



Korean Reinsurance Company

Business Performance and Strategy

– Separate Financial Result as of December 2020 –

A top-down view of a wooden desk. In the top right corner, a portion of a silver laptop is visible, showing keys like 'tab', 'Q', 'W', 'E', 'caps lock', 'A', 'S', 'Z', 'shift', 'control', and 'option'. Below the laptop, a pair of black-rimmed glasses lies horizontally. To the right of the glasses is a white ceramic cup filled with dark coffee, with a yellow handle. In the top center, a small green succulent plant sits in a dark pot. The background is a light-colored wooden surface with a prominent grain pattern.

〈Table of Contents〉

1. Korean Re Profile

2. Financial Highlights

3. Reinsurance Performance

4. Investment Performance

1-1 History and Organization

History

- 1963 : Established as Korean Non-Life Reinsurance Corporation (state-run company)
- 1978 : Privatized & listed in the Korean stock market
- 2011 : Credit rating upgraded from A.M. Best「A-」to「A (Stable)」in Feb. 2011
- 2014 : Credit rating upgraded from Standard & Poor's「A-」to「A (Stable)」in Oct. 2014
- 2020 : Top 11th reinsurer in the global reinsurance market (A.M. Best, FY2019)

Organization

- Headquarters : Total 25 units (8 UW / 1 Investment / 14 Administrative / 2 Task forces)
- International : 4 branches (Singapore, Labuan, Dubai, Shanghai),
3 subsidiaries (Hong Kong, London, Zurich),
5 liaison offices (Beijing, Tokyo, New York, London, Bogota)

1-2 International Network



- Continuous expansion of international network to explore new market opportunities
- New international operations in 2020 : Shanghai branch(Jan.), Bogota liaison office(Feb.)
 - A new establishment plan for a reinsurance intermediary in the USA has been announced recently
 - An increase in profitable business from the USA and diversification of profit sources through brokerage are expected

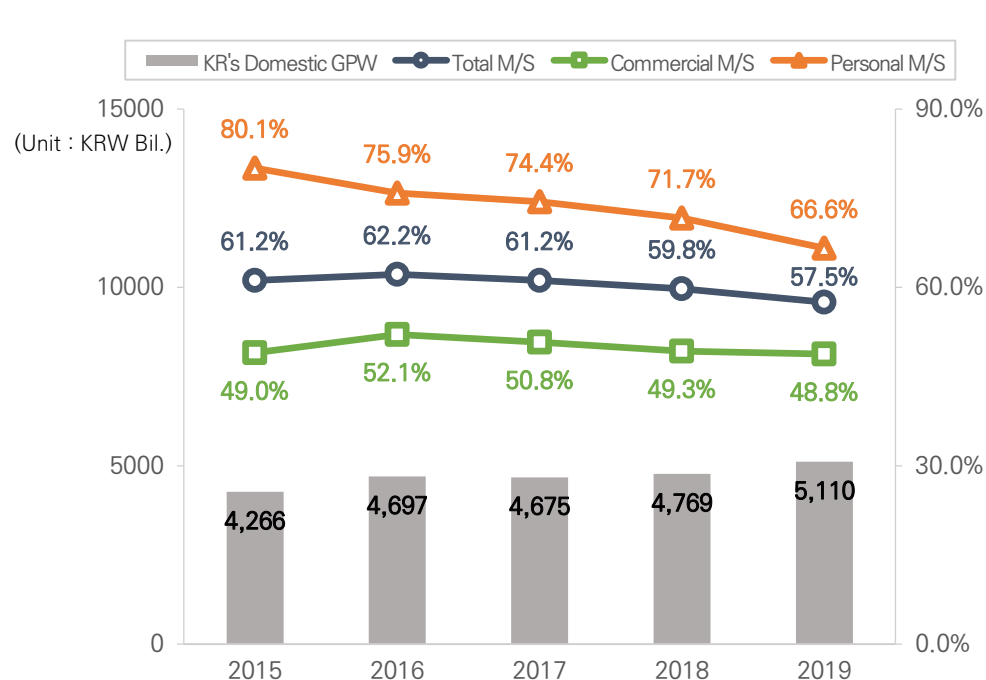
1-3 Global Reinsurers (FY2019 Gross Premiums)

(Unit : USD Bil.)

| Ranking | Name | Gross Premiums | A.M. Best Credit Rating | S&P Credit Rating |
|---------|---------------------------------|----------------|-------------------------|-------------------|
| 1 | Swiss Re (Switzerland) | 42.2 | A+ | AA- |
| 2 | Munich Re (Germany) | 37.9 | A+ | AA- |
| 3 | Hannover Re (Germany) | 25.3 | A+ | AA- |
| 4 | SCOR (France) | 18.3 | A+ | AA- |
| 5 | Berkshire Hathaway (USA) | 16.1 | A++ | AA+ |
| 6 | Lloyd's (UK) | 15.0 | A | A+ |
| 7 | China Reinsurance Group (China) | 13.2 | A | A |
| 8 | RGA (USA) | 12.2 | A+ | AA- |
| 9 | Great West Lifeco (Canada) | 10.1 | - | A+ |
| 10 | Partner Re (USA) | 7.3 | A+ | A+ |
| 11 | Korean Re (South Korea) | 7.0 | A | A |

※ Source : A.M. best and S&P (Sep. 2020)

1-4 Korean Non-life Reinsurance Market



(Unit : KRW Bil.)

