

# 1HFY2005 EARNINGS RELEASE

April 1<sup>st</sup> 2005 ~ September 30<sup>th</sup> 2005

## Daewoo Securities (006800.KS)

### Investor Relations

irteam@bestez.com

### In-Soo Eom, Manager

+82-2- 768-3912

insoo@bestez.com

### Heather Choi

+82-2-768-3903

sunchoi80@bestez.com

### Company Description

Establishment	Sept. 1970
CEO	Mr. Bok-Jo Sohn
Employees	2,391
Domestic Network	116 branches, 1 office
Overseas Network	3 branches, 1 bank (HK, NY, LDN)
Paid-in Capital	KRW 1,021 bln
Market Cap.	KRW 2,443 bln (As of Sept 30, '05)
Outstanding Shrs	204,176,641
- Common	190,100,891
- Preferred	14,075,750
Price Quarterly	KRW 13,800/
- High /-Low	KRW 5,030
(Apr~Sept 2005)	
Major Shareholder	Korea Development Bank (39.09%)

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### ■ 1HFY2005 OP KRW 137.8bln, NP 158.2bln

Daewoo Securities posted net income of KRW 158.2bln for 1HFY2005, and it is the highest figure since 1999. Operating income turned to balck on annual-basis, marking 137.8bln for the same period.

As of September 30<sup>th</sup> 2005, the balance of total assets amounted KRW 7.17tln, and total shareholders' equity posted 1.5tln.

### ■ Dominant Market Position in Brokerage

Daewoo Securities continued to hold its mighty position with stronger dominance in the brokerage market. The Company's market share continued to grow during 1HFY2005. Especially, the Company's strong sales competency contributed largely to an on-going increase in offline market share, which pays up comparably high commissions to the Company's total revenue.

In addition, despite a contraction in the local underwriting market, the Company showed outstanding performance in IPO, corporate bonds and ABS.

As for asset management, the total balance continued to grow and exceeded KRW 10tln in August. Especially, profitable equity-related products showed a sharp increase in balance.

### ■ Earnings

[Table1] Earnings

(KRW bln)	2QFY2005	1QFY2005	QoQ	1HFY2005	1HFY2004	YoY
Operating Revenue	466.6	270.8	72.3%	737.4	342.6	115.3%
Operating Expenses	370.3	229.2	61.6%	599.6	345.5	73.5%
<b>Operating Income</b>	<b>96.3</b>	<b>41.6</b>	<b>131.6%</b>	<b>137.8</b>	<b>-2.9</b>	Turn to Black
Ordinary Income	94.9	43.7	117.4%	138.5	5.5	2431.0%
<b>Net Income</b>	<b>114.5</b>	<b>43.7</b>	<b>162.3%</b>	<b>158.2</b>	<b>5.5</b>	<b>2789.3%</b>

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## Financial Performance

[Table2] Earnings

(KRW bln)	2Q FY2005	1Q FY2005	QoQ	1H FY2005	1H FY2004	YoY
<b>Net Commissions</b>	<b>137.1</b>	<b>93.0</b>	<b>47.4%</b>	<b>230.1</b>	<b>110.0</b>	<b>109.1%</b>
Brokerage Commissions	121.2	75.8	60.0%	197.0	99.0	98.9%
Underwriting Commissions	5.1	5.3	-3.4%	10.4	11.9	-12.3%
Commissions on Sales of BCs & Wrap	5.1	4.5	13.1%	9.6	9.3	3.0%
Commissions on Sales of Structured Securitais <sup>1</sup>	16.5	13.3	23.8%	29.8	n/a	n/a
Other Commissions	3.7	3.7	-1.1%	7.3	2.7	176.1%
Commissions Expenses	14.5	9.6	51.4%	24.0	12.9	86.7%
<b>Net Interest<sup>2</sup></b>	<b>28.8</b>	<b>31.5</b>	<b>-8.6%</b>	<b>60.3</b>	<b>33.5</b>	<b>80.1%</b>
<b>Net Gain on Securities<sup>3</sup></b>	<b>29.1</b>	<b>-11.3</b>		<b>17.8</b>	<b>-7.4</b>	
Other	-0.7	0.7		0.0	0.0	
<b>Net Revenues</b>	<b>194.3</b>	<b>113.9</b>	<b>70.5%</b>	<b>308.2</b>	<b>136.2</b>	<b>126.4%</b>
General & Administrative Expenses	98.0	72.4	35.4%	170.4	139.1	22.4%
<b>Operating Income</b>	<b>96.3</b>	<b>41.6</b>	<b>131.6%</b>	<b>137.8</b>	<b>-3.0</b>	
Non-Operating Income	-1.4	2.1		0.7	8.4	-91.7%
<b>Ordinary Income</b>	<b>94.9</b>	<b>43.7</b>	<b>117.4%</b>	<b>138.5</b>	<b>5.5</b>	<b>2431.0%</b>
Income Tax (Benefit)	-19.6			-19.6		
<b>Net Income</b>	<b>114.5</b>	<b>43.7</b>	<b>162.3%</b>	<b>158.2</b>	<b>5.5</b>	<b>2789.3%</b>

1. Commissions on sales of structured securities(ELS) is included in net commissions due to revision of criteria in calculating net gain on securities, effective from FY2005.

