



# Korean Reinsurance Company

## Business Performance and Strategy

– Separate Financial Result as of September 2022 –

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', 'A', 'S', 'Z', 'fn', 'control', 'option', and 'caps lock'. 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.

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# 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 30 units (12 UW / 2 Investment / 13 Administrative / 1 R&D Institute / 2 Task forces)
- International : 4 branches (Singapore, Labuan, Dubai, Shanghai)
  - 4 subsidiaries (Hong Kong, London, Zurich, New Jersey)
  - 4 liaison offices (Beijing, Tokyo, 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

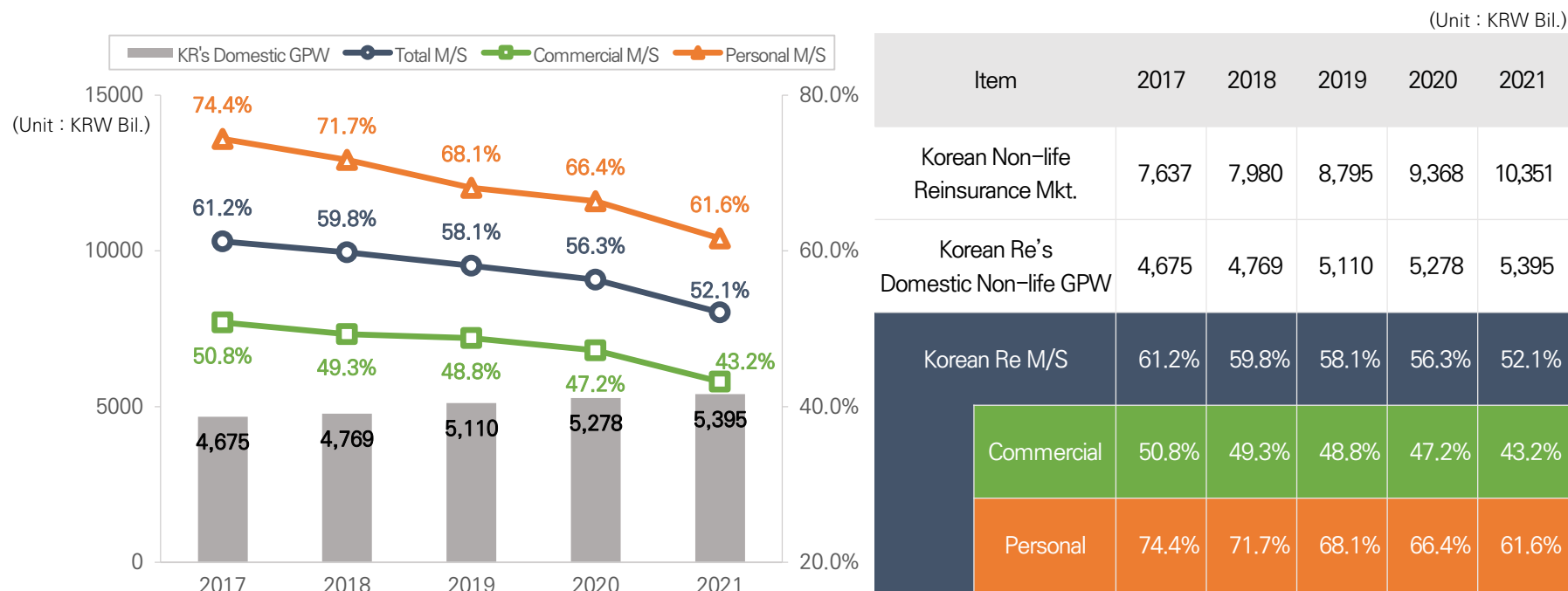
# 1-3 Global Reinsurers (2021 Gross Premiums)

(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)	39.2	A+	AA-
3	Hannover Re (Germany)	31.4	A+	AA-
4	Canada Life Re (Canada)	23.5	A+	AA
5	SCOR (France)	19.9	A+	AA-
6	Berkshire Hathaway (USA)	19.9	A++	AA+
7	Lloyd's (UK)	19.3	A	A+
8	China Re (China)	17.8	A	A
9	RGA (USA)	13.3	A+	AA-
10	Everest Re (Bermuda)	9.1	A+	AA-
11	Partner Re (Bermuda)	8.2	A+	AA-
12	Renaissance Re (Bermuda)	7.8	A+	AA-
13	Korean Re (South Korea)	7.1	A	A