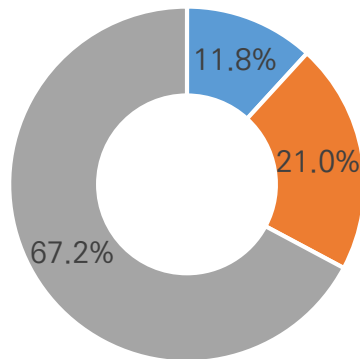
| Item | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|-------|-------|-------|-------|-------|
| Korean Non-life Reinsurance Mkt. | 6,966 | 7,070 | 7,637 | 7,980 | 8,892 |
| Korean Re's Domestic Non-life GPW | 4,266 | 4,397 | 4,675 | 4,769 | 5,110 |
| Korean Re M/S | 61.2% | 62.2% | 61.2% | 59.8% | 57.5% |
| Commercial | 49.0% | 52.1% | 50.8% | 49.3% | 48.8% |
| Personal | 80.1% | 75.9% | 74.4% | 71.7% | 66.6% |

■ Dominant position in the Korean non-life reinsurance market

- Korean Re's domestic GPW shows a stable growth (5-year average : 4.8%)
- We expect to maintain a dominant position with an M/S larger than 50% despite a reduction in personal-line M/S in recent years
 - A growth limit has been set for personal lines to improve profitability based on portfolio modification
 - Thoroughly selective underwriting of high-risk products (ex. dementia, dental and pets)
 - Some of underperforming businesses in commercial lines have been reduced for quality control

1-5 Underwriting Portfolio Composition

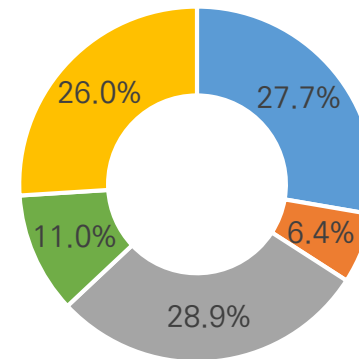
GPW Portion
(Korean Non-life Market)



■ Commercial ■ Motor ■ Long-term

※ As at FY 2019

GPW Portion
(Korean Re)



■ Commercial ■ Motor ■ Long-term ■ Life ■ Overseas

※ As at FY 2020

■ Commercial and overseas businesses comprise 53.7% of the total portfolio

- More volatile underwriting results but with thicker profit margins than primary insurers
- The enterprise-wide portfolio has been diversified based on the expansion of overseas business
 - Overseas portion : 21.8% (FY2016) → 26.0% (FY2020)

■ Personal lines comprise 46.3% of the total portfolio

- Low possibility of a major loss mainly due to an effective sliding scale commission structure, etc.

A top-down view of a wooden desk. In the top right corner, a portion of a silver laptop is visible, showing keys like 'tab', 'Q', 'W', 'E', 'caps lock', 'A', 'S', 'Z', 'shift', 'control', and 'option'. Below the laptop, a pair of black-rimmed glasses lies horizontally. To the right of the glasses is a white ceramic cup filled with dark coffee, with a yellow handle. In the top center, a small green succulent plant sits in a dark pot. The background is a light-colored wooden surface with a prominent grain pattern.