2. Net interest: Interest revenue+Dividends income+Gain on valuation of reserve for claims of customers' deposits-trust-Interest Expense

3. Net gain on securities=Net gain on valuation of marketable securities/structured securities sold/derivatives, structured securities+Distribution income

## 1. Net Commissions

Net commissions revenue for 1HFY2005 sharply increased by 109.1% YoY to KRW 230.1bln.

Brokerage commissions rose 98.9% YoY to KRW 197.0bln, on the back of increasing market share in brokerage amid stronger market dominance and sales empowerment. Especially, the company's strategy to focus on offline brokerage sales has contributed largely to the increase in brokerage commissions because offline commission rate is more than triple the online rate. Also, the increase in brokerage commissions is attributed to the brisk Korean market trading value; the average daily trading value recorded over 5tln in July. The monthly brokerage commissions recorded historical-high of KRW 42.0bln in July since April 2002.

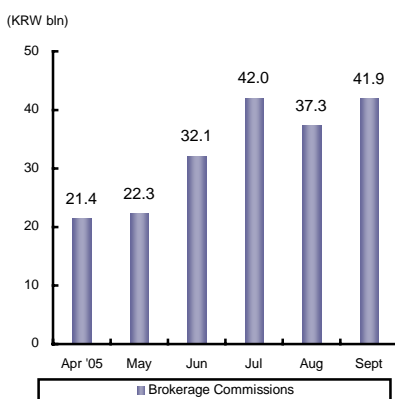
### 1HFY2005

#### Net Commissions

KRW 230.1bln

[Graph2]

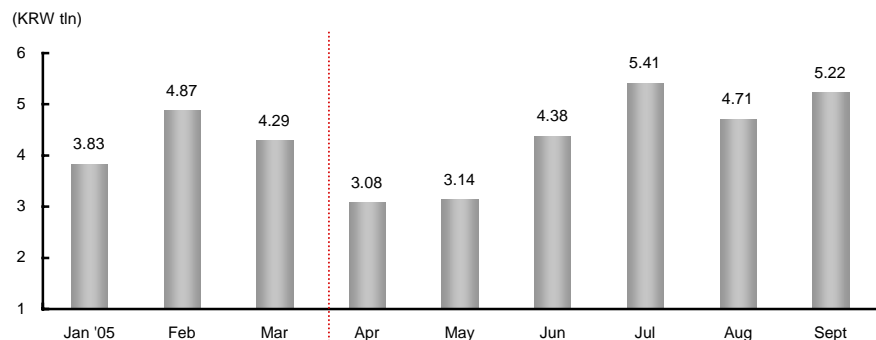
Monthly Brokerage Commissions



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[Graph1] Average Daily Trading Value



Underwriting commissions decreased by 12.3% YoY to KRW 10.4bln for 1HFY2005. The decline in commissions is mainly due to the downward pressure on average commissions rate due to the heavy competition. Also, it is because relatively less number of mega deals in rights offering occurred in 1HFY2005, compared to the same period last year, in which the rights issuance of Samsung Card and block deal of Hana Bank took place. As for IPO despite the ongoing contraction in the local IPO market, the Company's continuous search for blue chip IPO companies paid off outstanding performance, showing nearly quadrupled underwriting amount on YOY-basis. Also, underwriting commissions in corporate bonds and ABS showed relatively fair performance compared to the same period last year.

Commissions on sales of Beneficiary Certificates(BCs) & Wrap Accounts increased by 3.0% YoY to KRW 9.6bln. Continuously increasing ending balance of the asset management is helped by the Company's continuous product development to satisfy the growing demand for effective indirect investment resources by retail. Also, the increase in commissions is contributed by Daewoo's sales focus on equity-linked products, such as Wrap, which pay relatively high commission rates.

Due to the revision of the criteria in calculating the net gain on securities, commissions on sales of Structured Securities is excluded from the calculation of net gain on securities and included in calculation of commissions revenue, effective from FY2005. Total commissions on sales of Structured Securities for 1HFY2005 resulted in KRW 29.8bln, and the commissions in 2QFY2005 jumped 23.8% QoQ to 16.5bln. The ending balance of Structured Securities continued to increase, marking 427.4bln, 32.1% up from the end of June 2005.

Commissions expense increased by 86.7% YoY to KRW 24.1bln. This is mainly driven by the increase in trading commission fees amid the brisk trading value.

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## 2. Net Interest

**1HFY2005**

**Net Interest**

**KRW 60.3bln**

Net interest income increased by 80.1% YoY to KRW 60.3bln in 1HFY2005.

Combined interest revenue(interest revenue + dividends + gain on valuation of reserve for claims) amounted KRW 105.8bln, up 32.5% YoY. Out of the amount, interest revenue rose 32.2% to 75.7bln due to increased interest income on Daewoo's promoted lending product, called 'Ez-Revolving', and company-owned debentures. The Company saw 7.2bln of dividends income from Daewoo Capital CRV and 23.0bln of gain on valuation of reserve for claims of customers' deposits-trust for 1HFY2005.

Interest expense dropped 1.8% YoY to KRW 45.5bln. This is mainly due to decrease in interest payment amid repayment of subordinated bonds.

## 3. Net Gain on Securities

**1HFY2005**

**Net Gain on Securities**

**KRW 17.8bln**

Net gain on securities turned to black on YoY-basis, recording KRW 17.8bln for 1HFY2005. This is largely contributed by increased net gain on valuation of stock and beneficiary certificates on repayment of Hynix debentures and partial stake sales of Daewoo Capital CRV.



