DB Insurance

INTEGRATED REPORT 2019

About This Report

Reporting Period and Cycle

This report is DB Insurance's 4th Integrated Report and 9th Sustainability Report. We transparently disclose our financial and non-financial performances in our annual sustainability reports, and wish to reflect the same in our future sustainable management by collecting feedback and opinions from various stakeholders. This report covers the period from January 1, 2018 to December 31, 2018, and some of the more important contents detail our activities and performances of 2019.

Reporting Principle

This report was prepared by reflecting the International <Integrated Reporting> Framework("<IR> Framework") guidelines prepared by the International Integrated Reporting Council(IIRC). Also, it complies with the guidelines of the Global Reporting Initiative(GRI) Standards and the reporting principles of the Financial Service Sector Supplement, and is in accordance with all the core requirements. In addition, as a UN Global Compact member corporation, we actively report on our activities and performances in line with the ten principles of the Communication on Progress in accordance with the Communication on Progress reporting principles. Financial performances were prepared based on the K-IFRS, and any modifications from previous reports were specially indicated in this report.

Reporting Scope

The scope of this report covers DB Insurance's domestic business sites(excluding affiliated companies) such as the headquarters, regional headquarters, and claims adjustment departments, and some performances of the company's overseas branches and liaison offices are also included. Non-financial data correspond to 100% of the company's sales, and environmental data are primarily based on the company's 9 buildings and leased offices.

CONTACT

Name DB Insurance Co., Ltd.
Address DB Financial Center, 432 Teheran-ro, Gangnam-gu, Seoul, South Korea
Contact Tel. 1588-0100
Website https://www.idbins.com

DB Insurance
Integrated Report
2019

Contents

CEO Message

Dear Valued Stakeholders,
I would like to extend my deepest gratitude for your warm interest and support in DB Insurance.

Looking back, 2018 was a year full of strenuous events, from rapid changes in the business environment to the domestic and global economic recession.
Despite unprecedented competition in new products and increasing uncertainties in the domestic and global economy, we persevered in our efforts for sustainable growth. This won us the highest "World" rating in the Dow Jones Sustainable Index for the 6 consecutive year, a first in the domestic non-life insurance industry. We also achieved a higher credit rating(A/Stable) from S&P Global.

Also in 2019, with external uncertainties such as the U.S.-China trade war and continued slow-down of the global economy, difficulties in the company's management are expected to deepen for reasons such as the long-term slow-down of domestic economy, becoming an aging society etc. In particular, the insurance industry is faced with unprecedented, tough challenges such as financial authorities' policy stance stressing consumer rights and stronger soundness, etc. in addition to ICT-based, rapid changes in the financial eco-system.

For the sustainable growth of our company, DB Insurance will continue to improve business efficiency and expand mid- to long-term profitability through our "Growth in Company Value through Efficient Management" program. We will lay the groundwork for qualitative growth through efficiency with the following activities: "shifting the paradigm with the focus on new contract values", "strengthening sales competitiveness by improving the intrinsic qualities of each channel", and "strengthening response capabilities to environmental and regulatory changes".

In addition, we support and diligently comply with "UN SDGs(Sustainable Development Goals)" and "UNEP FI(UN Environment Programme Finance Initiative)". Furthermore, we will actively respond to environmental, social and economic issues that call for corporate social responsibility practices.

Dear valued stakeholders,
We ask for your interest and support and to join us as we grow into a sustainable, world-leading company.

It is our steadfast pledge that we will invest our best efforts into becoming a non-life insurer that contributes to society by practicing sustainable growth and corporate social responsibility with customers and placing shareholder value as our top priority under the company vision: "A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers".

Thank you.

June 2019
DB Insurance Co., Ltd.

President & CEO **Jeongnam Kim**

Jeongnam Kim

About DB Insurance

A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers

Pursuant to its management philosophy of placing customer satisfaction as a top priority and its solid financial soundness, DB Insurance has grown into a leading non-life insurer in Korea. We are endeavoring to become a corporation that will ultimately transcend its enterprise value and foster shared growth with its stakeholders by implementing strategies and policies that meet and exceed the expectations of its stakeholders based on its three initiatives: globalization, specialization, and high-added value.

Company Information

Company name	DB Insurance Co., Ltd.	CEO	Jeongnam Kim
Date of incorporation	March 1962	Field of business	Non-life Insurance Business
Headquarters	DB Financial Center, 432 Teheran-ro, Gangnam-gu, Seoul, South Korea	Paid-in Capital	KRW 35,400 million

Corporate History

1962 - 1968

1962
- Established as Korea Public Automobile Insurance Company

1968
- Re-established as Public Automobile Insurance Co.

1976 - 1984

1976
- Introduced, for the first time in Korea, unlimited-coverage liability insurance for car owner indemnity

1984
- Opened a branch in Guam

1995 - 2006

1995
- Name changed to Dongbu Insurance Co., Ltd.

2006
- Opened a branch in Hawaii

2009 - 2010

2009
- Opened a branch in California

2010
- Declare new management principles of "Pursuit of essence facts)", "Mutual communications", and "Autonomous management", in order to create a corporate culture of creative thinking and dynamic execution and achieve active performance

2011
- Established three claim adjustment subsidiaries(CNS, CAS, and CSI), and built a stable loss control system
- Opened a branch in New York
- Acquired equities in a Chinese insurance brokerage firm

2013
- Established "DB MnS", a sales-specialized subsidiary
- Acquired equities in a Chinese insurance company

2015
- Acquired PTI, a Vietnamese non-life insurer, for the first time as a Korean insurer
- Presidential Award in the National Quality Management Competition in 2015, for the first time as a Korean financial company

2017
- Succeeding and modernizing the Group's tradition and spirit, changed company name to "DB Insurance"
- Acquired "ISO 19600" certification, the first financial company in Korea to do so

2018
- Enlisted in the DJSI(Dow Jones Sustainability Indices) World for 6 consecutive years as the first non-life insurer
- Selected as the "best financial company" in the Evaluation of Financial Consumer Protection
- Upgraded to "A" in S&P credit rating

No. of retained customers
9 million people (As of the end of 2018)

Sustainability assessment
DJSI World (Listed for 6 consecutive years)

No. of employees and sales partners
26,377 people (Including 21,844 sales partners)

Credit rating
S&P A (Stable) A.M.Best A (Excellent)

Corporate Vision & Mission

Corporate Vision System

The goal of DB Insurance is to grow into a global insurance financial group by providing excellent products and services to the customers, performance-based compensation and a pleasant working environment for the employees, and highest profitability(profit ratio) to the shareholders, thereby increasing its stakeholders' benefits and contributing to national and social development, based on its founding philosophy of becoming a "good company".

A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers

Core philosophy

Pursuing a Happy Society with Customers

A concept to realize the company's core mission - "people's happy life and the company's sustainable growth (perpetual development)"

Future direction

Global Insurance Financial Group

- Territory of business: A global, not domestic, company
- Field of business: Has grown from a non-life insurer to an insurance financial group

Core Mid- to Long-term strategic tasks

Strengthen business competitiveness

- Strengthen business competitivenes, by sales channel
- Strengthen integrated customer management system(customer experience management, etc.)
- Secure product leadership in the market by strengthening product development infrastructure
- Strengthen U/W and claim adjustment by securing damage analysis capacity

Secure the engine for sustainable growth

- Innovate digital information asset infrastructure
- Cultivate outstanding professionals
- Activate synergy among the company's financial affiliates
- Upgrade overseas business exploration and operation

Advance the risk management system

- Upgrade IFRS17-based business administration system
- Establish ALM-based asset management model
- Strengthen global-level capacity for asset portfolio management

Mission System

DB Insurance's mission system, representing fundamental principles of achieving its visions, consists of "missions" which contain the perspective towards business and the management philosophy being pursued, "management principles" which are standards for management decision-making and direction-setting, and "core values" which are shared and implemented by the company's constituents.

DB

Principle

- Pursuit of essence
- Mutual communications
- Autonomous management

Core Value

- Sense of ownership
- Enthusiasm
- Commitment
- Trust

Mission

Provide the best value to make people's lives happy and to enjoy company's sustainable development by preparing people and companies for human and material risks in advance

Business Section

DIRECT PREMIUMS WRITTEN
KRW **12,449.3** billion

EQUITY CAPITAL
KRW **4,911.2** billion

NET INCOME
KRW **514.8** billion

Business Model

Product/Service development

Create differentiated values with the development of in-demand products and services

Products

- Long-term insurance
- Auto insurance
- General insurance

Services

- Emergency dispatch service
- On-site dispatch service
- Auto-care service
- Promy car service
- Car care service
- Promy health care service
- Funeral partnership service
- Will management service
- Risk management service
- Legal support service
- Retirement planning consulting

Product/Service delivery

Deliver optimal customer experience through operating various sales channels that meet different customers' needs

Exclusive Channels

PA(Prime Agent)
Insurance planners who can only sell DB Insurance's products

Insurance agencies
Insurance agencies who can only sell DB Insurance's products under an exclusive contract with DB Insurance

Non-exclusive Channels

GA(General Agency)
Non-exclusive insurance agencies that can sell insurance products from any insurance companies

Cross-over Planner (Non-life/Life)
Life insurance planners who are entitled to sell both life and non-life insurance products

Product/Service Sharing

Share customer values with specialized support systems to increase customers' assets and the operation of the nationwide claim-adjustment network

Asset management

Domestic/overseas investments and loans
Establish a dedicated asset management team with mid- to long-term perspectives

Claim adjustment

Damage investigation › Damage adjustment › Damage claim (long-term, car, general)

Six capitals

Financial capital

Profits garnered from the insurance premiums through insurance product sales are used to cover various finances including insurance claims, business operation costs, operating assets, etc. As a result, DB Insurance makes strategic investments to manage customers' assets securely and to generate higher profits, while identifying investments in relation to corporate social responsibility("CSR").

Manufacturing capital

The business of DB Insurance relies on manufacturing capital such as computer system and data center. The company has established a response system to disasters and emergencies to be thoroughly prepared to provide customers with stable and reliable services.

Intellectual capital

There is a growing trend in the transformation of insurance products and services due to the changes in external environments such as low birth rates, aging society and prolonged low economic growth and so forth. DB Insurance carries out customer segmentation based on customer research and big data analyses and offers differentiated values by developing customer-oriented products according to the needs of different customer groups.

Human capital

Owing to the nature of the insurance business, talented individuals are the central, foremost important asset that determines a company's competitive power over product development to sales. In the context of fierce competition, DB Insurance fosters top-level professionals in the industry based on new training systems designed to maximize management performance by improving individual performances.

Social/relation capital

DB Insurance seeks to achieve a happy society with customers and strives to ensure higher customer satisfaction by offering products and services they need. Also, as non-life insurers are subject to strong regulation by government agencies and supervisory authorities, the company actively observes and participates in government policies.

Environmental capital

The company's 9 office buildings and 556 leased offices in Korea are the source of GHG emissions for consuming power and cooling/heating systems and power used by data centers and others. Its efforts to manage environmental capital revolves around the establishment of environmental guidelines, its Environmental Management System(ISO 14001) and Green Management System(KSI 7001/7002) certifications, etc.

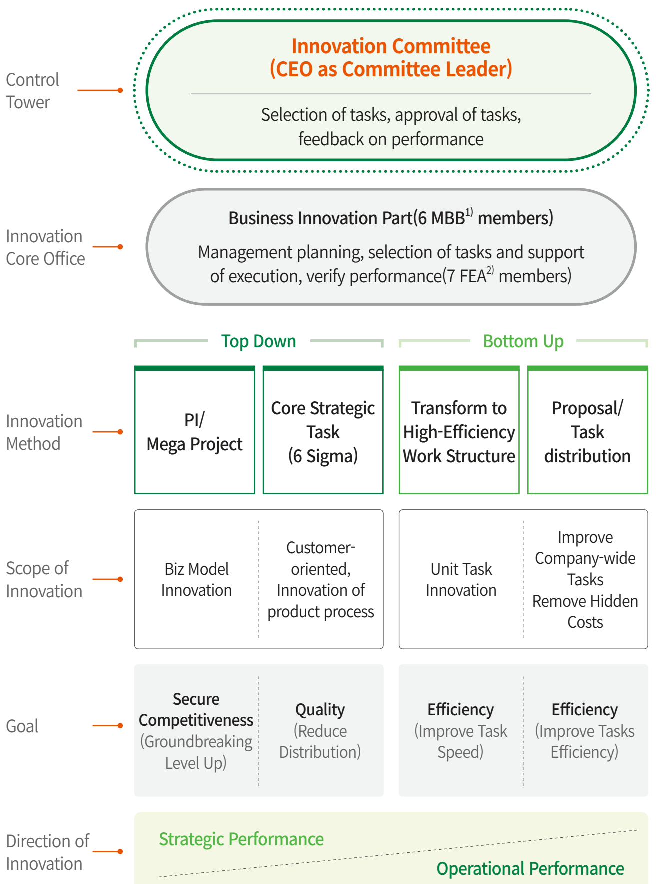
Innovation Management

Innovation Management System

Establishment of Innovation Strategy and Integrated Performance Management

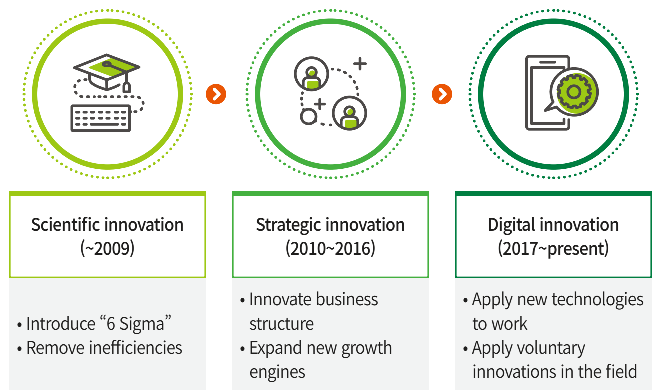
Through company-wide innovation management, DB Insurance explores future growth engines and improves management efficiency. By operating our Innovation Committee led by the CEO, we have secured executive abilities such as company-wide innovation strategies, management of tasks, and fostering of an innovative workforce. We have established an organizational system that integrates innovation and strategic functions to create an innovative culture. In particular, tasks implemented as innovation projects are systematically integrated and managed, and the improvement plan's effectiveness is enhanced through continuous monitoring and feedback. 2019 is the first year of our InsurTech breakthrough, and following up on 2018, we are implementing digital innovation to apply new technologies related to the 4th Industrial Revolution such as AI(artificial intelligence), big data, and IoT(Internet of things).

Innovation Plan for 2019



1) MBB(Master Black Belt): advanced level(in-house innovation certification level)
2) FEA: Financial Effect Analyst

Roadmap for Innovation Management



Transformation to a High-efficiency Business Structure Befitting the Low-growth Era

In order to enhance focus on our 2020 mid- to long-term strategy and strengthen its execution, DB Insurance has been implementing mid- to long-term strategic tasks for over 3 years starting in 2016. In 2017, we expanded the scope of innovation tasks to our subsidiaries in order to strengthen innovation competency for sales and claim adjustments on site. In 2018 and 2019, we identified a total of 30 task candidates by comprehensively diagnosing existing mid- to long-term strategic tasks, digital innovation tasks, and management issues, selected the final 23 top-down tasks through an innovation committee review, and are now implementing them.

Core Strategic Tasks for 2019

Field	Tasks
Company-wide tasks	• Expand insurance services utilizing allied platforms • Build an AI-based smart contact center
Customers, products	• Increase POM productivity by improving efficiency of customer databases • Build a smart underwriting system by automating long-term disease assessment. • Upgrade price and U/W capability to gain a competitive edge in auto insurance loss ratios
Channels	• Innovate market capture model and improve PA productivity to increase income protection insurance M/S(Market Share) • Increase Internet TCM sales(revenue) of long-term insurance by diversifying DB utilization model • Develop liability insurance based on assessment on car performance • Establish external statistical, strategic pricing model for major insurance types in CA and NY
U/W· claim adjustment	• Maximize MR(Moral Risk) control performance by strengthening company-wide collaboration system • Increase simplified handling by improving difficulty-based claim allocation process • Reduce current average insurance money paid out by enhancing Speed Organization's productivity • Increase efficiency of general claim review and investigation
Asset management	• Formulate an accounting policy and build a system to introduce IFRS9

Establishment of an "Innovation Culture"

DB Insurance works to internalize innovation management as its corporate culture. Each year we hold an annual in-house presentation competition to award outstanding projects. The CEO himself reviews company-wide innovation projects, and all executives carry out innovation projects, leading to the execution of innovation management. Departmental suggestion activities conducted in 2016 were modified and developed into site-improving team activities in 2017, and in 2018, we renamed them "One-Team" activities and continued to implement them by having the employees participate team activities to improve sites. One-Team activities are voluntary groups where employees of DB Insurance and its subsidiaries, regardless of which department they belong to, perform work improvement activities, with 101 teams participating in 2018, and 229 teams in 2019.

Innovation Management Performance

Building the Best Quality Management System in Korea's Financial Industry

In 2015, we were awarded the National Quality Grand Prize, and we became the first Korean insurer to be awarded the National Quality Masters for 2 consecutive years(2016 and 2017), securing our status as a leader in the insurance industry. Also, in the "Superior Quality Control Circle" category of the National Quality Management Convention, the most esteemed in the field of quality management in Korea, we were awarded Gold Prize in 2017 and Bronze Prize in 2018, being recognized as the best "superior quality" company in Korea's financial industry.

Management of Innovative Achievements

In 2004, we began measuring the performance of innovation projects, and as of the end of 2018 we have implemented 2,570 projects(115 in 2018). The cumulative financial performance has reached KRW 1,828.7 billion (KRW 96.8 billion in 2018). In terms of innovation capacity, as of the end of 2018 we contribute to the development of employee competency and the creation of a company-wide innovation culture by achieving 204(52.3%) BB(Black Belt)[3] and 390(91.5%) GB(Green Belt)[4] holders among the employees at our headquarters.

3) BB(Black Belt): intermediate level(in-house innovation certification level)
4) GB(Green Belt): entry level(in-house innovation certification level)

Business Case

First in the Industry to Develop the Vehicle Information Entry Process Automation System

DB Insurance has built an innovative operation system through the voluntary participation of its employees. In particular, with our "One-Team" activities(2018), we became the first in the industry to develop a vehicle information entry process automation system based on big data, expanding our auto insurance competitiveness and strengthening our on-site support.(Grand prize in in-house BP competition)

Background

External environment
• Segmentation in car manufacturers' vehicle models makes it difficult to enter correct vehicle information

Internal issues
• It is time-consuming to check and enter vehicle information, causing inefficiency
• In accident handling, complaints and disputes occur due to errors in vehicle number entries

Improvement Concept

• Develop a system which integrates car manufacturer's vehicle information/data by use of scrapping technology, and based on the relationship between such information and VIN number, matches vehicle name codes
→ Develop a system which automatically recommends vehicle name code upon entry of vehicle number

Performance

• Automatic recommendation of vehicle name code reduces insurance contract sign-up hours by 41%
• Proprietary, technology-based system leads to cost savings of KRW 600 million a year
• Prevent contract/claim disputes arising from errors in vehicle name code entries
• Annual financial performance: KRW 2.06 billion

Asset Management

Secure a Structural Competitive Edge by Enhancing Efficiency of Asset Portfolio

By strengthening its ALM(Asset Liability Management)-based asset management system and capability and diversifying the locations and targets of its investment, DB Insurance preemptively responds to rapid changes in policies/systems and economic cycles, aiming to secure stable secondary margins as well as minimizing risks.

Strengthening the Operating System for Asset Management Experts

DB Insurance identified core competencies in the 13 fields(in 6 job categories) necessary for its mid- to long-term asset management, and is working to strengthen its system for operating asset management professionals(recruiting, training, management, etc.). To achieve this, we have established a new sectoral, asset management-specialized training system, in which we train specialist instructors and hybrid-style talents who understand both insurance and investment, and hold weekly study seminars on various investment themes in order to share investment ideas. We are also incorporating overseas investment bases and recruiting personnel to strengthen our overseas investment competency, and have expanded practical training for outstanding employees at leading insurers and asset management firms overseas, to provide them with opportunities to gain advanced investment expertise.

Strengthening Responses to Changes in the Mid- to Long-Term Investment Environment

It is expected that changes in accounting standards(IFRS17, IFRS9) and the supervisory system(K-ICS), scheduled for 2022, will greatly increase the “capital and profit/loss volatility” of insurers, and we are enhancing our preparation for this. We will divide our assets into a “liabilities-matching asset group” and “additional income asset group” and manage them according to the fund’s attributes in order to strengthen ALM, and will continue to expand asset duration in response to the insurance liabilities’ maturity structure. We will also reduce the portion of investment types which increase net income/loss volatility(revenue-bearing securities, structured securities, etc.) and adjust, by stage, the portion of marketable assets with relatively larger risks. In order to supplement the resulting lower investment return, we will actively look for domestic/overseas substitute investments and high-quality corporate bonds and improve the efficiency of risk capital.

Maintain the Highest Investment Return among the Big 4 in the Non-Life Insurance Industry

DB Insurance not only achieves an additional, investment income(e.g., stock trades) but is also strengthening its ALM-based asset management system, such as by maintaining the portion of interest-bearing assets with stable interest or secured dividends at 90% or higher. Through these efforts, we achieved an asset management income of KRW 1,074.1 billion and an investment return of 3.31% in 2018, which is higher than that of our competitors.[1]

1) No. 1 among Big 4 non-life insurers

Establishment of an ALM-based Asset Management System

Classifying its long-term insurance liabilities into 4 categories according to product characteristics, DB Insurance has developed an ALM model which matches assets to each categories’ characteristics, and based on this, has established a mid- to long-term asset management strategy geared toward the IFRS which will be introduced in 2022, and has built an “asset management system based on ALM” in response to the diversifying asset management and insurance industry environments. Thus, we plan to earnestly protect customers’ trust by securing sufficient solvency margins.

Expansion of the Global Network

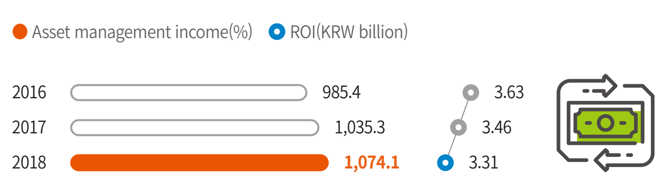
Through an investment MOU with the No. 1 insurance company in North America, DB Insurance has strengthened its strategic alliance with leading overseas insurers and asset management firms by expanding joint investment in global real estate and infrastructure assets and overseas corporate bonds, through which it is expanding quality overseas investment deal sourcing channels and learning advanced investment expertise. In addition, by expanding and reinforcing our investment office in Manhattan, New York, and thereby lifting spatial and time restrictions on overseas investment, we plan to build a close network with local financial institutions and improve access to high-quality global investment information and the latest investment trends. Our overseas investment office has enabled immediate, precise due diligence on local assets, strengthening follow-up management of invested assets and contributing to the identification of blue-chip assets and asset management firms. In the future, we plan to continuously expand overseas sites, strengthening access to global networks and investment assets.

Amount of Total Managed Assets

KRW **34.4** trillion

(as of December 2018)

Performance of Asset Management



Expansion of Socially-responsible Investment

Principle of Socially-responsible Investment

DB Insurance conducts sustainable investments in consideration of environmental and social impacts as well as short-term profitability. In accordance with our own internal review criteria, we invest in moral, transparent corporations and eco-friendly corporations and exclude corrupt and unethical corporations and corporations that offer gambling, tobacco, and alcoholic beverages(“negative screening”), thus endeavoring to fulfill our social responsibility. In addition, we contribute to infrastructure development, such as strengthening investment in renewable energy and SOC businesses which can create eco-friendly value as well as generate stable profitability. In 2018, we reviewed and invested in sustainable power generation, such as solar funds related to renewable energy, loans to wind farms and combined heat and power plants, waste-based power generation, and domestic wood pellet and biomass power plants. The rate of return from senior funds and DB Insurance’s socially responsible investments was 4.6%, 1.3%p higher than the 2018 investment return of 3.3%, showing outstanding performance.

Process of Socially-responsible Investment

Establish investment plan

Conduct business unit screening

Analyze investment risks — Discover potential risks → Conduct ESG evaluation

Receive approval

Conduct investments ← Receive approval

Participation in the Sustainable Climate Finance Study Group Organized by the Financial Supervisory Service(“FSS”)

As a company-wide commitment to climate change response, together with the FSS, NPS(National Pension Service), Korea Exchange, GCF(Green Climate Fund), UNEP FI, and GGGI(Global Green Growth Institute), etc., we are endeavoring to establish a guideline for domestic financial institutions’ responses to climate risks and introduction of sustainable finance and to formulate an execution plan accordingly. We discuss how financial institutions can perform social responsibility and respond to climate change risks through studies of global climate finance trends and presentation of best practices, and will explore various opportunities for social change in the future.

Status of Socially-responsible Investment[1] (Unit: KRW 100 million, %)

Category	Scale of Operation	Revenue	Rate of Return
Renewable energy	2,257	120	5.3
Green(eco-friendly) power generation	5,240	235	4.5
SOC	10,218	464	4.5
Total	19,996	899	4.6

1) As of December 2018

Business Case

Investment in a Renewable Energy Power Generation Project

We participated in the construction project for a wind farm(wind power generation complex) with a total capacity of 26MW(2MW x 13 units) located in Daegi-ri, Wangsan-myeon, Gangneung City(senior direct loan, equity and subordinate loan participation via funds, etc.).

Our investment and loan agreement for this project was signed around August 2015, with withdrawals being made in installments according to the construction schedule, and construction was completed in March 2017. Since April 2017, it has been in successful commercial operation.

Daegi-ri Wind Farm

Global Business

China and Vietnam

DB Insurance conducts joint projects with its subsidiaries in China and Vietnam, transferring its business knowhow, and by transplanting its corporate culture, is laying the foundation for differentiated competitiveness in the local market.

Joint Projects with Subsidiaries

	China	Vietnam
2014	1 round Improved claim adjustment system	
2015	2 round Built TM channels	
2016	3 round Formulated channel strategy	
2017	4 round Built exclusive sales channels	• Enhance competitiveness of TM business • Upgrade auto insurance payment system • Enhance competitiveness of treaty reinsurance 1 round
2018	5 round Strengthen competitiveness of general insurance, and stabilize exclusive channels	2 round (newly) Upgrade banca channel management system
2019	6 round Enhance the capability of private-channels' sales and establish a CM business model	3 round Build an investment-risk management system

China

DB Insurance entered the Chinese market via joint venture with local partners by acquiring equities, not independent, solo entry, in consideration of high barriers in an early stage of market entry and uncertainty in the Chinese market. The company entered the Chinese market gradually through the opening of its Beijing office in 2006, the acquisition of equities of insurance brokerage firm in Qingdao in 2011, and the acquisition of shares of a local Chinese insurance company in 2013. In particular, we are laying the foundation to effectively take on the Chinese market such as securing local business capabilities through participation in the management of a local Chinese insurance company with a right to cover all of China and joint insurance business, etc.

Vietnam

DB Insurance aims to become a market leader in the high-potential Vietnamese market. Through the acquisition of Vietnam PTI in 2015, we have established a local business base and introduced differentiated services in the local market including Vietnam's first advanced Korean style bancassurance. In 2019, we will expand our customer contact channels by developing online insurance products, and secure business expansion platforms in the Indochina Peninsula by strengthening cooperation with our partners.

Promoting joint business with overseas subsidiaries

U.S.

Our business in the U.S. is focused on local consumers. Unlike our competitors, which sell corporate insurance products mainly for their affiliated companies, we are working on auto insurance and housing fire insurance for locals, pursuing differentiated strategies from our competitors.
Also, we established a local control tower(U.S. Business Support Division), securing competitiveness for continued business growth in the U.S., thereby upgrading its expertise such as enhancing local strategic functions and improving operational efficiency. In addition, in order to build a system capable of competing with local insurance companies, we make efforts to secure sustainable business capabilities such as training local professionals.

Expansion of Business Focuses for U.S. Branches

With the motto of profitability–based expansion of business lines, we are striving towards stable growth in the U.S. market with differing regulatory/litigation environments and characteristics from state to state. We have been gradually expanding business lines since 2018 by actively utilizing precise market analysis ability and underwriting capability.

Market Expansion for U.S. Branches(Plan)

- 2018 Ohio — Launched commercial auto insurance products
- 2019 Indiana — Business launch expected (Received business license in June 2018)
- 2020 Texas, Pennsylvania — Plan to acquire new business license

Guam

Since the establishment of our Guam branch in 1984, we have grown into a dominant insurance company, thanks to close ties with local dealers for over more than 35 years based on community trust. After Typhoon Yutu in 2018, we contributed to fast disaster recovery in Guam and Saipan by providing prompt compensation and early insurance payment, thus supporting economy recovery. Hence, we continue to be loved as an insurance company that rewards its customers' trust.

Hawaii

By maintaining close relationships with dominant market channels (ranked 1^{st} to 7^{th}) and developing and selling products reflecting customers' needs, we sustain steady growth each year. In 2018, we recorded an insurance premium revenue of USD 71.9 million(G/R 7%), further solidifying our status as a TOP Player in the market.

California

Because of our thorough localization strategy, we have secured various sales channels not only for ethnic Koreans but also for all residents in the region, and provide customer-oriented IT systems and products that meet customer needs. Also, we are readying ourselves to sell commercial auto insurance in other states by developing strategic partners, thereby securing a continuous base for growth.

New York

With package products which provide property/liability coverage for easily accessible small business owners and with comprehensive homeowners insurance products targeting general residents, we are channeling our focus on the local market. Recently, we have diversified our channels and portfolios to ensure business stability. In Ohio during the 2^{nd} half of 2018, we have been targeting the eastern U.S. commercial auto insurance market.

Branches in the U.S.[1]

Category	Unit	Guam	Hawaii	California	New York	U.S. Business Support Division
No. of employees(local recruits)	Persons	6(3)	14(11)	10(8)	10(8)	30(22)
Revenue	USD in million	39.5	71.9	51.9	32.8	-

1) Based on reporting of overseas branches' performance to Financial Supervisory Service(as of the end of 2018)

Sustainability Section

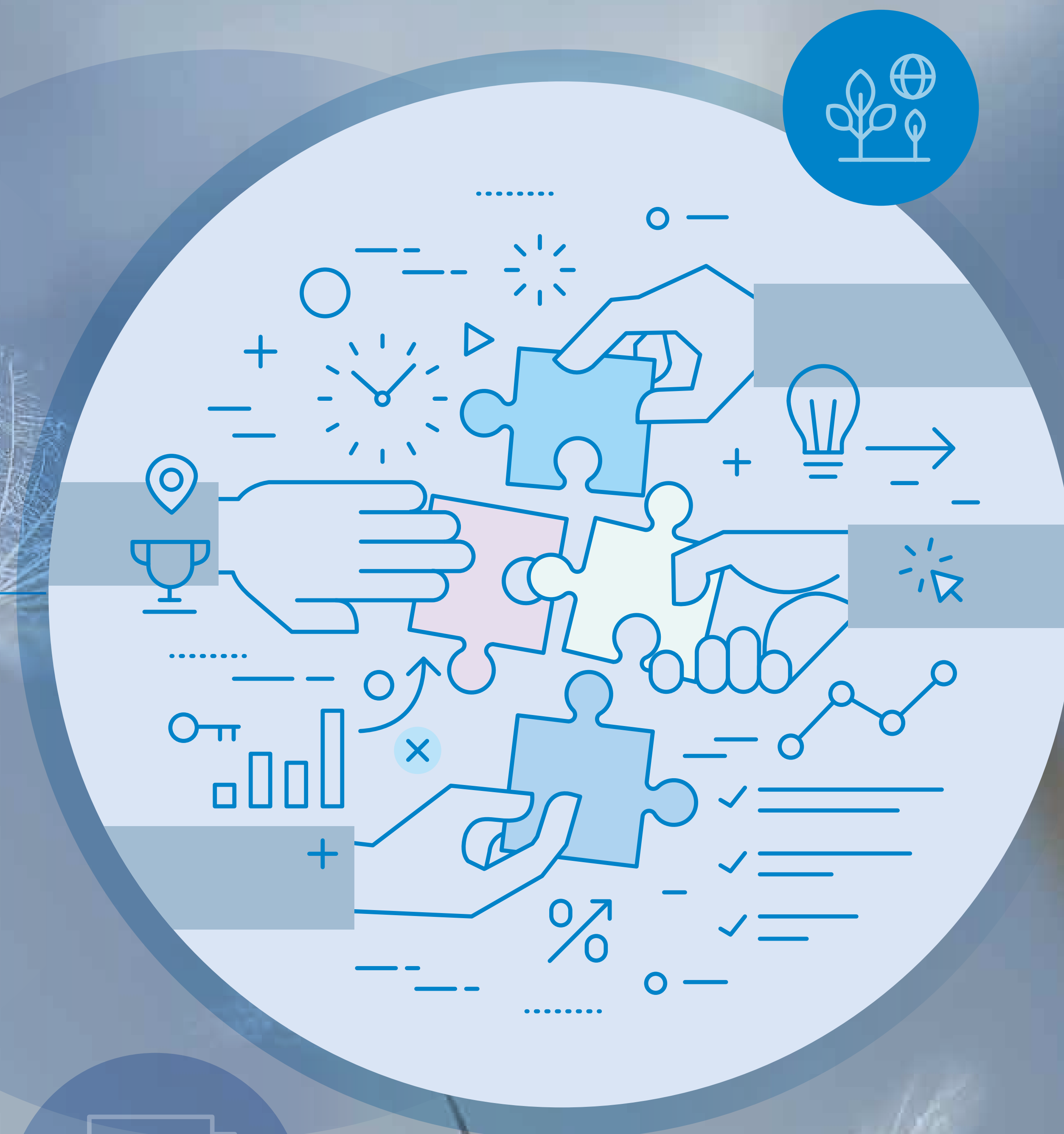
Sustainability Managment KPI
(Target year: 2022)

ENVIRONMENT

1. Develop Eco-friendly Products
2. Reduce Green House Gas(GHG) Emissions
3. Increase Investment in Eco-friendly New Renewable Energy

SOCIETY

1. Ethical Management (Compliance Assessment Results)
2. Develop Pro-social Products
3. Amounts of Social Contribution Costs (Compared to Net Income of Current Term)



MATERIAL ISSUE

RESPONSIBLE INSURANCE

Significance of Issue

Due to the long-term global trend of low interest and growth rates and the saturation of domestic insurance market, developing products geared to fulfil customer needs and reflect market trends is crucial for corporate sustainable growth. Also, globally, we are continually seeking society-wide solutions for various problems such as environmental and demographic issues, and especially in the insurance industry, there is a growing interest in social, environmental responsibility-based products and services.

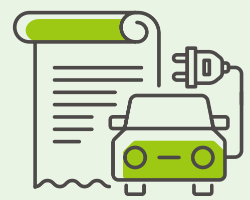
DB Insurance's Approach Strategy

By developing customer-centered products and expanding insurance services for the financially-marginalized class (e.g., launching products for anamnesis group and the elderly, DB Insurance responds to a variety of insurance needs. In addition, to actively participate in the resolution of global social and environmental issues, we continuously develop society- and eco-friendly products embodying the insurance industry's characteristics, such as environmental impairment liability insurance, green insurance, and driving habit-linked insurance to induce safe driving, etc.

