

Daewoo Securities (006800.KS)

Earnings Brief

Investor Relations

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Company Description (end_FY2004)

Establishment Sep. 1970
CEO Mr. Bok-Jo Sohn
Employees 2,317
Domestic Network 116 branches, 1 office
Overseas Network 3 branches, 1 bank
Paid-in Capital KRW 1,021 bln
Market Cap. KRW 1,258 bln
Shares in issue 204,176,641
- Common 190,100,891
- Preferred 14,075,750
Price Annual KRW 8,440 / KRW 2,855
- High /-Low
(Apr.-Dec. 2004)
Majority Korea Development Bank
Shareholder (Ownership 39.09%)

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■ Daewoo Securities posted Operating Profit of KRW 64.0 bln for 4QFY04 and Net Profit of KRW -148.9 bln for FY2004 (April 2004 ~March 2005).

Daewoo Securities posted Operating Profit of KRW 64.0 bln for 4QFY04, thanks to the significant rise in brokerage commissions revenue amid the noticeable growth in the Company's market share. However, Daewoo saw Net Loss of KRW -148.9 bln for FY2004 due to the recognition of securities reduction loss of KRW 204.8 bln related to Hanaro Telecom in 3QFY04. (p. 2~5)

■ Daewoo Securities maintains its No.1 position in the market.

Daewoo Securities secured with the highest market share in stock brokerage among local houses for two consecutive quarters, marking 8.16% (+0.31%pt QoQ) in 4QFY04. Also, Daewoo's Investment Banking division continued its top position in the business; Daewoo won the title of 'Best Lead Manager' in March 2005. (p. 6~8)

■ Summarized Income Statement

| (KRW bln) | FY2004 | | QoQ (%) | FY2004 | FY2003 | YoY (%) |
|--------------------|--------|--------|---------|--------|--------|---------|
| | 4Q | 3Q | | | | |
| Operating Revenues | 270.0 | 214.9 | +25.7 | 823.9 | 782.1 | +5.3 |
| Operating Expenses | 206.1 | 187.0 | +10.2 | 735.1 | 621.9 | +18.2 |
| Operating Income | 64.0 | 27.8 | +129.8 | 88.8 | 160.2 | -44.6 |
| Ordinary Income | 37.5 | -191.9 | | -148.9 | 132.8 | |
| Net Income | 37.5 | -191.9 | | -148.9 | 132.5 | |

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Financial Performance

1. Operating Revenues

*Operating Revenues of
KRW 270.0 bln in 4QFY04*

Operating Revenues for 4QFY04 increased 25.7% QoQ to KRW 270.0 bln as stock trading value in 4QFY04 increased 52.1% QoQ to KRW 257 tln, and Daewoo Securities' market share increased 0.31%Pt QoQ to 8.16%. Especially, Brokerage and Underwriting Commissions in 4QFY04 jumped 61.1% and 1.3% QoQ to KRW 88.6 bln and 5.9 bln, respectively.