〈Table of Contents〉

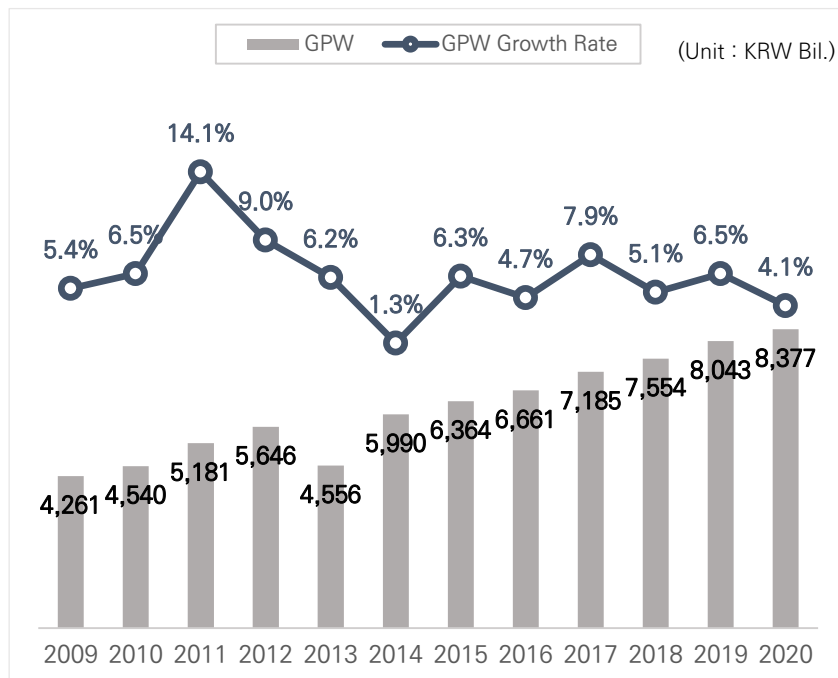
1. Korean Re Profile

2. Financial Highlights

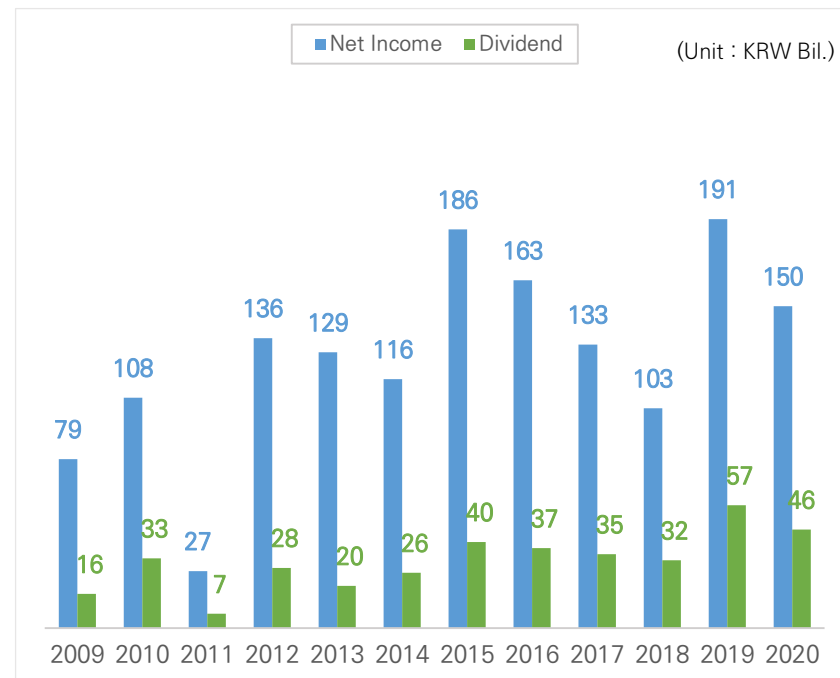
3. Reinsurance Performance

4. Investment Performance

2-1 Financial Snapshot (FY2009-FY2020)



※ FY2013 : 9 months (2013.4~12) / Since FY2011 : IFRS



※ FY2013 : 9 months (2013.4~12) / Since FY2011 : IFRS

- Premium Growth : Consistent growth by diversifying markets and line of business
- Net Income : Profit-oriented growth and strengthening underwriting guidelines
 - Net income severely reduced in FY 2011 due to Thai Flood losses
- Dividend : Continuous dividend payments despite reinsurance operation volatility

2-2 Dividend Performance

(Unit : KRW Bil.)

| Classification | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------|-------|-------|-------|-------|-------|
| Net Income | 162.5 | 132.5 | 102.7 | 191.2 | 150.4 |
| Total Dividend Amount | 37.3 | 34.5 | 31.6 | 57.4 | 46.0 |
| Payout Ratio(%) | 23.0 | 26.0 | 30.8 | 30.0 | 30.6 |
| Dividend Per Share(KRW) | 325 | 300 | 275 | 500 | 450 |
| Dividend Yield(%) | 2.8 | 2.7 | 3.1 | 5.3 | 5.2 |

■ Supporting a favorable dividend policy for shareholders

- Korean Re's shareholder-return policy supports high payout ratio since 2018 and share buybacks in 2020 resulting in a decrease of the number of outstanding shares

| Classification | | Dec 2019 | Dec 2019 – Feb 2020 | Feb – Apr 2020 | Apr – May 2020 | June – July 2020 | Aug – Sep 2020 |
|----------------|----------------|----------|---------------------|----------------|----------------|------------------|----------------|
| Treasury Stock | # of Purchased | – | 2.5M | 5.0M | 2.0M | 1.5M | 1.6M |
| | # of Held | 5.5M | 8.0M | 13.0M | 15.0M | 16.5M | 18.1M |
| | % of Held | 4.6% | 6.6% | 10.8% | 12.5% | 13.7% | 15.0% |

