd., and the standard method announced by the Financial Supervisory Services (i.e., BIS) to Meritz Capital Co., Ltd. for calculating and aggregating each entity's exposure to interest rate risk.

41. Risk management, Continued

41.5 Liquidity risk management

41.5.1 Concept and exposure status

41.5.1.1 Concept

Liquidity risk is the risk of suffering an economic loss due to temporary lack of funds arising from duration mismatch of assets and liabilities or unexpected significant cash flow fluctuation. Each subsidiary assesses and manages liquidity ratio of the relevant assets and liabilities denominated in Korean won and in foreign currency by applying the relevant supervisory regulations. The Group also establishes an acceptable limit and emergency plan for liquidity risk through its group risk management executive committee, whereby the subsidiaries maintain an adequate liquidity ratio.

41.5.1.2 Maturity profile of liquidity assets

Details of financial asset's maturity profile are calculated by considering the receivable maturity date based on the contractual undiscounted cash flow. Details of financial liability's maturity profile are calculated by considering the fastest maturity date based on the contractual undiscounted cash flow. Also, financial liabilities held-for-trading and deposits are included in the section of 'within 1 month'.

Details of maturity of financial assets and liabilities as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024						Total
	Within 1 month	Within 3 months	Within 6 months	Within 1 year	Within 5 years	Over 5 years	
Assets:							
Cash and due from Banks	₩ 3,607,536	265,350	4,340	21,216	-	1,101,148	4,999,590
Financial assets measured at FVPL	21,456,145	1,347,200	529,771	558,638	1,809,709	11,390,930	37,092,393
Financial assets held-for-trading	134,938	181,450	60,899	286,320	1,193,616	63,865	1,921,088
Derivative assets designated as hedges	7,819	10,236	26,650	31,337	388,506	5,765	470,313
Loans and receivables at amortized cost	2,493,566	2,174,497	2,093,891	2,856,520	7,507,723	708,411	17,834,608
Financial investments							
Financial assets measured at FVOCI	2,095,514	969,906	2,465,318	3,425,846	9,517,933	15,148,579	33,623,096
Securities at amortized cost	-	-	-	-	-	-	-
Other assets	2,031,195	529,190	2,085	39,418	70,270	-	2,672,158
	<u>₩ 31,826,713</u>	<u>5,477,829</u>	<u>5,182,954</u>	<u>7,219,295</u>	<u>20,487,757</u>	<u>28,418,698</u>	<u>98,613,246</u>
Liabilities:							
Insurance contract liabilities	₩ (159,995)	(379,157)	(527,452)	630,959	(5,210,004)	16,277,480	10,631,831
Reinsurance contract liabilities	2	3	3	(73)	38	114	87
Financial liabilities measured at FVPL	480,943	452,214	1,155,390	5,220,604	63,242	890,891	8,263,284
Financial liabilities designated as measured at FVPTL	181,137	299,980	1,855,233	3,729,184	4,890,557	953,234	11,909,325
Financial liabilities held-for-trading	210,175	183,226	99,148	235,684	151,801	12,237	892,271
Derivative liabilities designated as hedges	2,490	17,953	21,181	64,721	105,380	-	211,725
Deposits	3,572,624	60,355	501,961	3,182,846	6,052,732	10,813	13,381,331
Borrowings	18,437,405	1,928,178	1,636,038	1,077,717	511,082	3,340,624	26,931,044
Bonds	2,075,874	1,773,892	935,019	2,143,567	6,965,172	31,093	13,924,617
Other liabilities	1,635,442	776,683	18,172	359,728	972,605	4,475	3,767,105
	<u>26,436,097</u>	<u>5,113,327</u>	<u>5,694,693</u>	<u>16,644,937</u>	<u>14,502,605</u>	<u>21,520,961</u>	<u>89,912,620</u>
Off-balance-sheet items							
Commitment etc.	₩ 22,857	107,688	511,325	554,122	2,322,117	637,797	4,155,906

Meritz Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

41. Risk management, Continued

41.5 Liquidity risk management, Continued

41.5.1 Concept and exposure status, Continued

41.5.1.2 Maturity profile of liquidity assets, Continued

Details of maturity of financial assets and liabilities as of December 31, 2024 and 2023 are as follows (Korean won in millions), Continued:

	December 31, 2023						
	Within 1 month	Within 3 months	Within 6 months	Within 1 year	Within 5 years	Over 5 years	Total
Assets:							
Cash and due from Banks	₩ 3,632,731	121,316	480,000	18,557	-	675,499	4,928,103
Financial assets measured at FVPL	20,061,982	669,802	165,890	567,418	1,985,622	10,075,997	33,526,710
Financial assets held-for-trading	35,429	161,600	163,516	186,534	366,025	25,618	938,722
Derivative assets designated as hedges	6	4,076	3,848	22,510	256,934	3,912	291,285
Loans and receivables at amortized cost	3,248,939	1,739,989	1,095,171	2,884,875	4,140,285	2,573,903	15,683,162
Financial investments							
Financial assets measured at FVOCI	1,872,274	691,356	994,404	1,894,187	10,661,004	12,800,713	28,913,937
Securities at amortized cost	-	-	-	-	-	-	-
Other assets	1,203,545	310,453	-	23,078	71,034	-	1,608,109
	<u>₩ 30,054,905</u>	<u>3,698,591</u>	<u>2,902,829</u>	<u>5,597,159</u>	<u>17,480,903</u>	<u>26,155,642</u>	<u>85,890,029</u>
Liabilities:							
Insurance contract liabilities	₩ (202,767)	(425,330)	(600,815)	575,154	(5,010,826)	13,883,358	8,218,774
Reinsurance contract liabilities	1	2	3	130	73	104	313
Financial liabilities measured at FVPL	379,249	596,938	561,160	3,001,652	6,316	1,173,021	5,718,335
Financial liabilities designated as measured at FVPL	501,199	1,060,090	1,784,723	3,800,316	6,335,760	615,029	14,097,117
Financial liabilities held-for-trading	101,680	257,900	497,773	248,752	71,169	5,291	1,182,565
Derivative liabilities designated as hedges	10,495	21,255	23,098	9,381	94,706	-	158,936
Deposits	2,114,902	45,285	424,223	3,433,899	5,405,002	10,806	11,434,117
Borrowings	16,347,943	922,324	983,987	521,444	1,003,791	2,122,518	21,902,008
Bonds	1,334,345	1,903,990	1,243,655	1,552,325	5,566,027	311,328	11,911,670
Other liabilities	1,383,442	371,810	20,300	356,139	860,874	-	2,992,566
	<u>21,970,490</u>	<u>4,754,265</u>	<u>4,938,108</u>	<u>13,499,191</u>	<u>14,332,893</u>	<u>18,121,455</u>	<u>77,616,402</u>
Off-balance-sheet items							
Commitment etc.	₩ 6,861	84,591	84,981	594,884	5,976,758	477,259	7,225,334

41. Risk management, Continued

41.6 Operational risk management

41.6.1 Concept and management methodology

Operational risk is a risk of suffering an economic loss due to improper or wrong internal processes, human resources and systems, or external events. The Group manages key risk processes and KRI, etc. by subsidiary. In addition, the Group substantially monitors items to be reviewed by the internal control systems which are prescribed in the regulations, rules and guidelines.

42. Assets or liabilities held for sale and discontinued operations

(1) Assets or liabilities held for sale

i) Disposal of property and equipment (land)

The Group has decided to sell Pyeongchang Pension, which is held for lease, and it is highly likely that it will be sold within one year from the end of the current period.

(2) Details of profit or loss of discontinued operations for the year ended December 31, 2023 are as follows (Korean won in millions):

	2023	
Operating income	₩	8,171
Operating expenses		6,309
Operating income		1,862
Other operating income, net		(127)
Income before income tax expense		1,735
Income tax expense		472
Operating income from discontinued operations		1,263
Loss on disposal of assets held for sale		(621)
Total income from discontinued operations		642

(3) Details of net cash flows of discontinued operations for the year ended December 31, 2023 are as follows (Korean won in millions):

	2023	
Cash flows from operating activities, net	₩	(127)
Cash flows from investing activities, net		(28)
Cash flows from financing activities, net		(149)
Net cash flows		(304)

43. Events after the reporting period

As of December 31, 2024, the Group held a loan receivable amounting to ₩1,216,653 million, for which Homeplus Co., Ltd. is the borrower. On March 4, 2025, the borrower filed for commencement of rehabilitation proceedings with the Seoul Bankruptcy Court.

The underlying real estate collateral for the loan is managed as trust property, and therefore, the impact of the rehabilitation proceedings on the estimated recoverable amount is expected to be limited.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of Meritz Financial Group Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Management's Report on the Effectiveness of Internal Control over Financial Reporting



Shape the future
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Independent auditor's report on internal control over financial reporting (English translation of a report originally issued in Korean)

Meritz Financial Group Inc. The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of Meritz Financial Group Inc. and its subsidiaries (collectively referred to as the "Group") based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2024.

In our opinion, the Group's ICFR has been designed and is operating effectively, in all material respects, as of December 31, 2024 in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information, of the Group, and our report dated March 12, 2025 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Management's Report on the Effectiveness of ICFR.

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

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Group's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

A company and its subsidiaries' ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). A company and its subsidiaries' ICFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company and its subsidiaries are being made only in accordance with authorizations of management and directors of the company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of the company and its subsidiaries that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR may not prevent or detect material misstatements of the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Kwan Cheol Oh.



March 12, 2025

This audit report is effective as of March 12, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR and may result in modifications to this report.

Management's Report on the Effectiveness of Internal Control over Financial Reporting

To the Shareholders, Board of Directors and Audit Committee of Meritz Financial Group Inc.

We, as the Chief Executive Officer ("CEO") and the Internal Control over Financial Reporting ("ICFR") Officer of Meritz Financial Group Inc. ("the Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting for consolidated purposes for the year ended December 31, 2024.

The Company's management, including ourselves, is responsible for designing and operating ICFR for consolidated purposes. We assessed the design and operating effectiveness of the ICFR for consolidated purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements. We designed and operated ICFR for consolidation purposes in accordance with 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). And, we conducted an evaluation of ICFR for consolidation purposes based on Best Practice Guidance for Designing and Operating Internal Control over Financial Reporting established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR for consolidated purposes, as at December 31, 2024, is designed and operating effectively, in all material respects, in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein.

We also certify that this report does not contain or present any statement which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

March 4, 2025

Name, Yong Beom Kim
Chief Executive Officer

(signature)


Name, Dong jin Lee
Internal Control over Financial Reporting Officer

(signature)
