



Korean Reinsurance Company

Business Performance and Strategy

– Separate Financial Result as of December 2021 –

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, the corner of a tablet or another laptop is visible. 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
- 2021 : Top 10th reinsurer in the global reinsurance market (A.M. Best, FY2020)

Organization

- Headquarters : Total 25 units (8 UW / 1 Investment / 14 Administrative / 2 Task forces)
- International : 4 branches (Singapore, Labuan, Dubai, Shanghai)
 - 4 subsidiaries (Hong Kong, London, Zurich, New Jersey)
 - 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 : Shanghai branch(Jan. 2020), Bogota liaison office(Feb. 2020), New Jersey subsidiary(Sept. 2021)
 - An increase in profitable business from the USA which is the largest reinsurance market in the world and diversification of profit sources through brokerage are expected by the reinsurance intermediary

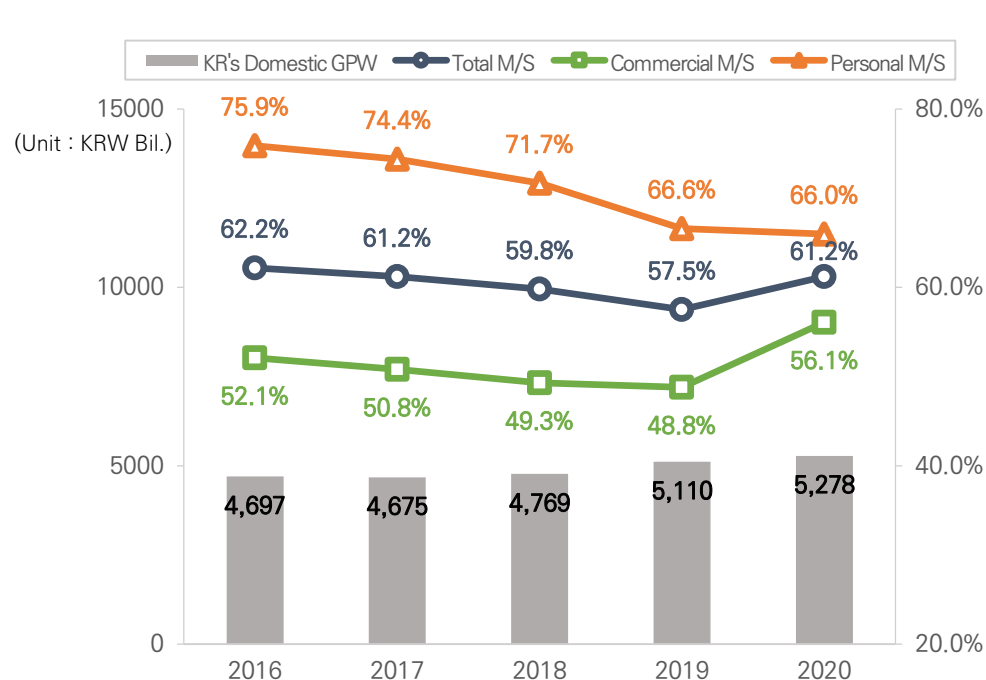
1-3 Global Reinsurers (2020 Gross Premiums)

(Unit : USD Bil.)

Ranking	Name	Gross Premiums	A.M. Best Credit Rating	S&P Credit Rating
1	Munich Re (Germany)	45.8	A+	AA-
2	Swiss Re (Switzerland)	36.6	A+	AA-
3	Hannover Re (Germany)	30.4	A+	AA-
4	SCOR (France)	20.1	A+	AA-
5	Berkshire Hathaway (USA)	19.2	A++	AA+
6	China Reinsurance Group (China)	16.7	A	A
7	Lloyd's (UK)	16.5	A	A+
8	Great West Lifeco (Canada)	14.6	-	A+
9	RGA (USA)	12.6	A+	AA-
10	Korean Re (South Korea)	7.8	A	A

※ Source : A.M. best and S&P (Sep. 2021)

1-4 Korean Non-life Reinsurance Market



(Unit : KRW Bil.)