[Table 1] Operating Revenues/Expenses

| (KRW bln, %) | FY2004 | FY2004 | QoQ | FY2004 | FY2003 | YoY |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| | 4Q | 3Q | | FY2004 | FY2003 | |
| Operating Revenues | 270.0 | 214.9 | 25.7 | 823.9 | 782.1 | 5.3 |
| Commissions Received | 99.6 | 68.7 | 45.0 | 291.3 | 323.4 | 10.0 |
| Brokerage Commissions | 88.6 | 55.0 | 61.1 | 242.7 | 279.2 | 13.1 |
| Underwriting Commissions | 5.9 | 5.9 | 1.3 | 23.7 | 18.6 | 27.3 |
| Brokerage Commissions on BCs | 2.9 | 3.2 | 7.8 | 11.8 | 18.7 | 36.5 |
| Wrap Commissions | 1.2 | 1.5 | 20.1 | 6.2 | 1.6 | 299.3 |
| Income on Financing* | 41.5 | 39.0 | 6.4 | 159.1 | 129.2 | 23.2 |
| Dividends & Distribution | 2.1 | 4.9 | 56.2 | 37.9 | 13.1 | 189.4 |
| Gains on Securities* | 126.7 | 102.2 | 24.0 | 335.6 | 314.5 | 6.7 |
| Others | - | - | - | 0.1 | 1.9 | 96.8 |
| Operating Expenses | 206.1 | 187.0 | 10.2 | 735.1 | 621.9 | 18.2 |
| Commissions Expenses | 10.0 | 5.9 | 68.6 | 28.8 | 29.4 | 2.0 |
| Interest Expenses | 20.9 | 22.4 | 6.8 | 89.6 | 89.6 | 0.0 |
| Losses on Securities* | 97.8 | 92.9 | 5.4 | 334.3 | 184.7 | 81.0 |
| General & Administrative Expenses | 77.3 | 65.9 | 17.4 | 282.3 | 318.2 | 11.3 |
| Salary | 48.2 | 37.7 | 27.8 | 159.7 | 161.8 | 1.3 |
| Credit Losses & Provisions | 0.3 | 0.4 | 34.9 | 8.2 | 20.9 | 60.5 |
| Others | 0.1 | - | - | 0.1 | - | - |
| Operating Income | 64.0 | 27.8 | 129.8 | 88.8 | 160.2 | 44.6 |

* Income on Financing :

Interest Income (FY04: KRW 118.5 bln, FY03: KRW 82.2 bln),
Gain on valuation of reserve for claims of customers' deposits-trust
(FY04: KRW 40.6 bln, FY03: KRW 47.0 bln)

* Gains/Losses on Securities:

Sale/Valuation of marketable securities/ structured securities sold/ derivatives, Structured securities transactions,

Commissions received for FY2004 declined 10.0% YoY to KRW 291.3 bln, mainly

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due to the 12.7% drop in trading value of KRW 765 tln for the fiscal year.

Despite rise in the Company's market share, the decline in trading value in the market led to the fall in annual Brokerage Commissions by 13.1% YoY to KRW 242.7 bln. The Company's improving market share in Underwriting division contributed to 27.3% YoY increase in Underwriting Commissions to KRW 23.7 bln. However, Brokerage Commissions on Sales of Beneficiary Certificates dropped 36.5% YoY to KRW 11.8 bln as the overall market commission rate fell due to increased competition among financial institutions. Wrap Commissions for FY2004 increased 299.3% to KRW 6.2 bln on the brisk sales of a cumulative discretionary wrap account product, 'Millionaire MasterWrap'.

Income on Financing for FY2004 increased 23.2% YoY to KRW 159.1 bln, and Net of Interests has turned to black on the back of decrease in interest expenses amid redemption of Subordinated Bond. Interest Income on Bonds significantly rose 83.6% YoY to 85.6 bln due to the increase in bond holdings.

Net on Sale/Valuation of Trading Securities turned to red on YoY-basis, resulting in losses of KRW 16.2 bln and KRW 13.5 bln, respectively. However, net on Structured Securities Sold Transactions largely improved, turning to net gain of KRW 31.9 bln. Net on Derivatives Transactions saw a further drop to KRW 0.6 bln from FY2003.

***Operating Revenues of
KRW 823.9 bln in FY2004***

Operating Revenues for FY2004 rose 5.3% YoY to KRW 823.9 bln.