- ### ■ Continuous share buybacks have been implemented in 2020, raising treasury stock holdings up to 15.0% of the total shares

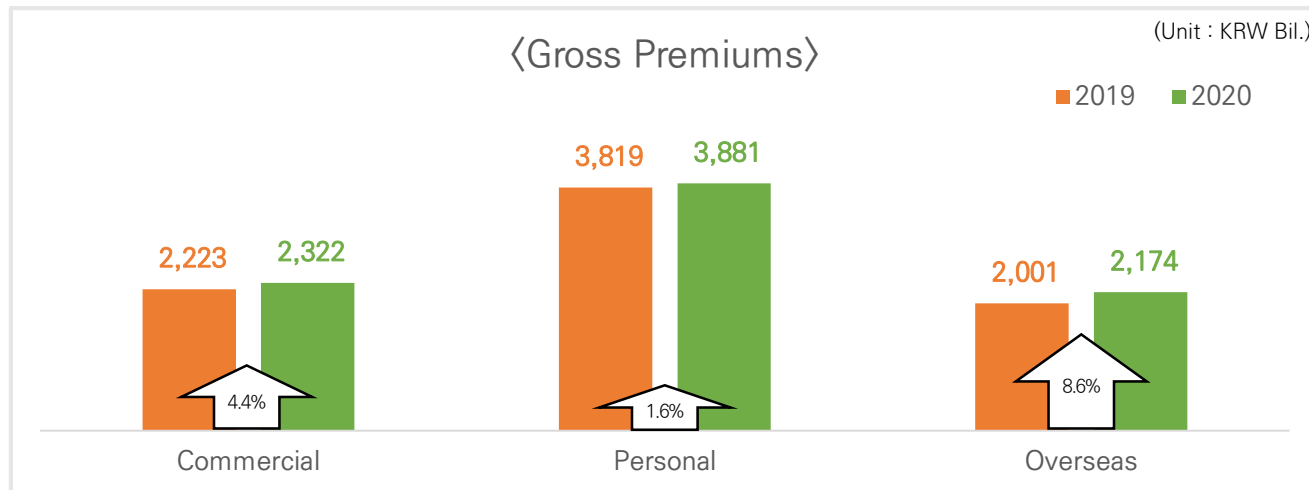
2-3 Financial Highlights as of December 2020

(Unit : KRW Bil., %, %p)

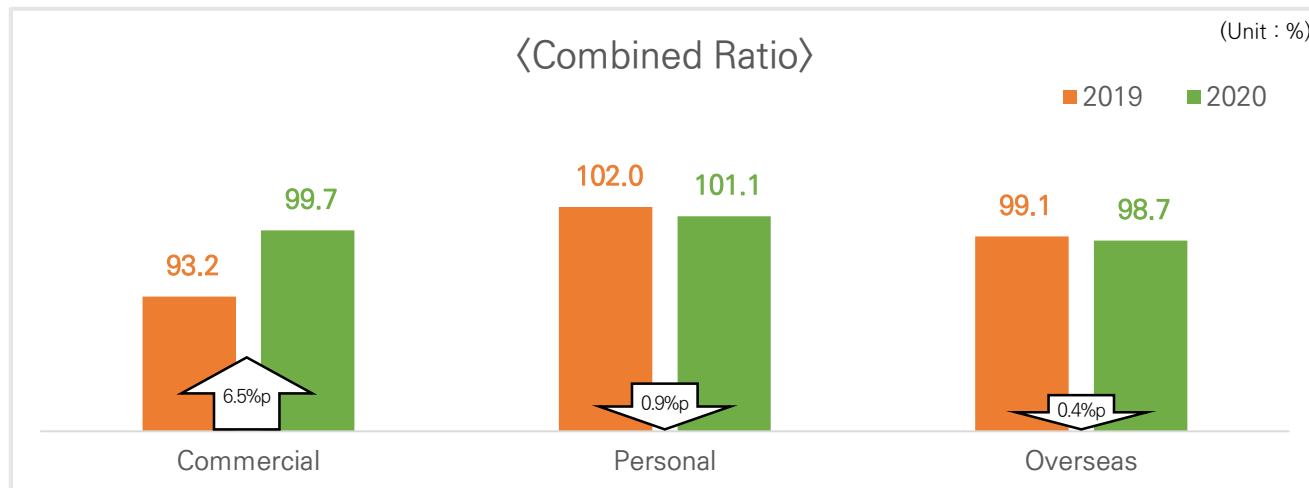
| Classification | FY 2019 | FY 2020 | YoY change | |
|-----------------------|----------|----------|------------|-------|
| | | | Amount | Rate |
| Gross Premiums | 8,043.4 | 8,377.1 | 333.7 | 4.1 |
| Net Premiums | 5,527.0 | 5,863.0 | 336.0 | 6.1 |
| Underwriting Income | -4.2 | -25.2 | -21.0 | - |
| Combined Ratio | 100.0 | 100.3 | - | 0.3 |
| - Loss Ratio | 85.6 | 85.7 | - | 0.1 |
| - Expense Ratio | 14.4 | 14.6 | - | 0.2 |
| Investment Income | 235.8 | 236.7 | 0.9 | 0.4 |
| Operating Income | 238.7 | 219.1 | -19.6 | -8.2 |
| Net Income | 191.2 | 150.4 | -40.8 | -21.3 |
| Operating Assets | 6,220.7 | 6,417.6 | 196.9 | 3.2 |
| Total Assets | 11,708.7 | 12,411.6 | 702.9 | 6.0 |
| Shareholders' Equity | 2,461.1 | 2,463.1 | 2.0 | 0.1 |
| Return on Equity(ROE) | 9.8 | 6.1 | - | -3.7 |