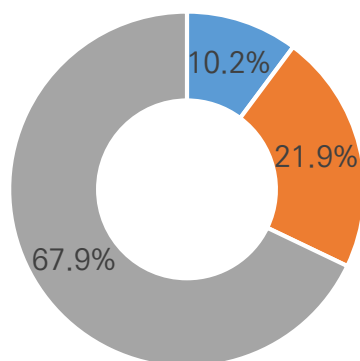
Item	2016	2017	2018	2019	2020
Korean Non-life Reinsurance Mkt.	7,070	7,637	7,980	8,795	8,619
Korean Re's Domestic Non-life GPW	4,397	4,675	4,769	5,110	5,278
Korean Re M/S	62.2%	61.2%	59.8%	58.1%	61.2%
Commercial	52.1%	50.8%	49.3%	48.8%	56.1%
Personal	75.9%	74.4%	71.7%	68.1%	66.0%

■ Dominant position in the Korean non-life reinsurance market

- Korean Re's domestic GPW shows a stable growth (5-year average : 4.4%)
- 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

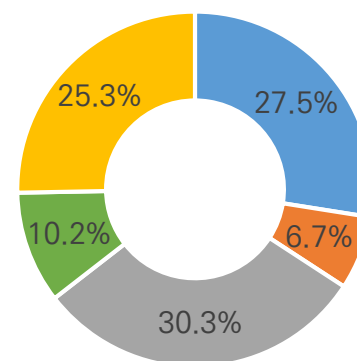
GPW Portion
(Korean Non-life Market)



■ Commercial ■ Motor ■ Long-term

※ As at 2020

GPW Portion
(Korean Re)



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

※ As at 2021

■ Commercial and overseas businesses comprise 52.8% 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) → 25.3% (FY2021)

