

Asset Management

INVESTED ASSETS SURGED TO KRW4,649 BILLION,

REPRESENTING A SHARP 14.2% GROWTH OVER THE PREVIOUS YEAR. THIS POSITIVE OUTCOME WAS MAINLY ATTRIBUTED TO CONSISTENT EXPANSION OF BOND AND LOAN HOLDINGS, THE PRIMARY SOURCES OF THE COMPANY'S STABLE PROFIT GROWTH, ALONG WITH INCREASED INVESTMENT IN STOCKS.



- In FY2005, Dongbu Insurance also recorded an impressive performance in terms of asset management.

- The Company's invested assets amounted to KRW4,649 billion, representing a sharp 14.2% growth (KRW577 billion) over the previous year. This positive outcome was mainly attributed to consistent expansion of bond and loan holdings, the primary sources of the Company's stable profit growth, along with increased investment in stocks. Of the total invested assets in FY2005, interest-bearing investments accounted for an 81.6% share, up slightly from 81.1% in FY2004 and 80.1% in FY2003.

- Investment in bonds, totaling KRW2,333 billion, recorded a robust growth of 12.4%, year on year, while loans surged 36.1% (KRW266 billion) to KRW1,004 billion. In FY2005, stock investment also advanced 22.6% to

KRW488 billion. Overseas investment, however, slightly rose 1.7%, from a year ago, to KRW356 billion.

- In FY2006, the business environment is likely to deteriorate due to growing inflationary pressure as a result of high oil prices and a global trend toward higher interest rates. In view of this market adversity, Dongbu Insurance will move aggressively to minimize the uncertainty factors of its asset management operations, while responding proactively and decisively to maintain the Company's long-term profitability.

- Since the upward momentum of the stock market seems to have stalled for now, the Company intends to noticeably scale back its share of stock investment. Moreover, additional call rate increases will tend to dampen the outlook for the bond sector, which will make it necessary for us to emphasize

the quality of our bond portfolio. Along with ensuring a proper portfolio diversification, bond investment will also have to be appropriately balanced, so as to optimize asset safety and investment yield.

- With the real estate market showing signs of relative stability due to the government's drastic measures to curtail real-estate speculation, there are growing concerns about the rapid rise of property-mortgage loans. As such, management's attention is intently focused on maintaining asset quality in line with our sound risk-management measures. Risk

management of loans is also well on its track, as efforts are made to continuously upgrade asset quality, while keeping a brake on any excessive expansion of loans.

- Meanwhile, asset quality will be enhanced by reducing the share of risk-weighted assets, along with efforts being stepped up to maintain proper asset-liability management (ALM). Over the longer term, more attention will be focused on assuring that product portfolios are optimally structured for our sustained profitability.



Asset Portfolio

	FY2003		FY2004		FY2005	
	(Mar. 31, 2004)		(Mar. 31, 2005)		(Mar. 31, 2006)	
(KRW in billions)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Cash & deposits	196	5.6	140	3.4	99	2.1
Loans	572	16.4	738	18.1	1,004	21.6
Bonds	1,746	49.9	2,077	51.0	2,333	50.2
Overseas securities	288	8.2	350	8.6	356	7.7
Stocks	324	9.3	398	9.8	488	10.5
Real estate	373	10.7	370	9.1	369	7.9
Total invested assets	3,500	100.0	4,072	100.0	4,649	100.0
Interest-bearing assets	2,802	80.1	3,304	81.1	3,792	81.6
Risk assets	697	19.9	768	18.9	857	18.4
Total assets	4,100		4,832		5,677	

INVESTED ASSETS PORTFOLIO

(UNIT: %)

