Management's Discussion & Analysis

Overview of Business Environment

The Korean insurance market has been forced to grapple with slowing growth over the past few years. In 2020, insurance companies came under further pressure due to a decrease in new business volume and economic downturn in the aftermath of the COVID-19 outbreak. Despite this downward pressure on growth, they showed an improvement in profitability following excessively high claims experience in the previous year. Their underwriting losses in motor and long-term lines of business narrowed amid reduced claims activity - some unexpected benefits in the pandemic situation.

Life insurers suffered a decline in interest income due to low interest rates, but their underwriting losses were reduced on the back of reserve releases from the variable life business and improved business results for medical expense insurance. Similarly, non-life insurers saw their interest income shrink, but there was some improvement in underwriting performance of motor and health lines of business.

Solvency capital management has remained one of the biggest challenges for the insurance industry in Korea with the implementation of IFRS 17 scheduled for 2023 along with a new risk-based capital (RBC) regime called the Korean Insurance Capital Standards (K-ICS). Insurers have been exploring various options in terms of both capital requirements and available capital positions to boost their RBC ratios. For example, some of them have been working to strengthen their available capital resources by issuing subordinated debts and hybrid capital securities. Others have been seeking to raise new capital through rights offerings.

Coinsurance has emerged as a viable solution for insurers who want to improve their capital strength since it was legally permitted by Korean financial authorities in 2020. Insurers are now allowed to use coinsurance to cover interest rate risk as well as pure underwriting risk, which is basically covered by traditional reinsurance, in order to seek capital relief. Life insurers, in particular, can rely on coinsurance arrangements with reinsurers to alleviate reverse margins in an ultralow interest rate environment and ease capital burden in the run-up to the implementation of tightened accounting and solvency regulations.

Highlights of Business Results

Given the extraordinary circumstances, we are proud that Korean Re delivered relatively encouraging results in 2020, with gross written premiums increasing by 4.9% to KRW 8,447.1 billion and net written premiums growing by 6.6% to KRW 5,900.1 billion.

We also reported decent net income results of KRW 142.1 billion after tax, albeit below the strongest level achieved in the previous year (KRW 188.7 billion). Our underwriting performance returned to profitability mostly due to favorable foreign exchange movements, with an underwriting income of KRW 10.2 billion. If losses related to COVID-19 were excluded, underwriting income would have risen to KRW 65 billion, with net income soaring to KRW 183 billion. Our investment performance remained stable, generating an investment profit of KRW 198.2 billion backed by gains on the sale of bonds.

As of the end of 2020, our total assets increased by KRW 786.8 billion to KRW 12,519.9 billion, while there was a rise of KRW 215.9 billion in invested assets, which totaled KRW 6,438.1 billion. We maintained our capital position at a stable level, with total shareholders' equity standing at KRW 2,455.9 billion as of late December 2020.

Analysis of Business Results

Premium Growth

Korean Re wrote gross premiums of KRW 8,447.1 billion in 2020, achieving a 4.9% increase from the prior year. Our domestic business stayed on track to stable growth, with premiums rising by 2.7% to KRW 6,202.5 billion. There was also strong growth impetus from our overseas business, which grew by 11.7%. In line with this expansion in gross written premiums, our net written premiums increased by 6.6% to KRW 5,900.1 billion in 2020. As we continued to raise our retention of profitable business, the overall retention rate went up slightly to 69.8% from 68.7%.

Our domestic portfolio remained strong thanks to our rigorous portfolio management, which restricted the growth of loss-making personal lines of business and crop insurance business. We reported an 11.2% growth in our domestic property business and a 25% increase in our engineering business. The strengthening of our domestic portfolio was also supported by an improvement in marine and aviation premium growth. In addition, our domestic casualty business delivered stable growth on the back of professional liability and specialty risks.

In overseas markets, we made impressive progress with premiums growing by 11.7%. The main driver of growth was non-property lines of business that are less impacted by natural catastrophes, such as casualty, motor and life. In particular, our overseas life and health business showed a 17.5% increase in gross written premiums, backed by strong growth in the Americas. As for property insurance, we saw our international facultative business grow by 13.7% as a result of the strategic initiative to grow our book of business in less developed territories. Solid business growth at our overseas offices also contributed to the company's global business expansion.

Volume of Premiums

(Units: KRW billion, USD million)

	FY 2020 (KRW)	FY 2020 (USD)	FY 2019 (KRW)	FY 2019 (USD)	YoY Change*
Gross Written Premiums	8,447.1	7,087.8	8,051.5	6,843.5	4.9%
Net Written Premiums	5,900.1	4,950.7	5,533.0	4,702.9	6.6%
Earned Premiums	5,834.0	4,895.2	5,512.5	4,685.4	5.8%
Ceded Premiums	2,547.0	2,137.1	2,518.6	2,140.7	1.1%

* YoY change is based on the value in KRW.