■ Personal lines comprise 47.2% of the total portfolio

- Limited 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〉

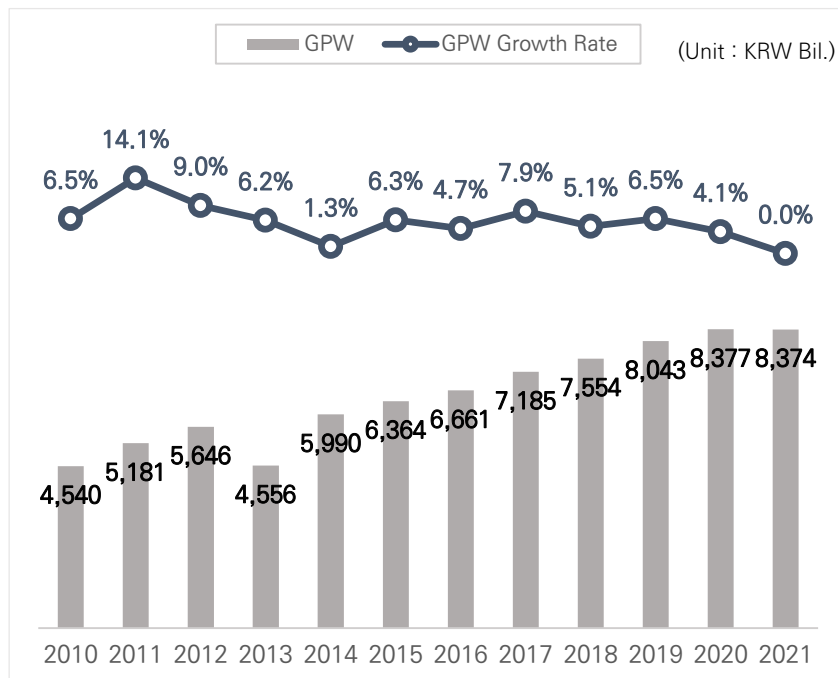
1. Korean Re Profile

2. Financial Highlights

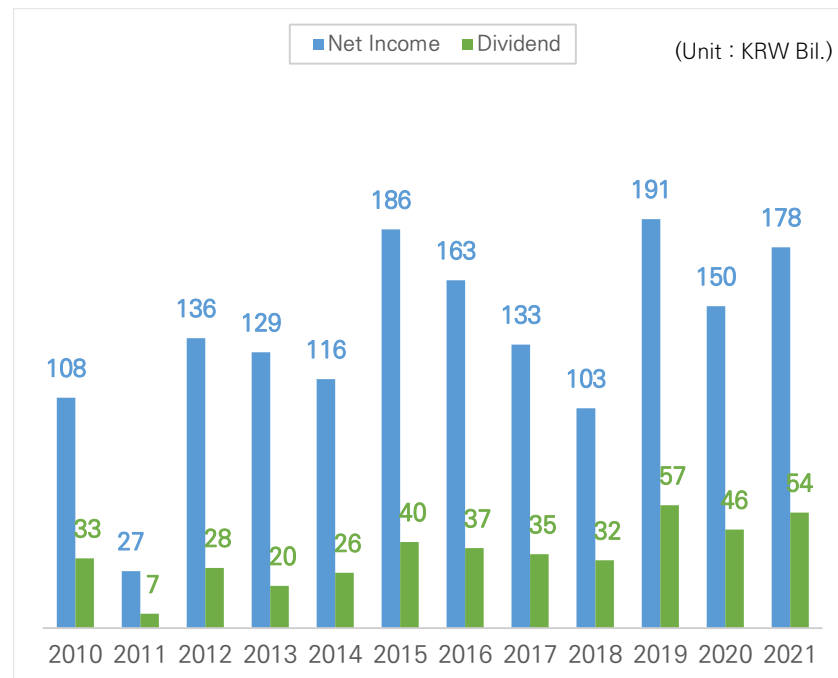
3. Reinsurance Performance

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 FY2011 due to Thai Flood losses
- Dividend : Continuous dividend payments despite reinsurance operation volatility

2-2 Dividend Performance

(Unit : KRW Bil.)

구 분	2016	2017	2018	2019	2020	2021
Net Income	162.5	132.5	102.7	191.2	150.4	178.0
Total Dividend Amount	37.3	34.5	31.6	57.4	46.0	53.7
Payout Ratio(%)	23.0	26.0	30.8	30.0	30.6	30.2
Dividend Per Share(KRW)	325	300	275	500	450	525
Dividend Yield(%)	2.8	2.7	3.1	5.3	5.2	5.5

■ Supporting a favorable dividend policy for shareholders

- A record high dividend per share due to the increase of profit and consistent dividend policy with above 30% payout ratio
- 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

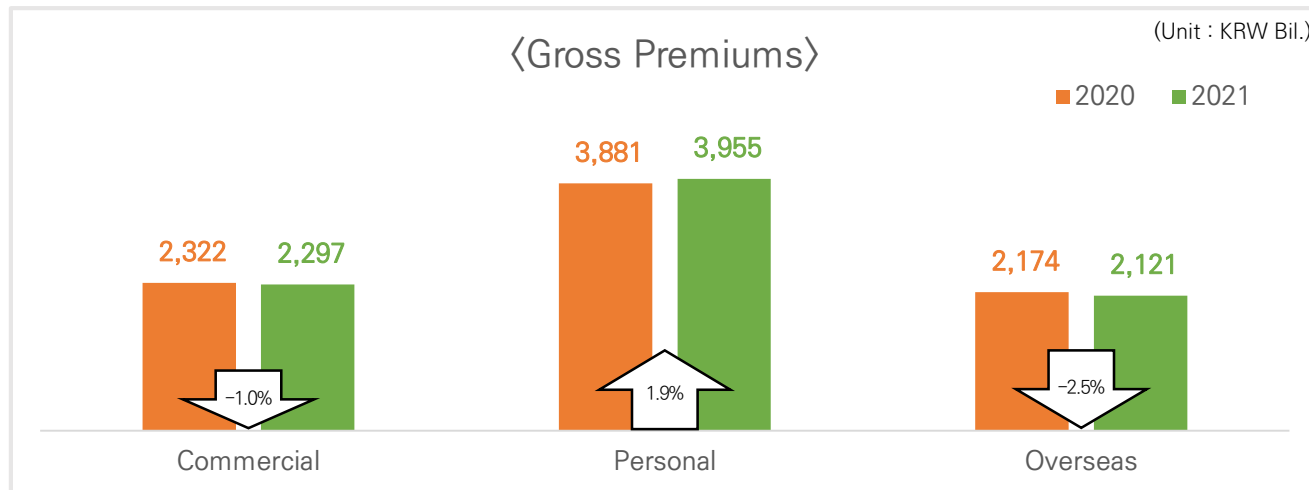
2-3 Financial Highlights as of December 2021