2018 Key Performance

No. of SmarT-UBI Auto Insurance subscribers

424 thousand subscribers



No. of Electric Vehicle Exclusive Auto Insurance subscribers

15,548 subscribers

No. of insurance products with exclusive rights

14 cases (the most in the industry)

Product & Service Development Process

DB Insurance operates a product and service development process founded on establishing a product management strategy, conducting product planning and gathering opinions, finalizing development plans, and getting product approval, thereby flexibly responding to internal/external environmental changes which can affect product composition. In long-term and auto insurance in particular, the Product Development Committee and Product Strategy Council systematically examine the social and environmental impact of our new products and develop products and services that can bring new value to our stakeholders, customers, and community.

Strengthening Competitiveness through Insurance Products with Exclusive Rights[1)]

Insurance product differentiation not only provides special value to customers but is a main factor in strengthening an insurance company's business competitiveness. Through continuous product diversification efforts, DB Insurance acquired exclusive rights for "Health Insurance with Progressively Greater Benefits" and "Excellent Health Insurance for Family" in 2016, "Excellent Comprehensive Insurance" and "Excellent Motorcycle Driver's Insurance" in 2017, and "Excellent Driver's Insurance" in 2018, Long-Term Nursing Care Cost Risk Ratio in 2019(14 cases in total). This set a record for the most exclusive rights in the non-life insurance industry, which is the result of the company's product development capability being recognized by third parties.

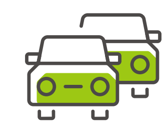
1) Exclusive Rights: A system whereby the Korean Non-Life Insurance Association grants exclusive rights to the insurer for up to one year after an independent review when products with new and creative features are introduced

Development of an Insurance Product with Expanded Coverage for Traffic Accident Risks and Acquisition of Exclusive Rights

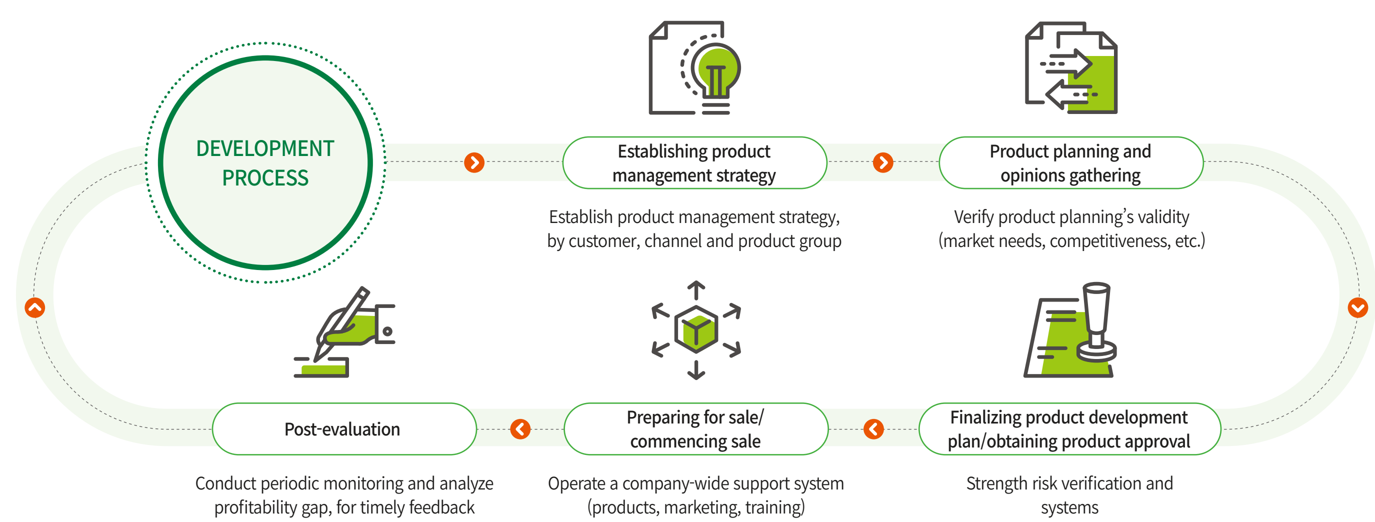
In 2018, DB Insurance acquired the 6-month exclusive rights for "Excellent Driver's Insurance" from the General Insurance Association of Korea. With this product, we became the first Korean insurer to develop a special provision for accidents involving passenger vehicles equipped with ADAS(Advanced Driver Assistance System)[2)], such as lane departure warning, forward collision warning, etc.. In these cases, customers will receive an additional insurance payment instead of a discount on their insurance premium, thus expanding our accident coverage system. We have been especially rewarded for our creativity and efforts in developing traffic accident risk-reduction factors as a new form of benefit and linking social trends, such as the development of autonomous driving technology and higher penetration rate of advanced safety features, with insurance, thereby enhancing the utility of the insurance industry. In the future, we will continue to reinforce our competitiveness by developing differentiated insurance products that reflect social trends.

2) ADAS(Advanced Driver Assistance System): One of the core technologies of autonomous driving vehicles. When an ADAS-equipped vehicle departs its lane without the turn signal being switched on, a warning sound is played for the driver. The front collision warning system senses the distance from obstacles in front of the vehicle and gives the driver in advance warning, helping to prevent fatal car accidents.

Key Characteristics of Excellent Driver's Insurance



1. Criminal liability coverage for unexpected gross negligence of drivers
2. Coverage not only for traffic accidents but also general injuries that may occur in everyday life (with the purchase of special offers)
3. Expansion of the automatic early withdrawal system allows payments of KRW 200,000 per year starting two years from the contract date
4. Insurance premium discount of 1% for group subscriptions of 10 or more persons



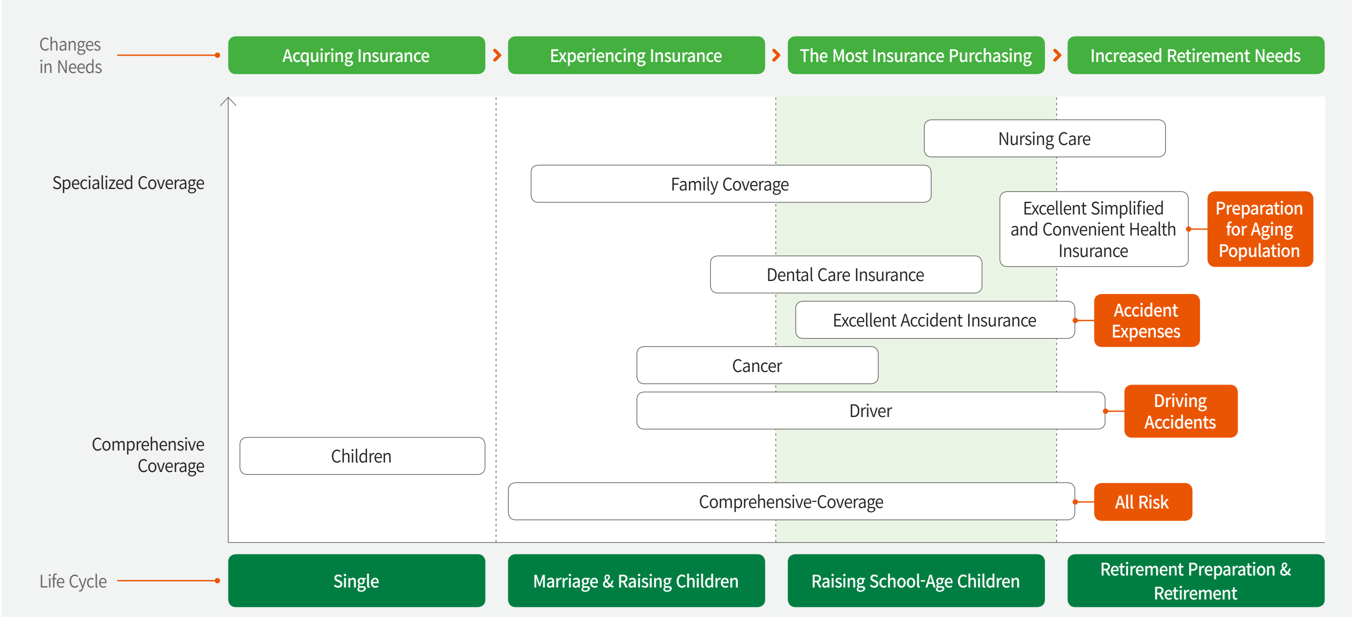
Developing Products Optimized for Customers' Needs

DB Insurance develops products and services optimized for customers through, big data- and research-based analysis of customer needs and continuous monitoring of the trends in external environment such as market trends and demographic changes. We strengthen our customer contact management such as building a customer experience-integrated monitoring system and a customer value assessment model and developing customer value-based management process differentiated per value chain, and also expand our customer value-oriented product portfolio such as product matching and special-coverage product launching according to customer's time of insurance contract and life cycle.

Analysis of changes in external environment, and provision of differentiated customer value based on customer needs

New technology and IT infrastructure	Competition	Customers	Regulation and policies
• Expanding new sales channels through IT technology • Accumulating and sharing customer data(Big Data), and strengthening analysis thereof • Intensifying competition among similar financial products due to increased abilities to collect customer data	• Increased market entry by various types of new competitors • Intensifying competition within the industry for the same customer base	• More complex/diverse customer needs • Greater needs for personalized goods and services • Greater customer needs for One-Stop Shopping	• Abolishment of life/non-life insurance barrier and permission of cross recruitment • Proliferation of all-round competition among financial industry sectors due to deregulation for economic revitalization

Product Matching According to Customer Life-Cycle



Pro-social, Eco-friendly Products and Services

Expanding Insurance Products to the Insurance-disadvantaged

We provide various insurance products which benefit underinsured groups such as anamnesis group and the elderly, and expand various insurances, such as introducing a pro-social underwriting process considering social, environmental issues. In particular, by developing "Nice and Easy Care & Dementia Insurance" wherein notice items for insurance contract are minimized so that anamnesis group and the elderly can get insurance, we enabled the underinsured group, who had been having difficulties in using insurance due to chronic diseases, to obtain insurance coverage easily.

Simplified Notification	
Health insurance that can be purchased by the elderly and anamnesis group through simplification of questionnaires	
Target demographic	the elderly, anamnesis group
Product name	Excellent Simplified and Convenient Health Insurance

Accidents	
Injury insurance that covers daily life risks such as injury/monetary damage/ liability	
Target demographic	the elderly
Product name	Excellent Accident Insurance

Nursing Care	
Nursing care insurance to cover nursing care funding in the event of conditions requiring nursing	
Target demographic	the elderly, anamnesis group
Product name	Convenient, Family Love Care Insurance

Medical Indemnity	
• Medical indemnity insurance for the elderly • Medical indemnity insurance with simplified duty of notification	
Target demographic	the elderly, anamnesis group
Product name	• Out-of-pocket Medical Insurance for Seniors • Convenient Out-of-pocket Medical Insurance

Sales of SmarT-UBI Auto Insurance

To encourage customers to drive more safely, in 2016 we launched "SmarT-UBI(Usage Based Insurance)", the first insurance product in Korea linked to driving habits. Through this product, information on driving speed, quick starts and quick stops, etc., is collected through a navigation app in the smartphone of the subscriber, and insurance premiums are discounted by 10% for safe driving. It is a differentiated InsurTech product which links auto insurance with ICT(Information and Communications Technology). Through this, the driver can prevent traffic accidents by safe driving, and at the same time can enjoy the economic benefit of insurance premium saving. Also, we adopted a post-settlement process wherein insurance premium will be refunded when the aforesaid driving score condition is met after the smarT-UBI auto insurance contract even if the driver did not agree to such condition at the time of insurance contract signing, and as of December 2018, we have sold as many as 424 thousand such products.

Provision of Electric Vehicle Exclusive Auto Insurance

In line with the government policy of increasing the supply of eco-friendly vehicles, we offer "Electric Vehicle Exclusive Auto Insurance", which includes discounted insurance premiums and coverage tailored to electric vehicles. Given the nationwide dearth of electric vehicle charging stations, we offer an emergency towing service for up to 60km, and cover the risks of electric shock injuries that may occur during charging and the economic burden of battery replacement. In the future, we will continue to promote the eco-friendly electric vehicle market with a focus on drivers' needs.

Other Eco-friendly Insurance Products

Insurance	Description
Bicycle Insurance	This insurance product, which protects bicycle riders against unexpected accidents, was developed to encourage the use of bicycles by ensuring the safety of riders and to strengthen environmental protection by helping to boost the number of bicycle on the roads.
Auto Insurance	DB Insurance provides various insurance products aimed at reducing greenhouse gas emissions through the return of a part of repair costs or premium discounts for participating in such special offers as the use of recycled parts for vehicle repair, the Carless Day campaign, agreed mileage limits and receiving auto insurance documentation by e-mail.

Business Case

Launch "Convenient, Family Love Care Insurance" for anamnesis group and the elderly

As the population rapidly ages, more and more people are looking to reduce the economic burden of a healthy retirement and later life care. Thus, from the initial product planning stage, DB Insurance has prioritized coverage area reviews, to reduce economic burdens on underinsured groups, and launched "Convenient, Family Love Care Insurance", which is applicable to anamnesis goup with chronic diseases and the elderly. Through a simplified questionnaire at the time of underwriting regarding dementia, cancer, eligibility for elderly long-term care insurance, etc., even the elderly and persons in poor health may be able to receive coverage for long-term medical expenses with this product. Thus, we have strengthened the "social safety net" function while at the same time helping customers to prepare for a happy, healthy retirement.

Environmental Impairment Liability("EIL") Insurance

DB Insurance has developed and is selling an "EIL Insurance"[1] product which is mandatory for environmental impairment liability under the "Act on Liability for Environmental Damage and Relief Thereof". Also, in order to reduce the social risk of environmental impairment, we have developed a product covering damages in excess of the coverage limit of the mandatory insurance, and in order to improve awareness on voluntary insurance covering the excess damages and expand participation therein, we conduct professional consulting and education, etc. on an ongoing basis. In addition, we collect and manage information on environmental pollutants handled by business sites subject to the mandatory insurance(about 13,000 sites nationwide) by nurturing regional experts on EIL insurance. In particular, in 2018 we obtained a patent for our "methodology of assessing environmental pollution liability risk of hazardous chemicals", and in the future we hope to develop an insurance product that can cover environmental pollution liability and to provide information on quantitative environmental liability risk.

1) EIL(Environmental Impairment Liability) Insurance: Liability insurance covering physical disability, property damage, pollution removal costs, legal expenses, etc., incurred by third parties due to environment pollution. It was developed to prevent corporate bankruptcy as a result of damage compensation and to provide speedy compensation to victims of environment pollution accidents where proving damages is difficult and litigation is exorbitantly expensive. In July 2016, this insurance became mandatory.

Facilities that must be insured

❶ Air	Class 1 & specific air pollutant emission facilities
❷ Water	Class 1 & specific water pollutant discharge facilities
❸ Wastes	Designated waste disposal facilities
❹ Soil	[Facilities designated by Presidential Decree] Oil pipeline, petroleum manufacturing & storage facility with 1,000 kℓ or more storage capacity, and facilities required to file the risk management plan
❺ Hazardous Chemicals	[Facilities designated by Presidential Decree] Facilities required to file the risk management plan
❻ Marine	Same as facilities subject to the statute

Coverage of EIL insurance

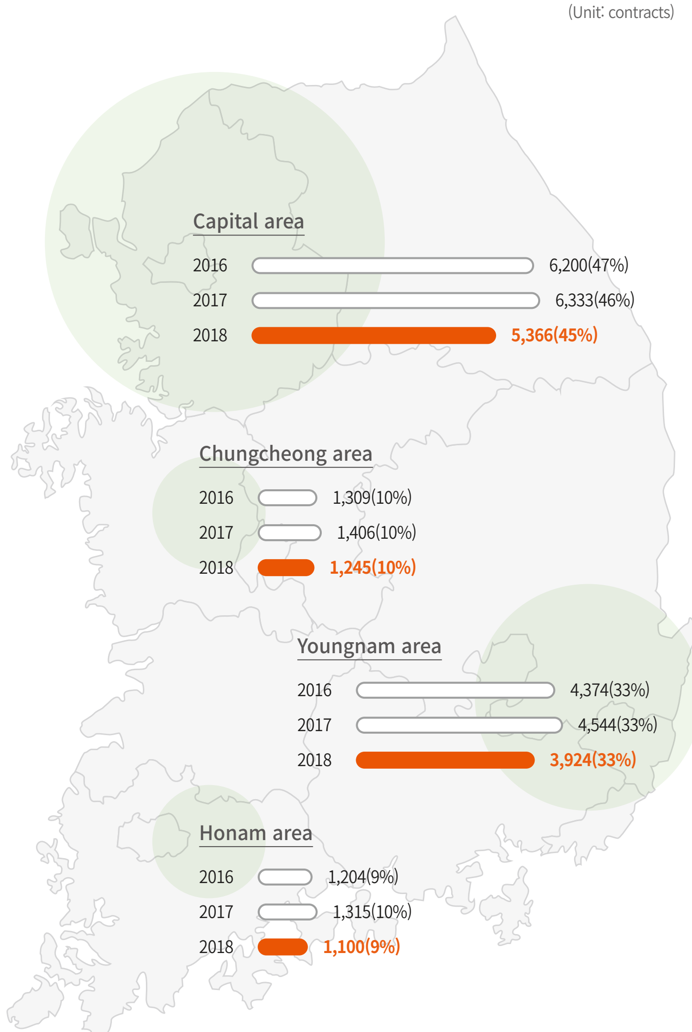
Covered damages

Environmental pollution arising from installment/operation of the facility stated in the insurance policy, which the insurance purchaser has to compensate the victim under the law during the period of insurance

❶ Legal damages
❷ Cost of damage prevention(excluding cost of pollution clean-up within the business site
❸ Cost of litigation, attorneys' fees, and cost of arbitration, settlement, or mediation
❹ Deposit guarantee insurance premium

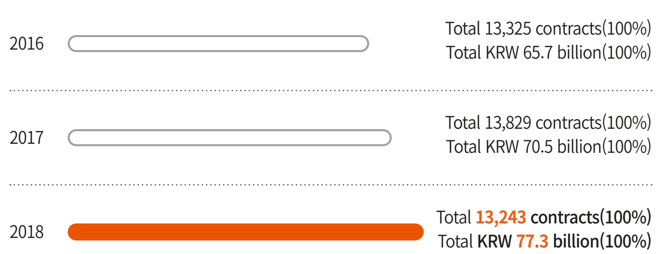
Subscriptions for Environmental Liability Insurance by Region

(Unit: contracts)



※ Ratio within the parentheses: share of the relevant region compared to the entire country

Insurance Premiums



MATERIAL ISSUE

Customers

Significance of Issue

Customers are not only core stakeholders forming the basis of management activities but also a major priority consideration for enhancing corporate sustainability. In particular, with recent reinforcement in the consumer protection regulation(e.g., the Financial Supervisory Service for enactment of "Financial Consumer Protection Act"), it is necessary to achieve customer value through consumer-centered management and secure growth engines.

DB Insurance's Approach Strategy

As a company that pursues a happy society with customers, DB Insurance provides differentiated customer services based on systematic, consumer-centered management strategies. We strengthen customer satisfaction by setting up a preemptive incomplete sales control system, promoting continuous customer communications utilizing diverse channels, and establishing a customer-centered corporate culture.

2018 Key Performance

Complete sales ratio **99.6%**

The Evaluation of Financial Consumer Protection by The Financial Supervisory Service

Best Non-life Insurer

Amount of reported MR (Moral Risk)

KRW **32.6** billion

Consumer-Centered Management("CCM")

Strategic Direction

DB Insurance, a company that pursues a pleasant society with customers, has established a consumer-centered management strategy, and operates various consumer opinion-collecting channels to design and provide products and services from our customers' perspectives. Also, we have built and are operating a strict consumer protection system, thus putting consumers' rights above all else in the stages of product sales, claim adjustments, etc.

Operation of the Consumer Rights Protection Committee

In May 2018, we improved the convenience of our operations by changing the way we request consumer rights protection from the old hand-written method to an electrical review request one. In 2018, we reviewed 3,725 consumer disputes and complaints, and the rate of customers accepting recommendations rose to 76.1%. In addition, as for frequent disputes arising from violations of the notification obligation, we conduct detailed reviews with medical professionals, thus striving for consumer-centered, objective dispute resolution.

Consumer Protection and Service Management System

To secure independent job conduct and enable speedy decision-making, DB Insurance has placed the CCO(Chief Consumer Officer) and CCO-overseen departments under the direct supervision of the CEO, thereby implementing a management system centered on protecting financial consumers. The CCO and CCO-overseen departments have the authority to participate in the early stages of the product, service, and marketing planning, to review potential for customer satisfaction impairment, and when any abnormalities are detected, to request suspension of new product launches and marketing, and other improvements, etc. Also, we operate the Consumer Policy Committee composed of the CCO and executives, and provide related departments with monthly feedback on consumer-related indicators such as customer complaints, VOC, and the complete sales ratio, thereby improving our service quality and conducting a review of important consumer-related policies and improvements to the system.

Consumer-Centered Management(CCM) Strategy

CCM taking root through differentiated quality of customer service

Upgrade CCM performance management

Build a preemptive, incomplete sales control system	Secure competitive edge in MOT service quality	Upgrade customer response capability	Customer-centered corporate culture taking root
• Strengthen complete sales monitoring process • Strengthen on-site checks of complete sales • Improve monitoring of TM channel calls	• Upgrade service quality monitoring • Expand and strengthen consumer engagement • Continuously improve quality of customer information materials	• Upgrade consumer rights protection system • Improve "problem consumer" response system • Strengthen preemptive, complaint prevention activities	• Conduct employee CS capability-enhancing activities • Form company-wide consensus for consumer protection • Refine CS evaluation system and strengthen feedback
• Complete sales monitoring system • Call monitoring system	• Integrated CS monitoring system • Customer information materials review system	• Consumer right protection and deliberation(review) system • Complaint / VOC handling system	• Promy Campus On-Line CS learning system • Online CCM evaluation-checking system
Complete sales ratio E-monitoring utilization rate	CS monitoring satisfaction Consumer suggestion adoption rate	Complaint handling period VOC recurrence rate	CCM campaign participation rate

Building a Preemptive, Incomplete Sales Control System

Roadmap for Complete Sales

Building a Preemptive, Incomplete Sales Control System

1 Beginning(2007~2011)
• Create a complete sales organization
• Establish a monitoring process
• Amend sanction criteria for incomplete sales

2 Expansion(2011~2013)
• Expand year-round inspections by General Insurance Association of Korea
• Strengthen sanction criteria for incomplete sales
• Reflect incomplete sales ratio (on-site inspection) in sales manager's MBO

3 Stabilization(2013~2016)
• Change monitoring process
• Develop TM speech analysis system
• Inspect complete sales on-site via GA channels

4 Rebounding(2016~present)
• Build real-time system for complete sales monitoring
• Control new contract planning by incomplete sales recruiters
• Improve accuracy of complete sales monitoring through open-ended inquiries

Strengthened Complete Sales-monitoring Process

To reduce incomplete sales, we improved the complete sales monitoring process so that whether or not customers received sufficient explanation and services from recruiters can be confirmed before an insurance contract. If monitoring shows "incomplete sales", measures are taken so that no further incomplete sales can be made through the automatic design control in the system. This prevents incomplete sales, contributing to a "complete sales" culture by which customers can safely purchase insurance.

Strengthened On-site Checking of Complete Sales

We have developed leading indicators of complete sales, periodically disclose these indicators, and perform on-site checks of sales organizations with poor results, thereby managing incomplete sales elements in the field. We have in place a system with simplified procedures from the previous offline checks to online checks, enabling prompt responses to changes in the field. By laying the ground for sales organizations themselves to improve complete sales quality through real-time on-site checks, we are minimizing incomplete sales at customer contract points.

Improved Monitoring of TM Channel's Calls

Through our "call monitoring system", we support GA(corporate agencies) sales channels for stability in TM-initiated contracts. To prevent insufficient explanations and omissions regarding insurance products and services, we developed an electronic script and helped give consumers a clear understanding of the products and improved contract quality. Thus, we improved negative perceptions of TM-initiated contracts and removed elements that infringed on consumer rights, thereby contributing to the creation of a sound sales environment.

Business Case

Chosen as the "Best Non-life Insurer" in the Evaluation of Financial Consumer Protection

In September 2018, we were selected as the "best non-life insurer" in the "The Evaluation of Financial Consumer Protection" an annual, comprehensive evaluation by the FSS of 66 financial companies' capability for financial consumer protection. In all ten categories, which include quantitative items(number of complaints, complaint handling, number of lawsuits, business continuity, financial incidents) and non-quantitative items(organization/system, product development, product sales, complaint management, consumer information), we received "good" or higher grades(2 "outstanding" and 8 "good" grades), which allowed us to receive the FSS Governor's award for being "meritorious institution in the financial consumer protection category in 2018", which is given to the best company in each sector.

Securing a Competitive Edge in MOT Service Quality

Upgrading Monitoring of Service Quality

To implement CCM, we have changed our method of monitoring employees' call responses to the "mystery" method, speedily handle customer complaints("subjective comment" format) by linking them with the VOC process, and statistically analyze by type, and continuously manage, complaints through monitoring. Also, in our CS quality improvement sessions, which are attended by departments with low monitoring scores, we carry out feedback and improvement activities. And in order to manage and improve customers' service satisfaction, we survey customer satisfaction through links with outside survey firms, analyze the results, and establish improvement plans and feedback by customer contact point through the same customer satisfaction-dedicated organization.

Expanding and Strengthening Consumer Engagement Activities

To strengthen communication between the company and customers, we conduct consumer evaluator group activities, which explore company-wide customer contact issues and seek "consumer-perspective" service quality improvement. In particular, as a first in our industry, we operate "consumer policy advisors", where outside consumer protection experts participate in the consumer evaluator(review) group activities and the consumer policy committee, thereby securing expertise and objectivity of consumer suggestions on consumer policy, customer service quality, etc.

Adoption Rate for Consumer Evaluator (Review) Group's Improvement Suggestions

78.4%

Continuously Improving the Quality of Customer Information Materials

For stage-by-stage improvement of company-wide customer information materials, we have established and apply the guidelines for core information materials, continuously improving quality by using visualization techniques. Also, to refine the process of reviewing information materials, we conduct sampled verification of the review-completed materials, and by sharing review errors and mistakes, reinforce coaching for the personnel responsible. In addition, we systematically manage the histories of company-wide information materials through an "information materials review system". In particular, in 2018, we introduced the "mobile registered mail service", where one can easily receive customer information materials through KakaoPay certification, enhancing customers' convenience.

Upgrading Customer Request Handling Capability

Upgrading the Consumer Rights Protection System

We computerized the deliberation procedure of the "Consumer Rights Protection Committee". Previously, descriptions of disputes and consumer's requests had to be written by hand, causing the dispute resolution procedure to be somewhat complicated and to take a long time, but by computerizing the procedures of request and result notification, we enhanced speedy consumer dispute resolution and strengthened on-site support.

Improving the Response System for Problem Consumers

With social responsibility for financial consumer protection being recently strengthened, we conduct various activities and policies to improve financial consumer protection and customer service. However, in the process there have been unexpected effects such as customer service employees' grievances due to problem consumers, and so for efficient response and employee protection, we produced a "problem consumer response manual" based on our response activities thus far to problem consumers. The manual consists of "preventing problem consumers", "types of and responses to problem consumers", "cases of responses to problem consumers", "crimes by problem consumers and cases of punishment", etc.

Strengthening Preemptive Activities to Prevent Customer Complaints

To prevent frequent types of customer complaints, we operate a "customer complaint early warning system". Depending on the number of monthly complaints, we apply a 3-step("caution, warning, danger") classification and notify the field, identifying, in advance, signs of repetitive complaints and comprehensively monitoring not only the number but the types and severity of customer complaints.

Consumer Evaluator(Review) Group

Establishing a Consumer-Centered Corporate Culture

Activities for Improving Employee CS capabilities

To establish a CCM culture through CS quality competitiveness, we conduct company-wide CS capability-reinforcing activities. Each month all employees continuously conduct basic CS activities: "departmental CCM learning session" and "CS Story" activities, and we operate various CS training programs(Promy Campus On-Line CS learning for all employees, CS level-up curriculum for department CS coaches, etc.). Also, to achieve consumer protection through the protection of financial consumer rights, we hold "consumer protection conferences" for consumer protection personnel where we promote understanding of the company's and financial authorities' consumer protection policies. In addition, we share cases of good and bad CS through in-house broadcasting programs and conduct CCM-themed campaigns concerning praise and communication among employees, endeavoring to internalize CCM.

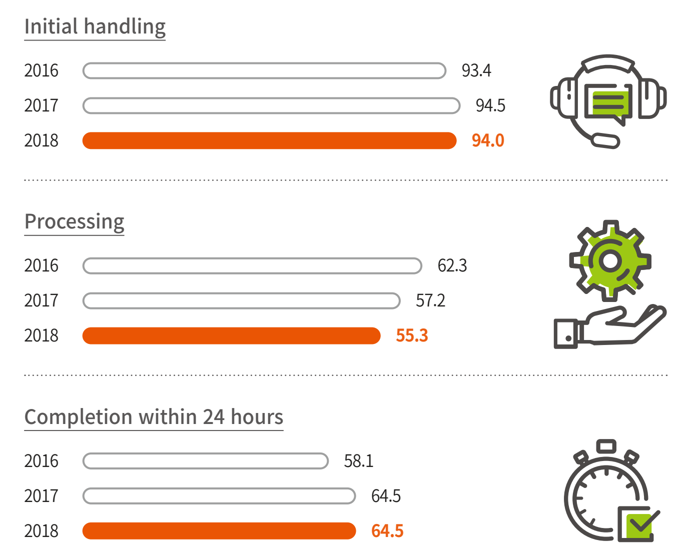
Forming Company-wide Consensus for Consumer Protection

To raise employee interest in VOC and prevent customer complaints, we run the "Consensus! VOC" program where each month all employees listen, through the company portal system, to important customer complaint VOC recordings and share problems in the VOC handling process, implications, and solutions. Also, as for employees causing multiple complaints and "incomplete sales" personnel, we continuously engage in activities to form consensuses on consumer protection through "VOC Training Center" program such as a VOC prevention capability course, VOC consulting course, complete sales execution course, consumer experience course, etc. As a result of these efforts, we have become the first non-life insurer to receive the Fair Trade Commission's CCM certification 6 times in a row.

Refining CS Evaluation System and Strengthening Feedback

In order to establish a customer-centered corporate culture, we are actively motivating our employees, such as by reinforcing the CCM MBO and the monthly/quarterly CCM quality awards and giving employees prizes at the semi-annual management strategy meetings. In addition, we are raising the interest of our employees by sharing system-based CS evaluation results and strengthening our feedback through CS consulting and other activities targeting poor-CS departments.

Status of VOC Management (Unit: %)



Performance

Indicators			Unit	2016	2017	2018	Remarks
Complete sales ratio			%	99.2	99.3[1]	99.6	
Sanctions made through internal inspection of incomplete sales	On-site inspection (Individuals)	Sales suspension	Persons	1,113	535	766	
		Warning	Persons	2,858	1,302	1,040	
	On-site inspection (TM)	Sales suspension	Persons	285	228	131	
		Warning	Persons	265	1,176	509	
CS monitoring score			Points	94.6	95.7	96.2	In-house customer satisfaction survey for all sales channels
Customer satisfaction survey DCSI[2]			Points	74.3	75.1	75.4	Based on the Korean Service Quality Index by the Korean Standards Association

1) Data based on performance between January and June of 2017. Due to changes in the "complete sales monitoring system" by the Financial Supervisory Service, only pilot operation indicators are available between July and December of 2017.
2) DB Insurance Customer Satisfaction Survey

MATERIAL ISSUE

Digital Insurance

Significance of Issue

Rapid development in digital technology is changing the insurance value chain such as product development, sales, underwriting, and insurance payment, while expansion of convergence between financial and other industries is intensifying competition in the insurance market. Thus, there is an increasing need for fundamental changes in the insurance industry(e.g., exploring new customer value-based business models through digital technology).

DB Insurance's Approach Strategy

To be the leader of data-based financial innovation, DB Insurance pushes for company-wide digital conversion by applying digital technologies to various fields of its management and field operations. We established a mid- to long-term InsurTech innovation roadmap, identified key tasks through value chain digital level diagnosis, made our internal process more efficient based thereon, and created new customer experiences by reinforcing digital-based products and services.

2018 Key Performance

Accuracy of development of electric fire prediction model

83.3 %

Introduce customer behavior analysis system

Improvement of contract finalization rate improvement: 8.1 %p

(14.9%(2017) → 23%(2018))

Inform customers of customer-tailored, best repair contractors

Improvement of case handling rate: 6.6 %p

(Annual operation budget saving of KRW 1.44 billion)

InsurTech Innovation System

InsurTech Innovation Strategy

For the shift to a "Digital Insurance" based on the convergence of new InsurTech technologies and business, DB Insurance has established the 2020 mid- to long-term strategy for InsurTech innovation. In the 4 major fields of AI(artificial intelligence), customer experience innovation, big data, and open innovation, we implement InsurTech innovations using blockchain, cloud computing, IoT, CX(customer experience), etc., in order to secure customer trust. Additionally, by identifying new products and services and achieving efficiency across our entire operation through the use of new InsurTech technologies such as AI-based business automation and a strategic decision-making support system using big data, we plan to position ourselves as at the head of the digital insurance industry.

Pursue Digital Insurance through Convergence of New Technology Elements and Biz.

Secure the trust of customers using Smart assistant(mobile, chatbot, and customer experience)	Build a big data-based strategic decision-making support system
AI-based business automation	Create efficient IT assets by utilizing cloud
Develop IoT-based and customer-tailored products	Business innovations using block chain technology

Company-wide Digital Level Diagnosis and Task Identification

To preemptively respond to the rapidly changing digital environment and formulate breakthrough improvements through the use of new digital technologies, DB Insurance has diagnosed its digital level for each value chain. By investigating and analyzing 70 advanced cases at home and abroad and comparing their level of technology application per process unit, we identified key tasks for each value chain, from marketing to product, U/W, claim adjustment, customer service, and support work. We are planning a stage-by-stage implementation of these tasks Until the end of 2020, which will upgrade our business process and create a new customer experience.

Initially, we plan to conduct business automation through "Robotellers" improving the automation rates for emergency dispatch reception and complete sales monitoring from a 49.8% and 0% as of the end of 2017 to 60% and 70%, respectively until the end of 2020, thereby saving KRW 4.16 billion in business expenses per year. We will also build an AI review system, which will automate the monitoring of 40,000 calls a month until the end of 2020 and save KRW 1.62 billion of business expenses per year.

Mid- to Long-term Roadmap for InsurTech Innovation

In order to implement the mid- to long-term InsurTech innovation strategy, DB Insurance has established a mid- to long-term roadmap for 2020. In 2019, we have selected key tasks and are implementing automation for our AI-based call center operations, upgrades to our big data-based forecasting model, U/W sophistication, mobile/chatbot innovations to customer experience, open innovation for a more affiliated ecosystem, and digital culture dissemination and expert training, etc. From 2020, as a leader in InsurTech, we will begin to digitize all areas of our insurance business, thus expanding the customization of new products and services, and secure digital business competitiveness on a global scale through improvements to and greater efficiency in our internal business processes.

