Management's Discussion & Analysis

Overview of Business Environment

In 2021, the Korean insurance market struggled with slowing growth due to a decrease in new business volume and heightened economic uncertainty in the aftermath of the COVID-19 outbreak. Despite this downward pressure on growth, insurers unexpectedly benefited from the pandemic, showing a marked improvement in profitability.

Life insurers delivered better net income results in 2021 compared to the previous year thanks to a sharp increase in investment income amid rising interest rates. Their investment income growth was also driven by an increase in dividend income. Likewise, non-life insurance companies saw their net income surge amid narrowing underwriting losses. The improvement in underwriting results reflected a drop in motor loss ratio and a reduction in expense ratio of long-term insurance. Fewer claims arising from a decrease in road traffic and non-urgent hospital visits during the pandemic helped non-life insurers improve their loss ratios. Favorable investment performance also boosted their overall net income results.

Meanwhile, insurers in Korea have been going all out to successfully embrace new accounting and solvency regimes. Over the last few years, 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 to boost their RBC ratios, such as issuing subordinated bonds and hybrid capital securities and making use of reinsurance and coinsurance.

Another pressing issue for insurers in Korea has been increasing underwriting losses of medical expense insurance. Over the past several years, premium rates of medical expense insurance have been soaring, but there has been no sign of significant improvement in technical results. The insurance industry has recently introduced a fourth version of medical expense insurance with reduced coverage in a bid to get rising loss ratios under control. Insurers are encouraging policyholders of previous versions of insurance to opt for transition to the new version. In addition to this industry initiative, insurance supervisory authorities are also working to strengthen the oversight and monitoring of overtreatment practices. It remains to be seen how successfully insurers will manage their loss ratios and tackle the long-standing challenge that has been a threat to their overall profitability.

Highlights of Business Results

Korean Re reported strong business results in 2021 on the back of robust investment gains, with after-tax net income increasing by 7.9% to KRW 153.3 billion. However, our top-line growth slowed to 0.5%, as we continued to focus on building profit-oriented portfolios. In 2021, our gross written premiums remained steady at KRW 8,488.7 billion, and net written premiums grew by 2.7% to KRW 6,060.9 billion.

In spite of net income growth, our underwriting results took a negative turn mostly due to our overseas COVID-19 and natural catastrophe losses and persistently unfavorable results from domestic personal lines of business. We posted an underwriting loss of KRW 115.7 billion in 2021, with the combined ratio increasing by 0.3%p to 100.9%. Our underwriting performance, excluding COVID-19 losses, actually improved with a profit of KRW 15 billion.

The weak technical results were largely softened by our investment performance. In the face of a challenging investment environment, we delivered strong investment results, with total investment returns reaching KRW 244.9 billion, excluding gains and/or losses from foreign exchange hedging for insurance liabilities.

Our assets continued to grow in step with our business growth. We reported KRW 13,115.7 billion in total assets as of the end of 2021, up KRW 595.7 billion. There was also a significant rise of KRW 747.8 billion in invested assets, which totaled KRW 7,186 billion. We maintained our capital position at a stable level, with total shareholders' equity standing at KRW 2,525.7 billion as of late December 2021.

Management's Discussion & Analysis

Analysis of Business Results

Premium Growth

In 2021, Korean Re went through a rough patch in terms of premium growth due to ongoing portfolio readjustment. We wrote gross premiums of KRW 8,488.7 billion in 2021, up 0.5% from the previous year. Our domestic business managed to achieve positive growth, with premiums rising by 0.8% to KRW 6,252.3 billion. However, overseas premium growth turned negative, with premiums declining by 0.4% to KRW 2,236.4 billion. Despite this slower growth, our net written premiums increased by 2.7% to KRW 6,060.9 billion in 2021. As we continued to raise our retention of profitable business, the overall retention rate went up to 71.4% from 69.8%.

Throughout the year, we placed a strategic focus on strengthening our business portfolios and improving our long-term profitability. In this regard, we restricted the growth of loss-making domestic personal lines of business, including life and health business. We also reduced our participation in poorly performing accounts in commercial lines of business.

