

EUGENE INVESTMENT & SECURITIES CO., LTD.

Seperate Financial Statements

December 31, 2021 and 2020

(With Independent Auditor's Report Thereon)

EUGENE INVESTMENTS & SECURITIES CO., LTD.

Separate Financial Statements

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Eugene Investment & Securities Co., Ltd.

Opinion

We have audited the accompanying separate financial statements of Eugene Investment & Securities Co., Ltd. (the "Company"), which comprise the separate statements of financial position as at December 31, 2021 and 2020, and the separate statements of comprehensive income, separate statements of changes in equity and separate statement of cash flows for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2021 and 2020, and its separate financial performance and its separate cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS").

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting as at December 31, 2021, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 15, 2022 expressed an unqualified opinion.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Deferred Revenue Recognition of Commission Fee from Non-Standard Transactions

Why it is determined to be a key audit matter:

The Company recognized fee and commission income from underwriting, financial advisory, asset management and commitments, which are arising from non-standard transactions, in the amount of ₩34,134 million, ₩48,669 million, ₩3,963 million and ₩20,957 million, respectively, in the statement of comprehensive income for the year ended December 31, 2021. We determined this matter as a key audit matter because such fees and commissions earned from non-standard transactions are vulnerable to risks resulting from management's incentives to recognize revenue in an accelerated manner in order to meet certain targets and other requirements and it is likely that management's judgment is involved in determining the timing and the amount of revenue to be recognized as payment terms vary on an individual contract basis from transactions with various types and complicated structures.

How our audit addressed the key audit matter:

We tested internal controls of the Company that management monitors whether revenue is recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*, based on checklists and that management reviews accounting treatment of fee and commission income recognized whether it is subject to deferrals and also that appropriate level of management approves such review procedures.

In addition, we selected samples from revenue recognized from non-standard transactions and inspected underlying documents including contracts and evidence of cash receipts and reviewed whether and when the performance obligations were satisfied to test the accuracy of the amount and the timing of revenue in accordance with Korean IFRS 1115.

2. Valuation of Derivatives, Derivative-Linked Securities Purchased and Derivative-Linked Securities Sold classified as Level 3 Fair Value Measurements

Why it is determined to be a key audit matter:

As disclosed in Note 6, the Company's derivatives and derivative-linked securities subject to Level 3 fair value measurements amount to derivative assets of ₩6,506 million and derivative liabilities of ₩5,065 million as well as financial assets at fair value through profit or loss (FVTPL) of ₩24,076 million and financial liabilities designated as being held at FVTPL of ₩716,641 million as of December 31, 2021.

We determined this matter as a key audit matter because the derivatives and derivative-linked securities classified as Level 3 fair value measurements require, complicated valuation techniques, inputs and assumptions involve with the management's estimates and judgments, and management decisions made for valuation techniques and unobservable inputs would result in significant changes in the fair value of the instruments.

How our audit addressed the key audit matter:

We tested internal controls of the Company that management examines whether underlying information of the derivatives transactions including the notional principal amounts, interest rates and maturities, is accurately reflected to the Company's information technology (IT) systems operated for the valuation of the instruments and we reconciled transaction evidence including trade information and contract documents used for the valuation of derivatives and derivative-linked securities in order to conclude whether the underlying information is maintained accurately.

We tested internal controls of the Company that management verifies the IT systems for the valuation of derivatives on a regular basis and that management reviews models and inputs applicable to new types of transactions are relevant and appropriate considering the features of the instruments.

In addition, we involved our valuation specialists to develop independent estimates on fair value of derivatives and derivative-linked securities with independent valuation models and inputs and assessed whether there were material differences between independent estimates and management's estimates.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 35 to the financial statements of the Company. Note 35 to the separate financial statements describes that management considers the potential impact and the uncertainty arising from Coronavirus Disease-19 ("Covid-19") on the Company's financial position and its financial performance.

Other Matter

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 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 SooYeon Jeong, Certified Public Accountant.

Seoul, Korea

March 15, 2022

This report is effective as of March 15, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Financial Position

As of December 31, 2021 and 2020

<i>(In thousands of Korean won)</i>	Notes	2021	2020
Assets			
Cash and deposits			
Cash and cash equivalents	8,10	₩ 422,689,777	436,987,819
Deposits due from others		344,305,081	236,342,204
		<u>766,994,858</u>	<u>673,330,023</u>
Financial assets at fair value through profit or loss	6,8,11	5,391,734,591	5,970,550,518
Financial assets at fair value through other comprehensive income	6,8,12		
Stocks		184,701,541	160,297,584
Overseas stocks		2,368,823	1,754,529
		<u>187,070,364</u>	<u>162,052,113</u>
Investments in subsidiaries and associates	14		
Subsidiaries		87,587,052	72,956,172
Associates		44,916,064	15,426,629
		<u>132,503,116</u>	<u>88,382,801</u>
Derivative assets	6,8,15		
Options bought		301,528	29,809
Stock warrants		-	835,739
Over-the-counter derivative assets		26,066,445	16,033,199
		<u>26,367,973</u>	<u>16,898,747</u>
Loans and receivables at amortized cost	5,8		
Broker's loans, net	16	797,111,950	738,786,676
Securities purchased under agreements to resell		108,100,000	25,400,000
Loans, net	24	4,285,569	3,257,379
Loans purchased, net		59,864,826	56,335,463
Advances for customers, net	24	-	18,162
Other loans and receivables, net		22,547,147	21,556,372
		<u>991,909,492</u>	<u>845,354,052</u>
Property and equipment	17,34		
Land		10,201,674	10,527,308
Buildings, net		7,010,595	7,747,504
Vehicles, net		2	17,548
Furniture and equipment, net		7,862,746	8,866,552
Right-of-use assets, net		74,400,845	28,095,232
		<u>99,475,862</u>	<u>55,254,144</u>
Other assets			
Receivables for brokerage, net	8,30	2,651,581	5,621,677
Other receivables, net	8	885,411,834	1,485,715,382
Accrued income, net	8,30	43,550,016	47,987,784
Advance payments		116,354,252	116,689,736
Prepaid expenses		6,618,936	4,286,780
Income tax receivable		-	3,103,965
Leasehold deposits paid for rents	8,30	7,996,678	8,644,314
Investment properties	18	17,892,633	17,188,113
Other investment assets	8	2,046,800	126,000
Intangible assets	20	25,826,419	23,552,439
Finance lease receivables	34	1,895,048	2,331,708
		<u>1,110,244,197</u>	<u>1,715,247,898</u>
Total assets		₩ 8,706,300,453	9,527,070,296

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Financial Position (Continued)

As of December 31, 2021 and 2020

<i>(In thousands of Korean won)</i>	Notes	2021	2020
Liabilities			
Deposits	8		
Customers' deposits	30	₩ 950,347,412	1,168,473,761
Guarantee deposits		6,590,809	5,709,229
Other deposits		2,050,545	1,883,886
		<u>958,988,766</u>	<u>1,176,066,876</u>
Financial liabilities at fair value through profit or loss	6,8,11		
Financial liabilities measured			
at fair value through profit or loss		1,188,214,835	1,544,320,758
Financial liabilities designated as being			
held at fair value through profit or loss		791,682,629	623,863,464
		<u>1,979,897,464</u>	<u>2,168,184,222</u>
Borrowed funds	8		
Call money	21,31	100,000,000	120,000,000
Borrowings	21,31	1,485,440,798	1,315,997,858
Securities sold under agreements to repurchase	21	2,108,862,358	2,355,308,891
Subordinated bonds issued, net	22,30,31	50,000,000	50,000,000
		<u>3,744,303,156</u>	<u>3,841,306,749</u>
Derivative liabilities	6,8,15		
Options sold		509,498	47,586
Over-the-counter derivative liabilities		31,178,148	20,719,681
		<u>31,687,646</u>	<u>20,767,267</u>
Other liabilities			
Provisions	25	3,694,024	3,553,444
Dividends payable	8,31	1,391	1,391
Accounts payable	8,30	781,724,370	1,264,993,209
Accrued expenses	8,30	96,071,520	93,892,732
Income tax payable	28	8,376,420	-
Leasehold deposits received for rents	8,30,31	1,200,821	1,220,247
Unearned revenue		3,311,244	1,978,160
Taxes withheld	8	8,341,656	4,123,790
Deferred tax liabilities	28	29,739,835	23,333,879
Financial guarantees	25	36,248,165	34,196,136
Lease liabilities	8,31,34	74,940,526	30,545,463
		<u>1,043,649,972</u>	<u>1,457,838,451</u>
Total liabilities		₩ <u>7,758,527,004</u>	<u>8,664,163,565</u>

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Financial Position (Continued)

As of December 31, 2021 and 2020

<i>(In thousands of Korean won)</i>	Notes	2021	2020
Equity			
Share capital	26		
Common stock	₩	537,592,090	537,592,090
Capital surplus			
Other surplus from capital transactions		1,327,431	1,327,431
Capital adjustments			
Treasury stock		(5,682,926)	(5,682,926)
Others		-	-
		<u>(5,682,926)</u>	<u>(5,682,926)</u>
Accumulated other comprehensive income			
<i>Items that will never be reclassified to profit or loss:</i>			
Gain on valuation of financial assets			
at fair value through other comprehensive income		101,588,128	85,920,013
Change in fair value attributable to change in the credit risk of financial liabilities designated as being held at fair value through profit or loss		1,608,262	1,225,787
		<u>103,196,390</u>	<u>87,145,800</u>
Retained earnings			
Earned surplus reserve		2,384,979	1,258,909
Voluntary reserves		1,000,000	1,000,000
Regulatory reserve for credit losses		13,789,810	3,898,840
(Provision for regulatory reserve for credit losses; ₩658,331 thousand and ₩9,890,970 thousand as of December 31, 2021 and 2020, respectively)			
Retained earnings before appropriation	27	294,165,675	236,366,587
		<u>311,340,464</u>	<u>242,524,336</u>
Total equity		<u>947,773,449</u>	<u>862,906,731</u>
Total liabilities and equity	₩	<u>8,706,300,453</u>	<u>9,527,070,296</u>

See accompanying notes to the separate financial statements

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

<i>(In thousands of Korean won)</i>	Notes	2021	2020
Operating revenue			
Fee and commission income	30		
Brokerage		₩ 83,939,302	82,715,840
Underwriting		34,134,434	27,923,540
Brokerage on collective investment securities		10,373,022	6,063,230
Derivative-linked securities sales		1,521,475	615,357
Financial advisory		48,668,559	38,170,720
Asset management		3,962,739	7,705,246
Commitment		20,956,642	15,813,352
Others		40,899,228	18,275,554
		<u>244,455,401</u>	<u>197,282,839</u>
Gain on disposal and valuation of financial instruments at fair value through profit or loss	9,11		
Gain on disposal of financial assets		269,680,851	534,319,695
Gain on valuation of financial assets		33,713,718	58,203,565
Gain on redemption of financial liabilities		145,674,630	71,324,217
Gain on valuation of financial liabilities		25,831,752	27,541,041
Gain on redemption of financial liabilities designated as being held at fair value through profit or loss		1,917,864	405,781
Gain on valuation of financial liabilities designated as being held at fair value through profit or loss		17,197,471	14,252,750
		<u>494,016,286</u>	<u>706,047,049</u>
Gain on derivatives transactions	9		
Gain on futures transactions		120,830,470	162,253,261
Gain on exchange-traded options transactions		8,582,287	1,226,186
Gain on over-the-counter derivatives transactions		89,628,766	82,844,507
		<u>219,041,523</u>	<u>246,323,954</u>
Interest income	9,30		
Interest on margin loans		28,501,057	19,397,977
Interest on loans		17,496,694	15,344,360
Interest on bonds		84,749,128	88,905,596
Interest on corporate commercial papers		3,527,259	5,744,504
Interest on deposits at Korea Securities Finance Corp.		223,272	181,987
Interest on certificate of deposits		151,792	1,405,951
Interest on securities purchased under agreements to resell		185,342	291,377
Interest on electronic short-term bonds		628,885	1,193,054
Other interest income		21,008,560	11,374,806
		<u>156,471,989</u>	<u>143,839,612</u>
Gain on loans and receivables at amortized cost	5,9		
Gain on sale of loans		-	3,765,619
Reversal of loss allowance on loans and receivables		-	42,785
		<u>-</u>	<u>3,808,404</u>
Gain on foreign currencies	9		
Gain on foreign currency transactions		8,580,415	10,325,468
Gain on foreign currency translation		17,894,121	1,087,142
		<u>26,474,536</u>	<u>11,412,610</u>
Other operating income			
Dividends income	9	15,389,789	6,022,219
Distribution income	9	1,354,330	2,509,645
Reversal of allowance for payment guarantees provided		50,926	-
Reversal of allowance for asset retirement obligations		106,258	159,435
Others		497,610	452,752
		<u>17,398,913</u>	<u>9,144,051</u>
Total operating revenue		₩ <u>1,157,858,648</u>	<u>1,317,858,519</u>

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Comprehensive Income (Continued)

For the years ended December 31, 2021 and 2020

<i>(In thousands of Korean won)</i>	Notes	2021	2020
Operating expenses			
Fee and commission expense	30		
Trading commissions		₩ 11,674,248	9,010,438
Other fees and commissions		30,083,860	13,422,094
		<u>41,758,108</u>	<u>22,432,532</u>
Loss on disposal and valuation of financial instruments at fair value through profit or loss	9,11		
Loss on disposal of financial assets		307,561,830	311,331,455
Loss on valuation of financial assets		94,647,502	55,989,780
Loss on redemption of financial liabilities		104,998,409	113,759,600
Loss on valuation of financial liabilities		5,335,273	33,190,842
Loss on redemption of financial liabilities designated as being held at fair value through profit or loss		15,050,750	16,119,264
Loss on valuation of financial liabilities designated as being held at fair value through profit or loss		14,136,949	15,353,485
		<u>541,730,713</u>	<u>545,744,426</u>
Loss on derivatives transactions	9		
Loss on futures transactions		101,262,032	300,488,582
Loss on exchange-traded options transactions		3,929,244	1,540,376
Loss on over-the-counter derivatives transactions		75,306,022	64,845,278
		<u>180,497,298</u>	<u>366,874,236</u>
Interest expenses	9,30		
Interest on borrowings from Korea Securities Finance Corp.		8,635,072	8,458,128
Interest on customers' deposits		974,755	1,385,599
Interest on securities sold under agreements to repurchase		16,212,867	18,269,095
Interest on call money		542,772	809,048
Interest on subordinated bonds issued		2,310,000	2,138,618
Other interest expenses		21,272,053	12,334,319
		<u>49,947,519</u>	<u>43,394,807</u>
Loss on loans and receivables at amortized cost	5,9		
Provision for credit losses on loans and receivables		12,905,359	-
		<u>12,905,359</u>	<u>-</u>
Loss on foreign currencies	9		
Loss on foreign currency transactions		7,985,987	9,461,315
Loss on foreign currency translation		1,738,543	9,307,533
		<u>9,724,530</u>	<u>18,768,848</u>
General and administrative expenses	30,32	214,144,090	211,039,149
Other operating expenses			
Provision for credit losses on other assets		24,957	410,262
Provision for payment guarantees provided	25	-	1,259,211
Provision for asset retirement obligations	25	54,583	52,348
Others		-	49,500
		<u>79,540</u>	<u>1,771,321</u>
Total operating expenses		₩ <u>1,050,787,157</u>	<u>1,210,025,319</u>

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Comprehensive Income (Continued)

For the years ended December 31, 2021 and 2020

<i>(In thousands of Korean won)</i>	Notes	2021	2020
Operating profit		₩ 107,071,491	107,833,200
Non-operating income			
Gain on disposal of property and equipment		13,727	2,974
Gain on disposal of intangible assets		-	182,500
Reversal of impairment loss on intangible assets		699,087	810,208
Rental income	30	1,125,332	950,831
Miscellaneous income	30	57,068	443,652
Total non-operating income		1,895,214	2,390,165
Non-operating expenses			
Loss on disposal of property and equipment		26,543	79,483
Loss on disposal of intangible assets		450,000	26,433
Impairment loss on intangible assets		-	56,667
Donations		789,425	1,025,516
Loss on redemption of bonds issued		-	965,022
Depreciation of investment properties		153,288	125,008
Miscellaneous expenses		361,355	420,938
Total non-operating expenses		1,780,611	2,699,067
Profit before income tax		107,186,094	107,524,298
Income tax expense	28	27,109,269	26,683,058
Profit for the year	33	₩ 80,076,825	80,841,240
<i>(Adjusted profit for the year with provision for regulatory credit losses; ₩79,418,495 thousand and ₩70,950,271 thousand for the years ended December 31, 2021 and 2020, respectively)</i>			
Other comprehensive income, net of tax	12		
<i>Items that will never be reclassified to profit or loss:</i>			
Gain on valuation of financial assets			
at fair value through other comprehensive income	9,31	₩ 15,668,115	9,192,147
Change in fair value attributable to change in the credit risk of financial liabilities designated as being held at fair value through profit or loss	9,31	382,475	494,438
Total other comprehensive income for the year, net of tax		16,050,590	9,686,585
Total comprehensive income for the year		₩ 96,127,415	90,527,825
Earnings per share (in Korean won)	29		
Basic earnings per share		₩ 853	854
Diluted earnings per share		₩ 853	854

See accompanying notes to the separate financial statements

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

<i>(In thousands of Korean won)</i>		Share capital	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at January 1, 2020	₩	537,592,090	1,327,431	(299,115)	77,459,214	168,461,837	784,541,457
Profit for the year		-	-	-	-	80,841,240	80,841,240
Gain on valuation of financial assets at fair value through other comprehensive income		-	-	-	9,192,147	-	9,192,147
Change in fair value attributable to change in the credit risk of financial liabilities designated as being held at fair value through profit or loss		-	-	-	494,438	-	494,438
Acquisition of treasury shares		-	-	(5,383,811)	-	-	(5,383,811)
Dividends paid		-	-	-	-	(6,778,740)	(6,778,740)
Balance at December 31, 2020	₩	<u>537,592,090</u>	<u>1,327,431</u>	<u>(5,682,926)</u>	<u>87,145,799</u>	<u>242,524,337</u>	<u>862,906,731</u>
Balance at January 1, 2021	₩	537,592,090	1,327,431	(5,682,926)	87,145,799	242,524,337	862,906,731
Profit for the year		-	-	-	-	80,076,825	80,076,825
Gain on valuation of financial assets at fair value through other comprehensive income		-	-	-	15,668,115	-	15,668,115
Change in fair value attributable to change in the credit risk of financial liabilities designated as being held at fair value through profit or loss		-	-	-	382,475	-	382,475
Dividends paid		-	-	-	-	(11,260,697)	(11,260,697)
Balance at December 31, 2021	₩	<u>537,592,090</u>	<u>1,327,431</u>	<u>(5,682,926)</u>	<u>103,196,389</u>	<u>311,340,465</u>	<u>947,773,449</u>

See accompanying notes to the separate financial statements

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Cash Flows

For the years ended December 31, 2021 and 2020

<i>(In thousands of Korean won)</i>	2021	2020
Cash flows from operating activities		
Profit for the year	₩ 80,076,825	80,841,240
Adjustments to reconcile net income		
to net cash provided from operating activities		
Gain on valuation of financial assets at fair value through profit or loss	(33,713,718)	(58,203,565)
Gain on valuation of financial liabilities		
measured at fair value through profit or loss	(25,831,752)	(27,541,041)
Gain on valuation of financial liabilities designated		
as being held at fair value through profit or loss	(17,197,471)	(14,252,750)
Gain on disposal of securities at fair value through profit or loss	(4,831,514)	(3,011,299)
Gain on derivatives transactions	(63,284,693)	(25,608,165)
Interest income	(156,471,989)	(143,839,612)
Reversal of loss allowance on loans and receivables	-	(42,785)
Gain on foreign currency translation	(17,894,121)	(1,087,142)
Dividends and distribution income	(16,744,119)	(8,531,864)
Reversal of allowance for payment guarantees provided	(50,926)	-
Reversal of allowance for asset retirement obligations	(106,258)	(159,435)
Financial guarantee fee income	(14,635,172)	(8,496,058)
Gain on disposal of property and equipment	(13,727)	(2,974)
Gain on disposal of Intangible assets	-	(182,500)
Reversal of impairment loss on intangible assets	(699,087)	(810,208)
Loss on valuation of financial assets at fair value through profit or loss	94,647,502	55,989,780
Loss on valuation of financial liabilities		
measured at fair value through profit or loss	5,335,273	33,190,842
Loss on valuation of financial liabilities designated		
as being held at fair value through profit or loss	14,136,949	15,353,485
Loss on disposal of securities at fair value through profit or loss	377,717	2,695,133
Loss on derivatives transactions	48,647,605	20,628,638
Interest expenses	49,947,519	43,394,807
Loss on foreign currency translation	1,738,543	9,307,533
Provision for credit losses on loans and receivables	12,905,359	-
Provision for credit losses on other assets	24,957	410,261
Depreciation	14,688,836	8,503,818
Amortization of intangible assets	3,965,408	4,123,608
Provision for asset retirement obligations	54,583	52,348
Provision for guarantees provided	-	1,259,211
Loss on disposal of property and equipment	26,543	79,483
Loss on disposal of intangible assets	450,000	26,433
Impairment loss on intangible assets	-	56,667
Loss on redemption of bonds issued	-	965,022
Depreciation of investment properties	153,288	125,008
Income tax expense	27,109,269	26,683,058
	₩ (77,265,196)	(68,924,263)

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Cash Flows (Continued)

For the years ended December 31, 2021 and 2020

(In thousands of Korean won)

	2021	2020
Cash flows from operating activities		
Changes in operating assets and liabilities		
Deposits	₩ (96,410,840)	(187,736,576)
Financial assets at fair value through profit or loss	531,885,401	(543,344,590)
Derivative assets	52,977,465	27,390,648
Broker's loans	(58,952,552)	(223,557,782)
Securities purchased under agreements to resell	(82,700,000)	(25,400,000)
Loans	(1,153,573)	(2,040,029)
Advances for customers	(347,169)	(3,626,522)
Loans purchased	-	3,938,683
Other loans and receivables	(11,000,000)	(19,546,432)
Receivables for brokerage	2,950,133	(3,148,375)
Other receivables	616,988,197	(891,348,438)
Accrued income	(672,168)	(1,884,058)
Advance payments	(560,102)	(14,331,881)
Prepaid expenses	(46,230)	108,704
Finance lease receivables	478,558	464,620
Customers' deposits	(218,126,349)	749,478,473
Guarantee deposits	881,580	2,721,848
Other deposits	166,659	532,024
Financial liabilities measured at fair value through profit or loss	(335,609,444)	79,339,370
Financial liabilities designated as being held at fair value through profit or loss	171,358,472	68,713,987
Securities sold under agreements to repurchase	5,453,466	11,606,200
Derivative liabilities	(37,679,000)	(96,365,616)
Provisions	-	(2,194,726)
Accounts payable	(483,268,839)	725,592,227
Accrued expenses	2,209,245	34,927,881
Unearned revenue	1,339,870	(1,628,806)
Taxes withheld	4,217,865	290,171
	<u>64,380,645</u>	<u>(311,048,995)</u>
Income taxes paid	(12,165,629)	(34,617,221)
Interest received	151,713,660	132,306,753
Interest paid	(51,980,339)	(43,014,440)
Dividends received	16,744,119	8,531,864
Net cash inflow (outflow) from operating activities	₩ 171,504,085	(235,925,062)

EUGENE INVESTMENT & SECURITIES CO., LTD.

