

# 1Q FY2006 Earnings Release

1Q FY2006 (April 2006 ~June 2006 )

## Daewoo Securities (006800.KS)

### Summary

#### Investors Relations

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#### Hong Wook, Kim (Manager)

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#### Company Description

Establishment Sep. 1970  
CEO Sohn Bok-Jo (Mr.)  
Employees 2,509 (as of Jun. 30)  
Domestic Network 116branches, 1 office  
Overseas Network 3branches, 1rep.office  
(HK, NY, LDN, TOK)  
Shareholder's Equity KRW1,737bln  
Major Shareholder Korea Development  
Bank (39.09%)

#### <Common Stock>

Outstanding Shares 190,100,891  
Market Capital\* KRW 2,776bln  
(\*as of Jun 30 KRW 14,600)  
Price Quarterly  
High(1Q) KRW 18,500 (May 11)  
Low(1Q) KRW 12,950 (Jun. 08)  
Daily Trading Vol. 3,862,998 Shares

#### <Preferred Stock>

Outstanding Shares 14,075,750  
Market Capital\* KRW 117bln  
(\*as of Jun 31 KRW 8,430)  
Price Quarterly  
High(1Q) KRW 11,950 (Apr. 14)  
Low(1Q) KRW 8,590 (Jun. 07)  
Daily Trading Vol. 143,303 Shares

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#### 1Q FY2006 Net Profit KRW 82bln, Operating Income KRW 67bln

Once again Daewoo Securities led the industry with KRW 82bln net income in the first quarter of FY2006, increased by 88% year on year. Operating income increased 62% to be 67bln. As of June 30<sup>th</sup> 2006, the balance of total assets amounted 8.1tln, and total shareholder's equity posted 1.7tln.

#### Business Performances

\* In the first quarter of FY2006, the Korean securities company experienced contraction due to decrease in trading volume and percentage of individual sales. In the midst of such contraction, Daewoo Securities continued to carry its No.1 position with stronger dominance in the brokerage market by widening the gap with the 2<sup>nd</sup> runner.

\* Along with the brokerage market, the investment banking market also saw a decrease. Daewoo Securities ranked as the top underwriter especially in corporate bonds and rights offering business.

\* Furthermore in the wealth management business, despite the decrease in ending balance due to the new regulations in MMF, Daewoo Securities maintained its competitiveness by focusing its sales in high-net products. The total ending balance of asset management amounted KRW11.5 tln. Also, the trust and pension business recorded outstanding results showing its full potential for further growth.

#### Earnings

[Table 1] Earnings

(KRW bln)	1Q	4Q	QoQ	1Q	YoY
	FY2006	FY2005		FY2005	
Operating Revenue	675	575	17%	271	149%
Operating Expenses	608	457	33%	229	165%
<b>Operating Income</b>	<b>67</b>	117	-43%	42	62%
Ordinary Income	82	100	-19%	44	87%
<b>Net Income</b>	<b>82</b>	94	-12%	44	88%

\* The figures for 1Q FY2006 are unaudited

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## Financial Performance

[Table2] Earnings

(KRW mln)	1Q	4Q	QoQ	1Q	YoY
	FY2006	FY2005		FY2005	
<b>Net Commissions</b>	<b>114,860</b>	<b>180,109</b>	<b>-36%</b>	<b>95,890</b>	<b>20%</b>
Brokerage Commissions	103,417	136,555	-24%	75,765	36%
Underwriting Commissions	3,290	14,367	-77%	5,306	-38%
Consulting Commissions	2,174	2,974	-27%	2,898	-25%
Commissions on Sales of BCs & Wrap	4,812	5,174	-7%	4,598	5%
Commissions on Sales of Structured Securiteis	12,339	34,699	-64%	13,294	-7%
Other Commissions	1,325	1,529	-13%	3,596	-63%
Commissions Expenses	12,497	15,189	-18%	9,566	31%
<b>Net Interest<sup>1</sup></b>	<b>39,419</b>	<b>45,472</b>	<b>-13%</b>	<b>13,783</b>	<b>186%</b>
<b>Net Gain on Securities<sup>2</sup></b>	<b>3,064</b>	<b>-10,960</b>	<b>128%</b>	<b>6,466</b>	<b>-53%</b>
Other	-2	0		687	-100%
<b>Net Revenues</b>	<b>157,340</b>	<b>214,621</b>	<b>-27%</b>	<b>116,826</b>	<b>35%</b>
Selling & Administrative Expenses	90,102	95,683	-6%	72,359	25%
<b>Operating Income</b>	<b>67,348</b>	<b>117,209</b>	<b>-43%</b>	<b>41,571</b>	<b>62%</b>
Non-Operating Income	14,393	-16,787	186%	2,080	592%
<b>Ordinary Income</b>	<b>81,740</b>	<b>100,422</b>	<b>-19%</b>	<b>43,651</b>	<b>87%</b>
Income Tax (Benefit)	-555	6,464	-109%	0	
<b>Net Income</b>	<b>82,296</b>	<b>93,958</b>	<b>-12%</b>	<b>43,651</b>	<b>89%</b>

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

2. 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 recorded 115bln, increased 24% from the prior year's first quarter.