Gross Written Premiums by Line of Business

(Units: KRW billion, USD million)

	FY 2020 (KRW)	FY 2020 (USD)	FY 2019 (KRW)	FY 2019 (USD)	YoY Change*
Property	1,188.9	997.6	1,165.1	990.3	2.0%
Engineering**	797.4	669.1	844.8	718.0	-5.6%
Marine and Aviation	418.6	351.2	380.4	323.3	10.0%
Casualty	1,331.7	1,117.4	1,181.5	1,004.3	12.7%
Long-term	2,408.0	2,020.5	2,277.7	1,936.0	5.7%
Motor	605.4	508.0	679.8	577.8	-10.9%
Life and Health	1,466.2	1,230.3	1,392.7	1,183.7	5.3%
Overseas Operations***	231.0	193.8	129.5	110.1	78.4%
Total	**8,447.1**	**7,087.8**	**8,051.5**	**6,843.5**	**4.9%**

* YoY change is based on the value in KRW. Individual figures may not add up to the total shown due to rounding.

** Engineering includes nuclear, agriculture, and other specialty lines.

*** Overseas operations include KRUL, KRSA and branches in Singapore, Labuan, Dubai, and Shanghai.

Management's Discussion & Analysis

Gross Written Premiums: Domestic vs. Overseas

(Units: KRW billion, USD million)

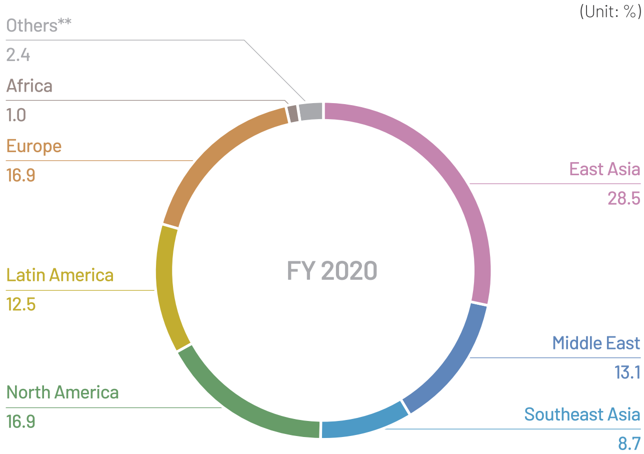
	FY 2020 (KRW)	FY 2020 (USD)	FY 2019 (KRW)	FY 2019 (USD)	YoY Change*
Domestic	6,202.5	5,204.4	6,041.9	5,135.4	2.7%
Overseas	2,244.5	1,883.3	2,009.6	1,708.1	11.7%

* YoY change is based on the value in KRW.

Korean Re continued to grow its global business portfolio in 2020, diversifying into overseas markets other than Asia. A geographical breakdown of our gross written premiums shows that the American and European markets accounted for 46.3% of the entire overseas business portfolio in 2020 compared to 42.1% in 2017. The shares of Asia declined by 4.7%p as a result of our portfolio management intended to improve overall business results.

