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**Valuation of equity stake held by KLI Investors LLC in Kyobo
Life Insurance Co., Ltd., as at November 14, 2018**

Date: October 12, 2022

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Report Reference No:

Date: October 12, 2022

To,

KLI Investors LLC

2711 Centerville Road
Suite 400, Wilmington, New Castle County
Delaware 19808
United States

Kind Attention: Mr. Ivo Philipps

Subject: Valuation of equity stake held by KLI Investors LLC in Kyobo Life Insurance Co., Ltd., as at November 14, 2018

Dear Sir,

We refer to our engagement letter dated September 27, 2022, wherein KLI Investors LLC (“KLI Investors” or the “Client”) has appointed RBSA Capital Advisors LLP (“RBSA” or “Valuer” or “We”) to carry out valuation of equity stake held by KLI Investors in Kyobo Life Insurance Co., Ltd. (“KLIC”/ the “Company”) as at November 14, 2018 (the “Valuation Date”), in connection with the Proposed Transaction (as defined below).

1. Preamble

- 1.1. KLI Investors LLC is a special purpose company incorporated in the state of Delaware. It manages investment in Kyobo Life Insurance Co., Ltd.
- 1.2. Kyobo Life Insurance Co., Ltd., incorporated in 1958, is headquartered in Seoul, South Korea. KLIC primarily offers life insurance services, including health, pension, accident insurance, and other insurance services throughout South Korea. Equity shares of KLIC are not listed on any stock exchanges.
- 1.3. We understand from the Client that:
 - In October 2007, KLI Investors acquired ~5.33% equity stake in KLIC which is held by KLI Investors
 - As at the Valuation Date, KLI Investors held ~5.33% equity stake in KLIC;
 - Pursuant to the Shareholders Agreement (“Shareholders Agreement”) entered into between KLI Investors and Mr. Chang-Jae Shin (the “KLIC Chairman”), on November 14, 2018, KLI Investors exercised its put option to sell its equity stake in KLIC to the KLIC Chairman (the “Proposed Transaction”).

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- 1.4. RBSA Capital Advisors LLP, an investment banking firm registered as a Category I Merchant Banker with the Securities and Exchange Board of India (“SEBI”) that provides investment banking, valuation and financial advisory services, has been appointed by the Client to carry out a valuation of equity stake held by KLI Investors in KLIC, as at the Valuation Date, in connection with the Proposed Transaction.
- 1.5. RBSA, an investment banking firm registered as a Category I Merchant Banker with SEBI, provides investment banking, valuation and financial advisory services and is a part of the RBSA Group. Founded in 1971, RBSA Group is a leading independent Transaction Advisory Group with service offerings including Investment Banking, Valuation, Restructuring, Transaction Services, Transaction Tax, Risk Consulting and Dispute & Litigation Support. With a team of about 250 professionals, RBSA Group has 9 offices in India, Abu Dhabi, Dubai and Singapore and has affiliates across USA, UK, Canada, Europe, Australia, China, Africa and Brazil to provide seamless advisory services across the world. RBSA Group has worked with clients across more than 30 Countries and has been consistently ranked as a leading M&A advisory firm in India by MergerMarket, Venture Intelligence and Bloomberg in India.
- 1.6. We have carried out the valuation of equity stake held by KLI Investors in KLIC as at the Valuation Date, in connection with the Proposed Transaction, and our approach, along with the valuation conclusions, are detailed in this Report.

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2. Background

2.1. Kyobo Life Insurance Co., Ltd., incorporated in 1958, is headquartered in Seoul, South Korea. KLIC primarily offers life insurance services, including health, pension, accident insurance, and other insurance services throughout South Korea. KLIC is South Korea's third-largest life insurer, with ~10.2% market share by gross premium in the calendar year 2017. Equity shares of KLIC are not listed on any stock exchange.

(Source: Korea Insurance Research Institute, Offering Circular dated July 17, 2017, for issue of Subordinated Capital Securities by KLIC ("KLIC Offering Circular July 2017").

2.2. KLIC Subsidiaries

In addition to the core business of life insurance operations, KLIC also has subsidiaries which are engaged in the securities, chain of book-stores and other businesses. The life insurance operations is a core business and, on a standalone basis, represented ~93.5% of consolidated total assets as of December 31, 2017, and ~90.7% of the consolidated net income for the year ended December 31, 2017.

2.3. Shareholding Pattern of KLIC as on December 31, 2017 is as under:

Particulars	Number of equity shares #	Ownership %
Chang-Jae Shin	6,925,474	33.8%
Corsair Korea Investors LLC	2,007,766	9.8%
Guardian Holdings Limited	1,855,250	9.1%
Tiger Holdings LP	1,562,650	7.6%
The Export-Import bank of Korea	1,199,001	5.9%
KLI Investors LLC	1,092,165	5.3%
Hoenir Inc.	1,071,125	5.2%
KLIC Holdings Limited	1,071,125	5.2%
Apfin Investment Pte Ltd	922,500	4.5%
In-Jae Shin	518,600	2.5%
Life Investors of Korea LP	472,350	2.3%
AXA	460,000	2.2%
Kyung-Ae Shin	350,002	1.7%
Young-Ae Shin	289,992	1.4%
Triumph II Investments (Ireland) Limited	220,000	1.1%
Meiji Yasuda Life Insurance Company	205,000	1.0%
Others	277,000	1.4%
Total	20,500,000	100.0%

Face value KRW 5,000 each

Source: Audited financial statements of KLIC for financial year 2017

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2.4. Historical Consolidated Financial Statements of KLIC

The fiscal year of KLIC commences on January 1 and ends on December 31. Accordingly, in this Report, the 'Financial Year' ("FY") refers to period from January 1 to December 31, and the same applies to other years.