1Q FY2006

Net Commissions

KRW 115bln

Brokerage commissions increased 36% to 103bln in 1Q FY2006, mainly due to Daewoo Securities' dominant market share in the increased average daily trading value market, from 3.53tln to 5.26tln. However, compared to the previous quarter, brokerage commissions decreased by 24%. Increased uncertainty of United State's interest rate brought decrease in

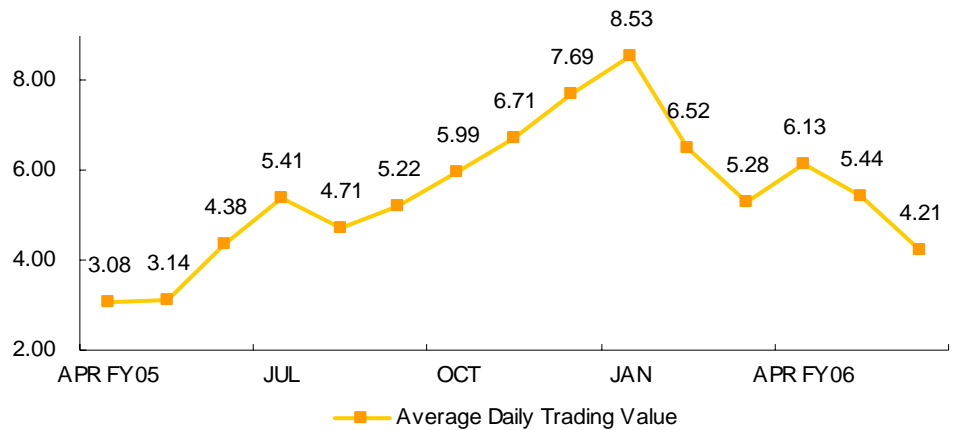
# 1Q FY2006 Earnings Release

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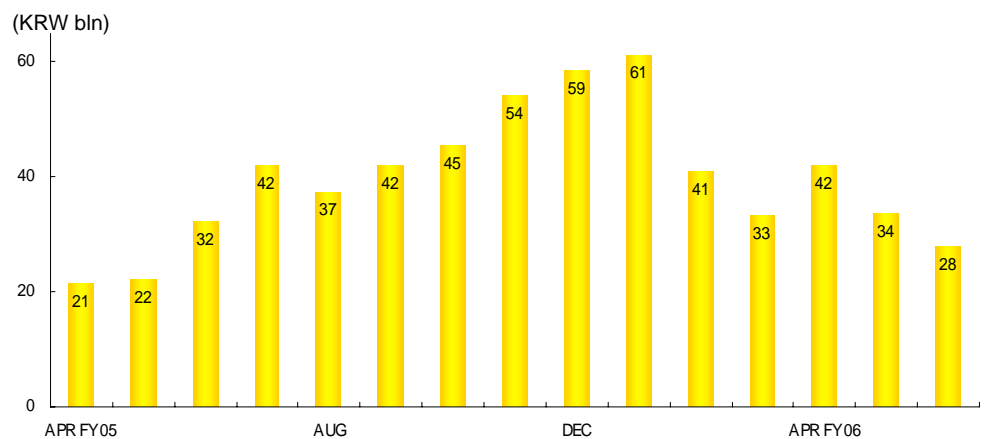
trading volume. Moreover, the individual portion significantly pulled down the commissions in retail brokerage. Underwriting commissions and consulting commissions amounted 3bln, 2bln each. Commission on sales of BCs and Wraps recorded a 5% increase to 5bln.

Commissions expense decreased by 18% YoY to KRW 13bln. This is mainly driven by the decrease in trading commission fees due to temporary market adjustments.

[Graph1] Average Daily Trading Value



[Graph2] Monthly Brokerage Commissions



## 2. Net Interest

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1Q FY2006 (April 2006 ~June 2006 )

In 1Q fiscal 2006, Net interest income amounted to 39bln, up 186% from the prior year same period.

**1Q FY2006**  
**Net Interest**  
**KRW 39bln**

Combined interest revenue (interest revenue + dividends + gain on valuation of reserve for claims) amounted KRW 65bln, up 32% year on year. Out of the combined interest revenue, interest revenue rose 32%. Despite the concerns on the effects of the change in the regulations of margin business, the effects were insignificant to Daewoo Securities, resulting 3bln in interest income on receivables. Daewoo's promoted lending product, called 'Ez-Revolving' had a 91% increase in interest income on loans. Moreover, interest income from bonds amounted 31bln, a 33% increase from the prior year's first quarter. Interest on deposit with institutions and gain on valuation of reserve for claims of customers' deposits-trust each recorded 37bln and 15bln.

Interest expense increased 13% YoY to KRW 26bln. This is mainly because interest expense on bonds sold under repurchase increased 64% to 15bln, and interest expense on call money increased 119% to 6bln.

## 3. Net Gain on Securities

Net gain on securities recorded a 128% increase to KRW 3bln in the first quarter of fiscal 2006.

**1Q FY2006**  
**Net Gain on Securities**  
**KRW 3bln**

In particular, gain on sales, valuation and distribution of beneficiary certificates totaled 13bln, representing a 113% increase from the prior year's first quarter. This was mainly due to the valuation gain from the rise in stock price of SK Networks. Net gain on derivatives transactions, such as sales of futures and options amounted 0.7bln.

## 4. Selling & Administrative Expenses

Selling & administrative expenses recorded a slight 6% reduction to KRW 90bln in 1Q FY2006.