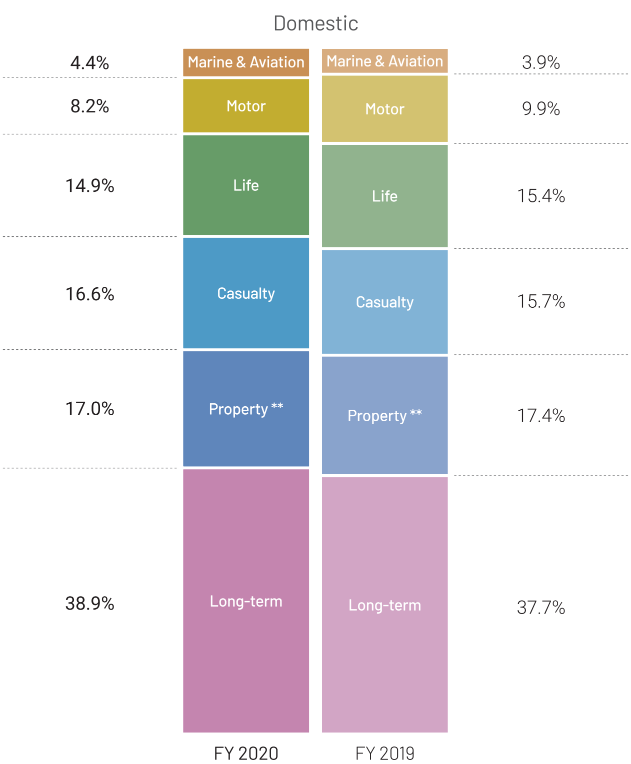
Overseas Business Portfolio by Region*

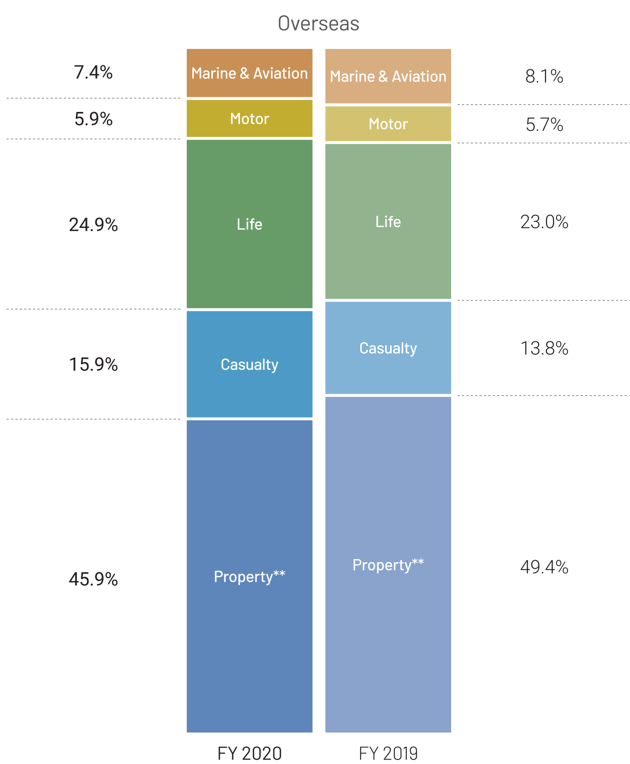
(Unit: %)



* Based on the Separate Financial Statements of Korean Re
** Others include retrocession and multi-territory accounts.

Premium Income Portfolios by Line of Business: Domestic vs. Overseas*





* Based on the Separate Financial Statements of Korean Re
** Property includes engineering, nuclear, agriculture and other specialty lines.

Underwriting Performance

Our underwriting profitability remained under pressure in 2020, but we managed to achieve an underwriting income of KRW 10.2 billion thanks in large part to foreign currency effects. When the effects of foreign exchange movements were excluded, our underwriting operations turned a loss, resulting in a combined ratio of 100.6% in 2020, up 0.5%p from 2019.

The primary factor that drove up the ratio was domestic commercial lines, which suffered a series of large losses arising from factory fires and ship sinking coupled with losses from natural disasters including torrential rain and typhoons. This heavy loss experience pushed up the combined ratio for domestic commercial lines by 8.0%p to 101.6%.

Domestic personal lines of business reported slightly improved underwriting results, with a combined ratio of 101.1% compared to 101.9% in the prior year. We experienced a reduced loss ratio amid depressed claims activity in the wake of the pandemic outbreak.

There was also an improvement of 0.8%p in the combined ratio for our overseas business even in the face of the negative impact of COVID-19 on the bottom line of our overseas business. The combined ratio for our overseas business improved to 99.1% despite COVID-19 related losses of KRW 54.8 billion. Our proactive portfolio steering toward higher profitability, together with stricter underwriting discipline and a decrease in natural catastrophe losses, allowed the combined ratio to stay below 100%. When the losses from COVID-19 were excluded, the combined ratio for our overseas business would have fallen to 96.1%, down 3.8%p from the previous year.

As we are set to strictly maintain underwriting discipline, our underwriting results are expected to improve in the coming years against the backdrop of favorable price movements across most lines of business.

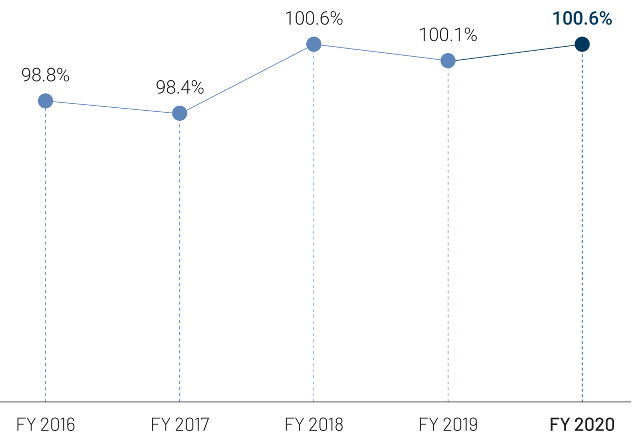
Underwriting Results*

(Units: KRW billion, USD million)

	FY 2020 (KRW)	FY 2020 (USD)	FY 2019 (KRW)	FY 2019 (USD)	YoY Change**
Incurred Losses	5,000.5	4,195.8	4,716.2	4,008.6	6.0%
Net Operating Expenses	867.3	727.7	803.8	683.2	7.9%
Earned Premiums	5,834.0	4,895.2	5,512.5	4,685.4	5.8%
Combined Ratio***	100.6%		100.1%		0.5%p

