

Asset Management

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• DONGBU INSURANCE ENJOYED AN IMPRESSIVE GROWTH IN INVESTED ASSETS

16.3%

• INVESTED ASSETS ROSE BY A SIGNIFICANT MARGIN

4.1 (trillion won)

- Significant increases in bond and loan holdings, both key income sources of Dongbu Insurance, along with an upturn in equity investment, resulted in an impressive 16.3% growth in invested assets. As of March 31, 2005, invested assets rose to KRW4.1 trillion, as compared to KRW3.5 trillion a year earlier. Of the total, fixed-income assets accounted for an 81.1% share, up from 80.1%, further solidifying the stability of the company's asset management activities.

- In particular, bonds expanded a sharp 18.9% year-on-year growth to KRW2.08 trillion, which represented a 51.0% share of total invested assets. Government and public entity bonds totaled KRW530 billion, while corporate bonds, including ABS, amounted to KRW715 billion. Loans outstanding reached KRW738 billion, a surge of 28.9%, while real estate investment contracted somewhat to KRW370 billion.

- Stocks, including equity investment that in large part involves securities that are subject to application of the equity method of valuation, expanded by a robust 22.8% in FY2004, over the previous year. Overseas investment, primarily comprised of corporate bonds and U.S. Treasury bonds, enjoyed strong growth as well, posting a year-on-year gain of 21.6%, amounting to KRW350 billion.

- In FY2005, the company will take steps to expand its fixed-income investment, especially corporate bonds, along with steadily expanding its loan portfolio. A keener focus on customer needs will mean further development of new investment products, in addition to outsourcing of asset management activities and alternative investments.



- As for loan service, the company will strive to expand its loan volume through added loan channels and stepped-up marketing efforts. These initiatives will be concentrated on increasing the ranks of qualified sales representatives and bolstering the education programs for primary agents and sales branches. Moreover, Dongbu Insurance will actively promote its policyholder loan services as well as commercial loans for project financing and infrastructure development.

- To build a solid platform for stable asset management, the company will identify ALM (Asset-Liability Management) goals based on such measures as duration gap, yield gap, and credit score. In addition, the company will implement initiatives to reinforce overall management of investment, along with analytically evaluating unsecured loans extended to corporate clients. As such, credit risk management will be reinforced across the board.

- Furthermore, a highly sophisticated asset management system will be installed as part of the efforts to proactively respond to fast-changing market conditions and to maximize the synergy of RM (Relations Management) activities through effective utilization of RM indices. Functions of the working-level consultative group on asset management will be strengthened as well.

(Asset Portfolio)

(Billions of won)	FY2002 (Mar. 31, 2003)		FY2003 (Mar. 31, 2004)		FY2004 (Mar. 31, 2005)	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Cash & deposits	241.7	7.7	195.9	5.6	139.5	3.4
Loans	377.6	12.0	572.4	16.3	737.7	18.1
Bonds	1,716.1	54.8	1,746.0	49.9	2,076.5	51.0
Overseas securities	188.3	6.0	287.8	8.2	350.1	8.6
Stocks	234.1	7.5	324.2	9.3	398.1	9.8
Real estate	376.3	12.0	373.3	10.7	370.2	9.1
Total invested assets	3,134.1	100.0	3,499.6	100.0	4,072.1	100.0
Total assets	3,628.3		4,100.5		4,832.5	

• TOTAL INVESTED ASSETS
(UNIT: BILLIONS OF WON)