**1Q FY2006**  
**G&A Expenses**  
**KRW 90bln**

Total salary, severance & other employee benefits decreased 63% QoQ to KRW 567bln. Although the total number of employees had a slight rise(2%) to 2,509 employees at the end

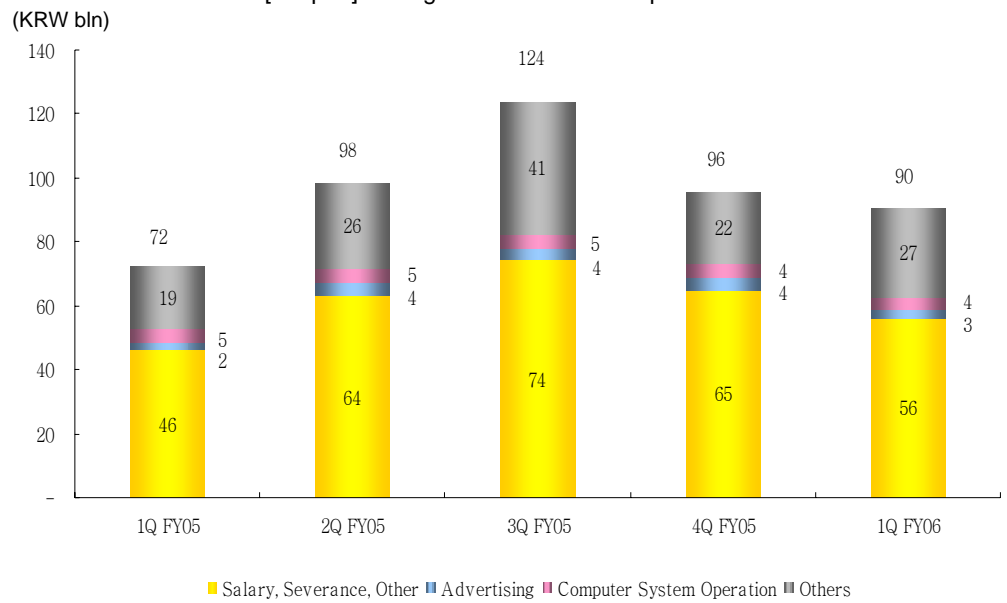
# 1Q FY2006 Earnings Release

1Q FY2006 (April 2006 ~ June 2006)

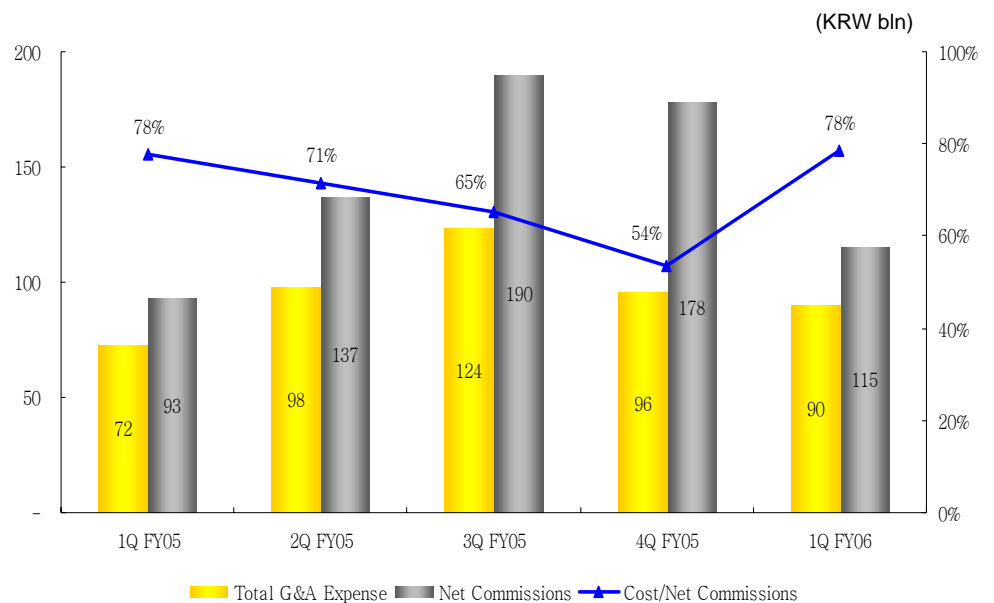
of March, the decrease in performance incentive brought a decrease in salary.

Depreciation, bad debt, and depletion expenses added up to be KRW 6bln. In the fixed expenses, computer system operation expense decreased 9% to be 4bln. Rental expenses decreased 8%(YoY) to be 4bln. Tax expenses decreased 35% from 7bln to 5bln(YoY).

[Graph3] Selling & Administrative Expenses



[Graph4] Cost/Net Commissions(%)



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1Q FY2006 (April 2006 ~ June 2006)

## 5. Operating Income & Net Income

**1Q FY2006**

**Operating Income**

**KRW 67bln**

**Non-Operating Income**

**KRW 14bln**

**Net Income**

**KRW 82bln**

Along with the outstanding performance results of fiscal 2005, Daewoo Securities continued its market leading performance by resulting in a net income of KRW82 bln. Operating income increased 62% to KRW67 bln from the prior year's first quarter.