* Underwriting results exclude foreign exchange effects.
** YoY change is based on the value in KRW.
*** The combined ratio is calculated as follows: Combined ratio = (incurred losses + net operating expenses)/earned premiums

Combined Ratio (FY 2016 - 2020)



* Excluding foreign currency evaluation effects

Management's Discussion & Analysis

Investment Performance

The weak underwriting performance was softened by our stable investment operations. Backed by gains on the sale of bonds, we achieved strong investment results of KRW 198.2 billion. When gains and/or losses from foreign exchange hedging for insurance liabilities are excluded, our investment profit jumped to KRW 236.7 billion with a return of 3.8% according to the Separate Financial Statements of the company. Our solid bond investment operations supported the overall investment performance, demonstrating our effort to ensure the stability of our investment portfolio and maximize the profitability of our invested assets.

Looking ahead to 2021, we will seek increased flexibility and greater diversification in terms of portfolio management so as to improve our return/risk profile. As we continue to build a strong alternative investment portfolio geared toward stable returns, our investment operations will remain well-positioned to deliver solid investment results and enhance our financial strength to enable our business growth.

Investment Income**

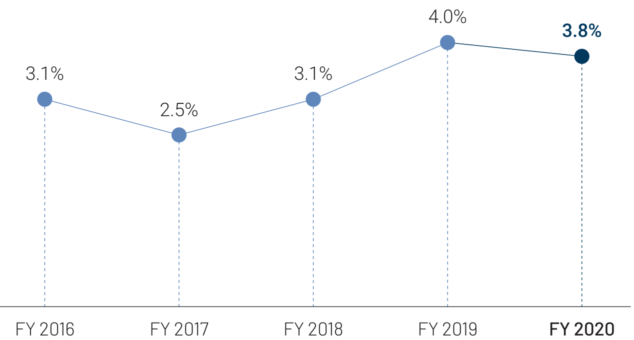
(Units: KRW billion, USD million)

	FY 2020 (KRW)	FY 2020 (USD)	FY 2019 (KRW)	FY 2019 (USD)
Domestic Bonds	70.4	59.1	51.0	43.4
Foreign Bonds	57.4	48.2	118.0	100.3
Foreign Bonds*	93.7	78.6	78.2	66.5
Stocks	5.0	4.2	29.2	24.8
Alternative Investments (including loans)	60.4	50.7	70.1	59.6
Short-term Funds	9.4	7.9	8.8	7.5
Others	-2.2	-1.9	-1.5	-1.3
Total	**200.4**	**168.2**	**275.6**	**234.3**
Total*	**236.7**	**198.6**	**235.8**	**200.4**

* Gains and/or losses from foreign exchange hedging for insurance liabilities have been excluded.

** Investment results are based on the Separate Financial Statements of Korean Re, reflecting investment operation at the head office only. Individual figures may not add up to the total shown due to rounding.

Investment Yield (FY2016 - 2020)



* Based on the Separate Financial Statements of Korean Re (Gains and/or losses from foreign exchange hedging for insurance liabilities have been excluded.)

Capital Strength

Korean Re always aims to optimize its capital structure and hold sufficient capital in excess of solvency requirements, generating a high solvency margin ratio (RBC ratio). In 2020, we continued to maintain a healthy RBC ratio of 201.6%, although it was down 16.2%p from the previous year. The decrease mostly reflected a reduction in capital following a series of share buybacks, as well as a drop in net income driven by weak underwriting results.

After the successful issuance of hybrid securities in 2014, Korean Re's capitalization took a significant step forward. It has enabled us to maintain a high level of RBC ratio and to further strengthen our balance sheet. Utilizing the buffer on the capital, we have been able to increase the retention levels of profitable domestic risks.

Korean Re completed its redemption of the hybrid capital securities issued in 2014, which was successfully refinanced in the Korean capital market in 2019. We are aiming to increase our capital mainly through organic growth in the long term, but additional issuance of hybrid capital securities can be considered on a flexible basis to maintain the current stable capital level with a sound RBC ratio.

Solvency Margin Ratio

	FY 2020	FY 2019	YoY Change
Solvency Margin Ratio (RBC Ratio)	201.6%	217.8%	-16.2%p

Dividend and Stock Price Performance

Distributions to Shareholders

Korean Re has a long history of returning value to shareholders based on its consistent dividend policy to offer attractive and sustainable returns to shareholders. Its total dividend payout amounted to KRW 46 billion in 2020. The payout ratio slightly increased to 32.4% in 2020, with a dividend yield of 5.2%.

Dividend Performance

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total Dividend Amount (KRW billion)	37.3	34.5	31.6	57.4	46.0
Payout Ratio (%)	23.3	25.9	30.7	30.4	32.4
Dividend per Share (KRW)	325	300	275	500	450
Dividend Yield (%)	2.8	2.7	3.1	5.3	5.2

As part of our shareholder return policy, we implemented large-scale share buybacks in 2020. Our robust financial strength and cash balances enabled us to invest in our own business with the aim of increasing shareholder value. The share repurchases reflected not only the confidence that we have in our business and future cash flow generation, but also our ongoing commitment to raising the investment value of our stock.

