

KYOB LIFE 2020

Annual Report 2020

 KYOB Life

2020 KYOBO LIFE ANNUAL REPORT

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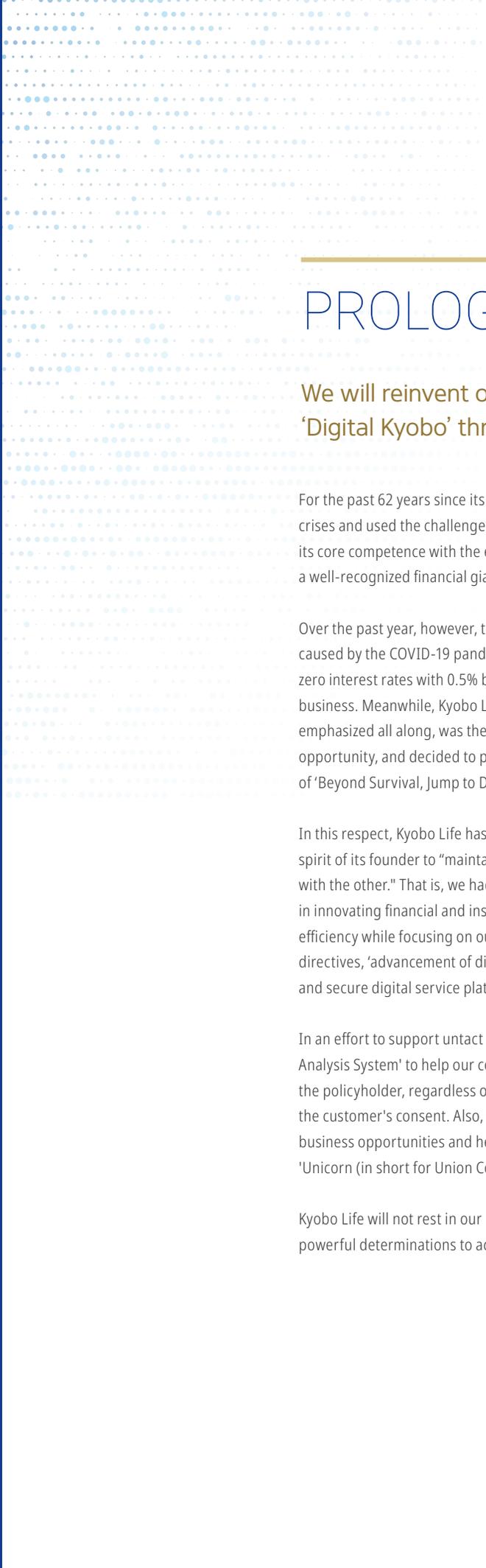
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We will reinvent ourselves to become 'Digital Kyobo' through digital transformation.

For the past 62 years since its foundation in 1958, Kyobo Life tenaciously overcame numerous crises and used the challenges as opportunities to leap ahead. Kyobo Life was able to strengthen its core competence with the experiences accumulated after many trials and errors and grew into a well-recognized financial giant highly acclaimed at home and abroad.

Over the past year, however, the life insurance industry braved through the tension of changes caused by the COVID-19 pandemic including acceleration of untact, advent of the era of effective zero interest rates with 0.5% base rate, and entry of BigTech firms into the financial business. Meanwhile, Kyobo Life has concluded that 'digital transformation,' which has been emphasized all along, was the key to turn the changing managerial environment into an opportunity, and decided to put spurs to digital transformation under the management directive of 'Beyond Survival, Jump to Digital Kyobo!'

In this respect, Kyobo Life has pursued so-called 'ambidextrous management' advised by the spirit of its founder to "maintain and improve the present with one hand, while building the future with the other." That is, we had to explore new business while we use 'digital transformation' in innovating financial and insurance businesses. Accordingly, we sought to improve work efficiency while focusing on our customers and the field, based on two main directives, 'advancement of digital-based processes' and 'establishment of digital ecosystem,' and secure digital service platform along with new business opportunities.

In an effort to support untact sales activities of our consultants, we introduced 'Easy Coverage Analysis System' to help our consultants to have an easy access to all insurance policies held by the policyholder, regardless of the insurers and also to conduct coverage analyses upon receipt of the customer's consent. Also, we cooperated with innovative startups to discover new business opportunities and held an idea contest on new businesses called 'Unicorn (in short for Union Contest)' to demonstrate the ideas discovered by our employees.

Kyobo Life will not rest in our laurels but keep putting efforts on using wild imaginations and powerful determinations to achieve accelerated innovation.



CEO MESSAGE

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Dear customers, investors, government agencies and local community members,

Over this past year, we have all endured the turmoil caused by the COVID-19 pandemic.

While the crisis continues, we are receiving some hopeful news

including the development of vaccines and treatments. With hopes for the return of daily happiness, I would like to present our major achievements in 2020 followed by an outline of the key management goals for 2021.



The Year in Review

Due to the shock brought on by COVID-19, all major economies throughout the world suffered greatly. The OECD estimated that all G20 countries would record negative economic growth rates in 2020, and countries around the world scrambled to lower interest rates to avoid a recession. Korea also lowered the base rate to 0.5% on two separate occasions, entering an era of effective zero interest rates.

Despite challenging management environment with weakened asset quality, shrinkage of face-to-face sales, and the arrival of an era of near zero interest rates, Kyobo Life accelerated its digital transformation under the management directive of 'Beyond Survival, Jump to Digital Kyobo!' to strengthen "untact" customer interaction while preemptively managing its asset quality by establishing crisis management scenarios. In addition, we strengthened our competitive edge in our main business by innovating the insurance business and asset management processes with digital technologies, while also securing the future growth momentum through strengthened startup collaborations and company-wide generation of innovative ideas.

As a result, Kyobo Life recorded total assets of KRW 125.7 trillion, a net income of KRW 452.2 billion, and an ROE of 3.69% in FY2020, based on its consolidated financial statements. The consolidated Risk-Based Capital (RBC) ratio, which is a key measure of the financial soundness for life insurance companies, of Kyobo Life in FY2020 was 333.4% as a result of continuous profit generation.

Insurance Business

The COVID-19 pandemic brought about the rise of the "untact" era. In order to respond actively and preemptively to this new reality, Kyobo Life promoted a differentiated marketing strategy that put on-and-offline customer contact points together by analyzing the propensities and behavior patterns of our customers. We pursued active digital marketing strategies including the utilization of social networking services to young customers, including millennials who prefer untact interactions, offering them convenient mobile-based services. At the same time, we strengthened customized marketing activities focusing on the propensity of those who are less resistant to face-to-face communication. Through those activities, Kyobo Life was able to strengthen its customer base and expand coverage for customers.

In addition, we managed to secure new customers by launching mini-insurance products with low premiums, improving the competitive edge of our products by including the value of health coverage to whole life products, and by offering products that give a wider range of choices to our customers, i.e. adjustment of the proportion of accelerated diagnosis benefit payments, low surrender-value options, and minimum guarantee options for surrender value.

As a result, despite a withering market environment caused by COVID-19, we demonstrated outstanding performance by achieving business targets in our overall insurance business through proactive sales support.

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Asset Management

In 2020, the financial markets exhibited high volatility. The stock markets in major countries plunged in February and early March due to COVID-19, but soon rebounded to achieve all-time highs, influenced by the news of the development of vaccines and the capital market flooded with money from quantitative easing and interest rate cuts by central banks. The bond market, which at one point in March saw a rapid rise in the yield on corporate bonds due to COVID-19, quickly recovered stability and liquidity, with the aid of various measures including lowering of benchmark rate and active purchase programs.

In such a precarious investment environment, Kyobo Life utilized market volatility to carry out strategies to maximize its disposal gains while protecting recurring yield through bond trading and worked its way to prepare for the upcoming implementation of K-ICS by minimizing mismatching cash flows through long-term bond purchases. In addition, we strengthened our risk management for household debts and preemptively reduced the proportion of risky assets in response to the recession brought on by COVID-19.

Through these efforts, Kyobo Life once again proved its excellent asset management capability by achieving a strong yield of 3.59% from the overall operating assets.

Management Support

In terms of management support, we focused on securing future growth engines through digital transformation and promotion of new businesses. Achievements including task automation utilizing RPA, a chatbot service for customers through strategic partnerships with BigTechs including Kakao, and implementation of the Robo-Advisor for asset management resulted from our efforts focused on digital transformation. Furthermore, we are in the process of building platforms for big data to support data-driven decision making. Above and beyond this, we extended our company's efforts to secure new growth engine both internally and externally by becoming the first Korean life insurer to make inroads into the Myanmar market, running an in-house idea contest for new business, and creating a collaborative environment with promising startups.

The Year Ahead

Predicting the management environment for this upcoming year will be more difficult than ever before. The global economy is expected to expand 4% in 2021, assuming an initial COVID-19 vaccine rollout becomes widespread throughout the year but the World Bank has said in its January 2021 Global Economic Prospects that the recovery will likely be subdued to 1.6% if the number of infections continues to rise and vaccinations are delayed. Thus, it will be important to carefully examine the effects of the political circumstances within the United States, the trade relationship between the U.S. and China, and the Korean New Deal on the financial market, while monitoring the potential global economic turnaround.



With sluggish growth of the insurance market and the digitalization of customer experiences, the grounds for traditional face-to-face sales in the insurance are becoming shaky. The advancement of Big Techs and financial holding companies with strong platforms has been further increasing the fierce market competition. Korean life insurers are facing a tough future ahead from the burden caused by the introduction of the new regulations including IFRS17 and K-ICS, which is likely to take place within the next two years. In addition, enforcement of the regulations on insurance commission and Financial Consumer Protection Act is expected within this year.

In order to survive and thrive despite such changes, we have to aim for the digital-based innovation of our existing businesses and find new growth engines. We should innovate to provide more values and benefits to our customers and go even further to develop a new business model. It is time for us to be out with the old and in with the new to seek out and meet new challenges.

As a part of rising to such challenges, Kyobo Life has established a new corporate strategy based on the premise of digital transformation, namely, 'promote digital transformation, improve existing insurance business, and secure future growth engines at the same time.' For the next three years, we will put constant efforts towards pursuing this new strategy.

With this in mind, Kyobo Life has set its management directive for 2021 as 'establishing a foundation to succeed in the digital age.' In order to build a foundation for fundamental change and survive, succeed in the era of the fourth industrial revolution, we plan to execute five major initiatives as follows:

First, we shall upgrade profitability of our traditional insurance business

Second, we shall develop the basis for future growth through digital innovation

Third, we shall expand our innovation-oriented team culture

Fourth, we shall practice an industry-leading level of customer protection

Fifth, we shall establish a preemptive/proactive asset management system

In 2021, through broad efforts for digital transformation, Kyobo Life will take its first steps on a journey towards sustainable growth by strengthening our competitive edge in our core businesses and securing new growth engines.

We hope we can continue to count on your continued interest and support for Kyobo Life in our groundbreaking efforts to revolutionize our industry and find a new path forward in a challenging environment.

Thank you for your continued faith in Kyobo Life.

March, 2021

Chairman & CEO **Chang Jae Shin**



FINANCIAL HIGHLIGHTS

(based on Consolidated Financial Statements)

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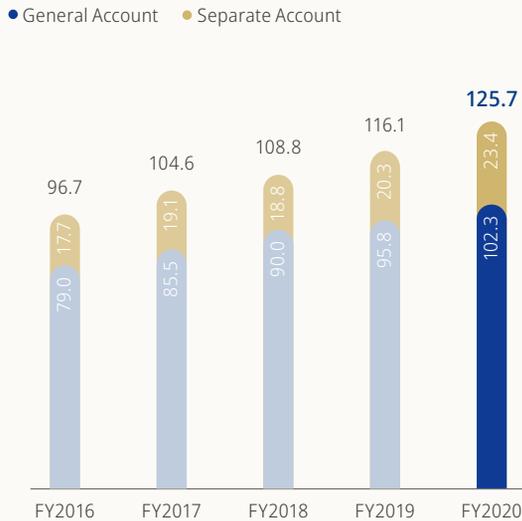
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Growth

Total Assets

(Unit: KRW Tn)



Total Shareholders' Equity (Controlling Interests)

(Unit: KRW Tn)



Profitability

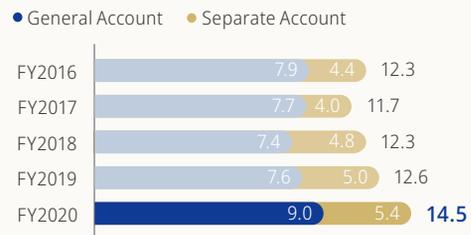
Net Income (Controlling Interests)

(Unit: KRW Bn)



Premiums

(Unit: KRW Tn)



ROA, ROE

(Unit: %)



Stability

RBC Ratio

(Unit: %)



Equity to Asset Ratio

(Unit: %)



Key Figures

Summary of Income Statement

(Unit: KRW Bn)

	FY2016	FY2017	FY2018	FY2019	FY2020
Operating Revenues	14,442.3	15,353.0	14,671.0	15,495.8	18,644.9
Operating Expenses	13,755.4	14,395.1	13,863.9	14,590.5	17,960.6
Operating Income	686.9	957.9	807.1	905.3	684.3
Other Income	25.3	-20.5	-23.4	3.3	-17.9
Income before Income Tax Expense	712.2	937.4	783.6	908.5	666.4
Income Tax Expense	168.9	263.4	219.3	241.0	188.6
Net Income	543.3	674.0	564.4	667.5	477.8
Net Income attributable to Controlling Interests	514.5	640.0	528.0	628.2	452.2

Summary of Statement of Financial Position

(Unit: KRW Bn)

	FY2016	FY2017	FY2018	FY2019	FY2020
Total Assets	96,684.3	104,564.7	108,819.9	116,053.4	125,704.7
Cash and Deposits	1,377.4	1,563.8	2,383.2	2,649.7	1,940.6
Securities	52,612.0	58,411.7	61,079.9	66,181.6	70,800.7
Loans	18,463.4	18,781.4	20,720.0	20,762.6	22,353.3
Investment in Associates	90.3	92.3	96.9	35.2	36.3
Investment Property	1,135.9	1,102.5	1,083.5	1,129.5	1,094.7
Property and Equipment	1,345.8	1,299.3	1,288.6	1,367.7	1,378.7
Intangible Assets	52.5	50.8	72.8	328.9	296.3
Other Assets	3,933.6	4,204.1	3,303.3	3,323.0	4,431.1
Separate Account Assets	17,673.5	19,058.7	18,791.7	20,275.1	23,373.0
Total Liabilities	88,821.8	94,711.6	98,255.5	103,668.9	112,812.4
Policy Reserve	63,667.5	66,713.3	69,488.0	71,926.1	75,573.4
Policyholder's Equity Adjustment	463.7	736.8	894.8	1,416.5	1,461.8
Other Liabilities	6,562.0	7,784.3	8,617.2	9,588.2	11,846.8
Separate Account Liabilities	18,128.5	19,477.3	19,255.6	20,738.1	23,930.4
Total Shareholders' Equity	7,862.5	9,853.0	10,564.3	12,384.6	12,892.3
Total Shareholders' Equity attributable to Controlling Interests	7,498.3	9,455.8	10,151.0	11,935.2	12,567.6

Financial Ratio

(Based on Separate Financial Statements)

	FY2016	FY2017	FY2018	FY2019	FY2020
Ratio of New Business	12.1%	10.2%	11.0%	10.9%	12.3%
Increase Ratio of Business in Force	0.5%	-2.1%	-1.0%	-2.3%	-0.6%
Ratio of Lapses and Surrenders	8.0%	8.2%	7.7%	8.6%	8.1%
Ratio of Claims Paid	69.1%	81.0%	74.0%	84.0%	73.5%
13th Month Persistency Rate	80.0%	78.7%	78.8%	77.8%	80.8%
13th Month Retention Rate	43.8%	41.1%	36.4%	31.5%	43.5%
Ratio of Operating Expenses (before deferral)	12.8%	13.5%	13.0%	12.5%	11.8%

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'Beyond Survival, Jump to Digital Kyobo!'; Pursuit of 'Digital Kyobo 2020'

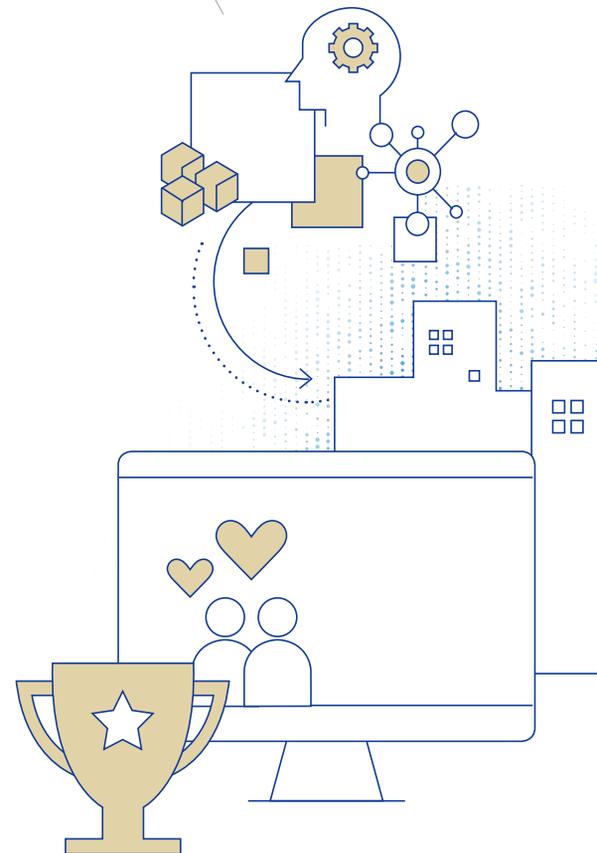
Under the management directive of 'Beyond Survival, Jump to Digital Kyobo!', Kyobo Life took the first step into digital transformation by launching 'Digital Kyobo 2020.' It consists of various goals including reinforcement of Kyobo's core competitive edge by innovating work processes based on digital technologies, promoting new digital businesses for the future, and building corporate culture suitable for digital innovations.