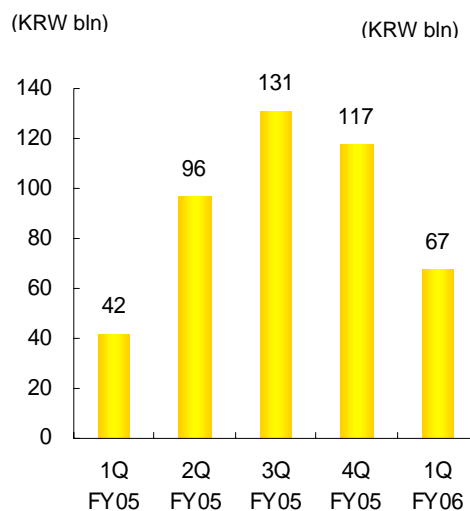
Net non-operating income amounted KRW14 bln in the first quarter of fiscal 2006.

Non-operating income increased 293% to KRW15 bln. Gain on disposition of securities available for sale increased to 7bln from the disposal of Hynix shares. Also, reversal of reduction loss in debenture interest amounted 5bln. Non-operating expenses decreased 68% to 0.5bln.

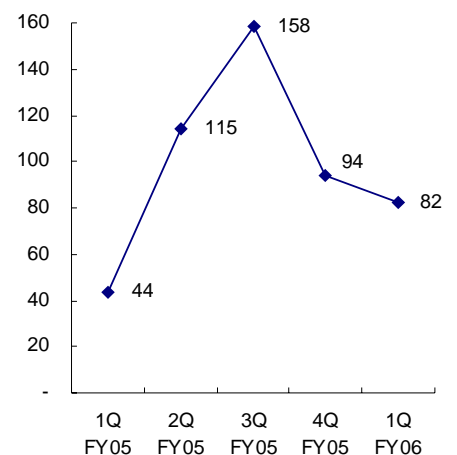
There was no extra-ordinary gain or loss in the first quarter of FY2006.

Due to tax deficit carried forward from FY1999, there are no tax expense in the first quarter of FY2006. Whereas, tax liability incurred from the gain on valuation of securities available for sale, was reflected as a tax benefit.

[Graph 5] Operating Income



[Graph 6] Net Income



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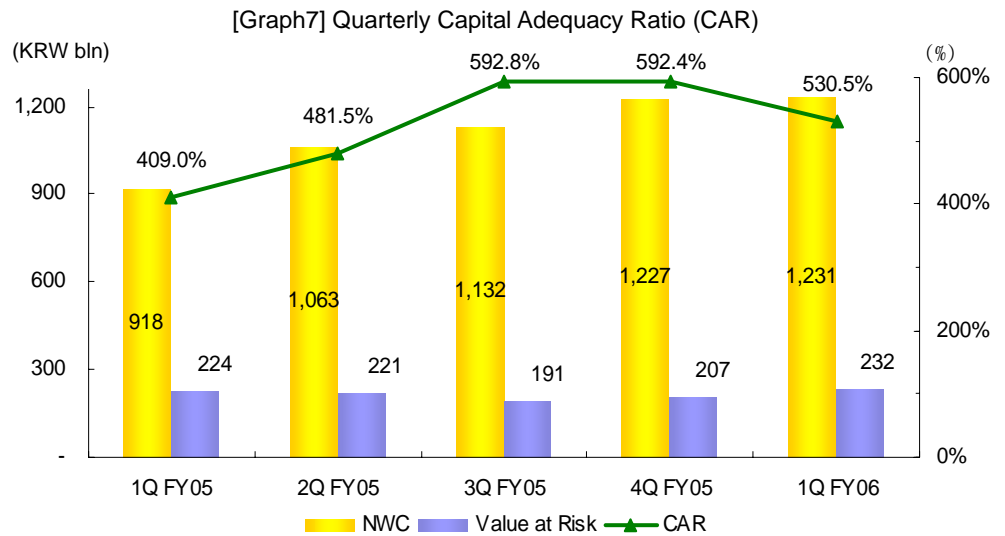
1Q FY2006 (April 2006 ~ June 2006)

## 7. Capital Adequacy Ratio

1Q FY2006

As the end of Jun 2006,  
CAR 530.5

As the end of June 2006, the Company's capital adequacy ratio (CAR) recorded 530.5%. The ending balance of net working capital (NWC) for FY2005 posted KRW 1.23tln, and total value at risk posted 232bln.



\* The figures of 1quarter fiscal 2006 are unaudited.

## Business Performance

### 1. Brokerage

Leading Market Share in  
Brokerage Market

1Q FY2006

Stock M/S (Turnover) 7.59%

Offline 3.38%, Online 4.21%

Stock M/S (Commissions) 7.97%

Offline 4.89%, Online 2.57%

KOSPI Index marked its highest point at 1,464pt in May, but showed continuous market adjustments throughout the first quarter of fiscal 2006. The increase in interest rates in the United States and the possibilities of inflation effected Korea by increased interest rate and contracted global liquidity. However, with the FOMC announcing no further interest to raise interest rates in the end of June, stock markets are regaining its momentum.

Accordingly, the average daily trading volume decreased from 6.13tln to 4.21tln in June. Also, while the foreigner portion of trading volume increased, the individual portion decreased from

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1Q FY2006 (April 2006 ~June 2006)

74% in January to 56% in June. Hence, both factors added up in the decrease in performance of domestic security companies.