Korean Re Share Buybacks in 2020

	Dec 2019	Dec 2019- Feb 2020	Feb – Apr 2020	Apr – May 2020	June – July 2020	Aug- Sep 2020
Number of Shares Purchased (million)	-	2.5	5.0	2.0	1.5	1.6
Number of Shares Held in Treasury (million)	5.5	8.0	13.0	15.0	16.5	18.1
Portion of Treasury Shares (%)	4.6	6.6	10.8	12.5	13.7	15.0

A series of share buyback transactions were made from December 2019 to September 2020, with a total of 12.6 million shares being repurchased for KRW 98.7 billion. The volume was worth around 4% of the company's capital and surplus as of the end of 2019. As a result, treasury shares accounted for 15% of the total shares as of late 2020, sharply up from 4.6% in December 2019.

Stock Price Performance

The COVID-19 pandemic turned 2020 into a year of unprecedented events for the Korean stock market, which went from trough to peak in a very short span of time and then recorded several new highs. At the beginning of the year, the market started off the way it was expected to, and then things began to fall apart abruptly as the coronavirus spread in February, with panic triggered by economic uncertainty leading to a market crash. The Korea Composite Stock Price Index (KOSPI) hit a yearly low of 1,457.64 points on March 19, sending shock waves through the market, which was gripped by the fear of another financial crisis emerging.

However, the market began to rebound surprisingly fast as many governments around the world swiftly made fiscal and monetary responses to the pandemic, providing enough liquidity in the money markets. Rising expectations of vaccine development and economic recovery continued to provide momentum for stock market rallies throughout the latter half of the year. KOSPI closed the year at another high of 2,873.47p on December 30.

KOSPI Insurance also went through extreme swings in the wake of the pandemic outbreak, but lagged the overall market. The weak performance of insurance stocks reflected investor mania for growth and tech stocks amid the trend of digitalization accelerated by the pandemic. At the end of 2020, KOSPI Insurance closed 7.6% lower than a year earlier.

Like other insurance stocks, Korean Re stocks also remained largely underpriced throughout 2020, with the year-end closing price going down to KRW 7,890 compared to KRW 9,110 at the end of 2019. A big jump in stock price came after Korean Re announced its commitment to shareholder-friendly policies, including share buybacks and a high dividend payout ratio in December 2019, but the COVID-19 outbreak caused the stock price to plunge. After some recovery, it mostly tracked the performance of KOSPI Insurance.

Heading into 2021, Korean Re is confident that its stocks will gain value on the back of market hardening and improved underwriting performance. Market analysts have also released an optimistic outlook on our stock performance, supporting the view that Korean Re stocks are undervalued with a PBR of 0.39 as of the end of 2020. Our robust investment operations based on a diversified portfolio are expected to put our business on a solid footing to generate stable investment income. Moreover, potential interest hikes will lead to higher reinvestment yields, boosting overall investment returns.

Another factor that bolsters the optimistic view is that coinsurance, which was newly introduced in 2020, may create a new source of growth for Korean Re because insurers may want to seek coinsurance arrangements as a means to boost their capital strength. In this respect, Korean Re is working closely with The Carlyle Group to develop coinsurance solutions that best meet the needs of primary insurers in the domestic market.

Risk Management Report

Korean Re seeks a comprehensive approach to managing current and emerging risks to maintain the resilience of its business. Throughout 2020, we kept a close eye on changes in the global risk landscape and their implications on our business, clients and business partners. In response to COVID-19, our Risk Management Team thoroughly reviewed our exposures through a pandemic risk assessment and worked tirelessly to make sure that our risk control and response measures reflect the exposures.

Our risk management framework upholds an efficient and effective risk management environment to support the achievement of the company's business goals and strategies. The framework sets out how Korean Re defines, manages, monitors and reports risks based on risk governance.