Separate Statements of Cash Flows (Continued)

For the years ended December 31, 2021 and 2020

(In thousands of Korean won)

	2021	2020
Cash flows from investing activities		
Proceeds from disposal of vehicles	₩ 7,660	1,200
Proceeds from disposal of furniture and equipment	6,490	2,440
Proceeds from collection of leasehold deposits paid	1,564,241	3,190,260
Proceeds from disposal of other investment assets	2,000	40,000
Proceeds from disposal of intangible assets	454,200	878,090
Payments for acquisition of securities		
at fair value through other comprehensive income	(6,503,742)	(2,766,069)
Payments for acquisition of investment in associates	(29,489,435)	-
Payments for acquisition of investment in subsidiaries	(14,630,881)	(6,597,334)
Payments for acquisition of furniture and equipment	(2,204,116)	(6,174,344)
Payments for acquisition of right-of-use assets	-	(500,000)
Payments for leasehold deposits paid	(639,804)	(2,258,364)
Payments for acquisition of other investment assets	(1,922,800)	(101,000)
Payments for acquisition of intangible assets	(6,408,531)	(1,347,626)
Net cash outflow from investing activities	(59,764,718)	(15,632,747)
Cash flows from financing activities		
Increase in call money	-	110,000,000
Proceeds from borrowings	1,111,000,000	1,037,712,278
Increase in leasehold deposits received for rents	30,000	204,517
Proceeds from issuance of subordinated bonds	-	40,000,000
Decrease in call money	(20,000,000)	-
Repayments of principal of borrowings	(1,193,457,060)	(718,000,000)
Repayments of principal of subordinated bonds issued	-	(20,965,022)
Decrease in leasehold deposits paid for rents	(60,000)	-
Repayments of lease liabilities	(12,289,652)	(5,200,935)
Purchase of treasury shares	-	(5,383,811)
Dividends paid to shareholders	(11,260,697)	(6,778,740)
Net cash inflow (outflow) from financing activities	(126,037,409)	431,588,287
Effect of exchange rate fluctuations on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(14,298,042)	180,030,478
Cash and cash equivalents at January 1	436,987,819	256,957,341
Cash and cash equivalents at December 31	₩ 422,689,777	436,987,819

See accompanying notes to the separate financial statements

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2021 and 2020

1. Reporting Entity

Eugene Investment & Securities Co., Ltd. (the "Company") was established in May 1954 under the name of Seoul Securities Co., Ltd. The address of the Company's registered office is Gukjegeumyung-Ro 24 (Yeouido-dong), Yeongdungpo-Gu, Seoul.

The Company's shares have been listed on the Korea Exchange since August 1987 and as of December 31, 2021, its total capital stock amounts to ₩537,592 million.

The Company's major stockholders consist of Eugene Corporation and its related parties, who collectively own 28.26% of interest in the Company.

On December 26, 2007, as approved by the shareholders, the Company changed its name to Eugene Investment & Securities Co., Ltd.

2. Basis of Accounting

2.1 Statement of compliance

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with Korean International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, financial performance or cash flows, is not presented in the accompanying financial statements.

The financial statements have been prepared in accordance with Korean IFRS, as prescribed in the Act on External Audits of Corporations in the Republic of Korea. These are the standards, subsequent amendments and related interpretations issued by International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

These financial statements are separate statements prepared in accordance with Korean IFRS 1027, *Separate Financial Statements*, presented by a parent, an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost on the basis of the direct equity interest.

The financial statements were authorized for issue by the Board of Directors on March 7, 2022, which will be submitted for approval at the shareholders' meeting to be held on March 24, 2022.

2.2 Basis of measurement

The 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 instruments at fair value through profit or loss
- financial instruments at fair value through other comprehensive income

2.3 Functional and presentation currency

The financial statements of the Company are prepared in functional currency, which is the currency of the primary economic environment in which the Company operates. The Company's financial statements are presented in Korean won, which is the Company's functional currency and the presentation currency.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with Korean IFRS 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

(1) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – Loss allowance : maximum exposure to credit risks and impairment of financial instruments; and
- Note 25 – Measurement of defined benefit obligations: key actuarial assumptions

(2) Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation department regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation department assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Korean IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 6 – Fair value of financial instruments.

3. Changes in Accounting Policies and Disclosures

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2021.

(1) Amendments to Korean IFRS 1116 *Leases* – Practical expedient for COVID-19 Related Rent Concessions

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. The amendment does not have a significant impact on the financial statements.

(2) Amendments to Korean IFRS 1109 *Financial Instruments*, Korean IFRS 1039, *Financial Instruments: Recognition and Measurement*, Korean IFRS 1107 *Financial Instruments: Disclosures*, Korean IFRS 1104, *Insurance Contracts* and Korean IFRS 1116, *Leases* – Interest Rate Benchmark Reform (Phase 2 amendments)

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The impact of the amendment on the financial statement is summarized as below:

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

(In thousands of Korean won)	Carrying amount (*1)		Subject to transition to alternative benchmark rate	
	Assets	Liabilities	Assets	Liabilities
Financial assets at fair value through profit and loss	₩ 41,735,323	-	41,735,323	-
Assets and liabilities for USD LIBOR exposure	41,735,323	-	41,735,323	-

(*1) Includes financial instruments which will expire prior to transitioning to an alternative benchmark rate.

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Company.

(1) Amendment to Korean IFRS 1116 *Leases - COVID-19 Related Rent Concessions beyond June 30, 2021*

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. The amendment should be applied for annual periods beginning on or after April 1, 2021, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(2) Amendments to Korean IFRS 1103 *Business Combinations* – Reference to the Conceptual Framework

The amendments update a reference of definition of assets and liabilities to be recognized in a business combination in revised *Conceptual Framework for Financial Reporting*. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korean IFRS 1037, *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121, *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application of permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(3) Amendments to Korean IFRS 1016 *Property, Plant and Equipment* – Proceeds before Intended Use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

(4) Amendments to Korean IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contracts: Cost of Fulfilling a Contract

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(5) Amendments to Korean IFRS 1001 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

(6) New Standard: Korean IFRS 1117 *Insurance Contracts*

Korean IFRS 1117, *Insurance Contracts* replaces Korean IFRS 1104, *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This Standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS 1109, *Financial Instruments*. The Company is in review for the impact of this new standard on the financial statements.

(7) Korean IFRS 1001 *Presentation of Financial Statements* – Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The IASB amended IFRS Practice Statement 2, *Disclosure of Accounting Policies* to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

(8) Korean IFRS 1008 *Accounting policies, changes in accounting estimates and errors* – Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(9) Korean IFRS 1012 *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(10) Annual improvements to Korean IFRS 2018–2020

Annual improvements of Korean IFRS 2018–2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

4. Significant Accounting Policies

The significant accounting policies applied by the Company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all the years presented in these financial statements except for the changes in accounting policies as explained Note 3.

4.1. Investments in subsidiaries and associates

These financial statements are separate statements prepared in accordance with Korean IFRS 1027, *Separate Financial Statements*. The Company elected to account for investments in subsidiaries and associates at cost in accordance with Korean IFRS 1027. The Company recognizes dividend income from subsidiaries and associates in profit or loss when its right to receive the dividend is established.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

4.2. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents, for example in the case of preferred shares when it has a short maturity with a specified redemption date.

4.3. Non-derivative financial assets

(1) Recognition and initial measurement

Financial instruments and financial liabilities are recognized only when the Company becomes a party to the contract for the financial instrument. At initial recognition, financial assets or financial liabilities are measured at fair value, and transaction costs directly related to the acquisition of the financial assets or the issue of the financial liabilities are added to fair value unless they are measured at fair value through profit or loss.

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classified the financial liability as "borrowings" in the statement of financial position.

(2) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost ("AC"); fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). When, the Company changes its business model for managing financial assets, it shall reclassify all affected financial assets at the first day of the Company's next reporting period.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

(3) Business model

The Company assesses the objective of the business model held at the portfolio level of financial assets because it best reflects the way the business is managed and information is provided to management. Such information takes into account the following:

- The accounting policies and objectives specified for the portfolio and the actual operation of these policies. This includes management's strategy focused on obtaining contractual interest revenue, maintaining the level of interest revenue, and financing the debt financing and matching the duration of the financial asset's duration and on the outflow or realization of expected cash flows through the sale of the asset;
- Assessing the performance of financial assets held in a business model and reporting the assessment to key management personnel;
- The risks affecting the performance of the business model (and the financial assets held in the business model) and how they are managed;
- Compensation for management (e.g., compensation based on the fair value of the managed asset or on the contractual cash flows received);
- The frequency, amount, timing, reasons and expectations of future sales activities of financial assets in prior periods.

For this purpose, transfers of financial assets from transactions that do not meet the derecognition requirements to third parties are not considered sales.

A portfolio of financial assets that meets the definition of trading or whose performance is valued on a fair value basis is measured at fair value through profit or loss.

(4) Contractual cash flows are solely payments of principal and interest on the principal amount outstanding

The principal amount is defined as the fair value at initial recognition of the financial asset. Interest consists of profit as well as consideration for the time value of money, consideration for the credit risk associated with the principal balance in a particular period, and consideration for other basic loan risks and costs (such as liquidity risk and operating costs).

In assessing whether contractual cash flows consist solely of principal and interest payments, the Company considers the terms and conditions of the instrument. If a financial asset contains a contractual term that changes the timing or amount of contractual cash flows, the entity must determine whether the contractual cash flows that may arise over the life of the financial instrument are solely payments of principal and interest.

To assess this, the Company considers the following:

- Contractual terms that change the timing or amount of contractual cash flows;
- Terms that adjust the contractual interest rate, including variable interest rate features;
- Prepayment features and extension features;
- Terms and conditions that limit our claims on cash flows arising from specific assets.

If the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for the early termination of the contract, then the early repayment characteristics are consistent with the terms of paying principal and interest on a specified date.

In addition, for financial assets acquired at significant discounts or premiums to the contractual par amounts, the prepayment amount effectively represents the contractual principal and the contractual interest accrued and the prepayment feature meets this condition when the fair value of the feature is insignificant at initial recognition of the financial asset.

(5) Financial asset: subsequent measurement and profit or loss

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at AC

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign currency gains and losses, impairment and any gain or loss on derecognition are recognized in profit or loss.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign currency gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

When the Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

(7) Offsetting

Financial assets and liabilities are offset only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.4. Derivative financial instruments

If the host contract is not a financial asset and meets certain requirements, the embedded derivative is accounted for separately and separated from the host contract. Derivatives are measured at fair value on initial recognition and subsequently measured at fair value and changes are generally recognized in profit or loss.

Embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately only if the following criteria has been met:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and
- the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

Separable embedded derivatives are measured at fair value, with all changes in fair value recognized in profit or loss.

Other derivative financial instruments

Changes in the fair value of any derivative financial instruments except for derivatives designated as hedging instruments in qualifying hedging relationships are recognized in profit or loss.

4.5. Day One gains and losses

The best estimate of fair value of a financial instrument at initial recognition is its transaction price (the fair value of consideration given or received). However, if there exist fair values that are determined in whole or in part using a valuation technique based on assumptions that are supported by price from observable current market transaction in the same instrument, without modification or repackaging, or those proven by comparison with observable current market transactions, the best estimate of a fair value is not the transaction price at initial recognition.

Fair value of a financial instrument at initial recognition may be determined to be price or rates with assumptions that are not observable in current market transactions. In such cases, the difference between the transaction price and fair value from a valuation technique is not recognized in profit or loss, but deferred and amortized on a straight-line basis over the life of the financial instrument, or recognized in profit or loss when the variables of the valuation technique become observable in the market.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

4.6. Impairment of financial assets

(1) Financial instruments and contract assets

The Company recognizes a loss allowance for expected credit losses on the following assets:

- Financial assets measured at amortized cost
- Debt investments at FVOCI
- Contract assets recognized on adoption of Korean IFRS No.1115

The Company measures loss allowances at an amount equal to lifetime expected credit losses (“ECLs”), except for the following, which are measured as 12-month ECLs:

- Debt security that are determined to have low credit risk at the reporting date; and
- Debt security for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are ECLs that result from possible default events within the 12 months (a shorter period if the expected life of a financial instrument is less than 12 months) after reporting date and it is part of the lifetime ECLs.

When estimating ECLs, the maximum period is the maximum contractual period over which the Company is exposed to credit risk.

(2) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(3) Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that financial assets impaired includes the following observable information.

- Significant financial difficulty of the borrower or issuer
- A breach of contract such as a default or being more than 90 days past due
- Restructuring of a loan or a concession granted by the Company, which the Company would not otherwise consider
- Indications that a borrower or issuer will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties

(4) Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

(5) Write-off

Financial assets are written off when there is no reasonable expectation of recovering all or some of the contractual cash flows of the financial asset. For retail customers, based on past experiences in recoveries of similar assets, the Company writes off the carrying amounts when a financial asset is overdue 180 days or more. For corporate customers, the Company evaluates whether there is reasonable expectation of recovery to determine the timing and the amounts to write off on an individual basis. The Company does not expect significant amounts that are previously written off to be recovered. However, each financial asset that is written off could still be subject to enforcement activities in accordance with the Company's procedures for recovery of amounts due.

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For the years ended December 31, 2021 and 2020

4.7. Property and equipment

Property and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. 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.

Property and equipment, except for land, are depreciated over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed on a straight-line basis. A component that is significant compared to the total cost of property and equipment is depreciated over its separate useful life.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in profit or loss.

The estimated useful lives of the Company's property and equipment are as follows:

- Buildings 50 years
- Vehicles 4 years
- Furniture and equipment 4 to 10 years

Depreciation methods, 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 an 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 years over which club memberships are expected to be available for use, this intangible asset is determined as having indefinite useful lives and not amortized.

- Software & Development costs 4 to 10 years
- Club memberships Indefinite

Useful lives and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting year. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting year 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, is 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 Company 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.

(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.

EUGENE INVESTMENT & SECURITIES CO., LTD.

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4.9. Investment property

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

Subsequent costs are recognized in the carrying amount of investment property at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Investment property except for land, is depreciated on a straight-line basis over 50 years as estimated useful lives.

Depreciation methods, 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 an accounting estimate.

4.10. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, other than contract assets arising from contracts with customers, costs incurred in fulfilling contracts with customers, assets arising from employee benefits, deferred tax assets and non-current assets held for sale to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

The Company estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Company estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. 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.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or a CGU exceeds its recoverable amount.

4.11. Lease

(1) The Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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For the years ended December 31, 2021 and 2020

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Other liabilities' in the statement of financial position.

Leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, including leases of photocopiers. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company additionally considers the following as a lessee:

In determining the lease term, management consider all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. In determining the enforceable period of the lease (i.e. the maximum lease term), the Company considers whether both it and the lessor has a right to terminate the lease without permission from the other party and all economic penalties that might arise from termination.

(2) The Company as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

To classify each lease, the Company 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 operation lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, then the Company applies Korean IFRS 1115 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in Korean IFRS 1109 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue.'

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For the years ended December 31, 2021 and 2020

4.12. Non-derivative financial liabilities

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of a financial liability. Financial liabilities are recognized in the financial statements when the Company becomes a party to the contractual provisions of the instrument.

(1) Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Attributable transaction costs are recognized in profit or loss as incurred.

(2) Other financial liabilities

The financial liabilities that are not classified as at fair value through profit or loss are classified into other financial liabilities. The liabilities are measured at fair value less transaction costs that are directly attributable to the issuance upon initial recognition. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

(3) Derecognition of financial liabilities

The Company removes a financial liability from its statement of financial position only when it is extinguished – i.e. when its contractual obligations are discharged, cancelled or expired.

The Company derecognizes an existing financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value.

The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

4.13. Employee benefits

(1) Short-term employee benefits

Short-term employee benefits that are expected to be settled before twelve months after the end of the reporting period in which the employees render the related services are expensed as the related services are provided. Short-term employee benefits are measured at the undiscounted amount.

(2) Retirement benefits

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

4.14. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimates. 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.

A provision shall be used only for expenditures for which the provision was originally recognized.

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4.15. Securities sold under agreements to repurchase

When the Company enters into sale-and-repurchase transactions, liabilities are recognized as "securities sold under agreements to repurchase" at sales price, and the difference between the repurchase price and the sales price is recognized as "interest on securities sold under agreements to repurchase".

4.16. Foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising from settlements of monetary items and arising on translation of monetary items are recognized in profit or loss. Translation differences arising on non-monetary items are recognized in either other comprehensive income or profit or loss as part of the gain or loss on changes in fair value of non-monetary items.

4.17. Equity capital

Ordinary shares are classified as equity. Incremental costs, net of any tax effects that are directly attributable to the issuance of an equity instruments are deducted from the initial measurement of the equity instruments.

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

4.18. Revenue from contracts with customers

The Company recognizes revenues in accordance with Korean IFRS 1115, *Revenue from Contracts with Customers* to all contracts with customers that are within the scope of the standard. The Company applies the "5-step model" as summarized below:

- Step 1: Identifying contract(s) with customer
- Step 2: Identifying separate performance obligations in the contract(s)
- Step 3: Determining the transaction price
- Step 4: Allocating the transaction price to distinct performance obligation(s)
- Step 5: Recognizing revenue when the performance obligation is satisfied

4.19. Recognition of finance income and expense

(1) Finance income and expense

The Company's finance income and expense consist of:

- Interest income
- Interest expense
- Dividend income
- Distribution income
- Net gain or loss on disposal of debt instruments at FVOCI
- Net gain or loss on financial assets at fair value through profit or loss
- Net gain or loss on foreign currency transactions
- Impairment losses or reversal of impairment losses on financial assets amortized cost or debt instruments at FVOCI

Interest income and expense are recognized using the effective interest method. Dividend income is recognized when the right to receive income is established.

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For the years ended December 31, 2021 and 2020

(2) Interest income and expense

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

When calculating interest income or interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the financial asset is no longer credit-impaired, then the calculation of the interest income reverts to the gross basis.

4.20. 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.

Uncertain tax positions arise from tax treatments applied by the Company which may be challenged by the tax authorities due to the complexity of the transaction or different interpretation of the tax laws, a claim for rectification brought by the Company, an appeal for a refund claimed from the tax authorities related to additional assessments or a tax investigation by the tax authorities. The Company recognizes its uncertain tax positions in the financial statements in accordance with Korean IFRS 2123, *Uncertainty over Income Tax Treatments*. The income tax asset is recognized if a tax refund is probable for taxes paid and levied by the tax authority, and the amount to be paid as a result of the tax investigation and others is recognized as the current tax payable.

(1) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The taxable income or loss is different from profit as reported in the statement of comprehensive income since the taxable income or loss is calculated by adjusting the temporary differences, which will be taxable or deductible in determining taxable income or loss of future years, and non-taxable or non-deductible items from profit before income tax as reported in the statement of comprehensive income. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and current tax liabilities are offset only if all of the following conditions are met:

- The Company has a legally enforceable right to set off the recognized amounts; and
- It 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 reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. A deferred liability is all recognized except for the temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting year 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 year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year 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.

The Company recognizes any income tax consequences of dividends when it recognizes a liability to pay a dividend.

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4.21. Earnings per share

The Company 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 Company 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 share options granted to employees.

4.22. Regulatory reserve for credit losses

Under Regulations on Financial Investment Business (the "Regulation"), the Company is required to maintain regulatory reserve for credit losses for the differences between the regulatory reserve for credit losses calculated by the Regulation and the allowance for credit losses recorded in accordance with Korean IFRS. The regulatory reserve for credit losses is a voluntary equity reserve in retained earnings that may be released if the reserve at the end of the year is greater than the amount to be reserved. If any undisposed deficit exists, the reserve is required to be provided after all deficits are disposed of.

4.23. Trust accounts

The Company have received approvals from the Financial Services Commission for trust business and operate trust accounts. According to Regulations on Financial Investment Business, trust assets are required to be accounted for separately from the Company (as trustee)'s own assets. The Company recognizes any fees received in relation to operation, management and disposition of the trust assets as trust fees and commissions in operating revenue.

5. Financial Risk Management

The Company has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for assessing and managing risks, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(1) Risk management policy

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

EUGENE INVESTMENT & SECURITIES CO., LTD.

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For the years ended December 31, 2021 and 2020

(2) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and in debt securities.

1) Credit risk management

The purpose of credit risk management is to secure revenue and enhance asset soundness by setting limitations to operations bearing credit risks to mitigate the risks of incurring excessive losses and by operating an optimal credit portfolio to minimize the possibility of the incurrence of credit risks.

Credit risk management of the Company is as follows:

- Credit limits are primarily based on credit exposure, counterparty risk amount and concentration of credit risk, and Risk Management Division may operate credit limits with setting up sub-limits
- Measurement of credit risks for credit limits
 - Credit risk limits: based on Net Capital Ratio (NCR) Limit per Regulations on Financial Investment Business
 - Concentration of credit risk limits: based on counterparties, groups of corporations, credit ratings, and countries
- Credit risks of each class of assets are measured on a daily basis and reported to the Risk Management Committee

The Company has Risk Management Division under the Risk Management Committee to manage credit risks. The Risk Management Division monitors transaction limits of each division and provides guidance to mitigate credit risks, and is responsible for reporting to the Risk Management Committee about the current status of credit risks including the following items:

- Establishing credit policy and organizing approval body
- Maintaining and developing credit rating framework
- Controlling concentration of risk exposures
- Review of credit risk exposure limits and review and evaluation of credit risks

2) Maximum exposure to credit risks

The Company's maximum exposure to credit risks of financial instruments as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Financial assets at FVTPL (*1)	₩	4,930,435,247	5,427,268,893
Derivative assets		26,367,974	16,898,747
Financial assets at AC			
Cash and deposits		766,994,858	673,330,023
Loans and receivables at AC		991,909,492	845,354,052
Other assets (*2)		1,054,540,976	1,548,095,158
		<u>2,813,445,326</u>	<u>3,066,779,233</u>
Finance lease receivables		1,895,048	2,331,708
Off-balance sheet arrangements			
Payment guarantees		75,121	75,121
Purchase commitments		649,600,000	519,500,000
Investment commitments		64,224,900	59,600,000
		<u>713,900,021</u>	<u>579,175,121</u>
Total	₩	<u>8,486,043,616</u>	<u>9,092,453,702</u>

(*1) Equity securities are excluded from financial assets at FVTPL above and financial assets at FVOCI are wholly composed of equity securities.

(*2) Other assets include receivables for brokerage, other receivables, accrued income, leasehold deposits paid for rents, and other investment assets.

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For the years ended December 31, 2021 and 2020

3) Credit risk exposure

(a) Gross carrying amount of financial assets at AC categorized by measurement basis of loss allowance for ECLs of loans and receivables and finance lease receivables as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>	2021			
	12-month ECLs	Credit impaired	Purchased or originated credit impaired	Total
Cash and deposits				
Grade 1	₩ 766,994,858	-	-	766,994,858
	766,994,858	-	-	766,994,858
Loans and receivables at AC				
Grade 1	910,452,114	-	-	910,452,114
Grade 3	-	145,199,074	10,000,000	155,199,074
Loss allowance	(9,225)	(63,732,471)	(10,000,000)	(73,741,696)
	910,442,889	81,466,603	-	991,909,492
Other assets				
Grade 1	1,054,540,976	-	-	1,054,540,976
Grade 3	-	6,035,778	-	6,035,778
Loss allowance	-	(6,035,778)	-	(6,035,778)
	1,054,540,976	-	-	1,054,540,976
Finance lease receivables				
Grade 1	1,895,048	-	-	1,895,048
	1,895,048	-	-	1,895,048
Total	₩ 2,733,873,771	81,466,603	-	2,815,340,374

The Company's classification above is based on the criteria below:

- Grade 1: loans and receivables with low non-performance risk or investments with rating of "A" or above (by external rating agencies)
- Grade 2: assets more than 30 days past due
- Grade 3: assets determined to be credit-impaired due to breaches of contractual obligations such as non-payment or past due

<i>(In thousands of Korean won)</i>	2020		
	12-month ECLs	Credit impaired	Total
Cash and deposits			
Grade 1	₩ 673,330,023	-	673,330,023
	673,330,023	-	673,330,023
Loans and receivables at AC			
Grade 1	766,737,612	-	766,737,612
Grade 3	-	144,885,664	144,885,664
Loss allowance	-	(66,269,224)	(66,269,224)
	766,737,612	78,616,440	845,354,052
Other assets			
Grade 1	1,548,095,158	-	1,548,095,158
Grade 3	-	6,010,821	6,010,821
Loss allowance	-	(6,010,821)	(6,010,821)
	1,548,095,158	-	1,548,095,158
Finance lease receivables			
Grade 1	2,331,708	-	2,331,708
	2,331,708	-	2,331,708
Total	₩ 2,990,494,501	78,616,440	3,069,110,941

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Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

- (b) Financial impact of credit risk mitigated by collateral held and other credit enhancements as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021		Total
		Financial assets for individual assessment of impairment	Financial assets for collective assessment of impairment	
Loans and receivables at AC	₩	81,421,198	-	81,421,198

The Company did not recognize loss allowance for financial assets of ₩21,556,372 thousand considering the impact of collaterals held and other credit enhancements as of December 31, 2021.