※ Excluding foreign currency evaluation effect : underwriting income, investment income, combined ratio, loss ratio

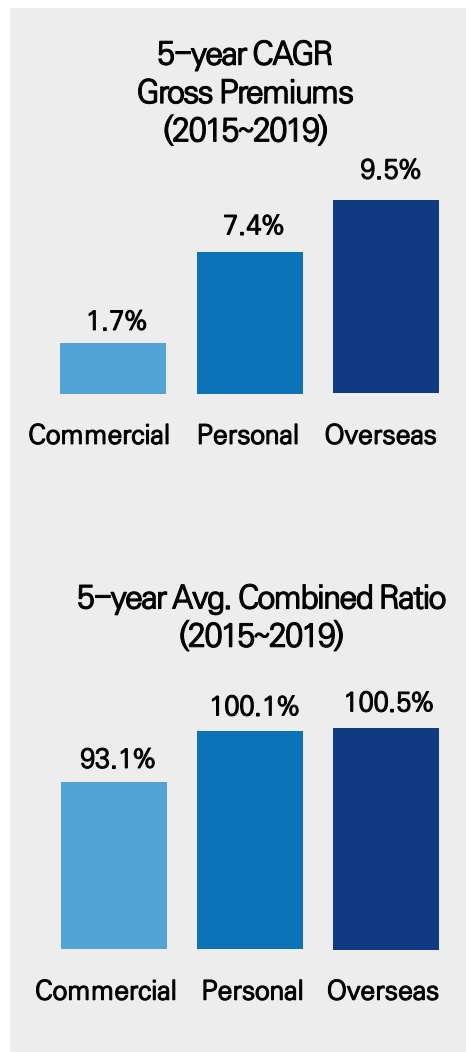
2-4 Financial Highlights by Line of Business



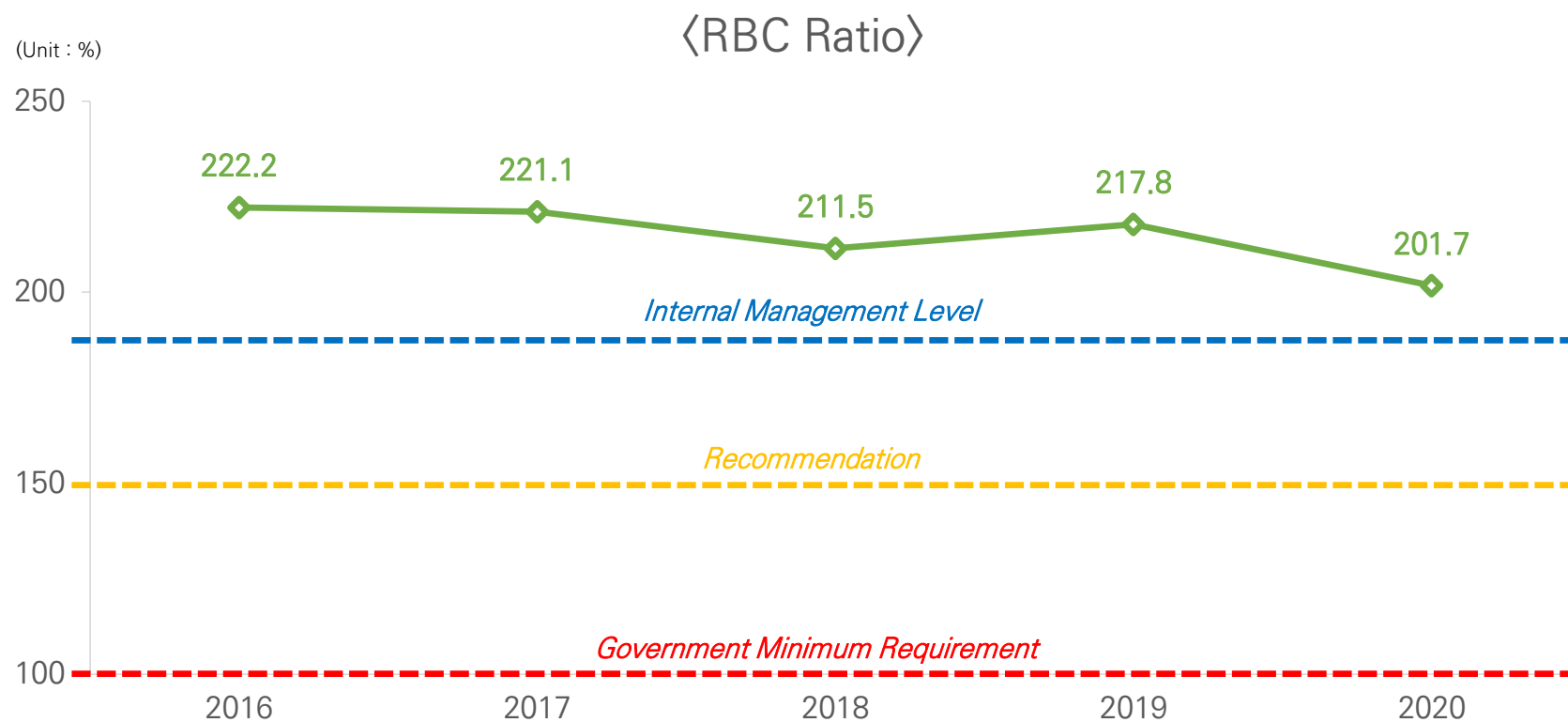
※ Personal : Restrained growth due to the effort to achieve a profitable P/F mix by reducing unfavorable business lines