Objectives

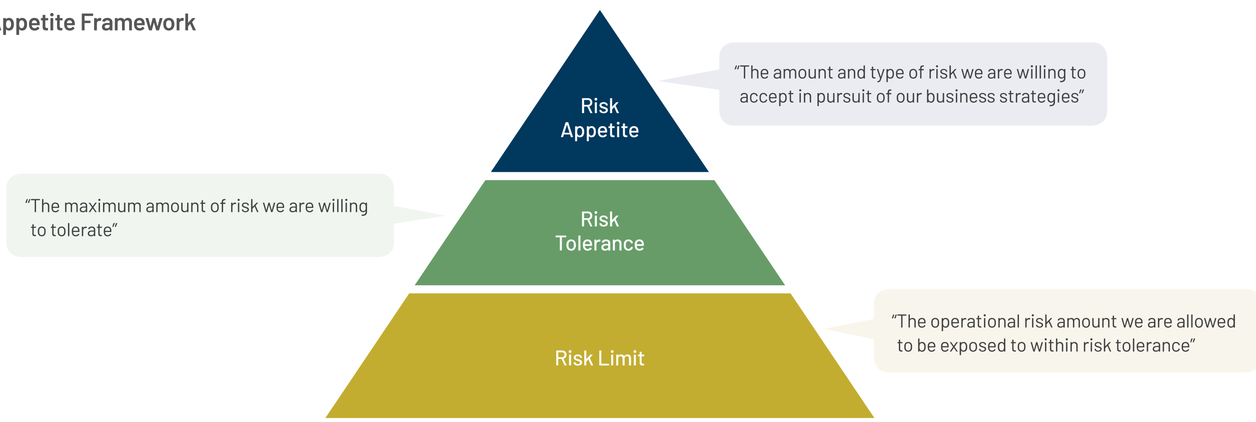
Korean Re implements enterprise risk management initiatives to achieve a stable set of risk management objectives. The objectives are as follows:

- Establishing risk management infrastructure to achieve "Vision 2050"
- Continuously enhancing shareholder value
- Maintaining a high level of credibility with stakeholders, credit rating agencies and supervisory agencies; and
- Diversifying insurance and investment portfolios, while also enhancing risk management with regard to overseas business growth

Strategic Risk Management

Korean Re's business strategy is aligned with its risk management strategy and risk appetite. The Risk Appetite Framework provides the main direction to steer the company as it moves forward, and all risks are managed under this framework. Based on the capital plan and financial targets linked to our risk appetite, we establish business plans and operate the business with stability by monitoring and evaluating business performance according to risk indicators.

Risk Appetite Framework



Korean Re's risk appetite framework is an enterprise-wide risk management guideline made up of three important components: risk appetite, risk tolerance, and risk limit.

Risk appetite defines the amount of risk we should accept in consideration of the company's vision and business objectives. The risk appetite statement is as follows:

- Maintain the solvency ratio within an optimal rage (190%-300%)
- Focus on our comparable advantage businesses and achieve an ROE of more than 8%
- Maintain conservative risks at a medium-low level considering our capital level
- Improve capital efficiency by optimizing insurance and investment portfolios
- Continue to improve our RAROC (risk-adjusted return on capital)

Risk appetite plays a significant role in maintaining our risk profile within the boundaries defined by different objectives, such as profitability, solvency, growth, and liquidity. Risk appetite also provides a solid foundation for decision-making: strategic asset allocation, capital planning, portfolio management, and more.

Risk tolerance represents a quantitative level of risk acceptance within the risk appetite and helps create macro guidelines for capital adequacy, liquidity, and concentration. The risk tolerance statement is as follows:

- Maintain the solvency ratio within a stable range (above 170%)
- Maintain a credit rating of "A" or above
- Annual natural catastrophe loss ≤ 15% of available capital
- Ability to meet day-to-day financial obligations (liquidity)

Risk limit describes the risk capacity constraints determined by capital and liquidity resources to ensure compliance with our risk appetite and risk tolerance.

Capital Management

Korean Re's capital is managed through a framework which provides a robust foundation for capital management. To ensure Korean Re's sound capital management, we align our risk management strategy with our long-term business strategy. Strategic objectives are examined from the perspective of risk management strategy to be certain if they are in accordance with our risk appetite, and the results are reflected in our business plans. We also have a detailed capital management plan in place based on the levels of solvency ratio in order to maintain the optimal range of solvency. Korean Re's capital management framework is comprised of three main modules: capital planning, business planning, and risk planning. Each module is structured to ensure full compliance with Korean Re's risk appetite and tolerance.