Stage 1 Based Deployment ~ December 2016

- Establish mid- to long-term informationization strategy
- Launch UBI insurance product
- Operate "2020 digital strategy meetings"
- Mobile system for claim adjustment
- Introduce chatbot service
- Establish the Digital Innovation Part

Stage 2 Digital Transform 2017~2020

- Diagnose companywide digital level and identify tasks
- Perform AI-based business automation
- Build RPA(Robotic Process Automation)[1] system
- Upgrade big data-based forecasting model
- Innovate CX(Customer Experience) in customer channels
- Build mobile system for business use
- Develop new, alliance-based InsurTech products/services
- Build open API platform
- Build InsurTech development system

Stage 3 Hyper Convergence After 2020

- Expand AI across our entire operation
- Establish big data-based decision-making structure
- Create blockchain-based financial ecology
- Expand use of cloud service
- Expand "Open Innovation" platform
- Implement organization-wide services for DB Financial Group
- Expand InsurTech development programs
- Expand InsurTech innovation organization

1) RPA(Robotic Process Automation): Company-wide business automation system which processes simple, repetitive, and regular tasks(data collection, etc.) through robots(such as computers, etc.)

Creation of InsurTech Innovation Governance

For our new digital technology-based InsurTech business, DB Insurance has established the Digital Innovation Part, which focuses on AI, big data, customer experience, and open innovation. The Digital Innovation Part, composed of experts in the fields of AI, big data, blockchain, mobile, IoT, and cloud computing, acts as the InsurTech control tower, setting the direction of InsurTech strategy, implementing individual tasks, and exploring mid- to long-term future-growth businesses. Additionally, we operate a governance system for executive decision-making. This involves strengthening the company-wide functions of InsurTech business strategy coordination and consultation through monthly "2020 digital strategy meetings" and reporting important matters to the BoD and CEO. In addition, we secure "drive" by offering opportunities for general stakeholders(consumers, research institutions, etc.) to attend meetings and present their opinions on different issues. Furthermore, by strengthening our collaborative network with competent, third-party companies specializing in InsurTech, we have secured our InsurTech competitiveness in the industry. In doing so, we have verified various technologies, such as a chatbot that supports simple designs, in different fields(AI, big data, blockchain, digital platform, etc.) In the future, we will identify business items for collaboration(reception of emergency dispatches and car accident reports using location information, etc.) across all fields such as products, marketing, U/W, and claim adjustments.

Create Company-wide Digital Culture and Train InsurTech Experts

DB Insurance runs its Dream Big Business School to respond to ICT-based changes in customer and market. This strengthens the employee's capacity for digital innovation and creative, logical problem-solving abilities to foster talents for customer-centered innovation capabilities and digital response abilities.

Innovation Design Course (2-year)

- Ⅰ
  - Understand and improve business process for better output
  - Observations of all aspects of marketing
- Ⅱ
  - Establish future business strategy based on creative and logical problem-solving and customer value

Digital Design Course (1-year)

- Understand and apply digital new technologies responding to the 4th Industrial Revolution-induced changes in customer and market

Improved Operational Efficiency Through New Digital Technologies

Business Automation Through RPA

DB Insurance has installed RPA so that it can effectively respond to the shorter work hours that come with the "52-hour work week" and help its employees commit themselves to creative job performance during work hours. Twenty-eight simple and repetitive jobs have been automated so far, such as collecting and providing external information(from government ministries, etc.), preparing reports, and checking and monitoring that required documents are not missing, all of which is expected to save 29,100 hours of unnecessary work. In the future, as the system becomes more stable, we will continue to expand the scope of automated works, thus not only securing our status as a leading digital insurance company but pursuing more efficient management through per-capita productivity improvement.

Expectations through RPA

Expectations	Description
Save costs	• 29,100 hours or more of unnecessary work saved each year through automation
Reduce lead time	• Speedy handling of and increase in work handled (ex, the time required for preparing a report has decreased from 1 hour or more to less than 3 minutes)
Improve accuracy	• More accurate work results from removing human errors such as calculation mistakes
24×365	• After-hours handling by Bot, except for work requiring immediate response
Improve customer satisfaction	• Meeting customers' time expectations through speedy application to work
Increase employee productivity/ satisfaction	• More time to focus on core work instead of simple tasks
Strengthen responses to regulation	• Employees only perform work as instructed, and according to rules, leading to strengths in security and personal information protection • Processing of digital records for entire work history, enabling monitoring

Improvement of Operational Efficiency Through AI

Through the prediction modeling which utilizes AI(machine learning), DB Insurance has strengthened the efficiency of its operations throughout the value chain. By applying AI machine learning techniques to car and general insurance contract U/W, we have upgraded our U/W system. We developed an AI loss ratio prediction model, which allows us to continuously manage data on the risks of various elements affecting loss ratio and build a data-based, standardized U/W system. Also, in regard to claim adjustments, setting a reasonable amount for a personal damage settlement used to depend on employees' subjective judgment. But we built a standardized, settlement system in 2018 for calculating damages that uses machine learning to analyze the types and patterns of compensation for the past 5 years of claim adjustment data. Through this, we expect to decrease our loss ratio by 0.5% and create additional earnings of KRW 15 billion per year. We are using the same system to select customers looking for standardized or unsecured loans and provide them with product information.

Systematic Decision-making Based on Big Data

By making use of existing unused data, external data(public, social, etc.) and new market analysis technologies, DB Insurance established a mid- to long-term roadmap for the construction of its big data system, with the goal of strengthening our InsurTech service competitiveness. In 2017, we performed pilot projects to accumulate substantial experience in big data analysis(e.g., strengthening marketing that uses amorphous data), and in 2018 executed full-fledged business improvement projects based on the construction of a data governance system and platform. In the future, with fostering and systematization provided by our analysts, we will perform company-wide analysis projects based on our internalized platform, expanding its application to data-based, speedy, accurate decision-making and achieving continuous, ongoing improvements in work efficiency.

Selection of Customized, Top Suppliers

In the event of a car accident, to inform its clients, of its best contractors with lower repair costs and higher customer satisfaction, and also to improve its case handling rate, DB Insurance has selected optimum contractors through pre-analysis of customer and vehicle information. This enables its call center representatives to more effectively discuss, with the client, the best contractors. By doing that, we improved the case-handling rate for repair-concluded domestic vehicles from 20.4% to 27%(6.6%p up), achieving an annual operation budget saving of KRW 1.44 billion.

Introduction of a Customer Behavior Analysis System

For CM channels where we cannot obtain direct feedback from customers due to the characteristics of online sales, we introduced a customer behavior analysis system. This has allowed us to check customer behaviors such as interest categories, improve UX/UI with analysis of information collected from customer experience events and session replays, enhancing customer satisfaction, and greatly increase our contract finalization rate from 14.9% to 23%. In the future, applications of this system may be expanded to our in-house insurance planner system, etc., thereby contributing to improvements in employee work efficiency.

Development of an Electrical Fire Prediction Model

We became the first Korean non-life insurer to be selected by the government as the "Big-data Flagship Insurer in 2018", and are developing a fire insurance product which applies an external fire prediction algorithm based on big data. By utilizing the Ministry of the Interior and Safety's national building register(6 million buildings listed), the National Fire Agency's past fire data, and the Korea Electrical Safety Corporation's measurement data, we have developed an electric fire prediction model with 83.3% accuracy. After analyzing general and long-term insurance contract and claim adjustment data from the past 5 years and linking it geospatial information and the risk grade calculated with the electric fire prediction model, we classified the fire risk for individual buildings into 5 grades and are now developing a relevant insurance contract discount and surcharge system.

Business Case

Upgrade of U/W System Through Loss Ratio Prediction Modeling

To secure systematic loss management capabilities, since 2016 DB Insurance has been exploring and standardizing customer and claim adjustment data, and in 2018 we introduced the "scoring U/W system". With this, we can not only provide data-based loss ratio predictions, securing objectivity and improving work efficiency, but also, through more sophisticated U/W, give the opportunity to purchase insurance to customers who have had difficulty doing so in the past. We expect a reduction in social costs as well as in individual risk management costs. We will continue to develop our review model, which is based on the disease-screening manual, until the end of 2020, actively utilizing the fast-changing market and big data technology and performing customized U/W. We also plan to establish a sustainable, stable U/W system(e.g., expanding the scope of U/W for anamnesis group and the elderly).

Preparations(2016-2017)

1. Accumulate U/W and claim adjustment data
   - Load U/W data(diagnosis, eligibility, TI, etc.)
   - Identify claim adjustment information usable for U/W (90 items including non-covered items identified)
   - Introduce OCR entry system, etc.
2. Enhance U/W and claim adjustment data consistency
   - Maintain KCD(disease) code between insured disease and claim adjustment
   - Improve consistency of and procedures for external information(Korea Credit Information Services, etc.)
3. Identify claim adjustment and U/W risk factors
   - Establish guidelines for cap on certain fixed-amount collateral
   - Manage key MR indicators(top 10 MR, etc.)

Build smart U/W system

Scoring system

1. Statistical Analysis Modeling
   - Develop analysis methods
   - L/R prediction, adverse selection model
   - Company-wide analysis environment(SPSS-based)
2. Use modeling results for U/W
   - Use predicted L/R for U/W sophistication
   - U/W automatic approval recommended planning automatic collateral suggestion
   - Utilize in U/Wer screening allocation, etc.
3. Predicted L/R monitoring system
   - Advance profit/loss analysis
   - Convert predicted L/R information into data
   - Abnormal signs F/B

Disease screening system

4. Create screening model based on disease manual rules
   - Secure notification consistency
   - Computerize disease screening rules
   - Maintain U/Wer screening procedure

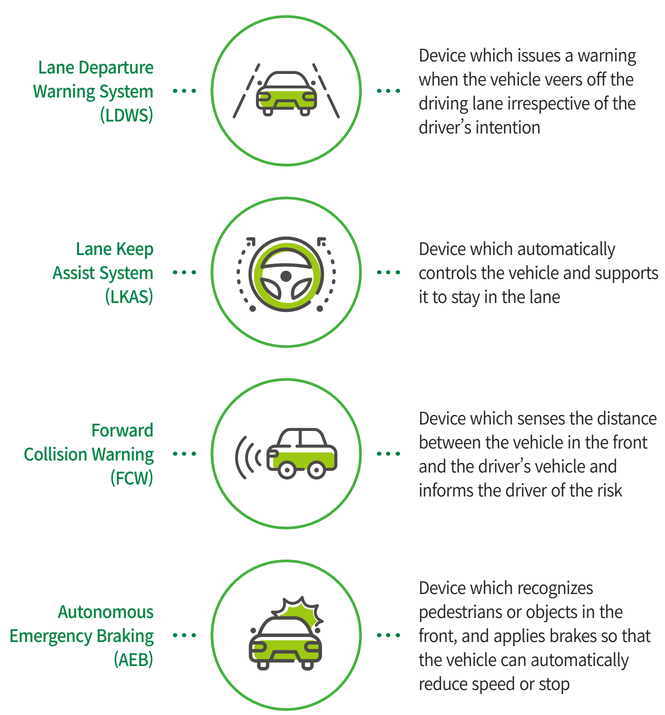
   Link to internal/external information (IFDS, Korea Credit Information Services, etc.)
5. Automate disease screening and load disease data
   - Provide guidance on possibility for underwriting(screening methods)
   - Automate disease screening decision
   - Load, and use for U/W, disease data

Maximize Customer Value through Digital Products and Services

Launching an Advanced Safety Device-related Insurance Product in Response to Development in Self-Driving Technology

With the development in advanced safety device technology and expansion in its use, DB Insurance launched an insurance product offering insurance premium discounts for vehicles equipped with such technology. Most notably, for vehicles equipped with Lane Departure Warning System(LDWS), Lane Keep Assist System(LKAS), Forward Collision Warning(FCW), and Autonomous Emergency Braking(AEB), we offer 2% to 4% insurance premium discounts. Thus, drivers can enjoy benefits such as insurance premium savings as well as driving cars more safely to prevent accidents.

Applicability



Expansion of Dedicated Online Products

By developing insurance products which reflect the characteristics of digital channels and customers, DB Insurance is strengthening the competitiveness of its non-face-to-face channels. With social interest in "fine dust" increasing, we became the first Korean insurer to launch a mini insurance product specialized for particulate air pollution, "Direct Goodbye Fine Dust Health Insurance", which can be purchased through direct channels. By developing a product that reflects social trends, we insure, at low premiums, surgery and diagnosis of respiratory and eye diseases which can be caused by Particulate Matters. Also, to secure young customers who prefer non-face-to-face channels(PC, mobile, etc.) and prioritize "value for money", we have developed "Promy Direct Best Insurance", an Internet-only mini cancer insurance product. Because we offer this at a lower price than general cancer insurance, customers can enjoy cancer coverage for the body parts of their choice, resulting in greater customer convenience. In the future, we will utilize InsurTech to identify consumers' needs, and continue to develop various products to fulfill them, thus reinforcing the differentiation of customer experiences.

Introduction of Registered Mail for Mobile

The increase in one-person and dual-income households has caused the rate of return for registered mail to rise and there have been cases of Insurance compensation becoming payable without customers being notified of their loss of insurance. To solve this problem, DB Insurance offers a KakaoPay-certified Registered Mail Service for mobiles with the same legal classification as ordinary registered mail. Important matters for which registered mail used to be a "must", such as notice of loss of long-term insurance, notice of payment demand for installment insurance premiums in auto insurance, notice of expiration for general compulsory insurance, notice of payment demand for installment premiums and of loss of insurance, etc., can be viewed by customers on their mobile phones. This not only increases customer convenience but strengthens privacy protection. Additionally, we simplified the business process, expect annual operational budget savings of KRW 365 million, and will continue to expand the applications of this service.
In addition, we introduced the KakaoPay-certified Registered Mail Service, enabling easy authentication for confidential messages received via KakaoTalk through the use of pre-registered passwords and fingerprints. We will continue to expand this to make various services available, such as customer information revision, refund requests, etc.

Creation of a Blockchain[1] Ecosystem

To enhance business innovation and consumer convenience, DB Insurance participates in the blockchain consortium organized by the General Insurance Association of Korea and contributes to the creation of a blockchain environment jointly with other non-life insurers. First, by applying blockchain technology to "settlement in co-insurance and re-insurance", we are improving our business process. To solve the problem of large-scale receivables going unpaid due to certain settlement errors under the existing analog method(e.g., data exchange through e-mail or fax), we are automating and enhancing efficiency with our blockchain-based platform, which enables mutual confirmation of transaction terms. Also, we are endeavoring to improve consumer convenience by removing inconveniences. For instance, a consumer generally does not know the detailed specs of his/her vehicle, requiring an insurer to check and enter each of the 10 to 20 pieces of vehicle information. This could result in errors in calculating insurance premiums, but we can simplify auto insurance contracts by using of blockchain-based joint DB(VIN number).

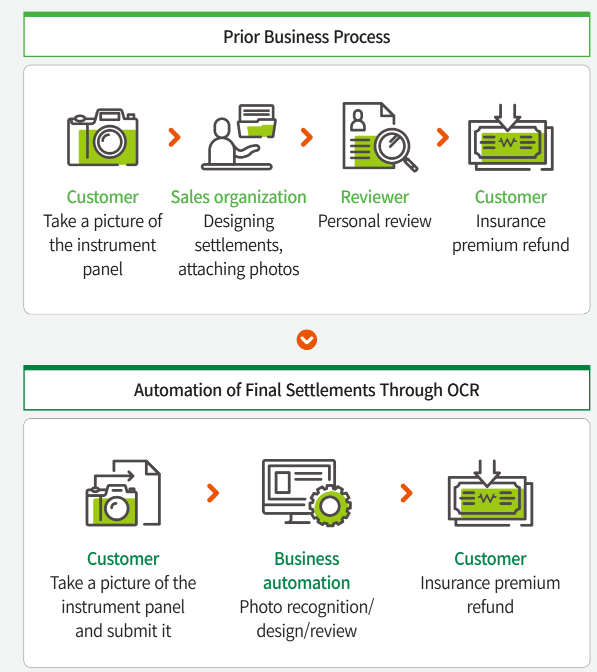
1) Blockchain: A distributed-book technology where system participants jointly record, verify, and store transaction data and thereby ensure the reliability of such data without a centralized agency or body.

Business Case

Build a Quick Insurance Payment System by Launching the "Long-Term Insurance Claim OCR System"

To gain competitiveness in the field of claim adjustments in long-term insurance, DB Insurance has launched "Long-Term Insurance Claim OCR[2] System", which can recognize images of claim documents as texts, turning the content into data at the insurance accident reception stage. It then automatically classifies and stores this data in the electronic document management system. By loading, for the first time in the industry, a dedicated recognition engine developed for document copies, we improved the recognition rate by at least 60% compared to systems currently in use in the insurance industry. Also for the first time in the industry, by applying recognition technology to document images which a customer has taken with a mobile application, we will be able to reduce the time from insurance claim to payment.
In particular, where the "auto insurance mileage" special term[3] is applied to calculate refundable insurance premiums, thanks to our OCR technology we have in place a "One-Stop Mileage Settlement". This can automatically recognize photos sent by customers and use the recognized mileage to automatically calculate and refund insurance premiums. By doing so, we have enhanced the work efficiency of our sales organizations and reviewers and it has become possible for customers to receive insurance premium refunds in real time whenever they please.

2) OCR(Optical Character Reader): A technology which projects light onto the letters, signs and marks of printed documents and converts the reflected light into electric signals(data)
3) "Auto insurance mileage" special term: A special term wherein, given that lower annual mileage leads to lower accident rates, we calculate annual mileage by making a comparison between starting mileage and ending mileage and refunds an applicable portion of the paid insurance premium



MATERIAL ISSUE

Community

Significance of Issue

Globally, corporations are strategically linking social contribution activities with their main business, and recently there has been reinforcement in the government's stance on urging corporations to create social value as well. Thus, corporations are required to continue their efforts to create social value through social contribution activities which not only create economic value but also consider various stakeholders.

DB Insurance's Approach Strategy

For effective social contribution activities, DB Insurance has built a strategic social contribution execution system. Since 2016, we have been coming up with new programs to solve social problems and in 2019, organized the "Traffic & Environment Challenge" competition to solve social problems in the fields of traffic and environment. Also, through department-level Promy Volunteer Corps (employees) and sales organization-level Promy PA Volunteer Corps(insurance planners), we enhance the efficiency of social contribution activities, and with expansion of our global business, are actively promoting global social contribution activities together with local subsidiaries in our major overseas market.

2018 Key Performance

Amount of social contribution investment

KRW **4,794** million

No. of employees participating in social contribution activities

7,807 persons

We organized the
"Traffic & Environment Challenge"
competition in order to solve social problems in the fields of traffic and environment.

Social Contribution System

As "A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers" DB Insurance spreads its spirit of warm sharing to society in three fields: business-based social contribution, sharing with local communities, and participation of employees and sales partners.
Also, it launched its Promy Volunteer Corps in 2006, forming 29 local volunteer corps nationwide under the leadership of the CEO(head of Promy Volunteer Corps), and since 2015 has been implementing systematic social contribution activities, such as conducting various volunteer programs through the sales department-level Promy PA Volunteer Corps.

VISION → A Global Insurance Financial Group that Brings Greater Happiness to Society in Cooperation with Its Customers

SLOGAN → Promise to Protect Love of Family

Business-based Social Contribution

Carrying out social responsibility activities related to main business such as children, safety, and finance

- Installing Yellow Carpets for children's traffic safety
- Holding global finance exploration program
- "1 company 1 school" financial education for youth

Sharing with Local Communities

Expanding customized social contribution activities to create value for local stakeholders

- Promy "Love of Family" Safety Education Festival
- School-sponsored activities for the hearing impaired
- Activating local social contribution activities in the Promy Basketball Team's hometown(Wonju)

Participation of Employees and Sales Partners

Disseminating awareness of the fulfillment of social responsibilities and conducting activities to promote social contribution

- Employees' volunteer activities through "Promy Volunteer Corps"
- Love-sharing volunteering activity centered on sales family
- Global social contribution activities

Operation of Social Contribution Programs Related to Our Business

Installing Yellow Carpets for Children's Traffic Safety

To prevent children from getting into traffic-related accidents, DB Insurance has been installing Yellow Carpets since 2016 which designate pedestrian crossing areas near elementary schools(children protection zone) with yellow signs. To confirm the effect of traffic accident reduction for children through Yellow Carpets, we requested for the Korea Road Traffic Authority to conduct surveys and actual assessments, where a behavioral experiment for areas with yellow carpets and those without them showed an increase in the percentage of children entering the yellow zones. Also, actual assessment of drivers demonstrated the effect of Yellow Carpets, such as the finding that drivers reduce speed in the Yellow Carpet areas. Installation of Yellow Carpets is a priority for Promy PA Volunteer Corps, and in some areas, employees get involved as well. To enhance awareness of children's traffic safety, we launched "Yellow Carpet" TV advertisement in November 2018. By the end of 2018, we installed a total of 299 Yellow Carpets and in 2019 we plan to install new Yellow Carpets in 100 elementary schools nationwide.

Analysis of Child Behavior

Percentage entering yellow zone

Regions without a Yellow Carpet	66.7%
Regions with a Yellow Carpet	91.4%

Analysis of Driving Pattern

The speed of passing a crosswalk

Regions without a Yellow Carpet	33.6km/h
Regions with a Yellow Carpet	16.0km/h

Yellow Carpet advertisement

Holding Global Finance Exploration Program

In order to cultivate global financial talents, DB Insurance has been holding the "DB Financial Essay Competition" whereby college and graduate students have been competing based on their creative and practical ideas over the past 9 years. Winners are given a wide range of benefits such as scholarships, global finance tour program, and exemption of documentary review in DB group's open recruitment process. In 2018, we visited the Federal Reserve Bank, Goldman Sachs, etc. of Wall Street in the U.S as well as global financial institutions in Hong Kong, the financial hub of Asia.

Financial Education for Youth

DB Insurance conducts financial education for youth to improve their financial knowledge and understanding of financial and insurance issues and cultivate a sound financial awareness. We utilize our financial infrastructure in financial education for local elementary and middle school students, and are building a systematic educational infrastructure such as matching 1:1 with schools at each branch. In 2018, we gave financial education to 990 youths in a total of 13 schools.

Implementation of sharing with the community

Promy "Love of Family" Safety Education Festival

DB Insurance provides an opportunity/platform where children, when faced with various risk situations such as fire, swimming accidents, elevator accidents, and kidnapping, can learn to keep their cool and handle the situations. In 2018, we conducted experience activities for children to have fun and enjoy diverse safety education with their family through various programs such as Yellow Carpet, which helps children learn about traffic accident prevention directly, and making transparent umbrellas. In order to disseminate a safe, love-filled family culture, we will continue to operate campaigns related to familial love and safety.

Promy "Love of Family" Safety Education Festival

School-sponsored Activities for the Hearing Impaired

DB Insurance has been sponsoring the baseball team of Chungju Sungsim School for the hearing-impaired and endeavoring to enhance social interest in the disabled and improve their treatment. In 2018, in addition to offering scholarships, we also conducted ongoing exchange activities such as watching DB Promy professional basketball club games with Chungju Seongshim School students.

Business Case

"Traffic & Environment Challenge" Competition to Solve Social Problems in the Fields of Traffic and the Environment

As a global company pursuing a "happy society with customers", DB Insurance organized a competition entitled the "Traffic & Environment Challenge" as one of its social ventures in order to find solutions from diverse perspectives to social problems in the fields of traffic and the environment. The "Traffic & Environment Challenge" is a way of discovering social ventures which have innovative business solutions for traffic safety and environmental problems and fields related to the non-life insurance business, and supporting development programs with mid- to long-term perspectives. For the 2019 Traffic & Environment Challenge competition, a total of 134 companies applied. 5 social ventures were finally selected after document and main screening. DB Insurance plans to explore how to develop these five companies' solutions and achieve sustainable value creation through support of funds and management consulting for business growth.

Areas of Participation

Field of Traffic	Field of the Environment
There are 420.5 road traffic accidents and 8.1 deaths per domestic population of 100,000 and social costs from road traffic accidents stand at KRW 23 trillion, with 680.5 billion in 2017 alone. What innovative business solutions can solve this traffic problem?	With fine dust levels now a "must check" item for people before leaving home every day, and with the plastic wastes created by the disposable we use every day, Korea(the world's 7th largest greenhouse gas emitting country) is aiming for a 37% reduction of its BAU by 2030. What innovative business solutions can solve this environmental problem?

Final Selection of Social Ventures

- Elephant Factory: Contribute to reducing waste and improving the environmental protection awareness of children by developing a used toy repair and reuse recycling platform
- VONUI&CO.: Manufacture children's everyday traffic safety items by developing light-reflecting materials
- Dorothy: Diagnose road safety issues(e.g., potholes) using videos of vehicles driving
- Korea Energy Consulting Technical Center: Contribute to increase in energy efficiency and a reduction of carbon emissions by improving old dilapidated houses for vulnerable classes
- SOMUNA: Green, no-ignition vehicle battery control system

1. Global Finance Exploration Program 2. Love Sharing volunteer activities 3. Activities by Promy Employee Volunteer Group 4. Social contribution activities in Laos

Social Contribution Activities of Promy Basketball Team in Hometown

Established in 2005 with the support of DB Insurance, the DB Promy Professional Basketball Team is carrying out various social contribution activities to support the underprivileged in Wonju, its hometown. The team auctioned the military-look uniform it created and donated the profits to charities, and in particular, its program "With Green Angels", wherein team cheerleaders visit local nursery schools and secondary schools and conduct physical education classes for one day has proven to be hugely popular with local youth. In addition, we conduct various activities to promote affinity among local communities, such as Basketball Camp with children of DB Insurance's MVP customers and local underprivileged youth, Support of Love Rice, Support of Love Basketball Hoops to Local Schools, domestic travel sponsoring for underprivileged children, and inviting patients with rare, hard-to-cure diseases to basketball games.

Participation of Employees and Sales Partners

Employees' Volunteer Activities through "Promy Volunteer Corps"

Promy Volunteer Corps, participated in by DB Insurance employees, runs diversely themed volunteer programs including cleanup activities for the low-income class, sharing of "love briquettes", Promise Box Making, Get-together Camp and Love house Habitat, etc.

In the future, to actively participate in solving social issues and cultivate corporations' mature volunteer culture, we will continue to perform various social contribution activities.

Love-sharing Volunteering

Led by its nationwide Promy PA Volunteer Corps, DB Insurance is conducting its Love-sharing Volunteering activities for underprivileged children in local children's centers and nurseries and for seniors living alone. Love-sharing Volunteering consists of programs such as facility renovations, living environment improvement, and cultural experiences. This is an annual event that allows us to convey true love and sharing.

Global Social Contribution Activities

Since 2017, DB Insurance has been conducting, in its key overseas business bases, global social contribution activities contributing to the development of local communities. In February 2018, we conducted social contribution activities in Vientiane, Laos, with 60 volunteers that included honors students from the Department of Korean Language at the National University of Laos. In addition to constructing classrooms and painting murals, we ran programs that included making educational instruments and transparent umbrellas, and sports events. In 2019, we plan to perform volunteer activities in the Indochina Peninsula.

Corporate Governance

Corporate Governance

BoD

As the highest decision-making body in the company, the BoD(Board of Directors) makes important managerial decisions and audits the management of the company. In order to establish a responsible management system from the mid- to long-term perspectives and to enhance the fairness and transparency, the CEO serves as the chairman of the BoD. To ensure the BoD's soundness through its independence and checks and balances, an independent lead director representing all independent directors is elected separately. In addition, we are building a sound and independent corporate governance structure through continuous improvements to corporate governance, including the formation of subcommittees centered on independent directors.

Composition of the BoD

As per its Articles of Incorporation, DB Insurance operates a BoD that consists of three to ten directors. There should be at least three independent directors to form a majority. Through the resolution of the annual general meeting of shareholders(AGM) in 2018, and under the Act on Corporate Governance of Financial Companies, independent director Sangyoung Park was reappointed through a "separate election of independent directors who are also nominated for Audit Committee members". In addition, independent directors Seungwoo Lee and Seongkook Kim were reappointed. Also, in the AGM of March 2019, independent director Seongkook Kim was reappointed through a "separate election", and independent director Jeongho Choi was newly elected and independent director Seungwoo Lee was reelected. The BoD meetings consist of regular meetings held quarterly and ad hoc meetings held when there are management issues. The BoD resolves important management issues prescribed by applicable laws, its Articles of Incorporation, and its BoD Regulation. In the decision-making process, the BoD makes deliberations and resolutions by considering social and environmental impacts and corporate governance issues.

Operation of the BoD

Category	Unit	2016	2017	2018
No. of meetings held	Session	8	9	8
No. of agendas submitted	Agenda item	16	17	24
Attendance rate[1]	%	97.4	97.8	100

1) Attendance rate of all registered directors(2 executive directors/3 independent directors), minimum of attendance for all members required: 80%

BoD Profile

(as of December 2018)

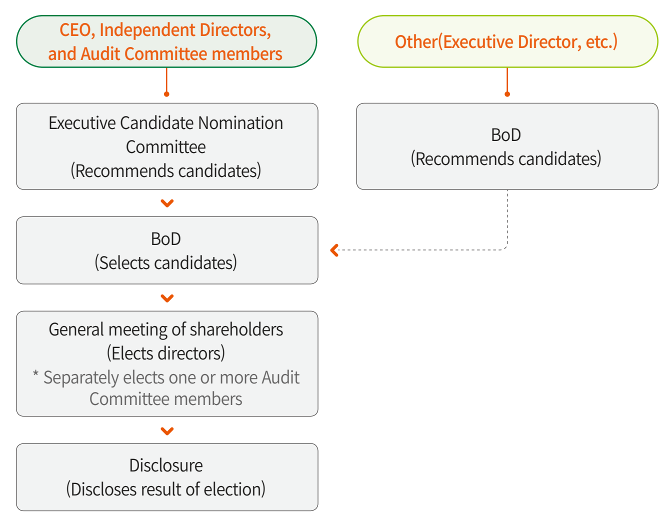
Name	Title	Year of Birth	Gender	Incum bency	First Appointment (Most Recent Appointment)	Incumbency	Field of Expertise	Major Background		Industry experience[2] (Finance/ insurance)
Jeongnam Kim[3]	CEO - BoD Chairman	1952	Male	3 years	2009.6.12 (2018.3.16)	9 years 6 months	Financial Services (Non-life Insurance)	• Head of Individual Business Division, DB Insurance • Head of New Business Division, DB Insurance	• Head of Management Support Division, DB Insurance • (Present) President of DB Insurance	39 years
Sangyoung Park	Independent Director - Independent Lead Director Audit Committee Member	1954	Male	1 year	2013.6.14 (2018.3.16)	5 years 6 months	Financial Administration Fair Trade	• Economy Planning Board • Senior Secretary to the President for Economic Affairs • Fair Trade Commission	• (Present) Advisor of Yulchon Law Firm • (Present) Independent Director of Korea Airport Service	30 years
Seongkook Kim	Independent Director - Audit Committee Member	1950	Male	1 year	2016.3.18 (2018.3.16)	2 years 9 months	Financial Business Financial Administration	• Insurance Bureau at the Ministry of Finance • Financial Services Commission	• Korea Securities Finance Corp. • President of IBK Credit Information	33 years
Seungwoo Lee	Independent Director - Audit Committee Member	1952	Male	1 year	2017.3.17 (2018.3.16)	1 year 9 months	Financial Business Financial Administration	• Ministry of Finance and Economy • Presidential Secretariat (Economic Policy Secretary)	• Vice Chairman of the Financial Supervisory Commission • President of Deposit Insurance Corporation	28 years
Yeongmann Kim[3]	Executive Director	1954	Male	3 years	2017.3.17 (2017.3.17)	1 year 9 months	Financial Services (Non-life Insurance)	• Head of Product Development Team, DB Insurance • Head of Management Planning Team, DB Insurance	• (Present) Management Support Chief/CFO, DB Insurance	38 years

2) Experience of working in financial companies and finance-related institutions
3) The Company's shares held by directors(Registered directors are not obligated to own the Company's shares)
• Jeongnam Kim(CEO, executive director): 73,000 shares of common stock(Compared to basic salary: 13.18 times as of end of 2018)
• Yeongmann Kim(CFO, executive director): 1,500 shares of common stock(Compared to basic salary: 2.64 times as of end of 2018)

Process of Electing Directors

DB Insurance recommends candidates for CEO, Independent Directors, and Audit Committee members through the Executive Candidate Nomination Committee under the Act on Corporate Governance of Financial Companies. The Executive Candidate Nomination Committee consists of 3 or more directors, a majority being independent directors, and under the Company's regulations its chairman must be selected from independent directors.
The Executive Candidate Nomination Committee forms and operates candidate pools for independent directors and the CEO, and reports on the operating status of the pools at least once a year to the BoD. Those from the candidate pools who have passed a screening process covering their expertise, fairness in past work, ethics, and responsibility are recommended by the Executive Candidate Nomination Committee as candidates, and then are elected as CEO or independent directors by resolutions of the BoD and the general meeting of shareholders.
The appointment of the CEO is carried out in accordance with the procedures of the CEO Succession Regulation and emergency measures to prevent a managerial vacancy caused by the replacement or vacancy of the CEO. Details of the election of directors are disclosed in the Annual Corporate Governance and Compensation Report on the Company's website.

Process of Electing Directors



Operation of the candidate pool

(Unit: persons)

Category	No. of members
CEO candidate pool	9
Independent director candidate pool	35

Independence of the BoD

1. Independent director shall not have been employed by the Company as top management including the CEO in the past 5 years
2. Independent director and/or his/her family shall not have received money in any form whatsoever from the Company or its parent company or subsidiary, in the past 3 years
3. Independent director and/or his/her family shall not have served as an executive of the Company or its parent company or subsidiary in the past 3 years
4. Independent director shall not be the Company's advisor, consultant, or its top management's advisor, nor be in a relationship of alliance with the Company
5. Independent director shall not be in a relationship of alliance with the Company's key customers(suppliers) or partner companies
6. Independent director shall not be in a relationship of personal transactions or service contract with the Company or its top management
7. Independent director shall not be in a relationship of transactions or alliance with NGOs, etc. receiving a significant amount of contributions from the Company
8. Independent director shall not have served as a partner or employee of the Company's auditor in the past 3 years
9. Independent director shall meet the independence or other requirements designated by the BoD, and shall not have conflicts of interest with the Company

Expertise of the BoD

Independent director candidates are nominated after fair verification in accordance with the regulations of the Executive Candidate Nomination Committee and other applicable laws. The company identifies and nominates directors from a pool of candidates composed of experts with a broad understanding and practical experience of not only the financial industry but also relevant fields including the economy, law, accounting, and the media.

Diversity of the BoD

The BoD promotes diversity in its composition by appointing directors with extensive experience and professional knowledge of the financial industry and competitiveness in professional or specialized sectors such as non-life insurance business, financial industry regulation, fair trade, and personnel/labor management. In addition, director candidates are not discriminated against for reasons of gender, race or ethnicity, nationality or country of origin, etc.

Diversity Policy of DB Insurance

Diversity of the workforce in terms of age, gender and race is an asset to the company. We are committed to leveraging the diverse backgrounds, experiences and perspectives of our people to provide excellent, equal customer service to the communities we serve. We therefore pursue diversity at all job levels and at all workplaces including subsidiaries. The company's diversity has been reinforced by the establishment of policies to correctly recognize the importance of diversity in all areas of insurance business such as recruitment, human resources development, competency enhancement, retention of employees, assignment of jobs, and mentoring/training programs.

BoD Activities

Prevention of Conflicts of Interest

The BoD receives periodic reports on the results of prior reviews and audits of potential conflicts of interest(e.g., internal transactions) conducted by the Risk Management Committee and the Audit Committee under applicable regulations. For matters that are likely to cause conflicts of interest according to the reviews and audits, subcommittees support the BoD's decision-making by submitting their opinions. When the approval requirements prescribed by the BoD and applicable laws are not met for relevant matters, the BoD can restrict such matters from proceeding. Under Article 34 of the Enforcement Decree of the Commercial Act, our BoD does not recommend or elect, as director, anyone serving as director, officer(executive), or Auditor Committee member of two or more companies other than us(DB Insurance).