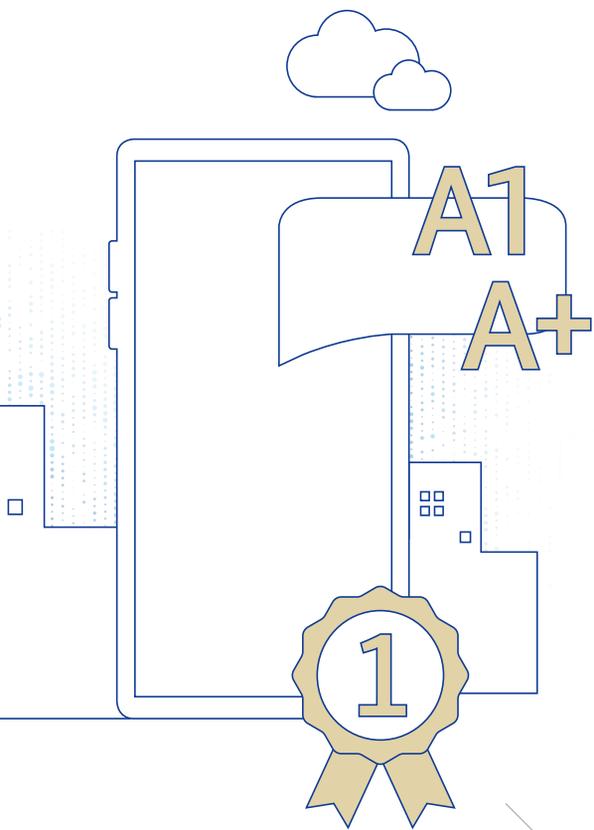
In order to support sales, we applied new digital technologies to regularize digitalization throughout the whole process from subscription to persistency and claims payment. To discover future growth engines, Kyobo pursued various projects such as 'Innostage', where we worked with promising startups to come up with new business ideas and build a digital ecosystem, and 'Unicorn' where its employees could participate and voice their new ideas out to the company. In addition, Kyobo Life launched 'reverse mentoring' where employees and executives will be switching their roles and experiencing the latest digital technologies and trends.

Based on the aforementioned digital capabilities and infrastructure, Kyobo Life is preparing for taking another big leap to land on higher ground.

Kyobo's 'Health Plus Whole Life Insurance' Wins the Grand Prize from Maekyung's Financial Product Award

Kyobo Life won the Grand Prize at Maekyung's 25th Financial Product Awards with its product 'Health Plus Whole Life Insurance.' It is the most prestigious award granted for the financial products (from all financial industries i.e. banking, insurance, securities, credit card, etc.) that contributed to the advancement of the financial industry. Examiners consisted of representatives of each financial industry made assessment with financial authorities (e.g. Financial Services Commission) and concluded that Kyobo Life's 'Health Plus Whole Life Insurance' product should be highly appreciated for innovating customer value by challenging the existing prejudice of the existing whole life insurance products in a sense that it added the industry-leading level of health coverage to death coverage and reduced premium markedly by using the structure with lower surrender value.





'A1' Rating from Moody's for Six Consecutive Years and 'A+' Rating from Fitch Ratings for Eight Consecutive Years

Kyobo Life managed to secure 'A1' rating from Moody's Investor Service, one of the world's top three credit rating agencies, for the sixth consecutive year despite the change in Moody's outlook on Korean life insurance industry (from 'stable' to 'negative') in 2020. The A1 rating at Moody's has been granted to internationally-renowned financial companies like Morgan Stanley and is the highest rating received by a Korean life insurance company. In addition, Kyobo Life received high regards in its comprehensive insurer financial strength including profitability as well as financial soundness and maintained 'A+' rating from Fitch Ratings for the eighth consecutive year. Kyobo Life also received the highest rating (AAA) from three Korean credit rating agencies, namely Korean Ratings, Korea Investors Service, and NICE (National Information & Credit Evaluation Inc.), for its stable revenue structure, excellent financial soundness, and specialized business foundation.

No. 1 in the Life Insurance Industry of Korea Sustainability Index for Eleven Consecutive Years

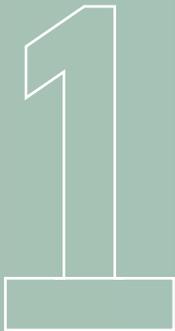
Kyobo Life realized early the importance of the coexistence with its stakeholders i.e. customers, consultants, employees, investors, and government/local communities, on the achievement of sustainable growth. Accordingly, Kyobo Life announced its strong will for sustainable management by amending its articles of incorporation in 2012 and established a differentiated philosophy on stakeholder management. As a result, Kyobo Life has topped the Korea Sustainability Index (KSI) in its division for eleven consecutive years, without missing a single year since the beginning of the award.

The Korea Sustainability Index is an official indicator to evaluate how well companies carry out social responsibility and conduct sustainability efforts. It is based on 'ISO 26000,' an international standard measuring a company's attentiveness to the effects that its decisions and management activities have on the economy, society, and environment.

Especially, Kyobo Life was highly recognized by over 30,000 evaluators (experts and citizens) for its active efforts made towards achieving sustainable management while keeping its management philosophy to represent customers' interests. Kyobo Life will remain to maintain its philosophy of growing longer and further together.

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Honesty & Sincerity



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We Will Achieve Growth through Innovation in the Digital Era

As a means to actively respond to rapidly changing management environment, Kyobo Life is in the process of building a new strategy and vision based on 'Digital Transformation.' After having sufficient communications with our employees, we plan to announce our brand new strategy and vision in April 2021. The purpose of building a new strategy and vision is to secure future growth engines while improving our existing business and promoting digital transformation. We plan to pursue this new strategy for next three years.

Management Directive for FY2021

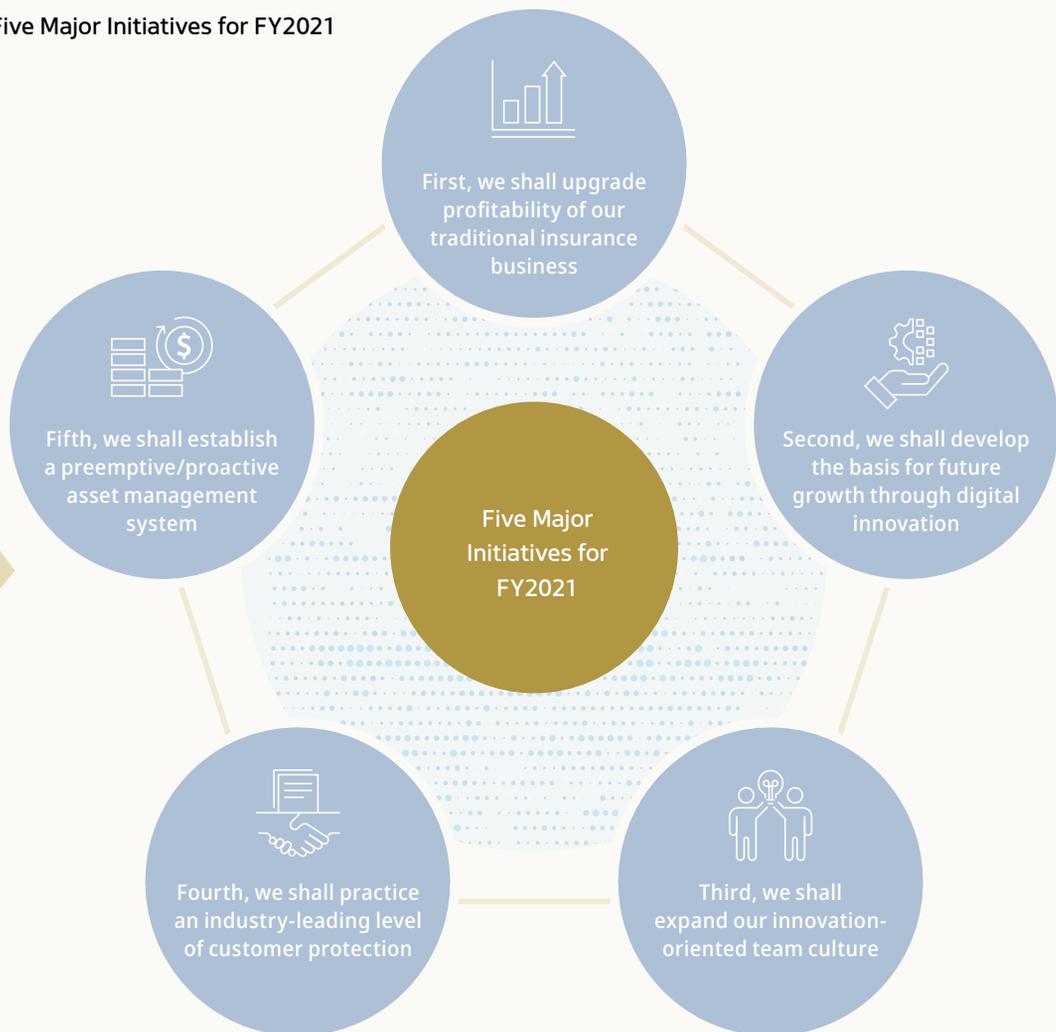
Establishing a
Foundation to
Succeed in the
Digital Age

As a starting point of new corporate strategy, Kyobo Life has set our management directive for FY2021 as 'establishing a foundation to succeed in the digital age.'
To pursue this management directive, Kyobo Life will consistently execute five major initiatives as follows:





Five Major Initiatives for FY2021



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We Have Been Growing Together with a Variety of Stakeholders

1958~
1996



Aug. 07, 1958

Established Daehan Kyoyuk Insurance Co., Ltd. (current Kyobo Life Insurance Co., Ltd.)

Sep. 21, 1964

Received a presidential citation on the 1st "Savings day"

Sep. 25, 1969

The founder, Yong-Ho Shin, received the 'Order of civil merit'

Nov. 15, 1979

Established Kyobo Real Estate Management Co., Ltd. (current Kyobo Realco, Inc.)

Jul. 30, 1980

Moved its Head office to 1, Jongno-1ga, Jongno-gu, Seoul

Dec. 24, 1980

Established Kyobo Book Centre Co., Ltd.

Jun. 27, 1983

The founder, Yong-Ho Shin, received the 'Founder's award' from the International Insurance Society ("IIS")

Jun. 01, 1987

Grand opening of Kye Seong Won (HRD training center)

Apr. 01, 1994

Acquired Daehan Securities and renamed it to Kyobo Securities Co., Ltd.

Apr. 03, 1995

Renamed Daehan Education Insurance Co., Ltd. to Kyobo Life Co., Ltd.

Aug. 02, 1995

Acquired Korea Computing Information Co., Ltd. and renamed it to Kyobo Information & Communication Co., Ltd.

Jul. 08, 1996

The founder, Yong-Ho Shin, became a laureate of the Insurance Hall of fame by the International Insurance Institute ("IIS")

Aug. 06, 1996

The founder, Yong-Ho Shin, became the first entrepreneur to receive "Geum-gwan order of culture merit"

1997~
2010



Jul. 15, 1997

IIS established 'Shin Research Award', in the honor of the founder, Yong-Ho Shin

Dec. 08, 1998

Established Saengbo Real Estate Trust Co., Ltd.

Dec. 01, 2001

Proclaimed "Kyobo Vision 2010" and unveiled new Corporate identity (CI)

Feb. 28, 2002

Established A&D Credit Information Co., Ltd.

Jul. 05, 2002

Established Kyobo Insurance Investigation Co., Ltd (current KCA Claim Adjustment Co., Ltd.)

Dec. 11, 2002

Established Kyobo Dasomi, a special unit dedicated to community service

Jun. 24, 2003

Received the grand prize from the "Corporate ethics award" by Korean Ethics Studies Association

Nov. 17, 2004

Ranked #1 in the 'Korean customer satisfaction management award' for the 5th consecutive year and inducted into the Hall of fame by Korea Management Association

Jul. 11, 2007

Received CCMS (Consumer complaints management system) Certificate for the first time in the industry

Dec. 21, 2007

Obtained approval for trust business and subsequently commenced business

Jan. 08, 2008

Launching of Korea's first social enterprise "Dasomi Foundation"

May 19, 2008

Received a presidential citation for the "Best family friendly company"

Jul. 31, 2008

Obtained "A2 (stable)" credit rating from Moody's Investors Service

Aug. 28, 2008

Established a joint venture with AXA Group, "Kyobo AXA Investment Managers Co., Ltd."

Nov. 09, 2009

Won the award "Best life insurance company in Asia of 2009" at the Asia Insurance Industry Awards

Sep. 01, 2010

Joined the UN Global Compact, an international pact for corporate social responsibility



2011~ 2018



- Apr. 15, 2011**
Proclaimed "Kyobo Vision 2015"
- Oct. 28, 2012**
The Chairman & CEO, Chang Jae Shin, received the "Personality of the year award in 2012" at the Asia Insurance Industry Awards
- Oct. 11, 2013**
Received the "Consumer grand prize of 2013" by Korean Society of Consumer Studies
- Nov. 05, 2013**
Obtained "A+ (stable)" credit rating from Fitch Ratings
- Dec. 02, 2013**
Established "Kyobo Lifeplanet Life Insurance Company"
- Aug. 20, 2014**
The Chairman & CEO, Chang Jae Shin, received the "29th KASBA CEO grand prix" from the Korean Academic Society of Business Administration
- Dec. 07, 2015**
Credit rating upgraded to "A1 (stable)" by Moody's Investors Service

- Jan. 08, 2016**
Proclaimed "Kyobo Vision 2020"
- Feb. 18, 2016**
Received the "12th transparency award" by the Five Economic Organizations in Korea
- Nov. 30, 2017**
The Chairman & CEO, Chang Jae Shin, was awarded with the highest French order of merit named 'Légion d'Honneur'
- Dec. 01, 2017**
Received the "Fair trade commissioner's citation" at the "22nd consumer rights day awards" by Korea Fair Trade Commission
- Jul. 26, 2018**
Received "Presidential award" at the "18th Korea digital management innovation awards" by Korea Knowledge Information Center
- Oct. 24, 2018**
The Chairman & CEO, Chang Jae Shin, received "Eungwan order of culture merit"

2019~ 2020



- Jul. 01, 2019**
Certified CCM for the 7th consecutive year
- Oct. 18, 2019**
 - Topped the Korean Sustainability Index (KSI) in life insurance division for ten consecutive years Nominated and was inducted into the Hall of fame
 - The Chairman & CEO, Chang Jae Shin, received the "1st Korean sustainability management CEO award"
- Oct. 29, 2019**
Received "Technology initiative of the year" at the 2019 Asia Insurance Industry Awards
- Dec. 12, 2019**
 - The Chairman & CEO, Chang-Jae Shin, received the Humane Entrepreneurship Award by the International Council of Small Business
 - Inducted into the Hall of fame for Consumer Centered Management (CCM)
- Dec. 17, 2019**
Received "citation from the superintendent of the Financial Supervisory Board" for being a high-performing institute in financial consumer protection

- Mar. 03, 2020**
Received the "Tower for high-income taxpayer (KRW 400 billion)" on the 54th Taxpayers Day
- Apr. 28, 2020**
Maintained a credit rating of 'A1' from Moody's Investors Service for six consecutive years
- May 07, 2020**
Maintained an 'A+' credit rating from Fitch Ratings for eight consecutive years
- Oct. 16, 2020**
Topped the KSI in life insurance division for eleven consecutive years
- Oct. 22, 2020**
Received the Grand prize at the 7th Korean Reading Management Best Workplace Certification Awards ('Minister's award' by the Ministry of Culture, Sports and Tourism)
- Dec. 10, 2020**
Received the Minister's commendation from the Ministry of Science and ICT at the 2020 Korea ICT Innovation Awards
- Dec. 31, 2020**
Nominated as the best institution on the financial consumer protection from the Assessment of performance by the Financial Supervisory Service

TRANSPARENT MANAGEMENT

We maintain lucid shareholding structure and transparent decision-making system

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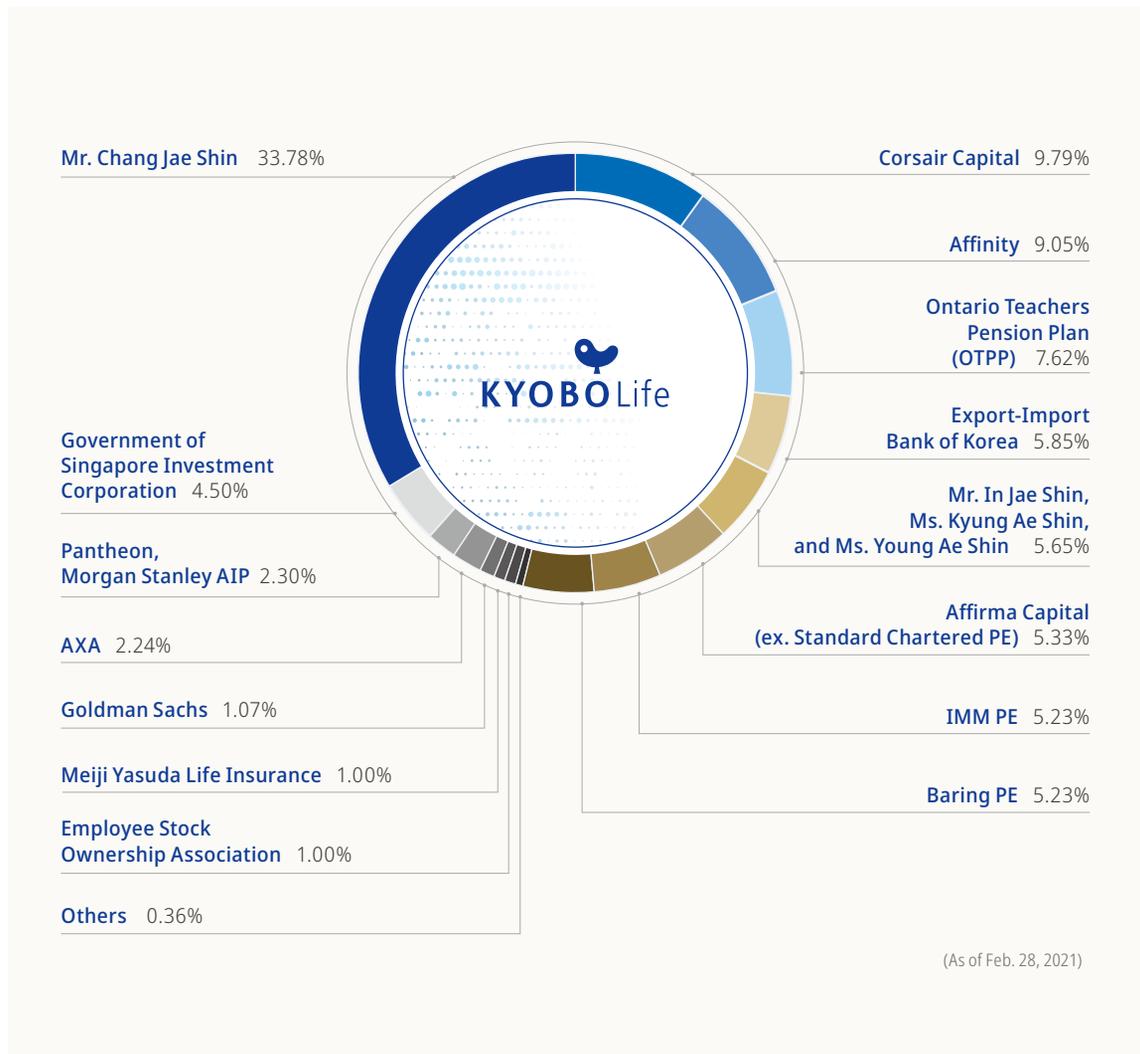
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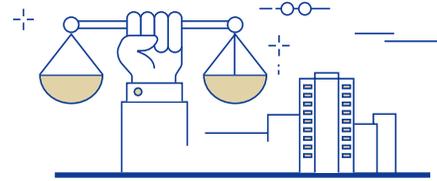
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Shareholder Structure

Kyobo Life maintains stable governance under the transparent and clear shareholding structure with Mr. Chang-Jae Shin, the Chairman & CEO, holding 33.78% of total shares. Corsair Capital, Affirma Capital (formerly known as Standard Chartered PE), and AXA became shareholders through paid-in capital increase and secondary share transactions in 2007. Some investors including Ontario Teachers' Pension Plan (OTPP) and Affinity acquired the shares held by Daewoo International and Korea Asset Management Corporation (KAMCO) and became shareholders in 2012, while Life Investors of Korea acquired a part of shares held by OTPP to become a new shareholder in 2017.