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2. Operating Expenses

*Operating Expenses of
KRW 206.1 bln in 4QFY04
KRW 735.1 bln in FY2004*

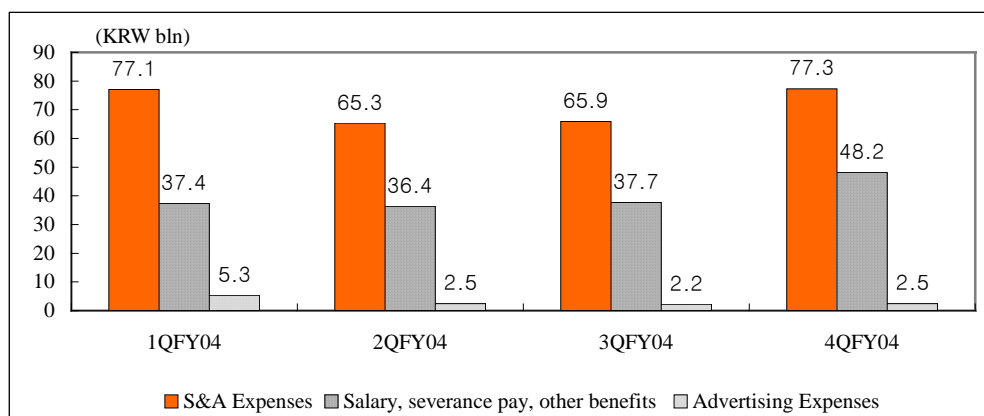
Operating Expenses recorded KRW 206.1 bln (+10.2% QoQ) and 735.1 bln (+18.2% YoY) for 4QFY04 and FY2004, respectively.

Commissions Expenses for FY2004 recorded KRW 28.8 bln (-2.0% YoY). Trading Commissions & Investment Consultant Fees showed 15.3% and 26.5% YoY drop, respectively, while Other Commissions rose 78.3% to KRW 8.7 bln. Interest Expenses recorded in-line with FY2003 at KRW 89.6 bln, as decline in interest on debentures offset the increase in interest on RP (Bonds Sold under Repurchase).

Increase in Losses on Securities, including Losses on Sales & Valuation of Marketable Securities, Losses on Structured Securities Transactions, and Losses on Derivatives Transactions, have led to 18.2% rise to KRW 735.1 bln from FY2003.

Daewoo Securities' continuous efforts to build cost-efficient financial structure, has put up 11.3% YoY reduction in Selling & Administrative Expenses for FY2004. Salary, Severance Expenses, and Other Benefits decreased 1.3% YoY to KRW 159.7 bln, and Depreciation & Advertising Expenses dropped 51.7% and 24.0% YoY to KRW 12.7 bln and 12.5 bln, respectively. Also, credit loss saw a significant drop to KRW 8.2 bln for FY2004 from KRW 20.9 bln of FY2003.

[Graph 1] Selling and Administrative Expenses



*Operating Income of
KRW 64.0 bln in 4QFY04*

Operating Profit in 4QFY04 recorded KRW 64.0 bln as Daewoo Securities saw a significant increase in commissions revenue amid improved market share and status.

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3. Non-Operating Income/Expenses & Net Income

*Non-operating income of
KRW 24.0 bln in FY2004*

Non-operating income for FY2004 recorded KRW 24.0 bln, with a 35.7% YoY reduction in Equity Method Gain (KRW 3.9 bln) & 82.5% decrease in Gain on Disposal of Securities Available for Sale (KRW 0.6 bln). Also, Other Non-Operating Income saw 96.6% YoY drop to KRW W2.0 bln.

Non-Operating Expenses in FY2004 jumped 137.3% YoY to KRW 261.8 bln, mainly led by the recognition of Securities Reduction Loss of KRW 204.8 bln related to Hanaro Telecom in 3QFY04. However, there was no cash outflow or impact on the book value of the Company because the loss was transferred to the income statement from the balance sheet in order to improve transparency of the Company. Other Non-Operating Expenses saw a decline on annual-basis, and no extraordinary loss/gain occurred in FY2004.

Net profit for FY2004 turned to red on annual basis, mainly due to the recognition of reduction loss of KRW 204.8 bln, resulting in net loss of KRW 148.9 bln.

4. Capital Adequacy Ratio

*Capital adequacy ratio
460.1% as of Mar. 2005*

As of March 2005, the Company's capital adequacy ratio was 460.1%. Net working capital totaled KRW 962.0 bln, and risk weighted assets amounted to KRW 209.1 bln.