Subcommittees within the BoD

In accordance with applicable laws and the Articles of Incorporation, there are 6 subcommittees under the BoD. Each subcommittee deliberates on and resolves matters delegated by the BoD.

Enhancement of Fairness in Performance Compensation for the Senior Management

The Compensation Committee is entirely composed of three independent directors to ensure objectivity and fairness in performance evaluations for senior management including the CEO and CFO. The compensation for senior management is paid on a deferred basis of at least three years in accordance with the "Executive Performance Compensation Regulation". In addition, the company has stipulated the method of recovering compensation from the management. The compensation system is disclosed in the Annual Corporate Governance and Compensation Report on its official website.

Compensation Ratio[1]

Total compensation for CEO		KRW 732.1 million
Annual compensation of employees, except CEO	Median	KRW 68.2 million
	Mean	KRW 71.6 million
Ratio of employee compensation and CEO's total annual compensation	Ratio of the median compensation	10.7 times
	Ratio of the mean compensation	10.2 times

1) Compensation includes bonuses(performance compensation).

Composition and Roles of the BoD's Subcommittees

Category	Duties	Composition	Chairperson	Requirement
BoD (Board of Directors)	Decide important management issues; convene general meeting of shareholders, approve financial statements and business plans, etc.	3 independent directors & 2 executive directors	Jeongnam Kim (Executive director)	When the chairperson is not an independent director, appoint a independent lead director(current independent lead director: Sangyoung Park); a majority shall be independent directors.
Audit Committee	Appoint the external auditor, conduct independent audit of the company's operations and accounting, analyze the status of sales and assets, etc.	3 independent directors	Sangyoung Park (Independent director)	Shall consist of 3 or more directors, with at least 2/3 or more and the chairperson being independent directors.
Risk Management Committee	Make decisions on key risk management issues, such as establishing risk management strategies, setting risk limits, and managing group-level risks	2 independent directors & 1 executive director	Seungwoo Lee (Independent director)	Shall consist of 2 or more directors, with a majority and the chairperson being independent directors.
Compensation Committee	Operate and review performance compensation system for executives and employees	3 independent directors	Seongkook Kim (Independent director)	Shall consist of 3 or more directors, with a majority and the chairperson being independent directors.
Executive Candidate Nomination Committee	Manage and review candidate pools for CEO and independent directors, and recommend candidates for CEO, independent directors, and Audit Committee members	2 independent directors & 1 executive director who is not the CEO	Seongkook Kim (Independent director)	Shall consist of 3 or more directors, with a majority and the chairperson being independent directors.
Internal Transaction Committee	Review, in advance, matters related to internal transactions such as transactions with subsidiaries	2 independent directors & 1 executive director	Sangyoung Park (Independent director)	Shall consist of 3 or more directors, with at least 2/3 or more being independent directors.
Management Committee	Make decisions on frequent, general management issues, such as branch opening/closing, manager appointment, etc.	2 executive directors	Jeongnam Kim (Executive director)	Shall consist of 2 or more directors, with the CEO being the chairman.

Performance Evaluation of the BoD

DB Insurance evaluates the operation of the BoD and its subcommittees and also evaluates all its registered directors. The methods and main contents of the evaluation are disclosed once a year in the Annual Corporate Governance and Compensation Report.

Homepage Disclosure URL of the Annual Corporate Governance and Compensation Report

https://ir.idbins.com/english/invest/EnFactSheetList.jsp

Composition of Shareholders

DB Insurance has a total of 70,800,000 issued shares of common stock and has not issued any preferred stock. Under applicable laws, we are listed in the Korea Exchange and may issue classes of shares with restricted voting rights, but may not issue shares with unequal voting rights(e.g., poison pill, golden share) as per applicable domestic laws.

Major shareholders with 5% share or more (as of December 31, 2018)

Category	Share(%)		Remarks
Kim, Nam-ho	9.29	25.84	Largest shareholder
Kim, Jun-ki	7.44		Affiliated person (family)
Kim, Ju-won	3.52		
DB Kim, Jun-ki Cultural Foundation	5.59		Affiliated non-profit corporation
National Pension Service	10.87		Pension fund
Matthews International Fund	5.75		Overseas investor
BlackRock Fund	5.60		Overseas investor (Jan 18, 2019)

※ Based on the total number of voting shares

Sustainable Management of the BoD

Each quarter, DB Insurance holds a meeting of its Sustainable Management Committee, which decides major sustainability issues such as company-wide sustainable management strategies. The Sustainable Management Committee consists of key management personnel, with the CEO as its chairman, and its activities and major decisions are reported to the BoD once a year. In 2018, results of the DJSI evaluation and the adequacy of contributions to affiliated non-profit corporations were reported to the BoD. In addition, we have the Sustainable Management Working Committee, a subcommittee under the Sustainable Management Committee, to ensure its smooth operation. This subcommittee has three divisions: Economy, Environment, and Society. Each division identifies key issues by analyzing internal/external environmental issues related to sustainable management, identifying stakeholder issues, etc., and carries out detailed improvement tasks. Issues and improvement tasks identified by the subcommittee are reflected in our corporate strategies through the Sustainable Management Committee's resolutions.

Tasks of the Sustainable Management Working Committee

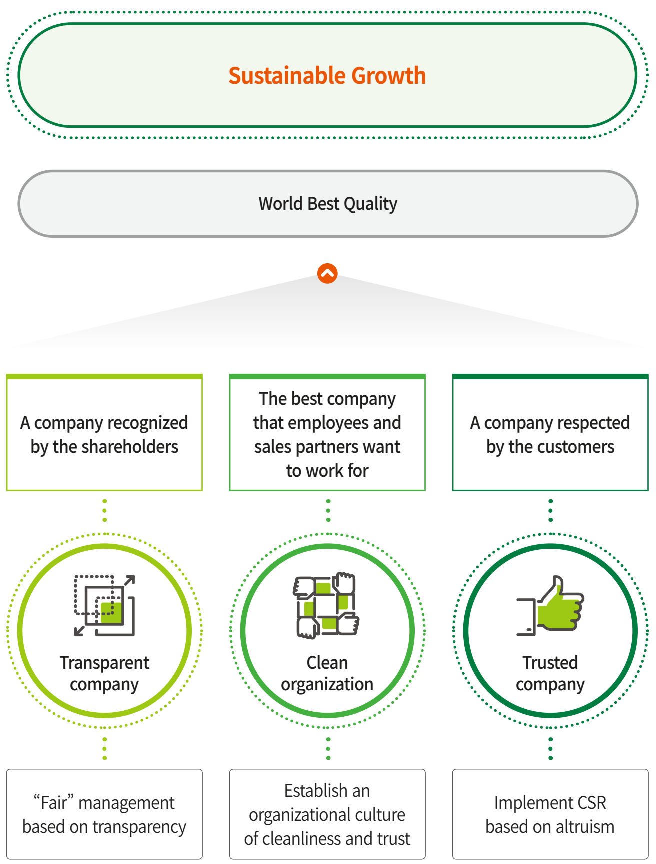
Overall sustainable managemen	• Advancing sustainable management strategies, and establishing a working-level organization and operational system for sustainable management
Environmental areas	• Establishing environmental management policies, strengthening environmental KPI management, and developing eco-friendly products and services • Creating carbon-neutral plans, and building an environmental risk recognition system
Economic areas	• Strengthening independence and transparency of the BoD, and enhancing responsibility for sustainable management • Reinforcing operational transparency of the Code of Ethics, and improving consumer protection • Increasing brand value assessment, and establishing an integrated stakeholder management system • Strengthening stakeholder issue analysis and the sharing system
Social areas	• Advancing social contribution strategies, advocating human rights and diversity, and enhancing safety and health management • Bolstering external cooperation and networks, and improving social contribution performance management • Introducing supplier guidelines, and furthering business partner management • Strengthening responsibility for the underprivileged, and responding to the issue of population aging • Asset management in consideration of CSR

Ethical Management

Establishment of a Foundation for Ethical Management

Compliance Management System

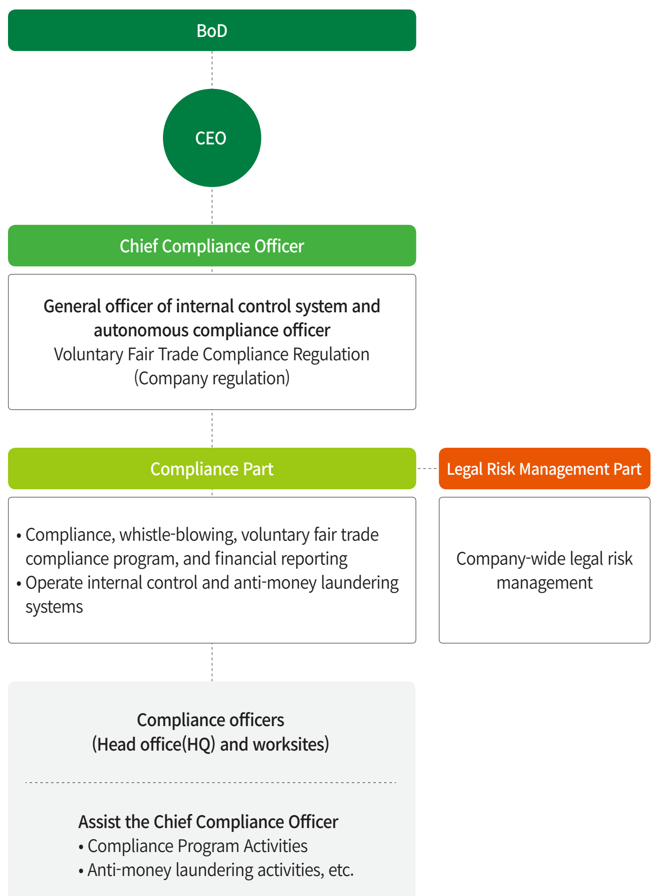
In 2017, DB Insurance became the first Korean insurer to acquire "ISO 19600" certification, an international standard for compliance management system, proving its global-level compliance management system in terms of compliance policy, risk identification and assessment, control and monitoring, internal review, business performance review, etc. In addition, by reflecting the Improper Solicitation and Graft Act in our Code of Ethics and its implementation guidelines, we are spreading ethical awareness across our entire operation. In addition, by reflecting the Improper Solicitation and Graft Act in our Code of Ethics and its implementation guidelines, we are spreading ethical awareness across our entire operation.



Ethical Management Governance

DB Insurance is operating its Internal Control Committee, chaired by the CEO, to discuss matters related to internal control such as inspecting and responding to vulnerable areas regarding financial accidents and internal controls, and reporting on the inspection results by branch offices. We have appointed the Chief Compliance Officer under the CEO to ensure the independence of compliance management. We are improving efficiency and professionalism by clearly separating roles and responsibilities among the Compliance Part, Legal Risk Management Part, and compliance officers.

Organization for Ethical Management



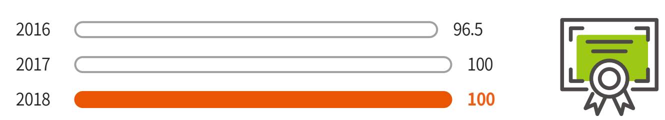
Systematic Management of Company-wide Compliance

To strengthen company-wide management of internal control, each year DB Insurance conducts internal control activities in accordance with our internal regulations and compliance risk management guidelines. Also, learning compliance is mandatory in our introductory programs for new employees(general and administrative categories), and we have diversified contents to help spread compliance(company broadcasting, VOD, etc.), enhancing employee interest and understanding. In addition, we conduct mandatory compliance training for each department and report the results to the Compliance Part, and in 2018 further strengthened compliance training(e.g., by conducting offline classroom training once a year for departmental compliance managers).
Additionally, there is a subject on ethical management in the basic curriculum for our subsidiaries, which include DB Car Claim Adjustment, DBCAS, DBCSI, DBCNS, DBMNS, etc., and each subsidiary must sign an online Pledge of Compliance tailored to its business characteristics. As such, we are spreading compliance culture to our subsidiaries. Furthermore, we operate the Ethical Issue Reporting Center on our homepage, which enables reporting on unethical acts by employees and sales organizations.

Major Internal Control Activities(2018) (Unit: activities)

Category	No. of activities	Description
Constant monitoring	12	Monitor key indicators of sales and claim adjustment departments
Monthly inspection	10	Inspect HQ's policy department
Internal control over financial reporting	2	Exercise internal control over financial reporting(1st & 2nd half of the year)
Self-inspection by field offices	8	Dispatch supervisors to perform inspections, have branches perform self-inspections, etc.
Total	32	

Participation Rate of Signing the Pledge of Compliance (Unit: %)



Complaints on ethical management in 2018

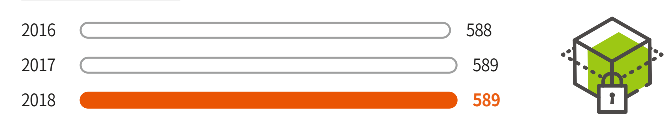
Category		No. of Complaints
Customer complaint consultation/ reporting	Complaints about services(products)	7
	Employee wrongdoing	-
	Complaints about suppliers	-
	Complaints about CS response	3
	Others(personal information, etc.)	1
Measures taken	Heavy discipline	-

Internal Control System for Financial Reporting

With the "Act on External Audit of Stock Companies"("External Audit Act") coming into effect, DB Insurance is running a system to evaluate internal control of financial reporting for the purpose of systematically managing the design and operation of its Internal Control System for Financial Reporting. As for problems identified in annual inspections, we continuously improve them by reflecting management's feedback, and in 2018, we inspected control activities for 388 sub-processes spanning 53 departments out of the 589 control items affecting the financial statements, identified 12 items requiring improvement, and revised and supplemented the same.

Status of Internal Control (Unit: cases)

Control activities

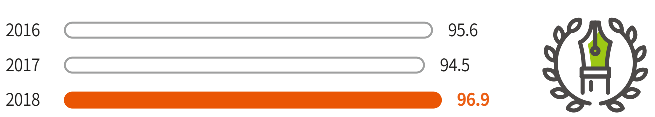


Compliance Performance

Compliance System

To systematically manage such company-wide compliance items as job ethics testing, compliance reporting, compliance risk assessment, etc., DB Insurance operates a compliance index assessment system which measures departmental(HQ, sales, claim adjustment, etc.) compliance levels. We continuously improve and supplement our compliance index assessment items based on changes in the internal and external environment, the occurrence of compliance issues, etc. In 2018, our compliance index was 96.9, up 2.4 point from the previous year.

Compliance Index (Unit: points)



Implementation of Compliance

For transparent competition based on fair-process transactions, DB Insurance adopted its "Voluntary Fair Trade Compliance Regulation" in 2003. Also, for all our employees to internalize the fair trade culture, we introduced voluntary fair trade compliance programs, and conduct training for them at least once a year. Each year since 2017, to inspect the status of voluntary compliance with fair trade and employees' and suppliers' compliance with the Code of Ethics implementation guidelines, we have been sending to all our clients or accounts, including goods suppliers, loan recruiters, car repair shops, etc., such notices named "request for cooperation to establish ethical culture", and performing due diligence on unfair trade and sites according to their characteristics. As for requirements or demands collected through their VOCs, we performed active improvements, and in 2019 will strengthen activities by expanding the scope of applicable clients or accounts, and period and area of due diligence.

Risk Assessment and Constant Monitoring System

Analyzing and Assessing Compliance Risks

Since 2017, DB Insurance has identified potential compliance risks in each department's work or business, assessed risk levels(depth and frequency), and established and implemented methods to manage them. As of the 1st half of 2019, we have identified and assessed a total of 381 compliance risks, up from about 200 in 2017. We have put methods for dealing with these in place, digitizing and managing them as compliance risks in the ethics/risk system. We update randomly-occurring compliance risks in addition to those that pop up on an annual basis.

Established compliance risk-management methods
381 (as of 1st half of 2019)

Legal Risk Response System

The Legal Risk Management Part is composed of internal counsels and other legal experts, and endeavors to prevent legal risks, such as provision of legal risk-related training and information, administration of management litigations and non-insurance litigations, legal review/advising related to business, etc. Through effective operation of the legal risk management system, it actively responds to company-wide legal issues, such as issues on enactment/revision of the Article of Incorporation, internal regulations, guidelines, labor relations and HR matters, etc.

Legal Risk Review (Unit: cases)

Category	2016	2017	2018
HQ inquiries	837	610	653
Sales Dept.	323	998	1,513
Claims Dept.	73	71	62
Total	1,233	1,679	2,228

Eliminating Unethical Conduct within the Company

DB Insurance operates a variety of systems to prevent employees' unethical conduct and to raise awareness within the company. Through our internal whistle-blowing system, we create an atmosphere in which employees can freely report unethical practices. In the event of disciplinary action, we disclose those disciplined and the grounds of such discipline, and conduct education to prevent recurrence. As an external channel, the Financial Irregularities Report Center is available on our official website so that anyone can report financial incidents and internal control violations. Such reports are consistently followed up by the Chief Compliance Officer.
In addition, employees having received gifts or valuables which are difficult to return as their senders are unknown can report the cases to the Chief Compliance Officer through the "gifts & valuables reporting system" in our internal ethics and compliance site. The reported valuables are auctioned, and a total of KRW 3,581,200 was donated to social welfare organizations such as the Korean Disabled People's Association and the company's "Heart Fund"(in-house fund) in 2018. As a result, in the last five years, there has been not a single case of violation of applicable laws or imposition of fine or penalty in relation to corruption, bribery, antitrust or anti-competitive practices.

Operation of Anti-Money Laundering System

DB Insurance designated a supervisor in charge of money laundering surveillance in the compliance team to enhance the expertise of anti-money laundering duties. In addition, more than 200 compliance officers, composed of practitioners in each organization, each month report to the compliance team transactions suspected of money laundering. In addition, we regularly report to the Korea Financial Intelligence Unit(KoFIU) every month through our own Anti-Money Laundering(AML) system. In 2016, we will strengthen the Financial Action Task Force(FATF). To comply with the requirements for the establishment of the prevention system, we received consultations on the status of our company. In 2018, we completed building a new RBA system, and put it into practice.

Management of Disclosure Violations

In accordance with the relevant laws and regulations, we have established internal disclosure guidelines, including procedures and management, so that employees can follow the correct Code of Conduct in the performance of their duties. In addition, our disclosure officers regularly check disclosures and immediately notify the relevant departments when problems arise.

Contributions to Political Parties and Sponsor Groups

As a Korean corporation, DB Insurance is restricted from making political donations in under Article 31(1) of the Political Fund Law. Consequently, we have made no contributions to political parties or their sponsor groups during the reporting period and, in principle, are prohibited from political participation by the Code of Ethics. Moreover, while the employees may still disclose their political views as individuals, they are advised to ensure that these personal opinions cannot be misconstrued as representing those of the company.

Risk management

Company-wide Risk Management

Risk Policies and Strategies

DB Insurance is actively responding to the diversifying global insurance market environment and strengthening business regulations. To this end, we are laying the groundwork for strategic risk management, thereby creating a stable foundation for profit. We undertake rigorous monitoring and control activities in accordance with the risk management strategy limits and guidelines newly established in 2018. Each year, we obtain approval from the Risk Management Committee for risk management strategies linked to mid- to long-term management strategies and business plans. In addition, risk capital is allocated to each risk category so that the overall risk can be maintained at an appropriate level relative to the available capital. Risk burdens are minimized by ascertaining in advance what the risk factors, size, and adequacy are.

Detailed Strategies for Risk Management

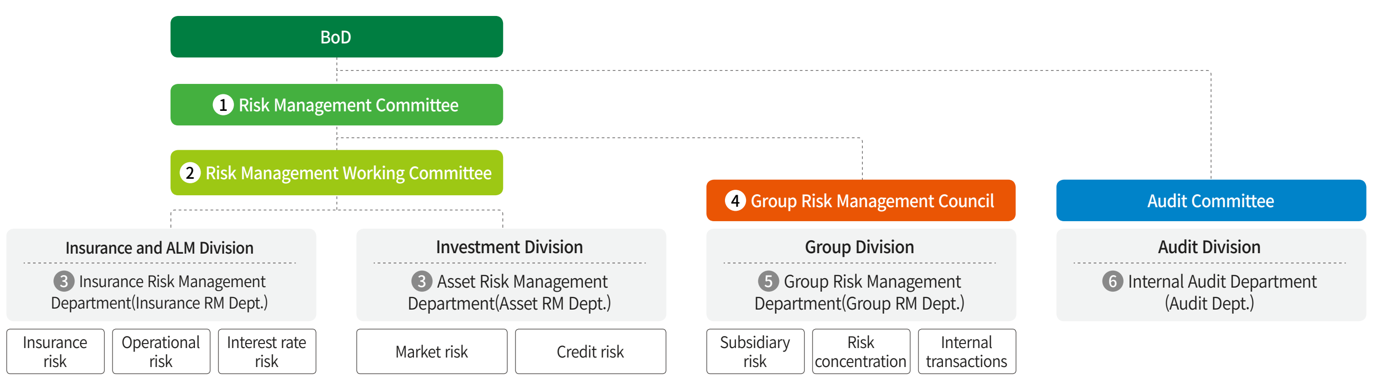
1. Risk appetite including the company's total risk amount and target RBC ratio
2. Allocating capital for each risk by utilizing RBC(Risk-based Capital)
3. Risk limitations that take into account optimal asset portfolios(Var/Exposure/Loss/Loss cut/Concentration limits) and guidelines
4. ALM strategy for interest rate risk management(guidelines on average collection periods and guidelines on expected interest rates)
5. Optimal reinsurance operation strategy including limits in possession of insurance risk
6. Establish DB Financial Group-level risk management organization(prevent risk transfer and concurrent insolvency among group companies due to risk concentration)

Establishment of DB Financial Group's Integrated Capital Policy

DB Insurance set its financial group-level risk appetite(Group Risk Appetite), group-level allowed limits in risk, and also sets each Group company's key risk management indicators and periodically monitors them. We conduct not only such quantitative analysis but also non-quantitative analysis(analysis of the possibility of conflict of interest posed by the financial group's governance risk, the reputation risk posed by intra-Group transactions, etc.).

Risk Management Organization

DB Insurance has established the Risk Management Committee, under the Board of Directors, which is the oversight organization for risk management, in accordance with the Act on Corporate Governance of Financial Companies. Also, due to the need to respond flexibly to the rapidly-changing financial market environment, we operate the Risk Management Working Committee, and have separate departments for insurance risk and asset risk within the aforesaid working committee, thereby enhancing the expertise of our operations. In addition, we enhance our soundness and financial system safety through our internal audits.
In 2018, with the Financial Services Commission pushing for legislation for "Integrated Supervision of Financial Groups" we established our group risk management council, composed of DB Group financial companies' CROs(Chief Risk Officers), for preemptive response and also operated a department dedicated to group risk management to support the council, thus further solidifying our financial group-level risk management governance.



1. • Supervise risks and establish policies
   • General risk management(oversee entire risk management)
   - Set allowed limits for risk, efficiently supervise risks that can occur in the company's business, establish policies, etc.
2. • Oversee all risk management tasks such as measuring, managing, controlling and reporting risks
   • Support the Risk Management Committee
3. • Manage details of risk
   • Manage allowed limits for risk and report the results
   • Implement resolutions of the committee and report the results
4. • Support Group-level decision-making by senior management
   • Manage Group-level risk management policies and limits
5. • Monitor and report on the group's key risks
   • Manage group-level allowed limits for risk and report the results
   • Review and report adequacy of internal transactions among group companies(intra-group transactions)
   • Prevent risk transfer and concurrent insolvency among group companies due to risk concentration
6. • Response to financial authorities' comprehensive audit, based on Risk Assessment and Application System(RAAS[1])
   • Review adequacy of crisis analysis and conformity verification
   - Prompt improvement and correction of potential risk vulnerability factors(violation of law, infringement of consumer's right, etc.)

1) RAAS: Risk Assessment and Application System

Establishment of a Risk Management System

DB Insurance manages its financial soundness by setting individual risk limits according to the target RBC[2] ratio(risk tolerance level) through projection of changes in the market and regulatory environment, mid- to long-term business plan, and RBC ratio. Also, we conduct a periodic crisis analysis where we evaluate our capital availability by applying various scenarios on risk factors such as stock price, interest rate and exchange rate, and then establish countermeasures. DB Insurance conducted an ERM(Enterprise Risk Management) project to support risk management tasks such as risk volume calculation, stress tests and the formulation of risk-based management plans, enabling more efficient risk management. In 2019, we are rebuilding the risk management information system to preemptively respond to the new solvency system based on a market valuation of assets/liabilities to be introduced in the future.

2) RBC(Risk Based Capital): Insurance company's solvency ratio, which indicates financial soundnes

Types of Risk Management

Category	Risk	Description
Financial risks	Insurance risk	• Premiums and reserves risk caused by the difference between expected and actual figures of premiums and reserves
	Interest rate risk	• Risk of loss caused by decreases in the company's net asset value in the event of changes in interests rates, triggered by discordance between assets' and liabilities' maturity and interest rate structures
	Market risk	• Risk of price volatility caused by changes in interest rates, stock prices, exchange rates, etc.
	Credit risk	• Risk arising from transaction counterparty's default • Risk of change in asset value due to default or change in credit rating of borrowers • Reinsurance credit risk: risk of reinsurer's bankruptcy
	Subsidiary risk	• Risk arising due the subsidiary risk exposure being reflected in the parent company's financial statements
Non-financial risks	Managerial risk	• Risk arising from the strategic aspects of management(e.g., delay in setting up necessary management system, failure of decision-making, etc.)
	Legal risk	• Risk of loss due to error in interpretation or application of law, non-compliance with legal regulation, new legal regulation, etc.
	Risk in conduct of work	• Risk arising from employee's professional negligence or misconduct, error in work process, or error in standard setting
	IT risk	• Risk arising from program error, system error, computer equipment error, etc.
	Reputational risk	• Risk of our creditworthiness being adversely affected by managerial failure, violation of applicable laws, social scandals, etc.
	Operational risk	• Risks of injury/property damage arising from disasters, etc.

Management BCP(Business Continuity Plan)

As disasters become more frequent, diverse, and larger, in order to secure continuity of corporate management in cases of suspension of operation due to unexpected disaster, we have conducted annual BCP projects since 2013.

Analyze operation impact, by department	• Divide a department's duties(jobs) into unit duties, and based on importance, derive the duty requiring top priority recovery during suspension of operation
Establish company-wide BCM	• Analyze each department's BCM(Business Continuity Management) results at a company-wide level and readjust priority duties • Formulate how to manage the organization, personnel, substitute sites, IT system, important information, equipment, supplies, etc. • Update each department's R&R and personnel established through the project
BCP simulation drills	• For review of BCP's effectiveness and for greater awareness, each year we revise the incident scenario, etc., and supplement weaknesses through post-drill reviews • Concurrently perform IT disaster recovery drill(DR) following the Electronic Finance Supervision Regulation • In 2018, we conducted a emergency evacuation drill and work resumption drill for 144 employees in DB Finance Center's 60 departments

Capital Soundness Management and Limit Establishment

In order to maintain stable capital adequacy, DB Insurance assesses the soundness of its owner's equity relative to risks based on the RBC system stipulated by the supervisory authorities in 2009. Our RBC ratio stood at 216% as of December 2018. In addition, we allocate the required capital for each risk based on the RBC standard, and set the risk tolerance limit after approval by the Risk Management Committee. We regularly report this to the Risk Management Committee and senior management, and strictly manage related matters through continuous monitoring.

Analysis of Risk Factor Sensitivity

We conduct asset sensitivity analysis as a means of preemptively responding to any negative impact on capital values and profit associated with various risk factors in the market, identifying factors that have the biggest impact on our RBC ratio. Pursuant to the crisis analysis criteria suggested by the financial authorities and our own scenarios, we conduct risk-by-risk factor crisis analyses according to changes in the interest rate, stock price, exchange rate, default rate and loss ratio, and also conduct an integrated crisis analysis. As a result of these efforts, our RBC ratio has never fallen below 100%, even in emergencies. Also, in addition to the existing "crisis analysis", we conduct a "reverse crisis analysis", which comes up with scenarios for the interest rate, stock price, exchange rate, etc., that have the biggest impact on our RBC ratio.

Emerging Risks

DB Insurance continuously monitors and analyzes newly emerging risks that come from changes in the insurance industry environment and implements strategic risk management to proactively respond to them.

Major risks	Cyber security	Demographic changes	Strengthened soundness regulation at financial group level	Accelerated climate change
Background and definitions	• Potential risk of data leakage associated with the collection, management, and use of the personal information of customers and employees. • Security risks arising from hacking and damage of key IT systems • Legal/regulatory risks associated with reinforcement of laws and regulations concerning cyber security • Increased chance of exposure to new IT security-related risks due to new technologies such as blockchain and InsurTech	• A demographic change is in progress due to the aging population as baby-boomers get older and the economic slowdown keeps the birthrate low - A demographic cliff and decreased working-age population, precipitated by the increased number of the elderly, along with the low birth rate could lead to a consumption cliff	• Adoption of capital soundness regulation at the financial group level due to integrated supervision of financial groups, and strengthened business risk management due to strengthening of existing soundness management regulation(consolidated RBC, etc.) - As the flagship company of DB Group's financial affiliates, DB Insurance will be held responsible for integrated management of financial risks and related transactions among affiliates(to undergo a pilot-run in 2018(2nd half), and be enacted in 2019)	• Greater social/environmental losses caused by climate change - Greater frequency and severity of extreme weather - More stringent regulations on climate change in accordance with the Paris Agreement, etc.
Major changes and potential risks (Risk impact)	• Leakage of customer data at financial companies leads to serious reputational risk, which in turn spills over to such management risk as penalties imposed by supervisory authorities - Personal information leakage incident in 2014(the relevant credit card company was suspended for three months), WannaCry attack in 2017, etc. - Increased IT expenses for cyber security system, etc. • The company manages the data of 9 million customers, about 17.4% of the total population(51.61 million at the end of 2018), and the resulting regulatory and management risks are expected to keep increasing - The company plans to review internal procedures and data protection measures regarding related issues • South Korea, as the only divided nation in the world and an IT powerhouse, is exposed to cyber threats such as DDoS attacks. Since the company handles mandatory statutory insurances such as auto insurance and environmental impairment liability(EIL) insurance, there is an increasing need to take measures against network attacks such as malicious hacking and DDos from overseas(domestic sales accounted for 98% of the company's total sales in 2018)	• Due to the low birth rate and aging population, potential insurance purchasers will decrease in number, whereas an increase in the number of elderly beneficiaries will lead to greater loss in insurance sales • A protracted economic downturn due to a consumption cliff may lead to a decrease in insurance sales and investment returns, resulting in industry restructuring as seen in the Japanese insurance market in the past	• More stringent regulation of financial soundness due to newly-adopted regulation(integrated supervision of financial group), reinforced consolidated RBC, etc., leading to contraction in asset management and business activities • Aggravated financial soundness due to reflection of subsidiaries' risks • Increased uncertainty of net asset value and declining profitability of asset management from interest rate changes due to mismatching of assets/liabilities duration	• Increased difficulty in forecasting loss ratio of existing insurance products due to more frequent and extreme weather(torrential rain, heavy snow, cold snaps, fine dust, etc.) • Growing demand for financial products and services related to climate change • Increase in operating expenses and legal risks caused by reinforced environmental regulation
Response efforts	• Established a responsible team for cyber data protection and appointed a Chief Information Security Officer(CISO) • Introduced a network separation system that separates intranet and internet • Re-organized the dedicated personnel so that IT security personnel will account for 5% or more of all employees • Upgraded the company-wide cyber security and data protection management system - Established a risk management system through reinforcement of the IT system, securing of experts and training employees **There has been no incident related to customer information leaks.**	• Developed insurance products and services targeting the elderly and anamnesis group • Executed social contribution activities that link the company's business with low-birth rate themes such as children's traffic safety(Yellow Carpet) • Bolstered family-friendly management efforts such as in-house child-care centers and encouraged maternity leave • Supported re-employment of aged retirees into subsidiaries and introduced a retirement pension system for stable retirement	• Prepared an integrated risk management system in conjunction with affiliated financial companies - Formed a risk management council consisting of the CROs of affiliates - Established a risk management system and standard from the perspective of integrated supervision - Set up required capital, related transaction limits, etc. for subsidiaries • Fortified a soundness management system by establishing a risk management information system, etc.	• Established preemptive response strategies for climate change - Offered products/services suitable for environmental/social demands - Responded to more stringent climate change-related regulations such as GHG emissions regulations
Pages in the report	56-59p	25p, 39p, 68-69p, 72p	52-53p	25-26p

Insurance Capital Standard(K-ICS)

With "IFRS17", the international accounting standards based on insurance liabilities market valuation, scheduled to be enforced in 2022, the supervisory authorities are preparing to introduce a Korean Insurance Capital Standard, new financial soundness system based on mark-to-market of assets and liabilities. Thus, DB Insurance is building a risk management system containing the K-ICS standard model and its internal model in the IFRS17 integrated system, based on the 5 sub-items of K-ICS(available capital, long-term non-life insurance risk, general non-life insurance risk, market risk, and credit risk), and is conducting expansion of interest-bearing assets for duration and cash flow matching, adjustment of insurance liabilities portfolio, and if necessary, review of capital expansion, etc.

Key contents of K-ICS

① Increased volatility of available capital and required capital due to assets/liabilities market valuation
② Strengthen reliability level for required capital measurement(99% → 99.5%)
③ Expansion and segmentation of risk measurement targets
④ Require future cash flow projection for assets and liabilities

IFRS9

With "IFRS9" the international accounting standards for financial products prescribing changes in financial product classification criteria and changes in loss measurement method, scheduled to be enforced, DB Insurance needs an asset management system that complies with the new accounting standards. Thus, we are conducting a project to build a system in preparation for IFRS9's exclusive application in 2022 by reflecting changes brought by IFRS9.

Integrated supervision of financial group

Due to past incidents of concurrent insolvency among financial companies of a group, financial companies becoming larger and more diversified in terms of size and services, and development of non-regulated financial areas such as hedge funds, there have been lively discussions on how to manage integrated, financial group-level soundness. Thus, the Financial Services Commission established the "Model Practices on Supervision of Financial Groups" for soundness management of large financial groups, and has been pilot-running the same for 7 financial groups including DB Group since the 2nd half of 2018, and plans to push for legislation in cooperation with the legislature. As the flagship of the company of DB Financial Group, we have established an integrated risk management system by which we will manage by-sector capital adequacy of the group companies and group-level owner's equity ratio in consideration of intra-Group transactions, and disclose important matters.