Nevertheless, Daewoo Securities' commission revenue solidified its dominant market share as the first in the industry. Moreover in the first quarter of 2006, retail commission market share widened its gap with the 2<sup>nd</sup> tier player by 1.10%. For the first quarter of FY06 the Company's average market share on turnover-basis increased by 9% to 7.59% YoY. Daewoo saw a rise in its average market share on total commission-basis, marking 7.97%(+6% YoY).

Along with our top position in the retail offline market, Daewoo Securities recorded a monumental 4.21% market share excelling to be a top tier player.

Also, the ELW market share increased to 14.6% in June, showing its full potential for further growth.

[Table 3] Brokerage Market Share (Turnover)

(%)		1Q FY2006	4Q FY2005	QoQ	1Q FY2005	YoY
<b>Turnover</b>						
<b>Stock</b>	Total M/S	7.59	7.85	-3.3%	8.28	9.1%
	KSE	7.39	7.98	-7.4%	7.80	5.5%
	KOSDAQ	8.06	7.6	6.1%	8.99	11.5%
	Offline	3.38	3.09	9.4%	3.34	-1.2%
	Online	4.21	4.76	-11.6%	4.94	17.3%
<b>Futures</b>	Total M/S	7.62	9.42	-19.1%	5.39	-29.3%
	Online	0.98	1.05	-6.7%	2.67	172.4%
<b>Options</b>	Total M/S	3.77	3.86	-2.3%	4.76	26.3%
	Online	2.53	2.77	-8.7%	3.2	26.5%

[Table 4] Brokerage Market Share (Commissions)

(bln, %)		1Q FY2006	4Q FY2005	QoQ	1Q FY2005	YoY
<b>Total Commissions</b>						
<b>Stock</b>	Total M/S	7.46	7.62	-2.1%	7.92	6.2%
	Offline	4.89	4.23	15.6%	4.9	0.2%
	Online	2.57	2.83	-9.2%	3.02	17.5%
<b>Futures</b>	Total M/S	0.15	0.12	25.0%	0.2	33.3%
	Online	0.10	0.09	11.1%	0.15	50.0%
<b>Options</b>	Total M/S	0.32	0.25	28.0%	0.33	3.1%
	Online	0.26	0.2	30.0%	0.26	0.0%
<b>Brokerage Commissions</b>		1,034	1,366	-24.3%	758	36.5%

※ Source : Internal Data



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## 2. Investment Banking

### (1) Rights Offering

More companies funded from rights issuance than corporate bonds due to the increased interest rates in the first quarter. The total underwriting amount for the market amounted KRW695 bln, 46 deals. Daewoo Securities managed KRW 72 bln(4deals), achieving 7% of the market share.

[Table 7] Rights Offering

(KRW bln, %)	1Q FY2006	4Q FY2005	1Q FY2005	FY2005
Market	695	701	395	2,489
<b>Daewoo Sec. Underwriting Amt</b>	<b>72</b>	<b>46</b>	<b>53</b>	<b>266</b>
Market Share	7%	7%	14%	11%
#of Deals(Mkt)	46	49	48	211
<b>#of Deals(Daewoo)</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>30</b>

### *Outstanding Performance in Corporate Bonds & Rights Offering*

### (2) Corporate Bond and ABS

Daewoo Securities marked as the top player in corporate bond and ABS business.

The bond market in the first quarter increased 14%(YoY) to 3.5 tln. Daewoo Securities accomplished 14% of the market share, 501bln in underwriting amount.

As of ABS, Daewoo successfully took 9%(KRW404 bln) of the market share. The total market increased 118% to 4.5 tln in the first quarter. The dramatic increase in the market is due to a few middle sized security houses issuing high risk ABSs, whereas Daewoo Securities emphasized our corporate policy in risk management.



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[Table 6] Corporate Bonds & ABS

(KRW bln, %)	1Q FY2006	4Q FY2005	1Q FY2005	FY2005
<b>Corporate Bonds</b>				
Market	3,544	3,108	6,742	17,157
<b>Daewoo Sec. Underwriting Amt</b>	<b>501</b>	<b>181</b>	<b>844</b>	<b>1,801</b>
Market Share	14%	6%	13%	10%
<b>ABS</b>				
Market	4,503	2,065	5,422	17,610
<b>Daewoo Sec. Underwriting Amt</b>	<b>404</b>	<b>381</b>	<b>725</b>	<b>1,935</b>
Market Share	0%	18%	13%	11%

※ Source : Bloomberg

## 3. Asset Management

As the end of June 2006, total ending balance of asset management, including BCs, MMF, Wrap Accounts, RP, ELS, etc. increased by 23% to KRW 11.5 tln from the end of June 2005.

The increase of installment funds brought an overall increase in the ending balance. The new regulations in MMF which started on July 1<sup>st</sup> brought some decrease, however Daewoo Securities diminished the effects by regaining the customers through the MMF&RP products.

Also, Daewoo Securities had agreements with Aspect Capital, a British hedge fund company, and gave wider variety for the portfolio of the domestic investors.

Daewoo is strategically emphasizing the sales capacity of high-profit products such as Wrap accounts, ELS, and equity type BCs. The end balance of beneficiary certificates increased by 63% YoY to KRW4.1 tln. In particular, despite the market modulations in the first quarter, there was a continuous increase in funds, resulting KRW 40tln in equity type beneficiary certificates. Also, Daewoo securities' equity type beneficiary certificates showed a dramatic increase of 753%.

Moreover, the Trust and Pension business that started last December had fruitful results to be one of the top players in the industry. Especially the pension business has a total of 34

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companies and 1731 people.

