

# 3Q FY2006 Earnings Release

FY2006 3Q (OCT 2006 ~ DEC 2006)

## Daewoo Securities (006800.KS)

- Increased market dominance in all business sectors throughout 3Q FY2006

### Summary

#### Investors Relations

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#### Company Description

Establishment Sep. 1970  
CEO Sohn Bok-Jo (Mr.)  
Employees 2,715 (as of Dec. 31)  
Domestic Network 116branches, 1 office  
Overseas Network 3branches, 1rep.office  
(HK, NY, LDN, TKY)  
Shareholder's Equity KRW1.91 tln  
Major Shareholder Korea Development  
Bank (39.09%)

#### <Common Stock>

Outstanding Shares 190,100,891  
Market Capital\* KRW 3.56 tln  
(\*as of Dec. 28 KRW 18,750)  
Price Quarterly  
High(3Q) KRW 18,800 (Dec.27)  
Low(3Q) KRW 14,950 (Oct.09)  
Daily Trading Vol. 2,154,097 Shares

#### <Preferred Stock>

Outstanding Shares 14,075,750  
Market Capital\* KRW 0.16 tln  
(\*as of Dec. 28 KRW 11,300)  
Price Quarterly  
High(3Q) KRW 11,500 (Dec.27)  
Low(3Q) KRW 8,980 (Oct.09)  
Daily Trading Vol. 88,710 Shares

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#### ■ 3Q FY2006 Net Income KRW66.1 BLN, Operating Income KRW60.3 BLN

Daewoo Securities has strengthened its market dominance throughout all business sectors and commission income grew 8% to KRW109 bln. Operating Income for 3Q FY2006 is KRW60.3 bln and net income KRW66.1 bln. As of Dec. 31, total assets amount to KRW9.2 tln, and shareholders' equity KRW1.9 tln.

#### ■ Business Performances

- ▶ **Brokerage Business:** Daily trading value for 3<sup>rd</sup> quarter slightly increased to KRW4.5 tln from 2<sup>nd</sup> quarter's KRW4.0 tln, Daewoo Securities recorded a market dominant 8.24% commission revenue MS, widening the gap with the runner-up.
- ▶ **Investment Banking Business:** Daewoo Securities is dominating all IB business sectors such as corporate bonds, ABS, IPO, and rights offerings. Daewoo Securities has also actively increased principal investment (PI) throughout 3<sup>rd</sup> quarter.
- ▶ **Wealth Management Business:** The end balance of total wealth management is continuing its growth at KRW15.1 tln, 6% QoQ and 45% YoY. Also, pension business recorded a dominating market share of 28% among the securities company.

#### ■ Earnings

[Table1] Earnings

(KRW bln)	FY2006 3Q	FY2006 2Q	QoQ	FY2006 3Q (Acc.)	FY2005 3Q (Acc.)	YoY
Operating Revenue	624	767	-19%	1,910	1,284	49%
Operating Expenses	563	701	-20%	1,717	1,015	69%
Operating Income	60	67	-9%	193	269	-28%
Ordinary Income	68	80	-15%	228	294	-22%
Net Income	66	90	-27%	237	316	-25%

\* The figures for 3Q FY2006 are pre-audited.

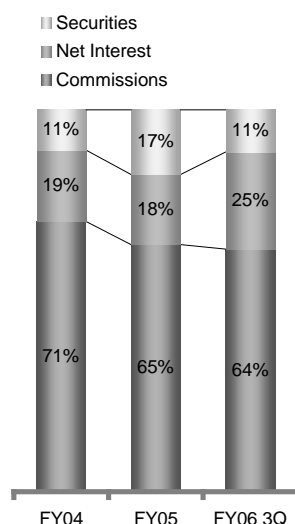
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## Financial & Business Performance