Key contents of integrated supervision of financial groups

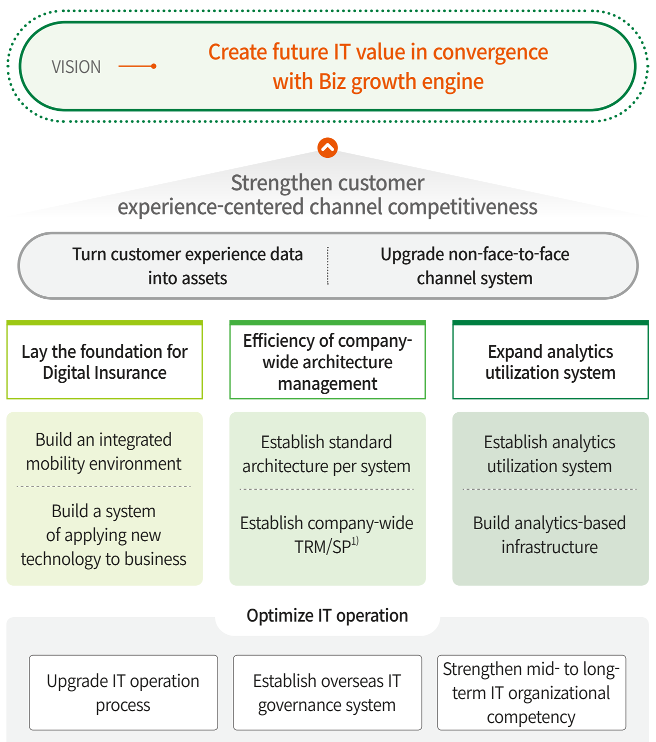
• Check group-level capital adequacy
• Periodically evaluate the status of group risks
• Perform reporting and disclosure of essential matters

Information Security

Build Computing Security System

Strengthen Computing Security System across the Value Chain

With the 4th Industrial Revolution at hand, insurance is witnessing its paradigm shift into "digital". Thus, we are upgrading computing systems across all processes from product development to customer handling. DB Insurance established its mid- to long-term Information Strategy Plan(ISP) in 2016, and by 2020 will have selected a total of 8 strategic tasks and 37 IT sub-strategic tasks to implement. We are making IT investments for about 100 development and infrastructure items each year. In particular, we are securing InsurTech competitiveness through a variety of external collaborations such as national projects on big data/Blockchain, strategic alliance with financial/IT companies, etc. In 2019, with the key goal of enhancing IT service customer satisfaction, we will focus on preventive/preemptive failure response measures to strengthen IT service quality and basic inspection activities, as well as strengthen field support activities to secure by-channel IT competitiveness.



1) TRM/SP: Technical Reference Mode / Standard Profile

Achieved IT service zero-failure for **1,000**days

Cost efficiency from strengthened IT productivity KRW **8.85**billion

Strengthen Field Support Activities

Through upgrading the customer service system in the field, we are enhancing customer satisfaction. We not only stabilize basic IT service quality(preventive, preemptive failure response, sufficient inspection activity, etc.) but also strengthen field support activities to secure by-channel IT competitiveness. Thus, we continue supporting IT projects reinforcing IT issue response and execution capabilities, and for efficient response to changes in internal/external environment, expanding a culture of communication with IT-related departments. In 2018, we successfully opened a business mobile system for field support.
In addition, we expanded communication channels between related departments(IT meeting, working-level meeting, division meeting, etc.), and strengthened internal/external communications such as visiting key GAs(general agencies) and listening to VOCs.

Strengthen IT Service Quality

Our company-wide IT system bases the management system integrating field operation support and internal system efficiency, etc. on the business process(Value Chain). Through the life cycle management system, it provides efficient, effective IT solutions required by each field. We continue to improve vulnerabilities, thus enhancing operational efficiency and strengthening data quality. In addition, we support stable operations by optimizing the performance of infrastructure and applications run by all processes, which enables faster, more accurate information processing at each decision-making stage, increasing productivity. By continuously improving the system ROI management system and strengthening preemptive response to abnormalities, not only employees but also customers will be assured of our solutions for information security. With such stable operations and accident prevention activities, we achieved "1,000 days of IT service zero-failure" in 2018.

Performance of Strengthen IT System

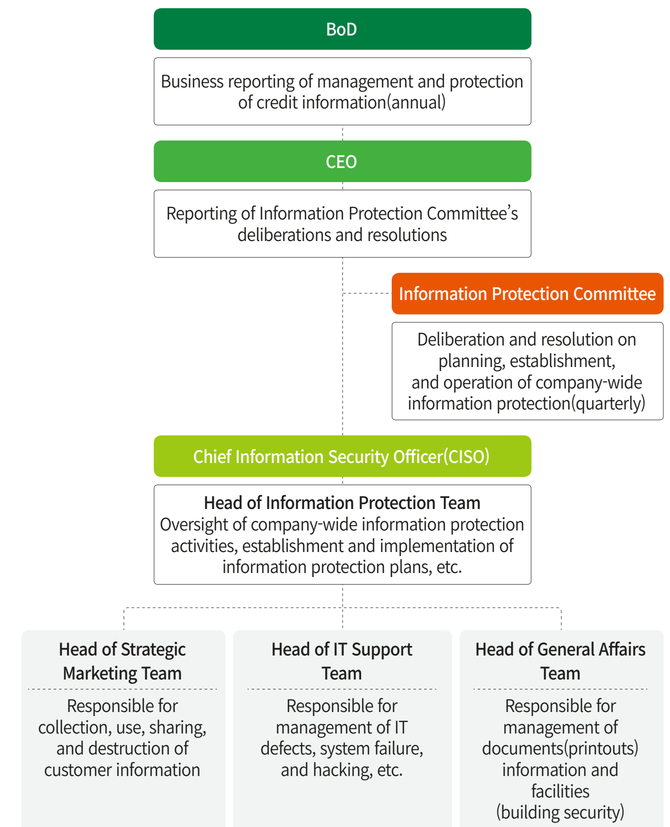
IT project	Period	Performance
Build integrated IFRS17 system (KRW 30.1 billion)	Jun 2017-Dec 2019	• Promptly respond to regulatory changes related to IFRS17 • Secure our differentiated competitiveness
Build business mobile system (KRW 3.1 billion)	May 2017-Apr 2018	• Strengthen business competitiveness by simplifying process and empowering the field • Improve customer satisfaction by providing timely contents, collateral analysis, etc. • Increase of electronic offer application rate: 71.0%(2016) → 76.0%(Sep 2018)
Rebuild TM system (KRW 2.1 billion)	Mar 2017-Sep 2017	• Provide optimum sales environment by use of "TM consultant One-System" • Enable expansion of speedy, useful TM consultation support through single view-perspective customer management • Increase of auto insurance DB conclusion rate: 2.6% → 2.7% through efficient management of customer DB • Increase of 2-hour review completion rate: 70.0% → 75.1%
Rebuild asset management system (KRW 2.2 billion)	Jun 2016-Jun 2017	• Secure flexible analysis information tools to establish strategies • Ensure speedy investment decision-making through real-time information transmission (previous-day(or full-day) results on-time closing rate: 20% → 100%, periodic report use rate: 15% → 78.9%) • Decrease in Compliance Risk as a result of automated limit management

Protect Customer Information

Management System for Information Protection

DB Insurance understands that information protection issues are part of company-wide business risks, and holds quarterly Information Protection Committee meetings attended by the CISO(Chief Information Security Officer) and upper management. The Information Protection Committee discusses important matters related to information protection and reports the results to the CEO, actively endeavoring to protect customers' and the company's important information.
In addition, we have established a strict monitoring process, such as 24×365 integrated security control, voluntary information protection audit concerning IT environment, and website assessment at least quarterly by outside experts, periodically verify whether our customer information protection is sufficient, such as inspection of personal(credit) of trustees, inspection of insurance subscriber recruiting trustees, on-site inspection of collected consent forms to insurance plans, and monitoring of excessive inquiries on customer information, and then annually reporting the result of inspection to the BoD.
Furthermore, we have purchased "Private Information Liability Insurance", and "E-financial Transaction Liability Insurance" to cover our third-party liabilities related to company-wide information protection, minimizing our information protection risk.

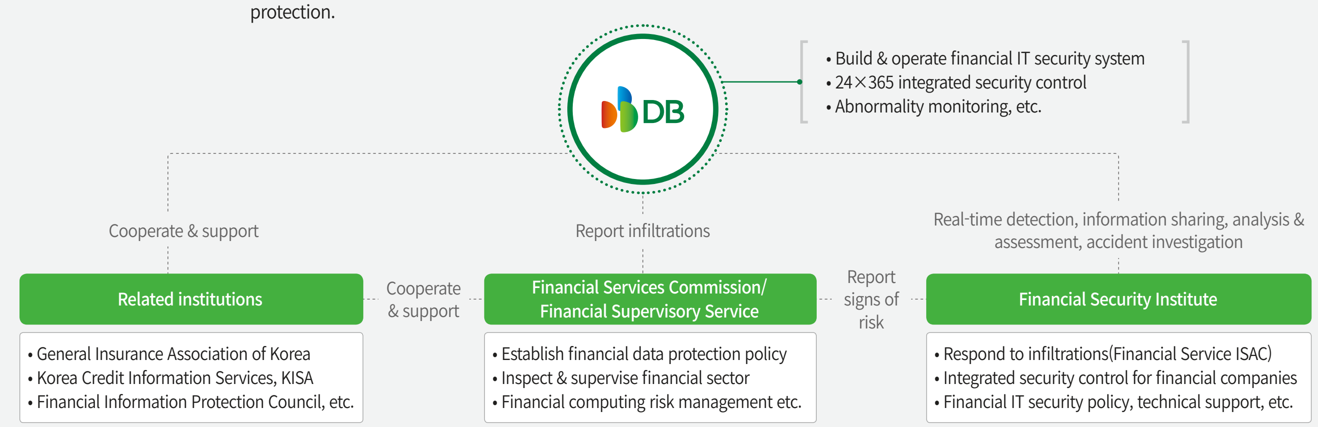
Information Protection Management Governance



Business Case

Participation in Joint Industrial Initiatives

DB Insurance acts as a representative member and non-permanent director of the Financial Security Institute, an institution responsible for responding to information infringements at financial companies, and through a system of collaboration with the Financial Information Protection Council, Korea Internet & Security Agency(KISA), General Insurance Association of Korea, Korea Credit Information Services, etc., participates in decision-making for important matters related to personal(credit) information and information protection.



Strengthen Information Leakage Prevention System

In order to block external cyber-attacks and prevent leakage of internal information, DB Insurance has separated the Internet and its operation intranet. By analyzing all activities originating from the outside and immediately blocking any attack such as hacking, we protect our internal system and require that any information(documents) created within the company must obtain prior approval before being transmitted outside, thereby preventing leakage of important information to external parties. In addition, we detect and block, in advance, abnormal signs such as external attacks and information leakage by using real-time collection and analysis of events occurring in the IT system, and continuously strengthen the information leakage prevention system by repeating a series of processes of evaluating and supplementing adequacy of our information protection and control tools. In particular, to prevent leakage, misuse, or abuse of customer information, we strengthen the response system to information leakage and abnormal signs and expand our on-site inspections. Due to these efforts, there was not a single violation related to customer information leakage between 2013 and 2018.

Status of Information Protection Certification

ISO 27001	ISMS
2013 International Standards Certificate (British Standard Institution, Feb.2009 - Feb.2021)	Korea ISMS(Information Security Management System) Certificate (Ministry of Science and ICT, Jul.2014 - Jul.2020)

Internalize Awareness of Information Protection

In consideration of the characteristics of the insurance industry handling sensitive information such as customers' personal information, credit information, medical records, and accident history, we have established information protection guidelines for employees and periodically conduct training to strengthen awareness on information protection. Additionally, in cases of emergencies such as infringements and disabilities/disasters/calamities we conduct adequacy verification to secure business continuity, information infringement response training to enhance employees' awareness(responses & recovery for server hacking, DDoS attacks, and malicious code e-mails), disaster recovery training, and business continuity plan(BCP) mock training each year.
In 2018, we opened 12 training programs covering personal(credit) information protection, the impact of the 4th Industrial Revolution, and security threats and responses, and our total staff of 4,814 employees completed the training.

No. of Participants in Information Protection Training

(Unit: persons)

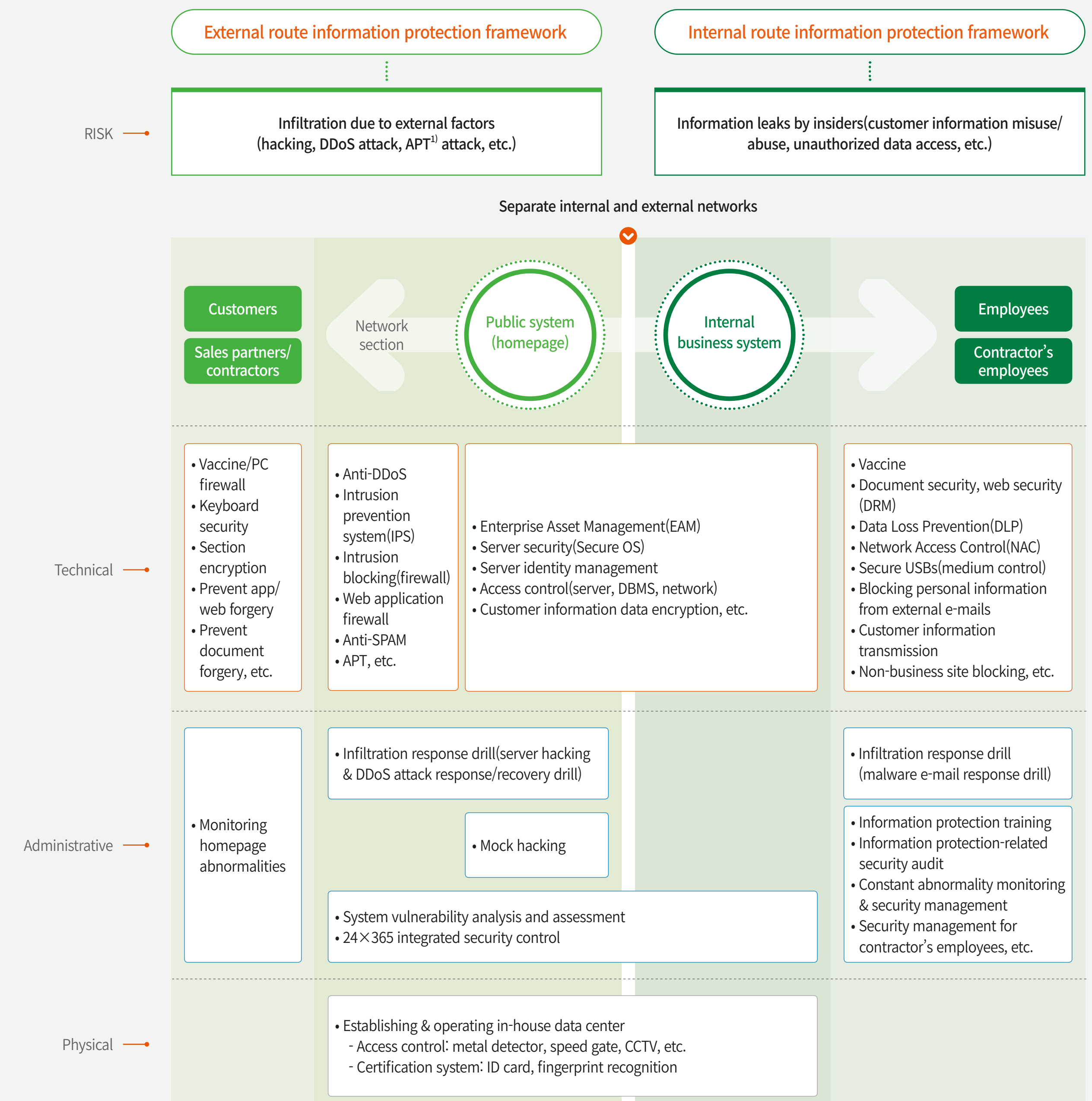
Strengthening Customer Information Protection and Abnormality Monitoring

To safely protect customer information, we encrypt and store structured(DBMS) and unstructured(images, recordings, etc.) customer information/data. We also have in place various internal control devices and have build and operate a constant monitoring system. In particular, in 2018, to prevent customer information misuse/abuse, leaks, etc., we focused on advanced detection and response through abnormality monitoring. Additionally, in order to protect and manage the customer information transmitted to contractors for processing, we established a "Customer Information Processing Contractor-Management & Observing System", enhancing our capabilities for on-site inspections and evidence collection, and strengthening substantial on-site inspections focusing on vulnerable items.

Business Case

Information Protection Framework

DB Insurance has built and operates information protection frameworks to protect our key information assets and customer information. To immediately respond to continuous external attacks like hacking and remove the chance of information leaks by insiders, we have established risk-based technical, physical, and administrative protection frameworks and continue to develop them to reflect how changes in security threats and new technologies impact security.



1) APT(Advanced Persistent Threat): An advanced hacking method which targets specific organizations or companies and employs a wide variety of means over an extended period of time

Financial & Non-Financial Statements

Financial Performance

Key Management Performances

There are increasing uncertainties in the global financial market such as an increase in interest rate volatility and the threat of protectionism, and the domestic insurance market also faces domestic/overseas business environment changes such as IT renovation represented by the 4th Industrial Revolution and the adoption of International Financial Reporting Standards(IFRS). In 2018, our profit decreased a little from the previous fiscal year as a result of higher loss ratio due to climate change impact, and greater channel competition due to slow domestic economy, etc., but the revenue enjoyed continuous growth. In the future, the company will continue to achieve sustainable growth through preemptive responses to market changes and continued management innovation.

Summary of Separate Income Statement

(Unit: KRW million, %)

Category	2018	2017	YoY	G/R
Direct Premiums Written	12,449,298	12,368,118	81,180	0.2
Net Premiums Written	11,624,731	11,564,719	60,012	0.2
Net Premiums Earned	11,592,224	11,440,719	151,504	1.8
Loss Amount	9,664,744	9,421,372	243,371	1.8
(Loss ratio)	83.4	82.3	1.0	
Net Operating expenses	2,255,744	2,195,667	60,077	7.8
(Expense ratio)	19.5	19.2	0.3	
Underwriting Income	(328,264)	(176,320)	(151,944)	160.4
Investment Income	1,074,147	1,035,330	38,817	4.7
Operating Income	745,883	859,010	(113,127)	(8.8)
Non operating/Extraordinary income & loss(Expense)	(35,235)	(31,706)	(3,529)	19.5
Net Income	**514,792**	**622,051**	**(107,340)**	**(14.0)**
(Profit ratio)	4.4	5.4	(1.0)	

Summary of Separate Balance Sheet

(Unit: KRW million, %)

Category	2018	2017	YoY	G/R
Invested Assets	34,351,128	31,609,329	2,741,799	8.7
(Invested Ratio)	86.4	84.5	1.9	2.2
Non-invested Assets	3,064,425	3,404,588	(340,163)	(10.0)
Separate account Assets	2,359,942	2,389,908	(29,967)	(1.3)
Total Liabilities	**34,864,314**	**32,988,314**	**1,876,080**	**5.7**
Paid-in Capital	35,400	35,400	0	0.0
Total equity	**4,911,180**	**4,415,511**	**495,589**	**11.2**
Total Assets	**39,775,494**	**37,403,825**	**2,371,669**	**6.3**

Tax Policy

DB Insurance is transparent and strictly compliant with the tax laws and regulations of all countries in which it operates, as well as domestic and overseas operations, and fulfills the reporting and reporting obligations required by the related regulations. We established and began to operate a global tax policy targeting domestic and overseas business sites, and related information can be found on page 92 of this report. Reviewed by outside auditors at the end of every quarter, corporation tax, deferred corporate taxes, effective tax rate, etc. are disclosed in our financial statements which are available at the Data Analysis, Retrieval and Transfer System(dart.fss.or.kr).
In addition, we actively respond to various tax investigations and requirements of taxation authorities to thoroughly fulfill the obligation of tax payment cooperation.

Effective Tax Rate

(Unit: KRW million)

Category	2017	2018
Earning before tax	827,304	710,661
Reported Taxes	205,253	195,869
Reported Tax Rate	24.81%	27.56%
Cash taxes paid	193,492	176,352
Cash tax Rate	23.39%	24.81%

Current Status of Corporate Tax Payment

(Unit: USD)

Category	Direct Premiums Written	Pre-tax profit	Tax payment	Foreign tax credit
Overseas	196,086,345	(14,913,760)	969,320	0
U.S. Branch	156,627,970	(13,106,299)	-	0
Guam	39,458,376	(1,807,461)	969,320	0

Distribution of Economic Performance

The financial performance that DB Insurance has acquired will serve not only to drive further business growth but also to be properly shared with various stakeholders. In so doing, the company also assumes and continues its own role as a corporate citizen.

Sales partners	Employees	Shareholders	Customers	Communities	
Commissions paid for insurance sales	Labor costs	Dividends paid	Claims paid	Total investment in social contribution	Participation hours (employees, planners)
KRW **408.3**billion	KRW **248.8**billion	KRW **126.6**billion	KRW **5,302.2**billion	KRW **4,794**million	**45,813**hours

Sales result of ESG Products

ESG Products

(Unit: cases, KRW million)

Index(Field/Product name_Korean)		Type	Number of Contracts	Revenues (DPW[1])
Health/ Casualty Insurance	Excellent Simplified and Convenient Health Insurance	for Vulnerable starta in insurance bilnd spot(Elder, anamnesis group)	88,106	6,572
	Nice and Easy Health Insurance (sales ended on April 1, 2019)	for Vulnerable starta in insurance bilnd spot(Elder, anamnesis group)	51,755	4,052
	Family Love Nursing Care Insurance (sales ended in January 2019)	for Vulnerable starta in insurance bilnd spot(Elder, anamnesis group)	6,191	865
	Excellent Motorcycle Driver's Insurance	for Vulnerable starta in insurance bilnd spot(motorcycle diliverer)	9,856	428
	Out-of-pocket Medical Insurance for Seniors	for Vulnerable starta in insurance bilnd spot(Elder group)	921	25
	Convenient Out-of-pocket Medical Insurance	for Vulnerable starta in insurance bilnd spot(Elder, anamnesis group)	51,428	2,785
	Dream Love Insurance	For low-income family/children	514	206
Auto Insurance	Evergreen Special Coverage	Reducing Carbon emission	2,344,705	1,348,841
	Driving Distance Special Coverage	Reducing Carbon emission	1,793,399	1,190,765
	Safe Driving UBI Special Coverage	Reducing Carbon emission	424,031	254,978
	Electric Vehicle Special Coverage	Reducing Carbon emission	15,548	10,048
	Driving Day Special Coverage	Reducing Carbon emission	42	26
	Promi Heart Special Coverage (Special Rates for Working-Class People)	For low-income family/children	7,162	4,150
	Traffic Safety Training Special Coverage (Special Rates for Seniors)	for Vulnerable starta in insurance bilnd spot(Elder group)	1,417	1,047
	Gomduri Auto Insurance	for Vulnerable starta in insurance bilnd spot(Disabled person)	234	154
Property Insurance	Environmental Liability Insurance	Reducing environmental pollution risk	13,851	34,957
	Pollution Liability Insurance	Reducing environmental pollution risk	7	397
	Comprehensive Public Bicycle Insurance	Reducing Carbon emission	30	189
Total ESG products Performance			**4,809,197**	**2,860,484**
Company's Total performance			**20,634,751**	**12,449,298**

1) Direct Premiums Written

Customer

Service Management to Increase Customer Satisfaction

Strengthened Service Satisfaction Monitoring

We continuously manage and improve customers' service satisfaction through our satisfaction survey for each customer experience/contact point. The survey covers all matters from customer experience/contact point, in addition to the 6 mandatory customer experience/contact point items of customer handling, underwriting(insurance policy purchase), customer management, claim adjustment, emergency dispatch, and complaint handling. The survey consists of an online survey through mobile applications and LMS and a phone survey through a monitoring office of the customer service center. Thus, the survey provides quick feedback via a dedicated system(notification message, LMS).

Service Satisfaction Monitoring

Promy ChatBot Service

We provide "Promy ChatBot Service", AI-based chat consultation, through which we can immediately resolve customer inquiries regarding insurance whenever they occur. We will continue to improve its scope of use and also provide more accurate, diverse services.

Enhancement of Customer Satisfaction through the Strengthening of Healthcare Services

We offer healthcare services, providing customized health consultation with medical professionals and online and offline treatment reservations. Through alliances with specialized healthcare companies, we provide the health management that customers need. Access to these services through wearable devices and mobile apps enables more customers to use them easily. In the future, through customer research, market leader benchmarking, etc., we will continue to develop customized products linked with healthcare services.

Online/offline information materials

Open Mobile App(4 stage) for Customers

By continuously expanding our mobile-based customer service, we have enhanced the ease of use for customers. We provide not only convenient biometric authentication for, login and service but also allow customers to safely and conveniently make insurance claims over mobile, making ours an industry-leading IT environment. We allow customers to give mobile consent for the processing of their personal information, making our services faster and more convenient, and we also provide easy, self-coverage analysis which enables customers to analyze our products according to their situation and interests. In addition, we continue to provide personalized services and to supplement our security system of our online services to enhance safety.

Visible-on-Screen ARS Service

"Visible-on-Screen ARS" is a service which additionally provides a voice ARS-synchronized web screen for the greater convenience of customers using the customer service centers. Allowing ARS service users to watch the screen while simultaneously listening to the voice message in all stages of the ARS, it not only solves the inconvenience of existing voice ARS wherein users had to listen to multiple stages of voice messages when using the service but also provides easier, speedier customer service. In particular, where phone connection to the service representative is delayed due to heavy call volumes or during scheduled periods when customer service is unavailable such as holidays or night time, it becomes possible to link to mobile and use the ARS service, making it possible to expect that various customer needs will be satisfied.

Visible-on-Screen ARS – screen

Diversification of Customer Communications

To quickly identify and respond to customers' points of interest, DB Insurance operates various communication channels. We operate online communication channels such as our official blog, the Love for My Car and Love for My Child blogs, KakaoStory, Facebook, and so on. In addition to finance and insurance, each channel also provides points of interests for different age groups, such as life trends, travel, etc., and links to information on insurance products befitting customers' life cycle. This way, we have enhanced our customers' understanding of the insurance necessary for every situation.

"Customer Touch" Activities

By expanding its customer contact points, DB Insurance continues to conduct marketing linked to its flagship products and promotion of its brands. We carry out children insurance PR and customer consulting activities for those in their 20s and 30s at the Children's Exposition, and have been providing medical information and holding "Pregnancy Classes" providing information on how to stay healthy during early-stage pregnancy.
Also, we have been holding public-interest events with customers since 2017. Notably, we operate Female Driver Class to improve novice female drivers' traffic initial accident response and correct driving habits, and Children's Traffic Safety Class to improve children's correct traffic culture through actual activities performed together with their parents, thus preventing traffic accidents and expanding youth marketing. In the future, we will continue to develop services from the perspective of customer experience, thus expanding customer communications.

Online Marketing for Empathy with Customers

By adding stories about our insurance products, we are conducting a campaign of empathy with our customers. In 2018, we launched the "Family Love Photo Shop" campaign in which customers could photograph their precious memories with family. In various photo zones representing the past and the present, such as the "7080 Time Travel Zone", "Sentimental Neon Sign Zone", etc., customers took family photos for free, having a good while also creating memories. We also hosted the "Family Love Mail Box" event where we mailed customer letters expressing the love they had for their family but which they struggled to express in person, enriching the meaning of the "Family Month". In the future, we will expand our various family-themed campaigns for the sake of our customers' happiness.

Public-interest Marketing to Create Social Value

In 2019, DB Insurance began the "DB Insurance Traffic & Environment Challenge" program, which discovers startups with innovative methods of solving social problems in the fields of traffic and the environment and then help to develop these ideas over the mid- to long-term. This attempt to solve social problems through innovative technologies is the first public-interest social contribution program in the Korean insurance industry. We expect that this program will not only solve traffic and environmental problems but also create jobs by nurturing of social enterprises and startups.

Prevent Insurance Fraud

Establishment of Policies on Insurance Fraud Control and Activities to Prevent Insurance Fraud

Under our "Insurance Crime Prevention Regulation", we operate the Insurance Crime Prevention Committee, which establishes basic policies to control insurance fraud and deliberates on sanctions for insurance fraud offenders. Our regional moral risk control councils enable regional matching between sales and claim adjustment divisions, allowing us to share and jointly respond to regional insurance fraud issues. In 2018, we expanded this to ten zones including corporate customers and new business divisions. Also, from the development stage of insurance products, we assess their impact of insurance fraud and try to prevent incidents by blocking the hiring of offenders as new insurance recruitment or emergency/accident dispatch personnel.

Insurance fraud management process

Stage 1 – Prevention
- Insurance Crime Prevention Committee
- Regional moral risk control councils
- Evaluate the impact of new products on insurance fraud
- Activities to improve contract quality

Stage 2 – Investigation & detection
- Detection support system
- Organizational cooperation system
- Strengthen investigation capabilities

Stage 3 – Follow-up management & recurrence prevention
- Block insurance fraud offenders with the use of uncovered information

Strengthening Companywide Insurance Fraud Control Functions

In order to strengthen our responses(detection, prevention, etc.) to insurance fraud risks, which are on the increase, in January 2019 we reorganized the SIU[1] Part into the SIU Operation Part and the SIU Support Part. For improved investigative expertise, the SIU Operation Part now consists of car and long-term investigation centers, and its insurance fraud detection function has been strengthened. The SIU Support Part performs strategic planning to prevent insurance fraud and insurance payment leaks, improve contract quality in the stages of product development, sales, and U/W review(excluding claim adjustment), and investigate insurance fraud. By doing so, we have expanded our area of management not only to insurance fraud detection but also to the prevention of insurance fraud and insurance payment leaks. In addition, through periodic joint meetings with related departments, we share and respond to insurance fraud preemption activities and other key issues. As for claim adjustment organizations that struggle in detecting insurance fraud, we have solidified our organizational collaboration system and strengthened our investigative capacity by analyzing causes, taking countermeasures, providing on-site consulting, etc.

1) SIU: Special Investigation Unit

System Improvement to Support Insurance Fraud Detection

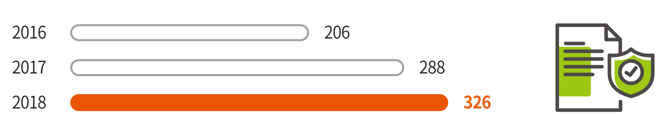
In March 2019, we upgraded the IFDS[2], which has been in operation since 2011, to improve insurance fraud detection, building a data-based claim adjustment system capable of comprehensively managing all fields, from accident report reception to claim adjustment conclusion. By providing claim adjustment personnel with a score calculated from the integrated analysis of past accidents and insurance fraud detection data, we can suggest the proper direction for insurance accident investigations while also reducing work errors. By enabling adjusters to check abnormality indicators for hospitals, car repair shops, etc., we have made it easier to find information in cases of accident investigation.

2) IFDS: Insurance Fraud Detection System

Organize Response System toward Clients such as Hospitals and Car Repair Shops

In order to effectively respond to ever-increasing insurance fraud by clients such as hospitals and car repair shops, we have strengthened claim adjustment workers' effective evidence gathering activities against clients committing illegalities, and based thereon, have re-established the SIU's process of active investigations. To support claim adjustment workers' effective evidence gathering activities against clients' illegalities, SIU selects clients to be subjected to evidence gathering by analyzing data and collecting claim adjusters' opinions and provides evidence gathering points to the claim adjustment organization, thus enabling collaboration so that focused gathering of valuable evidence is conducted within a short period of time. In addition, we have formulated a plan of specialized management for hospitals suspected of insurance fraud, and not only assign a professional investigation team to insurance claims involving such hospitals but conduct intense investigations.

Amount of insurance fraud detected[3] (Unit: KRW 100 million)



3) Adjustment of the detected amount due to establishment of industry-wide calculation standards

Respecting Human Rights

Respecting Human Rights

DB Insurance implements various programs to protect the employee human rights, and operates a 24/7 social media reporting(whistle-blowing) system so that speedy responses can be made for human rights violations.

Human Rights Improvement System

Human Rights Due Diligence

DB Insurance conducts due diligence on the status of human rights in the company and its subsidiaries in order to proactively respond to potential impacts and risks related to human rights. We monitor human rights issues through the Compliance Part's on-site inspections of compliance with the Code of Ethics, the Corporate Culture Council led by the Human Resources(HR) Part. We are also operating a channel for whistle-blowing and collecting information on human rights issues at all times.

Human Rights Due Diligence Process

STEP. 1 – Analyze Potential Risks and Impacts
- Identify potential risk factors in terms of DB Insurance's management and the insurance industry
- Carry out impact analysis based on financial factors, non-financial factors, and incidence frequencies.

STEP. 2 – Identify Assessment Factors and Subjects
- Identify human right assessment factors in view of internal/external environments and vulnerable groups in terms of human rights
- Identify the subjects of human rights assessment over its entire value chain including subsidiaries, etc.

STEP. 3 – Legal Review and Self-Inspection
- Conduct internal legal review
- Conduct self-inspection(fact-finding survey, etc.) based on public disclosure materials including business reports, media analyses, etc.

STEP. 4 – Implement Feedback and Improvement Activities
- Share self-inspection results and improvements
- Recommend improvement activities in view of priority of findings, and check for required support

Respect for Diversity

In order to respect the diversity of its employees and avoid unreasonable discrimination, DB Insurance stipulates in Article 6(Employment Opportunity) of its Rules of Employment that "when the Company recruits and hires individuals, it shall not unreasonably discriminate on the basis of gender, age, religion, social status, hometown, educational background, status of marriage, pregnancy, childbirth, or history of illness" and also provides fair opportunities for compensation. At the end of 2018, DB Insurance's female employee ratio was 55.9%(2,510 female employees out of a total of 4,487).

Identify Vulnerable Groups

DB Insurance identifies, through employee satisfaction surveys and questionnaires, vulnerable groups that are highly prone to human rights violation and exposed to high risk. Executives and partners who work in customer contact organizations such as call center counselors who manage customer complaints on the phone and sales and claim-adjustment partners who face customers directly to provide products and services have been identified as vulnerable groups.

Human Rights Improvement Activities

Human Rights Issue	Vulnerable Group	2018 Measures for improvement and aid
Manage legal work hours	All employees	• Achieve work-life balance by conducting PC-off system that prevents employees from accessing the intranet except during working time, setting up a system that can set up and operate an annual vacation plan for 10 days or more at the beginning of the year in advance
Prevent Rudeness and Inhumane Treatment	All employees	• Conduct annual cyber education and training to create a healthy and equal work environment • Sexual harassment education and training for each team and division conducted by relevant executive • Operate mobile 24/7 social media reporting system where human rights violations that occur at work such as sexual harassment, verbal abuse and unreasonable treatment can be reported under any time with anonymity • Operate HR grievance hot line and a psychological & legal counseling corner in HR information system
Protect Customer Service Employees	Sales and Claim-adjustment partners	• Establish "Problem Consumer Response Manual" to strengthen protection of customer service employees • Analysis of big data for call center customers to improve existing countermeasures centered on preventive education to build a response system for black-listed consumers • Operate psychological counseling room and dedicated masseurs

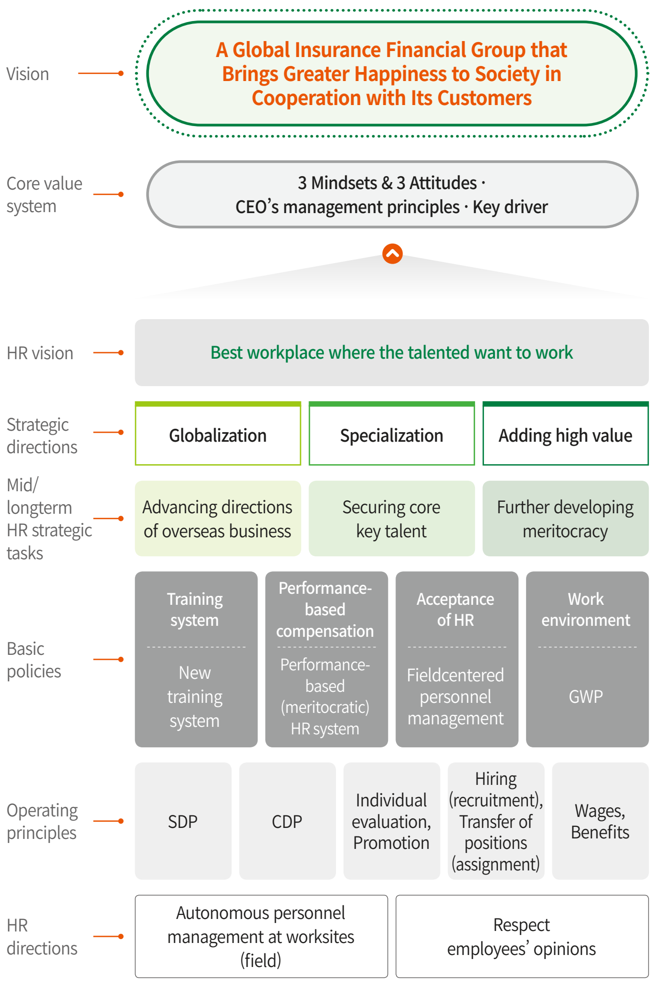
Employees

HR Management

HR Management System

Through its systematic HR management system and the CEO's management principles – pursuit of facts, mutual communications, and autonomous management - DB Insurance is realizing its corporate HR vision, "Best workplace where the talented want to work".