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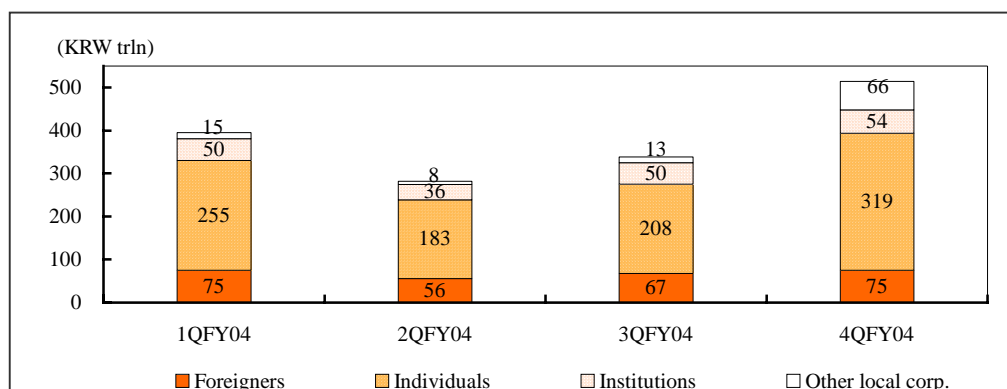
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Business Performances

1. Brokerage

Market trading value for 4QFY04 recorded KRW 257 tln, 52% increase from 3QFY04 of KRW 169 tln. Trading value in KSE and KOSDAQ increased 24% and 170% QoQ to KRW 168 tln and 89 tln, respectively. Percentage of foreign trading value declined 5%pt to 15% from 3QFY04.

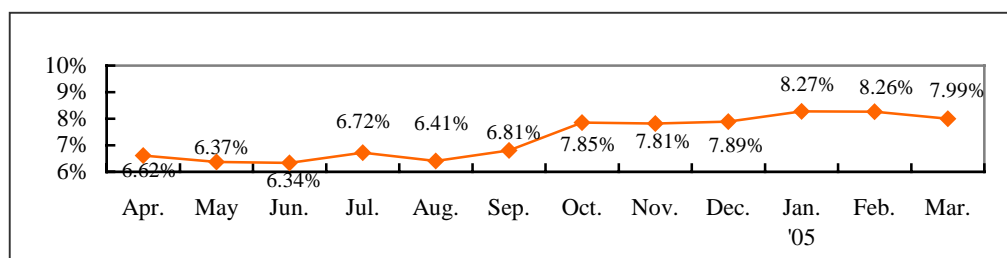
[Graph 2] Trading by Investor Group



**Stock market share 8.16%
in 4QFY04**

Daewoo Securities' market share increased from 7.85% in 3QFY04 to 8.16% in 4QFY04. The Company recorded monthly-high of 8.27% in its market share in January despite the intensifying competition in the market.

[Graph 3] Monthly Market Shares of Daewoo Securities



※ Source : Internal data

Offline market share in 4QFY04 dropped 0.27%pt QoQ to 3.26% (but still at the dominant position), while Online market share continued to show growth, resulting in 0.58%pt increase to 4.90%.

Company's market share in KSE and KOSDAQ recorded 7.81% and 8.82% in

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4QFY04, respectively.

[Table 3] Market Shares in Brokerages

| (KRW bln, %) | | FY2004 | | QoQ | FY2004 | FY2003 | YoY |
|-----------------------|--------------|---------|---------|-------|----------|----------|-------|
| | | 4Q | 3Q | | end-Mar. | end-Mar. | |
| Stock | Market Value | 4,289.7 | 2,600.9 | 64.9 | 3,072.2 | 3,516.9 | -12.6 |
| | M/S | 8.16 | 7.85 | 3.6 | 7.38 | 7.32 | 0.7 |
| | KSE | 7.81 | 7.69 | 1.6 | 7.07 | 6.97 | 1.4 |
| | KOSDAQ | 8.82 | 8.55 | 3.2 | 8.24 | 8.12 | 1.5 |
| | Offline | 3.26 | 3.53 | -7.6 | 3.04 | 2.61 | 16.5 |
| | Online | 4.90 | 4.32 | 13.4 | 4.33 | 4.71 | -8.1 |
| Futures | M/S | 5.38 | 3.51 | 53.3 | 3.00 | 2.69 | 11.5 |
| | Online | 2.96 | 1.12 | 164.3 | 1.45 | 2.13 | -31.9 |
| Options | M/S | 4.38 | 4.00 | 9.5 | 3.88 | 3.99 | -2.8 |
| | Online | 3.11 | 2.46 | 26.4 | 2.83 | 2.81 | 0.7 |
| Brokerage Commissions | | 88.6 | 55.0 | 61.1 | 242.7 | 279.2 | -13.1 |

※ Source : Internal data

2. Investment Banking

Outstanding performance in Rights Offerings and ABS, etc.

