



FY 2019 Earnings Results

February 18, 2020

Disclaimer

The financial information contained herein has not been completely reviewed by our external auditor. Therefore, no assurance is provided that our financial statements are fully accurate, and thus our final reviewed statements may differ from the figures provided in this presentation.

This presentation may include forward-looking statements that reflect prevailing conditions and the views of management as of the date hereof, all of which are subject to change. Forward-looking statements are based on a number of estimates and current assumptions which are subject to business, economic and competitive uncertainties and contingencies as well as various risks and these may change over time and in many cases are beyond the control of the Company. No assurance can be given that future events will occur, that the forward-looking statements will be achieved, or that the Company's assumptions are correct. Accordingly, actual results may differ materially from those contemplated by the forward-looking statements.

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01

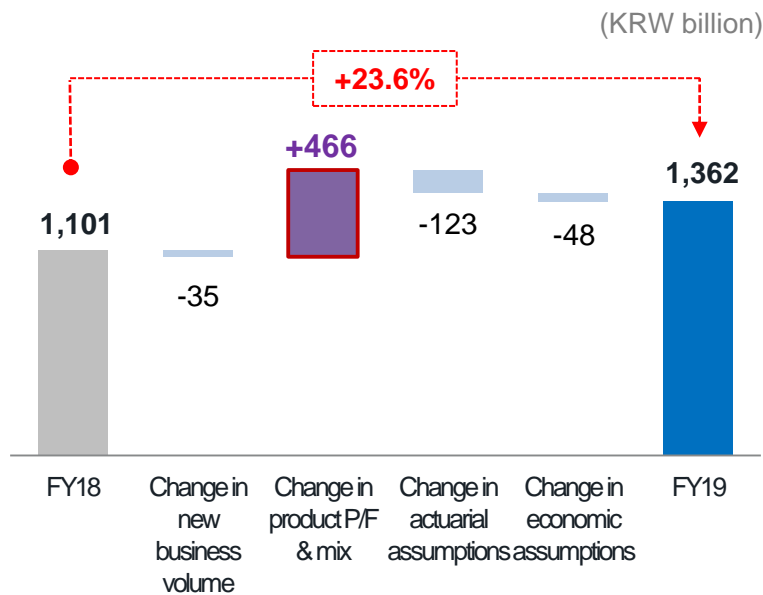
FY2019 Result Highlights

FY2019 Highlights

- ✓ Value of new business grew +24% YoY to reach KRW 1.36tn
- ✓ Health APE increased by +64%, continuing to expand market dominance
- ✓ Investment yield maintained at 3.4% despite the decline in interest rates
- ✓ Declared FY19 DPS of KRW 2,650 and payout ratio of 37% (+7%p increase YoY)
- ✓ RBC ratio recorded 340%, maintaining superiority within the industry

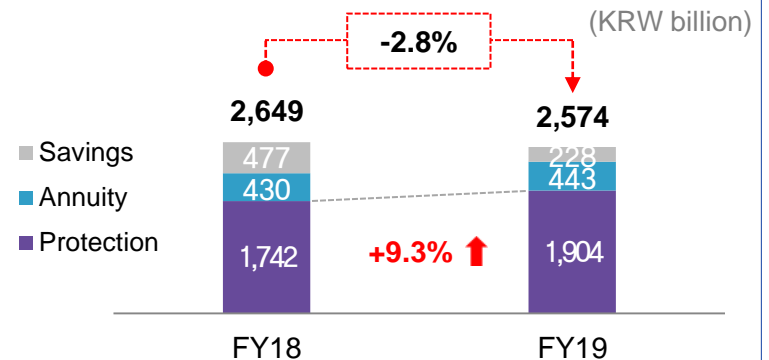
New Business Results

Value of New Business

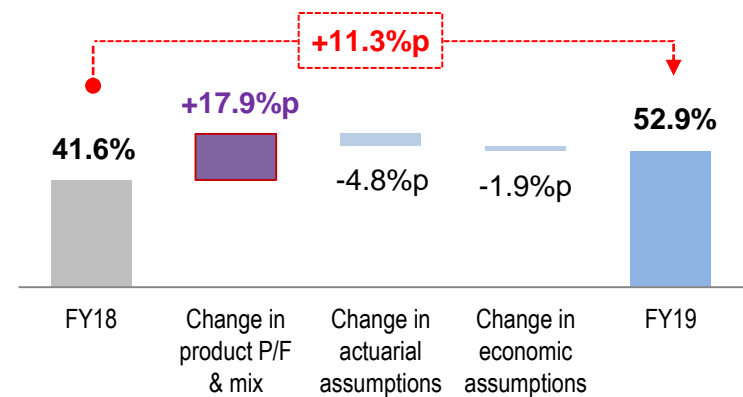


- ✓ **VoNB grew +23.6% due to the increase in high margin health product new sales**
 - Share of protection new business (66%→74%)
 - Share of health new business within protection (33% → 49%)
- ✓ **Change in actuarial assumptions include higher expense rate and lower persistency rate**
- ✓ **Change in economic assumptions due to the drop in market interest rate**
 - NIER 3.4% → 3.1%, Discount rate 8.5% → 7.5%

APE by Product

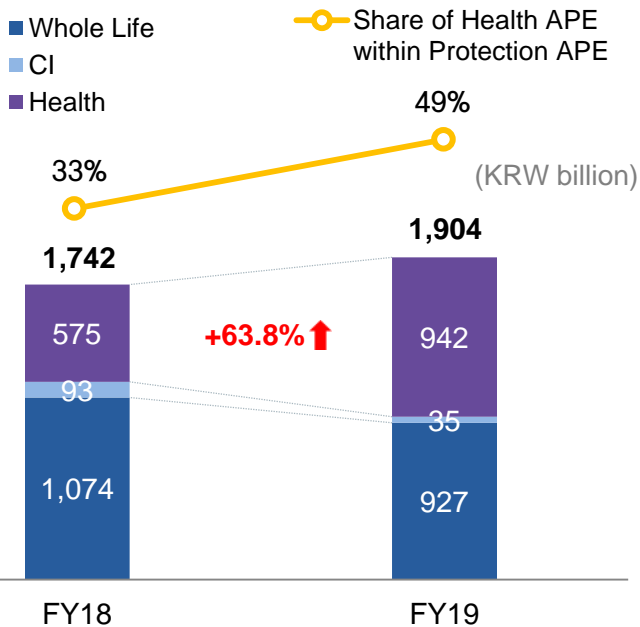


New Business Margin



Protection New Business

Protection APE Breakdown

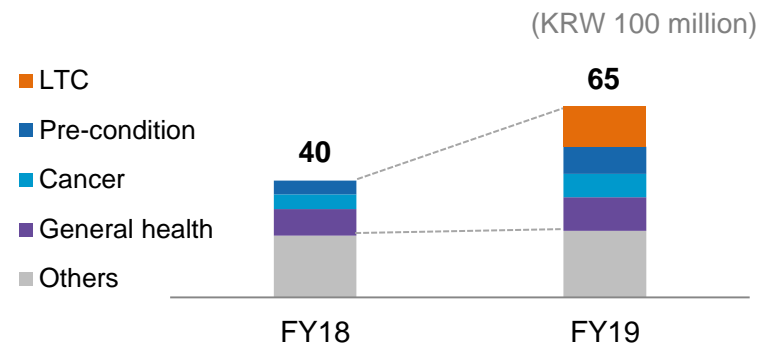


✓ Health APE achieved robust growth of +63.8%

- Reinforced health product line-up by launching LTC Insurance and revising cancer products
- Efficiently responded on market expansion by focusing on the exclusive channel

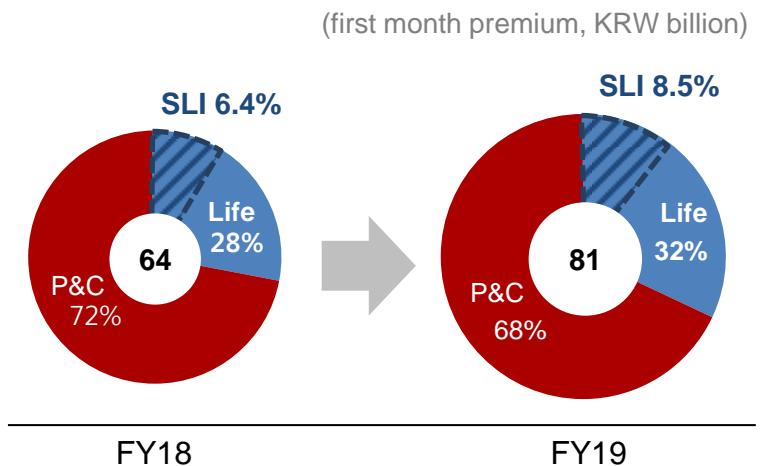
* Share of Exclusive Agent Channel within Health APE: 76% (FY19)