※ Source : A.M. best and S&amp;P (Sep. 2022)

# 1-4 Korean Non-life Reinsurance Market

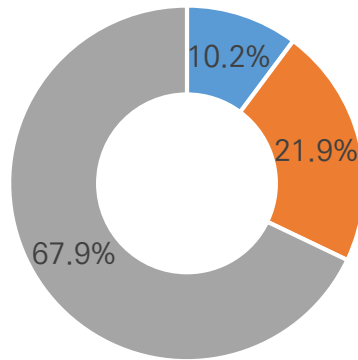


## ■ Dominant position in the Korean non-life reinsurance market

- 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 commercial and personal-line M/S in recent years
  - Continuous portfolio modification to improve profitability : Commercial(PA/Cellphone/Agriculture), Personal(Medical expense)
  - Thoroughly selective underwriting of high-risk products (Dementia/Dental/Pets)

# 1-5 Underwriting Portfolio Composition

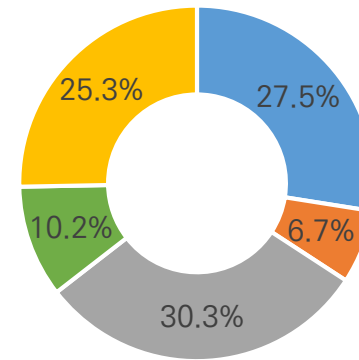
GPW Portion  
(Korean Non-life Market)



■ Commercial ■ Motor ■ Long-term

※ As at 2021

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.

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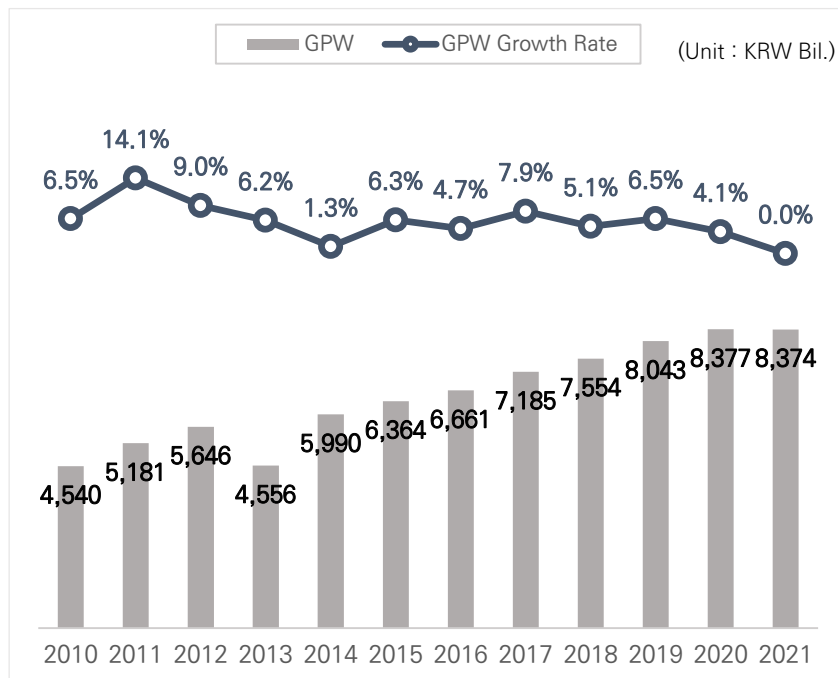
2. Financial Highlights