Daewoo Securities showed excellent performance in Investment Banking, largely contributed by Rights Offering, of which market share reached 34.6%. The Company also showed annual growth in market share in ABS and Corporate Bonds and continued its leading position in the field. Performance in ELS has improved significantly, recording a growth of more than double in underwriting amount.

Daewoo Securities has offered a total number of 8 vessel funds through business synergy with Korea Development Bank by the end of March 2005, amounting KRW 125.2 bln. Daewoo Securities will continue to put up efforts to strengthen its Investment Banking business through developing various investment products and fulfilling both issuers' and investors' needs.

[Table 4] Investment Banking Performance

| (KRW bln) | Underwriting Amounts and Market Share | | | |
|------------------|---------------------------------------|--------------|---------|--------------|
| | FY2004 | | FY2003 | |
| | Amount | Market Share | Amount | Market Share |
| IPO | 54.7 | 4.7% | 91.0 | 9.4% |
| Rights offerings | 1,532.9 | 34.6% | 301.7 | 16.2% |
| Corporate bonds | 2,704.2 | 12.6% | 1,753.5 | 11.7% |
| ABS and others | 2,700.9 | 15.3% | 1,746.2 | 8.4% |
| ELS | 1,093.6 | 14.9% | 494.4 | 12.3% |

※ Source : Internal data

※ Excludes between-affiliates businesses

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3. Wealth Management

Wealth Management Balance
At KRW 7.75 tln,
as of Mar. 2005

Balance of bond-type BCs declined 15.4% QoQ to KRW 928.7 bln while equity-type BCs increased 153.0% to KRW 87.3 bln. Overall, the total balance of beneficiary certificates increased 4.2% QoQ to KRW 2,077.8 bln in 4QFY04.

Balance of Wealth Management, including Wrap Accounts, RP, ELS, REITs, etc. increased 17.9% QoQ to KRW 7.75 tln. The brisk sale of 'Millionaire MasterWrap', Daewoo Securities' cumulative discretionary wrap account is expected to continue and largely contribute to the increase in the balance of Wealth Management.

Commissions on BCs and Wrap decreased 15.2% QoQ to KRW 4.0 bln in 4QFY04.

[Table 5] Wealth Management Balances

| (KRW bln, %) | | | FY2004 | FY2004 | QoQ | FY2004 | FY2003 | YoY |
|------------------------------------|--------------|--------------------|----------------|--------------|----------------|----------------|--------------|-------|
| | | | end-Mar. | end-Dec. | | end-Mar. | end-Mar. | |
| BCs & MMF | BCs | Bond type | 928.7 | 1,097.5 | -15.4 | 928.7 | 676.5 | 37.3 |
| | | Bond-hybrid type | 607.0 | 455.6 | 33.2 | 607.0 | 415.6 | 46.1 |
| | | Equity-hybrid type | 159.2 | 171.6 | -7.2 | 159.2 | 235.9 | -32.5 |
| | | Equity type | 87.3 | 34.5 | 153.0 | 87.3 | 10.1 | 764.4 |
| | | Other | 295.6 | 234.2 | 26.2 | 295.6 | 43.3 | 582.7 |
| | Total | 2,077.8 | 1,993.4 | 4.2 | 2,077.8 | 1,381.4 | 50.4 | |
| | MMF | 2,213.6 | 1,604.7 | 37.9 | 2,213.6 | 1,298.4 | 70.5 | |
| BCs & MMF | | 4,291.4 | 3,598.1 | 19.3 | 4,291.4 | 2,679.8 | 60.1 | |
| Wrap | | 607.1 | 679.3 | -10.6 | 607.1 | 636.8 | -4.7 | |
| Commissions* | | 4.0 | 4.6 | -13.0 | 18.0 | 20.2 | -10.9 | |
| RP | | 915.6 | 816.8 | 12.1 | 915.6 | 578.1 | 58.4 | |
| CD/CP/bonds | | 1,418.9 | 1,104.2 | 28.5 | 1,418.9 | 292.0 | 385.9 | |
| Others (ELS, REITs, etc.) | | 517.0 | 376.7 | 37.2 | 517.0 | 233.7 | 121.2 | |
| Total balance of wealth mgt | | 7,750.0 | 6,575.2 | 17.9 | 7,750.0 | 4,420.4 | 75.3 | |