Health insurance First month premium¹⁾



¹⁾ Monthly average

Market share in health insurance²⁾



²⁾ Source: SLI, based on first month premium

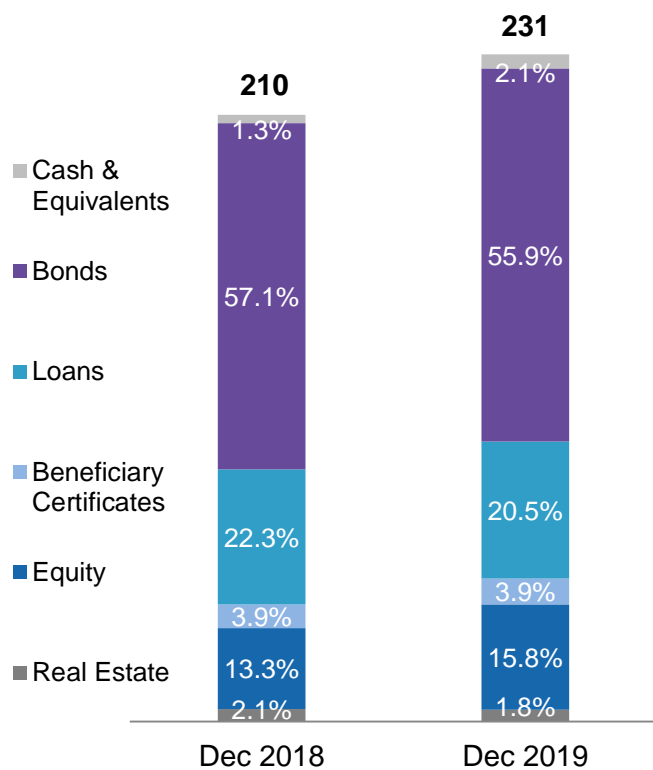
02

FY2019 Investment Performance

Invested Assets & Investment Yield

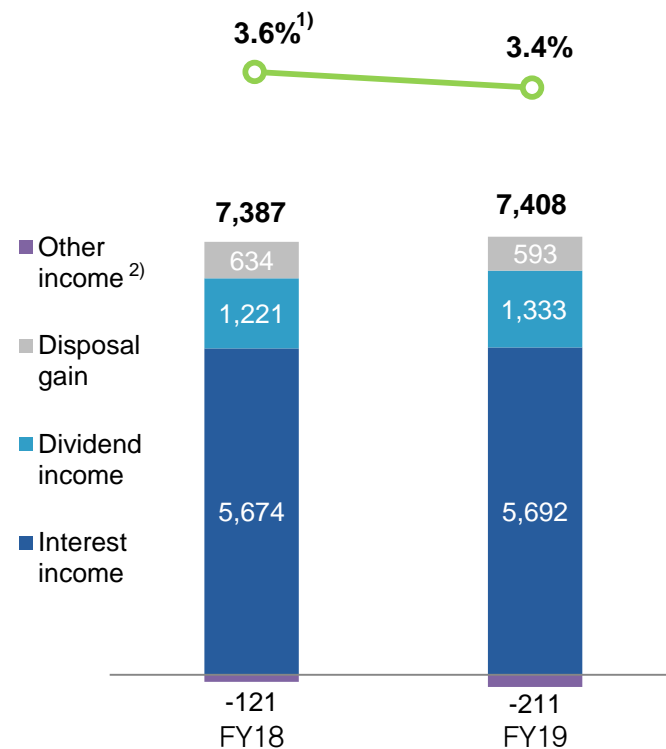
Invested Assets

(KRW trillion)



Investment Income & Investment Yield

(KRW billion)

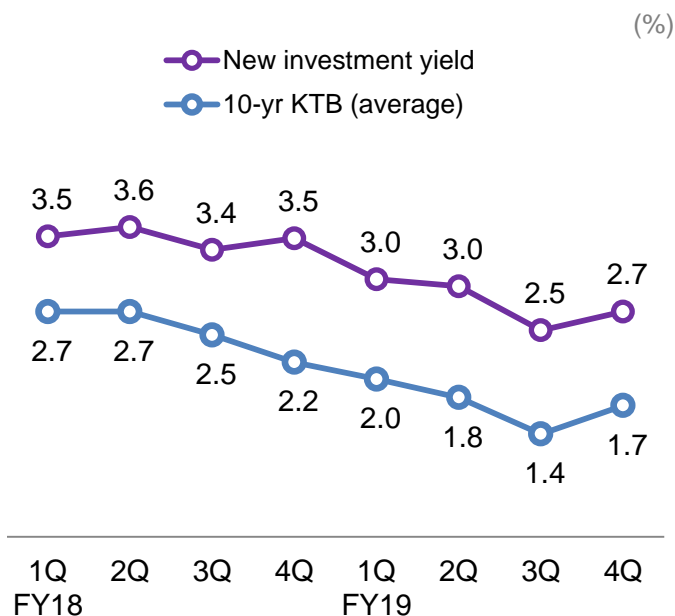


¹⁾ Investment yield excluding the disposal gain from SEC share sales (pre-tax W1.09tn)

²⁾ Other income: Investment management expenses, rental income, valuation gain, etc.

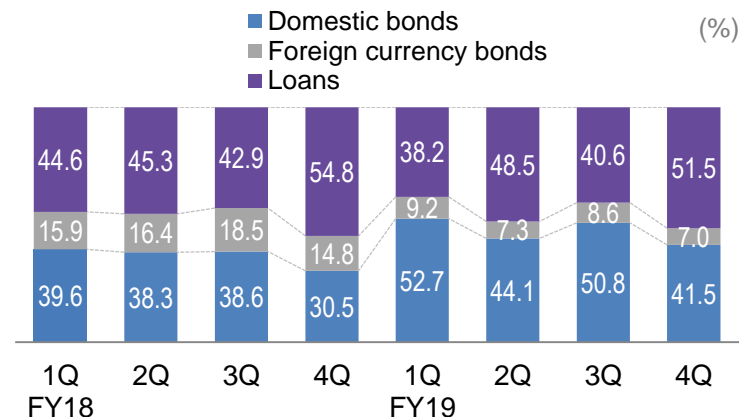
New Interest-earning Asset Investments

New Investment Yield

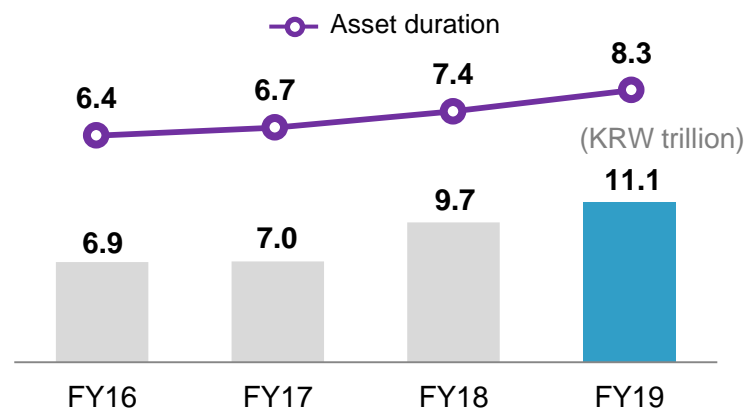


Loans	4.3%	4.5%	4.4%	4.4%	4.6%	4.1%	4.1%	3.7%
Foreign Currency Bonds	3.1%	3.0%	2.9%	2.8%	2.5%	2.4%	1.9%	2.0%
Domestic Bonds	2.7%	2.8%	2.5%	2.2%	2.0%	1.8%	1.4%	1.7%

New Investment Breakdown



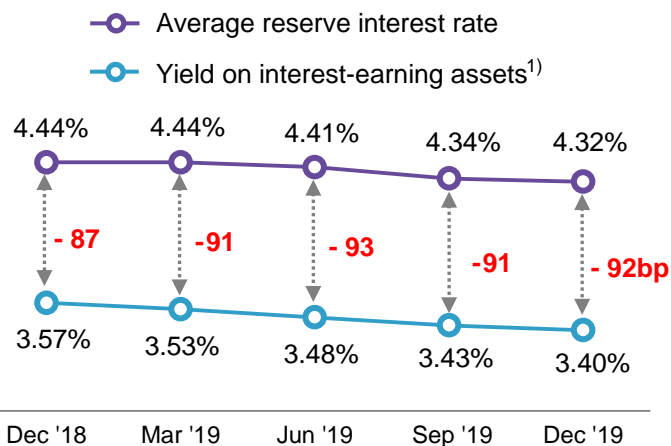
Ultra Long-term Bond Purchase¹⁾



¹⁾ Ultra long-term bond: Bonds with maturity of 20 years or longer

Reserve Coverage

Reserve Coverage



• Average reserve interest rate

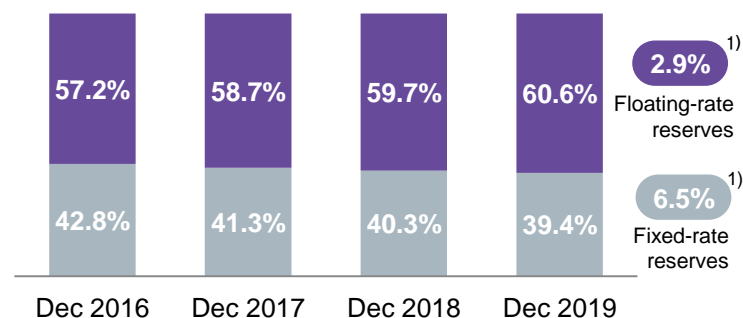
Floating -rate	3.04%	3.05%	3.03%	2.94%	2.92%
Fixed -rate	6.53%	6.51%	6.50%	6.49%	6.48%

• Yield on interest-earning assets

Bonds	3.18%	3.14%	3.09%	3.04%	3.01%
Loans	4.53%	4.52%	4.50%	4.45%	4.40%

¹⁾ Interest bearing assets: assets generating interest income such as bonds and loans

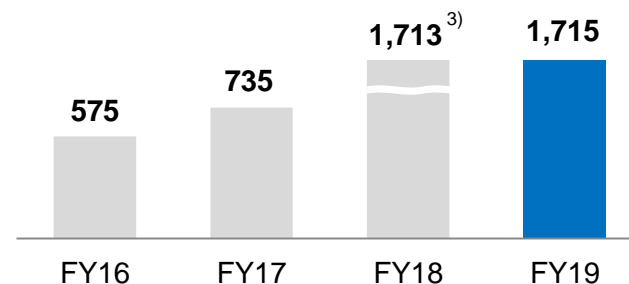
Reserve Composition



¹⁾ Average reserve interest rate by type

Non-interest Investment Income²⁾

(KRW billion)



²⁾ Non-interest Investment Income = Investment Operating Revenues
- Interest Income - Investment Operating Expenses

³⁾ Excludes the disposal gain from Samsung Electronics share sales (pre-tax ₩ 1.09tn)