Amid these moves to improve the strength of our portfolios, we were able to grow our domestic premium volume in some lines of business. In particular, we achieved strong growth across all lines of domestic property insurance in 2021 thanks to a favorable rating environment and greater dependency of primary insurers on reinsurance. Our domestic hull premiums increased considerably as there were substantial rate rises in the Korean market after several large losses in 2019. The gradual recovery of the engineering market in Korea also worked in favor of our business growth, resulting in a double-digit increase in our domestic engineering premiums.

Active portfolio management led our overseas business to decrease marginally. Although overall premium volume declined, we managed to make progress in growing our overseas business in certain lines of business. At the head office, our international facultative business continued to deliver double-digit premium growth, driven by a continuously favorable rating environment. We also recorded a spike in business from our Korea Interest Abroad (KIA) accounts with gross written premiums soaring by more than 44%.

Volume of Premiums

(Units: KRW billion, USD million)

	FY 2021 (KRW)	FY 2021 (USD)	FY 2020 (KRW)	FY 2020 (USD)	YoY Change*
Gross Written Premiums	8,488.7	7,385.2	8,447.1	7,087.8	0.5%
Net Written Premiums	6,060.9	5,273.0	5,900.1	4,950.7	2.7%
Earned Premiums	6,018.3	5,236.0	5,834.0	4,895.2	3.2%
Ceded Premiums	2,427.8	2,112.2	2,547.0	2,137.1	-4.7%

* YoY change is based on the value in KRW.

Breakdown of Gross Written Premiums

(Units: KRW billion, USD million)

	FY 2021 (KRW)	FY 2021 (USD)	FY 2020 (KRW)	FY 2020 (USD)	YoY Change*
Property	1,240.2	1,079.0	1,188.9	997.6	4.3%
Engineering**	797.3	693.6	797.4	669.1	-
Marine & Aviation	401.5	349.3	418.6	351.2	-4.1%
Casualty	1,155.2	1,005.0	1,331.7	1,117.4	-13.3%
Long-term	2,531.5	2,202.5	2,408.0	2,020.5	5.1%
Motor	669.3	582.3	605.4	508.0	10.6%
Life and Health	1,309.2	1,139.0	1,466.2	1,230.3	-10.7%
Overseas Operations***	384.4	334.4	231.0	193.8	66.4%
Total	8,488.7	735.2	8,447.1	7,087.8	0.5%

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

Gross Written Premiums: Domestic vs. Overseas

(Units: KRW billion, USD million)

	FY 2021 (KRW)	FY 2021 (USD)	FY 2020 (KRW)	FY 2020 (USD)	YoY Change*
Domestic	6,252.3	5,439.5	6,202.5	5,204.4	0.8%
Overseas	2,236.4	1,945.7	2,244.5	1,883.3	-0.4%

* YoY change is based on the value in KRW.

Our overseas engineering insurance business showed positive growth in 2021, recovering successfully from a contraction in 2020. Furthermore, it was a landmark year for us as we booked KRW 116 billion in gross written premiums in 2021, passing the USD 100 million mark for the first time in the history of our overseas engineering business. This also represents an increase of 12% from the previous year.

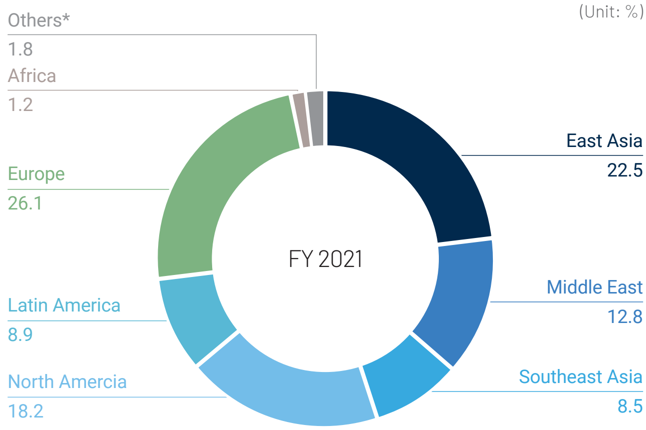
Korean Re's global business expansion was also supported by strong business growth at our overseas offices such as Korean Reinsurance Switzerland AG (KRSA) and branches in Shanghai and Dubai.

However, there was a sharp reduction in our overseas life and health premiums as we walked away from treaties with low margins and avoided underperforming contracts. Our international property treaty business written by the head office also decreased due to the transfer of the Chinese business to our Shanghai branch.