※ Source : Internal data

* Commissions = Brokerage commissions on BCs + Wrap commissions

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News at Daewoo Securities

Awarded as 'Best Lead Manager' by MoneyToday



Daewoo Securities won the title of 'Best Lead Manager' on the list of '2005 Best IB' presented by the Minister of Finance & Economy on April 4, 2005.

The award was given for the Company's significant contribution to the development of the IB industry in Korea through achieving excellent performance in every business area in IB industry.

The Company had been also awarded with 'Best Deal' of '2004 Best IB'.

FY2005 Strategy



Company's strategy for FY2005 is '50% UP! ALL Together!', achieving through empowering sales force, strengthening client base and market competitiveness, and efficient use of resources.

'50% UP!' means to firmly determine the Company's No.1 position in the market with 50% improvement in business performance. 'All-Together!' is to achieve outstanding performance in all business area with the powerful teamwork and spirit.

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Appendix 1. Balance Sheet

FY2004: As of March 31, 2005

FY2003: As of March 31, 2004

| (KRW million, %) | FY2004 | FY2003 |
|---|------------------|------------------|
| ASSETS | | |
| Current assets | 4,157,205 | 3,190,608 |
| Cash and bank deposits | 136,154 | 156,457 |
| Deposits | 1,095,655 | 1,048,025 |
| Securities | 2,028,699 | 1,655,823 |
| Structured securities | 572,117 | 49,351 |
| Options purchased | - | 40 |
| Loans | 147,572 | 174,527 |
| Other current assets | 199,799 | 117,848 |
| Allowance for credit loss(Current assets) | 22,791 | 11,464 |
| Non - current assets | 891,086 | 866,895 |
| Investment securities | 505,102 | 449,266 |
| Investment assets | 109,773 | 116,620 |
| Tangible fixed assets | 407,192 | 422,454 |
| Others non-current assets | 26,776 | 38,357 |
| TOTAL ASSETS | 5,048,291 | 4,057,503 |
| LIABILITIES | | |
| Current liabilities | 3,517,911 | 2,580,145 |
| Short-term borrowings | 20,000 | 20,000 |
| Bonds sold under reverse resale agreements | 1,036,486 | 717,663 |
| Customers' deposits | 1,144,952 | 1,012,964 |
| Securities sold | 3,755 | 3,453 |
| Structured securities sold | 868,683 | 228,160 |
| Options sold | 11 | 3,155 |
| Others | 444,026 | 594,750 |
| Long-term liabilities | 236,946 | 232,428 |
| Debenture | 1,000 | - |
| Allowance for guarantees | - | 62 |
| Reserve for severance and retirement benefits | 36,259 | 32,743 |
| Others | 200,000 | 200,000 |
| TOTAL LIABILITIES | 3,754,858 | 2,812,573 |
| STOCKHOLDER'S EQUITY | | |
| Stockholder's equity | 1,020,883 | 1,020,883 |
| Capital surplus | 250,724 | 250,724 |
| Retained earnings | 49,614 | 198,093 |
| Capital adjustment | -27,788 | -224,771 |
| TOTAL STOCKHOLDER'S EQUITY | 1,293,433 | 1,244,930 |
| LIABILITIES & TOTAL STOCKHOLDER'S EQUITY | 5,048,291 | 4,057,503 |

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Appendix 2. Income Statement