The Board of Directors

As a final decision-making body that reviews and approves major corporate policies, the Board of Directors consists of two internal directors and four outside directors, who have expertise in financial, accounting, and risk management. The outside directors, who comprise majority of the Board, carry out supervision to ensure transparent management while balancing interests of the company and its stakeholders. In order to make decision making more efficient, the Board of Directors delegates to its committees all functions except those related to the general shareholders' meeting and those unique to the directors and the Board.

Audit Committee

Comprised of three outside directors, the Audit Committee functions independently from the Board of Directors and other executive bodies. It is responsible for evaluating and improving the adequacy of the internal control system and business performance. The Committee establishes plans for a variety of internal audits including general and special audits, evaluates execution results, and makes suggestions on the follow-up/corrective measures.

Executive Recommendation Committee

The Executive Recommendation Committee aims to enhance management transparency by nominating candidates for various positions including a representative director who needs to possess the integrity, capabilities, leadership and managerial experiences required for a CEO of an insurance company, and outside directors who are independent but have capabilities and expertise suitable for the company's strategic goals, and auditors who need to have capabilities and expertise for conducting independent audits on the directors and the management.

Risk Management Committee

The Risk Management Committee establishes fundamental directives and main policies for risk management and approves major managerial strategies in consideration of various risks. It also conducts various activities on a regular basis such as risk analysis, establishment of contingency plan, and monitoring on risk management status. To carry out risk management in an advanced and systematic manner, Kyobo Life assigned the Risk Management Committee as one of the committees to be supervised by its Board of Directors,

Remuneration Committee

The Remuneration Committee includes one (or more) member(s) from the Risk Management Committee to design and operate its remuneration scheme in consideration of the company's risk management. Specifically, the Remuneration Committee operates the remuneration system fairly in a way that can prevent the management level from making risky decisions for the sake of higher remuneration.

Management Committee

The Management Committee makes overall management decisions and reports the outcomes to the Board of Directors. It is primarily responsible for setting short and long-term management directives and business plans as well as making decisions on the launching of new business and/or disposal/transfer of major assets.

Board of Directors

Chairman & CEO		
Chang Jae Shin		
President & CEO		
Your-Hyun Yun		
Outside Director	Outside Director	Outside Director
Joong Hyo Lee	Sang Hoon Lee	Beom-Ha Jee
Outside Director	Non-Standing Director	
Soon-Suk Kim	Hari R. Rajan	

(As of Feb. 28, 2021)

TRANSPARENT MANAGEMENT

We maintain lucid shareholding structure and transparent decision-making system

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Senior Executive Vice President (SEVP)

Jung Bum Pyun	Chief Distribution Officer / Head of Kye Seong Won (HRD Training Center)	Jin Ho Park	Chief Financial Officer / Head of Retirement Pension Consulting Center
Sam Geol Lyoo	Chief Investment Officer	Chang Gi Kwon	Head of Digital Transformation Support Division

Executive Vice President (EVP)

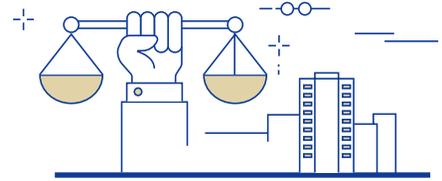
Yeonjae Shin	Head of Group Client Division	Chi Soo Park	Head of Public Relations
Seok Jung Kang	Head of HR Support Division	Jai Dong Park	Head of Insurance Service Division
Kumjoo Huh	Head of New Business (EVP)	Ki Ryong Cho	Head of Legal Services Division
Seoyong Park	Chief Marketing Officer		

Senior Vice President (SVP)

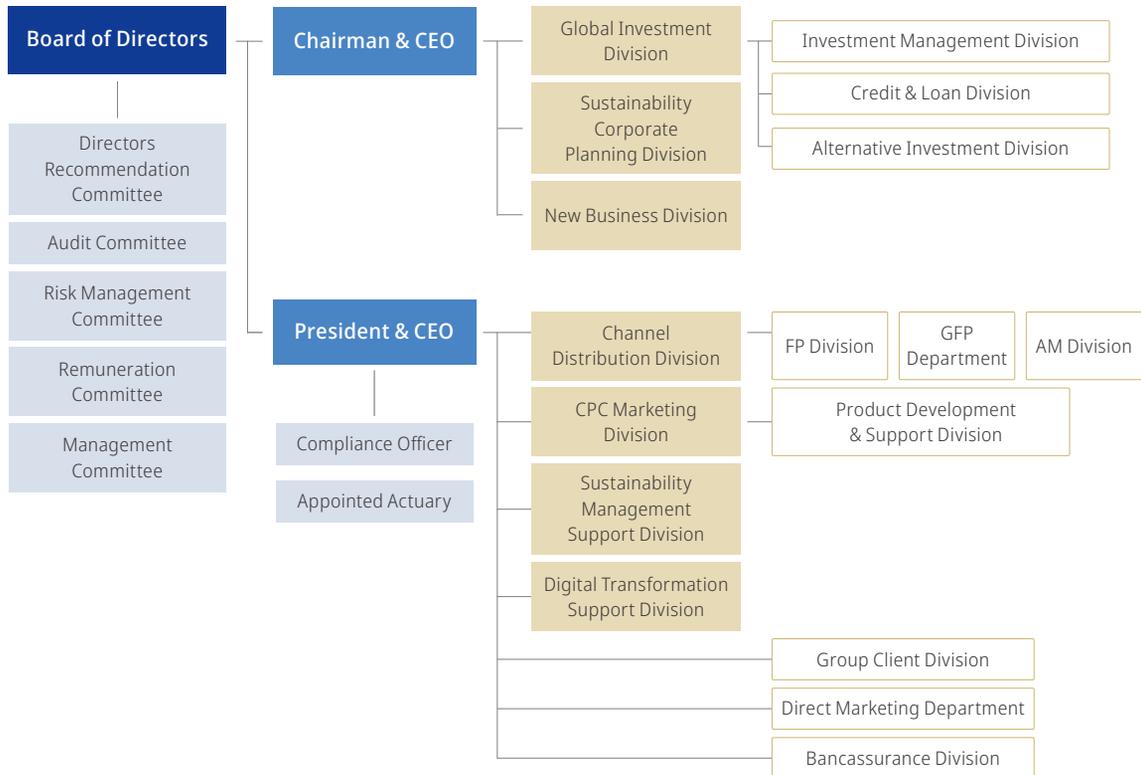
Woog Min	Head of Audit Team	Jae Soo Cho	Head of GFP Department
Dae Kyu Cho	Head of Sustainable Corporate Planning Division / Head of HR Division / Head of Governance Management TF / Head of Consultant Inconvenience Support Center	Byung Doo Noh	Head of Daegu FP Division
Hwa Jeong Choi	Head of Busan FP Division	Young Sam Cho	Head of Variable Asset Management
Jae Myeong Park	Head of AM Division	Sung Geun Cho	Head of Information Security / Chief Information Security Officer (CISO) / Chief Privacy Officer (CPO)
Seong Ju Park	Head of Channel Marketing Team / Head of Nobiliaire Support Team	Gil Hong Cho	Head of Group Sales Division 2
Bac Kyu Choi	Head of Gangbuk FP Division	Hong Yoo	Head of Consumer Protection Division / Financial Consumer Protection Manager / Chief Customer Officer (CCO)
Hyeon Geun Bae	Head of Gyeongin FP Division	Bong Hyun Jeong	Head of IT Support Division / Head of IT Strategy Team
Gyu Sik Cho	Head of Gangnam FP Division	Kwang Soo Mun	Head of Bancassurance Division
Jong Tae Yi	Head of Alternative Investment Division	Young Dae Son	Head of Honam FP Division
Young Kyu Youn	Head of Product Development & Support Division	Kyoung Bae Kim	Head of Actuary & Accounting Division / Internal Accounting Control Manager
Byong Ryol Kim	Head of Risk Management / Chief Risk Officer	Hwi Seong Cho	Head of Investment Management Division
Chul Lee	Head of Digital Transformation Support / Head of Digital Transformation Facilitation Team / Head of Platform Business Launching TF / Head of Digital Buyer's Journey TF	Hong Min Chung	Head of New Business (SVP) / Head of New Markets Strategy and Operation Team
Kwan Sang Lee	Head of Joongbu FP Division	Jong Kil Park	Head of Risk Management Team
Jae Myeong Lee	Compliance Officer / Compliance Program Manager	Hye Ok Kim	Head of Direct Marketing Department
		Seong Jin Moon	Head of Digital Technology Support Division / Head of Artificial Intelligence Application Team

(As of Feb. 28, 2021)





Organization Chart



(As of Feb. 28, 2021)

Overview of the Affiliates



(As of Feb. 28, 2021)

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We Pursue Long-Term, Common Growth with All Stakeholders

Promotion of Sustainability Management

Based on our sustainability management philosophy of pursuing common growth with all stakeholders, Kyobo Life has categorized major stakeholders who could either influence or be influenced from the accomplishment of our core purposes. We have built a sustainable management system that is unique to Kyobo Life by setting promises and principles for every respective stakeholder, and included its progress result into our Sustainability Report. Especially, we included our partner companies to major stakeholders and tried to pursue growth with them in 2020. Since 2011 when we became the first company to publish the Sustainability Management Report in the life insurance industry, we have been reporting performance results every year and making efforts on having continued communication with stakeholders through various channels. In recognition of such efforts, we became the first financial institution to be inducted into the Korean Sustainability Index (KSI) Hall of Fame in 2019, and was ranked as the No.1 in the life insurance industry in 2020 again. In the meantime, Kyobo Life is the first Korean insurer to be a member of the United Nations Global Compact (UNGC) and actively supports the Ten Principles of the UNGC.

* UNGC: a voluntary strategic policy initiative, promoting businesses to participate in enhancing corporate citizenship and providing practical engagement measures through aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. It is the largest corporate citizenship and sustainability initiative in the world offering a unique strategic platform for participants to advance their commitments to corporate citizenship and sustainability.

Sustainability Management System

Sustainability Management Philosophy

Pursuit of Common Growth with All Stakeholders

	Promises	A company that provides optimum insurance coverage and on-going services	A company that succeeds together with its consultants	A company that grows together with its employees	A company that is attractive to investors	A company that grows together with the government and local communities
For Stakeholders	Principles	1. We will listen to customers and manage the company from their perspective.	3. We will pay respect to and trust our consultants as business partners.	6. We will maintain our corporate culture of joy, pride, and trust.	9. We will continue to produce outstanding results through significant growth.	11. We will actively carry out corporate social responsibility activities to grow with our community.
		2. We will enhance service quality throughout the policy life cycle, from enrollment to persistency and to benefits payment.	4. We will establish fair standards, and help our consultants engage in their sales and service activities in peace.	7. We will provide equal opportunities and reward according to fair evaluations.	10. We will increase the value of our company through preemptive risk management.	12. We will practice environmental management activities which are apt for the nature of our business.
	KPI	· 13 th -month Persistency Rate · Customer satisfaction level · Market share	· Consultant Satisfaction Level (13 th month) · Consultants' Retention Rate	· Training hours per employee · Employee Satisfaction level	· Total assets · Return on equity (ROE) · Financial solvency ratio (RBC)	· Social contribution rate / amount · Weight of socially responsible investment (SRI) · Energy consumption





Participation of Stakeholders

Kyobo Life categorizes its stakeholders into five major classes – customers, consultants, employees, investors, government agencies, and local community members – and uses various communication channels to listen to their valuable opinions.

Communication Channels with Stakeholders

	Customers	Consultants	Employees	Investors	Government and Local Communities
Communication Channels	<ul style="list-style-type: none"> · Website · Organization of customer panel (once/qtr) · Survey on customer satisfaction (once/yr) · Private events for VIPs · Official blog and Social media, etc. 	<ul style="list-style-type: none"> · Management of a website dedicated to consultants · Survey on consultant satisfaction (once/yr) · Supports for gathering of outstanding consultants (once/qtr) · Round table conferences for consultants · Operation of inconvenience center for consultants 	<ul style="list-style-type: none"> · Labor-management meetings and labor-management conference (once/qtr) · Survey of employee satisfaction · Briefing sessions for management status · Operation of “Sinmungo” system (Voice of complaints), etc. 	<ul style="list-style-type: none"> · Website (IR) · General shareholders meeting (once/yr) · Board of Directors-IR activities 	<ul style="list-style-type: none"> · Website (Corporate social responsibility) · Management of Kyobo Dasomi Volunteers · Partner meetings, etc.

Stakeholder Surveys

Category	Methods	Purpose	Summary
Customers	Satisfaction	To assess customer satisfaction of Kyobo Life and its main competitors, and propose remedial measures for improvements	<ul style="list-style-type: none"> · Assessment of customer satisfaction level between Kyobo Life and its competitors · Corporate image · Satisfaction level of insurance products
	Brand	To measure company's brand power and obtain data that can be used for strategic brand management.	<ul style="list-style-type: none"> · Company awareness and customer loyalty · Brand image of life insurance companies · Usage of life insurance companies

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We Create a Healthy Society, the World Where We Live Together

Kyobo Life respects the precious values pursued by mankind and strives to help people realize such values. Most of the social responsibility activities done by Kyobo Life are with 'Kyobo Dasomi Volunteers' which was established in December, 2002. They focus on helping our neighbors overcome the hardships and our youth become mature human beings with healthy minds and bodies who could practice continued self-growth and compassion.

Sharing Healthy Lives Together



Wow Dasomi Project for the Hearing-Impaired

Hearing impairment is a type of disability where 90% of the patients can attend normal schools if they received successful operation and rehabilitation treatment before the age of three. Kyobo Life helps low-income families suffering from financial and emotional difficulties by supporting expenses for operation and treatment so that the children with hearing disability could receive proper treatment. Being the second most frequent type of disabilities, there is a 50% chance for one to be inherited from his/her parents and about 1,600 babies are known to be born with this disability every year. Kyobo Life actively supports hearing-impaired children to grow into healthy members of society.

Ties of Love

The 'Ties of Love' program sponsors under-privileged children from single-parent households and children who were left in the baby. It aims to help them overcome their difficulties, grow in a healthy environment, and gain access to better education. On top of the contributions made by the company itself, Kyobo Life supports the children with funds raised by its employees who voluntarily has donated a portion of their monthly payroll to the program every month.



Kyobo Life Cup Youth Athletic Competition

In order to cultivate the youths of wisdom, virtue, and health, Kyobo Life has held the annual 'Kyobo Life Cup Youth Athletic Competition' since 1985 which has been the one and only comprehensive youth sports competition held privately in Korea. The main events of the competition are track and field, swimming, judo, table tennis, gymnastics, ice sports, and tennis. By co-hosting the competition with a number of local governments every year, Kyobo Life also contributes to the invigoration of local economies. In recognition of the high interest and dedication in youth sports, Mr. Chang Jae Shin, the Chairman & CEO of Kyobo Life, has been appointed as the chairman of the organization committee for the Gangwon Winter Youth Olympic Games in 2024.



Creating Dreams and Hopes Together



Kyobo Scholarship Program for the Youth

Kyobo Life selects fourteen outstanding athletes (top two per discipline) from the Kyobo Life Cup Youth Athletic Competition to support them with the scholarship worth of KRW 2 million every year and a mentoring program for six years (from 7th to 12th grade). Kyobo Life tries to serve as a foundation to nurture sport talents of the future and help outstanding athletes to grow into the leading all-round players.

Kyobo's Leadership Program for the Youth, 'CHANGE'

Kyobo Life supports young adults to possess capabilities of leadership and followership in a systemic way and grow into healthy future leaders with upright characters. Through educational programs specialized in experiential activities, character development, and cultivation of knowledge, we aim to humanize them to become honest members of the society who will actively practice leadership and followership in an effort to create positive changes at where they belong.



Kyobo Dasomi Dream Makers Project

Dasomi ICT Project for Future Talent

Kyobo Life supports future talents to grow into healthy members of the society by assisting them to acquire national licenses through various training courses involving drones, software, and 3D printing operations, and providing academic and career guidance.

Dasomi ICT Project for Future Experience

Kyobo Life offers ICT-based opportunities for new cultural experiences to help them grow into creative talents suited for the fourth industrial revolution and become future leaders of our society.

Projects for Supporting Startups and the Underprivileged

Kyobo Life runs mentoring programs for ICT-based startups and also provides their products and services to the underprivileged for their future growth.