2.4.1. Consolidated Income Statement

(in KRW Bn)

Particulars for the year/period ending	31-Dec-15	31-Dec-16	31-Dec-17	30-Sep-18
No of Months	Audited	Audited	Audited	Provisional
	12	12	12	9
Operating Revenue				
Premium Income	7,836	7,901	7,667	5,588
Interest Income	2,650	2,630	2,586	2,044
Gain on valuation and disposal of financial instruments	909	911	2,500	902
Gain on foreign currency transaction	561	637	173	648
Separate account income	927	945	954	688
Other operating income	1,372	1,418	1,473	1,184
Total Operating Income	14,255	14,442	15,353	11,055
Operating Expenses				
Provision for liabilities under insurance contract	3,863	3,896	2,895	2,011
Insurance claim paid	4,994	5,222	5,737	4,403
Amortization of deferred acquisition cost	867	844	810	582
Loss on valuation and disposal of financial instruments	1,255	1,288	693	1,247
Loss on foreign currency transaction	94	158	1,829	125
Separate account expenses	154	151	166	106
Other operating expenses	2,113	2,197	2,266	1,776
Total Operating Expenses	13,340	13,755	14,395	10,249
Operating Profit	915	687	958	806
Add: Non-operating income/(expense) (Net)	(38)	25	(21)	5
Profit before tax	877	712	937	810
Less: Income tax expense	(233)	(169)	(263)	(239)
Profit for the year	644	543	674	571
Add: Other Comprehensive income/(expense) (Net)	1	(99)	852	(320)
Total Comprehensive Income for the year	645	445	1,526	250
Profit for the year attributable to:				
Controlling Interest	608	514	640	539
Non-Controlling Interest	36	29	34	32

Source: Audited financial statements of KLIC, Information provided by the Client

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2.4.2. Consolidated Balance Sheet

(in KRW Bn)

Particulars as at	31-Dec-15	31-Dec-16	31-Dec-17	30-Sep-18
	Audited	Audited	Audited	Provisional
Assets				
Cash and due from banks	1,729	1,377	1,564	2,044
Financial assets designated at Fair Value through Profit & Loss (FVTPL)	347	336	301	241
Available-for-sale financial assets	22,683	21,138	52,977	54,424
Held-to-maturity financial assets	22,860	27,188	0	0
Loans	16,820	18,463	18,781	20,203
Deferred acquisition costs	1,959	1,787	1,604	1,469
Separate account assets	16,871	17,673	19,059	19,204
Other assets	8,740	8,722	10,278	10,242
Total Assets	92,008	96,684	104,565	107,828
Liabilities				
Liability under insurance contracts	59,652	63,668	66,713	68,873
Policyholders' equity adjustments	567	464	737	628
Financial liabilities designated at FVTPL	1,613	1,504	2,625	3,054
Separate account liabilities	17,351	18,129	19,477	19,380
Other liabilities	5,302	5,058	5,160	5,919
Total liabilities	84,485	88,822	94,712	97,854
Equity				
Capital stock	103	103	103	103
Hybrid bonds	0	0	551	551
Capital surplus	437	436	436	439
Capital adjustments	(20)	(16)	(15)	(12)
Accumulated OCI	1,115	1,015	1,846	1,527
Retained earnings	5,552	5,962	6,536	6,956
Equity attributable to owners of the Controlling Company	7,186	7,498	9,456	9,565
Non-controlling interests	337	364	397	409
Total Equity	7,523	7,863	9,853	9,974
Total equity and liabilities	92,008	96,684	104,565	107,828
Adjusted Book Value (Excluding Hybrid Bonds and Non-controlling interests)	7,186	7,498	8,904	9,013

Source: Audited financial statements of KLIC, Information provided by the Client

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3. Industry Overview

- 3.1. As at the Valuation Date, the life insurance industry in Korea comprised of ~25 registered life insurance providers, of which 16 were classified as domestic and nine are classified as foreign by the Financial Supervisory Service (“FSS”). Market share was concentrated among the three largest domestic insurers by total assets, namely, Samsung Life Insurance Co., Ltd. (“Samsung Life”), Hanwha Life Insurance Co., Ltd. (“Hanwha Life”) and KLIC, which collectively accounted for ~56% of the market in terms of total assets (on a standalone basis) as of December 31, 2017. The remaining 13 small-to medium-sized domestic insurers and nine foreign insurers accounted for ~44.0% of the market, in terms of total assets as of December 31, 2017.
- 3.2. With respect to total gross premiums of general and separate accounts (on a standalone basis), the three largest domestic insurers collectively accounted for approximately 45.4% of the market in 2017. For the same period, the remaining small- to medium-sized domestic insurers accounted for 36.4% of the market, while foreign insurers accounted for 18.1% of the market, in terms of gross premium.
- 3.3. Korean insurers were expected to comply with new accounting standards and solvency regulation from 2022. These changes are expected to influence insurers’ marketing, asset management and risk management strategies. In addition, Insurers may also have to raise additional capital considering the new regulation.
- 3.4. The growth of life insurance industry in Korea has been driven by certain key industry fundamentals, including, among others, shifting customer demographics and increasing health expenditure as well as the growing need for a private health insurance system.
- 3.5. Korea is among the most rapidly aging OECD economies. In 2000, the proportion of the population aged 65 and over was 7%, while in 2015 such proportion grew to 13% and is projected to grow to 41% by 2060, according to the National Statistics Office. In addition, life expectancy in Korea has increased at a faster rate in past decades than in developed markets such as the United States and Japan. According to the World Bank, life expectancy in Korea has increased from 71 years in 1990 to 82 years in 2015, while it increased from 75 years to 79 years and 79 years to 84 years in the United States and Japan, respectively, in the same period.
- 3.6. The trend of a rapidly aging population with increasing life expectancy and limited retirement savings has led Koreans to focus more on retirement planning, diversifying away from bank deposit products and into retirement-oriented insurance products such as annuities and variable products

Source: Korea Insurance Research Institute, Offering Circular dated July 17, 2017 for issue of Subordinated Capital Securities by KLIC (“KLIC Offering Circular July 2017”).