FY2004: April 1, 2004 ~ March 31, 2005

FY2003: April 1, 2003 ~ March 31, 2004

| (KRW million, %) | FY2004 | FY2003 | YoY |
|--|---------|---------|---------|
| OPERATING INCOME | 823,889 | 782,112 | 5.3 |
| Commissions received | 291,251 | 323,441 | -10.0 |
| Brokerage commissions | 242,663 | 279,198 | -13.1 |
| Underwriting commissions on debentures | 105 | - | |
| Brokerage commissions on beneficiary certificates | 11,842 | 18,659 | -36.5 |
| Wrap commissions | 6,202 | 1,553 | 299.3 |
| Other | 30,440 | 24,030 | 26.7 |
| Interest income | 118,464 | 82,142 | 44.2 |
| Interest on margin loans | 1,809 | 2,156 | -16.1 |
| Interest on deposits with KSFC | 1 | 26 | -94.5 |
| Interest on deposits with institutions | 6,446 | 8,539 | -24.5 |
| Interest on call loans | 2,103 | 1,891 | 11.2 |
| Interest on advances for customers | 1,000 | 1,013 | -1.3 |
| Others | 107,106 | 68,517 | 56.3 |
| Dividends income | 2,470 | 3,303 | -25.2 |
| Distribution income | 35,392 | 9,781 | 261.8 |
| Gain on sales of marketable securities | 69,381 | 92,368 | -24.9 |
| Gain on sales of stock | 36,894 | 26,679 | 38.3 |
| Gain on sales of bonds | 20,390 | 12,250 | 66.4 |
| Gain on sales of beneficiary certificates | 11,795 | 52,446 | -77.5 |
| Others | 302 | 993 | -69.6 |
| Gain on valuation of trading securities | 7,918 | 86,965 | -90.9 |
| Gain on valuation of stock | 1,239 | 6,178 | -79.9 |
| Gain on valuation of bonds | 2,137 | 2,781 | -23.2 |
| Gain on valuation of beneficiary certificates | 4,542 | 78,005 | -94.2 |
| Gain on structured securities transactions | 24,769 | 11,811 | 109.7 |
| Gain on sales of structured securities | - | 601 | |
| Gain on valuation of structured securities | 15,483 | 6,423 | 141.1 |
| Gain on redemption of structured securities | 9,285 | 4,787 | 94.0 |
| Gain on valuation of securities sold | 198 | 33 | 509.9 |
| Gain on structured securities sold | 62,292 | 7,193 | 766.0 |
| Gain on valuation of structured securities sold | 53,456 | 6,407 | 734.4 |
| Gain on redemption of structured securities sold | 8,835 | 787 | 1,023.3 |
| Gain on valuation of reserve for claims of customers' deposits-trust | 40,652 | 47,018 | -13.5 |
| Gain on derivatives transactions | 171,040 | 116,112 | 47.3 |
| Gain on futures transactions | 83,499 | 28,859 | 189.3 |
| Gain on Exchange trading options transactions | 78,898 | 83,395 | -5.4 |
| Gain on OTC derivatives transactions | 8,642 | 3,858 | 124.0 |
| Other operating income | 62 | 1,944 | -96.8 |
| Reversal of allowance for guarantees | 62 | 1,944 | -96.8 |