03

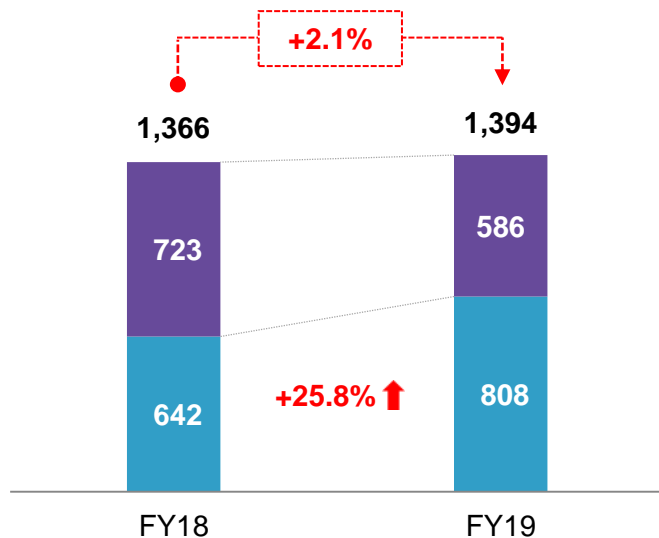
Efficiency · Profitability · EV

Insurance Profit

Insurance Profit

(KRW billion)

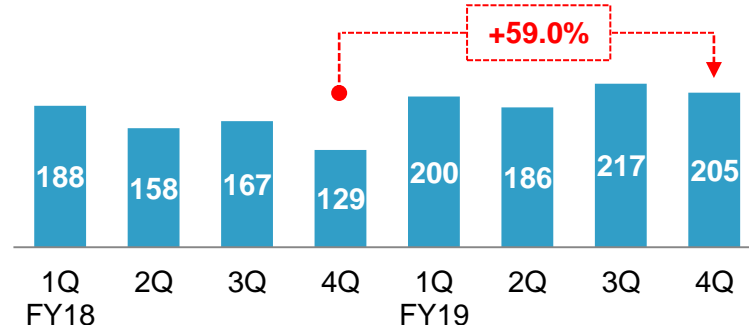
■ Loading margin ■ Risk margin



- ✓ **Loading margin grew +25.8% through cost cutting efforts**
 - Reduced rents, IT costs, etc.
- ✓ **Risk margin declined due to higher loss rates mainly in medical real-loss indemnity products**
 - Risk margin recovered in 4Q

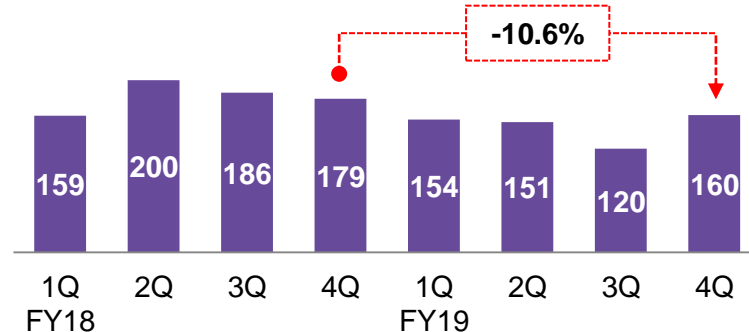
Loading Margin

(KRW billion)



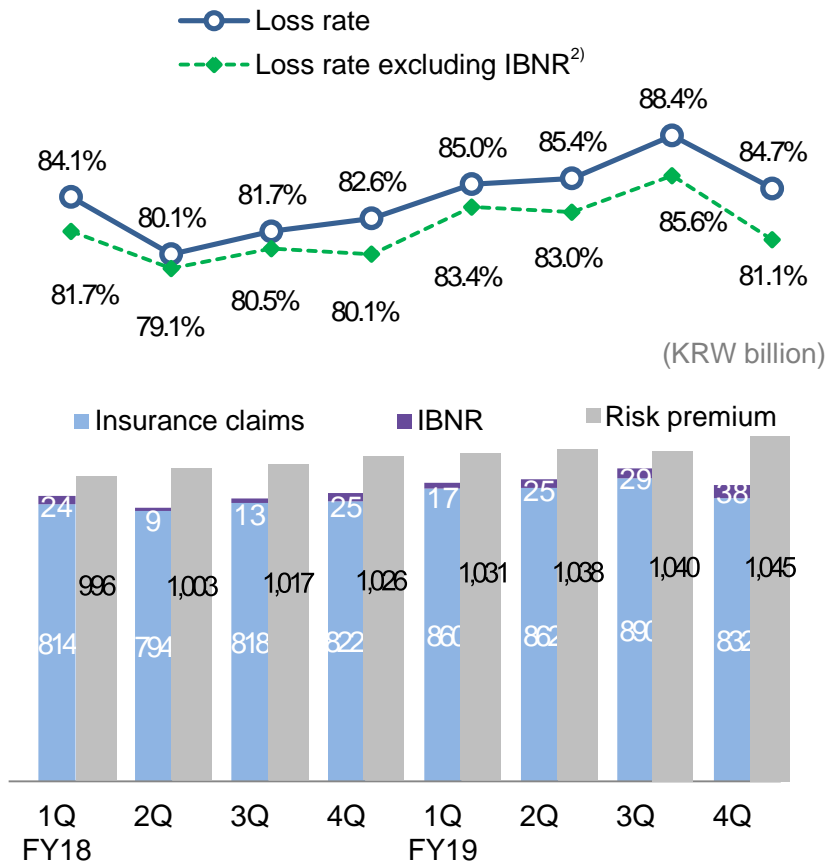
Risk Margin

(KRW billion)



Risk margin/Loss rate

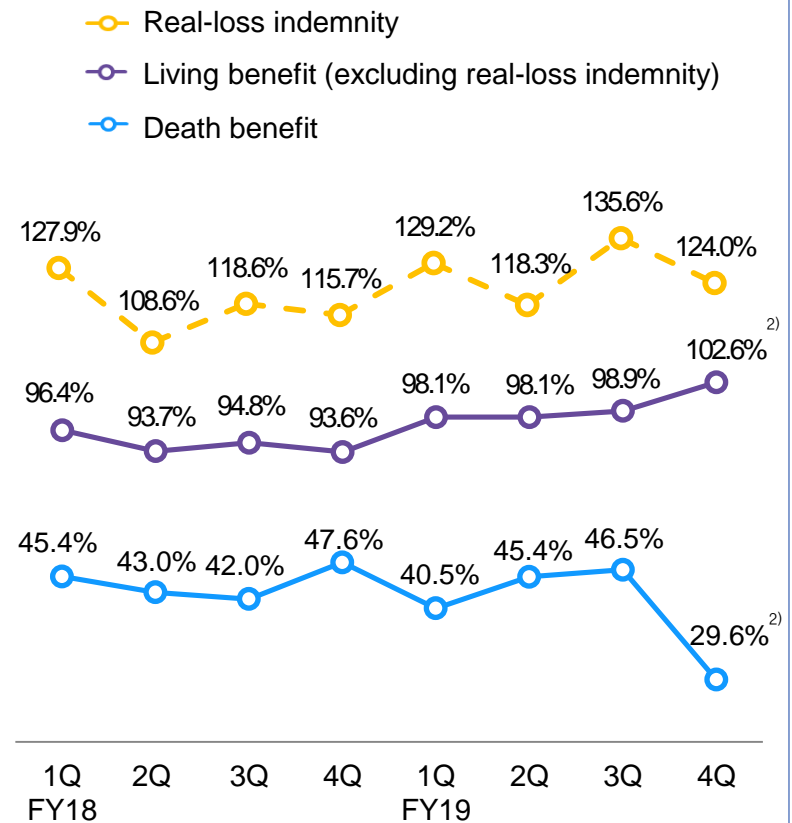
Risk Premium and Insurance Claims¹⁾



¹⁾ Insurance claims : Claims paid - net reserve at risk+ indirect payment
(IBNR + waiver of premium - reinsurance profit/loss)

²⁾ IBNR : Incurred But Not Reported

Loss Rate Breakdown by Benefit¹⁾



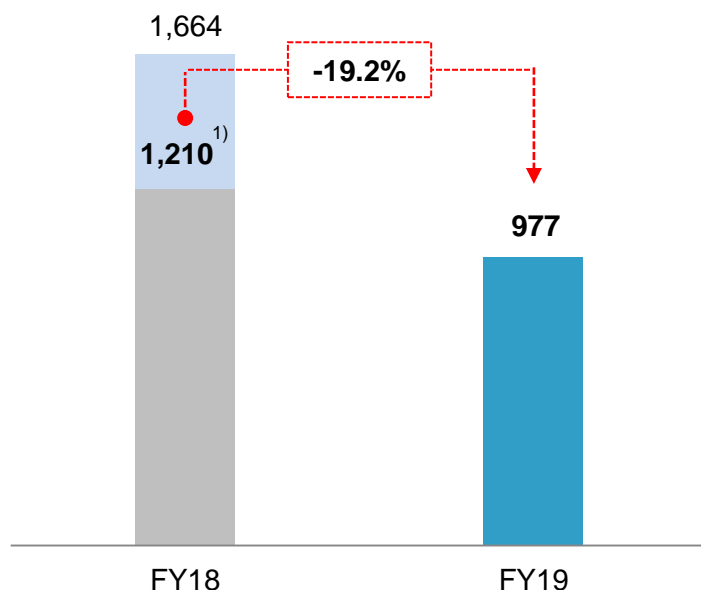
¹⁾ FY19 risk premium breakdown: Real loss indemnity(11.9%), Death benefit(28.5%)
Living Benefit excl. real-loss indemnity(59.6%)

²⁾ The sudden changes in the loss rates in 4Q are only temporary, which are driven by the changes in IBNR reserving standards and the re-categorization of CI benefit (Death→Living)

Net Profit

Net Profit

(KRW billion)