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4. Sources of Information

The valuation of equity shares of KLIC has been carried out considering the following information provided by the Client or obtained from the subscribed databases/ public domain: Audited financial statements of KLIC for FY14, FY15, FY16 and FY17;

- Quarterly financial results of KLIC for the 9-month period ended 30 September 2018;
- Information in respect of the economic and competitive environment and key value drivers affecting the business of KLIC;
- Information in respect of the comparable companies and comparable transactions;
- Information provided by the Client;
- Information available in publicly domain/ subscribed databases;
- Such other analyses, reviews and inquiries, as we considered necessary.

Further, we had requested the Client to obtain certain additional information from KLIC, including the following:

- Audited consolidated financial statements of KLIC as at the Valuation Date;
- Projected consolidated financial statements of KLIC (including underlying assumptions and their basis) for 5 – 7 years period beginning the Valuation Date and which were approved by the Board of Directors of KLIC on/ around the Valuation Date (“KLIC Board Approved Projections”);
- Details of Embedded Value and Value of New Business as at 31 December 2017/ as at the Valuation Date.

We understand from the Client that the information sought by us was not made available by KLIC till the date of this Report. Accordingly, the valuation has been carried out based on the information provided by the Client or obtained from subscribed databases/ public domain.

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5. Procedures

The procedures used in our valuation included such substantive steps as we considered necessary under the circumstances, including, the following:

- Considered audited financial statements of KLIC for FY15, FY16 and FY17;
- Considered quarterly financial results of KLIC for the 9 month period ended 30 September 2018;
- Analysis of information in respect of the comparable companies and comparable transaction;
- Analysis of the economic and competitive environment and key value drivers in which the business operates;
- Considered information provided by the Client, as appropriate;
- Considered Publicly available information and information from secondary sources;
- Determination of valuation methods and valuation parameters;
- Such other analyses, reviews and inquiries, as we considered necessary.

6. Valuation Approach and Methodology

6.1. We understand from the Client that pursuant to the Shareholders Agreement, on November 14, 2018, KLI Investors exercised its put option to sell its equity stake in KLIC to the KLIC Chairman (the "Proposed Transaction"). RBSA has been appointed to carry out a valuation of equity stake held by KLI Investors in KLIC, as at November 14, 2018, in connection with the Proposed Transaction.

6.2. The valuation is carried out considering the International Valuation Standard ("IVS") issued by International Valuation Standard Council.

6.3. Basis and Premise of Valuation

6.3.1. As per IVS 104 Basis of Value:

Para 10.1 "Bases of value (sometimes called standards of value) describe the fundamental premises on which the reported values will be based. Bases of value (sometimes called standards of value) describe the fundamental premises on which the reported values will be based. It is critical that the basis (or bases) of value be appropriate to the terms and purpose of the valuation assignment, as a basis of value may influence or dictate a valuer's selection of methods, inputs and assumptions, and the ultimate opinion of value."

Para 10.3 "While there are many different bases of value used in valuations, most have certain common elements: an assumed transaction, an assumed date of the transaction and the assumed parties to the transaction."

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Para 10.5. *“The assumed date of a transaction will influence what information and data a valuer considers in a valuation. Most bases of value prohibit the consideration of information or market sentiment that would not be known or knowable with reasonable due diligence on the measurement/valuation date by participants.”*

Para 30.1 *“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”.*

Para 30.2.c *“On the valuation date” requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date.”*

130. *“A Premise of Value or Assumed Use describes the circumstances of how an asset or liability is use.”*

6.4. Valuation of equity stake held by KLI Investors in KLIC has been carried as at November 14, 2018 (the “Valuation Date”), in connection with the Proposed Transaction. Considering the nature and purpose of the engagement:

- Valuation of equity stake held by KLI in KLIC as at the Valuation Date has been carried out adopting Market Value basis and ‘going concern value’ premise
- Financial and other information pertaining to the period subsequent to the Valuation Date has not been considered.

6.5. Valuation Approach

The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods, within the market approach, income approach and asset approach, for determining the fair value of equity shares, which can be considered in the present case, to the extent relevant and applicable, and subject to the availability of detailed information, to arrive at the fair value of equity shares.

6.6. **Market Approach**

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

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6.6.1. Market Price Method

Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such company as quoted on a recognized stock exchange over reasonable period of time where such quotations are arising from the shares being regularly and freely traded in an active market.

6.6.2. Comparable Companies Multiple (“CCM”) Method:

CCM Method involves valuing an asset based on market multiples derived from prices of market comparable traded on active market.

Under this method, one attempts to measure the value of the shares/ business of a company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business after making appropriate adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and appropriately adjusted for differences between the circumstances.

6.6.3. Comparable Transaction Multiple (“CTM”) Method

CTM Method involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparable (comparable transactions).