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

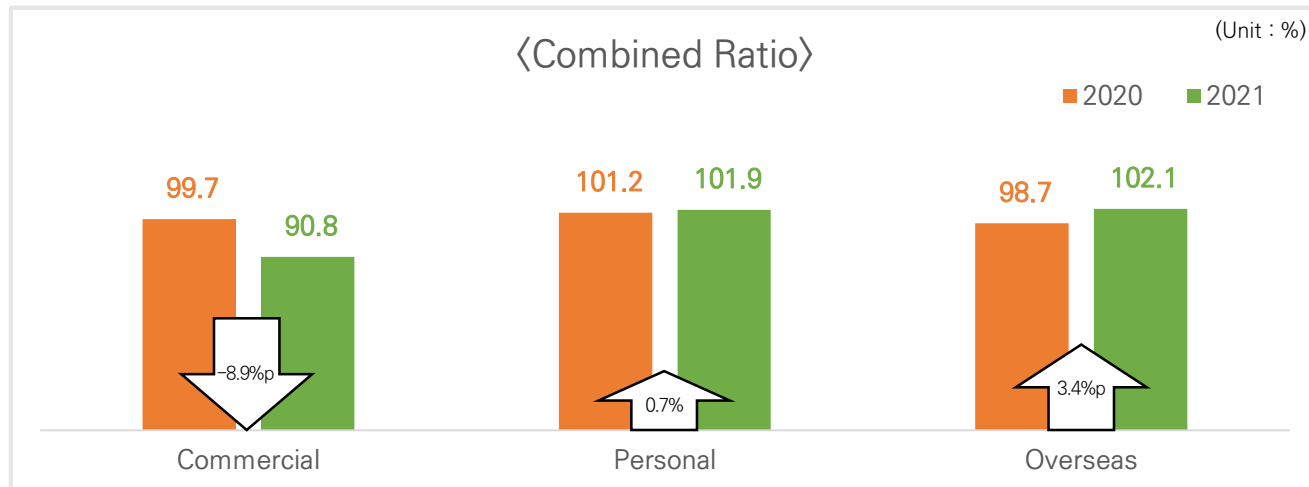
Classification	2020	2021	YoY change	
			Amount	Rate
Gross Premiums	8,377.1	8,373.6	-3.5	-
Net Premiums	5,863.0	6,001.2	138.2	2.4
Underwriting Income	-25.2	-25.1	0.1	n/a
Combined Ratio	100.3	100.3	-	n/a
- Loss Ratio	85.7	86.8	1.1	n/a
- Expense Ratio	14.6	13.5	-1.1	n/a
Investment Income	236.7	244.8	8.1	3.4
Operating Income	219.2	220.0	0.9	0.4
Net Income	150.4	178.0	27.6	18.4
Operating Assets	6,417.6	7,161.4	743.8	11.6
Total Assets	12,411.6	12,875.9	464.3	3.7
Shareholders' Equity	2,463.1	2,559.4	96.3	3.9
Return on Equity(ROE)	6.1	7.1	1.0	n/a