<i>(In thousands of Korean won)</i>		2020		Total
		Financial assets for individual assessment of impairment	Financial assets for collective assessment of impairment	
Loans and receivables at AC	₩	77,891,834	-	77,891,834

The Company did not recognize loss allowance for financial assets of ₩21,556,372 thousand considering the impact of collaterals held and other credit enhancements as of December 31, 2020.

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For the years ended December 31, 2021 and 2020

(c) The following tables present roll-forwards of gross carrying amounts of financial assets at AC and finance lease receivables for the years ended December 31, 2021 and 2020:

		2021								
		Loans and receivables at AC				Other assets			Finance lease receivables	
		12-month ECLs	Credit impaired	Purchased or originated credit impaired	Total	12-month ECLs	Credit impaired	Total	12-month ECLs	Total
<i>(In thousands of Korean won)</i>										
Gross carrying amounts at January 1	₩	766,737,612	144,885,664	-	911,623,276	1,548,095,158	6,010,821	1,554,105,979	2,331,708	2,331,708
Transfer between stages -										
from 12-month ECLs to credit impaired		-	-	-	-	(28,873)	28,873	-	-	-
Executions		170,054,360	608,883	10,000,000	180,663,243	115,515,083	-	115,515,083	-	-
Repayments		(26,339,858)	(295,473)	-	(26,635,331)	(609,040,392)	(3,915)	(609,044,307)	(436,660)	(436,660)
Gross carrying amounts at December 31		910,452,114	145,199,074	10,000,000	1,065,651,188	1,054,540,976	6,035,779	1,060,576,755	1,895,048	1,895,048
Loss allowance		(9,225)	(63,732,471)	(10,000,000)	(73,741,696)	-	(6,035,779)	(6,035,779)	-	-
Net carrying amounts at December 31	₩	<u>910,442,889</u>	<u>81,466,603</u>	<u>-</u>	<u>991,909,492</u>	<u>1,054,540,976</u>	<u>-</u>	<u>1,054,540,976</u>	<u>1,895,048</u>	<u>1,895,048</u>
		2020								
		Loans and receivables at AC			Other assets			Finance lease receivables		
		12-month ECLs	Credit impaired	Total	12-month ECLs	Credit impaired	Total	12-month ECLs	Total	
<i>(In thousands of Korean won)</i>										
Gross carrying amounts at January 1	₩	518,750,129	128,544,497	647,294,626	634,596,929	5,600,560	640,197,489	2,746,093	2,746,093	
Transfer between stages -										
from 12-month ECLs to credit impaired		(55,000)	55,000	-	(416,940)	416,940	-	-	-	
Executions		251,957,106	25,182,894	277,140,000	917,816,618	-	917,816,618	-	-	
Repayments		(3,914,623)	(8,896,727)	(12,811,350)	(3,901,449)	(6,679)	(3,908,128)	(414,385)	(414,385)	
Gross carrying amounts at December 31		766,737,612	144,885,664	911,623,276	1,548,095,158	6,010,821	1,554,105,979	2,331,708	2,331,708	
Loss allowance		-	(66,269,224)	(66,269,224)	-	(6,010,821)	(6,010,821)	-	-	
Net carrying amounts at December 31	₩	<u>766,737,612</u>	<u>78,616,440</u>	<u>845,354,052</u>	<u>1,548,095,158</u>	<u>-</u>	<u>1,548,095,158</u>	<u>2,331,708</u>	<u>2,331,708</u>	

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(d) Exposures of off-balance sheet arrangements categorized by measurement basis of loss allowance for ECLs and internal credit ratings as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021		
		12-month ECLs	Lifetime ECLs	Total
Payment guarantees				
Grade 2	₩	-	75,121	75,121
Purchase commitments				
Grade 1		649,600,000	-	649,600,000
Investment commitments				
Grade 1		64,224,900	-	64,224,900
Total	₩	<u>713,824,900</u>	<u>75,121</u>	<u>713,900,021</u>

<i>(In thousands of Korean won)</i>		2020		
		12-month ECLs	Lifetime ECLs	Total
Payment guarantees				
Grade 2	₩	-	75,121	75,121
Purchase commitments				
Grade 1		519,500,000	-	519,500,000
Investment commitments				
Grade 1		59,600,000	-	59,600,000
Total	₩	<u>579,100,000</u>	<u>75,121</u>	<u>579,175,121</u>

(e) The following tables present roll-forwards of loss allowance for the years ended December 31, 2021 and 2020:

<i>(In thousands of Korean won)</i>		2021							
		Loans and receivables at AC			Other assets				
		12-month ECLs	Credit impaired	Purchased or originated credit impaired	Total	12-month ECLs	Credit impaired	Total	
Loss allowance at January 1		₩	-	(66,269,224)	-	(66,269,224)	-	(6,010,821)	(6,010,821)
Reversal of loss allowance (provision for credit losses)			(9,225)	(2,896,134)	(10,000,000)	(12,905,359)	-	(24,958)	(24,958)
Unwinding of interests			-	5,432,887	-	5,432,887	-	-	-
Disposals, etc.			-	-	-	-	-	-	-
Loss allowance at December 31		₩	<u>(9,225)</u>	<u>(63,732,471)</u>	<u>(10,000,000)</u>	<u>(73,741,696)</u>	<u>-</u>	<u>(6,035,779)</u>	<u>(6,035,779)</u>

<i>(In thousands of Korean won)</i>		2020						
		Loans and receivables at AC			Other assets			
		12-month ECLs	Credit impaired	Total	12-month ECLs	Credit impaired	Total	
Loss allowance at January 1		₩	-	(71,256,366)	(71,256,366)	-	(5,600,560)	(5,600,560)
Reversal of loss allowance (provision for credit losses)			-	42,785	42,785	-	(410,261)	(410,261)
Unwinding of interests			-	4,847,256	4,847,256	-	-	-
Disposals, etc.			-	97,101	97,101	-	-	-
Loss allowance at December 31		₩	<u>-</u>	<u>(66,269,224)</u>	<u>(66,269,224)</u>	<u>-</u>	<u>(6,010,821)</u>	<u>(6,010,821)</u>

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Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

4) Credit risk analysis of debt securities

(a) Credit analysis of debt securities as of December 31, 2021 and 2020 are based on credit ratings quoted by external rating agencies as follows:

Domestic		Foreign		
NICE P&I	FnPricing	S&P	Fitch	Moody's
AAA	AAA	AAA	AAA	Aaa
AA- to AA+	AA- to AA+	AA- to AA+	AA- to AA+	Aa3 to Aa1
A- to A+	A- to A+	A- to A+	A- to A+	A3 to A1
Lower than A-	Lower than A-	Lower than A-	Lower than A-	Lower than A-

Credit analysis is classified using the lowest credit rating among credit rating agencies for debt securities.

(b) The Company's debt securities summarized by credit ratings as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	
		Financial assets	
		at FVPL (*1)	Total
AAA	₩	1,934,322,327	1,934,322,327
AA- to AA+		1,008,573,572	1,008,573,572
A- to A+		139,005,288	139,005,288
Lower than A-		109,798,844	109,798,844
Risk-free (government and municipal bonds)		1,714,658,775	1,714,658,775
Total	₩	4,906,358,806	4,906,358,806

(*1) Equity-Linked-Securities are excluded.

<i>(In thousands of Korean won)</i>		2020	
		Financial assets	
		at FVPL (*1)	Total
AAA	₩	1,876,224,623	1,876,224,623
AA- to AA+		1,310,336,679	1,310,336,679
A- to A+		187,142,582	187,142,582
Lower than A-		60,285,348	60,285,348
Risk-free (government and municipal bonds)		1,963,873,868	1,963,873,868
Total	₩	5,397,863,100	5,397,863,100

(*1) Equity-Linked-Securities are excluded.

5) Credit risk concentration analysis

(a) Loans and receivables at AC

Majority of the Company's counterparties of loans and receivables at AC before considering collaterals and credit enhancements are concentrated on domestic counterparties. Classification of the Company's loans and receivables at AC into retail and corporate loans as of December 31, 2021 and 2020 is as follows:

<i>(In thousands of Korean won)</i>		2021			
		Loans and receivables at AC	Ratio (%)	Loss allowance	Net carrying amounts
		Retail	₩	781,134,410	73%
Corporate		284,516,778	27%	(67,195,447)	217,321,331
Total	₩	1,065,651,188	100%	(73,741,696)	991,909,492

<i>(In thousands of Korean won)</i>		2020			
		Loans and receivables at AC	Ratio (%)	Loss allowance	Net carrying amounts
		Retail	₩	718,513,290	79%
Corporate		193,109,986	21%	(60,715,585)	132,394,401
Total	₩	911,623,276	100%	(66,269,224)	845,354,052

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For the years ended December 31, 2021 and 2020

Classification of the Company's loans and receivables at AC by industry as of December 31, 2021 and 2020 is as follows:

		2021			
<i>(In thousands of Korean won)</i>		Loans and receivables at AC	Ratio (%)	Loss allowance	Net carrying amounts
Financial service	₩	135,124,091	13%	(675,808)	134,448,283
Manufacturing		129,160,090	12%	(66,519,638)	62,640,452
Service		19,380,262	2%	-	19,380,262
Other industrial		852,334	0%	-	852,334
Retail		781,134,410	73%	(6,546,249)	774,588,161
Total	₩	<u>1,065,651,187</u>	<u>100%</u>	<u>(73,741,695)</u>	<u>991,909,492</u>

		2020			
<i>(In thousands of Korean won)</i>		Loans and receivables at AC	Ratio (%)	Loss allowance	Net carrying amounts
Financial service	₩	54,452,187	6%	(675,808)	53,776,379
Manufacturing		117,085,268	13%	(60,039,777)	57,045,491
Service		20,723,343	2%	-	20,723,343
Other industrial		849,190	0%	-	849,190
Retail		718,513,288	79%	(5,553,639)	712,959,649
Total	₩	<u>911,623,276</u>	<u>100%</u>	<u>(66,269,224)</u>	<u>845,354,052</u>

(b) Cash and deposits, securities (other than equity instruments) and derivatives

Majority of the Company's counterparties of cash and deposits, securities (other than equity instruments) and derivatives before considering collaterals and credit enhancements are concentrated on domestic counterparties. Classification of the Company's Cash and deposits, securities (other than equity instruments) and derivatives by industry as of December 31, 2021 and 2020 is as follows:

		2021			
<i>(In thousands of Korean won)</i>		Loans and receivables at AC	Ratio (%)	Loss allowance	Net carrying amounts
Cash and deposits	₩				
Financial service and insurance		766,994,858	13%	-	766,994,858
Subtotal		766,994,858	13%	-	766,994,858
Financial assets at FVTPL					
Government and government-funded institutions		1,751,300,534	31%	-	1,751,300,534
Financial service and insurance		2,392,194,421	42%	-	2,392,194,421
Other		786,940,292	14%	-	786,940,292
Subtotal		4,930,435,247	86%	-	4,930,435,247
Derivative assets					
Financial service and insurance		23,153,126	0%	-	23,153,126
Other		3,214,847	0%	-	3,214,847
Subtotal		26,367,974	0%	-	26,367,974
Total	₩	<u>5,723,798,079</u>	<u>100%</u>	<u>-</u>	<u>5,723,798,079</u>

		2020			
<i>(In thousands of Korean won)</i>		Loans and receivables at AC	Ratio (%)	Loss allowance	Net carrying amounts
Cash and deposits	₩				
Financial service and insurance		673,330,023	11%	-	673,330,023
Subtotal		673,330,023	11%	-	673,330,023
Financial assets at FVTPL					
Government and government-funded institutions		2,025,157,452	33%	-	2,025,157,452
Financial service and insurance		2,748,291,503	45%	-	2,748,291,503
Other		653,819,938	11%	-	653,819,938
Subtotal		5,427,268,893	89%	-	5,427,268,893
Derivative assets					
Financial service and insurance		13,438,657	0%	-	13,438,657
Other		3,460,090	0%	-	3,460,090
Subtotal		16,898,747	0%	-	16,898,747
Total	₩	<u>6,117,497,663</u>	<u>100%</u>	<u>-</u>	<u>6,117,497,663</u>

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For the years ended December 31, 2021 and 2020

(3) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The principal tool for measuring market risk is VaR ("Value at Risk"), which represents the maximum estimated loss that can arise with a specified probability (confidence level) in the portfolio over a specified period of time (holding period) from an adverse market movement.

The Company's Risk Management Committee is responsible for certain key decisions, such as setting limits and establishing policies on market risk limits. Risk Management Division manages overall market risk management of departments incurring risks and takes the middle office functions.

The basis of market risk management is to market risk limit management to control maximum potential loss from market risks within a certain level. The Risk Management Committee and Risk Management Board sets limits for operating, maximum VaR, maximum loss, maximum sensitivity, and maximum loss under stresses by each product and department. Also, the Risk Management Division operates independently from operation functions to analyze the status of operations and reports directly to the management.

The Company measures VaR under the variance-covariance method, and measures market risk based on a 99% confidence level. Transactional data subject to market risk measurements, such as stocks, debentures, derivatives and foreign currencies, are input and automatically interfaced to the market risk management system for risk management and limit management. Risk measurement is performed on a daily basis, considering characteristics of each product. In order to support risk measurement under the statistical methods and to manage the impacts of dynamic market changes and loss volume, the Company also performs stress tests on a daily basis.

1) Methods to measure market risk

(a) VaR

In order to measure market risk of the Company's positions held, VaR is measured based on numerous assumptions about diverse changes arising from market conditions.

VaR is based on a valuation of potential losses on current positions from market conditions. It represents the maximum potential loss that is possible to be incurred to the Company at a 99% confidence level. Therefore, there is a 1% possibility that actual losses could exceed the VaR measured. The VaR model assumes a 1-day holding period until the positions are hedged or disposed.

In order to validate the effectiveness of the VaR measured, the Company monitors whether actual losses incurred exceed the VaR measured, and the result is reported to the Risk Management Committee.

(b) Stress Test

The stress test is a method to measure potential losses that are probable to be incurred in an unusual market condition or a crisis. The Company assumes a variety of crisis scenarios and measures the losses that are possible to be incurred on a daily basis, and reports the results to the management.

2) Market risk measurements

VaR as of December 31, 2021 and 2020 are as follows:

		2021			
<i>(In thousands of Korean won)</i>		Maximum	Minimum	Average	Ending
Interest rate risk	₩	6,698,339	754,425	2,392,684	2,210,838
Stock price risk		5,147,086	879,896	1,731,801	2,133,241
Beneficiary of certificate price risk		490,075	154,612	256,876	211,630
Foreign exchange risk		2,065,895	145,798	281,589	983,217
Overall risk		6,775,855	1,086,978	2,828,229	3,307,100

		2020			
<i>(In thousands of Korean won)</i>		Maximum	Minimum	Average	Ending
Interest rate risk	₩	4,421,121	893,597	1,920,479	2,264,670
Stock price risk		13,602,881	1,025,201	2,321,337	2,119,480
Beneficiary of certificate price risk		480,714	98,931	220,579	186,217
Foreign exchange risk		932,203	242	227,920	129,244
Overall risk		4,023,045	1,300,000	2,414,665	3,397,179

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3) Assets and liabilities denominated in foreign currency

The Company's assets and liabilities denominated in foreign currencies as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won,
except foreign exchange rates
shown in won and amounts in
foreign currency shown
in currency units)

	Currency	2021			2020		
		Foreign exchange rate	Amounts in foreign currency	Amounts translated into won	Foreign exchange rate	Amounts in foreign currency	Amounts translated into won
<i>Assets denominated in foreign currencies:</i>							
Deposits in foreign currency	HKD	152.03	6,478,183 ₩	984,878	140.35	8,607,914 ₩	1,208,121
due from others	USD	1,185.50	19,708,781	23,364,760	1,088.00	29,710,544	32,325,071
	CNH	186.26	10,155,735	1,891,607	166.96	16,624,041	2,775,550
	JPY	10.30	14,806,558	152,544	10.54	22,199,657	234,042
				26,393,789			36,542,784
Reserve deposits for claims of customer deposits in foreign currency	USD	1,185.50	18,300,000	21,694,650	-	-	-
				21,694,650			-
Other deposits	HKD	152.03	1,327,776	201,862	140.35	6,289,952	882,795
due from others	USD	1,185.50	1,882,364	2,231,542	1,088.00	4,417,735	4,806,495
	IDR	0.08	318,160,987	26,439	-	-	-
	CNH	186.26	13,972,937	2,602,599	166.96	13,934,380	2,326,484
	JPY	10.30	24,859,286	256,110	10.54	94,157,743	992,667
	VND	0.05	-	-	0.05	13,511,106,314	636,373
	SGD	877.14	4,013,491	3,520,394	822.22	4,013,491	3,299,973
				8,838,946			12,944,787
Margin deposits for exchange traded derivatives - proprietary trading	HKD	152.03	7,504,130	1,140,853	140.35	9,685,070	1,359,300
	JPY	10.30	45,439,500	468,136	10.54	25,076,000	264,366
	USD	1,185.50	6,732,324	7,981,170	1,088.00	7,458,648	8,115,009
	EUR	1,342.34	37,186	49,916	1,338.24	548,144	733,548
				9,640,075			10,472,223
Margin deposits for OTC derivatives trading	USD	-	-	-	1,088.00	19,037,440	20,712,735
				-			20,712,735
Deposits for CFD - CIMB	USD	1,185.50	128,204,743	151,986,723	1,088.00	85,307,356	92,814,403
				151,986,723			92,814,403
Margin deposits for overseas commodity CFD in foreign currency - proprietary trading	USD	1,185.50	491,679	582,885	-	-	-
				582,885			-
Securities in foreign currency	USD	1,185.50	41,804,242	49,558,928	1,088.00	42,493,483	46,232,910
	JPY	10.30	261,729,200	2,696,439	10.54	198,525,886	2,092,980
	VND	0.05	40,907,176,812	2,131,264	0.05	44,393,500,980	2,090,934
				54,386,631			50,416,824
				₩ 273,523,699			₩ 223,903,756
<i>Liabilities denominated in foreign currencies:</i>							
Deposits in foreign currency	HKD	152.03	6,456,308 ₩	981,553	140.35	8,559,432 ₩	1,201,316
	JPY	10.30	14,786,710	152,339	10.54	22,178,379	233,818
	USD	1,185.50	37,847,613	44,868,346	1,088.00	29,566,844	32,168,727
	CNH	186.26	10,109,248	1,882,949	166.96	16,512,250	2,756,885
				₩ 47,885,187			₩ 36,360,746

(4) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The liquidity risk will not be able to trade in the previous price or price similar to the previous price due to depression or obstacles, or the risk that the Company will default from increased demand of funds or tight money markets. Liquidity risk arises when redemption of liabilities is requested earlier than expected or when a fund is not able to raise sufficient money as demanded due to the deterioration in the capital markets.

1) Liquidity risk management

The objective of liquidity risk management is to set standards and procedures in relation to assets, liabilities and cash flow management of the Company, and to put it into action to secure the Company's stability and liquidity in relation to funding and operating.

The Risk Management Committee manages liquidity risks. The Risk Management Division sets and manages limits in relation to the liquidity risks, monitors, reviews reasonableness of the limits, and reports the current status of the liquidity risk to the Risk Management Committee. Current Ratio and Liquidity Gap are applied as a basis for the liquidity limits.

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For the years ended December 31, 2021 and 2020

The following tables set out the remaining contractual maturities of the Company's financial liabilities and off-balance sheet arrangements as of December 31, 2021 and 2020:

<i>(In thousands of Korean won)</i>	2021					
	Up to 1 month	1-3 months	3-12 months	1-3 years	Over 3 years	Total
Financial liabilities (*1):						
Deposits	₩ 957,450,689	-	-	-	-	957,450,689
Financial liabilities at FVTPL (*4)	89,763,729	75,899,675	1,754,893,249	15,796,070	49,882,291	1,986,235,014
Borrowed funds	2,565,079,408	800,222,139	330,642,445	14,685,055	44,050,000	3,754,679,047
Derivative liabilities	1,639,343	92,898	17,682,048	2,025,976	6,020,195	27,460,460
Lease liabilities	1,116,042	2,186,540	9,425,306	24,757,381	47,179,829	84,665,098
Other liabilities (*2)	784,638,002	1,670,747	3,388,542	560,000	398,205	790,655,496
	₩ 4,399,687,213	880,071,999	2,116,031,590	57,824,482	147,530,520	7,601,145,804
Off-balance sheet arrangements (*3):						
Payment guarantees	₩ 75,121	-	-	-	-	75,121
Purchase commitments	649,600,000	-	-	-	-	649,600,000
Investment commitments	64,224,900	-	-	-	-	64,224,900
	₩ 713,900,021	-	-	-	-	713,900,021

(*1) Related estimated interest payments are excluded except for borrowed funds and lease liabilities.

(*2) Including dividends payable, accounts payable (excluding employee-related expenses), accrued expenses (excluding employee-related expenses), leasehold deposits received for rents (excluding present value discounts), but excluding provisions for payment guarantee and financial guarantees liability.

(*3) For off-balance sheet arrangements, the maximum amount of the guarantees or commitments are allocated to the earliest period in which the arrangements could be called.

(*4) Maturities of derivative-linked securities, hybrid (combined) instruments which include one or more embedded derivatives, could change based on certain specific conditions.

<i>(In thousands of Korean won)</i>	2020					
	Up to 1 month	1-3 months	3-12 months	1-3 years	Over 3 years	Total
Financial liabilities (*1):						
Deposits	₩ 1,176,066,876	-	-	-	-	1,176,066,876
Financial liabilities at FVTPL (*4)	231,080,273	174,740,391	1,579,943,959	95,327,735	91,214,951	2,172,307,309
Borrowed funds	2,097,206,691	744,258,532	319,483,210	10,951,647	669,406,669	3,841,306,749
Derivative liabilities	2,433,660	327,049	1,043,930	3,569,985	4,360,031	11,734,655
Lease liabilities	510,887	1,023,675	4,297,529	10,707,142	15,716,817	32,256,050
Other liabilities (*2)	1,272,988,664	1,077,760	2,390,792	460,000	1,278,545	1,278,195,761
	₩ 4,780,287,051	921,427,407	1,907,159,420	121,016,509	781,977,013	8,511,867,400
Off-balance sheet arrangements (*3):						
Payment guarantees	₩ 75,121	-	-	-	-	75,121
Purchase commitments	519,500,000	-	-	-	-	519,500,000
Investment commitments	59,600,000	-	-	-	-	59,600,000
	₩ 579,175,121	-	-	-	-	579,175,121

(*1) Related estimated interest payments are excluded except for borrowed funds and lease liabilities.

(*2) Including dividends payable, accounts payable, accrued expenses, deposit for rent (excluding present value discounts), and withholding taxes.

(*3) For off-balance sheet arrangements, the maximum amount of the guarantees or commitments are allocated to the earliest period in which the arrangements could be called.

(*4) Maturities of derivative-linked securities, hybrid (combined) instruments which include one or more embedded derivatives, could change based on certain specific conditions.

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(5) Transferred financial assets that are not derecognized

The following tables set out the carrying amounts of financial assets transferred that are not derecognized in their entirety and associate liabilities as of December 31, 2021 and 2020:

<i>(In thousands of Korean won)</i>		Financial assets at FVTPL (*1)	
		2021	2020
Carrying amount of assets	₩	2,146,550,386	2,427,244,296
Carrying amount of associated liabilities		2,070,862,358	2,319,408,891
Net position	₩	75,688,028	107,835,405

(*1) Assets transferred in relation to 'sale-and-repurchase agreements', transactions in which the Company sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. The Company continues to recognize the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and a financial liability is recognized for the obligation to pay the repurchase price. Because the Company sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

(6) Offsetting financial assets and financial liabilities

The Company has financial instruments which are subject to an enforceable master netting arrangement or similar agreements. The similar agreements include derivative clearing agreements, repurchase agreements, and other agreements, etc.

1) Financial assets

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021					
		Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		
					Securities	Cash collateral	Net amount
Derivative assets	₩	27,164,248	-	27,164,248	1,980,780	-	25,183,468
Securities purchased under agreements to resell		108,100,000	-	108,100,000	108,100,000	-	-
Other receivables (*1)		1,517,922,567	680,850,004	837,072,563	471,535,956	-	365,536,607
Total	₩	1,653,186,815	680,850,004	972,336,811	581,616,736	-	390,720,075

(*1) Other receivables include accounts receivable due from customers and exchanges and accounts receivables on remittances and settlements.