3. Reinsurance Performance

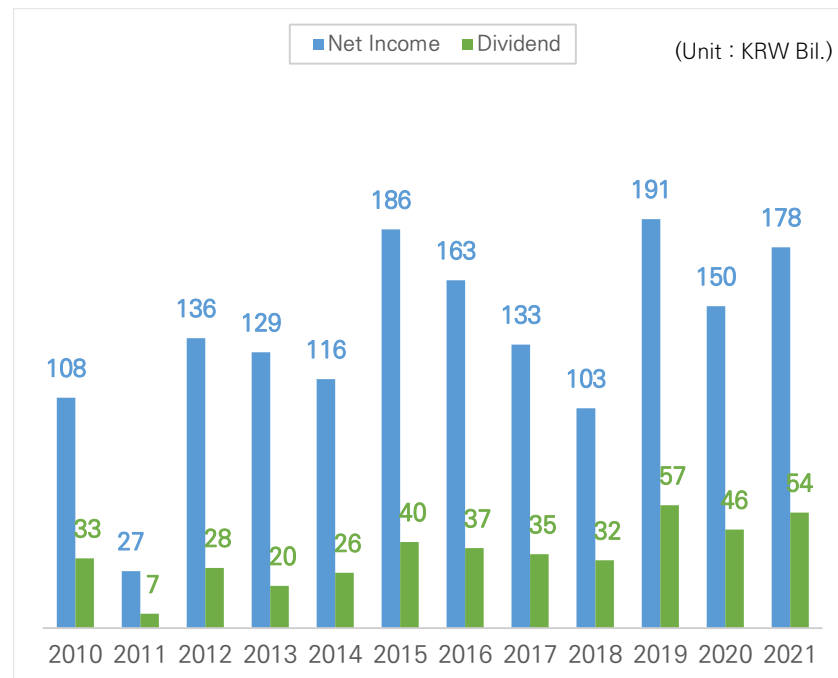
4. Investment Performance



## 2-1 Financial Snapshot (FY2010-FY2021)



※ 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 and Japan Earthquake 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
- Korean Re was in the black and paid dividend in 2011 despite record-breaking Thai Flood and Japan Earthquake losses

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

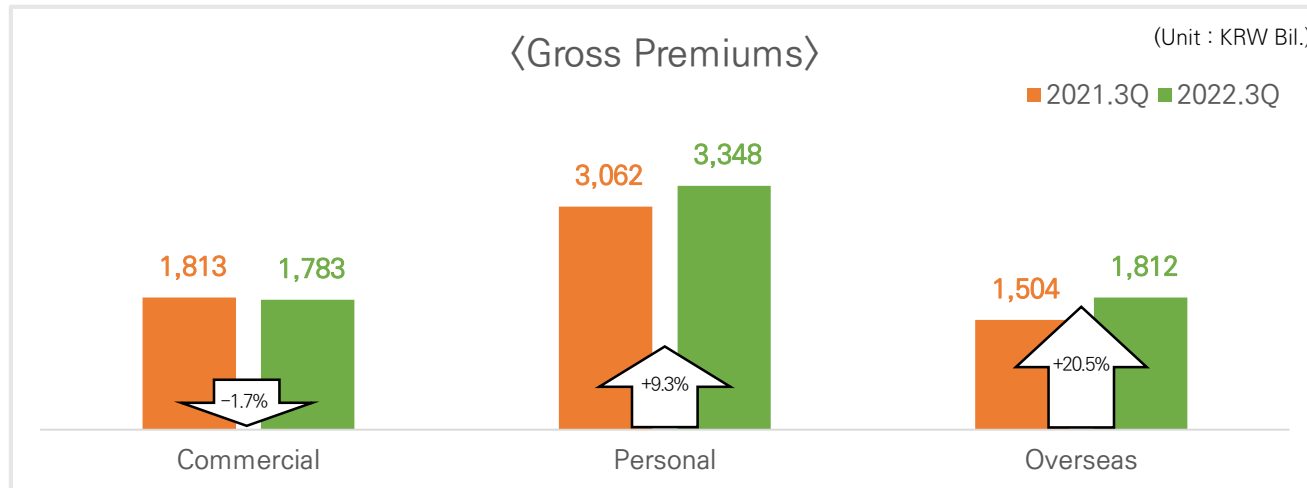
## 2-3 Financial Highlights as of September 2022