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

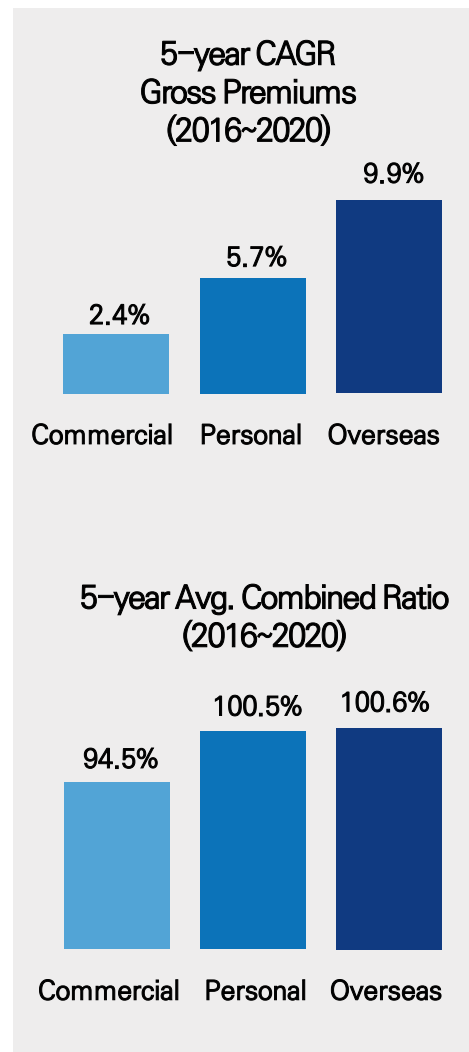
2-4 Financial Highlights by Line of Business



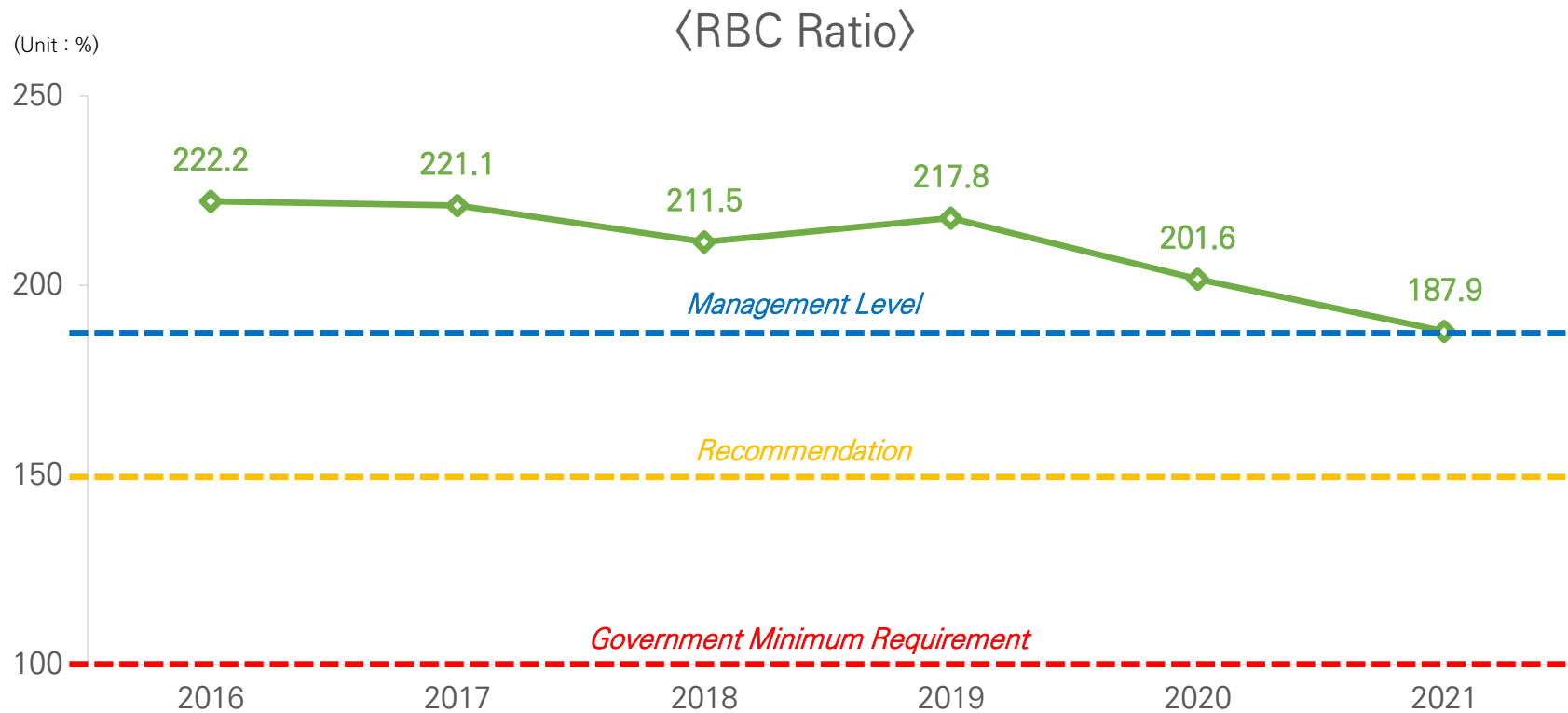
※ Commercial and Overseas : negative growth due to the effort to achieve a profitable P/F mix by reducing unfavorable business lines