<i>(In thousands of Korean won)</i>		2020					
		Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		
					Securities	Cash collateral	Net amount
Derivative assets	₩	13,443,673	-	13,443,673	3,002,411	-	10,441,262
Securities purchased under agreements to resell		25,400,000	-	25,400,000	25,400,000	-	-
Other receivables (*1)		2,694,578,618	1,267,651,834	1,426,926,784	-	-	1,426,926,784
Total	₩	2,733,422,291	1,267,651,834	1,465,770,457	28,402,411	-	1,437,368,046

(*1) Other receivables include accounts receivable due from customers and exchanges and accounts receivables on remittances and settlements.

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For the years ended December 31, 2021 and 2020

2) Financial liabilities

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>	2021					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative liabilities	₩ 26,160,574	-	26,160,574	1,980,780	-	24,179,794
Securities sold under agreements to repurchase	1,226,200,000	-	1,226,200,000	1,226,200,000	-	-
Other payables (*1)	1,437,285,691	680,850,004	756,435,687	471,535,956	-	284,899,731
Securities sold	1,188,214,835	-	1,188,214,835	1,188,214,835	-	-
Total	₩ 3,877,861,100	680,850,004	3,197,011,096	2,887,931,571	-	309,079,525

(*1) Other payables include accounts payable due to customers and exchanges and accounts payables on remittances and settlements.

<i>(In thousands of Korean won)</i>	2020					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments	Cash collateral	
Derivative liabilities	₩ 11,651,823	-	11,651,823	3,002,411	-	8,649,412
Securities sold under agreements to repurchase	2,319,408,891	-	2,319,408,891	2,319,408,891	-	-
Other payables (*1)	2,504,447,835	1,267,651,834	1,236,796,001	-	-	1,236,796,001
Securities sold	1,544,320,758	-	1,544,320,758	1,544,320,758	-	-
Total	₩ 6,379,829,307	1,267,651,834	5,112,177,473	3,866,732,060	-	1,245,445,413

(*1) Other payables include accounts payable due to customers and exchanges and accounts payables on remittances and settlements.

6. Fair Value of Financial Instruments

(1) Fair value measurement

Fair values of financial instruments traded in active markets are measured based on market prices as of the reporting date. Fair values of the Company's financial assets are based on dealer price quotations.

Fair values of financial instruments that are not traded in active markets, such as over-the-counter ("OTC") derivative instruments, are measured using valuation techniques or by independent valuation service providers. The Company applies various valuation models and establishes reasonable assumptions based on current market conditions as of the reporting date.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(2) Fair values of financial instruments measured at amortized cost and finance lease receivables

Valuation techniques to measure fair values of financial instruments measured at amortized costs and finance lease receivables are as follows:

Cash and deposits

Fair value of cash is equal to its carrying amount. The carrying amounts of deposits that bear contractual interest rates that are not materially different from market yields are reasonable approximation of fair values.

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Loans and receivables at AC

Fair values of loans and receivables are measured by discounting estimated future cash flows at appropriate discount rates that reflect market yields and credit risks of debtors. However, the carrying amounts of short-term loans and receivables that mature within 90 days and credit-impaired loans and receivables are reasonable approximation of fair values.

Finance lease receivables

Fair values of finance lease receivables are measured by discounting contractual cash flows at appropriate discount rates that reflect credit risks, etc.

Deposits and borrowed funds

The carrying amounts of deposits including customers deposits and short-term borrowings, such as call money and securities sold under agreements to repurchase, are reasonable approximation of fair values. Fair values of other borrowings are based on prices in active markets, and if such prices are not available, the carrying amounts are used as reasonable approximation of fair values.

Other assets and liabilities

Fair value of other financial assets and liabilities are measured by discounting contractual cash flows at appropriate discount rates that reflect credit risks, etc. Form, however, short-term financial assets and liabilities, the carrying amounts are reasonable approximation of fair values.

The carrying amounts and fair values of financial instruments measured at amortized cost and finance lease receivables as of December 31, 2021 and 2020 are as follows:

		2021			
<i>(In thousands of Korean won)</i>		Gross carrying amount	Present value discounts and loss allowance	Net carrying amount	Fair value
Cash and deposits	₩	766,994,858	-	766,994,858	766,994,858
Loans and receivables at AC (*1)		1,066,006,139	(74,096,647)	991,909,492	991,833,438
Other assets (*1,3)		1,061,104,609	(6,563,633)	1,054,540,976	1,054,446,153
Finance lease receivables (*1)		1,970,169	(75,121)	1,895,048	1,895,048
Assets total	₩	<u>2,896,075,775</u>	<u>(80,735,401)</u>	<u>2,815,340,374</u>	<u>2,702,285,430</u>
Deposits (*1,4)	₩	957,450,689	-	957,450,689	957,450,689
Borrowed funds (*2)		3,744,303,156	-	3,744,303,156	3,744,498,156
Other liabilities (*1,5)		828,716,028	(66,803)	828,649,225	828,638,069
Liabilities total	₩	<u>5,530,469,873</u>	<u>(66,803)</u>	<u>5,530,403,070</u>	<u>5,530,586,914</u>

(*1) The fair values are classified as Level 3 fair value measurement in the fair value hierarchy.

(*2) The fair values are classified as Level 3 fair value measurement in the fair value hierarchy, except for the 14th Unsecured Subordinated Note with the carrying amount of ₩10,000,000 thousand of which the fair value is classified as Level 3.

(*3) Other assets include receivables for brokerage, other receivables, accrued income, leasehold deposits paid for rents, other investment assets and accrued interest receivable on bonds.

(*4) Deposits do not include liabilities for employee-related expenses.

(*5) Other liabilities include dividends payable, accounts payable, accrued expenses, leasehold deposits received for rents, provisions for payment guarantees and financial guarantees but exclude liabilities for employee-related expenses.

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For the years ended December 31, 2021 and 2020

2020					
<i>(In thousands of Korean won)</i>		Gross carrying amount	Present value discounts and loss allowance	Net carrying amount	Fair value
Cash and deposits	₩	673,330,023	-	673,330,023	673,330,023
Loans and receivables at AC (*1)		911,852,844	(66,498,792)	845,354,052	845,344,293
Other assets (*1)		1,554,710,634	(6,615,476)	1,548,095,158	1,548,087,905
Finance lease receivables (*1)		2,448,726	(117,018)	2,331,708	2,357,025
Assets total	₩	<u>3,142,342,227</u>	<u>(73,231,286)</u>	<u>3,069,110,941</u>	<u>3,069,119,246</u>
Deposits (*1)	₩	1,176,066,876	-	1,176,066,876	1,176,066,876
Borrowed funds (*2)		3,841,306,749	-	3,841,306,749	3,841,737,399
Other liabilities (*1)		1,314,255,190	(77,377)	1,314,177,813	1,314,176,985
Liabilities total	₩	<u>6,331,628,815</u>	<u>(77,377)</u>	<u>6,331,551,438</u>	<u>6,331,981,260</u>

(*1) The fair values are classified as Level 3 fair value measurement in the fair value hierarchy.

(*2) The fair values are classified as Level 3 fair value measurement in the fair value hierarchy, except for the 14th Unsecured Subordinated Note with the carrying amount of ₩10,000,000 thousand of which the fair value is classified as Level 3.

(3) Financial instruments measured at fair value

1) Fair value hierarchy

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable.

The following tables analyze financial instruments measured at fair value as of December 31, 2021 and 2020, by the level in the fair value hierarchy into which the fair value measurement is categorized:

2021					
<i>(In thousands of Korean won)</i>		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at FVTPL	₩	2,598,213,701	2,437,658,273	355,862,617	5,391,734,591
Financial assets at FVOCI		26,395,892	-	160,674,471	187,070,363
Derivative assets		301,529	19,560,346	6,506,099	26,367,974
Total	₩	<u>2,624,911,122</u>	<u>2,457,218,619</u>	<u>523,043,187</u>	<u>5,605,172,928</u>
Financial liabilities:					
Financial liabilities at FVTPL	₩	1,188,214,835	75,041,541	716,641,088	1,979,897,464
Derivative liabilities		509,497	26,113,319	5,064,830	31,687,646
Total	₩	<u>1,188,724,332</u>	<u>101,154,860</u>	<u>721,705,918</u>	<u>2,011,585,110</u>

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2021.

Derivative-linked securities purchased of ₩24,076,440 thousand included in financial assets at FVTPL are classified to Level 3.

2020					
<i>(In thousands of Korean won)</i>		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at FVTPL	₩	3,134,054,571	2,590,481,901	246,014,046	5,970,550,518
Financial assets at FVOCI		15,365,749	-	146,686,364	162,052,113
Derivative assets		865,548	6,014,583	10,018,616	16,898,747
Total	₩	<u>3,150,285,868</u>	<u>2,596,496,484</u>	<u>402,719,026</u>	<u>6,149,501,378</u>
Financial liabilities:					
Financial liabilities at FVTPL	₩	1,544,320,758	75,412,207	548,451,257	2,168,184,222
Derivative liabilities		47,585	11,606,975	9,112,707	20,767,267
Total	₩	<u>1,544,368,343</u>	<u>87,019,182</u>	<u>557,563,964</u>	<u>2,188,951,489</u>

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(4) The valuation technique and inputs

The valuation techniques and inputs used in measuring Level 2 fair values as of December 31, 2021 and 2020 are as follows:

		2021		
<i>(In thousands of Korean won)</i>		Fair value	Valuation techniques	Inputs
Financial assets at FVTPL	₩	2,437,658,273	Discounted cash flow, net asset value	Interest rate, discount rate, FX rate, credit spread
Derivative assets		19,560,346	Discounted cash flow, option pricing model	Interest rate, discount rate, FX rate
Financial assets total	₩	<u>2,457,218,619</u>		
Financial liabilities at FVTPL	₩	75,041,541	Discounted cash flow	Interest rate, discount rate, FX rate, credit spread
Derivative liabilities		26,113,319	Discounted cash flow, option pricing model	Interest rate, discount rate, FX rate
Financial liabilities total	₩	<u>101,154,860</u>		
		2020		
<i>(In thousands of Korean won)</i>		Fair value	Valuation techniques	Inputs
Financial assets at FVTPL	₩	2,590,481,901	Discounted cash flow, net asset value	Interest rate, discount rate, FX rate, credit spread
Derivative assets		6,014,583	Discounted cash flow, option pricing model	Interest rate, discount rate, FX rate
Financial assets total	₩	<u>2,596,496,484</u>		
Financial liabilities at FVTPL	₩	75,412,207	Discounted cash flow	Interest rate, discount rate, FX rate, credit spread
Derivative liabilities		11,606,975	Discounted cash flow, option pricing model	Interest rate, discount rate, FX rate
Financial liabilities total	₩	<u>87,019,182</u>		

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(5) Sensitivity analysis of changes in unobservable inputs

1) Unobservable inputs used in measuring fair value

The following tables set out information about valuation technique and significant unobservable inputs used at December 31, 2021 and 2020 in measuring the fair values of financial instruments categorized as Level 3 in the fair value hierarchy:

2021					
<i>(In thousands of Korean won)</i>					
Type of instrument	Valuation technique	Category	Carrying amount	Significant unobservable inputs	Range of estimates for unobservable inputs
Financial assets at FVTPL	Discounted cash flow, net asset value, binomial model, option pricing model	Equity securities, Debt securities, Derivative-linked Securities	₩ 355,862,617	Discount rate Growth rate Change of liquidation value Volatility of underlying asset Correlation	6.48% ~ 20.05% 0% 0% (2.97)% ~ 53.50% 0.14 ~ 0.60
Financial assets at FVOCI	Discounted cash flow	Equity securities	160,674,471	Discount rate Growth rate	10.90% ~ 13.86% 0.00% ~ 1.00%
Derivative assets	Option pricing model	Credit derivatives	6,506,099	Discount rate	0.04% ~ 4.93%
Financial assets total			<u>₩ 523,043,187</u>		
Financial liabilities at FVTPL	Option pricing model	Equity derivatives	₩ 716,641,088	Volatility of underlying asset Correlation	(2.97)% ~ 33.98% 0.14 ~ 0.60
Derivative liabilities	Option pricing model	Credit derivatives	5,064,830	Discount rate	0.04% ~ 4.93%
Financial liabilities total			<u>₩ 721,705,918</u>		
2020					
<i>(In thousands of Korean won)</i>					
Type of instrument	Valuation technique	Category	Carrying amount	Significant unobservable inputs	Range of estimates for unobservable inputs
Financial assets at FVTPL	Discounted cash flow, net asset value, binomial model, option pricing model	Equity securities, Debt securities, Derivative-linked Securities	₩ 246,014,046	Discount rate Growth rate Volatility of underlying asset Correlation	5.93% ~ 23.31% 0% (2.92)% ~ 50.50% 29.30% ~ 77.17%
Financial assets at FVOCI	Discounted cash flow	Equity securities	146,686,364	Discount rate Growth rate	10.58% ~ 12.90% 0.00% ~ 1.00%
Derivative assets	Option pricing model	Credit derivatives	10,018,616	Discount rate	0.03% - 4.96%
Financial assets total			<u>₩ 402,719,026</u>		
Financial liabilities at FVTPL	Option pricing model	Equity derivatives	₩ 548,451,257	Volatility of underlying asset Correlation	(2.92)% ~ 38.16% 0.29 ~ 0.77
Derivative liabilities	Option pricing model	Credit derivatives	9,112,707	Discount rate	0.03% - 4.96%
Financial liabilities total			<u>₩ 557,563,964</u>		

Option pricing models used in measuring fair values of financial assets designated as being held at FVTPL and financial liabilities designated as being held at FVTPL include Black-Scholes model and Hull-White model. Based on types of instruments, Monte Carlo simulation and other valuation models are applied to certain instruments.

Discounted cash flow techniques used in measuring fair values of financial assets at FVOCI include DCF model, FCFE (Free Cash Flow to Equity) model and RIM (Residual Income Model). Option pricing model used in measuring fair values of equity-related OTC derivative assets is a binominal model reflecting the probability of early-exercise in American option.

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2) Sensitivity analysis of changes in unobservable inputs

Sensitivity analysis of changes in significant unobservable inputs as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>	2021			
	Effect on profit or loss		Effect on OCI	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:				
Financial assets at FVTPL (*1)	₩ 1,164,282	(1,087,495)	-	-
Financial assets at FVOCI (*2)	-	-	9,439,749	(7,638,644)
OTC derivative assets (*3)	120,699	(198,585)	-	-
Total	₩ 1,284,981	(1,286,080)	9,439,749	(7,638,644)
Financial liabilities:				
Financial liabilities at FVTPL (*1)	₩ 74,224	(74,224)	-	-
OTC derivative liabilities (*3)	187,612	(121,375)	-	-
Total	₩ 261,836	(195,599)	-	-

(*1) The favorable and unfavorable effects for the valuation of derivative-linked securities are calculated by increasing or decreasing the volatility of underlying assets, a significant unobservable input, by 1% and the effects for the valuation of financial assets at FVTPL other than derivative-linked securities are calculated by increasing or decreasing the volatility of underlying assets by 10% or by increasing or decreasing growth rate and discount rate by 1% or by increasing or decreasing the rate of change in liquidation value by 1%, respectively.

(*2) The favorable and unfavorable effects are calculated by increasing or decreasing growth rate and discount rate, significant unobservable inputs, by 1%, respectively.

(*3) The favorable and unfavorable effects are calculated by increasing or decreasing discount rate, a significant unobservable input, by 0.01%.

<i>(In thousands of Korean won)</i>	2020			
	Effect on profit or loss		Effect on OCI	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:				
Financial assets at FVTPL (*1)	₩ 805,576	(751,276)	-	-
Financial assets at FVOCI (*2)	-	-	8,327,540	(6,575,560)
OTC derivative assets (*3)	45,930	(275,816)	-	-
Total	₩ 851,506	(1,027,092)	8,327,540	(6,575,560)
Financial liabilities:				
Financial liabilities at FVTPL (*1)	₩ 96,738	(97,446)	-	-
OTC derivative liabilities (*3)	259,805	(46,576)	-	-
Total	₩ 356,543	(144,022)	-	-

(*1) The favorable and unfavorable effects for the valuation of derivative-linked securities are calculated by increasing or decreasing the volatility of underlying assets, a significant unobservable input, by 1% and the effects for the valuation of financial assets at FVTPL other than derivative-linked securities are calculated by increasing or decreasing the volatility of underlying assets by 10% or by increasing or decreasing growth rate and discount rate by 1%, respectively.

(*2) The favorable and unfavorable effects are calculated by increasing or decreasing growth rate and discount rate, significant unobservable inputs, by 1%, respectively.

(*3) The favorable and unfavorable effects are calculated by increasing or decreasing discount rate, a significant unobservable input, by 0.01%.

Changes in fair values of financial assets at FVTPL are calculated by increasing or decreasing discount rate and the volatility of underlying asset, significant unobservable inputs and financial assets and liabilities designated as being held at FVTPL, equity-related OTC derivatives are calculated by increasing or decreasing the volatility of underlying asset, a significant unobservable input. Changes in fair values of financial assets at FVOCI are calculated by increasing or decreasing growth rate and discount rate, significant unobservable inputs.

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7. Operating Segments

The Company has four reportable segments, as described below, which are the Company's strategic business units.

Segment	Operations
Brokerage	Brokerage and agency of securities trading and related operations
Proprietary trading	Trading of stocks, bonds, and equity indices
Derivatives	Exchange-traded derivatives including futures and options and OTC derivatives trading
Others	Sales and underwriting of securities, M&A brokerage, corporate finance and advisory, asset securitization, project financing, operation of own funds, real estate management

(1) Information about reportable segments – financial position

Financial positions of each reportable segment as of December 31, 2021 and 2020 are as follows:

		2021				
(In thousands of Korean won)		Brokerage	Proprietary trading	Derivatives	Others	Total
Assets:						
Cash and deposits	₩	21,694,650	50,200,000	266,363,417	428,736,791	766,994,858
Securities (*1)		713,747,212	3,542,574,363	82,892,557	1,372,093,939	5,711,308,071
Derivative assets		-	-	26,367,974	-	26,367,974
Loans and receivables at AC		797,056,950	-	-	194,852,542	991,909,492
Property and equipment		-	-	-	99,475,862	99,475,862
Other assets		771,288,962	172,668,053	10,811	166,276,370	1,110,244,196
Total assets	₩	<u>2,303,787,774</u>	<u>3,765,442,416</u>	<u>375,634,759</u>	<u>2,261,435,504</u>	<u>8,706,300,453</u>
Liabilities:						
Deposits	₩	955,035,781	-	-	3,952,985	958,988,766
Borrowed funds (*2)		729,440,798	2,414,414,835	791,682,629	1,788,662,358	5,724,200,620
Derivative liabilities		-	-	31,687,647	-	31,687,647
Other liabilities		769,865,075	573,584	-	273,211,312	1,043,649,971
Total liabilities	₩	<u>2,454,341,654</u>	<u>2,414,988,419</u>	<u>823,370,276</u>	<u>2,065,826,655</u>	<u>7,758,527,004</u>

(*1) Securities include financial assets at FVTPL, financial assets at FVOCI and investments in subsidiaries and associates.

(*2) Borrowed funds include financial liabilities at FVTPL.

		2020				
(In thousands of Korean won)		Brokerage	Proprietary trading	Derivatives	Others	Total
Assets:						
Cash and deposits	₩	-	-	234,007,932	439,322,091	673,330,023
Securities (*1)		849,081,559	3,842,212,802	1,172,033,478	357,657,593	6,220,985,432
Derivative assets		-	-	16,898,747	-	16,898,747
Loans and receivables at AC		738,731,676	-	-	106,622,376	845,354,052
Property and equipment		-	-	-	55,254,144	55,254,144
Other assets		1,232,207,784	311,912,018	49,659,468	121,468,628	1,715,247,898
Total assets	₩	<u>2,820,021,019</u>	<u>4,154,124,820</u>	<u>1,472,599,625</u>	<u>1,080,324,832</u>	<u>9,527,070,296</u>
Liabilities:						
Deposits	₩	1,173,799,966	-	-	2,266,911	1,176,066,877
Borrowed funds (*2)		705,997,857	3,024,520,758	623,863,464	1,655,108,891	6,009,490,970
Derivative liabilities		-	-	20,767,267	-	20,767,267
Other liabilities		1,243,607,421	10,887,581	6,897,776	196,445,673	1,457,838,451
Total liabilities		<u>3,123,405,244</u>	<u>3,035,408,339</u>	<u>651,528,507</u>	<u>1,853,821,475</u>	<u>8,664,163,565</u>
Equity		<u>(303,384,225)</u>	<u>1,118,716,481</u>	<u>821,071,118</u>	<u>(773,496,643)</u>	<u>862,906,731</u>
Total liabilities and equity	₩	<u>2,820,021,019</u>	<u>4,154,124,820</u>	<u>1,472,599,625</u>	<u>1,080,324,832</u>	<u>9,527,070,296</u>

(*1) Securities include financial assets at FVTPL, financial assets at FVOCI and investments in subsidiaries and associates.

(*2) Borrowed funds include financial liabilities at FVTPL and borrowed funds.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

(2) Information about reportable segments - profit and loss

Profit and loss attributable to each reportable segment for the years ended December 31, 2021 and 2020 are as follows:

		2021				
<i>(In thousands of Korean won)</i>		Brokerage	Proprietary trading	Derivatives	Others	Total
Operating revenue:						
Fee and commission income	₩	112,104,492	252,491	1,521,475	130,576,943	244,455,401
Finance income		71,635,288	469,743,045	322,153,243	32,472,758	896,004,334
Other income		-	6,372,601	-	11,026,312	17,398,913
		<u>183,739,780</u>	<u>476,368,137</u>	<u>323,674,718</u>	<u>174,076,013</u>	<u>1,157,858,648</u>
Operating expenses						
Fee and commission expense		36,196,366	3,991,493	-	1,570,249	41,758,108
Finance expense		16,433,579	438,518,242	287,711,812	52,141,786	794,805,419
General and administrative expenses		95,631,470	22,252,546	6,327,937	89,932,137	214,144,090
Other expenses		24,957	-	-	54,583	79,540
		<u>148,286,372</u>	<u>464,762,281</u>	<u>294,039,749</u>	<u>143,698,755</u>	<u>1,050,787,157</u>
Non-operating income (expenses), net		-	-	-	114,603	114,603
Income tax expense		-	-	-	27,109,269	27,109,269
Profit for the year	₩	<u>35,453,408</u>	<u>11,605,856</u>	<u>29,634,969</u>	<u>3,382,592</u>	<u>80,076,825</u>
		2020				
<i>(In thousands of Korean won)</i>		Brokerage	Proprietary trading	Derivatives	Others	Total
Operating revenue:						
Fee and commission income	₩	83,005,988	394,805	615,357	113,266,689	197,282,839
Finance income		56,782,104	586,608,453	426,188,369	41,852,703	1,111,431,629
Other income		-	7,337,598	-	1,806,453	9,144,051
		<u>139,788,092</u>	<u>594,340,856</u>	<u>426,803,726</u>	<u>156,925,845</u>	<u>1,317,858,519</u>
Operating expenses						
Fee and commission expense		18,089,632	2,791,805	-	1,551,095	22,432,532
Finance expense		15,864,226	412,175,793	518,615,372	28,126,926	974,782,317
General and administrative expenses		95,414,734	24,412,580	5,946,654	85,265,181	211,039,149
Other expenses		410,261	-	-	1,361,060	1,771,321
		<u>129,778,853</u>	<u>439,380,178</u>	<u>524,562,026</u>	<u>116,304,262</u>	<u>1,210,025,319</u>
Non-operating income (expenses), net		-	-	-	(308,902)	(308,902)
Income tax expense		-	-	-	26,683,058	26,683,058
Profit (loss) for the year	₩	<u>10,009,239</u>	<u>154,960,678</u>	<u>(97,758,300)</u>	<u>13,629,623</u>	<u>80,841,240</u>

(3) Information about major customers

There was no external customer, who contributes more than 10% of the Company's revenue for the years ended December 31, 2021 and 2020.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2021 and 2020

8. Classification of Financial Instruments

Carrying amounts of financial instruments summarized by categories of financial instruments as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Financial assets at FVTPL	₩	5,391,734,591	5,970,550,518
Derivative assets		26,367,974	16,898,747
Financial assets at FVOCI		187,070,363	162,052,113
Financial assets at AC			
Cash and deposits		766,994,858	673,330,023
Loans and receivables at AC		991,909,492	845,354,052
Other assets (*1)		1,054,540,976	1,548,095,158
Subtotal		2,813,445,326	3,066,779,233
Finance lease receivables		1,895,048	2,331,708
Financial assets total	₩	<u>8,420,513,302</u>	<u>9,218,612,319</u>
Financial liabilities at FVTPL			
Financial liabilities, mandatorily, at FVTPL	₩	1,188,214,835	1,544,320,758
Financial liabilities designated as being held at FVTPL		791,682,629	623,863,464
Subtotal		1,979,897,464	2,168,184,222
Derivative liabilities		31,687,646	20,767,267
Financial liabilities at AC			
Deposits		957,450,689	1,176,066,876
Borrowed funds		3,744,303,156	3,841,306,749
Other liabilities (*2)		828,649,226	1,314,177,813
Subtotal		5,530,403,071	6,331,551,438
Lease liabilities		74,940,526	30,545,463
Financial liabilities total	₩	<u>7,616,928,706</u>	<u>8,551,048,390</u>

(*1) Other assets include receivables for brokerage, other receivables, accrued income, leasehold deposits paid for rents, other investment assets and accrued interest receivable on bonds.