※ Commercial : Higher C/R due to an increase in large losses for property and hull insurance



2-5 RBC Ratio



- A strong local solvency ratio has been maintained despite continuously tightened regulations
- The RBC ratio decreased in 2020 due to ① a decrease of net income with increased reinsurance and investment exposure and ② a decrease of shareholder's capital from purchasing treasury stocks in 2020

A top-down view of a wooden desk. In the top right corner, a portion of a silver laptop is visible, showing keys like 'tab', 'Q', 'W', 'E', 'caps lock', 'A', 'S', 'Z', 'shift', 'control', and 'option'. Below the laptop, a pair of black-rimmed glasses lies horizontally. To the right of the glasses is a white ceramic cup filled with dark coffee, with a yellow handle. In the bottom right corner, a portion of a tablet or another laptop is visible. A small green succulent plant sits in the top center of the frame. The background is a light-colored wooden surface with a prominent grain.

〈Table of Contents〉

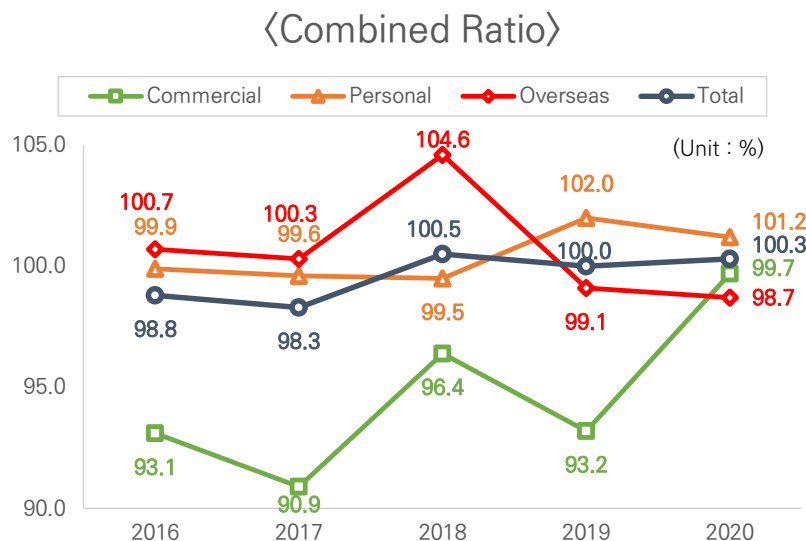
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3-1 Combined Ratios by Line of Business



(Unit : %)

| Item | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------|-------|-------|-------|-------|-------|
| Commercial | 93.1 | 90.9 | 96.4 | 93.2 | 99.7 |
| Personal | 99.9 | 99.6 | 99.5 | 102.0 | 101.2 |
| Overseas | 100.7 | 100.3 | 104.6 | 99.1 | 98.7 |
| Combined Ratio | 98.8 | 98.3 | 100.5 | 100.0 | 100.3 |
| - Loss Ratio | 81.4 | 80.0 | 83.4 | 85.6 | 85.7 |
| - Expense Ratio | 17.4 | 18.3 | 17.1 | 14.4 | 14.6 |