Under Comparable Transaction Method, the value of shares / business of a company is determined based on market multiples of price paid in transaction involving the subject company/ publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

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6.7. Income Approach – Discounted Cash Flow (“DCF”)

6.7.1. Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount.

6.7.2. Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Such DCF analysis involves determining the following:

- Estimating future free cash flows:
Free cash flows are the cash flows expected to be generated by the company/ asset that are available to the providers of the company’s capital – both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e., the cost of capital:
This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

6.8. Asset Approach

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. A net asset methodology is most applicable for businesses where the value lies in its underlying assets and not in the ongoing operations of the business.

6.9. Valuation Approach/ methodology adopted for valuation of equity shares of KLIC:

6.9.1. Asset Approach

A net asset methodology is most applicable for businesses where the value lies in its underlying assets and not in the ongoing operations of the business. KLIC has made operating profits in the past and is expected to make profits going forward. Valuation of KLIC is carried out on a ‘going concern value’ premise. The book value of the assets may not be representative of its earnings potential. Considering the aforementioned, Asset approach has not been adopted for valuation of equity shares of KLIC

6.9.2. Income Approach – DCF Method

Projected consolidated financial statements of KLIC (including underlying assumptions and their basis) for 5 – 7 years period beginning the Valuation Date and which were approved by the Board of Directors of KLIC on/ around the Valuation Date, were not available. Considering the aforementioned, discounted cash flow method under the Income approach has not been adopted.

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6.9.3. Market Approach

6.9.3.1. The equity shares of KLIC are not listed on any stock exchanges. Accordingly, Market Price method has not been adopted for the valuation. Details of Embedded Value and Value of New Business as at 31 December 2017/ as at the Valuation Date were not available. Accordingly, we have not adopted the valuation multiples which consider the above parameters.

6.9.3.2. The performance of the life insurance industry significantly depends on the domestic factors such as demographics, regulations, competition, etc. Considering the aforementioned, we have selected the comparable companies/ comparable transactions involving companies having life insurance business in South Korea.

6.9.3.3. Under CCM Method and CTM Method, we have applied Price/ Adjusted Book Value and Price/ Adjusted Profit before tax multiples.

6.9.3.4. Life Insurance business comprise significant proportion of the assets and net earnings of KLIC and the comparable companies/ comparable transactions selected under the CCM/ CTM Method. Considering the aforementioned, Price/ Adjusted Book Value and Price/ Adjusted profit before tax multiples have been computed on the basis of the consolidated financials of the respective entities.

6.9.3.5. For computation of Price/ Adjusted PBT multiple under the CCM Method, we have considered the average profit before tax of KLIC and comparable companies (on a consolidated basis) for FY15, FY16, FY17 and nine-month period ended 30 September 2018 to assess their respective performance over relatively longer period and mitigate the impact of short-term material variation in the profitability/ effective tax in any particular year/ period.

We note that the book Value of KLIC and Hanwha as at September 30, 2018 include Subordinated Capital Securities (“Hybrid bonds”), which are predominantly in the nature of debt/ debt-like securities. Considering the aforementioned, Adjusted book value has been computed by deducting the amount of hybrid bonds from the Book Value

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6.9.3.6. Under the CTM Method:

- We short-listed the transactions involving M&A, Private placement with third parties, IPO and Secondary transaction of Korean Life insurance companies which were reported between FY14 till the Valuation Date in the databases subscribed by us and where the relevant details were available;
- Out of the above short-listed transactions, we excluded the transactions where the implied equity value of the company was less than 250 KRW billion or the transactions involving company which reported losses in the immediate previous year(s).
- For computation of Price/ Adjusted PBT multiple under the CTM Method, we have considered the average profit before tax of KLIC and comparable transactions (on a consolidated basis) over a longer period to assess their respective performance and mitigate the impact of short-term material variation in the profitability/ effective tax in any particular year/ period.
- We note that in/ around March 2017, Corsair Capital acquired a minority equity stake of ~2.35% in KLIC from Ontario Teachers' Pension Plan.

6.9.3.7. The implied multiples of the selected comparable companies/ comparable transactions were adjusted, as appropriate, for KLIC specific factors including size/ market share, return on equity, historical growth, discount for lack of control (in respect of comparable transaction involving M&A), RBC ratio and other relevant factors.

6.9.4. Discount for lack of marketability

KLIC Chairman owns ~33.8% equity stake in KLIC. KLI Investors owns equity stake ~5.33% in KLIC as at the Valuation Date. Valuation of equity stake held by KLI Investors in KLIC has been carried as at the Valuation Date in connection with the put option exercised by KLI Investors to sell its equity stake in KLIC to the KLIC Chairman.

Considering inter-alia the aforementioned and the nature and purpose of the valuation, in our professional judgement, adjustment for lack of marketability is not required considering that the put option is exercised by KLI Investors pursuant to the right available under the Shareholders' Agreement and that KLIC Chairman is obligated to acquire KLI Investor's equity stake in KLIC.

6.9.5. Equity Value

We have applied appropriate weights to the equity value arrived under the different methods. The Equity Value so arrived is divided by the outstanding number of equity shares to arrive at the per share equity value of the Company.

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7. Key Considerations

7.1. Business

7.1.1. Kyobo Life Insurance Co., Ltd., incorporated in 1958, is headquartered in Seoul, South Korea. KLIC primarily offers life insurance services, including health, pension, accident insurance, and other insurance services throughout South Korea. Equity shares of KLIC are not listed on any stock exchanges.