HR Vision System



Employees' Job Security

For stability in our employees' labor activities, we continue to improve our work environment to create a good workplace. Additionally, even before enforcement of the legislation on non-regular employees, we converted 1,660 TM workers into regular employees in 2012, and thereafter have been reducing the ratio of non-regular employees, which reached 2.86% in 2018(128 out of 4,470).

"Dream Big" Corporate Culture Execution System

Promotion System

To establish a brand-new DB culture, we have adopted the initiatives of "trust", "challenge", and "execution". Using the eight letters of "Dream Big", we have come up with eight execution keywords to guide the operation of various systems and programs and spread the "energetic DB culture of trust-based challenge and execution".

Dream Big

Culture of Trust	Culture of Implementation	Culture of Challenge
• Diversity: Diverse • Respect: Respectful	• Engagement: Commitment • Respect: Implementation • Motivation: Motivational	• Background: Teamwork • Innovation: Pursue something new • Growth: Grow together

Make a Healthy Company

In its activities to make a healthy company, DB Insurance conducted improvement activities, participated by all employees, against elements impeding enthusiasm and commitment. In addition, to create synergy out of healthy corporate culture from a long-term perspective, we conduct our new corporate culture programs, for all employees, under the themes of trust, challenge, and implementation, whose main contents include education and activities to reduce possible conflicts arising from ever-diversifying generational differences, method of thinking, and values of our constituents.

Dear(My) Backgrounds	**Praise/Appreciation Day** • Spread the culture of mutual respect through praise and appreciation and create a pleasant working atmosphere by expanding opportunities for superior-subordinate communications • On Tuesdays weekly during Dream Big Day schedule
Generational Dialogue 2345	**Generational Empathy 2345** • Secure the habit of recognition and consideration for others by sharing different perspectives of different generations for the same phenomenon • Employees' opinions written as replies(1 to 2 weeks) • Using "anonymous reply" feature, indicate one's own generation and register his/her opinions on the conflict situation

Operation of the Corporate Culture Council

All employees of the Company have freedom of association, and to collect grievances from the field and reflect the same to management, the Company holds workshops participated in by each division's opinion leaders, twice a year(1st and 2nd half). In 2019, members of the corporate culture council were selected in February, and a workshop was held in March. In 2019, council members are conducting a one-team project to improve corporate culture, thus participating in management activity improvement.

* Each year, DB Insurance collects employees' grievances based on its dialogue with them, and matters discussed in the Labor-Management Council are applicable to all employees. (freedom of association: 100%)

Monitoring for Better Work Environment

Through annual Employee Engagement Index(EEI) surveys, we get to see the state of employees' engagement in work, and establish and implement systematic, company-wide improvement measures. In the EEI survey, we collect comments in groups by position, division, department, and work category(gender), and conduct tailored improvement activities to improve employees' engagement in their work.

Indicators	Unit	Performance	Target level
Rate of Industrial Accidents	%	0.00	0.02
Employee welfare and benefit expenses per person	KRW million	15.2	-
Employee Engagement Index(EEI)	Points	83.6	85.0

Family-friendly Management

Pursuit of Work-Life Balance

To create an environment where employees can fully focus on work and also to establish our energetic DB culture, we operate various programs to improve WLB(Work-Life Balance). For work-hour efficiency, we operate PC-off, intensive work hours, smart meetings, improvements to the staff dinner culture, etc., and more importantly, we have automated many repetitive jobs by introducing the RPA system, which is expected to save 29,100 hours of unnecessary work. In addition, we support employees to secure time to recharge or spend with family through Family Day, annual leave, 369 Refresh Vacation, etc., thus improving employee satisfaction.

Implementation of Systems for the Protection of Mothers

We have implemented various programs to create a work environment with the type of work–family balance that makes it easier for women to work. We promote the psychological and physical wellbeing of pregnant and postpartum female workers by offering 90 days of maternity leave and supporting medical costs for childbirth or miscarriage/stillbirth to mitigate the economic burden of childbearing. In order to help mothers focus on childrearing, our organization also supports leave for prenatal diagnosis, paternity leave, childcare leave, reduced work hours, etc. In 2018, the return-to-work rate of female workers from maternity leave was 98.1%. In addition, to provide workers with childcare services and foster a safe and pleasant childcare environment, we opened the Promy Loving Child Kindergarten. This kindergarten is operated on a commission basis by the Puruni Child Care Foundation, whose expertise and experience has been well demonstrated. As of December 2018, a total of 24 children attended the kindergarten. Furthermore, we adopted a telecommuting system so that female workers can smoothly perform consultations and other services at home, with 35 female workers telecommuting as of December 2018.

Key family-friendly management programs

Program	Description
Children's school expenses	• Kindergarten: KRW 100 thousand a month for 2 years • High school: Entrance fee, tuition, and school support fee(full) • University: Entrance fee and tuition(full)
Dream Big Plaza	Employee-only site for sharing GWP activities by department, Fun events, Core Value, and corporate culture improvement activities
Summer vacation facilities	A total of 19 vacation facilities, 50 rooms in 6 areas nationwide; can accommodate 750 persons
Company resorts (resort hotel)	A total of 131 units in 29 areas nationwide

Promote Communication

We operate intra-departmental(vertical and horizontal) and inter-departmental communication channels, thus strengthening work efficiency and synergy through flexible and active communication.

Communication-promoting channels

Category	Programs	Description
Between the company and employees	Open Communication (Tong-tong-tong) with CEO	A communication platform between the CEO and employees that has operated monthly since 2010 (Total 64 times, with 3,441 employees as of June 2019)
	New Start DB course	Mental rearmament training to realize the "Dream Big" corporate culture of trust, challenge, and execution, for all employees(3,210 employees completing in 62 training sessions)
	Corporate Culture Council	Selection of opinion leaders for each division to collect opinions on, and improve, the company's work culture and corporate system
	Promy TV	Weekly in-house broadcasting program for employees, sharing the Company's operational direction, key issues, corporate culture, etc.
	Business Performance Briefing	Executive briefing on company management status and issues through in-house broadcasting once a month
	E-Promy Plaza	Online magazine for employees, covering key issues of the Company, employee contributions(travel, department introduction, etc.), PR department-produced news on economy, culture, etc.
Among employees	Dream Big Day	Sharing Core Values, CS Guidelines, corporate culture, and employee practices in each department every morning
	Dream Big Plaza	Employee-only site for sharing GWP activities by department, Core Values, Praise & Appreciation Day, Generational Dialogue 2345, corporate culture improvement activities, etc.
	Field Learning Group	Weekly employee discussions to share key issues and strategic directions for each department
	Study Group	Self-development and special activities among employees with common job-related interests
Among departments	Dream Big Council	Organization for opinion leaders to improve work culture and to achieve inter-sectoral collaboration through consultation
	Participation Platform	An anonymous question bulletin board to obtain the opinions of employees when deciding major system and policies
	Employee Engagement Survey	Internal Customer Satisfaction Index Survey(ICSI Survey) to improve staff department service satisfaction and Employee Satisfaction Index Survey(ESI Survey) for improvement suggestions by employees
	Dream Big Times	Monthly company newspaper where we identify and share key issues that we want to share with other divisions so that all employees can understand the company's strategic direction

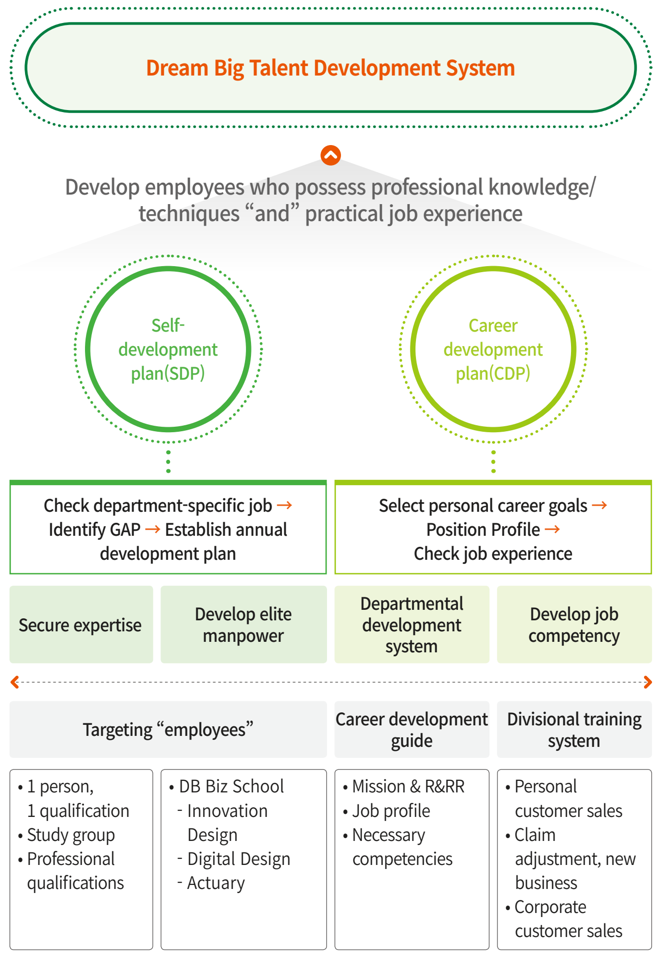
Human Resource Development

Strengthening Job Expertise Through the Dream Big Talent Development System

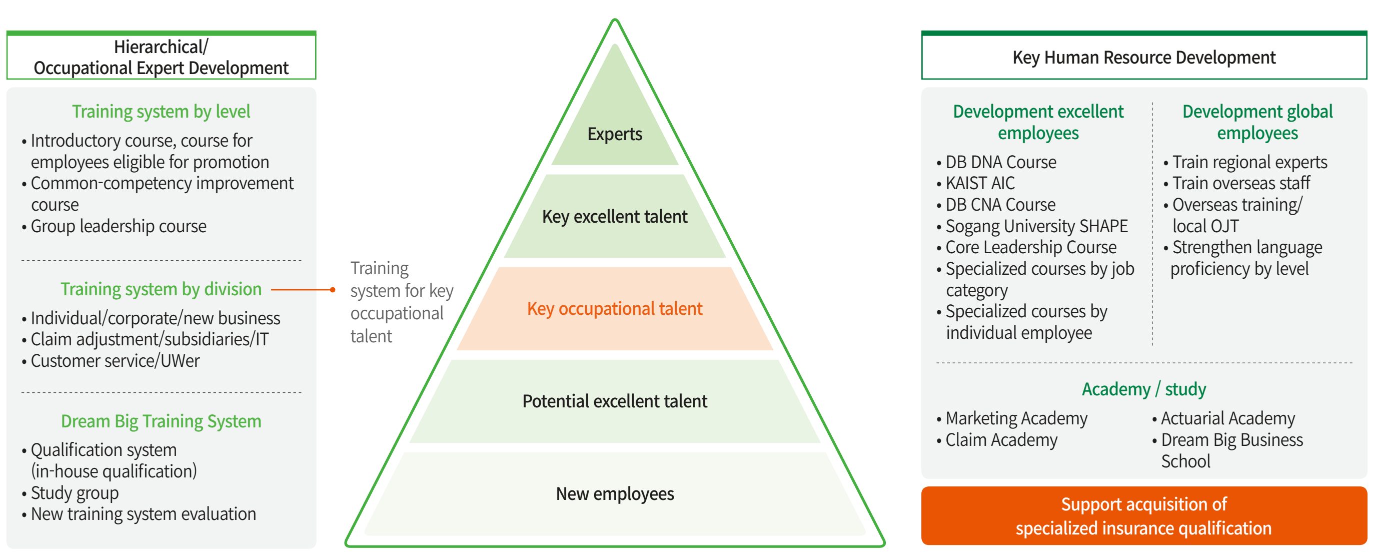
To improve employee expertise and secure "new knowledge", such as financial industry trends and digital innovations, DB Insurance has established our Dream Big talent development system. With this, we not only support the voluntary self-development of individual employees, we also operate a field-based learning system aimed at developing and securing employees with practical experience through systematic job rotation and transfers. Every year, each learner diagnoses a competency that he/she lacks and develops it through a suitable program. The head of the department compares the learner's diagnosis with his/her own and provides analysis and support for more effective competency development. Also, in connection with basic job competencies, we are the only company in our industry to operate an in-house, professional qualification system for all employees, with support for learning materials, lectures, etc., so that all employees are certain to acquire qualifications related their jobs. We provide our top learners with higher-level, advanced programs to develop industry-leading professionals, providing further differentiated services to customers.

Operation of Training System by Level

DB Insurance operates a training system by level that will enable all employees to develop as leaders, thus contributing to internalization of core competencies. This training system consists of an introductory course, a course for employees eligible for promotion, post-promotion leadership course by rank, and common-competency improvement course.



Training System by Level



Operation of Job Expert Academy

DB Insurance operates four job expert academies tailored for each job category - Innovation Academy, Marketing Academy, Claim Academy, and Actuarial Academy. DB Biz School, reorganization of the former Innovation Academy, enhances management innovation and digital capabilities through a variety of courses(up-to-date innovation methodologies, marketing, digital information, etc.), thereby training innovation experts capable of playing leading roles for projects. The Marketing Academy improves marketing capabilities of the field sales managers and helps them quickly adapt to the sales and organizational culture when deployed as branch manager. In addition, the Actuarial Academy operates with the goal of strengthening competencies of the product development and actuarial personnel so that DB insurance can provide customers with necessary products and actively contribute to society.

Secure Organizational Competency for Leadership

DB Insurance recognizes organizational leadership as an important factor in its sustainability, and conducts the Core Leadership I to IV courses to develop employees' leadership qualities. We define a leader's basic qualities as performance oriented motivation, steady management of changes, performance oriented work, and sophisticated organization management, and endeavor to develop organizational leadership competency, such as subdividing leadership areas into job, innovation, CS, and leadership.

Build an Organizational Culture of Learning

Through diagnosis and evaluation of the employee competency, we systematically manage three areas - basic, task behavior, and professional skills competencies - and based thereon, establish our long-term career development and self-development programs. Also, in order to respond to uncertainties of a rapidly-changing business environment, we promote the "organizational culture of voluntary learning", such as operating various learning organizations including on-site study groups and proposal activities.

Performance Evaluation and Compensation

Performance Evaluation System

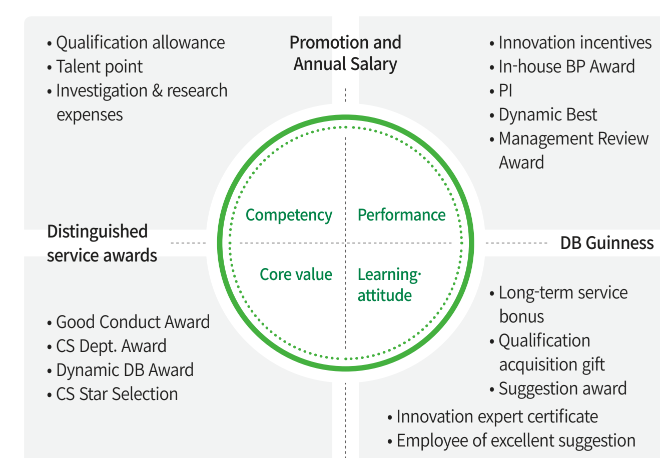
To promote clear goals and the will to achieve in employees, we have established a performance-based system based on the high compensation for high performance principle, and are running the goal agreement system allowing employees to set goals and conduct evaluation themselves, monthly evaluation agreement system, self-development & career-development plan system, etc. In addition, we sub-classify performance measurement perspectives by utilizing the Balance Score Card(BSC), and allocate the company's goals into organizational and individual KPIs. In the final performance evaluation, we allow the systemic filing of appeals, and reflect performance feedback in establishing future goals and improving HR systems.

Guarantee Fair Opportunity

Since 2010, male and female employees have been separately evaluated so that female workers are not at a disadvantage in the evaluation, thus eradicating gender discrimination. Furthermore, to guarantee fair opportunities for employees, DB Insurance runs its MA program, a program to raise professional sales managers. In this program, sales partners(PA: Prime Agent) including female workers and employees in other divisions of the company are given opportunities to acquire branch management capabilities, and after completion of the program, they work as chief of branch development and branch manager and receive support to develop into sales management specialists. In 2017, we opened Claim Academy(CA), providing support to grow into claim specialists.

Reasonable Compensation System

Annual salary primarily consists of basic salary and performance compensation. We operate our salary system based on job and rank, and by applying different rates for different jobs, we make certain that performance-based compensation is adequate and reasonable. Employee evaluation consists of competency evaluation and performance evaluation so that personal competency(qualitative aspect) and job performance(quantitative aspect) can be considered, and based thereon, annual wage and promotion are decided. Additionally, by operating a performance-based compensation plan to allow for "high compensation for high performance" based on performance, we allow differentiated compensation based on performance. Furthermore, motivation is provided through a variety of recognition and awards so that employees can continuously generate performance on the job.



Build Evaluation Appeal System

Our "Evaluation Appeal System" allows an employee to appeal the result of performance evaluation and competency evaluation. The HR Committee decides whether or not to accept the appeal by deliberating on the appeal filed, and through fair deliberations and decisions, enhances employee understanding and satisfaction. In 2018, out of a total of 59 appeals, evaluations were adjusted in 13 cases.

Welfare & Benefits

Selective Welfare & Benefit System

Under the vision of "a great corporation where the talented gather and work together", DB Insurance offers a range of welfare and benefits systems to motivate all members to take pride in the company and maintain a high level of workplace engagement in a pleasant work environment based on trust of the company. To attain this goal, the company sets up and implements core strategic values including "Internalizing core corporate values and six shared values", "Actualizing a global level GWP", "Operating custom-made welfare & benefit system", "Establishing win-win labor management culture" etc. From 2016 onwards, the company has actively reflected the government's policies including the introduction of a salary peak system, retirement extension, etc., while continuing to uncover practically necessary welfare and benefit systems for workers by identifying their diverse needs via surveys, Opinions & Suggestions various meetings, external consulting and academic research, among others.

Support for Re-employment and Secure Elderly Life

DB Insurance helps retirees to have a smooth transition to a secure and contented elderly life by assisting them with re-employment. Retired or resigned employees with excellent performance records will be offered an opportunity to be rehired to organizations of the relevant occupations or subsidiaries. It is increasingly proven to be an effective welfare and benefit system to allow both employees and the company to enjoy mutual benefits: it enables such employees to continue on the payroll whereas the company can take advantage of their know-how and expertise. On the other hand, the company operates two types of pension plans, the defined benefits(DB) pension plan and defined contribution(DC) pension plan for the purpose of secure management of retirement pensions. Operation of the pension fund is commissioned to multiple financial institutions, including DB Life Insurance, Korea Investment & Securities, Hyundai Marine and Fire Insurance, Kyobo Life Insurance, Samsung Life Insurance, KEB Hana Bank, Shinhan Bank, and Lotte Insurance in a bid to minimize any associated risks. Besides, it assiduously abides by the relevant legal standards on severance pay to be provided in proportion to individuals' service years.

Welfare & Benefits Programs

Category	Program Description
Health promotion program	• Medical check-up for workers and their families • Psychological counseling for employees and their families • Health fund(Prohibition of Smoking, Fitness Fund) • For employees' stress management, conduct online/offline training on emotional labor, sexual harassment, etc., and provide professional psychological counseling • Continued illness response system(Prevention/treatment/leave, etc.) • Group accident insurance for workers and their families • Health information seminars • In-house Promy basketball competition, clubs • Support use of fitness center
Create a healthy work environment	• Manage lighting, noise, indoor air quality, humidity, and temperature, to create an ergonomic work environment - Periodically replace office furniture, and replace all office lights with LED lighting - Operate SMART ventilation and room temperature control for company buildings, and manage HVAC(heating, ventilation, and air conditioning) system for major company buildings
Create a flexible work environment	• Adopt flexible work hours to support work-life balance • Support telecommuting through telecommuting IT system

Category	Program Description
Creation, communication, and empathy (CCE) program	• Invitation to Humanities and Arts [Guest lectures] • Cultural events and performances • Volunteer activities for social contribution
Family-friendly programs	• Provide 90 days of pre- and post-birth paid leave • Operate Promy Loving Child Dare Care(employee-only childcare facility located in Donga-dong, Seoul) • Support school expenses(children attending kindergartens, high schools, and universities/colleges) • Operate Dream Big Plaza - Employee-only site for sharing GWP activities by department, Fun events, core values, corporate culture improvement activities, social contribution activities, etc.) • Operate summer vacation facilities(19 vacation facilities in 6 areas nationwide) and Company resorts(131 units in 29 areas nationwide)
Stability fund	• Loans for purchasing/renting houses/small credit loan/condolence money support
Company housing	• Company housing support for employees stationed in remote places - Temporary housing expense, company housing rent(deposit, monthly rent, etc.) and living expense, transportation expense to and from home
In-house clubs	• Club support(reports, volunteering, travel/mountain climbing, culture/art, learning, etc.)

Performance

Indicators			Unit	2016	2017	2018	Remarks
Status of employees	Executives		Persons	33	57	48	
	Employees		Persons	4,509	4,426	4,439	
	Total		Persons	4,542	4,483	4,487	
	Senior managers/ junior managers	Male	Persons	538	527	673	Male/Female Rate in 2018: Male 96.4%, Female 3.6%
		Female	Persons	7	9	25	
	Assistant managers	Male	Persons	523	557	440	Male/Female Rate in 2018: Male 87.6%, Female 12.4%
		Female	Persons	77	82	62	
	Junior assistant managers/staff members	Male	Persons	674	632	599	Male/Female Rate in 2018: Male 34.2%, Female 65.8%
		Female	Persons	1,207	1,207	1,151	
	Specialists/consultants	Male	Persons	248	245	217	Male/Female Rate in 2018: Male 14.6%, Female 85.4%
		Female	Persons	1,235	1,167	1,272	
	Total		Persons	4,509	4,426	4,439	
Recruitment status	College graduates		Persons	64	81	73	
	Experienced workers		Persons	126	175	362	including direct counsel
	Female office workers		Persons	-	54	56	
	Total		Persons	190	310	491	
Recruitment status of female workers	Total employees		Persons	284	314	776	
	Female employees		Persons	181	199	600	
	Female high school graduates		Persons	88	60	261	
Locally-hired employees overseas			Persons	50	52	52	Current employed total
Conversion into regular workers			Persons	38	16	16	
Training hours	Total training hours		Hours	347,728	326,215	366,263	
	Training per person		Hours	76.6	72.8	81.6	
Training expenses	Total training expenses		KRW million	4,903	4,381	5,596	Performance of Return on Employee Development investment: 23.5times(Net income / Employee development investment)
	Per-capita training expenses		KRW million	1.08	0.98	1.25	
Major Training outcomes	No. of employees obtained qualification certificates		Persons	2,604	2,666	782	
	Employees with insurance qualification certificates		Persons	985	1,082	1,168	
	Insurance qualification ratio		%	31.8	35.0	35.5	Based on full-time workers
Employees participating in study groups			Persons	1,220	872	871	Including employees at affiliates
ESI satisfaction for employee education and training			Points	83.3	82.2	84.2	
No. of employees engaged in self-diagnosis & devising self-development plan			Persons	2,450	2,450	2,454	
Per-capita productivity			KRW 100 million	37.8	38.8	38.8	
Welfare & benefit expenses	Total welfare & benefit expenses		KRW 100 million	454	511	488	Based on full-time workers
	Per-capita welfare & benefit expenses		KRW million	14.3	16.0	15.2	
Status of maternity leave use	No. of leave users before and after childbirth		Persons	108	107	103	
	No. of childcare leave users		Persons	157	114	122	
	No. of employees who returned	Male	%	100	100	80.0	Based on those who returned to work in the same year
		Female	%	89.9	72.3	86.1	
Turnover rate			%	4.4	4.3	4.0	Based on full-time workers
Rate of performance evaluation			%	93.0	93.1	96.7	Based on performance evaluation

* Some of the data for 2016 and 2017 were revised according to changes in the calculation criteria

Partners

Status of Partner

DB Insurance recognizes that sales partners selling its products and services and claim adjustment partners dealing with claims for insurance accidents are an important backbone of its business activities and also of its core stakeholders, and endeavors to create the value of win-win cooperation. Sales partners consist of “exclusive channels” such as exclusive planners, called Prime Agent(PA), and insurance agencies and “non-exclusive channels” such as corporate agents, called General Agency(GA), and Cross-over planners entitled to sell life and general(non-life) insurance products, and in particular, we strategically diversify channels based on characteristics, such as complex models including Total Consulting(TC) and Life Design(LD) channels as well as traditional face-to-face sales and Tele-marketing(TM) channels. Claim adjustment partners are service providers, including hospitals, car repair shops, and damage appraisal firms, who ensure smooth claim adjustment for customers.

Sales Partners

Exclusive channels	Non-exclusive channels
Prime Agent Exclusive planner who can only sell DB Insurance's insurance products	**General Agency** Non-exclusive insurance agency and financial institution who can sell all insurers' insurance products
Insurance agency Insurance agency who can only sell DB Insurance's insurance products through exclusive contract with DB Insurance	**Cross-over planner(Non-life/Life)** Life insurance exclusive planner whose main job is a life insurance planner but can handle non-life insurance products

Claim Adjustment Partners

Accident investigators/ Damage appraisers	Firm which conducts accident investigation for car, long-term, and general insurance and insurance damage appraisal
Hospitals	Institution which provides insurance accident-related medical service and conducts diagnosis of medical issues
On-site/emergency dispatch service providers	Service provider which is dispatched to traffic accident sites, and service provider which is dispatched in emergencies such as vehicle failure
Promy car service centers (maintenance shop)	Domestic car repair partner that has passed DB Insurance's review

Strengthen Partners' Business Competitiveness

Support Differentiated Field Training

DB Insurance conducts a multi-dimensional training program to improve its planners' and business managers' expertise in the insurance industry. In particular, we intend to improve activity competency and strengthen expertise through various forms of training support according to job characteristics. For planners, we run various curriculums such as activation training according to seniority and income tier and in particular, we operate a CPA course for PAs for 13th months or more to provide diverse curricula, such as smart coverage analysis and customer handling, based on disease information. In addition, we are strengthening educational infrastructure, such as tailored education to enhance job competency of training personnel and business managers directly or indirectly supporting planners and M-learning(mobile platform-based learning contents) which enables to secure expertise through continuous self-directed learning.

Insurance planner
- Core competency-oriented training for novice
- Activation training for high-age/career PAs
- Strengthen specialized training according to organizational characteristics

Training personnel
- Standardize work and strengthen competency for training personnel
- Strengthen training coaches' competency, based on their career and characteristics
- Strengthen branch mentors' competency for activity coaching

Business manager
- Core competency-oriented manager training course
- Business manager training to strengthen execution
- Expand foundation for business manager's self-directed learning

Systematic Training for Novice Planners

Recognizing that its novice planners will be directly linked to the company's growth, DB Insurance provides novice planners with training each month for their stable activity and fostering and makes certain that they will receive systematic training up to their 2^{nd} year. In particular, we have selected core competencies for each program, and do our best to secure expertise for the sales organization so that right after completing the program, novice PAs can utilize knowledge in actual work. Also, we introduced the “5^{th} through 8^{th} month customer development program” in order to strengthen business branch-centered novice training, and provide coaching to strengthen novice planners' competency by conducting semi-annual competency education for training coaches and branch mentors.

HQ-managed Programs

M(month) 3 – Dream Big Course
- Inspire novice planners' sense of belonging
- Suggest non-life insurance activities

M5 – Auto Claim Adjustment Course
- Outstanding cases of attracting customers
- Sales points by product

M7 – Consulting Course
- PT for core products
- Strengthen consulting competency
- How to find new markets

M12 – Success Course
- Share cases of outstanding activities
- Regular system for existing PAs
- Establish PA vision

M18 – Increase Retained Customers' Value Course
- Analyze retained customers
- How to classify customer types

M24 – Renewing Resolution Course
- Inspire SHIP
- Present vision

Business Division-managed Programs

Course	Period	Content
Basic Training Course	M (month) 0	Understanding of insurance industry and products, acquisition of non-life insurance licenses, etc. Basic Training Course
Field Training Course	M1 - M4	Learn core products, customer management, 10 speech terms, etc. Field Training Course
Customer Development Program Course	M5 - M8	Secure new customers, customer contacting skills, preparing the foundation of activities, etc.
Step-Up Course	M5 - M24	Provide continuous activity management and various activity issues

Strengthen Sales Support for Financial Planners

For insurance planners' effective customer service, DB Insurance provides various tools and contents. We provide learning booklets and proposals which collect and summarize information on major diseases set forth in the terms of service, and using the same, insurance planners can provide the customers with an understanding of diseases and a variety of information.

In addition, for PAs' improved professional knowledge and their learning activities, we continuously operate the “PA Knowledge(PK) qualification system”. Insurance planners can learn anytime, anywhere through the mobile platform, and the detailed qualification system, based on competency required, thus enhancing the spirit of challenge and continuity of learning. The PA Knowledge(PK) qualification system is conducted monthly for novice planners and semi-annually for all planners. In 2018, a total of 1,882 insurance planners newly acquired qualifications. Also in 2018, we opened the “DB Smart Portal”, which enables one-stop job handling—meeting customers on-site and using a tablet/smartphone to complete customer registration, insurance planning, electronic signature, and offer/acceptance—and the “Smart Coverage Analysis Service” to provide “1-Minute Consulting”, which a planner can check the terms of a customer's insurance and provide automatic planning. This has allowed our PAs to secure time for consulting and planning and lays the foundation for upgraded management of customers. Due to these efforts, 2,847 excellence-certified and 291 blue-ribbon DB Insurance PAs were selected for the General Insurance Association of Korea operated excellence certification[1] and blue ribbon[2] systems respectively, in 2018.

1) Excellence certification: This qualification is granted after comprehensive evaluation of the length of continuous service for the same insurer, new contract retention ratio, recruitment of new customers, number of incomplete sales, etc.
2) Blue ribbon: Highest honor granted to PAs selected as excellence-certified planners (insurance agencies) for four consecutive years and setting examples to others

Support insurance planners' on-site activities

Support TOOLs for customer relation activities
- Provide a learning booklet “Understanding of Major Diseases in DB insurance Terms of Service”
- Support customer service proposals
- Launch “Integrated customer management system”

Strengthen customer handling and consulting capabilities
- Conduct education/training specialized for each business division/branch

Operate PA Knowledge(PK) qualification system

Content of operation
- Year-round learning system using smartpads
- 4 courses(Product/Activity/Coaching/Competency)
- Targets divided into staff, novice planners, and existing planners, and qualification system based on necessary competencies

Results(2018)
- Conducted monthly for novice planners and semi-annually(1^{st} and 2^{nd} half of year) for all planners
- 1,882 planners(1,935 in 2017) newly acquired ualifications

Support for the Stabilization of Sales Partners

Commissions are not only performance-based rewards for insurance soliciting activities but also a reflection of company policies. Hence, DB Insurance enables the effective implementation of company strategies by frequently sharing the significance and direction of commissions with sales partners via in-house broadcasting and regular educational content. Additionally, to help new PAs in making adjustments, we have strengthened “new performance” commissions and introduced “activity” commissions, thereby laying a foundation for continuous growth. To expand long-term insurance sales centered on efficiency, we have improved our criteria for returning evaluation-based commissions. To improve productivity, we continuously operate branch development training that focuses on core sales capabilities, customer development programs for 5th-8th month PAs, etc. In 2019 we launched a BTS program for 9th month PAs, helping them to improve recovery flexibility through dialogs with senior PAs in order to become healthy insurance professionals. Our efforts to motivate PAs are also apparent in the various forms of support we provide for those with less than 5 years' experience—for instance, the company has separately awarded the “vision club prize”, for the purpose of instilling our long-term vision.

Efficient Operation Support, by Channel

In order to stimulate efficient growth for our sales partners, in 2015, we reorganized the branches into standard, Total Consulting(TC), general, and specialized branches, and redefined the responsibilities and roles of staff organizations. After the reorganization, in order to maximize branch productivity, we took measures such as revamping staff organizations' operational system, differentiating operation cost based on branch characteristics, and enhancing operational efficiency of outskirt base branches. In 2018, we launched the “Smart Coverage Analysis Service” to support smart sales activities, helping planners efficiently manage and consult with their customers.

Standard branch	General branch	TC branch	Specialized branch
Foster talented PAs specialized in consulting	Strengthen support for aged PAs' customer retention and work	Reinforce Total Consulting(TC) Foster future PA leaders	Discover new channels and sharpen channels' competitiveness, Provide work support for staff organizations

LD Center: Support for Career-interrupted Women

With training and operational methods that are differentiated from general planner channels, our Life Design(LD) Center, mainly composed of formerly career-interrupted women in their 30s and 40s, has positioned itself as the only successful channel of its kind in the industry. For continued competitiveness in our exclusive channels and to support them as future growth engines, we provide a stable, high-quality database, strengthen job competency through personalized training, select female PAs in their 30s and 40s from the standard branches of our business divisions, and conduct additional searches for outstanding talent. Additionally, we provide coaching on work adjustment and relations with colleagues based on personality tests for all new PAs, and periodically host image-making, lectures by show hosts and star lecturers, thus making differentiated efforts to develop the capabilities of our young women. As a reflection of the organization's unique characteristics – the majority of employees are working moms - we operate various programs to support work-family balance. Notably, the LD Center has flexible work hours, a consideration for working moms' child-raising and household responsibilities, and in cases of employment gap due to child-raising, separate staff are provided. Additionally, we have children's play facilities within branches and hold periodic Family Day events(job experience, financial education, etc.), which enhances the loyalty of working moms. We also share the economic burden of raising children by providing a childbirth congratulatory bonus and a child-raising allowance(until 18 months), income maintenance during pregnancy to minimize the employment gap during postpartum care, etc.

Enhance Customer Satisfaction by Providing Realtime Information on Dispatch Personnel Location

In 2018, DB Insurance expanded its dispatch personnel location information system to customers encountering traffic accidents wherein customers who need emergency measures due to vehicle malfunction, etc. are given visual, real-time information on dispatch personnel's location and expected arrival time. Thus, we expect that this system will relieve, to a certain extent, customers' anxiety over unexpected situations which can occur during use of a vehicle, and provide a speedy dispatch service, helping to enhance customer satisfaction.