(*2) Other liabilities include dividends payable, accounts payable, accrued expenses, leasehold deposits received for rents, financial guarantees liabilities and provisions for payment guarantees.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

9. Finance Income and Finance Expense

Details of finance income and finance expense for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021			
		Gain (loss), net (*1)	OCI	Interest income (expenses)	Impairment (reversal of impairment)
Financial assets at FVTPL	₩	(80,788,141)	-	88,905,272	-
Financial assets at FVOCI		3,275,076	15,668,115	-	-
Financial assets at AC (*2)		12,192,428	-	67,524,820	(12,930,317)
Derivative assets		38,544,225	-	-	-
Finance lease receivables		-	-	41,897	-
Financial liabilities, mandatorily, at FVTPL		61,172,699	-	-	-
Financial liabilities designated as being held at FVTPL		(10,072,363)	382,475	-	-
Financial liabilities at AC (*3)		21,007,568	-	(47,547,804)	-
Lease liabilities		-	-	(2,399,715)	-
Total	₩	<u>45,331,492</u>	<u>16,050,590</u>	<u>106,524,470</u>	<u>(12,930,317)</u>

(*1) Gain (loss),net includes gain (loss) on disposal, gain (loss) on valuation, gain (loss) on derivatives transactions, gain (loss) on sale, gain (loss) on redemption, gain (loss) on foreign currency transactions and translation, dividends income and distribution income.

(*2) Financial assets at AC includes receivables for brokerage, other receivables, accrued income, leasehold deposit paid for rents, and other investment assets.

(*3) Financial liabilities at AC includes deposits, borrowed funds, dividends payable, accounts payable, accrued expenses, leasehold deposits received for rents, provisions for payment guarantees, and financial guarantees liabilities.

<i>(In thousands of Korean won)</i>		2020			
		Gain (loss), net (*1)	OCI	Interest income (expenses)	Impairment (reversal of impairment)
Financial assets at FVTPL	₩	227,897,491	-	95,843,153	-
Financial assets at FVOCI		2,452,074	9,192,147	-	-
Financial assets at AC (*2)		(206,294)	-	47,946,223	(367,477)
Derivative assets		(120,550,282)	-	-	-
Finance lease receivables		-	-	50,235	-
Financial liabilities, mandatorily, at FVTPL		(48,085,184)	-	-	-
Financial liabilities designated as being held at FVTPL		(16,814,218)	494,438	-	-
Financial liabilities at AC (*3)		(2,032,711)	-	(42,875,387)	-
Lease liabilities		-	-	(519,420)	-
Total	₩	<u>42,660,876</u>	<u>9,686,585</u>	<u>100,444,804</u>	<u>(367,477)</u>

(*1) Gain (loss),net includes gain (loss) on disposal, gain (loss) on valuation, gain (loss) on derivatives transactions, gain (loss) on sale, gain (loss) on redemption, gain (loss) on foreign currency transactions and translation, dividends income and distribution income.

(*2) Financial assets at AC includes receivables for brokerage, other receivables, accrued income, leasehold deposit paid for rents, and other investment assets.

(*3) Financial liabilities at AC includes deposits, borrowed funds, dividends payable, accounts payable, accrued expenses, leasehold deposits received for rents, provisions for payment guarantees, and financial guarantees liabilities.

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Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

10. Cash and Deposits

(1) Cash and deposits

Cash and deposits as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Cash and cash equivalents			
Checking account	₩	74,613,990	58,763
Ordinary deposits		28,075,787	9,709,056
Money market deposit account (MMDA)		100,000,000	127,220,000
Others		220,000,000	300,000,000
Subtotal		<u>422,689,777</u>	<u>436,987,819</u>
Deposits due from others			
Subscription deposits		-	301,946
Reserve deposits for claims of customer deposits (deposit)		5,024,513	1,009,826
Reserve deposits for claims of customer deposits in foreign currency		21,694,650	-
Deposits in foreign currency		26,393,789	36,542,784
Deposits for securities lending trades		50,200,000	-
Deposits for exchange-traded derivatives proprietary trades		9,640,075	10,472,223
Margin deposits at Korea Exchange		52,921,000	60,521,000
Long-term deposits (including guarantee deposits for checking accounts)		1,022,500	1,022,500
Others		177,408,554	126,471,925
Subtotal		<u>344,305,081</u>	<u>236,342,204</u>
Total	₩	<u><u>766,994,858</u></u>	<u><u>673,330,023</u></u>

(2) Restricted deposits

Deposits and assets restricted for use as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Deposits due from others			
Subscription deposits	₩	-	301,946
Reserve deposits for claims of customer deposits (deposit)		5,024,513	1,009,826
Reserve deposits for claims of customer deposits in foreign currency		19,584,049	-
Deposits in foreign currency		26,393,789	36,542,784
Deposits for securities lending trades		50,200,000	-
Deposits for exchange-traded derivatives proprietary trades		9,640,075	10,472,223
Margin deposits at Korea Exchange		52,921,000	60,521,000
Long-term deposits (including guarantee deposits for checking accounts)		1,022,500	1,022,500
Others		152,629,415	113,582,190
Subtotal		<u>317,415,341</u>	<u>223,452,469</u>
Financial assets at FVTPL			
Reserve deposits for claims of customer deposits (trust)		683,833,215	784,830,770
Reserve deposits for claims of customer deposits (trust) for exchange-traded derivatives transactions		28,132,252	55,218,831
Subtotal		<u>711,965,467</u>	<u>840,049,601</u>
Total	₩	<u><u>1,029,380,808</u></u>	<u><u>1,063,502,070</u></u>

(3) Deposits with Korea Securities Finance Corp.

Regulations on Financial Investment Business require financial investment companies to deposit all customer deposits excluding margin deposits in cash with the Korea Securities Finance Corp. ("KSFC"). Accordingly, the Company makes deposits of 100% or more of customer deposits with the KSFC as reserve deposits for claims of customer deposits, reserve deposits for claims of customer deposits - futures and options transactions, and subscription deposits. Also, in accordance with the Regulations on borrowing and lending of securities by Korea Securities Depository ("KSD"), the Company provides KSD with cash or securities of 100% or more, but less than 110% of value of collateral, as collateral for securities borrowing and lending transactions, except for customized transactions. Also, the Company deposits over 100% of borrowings from KSFC as guarantee in 'Guarantee deposits for stock borrowings from KSFC' account.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

11. Financial Assets and Financial Liabilities at FVTPL

(1) Details of financial assets and financial liabilities at FVTPL as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>	2021			
	Acquisition cost	Carrying amount before valuation	Carrying amount carried at fair value	Gain (loss) on valuation
Financial assets at FVTPL				
Stocks	₩ 145,198,215	135,943,580	132,153,765	(3,789,815)
Government and municipal bonds	1,752,704,843	1,746,806,111	1,684,722,399	(62,083,712)
Special entities (government agencies) bonds	226,403,934	226,431,351	226,239,637	(191,714)
Corporate bonds	1,817,404,664	1,818,516,763	1,813,250,230	(5,266,533)
Electronic short-term bonds	10,577,294	10,586,124	10,585,067	(1,057)
Foreign currency bonds	45,979,734	46,469,131	46,765,229	296,098
Collective investment securities	143,746,480	149,055,943	153,469,481	4,413,538
Ownership investments	168,520,015	169,982,085	175,470,046	5,487,961
Commercial papers	350,372,147	350,685,031	350,149,315	(535,716)
Other securities	29,010,235	206,053	206,053	-
Private placement bonds	63,261,000	66,421,467	62,681,461	(3,740,006)
Reserve deposits for claims of customer deposits (trust)	682,000,000	682,000,000	683,833,215	1,833,215
Reserve deposits for claims of customer deposits (trust) for exchange-traded derivatives transactions	28,000,000	28,000,000	28,132,252	132,252
Derivative-linked securities purchased (*1)	26,267,740	24,165,996	24,076,441	(89,555)
Total	₩ 5,489,446,301	5,455,269,635	5,391,734,591	(63,535,044)
Financial liabilities, mandatorily, at FVTPL				
Stocks	₩ 89,162,858	89,180,797	89,763,728	(582,931)
Government and municipal bonds	1,109,595,767	1,119,530,517	1,098,451,107	21,079,410
Total	₩ 1,198,758,625	1,208,711,314	1,188,214,835	20,496,479
Financial liabilities designated as being held at FVTPL				
Derivative-linked securities sold (*1)	₩ 797,907,820	794,743,152	791,682,629	3,060,523
Total	₩ 797,907,820	794,743,152	791,682,629	3,060,523

(*1) The following table presents a roll-forward of Day One gains and losses for the year ended December 31, 2021:

<i>(In thousands of Korean won)</i>	Balance at January 1	Increase due to transfers	Increase due to new trades	Decrease from recognition	Balance at December 31
Financial assets at FVTPL					
Derivative-linked securities purchased	₩ 3,362,463	-	1,218,824	(2,111,226)	2,470,061
Financial liabilities designated as being held at FVTPL					
Derivative-linked securities sold	(3,127,335)	-	585,747	1,329,187	(1,212,401)
Total	₩ 235,128	-	1,804,571	(782,039)	1,257,660

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For the years ended December 31, 2021 and 2020

	2020			
	Acquisition cost	Carrying amount before valuation	Carrying amount carried at fair value	Gain (loss) on valuation
<i>(In thousands of Korean won)</i>				
Financial assets at FVTPL				
Stocks	₩ 111,571,719	101,495,693	103,260,483	1,764,790
Government and municipal bonds	1,895,963,326	1,895,701,448	1,854,378,831	(41,322,617)
Special entities (government agencies) bonds	592,366,270	592,594,317	592,334,039	(260,278)
Corporate bonds	1,771,190,573	1,771,542,923	1,775,460,777	3,917,854
Electronic short-term bonds	33,172,240	33,214,542	33,217,370	2,828
Foreign currency bonds	45,210,960	41,771,953	41,959,595	187,642
Collective investment securities	311,773,426	313,265,686	339,484,901	26,219,215
Ownership investments	97,902,264	100,252,612	100,282,657	30,045
Commercial papers	220,454,206	220,997,200	221,133,675	136,475
Other securities	29,057,767	253,585	253,585	-
Private placement bonds	35,170,000	33,239,272	39,329,211	6,089,939
Reserve deposits for claims of customer deposits (trust)	783,000,000	783,000,000	784,830,770	1,830,770
Reserve deposits for claims of customer deposits (trust) for exchange-traded derivatives transactions	55,000,000	55,000,000	55,218,831	218,831
Derivative-linked securities purchased (*1)	28,548,900	28,885,690	29,405,793	520,103
Total	₩ 6,010,381,651	5,971,214,921	5,970,550,518	(664,403)
Financial liabilities, mandatorily, at FVTPL				
Stocks	₩ 150,015,570	149,994,417	182,050,124	(32,055,707)
Government and municipal bonds	1,345,500,357	1,358,458,020	1,332,149,584	26,308,436
Special entities (government agencies) bonds	30,218,520	30,218,520	30,121,050	97,470
Total	₩ 1,525,734,447	1,538,670,957	1,544,320,758	(5,649,801)
Financial liabilities designated as being held at FVTPL				
Derivative-linked securities sold (*1)	₩ 614,703,715	622,762,730	623,863,464	(1,100,734)
Total	₩ 614,703,715	622,762,730	623,863,464	(1,100,734)

(*1) The following table presents a roll-forward of Day One gains and losses for the year ended December 31, 2020:

	Balance at January 1	Increase due to transfers	Increase due to new trades	Decrease from recognition	Balance at December 31
<i>(In thousands of Korean won)</i>					
Financial assets at FVTPL					
Derivative-linked securities purchased	₩ 142,518	2,207,271	1,263,553	(250,879)	3,362,463
Financial liabilities designated as being held at FVTPL					
Derivative-linked securities sold	(2,524,988)	-	(1,804,572)	1,202,225	(3,127,335)
Total	₩ (2,382,470)	2,207,271	(541,019)	951,346	235,128

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Interest income on debt securities above for the years ended December 31, 2021 and 2020 were ₩88,905 million and ₩95,843 million, respectively.

The Company designated trust deposits which are managed and evaluated on a fair value basis and derivative-linked securities, hybrid (combined) instruments which include one or more embedded derivatives as financial assets and liabilities at fair value through profit or loss.

In measuring fair values of derivative-linked securities, historical volatility is used instead of implied volatility, an observable input. As such, the valuation technique incorporates a significant unobservable input, the difference between fair value of financial instruments based on the valuation technique and the transaction price is not recognized in profit or loss upon initial recognition, but deferred as Day One gains and losses.

Equity-linked securities ("ELS", hereafter) are securities of which the underlying asset is either stocks or equity indices and dividends and the amount required to pay at maturity to the holder of the securities are determined by the changes in the underlying assets. The Company measures derivative-linked securities purchased and derivative-linked securities sold at fair value as of the reporting date, and recognizes gains and losses arising from changes in fair value as profit or loss.

(2) The difference between the carrying amount of financial liabilities designated as being held at FVTPL and the contractual amount due at maturity as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Contractual amount due at maturity	₩	798,020,179	627,986,551
Carrying amount		791,682,629	623,863,464
Difference	₩	<u>6,337,550</u>	<u>4,123,087</u>

(3) The change, cumulatively, in the fair value of the financial liabilities designated as being held at FVTPL attributable to changes in the credit risks of these financial liabilities during the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Balance at January 1	₩	1,693,077	959,776
Recognized in OCI during the year		478,782	733,301
Balance at December 31	₩	<u>2,171,859</u>	<u>1,693,077</u>

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For the years ended December 31, 2021 and 2020

12. Financial Assets at FVOCI

(1) Details of financial assets at FVOCI as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		2021		2020	
		Acquisition cost	Carrying amount	Acquisition cost	Carrying amount
Stocks (*1)	₩	49,881,804	187,070,363	43,378,062	162,052,113

(*1) Stocks are held for financial services industry-specific requirements and strategic purposes not for trading.

(2) Acquisition costs of stocks included in financial assets at FVOCI as of the December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		2021			2020		
		Number of shares held	Ownership interest (%)	Acquisition cost	Number of shares held	Ownership interest (%)	Acquisition cost
Korea Exchange	₩	608,185	3.04	1,918,093	608,185	3.04	1,918,093
Korea Securities Finance Corporation		630,858	0.46	4,378,619	630,858	0.46	4,378,619
Korea Securities Depository		85,438	0.78	408,825	85,438	0.78	408,825
Korea Money Brokerage Corporation		10,000	0.50	50,000	10,000	0.50	50,000
DLIVE Gangnam Cable TV Co., Ltd.		608,100	3.99	3,593,871	608,100	3.99	3,593,871
Aizawa Securities Co., Ltd.		225,200	0.47	594,988	225,200	0.47	594,988
Tongyang Inc.		11,438,000	4.79	32,433,666	11,438,000	4.79	32,433,666
Samyang Holdings Corporation		22,000	0.26	2,462,120	-	-	-
Hyundai Mipo Dockyard Co., Ltd.		73,000	0.18	4,041,622	-	-	-
Total	₩	13,700,781		49,881,804	13,605,781		43,378,062

(3) Carrying amounts of stocks included in financial assets at FVOCI as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		2021			2020		
		Carrying amount	Net asset value or fair value	Date as of fair value estimated	Carrying amount	Net asset value or fair value	Date as of fair value estimated
Korea Exchange (*1)	₩	137,533,131	137,533,131	Dec. 31, 2021	123,958,442	123,958,442	Dec. 31, 2020
Korea Securities Finance Corporation (*1)		8,880,588	8,880,588	Dec. 31, 2021	8,808,670	8,808,670	Dec. 31, 2020
Korea Securities Depository (*1)		8,539,784	8,539,784	Dec. 31, 2021	8,186,584	8,186,584	Dec. 31, 2020
Korea Money Brokerage Corporation (*1)		759,480	759,480	Dec. 31, 2021	707,330	707,330	Dec. 31, 2020
DLIVE Gangnam Cable TV Co., Ltd. (*1)		4,961,488	4,961,488	Dec. 31, 2021	5,025,338	5,025,338	Dec. 31, 2020
Aizawa Securities Co., Ltd.		2,368,823	2,368,823	Dec. 31, 2021	1,754,529	1,754,529	Dec. 31, 2020
Samyang Holdings Corporation		2,160,400	2,160,400	Dec. 31, 2021	-	-	-
Hyundai Mipo Dockyard Co., Ltd.		5,110,000	5,110,000	Dec. 31, 2021	-	-	-
Tongyang Inc.		16,756,669	16,756,669	Dec. 31, 2021	13,611,220	13,611,220	Dec. 31, 2020
Total	₩	187,070,363	187,070,363		162,052,113	162,052,113	

(*1) Fair values of Korea Exchange and four other unlisted stocks are based on estimates using the valuation technique provided from Grant Thornton Daejoo and Korea Asset Pricing, independent valuation service providers. These valuation service providers estimate the fair using discounted cash flows, an income approach, and (or) net asset value (NAV) method as appropriate per the characteristics of stocks subject to the valuation technique. Operating revenue and operating expenses were estimated based on historical performances, future business plans and forecasts for future market circumstances.

(4) Changes in fair values of financial assets at FVOCI during the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		2021				
		Acquisition cost	Cumulative balance at January 1	Changes in fair value during the year	Cumulative balance at December 31	Carrying amount (fair value)
Stocks	₩	49,881,804	118,674,051	18,514,508	137,188,559	187,070,363
Deferred tax effect		-	(32,754,038)	(2,846,393)	(35,600,431)	-

(In thousands of Korean won)		2020				
		Acquisition cost	Cumulative balance at January 1	Changes in fair value during the year	Cumulative balance at December 31	Carrying amount (fair value)
Stocks	₩	43,378,062	100,692,737	17,981,314	118,674,051	162,052,113
Deferred tax effect		-	(23,964,871)	(8,789,167)	(32,754,038)	-

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13. Securities Pledged as Collateral

Details of securities the Company pledged as collateral as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021		
Securities pledged to	Financial assets pledged (*1)	Carrying amount		Purpose
KSD	Financial assets at FVTPL - Government and municipal bonds, corporate bonds and special entities bonds	₩ 157,897,364		Collateral for securities lending trades
KSD	Financial assets at FVTPL - Stocks and beneficiary certificates	336,494,250		Collateral for securities lending trades
KSFC	Financial assets at FVTPL - Government and municipal bonds, corporate bonds, special entities bonds and commercial papers	1,247,650,924		Collateral for securities lending trades
KSFC	Financial assets at FVOCI - Stocks	137,533,131		Collateral for securities lending trades
KSFC	Financial assets at FVTPL - Special entities bonds and corporate bonds	34,747,303		Collateral for securities margin loans from KSFC
Korea Exchange	Financial assets at FVTPL - Government and municipal bonds, special entities bonds and beneficiary certificates	26,212,464		Margin deposits for derivatives trades and others
Korea Exchange	Financial assets at FVTPL - Government and municipal bonds	32,476,438		Substitute securities for collective fund for default losses
Eugene Futures and others	Financial assets at FVTPL - Government and municipal bonds, corporate bonds, special entities bonds and beneficiary certificates	255,054,271		Margin deposits for futures trades (interest rate futures) and margin deposits for issuance on derivative-linked securities
		₩ <u>2,228,066,145</u>		

(*1) Pledged assets include securities borrowed from others of ₩411,399 million.

<i>(In thousands of Korean won)</i>		2020		
Securities pledged to	Financial assets pledged (*1)	Carrying amount		Purpose
KSD	Financial assets at FVTPL - Government and municipal bonds, corporate bonds and special entities bonds	₩ 228,930,024		Collateral for securities lending trades
KSD	Financial assets at FVTPL - Stocks and beneficiary certificates	401,047,395		Collateral for securities lending trades
KSFC	Financial assets at FVTPL - Government and municipal bonds, corporate bonds, special entities bonds and commercial papers	1,427,734,032		Collateral for securities lending trades
KSFC	Financial assets at FVOCI - Stocks	123,958,442		Collateral for securities lending trades
KSFC	Financial assets at FVTPL - Special entities bonds and corporate bonds	31,473,464		Collateral for securities margin loans from KSFC
Korea Exchange	Financial assets at FVTPL - Government and municipal bonds, special entities bonds and beneficiary certificates	21,792,138		Margin deposits for derivatives trades and others
Korea Exchange	Financial assets at FVTPL - Government and municipal bonds	29,168,113		Substitute securities for collective fund for default losses
Eugene Futures and others	Financial assets at FVTPL - Government and municipal bonds, corporate bonds, special entities bonds and beneficiary certificates	273,615,095		Margin deposits for futures trades (interest rate futures) and margin deposits for issuance on derivative-linked securities
		₩ <u>2,537,718,703</u>		

(*1) Pledged assets include securities borrowed from others.

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In relation to securities margin trades, the Company accepted securities of ₩852,486 million and ₩804,928 million as of December 31, 2021 and 2020, respectively, as collateral, and the Company held securities of ₩21,164,500 million and ₩17,939,200 million in KRX market price basis in custody received from customers as of December 31, 2021 and 2020, respectively. In addition to securities pledged in the tables above, the Company pledged financial assets at FVTPL with carrying amounts of the bonds of ₩2,146,550 million and ₩2,427,244 million as collateral for securities sold under agreements to repurchase as of December 31, 2021 and 2020, respectively.

The Company provides for collective funds for default losses, which are composed of collective fund for default losses in securities market and collective fund for default losses in derivatives market.

In accordance with Article 23 of Korea Exchange (KRX) membership regulations, the Company is required to make contribution to the collective fund for default losses to compensate for any damages or losses caused by non-performance of obligations arising from trading transactions in securities market. The amount of contributions should be provided on a monthly basis and the amount is calculated by net of total base contributions and sum of the contributions made by members specialized in debt securities, multiplied by ratio of the Company's average daily volume of securities traded per day to the average daily volume of securities of all members traded in the security market in the latest one year from the previous year-end.

In accordance with Article 23 of Korea Exchange (KRX) membership regulations, the Company is required to make contribution to the collective fund for default losses to compensate for any damages or losses caused by non-performance of obligations arising from trading transactions in exchange-traded derivatives market. The amount of contributions should be provided on a monthly basis and the amount is calculated by net of total base contributions, multiplied by ratio of the Company's average daily balance of margin deposits to the average daily balance of margin deposits of all members traded in the exchange-traded derivatives market in the latest one year from the previous year-end.

The Company is allowed to make contributions to the collective funds with government bonds or monetary stabilization bonds listed on the securities exchange an alternative to cash, and in such cases, the contribution is made by way of the KRX acquiring the pledge of government bonds or monetary stabilization bonds deposited in the Company's account with the KSD and the withdrawal shall be made by way of terminating the pledge. The Company contributed to the collective funds with financial assets at FVTPL - government and municipal bonds as of December 31, 2021.