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

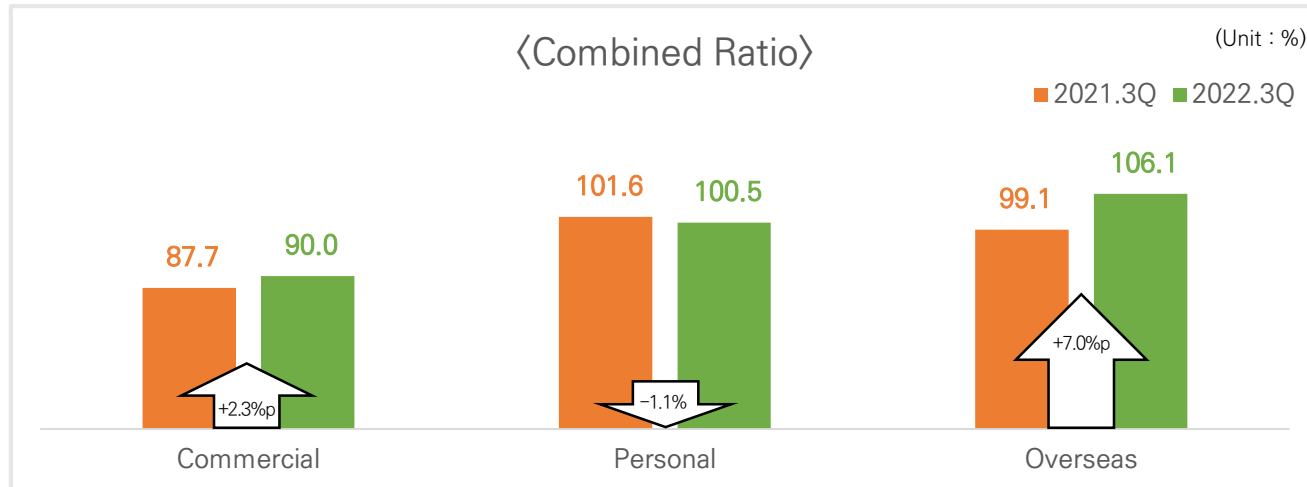
구분	2021	2021.3Q	2022.3Q	YoY change	
				Amount	Rate
Gross Premiums	8,373.6	6,379.3	6,943.0	+563.7	+8.8
Net Premiums	6,001.2	4,548.5	5,020.5	+472.0	+10.4
Underwriting Income	-25.1	40.7	-47.4	-88.1	-
Combined Ratio	100.3	98.9	100.7	+1.8	-
- Loss Ratio	86.8	86.6	86.0	-0.6	-
- Expense Ratio	13.5	12.3	14.7	+2.4	-
Investment Income	244.8	192.2	198.2	+6.0	+3.1
Operating Income	220.0	220.0	150.2	-69.8	-31.7
Net Income	178.0	177.9	131.0	-46.9	-26.4
Operating Assets	7,161.4	7,077.6	8,234.0	+1,156.4	+16.3
Total Assets	12,861.9	13,298.9	14,496.3	+1,197.4	+9.0
Shareholders' Equity	2,559.4	2,556.2	2,797.5	+241.3	+9.4
Return on Equity(ROE)	7.1	9.5	6.5	-3.0	-

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

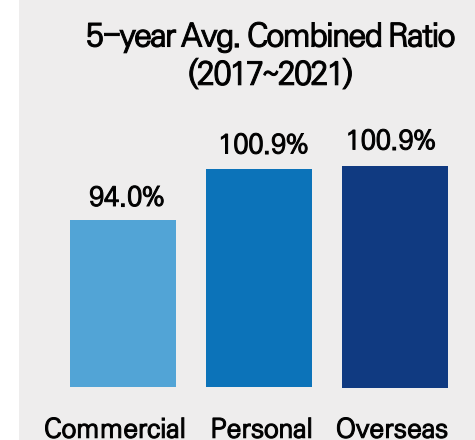
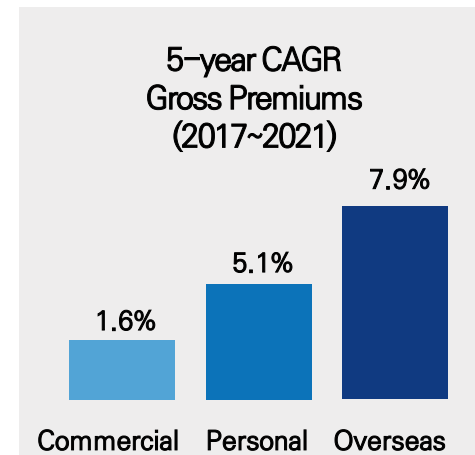
## 2-4 Financial Highlights by Line of Business