In the first quarter, especially the ELS business increased 170% to KRW768 bln through increased sales power. The first quarter market share amounts to 12%, similar to last year.

## 1Q FY2006

[Table 9] Asset Management

As the end of

Jun. 2005,

Total ending balance

KRW 11.5trn

(KRW bln, As the end of)	1Q FY2006	4Q FY2005	QoQ	1Q FY2005	YoY
<b>BCs</b>	<b>4,112</b>	<b>3,957</b>	3.9%	<b>2,516</b>	63.4%
Bond type	1,103	1,281	-13.9%	1,251	-11.8%
Bond-hybrid type	1,268	1,171	8.3%	691	83.7%
Equity-hybrid type	127	167	-24.0%	120	6.0%
Equity type	797	551	44.6%	93	752.8%
Others	817	788	3.7%	361	126.0%
<b>MMF</b>	<b>744</b>	<b>2,426</b>	-69.3%	<b>2,810</b>	-73.5%
<b>BCs &amp; MMF</b>	<b>4,856</b>	<b>6,383</b>	-23.9%	<b>5,326</b>	-8.8%
Wrap	906	1,228	-26.2%	617	46.9%
<b>Commissions*</b>	<b>3</b>	<b>3</b>	3.3%	<b>5</b>	-32.6%
RP	1,881	1,228	53.2%	1,243	51.4%
CD/CP/Bonds	1,967	1,861	5.7%	1,538	27.9%
ELS	1,112	934	19.1%	324	243.6%
Trust/Pension	378	167	127.0%	0	
Others**	386	320	20.8%	293	32.0%
<b>Total Balance</b>	<b>11,486</b>	<b>12,120</b>	-5.2%	<b>9,340</b>	23.0%

\* Commissions: BC, MMF, Wrap included

\*\* Others: Planmaster, FolioStar, etc

※ Source : Internal Data

[Table 8] ELS

(KRW bln, %)	1Q FY2006	4Q FY2005	1Q FY2005	FY2005
Market	64,425	44,956	26,530	154,878
<b>Daewoo Sec. Underwriting Amt</b>	<b>7,680</b>	<b>6,314</b>	<b>2,844</b>	<b>19,487</b>
Market Share	12%	14%	11%	13%

※ Source : Internal Data

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## Daewoo Securities at a Glance

### **Credit Ratings increased to AA-** (June 26<sup>th</sup>, 2006)

Korea Investors Service upgraded Daewoo Securities' corporate bond credit ratings by two steps to AA-. Daewoo Securities has the leading credit rating in the industry.

### **Best Securities Company in Equity Brokerage Sector in Korea selected by Asiamoney** (June 15<sup>th</sup>, 2006)

Along with 2004 Equity Brokerage Sector, 2005 Bond Brokerage Sector, Daewoo Securities had the honor of winning the award 3 years in a row.

### **Alliance with Aspect Capital** (June 29<sup>th</sup>, 2006)

Daewoo securities had agreements with the British hedge fund company Aspect Capital (total fund of USD370 bln) and will be able to provide domestic investors with a wider variety of products.

### **Begin Foreign Exchange Business** (June 21<sup>th</sup>, 2006)

As the first among the domestic securities companies, Daewoo Securities began foreign exchange business. The business will give variety in derivatives market and also managing the foreign exchange risk management

### **Open Tokyo Representative Office** (July 3<sup>rd</sup>, 2006)

Tokyo Representative Office which closed in 2002, has reopened after 4years. It is expected to investigate the advanced Japanese securities products and industry.

### **Paid Dividends** (June 21<sup>th</sup>, 2006)

As the first time in 6years, Daewoo Securities paid dividends a total of KRW81 bln. Amounting KRW400 for common stocks, KRW440 for preferred stocks.



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## Appendix 1. Balance Sheet

(KRW million)	FY2006 as of June 30, 2006	FY2005 as of March 31, 2006	FY2005 as of June 30, 2005
<b>ASSETS</b>			
<b>Current assets</b>	<b>7,287,701</b>	<b>5,663,026</b>	<b>5,275,269</b>
Cash and bank deposits	83,149	44,662	79,391
Deposits	1,217,119	1,317,629	1,265,270
Securities	3,755,307	2,830,044	2,496,457
Structured securities	1,052,530	806,360	652,327
Options purchased	99	0	18
Loans	543,228	447,902	390,077
Other current assets	660,152	239,563	413,600
Allowance for credit loss (Current assets)	-23,883	-23,135	-21,870
<b>Non - current assets</b>	<b>816,120</b>	<b>833,200</b>	<b>915,222</b>
Investment securities	456,780	472,330	533,431
Investment assets	108,944	109,939	107,254
Tangible fixed assets	232,064	232,488	248,108
Others non-current assets	18,332	18,443	26,429
<b>TOTAL ASSETS</b>	<b>8,103,821</b>	<b>6,496,226</b>	<b>6,190,492</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>	<b>6,316,238</b>	<b>4,714,207</b>	<b>4,593,310</b>
Call money	735,500	33,000	357,400
Short-term borrowings	35,750	0	75,000
Bonds sold under reverse resale agreements	2,074,804	1,461,190	1,372,507
Customers' deposits	1,284,113	1,427,668	1,274,824
Securities sold	3,895	3,286	32,541
Structured securities sold	1,761,300	1,423,730	1,024,657
Options sold	1	77	43
Others	420,875	365,256	456,339
<b>Long-term liabilities</b>	<b>50,612</b>	<b>47,796</b>	<b>239,411</b>
Debenture	1,000	1,000	1,000
Reserve for severance and retirement benefits	49,612	46,796	38,411
Others	0	0	200,000
<b>TOTAL LIABILITIES</b>	<b>6,366,849</b>	<b>4,762,003</b>	<b>4,832,721</b>
<b>STOCKHOLDER'S EQUITY</b>			
Stockholder's equity	1,020,883	1,020,883	1,020,883
Capital	222,792	222,361	250,724
Retained earnings	484,398	483,545	92,657
Capital adjustment	8,899	7,433	-6,494
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>1,736,972</b>	<b>1,734,222</b>	<b>1,357,770</b>
<b>LIABILITIES &amp; TOTAL STOCKHOLDER'S EQUITY</b>	<b>8,103,821</b>	<b>6,496,226</b>	<b>6,190,492</b>