Grand Tour of Asia for College Students

Kyobo Life supports college students by providing a variety of leadership & followership programs and network activities with local communities to help them develop capabilities required for leaders and become the ones who could pull things together as a team to make performances. Also, it offers cultural exchange program to give them an opportunity to visit, feel, and experience the culture and histories of Asian countries that feel so close and yet so distant to Korea.



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A Beautiful Life of Giving Together



Kyobo Dasomi Volunteer Team

In order to practice Kyobo Life's culture of 'Million Dollar Round Table (MDRT)' which promotes treating others with kindness and love and to communicate with the local community, Kyobo's consultants and employees gathered together to form in total of 176 volunteer groups to work closely with local communities and welfare facilities and carry out volunteer activities on a regular basis.

Philanthropic Business for Global Society

Kyobo Dasomi Global Volunteers

The Dasomi Global Volunteers, consisting of Kyobo Life employees, have undertaken volunteer activities since 2011 to help the less-developed countries with better educational and housing environments. We helped the children in the rural areas of Vietnam and Laos to maintain their hopes for learning by providing improved educational environment and helped their families by building comfortable shelters so-called the Houses of Love.

Construct Educational Environment including Schools

Kyobo Life has built various educational facilities in areas with lack of educational infrastructure such as Myanmar, Vietnam, Laos, and Indonesia to provide them with better opportunities for learning under the pleasant educational surroundings and to help the people keep their dreams for the future.

Dasomi Business of Global Trees with Hopes for Economic Independence

Kyobo Life helps the underprivileged farmers in Vietnam increase their income by providing grapefruit seeds, agricultural materials, and regular training on cultivation techniques.



One Branch-One School Financial Education

In order to contribute to bridging the gap between students in various regions on their financial understanding and reducing the blind spot of financial education, Kyobo Life's FP branches and FP supporting units established sisterhood relationships with nearby elementary, middle, and high schools to provide various financial education programs. They provide financial education for more than twice per semester focusing on real-life cases, as well as organizing field trips and providing career counseling.





Kyobo Life facilitates professional and efficient operation of public welfare projects through its public foundations.

Beautiful Companions Walking Together



Daesan Agriculture Foundation

Daesan Agriculture Foundation is the first public welfare foundation in Korea dedicated to rural support. The Foundation hosts 'Daesan Agriculture Awards,' which is one of the most prestigious agriculture awards, carries out training programs for future agricultural talents, and conducts practical agricultural research projects led by farmers. With farming experience that help enhancing and understanding the agricultural value, agricultural field trips, and cultural programs for local communities, the Foundation contributes in bringing urban and rural communities together and making a happy, sustainable society.

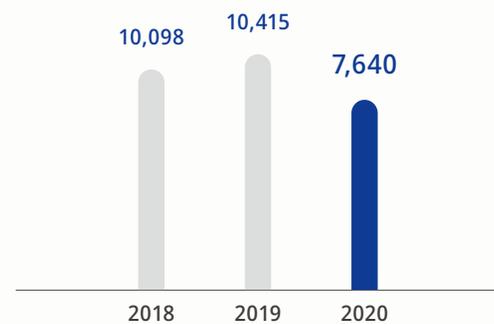
Daesan Foundation

The Foundation is engaged in cultural projects of public interest to support for cultural development, globalization of Korean literature, literary education for the youth. These projects include hosting awards with financial compensation, namely Daesan Literary Awards, Daesan Creative Writing Funds, Daesan Literary Awards for College Students, and Daesan Literary Awards for the Youths, supporting research and publication of Korean and international literatures (translated), and holding the Seoul International Forum for Literature along with various reading campaigns

Kyobo Foundation for Education

The Kyobo Foundation for Education is a educationally specialized foundation established in 1997 with contribution from Kyobo Life. In an effort to contribute to 'national education' and 'culture of humanity', the Foundation runs a number of educational businesses including 'Kyobo Education Awards', personality training, leadership training and environmental education and sincerely pursues sustainable growth of itself.

Number of Employees Engaged in Volunteer Work



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We Give Highest Priority to Our Customers and Always Strive to Innovate Customer Value

Kyobo Life always thinks from the perspective of our customers and aspires to become a company that provides optimal insurance coverage and on-going services. Based on a truthful understanding of our customers, we put our best efforts toward strengthening our competitive edge on products and distribution channels to provide 'financial security' and 'psychological stability' beyond customers' expectations throughout the entire cycle of life insurance i.e. from subscription to persistency and payment. In addition, we focus on creating intrinsic value of the life insurance so that everyone could help each other overcome difficulties in the future and pursue his/her precious dreams for life with great confidence.

Implementation of 'Lifelong Care Service' to Keep Our Promise on Insurance Coverage for Customers

Kyobo Life has been offering 'Lifelong Care Service' based on the philosophy of 'placing priority on the existing customers over the new ones'. It is a part of Kyobo Life's efforts to 'co-exist' with the customers by satisfying their expectations based on the customer-centric management and actively responding to the changes in the market.

Every consultant regularly visits customers to remind them of the coverages from their existing policies and help them file any outstanding claims. Also, they monitor any changes to customers' needs and/or financial positions to check necessary coverages and help them keep the coverage in top shape.

As a result, we have provided 'Lifelong Care Service' to about 2.38 million customers for the last ten years. These efforts from Kyobo Life became a benchmark for other companies for spreading the culture focusing on building trust with customers and maintaining the level of coverage, throughout the industry.

Point-of-Contact Channels and Advanced IT Systems Based on New Digital Technologies for Greater Customer Convenience

Kyobo Life offers its customers a variety of services through its Customer Plazas and customer centers in order to serve them better on handling diverse financial tasks with convenience and speed. We have also constructed advanced IT systems using new digital technologies to offer real-time services for subscription, persistency, and payment via company website and mobile applications. Specifically, Kyobo Life introduced a mobile system accessible by smartphones and tablet PCs to support sales operation so that our consultants could provide one-stop insurance services without any space-time constraints. In addition, we developed services for smart coverage analysis and illness pre-

dition utilizing the schemes of data scraping and big data and provided our customers with an unprecedented type of digital service.

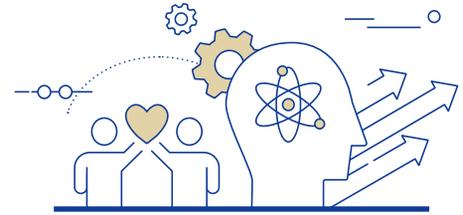
Spreading a 'Trusted Culture of Customer Protection'

In order to practice noticeable customer protection, Kyobo Life has an exclusive team which holds weekly VOC Town Meetings to thoroughly review Voice of Customer (VOC) collected through various channels and generate ideas in order to improve the existing systems and processes to provide customers with necessary service in a timely manner. Also, main VOCs selected from VOC Town Meeting are presented to the customer protection committee so that the management level could make swift decision and have them reflected in the products and services.

As the importance of customer protection continues to grow, we held 'Nice Kyobo' campaign to establish a customer-centric business culture. Through this campaign, the headquarters improved various systems and processes to support complete sales at the field. Likewise, our consultants sought to reinforce their competency on consumer protection in ways like 'Nice Kyobo Challenge' to remind themselves to practice the customer-centric business culture with gestures full of respect and love for customers. In recognition of its steady efforts for customer protection, Kyobo Life was certified for its customer-oriented management by the Fair Trade Commission for seven consecutive years and inducted into the hall of fame. Additionally, Kyobo Life received the highest recognition in the industry from the Financial Consumer Protection Analysis held by the Financial Supervisory Service for two years in a row since 2019.

Kyobo Life will endeavor to innovate customer value through VOC to maintain our current position as the industry leader for customer protection.





Citation for being the best institution on financial consumer protection

Upgraded Comprehensive Financial Planning Advisory Service

Kyobo Life constructed Kyobo Asset Management System (KAMS), which is a comprehensive financial solution customized to the life cycle in the era of low-growth, low-interest-rate and the changes to financial environment. With KAMS, we could cooperate with Wealth Managers and advisory groups who owned a wide array of experience and expertise to provide tailor-made asset management service, i.e. planning multiplication, protection, and succession of customers' assets, from a long-term perspective (children generation being taken into consideration as well). Moreover, we grouped customers by their income level to provide differentiated seminars on asset management and also hosted seminars related to various subjects other than asset management, such as real estate, tax, and labor service. In consideration of the increase in preference for untact services brought about by COVID-19 pandemic, we implemented webinars for asset management and videoconferences for consultation services.

Our comprehensive asset management service allow us to provide individual customers with optimal planning for their insured assets (which could be family, health, and/or retirement security, etc.) in accordance with their financial purposes. In the meantime, we conduct analyses on corporate statistics and financial information, and review on the adequacy of management composition and shareholding structure to provide corporate clients with specialized services including consultations on the settlement of various issues (wages, retirement payment, dividends, and bereaved family's compensation) and succession

plans of family businesses. In 2020, we provided 11,303 consultation services to 7,315 customers, held 428 asset management seminars, and will be continuing our efforts on providing an upgraded advisory service on financial planning.

'DA-Win Service' to Help Customers Succeed

Kyobo Life provides 'DA-Win Service' to practice management philosophy of giving/sharing by sharing tips for practicing customer satisfaction and realize Creating Shared Value (CSV) by rooting for the success of our clients. As a customized corporate training program, DA-Win Service provides training programs on sixteen different subjects, ranging from customer satisfaction improvement, CS quality improvement, organizational activation, and to mandatory training. We signed MOUs with our clients to provide systematic supports like helping training for clients' in-house instructors. Since 2005, we provided DA-Win Service to 1.12 million persons from approximately 18,600 organizations including public institutions, medical institutions, and general corporations, and try to share our management philosophy to prioritize our customers and support their successes.

Humanities Website 'Read, Walk, and Feel in Gwanghwamun' for Digital Communication with Our Customers

Kyobo Life runs a humanities website named 'Read, Walk, and Feel in Gwanghwamun,' reflecting the brand philosophy of Kyobo Life, 'respecting human values,' to provide a differentiated customer service using the evolving digital environment. The website contains various contents including videos, lectures, and webtoons to make customers more interested in the humanities, and collaborates with Kyobo Book Centre to offer e-book lending service for best sellers in humanities through a digital library. Recently, Kyobo utilized the service to provide an on-offline integrative experience contents incorporating new digital technologies (e.g. augmented reality (AR)) called "The Mission", to help our customers have fun through first-hand experience. The website had 76,000 visitors a month on average in 2020 and Kyobo Life plans to expand the bond of sympathy on humanities with our customers even further utilizing mobile technology.

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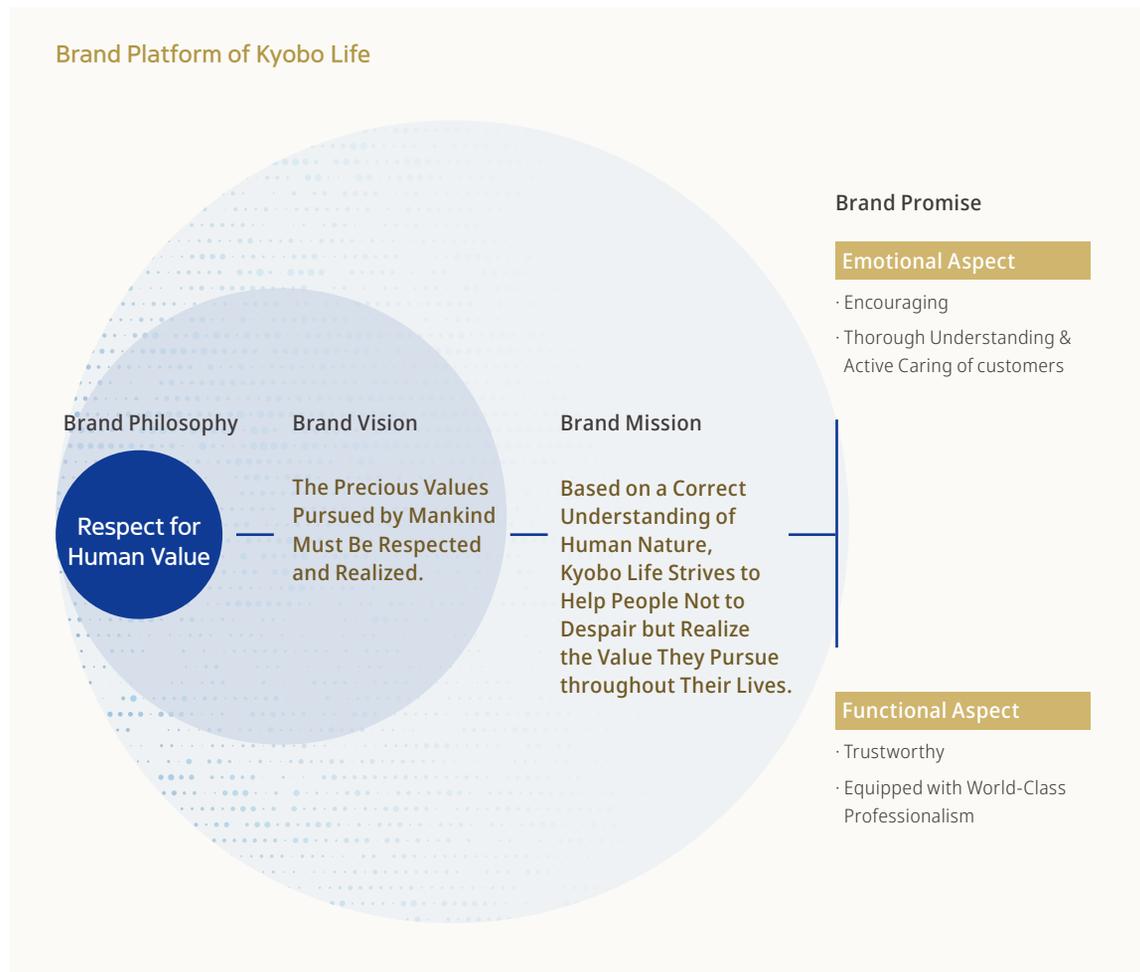
Brand of Kyobo Life Materializes the Value of Respect for Humanity

Human life is the most important matter on earth and the very reason for Kyobo Life's existence.

All products and services offered by Kyobo Life are deeply rooted in the respect towards precious values that human beings pursue. Brand of Kyobo Life exists on the basis of a true understanding of human nature, to fulfill its mission of helping people overcome future hardships through mutual support, allowing them to pursue their dreams with confidence.

Our Pledge to Customers

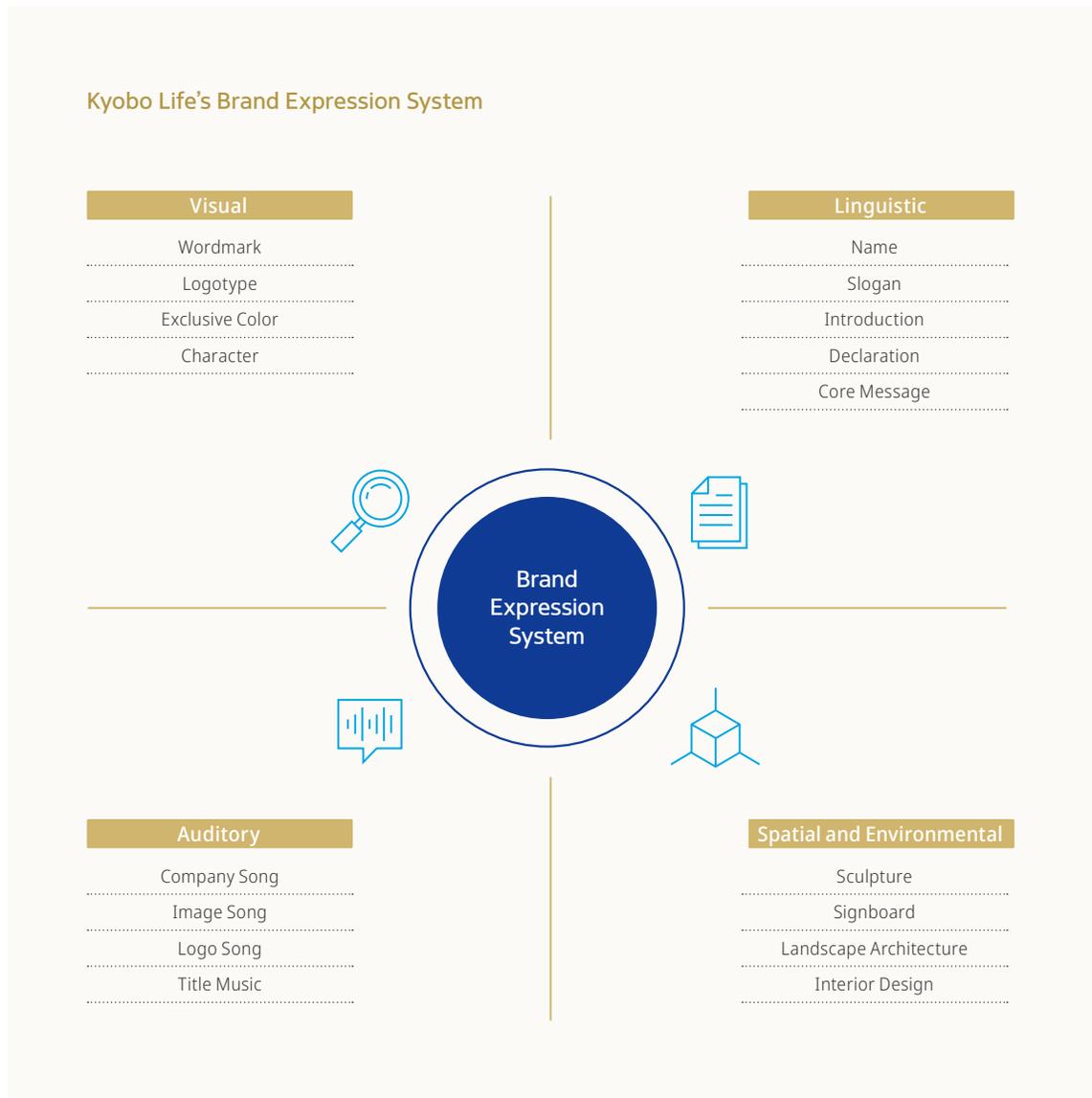
Kyobo Life's brand platform consists of its vision that the precious values pursued by mankind must be respected and realized, a mission that defines its roles and means, and a promise that represents the values and benefits that Kyobo Life aims to provide its customers and communities. In order to effectively deliver such brand platform, Kyobo Life has established a system to express its brand in visual, linguistic, auditory, spatial and environmental methods.