14. Investments in Subsidiaries and Associates

Details of investments in subsidiaries and associates as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>	2021		2020	
	Ownership interest (%)	Carrying amount	Ownership interest (%)	Carrying amount
Subsidiaries:				
Eugene Asset Management Co., Ltd.	100.0	₩ 32,954,147	100.0	₩ 32,954,147
Eugene Investment & Futures Co., Ltd.	100.0	34,904,691	100.0	34,904,691
Champion Gohyeon Co., Ltd. (*1)	-	-	-	-
NJ 6th Co., Ltd. (*1)	-	-	-	-
Pantheon EJ Co., Ltd. (*1)	-	-	-	-
Hadeun 1st Co., Ltd. (*1)	-	-	-	-
DJ Mirae 1st Co., Ltd. (*1)	-	-	-	-
First Gohyeon Co., Ltd. (*1)	-	-	-	-
Never Ever 1st Co., Ltd. (*1)	-	-	-	-
Eugene MP 1st Co., Ltd. (*2)	-	-	-	-
Eugene AT 1st Co., Ltd. (*3)	-	-	-	-
NAD 1st Co., Ltd. (*3)	-	-	-	-
Champion Byeolnae 1st Co., Ltd. (*3)	-	-	-	-
Happiness Red Co., Ltd. (*3)	-	-	-	-
CSG 1st Co., Ltd. (*3)	-	-	-	-
Eugene Champion New Economy AI4.0 Securities Feeder (Stock)	55.3	3,500,000	52.2	3,500,000
Eugene Champion Dividend Equity Feeder Eq (*4)	71.9	4,000,000	-	-
Eugene Champion Global Listed Infra Securities (Bond Balanced) (*5)	34.2	3,000,000	-	-
Eugene US VC Private Investment Trust 1	60.0	9,228,215	60.0	1,597,334
Subtotal		87,587,053		72,956,172
Associates:				
AIRA Property	20.0	5,643,036	20.0	4,926,629
Shinyoung Real Estate Co., Ltd.	38.9	39,273,028	35.0	10,500,000
Subtotal		44,916,064		15,426,629
Total		₩ 132,503,117		₩ 88,382,801

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(*1) The subsidiaries were excluded from the consolidation as all of the Company's interests in the subsidiaries were redeemed.

(*2) The subsidiary was excluded from the consolidation due to the execution of the purchase commitment.

(*3) The Company controls the structured entities for asset securitization considering all facts and circumstances for power over the investee, exposure to variable returns from the investee and the ability to use its power over the investee to affect the amount of the Company's returns.

(*4) The subsidiary was newly included to the consolidation due to new investments made during the year ended December 31, 2021.

(*5) The subsidiary was included to the consolidation considering 'de factor' control over the investee although the Company's ownership interest is less than 50 percent.

15. Derivatives

(1) Exchange-traded derivatives

Details of exchange-traded derivatives outstanding as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>	Position		2021		Purpose of transactions
			Notional principal amount	Gain (loss) on settlements (*1)	
Equity index options	Long	₩	301,529	(360,418)	Trading and hedging (risk management)
Equity index options	Short		509,497	(65,633)	Trading and hedging (risk management)
Interest rate futures	Long		623,609,160	623,210	Trading and hedging (risk management)
Interest rate futures	Short		661,426,013	3,798,113	Trading and hedging (risk management)
Equity index futures	Long		15,054,688	64	Trading and hedging (risk management)
Equity index futures	Short		71,377,388	(826,979)	Trading and hedging (risk management)
FX futures	Long		38,456,380	167,960	Trading and hedging (risk management)
FX futures	Short		170,014,869	(788,449)	Trading and hedging (risk management)
Commodity futures	Long		273,815	23,011	Trading and hedging (risk management)
Commodity futures	Short		1,784,133	(20,820)	Trading and hedging (risk management)

(*1) Gain (loss) on settlement of futures and options are directly recognized in gain or loss on derivatives transactions through changes in margin balances.

<i>(In thousands of Korean won)</i>	Position		2020		Purpose of transactions
			Notional principal amount	Gain (loss) on settlements (*1)	
Equity index options	Long	₩	29,809	7,517	Trading and hedging (risk management)
Equity index options	Short		47,586	(5,576)	Trading and hedging (risk management)
Interest rate futures	Long		132,773,470	(403,809)	Trading and hedging (risk management)
Interest rate futures	Short		693,554,230	1,065,009	Trading and hedging (risk management)
Equity index futures	Long		3,176,113	78,591	Trading and hedging (risk management)
Equity index futures	Short		169,926,374	(4,095,393)	Trading and hedging (risk management)
FX futures	Long		55,490,760	(209,802)	Trading and hedging (risk management)
FX futures	Short		116,723,014	982,033	Trading and hedging (risk management)
Commodity futures	Long		972,661	1,121	Trading and hedging (risk management)
Commodity futures	Short		1,050,573	(1,412)	Trading and hedging (risk management)

(*1) Gain (loss) on settlement of futures and options are directly recognized in gain or loss on derivatives transactions through changes in margin balances.

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For the years ended December 31, 2021 and 2020

(2) OTC derivatives

Details of OTC derivatives outstanding as of December 31, 2021 are as follows:

		2021					
		Cumulative gain (loss)					
		Notional principal amount	Gain (loss) on valuation	Adjustments for counterparty credit risks	Derivative assets	Derivative liabilities	Purpose of transactions
<i>(In thousands of Korean won)</i>							
FX							
	₩	203,943,055	128,872	(27,070)	555,958	454,156	Trading and hedging (risk management)
		1,295,371,850	883,697	(689,301)	18,945,299	18,750,903	Trading and hedging (risk management)
Interest rate							
		130,000,000	(6,835,005)	(14,165)	59,090	6,908,260	Hedging (risk management)
		-	-	-	-	-	Hedging (risk management)
Credit							
		1,626,592,000	1,045,666	395,603	6,506,099	5,064,830	Trading
	₩	<u>3,255,906,905</u>	<u>(4,776,770)</u>	<u>(334,933)</u>	<u>26,066,446</u>	<u>31,178,149</u>	

The following table presents a roll-forward of Day One gains and losses for the year ended December 31, 2021:

<i>(In thousands of Korean won)</i>		Balance at January 1	Change due to new trades	Change from recognition	Balance at December 31
Derivatives					
OTC derivatives	₩	(6,478,331)	(2,682,729)	3,045,683	(6,115,377)

Details of OTC derivatives outstanding as of December 31, 2020 are as follows:

		2020					
		Cumulative gain (loss)					
		Notional principal amount	Gain (loss) on valuation	Adjustments for counterparty credit risks	Derivative assets	Derivative liabilities	Purpose of transactions
<i>(In thousands of Korean won)</i>							
FX							
	₩	24,571,667	(665,717)	5,522	28,964	689,159	Trading and hedging (risk management)
		253,097,478	194,791	(742,259)	3,009,004	3,556,472	Trading and hedging (risk management)
Interest rate							
		263,557,700	(4,066,148)	(313,742)	2,638,088	7,017,978	Hedging (risk management)
		160,000,000	-	(4,838)	338,528	343,366	Hedging (risk management)
Credit							
		1,559,792,000	1,187,563	(281,654)	10,018,615	9,112,706	Trading
	₩	<u>2,261,018,845</u>	<u>(3,349,511)</u>	<u>(1,336,971)</u>	<u>16,033,199</u>	<u>20,719,681</u>	

The following table presents a roll-forward of Day One gains and losses for the year ended December 31, 2020:

<i>(In thousands of Korean won)</i>		Balance at January 1	Change due to new trades	Change from recognition	Change from transfers	Balance at December 31
Derivatives						
OTC derivatives	₩	(8,373,496)	1,688,109	2,414,327	(2,207,271)	(6,478,331)

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16. Broker's Loans

The details of broker's loans as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Margin loans to customers	₩	399,202,435	392,997,154
Unrepaid loans		109,896	53,875
Loans secured by securities		393,393,900	337,064,961
Loans secured by trading proceeds		5,419,728	9,057,417
Loss allowance		(1,014,009)	(386,731)
Total	₩	<u>797,111,950</u>	<u>738,786,676</u>

The Company provides loans to customers for margin trades with funds from borrowings from KSFC for margin loans and the Company's own funds. As of December 31, 2021, interest rates on margin loans to customers range from 7.5% to 9.3% per annum, and the base maturity is set to 90 days with extensions available for customers with S, A, B and C1 grades by each unit of 90 days. Cash or securities equivalent to 140% of such loans are held as collateral for margin trades. The Company or KSFC retains securities which customers purchased based on the source of the margin funded from as collateral. In case that the collateral fall short of 140% of the corresponding margin, additional cash or securities are provided from the customers to make up for the amount equal to or greater than the shortfall.

The Company provides loans to customers secured by customers' securities at brokerage accounts, and loans are classified to S, A and B grades and selective C grade eligible for loans. Loans are available for up to 65% of the closing prices of the related securities of the previous day for S grade, 60% for A grade, 55% for B grade, and 50% for selective C grade. Individual credit limits for customers are applied per customers' grades and are managed on an integrated basis. The base maturity for the loan is set to 3 months with extensions available for S, A, B and C1 grades by each unit of 3 months. As of December 31, 2021, interest rates for the loans secured by customers' securities range from 7.5% to 9.0% per annum.

17. Property and Equipment

(1) The following tables present roll-forwards of property and equipment for the years ended December 31, 2021 and 2020:

2021							
<i>(In thousands of Korean won)</i>		Balance at January 1	Additions (including capital expenditures)	Disposals	Transfer (*1)	Depreciation	Balance at December 31
Land	₩	10,527,308	-	-	(325,634)	-	10,201,674
Buildings		7,747,504	-	-	(532,174)	(204,735)	7,010,595
Vehicles		17,548	-	(2)	-	(17,544)	2
Furniture and equipment		8,866,551	2,204,116	(26,964)	205,070	(3,386,027)	7,862,746
Right-of-use assets		28,095,233	57,582,146	(196,004)	-	(11,080,529)	74,400,846
Total	₩	<u>55,254,144</u>	<u>59,786,262</u>	<u>(222,970)</u>	<u>(652,738)</u>	<u>(14,688,835)</u>	<u>99,475,862</u>

(*1) Land and buildings were transferred to investment properties, furniture and equipment were transferred from advance payments.

2020							
<i>(In thousands of Korean won)</i>		Balance at January 1	Additions (including capital expenditures)	Disposals	Transfer (*1)	Depreciation	Balance at December 31
Land	₩	11,097,308	-	(570,000)	-	-	10,527,308
Buildings		8,632,374	-	(651,855)	-	(233,015)	7,747,504
Vehicles		35,096	-	(2)	-	(17,546)	17,548
Furniture and equipment		5,658,057	6,052,299	(80,147)	-	(2,763,658)	8,866,551
Right-of-use assets		19,694,376	14,903,272	(1,012,816)	-	(5,489,599)	28,095,233
Total	₩	<u>45,117,211</u>	<u>20,955,571</u>	<u>(2,314,820)</u>	<u>-</u>	<u>(8,503,818)</u>	<u>55,254,144</u>

(*1) Transfer-in from advance payments.

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- (2) As of December 31, 2021 and 2020, the Publicly Notified Land Price (PNLP) of individual land parcels, which were notified by local government offices and based on publicly appraised PNLN of adjacent standard land parcels notified by the Mistry of Land, Infrastructure and Transport (MOLIT) of the Republic of Korea, of the Company are as follows:

<i>(In thousands of Korean won)</i>		2021		2020	
		Carrying amount	PNLP	Carrying amount	PNLP
Land - branch offices, employee training center and condominium	₩	10,201,674	9,049,102	10,527,308	9,532,007

18. Investment Properties

- (1) Details of investment properties as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>			2021		2020	
Property	Details	Place of the property	Carrying amount	Fair value (*1)	Carrying amount	Fair value (*1)
Land	Commercial	10-25, Sapyeong-daero 45-gil,	₩ 12,189,490	13,913,000	12,189,490	13,913,000
Buildings (*2)	real estate	Seoch-gu, Seoul	3,705,047		3,803,411	
Land	Commercial	Suite 200, 196, Jamsil-dong,	570,000	5,683,000	570,000	5,683,000
Buildings (*2)	real estate	Songpa-gu, Seoul	589,686		625,212	
Land	Commercial	Suite 204, 1123-5, Sanbon-dong,	325,635	655,383	-	-
Buildings	real estate	Gunpo-si, Gyeonggi-do	512,775		-	-
Total			₩ 17,892,633	20,251,383	17,188,113	19,596,000

(*1) The fair values of investment properties are determined by an independent real estate appraiser, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued. The fair value measurements for all of the investment properties have been categorized as Level 3 fair value measurements due to inputs used in the valuation technique.

(*2) For each investment property, the tenants have leasehold rights on the leasehold deposits received for rents of ₩280 million and ₩150 million, respectively, as of December 31, 2021.

- (2) The following table presents a roll-forward of investment properties for the years ended December 31, 2021 and 2020:

<i>(In thousands of Korean won)</i>		2021	2020
Balance at January 1	₩	17,188,113	16,091,265
Transfers		857,808	1,221,855
Depreciation		(153,288)	(125,007)
Balance at December 31	₩	17,892,633	17,188,113

- (3) The amounts recognized in profit or loss from investment properties for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Rental income from investment properties	₩	544,116	409,257
Direct operating expenses arising from investment properties that generated rental income		180,830	131,817
Direct operating expenses arising from investment properties that did not generate rental income		25,843	65,851

19. Insured Properties

The Company has fire and comprehensive insurance policies with Samsung Fire & Marine Insurance Co., Ltd. and other insurance companies which cover fire and other casualty damages up to ₩20,700 million as of December 31, 2021, respectively, for buildings, furniture & equipment and vehicles.

In accordance with Article 9 of Electronic Financial Transactions Act and Article 5 of Regulations on Electronic Financial Transactions, the Company have electronic financial accident insurance policies with Hana Insurance Co., Ltd., DB Insurance Co., Ltd. and others which cover compensation for damages up to ₩1 billion per case and management liability insurance policy of ₩10 billion with Samsung Fire & Marine Insurance Co., Ltd. to compensate any damages of customers from accidents arising from forgery or alteration of the access devices or accidents incurred in the course of electronic transmissions or processing. In addition, the Company has commercial general liability insurance policy.

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20. Intangible Assets

(1) Details of intangible assets as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)	2021				2020			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Carrying amount	Acquisition cost	Accumulated amortization	Accumulated impairment	Carrying amount
Software	₩ 36,201,321	(26,539,388)	-	9,661,933	33,427,946	(22,573,980)	-	10,853,966
Other intangibles	19,863,705	-	(3,699,219)	16,164,486	17,747,579	-	(5,049,106)	12,698,473
Total	₩ 56,065,026	(26,539,388)	(3,699,219)	25,826,419	51,175,525	(22,573,980)	(5,049,106)	23,552,439

(2) The following tables present roll-forwards of intangible assets for the years ended December 31, 2021 and 2020:

(In thousands of Korean won)	2021							
	Balance at January 1	Additions	Disposals	Transfers (*1)	Amortization	Impairment loss	Reversal of impairment loss	Balance at December 31
Software	₩ 10,853,966	2,737,405	-	35,970	(3,965,408)	-	-	9,661,933
Other intangibles	12,698,473	3,671,126	(904,200)	-	-	-	699,087	16,164,486
Total	₩ 23,552,439	6,408,531	(904,200)	35,970	(3,965,408)	-	699,087	25,826,419

(*1) Transfer-in from advance payments.

(In thousands of Korean won)	2020							
	Balance at January 1	Additions	Disposals	Transfers (*1)	Amortization	Impairment loss	Reversal of impairment loss	Balance at December 31
Software	₩ 12,296,022	699,752	-	1,981,800	(4,123,608)	-	-	10,853,966
Other intangibles	11,542,350	611,905	(209,322)	-	-	(56,667)	810,207	12,698,473
Total	₩ 23,838,372	1,311,657	(209,322)	1,981,800	(4,123,608)	(56,667)	810,207	23,552,439

(*1) Transfer-in from advance payments.

21. Borrowings and Other Borrowed Funds

Details of borrowings and other borrowed funds as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)	Interest rate (%) per annum	2021	2020
Call money			
The Export-Import Bank of Korea and others	3.8	₩ 100,000,000	120,000,000
Borrowings			
KSFC	0.45 ~ 1.89	729,440,798	705,997,857
KTB Investment & Securities Co., Ltd. and others	1.09 ~ 2.69	610,000,000	575,000,000
Hi Investment & Securities Co., Ltd. and others	1.85 ~ 2.37	146,000,000	35,000,000
Subtotal		1,485,440,798	1,315,997,857
Securities sold under agreements to repurchase			
Retail customers	0.9 ~ 1.3	844,662,357	839,208,891
KSFC	0.96 ~ 5.11	1,264,200,000	1,516,100,000
Subtotal		2,108,862,357	2,355,308,891
Total		₩ 3,694,303,155	3,791,306,748

The Company pledges securities and other assets as collateral for borrowings and other borrowed funds in the table above as of December 31, 2021 and 2020 (See Note 13).

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

22. Subordinated Bonds Issued

Details of subordinated bonds issued as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>	Effective interest rate (%)		2021	2020
14th Unsecured Subordinated Bonds	5.10	₩	10,000,000	10,000,000
15th Unsecured Subordinated Bonds	4.50		40,000,000	40,000,000
		₩	<u>50,000,000</u>	<u>50,000,000</u>

The Company issued 14th Unsecured Subordinated Bonds of ₩30,000 million in private placements on March 28, 2017, which bear coupon interest rate of 5.1% per annum and mature on March 28, 2023. The Company made partial repayment of ₩20,000 million on March 19, 2020 for 14th Unsecured Subordinated Bonds.

The Company issued 15th Unsecured Subordinated Bonds of ₩40,000 million in private placements on March 19, 2020, which bear coupon interest rate of 4.5% per annum and mature on March 19, 2027.

23. Employee Benefits

(1) Details of employee benefits recognized as expenses for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Salaries	₩	121,111,847	135,549,574
Contributions to defined contribution plans		5,394,058	5,045,484
Total	₩	<u>126,505,905</u>	<u>140,595,058</u>

(2) The Company operates defined contribution plans as its post-retirement plan for employees, and is required to make contributions of a twelfth or greater of annual aggregate wages and salaries of each employee on an annual basis. For employees with service period less than one year as of the date when the contribution is made, the Company makes the contribution for the amount from the date of employment to the date of the contribution at the date of annual contribution after the first anniversary date of the employment.

24. Loans and Advances for Customers

(1) Loans

Loans consist of loans to executives and employees for security deposits of residential real estates, and repayments of the principal and interest on these loans are made when the respective salaries are paid.

(2) Advances for customers

Details of advances for customers as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021		2020	
		Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Advances for payment on loss compensation	₩	5,506,025	5,506,025	5,158,856	5,140,693
Advances for payment for others (*1)		675,808	675,808	675,808	675,808
Total	₩	<u>6,181,833</u>	<u>6,181,833</u>	<u>5,834,664</u>	<u>5,816,501</u>

(*1) Advances for payment for others represent receivables due to advance payments made to other security companies applicable to the payments from Securities Investors Protection Funds in accordance with old clauses of Article 69-2 or Article 69-4 of Securities and Exchange Act.

EUGENE INVESTMENT & SECURITIES CO., LTD.

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For the years ended December 31, 2021 and 2020

25. Commitments and Contingencies

(1) The following tables present roll-forwards of provisions and financial guarantees liability for the years ended December 31, 2021 and 2020:

		2021				
		Provisions for payment guarantees	Provisions for legal claims	Financial guarantees liability	Total	
<i>(In thousands of Korean won)</i>						
Balance at January 1	₩	1,690,151	1,863,293	-	34,196,136	37,749,580
Provisions made (reversed)		(51,675)	(50,926)	-	16,687,202	16,584,601
Changes (*1)		243,181	-	-	-	243,181
Unwind of discount and amortization		-	-	-	(14,635,172)	(14,635,172)
Balance at December 31	₩	<u>1,881,657</u>	<u>1,812,367</u>	-	<u>36,248,166</u>	<u>39,942,190</u>

(*1) Changes represents changes in the measurement of asset retirement obligations (“AROs”) that result from changes in assumptions made at the end of each reporting period, which are added to, or deducted from, the cost of the related right-of-use assets.

		2020				
		Provisions for payment guarantees	Provisions for legal claims	Financial guarantees liability	Total	
<i>(In thousands of Korean won)</i>						
Balance at January 1	₩	1,422,065	604,082	2,194,726	22,984,780	27,205,653
Provisions made (reversed)		(107,087)	1,259,211	-	19,707,415	20,859,539
Changes (*1)		415,092	-	-	-	415,092
Provisions used		-	-	(2,194,726)	-	(2,194,726)
Unwind of discount and amortization		(39,919)	-	-	(8,496,059)	(8,535,978)
Balance at December 31	₩	<u>1,690,151</u>	<u>1,863,293</u>	-	<u>34,196,136</u>	<u>37,749,580</u>

(*1) Changes represents changes in the measurement of asset retirement obligations (“AROs”) that result from changes in assumptions made at the end of each reporting period, which are added to, or deducted from, the cost of the related right-of-use assets.

AROs are the present value of the best estimates of future restoration costs for existing leased branches and office premises discounted with appropriate discount rates as of December 31, 2021. AROs will be settled upon termination of the lease contracts of individual branches. To estimate future restoration costs, the Company used the average amount of actual restoration costs incurred and the average inflation rates for the latest 3 years.

Financial guarantees liability is initially measured at fair value and subsequently measured at the higher of:

- the loss allowance determined in accordance with requirements for impairment of Korean IFRS 1109, *Financial Instruments*, and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Korean IFRS 1115, *Revenue from Contracts with Customers*.

EUGENE INVESTMENT & SECURITIES CO., LTD.

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For the years ended December 31, 2021 and 2020

(2) The following tables present roll-forwards of provisions for payment guarantees for the years ended December 31, 2021 and 2020:

		2021			
		12-month	Lifetime ECLs		
<i>(In thousands of Korean won)</i>		ECLs	Not credit-impaired	Credit-impaired	Total
Balance at January 1	₩	1,862,585	708	-	1,863,293
Provisions made (reversed)		(52,132)	1,206	-	(50,926)
Balance at December 31	₩	<u>1,810,453</u>	<u>1,914</u>	<u>-</u>	<u>1,812,367</u>

		2020			
		12-month	Lifetime ECLs		
<i>(In thousands of Korean won)</i>		ECLs	Not credit-impaired	Credit-impaired	Total
Balance at January 1	₩	602,661	1,421	-	604,082
Provisions made (reversed)		1,259,924	(713)	-	1,259,211
Balance at December 31	₩	<u>1,862,585</u>	<u>708</u>	<u>-</u>	<u>1,863,293</u>

(3) The following tables present roll-forwards of financial guarantees liability for the years ended December 31, 2021 and 2020:

		2021			
		12-month	Lifetime ECLs		
<i>(In thousands of Korean won)</i>		ECLs	Not credit-impaired	Credit-impaired	Total
Balance at January 1	₩	34,196,136	-	-	34,196,136
Provisions made (reversed)		16,687,202	-	-	16,687,202
Amortization		(14,635,172)	-	-	(14,635,172)
Balance at December 31	₩	<u>36,248,166</u>	<u>-</u>	<u>-</u>	<u>36,248,166</u>

		2020			
		12-month	Lifetime ECLs		
<i>(In thousands of Korean won)</i>		ECLs	Not credit-impaired	Credit-impaired	Total
Balance at January 1	₩	22,984,780	-	-	22,984,780
Provisions made (reversed)		19,707,415	-	-	19,707,415
Amortization		(8,496,059)	-	-	(8,496,059)
Balance at December 31	₩	<u>34,196,136</u>	<u>-</u>	<u>-</u>	<u>34,196,136</u>

(4) Details of off-balance sheet arrangements as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021		2020	
Payment guarantees (*1)	₩	75,121		75,121	
Purchase commitments (*2)(*4)		649,600,000		519,500,000	
Investment commitments (*3)		64,224,900		59,600,000	
Total	₩	<u>713,900,021</u>		<u>579,175,121</u>	

(*1) The Company issued performance guarantees in relation to work-out of construction companies as of December 31, 2021 and 2020. The Company recognized provisions of ₩2 million for the performance guarantees.