Portfolio Optimization

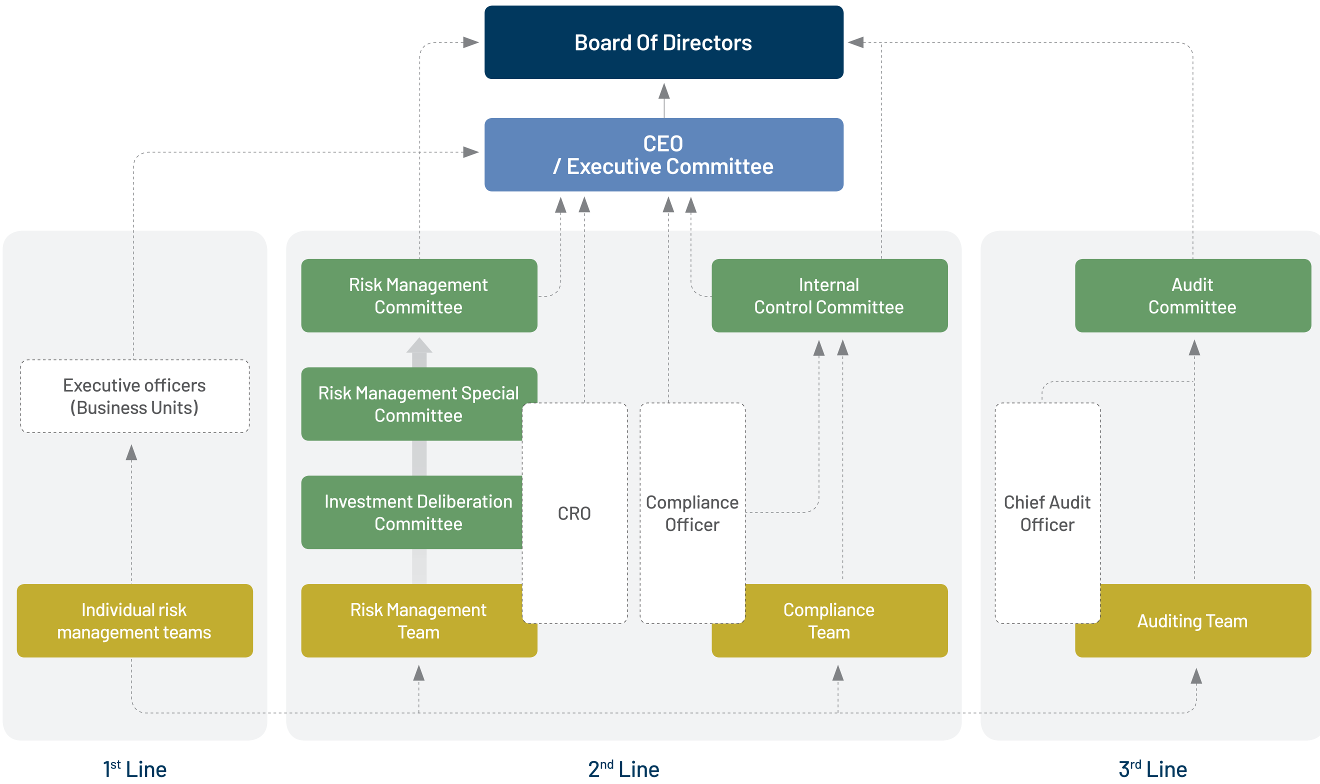
Korean Re performs business planning by analyzing the risks and profitability of its businesses. We measure return on risk-adjusted capital (RORAC) for each line of our insurance business and investment asset portfolio through our own internal model. Based on this, the Strategic Planning office draws up plans for optimal portfolios and then finalizes annual plans that can achieve capital efficiency with respect to risk appetite and improve our RORAC.

Risk Governance

Korean Re has built a comprehensive framework for risk governance based on central oversight and controls of risks with clear accountability. This structure supports risk-based decision-making and oversight across all operations of our businesses. Risk governance defines the roles and responsibilities of the board of directors, committees, management structures, and related teams. It also involves the implementation of three lines of defense as part of the structure.

The Three Lines of Defense model that we implement demonstrates our risk governance, laying out the roles of business and oversight organizations in managing our risk profile. The first line of defense includes front-line managers and staff who are responsible for day-to-day risk management and decision-making. (Overseas office staff are also a first line of defense.) Their primary responsibility is to maintain an effective control environment and ensure that all activities are within our risk appetite. The second line of defense deals with setting risk policies and overseeing our risk management status. This involves the Risk Management Team, Chief Risk Officer (CRO), Risk Management Committee (RMC), Risk Management Special Committees (RMSC), Investment Deliberation Committee, and compliance functions, i.e. the Compliance Team, Compliance Officer and Internal Control Committee. The third line of defense provides independent assurance through an internal audit and validates the effectiveness of the first and second lines of defense in fulfilling their responsibilities and managing our risk profile.

Three Lines of Defense



Key Risks

We manage five key risks— insurance risk, financial risk (credit & market), liquidity risk, emerging risk and operational risk (which includes strategy, reputation, regulation, and legal risks)—all of which are likely to have a significant impact on our financial results and/or operational viability. In doing so, we implement a series of procedures that include risk identification, measurement, control, analysis, and reporting.

With regard to insurance, market and credit risks, we measure them on a regular basis using our internal model that takes a value-at-risk approach through a stochastic simulation.

Key Risks		
Insurance Risk	**Financial Risk**	**Liquidity Risk**
• Premium Risk • Reserve Risk • Natural Catastrophe Risk	• Market Risk - Interest Rate Risk - Equity Risk - Exchange Rate Risk • Credit Risk	**Operational Risk** **Emerging Risk**

Insurance Risk

Korean Re defines insurance risk as the risk of unexpected financial losses arising from the inadequacy of premiums or reserves for natural catastrophe or non-catastrophe events, or from the unpredictability of biometric risks, such as the mortality rate.