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| (KRW million, %) | FY2004 | FY2003 | YoY |
|---|---------------|----------------|--------------|
| OPERATING EXPENSES | 735,052 | 621,870 | 18.2 |
| Commissions expense | 28,774 | 29,354 | -2.0 |
| Trading commissions | 15,596 | 18,407 | -15.3 |
| Investment consultant fees | 4,443 | 6,047 | -26.5 |
| Other commissions | 8,735 | 4,900 | 78.3 |
| Interest expenses | 89,609 | 89,641 | 0.0 |
| Interest on borrowings from KSFC | 1,136 | 2,277 | -50.1 |
| Interest on customer's deposits | 11,617 | 18,428 | -37.0 |
| Interest on bonds sold under repurchase | 34,662 | 15,281 | 126.8 |
| Interest on call money | 10,888 | 5,672 | 91.9 |
| Interest on debentures | 28,214 | 46,311 | -39.1 |
| Others | 3,093 | 1,672 | 85.0 |
| Loss on sales of trading securities | 67,804 | 34,657 | 95.6 |
| Loss on sales of stock | 31,041 | 9,075 | 242.1 |
| Loss on sales of debentures | 13,536 | 20,084 | -32.6 |
| Loss on sales of beneficiary certificates | 18,581 | 4,304 | 331.7 |
| Loss on redemption of trading securities | 4,618 | 863 | 435.3 |
| Other | 28 | 332 | -91.7 |
| Loss on valuation of marketable securities | 25,745 | 6,799 | 278.6 |
| Loss on valuation of stock | 3,011 | 1,051 | 186.6 |
| Loss on valuation of debentures | 3,757 | 1,266 | 196.8 |
| Loss on valuation of beneficiary certificates | 18,977 | 453 | 4,090.8 |
| Loss on valuation of negotiable commercial papers | - | 4,030 | |
| Loss on structured securities transaction | 38,259 | 4,450 | 759.8 |
| Loss on valuation of structured securities | 29,776 | 4,450 | 569.2 |
| Loss on redemption of structured securities | 8,482 | - | |
| Loss on valuation of trading securities sold | 437 | 814 | -46.3 |
| Loss on structured securities transaction sold | 30,358 | 21,727 | 39.7 |
| Loss on valuation of structured securities sold | 17,878 | 10,933 | 63.5 |
| Loss on redemption of structured securities sold | 12,480 | 10,794 | 15.6 |
| Loss on derivatives transactions | 171,672 | 116,223 | 47.7 |
| Loss on futures transactions | 87,784 | 30,976 | 183.4 |
| Loss on exchange trading options transactions | 77,874 | 82,679 | -5.8 |
| Loss on OTC derivatives transactions | 6,014 | 2,568 | 134.2 |
| Selling and administrative expenses | 282,288 | 318,204 | -11.3 |
| Salary, Severance pay, other benefits | 159,686 | 161,752 | -1.3 |
| Computer system operations expenses | 21,926 | 25,304 | -13.4 |
| Rental expenses | 14,974 | 14,760 | 1.5 |
| Advertising expenses | 12,474 | 16,413 | -24.0 |
| Depreciation | 12,738 | 26,366 | -51.7 |
| Credit loss expense | 8,235 | 20,872 | -60.5 |
| Others | 52,256 | 52,737 | -0.9 |
| Other operating income | 106 | - | |
| OPERATING INCOME | 88,837 | 160,242 | -44.6 |

4Q/FY2004 Earnings Release

Jan. ~ Mar. 2005

| (KRW million, %) | FY2004 | FY2003 | YoY |
|--|----------|---------|----------|
| NON - OPERATING INCOME | 24,019 | 82,913 | -71.0 |
| Gain on disposition of tangible assets | 3,210 | 1,619 | 98.3 |
| Rental income | 7,872 | 7,872 | 0.0 |
| Gain on disposition of securities available for sale | 632 | 3,613 | -82.5 |
| Gain on equity method valuation | 3,892 | 6,049 | -35.7 |
| Gain on equity method securities | 3,126 | - | |
| Gain on foreign currency transactions | 482 | 1,288 | -62.6 |
| Gain on recovery of write-offs | 2,734 | 3,007 | -9.1 |
| Others | 2,070 | 59,465 | -96.5 |
| NON - OPERATING EXPENSES | 261,797 | 110,307 | 137.3 |
| Loss on disposition of tangible assets | 212 | 264 | -19.7 |
| Loss on disposition of securities available for sale | 5,149 | 11,191 | -54.0 |
| Reduction loss on securities available for sale | 210,572 | 1,138 | 18,411.7 |
| Loss on equity method securities | 278 | - | |
| Loss on foreign currency transactions | 2,483 | 4,444 | -44.1 |
| Loss on foreign exchanges translation | 1,200 | 1,867 | -35.8 |
| Donations | 92 | 77 | 19.6 |
| Others | 41,811 | 91,326 | -54.2 |
| ORDINARY INCOME | -148,941 | 132,847 | |
| EXTRAORDINARY LOSS | - | 332 | |
| NET INCOME | -148,941 | 132,515 | |