※ Overseas : combined ratio would increase to 96.6% by 0.6%p as if basis excluding COVID-19 losses (KRW 71.9 billion in FY2020, KRW 97.8 billion in FY2021)



2-5 RBC Ratio



■ A strong local solvency ratio has been maintained despite tightened regulations

- RBC ratio decreased in 2020 due to ① a decrease of shareholder's capital from purchasing treasury stocks
② a decrease of net income with increased reinsurance and investment exposure
- RBC ratio decreased in 2021 due to ① a decrease of gains on valuation of available for sale financial assets due to the hike in interest rates

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〈Table of Contents〉

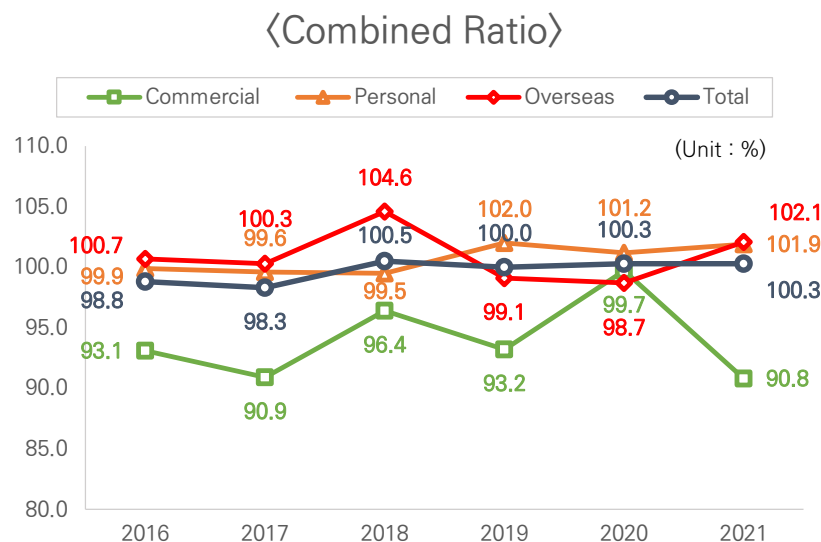
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3-1 Combined Ratios by Line of Business



(Unit : %)

Item	2017	2018	2019	2020	2021.3Q
Commercial	90.9	96.4	93.2	99.7	87.7
Personal	99.6	99.5	102.0	101.2	101.6
Overseas	100.3	104.6	99.1	98.7	99.1
(Excl. COVID-19)				(96.0)	(93.4)
Total	98.3	100.5	100.0	100.3	98.9
(Excl. COVID-19)				(99.5)	(97.3)
- Loss Ratio	80.0	83.4	85.6	85.7	86.6
- Expense Ratio	18.3	17.1	14.4	14.6	12.3