7.1.2. In addition to the life insurance operations, KLIC also has subsidiaries which are engaged in the securities, chain of book-stores and other businesses. However, the life insurance operations remained the core business and, on a standalone basis, represented ~93-95% of the consolidated total assets and ~89-91% of the consolidated net income, during FY15-FY17 period:

(in KRW Bn)

Particulars for the year ended	31-Dec-15	31-Dec-16	31-Dec-17
KLIC, Standalone			
Assets	86,589	91,673	97,792
Net Income	574	481	611
KLIC, Consolidated			
Assets	92,008	96,684	104,565
Net Income	644	543	674
KLIC Standalone as % of KLIC consolidated			
Assets	94.1%	94.8%	93.5%
Net Income	89.2%	88.6%	90.7%

Source: Annual Report of KLIC

7.2. Products

7.2.1. KLIC develop and distribute a comprehensive range of individual and group life insurance products that provide protection against a policyholder's death, disability, illness, accident or other events, as well as annuities and savings insurance products.

7.2.2. As of December 31, 2017, 17 of KLIC's insurance products had received "exclusive use rights" under Korean financial regulations since 2002, which legally prohibit other life insurance companies from introducing similar products in Korea for a period up to six months, representing the most number of such rights obtained by a Korean life insurance company during such period. (Source: KLIC Offering Circular July 2017 and Annual report of KLIC)

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7.3. Distribution and Marketing Channel

7.3.1. “Kyobo” brand, is amongst the recognized brands in the Korean financial services sector. As at March 31, 2017, KLIC operated a nationwide distribution channel of:

- ~17,678 financial planners who are exclusive sales agents;
- ~59 ‘Customer Plazas’, which offer comprehensive products and services to the customers and provide training and advisory support to KLIC’s financial planners; and
- 7 ‘Nobiliare Centers’ that target high net worth individuals and other preferred customers.

7.3.2. KLIC’s distribution and marketing platform also includes bancassurance arrangements with leading commercial banks and many of the securities firms and mutual savings banks in Korea, as well as sales arrangements with individual and general agencies, some of which sell KLIC’s products on an exclusive basis, in addition to a direct marketing channel.

7.3.3. At the “2016 Korea Fund – Asset Management Award” event, KLIC received the “Governor of Financial Supervisory Service Award,” which is the grand prize award in the life insurance category, in recognition of profitability and management transparency.

(Source: KLIC Offering Circular July 2017)

7.4. Key Parameters

7.4.1. Market Share

As at the Valuation Date, the life insurance industry in Korea comprised of ~25 registered life insurance providers, of which 16 were classified as domestic and nine were classified as foreign by the FSS. Market share was concentrated among the three largest domestic insurers by total assets, namely, Samsung Life, Hanwha Life and KLIC. For year-wise details of Market share on the basis of gross premium, refer the following table:

Particulars for the year ended December 31,	2013	2014	2015	2016	2017
Samsung Life Insurance Co. Ltd	25.4%	25.5%	23.4%	23.3%	23.1%
Hanwha Life Insurance Co. Ltd	12.9%	12.4%	12.8%	12.7%	12.1%
Kyobo Life Insurance Co., Ltd	11.3%	11.1%	10.8%	10.2%	10.2%
Nonghyup Life Insurance Co., Ltd	8.6%	9.3%	9.0%	7.9%	7.1%
Tong Yang Life Insurance Co., Ltd	3.9%	3.6%	3.6%	5.6%	5.2%
Mirae Asset Life Insurance Co., Ltd	5.1%	4.8%	5.3%	4.9%	4.9%
Heungkuk Life Insurance Co., Ltd	3.6%	3.9%	4.8%	4.7%	4.2%

Source: Korea Insurance Research Institute

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7.4.2. Return on Equity and Return on Assets (Consolidated)

Among the three largest life insurance companies in Korea in terms of asset size that have historically led the Korean life insurance market, consisting of Samsung Life, Hanwha Life and KLIC, KLIC has recorded the highest profitability as measured by return on equity and return on assets in 2014, 2015, 2016 and 2017 (*Source: KLIC Offering Circular July 2017 and analysis of information available in public domain*)

Particulars for the year ended	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Return on Equity (ROE)	7.7%	8.4%	6.6%	7.3%
Return on Assets (ROA)	0.7%	0.5%	0.5%	0.6%

Source: Annual Report of KLIC

7.4.3. Risk Based Capital (“RBC”) Ratio

The RBC ratio is an important measure and indicates the financial strength of an insurer and its ability to absorb the losses and pay insurance claims to policyholders. It provides insight into an insurer’s cash flow and indicates whether cash flows are adequate to meet its liabilities. The higher the RBC ratio, the lower the likelihood that a company will default on its financial obligations.

As at December 31, 2017, KLIC’s RBC ratio was ~296%, which was significantly higher than many of its peer companies and minimum RBC ratio recommended by FSS.