✓ **Net profit declined -19.2% excluding one-off items in the previous year**

- Profit/loss from variable guarantee options declined KRW -251bn

Contribution from consolidated subsidiaries

- ✓ Samsung card KRW 263bn (YoY +3bn)
- ✓ Samsung AM KRW 64bn (YoY +5bn)
- ✓ Samsung SRA KRW 47bn (YoY +35bn)

Disposal gain

- ✓ Samseong-dong bldg. KRW 92bn (pre-tax)
- ✓ Saengbo Real Estate Trust Co. KRW 65bn (pre-tax)

Variable guarantee profit / loss

- ✓ KRW -230bn (pre-tax, YoY -251bn)
- 4Q KRW -239bn (pre-tax, YoY -210bn)

Expensing of acquisition cost exceeding deferral limit

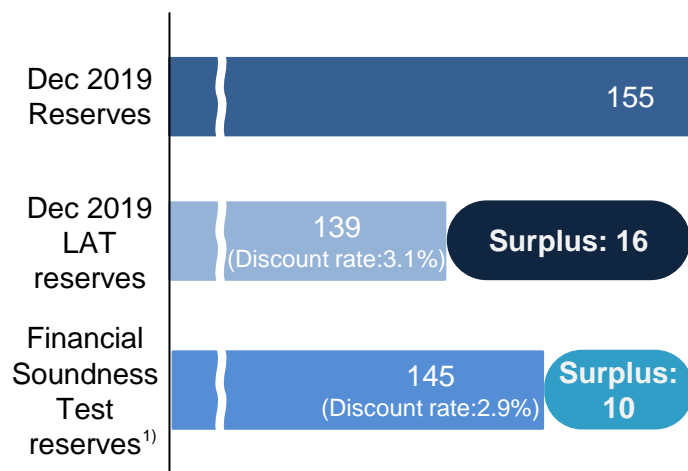
- ✓ KRW -46bn (pre-tax, YoY +30bn)

¹⁾ Excluding W790bn disposal gain from Samsung Electronics share sales and -W336bn impairment losses from stakes in Samsung Securities and Samsung card

Reserve and Capital Adequacy

Liability Adequacy Test (LAT)

(KRW trillion)

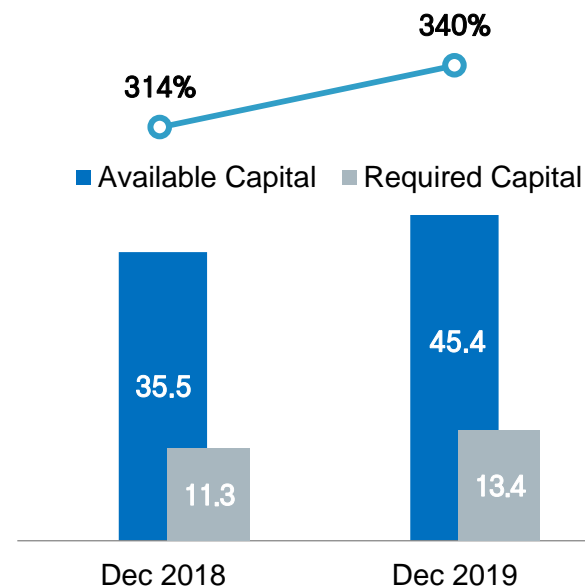


- ✓ LAT surplus at the end of 2019 was KRW 16tn
- ✓ Financial Soundness Test reserve surplus was KRW 10tn
 - Sufficient reserve secured ahead of the anticipated discount rate decline from regulatory strengthening

¹⁾ LAT reserves prior to the postponement of standard strengthening schedule

RBC

(KRW trillion)



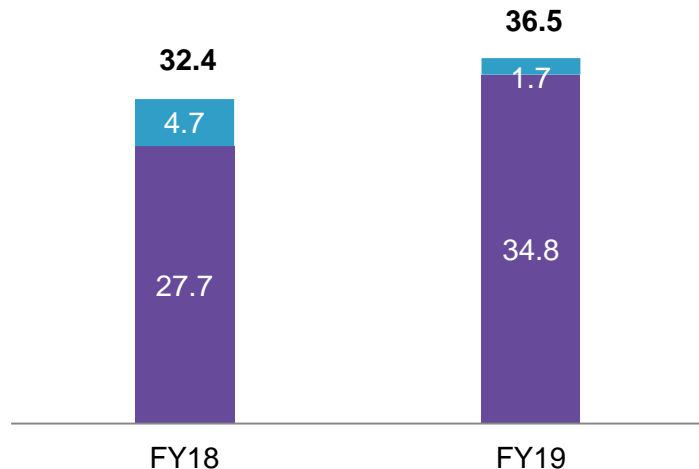
- ✓ Maintained superior RBC ratio
 - Available capital increased KRW +9.9tn due to the rise in valuation gains of marketable securities
 - Credit risk increased due to the SEC share price hike

Embedded Value Summary

Embedded Value

(KRW trillion)

■ ANW ■ VIF



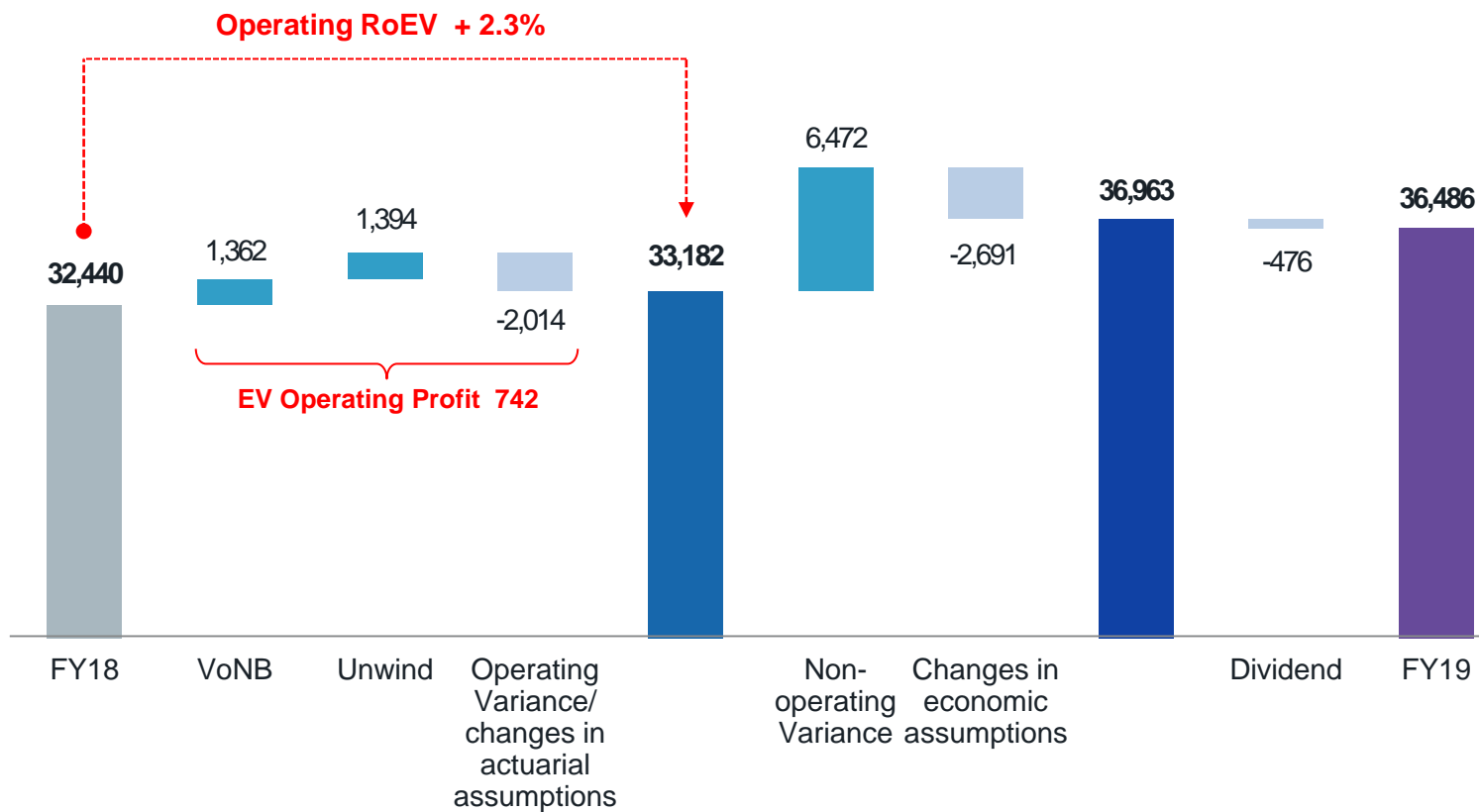
- ✓ **VIF declined due to the drop in NIER and the deterioration in actuarial assumptions**
 - Change in economic assumptions: KRW -2.7tn
 - Change in actuarial assumptions: KRW -1.6tn
- ✓ **ANW increased by KRW +7.1tn from the rise in Samsung Electronics share price**

NIER	<ul style="list-style-type: none"> 3.4%(FY18) ⇒ 3.1%(FY19)
Discount Rate	<ul style="list-style-type: none"> 8.5%(FY18) ⇒ 7.5%(FY19)
Lapse & Surrender Rate	<ul style="list-style-type: none"> 6-year historical experience data
Expense Rate	<ul style="list-style-type: none"> Actual operating expense incurred during past three years Inflation rate: 2% per annum
Crediting Rate	<ul style="list-style-type: none"> 1-year historical spread to NIER

EV Movement Analysis

EV Movement

(KRW billion)



04

FY2020 Strategic Priorities

FY2020 Strategic Priorities



01 Secure Solid Profit base

- Grow VoNB

- Enhance efficiency

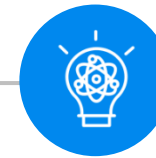
- Expand investment in high yield assets