Practice of Brand Promises Through Systematic Brand Management

Kyobo Life has established brand management infrastructure including a brand strategy and brand-related system (regulations, policies, and etc.) since 2003. On this basis, we have consistently practiced our brand promise by through development of products and services that suit our brand promises, communication with our customers, and various marketing activities in the sales field. As a result, Kyobo Life was recognized with a high brand value worth 1.314 trillion won in 2020 from a credible global brand rating agency.



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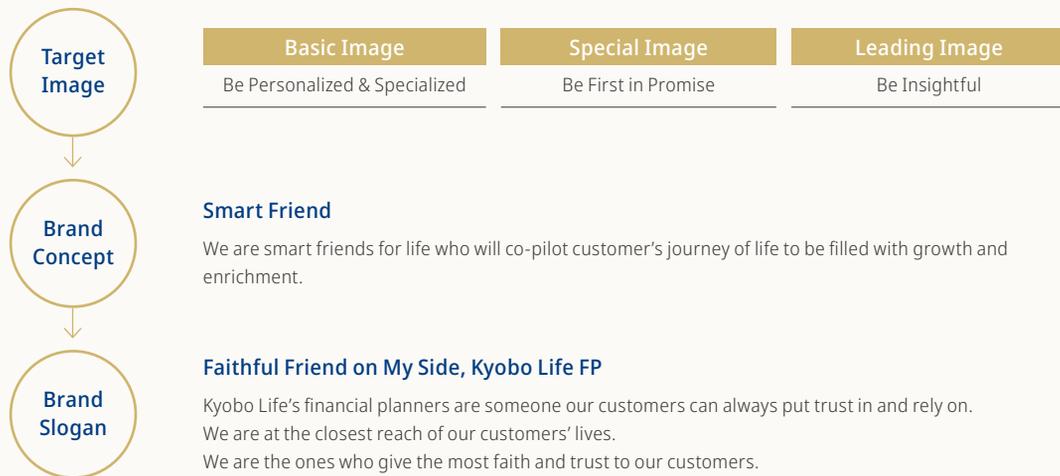
Brand of Kyobo Life Materializes the Value of Respect for Humanity

Kyobo Life launches a brand new personal brand for our financial planners. While many companies focus on untact channels utilizing digital technologies, such technologies will not be able to replace the role of financial planners who can comfort customers and sometimes even become friends to unburden themselves. To overcome such limitations of untact channels, Kyobo Life has built our FP brand in reflection of our will to expand the relationship between our customers and financial planners further, and improve the competitive edge of our financial planners through an emotional communication at the point-of-contact with customers.

Kyobo Life FP Brand to Become 'a Faithful Friend on Customers' Side'

The FP brand consists of three images that correspond to our customers' expectations based on the unique strength and character of our financial planners, brand concept that financial planners to aim for, and brand slogan which is the idealistic impression that our financial planners ultimately want to leave on the customers. In order to deliver our FP brand effectively, we also created design elements such as wordmark and motif.

FP Brand System and Its Visual Expression



FP Brand Wordmark

든든한
내편 하나
교보생명 FP

Design Concept and Motif of the FP Brand

Connecting Hands

Visualized Kyobo Life's FPs as customers' partners walking hand in hand.



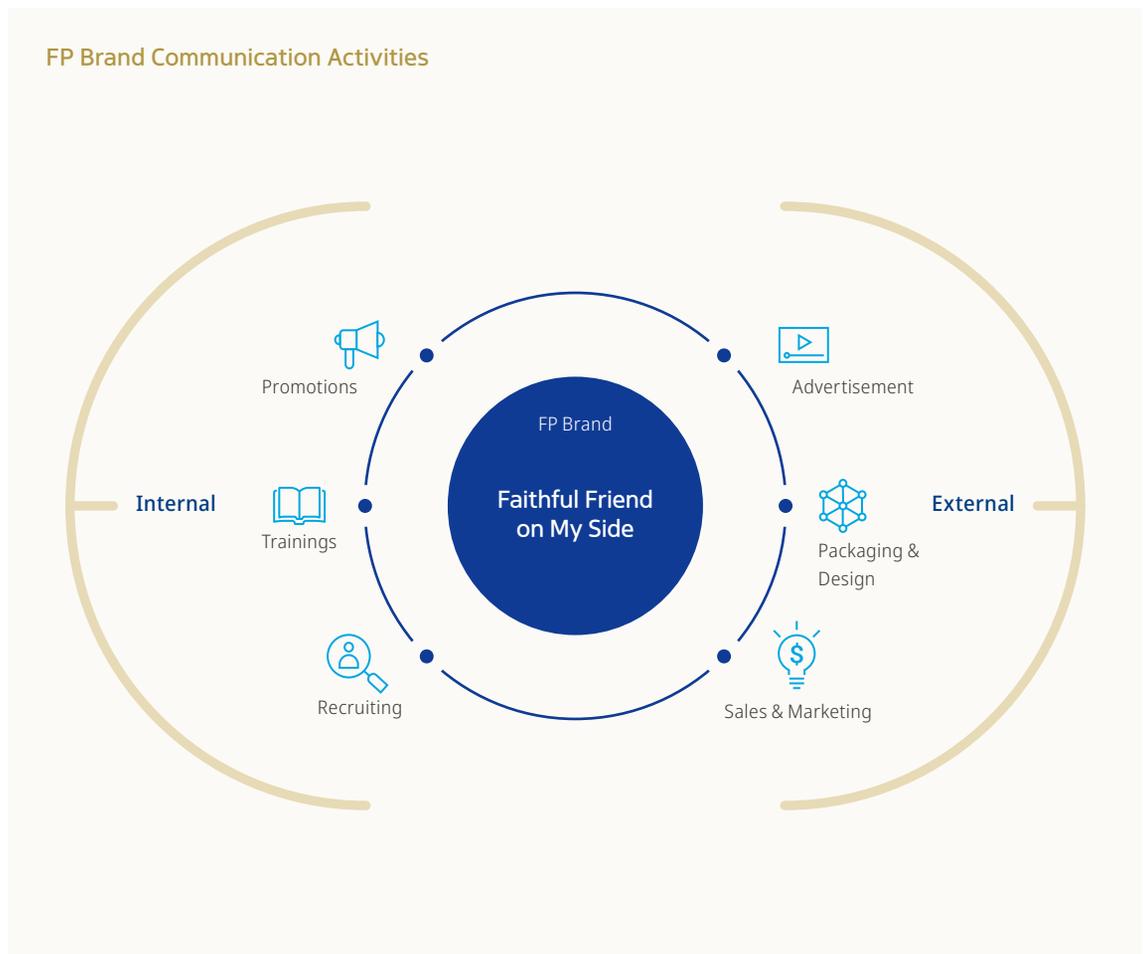


Implementation of Coherent Brand Communications for Positive FP Brand Awareness

Kyobo Life continues to promote the FP image, 'Faithful Friend on My Side,' at various points-of-contact through advertisements and publicity campaigns, so that our financial planners can be more accessible to our customers. In addition, through in-house campaigns that provide an emotional motivation for our financial planners to be on our customers' side, we are supporting self-initiated change and growth of our financial planners.



Image of 'Faithful Friend on My Side, Kyobo Life FP'



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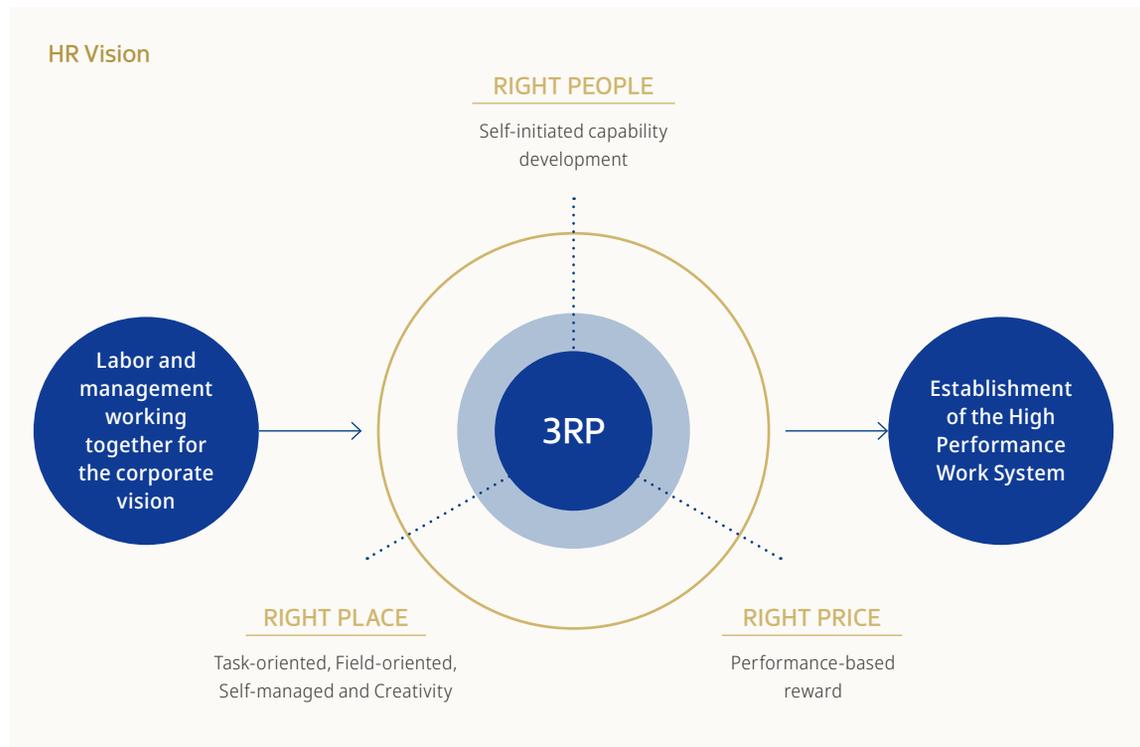
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We aim for Mutual Growth with All of Our Employees

Kyobo Life aims to achieve its vision of mutual growth between the company and its employees. We are committed to make the company the most desirable workplace by hiring talented people, rewarding them for their achievements, and encouraging their growth. We will continue our efforts to achieve the goal of becoming the best company to work for by aligning our corporate vision with employees' individual goals and forging a win-win relationship between them.

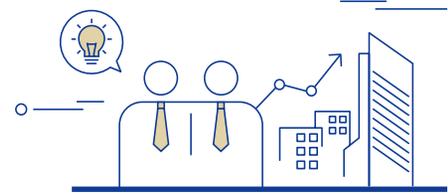


Strengthening the Job-Oriented HR Management System

Under its HR principle of 'assignment by competency and reward by performance,' Kyobo Life implemented a performance-based compensation policy since 2002. In 2006, we improved our evaluation, reward, and promotion system in an effort to expedite instillation of a high performance culture throughout the company, which will ultimately raise awareness on performance-based work system and support a transformation towards it. In 2010, we have iterated this concept further and improved the company's HR system to be job-centered. As a result, in 2011, we made the HR management

system fully job-centered in all aspects of including job rotation, promotion, performance and compensation management. Also, starting in 2016, we introduced selective recruiting system more focused on job elements to hire candidates who are best fit for respective duties as well as the overall culture of the company. Moreover, in 2020, we reorganized our remuneration system to be more job-centered by expanding our job based pay structure. Kyobo Life will continue to strengthen its fair and objective Job-Oriented HR Management System.





Strengthening the Performance Management System to Anchor the High Performance Culture

The heads of business units, including the executives, at Kyobo Life are constantly asked to clarify the performance goal and responsibility expected of each position. Also, we continue to promote the field-oriented High Performance Work System (HPWS) across all workplaces, to help employees clearly identify their visions, strategies, accountability, and performance targets, and to voluntarily immerse themselves in their jobs to maximize performance.

Strengthening Core Talent Management to Assure Future Corporate Competitiveness

Kyobo Life clearly understands that the effective management of core talent is a matter of high priority to assure corporate competitiveness. In 2005, we prepared a system through which core talents would be selected and developed, and held Kyobo Leader Session since 2006 to help top management, heads of divisions, departments and teams, and HR team to select and manage future leaders at different levels. We have especially strengthened the program on the retention of expert resources for the core positions of the company, such as product development, actuarial risk management, and digital-related since 2012. Also, when experts are needed, we try talent hunting from both in and out of the company to broaden the opportunity for recruiting and training major talents. When appointing an officer, we minimize management risk by strengthening the competency of candidates through the 'On-Boarding Program' and the 'Managerial Executive Candidate Program'.

Supports for Optimal Personal Development Through Digital and Untact Means

Kyobo Life runs a variety of training programs that support the personal development of ambidextrous leaders who are fit for achieving our management strategies including innovations in the existing life insurance business and development of new business models. Especially, under challenging environment with COVID-19, we minimized risks related to company-wide training by swiftly responding with real-time online trainings, micro learning, expansion of interactive learning in the field, and on-the-job training. Also, we improved our employees' digital capabilities and on-the-job insights by providing mandatory classes on understanding of digital concepts, data analysis, and Robotic Process Automation (RPA).

In addition, for the self-directed capability development of our employees, we provided customized training programs including video education, reading education, team education, supports for external training programs and certificate acquisitions, and tailored group workshops throughout the year. As a result of these efforts, our reading education programs (management-level book clubs, team-level book clubs, and reading workshops) were recognized by winning the grand prize at the '2020 Reading Management Best Workplace Awards' by the Ministry of Culture, Sports, and Tourism. We plan on continuing supporting our employees to grow as ambidextrous talents with greatest capabilities, through field-based training programs and educational contents based on learning culture focused on 'learning while working, and working while learning'.

Building Advanced Labor-Management Relations and Welfare System That Reflects the Needs of Our Employees

Kyobo Life has built a strategic partnership with employees and actively communicates with them on management issues to advance the relationship between labor and management. Through periodic labor-management council, we strive for the continued growth of the company and improvement of our employees' quality of life, and intend on building a respectful and reliable labor-management relationship based on communication and cooperation. As a result, Kyobo Life became the first company in the financial industry to be nominated as the Company with Excellent Labor-Management Culture by the government for three consecutive times, and also received Presidential Commendation as the Best Family-Friendly Company and Transparent Management Grand Prize Award for being a company to build co-prosperity culture by the five Major Business Associations in Korea. In addition, Kyobo Life has been implementing employee benefits package and labor welfare fund that meet the diverse needs of our employees, and striving to manage the benefits package reasonably and efficiently through annual satisfaction survey. Kyobo Life will remain actively engaged in maintaining/developing cooperative and stable labor-management relations and constantly improve its work environment and benefit package to improve employees' quality of life, so that they can focus on their jobs to create viable results.

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We pursue Digital Innovation for a Sustainable Growth and Development in the Era of the Fourth Industrial Revolution

Digital transformation is essential for a firm to survive through and achieve sustainable development in the Fourth Industrial Revolution. Kyobo Life has been aware of crisis of survival without innovation and strived in every possible way to reinforce its main business and create a digital ecosystem. We will try our best to be the ones providing new customer value in the new era.

Promotion of Innovations Based on New Digital Technologies

In order to swiftly respond to fast-changing customer needs and business environment, Kyobo Life is innovating our work process focused on our customers, actively utilizing new digital technologies such as AI, big data, and cloud computing. At the same time, we are maintaining our competitive edge in insurance business at the industry-leading level by efficiently and systematically supporting the sales. We are accelerating our digital transformation in corporate culture and business sectors, including discovering new business areas to secure future growth engines.

Innovations in Work Process Utilizing Digital Technologies

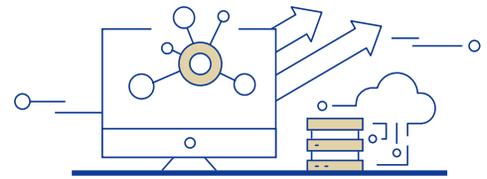
Advancement in Work Process Through AI-Based Digitalization

As a part of the digital transformation to enhance the convenience of our customers and boost the work efficiency of our employees, Kyobo Life actively utilizes the artificial intelligence technology. We are improving work efficiency through in-house capabilities as well as strategic partnerships with Big Techs. We have automated the process of insurance claims payment by utilizing Optimal Character Recognition (OCR), which automatically reads the text from the claims documents

for actual loss that count up to millions of copies every year. Our Robo-Advisor for asset management provides our customers with suggestions for funds and portfolios that meet their propensity to investment and re-balancing services to generate continued outcome. Through a strategic partnership with Kakao Enterprise, we have implemented a 24-hour customer service using AI chatbot system on KakaoTalk, a messaging app for smartphone operated by Kakao Enterprise, currently holding the highest market share in Korea.

Also, we have automated our underwriting process by applying BARO (Best Analysis and Rapid Outcome) which became the first AI insurance underwriting system based on natural language processing and won the 'Technology Initiative of the Year Award' at the 2019 Asia Insurance Industry Awards, and expanded its application to payment screening process in 2020. In addition, we are continuously putting our efforts on improving our work efficiency and provide differentiated customer value by developing an AI-based insurance fraud detection system called Kyobo Fraud Detective System (K-FDS), and continuing to automate the burden of simple repetitive tasks utilizing RPA.





Establishment of Cloud and Big Data Platforms

Kyobo Life has started the implementation of cloud computing to improve the management efficiency and platform development for the digital era. With the implementation of cloud computing, we expect prompt introduction of new digital technologies, escaping from limitations of the IT infrastructure of the company. Especially, we will establish the big data platform on the cloud to utilize financial data from outside the company on top of the data gathered from our insurance business. Also, we will continue implementation of data-based decision making and development of insights by allowing direct access to data analysts and field users.

Securing Growth Engines for the Future

Kyobo Life's Open Innovation Program, 'Innostage'

With the introduction of 'Innostage' in 2019, a development and collaboration program for startups, Kyobo Life has sought to provide innovative products and services to our customers by working in collaboration with startups that possess innovative ideas and technologies.

From the first stage of Innostage in 2019, we discovered 125 startup partners and selected 10 of them that could collaborate to create new values to our customers. From the second stage in 2020, we chose 5 startups that could collaborate and explore new business opportunities with Kyobo Life and its affiliates, and provided collaborative programs, office space, and development aid. As a result, we were able to put the outstanding solutions and services from the selected startups in practice.