※ Excluding foreign currency evaluation effect

■ Diversified business portfolio and treaty structure mitigated performance volatility

- P/F diversification (2020) : 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:
 - 2017 : US Hurricanes (Harvey, Irma, Maria), Hong Kong Typhoon, Vietnam Typhoon, China Flood
 - 2018 : Typhoons in Asia (Jebi, Trami, Mangkhut), a number of sizable losses from engineering insurance
 - 2019 : Typhoons in Asia (Faxai, Hagibis)
 - 2020 : COVID-19 losses, US Windstorm (Derecho)
 - 2021 : COVID-19 losses, Europe Hailstorm, Europe Flood, US hurricane (Ida)

3-2 Overseas Portfolio by Line of Business

(Unit : %)

Line of business	2017	2018	2019	2020	2021
Fire & Engineering	44.0	45.2	43.7	40.9	47.2
Marine	12.5	9.4	8.1	7.4	6.7
Casualty	12.8	12.1	13.8	15.9	14.2
Motor	4.5	5.5	5.7	5.9	8.1
Life	20.4	21.8	23.0	24.9	21.3
Others*	5.8	6.0	5.7	5.0	2.5
Total	100.0	100.0	100.0	100.0	100.0

*Others : Crop, Livestock, etc.

■ Establishing a well-balanced P/F and gradual adjustment for profit improvement

- P/F diversification by line of business for securing a stable foundation for earnings
 - Property & Engineering : decreased due to Nat. Cat. Exposure management and stopping underwriting under-performing contracts in the past, but recently started to grow because of insurance rate increase and recovery of profitability
 - Casualty & Motor : increase for profit diversification because of low correlation with Nat. Cat.
 - Life : P/F restructuring for improvement of profit against deterioration

3-3 Overseas Portfolio by Region

(Unit : %)

Region	2017	2018	2019	2020	2021
Far East Asia	30.0	33.0	30.5	28.5	24.5
Middle East Asia	12.3	11.7	13.1	13.1	13.9
Southeast Asia	11.7	11.2	11.4	8.7	9.3
<i>Asia Total</i>	<i>54.0</i>	<i>55.9</i>	<i>55.0</i>	<i>50.3</i>	<i>47.7</i>
North America	19.6	17.5	17.4	16.9	19.7
Latin America	6.6	7.9	9.9	12.5	9.7
<i>Americas Total</i>	<i>26.2</i>	<i>25.4</i>	<i>27.3</i>	<i>29.4</i>	<i>29.4</i>
Europe	15.9	15.4	14.9	16.9	19.7
Africa	0.7	0.7	0.9	1.0	1.3
Others*	3.2	2.6	1.9	2.4	1.9
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% (2016) → 47.7% (2021)
 - Continuous growth on Americas & Europe : 39.9% (2016) → 49.1% (2021)

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〈Table of Contents〉

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2. Financial Highlights

3. Reinsurance Performance

4. Investment Performance

4-1 Investment Portfolio and Profit

(Unit : KRW Bil.)

Classification	2019		2020		2021	
	Asset	Portion	Asset	Portion	Asset	Portion
Stock	147.1	2.4%	205.8	3.2%	287.2	4.0%
Domestic Bond	1,929.4	31.0%	1,896.9	29.6%	2,152.2	30.1%
Overseas Bond	1,507.0	24.2%	1,585.8	24.7%	1,730.1	24.2%
Short Term	800.1	12.9%	587.5	9.2%	755.8	10.6%
Loan	993.1	16.0%	1,146.4	17.9%	1,041.7	14.5%
Alternatives	657.3	10.6%	809.3	12.6%	1,009.1	14.1%
Others	186.4	2.9%	185.9	2.8%	185.3	2.6%
Total	6,220.7	100.0%	6,417.6	100.0%	7,161.4	100.0%

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

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

(Unit : KRW Bil.)