Particulars as at	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Kyobo Life Insurance Co. Ltd	292%	271%	260%	234%	296%
Samsung Life Insurance Co. Ltd	330%	369%	336%	302%	318%
Hanwha Life Insurance Co. Ltd	244%	318%	277%	199%	206%
Tong Yang Life Insurance Co. Ltd	227%	237%	239%	182%	211%
Mirae Asset Life Insurance Co. Ltd	NA	NA	261%	219%	219%

NA: Not Available

Source: Annual Reports, Investor Presentation and Factsheet of respective companies

7.4.4. Credit Rating

KLIC was the first life insurance company in Korea to receive company credit ratings from Moody’s and Fitch and have maintained an A1 rating from Moody’s from 2015 till the Valuation Date and an A+ rating from Fitch from 2013 till the Valuation Date (*Source: KLIC Offering Circular July 2017 and information available in public domain*)

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8. Scope, Assumptions, Limitations and Disclaimers

- 8.1. RBSA has been appointed to carry out a valuation of equity stake held by KLI Investors LLC in Kyobo Life Insurance Co., Ltd., as at November 14, 2018, in connection with the Proposed Transaction.
- 8.2. Valuation is carried out considering the International Valuation Standard (“IVS”) issued by International Valuation Standard Council. Valuation has been carried out adopting ‘[Market Value]’ basis and ‘going concern value’ premise.
- 8.3. Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, our valuation will have to be tempered by the exercise of judicious discretion and judgment taking into accounts all the relevant factors. There is, therefore, no indisputable single value. While we normally express our assessment as falling within a likely range, considering the requirement of this engagement, we are providing a single point value. While we have provided our opinion on valuation based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion.
- 8.4. Valuation is based on the market, financial and other information provided by the Client and other information that were sourced from subscribed databases/ public domain. While, we have analyzed such information through broad inquiry, analysis and review, our procedures do not constitute an audit or due diligence or forensic/ investigation services and do not include verification or validation work. Accordingly, we assume no responsibility for any errors or inaccuracies in the information provided by the Client or sourced from subscribed databases/ public domain and their impact on the Report.
- 8.5. The Report assumes that the Company fully complies/ has complied with the relevant laws and regulations applicable in its areas of operations and will be managed in a competent and responsible manner. Numbers in tables may not add up due to rounding off.
- 8.6. Valuation is based on business, economic, market and other conditions as they existed as on the Valuation Date. A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. Subsequent events or circumstances that could affect the conclusions set forth in our valuation include, without limitation, adverse changes in industry performance or market conditions and changes to the business, financial condition and results of operations of the Company. RBSA is under no obligation to update, revise or reaffirm the valuation for events or circumstances occurring after the Valuation Date.

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- 8.7. The scope of our engagement is limited to the valuation of equity stake held by KLI Investors in KLIC as at the Valuation Date, in connection with the Proposed Transaction and does not include assessment of the legal merits of the matter.
- 8.8. This Report is issued on the understanding that the Client has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter(s), which may have a material impact on the valuation of KLIC as on the Valuation Date. We did not interact with the management of KLIC. We reserve the right to alter our conclusion should any information that we are not aware at the time of preparing the Report comes to light that has a material impact on the conclusion herein.
- 8.9. This Report is subject to the scope, assumption, limitations and disclaimers detailed herein. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. The report has been issued only for the purpose stated herein.

9. Deliverables

- 9.1. This Report (including, for the avoidance of doubt) the information contained in it is absolutely confidential and intended only for the sole use and information of the Client in connection with the purpose stated herein and should not be relied upon for any other purpose or by any other person. Our Report is not intended for general circulation or publication and is not to be reproduced without our prior written consent. Without limiting the foregoing, we understand that the Client may share our Deliverable ("Report") with KLIC Chairman, KLI Investors' legal advisor(s) advising on the Proposed Transaction and as necessary in related arbitration or litigation proceedings in connection with the Proposed Transaction (together referred to as the "Permitted Recipients"). RBSA accepts no responsibility or liability to any other party (including Permitted Recipients), in connection with the Report. It is clarified that reference to the Report in any document and/ or filing or possession of the Report by any party, shall not be deemed to be an acceptance by RBSA of any responsibility or liability to any person/ party other than the Client.
- 9.2. In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or willful default on the part of the Client, KLIC, their group companies, directors, shareholders, employees or agents. In no circumstances shall the liability of RBSA, its partners, directors or employees, relating to services provided in connection with the engagement set out in this letter (or variation or addition thereto) exceed the amount paid to us in respect of the fees charged for those services.

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10. Conclusion

Based on the analysis of the information provided by the Client and information obtained from subscribed databases/ public domain as well as analysis of industry and macroeconomic trends, valuation of equity stake held by KLI Investors in KLIC, as at the Valuation Date, in connection with the Proposed Transaction, is as under:

Number of equity shares held by KLI Investors #	:	1,092,165
Value per equity share of KLIC #	:	KRW 288,995
Value of equity stake held by KLI Investors in KLIC	:	KRW 315.6 Billion

face value KRW 5,000 each

We thank you for the cooperation extended to us during the course of the engagement.

For RBSA Capital Advisors LLP

SEBI Registered Category I Merchant Banker

Registration Code: INM000011724

Rajeev Shah

Partner

Ravishu Shah

Partner

Date: October 12, 2022

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Annexure 1: Valuation Analysis

Valuation Summary							(in KRW Bn)	
Approach - Method	Multiple	Multiple		Equity Value Range		Weight	Average Equity Value	Reference
		Low	High	Low	High			
Market Approach								
Comparable Companies Multiples Method	Price/Adjusted Book Value	0.60	0.65	5,408	5,859	25%	5,633	Annex 2
	Price/Adjusted Profit Before Tax	7.25	7.75	5,696	6,088	25%	5,892	Annex 2
Comparable Transaction Multiples Method	Price/Adjusted Book Value	0.65	0.70	5,859	6,309	25%	6,084	Annex 3
	Price/Adjusted Profit Before Tax	7.50	8.00	5,892	6,285	25%	6,088	Annex 3
Asset Approach								
Net Asset Value Method	Adjusted Book Value	NA	NA	9,013	9,013	0%	-	
Value of Equity Share				5,714	6,135	100%	5,924	
Number of equity shares #							20,500,000	
Value per equity share #							288,995	
No. of equity shares held by KLI Investors LLC #							1,092,165	
% held by KLI Investors LLC							5.33%	
Value of equity stake of KLI Investors LLC							315.6	