■ Diversified business portfolio and treaty structure mitigated performance volatility

- P/F diversification (FY2020) : Commercial 28%; Long-term 29%; Overseas 26%; Life 11% and Motor 6%
- Sliding scale, profit commission & loss sensitive T&Cs for loss alleviation against worsening loss ratios

■ Risk optimization per risk & event : Adequate retention with XOL cover by LoB

- Overseas lines were affected by natural catastrophes and the major loss events were as follows:
 - FY2017 : US Hurricanes (Harvey, Irma, Maria), Hong Kong Typhoon, Vietnam Typhoon, China Flood
 - FY2018 : Typhoons in Asia (Jebi, Trami, Mangkhut), a number of sizable losses from engineering insurance
 - FY2019 : Typhoons in Asia (Faxai, Hagibis) / FY2020 : COVID-19 losses

3-2 Overseas Portfolio by Line of Business

(Unit : %)

| Line of business | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------|-------|-------|-------|-------|-------|
| Fire & Engineering | 44.8 | 44.0 | 45.2 | 43.7 | 40.9 |
| Marine | 14.1 | 12.5 | 9.4 | 8.1 | 7.4 |
| Life | 19.2 | 20.4 | 21.8 | 23.0 | 24.9 |
| Casualty | 14.8 | 12.8 | 12.1 | 13.8 | 15.9 |
| Motor | 3.5 | 4.5 | 5.5 | 5.7 | 5.9 |
| Others* | 3.6 | 5.8 | 6.0 | 5.7 | 5.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Others : Crop, Livestock, etc.

■ Establishing a well-balanced and profit-oriented overseas portfolio

- Further diversification of P/F by line of business for securing a stable foundation for earnings
- Reduction of underperforming accounts and improvement of reinsurance terms and conditions
- Increasing the volume of the profitable lines such as casualty, motor and life with a decrease in marine
- Expanding more profitable non-proportional treaty accounts in property lines

3-3 Overseas Portfolio by Region

(Unit : %)

| Region | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Far East Asia | 31.5 | 30.0 | 33.0 | 30.5 | 28.5 |
| Middle East Asia | 11.2 | 12.3 | 11.7 | 13.1 | 13.1 |
| Southeast Asia | 13.9 | 11.7 | 11.2 | 11.4 | 8.7 |
| <i>Asia Total</i> | <i>56.6</i> | <i>54.0</i> | <i>55.9</i> | <i>55.0</i> | <i>50.3</i> |
| North America | 21.8 | 19.6 | 17.5 | 17.4 | 16.9 |
| Latin America | 3.3 | 6.6 | 7.9 | 9.9 | 12.5 |
| <i>Americas Total</i> | <i>25.1</i> | <i>26.2</i> | <i>25.4</i> | <i>27.3</i> | <i>29.4</i> |
| Europe | 14.8 | 15.9 | 15.4 | 14.9 | 16.9 |
| Africa | 0.7 | 0.7 | 0.7 | 0.9 | 1.0 |
| Others* | 2.8 | 3.2 | 2.6 | 1.9 | 2.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Others : Retrocession & multi-territory accounts

- Mainly based on Asian business in which Korean Re has know-how and expertise, but pursuing to diversify the P/F through exploring new markets outside of Asia
 - Focusing on new market opportunities from profitable lines and regions
 - Reducing the concentration of exposure to Asia : 56.6% (FY2016) → 50.3% (FY2020)
 - Continuous growth on the Americas : 25.1% (FY2016) → 29.4% (FY2020)

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〈Table of Contents〉

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4-1 Investment Portfolio and Profit

(Unit : KRW Bil.)

| Classification | 2018 | | 2019 | | 2020 | |
|----------------|---------|---------|---------|---------|---------|---------|
| | Amount | Portion | Amount | Portion | Amount | Portion |
| Stock | 122.7 | 2.1% | 147.1 | 2.4% | 205.8 | 3.2% |
| Domestic Bond | 1,882.4 | 32.0% | 1,929.4 | 31.0% | 1,896.9 | 29.6% |
| Overseas Bond | 1,631.3 | 27.8% | 1,507.0 | 24.2% | 1,585.8 | 24.7% |
| Short Term | 691.6 | 11.8% | 800.1 | 12.9% | 587.5 | 9.2% |
| Loan | 902.1 | 15.3% | 993.1 | 16.0% | 1,146.4 | 17.9% |
| Alternatives | 461.3 | 7.8% | 657.3 | 10.6% | 809.3 | 12.6% |
| Others | 187.1 | 3.2% | 186.4 | 2.9% | 185.9 | 2.8% |
| Total | 5,878.5 | 100.0% | 6,220.7 | 100.0% | 6,417.6 | 100.0% |

* Stock : Most of investments are related with subsidiaries and associates

* Alternatives : PEF, Infra, etc. / Others : Real Estate, etc.