02 Pursue Growth engines

- Invest in start-ups via CVC

- Explore investment opportunities in overseas asset management and insurance companies



03 Digital Innovation

- Revolutionize business process with digital technologies

- Further digitalize insurance sales process

- Construct BDA* system

* BDA(Biz Data Analytics) :
Improving work process via data analysis and modeling

FY2020 Strategic Priorities

01

Secure
Solid Profit base

Grow VoNB

- **Increase profitability by lowering pricing rate**
 - A step-by-step approach by products
 - Review additional lowering if interest rate declines further
- **Keep up sales of high margin health insurance**
 - Strengthen VoNB-focused sales strategy
- **Differentiate customer targeting & product concepts**
 - GI (General illness) released in Jan : Meet demand for higher health benefits as well as hybrid-type whole life products
 - Launch new product in senior, pre-condition areas

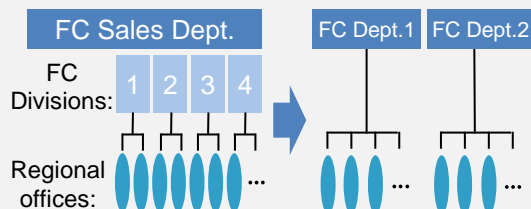
02

Pursue
Growth engines

Enhance efficiency

- **Reinforce persistency rate management**
 - Realign commission fee and rewards with persistency rate
- **Continue cost cutting efforts**
 - Discover more ideas on cost savings
- **Increase efficiency through sales organization restructuring**
 - Abolish intermediary FC sales management divisions for faster and more localized marketing execution

< Restructuring of Sales Organization >



03

Digitalize with
new technologies

Expand high yield investment

- **Pursue high yield investments backed by strong capital position**

Trim down
ultra long-term
bonds purchase

+

Expand
high yield
investments
- **Expand investments in equity stakes**
 - Increase investments in PE & alternative investment funds
- **Strengthen risk management**
 - Strengthen monitoring on F/X risk in overseas investment
 - Advance the early-alert system

FY2020 Strategic Priorities

01

Secure
Solid Profit base

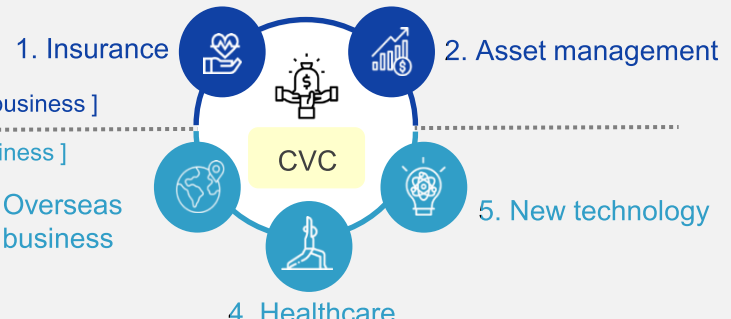
02

Pursue
Growth engines

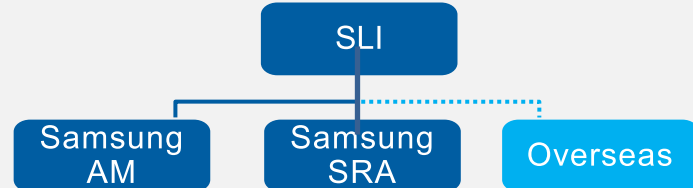
03

Digitalize with
new technologies

Corporate Venture Capital

- **Launched CVC in April 2019**
(First among Korean life insurers, KRW 50bn)
 - Discover & invest in startups with innovative technology in cooperation with Samsung Venture Investment
 - => Innovate existing business and seek new business opportunity
- 
1. Insurance [Current business]
2. Asset management [Current business]
3. Overseas business [New Business]
4. Healthcare [New Business]
5. New technology [New Business]
- CVC
- Invested KRW 10bn in 4 startups in 2019
 - Overseas business 1, Healthcare 2, New technology 1
 - **Maintain close cooperation with the 4 startups and continue discovering new investment opportunities**
 - Link with new product development and underwriting process / Monitor developments in global technology

Invest in overseas asset management and insurance companies

- **Secure future investment profits by expanding to asset management operations overseas**
 - Discover & invest in equity stakes of overseas asset management companies with high growth potential
- 
- ```

graph TD
 SLI[SLI] --- SamsungAM[Samsung AM]
 SLI --- SamsungSRA[Samsung SRA]
 SamsungSRA -.- Overseas[Overseas]

```
- **Invest in insurance companies in SE Asia**
    - Search for investment opportunities in solid life insurers in Vietnam, Indonesia, Philippines, etc
    - Seek equity investments in digital finance platforms in SE Asia (in connection w/ CVC)

# FY2020 Strategic Priorities

01

Secure  
Solid Profit base

02

Pursue  
Growth engines

03

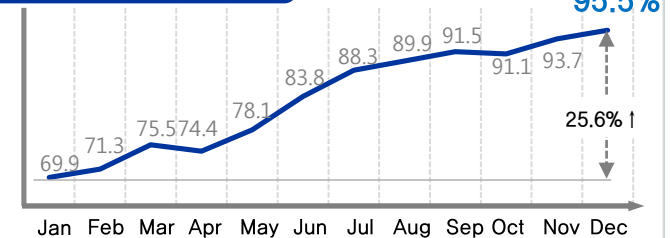
Digitalize with  
new technologies

## Successful transition into digitalization of insurance sales in 2019

- Tablet usage in insurance contracts reached 96%
- Adopted new technologies (e.g. RPA\*, Chat-bot, OCR\*)

\* RPA(Robotic Process Automation), OCR(Optical Character Recognition)

% Tablet usage (2019)



### Innovate with new technology

- Enhance competitiveness of digital channels
  - Improve Chat-bot
- Innovate value chain with new technology
  - Insurance claims management
- Accelerate R&D in AI



### Further digitalize insurance sales process

- Digitalize contract documents
  - Paperless E-Contract [sample]
- Advance mobile sales systems and tools
- Digitalize customer DB
  - Call center / VOC / Fund maintenance, etc.



### Establish BDA system (Biz Data Analytics)

- Opened BDA center in Jan '20
  - Optimize resource allocation using BDA analysis technique
- Field + BDA  
(Problem digging) (Derive solution)
- Derive new insights through improved decision-making process

## FY2020 Target

|                  | 2018       | 2019       | 2020 Target              |
|------------------|------------|------------|--------------------------|
| Embedded Value   | KRW 32.4tn | KRW 36.5tn | KRW 38tn <sup>1)</sup> ↑ |
| VoNB Growth      | -2.9%      | +24%       | -5~+5%                   |
| (NIER)           | (3.4%)     | (3.1%)     | (3.1%)                   |
| Insurance Profit | KRW 1.4tn  | KRW 1.4tn  | KRW 1.4tn↑               |

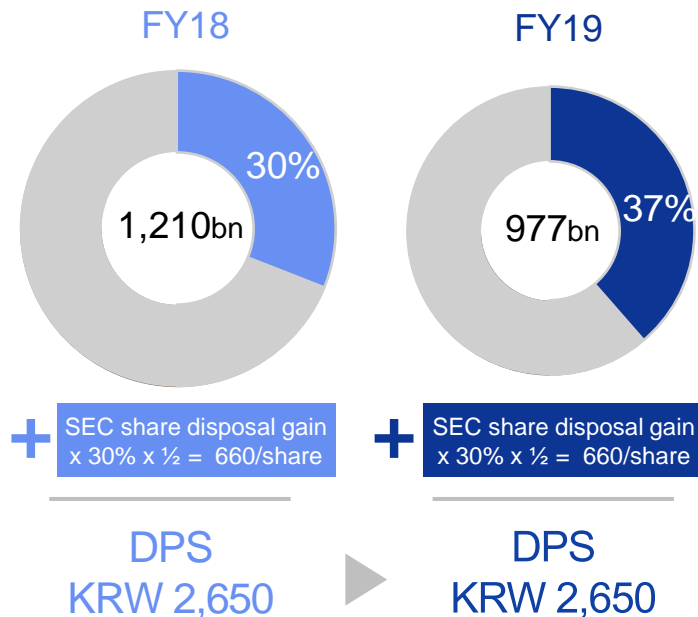
1) Using 2019 EV economic assumptions, before dividends and share repurchase



# Capital Management Policy

## FY19 Annual Dividend

(KRW)



- ✓ Payout ratio increased by 7%p from 30% (FY18) to 37% (FY19)
- ✓ DPS KRW 2,650 includes KRW 660 of special dividend deferred from SEC share disposal in 2018

## Shareholder Return Principle

- Preemptive preparation for new accounting system and capital regulation
  - ✓ Open IFRS17 system in FY20
  - ✓ Reduce interest rate risk by narrowing the duration gap
  - ✓ Secure future profit through protection sales
  - ✓ Strengthen capital adequacy backed by a solid profit base
- Increase payout ratio to 40~50% in FY20 and FY21
- Sufficient capital for the adoption of K-ICS in 2022