Despite a reduction in overall overseas business in 2021, Korean Re continued to diversify its global business portfolio, with Europe and the Americas taking up a greater share of the total business. A geographical breakdown of our gross written premiums shows that the American and European markets accounted for 53.2% of the entire overseas business portfolio in 2021 compared to 40.5% in 2018. It is also noteworthy that the share of Asia declined by 6.5%p to 43.8% in 2021 compared to the previous year as a result of our portfolio management, which was intended to improve overall business results.

Overseas Business Portfolio by Region

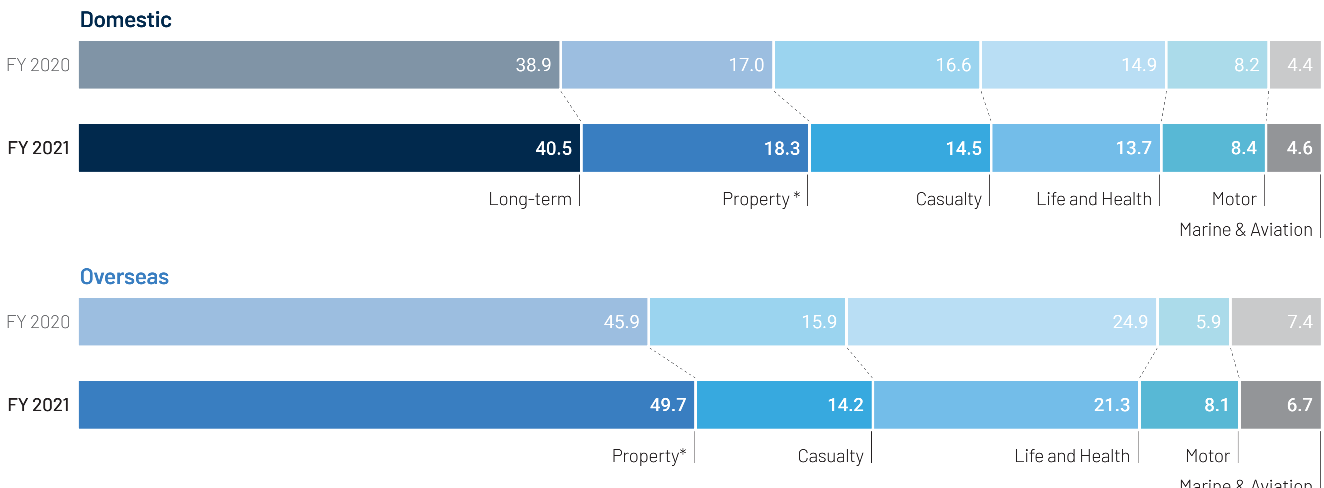
(Unit: %)



* Others include retrocession and multi-territory accounts.

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

(Unit: %)



* Property includes engineering, nuclear, and agriculture.

Underwriting Performance

Our underwriting profitability modestly deteriorated in 2021, with the combined ratio increasing by 0.3%p to 100.9%. We had an underwriting loss of KRW 115.7 billion as our business was heavily impacted by claims related to COVID-19. Still, our underwriting performance, excluding COVID-19 losses, actually improved with a profit of KRW 15 billion.

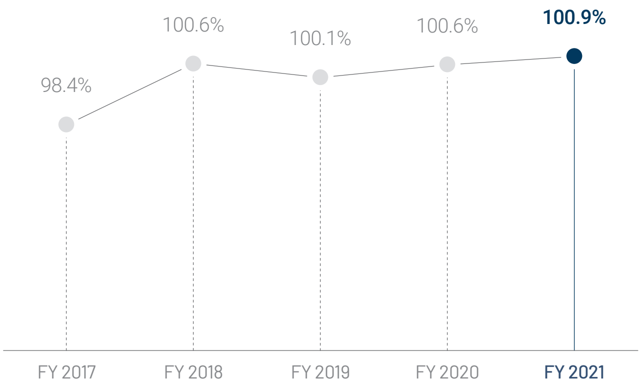
Although we adjusted our business portfolio and further tightened our underwriting guidelines, we reported weaker underwriting results for our overseas business due to COVID-19 losses of KRW 130.5 billion and elevated natural catastrophe losses, pushing the combined ratio up by 4.5%p to 103.6%. When the losses from COVID-19 were excluded, the combined ratio for our overseas business would have fallen to 96.5%, up 0.4%p from the previous year.