(Unit : KRW Bil.)

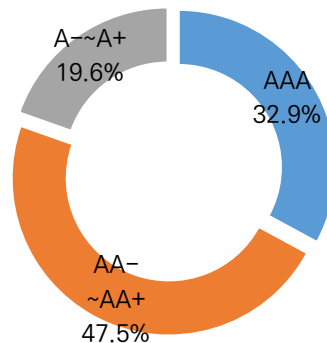
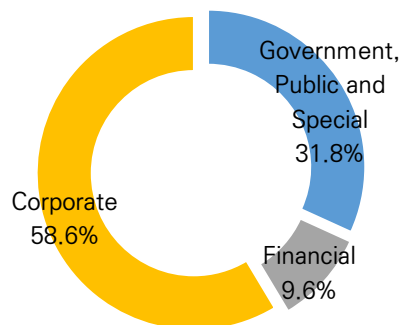
| Classification | 2018 | | 2019 | | 2020 | |
|----------------|--------|-------|--------|-------|--------|-------|
| | Profit | Yield | Profit | Yield | Profit | Yield |
| Stock | 2.2 | 1.9% | 29.2 | 24.2% | 5.0 | 2.9% |
| Domestic Bond | 57.3 | 3.0% | 51.0 | 2.7% | 70.4 | 3.7% |
| Overseas Bond | 51.1 | 3.5% | 78.2 | 5.1% | 93.7 | 6.2% |
| Short Term | 10.6 | 1.3% | 8.8 | 1.2% | 9.4 | 1.4% |
| Loan | 34.4 | 4.6% | 43.7 | 4.7% | 46.9 | 4.5% |
| Alternatives | 16.9 | 4.6% | 26.4 | 4.8% | 13.5 | 1.9% |
| Others | 0.9 | 0.5% | -1.5 | -0.8% | -2.2 | -1.2% |
| Total | 173.4 | 3.1% | 235.8 | 4.0% | 236.7 | 3.8% |

* Excluding foreign currency evaluation effect

* 2019 total yield (4.0%) : Record high yield of 4.0% due to profit gains of KRW 26.7Bil from the sale of 'Koramco Reits and Trust'.

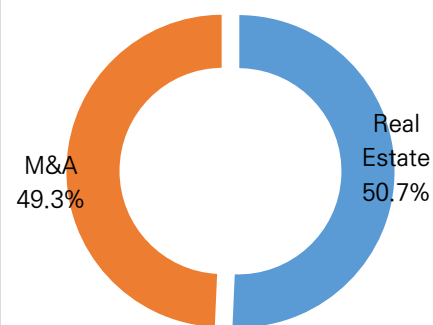
4-2 Investment Portfolio Mix (FY2020)

Domestic Bond

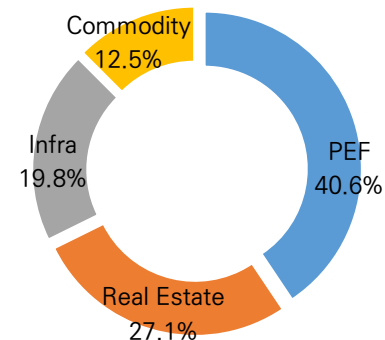


※ Local credit rating basis

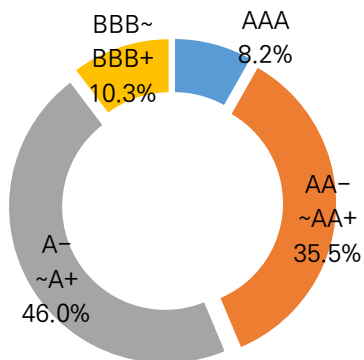
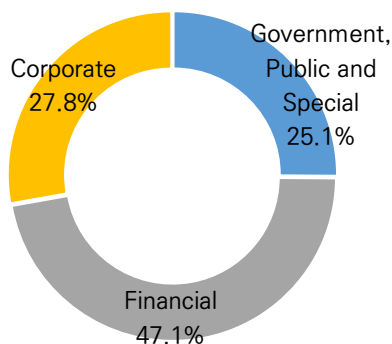
Loan



Alternatives



Overseas Bond



※ Global credit rating basis

■ Loan : Senior-based portfolio with avg. LTV under 60%

- Average LTV : 55% for Real Estate and 52% for M&A
- Underlying assets are diversified by industrial sector
 - M&A : 15 sectors with average exposure of 7%
 - Real Estate : 7 sectors with average exposure of 14%

■ Alternatives : Yield enhancement via stable cash flow and selective capital gain opportunities



Those materials and data presented here are a mere reflection of Korean Re's current business policy based upon its past business experiences and market environment research, including outside sources.

Due to this reason, an accurate forecast of market movements or tendencies is not possible, and it may not bear any resemblance to the actual statistic figures.