## **Appendix. FY2019 Earnings Details**

# FY2019 Key Financial Highlights

(KRW billion)

|                                               | 4Q 2018 | 4Q 2019 | YoY     | FY 2018 | FY 2019 | YoY     |
|-----------------------------------------------|---------|---------|---------|---------|---------|---------|
| <b>VoNB</b><br>(Value of New Business)        | 279     | 341     | +22.1%  | 1,101   | 1,362   | +23.6%  |
| <b>APE</b><br>(Annualized Premium Equivalent) | 608     | 608     | -0.1%   | 2,649   | 2,574   | -2.8%   |
| <b>NBM</b><br>(New Business Margin)           | 45.9%   | 56.1%   | +10.2%p | 41.6%   | 52.9%   | +11.3%p |
| <b>Total Premiums <sup>1)</sup></b>           | 5,220   | 5,042   | -3.4%   | 21,041  | 20,462  | -2.8%   |
| <b>Net Profit <sup>2)</sup></b>               | -61     | 0.6     | N/A     | 1,664   | 977     | -41.3%  |
| <b>(Excluding one-offs) <sup>3)</sup></b>     | 275     | 0.6     | -99.7%  | 1,210   | 977     | -19.2%  |

|                                          | Sep 2019 | Dec 2019 | QoQ     | Dec 2018 | Dec 2019 | YoY                     |
|------------------------------------------|----------|----------|---------|----------|----------|-------------------------|
| <b>Total Assets</b>                      | 306,865  | 312,762  | +1.9%   | 289,428  | 312,762  | +8.1%                   |
| <b>Invested Assets</b>                   | 250,821  | 255,459  | +1.8%   | 236,195  | 255,459  | +8.2%                   |
| <b>Shareholder's Equity<sup>2)</sup></b> | 35,938   | 35,667   | -0.8%   | 28,902   | 35,667   | +23.4%                  |
| <b>RBC Ratio</b>                         | 363%     | 340%     | -23.2%p | 314%     | 340%     | +25.5%p                 |
| <b>EV</b><br>(Embedded Value)            | -        | 36,486   | -       | 32,440   | 36,486   | +12.5%<br>(RoEV +13.9%) |

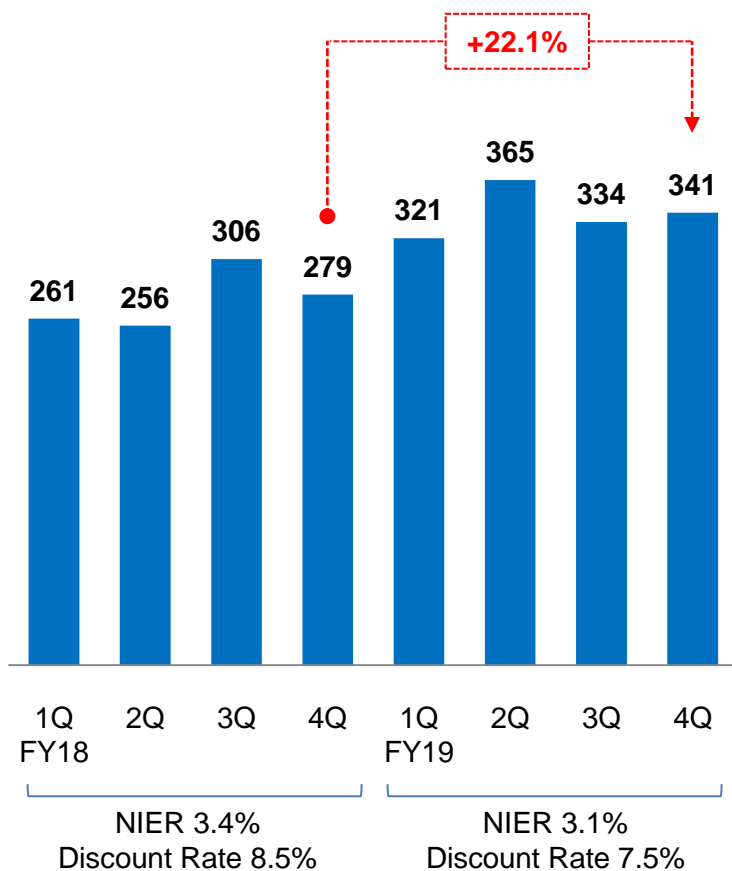
<sup>1)</sup> Excludes corporate pension and retirement insurance    <sup>2)</sup> Excludes non-controlling interests

<sup>3)</sup> Excludes Samsung Electronics share disposal gain and impairment loss from Samsung Card/Samsung Securities shares

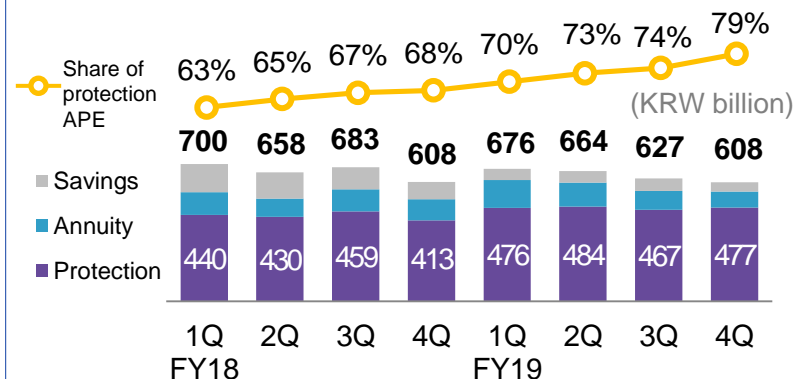
# Quarterly New Business Results

## Quarterly VoNB Trend

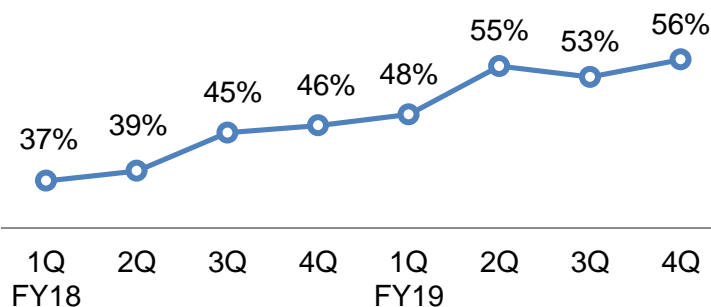
(KRW billion)



## Quarterly APE by Product/Share of Protection APE

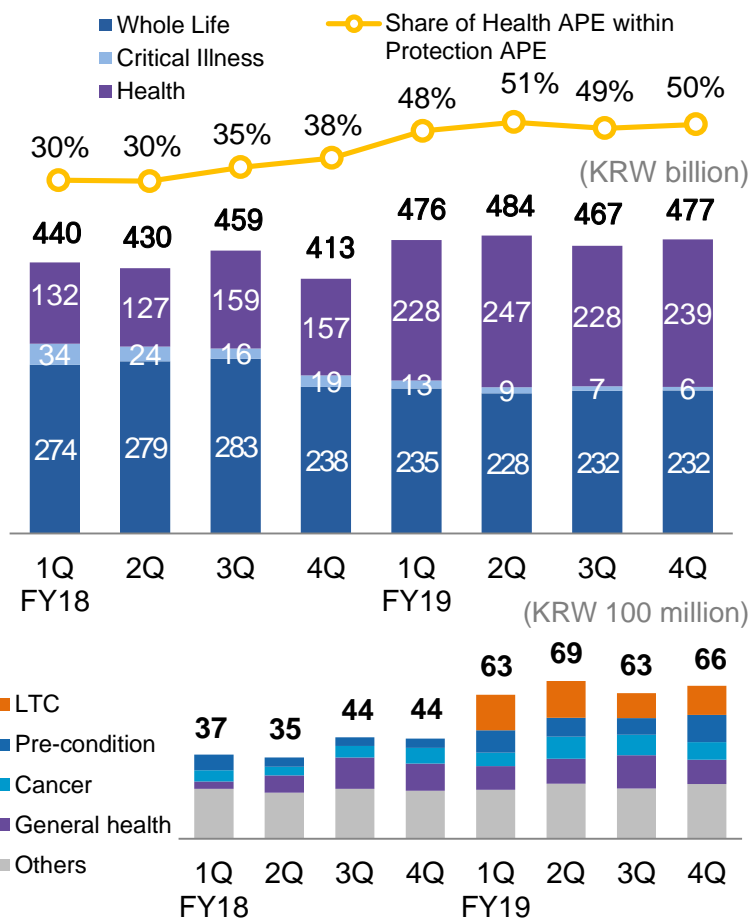


## Quarterly New Business Margin

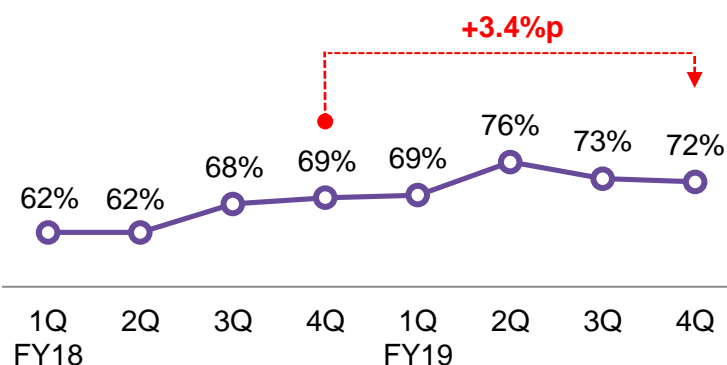


# Quarterly Protection New Business

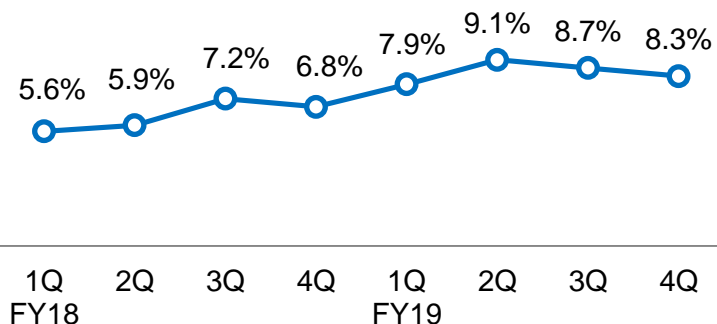
## Protection APE Breakdown / Health insurance First month premium<sup>1)</sup>