In 2021, our domestic personal lines of business also remained under increasing pressure from persistently high loss ratios of medical expense insurance and long-term property fire losses, resulting in a combined ratio of 101.9% in 2021 vs 101.1% in 2020.

However, we made impressive improvements in our domestic commercial business, with its combined ratio falling to 91.9% down 9.7%p. This higher underwriting profitability was driven by favorable pricing trends in most commercial lines of business and decreased frequency and severity of large-loss events in Korea.

We have come through a difficult year in terms of overall underwriting profitability, but look forward to the prospect of solid improvements in our performance in the years to come. The market has been responding to increasing claims costs by raising rates and restricting terms and conditions. In step with these market movements, we will continue to exercise strong underwriting discipline to improve our technical profitability. Favorable pricing movements, coupled with our strictly disciplined approach to underwriting, will position our business to generate strong results going forward.

Combined Ratio*



* Excluding foreign currency evaluation effects

Underwriting Results*

(Units: KRW billion, USD million)

	FY 2021 (KRW)	FY 2021 (USD)	FY 2020 (KRW)	FY 2020 (USD)	YoY Change**
Incurred Losses	5,242.8	4,561.3	5,000.5	4,195.8	4.8%
Net Operating Expenses	829.8	721.9	867.3	727.7	-4.3%
Earned Premiums	6,018.3	5,236.0	5,834.0	4,895.2	3.2%
Combined Ratio***	100.9%		100.6%		0.3%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

Investment Performance

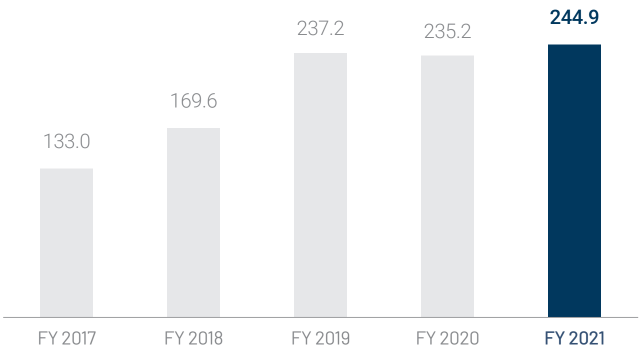
The underwriting deficit was offset by our solid investment performance. Backed by a strong return on alternative investments, we delivered robust investment results in 2021, with an investment yield of 3.7%. Our investment profit improved to KRW 244.9 billion excluding gains and/or losses from foreign exchange hedging for insurance liabilities.

Rising interest rates weighed on our overall bond investment performance in 2021. We saw our fixed-income returns decrease significantly, and investment income from bonds took up a smaller share of the overall investment profit. On the other hand, we achieved exceptional results for our alternative investments including loans, and our stock investment portfolio also pulled off big gains on the back of our effective portfolio management and market rallies.

Moving into 2022, many expect interest rate hikes to alter the investment landscape in the midst of ongoing economic uncertainty arising from the COVID-19 pandemic. In light of this future outlook, we will hold steadfast to a portfolio strategy that can generate steady returns, particularly in the face of any shock from interest rate hikes or other changes in economic conditions. This will help us maintain portfolios that are fundamentally sound and resilient against a potential increase in market uncertainty.

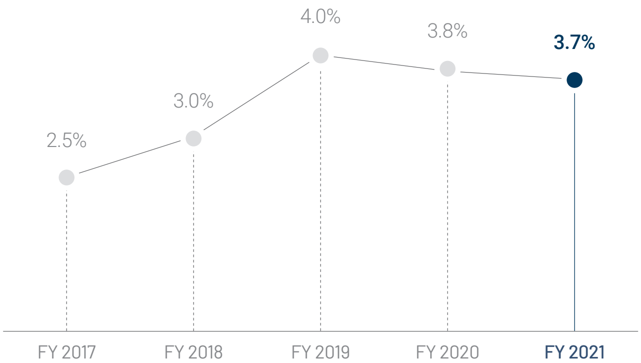
Investment Income*

(Unit: KRW billion)



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

Investment Yield*



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

Capital Strength

In 2021, we continued to optimize our capital position, and our surplus capital remained within our target range at year end. However, our solvency margin ratio (RBC ratio) fell by 13.6%p to 187.9% at the end of 2021 amid rising market interest rates, which reduced our unrealized gains on available-for-sale securities, curbing the growth of available capital. The decrease in our RBC ratio was also driven by increased capital requirements due to rising technical reserves and an increase in reinvestment.