We manage insurance risks in a consistent manner across the company by assessing and monitoring them in accordance with clearly defined underwriting guidelines.

Furthermore, we utilize a natural catastrophe modelling program and an accumulation management system to effectively control catastrophe risk at the corporate level.

Market Risk

Korean Re defines market risk as the risk of losses arising from fluctuations of the value of assets and liabilities due to changes in relevant factors such as interest rates, stock prices, and foreign exchange rates. We manage this risk in our day-to-day operations and, more specifically, hedge against foreign exchange risk using derivatives in order to keep our exposure at a safe level.

At the same time, we closely monitor global economic and financial market conditions and outlooks that can affect our investment performance in order to analyze their potential impact and come up with effective countermeasures.

Credit Risk

Our credit risk system focuses on any losses arising from the failure of the counterparty to a reinsurance contract to meet its contractual obligations or from deterioration in the credit quality of invested assets.

We conduct an analysis of potential losses before making any high-risk business decisions, such as whether to write new business contracts or invest in derivatives. When necessary, these decisions are made through the review process of the Risk Management Special Committee and the Investment Deliberation Committee. Identifying any abnormal signs related to the retained risks is also an essential element of our preemptive risk management system.

Liquidity Risk

We plan and manage our liquidity positions in order to deal with future claims payments and expenses as they arise. To this end, we set liquidity limits based on our future cash flow, and then monitor them regularly.

Operational Risk

Korean Re defines operational risk as the risk of potential losses arising from inadequate or failed internal processes or systems or human errors, and/or from external events. We have identified a set of operational risks that cover various business units and activities, including strategy, reputation, new product development, and claims management.

We manage these risks through effective policies and procedures that have a clear separation of duties, timely internal control, and reporting systems. Through the internal control system, operational risks are managed systemically based on our Code of Conduct and other internal regulations.

Emerging Risk

Emerging risk involves new threats, key risks, and/or evolving risks that may adversely affect our business. We identify emerging risks through an internal Think Tank group made up of experts. We establish and implement risk mitigation initiatives and regularly monitor the residual risk with target risk.

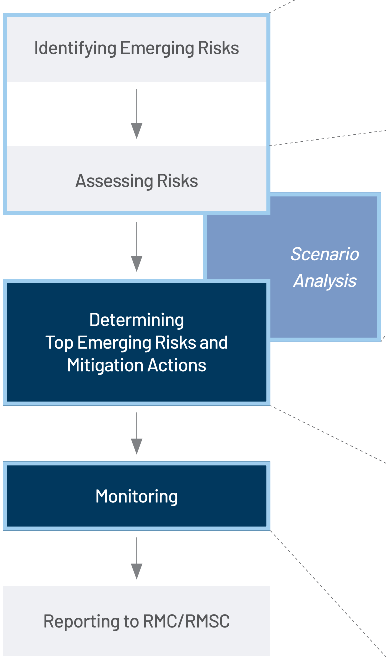
Korean Re reinforced its process of emerging risk management in 2018 to improve the management of key risks. In particular, risks with a high potential of having a negative impact on the company are determined as Top Emerging Risks.

The Top Emerging Risks that we selected for 2020 were as follows:

- Global financial crisis arising from factors like the pandemic, U.S.-China trade war and Brexit
- Any increase of volatility in occurrence patterns of natural catastrophes
- Regulatory changes involving the upcoming implementation of IFRS 17 and K-ICS
- Changes to the financial Industry associated with the 4th industrial revolution

Accordingly, Korean Re also established risk mitigation actions for the year based on its emerging risk management process as below:

Emerging Risks Management Process



- **Identifying Emerging Risks**
  - Candidates of emerging risks are sourced by ideas from each team, benchmarking and opinions from outside such as CRO Emerging Risk Initiative Forum.
- **Scenario Analysis**
  - Think Tank experts of each sector analyze relevant scenarios to assess their potential influence.
- **Determining Top Emerging Risks and Risk Mitigation Actions**
  - Top Emerging risks are chosen at the end of each year
  - Risk mitigation actions are decided in line with the scenario analysis. They are described in detail and feasibly.
- **Regular Monitoring**
  - Top Emerging Risks are monitored regularly and evaluated as to how well they are managed. Unchosen risks are monitored as well.

Three parties are involved in emerging risk management.

Firstly, the Risk Management Team conducts the role of the control tower that sets up overall management plans, monitors how risk mitigation actions are fulfilled and then reports to the RMC/RMSC.

The second is Think Tank, which is an expert group. The members are experts of each operation sector in the company (e.g. underwriters, lawyers, natural catastrophe modelers, medical doctors, claim handlers and actuaries). They take the responsibility of analyzing identified emerging risks and establishing relevant future scenarios on the risks.

Thirdly, all teams in the company provide their ideas and opinions on what could be potential risks to the company when emerging risks are identified. In addition, they are the main executors of risk mitigation actions.