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## 4. General & Administrative Expenses

**1HFY2005**

**G&A Expenses**

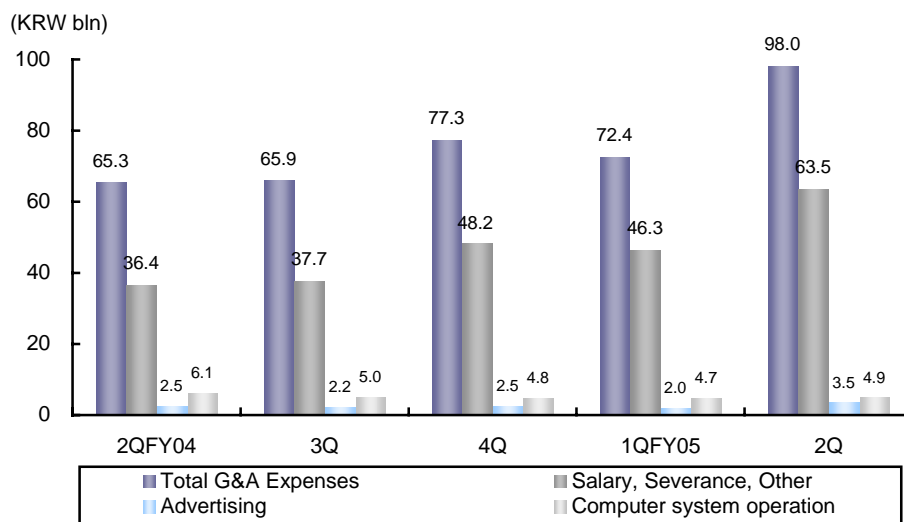
**KRW 170.4bln**

General & administrative expenses rose 22.4% YoY to KRW 170.4bln in 1HFY2005, mainly driven by increase in salary, severance & other employee benefits and exchange transaction fees.

Total salary, severance & other employee benefits rose 48.8% YoY to KRW 109.7bln despite the Company's continuous downsizing on the total number of employees; the total number of employees at the end of September declined to 2,268, down 2.1% from March, 2005. The increase in employee benefits is mainly due to considerable incentive payout to sales persons on their outstanding performance and salary payment to newly employed competent sales force. Fees on exchange transactions more than quadrupled to 6.2bln on the recent stock market rally.

Meanwhile, computer system operation expenses and advertising expenses marked 21.1% & 29.3% drop on annual-basis to KRW 9.6bln & 5.5bln, respectively.

[Graph3] General & Administrative Expenses

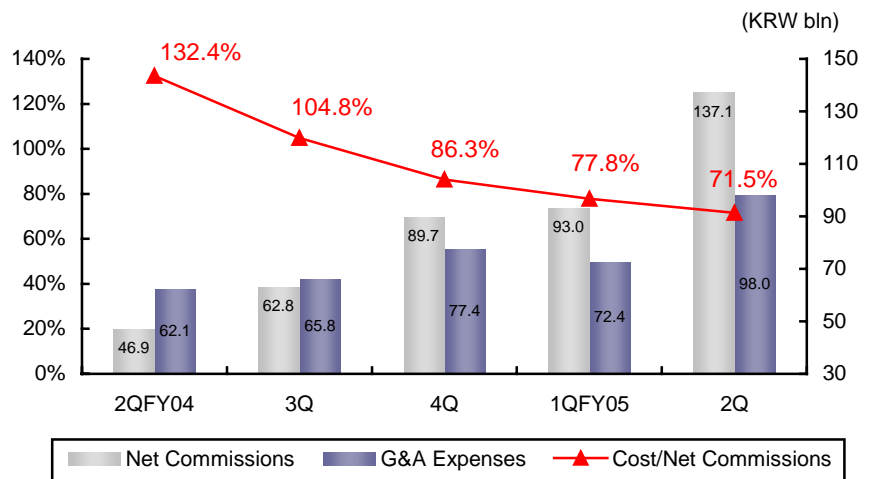


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The Company's continuous efforts to build up an efficient cost structure with the optimal outcome, the ratio of cost against net commissions has fallen for the past five consecutive quarters. As the end of 2QFY2005, the cost-to-net commissions ratio marked 71.5%, down by 6.3%pt from 1Q.

[Graph4] Cost/Net Commissions (%)

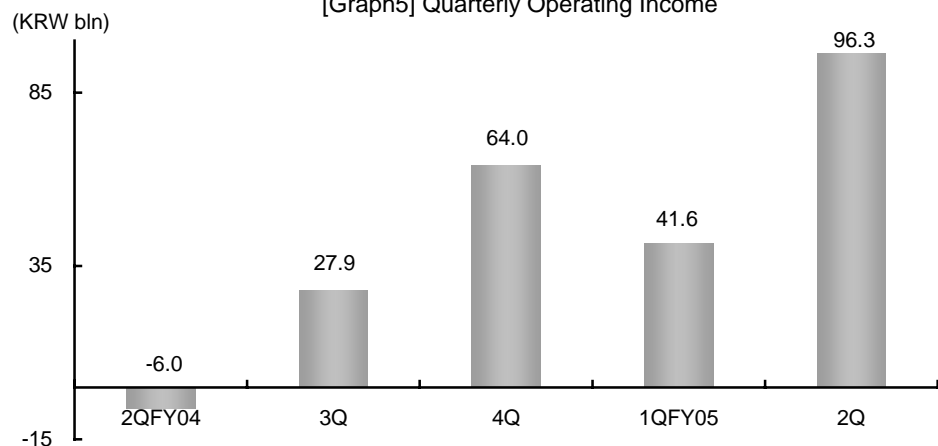


## 5. Operating Income

**1HFY2005**  
**Operating Income**  
**KRW 137.8bln**

Operating Income for 1HFY2005 turned to black on annual-basis, marking KRW 137.8bln, on the back of significant rise in commissions revenue amid strong sales competency and continuous efforts to maintain an efficient cost structure.