※ Commercial : portfolio modification of reducing underperforming treaties to improve profitability  
 Personal : growth rate would increase to 1.5% as-if basis excluding co-insurance

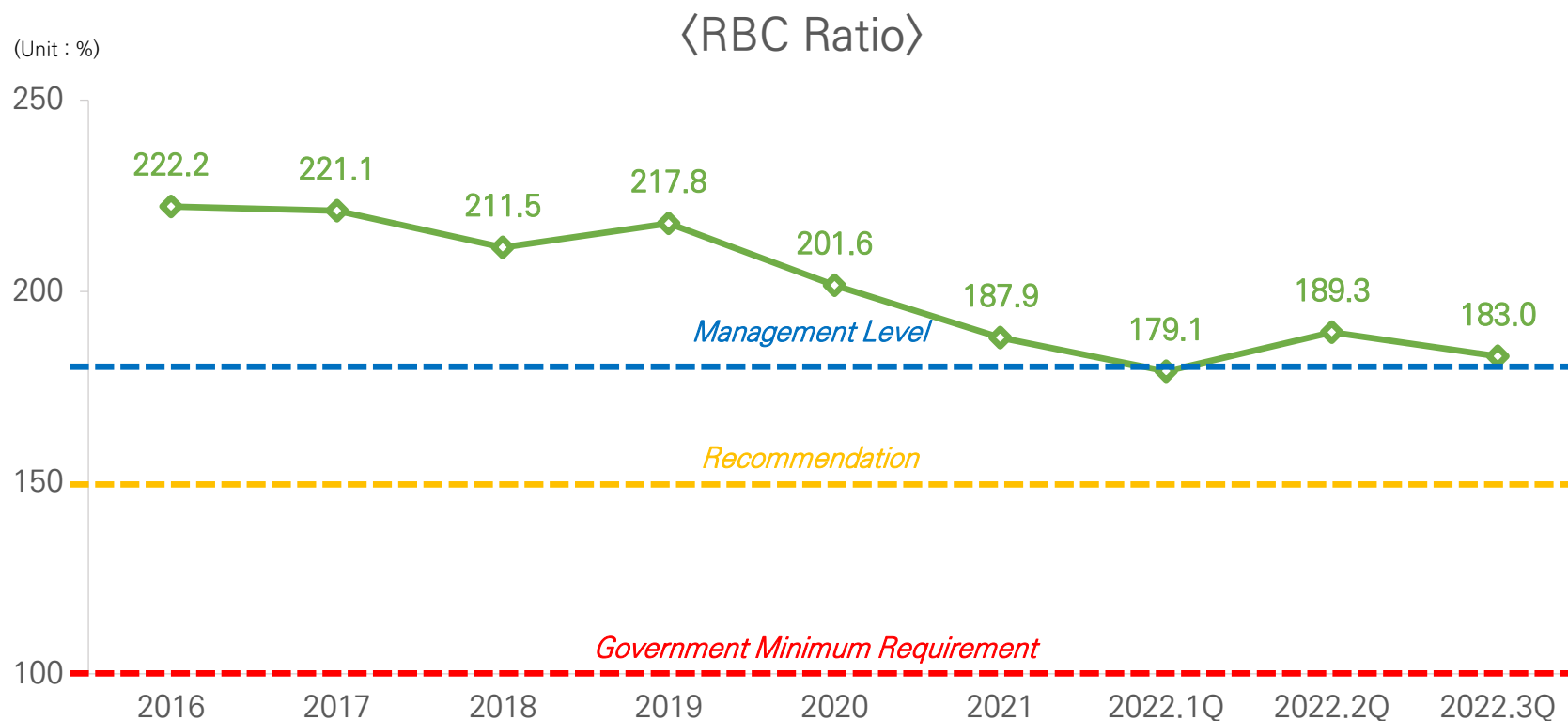


※ Overseas : combined ratio would decrease to 101.8% as-if basis excluding COVID-19 losses (KRW 59.5 billion)