Strengthening our Mutually Beneficial Cooperation System with Partners

Promote Communication with PA

DB Insurance lets PAs with outstanding sales capacity join its Product Leaders Club which decides the direction of its product policies, thereby making it possible to reflect more candid voices from the field, and broadly utilizes the PA Opinions & Suggestions system in its policies and systems. Our PA Opinions & Suggestions System is a communication channel where our PAs can deliver real-time opinions in the field on matters necessary for smoother sales activities, and the opinions and suggestions registered are directly transmitted to our headquarters and relevant departments, and those adopted are reflected in our policies and systems.
In addition, DB Insurance operates various communications channels with the sales partners, such as DB Round Table(DBRT) seminar, cross sales team leader course, GA manager course, mentor course, training coach course, sales team leader course, and TC Center leader course. Additionally, each year, we select excellent PAs based on evaluation of performance, customer satisfaction and retention ratio, hold an annual award ceremony, and induct PAs contributing to advancement of DB Insurance into the “DBRT Hall of Fame”, promoting sales partners' loyalty and pride.

Broadening Partnerships with Claim Adjustment Partners

To provide differentiated services tailored to customer needs and build a mutually beneficial cooperation relationship with our partners, DB Insurance continues to select and manage excellent claim adjustment partners(vehicles repair shops), and supports their business efficiency. In 2018, we built an electronic document system capable of directly preparing and storing reports of dispatch results, consent to personal information use, etc. on mobile device screens rather than pre-printed forms, thus providing a convenient work environment capable of one-stop handling from accident investigation to analysis. Also, we collect comments for improvement through various communication programs. To understand maintenance partners' current state and enhance their pride and satisfaction, we hold annual partnership conferences, and in 2018 a total of 105 partners including 16 accident dispatch contractors participated, where we shared automotive industry's present and future prospects, mutual win-win strategies, etc. in the era of the 4th Industry Revolution, and conducted ethical training together.

Performance

Indicators		Unit	2016	2017	2018	Remarks
Sales partners	Exclusive planner(PA)	Persons	13,462	13,245	12,977	
	Cross-over planner(Non-life/Life)	Persons	9,512	9,251	8,867	
	Individual(non-corporate) agency	Agencies	3,097	2,827	2,452	
	Corporate agency	Agencies	1,701	1,639	1,631	
	Financial institution	Agencies	38	40	38	
Claim adjustment partners	Emergency dispatch network for vehicle failure	Agencies	453	457	473	
	On-side dispatch network for car accidents	Agencies	517	512	434	
	Specialized repair network	Agencies	390	377	362	
	Accident investigator & damage appraiser	Agencies	17	15	17	
Franchisee satisfaction index(FSI)		Points	71.8	70.6	70.4	
Emergency dispatch service satisfaction		Points	97.1	97.8	97.9	
Number of PK certificate holders		Persons	37,693	39,499	41,381	Annual cumulative
Smartpad penetration rate		%	52.5	55.2	83.3	Smartpad penetration ratio among sales partners
Number of cases handled per claim adjustment partner		Cases	358	294	324	

ESH

Environmental Management System

Mid- to Long-term Strategies of Environmental Management

DB Insurance establish and operates environmental management strategies based on three principles of the environmental management including specialization of environmental risk management, minimization of environmental footprint, and the expansion of green finance and environmental project. The company is committed to ensure more sustainable recycling of resources by establishing and operating environmental management guidelines, thereby minimizing environmental impact of its management activities.

Become the leading company in the field of the environmental management by 2020

Lower CO_2 emissions by 5% by 2020

Specialize environmental risk management	Minimize environmental footprints	Widen the green finance and environmental businesses
❶ Strengthen R&Ds on environmental risks ❷ Forge international ties for joint efforts and establish cooperative systems ❸ Provide more opportunities for stakeholder participation	❹ Minimize business impacts on the environment ❺ Encourage business partners to engage in environmental management ❻ GHG reduction activities ❼ Expand the areas under the control of environmental index	❽ Provide eco-friendly and pro-social products ❾ Operate and invest in green industry assets ❿ Support client's green management

Environmental Management Certifications

To identify environmental laws and material environmental aspects and minimize environmental impacts, we have obtained ISO 14001 certification for our environmental management system, which was established by the International Organization for Standardization. In the field of risk management, we have KSI 7001/7002 certification for our green management system.

Certifications of Environmental Management

Environmental Management System (ISO 14001)	To practice environmentally friendly management at society level, the company implemented innovation projects to tackle climate change risk such as training ISO 14001 Environment, management System Auditors and the management of heavy rains.
Green Management System (KSI 7001/7002)	The company won the first green management system, "KSI 7001/7002" in the non-life insurance industry in 2013 in recognition of its environmental efforts encompassing the attempts to ensure effective resource and energy use and to minimize GHG emissions and the generation of environmental pollutants.

Safety Management Certifications

To establish a systematic process for managing OHS matters, we obtained OHSAS[1] 18001 certification, which has allowed us to enhance the reliability of our OHS management system(e.g., endeavors to create a safe, healthy work environment by identifying and improving OHS hazards/risk factors).

1) OHSAS(Occupational Health & Safety Assessment Series): International certification for OHS management systems

Selected as a Leading Company in Weather Management[2]

DB Insurance periodically collects weather data(on heavy rain, strong winds, typhoons, snow, and earthquakes) from the Korea Meteorological Administration("Comprehensive National Weather Information") and the Korea Fire Protection Association, and broadcasts it company-wide on a weather information screen(risk of heavy rain or typhoon and information on regional climate extremes). We support decision-making on insurance contract U/W reviews by assessing natural disaster risks. For risk management, we prevent damage to the life and property of customers by consulting with business sites that are vulnerable to natural disasters and providing them with reports.

2) Leading company in Weather Management: A company selected by the head of Korea Meteorological Administration which creates added value through weather management activities(e.g., employing weather information across its entire operations, thereby increasing sales, saving costs, and preventing personal/property damages) and provides protection from weather disasters.

DB Insurance's Weather Management System

Collect Weather Information

Korea Meteorological Administration + Korea Fire Protection Association

Analyze Weather Information

- Calculate natural disaster risks in five categories(heavy rain, strong winds, typhoons, snow, earthquakes)
- A weather information system(GIS) will be built in the second half of 2019(calculating and computerizing natural disaster risks, providing visualizations on a map, automatic reporting, etc.)

Utilize Weather Information

- Post weather information on the company system and share it across the organization
- Provide natural disaster risk analysis reports tailored to customer business sites and support decision-making on insurance U/W

Waste Management

To assure on-going improvement of waste discharge, DB Insurance strictly separates between recyclable and land-fill wastes and manages accordingly. Taking account of the fact that most wastes from the company's office buildings are shredded paper and aged office supplies, the company encourages employees to avoid producing unnecessary print outs and to use and recycle reusable papers and office supplies, etc., while introducing an IT-based business system to make a substantial advance in reducing waste from the work environment.

Energy Use

Though the absolute energy consumption is increasing from the increased areas of its office buildings and increased data center utilization due to expansion of IT-based business capabilities, DB Insurance strives to ensure effective energy consumption. To this end, the company sets specific energy consumption targets by different items and measures the performance of the nine domestic corporate buildings and leased offices in the country. In calculating the amounts of GHG emissions, the company applies coefficients set forth in the IPCC GL 2006; GHG emissions from sales branches and overseas offices are excluded.
DB Insurance relies on bulk electrical supply by the Korea Electric Power Corporation(KEPCO) as its main energy source along with fossil fuels(LNG, diesel and petroleum) for heating and emergency power generators. Energy consumption was calculated in accordance with energy calorie conversion standards in the attached table of the Domestic Energy Act revised on December 30, 2011. Although the Company acknowledges the significance of using renewable energy including bio fuels, solar energy and fuel cells, it has not yet implemented the relevant generating facilities in consideration of the domestic new and renewable market environment. The company intends to make a strategic introduction of new and renewable power generating facilities in its major buildings considering market maturity and the declining price trend of power-generating facilities.

Direct Greenhouse Gas Emissions(Scope1) - Gas and Fuel

DB Insurance defines air-conditioners and heating boilers, absorption-type water coolers and heaters, emergency generators and corporate vehicles as direct GHG emission sources and endeavors to reduce direct GHG emissions by continuously placing limits on cooling and heating temperatures and more.

Indirect Greenhouse Gas Emission(Scope2) - Electrcity

For the effective reduction of indirect GHG emissions as the by-product of electricity utilization, the company is replacing its lighting, the major source of electric power load, with LED lamps. Also, what underpins the company's drive to lower its indirect GHG emissions is the engaged participation of employees, as they enable the continued adoption of relevant campaigns such as turning off lights during non-business hours, and setting a limit on cooling/heating temperatures, among others.

Others Indirect Greenhouse Gas Emission(Scope3) - Travel Distance, Paper Consumption

DB Insurance has in place an integrated control system of paper consumption and a cross-country business trip management system for employees for indirect GHG emission management in a bid to explore opportunity factors and to control associated risks in respect of indirect impact on climate change due to its business operations.

Strengthen Internal/External Activities for Disaster Response

Develop Disaster Response Insurance Product

Launch the Insurance Product of Special Contract for Earthquake Risk, Covering Blind Spots for Insurance

Damages from earthquake, as force majeure, are not covered by insurance, but with an increase in customers' coverage needs for vehicle damages arising from earthquakes in Gyeongju and Pohang, we launched a new insurance product of special contract for earthquake risk in 2017. In particular, we emphasize the social functions of insurance such as covering not only vehicular damages from earthquakes but also rental car fees during vehicle repair and vehicle acquisition tax to be paid for new cars in cases of total loss(vehicle registration abolishment, etc.), thus further strengthening coverage for blind spots for insurance.

Develop Disaster Liability Insurance Product(Mandatory Insurance for Disaster-prone Facilities)

With the Framework Act on the Management of Disasters and Safety mandating or obligating 19 types of facilities with a high risk of disasters to be covered by insurance, we developed a new disaster liability insurance product, which, based on a "no-negligence liability principle", compensates the victim's damages even when the insurance purchaser(subscriber) is not negligent and enables speedy, substantial relief for the victim.

Key Features of the Product

Category	Facilities	No.
Reference rate	Museum, gallery, science museum, library, funeral hall, restaurant, apartment, lodgings	8
Reinsurer-negotiated rate	Race track, off-track betting site, passenger vehicle terminal, gas station, warehouse, bicycle race track, regatta, display facility, underground shopping center, international conference facility	11

- Applicability: 19 types of facilities with high risk of disasters
- Covered risk: Damage to a third party's life, body and property due to fire, explosion, or collapse occurring in disaster-prone facilities(Article 76 of the Framework Act on the Management of Disasters and Safety)

Establish Company-wide Disaster Response System

We monitor business sites in real time to identify risks, using rapid notifications to prevent the spread of risks in cases of emergencies. We replicate data in real time to achieve system switch to the Songdo Disaster Recovery Center in cases of disasters, and conduct disaster recovery mock drills twice a year to enable system re-activation within 3 hours. Also, through establishment of IT development projects' KPIs and systematic inspection activities, we make stronger efforts to improve IT performance. And by doing that, we can minimize damage from risks and quickly normalize operations.

Category	Contents	Cycle
Mock BCP drill	• Review the feasibility of initial and emergency responses, work resumption, and disaster recovery plans and identify areas for improvement(IT sector, 2016)	Annual
Drill to cope with open web server hacking	• Detect and block mock attacks on open servers such as web and e-mail servers after scanning the servers to reveal their weaknesses	Annual
Drill to cope with malicious code and e-mails	• Detect, block and remove malicious codes after spreading e-mails with pseudo-malicious codes to e-mail accounts of employees	Annual
Anti-DDoS drill	• Emergency responses to electronic infiltration such as hacking and DoS(Denial of Service) attacks	Annual
Disaster/accident restoration drill	• Establish a business continuity plan for emergency events such as disasters, in order to prevent interruption of operation • Verify the feasibility of recovery system operation/recovery process as well as system transition, for emergency events • Check the maintenance of emergency contact systems via surprise drills • Check adequacy of the disaster recovery procedure and organization, be fully aware of the team/individual duties through mock drills, and improve system recovery technology • Check whether the affected work can be resumed and define additional resources necessary for recovery • Comply with Article 23(Establishment and operation of emergency measures) of the Electronic Financial Supervision Regulation • Conduct drills at least once a year	Semi-annual
Backup outcome simulation	• Verify the adequacy of backup system operation and backup recovery plan • Verify the recovery time and integrity of backup data • Check the adequacy of backup recovery procedure and organization • Be fully aware of the team and individual duties through mock drills, and improve the system recovery technology	Semi-annual
Mock simulation against IT failures	• Verify adequacy of the failure response for key systems, through periodic failure simulation drills • Check adequacy of the failure simulation drill scenarios, detailed recovery procedure, and response organizations • Be fully aware of the duties through failure simulation drills and improve the system recovery technology for the same or similar failures • Reduce recovery time for anticipated failures through failure response drills for critical tasks	Quarterly

Other Disaster-related Insurance Products

Fire insurance	The special contract for earthquake risk provides indemnity for fire caused by earthquake or eruption or losses incurred by burn damage, collapse, destruction, being buried, loss prevention, and emergency evacuation. The special contract for storm and flood damage provides compensation in case of typhoons, tornados, storms, tempests, floods, tsunamis, inundation, and similar damage.
Storm and flood damage insurance	This insurance product is developed to quickly, substantially recover from damage when property loss occurs due to storm and flood damage, such as typhoons, floods, torrential rain, tsunamis, strong winds, storms, and heavy snowfalls.
Crop insurance	This insurance product is developed to address management uncertainties of farmers and help stabilize their income. The contract mainly covers hurricanes, hail, and localized torrential rain, and special contracts, which can be selected by farmers, cover damage from various causes, such as frost in spring and autumn and unusually cold temperatures.

Occupational health and safety("OHS") for employees

Operation of the OHS Committee

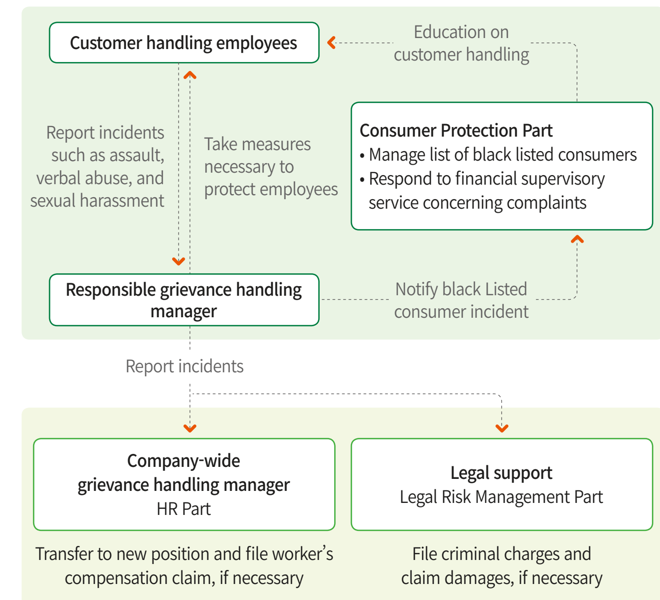
To maintain and improve the OHS of our executives and workers and thereby improve production efficiency, DB Insurance operates an OHS Committee. This is composed of three representatives each from labor and management and is responsible for reviewing OHS-related matters such as industrial accident prevention plans. In addition, we designate OHS managers who are responsible for a wide range of activities such as OHS training programs and work environment inspections, investigations into the causes of major accidents and preparation of measures to prevent recurrence thereof, etc.

Implementation of a Health Maintenance Program for Employees

To create a healthy work environment for everyone, DB Insurance has developed and operates a variety of health maintenance policies and programs. The company provides its staff and their partners with an annual medical check-up opportunity. The company's up-grade check-up program is tailor-made to the different needs of employees, their ages and service years: for instance, consulting desk workers receive a massage care program along with physical examination in musculoskeletal disorders. These coherent efforts are geared towards preventive measures against company-wide health risks. In addition, the company helps to lift the burden of medical fees from its employees with a collective insurance program for injury and diseases encompassing not just the workers themselves but also lineal ascendants and descendants. Also, to be included are various health service programs including psychological counseling by specialists and health fund programs, etc.

Measures to Protect Customer Service Employees

In order to prevent disadvantages of employees contacting customers and suffering from them, DB Insurance has appointed a responsible grievance handling manager in each division to actively respond to problems. When problems arise, we take active responses. We even have a "problem consumer response manual", strengthening the protection of our customer service employees.



Performance

Indicators		Unit	2016	2017	2018	Remarks
Energy consumption	Electric power	MWh	47,663	46,469	50,027	
	District heating	MWh	5,911	5,940	6,127	
	Fuel	MWh	376	357	373	
	Gasoline	MWh	313	302	316	
Greenhouse gas emissions	Scope 1(District heating, Fuel, Gasoline)	tonCO$_2$eq	3,339	3,335	3,444	
	Scope 2(Electric power)	tonCO$_2$eq	22,221	21,664	23,322	All business sites (9 corporate buildings and leased offices in Korea)
	Scope 3(Domestic business trips)	tonCO$_2$eq	492	460	697	
Waste management	Discharge of landfill wastes	ton	913	876	1,028	
	Discharge of recycling wastes	ton	983	911	1,065	
Water	Water usage[1]	m^3	413,761	388,386	379,797	
Domestic business trips		Km	2,644,389	2,468,937	3,740,961	

1) The company annually carries out the 3rd party assurance, which was assumed by the Korea Productivity Center in 2018.

Energy Consumption Objectives for 2020:
5% reduction in energy consumption compared to 2015

Amount of GHG Emissions Objectives for 2020:
5% reduction in GHG emissions compared to 2015

Appendix

Stakeholder Engagement

DB Insurance defines its key stakeholders as customers, shareholders, investors, employees, sales partners, and communities. We actively collect their opinions through various communication channels according to stakeholder characteristics, and reflect the same in the key decision-making of our management activities. Also, we conduct monitoring through direct indexes such as an internal/external customer satisfaction index(CSI), employee satisfaction index, franchisee satisfaction index(FSI), and an online reputation survey system and indirect indexes governing aspects such as sales of new products and stock price movements, and the results are reflected in the management's decision-making.

Stakeholder Communication Process

1. **Define stakeholders**
   Customers, employees, sales partners, shareholders, communities, financial authorities, etc.
2. **Stakeholder communications**
   Check stakeholders' key demands
   - VOC, Consumer Evaluator (Review) Group, employee councils and surveys, opinions & suggestions, conferences, IR(investor relations), General Insurance Association of Korea, social contribution activities, etc.
3. **Decision-making by the management**
   Conduct decision-making by reflecting stakeholders' demands in the strategies
   - BoD, management conference bodies, etc.
4. **Communication of the decision-making outcomes**
   Communicate with stakeholders on corporate visions, core values, management goals, strategies, etc.
   - New products, customer notification, broadcasting media, official website, financial statements, general meeting of shareholders, etc.
5. **Follow-up monitoring**
   Collect and reflect stakeholders' opinions, and improve monitoring
   - Customer satisfaction, employee satisfaction, and sales partner satisfaction indexes, stock price, sales of new products, reputation survey, etc.

Creating Values for Stakeholders

Stakeholders

Sales partners

Communication channels for individuals or groups who rapidly, accurately deliver DB Insurance's products and services

Communication Channels
On-site PA communication channel/Sales Partner TV /DBRT(DB Round Table) seminar/Car repair agents' partnership conference/DP(DB Partner) meetings/ Medical consulting(medical specialists) network

Employees

Communication channels for a group of people who receive wages in exchange for their labor or service as employees of DB Insurance

Communication Channels
Dream Big Plaza/Opinions & Suggestions/ Participation Platform/Employee Satisfaction Index(ESI)/Dynamic Leaders Conference/ Open Communication with CEO/ Monthly management briefings(Promy TV)

Shareholders

Communication channels for individuals or groups who supply capital to DB Insurance with a view to gaining specific benefits.

Communication Channels
IR(investor relations) activities/Disclosure(DART "Data Analysis, Retrieval and Transfer System", an electronic disclosure system & website)

Customers

Communication channels for individuals or groups who are present customers or potential customers of DB Insurance's financial products.

Communication Channels
Consumer Evaluator(Review) Group/Customer VOC/ Know Your Customers Campaign/External Customer Satisfaction Indexes(KCSI, KS-SQI, NCSI)/ DB Insurance's Customer Satisfaction Index(DCSI)

Community

Communication channels for individuals or groups of individuals or groups that exchange direct/indirect influences in the areas of the company's business

Communication Channels
Social contribution activities/Sports sponsorships/ Public service

Management's Decision-making System

DB Insurance makes decisions on important management issues through its BoD, committees in different sectors, management conference bodies, etc., and continuously improves its operating system in line with changes in its management environment and strategies. A speedy, smooth decision-making process is facilitated by our electronic document-approval(decision-making) system, and important items of decision-making are transparently shared with all employees through our work portal system.

Materiality Test

In order to identify key issues of sustainable management that may affect the company's business, DB Insurance conducted internal/external environment analysis on global sustainable management trends, key industry issues, internal management issues, etc., and identified stakeholders' opinions and needs through a survey of key stakeholders.

In this Sustainability Report, we will transparently disclose our sustainable management activities and performances related to the key issues and ascertain stakeholders' various opinions, thereby laying the foundation for development of sustainable management.

Step 1. Create an issue pool

Conduct multi-faceted analysis of DB Insurance's sustainable management

External environment analysis

Reviews of international standards
Analyze the requirements of international standards such as GRI Standards, DJSI, ISO 26000, UN SDGs, etc., and identify issues

Global benchmarking
Survey sustainable management issues and trends of global leading companies (10 in total) in the industry

Media research
A total of 2,024 items(Jan 1, 2018–Dec 31, 2018)

Survey of stakeholders
Customers, shareholders, investors, communities, sales partners, and sustainability management experts

Internal environment analysis

Survey of employees
Employees of DB Insurance and its affiliates(including subsidiaries)

Review of internal materials
- CEO's key announcements or presentations and other management materials
- Review of key articles in company newsletters published in 2018

Key issues of sustainable management
Key issues of DB Insurance's sustainable management and key directions thereof

Step 2. Materiality mapping and key issue identification

Materiality test in terms of stakeholder impact("Impact") and business relevance("Relevance")

Evidence of "Impact"

Issues of interest by stakeholders, trend in social issues, compliance with legal regulation

Evidence of "Relevance"

Link with financial/insurance industry, consistency with short/long-term visions

Step 3. Validity review and reporting

Reflecting internal opinions

- Consultations with sustainable management TF team
- Review by the Sustainable Management Committee

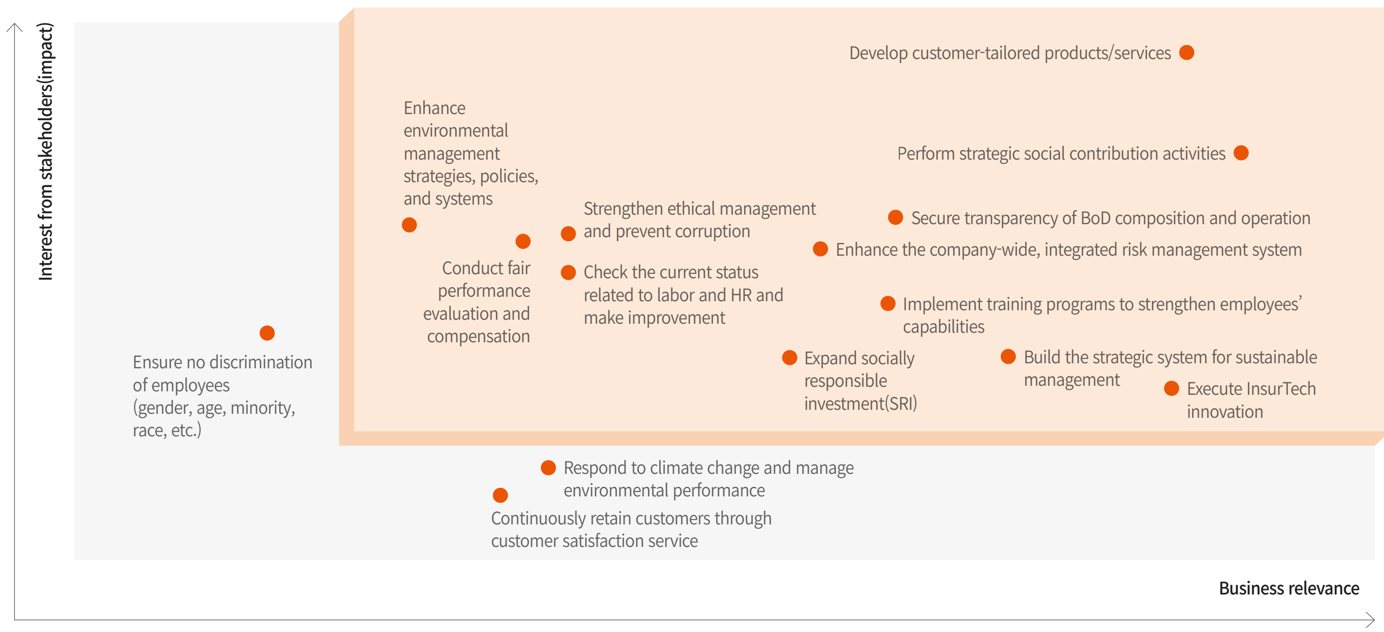
Reporting on key issues

Detailed reporting, with an emphasis on activities and performances for the derived issues

Reporting on potential issues

Reporting on issues specifically managed by the company on an ongoing basis

Materiality Map



Category	Issues	GRI Topic	Stakeholder impact assessment: Finance	Operation	Risk management	Page
Material issues	Develop customer-tailored products/services	Product portfolio Marketing and labeling	V			22-31p
	Perform strategic social contribution activities	Local Communities			V	38-41p
	Execute InsurTech innovation	-	V			32-37p
General issues	Secure transparency of BoD composition and operation	Governance		V		44-47p
	Enhance the company-wide, integrated risk management system	-		V		52-59p
	Implement training programs to strengthen employees' capabilities	Training and education		V		70-71p
	Build the strategic system for sustainable management			V		20-21p, 47p
	Strengthen ethical management and prevent corruption	Anti-corruption Socioeconomic compliance		V		48-51p
	Conduct fair performance evaluation and compensation	Diversity and equal opportunity		V		71-72p
	Check the current status related to labor and HR and make improvement	Human rights assessment		V		67p
	Enhance environmental management strategies, policies, and systems	Energy Emissions		V		78-79p
	Expand socially responsible investment(SRI)	Indirect economic impact		V		17p

GRI Index

Universal Standards(GRI 100)

Classification	Disclosure	Indicators	Page	Note
Organizational Profile	102-1	Name of the organization	6	
	102-2	Activities, brands, products, and services	12, 13	
	102-3	Location of headquarters	6	
	102-4	Location of operations	6, 18, 19	
	102-5	Ownership and legal form	6	
	102-6	Markets served	6, 18-19	
	102-7	Scale of the organization	62-63	
	102-8	Information on employees and other workers	68-73	
	102-9	Supply chain	12, 13	
	102-10	Significant changes to the organization and its supply chain	-	None significant changes
	102-11	Precautionary Principle or approach	52-55	
	102-12	External initiatives	98, 99	
	102-13	Membership of associations	99	
Strategy	102-14	Statement from senior decision-maker	4, 5	
	102-15	Key impacts, risks, and opportunities	52-55	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	48-51	
	102-17	Mechanisms for advice and concerns about ethics	48-51	
Governance	102-18	Governance structure	44-47	
Stakeholder Engagement	102-40	List of stakeholder groups	83	
	102-41	Collective bargaining agreements	-	All employees except for registered directors according to employment regulations
	102-42	Identifying and selecting stakeholders	83	
	102-43	Approach to stakeholder engagement	83	
	102-44	Key topics and concerns raised	84, 85	
Reporting Practice	102-45	Entities included in the consolidated financial statements	-	Annual report
	102-46	Defining report content and topic Boundaries	About this Report	
	102-47	List of material topics	84, 85	
	102-48	Restatements of information	-	Included relevant page
	102-49	Changes in reporting	About this Report	
	102-50	Reporting period	About this Report	
	102-51	Date of most recent report	About this Report	
	102-52	Reporting cycle	About this Report	
	102-53	Contact point for questions regarding the report	About this Report	
	102-54	Claims of reporting in accordance with the GRI Standards	86, 87	
	102-55	GRI content index	86, 87	
	102-56	External assurance	96, 97	

Topic-specific Standards

Economic Performance(GRI 200)

Classification	Disclosure	Indicators	Page	Note
Economic Performance	201-1	Direct economic value generated and distributed	62, 63	
	201-2	Financial implications and other risks and opportunities due to climate change	54, 55	
	201-3	Defined benefit plan obligations and other retirement plans	72	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	17	
	203-2	Significant indirect economic impacts	38-41, 63	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	48-51	
	205-3	Confirmed incidents of corruption and actions taken	48-51	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	48-51	No Significant Incidents

Topic-specific Standards

Environmental Performance(GRI 300)

Classification	Disclosure	Indicators	Page	Note
Energy	302-1	Energy consumption within the organization	79, 81	
	302-2	Energy consumption outside of the organization	79, 81	
	302-4	Reduction of energy consumption	79, 81	
Water	303-3	Water withdrawal	81	
Emissions	305-1	Direct(Scope 1) GHG emissions	81	
	305-2	Energy indirect(Scope 2) GHG emissions	81	
	305-3	Other indirect(Scope 3) GHG emissions	81	
	305-4	GHG emissions intensity	81	
	305-5	Reduction of GHG emissions	79	
Effluents and Waste	306-2	Waste by type and disposal method	81	

Social Performance(GRI 400)

Classification	Disclosure	Indicators	Page	Note
Employment	401-1	New employee hires and employee turnover	73	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	69, 72	
	401-3	Parental leave	69, 72	
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	68, 69	
Occupational Health and Safety	403-8	Workers applicable to the occupational health and safety management system	81	
Training and Education	404-1	Average hours of training per year per employee	73	
	404-2	Programs for upgrading employee skills and transition assistance programs	70, 71	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	73	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	71, 72	
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	67	
	412-2	Employee training on human rights policies or procedures	67	
Local Communities	103-1, 2, 3	Management Approach	38	
	413-1	Operations with local community engagement, impact assessments, and development programs	38-41	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	No Significant Incidents
Public Policy	415-1	Political contributions	99	
Marketing and Labeling	103-1, 2, 3	Management Approach	27	
	417-1	Requirements for product and service information and labeling	-	No Significant Incidents
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No complaints or breaches related to information security/ cybersecurity
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-	No Significant Incidents

Financial Services Sector

Classification	Disclosure	Indicators	Page	Note
Product Portfolio	103-1, 2, 3	Management Approach	22	
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	23-27	
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	23-27	

Independent Auditor's Report

Respectfully submitted to the shareholders and BoD of DB Insurance Co., Ltd.

Auditors' opinion

We have audited the financial statements of DB Insurance Co., Ltd.(the "Company"). These financial statements include the statement of financial position as of December 31, 2018 and December 31, 2017, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the two reporting periods then ended, and the notes to the financial statements including summary of significant accounting policies.
In our opinion, the financial statements referred to above present fairly, in terms of materiality, the financial position of the Company as of December 31, 2018 and December 31, 2017 and its financial performance and cash flows for the two reporting periods then ended, in accordance with K-IFRS.

Basis of auditors' opinion

We conducted our audits in accordance with auditing standards of the Republic of Korea. Our responsibility under the standards is described in the section on the "responsibility of auditors for audit of financial statements" in this audit report. We are independent from the Company in accordance with the ethical requirements of the Republic of Korea in relation to auditing financial statements and have implemented ethical responsibilities in accordance with such requirements. We believe that audit evidence obtained by us is sufficient and appropriate as the basis of an audit opinion.

Core audit matters

Core audit matters are the most significant matters in the audit of the financial statements based on our professional judgment. The matters were addressed in the formation of our opinion from the perspective of an audit of the entire financial statements and we do not provide a separate opinion on those matters.

Insurance premium reserve among insurance contract liabilities

As discussed in Note 2 - 20(Insurance Contract Liabilities) to the Financial Statements, in accordance with the Insurance Business Supervisory Regulation and applicable laws, the Company reserves premium reserves to pay insurance claims, refunds and dividends to insurance policyholders or beneficiaries in the future regarding insurance contracts held by the Company.
As noted in Note 31(Statement of Insurance Contract Liabilities), the book value(carrying amount) of insurance premium reserve as of the end of the reporting period is KRW 25.8 trillion, representing 74.0% of total liability KRW 34.9 trillion and 84.3% of insurance contract liability KRW 30.6 trillion. The premium reserve is the present value of the future cash flows during the estimated insured life based on the base rate as of the settlement of accounts decided and used by the insurer per product, an item containing top management's significant judgment. Therefore, it was decided that the auditor should pay significant attention, and was decided as a key audit matter.

The main audit procedures performed by us for the insurance premium reserve of KRW 25.8 trillion appropriated or included by the Company in the financial statements as of the end of the reporting period are as follows

- Understand the accounting policies of the consolidated subsidiaries related to the calculation of premium reserves and ensure that the method of calculation complies with the Insurance Business Supervisory Regulation and the Insurance Business Supervisory Regulation Enforcement Rule
- Check whether there were changes in the supervisory regulations and internal calculation regulations applied when calculating premium reserves, and whether the changes were properly reflected
- For products with a high proportion of holdings by collateral, check whether basic information such as methodology / assumptions / input variables are applied in accordance with the supervisory regulations and internal calculation regulations
- Confirm whether the contract to be earned is missing through the mutual comparison between the contract information of the company operating system and that(contract information) is the result of calculation of premium reserves
- Confirm whether the total amount of premium reserve in the final reserve fund deadline matches the settlement information

Responsibility of top management for financial statements

Top management is responsible for preparing these consolidated financial statements and indicate them fairly according to the Korean International Financial Reporting Standards("K-IFRS"). It is also responsible for internal control necessary to prepare the consolidated financial statements with no material misstatements resulting from irregularities or errors. When preparing the financial statements, top management is responsible for evaluating the ability of the Company to continue as a going concern and, if applicable, disclosing information about the company as such. And, unless top management has the intention of liquidating or discontinuing the business, it is also responsible for the use of the going-concern assumptions of accounting. The governing body is responsible for monitoring the company's financial reporting procedures.

Responsibility of auditors for audit of financial statements

Our purpose is to issue an audit report that includes our opinion, with reasonable assurance as to whether the entity's financial statements are free from material misstatement due to fraud or error. Rational assurance means a high level of assurance, but does not guarantee that audits performed in accordance with audit standards will always find material indications of distortion or signs of distortion. An indication of distortion may arise from irregularities or error, and if the indication of distortion is reasonably expected to affect individually or collectively the user's economic decision based on financial statements, the indication of distortion is considered material.

As part of audits in accordance with auditing standards, we conduct professional judgments throughout the audit process and maintain professional skepticism.
Also, we:

- Identify and assess the risk of material indication of distortion in the financial statements resulting from misconduct or error, and design and conduct audit procedures to respond to the risk. We obtain sufficient and appropriate audit evidence as the basis for the audit opinion. Since misconduct can involve interventions, forgery, intentional omissions, misrepresentation, or internal control disruption, the risk of failing to detect material indication of distortion due to misconduct is greater than the risk concerning error.
- Understand audit-related internal controls in order to design audit procedures that are appropriate for the situation. However, this is not intended to express opinion on the effectiveness of internal controls.
- Evaluate the appropriateness of the accounting policies applied by the management and the reasonableness of the accounting estimates derived by management and the related disclosures, in preparing the financial statements
- Conclude on the adequacy of the management's use of the going-concern assumptions of accounting and, and based on the audit evidence obtained, on whether there are material uncertainties relating to the events or circumstances that may cause significant doubts about the ability to continue as a going concern. If we conclude that material uncertainties exist, we are required to draw attention to the audit report for the relevant disclosures in the financial statements, and to change the opinion if these disclosures are inappropriate. Our conclusions are based on the audit evidence we have obtained by the audit report date, but future events or circumstances could lead to discontinuation of the company as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including disclosures, and evaluate whether transactions and events on which the financial statements are based are presented in a fair manner by the financial statements.