[Graph5] Quarterly Operating Income



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## 6. Non-Operating Income & Net Income

**1HFY2005**

**Non-Operating Income**

**KRW 0.7bln**

Non-operating income for 1HFY2005 declined 91.7% YoY to KRW 0.7bln. Revenues from one-off items, such as gain on disposition of tangible assets and gain on recovery of write-offs, sharply dropped during the first half, compared to the same period in FY2004.

**Ordinary Income**

**KRW 138.5bln**

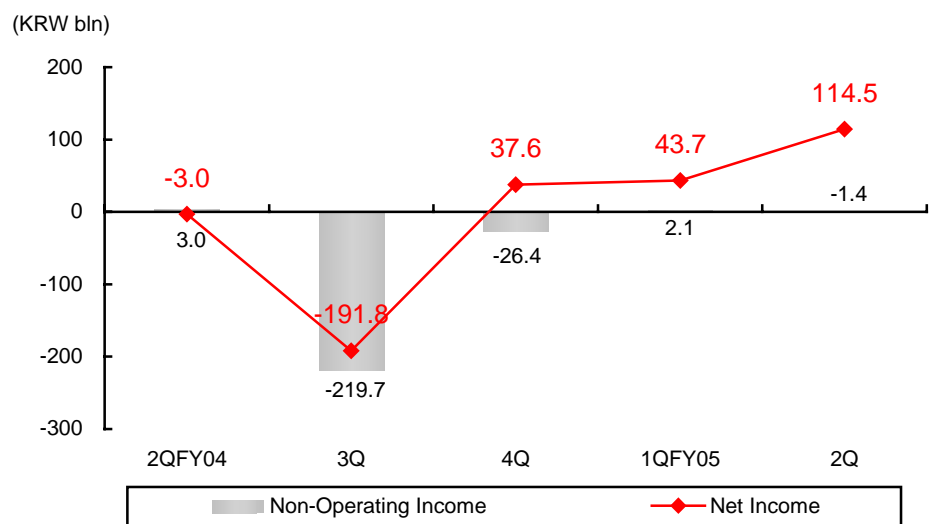
Ordinary income significantly increased by 2431.0% YoY to KRW 138.5bln.

Net income for 1HFY2004 posted 158.2bln, the highest figure since 1999. Since the Company holds loss carryforwards, 19.6bln of tax incurred from the gain on valuation of securities available for sale, was reflected as a tax benefit. The Company currently holds 458.3bln of loss carryforwards, which expire on March 31, 2006.

**Net Income**

**KRW 158.2bln**

[Graph6] Quarterly Non-Operating Income & Net Income



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## 7. Capital Adequacy Ratio

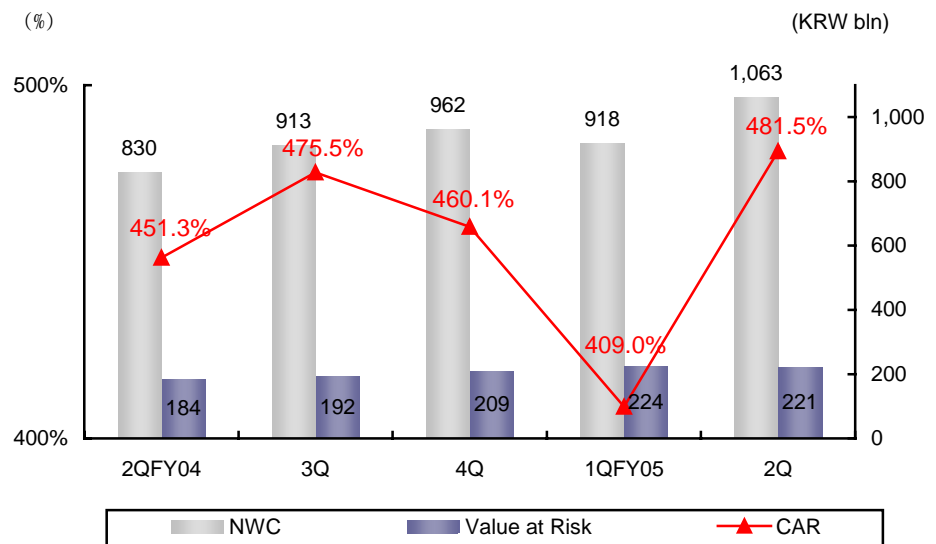
**As the end of Sept 2005,  
CAR 481.5%**

As the end of September 2005, the Company's capital adequacy ratio (CAR) jumped 72.5%pt to 481.5%.

The ending balance of net working capital (NWC) for 2QFY2005 increased by 15.9% from the first quarter, posting KRW 1.6tn, on the back of increase in earnings from operations. The value at risk marked 220.8bln, showing a marginal difference from the previous quarter.

The Company expects its CAR to improve further on liquidation of current assets in the near future.