We plan on continuing to utilize Innostage as an outlet for Kyobo Life and its affiliates to build strategic partnerships with the outstanding startups so we can continue to create the collaborative ecosystem where we can provide our customers with a lifelong service.

* Innostage: A combination of "innovation" and "stage," referring to a new stage for collaborative ecosystem where Kyobo Life's digital innovations and startups coexist.

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INSURANCE BUSINESS

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We Will Pursue Innovations in Products and Distribution Channels Through Digital Transformations

The essence of life insurance is to act upon the love of mankind by mutual support, so that everyone can overcome the hardships they may face in the future. Kyobo Life takes great pride and mission in the essence and spirit of life insurance and putting our best efforts to provide differentiated products and services to customers. In order to provide peace of mind and financial security beyond customers' expectations, we actively promote innovations in our products and distribution channels, especially with accelerated customer-oriented digital innovations. Thus, we will create a world where everyone can overcome their hardships and achieve their precious dreams.

Insurance Market in 2020

Due to economic slump and heightened volatility in financial market caused by COVID-19 pandemic, along with the negative consumer sentiment from the near-zero interest rate, we put our utmost efforts into overcoming challenging management environment in 2020.

Competition in the insurance market has heated up due to the expansion of Big Techs into the financial market, as well as diversified competitive dynamics with the inclusion of non-life insurers, and General Agencies (GA) and other financial institutions, and competition in protection type products has become intense with active product development of health insurance products, including illness insurances, accidental insurances, and insurances for the elderly and the sick.

Also, after COVID-19, the daily lives of our customers have turned into non face-to-face interactions, thus accelerating digital transition throughout the financial industry.

Meanwhile, the implementation of a new international accounting standard for insurance contracts (IFRS17) and a new solvency regulation (K-ICS) is approaching, and financial authorities continue to tighten their regulations related to the protection of financial consumers and amendment of the commission system.

Business Performance of Kyobo Life in 2020

To cope with the age of low interest rate and low growth along with the spread of COVID-19, Kyobo Life focused on securing competitive edge on protection-type products and strengthening capabilities to offer better products to expand its customer base.

We pursued a marketing strategy of increasing coverage for more customers with the focus on family protection-type products, and provided differentiated products and services that meet the needs of various customers. Also, we strengthened our capabilities in our life planning of customizing coverage portfolio suited for customer's life cycle and financial status.

Responding to the changing needs of our customers, we reinforced our marketing strategies for existing customers by providing persistency services including health care service and strengthening persistency activities.

In order to strengthen our competence for distribution channels, we improved the long-term training system for new consultants, and reinforced training programs and support for them to grow into experts in customer protection who can effectively deliver the value of life insurance and continue to achieve high performance.

We provided industry-leading digital services utilizing new technologies such as the - Chatbot for persistency service and smart withdrawal service utilizing ATM machines-. Moreover, we held field training programs which provided the information on financial markets and outlook on individual asset class to strengthen our consultants' capabilities on subscription and persistency service for variable-type products .



Insurance Market Outlook for 2021

The life insurance industry is expected to suffer further from various challenges and uncertainties such as sluggish real economy resulting from COVID-19, reduction in financial profit led by low interest rate, and expansion of Big Techs into the financial market. If the economy gets even worse, the life insurance market is expected to shrink further.

With the upcoming implementation of a new international accounting standard for insurance contracts (IFRS17) and a new solvency regulation (K-ICS) in 2023, financial authorities will continue to tighten regulations on financial soundness and consumer protection policies simultaneously.

It is expected that the shift in demographics caused by aging population and growing single-person households, as well as the change of trends in customers and the market will lead to the downsizing of the traditional life insurance markets based on death insurance and annuity insurance products. In the meantime, the health insurance market is expected to expand due to the widened coverage scope including minor illnesses and insurances for the sick. Thus, insurers are expected to continue their efforts to create market demand for protection type products by developing new products in reflection of the aforementioned rising coverage trends.

In addition, launching of services like MyData will make the competition between the traditional financial companies and Big Techs/Fin Techs more intense than ever, and thereby raise expectancy on the upcoming year to be full of changes and innovations.

Insurance Business Strategies for Kyobo Life in 2021

In 2021, Kyobo Life will strengthen its procedures and systems to protect customer rights and create customer value with innovative products and new services.

We will focus on customers with high marketing competitiveness aged between 35 to 59, and strengthen our marketing weakness on the wealthy and the sick.

In this respect, we will not only provide various protection-type products and services for family that meet the needs of target customer base in a timely manner, but also follow the market trend to actively pursue the third coverage market such as health, accidental, and nursing. Also, we will increase the coverage for our customers by encouraging subscription for protection-type products focused on family protection products, and secure new customers through various points-of-contact like the Kare app, website, and culture/sports marketing. In addition, we will expand our customer base by providing persistency services to the existing customers such as health care service and on- offline cultural art services.

In order to secure competitive edge in sales, For the insurance sales, we will expand our channel organization by recruiting high quality consultants while providing optimal coverage design and persistency services to more customers by strengthening our training program for new consultants.

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We Will Create Continued Stable Investment Profits with Long-Term Perspective to Comply with the Principles of Asset Management for Life Insurers

The basic principle of asset management in Kyobo Life is to create a steady, continued stream of income by building an optimum asset portfolio that complies with all conditions related to asset management, such as risk limits, duration targets, etc.

By adhering to an Asset Liability Management (ALM) strategy, which is an appropriate strategy for the long-term nature of life insurance products, we have produced steady profits driven by long-term Strategic Asset Allocation (SAA) and surplus earnings utilizing short-term Tactical Asset Allocation (TAA), actively responding to volatility in financial markets.

Financial Market in 2020

The global economy faced an historic recession due to COVID-19 pandemic. What IMF calls the 'Great Lockdown' in the United States and Europe which resulted in the sluggish demand in the area followed by the breakdown of the supply chain in emerging countries, has thrown the global economy into a recession with growth rate at -4% range. However, the global financial market showed a discrepancy from the real economy, influenced by aggressive monetary and financial policies of each country. Due to the monetary easing policy, the bond market in general showed a drop in interest rates. The Federal Reserve made base rate cut by 1.50%p through two adjustments, and the treasury yield fell, showing increased volatility. While the stock market plunged in the beginning of the pandemic, it showed a bullish run thanks to abundant liquidity and large-scale stimulus package.

Korea's domestic economy showed a negative growth for the first time in 22 years since 1998, but minimized its recession by avoiding great lockdown through active COVID preventive measures. Especially, with the negative growth of 1% range, it recorded the highest economic growth rate amongst OECD member countries. In domestic bond market, short term yield fell due to base rate cut of 0.75%p and long term yield rose due to supply pressure caused by the deficit-financing treasury bonds widening spreads between short-and long-term yields. The Korean stock market rallied with private investors actively buying with the anticipation for vaccines and flooded market liquidity.

Kyobo Life's Asset Management Performance in 2020

In terms of asset management in 2020, Kyobo Life managed to achieve respectable results in both profitability and risk management, despite the uncertain financial environment. In the aspect of profitability, we defended our recurring yield from declining through the bond rebalancing utilizing the volatility of the financial market, and attained capital gains by actively responding to the plunge in the stock market. Also, for our variable insurance assets, our results surpassed the benchmark thanks to the flexible adjustment in the composition of our stock and bonds portfolio according to the change in the market.

In regard to risk management, we continued to increase our asset duration and minimize mismatching cash flow of our assets and liabilities, aiming for a preemptive response to the policy changes including K-ICS. Also, in the aspect of crisis response, we reduced low-credit-rating and high-risk assets, and continued to improve the qualitative structure of its assets by managing household debt risk.



2021 Financial Market Outlook

With continued monetary easing trend and fiscal stimulus, the global economy in 2021 is expected to gradually recover from the recession caused by COVID-19. However, external risk factors, such as another wave of COVID-19, continued conflicts between the U.S. and China, and surge of global government debts, will continue to put downward pressure on the global economy. The global bond yield is expected to rise gradually according to the distribution of COVID-19 vaccines and economic recovery, while low interest rate trend continues in the long term. In the midst of continuous polarization by country and industry due to changes in social structure and social awareness, volatility in global stock market is expected to increase depending on global political and economic issues such as the pace of economic recovery and US-China trade dispute. As a result of base effect, the Korean economy is expected to show a slight growth with improved domestic consumption as well as exports. However, risk factors from another wave of COVID-19 and uncertainty in vaccine supplies will remain. In regards to the Korean bond market, with increasing issuance of government bonds due to government's continuation of expansive fiscal policy, the market rate can possibly rise, but considering prolonged trend of low growth and low inflation in the domestic economy and abundant liquidity, the upside is expected to be limited. Under uncertain conditions such as strengthening protectionism and concerns regarding another wave of COVID-19, Korean stock market is expected to keep its momentum from recovering exports driven by semiconductors and expectations for good earnings outlook.

Kyobo Life Asset Management Strategy for 2021

Under prolonged trend of low growth and low interest rate, the accelerated changes in industrial structure and social perception caused by COVID-19 is expected to continue in 2021. In order to properly respond to such environment changes, we plan on establishing a preemptive and active asset management response system.

First, we will improve our portfolio in preparation of the age of ESG and digital transformation. Since pandemic outbreak, 'K-shaped recovery', which intensifies industrial polarization is in progress and we will secure long-term revenue sources accordingly. Second, we will actively respond to the low interest rate environment. We will secure capital gain through diversification of management strategies for securities, strengthen our competitiveness in overseas alternative investments, and selectively execute credit loans focused on prime customers and secured loans focused on prime assets. Third, we will maintain our response measures against policy changes by continuing to minimize mismatching cash flow of our assets and liabilities. Fourth, we will establish an around-the-clock crisis management system. Lastly, we will secure all-rounded talents flexible in responding to changes, and continue to strengthen our competitive edge in asset management.

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Kyobo Life Will Maximize the Corporate Value with Thorough and Strategic Risk Management

Risk management is one of the core competitiveness for insurance companies. Kyobo Life makes vigorous efforts in quantifying risk factors and establishing integrated management system over various risks to reinforce stability and reduce/eliminate business uncertainties in advance. In an effort to systematically manage company-wide risks, we continue to reinforce group risk management system while manage our capital adequacy ratio. Also, we are smoothly preparing relevant systems and infrastructure in order to cope with the upcoming implementation of IFRS17 and K-ICS in 2023. Kyobo Life will not be any different from how it has been in terms of developing various measures to reduce required capital while expanding available capital. We believe that such thorough risk management has not only been serving as a foundation to increasing corporate value for the mid-to-long-term, but also been creating new business opportunities, while being faithful to life insurance.

Strategic Risk Management to Maximize Corporate Value

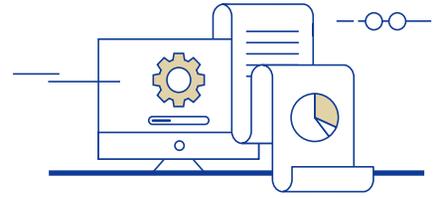
In order to acquire and maintain its financial soundness, Kyobo Life sets limits on risks that may affect its capital, and monitors if they are controlled within the limits. In addition, to enhance our mid-to-long-term corporate value, we have adopted the Asset Liability Management (ALM) policy, which considers both sides of our assets and liabilities. In particular, we included non-financial risks such as operational, strategic, and reputational risks on our roster for risk management targets and make evaluation on risk control for each respective business unit. These show our efforts on building and improving our infrastructure and systems for a smooth operation of the overall risk management framework.

Systematic Risk Management for Management Stability

Kyobo Life measures risk potentials involved with daily business operations including sales activities and asset management, and set risk limits within its solvency limits, at the level enough for the company to stably maintain its management activities. We have also established strict guidelines to maintain the regulated capital at the level above the required minimum, even during the simultaneous breakout of multiple risks. In addition, by leveraging the proactive risk management methods, including acceptance, reduction, transfer, and avoidance of risk, we try to maintain risks within their limits. We per-

form adequacy examination on a regular basis to adjust the limits for all risks, both individual and overall, at the reasonable level. Moreover, we operate a proactive risk management system to prevent or reduce losses that may arise from drastic changes in the financial market. Our risk management system includes various measures such as having a representative group to perform preliminary risk assessment for major managerial decision, practice phased management of risk limits, conduct compliance test followed by adjustment of risk limits where necessary, manage the loss limit on securities, and periodic monitoring that enable us to detect any changes to the risks and make proactive responses accordingly.

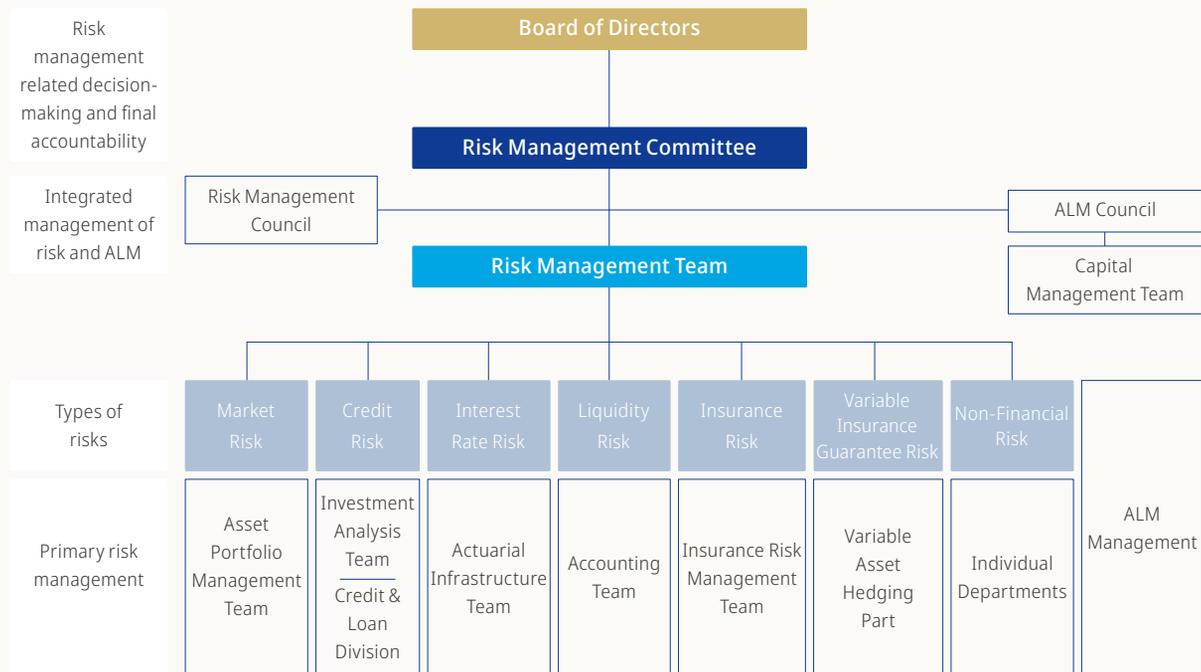
In an effort to ensure business resilience even at the worst time, Kyobo Life also devised various scenarios by risk types, prepared contingency plans respectively, and conduct simulation training on a regular basis to review the appropriateness of these plans.



Management Strategy by Risk Type

Kyobo Life classifies risks into market, credit, interest rate, liquidity, insurance, variable insurance guarantee, and non-financial, and manages them systemically by establishing customized management strategies.

Risk Management Organization



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Kyobo Life Will Maximize the Corporate Value with Thorough and Strategic Risk Management

Market and Credit Risks

We have established asset portfolios to prevent potential asset losses from changes in the financial environment. In managing assets, we place limits on market risks, credit risks, losses on securities or derivatives, transaction amount by borrowers, groups and industries, and regularly monitor if these limits are complied with. Also, to prevent deterioration of our assets because of volatilities caused by interest rates, stock prices and foreign exchange rates, weakening of households' capabilities to repay debt, decreases of assets' collateral value, etc., we have established and put in place a system that will monitor various risk factors at all times. We improve the personal and corporate credit rating models constantly, as an effort to manage the credit risk of the parties that we deal with.

Interest Rate Risk

We have maintained the strategy to keep decreasing the duration gap between our assets and liabilities, which includes increasing the asset duration and decreasing the liability duration. To reduce the variance of net asset values incurred by interest rate fluctuations to maintain stable interest rate risk, we increase asset duration by setting the target durations and increasing our positions on long-term bonds. At the same time, we decrease liability duration by increasing floating rate products. In addition, the annual limit for interest rate risk is set in accordance with our business plan and monitored on a regular basis, to ensure that the interest rate risk exposure is maintained within the prescribed limit.

Insurance Risk

We regularly analyze the mortality margin to prevent potential loss, and establish and monitor the mortality/ morbidity gain target to increase our corporate value. We strive to maintain the mortality/ morbidity gain stably over a long-term, and to strengthen the insurance risk management system by implementing mid-to-long-term insurance risk management strategies in every organization of the company. Also, we set an

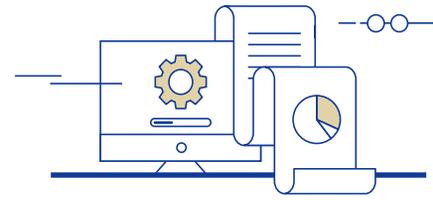
insurance risk limit according to the business plan, measure it, and check its appropriateness on a regular basis to maintain it at an appropriate level in relation to our available capital. We are continuously supplementing the underwriting standard and strengthening the insurance claims screening to make our insurance risk management system stronger and prevent payment of fraud benefit.

Liquidity Risk

The minimum liquidity limit is established and regularly monitored to avoid an unexpected liquidity shortage, resulting from unavoidable payments for insurance claims or policy loans, and the liquidity management index including liquidity gap, liquidity ratio, and gross profit margin ratio is being monitored regularly. Specifically, in preparation for possible bank runs that may occur because of drastic changes in the financial market environment, we conduct annual contingency plan reviews and make necessary improvements by conducting simulations based on liquidity crisis scenarios.

Variable Insurance Guarantee Risk

In order to minimize the loss caused from the minimum guarantee option of variable insurance products, we regularly monitor the status and compare it against its limit. We execute dynamic hedging using derivatives to reduce the volatility in profit/loss resulting from changes to market condition, and to make up for any potential capital losses during crisis. In addition, to prevent potential losses and changes to the variable insurance guarantee reserve, we efficiently manage the variable insurance guarantee risk by regularly examining the appropriateness of variable insurance guarantee options and guarantee costs, and by applying the results of these examinations to our insurance products.