(*2) The commitments represent the Company's contractual obligations to provide credit when the borrower fails to make repayments on the electronic short-term bonds.

(*3) The commitments represent the Company's contractual obligations to make additional investments upon asset management companies' requests or investors' agreements.

(*4) Credits executed by the purchase commitments are amounted to ₩31,556,372 thousand and ₩21,556,372 thousand as of December 31, 2021 and 2020, respectively.

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Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

(5) Details of the Company's credit facilities with financial institutions as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>	Financial institution		2021	2020
Daylight overdraft	Woori Bank and Kookmin Bank	₩	40,000,000	30,000,000
Margin financing loan	KSFC		400,000,000	400,000,000
Short-term note discounting			225,000,000	225,000,000
Working capital loan			150,000,000	300,000,000
Secured financing loan			500,000,000	450,000,000
Intraday call loan			200,000,000	200,000,000

(6) Details of securities in custody and borrowed securities as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>			2021	2020
Securities in custody				
Customers' securities in custody	₩		13,392,171,359	12,326,714,043
Customers' securities in custody for securities savings			8,863,488	5,774,034
Customers' securities in custody for trusts			7,762,940,650	5,597,330,034
Other securities in custody			489,050	9,360,792
	Total	₩	21,164,464,547	17,939,178,903
Borrowed securities		₩	474,748,870	332,371,040

(7) Legal claims

<i>(In thousands of Korean won)</i>	2021		2020	
	Number of lawsuits	Claim amount	Number of lawsuits	Claim amount
As defendant	3	₩ 16,697	5	₩ 10,888
As plaintiff	8	11,122	7	3,672
Total	11	27,819	12	14,560

The outcomes of lawsuits are currently unpredictable and additional profits or losses could incur from the future outcomes of the lawsuits.

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For the years ended December 31, 2021 and 2020

26. Share Capital

(1) Details of share capital

Details of the Company's share capital as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Authorized shares		600,000,000 shares	600,000,000 shares
Par value per share (in won)	₩	5,000	5,000
Shares in issue		96,866,418 shares	96,866,418 shares
Share capital - ordinary shares (*1)	₩	537,592,090	537,592,090

(*1) The Company's share capital is not equal to the aggregated par value of shares in issue due to share retirements made against retained earnings for buybacks of 8,652,000 ordinary shares with the par value of ₩5,000 and 4,000,000 ordinary shares with the par value of ₩2,500 which made prior to the year ended December 31, 2021.

(2) Stock split and reverse stock split

The Company made a 2-for-1 stock split decreasing par value from ₩5,000 to ₩2,500 per share on June 30, 2001, and a 5-for-1 stock split decreasing par value from ₩2,500 to ₩500 on June 30, 2005. On June 30, 2011, the Company made a 1-to-10 reverse stock split increasing par value from ₩500 to ₩5,000 per share.

27. Retained Earnings

(1) Changes in retained earnings

Changes in the Company's retained earnings for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Balance at January 1	₩	242,524,336	168,461,836
Profit for the year		80,076,825	80,841,240
Cash dividends		(11,260,697)	(6,778,740)
Balance at December 31	₩	<u>311,340,464</u>	<u>242,524,336</u>

(2) Statements of appropriation of retained earnings

The retained earnings for the year ended December 31, 2021 is expected to be appropriated at the shareholders' meeting on March 24, 2022. The appropriation date for the year ended December 31, 2020 was March 25, 2021. The Company's statements of appropriation of retained earnings for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean Won, except DPS data shown in Korean won)</i>		2021	2020
Unappropriated retained earnings			
Carried over from the previous year	₩	214,088,851	155,525,348
Profit for the year		80,076,825	80,841,240
Subtotal		<u>294,165,676</u>	<u>236,366,588</u>
Appropriation of retained earnings			
Earned surplus reserve		(1,313,748)	(1,126,070)
Regulatory reserve for credit losses		(658,331)	(9,890,970)
Dividends		(13,137,480)	(11,260,697)
(Cash dividend, dividends per share (DPS) and dividend to par value ratio: ₩140 (2.8%) and ₩ 120 (2.4%) for 2021 and 2020, respectively)			
Subtotal		<u>(15,109,559)</u>	<u>(22,277,737)</u>
Unappropriated retained earnings to be carried over to the subsequent year	₩	<u>279,056,117</u>	<u>214,088,851</u>

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Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

28. Income Taxes

(1) Details of income taxes

Details of the Company's income taxes for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Current tax - current year	₩	23,646,015	13,008,597
Deferred tax - origination and reversal of temporary differences (*1)		6,405,956	22,702,490
Total income tax		30,051,970	35,711,087
Income tax recognized in OCI (*2)		(2,942,701)	(9,028,029)
Income tax expense	₩	<u>27,109,269</u>	<u>26,683,058</u>

(*1) Details of deferred tax arising from origination and reversal of temporary differences for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Net deferred tax liabilities balance at December 31	₩	29,739,835	23,333,879
Less: Net deferred tax liabilities balance at January 1		23,333,879	631,389
Deferred tax - origination and reversal of temporary differences	₩	<u>6,405,956</u>	<u>22,702,490</u>

(*2) Details of income tax recognized in OCI for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021		2020	
		Before tax	Deferred tax	Before tax	Deferred tax
Gain on valuation of financial assets at FVOCI	₩	18,514,508	(2,846,393)	17,981,314	(8,789,167)
Change in fair value attributable to change in credit risk of financial liabilities designated as being held at FVTPL		478,783	(96,308)	733,301	(238,862)
Total	₩	<u>18,993,291</u>	<u>(2,942,701)</u>	<u>18,714,615</u>	<u>(9,028,029)</u>

(2) Reconciliation of effective tax rate

The following table presents reconciliations of effective tax rate for the years ended December 31, 2021 and 2020:

<i>(In thousands of Korean won)</i>		2021	2020
Profit before income tax	₩	107,186,094	107,524,298
Tax using the Company's domestic tax rate		25,477,035	25,558,880
Reconciliation:			
Tax-exempt income		(221,062)	(453,031)
Non-deductible expenses		908,457	629,811
Others		944,839	947,398
Income tax expense	₩	<u>27,109,269</u>	<u>26,683,058</u>
Effective tax rate		25.29%	24.82%

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(3) Movement in temporary differences and deferred tax balances

The following tables present movements in temporary differences and deferred tax balances for the years ended December 31, 2021 and 2020:

	2021							
	Temporary differences - deductible (taxable)				Deferred tax assets (liabilities) (*1)			
	Balance at January 1	Increase	Decrease	Balance at December 31	Balance at January 1	Increase	Decrease	Balance at December 31
<i>(In thousands of Korean won)</i>								
Accrued income	₩ (42,390,084)	(36,838,716)	(42,390,084)	(36,838,716)	(11,699,663)	(9,559,647)	(11,699,663)	(9,559,647)
Other provisions	1,863,293	-	50,926	1,812,367	514,269	-	43,960	470,309
Gain or loss on valuation of financial assets at FVTPL	3,601,271	65,663,080	3,601,272	65,663,080	993,951	17,039,569	993,951	17,039,569
Gain or loss on valuation of financial liabilities at FVTPL	18,586,311	(10,543,790)	18,586,311	(10,543,790)	5,129,822	(2,736,114)	5,129,822	(2,736,114)
Gain or loss on valuation of financial assets at FVOCI	(118,674,051)	(18,514,508)	-	(137,188,559)	(32,754,038)	(4,804,515)	(1,958,122)	(35,600,431)
Investments in subsidiaries	38,462,377	-	-	38,462,377	-	-	-	-
Tax allowance for assets	(335,450)	-	-	(335,450)	(92,584)	-	(5,535)	(87,049)
Accrued expenses (bonus)	26,106,731	21,809,028	26,106,730	21,809,028	7,205,458	5,659,443	7,205,458	5,659,443
Impairment loss on intangible assets	5,049,107	-	1,349,887	3,699,220	1,393,554	-	433,606	959,948
AROs	1,690,151	92,896	809,582	973,465	466,482	24,106	237,974	252,614
Accounts receivable on financial guarantees	(32,522,669)	(2,576,079)	-	(35,098,748)	(8,976,257)	(668,492)	(536,624)	(9,108,125)
Financial guarantees liability	34,196,136	2,052,030	-	36,248,166	9,438,134	532,502	564,237	9,406,399
Right-of-use assets	(29,617,359)	(45,770,342)	-	(75,387,701)	(8,174,391)	(11,877,404)	(488,686)	(19,563,108)
Lease liabilities	30,545,463	44,395,063	-	74,940,526	8,430,548	11,520,519	504,000	19,447,067
Valuation on derivatives	(1,559,720)	(20,630,129)	(1,559,720)	(20,630,129)	(430,483)	(5,353,518)	(430,483)	(5,353,518)
Others	18,917,831	(15,680,642)	6,964,321	(3,727,130)	5,221,319	(4,069,127)	2,119,383	(967,190)
Total	₩ (46,080,662)	(16,542,109)	13,519,225	(76,141,996)	(23,333,879)	(4,292,677)	2,113,278	(29,739,835)

(*1) Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse.

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		2020							
		Temporary differences - deductible (taxable)				Deferred tax assets (liabilities) (*1)			
<i>(In thousands of Korean won)</i>		Balance at January 1	Increase	Decrease	Balance at December 31	Balance at January 1	Increase	Decrease	Balance at December 31
Accrued income	₩	(41,282,154)	(42,390,084)	(41,282,154)	(42,390,084)	(9,825,153)	(11,699,663)	(9,825,153)	(11,699,663)
Other provisions		604,082	1,259,211	-	1,863,293	143,771	347,542	(22,956)	514,269
Gain or loss on valuation of financial assets at FVTPL		(6,714,430)	3,601,271	(6,714,430)	3,601,271	(1,598,034)	993,951	(1,598,034)	993,951
Gain or loss on valuation of financial liabilities at FVTPL		9,325,423	18,586,311	9,325,423	18,586,311	2,219,451	5,129,822	2,219,451	5,129,822
Gain or loss on valuation of financial assets at FVOCI		(100,692,737)	(17,981,314)	-	(118,674,051)	(23,964,871)	(4,962,843)	3,826,324	(32,754,038)
Investments in subsidiaries		38,462,377	-	-	38,462,377	-	-	-	-
Tax allowance for assets		(335,450)	-	-	(335,450)	(79,837)	-	12,747	(92,584)
Accrued expenses (bonus)		16,379,600	26,106,731	16,379,600	26,106,731	3,898,345	7,205,458	3,898,345	7,205,458
Impairment loss on intangible assets		6,361,546	56,667	1,369,106	5,049,107	1,514,048	15,640	136,134	1,393,554
AROs		798,274	891,877	-	1,690,151	189,989	246,158	(30,335)	466,482
Accounts receivable on financial guarantees		(22,084,813)	(10,437,856)	-	(32,522,669)	(5,256,186)	(2,880,848)	839,223	(8,976,257)
Financial guarantees liability		22,984,780	11,211,356	-	34,196,136	5,470,378	3,094,334	(873,422)	9,438,134
Provisions for legal claims		2,194,726	-	2,194,726	-	522,345	-	522,345	-
Right-of-use assets		(21,816,678)	(7,800,681)	-	(29,617,359)	(5,192,369)	(2,152,988)	829,034	(8,174,391)
Lease liabilities		22,245,173	8,300,290	-	30,545,463	5,294,351	2,290,880	(845,317)	8,430,548
Valuation on derivatives		105,469,588	(1,559,720)	105,469,588	(1,559,720)	25,101,762	(430,483)	25,101,762	(430,483)
Others		3,910,176	10,405,606	(4,602,049)	18,917,831	930,621	2,871,947	(1,418,751)	5,221,319
Total	₩	<u>35,809,483</u>	<u>249,665</u>	<u>82,139,810</u>	<u>(46,080,662)</u>	<u>(631,389)</u>	<u>68,907</u>	<u>22,771,397</u>	<u>(23,333,879)</u>

(*1) Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse.

(4) Unrecognized deferred tax assets and liabilities

At December 31, 2021 there were unrecognized deferred tax assets of ₩12,698,672 thousand for temporary differences related to an investment in subsidiary - Eugene Asset Management and unrecognized deferred tax liabilities of ₩2,717,686 thousand for temporary differences related to an investment in subsidiary - Eugene Investment & Futures because the Company controls the dividend policy of subsidiaries – i.e. the Company controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

EUGENE INVESTMENT & SECURITIES CO., LTD.

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(5) Deferred tax assets and liabilities and current tax refundable and payable on a gross basis

Details of deferred tax assets, liabilities and current tax refundable and payable, prior to offsetting, as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Deferred tax assets	₩	53,235,348	38,363,054
Deferred tax liabilities		(82,975,183)	(61,696,933)
Current tax refundable		23,694,435	12,754,652
Current tax payable		15,318,015	15,858,617

29. Earnings per Share

(1) Basic EPS

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding for the years ended December 31, 2021 and 2020:

1) Calculation of basic EPS

<i>(In Korean won)</i>		2021	2020
Profit attributable to ordinary shareholders	₩	80,076,825,267	80,841,240,316
Weighted-average number of ordinary shares		93,839,145	94,629,650
Basic earnings per share	₩	853	854

2) Profit attributable to ordinary shareholders

<i>(In Korean won)</i>		2021	2020
Profit for the year	₩	80,076,825,267	80,841,240,316
Profit attributable to ordinary shareholders		80,076,825,267	80,841,240,316

3) Weighted-average number of ordinary shares

2021				
<i>(In shares)</i>	Period applicable	Number of shares	Number of Days	Number of shares multiplied by number of days
Issued ordinary shares at January 1	January 1 ~ December 31	96,866,418	365	35,356,242,570
Effect of treasury share buyback	January 1 ~ December 31	(3,027,273)	365	(1,104,954,645)
	Total			<u>34,251,287,925</u>
	Weighted-average number of ordinary shares			<u>93,839,145</u>

2020				
<i>(In shares)</i>	Period applicable	Number of shares	Number of Days	Number of shares multiplied by number of days
Issued ordinary shares at January 1	January 1 ~ December 31	96,866,418	366	35,453,108,988
Effect of treasury share buyback	January 1 ~ December 31	(27,273)	366	(9,981,918)
Effect of treasury share buyback	March 19 ~ December 31	(500,000)	288	(144,000,000)
Effect of treasury share buyback	March 20 ~ December 31	(585,673)	287	(168,088,151)
Effect of treasury share buyback	March 23 ~ December 31	(599,045)	284	(170,128,780)
Effect of treasury share buyback	March 24 ~ December 31	(63,769)	283	(18,046,627)
Effect of treasury share buyback	March 25 ~ December 31	(21,338)	282	(6,017,316)
Effect of treasury share buyback	March 26 ~ December 31	(23,802)	281	(6,688,362)
Effect of treasury share buyback	March 30 ~ December 31	(19,882)	277	(5,507,314)
Effect of treasury share buyback	March 31 ~ December 31	(32,234)	276	(8,896,584)
Effect of treasury share buyback	April 1 ~ December 31	(53,522)	275	(14,718,550)
Effect of treasury share buyback	April 2 ~ December 31	(27,086)	274	(7,421,564)
Effect of treasury share buyback	April 3 ~ December 31	(45,999)	273	(12,557,727)
Effect of treasury share buyback	April 6 ~ December 31	(17,442)	270	(4,709,340)
Effect of treasury share buyback	April 7 ~ December 31	(12,234)	269	(3,290,946)

EUGENE INVESTMENT & SECURITIES CO., LTD.

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For the years ended December 31, 2021 and 2020

Effect of treasury share buyback	April 8 ~ December 31	(19,000)	268	(5,092,000)
Effect of treasury share buyback	April 10 ~ December 31	(41,619)	266	(11,070,654)
Effect of treasury share buyback	April 13 ~ December 31	(74,641)	263	(19,630,583)
Effect of treasury share buyback	April 14 ~ December 31	(3,585)	262	(939,270)
Effect of treasury share buyback	April 16 ~ December 31	(26,000)	260	(6,760,000)
Effect of treasury share buyback	April 20 ~ December 31	(12,000)	256	(3,072,000)
Effect of treasury share buyback	April 21 ~ December 31	(66,455)	255	(16,946,025)
Effect of treasury share buyback	April 22 ~ December 31	(4,000)	254	(1,016,000)
Effect of treasury share buyback	April 23 ~ December 31	(2,000)	253	(506,000)
Effect of treasury share buyback	April 24 ~ December 31	(61,000)	252	(15,372,000)
Effect of treasury share buyback	April 29 ~ December 31	(84,774)	247	(20,939,178)
Effect of treasury share buyback	May 4 ~ December 31	(113,933)	242	(27,571,786)
Effect of treasury share buyback	May 6 ~ December 31	(85,613)	240	(20,547,120)
Effect of treasury share buyback	May 19 ~ December 31	(30,690)	227	(6,966,630)
Effect of treasury share buyback	May 20 ~ December 31	(19,478)	226	(4,402,028)
Effect of treasury share buyback	May 21 ~ December 31	(43,158)	225	(9,710,550)
Effect of treasury share buyback	May 22 ~ December 31	(49,000)	224	(10,976,000)
Effect of treasury share buyback	May 25 ~ December 31	(47,000)	221	(10,387,000)
Effect of treasury share buyback	May 26 ~ December 31	(35,000)	220	(7,700,000)
Effect of treasury share buyback	May 27 ~ December 31	(50,000)	219	(10,950,000)
Effect of treasury share buyback	May 28 ~ December 31	(50,000)	218	(10,900,000)
Effect of treasury share buyback	May 29 ~ December 31	(79,028)	217	(17,149,076)
	Total			<u>34,634,451,909</u>
	Weighted-average number of ordinary shares			94,629,650

(2) Diluted EPS

Diluted EPS is equal to basic EPS since there is no dilutive potential ordinary shares.

30. Related Party Transaction

(1) Related parties

Related parties of the Company as of December 31, 2021 are as follows:

An entity that has significant influence over the Company:

Eugene Corporation

Other related parties - the entity does not meet the definition of a related party as prescribed in Korean IFRS 1024, "Related Party Disclosures", but is a member company of a business group designates as a conglomerate in accordance with Monopoly Regulation and Fair Trade Act:

Jigu Remicon Co., Ltd., Hyun Dai Development, Eugene D Lab, Eugene Logistics Co., Ltd., Eugene Leisure Co., Ltd., Dongwha Corporation, Eugenem Co., Ltd., Nanum Lotto Co., Ltd., Eugene IT Services Co., Ltd., Eugene Private Equity Co., Ltd., Eugene SB Holdings Co., Ltd., Tongyang Inc., Cheonan Corporation, Eugene AMC LLC, Sungin Industry Co., Ltd., Dangjin Industrial Co., Ltd., Farm Development Corporation, Techsquare Co., Ltd., Eugene Smart Mobility Private Equity Fund, Cleanmedi Limited, Eugene Prydium Professional Investors Private Real Estate Master, Eugene Mplus, Hankuk Logistics Co., Ltd., Good And Partners Co., Ltd., Eugene Home Center Co., Ltd., Eugene Star Private Equity Fund II, SBC Linear Co., Ltd., Eugene Heracles Private Equity Fund IV, Han Seung Remicon Co., Ltd., Dong Yang Energy Co., Ltd., Hanil Synthetic Fiber Co., Ltd., Eugene Hanil Synthetic Fiber Co., Ltd., Infrastructure Initiative 1st Private Equity Fund, Beijing Shuntong Ready-Mixed Concrete, PT. Hanil Indonesia, Hanil Hong Kong, Eugene-Everbest Corporate Turnaround Private Equity Fund, Honam Ascon Co., Ltd., Nambu Co., Ltd., Isoon Remicon Co., Ltd., Eugene Enerfarm Co., Ltd., KBF Co., Ltd., BAM System Co., Ltd., Woojin Remicon Co., Ltd., CIS Co., Ltd., Eugene Credit Value Professional Investors Private Real Estate Mater, Techsquare E&C Co., Ltd., Total Clean LLC, CS Eco Co., Ltd., Eugene Unicorn Private Equity Fund, Eugen Thor Private Equity Fund, Logitech Holdings Co., Ltd., Joongonara Co., Ltd., Doublequestion Co., Ltd., Tae Sung System Co., Ltd., Kyung San Corporation, Eugene W Private Equity Fund, Eugene W LLC, Eugene Dream Square Professional Investors Private No.33, Beijing Tongjian Ready-Mixed Concrete, H&H Global Ltd., and KBF Global Ltd.

Associates of the Company:

AIRA Property Public Company Ltd. and Shinyoung Real Estate Trust

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

Subsidiaries of the Company

Eugene Asset Management Co., Ltd., Eugene Investment & Futures Co., Ltd., Eugene Champion Dividend Equity Feeder Eq, Eugene Champion Global Listed Infra Securities (Bond Balanced), Eugene Champion New Economy AI4.0 Securities Feeder (Stock), Eugene US VC Private Investment Trust 1, Eugene Champion K Mega Trend Catch-Up Securities Feeder (Stock), Eugene AT 1st Co., Ltd., NAD 1st Co., Ltd., Champion Byeolnae 1st Co., Ltd., Happiness Red Co., Ltd., and CSG 1st Co., Ltd.

Subsidiaries of the Company's subsidiaries

Eugene Champion Dividend Equity Mstr Eq, Eugene Champion New Economy AI4.0 Securities Master (Stock), and Eugene Champion K Mega Trend Catch-Up Securities Master (Stock) (*1)

(*1) Eugene Champion K Mega Trend Catch-Up Securities Master (Stock) is a beneficiary certificate operated by Eugene Asset Management Co., Ltd. and included as a subsidiary during the year ended December 31, 2021 as the link between the investor's power over investment decision-making activities and variable returns is significant.