[Graph7] Quarterly Capital Adequacy Ratio (CAR)





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## Business Performance

### 1. Brokerage

**1HFY2005**

**Mkt Turnover KRW546tln**

**(Daily 4.3tln)**

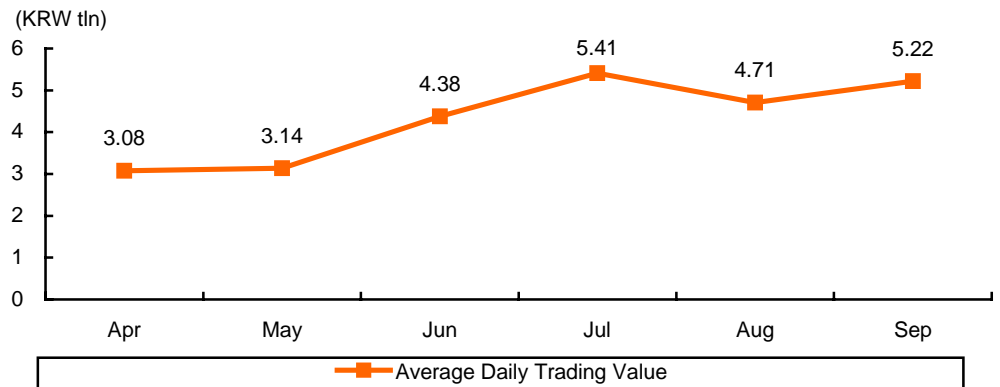
**KOSPI 349tln,**

**KOSDAQ 197tln**

The total market trading value during the first half of FY2005 rose 28.2% to KRW 546tln from 426tln in the latter half of FY2004. Trading values in KOSPI and KOSDAQ increased by 14.8% & 61.5% to 349tln & 197tln, respectively.

Average daily trading value during the second quarter of FY2005 posted 5.1tln, 45.7% up from the previous quarter.

[Graph8] Average Daily Trading Value



※ Source : KRX



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## 2. Investment Banking

### Outstanding Performance in IPO, Corporate Bonds & ABS

#### (1) IPO

Despite the noticeable contraction in the local IPO market during the first half of FY2005, Daewoo Securities showed remarkable results. The Company won many competitive deals and successfully completed deals worth KRW 48.1bln in total, which is nearly five times the amount made in the first half of FY2004. Especially, for the first time among the local brokerage houses, Daewoo Securities successfully completed a direct listing of a Korean company in NASDAQ.

The Company marked 14.9% of a market share in 1HFY2005, positioning its stance at No.1 in the local IPO market.

[Table5] IPO

(KWR bln)	1HFY2005	1HFY2004	FY2004
Market in Total	323	575	1,163
Underwriting Amt	48	10	55
M/S	14.9%	1.7%	4.7%

※ Source : Bloomberg

#### (2) Corporate Bonds & ABS

The amount of debt issuance by companies sharply rose during the first half of FY2005, compared to the same period last year. Especially, ABS market showed significant rise in its volume, thanks to active project financing on ABS.

The Company's total debt underwriting amount, including ABS, jumped 6.2% YoY, and unlike other brokers, which recorded the underwriting amount weighted more in one or the other, Daewoo Securities evenly showed satisfactory performance in both corporate bonds and ABS. Among local brokers the Company spotted the highest underwriting position for BBB-corporate bonds. Also, for the first time in the market, Daewoo successfully issued a serial ABCP through the conduit method.

The Company's continuous efforts to develop new financing products and adopt new methods largely helped itself to maintain at the leading position in the market.

[Table6] Corporate Bonds & ABS

(KRW bln)	1HFY2005	1HFY2004	FY2004
Market in Total	24,143	22,880	49,131
Underwriting Amt	2,753	2,593	5,552
M/S	11.4%	11.3%	11.3%

※ Source : Bloomberg

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## (3) Rights Offering

As the number of listed companies funding from rights issuance continued to increase during the second quarter, the total number of deals occurred in the first half of FY2005 posted 90, which is nearly the total number of deals occurred in the whole fiscal year of 2004. Daewoo Securities conducted as a lead manger for thirteen deals, which is more than a double of the amount occurred in 1HFY2004.

[Table7] Rights Offering

(KRW bln)	1HFY2005	1HFY2004	FY2004
Market in Total	917	1,900	4,424
Underwriting Amt	106	1,518	1,533
M/S	11.6%	79.9%	34.7%
# of Deals (Mkt)	90	44	92
# of Deals (Daewoo)	13	6	8

※ Source : Bloomberg

## (4) ELS

On the support of the Company's sales efforts and improved credit rating, which is currently stated as A-, the total underwriting amount in ELS more than doubled to KRW 5.6tln from the same period of last year. Also, Daewoo's M/S jumped 0.3%pt to 9.3% in 1HFY2005.

[Table8] ELS

(KRW bln)	1HFY2005	1HFY2004	FY2004
Market in Total	6,005	2,861	7,336
Underwriting Amt	559	258	1094
M/S	9.3%	9.0%	14.9%

※ Source : Internal Data

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## 3. Asset Management

**As the end of Sept 2005,  
Total ending balance  
KRW 10.04tln**

As the end of September 2005, the ending balances of equity-hybrid- & equity-typed BCs have sharply increased by 30.4% & 47.6% QoQ to KRW 156bln & KRW 138bln, respectively. However, the balance of bond-typed BCs has fallen 11.3% from the previous quarter, due to weakened demand for bonds on the recent hike in interest rate. Total ending balance of BCs recorded KRW 2.5tln, down 0.1% QoQ.