NA: Not Applied

Face Value of KRW 5,000 each

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Annexure 2 – Market approach: Comparable Companies Multiple Method

2.1 Value Analysis: Price/ Book Multiple and Price/ Adjusted Profit Before Tax Multiple:

(in KRW Bn)

Particulars	Price/Adjusted Book Value		Reference
	Lower	Upper	
Adjusted Book Value #	9,013	9,013	
Multiple considered	0.60	0.65	Note 2.4
Equity Value	5,408	5,859	

Adjusted Book Value as on September 30, 2018 = Total Equity - Hybrid Bonds - Non-controlling interest

(in KRW Bn)

Particulars	Price/Adjusted Profit Before Tax		Reference
	Lower	Upper	
Average Adjusted Profit Before Tax #	786	786	Note 2.2
Multiple considered	7.25	7.75	Note 2.4
Equity Value	5,696	6,088	

Adjusted Profit Before Tax = Total profit before tax - Hybrid bond dividend profit before tax (Non-controlling interest)

2.2 Average Adjusted PBT:

(in KRW Bn)

Particulars for the year/period ended	31-Dec-15	31-Dec-16	31-Dec-17	30-Sep-18	Average Adjusted PBT *
No. of months	12	12	12	9	
Adjusted PBT (Controlling interest) #	828	674	881	749	786
Weights	100%	100%	100%	75%	

Refer Note 2.3 below

*Weightage of 1: 1: 1: 0.75 has been applied for FY15, FY16, FY17 and September 2018 (9 months), respectively

2.3 Adjusted PBT for the year/ period:

(in KRW Bn)

Particulars for the year/ period ending	31-Dec-15	31-Dec-16	31-Dec-17	30-Sep-18
No of Months	12	12	12	9
PBT (including Non-controlling interest)	877	712	937	810
Less: Dividend on hybrid bond	0	0	(9)	(17)
Adjusted PBT (including Non-controlling interest)	877	712	928	794
Adjusted PBT attributable to:				
Controlling Interest	828	674	881	749
Non-Controlling Interest	49	38	47	45

Source: Audited financial statements of KLIC, Information provided by the Client and RBSA analysis
The numbers in the table may not add up due to rounding off.

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2.4 Comparable Companies Multiple

(In KRW Bn)

Particulars	Market Capitalisation #	Adjusted Book Value *	Adjusted Profit Before Tax @	Market Cap/ Adjusted Book Value	Market Cap/ Adjusted PBT
Samsung Life Insurance Co. Ltd	17,350	29,419	1,913	0.59	9.07
Hanwha Life Insurance Co. Ltd	3,841	8,814	729	0.44	5.27
Tong Yang Life Insurance Co. Ltd	1,063	2,292	128	0.46	8.30
Mirae Asset Life Insurance Co. Ltd	732	1,958	144	0.37	5.10
Orange Life insurance Co. Ltd	3,061	3,647	382	0.84	8.01
Mean**				0.56	6.86
Median**				0.51	6.64

Adjustment for KLIC specific factors vis-à-vis respective peer companies, including the following:

- Size/ Market share
- Return on equity
- Historical growth
- RBC Ratio
- Other relevant factors

Multiples applied to KLIC

0.60 - 0.65

7.25 - 7.75

Based on average market capitalisation for six months period ended Valuation Date

* As at 30 September 2018, after adjustment for hybrid bonds and minority interest

@ Weightage of 1: 1: 1: 0.75 has been applied for FY15, FY16, FY17 and September 2018 (9 months), respectively

** Excludes Tong Yang Life Insurance Co., Ltd, which is considered as an outlier (Refer note 2.5)

Source: Annual Report of respective companies, Korea Exchange (KRX), company website, Capital IQ and RBSA analysis

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2.5 Business Description of comparable companies

Name	Business Description
Samsung Life Insurance Co., Ltd.	<p>Samsung Life Insurance Co., Ltd. engages in the life insurance business in Korea and internationally. It operates through Domestic Insurance, Credit Card Service, Installment Financing, Leasing and Overseas segments.</p> <p>The life insurance operations, on a standalone basis, represented ~91.4% of consolidated total assets as of December 31, 2017, and ~74.5% of the consolidated net income for the year ended December 31, 2017.</p>
Hanwha Life Insurance Co. Ltd	<p>Hanwha Life offers health, retirement, investment, group, accident, and savings insurance products, retirement pension plans, consulting services and asset management products. Hanwha Life also has 51% stake in Hanwha General Insurance Co. Ltd., which is engaged in general insurance business in South Korea</p> <p>The life insurance operations, on a standalone basis, represented ~87.6% of consolidated total assets as of December 31, 2017, and ~76.3% of the consolidated net income for the year ended December 31, 2017.</p>
Tong Yang Life Insurance Co., Ltd (“Tong Yang Life)	<p>Tong Yang Life is engaged in life insurance business and also offers accident compensation insurance and child insurance services, retirement pension services and asset management services</p> <p>In 2015, Anbang Group (“Anbang”) acquired ~63% equity stake in Tong Yang Life for ~ KRW 1,165 billion.</p> <p>The life insurance operations, on a standalone basis, represented ~99.8% of consolidated total assets as of December 31, 2017, and ~95.6% of the consolidated net income for the year ended December 31, 2017.</p> <p>Based on the information available in public domain, we understand that:</p> <ul style="list-style-type: none"> - In December 2016, Tong Yang Life discovered significant losses on loans for meat imports while examining imported meat as collateral in cold storage; - In response to the incident, Tong Yang Life made provisions on losses for loans collateralized with imported meat in Q4 2016 and it reported a net loss of KRW 212.6 billion in Q4 2016, on standalone basis; - In 2017, Anbang filed a suit with the ICC based in Hongkong and demanded KRW 698 billion in compensation from the former shareholders of Tong Yang Life, claiming that they were negligent in reporting the risks of the company's loans. <p><i>(Source: Analyst Report by Korea Investment & Securities Co., Ltd. March’2017 ; Anbang Fights Default Accusations On \$1B Korean Insurance Deal, Dated: 29-Jun-17)</i></p>