## Quarterly New Business Margin



## Health Insurance Market Share



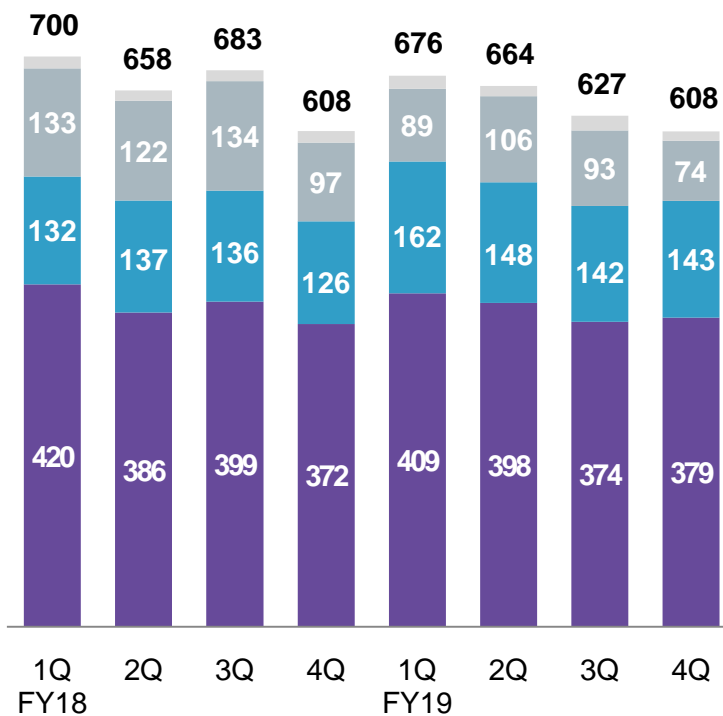
<sup>1)</sup> Monthly average

# APE by Distribution Channel

## APE Breakdown by Distribution Channel

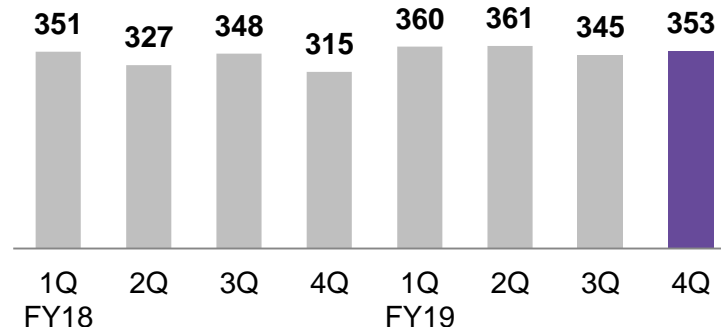
(KRW billion)

■ Exclusive ■ GA  
■ Bancassurance ■ others



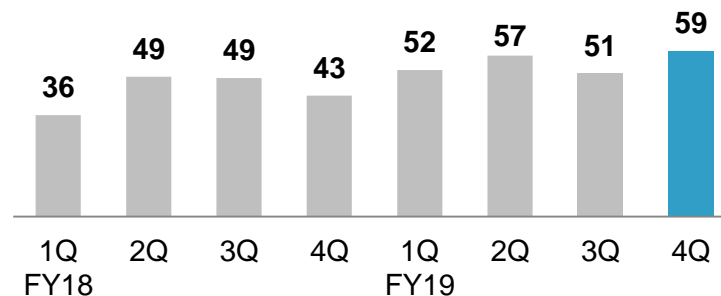
## Exclusive Agent channel Protection APE

(KRW billion)



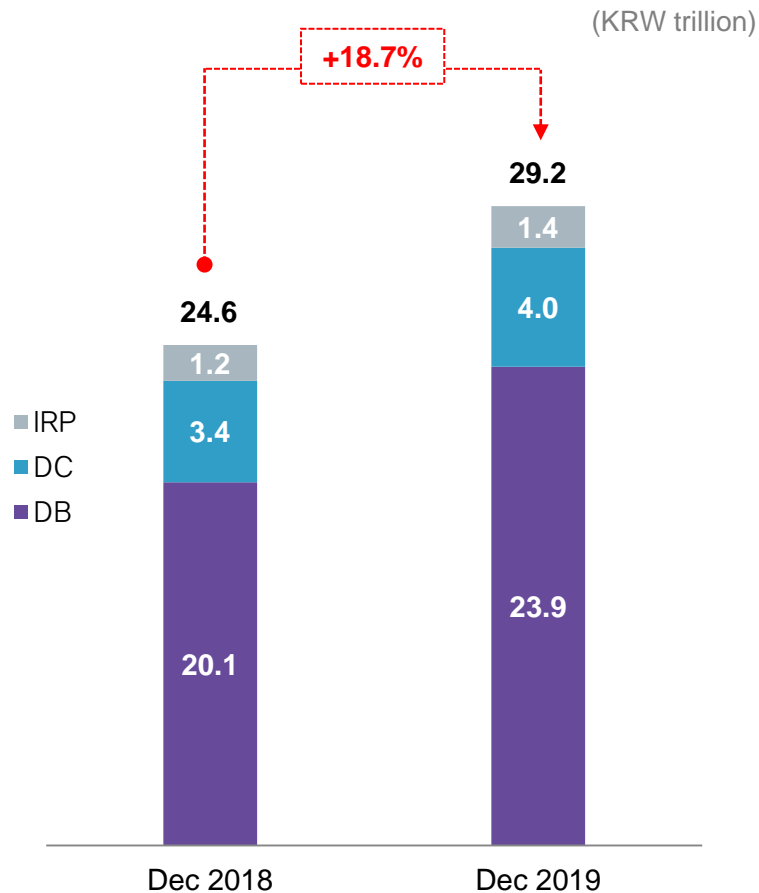
## Non-Exclusive GA channel Protection APE

(KRW billion)

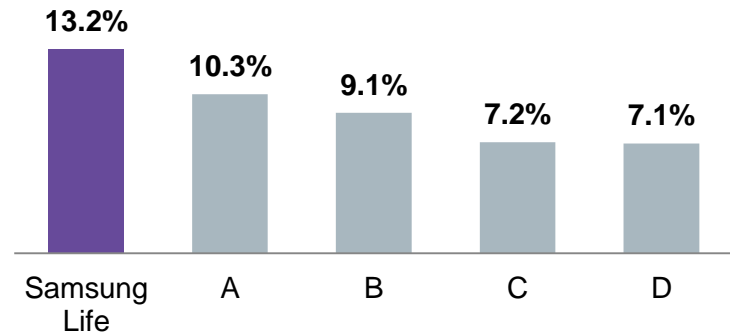


# FY2019 Corporate Pension Growth

## Corporate Pension Reserves

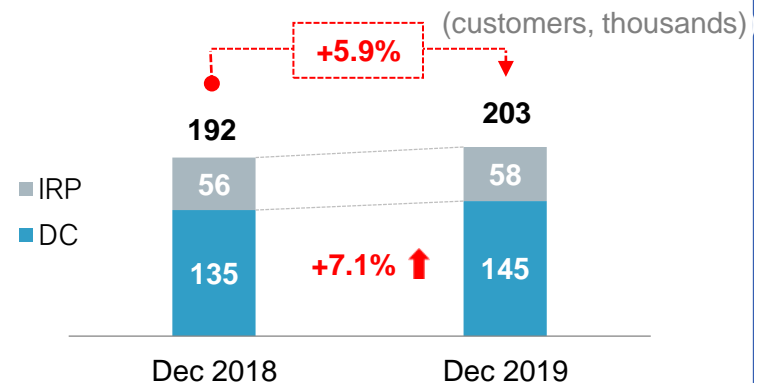


## Corporate Pension Market Share



\* Source: company disclosures (as of December 2019)