Non-Financial Risk

In order to achieve company-wide management goals, Kyobo Life implements scenario-based self-assessments on the changes of business environments and subsequent risks, by building a standard scenario that includes overall non-financial risks such as change of business environment, legal risk, operation risk, etc., to be simulated by each and every business unit and team within the company, as well as developing and operating core risk-related indices for timely monitoring and response.

ALM Policy for Long-Term Risk Management

Kyobo Life adopts an Asset-Liability Management directive to maintain the interest rate risk at a stable level amidst the volatile financial environment, and to secure a long-term, stable spread gain. We maintain our product portfolio focused on floating rate products in the liability segment to continue to restructure our liabilities. In the asset segment, we build the asset portfolio so that we will enlarge the sizes and durations of interest-bearing assets and increase the investment yield. Furthermore, we are continuing our efforts to improve our ALM system by, for example, making the calculation of cash flow from assets and liabilities more accurate.

Risk Management System

	Asset		Asset + Liability			Liability	
	Market Risk	Credit Risk	Interest Rate Risk	Liquidity Risk	Variable Insurance Guarantee Risk	Non-Financial Risk	Insurance Risk
Risk Factors	Interest Rate, Stock Prices, Exchange Rates	Insolvency of Assets, Downgrade of Credit Rating	Interest Rate, Cash Flow	Surrender Risks, Liquidity Positions	Minimum Guarantee Option in Relation to the Changes in the Stock Price and Interest Rate	Management, Business Operation, Reputations, Legal	Morbidity/Mortality Gains (Ratio)
Measurement Methods	Delta Normal VaR	Credit VaR	Interest Rate VaR (Duration)	Cash Flow Projection	Stress Testing and Scenario Analysis	OP VaR	Insurance VaR
	1-Year Holding Period	1-Year Holding Period	1-Year Holding Period			1-Year Holding Period	1-Year Holding Period
	99% Confidence Level	99% Confidence Level	99% Confidence Level			99% Confidence Level	99% Confidence Level
Management Methods	Setting and Monitoring Annual Limits	Setting and Monitoring Annual Limits	Setting and Monitoring Annual Limits	Setting and Monitoring Liquidity Targets and Balance Limits Based on Cash Flow Projections	Setting and Monitoring Annual Limits	Setting and Monitoring Annual Limits	Setting and Monitoring Annual Limits

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I. Introduction

Management's Discussion and Analysis contains the past performance of Kyobo Life, and forward-looking statements with respect to changes in the economic environment, the outlook of the life insurance industry, and Kyobo Life's target and strategy for the upcoming year. These statements are inevitably influenced by unpredictable external factors, which may cause the actual economic environment or performance of Kyobo Life to differ from the projections stated or implied herein. Thus, readers are cautiously encouraged to consider these possibilities in understanding the content of Management's Discussion and Analysis.

The fiscal year of Kyobo Life commences on January 1 and ends on December 31. Thus, on this document, 'Fiscal Year 2020' or 'FY2020' refers to a period from January 1, 2020 to December 31, 2020, and the same applies to other years.

Two types of accounting principles are applied to life insurance companies in Korea, i.e. the Generally Accepted Accounting Principles (GAAP) and the Statutory Accounting Principles (SAP). Despite the differences in operating profits arising from the distinct classifications of operating and non-operating activities, pre-tax income is identical whether the figure is based on GAAP or SAP. Management's Discussion and Analysis of Kyobo Life's FY2020 Annual Report is based on SAP, under which revenues and expenses related to each activity (investment and insurance) are distinguished.

II. Financial Performance Overview

1. Growth

Despite the challenging management environment caused by COVID-19 pandemic with shrinking of face-to-face sales activities and unprecedented volatility of financial market, Kyobo Life continued to grow based on its resilient insurance business, flexible asset management, and thorough risk management. Total assets at the end of FY2020 increased by 7.0% year-on-year to KRW 115.5 trillion, and premium income in FY2020 also increased by 14.8% year-on-year to KRW 14.3 trillion. Such increase in premium income was aided by Kyobo Life's customer-centric digital innovation, development of products satisfying various needs of customers, and active supports on sales activities.

2. Profitability

In FY2020, Kyobo Life achieved satisfactory outcomes in spite of the challenging management environment by achieving planned targets on insurance business and asset management. However, under the difficult situation of on-going shareholders' dispute and the COVID19 pandemic, Kyobo Life had to cope with inevitable increases in one-off expenses such as special financial supports to retain existing consultants and accumulation of additional variable insurance reserve to prepare for the new capital regulations in advance.

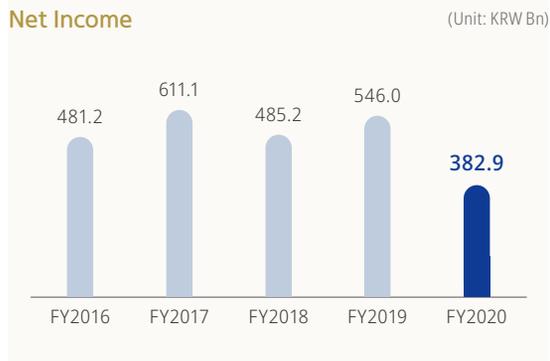
As a result, Kyobo Life's net income for FY2020 dropped by 29.9% to KRW 382.9 billion from the previous year.

Growth Indicators

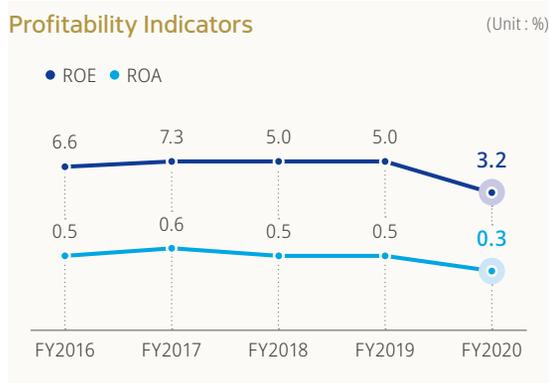
(Unit: KRW Bn)

	FY2016	FY2017	FY2018	FY2019	FY2020
Total Assets	91,672.7	97,791.9	101,488.2	107,893.5	115,486.1
Total Capital	7,424.2	9,351.4	10,003.4	11,689.2	12,093.9
Premium Income	12,242.5	11,621.3	12,168.3	12,435.5	14,280.0
General Accounts	7,874.1	7,613.9	7,334.0	7,436.7	8,836.6
Separate Accounts	4,368.4	4,007.4	4,834.3	4,998.8	5,443.4





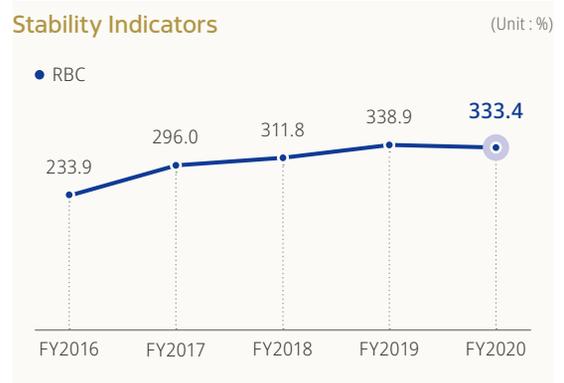
With the capital increase caused by continued generation of net income and increase in the valuation gain on bonds, as well as a temporary drop in net income, ROE and ROA both fell, by 1.8%p and 0.2%p, respectively.



* ROE = Net income / ((Beginning equity capital + Ending equity capital) / 2) × 100
 * ROA = Net income / ((Beginning equity assets + Ending equity assets) / 2) × 100

increase in credit risk caused by the expansion of alternative investments and stock investments for protecting investment return under the low interest rate trend, Kyobo Life maintains the industry-leading financial soundness.

Financial regulators are tightening regulations for insurers' financial strength, and the International Financial Reporting Standard (IFRS17) and New Solvency Regulation (K-ICS) using mark-to-market valuation of insurance liabilities are scheduled to be implemented in 2023. In order to proactively respond to these changes, Kyobo Life has operated a special task force since 2015. Kyobo Life will continue to maintain its RBC ratio at a stable level through continued profit generation and active risk management.



* RBC Ratio = Solvency margin / RBC total risk × 100
 * Based on consolidated financial statements

3. Stability (Financial Soundness)

In order to reduce-eliminate business uncertainties in advance and ensure management stability, Kyobo Life made vigorous efforts to quantify risk factors and establish integrated control over various risks. Kyobo Life has managed its RBC ratio effectively since the introduction of RBC system through continuous generation of net income, improvement in asset-liability structures, and thorough risk management.

Kyobo Life's RBC ratio at the end of FY2020 showed a 5.5%p decrease from the previous year to 333.4%. Even with the

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III. Insurance Business Analysis

1. Premium Income

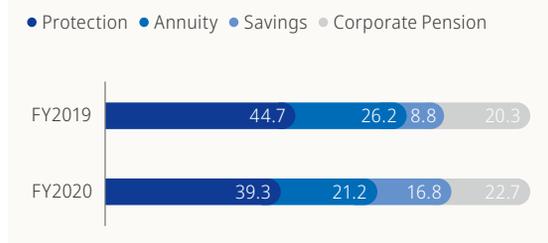
As the Big Techs (e.g. Naver, Kakao) and financial holding companies started entering the insurance market in earnest, in addition to the industry-wide movement to strategically expand sales of Protection-type products, competition in the insurance market grew fiercer in FY2020. Under unfavorable business environment such as reduced face-to-face sales and sluggish economy caused by the outbreak of COVID-19, Kyobo Life managed to improve the sales activity of its consultants by providing special supports in a timely manner. Also, powered by increased market liquidity and diversified partner banks, Kyobo Life enjoyed booming sales in the Savings products. Moreover, the premium income from corporate pension rose by 28.3% from the previous year, aided by the diversification of Corporate pension products.

As a result, Kyobo Life's premium income for FY2020 recorded KRW 14.3 trillion, a 14.8% growth from the previous year.

Premium Income by Product (Unit: KRW Bn)

	FY2019	FY2020	Change%
Protection	5,560.0	5,607.6	0.9%
Annuity	3,255.8	3,023.6	-7.1%
Savings	1,089.5	2,401.6	120.4%
Corporate Pension	2,530.2	3,247.2	28.3%
Total	12,435.5	14,280.0	14.8%

Composition of Premium Income by Product (Unit: %)



In FY2020, Kyobo Life put various efforts on improving persistency rate of new consultants who successfully completed long-term training program of the company, and increasing proportion of high-persistency products, and achieved a year-on-year increase by 3.0%p in its 13th month persistency ratio.

13th Month Persistency Ratio (Unit: %)



* 13th month persistency ratio = 13th month persisted contract amount / 13th month subscribed contract amount X 100 (Overdue twice, Accumulated basis)

2. New Business

Total Annualized Premium Equivalent (APE) in FY2020 recorded KRW 1.9 trillion. Propelled by the launching of new products catered to customer needs, there were increases in the sales of Whole Life products and Critical Illness (CI) products by 17.4% and 65.0% respectively. The APE share of Protection-type products, however, fell by 44.8% due to the surge of subscription to Savings products through Bancassurance channel but this was a temporary effect caused by a special market environment. To remain committed to the customer coverage, which is the essence of life insurance, Kyobo Life will remain unchanged in maintaining its strategy to focus on the sales of Protection-type products.



APE by Product

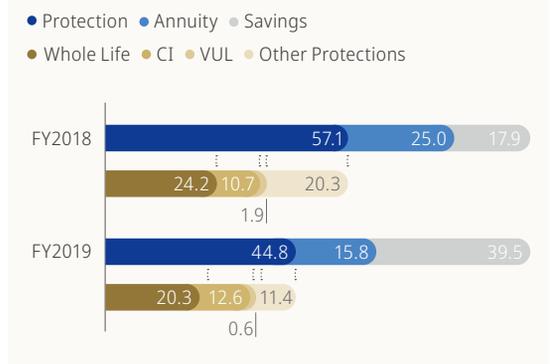
(Unit: KRW Bn)

	FY2019	FY2020	Change%
Protection	788.6	867.2	10.0%
Whole Life	334.2	392.4	17.4%
CI	147.4	243.2	65.0%
VUL	26.1	11.4	-56.4%
Other Protections	280.9	220.2	-21.6%
Annuity	345.0	305.2	-11.5%
Savings	247.1	764.3	209.3%
Total	1,380.7	1,936.7	40.3%

* Excluding Corporate Pension

Composition of APE by Product

(Unit: %)



3. Sales by Channel

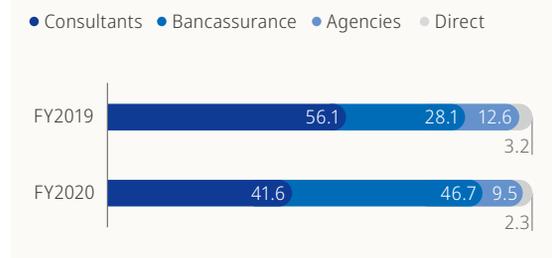
In order to meet various needs of customers, Kyobo Life has provided differentiated products and services through a number of channels including Consultants (its main sales channel), Bancassurance, Agencies, and Direct channels.

The weight of Bancassurance channel in FY2020, in terms of APE of new business, rose by 18.6%p year-on-year with a steep increase in the sales of savings products by banks which had an increased need for revenue diversification as a result of multiple crisis including the DLF mis-selling case and Lime & Optimus scandals.

In order to cope with the untact era in FY2021, Kyobo Life plans to strengthen its competitive edge in its consultant channels by supporting untact sales activities and providing various training programs which could help them improve their digital competency.

Composition of APE by Channel

(Unit: %)



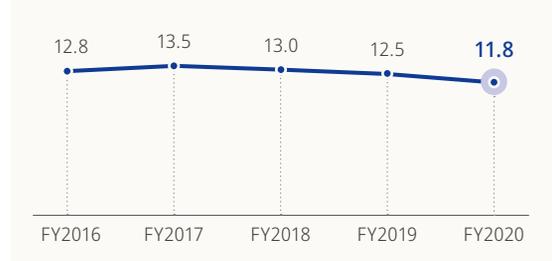
* Excludes Corporate Pension

4. Insurance Operating Expenses

For the past several years, Kyobo Life has steadily executed profit-oriented management, and endeavored to rationalize its expenses. Thanks to an increased premium income along with the result of Kyobo Life's many efforts including improving efficiency in branches and reducing overhead costs, the operating expenses ratio in FY2020 dropped by 0.7%p from the previous year to 11.8%.

Insurance Operating Expenses Ratio

(Unit: %)



* Insurance Operating Expenses Ratio = Operating Expenses (before deferral) / Premium Income x 100, Including Separate Accounts

Actual expenses in FY2020 showed an increase of 7.9% from the previous year and recorded KRW 1.7 trillion, mainly caused by an increase in acquisition costs coupled with an increase in new business.

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Insurance Operating Expenses (Unit: KRW Bn)

	FY2019	FY2020	Change%
Insurance Operating Expenses	1,044.4	1,119.5	7.2%
Acquisition Costs	760.4	888.1	16.8%
Maintenance Costs	796.2	791.5	-0.6%
Deferred Acquisition Costs	512.2	560.0	9.3%
Actual Insurance Operating Expenses	1,556.6	1,679.5	7.9%

* Insurance Operating Expenses = Acquisition Costs + Maintenance Costs - Deferred Acquisition Costs

* Actual Insurance Operating Expenses = Acquisition Costs + Maintenance Costs

Despite the drop in the use of medical service caused by the COVID-19 pandemic, claims payments in FY2020 increased by 3.9% year-on-year to KRW 6.9 trillion due to increased surrenders influenced by the sluggish economy. Also, Kyobo Life re-examined actuarial assumptions for calculating minimum guarantee reserves for variable products and adjusted it to prepare for the implementation of new financial regulations, and also executed hedging as a means of lowering the volatility of the profit and loss from minimum guarantee reserves for variable products. As a result of the surge on premium income level, there was an increase in the policy reserve by 53.0% from the previous year.

Claims Paid & Increase in Policy Reserve (Unit: KRW Bn)

	FY2019	FY2020	Change%
Claims Paid	6,653.9	6,914.4	3.9%
Insurance Claims	1,157.9	1,014.9	-12.4%
Refunds	5,479.1	5,880.5	7.3%
Dividends	16.9	19.0	12.3%
Increase in Policy Reserve	2,216.8	3,392.3	53.0%
Claims Paid + Increase in Policy Reserve	8,870.7	10,306.7	16.1%

IV. Asset Management Analysis

1. Asset Portfolio

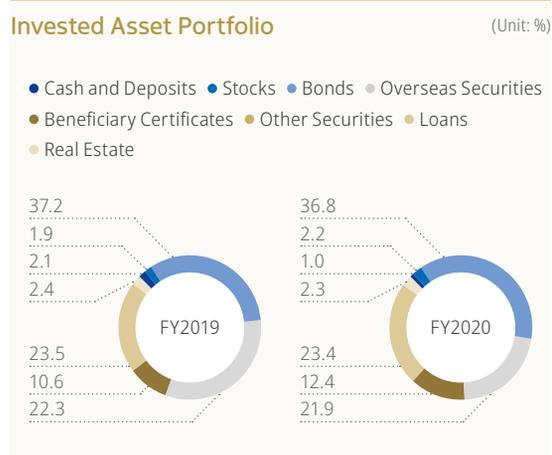
Kyobo Life maintains its asset management policy from long-term perspective which involves managing optimal asset portfolio based on the strategy suited for the nature of long-term insurance products, namely Asset-Liability Management (ALM) strategy, and constant generation of stable profits.

Operating assets of Kyobo Life at the end of FY2020 increased by 4.7% to KRW 88.6 trillion from the end of FY2019. In order to strengthen its asset-management the ALM perspective as well as its business resilience against regulatory changes, Kyobo Life actively engaged in rebalancing of its bonds by replacing short-term bonds with long-term bonds, and increase the purchase of the relatively-attractive domestic bonds (yields on domestic bonds were comparatively higher than that of foreign bonds). Also, in order to maintain the recurring yield under the environment with low interest rates, Kyobo Life expanded investments in alternative assets, such as infrastructure and renewable energy, for higher returns.