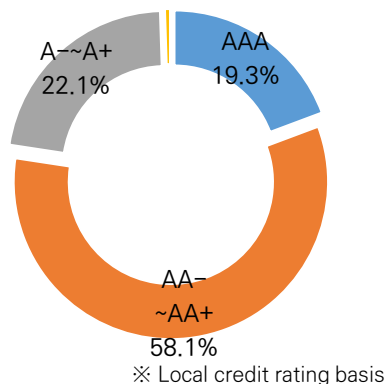
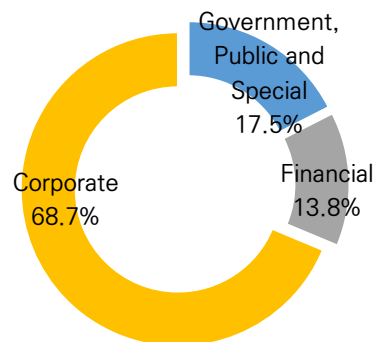
Classification	2019		2020		2021	
	Profit	Yield	Profit	Yield	Profit	Yield
Stock	29.2	24.2%	5.0	2.9%	4.8	2.2%
Domestic Bond	51.0	2.7%	70.4	3.7%	54.0	2.6%
Overseas Bond	78.2	5.1%	93.7	6.2%	56.7	3.7%
Short Term	8.8	1.2%	9.4	1.4%	7.0	0.9%
Loan	43.7	4.7%	46.9	4.5%	45.5	4.6%
Alternatives	26.4	4.8%	13.5	1.9%	79.6	10.6%
Others	-1.5	-0.8%	-2.2	-1.2%	-2.8	-1.3%
Total	235.8	4.0%	236.7	3.8%	244.8	3.7%

* Excluding foreign currency evaluation effect

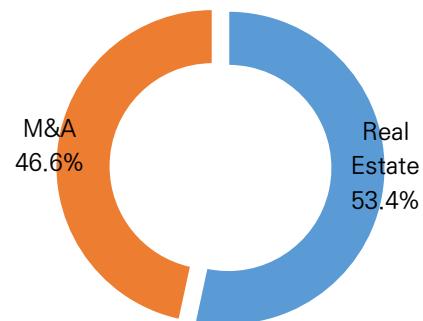
* 2019 total yield (4.0%) : Record high yield of 4.0% due to profit gains of KRW 26.7 Bil. from the sale of 'Koramco Reits and Trust'

4-2 Investment Portfolio Mix (2021)

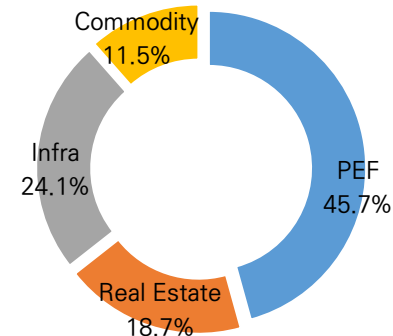
Domestic Bond



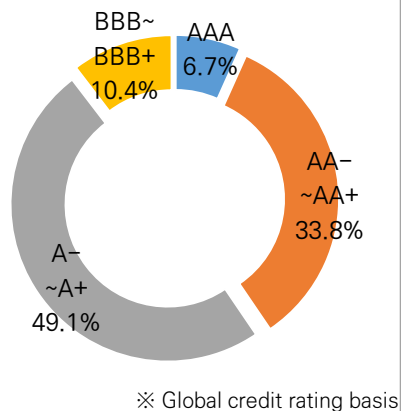
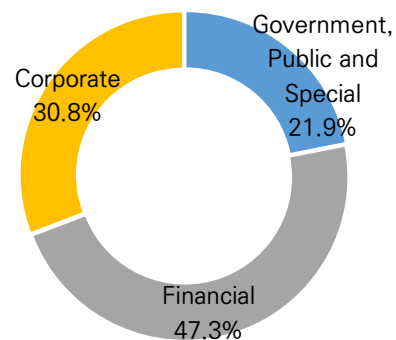
Loan



Alternatives



Overseas Bond



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

– Underlying assets are diversified by industrial sector

· M&A : 9 sectors with average exposure of 11%

· 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.