(2) Transactions with related parties

Details of transactions with related parties for the years ended December 31, 2021 and 2020 are as follows

1) Revenues

(In thousands of Korean won)

	Transaction	2021	2020
<i>Subsidiaries:</i>			
Eugene Asset Management Co., Ltd.	Fee and commission income	₩ 4,342	1,324
Eugene Investment & Futures Co., Ltd.	Other rental income	204,657	198,969
	Fee and commission income	2,240	919
	Interest income	33,406	40,669
Eugene Champion Dividend Equity Mstr Eq	Fee and commission income	1,911	1,510
Eugene Champion Dividend Equity Feeder Eq	Fee and commission income	2,349	3,608
Eugene Champion Global 5-STAR	Fee and commission income	-	1,560
Eugene Champion New Economy AI4.0 Securities Feeder (Stock)	Fee and commission income	22,445	15,507
Eugene Champion Global Monthly Dividend ETF Securities Feeder (H) (*1)	Fee and commission income	100	108
Eugene Champion Global Monthly Dividend ETF Securities Feeder (UH) (*1)	Fee and commission income	29	36
Eugene Champion Global Listed Infra Securities (Bond Balanced)	Fee and commission income	5,664	726
Eugene Champion K Mega Trend Catch-Up Securities Master (Stock)	Fee and commission income	2,580	-
Eugene Champion K Mega Trend Catch-Up Securities Feeder (Stock)	Fee and commission income	332	-
Eugene US VC Private Investment Trust 1	Fee and commission income	106	-
Pantheon EJ Co., Ltd. (*1)	Fee and commission income	441,924	1,137,817
BH Easy 2nd Co., Ltd. (*1)	Fee and commission income	-	324,368
Eugene KL 1st Co., Ltd. (*1)	Fee and commission income	-	1,317,101
Champion Gohyeon Co., Ltd. (*1)	Fee and commission income	453,376	1,117,946
Hadeun 1st Co., Ltd. (*1)	Fee and commission income	382,580	783,752
NJ 6th Co., Ltd. (*1)	Fee and commission income	130,435	412,450
DJ Mirae 1st Co., Ltd. (*1)	Fee and commission income	222,411	131,993
First Gohyeon Co., Ltd. (*1)	Fee and commission income	54,000	-
Eugene MP 1st Co., Ltd. (*1)	Fee and commission income	108,000	-
Eugene AT 1st Co., Ltd.	Fee and commission income	400,000	-
NAD 1st Co., Ltd.	Fee and commission income	459,592	-
Champion Byeolnae 1st Co., Ltd.	Fee and commission income	454,949	-
Happiness Red Co., Ltd.	Fee and commission income	98,661	-
Never Ever 1st Co., Ltd. (*1)	Fee and commission income	1,287,954	-
<i>An entity that has significant influence over the Company:</i>			
Eugene Corporation	Other rental income	200,000	200,000
<i>Other related parties:</i>			
Eugene M Co., Ltd.	Other rental income	8,686	12,688
Eugene IT Services Co., Ltd.	Other rental income	400	-
Eugene Private Equity Co., Ltd.	Other rental income	53,028	51,554
	Interest income	8,622	10,338
Tongyang Inc.	Other rental income	-	3,320
	Fee and commission income	20,000	-
Eugene Logistics Co., Ltd.	Other rental income	1,858	400
Eugene Hanil Synthetic Fiber Co., Ltd.	Other rental income	2,100	-
Total		₩ 5,068,737	5,768,663

(*1) Excluded from related parties as of December 31, 2021.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

2) Expenses

<i>(In thousands of Korean won)</i>		Transaction	2021	2020
<i>Subsidiaries:</i>				
Eugene Asset Management Co., Ltd.		Interest expenses	₩ 234	109
Eugene Investment & Futures Co., Ltd.		Fee and commission expense	902,774	1,338,068
		Interest expenses	10	278
<i>An entity that has significant influence over the Company:</i>				
Eugene Corporation		Fee and commission expense	2,538,790	1,648,904
<i>Other related parties</i>				
Eugene D Lab		Construction costs (furniture and fixture)	85,020	610,661
Eugene M Co., Ltd.		Advertising costs and others	200,581	242,407
Eugene IT Services Co., Ltd.		IT system operation costs	289,964	-
Eugene Leisure Co., Ltd.		Facility service charges	833,693	615,211
Dongwha Corporation		Facility service charges	83,685	63,298
Tongyang Inc.		Interest expenses	1,530,000	1,372,206
		Loss on redemption of bonds issued	-	965,022
Cheonan Corporation		Utilities	2,108,052	1,861,187
		Interest expenses	326,502	369,576
Eugene Home Center Co., Ltd.		Other employee benefits	419,262	145,396
		Cosummables	-	154,461
Eugene AMC LLC		Other service fees	164,733	164,650
Eugene Hanil Synthetic Fiber Co., Ltd.		Interest expenses	-	59,332
		Other employee benefits, etc.	45,430	-
Han Seung Remicon Co., Ltd.		Interest expenses	45,000	23,359
Eugene Mplus		Other advertising costs	52,882	35,017
	Total		₩ 9,626,612	9,669,142

(3) Outstanding balances with related parties

Details of outstanding balances due from or due to related parties as of December 31, 2021 and 2020 are as follows:

1) Balances due from

<i>(In thousands of Korean won)</i>		Balance	2021	2020
<i>Subsidiaries:</i>				
Eugene Investment & Futures Co., Ltd.		Receivables for brokerage (*2)	₩ 2,621,630	1,039,195
		Finance lease receivables	1,564,734	1,944,812
		Deposits due from others	9,640,075	10,472,223
Eugene Champion Dividend Equity Mstr Eq		Accrued fee and commission	16	-
Eugene Champion Dividend Equity Feeder Eq		Accrued fee and commission	12	27
Eugene Champion Global Listed Infra Securities (Bond Balanced)		Accrued fee and commission	31	-
Eugene Champion New Economy AI4.0 Securities Feeder (Stock)		Accrued fee and commission	5,579	4,298
Eugene Champion Global Monthly Dividend ETF Securities Feeder (H) (*1)		Accrued fee and commission	-	11
Eugene Champion Global Monthly Dividend ETF Securities Feeder (UH) (*1)		Accrued fee and commission	-	3
Eugene US VC Private Investment Trust 1		Accrued fee and commission	5,583	726
Eugene Champion K Mega Trend Catch-Up Securities Master (Stock)		Accrued fee and commission	106	-
Pantheon EJ Co., Ltd. (*1)		Receivable for financial guarantees	-	1,882,610
Hadeun 1st Co., Ltd. (*1)		Receivable for financial guarantees	-	1,443,273
Champion Gohyeon Co., Ltd. (*1)		Receivable for financial guarantees	-	4,498,328
NJ 6th Co., Ltd. (*1)		Receivable for financial guarantees	-	324,729
DJ Mirae 1st Co., Ltd. (*1)		Receivable for financial guarantees	-	1,437,055
Eugene AT 1st Co., Ltd.		Receivable for financial guarantees	530,000	-
Champion Byeolnae 1st Co., Ltd.		Receivable for financial guarantees	1,367,215	-
Happiness Red Co., Ltd.		Receivable for financial guarantees	532,844	-
CGS 1st Co., Ltd.			1,619,134	-
<i>An entity that has significant influence over the Parent Company:</i>				
Eugene Corporation		Accounts receivable	-	2,742
<i>Other related parties:</i>				
Eugene M Co., Ltd.		Accrued income	1,595	2,314
Eugene Private Equity Co., Ltd.		Finance lease receivables	405,434	503,915
		Accrued income	14,234	-
Cheonan Corporation		Leasehold deposits paid for rents	3,246,240	3,246,240
	Total		₩ 21,554,462	26,802,501

(*1) Excluded from related parties as of December 31, 2021.

(*2) Receivables due from Eugene Investment & Futures Co., Ltd. are related to futures brokerage trades.

EUGENE INVESTMENT & SECURITIES CO., LTD.

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For the years ended December 31, 2021 and 2020

2) Balances due to

(In thousands of Korean won)

	Balance	2021	2020
<i>Subsidiaries:</i>			
Eugene Asset Management Co., Ltd.	Customers' deposits	₩ 2,399,314	-
Eugene Investment & Futures Co., Ltd.	Leasehold deposits received for rents	315,155	315,155
	Customers' deposits	-	500,463
	Accounts payable (*2)	462,996	412,408
	Accrued expenses	346	2,303
Pantheon EJ Co., Ltd. (*1)	Financial guarantees liability	-	1,992,042
Hadeun 1st Co., Ltd. (*1)	Financial guarantees liability	-	1,504,220
Champion Gohyeon Co., Ltd. (*1)	Financial guarantees liability	-	4,570,397
NJ 6th Co., Ltd. (*1)	Financial guarantees liability	-	362,577
DJ Mirae 1st Co., Ltd. (*1)	Financial guarantees liability	-	1,567,178
Eugene AT 1st Co., Ltd.	Financial guarantees liability	133,871	-
NAD 1st Co., Ltd.	Financial guarantees liability	48,343	-
Champion Byeolnae 1st Co., Ltd.	Financial guarantees liability	1,493,508	-
Happiness Red Co., Ltd.	Financial guarantees liability	625,674	-
CSG 1st Co., Ltd.	Financial guarantees liability	1,582,201	-
<i>An entity that has significant influence over the Parent Company:</i>			
Eugene Corporation	Accounts payable	6,040	3,336
<i>Other related parties:</i>			
Cheonan Corporation	Lease liabilities	16,117,461	20,032,427
Eugene M Co., Ltd.	Accrued expenses	92,829	-
Eugene Leisure Co., Ltd.	Accrued expenses	-	-
Dongwha Corporation	Accrued expenses	720	990
Eugene Private Equity Co., Ltd.	Leasehold deposits received for rents	81,659	81,659
Eugene Mplus	Accrued expenses	6,390	-
Eugene Home Center Co., Ltd.	Accrued expenses	2,500	-
Tongyang Inc.	Subordinated bonds issued	34,000,000	34,000,000
	Accrued expenses	50,301	50,163
Han Seung Remicon Co., Ltd.	Subordinated bonds issued	1,000,000	1,000,000
	Accrued expenses	1,480	1,475
Total		₩ 58,420,788	66,396,793

(*1) Excluded from related parties as of December 31, 2021.

(*2) Payables due to Eugene Investment & Futures Co., Ltd. are related to futures brokerage trades.

EUGENE INVESTMENT & SECURITIES CO., LTD.

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(4) Financing transactions with related parties

Details of financing transactions with related parties for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>	Transaction	2021						
		Dividends paid	Dividends received	Cash investment	Return of investment	Lending - collection	Borrowing - repayment	
<i>Associates:</i>								
Shinyoung Real Estate Trust	Acquisition of interest	₩	-	-	28,773,028	-	-	-
AIIRA Property Public Company Ltd.	Acquisition of interest		-	-	716,407	-	-	-
<i>Subsidiaries:</i>								
Eugene Investment & Futures Co., Ltd.	Leases		-	-	-	-	380,077	-
Eugene US VC Private Investment Trust 1	Acquisition of subsidiary		-	-	7,630,881	-	-	-
Eugene Champion Dividend Equity Feeder Eq	Acquisition of subsidiary		-	-	4,000,000	-	-	-
Eugene Champion Global Listed Infra Securities (Bond Balanced)	Acquisition of subsidiary		-	-	3,000,000	-	-	-
Eugene Champion Dividend Equity Master Eq	Payments of dividends		-	45,383	-	-	-	-
<i>An entity that has significant influence over the Company:</i>								
Eugene Corporation	Payments of dividends	₩	3,168,110	-	-	-	-	-
<i>Other related parties:</i>								
Tongyang Inc.	Receipts of dividends		-	457,520	-	-	-	-
Cheonan Corporation	Leases		-	-	-	-	-	3,914,966
Eugene Private Equity Co., Ltd.	Leases		-	-	-	-	98,481	-
Eugene W Private Equity Fund	Other		-	-	40,000,000	-	-	-
Infrastructure Initiative 1st Private Equity Fund	Other		-	-	2,152,889	2,164,444	-	-
Eugene Unicorn Private Equity Fund	Other		-	-	1,750,000	-	-	-

In addition to the financial transactions included in the table above, the Company makes deposits to and receives deposits from Eugene Investment & Futures. These financing transactions include settlement of funds, demand deposits due from and due to Eugene Investment & Futures, which occur in regular way financial transactions.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

<i>(In thousands of Korean won)</i>	Transaction	2020						
		Dividends paid	Dividends received	Cash investment	Lending - collection	Borrowing - repayment	Subordinated bonds issued	
							Issuance	Repayment
<i>Subsidiaries:</i>								
Eugene Investment & Futures Co., Ltd.	Leases	₩ -	-	-	369,007	-	-	-
Eugene Asset Management Co., Ltd.	Receipts of dividends	-	1,500,000	-	-	-	-	-
	Issuance of stocks	-	-	5,000,000	-	-	-	-
Eugene US VC Private Investment Trust 1	Acquisition of subsidiary	-	-	1,597,334	-	-	-	-
<i>An entity that has significant influence over the Company:</i>								
Eugene Corporation	Payments of dividends	1,848,064	-	-	-	-	-	-
<i>Other related parties:</i>								
Tongyang Inc.	Receipts of dividends	-	457,520	-	-	-	-	-
	Subordinated bonds	-	-	-	-	-	30,000,000	20,965,022
Hanil Synthetic Fiber Co., Ltd.	Subordinated bonds	-	-	-	-	-	5,000,000	-
Cheonan Corporation	Leases	-	-	-	-	3,456,491	-	-
Eugene Private Equity Co., Ltd.	Leases	-	-	-	95,613	-	-	-

In addition to the financial transactions included in the table above, the Company makes deposits to and receives deposits from Eugene Investment & Futures and Eugene Savings Bank. These financing transactions include settlement of funds, demand deposits due from and due to Eugene Investment & Futures and Eugene Savings Bank, which occur in regular way financial transactions.

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Notes to the Separate Financial Statements

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- (5) Details of payment guarantees (including purchase commitments) provided to related parties for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021
<i>Subsidiaries:</i>		
Eugene AT 1st Co., Ltd.	₩	20,000,000
NAD 1st Co., Ltd.		27,500,000
Champion Byeolnae 1st Co., Ltd.		15,000,000
Happiness Red Co., Ltd.		10,000,000
CSG 1st Co., Ltd.		15,000,000
Total	₩	<u>87,500,000</u>

<i>(In thousands of Korean won)</i>		2020
<i>Subsidiaries:</i>		
Pantheon EJ Co., Ltd.	₩	25,000,000
Champion Gohyeon Co., Ltd.		35,000,000
DJ Mirae 1st Co., Ltd.		20,000,000
Hadeun 1st Co., Ltd.		20,000,000
NJ 6th Co., Ltd.		20,000,000
Total	₩	<u>120,000,000</u>

- (6) Details of investment commitments and other commitments provided to related parties for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021
<i>Other related parties:</i>		
Infrastructure Initiative 1st Private Equity Fund	₩	7,000,000
Eugene-Everbest Corporate Turnaround Private Equity Fund		1,200,000
Total	₩	<u>8,200,000</u>

<i>(In thousands of Korean won)</i>		2020
<i>Other related parties:</i>		
Infrastructure Initiative 1st Private Equity Fund	₩	3,500,000
Eugene-Everbest Corporate Turnaround Private Equity Fund		1,200,000
Total	₩	<u>4,700,000</u>

- (7) Details of pledges provided to or from related parties as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021		2020	
		Collaterals provided	Collaterals received	Collaterals provided	Collaterals received
<i>Subsidiaries:</i>					
Eugene Investment & Futures Co., Ltd.	₩	52,794,224	-	57,852,281	-

- (8) Key management personnel compensation

Key management personnel compensation includes short term-benefits of ₩5,229 million and ₩4,252 million, bonuses of ₩11,880 million and ₩13,544 million, and post-retirement benefits of ₩899 million and ₩778 million for the years ended December 31, 2021 and 2020, respectively. The Company's key management personnel is comprised of executives with significant roles and responsibilities on planning, operating and controlling the Company's business activities.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

31. Cash Flow Information

(1) Non-cash transactions

Information about material non-cash transactions for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Gain on valuation of financial assets at FVOCI	₩	15,668,115	9,192,147
Change in fair value attributable to change in the credit risk of financial liabilities designated as being held at FVTPL		382,475	494,438

(2) Cash flows from income taxes, interest and dividends

Information about cash flows from income taxes, interest and dividends for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Income taxes paid	₩	(12,165,629)	(34,617,221)
Interest received		151,713,660	132,306,753
Interest paid		(51,980,339)	(43,014,440)
Dividends received		16,744,119	8,531,864

(3) Reconciliation of movements in liabilities to cash flows arising from financing activities

Reconciliations of movement in liabilities to cash flows arising from financing activities for the years ended December 31, 2021 and 2020 are as follows:

		2021					
<i>(In thousands of Korean won)</i>		Balance at January 1	Changes from financing cash flows	The effect of changes in foreign exchange Rates	Changes in fair value	Other changes	Balance at December 31
Call money	₩	120,000,000	(20,000,000)	-	-	-	100,000,000
Borrowings		2,832,097,857	(82,457,059)	-	-	-	2,749,640,798
Subordinated bonds issued		50,000,000	-	-	-	-	50,000,000
Lease liabilities		30,545,462	(12,289,652)	-	-	56,684,716	74,940,526
Dividends payable		1,391	(11,260,697)	-	-	11,260,697	1,391
Leasehold deposits received for rents		1,220,247	(30,000)	-	-	10,575	1,200,822
Total	₩	<u>3,033,864,957</u>	<u>(126,037,408)</u>	<u>-</u>	<u>-</u>	<u>67,955,988</u>	<u>2,975,783,537</u>

		2020					
<i>(In thousands of Korean won)</i>		Balance at January 1	Changes from financing cash flows	The effect of changes in foreign exchange Rates	Changes in fair value	Other changes	Balance at December 31
Call money	₩	10,000,000	110,000,000	-	-	-	120,000,000
Borrowings		2,512,385,580	319,712,277	-	-	-	2,832,097,857
Subordinated bonds issued		30,000,000	19,034,978	-	-	965,022	50,000,000
Lease liabilities		22,245,173	(5,200,936)	-	-	13,501,225	30,545,462
Dividends payable		1,391	(6,778,740)	-	-	6,778,740	1,391
Leasehold deposits received for rents		1,061,625	204,517	-	-	(45,895)	1,220,247
Total	₩	<u>2,575,693,769</u>	<u>436,972,096</u>	<u>-</u>	<u>-</u>	<u>21,199,092</u>	<u>3,033,864,957</u>

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

32. General and Administrative Expenses

Details of general and administrative expenses for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Salaries	₩	121,111,847	135,549,574
Post-retirement expenses		5,394,058	5,045,484
Other employee benefits		13,995,097	12,816,507
IT system operation costs		11,169,987	12,133,938
Rents		791,037	758,090
Fees and commissions		9,191,871	6,882,884
Business meals and entertainments		3,865,073	3,007,227
Advertising		9,375,040	6,257,881
Depreciation		14,688,836	8,503,818
Training		838,252	668,418
Amortization		3,965,408	4,123,608
Taxes and dues		10,564,427	6,611,682
Other general & administrative expenses		9,193,157	8,680,038
Total	₩	<u>214,144,090</u>	<u>211,039,149</u>

33. Regulatory Reserve for Credit Losses

In accordance with Article 3-8 of Regulations on Financial Investment Business, the Company provides regulatory reserve for credit losses in case that the loss allowance measured in accordance with Korean IFRS falls short of the aggregated amounts calculated in accordance with requirements in Paragraphs 1, 2 and 4 of Article 3-8 of Regulations on Financial Investment Business, for the differences.

(1) Regulatory reserve for credit losses

Details of regulatory reserve for credit losses as of December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won)</i>		2021	2020
Regulatory reserve for credit losses previously appropriated	₩	13,789,810	3,898,840
Expected provision for regulatory reserve for credit losses		658,331	9,890,970
Regulatory reserve for credit losses total	₩	<u>14,448,141</u>	<u>13,789,810</u>

(2) Provision for regulatory reserve for credit losses and the effects on EPS

Provision for regulatory reserve for credit losses and the effects on EPS for the years ended December 31, 2021 and 2020 are as follows:

<i>(In thousands of Korean won, except EPS data)</i>		2021	2020
Expected provision for regulatory reserve for credit losses	₩	658,331	9,890,970
Profit for the year adjusted with provision for regulatory reserve for credit losses		79,418,495	70,950,271
Basic and diluted EPS adjusted with provision for regulatory reserve for credit losses (in won)	₩	846	750

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

34. Lease Liabilities

(1) Leases as lessee

The Company leases buildings and vehicles. Certain leases include an option to renew the lease and some leases provide provisions for increase in rent payments.

The Company subleases part of its buildings leased.

The Company leases copy machine. These leases are leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

Information about leases for which the Company is a lessee is presented below.

1) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property and equipment. (See Note 17)

		2021			
		Property and equipment			
<i>(In thousands of Korean won)</i>		Buildings	Vehicles	IT assets	Total
Balance at January 1	₩	27,556,004	539,228	-	28,095,232
Depreciation		(5,640,115)	(350,405)	(5,090,008)	(11,080,528)
Additions		5,099,991	504,510	51,977,645	57,582,146
Disposals		(152,612)	(43,392)	-	(196,004)
Balance at December 31	₩	<u>26,863,268</u>	<u>649,941</u>	<u>46,887,637</u>	<u>74,400,846</u>

		2020			
		Property and equipment			
<i>(In thousands of Korean won)</i>		Buildings	Vehicles	Total	
Balance at January 1	₩	19,213,059	481,317	19,694,376	
Depreciation		(5,117,584)	(372,016)	(5,489,600)	
Additions		14,382,961	520,311	14,903,272	
Disposals		(922,432)	(90,384)	(1,012,816)	
Balance at December 31	₩	<u>27,556,004</u>	<u>539,228</u>	<u>28,095,232</u>	

2) Amounts recognized in profit or loss

<i>(In thousands of Korean won)</i>		2021	2020
Interest on lease liabilities	₩	2,399,715	519,420
Revenue from subleases of right-of-use assets included as 'other revenue'		325,118	319,150
Expenses related to leases of low-value assets		455,240	393,670

3) Amounts recognized in statement of cash flows

<i>(In thousands of Korean won)</i>		2021	2020
Total cash outflow for leases (*1)	₩	15,144,607	6,114,025

(*1) Total cash outflow of leases include cash paid for lease payments for principals and interest of lease liabilities and lease payments of low-value assets.

4) Extension options

Some leases of real estates contain extension options. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments, should it exercise the extension option, would not result in any changes in lease liabilities.

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

5) Contractual maturities of lease liabilities

<i>(In thousands of Korean won)</i>		2021	2020
Up to 1 month	₩	1,116,042	510,888
1-3 months		2,186,540	1,023,675
3-12 months		9,425,306	4,297,529
1-3 years		24,757,382	10,707,142
Over 3 years		47,179,828	15,716,816
Total	₩	<u>84,665,098</u>	<u>32,256,050</u>

(2) Leases as lessor

The Company leases out investment properties which are comprised of the Company's commercial real estates. All leases are classified as operating leases as a lessor except for subleases which are classified as finance leases.

1) Finance lease

The Company recognized interest income on finance lease receivables of ₩41,897 thousand and ₩50,235 thousand for the years ended December 31, 2021 and 2020, respectively.

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments to be received after the reporting date:

<i>(In thousands of Korean won)</i>		2021	2020
Up to 1 year	₩	492,915	478,558
1-2 years		507,702	492,915
2-3 years		522,934	507,702
3-4 years		446,618	522,934
4-5 years		-	446,617
Undiscounted lease payments total		1,970,169	2,448,726
Unearned finance income		(75,121)	(117,018)
Net investment in finance leases	₩	<u>1,895,048</u>	<u>2,331,708</u>

2) Operating lease

The Company leases out investment properties. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 18 sets out information about the operating leases of investment properties.

Rental income recognized by the Company for the years ended December 31, 2021 and 2020 were ₩544,116 thousand and ₩409,257 thousand, respectively.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

<i>(In thousands of Korean won)</i>		2021	2020
Up to 1 year	₩	581,538	338,627
1-2 years		283,584	160,660
Total	₩	<u>865,122</u>	<u>499,287</u>

EUGENE INVESTMENT & SECURITIES CO., LTD.

Notes to the Separate Financial Statements (Continued)

For the years ended December 31, 2021 and 2020

35. Uncertainties in Economic Environments

Due to the spread of Coronavirus disease 2019 (“COVID-19”) from early 2020, the global and domestic economies are facing difficulties in economic environments and uncertainties arising from a prolonged pandemic situation. Financial investment companies have characteristics of responding to global and domestic economic status and various variables with higher degree of sensitivity. Trade volumes were the primary variable in the past with a business structure focused on simple brokerages on investments, however, various external elements including interest rates, foreign exchange equity indices in global markets, and global and domestic real estate markets are acting as primary variables to performances of financial investment companies. Especially, the spread of COVID-19 could result in further economic recession. As such, the increased volatility in global and domestic economic status resulting from significant changes in stock markets and uncertainties in monetary policies of major developed economies could lead to decline in liquidity and increasing the risk of fund withdrawals and hurt investors' confidence and have negative impact on overall business performances and profitability of financial investment business as a whole. However, the ultimate impact of overall difficulties in economic status as discussed above on the financial position and the financial performance of the Company is currently unable to be determined and such impact is not reflected in the financial statements of the Company.

Independent Auditor's Report on Internal Control over Financial Reporting
(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Eugene Investment & Securities Co., Ltd.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Eugene Investment & Securities Co., Ltd. (the "Company") as at December 31, 2021, based on the criteria established in *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2021, based on the criteria established in *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the separate financial statements of Eugene Investment & Securities Co., Ltd. (the "Company"), which comprise the separate statement of financial position as at December 31, 2021, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies, and our report dated March 15, 2022 expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibility under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the internal control over financial reporting and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting

Management is responsible for the designing, implementing and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance are responsible for overseeing the Company's internal control over financial reporting.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgement, including the assessment of the risk that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). An entity's internal control over financial reporting 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; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Korean IFRS, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and the board of directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent, internal control over financial reporting may not prevent or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is SooYeon Jeong, Certified Public Accountant.

Seoul, Korea

March 15, 2022

This report is effective as of March 15, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Company's internal control over financial reporting thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

ICFR Operating Status Report by CEO

To the Shareholders, Board of Directors, and Audit Committee of
Eugene Investment & Securities Co., Ltd.

We, as the Chief Executive Officer and the Internal Accounting Manager of Eugene Investment & Securities Co., Ltd. ("the Company"), assessed operating status of the Company's Internal Control over Financial Reporting("ICFR") for the year ending December 31, 2021.

Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager. We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. And we conducted an evaluation of ICFR based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2021, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

January 26, 2022



Chang Su, Rue, Chief Executive Officer



Kyeong Ma, Koh, Internal Accounting Manager