On the support of the Company's continuous efforts to develop installment-based financial products, the balance of Wrap Accounts rose 20.5% QoQ to KRW 743.8bln. Total ending balance of asset management, including BCs, MMF, Wrap Accounts, RP, ELS, etc. has increased by 7.5% QoQ to KRW 10.04tln. The balance has been continuously rising and has exceeded 10tln early August, largely contributed by Daewoo's competitive product development and increasing indirect investment by retail.

Commissions revenue on sales of BCs and Wrap Accounts totaled KRW 5.1bln, a 13.3% rise on quarterly-basis.

[Table9] Asset Management

(KRW bln, As the end of)	Sept FY2005	Jun FY2005	QoQ	Sept FY2004	YoY
<b>BCs</b>	<b>2,513.7</b>	<b>2,515.7</b>	-0.1%	<b>1,716.8</b>	46.4%
Bond type	1,110.0	1,251.0	-11.3%	906.6	22.4%
Bond-hybrid type	778.4	690.5	12.7%	558.9	39.3%
Equity-hybrid type	155.8	119.5	30.4%	188.3	-17.3%
Equity type	137.9	93.4	47.6%	8.4	1541.7%
Others	331.6	361.3	-8.2%	54.6	507.3%
<b>MMF</b>	<b>3,010.0</b>	<b>2,810.3</b>	7.1%	<b>1,658.8</b>	81.5%
<b>BCs &amp; MMF</b>	<b>5,523.7</b>	<b>5,326.0</b>	3.7%	<b>3,375.6</b>	63.6%
Wrap	742.8	616.5	20.5%	679.4	9.3%
<b>Commissions*</b>	<b>5.1</b>	<b>4.5</b>	13.3%	<b>4.4</b>	15.9%
RP	1,430.4	1,242.8	15.1%	811.7	76.2%
CD/CP/Bonds	1,607.1	1,538.4	4.5%	708.2	126.9%
Others(ELS,REITs, etc.)	733.0	616.3	18.9%	247.6	196.0%
<b>Total Balance</b>	<b>10,037.0</b>	<b>9,340.0</b>	7.5%	<b>5,822.5</b>	72.4%

※ Source : Internal Data

\* Commissions = Commissions on sales of BCs & wrap commissions

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## Appendix 1. Balance Sheet

(KRW million)	As of September 30, 2005	As of March 31, 2005	As of September 30, 2004
<b>ASSETS</b>			
<b>Current assets</b>	<b>6,145,986</b>	<b>4,157,205</b>	<b>3,548,623</b>
Cash and bank deposits	489,939	136,154	244,241
Deposits	1,998,330	1,095,655	1,051,745
Securities	2,452,944	2,028,699	1,889,692
Structured securities	356,761	572,117	132,332
Options purchased	0	0	0
Loans	464,041	147,572	47,044
Other current assets	405,491	199,799	205,157
Allowance for credit loss(Current assets)	21,520	22,791	21,588
<b>Non - current assets</b>	<b>1,021,361</b>	<b>891,086</b>	<b>844,571</b>
Investment securities	641,420	505,102	443,120
Investment assets	109,058	109,773	113,872
Tangible fixed assets	248,206	249,434	252,675
Others non-current assets	22,678	26,776	34,904
<b>TOTAL ASSETS</b>	<b>7,167,347</b>	<b>5,048,291</b>	<b>4,393,193</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>	<b>5,430,179</b>	<b>3,517,911</b>	<b>3,114,073</b>
Call money	121,700	0	310,000
Short-term borrowings	570,750	20,000	0
Bonds sold under reverse resale agreements	1,559,908	1,036,486	897,256
Customers' deposits	2,011,183	1,144,952	976,512
Securities sold	2,968	3,755	3,289
Structured securities sold	766,136	868,683	308,898
Options sold	236	11	41
Others	397,297	444,026	618,077
<b>Long-term liabilities</b>	<b>243,106</b>	<b>236,946</b>	<b>31,432</b>
Debenture	1,000	1,000	0
Allowance for guarantees	0	0	0
Reserve for severance and retirement benefits	42,106	35,946	31,432
Others	200,000	200,000	0
<b>TOTAL LIABILITIES</b>	<b>5,673,284</b>	<b>3,754,858</b>	<b>3,145,506</b>
<b>STOCKHOLDER'S EQUITY</b>			
Stockholder's equity	1,020,883	1,020,883	1,020,883
Capital	250,724	250,724	250,724
Retained earnings	187,554	49,614	204,311
Capital adjustment	34,902	-27,788	-228,230
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>1,494,063</b>	<b>1,293,433</b>	<b>1,247,688</b>
<b>LIABILITIES &amp; TOTAL STOCKHOLDER'S EQUITY</b>	<b>7,167,347</b>	<b>5,048,291</b>	<b>4,393,193</b>

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## Appendix 2. Income Statement