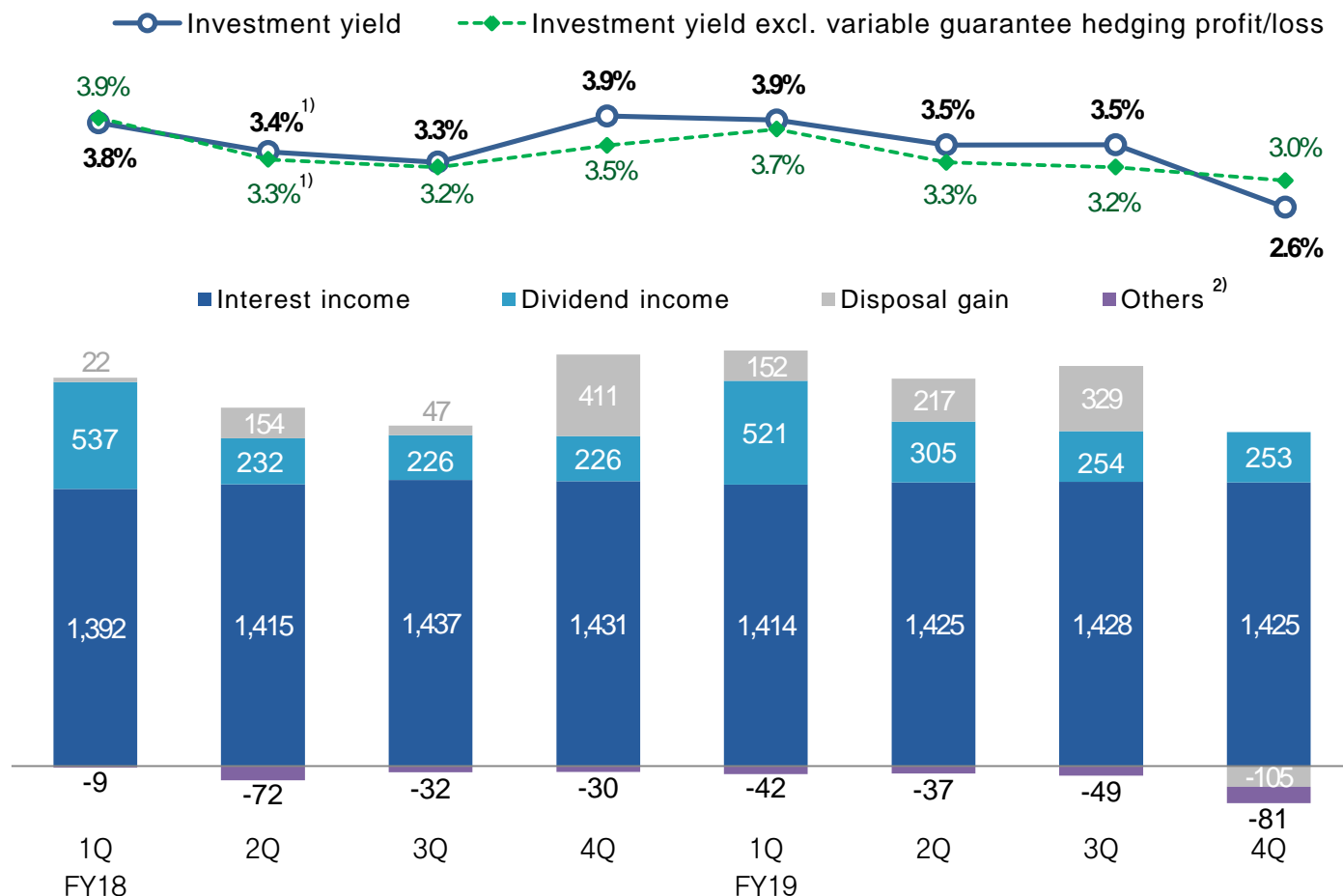
## DC/IRP Customer Trend



# Quarterly Investment Income and Investment Yield

## Quarterly Investment Income and Investment Yield

(KRW billion)



<sup>1)</sup> Excluding Samsung Electronics share disposal gain (KRW 1,090bn, pre-tax)

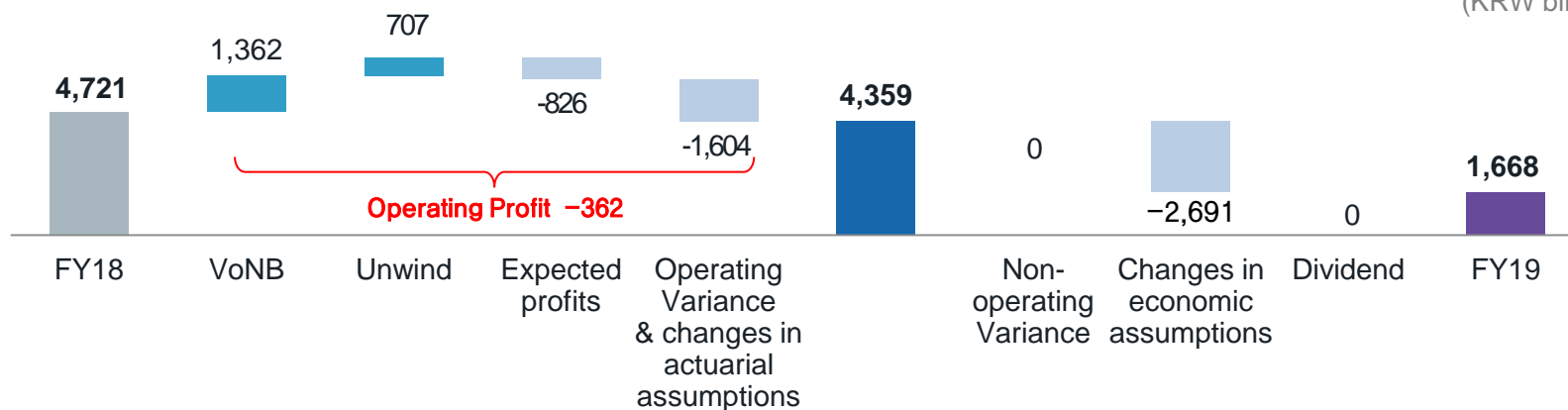
<sup>2)</sup> Others : Investment management expenses, rental income, valuation gain, etc



# EV Movement Details

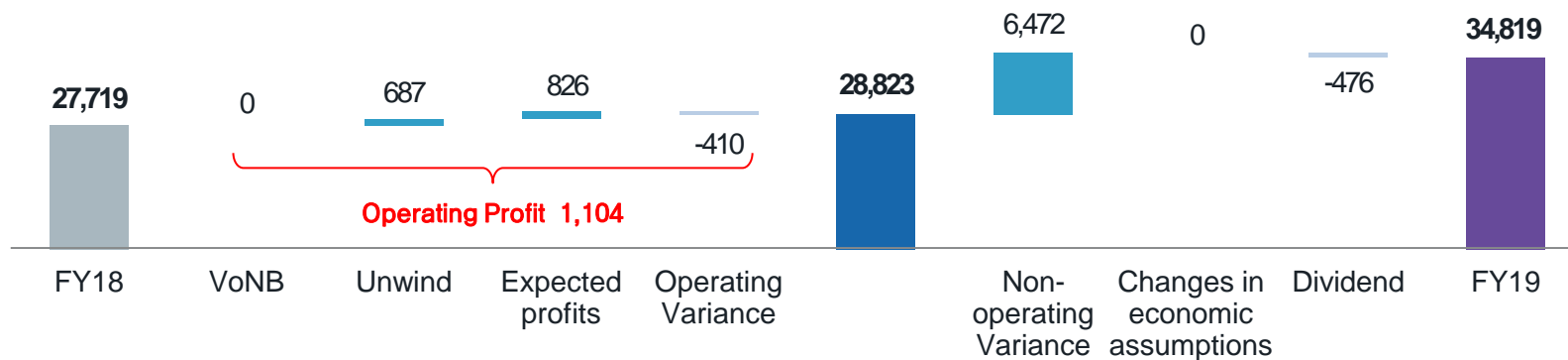
## VIF Movement

(KRW billion)



## ANW Movement

(KRW billion)



# EV Sensitivity

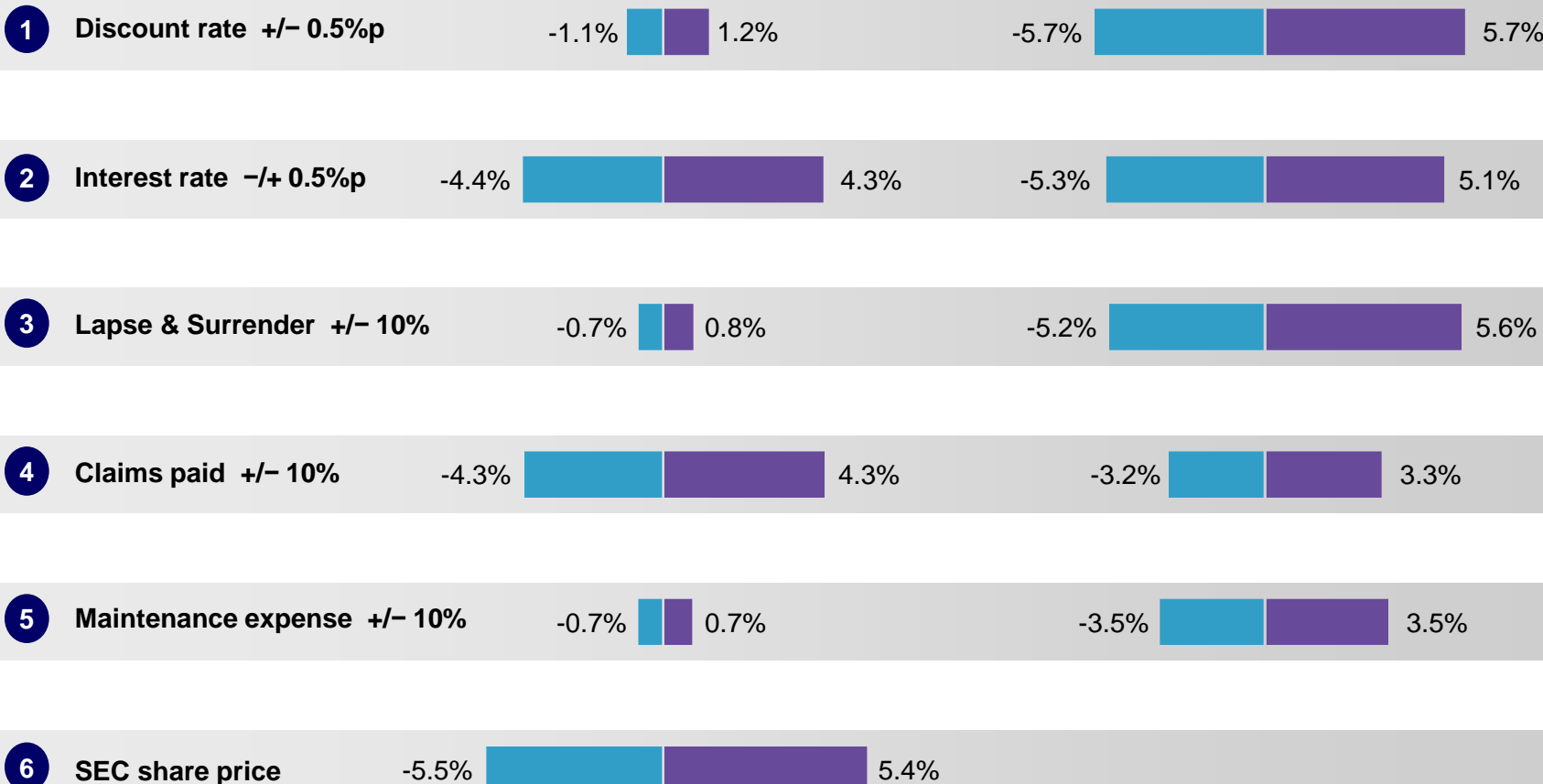
(as of Dec 2019, KRW billion)

## EV Sensitivity

Mid-point : 36,486

## VoNB Sensitivity

Mid-point : 1,362



**Thank you**

이 종목의 더 많은 IR정보 [확인하기](#)

**IR GO** 주주와 기업을 연결하고 응원합니다.