# 1Q FY2006 Earnings Release

1Q FY2006 (April 2006 ~ June 2006)

## Appendix 2. Income Statement

(KRW million)	1Q FY2006	4Q FY2005	QoQ	1Q FY2005	YoY
<b>OPERATING REVENUES</b>	<b>674,936</b>	<b>574,492</b>	<b>17%</b>	<b>270,803</b>	<b>149%</b>
Commissions received	127,448	193,569	-34%	102,560	24%
Brokerage commissions	103,418	136,555	-24%	75,765	36%
Underwriting commissions	3,290	14,367	-77%	5,306	-38%
Underwriting commissions on debentures	68	15	353%	94	-28%
Brokerage commissions on beneficiary certificates	3,112	2,974	5%	2,898	7%
Wrap commissions	1,648	2,110	-22%	1,607	3%
Consulting fee	2,174	1,303	67%	0	
Commissions on sale of structured securities	12,340	34,699	-64%	13,294	-7%
Trust fees and commissions received from trust account	74	17	327%	0	
Other	1,325	1,529	-13%	3,596	-63%
Interest income	48,540	51,673	-6%	36,889	32%
Interest on margin loans	1,514	1,538	-2%	617	146%
Interest on loans	8,283	8,886	-7%	4,343	91%
Interest on bonds	30,902	30,104	3%	23,292	33%
Interest on negotiable commercial papers	164	342	-52%	381	-57%
Interest on deposits with KSFC	0	0		0	
Interest on certificate of deposit	120	46	161%	1	10920%
Interest on deposits with institutions	3,697	3,822	-3%	2,070	79%
Interest on call loans	696	1,079	-35%	718	-3%
Gain on transaction of certificate of deposit	4	5	-14%	4	11%
Interest on advances for customers.	8	13	-38%	12	-32%
Interest on receivables	2,717	5,139	-47%	3,178	-15%
Others	435	699	-38%	2,274	-92%
Dividends income	2,357	3,613	-35%	7,070	-67%
Distribution income	1,131	1,296	-13%	81	1289%
Gain on sales of marketable securities	36,844	40,420	-9%	17,645	109%
Gain on sales of stock	29,978	28,770	4%	11,812	154%
Gain on sales of bonds	5,524	7,478	-26%	5,289	4%
Gain on sales of beneficiary certificates	859	2,225	-61%	512	68%
Gain on sales of negotiable commercial papers	22	34	-35%	30	-26%
Gain on redemption of trading securities	460	1,914	-76%	2	24525%
Others	1	1,529	-100%	0	
Gain on valuation of trading securities	18,277	-5,241	449%	7,362	148%
Gain on valuation of stock	4,119	-5,369	177%	4,293	-4%
Gain on valuation of bonds	1,523	871	75%	1,315	16%
Gain on valuation of beneficiary certificates	12,636	-744	1799%	1,754	620%
Gain on structured securities transactions	75,032	-3,652	2154%	28,836	160%
Gain on sales of structured securities	6	54	-89%	0	
Gain on valuation of structured securities	60,492	-25,121	341%	27,522	120%
Gain on redemption of structured securities	14,534	21,415	-32%	1,313	1007%
Gain on valuation of securities sold	226	52	336%	180	25%
Gain on structured securities sold	153,388	30,614	401%	9,567	1503%
Gain on valuation of structured securities sold	83,990	9,200	813%	4,865	1626%
Gain on redemption of structured securities sold	69,398	21,414	224%	4,702	1376%
Gain on valuation of reserve for claims of customers' deposits-trust	14,567	15,368	-5%	10,669	37%
Gain on derivatives transactions	197,116	246,781	-20%	49,256	300%
Gain on futures transactions	130,316	210,730	-38%	26,428	393%
Gain on Exchange trading options transactions	27,854	32,399	-14%	22,597	23%
Gain on OTC derivatives transactions	38,946	3,651	967%	231	16749%
Other operating income	10	0		687	-99%

# 1Q FY2006 Earnings Release

1Q FY2006 (April 2006 ~ June 2006)