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Name	Business Description
Mirae Asset Life Insurance Co., Ltd.	<p>Mirae Asset Life Insurance Co, Ltd. provides life insurance, personal insurance, reinsurance contracts and retirement products in South Korea.</p> <p>The life insurance operations represented significant proportion of the consolidated assets and net income of the company for the year ended December 31, 2017.</p>
Orange Life Insurance Co., Ltd.	<p>Orange Life Insurance, Ltd. engages in providing a range of insurance products in South Korea. It offers protection, annuity, variable, and corporate pension. Orange Life Insurance, Ltd. was formerly known as ING Life Insurance Korea, Ltd. and changed its name to Orange Life Insurance, Ltd. in September 2018. Orange Life Insurance Co., Ltd has no subsidiaries for the year ended December 31, 2017</p> <p>Orange Life Insurance, Ltd. was acquired by Shinhan Life Insurance Co.,Ltd. in September 2018</p>

Source: Annual Report of respective companies, company website, Capital IQ

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Annexure 3 - Market Approach: Comparable Transaction Method

3.1. Value Analysis: Price/ Book Multiple and Price/ Adjusted Profit Before Tax Multiple:

Price/Adjusted Book Value		(in KRW Bn)	
Particulars	Price/Adjusted Book Value		
	Lower	Upper	
Adjusted Book Value	9,013	9,013	
Multiple considered	0.65	0.70	Note 3.2
Equity Value	5,859	6,309	

Adjusted Book Value = Total Equity - Hybrid Bonds - Non-controlling interest

Price/Adjusted Profit Before Tax		(in KRW Bn)	
Particulars	Price/Adjusted Profit Before Tax		
	Lower	Upper	
Average Adjusted PBT – Controlling Interest	786	786	Note 2.2 of Annexure 2
Multiple considered	7.50	8.00	Note 3.2
Equity Value	5,892	6,285	

Adjusted Profit Before Tax = Total profit before tax - Hybrid bond dividend - Non-controlling interest profit before tax

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3.2. Comparable Transaction Multiple Method:

(in KRW Bn)

Target Company	Month/ Year	Transacti on Size (a)	% stake (b)	Implied Equity (c = a/b)	Adjusted BV* (d)	Adjusted PBT ** (e)	Price/ Adj. BV (f = c/d)	Price/ Adj. PBT (g = c/e)
Orange Life Insurance Co., Ltd	Mar-2017	1,094	40.9%	2,679	4,147	335	0.65	8.00
Orange Life Insurance Co., Ltd	Sep-2018	2,299	59.2%	3,887	3,591	382	1.08	10.17
Kyobo Life Insurance Co., Ltd	Mar-2017	142	2.4%	6,050	7,498	662	0.81	9.15
Mean							0.85	9.11
Median							0.81	9.15

Adjustment for KLIC specific factors vis-à-vis respective transactions, including the following:

- Size/ Market share
- Return on equity
- Historical growth
- Time factor
- Discount for lack of control (for M&A transaction involving majority stake)
- Other relevant factors

Multiples applied to KLIC	0.65 - 0.70	7.50 - 8.00
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*Adjusted Book Value (Adj. BV) = Total Equity - Hybrid Bonds - Non-controlling interest

**Adjusted Profit Before Tax (Adj. PBT) = Total profit before tax - Hybrid bond dividend - Non-controlling interest profit before tax (for 3.75/4 years prior to the transaction)

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3.3. Transaction description:

Buyer Company	Transaction Description	Target Company Description
Public Offer	<p>Public offering of Orange Life Insurance Co., Ltd (“Orange Life”) constitute offer for sale by existing shareholder, at a price per equity share of KRW 32,670.</p> <p>Employee stock ownership association were allotted ~0.73 Mn equity shares and general public were allotted ~32.77 Mn equity shares. Equity shares were listed on Korea Stock Exchange on 11 May 2017.</p>	<p>Orange Life was founded in 1987 and is headquartered in Seoul, South Korea. Orange Life was engaged in providing a range of Life insurance products in South Korea.</p>
Shinhan Financial Group Co., Ltd.	<p>Shinhan Financial Group Co., Ltd. acquired ~59.15% stake in Orange Life from MBK Partners Inc., for a consideration of ~KRW 2,298.90 Bn (KRW 47,400 per equity share)</p> <p>MBK Partners Inc. is the South Korea-based private equity firm headquartered in Seoul.</p>	
Corsair Capital LLC	<p>Corsair Capital LLC acquired ~2.35% of equity stake in KLIC from Ontario Teachers' Pension Plan, for a cash consideration of ~KRW 142.18 Bn</p> <p>Corsair Capital LLC is a US-based private equity firm headquartered in New York.</p>	<p>KLIC is the South Korea-based life insurance company headquartered in Seoul and provides life insurance and related reinsurance contract services.</p>

Source: Capital IQ and Mergermarket