# 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

## ■ Internal management level of 180% was satisfied by the issuance of hybrid bond in May

- Additional issuance of KRW 100 Bil. hybrid bond in October is for a new business such as co-insurance

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', 'caps lock', 'shift', 'fn', 'control', 'option', 'Z', 'A', 'S', 'W', 'E', 'Q', '2', '1', and a numeric keypad. 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. 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.

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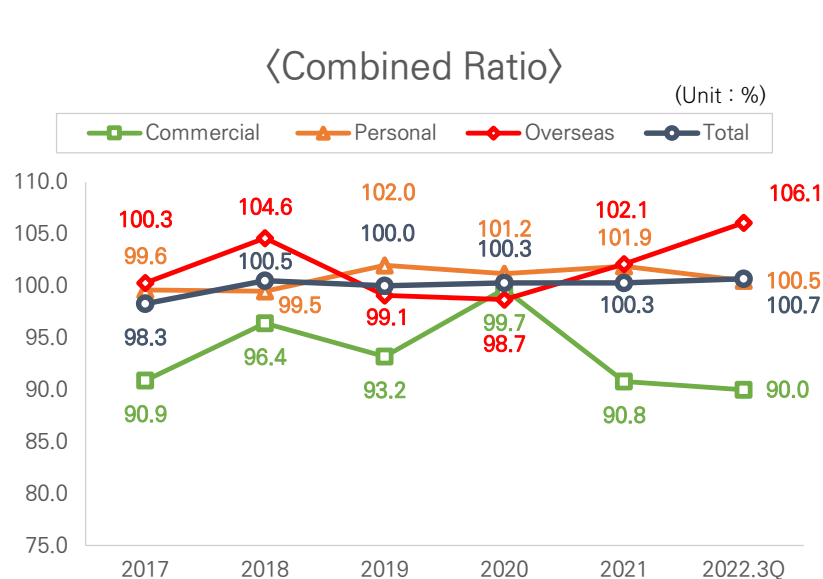
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# 3-1 Combined Ratios by Line of Business



(Unit : %)

Item	2018	2019	2020	2021	2022.3Q
Commercial	96.4	93.2	99.7	90.8	90.0
Personal	99.5	102.0	101.2	101.9	100.5
Overseas	104.6	99.1	98.7	102.1	106.1
(Excl. COVID-19)			(96.0)	(96.6)	(101.8)
Total	100.5	100.0	100.3	100.3	100.7
(Excl. COVID-19)			(99.5)	(98.7)	(99.5)
- Loss Ratio	83.4	85.6	85.7	86.8	86.0
- Expense Ratio	17.1	14.4	14.6	13.5	14.7

※ Excluding foreign currency evaluation effect

## ■ Diversified business portfolio and treaty structure mitigated performance volatility

- P/F diversification (2021) : Long-term 30%, Commercial 27, Overseas 25%, Life 10%, Motor 7%
- 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 &amp; 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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## 4-1 Investment Portfolio and Profit

(Unit : KRW Bil.)

Classification	2020		2021		2022.3Q	
	Asset	Portion	Asset	Portion	Asset	Portion
Stock	205.8	3.2%	287.2	4.0%	280.0	3.4%
Domestic Bond	1,896.9	29.6%	2,152.2	30.1%	2,702.4	32.8%
Overseas Bond	1,585.8	24.7%	1,730.1	24.2%	2,063.6	25.1%
Short Term	587.5	9.2%	755.8	10.6%	743.0	9.0%
Loan	1,146.4	17.9%	1,041.7	14.5%	1,058.2	12.9%
Alternatives	809.3	12.6%	1,009.1	14.1%	1,201.2	14.6%
Others	185.9	2.8%	185.3	2.6%	185.6	2.3%
Total	6,417.6	100.0%	7,161.4	100.0%	8,234.0	100.0%

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

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

(Unit : KRW Bil.)