(KRW million)	1Q FY2006	4Q FY2005	QoQ	1Q FY2005	YoY
<b>OPERATING EXPENSES</b>	<b>607,588</b>	<b>457,283</b>	<b>33%</b>	<b>229,232</b>	<b>165%</b>
Commissions expense	12,497	15,189	-18%	9,566	31%
Trading commissions	6,992	8,882	-21%	5,454	28%
Investment consultant fees	2,732	3,218	-15%	1,419	93%
Other commissions	2,772	3,089	-10%	2,694	3%
Interest expenses	26,044	25,181	3%	23,106	13%
Interest on borrowings from KSFC	374	1,758	-79%	803	-53%
Interest on customer's deposits	4,026	4,044	0%	2,937	37%
Interest on bonds sold under repurchase	15,289	14,881	3%	9,304	64%
Loss on transactions of certificates of deposits	0	0	-80%	0	-39%
Interest on call money	6,043	4,248	42%	2,764	119%
Interest on debentures	11	11	4%	5,307	-100%
Others	301	240	25%	1,992	-85%
Loss on sales of trading securities	32,881	39,317	-16%	12,377	166%
Loss on sales of stock	26,613	31,649	-16%	6,650	300%
Loss on sales of debentures	4,744	5,347	-11%	4,964	-4%
Loss on sales of beneficiary certificates	1,249	1,440	-13%	240	420%
Loss on sales of negotiable commercial papers	0	3	-94%	5	-97%
Loss on redemption of trading securities	274	878	-69%	517	-47%
Loss on valuation of marketable securities	10,932	4,743	131%	7,552	45%
Loss on valuation of stock	7,258	8,399	-14%	2,840	156%
Loss on valuation of debentures	2,898	-3,966	173%	3,494	-17%
Loss on valuation of beneficiary certificates	777	310	151%	1,218	-36%
Loss on structured securities transaction	124,683	29,537	322%	10,702	1065%
Loss on sales of structured securities	219	95	130%	0	
Loss on valuation of structured securities	68,399	11,627	488%	6,219	1000%
Loss on redemption of structured securities	56,065	17,814	215%	4,484	1150%
Loss on valuation of trading securities sold	82	-139	159%	115	-29%
Loss on structured securities transaction sold	113,978	3,697	2983%	46,445	145%
Loss on valuation of structured securities sold	80,603	-44,507	281%	43,794	84%
Loss on redemption of structured securities sold	33,376	48,204	-31%	2,651	1159%
Loss on derivatives transactions	196,387	243,950	-19%	46,958	318%
Loss on futures transactions	132,832	209,952	-37%	24,657	439%
Loss on exchange trading options transactions	27,186	30,654	-11%	22,024	23%
Loss on OTC derivatives transactions	36,369	3,358	983%	277	13046%
Loss on sales of loans	0	125	-100%	51	-100%
Selling and administrative expenses	90,102	95,683	-6%	72,359	25%
Salary, Severance pay, other benefits	24,369	65,249	-63%	46,270	-47%
Computer system operations expenses	3,996	4,399	-9%	4,683	-15%
Rental expenses	4,088	4,441	-8%	3,631	13%
Advertising expenses	2,972	3,915	-24%	1,990	49%
Depreciation	3,502	3,228	9%	2,836	24%
Credit loss expense	1,461	-6,197	124%	0	
Others	0	20,650	-100%	12,948	-100%
Other operating expense	2	0		0	
<b>OPERATING INCOME</b>	<b>67,348</b>	<b>117,209</b>	<b>-43%</b>	<b>41,571</b>	<b>62%</b>



# 1Q FY2006 Earnings Release

1Q FY2006 (April 2006 ~ June 2006 )

(KRW million)	1Q FY2006	4Q FY2005	QoQ	1Q FY2005	YoY
<b>NON - OPERATING INCOME</b>	<b>14,940</b>	<b>10,169</b>	<b>47%</b>	<b>3,798</b>	<b>293%</b>
Gain on disposition of tangible assets	0	24	-100%	0	
Rental income	1,968	1,975	0%	2,115	-7%
Gain on disposition of securities available for sale	6,858	0		0	
Gain on equity method securities	691	6,554	-89%	769	-10%
Reversal of reduction loss on securities	0	-38	100%	1	-100%
Gain on equity method valuation	0	38	-100%	0	
Gain on foreign currency transactions	201	640	-69%	693	-71%
Gain on foreign exchanges translation	0	-16	100%	9	-100%
Gain on recovery of write-offs	63	136	-53%	49	29%
Others	5,160	857	502%	162	3086%
<b>NON - OPERATING EXPENSES</b>	<b>547</b>	<b>26,956</b>	<b>-98%</b>	<b>1,718</b>	<b>-68%</b>
Loss on disposition of tangible assets	50	112	-55%	7	600%
Loss on disposition of securities available for sale	0	83	-100%	0	
Reduction loss on securities available for sale	0	0		0	-100%
Loss on equity method valuation	0	1,870	-100%	0	
Loss on equity method securities	0	2,408	-100%	0	
Loss on foreign currency transactions	161	846	-81%	588	-73%
Loss on foreign exchanges translation	77	125	-38%	8	857%
Donations	207	172	20%	26	696%
Others	52	21,339	-100%	1,089	-95%
<b>ORDINARY INCOME (LOSS)</b>	<b>81,741</b>	<b>100,422</b>	<b>-19%</b>	<b>43,651</b>	<b>87%</b>
Income tax expense (benefit)	-556	6,464	-109%	0	
<b>NET INCOME (LOSS)</b>	<b>82,296</b>	<b>93,957</b>	<b>-12%</b>	<b>43,651</b>	<b>89%</b>