(KRW million)	2Q FY2005	1Q FY2005	QoQ	1H FY2005	1H FY2004	YoY
<b>OPERATING REVENUES</b>	<b>466,639</b>	<b>270,803</b>	<b>72.3%</b>	<b>737,442</b>	<b>342,554</b>	<b>115.3%</b>
Commissions received	151,553	102,560	47.8%	254,112	122,899	106.8%
Brokerage commissions	121,226	75,765	60.0%	196,990	99,033	98.9%
Underwriting commissions	5,123	5,306	-3.4%	10,429	11,891	-12.3%
Underwriting commissions on debentures	36	94	-61.9%	130	68	91.7%
Brokerage commissions on beneficiary certificates	3,262	2,898	12.6%	6,159	5,781	6.6%
Wrap commissions	1,832	1,607	14.0%	3,439	3,535	-2.7%
Consulting fee	2,198	962	128.4%	3,160	1,208	161.6%
Commissions on sale of structured securities	16,459	13,294	23.8%	29,753	n/a	
Other	1,418	2,634	-46.2%	4,052	1,383	192.9%
Interest income	38,775	36,889	5.1%	75,664	57,225	32.2%
Interest on margin loans	844	617	36.8%	1,460	855	70.7%
Interest on loans	5,368	4,343	23.6%	9,712	1,092	789.5%
Interest on bonds	23,845	23,292	2.4%	47,137	42,971	9.7%
Interest on negotiable commercial papers	490	381	28.5%	871	849	2.6%
Interest on deposits with KSFC	0	0		0	1	
Interest on certificate of deposit	5	1	345.9%	6	232	-97.4%
Interest on deposits with institutions	2,536	2,070	22.6%	4,606	2,798	64.6%
Interest on call loans	711	718	-1.0%	1,429	1,160	23.1%
Gain on transaction of certificate of deposit	1	4	-64.4%	5	31	-84.0%
Interest on advances for customers.	291	12	2406.7%	303	724	-58.2%
Interest on receivables	4,327	3,178	36.2%	7,505	4,066	84.6%
Others	357	2,274	-84.3%	2,632	2,445	7.6%
Dividends income	148	7,070	-97.9%	7,218	1,291	459.3%
Distribution income	5,336	81	6457.0%	5,417	29,522	-81.7%
Gain on sales of marketable securities	56,323	17,645	219.2%	73,969	20,445	261.8%
Gain on sales of stock	46,386	11,812	292.7%	58,198	8,215	608.4%
Gain on sales of bonds	4,829	5,289	-8.7%	10,118	10,210	-0.9%
Gain on sales of beneficiary certificates	4,273	512	734.0%	4,785	1,836	160.6%
Gain on sales of negotiable commercial papers	36	30	16.5%	66	141	-53.1%
Gain on redemption of trading securities	795	2	42442.2%	797	0	216953.8%
Others	5	0		5	42	-88.4%
Gain on valuation of trading securities	25,554	7,362	247.1%	32,917	8,171	302.8%
Gain on valuation of stock	4,460	4,293	3.9%	8,754	260	3264.4%
Gain on valuation of bonds	-821	1,315		494	4,774	-89.7%
Gain on valuation of beneficiary certificates	21,915	1,754	1149.1%	23,669	3,137	654.5%
Gain on structured securities transactions	45,632	28,836	58.2%	74,467	5,888	
Gain on valuation of structured securities	4,965	27,522	-82.0%	32,487	5,361	
Gain on redemption of structured securities	40,667	1,313	2996.4%	41,980	527	7863.5%
Gain on valuation of securities sold	-177	180		3	345	-99.2%
Gain on structured securities sold	7,722	9,567	-19.3%	17,289	19,072	-9.3%
Gain on valuation of structured securities sold	2,310	4,865	-52.5%	7,176	15,467	-53.6%
Gain on redemption of structured securities sold	5,412	4,702	15.1%	10,113	3,605	180.5%
Gain on valuation of reserve for claims of customers' deposits-trust	12,290	10,669	15.2%	22,958	21,335	7.6%
Gain on derivatives transactions	123,959	49,256	151.7%	173,215	56,299	207.7%
Gain on futures transactions	88,571	26,428	235.1%	114,999	23,638	386.5%
Gain on Exchange trading options transactions	34,737	22,597	53.7%	57,334	28,715	99.7%
Gain on OTC derivatives transactions	651	231	181.4%	882	3,946	-77.7%
Gain on sales of loans	212	0		212	0	
Other operating income	-687	687		0	62	
Reversal of allowance for credit losses	-687	687		0	0	
Reversal of allowance for guarantees	0	0		0	62	