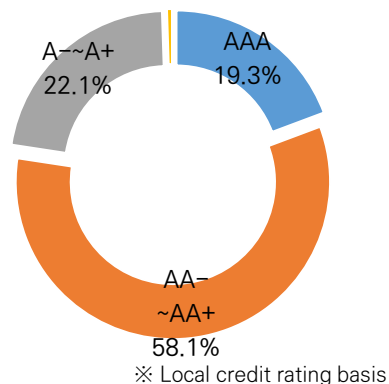
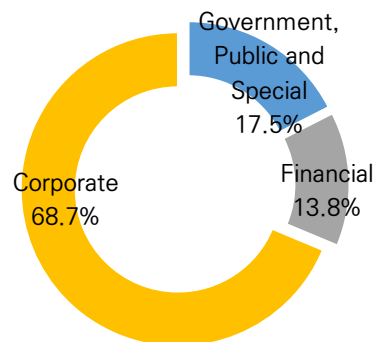
Classification	2020		2021		2022.3Q	
	Profit	Yield	Profit	Yield	Profit	Yield
Stock	5.0	2.9%	4.8	2.2%	23.2	8.5%
Domestic Bond	70.4	3.7%	54.0	2.6%	48.9	2.7%
Overseas Bond	93.7	6.2%	56.7	3.7%	41.9	3.0%
Short Term	9.4	1.4%	7.0	0.9%	6.6	1.2%
Loan	46.9	4.5%	45.5	4.6%	35.8	4.6%
Alternatives	13.5	1.9%	79.6	10.6%	44.1	5.4%
Others	-2.2	-1.2%	-2.8	-1.3%	-2.3	-1.6%
Total	236.7	3.8%	244.8	3.7%	198.2	3.5%

\* Excluding foreign currency evaluation effect

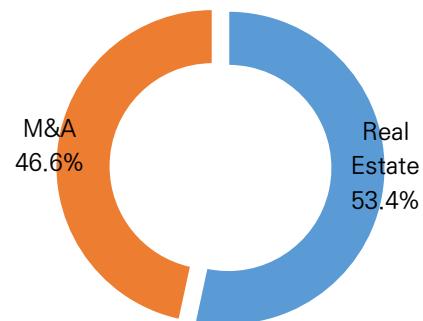
\* 2019 total yield (4.0%) : Record high yield of 4.0% due to profit gains of KRW 26.7 Bil. from the sale of 'Koramco Reits and Trust'

## 4-2 Investment Portfolio Mix (2021)

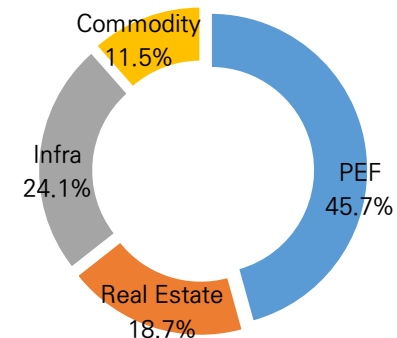
### Domestic Bond



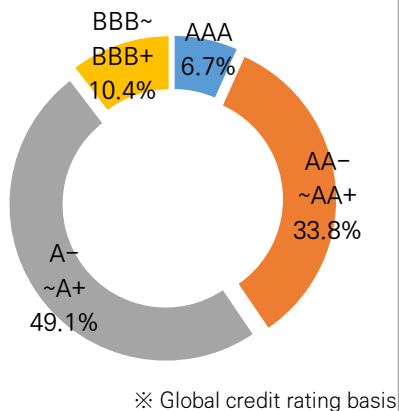
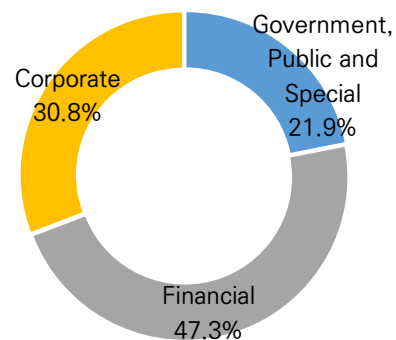
### Loan



### 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.