In spite of the decline, Korean Re has remained financially robust with the RBC ratio hovering well above 150%, which is the practical guideline set by the nation's supervisory authorities. Given that the current RBC system is switching over to the K-ICS regime in 2023, we have focused on how efficiently we can manage our capital under the new regime, and our K-ICS ratio is expected to be higher than the current RBC ratio. Korean Re will always strive to optimize its capital structure and hold sufficient capital in excess of solvency requirements, thereby generating a high solvency margin ratio.

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 sound RBC ratio and to further strengthen our balance sheet with an A (stable) rating by S&P. By utilizing the buffer on the capital, we have also been able to increase the retention levels of profitable 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

Solvency Margin Ratio

	FY 2021	FY 2020	YoY Change
Solvency Margin Ratio (RBC Ratio)	187.9%	201.6%	-13.6%p

of hybrid capital securities may be considered when necessary. Specifically, we are positively considering raising additional capital to take advantage of market conditions and increase our reinsurance business acceptance as well as to maintain a strong capital position under the IFRS 17/K-ICS regimes.

We will continue to implement prudent capital management with the aim of optimizing our capital structure and holding sufficient capital in excess of solvency requirements. Our capital management strategy will remain well aligned with our vision to become a value-creating reinsurance leader.

Dividend and Stock Price Performance

Distributions to Shareholders

Korean Re always aims to offer attractive and sustainable returns to shareholders. Its total dividend payout amounted to KRW 53.7 billion in 2021. The payout ratio increased to 35.0% in 2021, with a dividend yield of 5.5%. The dividend amount per share reached an all-time high of KRW 525. We will consistently maintain our dividend policy to return value to shareholders.

Dividend Performance

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Dividend Amount (KRW billion)	34.5	31.6	57.4	46.0	53.7
Payout Ratio (%)	25.9	30.7	30.4	32.4	35.0
Dividend per Share (KRW)	300.0	275.0	500.0	450.0	525.0
Dividend Yield (%)	2.7	3.1	5.3	5.2	5.5

Stock Price Performance

The Korean stock market continued its bullish run into early 2021, marching on a rally that had started in the second half of 2020 and gained further momentum through late January 2021. The Korea Composite Stock Price Index, or KOSPI surpassed the 3,000 mark for the first time in history in early January. After the market remained in boxed ranges during March and April, KOSPI hit a record high of 3,316.08p in June 2021.

In August, things turned suddenly against the market amid the growing prospect of tapering and inflationary pressure. In October, Korean stocks suffered heavy losses due to concerns over global supply chain disruptions, debt ceiling tussle in the United States, and a default crisis involving Evergrande Group, pushing KOSPI to fall below 3,000 for the first time in six months. KOSPI closed the year at 2,977.65.

KOSPI Insurance mostly followed the benchmark index but outperformed the overall market. At the end of 2021, KOSPI Insurance closed 4.9% higher than a year earlier. Korean Re stocks performed stronger than other insurance stocks in 2021, with the year-end closing price soaring by 17.2% to KRW 9,250 per share. As opposed to 2020 when our stocks underperformed in tandem with the movements of KOSPI Insurance, 2021 was a year of big gains for our stock value, as high-dividend yield stocks gained much traction.

Looking ahead to 2022, market analysts remain bullish on Korean Re's stock performance, supporting the view that Korean Re stocks are still undervalued with a price to book ratio of 0.4 at the end of 2021. They are optimistic that our stocks will continue to perform well on the back of market hardening, which will help our overseas business improve underwriting profitability. Stable investment income generation based on a diversified portfolio also gives investors and analysts reasons to stay optimistic about Korean Re. This positive prospect was further bolstered in early 2022 when Korean Re started to accept new business through a coinsurance deal with Shinhan Life. Coinsurance, which was newly introduced in Korea in 2020, is likely to drive new business growth for Korean Re.

Risk Management Report

Internal Model Development Project

Korean Re has been conducting an internal model development project since September 2021 to preemptively respond to the implementation of IFRS 17 and K-ICS, which is scheduled for 2023, and to strengthen its risk-based decision-making system.