# 1HFY2005 EARNINGS RELEASE

April 1<sup>st</sup> 2005 ~ September 30<sup>th</sup> 2005

(KRW million)	2Q FY2005	1Q FY2005	QoQ	1H FY2005	1H FY2004	YoY
<b>OPERATING EXPENSES</b>	<b>370,366</b>	<b>229,232</b>	<b>61.6%</b>	<b>599,598</b>	<b>345,519</b>	<b>73.5%</b>
Commissions expense	14,483	9,566	51.4%	24,050	12,882	86.7%
Trading commissions	7,560	5,454	38.6%	13,014	7,312	78.0%
Investment consultant fees	2,906	1,419	104.8%	4,325	1,732	149.6%
Other commissions	4,018	2,694	49.2%	6,711	3,838	74.9%
Interest expenses	22,401	23,106	-3.1%	45,508	46,350	-1.8%
Interest on borrowings from KSFC	1,487	803	85.3%	2,289	276	730.5%
Interest on customer's deposits	3,512	2,937	19.6%	6,449	6,745	-4.4%
Interest on bonds sold under repurchase	11,667	9,304	25.4%	20,971	17,695	18.5%
Loss on transactions of certificates of deposits	0	0	-91.5%	0	4	-99.0%
Interest on call money	2,895	2,764	4.7%	5,660	4,701	20.4%
Interest on debentures	2,693	5,307	-49.2%	8,000	16,186	-50.6%
Others	147	1,992	-92.6%	2,139	744	187.5%
Loss on sales of trading securities	21,742	12,377	75.7%	34,119	25,215	35.3%
Loss on sales of stock	14,673	6,650	120.7%	21,322	15,777	35.1%
Loss on sales of stock warrants	0	0		0	0	
Loss on sales of debentures	5,795	4,964	16.7%	10,760	5,541	94.2%
Loss on sales of beneficiary certificates	260	240	8.1%	500	2,619	-80.9%
Loss on sales of negotiable commercial papers	9	5	71.5%	14	22	-35.6%
Loss on redemption of trading securities	1,005	517	94.4%	1,523	1,256	21.2%
Loss on valuation of marketable securities	4,849	7,552	-35.8%	12,401	36,927	-66.4%
Loss on valuation of stock	-1,920	2,840		920	356	158.2%
Loss on valuation of debentures	7,230	3,494	106.9%	10,725	2,132	403.0%
Loss on valuation of beneficiary certificates	-462	1,218		756	34,439	-97.8%
Loss on structured securities transaction	95	10,702	-99.1%	10,798	15,694	-31.2%
Loss on valuation of structured securities	-458	6,219		5,760	12,864	-55.2%
Loss on redemption of structured securities	554	4,484	-87.6%	5,038	2,830	78.0%
Loss on valuation of trading securities sold	346	115	199.8%	461	159	189.4%
Loss on structured securities transaction sold	84,790	46,445	82.6%	131,236	6,761	1841.1%
Loss on valuation of structured securities sold	29,711	43,794	-32.2%	73,505	4,501	1533.2%
Loss on redemption of structured securities sold	55,080	2,651	1977.6%	57,731	2,260	2454.1%
Loss on derivatives transactions	123,661	46,958	163.3%	170,618	62,382	173.5%
Loss on futures transactions	88,445	24,657	258.7%	113,102	28,952	290.6%
Loss on exchange trading options transactions	34,599	22,024	57.1%	56,623	29,619	91.2%
Loss on OTC derivatives transactions	617	277	122.9%	893	3,811	-76.6%
Loss on sales of loans	0	51		51	0	
Selling and administrative expenses	97,998	72,359	35.4%	170,356	139,126	22.4%
Salary, Severance pay, other benefits	63,462	46,270	37.2%	109,732	73,721	48.8%
Computer system operations expenses	4,878	4,683	4.2%	9,562	12,115	-21.1%
Rental expenses	4,142	3,631	14.0%	7,773	7,473	4.0%
Advertising expenses	3,508	1,990	76.3%	5,499	7,778	-29.3%
Depreciation	2,987	2,836	5.4%	5,823	6,593	-11.7%
Credit loss expense	90	0		90	7,546	-98.8%
Others	18,930	12,948	46.2%	31,878	23,900	33.4%
Other operating expense	0	0		0	21	
<b>OPERATING INCOME</b>	<b>96,274</b>	<b>41,571</b>	<b>131.6%</b>	<b>137,844</b>	<b>-2,965</b>	<i>Turn to Black</i>



# 1HFY2005 EARNINGS RELEASE

April 1<sup>st</sup> 2005 ~ September 30<sup>th</sup> 2005

(KRW million)	2Q FY2005	1Q FY2005	QoQ	1H FY2005	1H FY2004	YoY
<b>NON - OPERATING INCOME</b>	6,770	3,798	78.2%	10,568	15,027	-29.7%
Gain on disposition of tangible assets	0	0		0	3,146	-100.0%
Rental income	2,141	2,115	1.2%	4,256	3,896	9.3%
Gain on disposition of securities available for sale	0	0		0	1	-99.7%
Gain on equity method valuation	978	769	27.2%	1,747	173	912.6%
Reversal of reduction loss on securities	0	1		1	3,126	-100.0%
Gain on foreign currency transactions	1,773	693	155.9%	2,466	1,488	65.8%
Gain on foreign exchanges translation	59	9	562.5%	68	32	116.3%
Gain on recovery of write-offs	40	49	-19.0%	89	2,690	-96.7%
Others	1,778	162	997.9%	1,940	475	308.0%
<b>NON - OPERATING EXPENSES</b>	8,146	1,718	374.1%	9,865	6,588	49.7%
Loss on disposition of tangible assets	2	7	-67.2%	10	133	-92.8%
Loss on disposition of securities available for sale	152	0		152	1,336	-88.7%
Loss on disposition of securities in due	0	0		0	2,963	
Reduction loss on securities available for sale	115	0		115	0	
Loss on equity method valuation	14	0		14	278	-95.1%
Loss on foreign currency transactions	3,251	588	452.4%	3,839	582	559.4%
Loss on foreign exchanges translation	-8	8		0	588	
Donations	16	26	-39.6%	42	29	41.4%
Others	4,606	1,089	323.1%	5,694	677	740.5%
<b>ORDINARY INCOME</b>	<b>94,897</b>	<b>43,651</b>	<b>117.4%</b>	<b>138,548</b>	<b>5,474</b>	<b>2431.0%</b>
Income tax expense (benefit)	-19,609	0		-19,609	0	
<b>NET INCOME</b>	<b>114,506</b>	<b>43,651</b>	<b>162.3%</b>	<b>158,157</b>	<b>5,474</b>	<b>2789.3%</b>