We communicate with the governing body about significant audit findings, such as planned audit scope and timing, and significant internal control vulnerability identified during audits. Also, we provide a statement to the governing body that we will comply with the independence-related ethical requirements, and communicate with the governing body all relevant relationships and other matters deemed relevant to our independence issues and, where applicable, the relevant systemic safeguards.
We determine the most significant matters in our audit of the financial statements, among the matters communicated with the governing body, as the key audit matters. Unless such matters are excluded from public disclosure by the law or, though extremely rare, unless the negative consequence of disclosing such matters in the audit report is reasonably expected to exceed the public benefit of the communication and we conclude that such matters should not be communicated in the audit report, we state such matters in the audit report.
The auditor who performed the audit which is the basis of this audit report is Han Yong-Ju

EY Han Young Accounting
111 Yeoidogongwon-ro, Youngdeungpo-gu, Seoul
President **Seo, Jin-Seok**
March 7, 2019

This auditors' report is effective as of the date hereof. Certain subsequent events or circumstances that could materially affect the accompanying consolidated financial statements may have occurred between the date hereof and the time this report is read, which may result in modifications of the auditors' report.

Financial Statements

Statement of Financial Position

52nd Term: From January 1 to December 31, 2018
51st Term: From January 1 to December 31, 2017
50th Term: From January 1 to December 31, 2016

(Unit: KRW)

Account	52nd, December 31, 2018	51st, December 31, 2017	50th, December 31, 2016
Assets			
1. Cash and deposits	748,248,503,037	414,175,922,124	628,960,583,532
2. Financial assets at fair value through profit or loss	770,642,924,648	750,414,820,481	694,496,955,972
3. Available-for-sale financial assets	20,327,717,780,093	19,097,966,226,125	17,828,683,270,050
4. Loans and receivables	11,518,831,043,703	10,355,123,650,777	9,008,406,073,587
5. Derivative financial assets designated as hedges	86,163,393,973	257,398,928,052	4,202,881,993
6. Investments in subsidiaries and associates	644,924,141,155	644,924,141,155	644,385,675,785
7. Property, plant and equipment	367,486,927,737	344,141,770,351	330,719,707,656
8. Investment real estate	778,850,406,838	811,579,333,205	831,144,645,722
9. intangible assets	45,247,810,947	79,651,108,719	113,172,634,891
10. Reinsurance assets	614,636,598,230	633,571,090,784	725,485,965,261
11. Other assets	1,512,803,340,751	1,624,969,635,897	1,742,275,279,937
12. Separate account assets	2,359,941,540,336	2,389,908,386,084	1,656,661,233,286
Total assets	**39,775,494,411,448**	**37,403,825,013,754**	**34,208,594,907,672**
Liabilities			
1. Insurance contract liability	30,602,845,765,605	28,928,946,882,278	26,991,955,706,759
2. Financial liabilities at fair value through profit or loss	-	944,471,000	-
3. Derivative financial liabilities designated as hedges	30,194,553,777	534,919,494	265,672,853,304
4. Retirement benefits	12,021,791,160	2,724,243,460	6,743,660,702
5. Other liabilities	1,182,288,502,519	1,182,045,232,549	588,125,110,383
6. Deferred tax liabilities	347,777,224,214	286,154,659,953	288,543,314,265
7. Current tax liabilities	63,644,009,839	93,995,230,827	63,080,322,804
8. Separate account liabilities	2,625,542,073,797	2,492,968,581,758	2,040,549,833,879
Total liabilities	**34,864,313,920,911**	**32,988,314,221,319**	**30,244,670,802,096**
Equity			
1. Capital stock	35,400,000,000	35,400,000,000	35,400,000,000
2. Capital surplus	37,912,781,518	37,912,781,518	37,912,781,518
3. Capital adjustments	(29,655,475,800)	(29,655,475,800)	(29,655,475,800)
4. Accumulated other comprehensive income(loss)	577,893,767,694	451,429,560,544	517,451,766,470
5. Retained earnings	4,289,629,417,125	3,920,423,926,173	3,402,815,033,388
(Additional bad debt reserve)	(54,933,404,884)	(45,017,908,280)	(40,783,351,779)
(Additional contingency reserve)	(851,326,171,683)	(771,360,661,096)	(702,064,321,767)
(Planned bad debt reserve)	(6,532,603,750)	(9,915,496,604)	(4,234,556,501)
(Planned contingency reserve)	(80,894,066,580)	(79,965,510,587)	(69,296,339,329)
Total equity	**4,911,180,490,537**	**4,415,510,792,435**	**3,963,924,105,576**
Total liabilities and equity	**39,775,494,411,448**	**37,403,825,013,754**	**34,208,594,907,672**

Statement of Profit or Loss and Other Comprehensive Income

52nd Term: From January 1 to December 31, 2018
51st Term: From January 1 to December 31, 2017
50th Term: From January 1 to December 31, 2016

(Unit: KRW)

Account	52nd, December 31, 2018	51st, December 31, 2017	50th, December 31, 2016
Operating revenue	14,995,073,024,356	15,074,341,903,146	14,381,346,305,591
1. Premium income	12,332,150,935,093	12,255,603,492,465	12,006,370,419,464
2. Net reinsurance income	478,538,881,989	464,232,630,887	473,967,623,792
3. Compensation income	10,425,295,349	9,679,233,956	-
4. Interest income	896,111,966,786	801,868,879,212	722,444,227,307
5. Investment income from financial instruments	507,059,827,089	1,032,552,625,935	430,300,859,506
6. Gain on foreign currency transaction	262,934,652,963	26,758,981,189	259,376,564,270
7. Commission received	7,749,527,406	8,524,474,794	11,667,551,740
8. Dividend income	211,787,690,294	221,992,769,203	235,221,143,206
9. Other operating revenues	192,361,328,111	160,786,924,543	170,201,476,248
10. Separate accounts income	95,952,919,276	92,341,890,962	71,796,440,058
Operating expenses	14,285,698,102,402	14,261,120,598,346	13,750,137,000,557
1. Provision for insurance contract liability	1,690,711,435,025	2,068,045,279,740	2,552,108,927,685
2. Insurance claims expenses	5,302,208,217,455	4,713,670,098,404	4,334,255,006,834
3. Refund paid	2,858,441,633,267	2,924,263,001,897	2,884,471,415,242
4. Dividend paid	3,461,305,410	3,448,064,866	3,481,766,830
5. Claim handling expenses	331,378,709,301	309,857,514,892	297,692,371,073
6. Reinsurance expenses	707,420,403,301	690,884,614,952	694,344,523,018
7. Operating and administrative expenses	1,339,964,789,243	1,310,598,636,598	1,232,312,562,761
8. Amortization of deferred acquisition costs	1,053,626,770,994	969,648,417,873	914,567,278,155
9. Compensation expenses	-	-	2,451,301,079
10. Interest expenses	19,496,797,020	12,290,238,244	1,277,322,760
11. Investment expense from financial instruments	665,716,375,108	261,842,280,469	543,919,810,698
12. Allowances for possible loss	15,072,664,833	16,809,578,137	16,407,163,048
13. Loss on foreign currency transaction	58,170,511,868	717,863,391,557	65,913,304,194
14. Property management expenses	71,298,199,197	77,660,769,856	69,372,418,707
15. Real estate management expenses	16,421,080,959	8,088,778,862	8,656,523,891
16. Other operating expenses	56,356,290,145	83,808,041,037	57,108,864,524
17. Separate accounts expenses	95,952,919,276	92,341,890,962	71,796,440,058
Operating profit	709,374,921,954	813,221,304,800	631,209,305,034
Other non-operating income	12,232,586,440	18,000,477,992	8,484,872,398
Other non-operating expenses	10,946,585,450	3,917,998,195	19,238,107,024
Net income before income tax expense	710,660,922,944	827,303,784,597	620,456,070,408
Income tax expense	195,869,249,992	205,252,630,812	150,285,117,110
Net income	514,791,672,952	622,051,153,785	470,170,953,298
Other comprehensive loss	126,464,207,150	(66,022,205,926)	(90,785,365,996)
1. Other comprehensive items to be reclassified as profit or loss in subsequent periods			
Gain(loss) on valuation of available-for-sale financial assets	114,775,265,867	(34,600,846,223)	(77,451,765,034)
Gain(loss) on valuation of derivative instruments designated as hedges	6,818,262,391	10,341,783,303	3,252,218,804
Gain(loss) on overseas operations translation credit	(4,176,401,833)	(21,490,071,242)	3,324,864,833
Other comprehensive income on separate accounts	16,110,487,387	(17,023,519,857)	(13,700,076,608)
2. Other comprehensive items not to be reclassified as profit or loss in subsequent periods			
Re-measurement on defined benefit plans	(6,633,133,706)	649,515,423	(6,210,607,991)
Revaluation surplus	(430,272,956)	(3,899,067,330)	-
Total comprehensive income	641,255,880,102	556,028,947,859	379,385,587,302
Total equity	8,133	9,827	7,428

Statement of Changes in Equity

52nd Term: From January 1 to December 31, 2018
51st Term: From January 1 to December 31, 2017
50th Term: From January 1 to December 31, 2016

(Unit: KRW)

Account	Capital stock	Capital surplus	Capital Adjustments	Accumulated other comprehensive income	Retained earnings	Total
As of January 1, 2016	35,400,000,000	37,912,781,518	(29,655,475,800)	608,237,132,466	3,030,756,507,090	3,682,650,945,274
Total comprehensive income(loss):						
Net income	0	0	0	0	470,170,953,298	470,170,953,298
Loss on valuation of available-for-sale financial assets	0	0	0	(77,451,765,034)	0	(77,451,765,034)
Loss on valuation of derivative instruments designated as hedges	0	0	0	3,252,218,804	0	3,252,218,804
Exchange differences on translations of foreign operations	0	0	0	3,324,864,833	0	3,324,864,833
Other comprehensive loss on separate accounts	0	0	0	(13,700,076,608)	0	(13,700,076,608)
Re-measurement on defined benefit plans	0	0	0	(6,210,607,991)	0	(6,210,607,991)
Subtotal	0	0	0	(90,785,365,996)	470,170,953,298	379,385,587,302
Deals with shareholder directly reflected to capital:						
Dividend	0	0	0	0	(98,112,427,000)	(98,112,427,000)
As of December 31, 2016	35,400,000,000	37,912,781,518	(29,655,475,800)	517,451,766,470	3,402,815,033,388	3,963,924,105,576
As of January 1, 2017	35,400,000,000	37,912,781,518	(29,655,475,800)	517,451,766,470	3,402,815,033,388	3,963,924,105,576
Total comprehensive income(loss):						
Net income	-	-	-	-	622,051,153,785	622,051,153,785
Loss on valuation of available-for-sale financial assets	-	-	-	(34,600,846,223)	-	(34,600,846,223)
Gain on valuation of derivative instruments designated as hedges	-	-	-	10,341,783,303	-	10,341,783,303
Exchange differences on translations of foreign operations	-	-	-	(21,490,071,242)	-	(21,490,071,242)
Other comprehensive loss on separate accounts	-	-	-	(17,023,519,857)	-	(17,023,519,857)
Re-measurement on defined benefit plans	-	-	-	649,515,423	-	649,515,423
Revaluation surplus of tangible assets	-	-	-	(3,899,067,330)	-	(3,899,067,330)
Subtotal	-	-	-	(66,022,205,926)	622,051,153,785	556,028,947,859
Deals with shareholder directly reflected to capital:						
Dividend	-	-	-	-	(104,442,261,000)	(104,442,261,000)
As of December 31, 2017	35,400,000,000	37,912,781,518	(29,655,475,800)	451,429,560,544	3,920,423,926,173	4,415,510,792,435
As of January 1, 2018	35,400,000,000	37,912,781,518	(29,655,475,800)	451,429,560,544	3,920,423,926,173	4,415,510,792,435
Total comprehensive income(loss):						
Net income	-	-	-	-	514,791,672,952	514,791,672,952
Gain on valuation of available-for-sale financial assets	-	-	-	114,775,265,867	-	114,775,265,867
Loss on valuation of derivative instruments designated as hedges	-	-	-	6,818,262,391	-	6,818,262,391
Exchange differences on translations of foreign operations	-	-	-	(4,176,401,833)	-	(4,176,401,833)
Other comprehensive income on separate accounts	-	-	-	16,110,487,387	-	16,110,487,387
Re-measurement on defined benefit plans	-	-	-	(6,633,133,706)	-	(6,633,133,706)
Revaluation surplus of tangible assets	-	-	-	(430,272,956)	-	(430,272,956)
Subtotal	-	-	-	126,464,207,150	514,791,672,952	641,255,880,102
Deals with shareholder directly reflected to capital:						
Dividend	-	-	-	-	(145,586,182,000)	(145,586,182,000)
As of December 31, 2018	35,400,000,000	37,912,781,518	(29,655,475,800)	577,893,767,694	4,289,629,417,125	4,911,180,490,537

Statement of cash flow

52nd Term: From January 1 to December 31, 2018
51st Term: From January 1 to December 31, 2017
50th Term: From January 1 to December 31, 2016

(Unit: KRW)

Account	52nd, December 31, 2018		51st, December 31, 2017		50th, December 31, 2016	
Cash flow from operating activities		1,374,182,937,125		1,085,674,415,002		3,092,347,560,212
1. Net income before income tax expense	710,660,922,944		827,303,784,597		620,456,070,408	
2. Adjustment of income and cost	1,740,623,483,925		1,924,797,122,578		2,555,204,817,660	
3. Changes in operating assets and liabilities	(1,970,845,368,786)		(2,486,143,998,779)		(949,120,940,944)	
4. Receipt of interest income	904,826,569,757		772,932,232,435		727,271,851,926	
5. Payment of interest expense	(18,432,620,982)		(11,187,894,827)		(155,798,307)	
6. Receipt of dividends	215,889,364,869		221,920,582,905		233,227,367,489	
7. Payment of income tax	(208,539,414,602)		(163,947,413,907)		(94,535,808,020)	
Cash flow from investing activities		(878,583,760,126)		(1,662,329,348,136)		(3,044,836,407,188)
1. Inflow of cash	4,517,649,856,692		5,342,661,887,090		5,527,953,562,135	
Disposal of available-for-sale financial assets	4,533,232,350,588		5,201,464,285,805		5,555,349,240,307	
Accounting of hedging derivatives	(25,878,655,294)		126,430,287,369		(37,334,729,175)	
Decrease in security deposit for tenant	8,063,086,125		14,426,285,916		8,824,774,169	
Disposal of tangible assets	2,233,075,273		251,028,000		1,036,776,834	
Disposal of intangible assets	-		90,000,000		77,500,000	
2. Outflow of cash	(5,396,233,616,818)		(7,004,991,235,226)		(8,572,789,969,323)	
Acquisition of available-for-sale financial assets	(5,358,749,555,196)		(6,955,388,981,762)		(8,481,628,987,333)	
Acquisition of held-to-maturity financial assets	-		-		(13,632,001,850)	
Acquisition of investments(shares) in subsidiaries and affiliates	-		(8,426,096,870)		(42,040,308,270)	
Increase in lease security deposit for tenant	(5,559,857,512)		(7,993,668,100)		(8,647,003,958)	
Acquisition of tangible assets	(17,740,957,502)		(14,491,168,490)		(13,429,848,271)	
Acquisition of intangible assets	(13,868,999,448)		(18,369,924,104)		(13,083,850,341)	
Outflow of cash due to restoration work	(314,247,160)		(321,395,900)		(327,969,300)	
Cash flow from financing activities		(150,523,595,071)		385,622,286,501		(96,876,667,231)
1. Inflow of cash	4,007,215,568		499,610,507,840		18,826,605,605	
Increase in security deposit for landlord	4,007,215,568		2,085,467,840		18,826,605,605	
Net increase in debt loan	-		497,525,040,000		-	
2. Outflow of cash	(154,530,810,639)		(113,988,221,339)		(115,703,272,836)	
Decrease in security deposit for landlord	(8,944,628,639)		(9,545,960,339)		(17,590,845,836)	
Dividends paid	(145,586,182,000)		(104,442,261,000)		(98,112,427,000)	
Net increase in cash and cash equivalents		345,075,581,928		(191,032,646,633)		(49,365,514,207)
Net foreign exchange difference		2,955,027,970		(1,962,703,967)		10,733,810,369
Cash and cash equivalents at the beginning of the year		192,669,280,394		385,664,630,994		424,296,334,832
Cash and cash equivalents at the end of the year		540,699,890,292		192,669,280,394		85,664,630,994

Operations Evaluation Report by CEO and Internal Accounting Manager

Respectfully submitted to the shareholders, BoD, and Audit Committee of DB Insurance Co., Ltd.

The CEO and Internal Accounting Manager assessed the design and operation of the Company's Internal Accounting Control System("IACS") for the fiscal year ended December 31, 2018.

The responsibility for designing and operating the IACS lies with the management of the Company, including the CEO and the Internal Accounting Manager. The CEO and the Internal Accounting Manager evaluated whether or not the Company's internal accounting management system is designed and operates effectively to prevent and detect errors or misconduct that may cause distortions in the financial statements so that reliable financial statements can be prepared and disclosed. The CEO and Internal Accounting Manager used the "IACS Best Practice" to evaluate the design and operation of the IACS.

Based on their evaluation of the IACS operation, the CEO and the Internal Accounting Manager is of the opinion that As of December 31, 2018, the Company's IACS is effectively designed and operated in terms of materiality under the "IACS Best Practice".

The CEO and Internal Accounting Manager confirmed that the contents of the report are not falsely stated or indicated, and there is no missing information to be stated or indicated. Also, the CEO and Internal Accounting Manager confirmed that the report contained anything causing material misunderstanding, and directly checked and reviewed, by exercising sufficient care, statements of the report.

February 20, 2018
CEO **Jeongnam Kim**
Internal Accounting Manager **Yeongmann Kim**

Greenhouse Gas Verification Statement

Introduction

Korea Productivity Center was required to verify "2018 Greenhouse Gas(GHG) emis-sions Statements(hereinafter "Statement")", of which reporting years was defined as January 1, 2018 to December 31, 2018, by DB Insurance Corporation.

Levels of Assurance

A reasonable level of assurance was agreed.

Verification Scope

The verification team verified GHG emissions at workplaces of DB Insurance Corporation in 2018.

Verification Criteria

• GHG Energy Target Management Guideline
• ISO 14064-3: 2006 Standard
• WRI/WBCSD GHG Protocol: 2004

Limitation

Having investigated by sampling method, the Statement might have errors and uncertainties. Final GHG estimates may contain uncertainty for the reasons such as unspecified standard and method, although no exceptional factors has been reported.

Conclusion

• This assurance was conducted in accordance with domestic GHG energy control standards, ISO 14064-3 verification principles and standards based on the information and data collected by DB Insurance to calculate GHG emissions volume.
• Appropriate corrective action was taken by DB Insurance Corporation in accordance with investigation results from the verification team.
• The verification team confirms that the "Statements(2018)" was being reporting "appropriately" in accordance with relevant standards.

Category	Greenhouse Gas(GHG) Emissions
Direct Emissions(Scope 1)	3,444 ton CO_2e
Indirect Emissions(Scope 2)	23,322 ton CO_2e
Other Indirect Emissions(Scope 3)	697 ton CO_2e
Total Emissions	27,463 ton CO_2e

5th June 2019

Korea Productivity Center, Sustainability Management Center Director **Dong-Soo, Kim** D. S. Kim

Independent Assurance Statement

Responsibility and Independence

KFQ was engaged by DB Insurance to provide limited assurance on the DB INSURANCE INTEGRATED REPORT 2019(further "the Report"). Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted its assurance based on completeness of the data and information that DB Insurance provided. DB Insurance is responsible for all contents within the Report including the reporting principles and standards. KFQ does not have any other interest in DB Insurance business activities, nor does it take any responsibility for stakeholders other than DB Insurance in its assurance conclusions. We have also no biased opinion on stakeholders of DB Insurance.

Assurance Standards

This assurance was planned and performed based on AA1000 AS(2008), AA1000 APS(2008) and GRI Standards. KFQ identified the followings as its scope:

- Sustainable activities and achievements for DB Insurance headquarters and all domestic sites described in the Report
- Compliance with the guidelines according to GRI Standards "Core Option"
- GRI Standards compliance assessment regarding contents of the Report and assurance principles of reporting quality
- Application of Type 1* assurance approach according to AA 1000 APS 2008 and AA 1000 AS 2008 to assess compliance with inclusiveness, materiality and responsiveness principles and reliability of sustainability performance information

Assurance Procedures

KFQ designed procedures to have reasonable assurance of the Report's critical errors or inappropriate information. We verified the reliability of the contents, processes and systems of data generation and report preparation.

i. Document Review

We reviewed the reliability of non-financial data in respect of the "Sustainability" by cross-checking the Report with GRI Standards, quantitative data of DB Insurance, and internet & media research information. We also confirmed that the financial information has been appropriately extracted from the internal report and the financial statements of the business report of the following system(http://dart.fss.or.kr).

ii. On-site Verification

We visited DB Insurance headquarter and conducted on-site verification to confirm reliability of the sustainability activities and performance data contained in the Report and to evaluate the effectiveness of the reporting process. We performed verification in the accuracy topic of the aggregated data from DB Insurance. These procedures included the following:

- Materiality assessment process, stakeholders inclusiveness, key issues, internal response procedures, and etc.
- Assessment of data analysis and descriptions and sustainable management performance in the Report
- Consistency between the financial data contained in the Report and the audited financial statements 2018
- Interviews with relevant staff responsible for providing information in the Report

iii. Resolution of Findings

We confirmed that some errors, inappropriate information, and ambiguous expressions found during on-site visit were properly reflected in the final Report. In addition to evaluating the reporting principles for the Report as described above, we conducted a reliability check of data and information on some specific performance indicators(Greenhouse Gas Emissions, Energy Consumption, Waste Volume, and Lost Time Injury Frequency Rate(LTIFR)).

iv. Limitations

The Report has been prepared solely for DB Insurance in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than DB Insurance for our conclusions we have reached in the statement. Completeness and responsiveness of sustainability performance information presented in the Report have inherent limitation due to their nature and the methodology used for determining, calculating and estimating such data.

* For some data, Type 2 method verification was performed.

Conclusion

Based on the assurance activities stated herein, KFQ confirmed that the Report meets the GRI Standards "Core Option". According to the principles of AA 1000 APS 2008 and AA 1000 AS 2008, inclusiveness, materiality and responsiveness, sustainability performance information were assessed and we could secure reasonable grounds to provide Type 1 level of assurance with the following confirmation:

- Stakeholders Inclusiveness – DB Insurance subdivided five stakeholders groups related to the major issues of sustainable management. To hear any concerns and opinions from them, DB Insurance had a customized communication strategy for each stakeholder group and reflected their responses and opinions to its sustainable management activities.
- Sustainability Context - In terms of sustainability, DB Insurance has continuously created sustainable economic performance of the core business segments and social responsible investments. Since the government tightened its financial regulations in 2018, DB Insurance has continued to actively respond to key issues required by stakeholders, such as upgrading the risk management system and innovating the Insurtech.
- Materiality - DB Insurance established issue pools and reviewed by internal guidelines and external assessment criteria(internal standards, GRI Standards, DJSI, UN SDGs, media coverage and benchmark) incompliance with the materiality assessment process. As a result, DB Insurance appropriately reflected that twelve material topics derived from the process along with key performance in 2018.
- Completeness - DB Insurance applied reporting scope, boundary and temporal criteria. KFQ confirms that the Report is suitable for stakeholders to assess sustainability performance.

Recommendation

For further advanced sustainable management, DB Insurance needs to review the sustainable management vision, strategy and execution of the sustainable management in a mid and long-term perspective, and the result should be reflected on its management activities. Ethical management systems are being strengthened around the world. We recommend that DB Insurance establish a global-level ethical management system and raise ethical awareness among its employees to further strengthen its social sustainability management system.

kfq Korean Foundation for Quality

AA1000
Licensed Assurance Provider
000-80

June 2019
Seoul, Korea

CEO **Yoon Seok Un**
Korean Foundation for Quality(KFQ)

Memberships and Initiatives

UN Global Compact

DB Insurance supports the UN Global Compact, the global sustainability management initiative, and is faithfully observing the ten principles of human rights, labor, environment and anti-corruption. We will continue to fulfill our social responsibilities as a corporate citizen through our sustainability management activities.

Classification	Principle	Activities
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	• Championing human rights protection by joining UNGC
	2. Businesses should make sure they are not complicit in human rights abuses.	• Internal control activities • Human rights and ethical education for employees • Reinforcement of customer data safeguard
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Host Dynamic Leader Conference • Hold "Open Communication with CEO" events
	4. The elimination of all forms of forced and compulsory labour.	• Prohibit forced labour
	5. The effective abolition of child labour.	• Prohibit child labour
	6. The elimination of discrimination in respect of employment and occupation.	• Operation of grievance process • Operation of fair evaluation system
Environment	7. Businesses should support a precautionary approach to environmental challenges.	• Establish CO_2 Emission Reduction Target
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	• Spearheading energy-saving campaign • Participation in green sports movement • Use of recycled toners and goods
	9. Businesses should encourage the development and diffusion of environment friendly technologies.	• Develop eco-friendly auto insurance rider(UBI rider, etc.) • Develop Environmental Impairment Liability(EIL) Insurance
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• All employees sign pledges of ethical & legal conduct • Operate an open auction system • Operation of whistle-blowing system

UN SDGs(Sustainable Development Goals)

DB Insurance is deeply sympathized with the goal consciousness of UN SDGs, and we are strengthening related activities by selecting the key goals linked to our sustainability management among the 17 sustainable development goals.

DB Insurance's major goals	Activities	Business benefit KPI	Social/Environmental benefit KPI
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Financial education session for elementary schools (1 company 1 school), expanded scholarship program, etc.	Enhance corporate image Increase brand impact	Ensure educational opportunities for vulnerable groups and expand social returns
Goal 11. Make cities inclusive, safe, resilient and sustainable	Social contribution activities, i.e. Yellow Carpet	Control car accident loss rate	Increase children's traffic safety
Goal 13. Take urgent action to combat climate change and its impacts	Investment in the eco-friendly industry	Reduce climate change risk Increase asset management yield	Expanding response to climate change, including environmental pollution

DB Insurance's other goals	Activities
Goal 1. End poverty in all its forms everywhere	"Rice donation" for the underprivileged
Goal 3. Ensure healthy lives and promote well-being for all at all ages	Expand products designed for the less privileged in terms of insurance policies
Goal 10. Reduce inequality within and among countries	Global social contribution activities for the less fortunate regions

UNEP FI – PSI

On December 2016, DB Insurance joined the "Principles for Sustainable Insurance(PSI)" promulgated by the United Nations Environment Program Financial Initiative(UNEP FI) in 2012, and is actively participating in the related activities. As a global financial group, we will take the lead in fostering eco-friendly finance.

Classification	Principle
Principle 1	• We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
Principle 2	• We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
Principle 3	• We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
Principle 4	• We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Memberships in Associations and Organizations

National Quality Award(NQA) Winners
Establish a network of companies which won the world-class national quality prizes that meet global standards

Korea Personnel Improvement Associate
Build networks to share information on the latest information on personnel and education and training

Korea Management Association
Exchange opinions on innovative managements and enhancing corporate competency

Korea Non-Life Insurance Association
Respond to common issues in the industry and pursue joint social contribution projects

Korea Listed Companies Association
Exchange opinions and protect rights and interests of the listed firms

Korea Employers Federation
Exchange opinions on major issues including labor-management relations from the perspective of employers

Korean Fire Protection Association
Responsible for fire prevention, safety check of fire extinguishing facilities, and research and education on fire-related issues

The Korea Academy of Business Ethics
Share and apply the examples of excellent ethical management

Financial Security Agency
Exchange various information protection activities such as the prevention and counter measure of financial security failures

CFO Association(Forum)
A platform for establishing a global CFO community, networking, expressing CFO's opinions on corporate management and capital market, and practicing ethical management

Korean Insurance Academic Society
Research the theories, laws and regulations, and business practices of insurance studies, insurance industry and apply the research data and resources

Korea Financial Information Protection Council
Exchange opinions with financial institutions and supervisory authorities to protect information

Contributions to Policy Institutes

(Unit: KRW million)

Classification	Name of institution	Funds
1	Korean Fire Protection Association	3,550
2	Korea Insurance Development Institute	2,201
3	Korea Automobile Insurance Repair Research & Training Center	1,253
4	Korea Insurance Research Institute	806
5	Korea Credit Information Services	499
	Total	8,309

Major Accolades

Dow Jones Sustainability Indices(DJSI)
Enlisted in the DJSI World for 6 consecutive years

S&P Dow Jones and RobecoSAM as the first Korean non-life insurer

Evaluation of financial consumer protection(2018)
Selected as the "best non-life insurer"

Financial Supervisory Service

National Quality Management Competition
Awarded Gold Prize(Quality Control Circle) as the first insurer

Korean Standards Association

Grand Prize, 2018 Service Design Competition

Co-hosted by Korean Standards Association and Korea Service Management Society

Grand Prize, Best Korean CEO of 2018

Hosted by Korea Management Association

2018 Service The Prime Award(CEO sector)

Hosted by Korea Management Association

1st Prize, 2018 Customer Brand Loyalty (Direct or On-line Auto Insurance Sector) for 2 consecutive years

Organized by Korea Consumer Forum

2018 CCM(Consumer Centered Management) certification

Organized by Fair Trade Commission; evaluated by Korea Consumer Agency

Human Rights Policy

All of DB Insurance's stakeholders including its executives, employees and customers have inalienable rights to dignity and happiness as human beings. DB Insurance joined the United Nations Global Compact(UNGC) in 2011 and has been abiding by the 10 principles presented by the UNGC ever since. It also advocates labor standards presented by the International Labor Organization(ILO), including the Universal Declaration of Human Rights adopted by the UN General Assembly.

Scope

Korea in which DB Insurance is headquartered ratified 27 ILO Conventions including four core Conventions. We sincerely abide by the ratified Conventions as they are in force on equal terms with domestic laws. We comply with labor, human rights and working conditions standards not only in Korea but in all nations and regions where we do business. In addition, our human rights policy is applicable to not only our executives and employees but also all stakeholders on equal terms, including our customers, partners, local communities, etc.

Stakeholder Engagement

DB Insurance acknowledges that its business activities have influence on its shareholders and investors, customers, employees, and local communities. Accordingly, we identify stakeholders' interest and anticipations including human rights matters through steady communications and do our utmost to incorporate them in our business activities.

Communication & Training

With its Sustainability Reports, DB Insurance discloses its activities related to stakeholders' human rights and their outcomes. In addition, it is dedicated to continuously increasing awareness of human rights among its executives and employees, as well as partners' employees. If an issue regarding human rights arises, relevant departments(HR management department and legal compliance department) conduct human rights due diligence.

Principles of Human Rights

- (Respect for humanity) DB Insurance's executives and employees are inherently free, dignified, and equal beings, and therefore are endowed with rights to humane treatment.
- (Prohibition of discrimination) They are entitled to enjoy all of their rights and freedom without any discrimination over their race, skin color, gender, language, religion, nationality and ethnicity, disability, pregnancy and marital status, political preference, educational backgrounds and age, among others.
- (Freedom of assembly and association) Employees have the right to the freedom of assembly and association without fear of retaliation and intimidation. The company sincerely negotiates with the elected representatives of workers.
- (Protection of privacy and honor) Others may not interfere in employees' privacy, family matters, housing and telecommunication, among others, and any infringement on individuals' reputation and honor is prohibited.
- (Labor and compensation) Employees are given equal opportunities for self-development under fair working conditions. The company implements fair employee evaluations and compensations in accordance with their performances.
- (Working hours and environment) The company observes national and local regulations on working hours and paid vacations and continues putting forth efforts to provide safe and pleasant working environments.
- (Prohibition of forced and child labor) Forced labor against employees' free will and the employment of those that are under the minimum working age provided by the state are prohibited.
- (Protection of personal information) DB Insurance recognizes customers' personal information as their valuable assets and therefore, demands a minimum amount of such information. At the same time, the company takes the best measures to safeguard customers' personal information.
- (Fair trade) DB Insurance regards outsourcing firms and suppliers as its equal partners and does not take advantage of its superior position during business with partners. We are working hard for win-win growth on an equal footing with partners.
- (Development of local communities) DB Insurance keeps in mind its responsibilities for the development of local communities as a corporate citizen. Hence, the company makes a great contribution to society and investment after taking into account social and environmental impacts.

Tax Strategy

DB Insurance strictly abides by tax laws of the nation, and various duties of declarations, reports and tax-related cooperation are completely carried out as required by related regulations. The company also sincerely cooperates with tax authorities in connection with tax audits and various requests by the authorities, and all tax-related matters are transparently published.

Accounting related to corporate taxes are carried out in compliance with international accounting standards, and reflected in the financial statement through review at the end of every quarter and accounting audit at the end of every year by external auditors. Also, corporate related matters such as corporate tax costs and deferred corporate taxes and effective tax rates are recorded in the financial statement and its note, and published through electronic publication system(http://dart.fss.or.kr/).

For establishing a transparent tax management system under the robust Tax Strategy, we have disclosed the following:
1. Principle of Tax Assignment
2. and Tax Compliance Standard.
DB Insurance's businesses comply with applicable tax regimes and respect the regulations from each tax territories.

Principle of Tax Assignment

- Observe all applicable laws, rules, regulations and disclosure requirements
- Apply diligent professional care and judgment to arrive at well-reasoned conclusions
- Ensure all decisions are taken at an appropriate level and supported with documentation that evidences the facts, conclusions and risks involved
- Undertake all dealings with tax authorities, government officials, ministers and other third parties in a professional, courteous and timely manner
- Follow Internal Compliance and Anti-Money Laundering System

Tax Compliance

- The Company should submit all returns by their due dates in line with local tax law
- In line with the code of conduct and with due consideration of the risk scale, all material positions taken in the tax returns must be supported in terms of documentation and legal interpretation. It is strongly recommended that clear documentation of facts and circumstances be recorded at the time of any transaction
- The tax function will robustly defend tax positions taken in the Company's tax returns
- The tax function will proactively pursue any tax timing benefits within the context of the tax risk strategy
- The tax function should monitor changes in relevant tax laws and practices, and undertake regular training in order to assess any consequences for the Company, with the minimum aim of mitigating any adverse impact
- The tax function will manage its compliance affairs to minimize the risk of any adverse public comment

Tax Reporting(Reporting by Country)

- DB Insurance publicly reports on the following contents for our major countries, and Revenue, Operating Profits, Taxes paid and Effective tax rates from different tax regimes.
- Tax reporting status by country is reported separately in the Tax Reporting report.

Tax Risks

DB Insurance identifies and evaluates the risks of taxation in the long-term. In order to manage taxation risks, the company identifies the risks as financial risks and business risks. Business risks are categorized as follows:
- Legal & Political Risks
- Tax related Reputational Risks
- Accounting Risks
- Agency Risks

MIX
Paper from responsible sources
FSC® C100412

PRINTED WITH SOYINK™

This publication uses environment-friendly paper and printed with soy ink.

DB Insurance