Asset Portfolio (Unit: KRW Bn)

	FY2019	FY2020	Change%
Operating Assets	84,643.5	88,605.2	4.7%
Cash and Deposits	1,810.6	917.9	-49.3%
Stocks	1,578.4	1,992.6	26.2%
Bonds	31,462.4	32,619.1	3.7%
Overseas Securities	18,914.8	19,392.9	2.5%
Beneficiary Certificates	8,948.9	10,954.1	22.4%
Other Securities	21.1	16.0	-24.2%
Loans	19,895.1	20,715.2	4.1%
Real Estate	2,012.3	1,997.4	-0.7%
Non-operating Assets	2,805.1	3,322.1	18.4%
Deferred Acquisition Costs	1,266.9	1,183.1	-6.6%
Derivative Instrument Assets	278.8	972.3	248.8%
Other Non-operating Assets	1,259.5	1,166.6	-7.4%
General Account Assets	87,448.7	91,927.2	5.1%

In spite of a decrease in its proportion, domestic bonds made up the greatest proportion (36.8%) in the total investment assets for FY2020. The proportion of overseas securities dropped by 0.4%p from the previous year due to disposal of overseas bonds utilizing the market volatility. On the other hand, the proportion of beneficiary certificates increased by 1.8%p from the previous year to 12.4% aided by the expansion of alternative investments.



2. Investment Income Analysis

Investment income in FY2020 was KRW 3.05 trillion, a decrease of 2.8% compared to FY2019. Among recurring investment income items, dividend income from beneficiary certificates increase by KRW 80.9 billion year-on-year due to increased alternative investments. In terms of non-recurring investment income, disposal gain on bonds generated from the bond rebalancing process that utilized the volatility of the financial market greatly increased, but a loss occurred in derivative products during the hedging of variable guarantee risk, resulting in overall drop of 23.9% compared to the previous year. Since the assets subject to aforementioned hedging would enjoy rise in price, the loss from derivatives would set-off. Therefore, the overall impact of the loss in derivative products on net income is limited.

Investment Income

(Unit: KRW Bn)

	FY2019	FY2020	Change%
Recurring Investment Income	2,783.5	2,781.9	-0.1%
Interest Income	2,487.8	2,413.7	-3.0%
Dividend Income	503.7	584.6	16.1%
Rental Income	90.2	88.3	-2.1%
Commissions Income	17.7	20.7	17.3%
Investment Administration Expense	160.6	173.0	7.7%
Interest Expense	155.3	152.5	-1.8%
Non-recurring Investment Income	354.7	269.9	-23.9%
Gain/Loss on Disposition	361.1	620.3	71.8%
Gain/Loss on Valuation	-4.15	-3.23	-22.1%
Gain/Loss on Impairment	-39.8	-81.9	106.0%
Gain/Loss on Derivative Instruments	60.9	-231.2	-479.6%
Others	-23.4	-34.0	45.6%
Investment Income	3,138.2	3,051.8	-2.8%

Under the persistent low interest rate trend and intensified volatility of the financial market, Kyobo Life actively adjusted its operating asset management portfolio and expanded investments on high-return assets in order to defend the recurring investment yield, and strived to secure additional profits by utilizing the volatility of the financial market. However, due to a decline in the investment income caused by the losses from derivative products, Kyobo Life saw a 0.30%p drop in its ROI to 3.59% since FY2019.

Return on Investment

(Unit: %)



• Return on Investment = [Investment income / {(Beginning operating asset + Ending operating asset - Investment income) / 2}] × 100

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3. Domestic Bonds

In order to manage assets from an ALM perspective and strengthen resilience against regulatory changes, Kyobo Life was actively engaged in rebalancing of its bonds by replacing short-term bonds with long-term bonds.

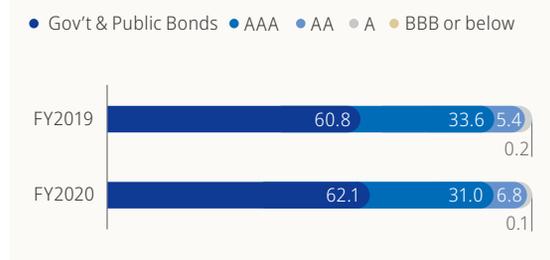
At the end of FY2020, total domestic bonds owned by Kyobo Life amounted to KRW 32.6 trillion, showing an increase of 3.7% from the previous year. This resulted from an increased purchase of domestic long-term bonds with relatively higher yields, as the overseas bonds became less attractive from the worldwide lowering of benchmark rate by central banks in an effort to support the global economy under COVID-19 crisis.

Investment in Domestic Bonds (Unit: KRW Bn)

	FY2019	FY2020	Change%
Trading Bonds	0.0	0.0	0.0%
Available-for-Sale Bonds	31,462.4	32,619.1	3.7%
Held-to-Maturity Bonds	0.0	0.0	0.0%
Total	31,462.4	32,619.1	3.7%

At the end of FY2020, available-for-sale bonds accounted for 100% of domestic bonds. In regard to their credit rating, 99.97% of domestic bonds were government and public bonds, and bonds with credit rating of A or higher.

Domestic Bonds by Credit Rating (Unit: %)



4. Overseas Securities

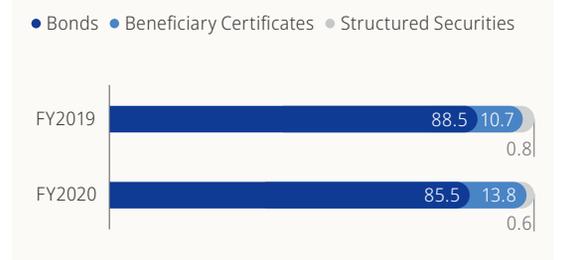
In order to play defense in the low interest rate environment, and extend the asset duration in preparation of the upcoming regulatory changes, Kyobo Life continues to expand its overseas investments and hedge exposures by diversifying its investment portfolio in terms of geographic regions and types of foreign currencies. At the end of FY2020, Kyobo Life held KRW 19.4 trillion worth of investments in overseas securities which was an increase of 2.5% compared to the previous year. As a result of the continuous investment expansion attracted by relatively higher investment yields, there was an increase in beneficiary certificates of foreign investment trusts by 32.1% (KRW 652 billion) year on year.

Investment in Overseas Securities (Unit: KRW Bn)

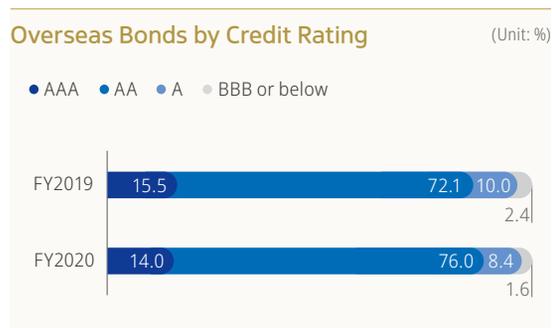
	FY2019	FY2020	Change%
Bonds	16,731.4	16,589.8	-0.8%
Beneficiary Certificates	2,032.7	2,684.8	32.1%
Structured Securities	150.6	118.4	-21.4%
Total	18,914.8	19,392.9	2.5%
Total (USD Mn)	16,336.8	17,824.4	9.1%

Since 2015, Kyobo Life has been actively expanding investments in foreign assets, with priority given to overseas bonds and alternative assets. At the end of FY2020, overseas bonds and foreign beneficiary certificates accounted for 85.5% and 13.8% of the total overseas securities.

Composition of Overseas Securities (Unit: %)



All of the overseas bonds held by Kyobo Life at the end of FY2020 was investment-grade bonds, 98.4% of which were rated at "A" or above.



5. Loan Asset Management

In FY2020, Kyobo Life focused on expanding loans for assets in good standing, namely, project financing and real estates. Also, in order to manage its exposures to domestic household debt, Kyobo Life continued to reduce credit loans and mortgage loans while improving the quality of its retail loans.

Kyobo Life's held loan assets worth KRW 20.7 trillion by the end of FY2020, an increase of 4.1% year on year. Project financing grew the most with an increase rate of 21.3% year on year KRW 4.4 trillion. Kyobo life largely expanded investments on renewable energy including projects with sunlight generation or wind power generation as a part of its strategy to expand ESG investments, and also increased 'low risk high return' real estate development projects backed by safety devices like payment guarantees from Korea Housing & Urban Guarantee Corporation. In order to prepare for a post-coronavirus recession, Kyobo Life reduced both retail loans, both unsecured and secured, by 1.7% and 9.3% respectively, from the previous year.

Loan Asset Breakdown

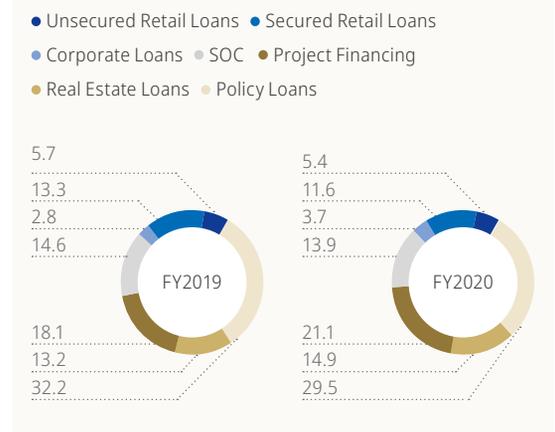
(Unit: KRW Bn)

	FY2019	FY2020	Change%
Unsecured Retail Loans	1,137.6	1,117.7	-1.7%
Secured Retail Loans	2,647.5	2,400.4	-9.3%
Corporate Loans	565.4	760.4	34.5%
SOC	2,900.2	2,872.4	-1.0%
Project Financing	3,601.5	4,368.2	21.3%
Real Estate Loans	2,632.8	3,091.8	17.4%
Policy Loans	6,410.1	6,104.3	-4.8%
Total	19,895.1	20,715.2	4.1%

While the share of project financing loans rose by 3.0%p to 21.1%, policy loans (29.5%) still made up the greatest portion in Kyobo Life's total loans in FY2020.

Loan Asset Portfolio

(Unit: %)



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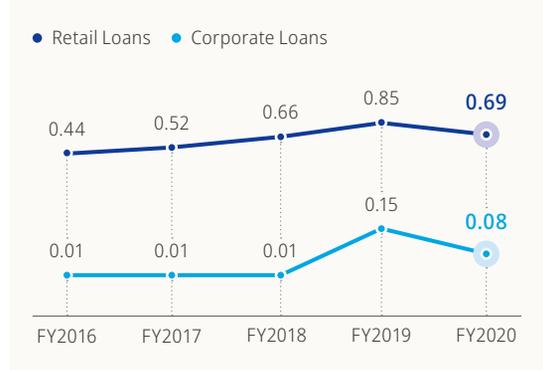
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Kyobo Life has been putting efforts on reducing retail loans (both unsecured and secured) and strengthening the terms of loans to play defense against its exposures on household debts. As a result, there was a drop in the delinquency ratio of Kyobo Life's retail loans by 0.16%p year on year.

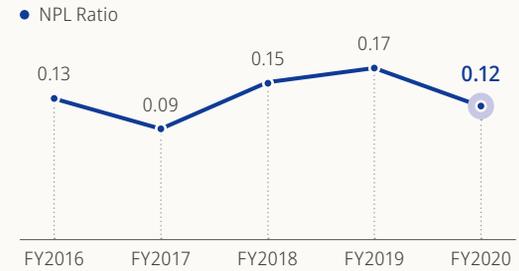
Delinquency Ratio on Loan Assets (Unit: %)



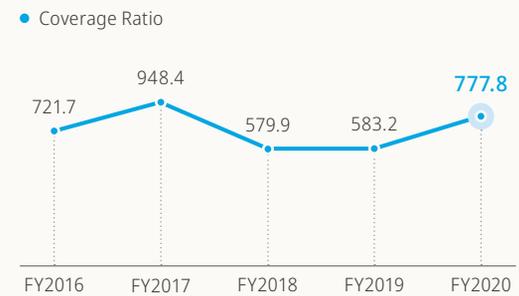
* Delinquency Ratio = Amount delinquent for one month or longer / Loan assets × 100 (excluding policy loans)

Kyobo Life has consistently pursued a proactive risk management policy and improved the financial soundness of its loan assets. Especially, Kyobo Life entered into a Memorandum of Understanding (MOU) with Korea Asset Management Corporation and concluded a sale of real estate loans with long-term delinquency to support borrowers struggling with financial fragility, reduce loans for bad quality assets, and maintain its Non-Performing Loan (NPL) ratio.

Adequacy Ratio on Loan Assets (Unit: %)



* NPL Ratio = (Non-performing loan assets / Total loan assets) × 100



* Coverage Ratio = (Total allowance / Non-performing loan assets) × 100



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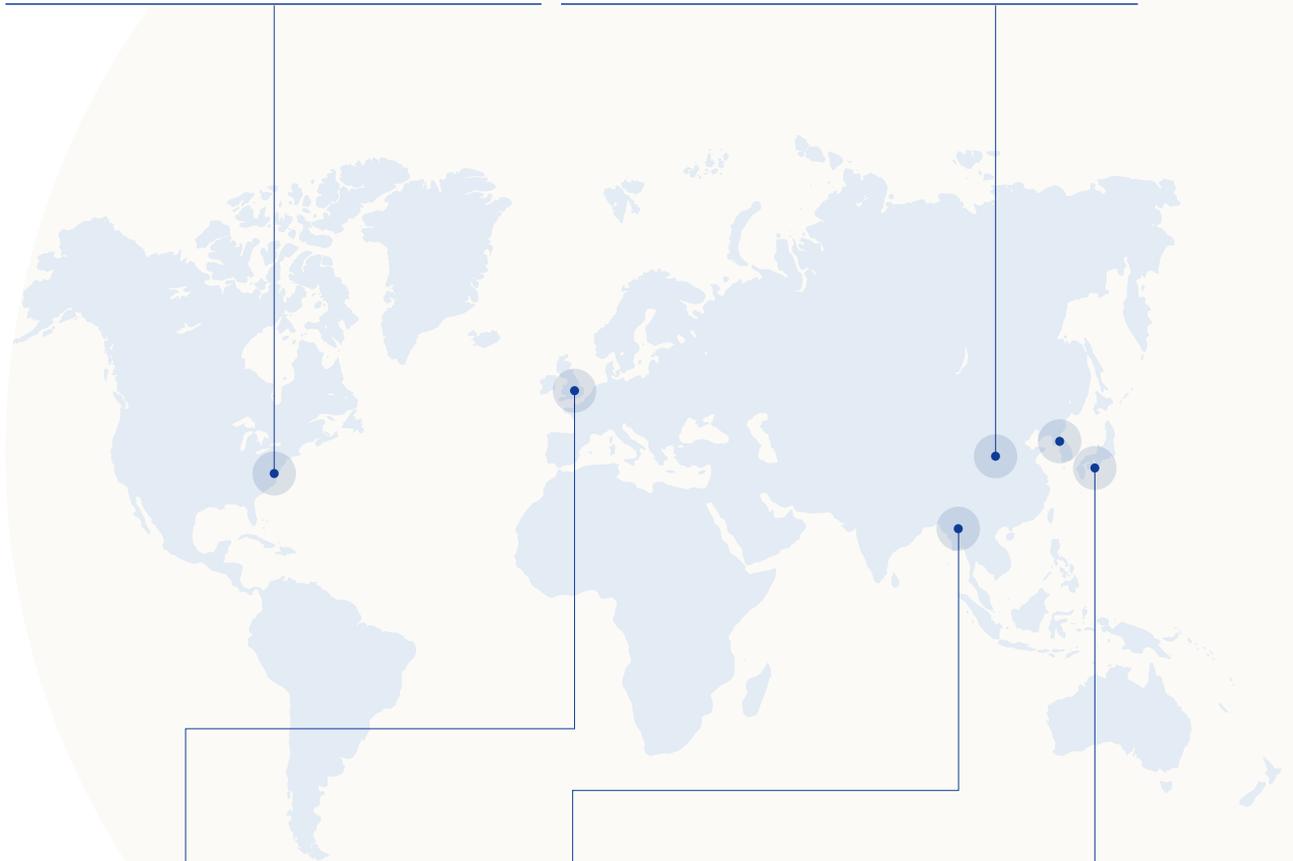
Global Business Organizations

KYOBO LIFE ASSET MANAGEMENT CO., LTD. (AMERICA)

KYOBO LIFE ASSET MANAGEMENT (AMERICA) CO., Ltd
Room 1405, 120 West 45th Street, New York, U.S.A 10036
OFFICE Tel : 1-646-590-3774

KYOBO LIFE BEIJING REPRESENTATIVE OFFICE

KYOBO LIFE BEIJING REPRESENTATIVE OFFICE
Room 2109, Air China Plaza,
No.36, Xiaoyun Road, Chaoyang District, Beijing, China 100027
OFFICE Tel : 86-10-6505-8658



KYOBO LIFE LONDON REPRESENTATIVE OFFICE

KYOBO LIFE LONDON
REPRESENTATIVE OFFICE
1 KING WILLIAM Street,
London, EC4N 7AF, UK
OFFICE Tel : 44-20-3713-3946

KYOBO LIFE YANGON REPRESENTATIVE OFFICE (MYANMAR)

KYOBO LIFE YANGON
REPRESENTATIVE OFFICE
Room No.1003, Crystal Office
Tower, Kamaryut Township, Yangon,
Myanmar
OFFICE Tel : 95-97-5295-8446

KYOBO LIFE ASSET MANAGEMENT CO., LTD. (JAPAN)

KYOBO LIFE ASSET MANAGEMENT
(JAPAN) CO., Ltd.
7F, 2-chome-2-31 Kojimachi,
chiyoda-ku, Tokyo, Japan
OFFICE Tel : 81-3-6206-1398

(As of Feb. 28, 2021)



Domestic Business Organizations

Total

Divisions	Supporting Units	Branches
7	70	499

Seoul

Divisions: 2
Supporting Units: 20
Branches: 132

Gangwon

Divisions: -
Supporting Units: 2
Branches: 13

Gyeongin

Divisions: 1
Supporting Units: 16
Branches: 117

Joongbu

Divisions: 1
Supporting Units: 5
Branches: 43

Youngnam

Divisions: 2
Supporting Units: 19
Branches: 136

Honam

Divisions: 1
Supporting Units: 7
Branches: 47

Jeju

Divisions: -
Supporting Units: 1
Branches: 11

(As of Feb. 28, 2021)



Kyobo Life Insurance Co., Ltd.

1, Jong-ro, Jongno-Gu, Seoul, Korea 03154

Tel : 82-1588-1001

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