The internal model is a tool designed to measure complicated risk levels of the company, and the development project is expected to be completed in 2022. Once the internal model is put in place, the company's ability to establish and implement business strategies will be further improved in a way that enhances its risk-based business steering through more detailed risk measurement and utilization for each business unit.

In the future, the internal model is expected to be fully internalized in the company's business activities and to play a key role in setting risk appetite, operating the strategic risk management system (capital allocation, risk-based pricing), and monitoring business performance (economic profit management, etc.).

Establishment of EP Management System

Korean Re set up an economic profit (EP) management system after receiving approval from the Risk Management Committee at the end of 2020. The system has subsequently been implemented since 2021. EP is a risk-based evaluation index that comprehensively considers insurance net profit, investment contribution, business expenses, and the cost of capital. Effective EP management is expected to improve the company's Risk Adjusted Return on Capital (RAROC), and as a result the solvency margin ratio will be managed more stably.

Risk Management Framework

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

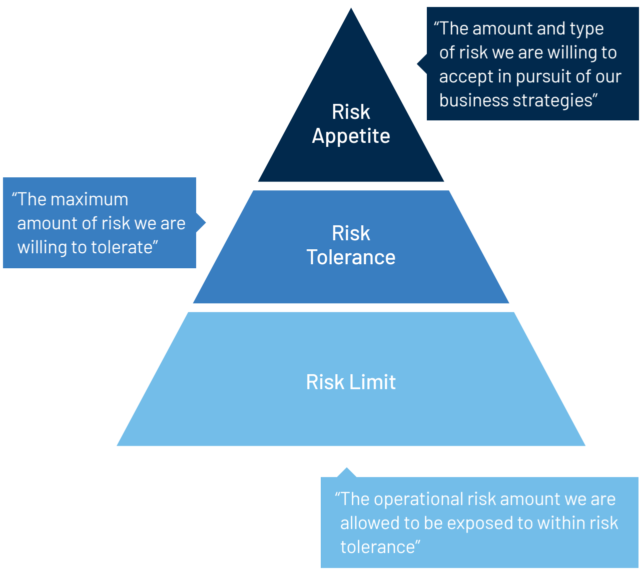
Korean Re implements enterprise risk management initiatives to achieve a stable set of risk management objectives. The objectives are as follows:

- 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 in a stable manner 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 (150%-200%)
- Focus on our comparable advantage businesses and achieve an ROE of more than 8%
- Maintain a conservative risk management policy with risks being retained at a medium-low level considering our capital
- Improve capital efficiency by optimizing insurance and investment portfolios
- Continue to improve our RAROC

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 140%)
- 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

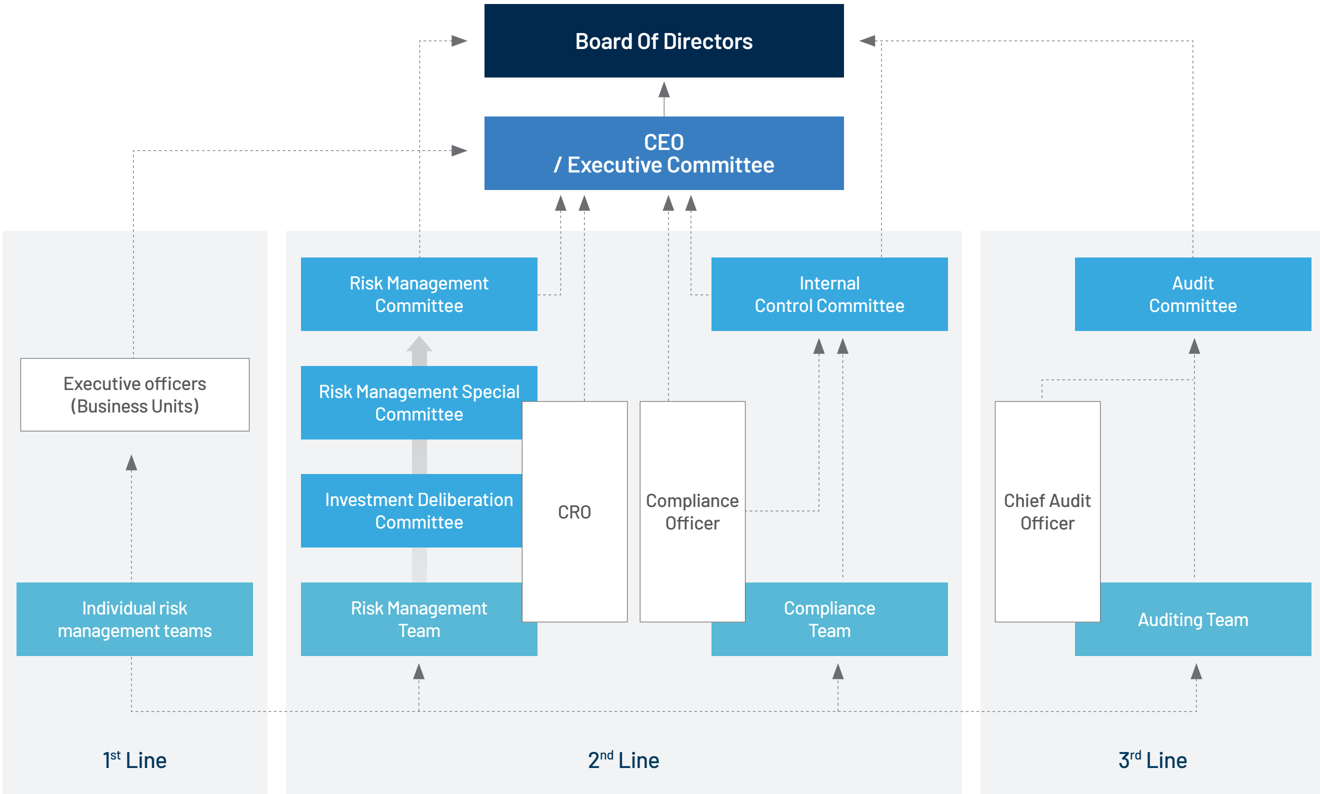
Korean Re performs business planning by analyzing the risks and profitability of its businesses. We measure return on risk-adjusted capital (RORAC) for each line of our insurance business and investment asset portfolio through our own internal model. Based on this, the Strategic Planning office draws 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, the Chief Risk Officer (CRO), the Risk Management Committee (RMC), the Risk Management Special Committee (RMSC), the Investment Deliberation Committee, and compliance functions, i.e. the Compliance Team, the Compliance Officer and the 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 modeling 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, including 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 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.

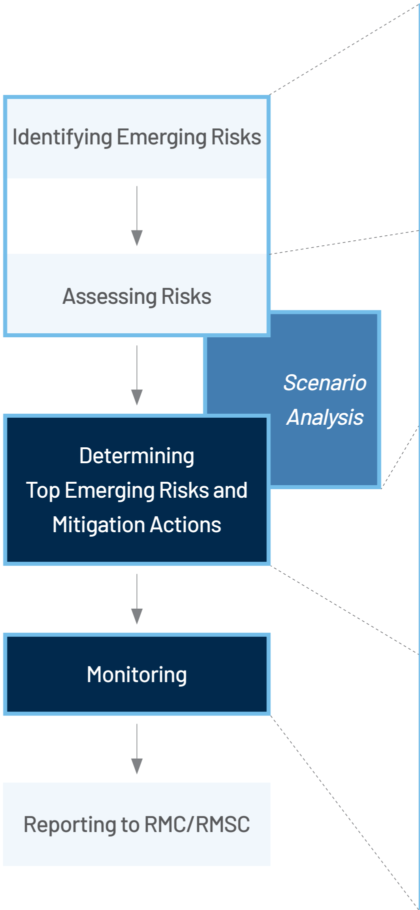
We manage these risks through effective policies and procedures that have a clear separation of duties, timely internal control, and reporting systems. Through the internal control system, operational risks are managed systemically based on our Code of Conduct and other internal regulations.

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.

Accordingly, Korean Re has also plans in place related to risk mitigation actions for the year based on its emerging risk management process as below:

Emerging Risk Management Process



- **Identifying Emerging Risks**
  - Emerging risk candidates are sourced by ideas from each team, benchmarking, and opinions from outside, such as the CRO Emerging Risk Initiative Forum.

- **Scenario Analysis**
  - Think Tank experts from 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.

The top emerging risks that we have selected for 2022 were as follows:

- Climate change and natural disaster risks
- Upcoming implementation of IFRS 17 and K-ICS and their implications for capital management
- Risks arising from aging populations