[Table2] Earnings

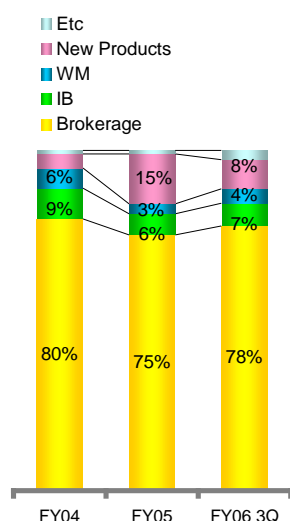
[Graph1] Breakdown on Operating Income



(KRW bln)	FY2006 3Q	FY2006 2Q	QoQ	FY2006 3Q (Acc.)	FY2005 3Q (Acc.)	YoY
<b>Net Commissions</b>	109	101	8%	325	419	-22%
Brokerage Commissions	91	86	6%	280	355	-21%
Underwriting Commissions	7	5	47%	16	20	-21%
Consulting Fee	4	2	85%	8	4	79%
Commissions on BCs/Wrap/Trust	6	5	19%	15	14	10%
Commissions on Structured Securities	9	9	1%	31	61	-50%
Other Commissions	4	5	-25%	10	5	93%
Commissions Expense	12	11	9%	35	41	-14%
<b>Net Interest<sup>1</sup></b>	38	37	4%	114	97	18%
<b>Net Gain on Securities<sup>2</sup></b>	4	17	-75%	25	47	-47%
<b>Net Revenue</b>	152	155	-2%	464	563	-18%
Selling & Administrative Expenses	91	89	3%	271	294	-8%
<b>Operating Income</b>	60	67	-9%	193	269	-28%
Non-Operating Income	7	13	-45%	35	25	40%
<b>Ordinary Income</b>	68	80	-15%	228	294	-22%
Income Tax (Benefit)	2	-10	115%	-9	-22	-60%
<b>Net Income</b>	66	90	-27%	237	316	-25%

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

[Graph2] Breakdown on Commission Structure



## 1. Net Commissions

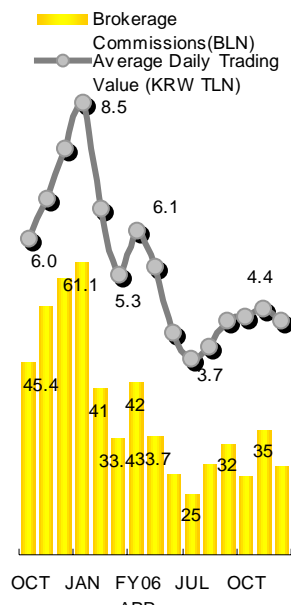
By dominating all business sectors in 3<sup>rd</sup> quarter, net commission revenue recorded KRW109 bln, an 8% growth QoQ. In the brokerage business area commission increased 6% to KRW90.8 bln, in the IB business sector, underwriting commission recorded a 47% increase to KRW7.5 bln, consulting commission recorded an 85% growth to KRW3.7 bln. In wealth management business, BCs, Wrap, Trust commissions recorded a 19% growth to KRW5.8 bln, and New Products sales commission increased 1% to KRW9.2 bln.

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## ■ Brokerage Business

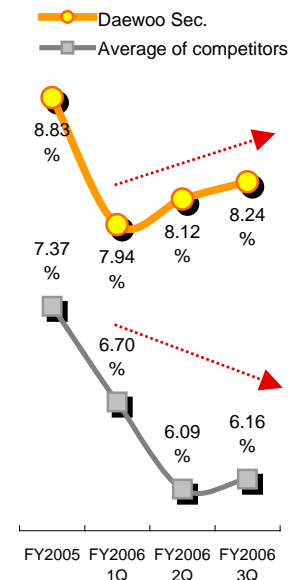
[Graph3] Average Daily Trading Value & Brokerage Commission



In the 3<sup>rd</sup> quarter of FY2006, the Korean Securities Market showed the momentum continued from the bullish market of mid-June. KOSPI recorded a low 1,319pt early October, but continued its bullish rally recording 1,442pt at the end of December. Daily trading volume, an important index of revenue for a securities company, increased KRW0.5 tln to KRW4.53 tln in 3Q. Daily trading volume was stable throughout 3<sup>rd</sup> quarter recording KRW4.5 tln in October, KRW4.7 tln in November, and KRW4.4 tln in December.

The proportion of investors in 3<sup>rd</sup> quarter was 63% individuals, 20% foreigners, and 17% institutional. The reason foreigners recorded a high 20% market contribution was due to their selling of securities amounting to KRW12.6 tln in FY2006 (FY2005 3Q 12% → FY2006 3Q 20%). Therefore, the net commission of domestic companies slightly decreased compared to a slight increase of foreign companies.

[Graph4] Commissions MS



Daewoo Securities has strengthened market dominance in the brokerage business throughout 3<sup>rd</sup> quarter. This is due to the marginal decrease of market share by the competitors, dropping to the low 6% and not recovering ever since, whereas Daewoo Securities only saw a small decrease and quickly regained its market share up to 8% in the 2<sup>nd</sup> quarter. As a result, brokerage commission market share increased to 8.24% from 8.12% of 2<sup>nd</sup> quarter, and within the retail sector, the market share increased to 7.69% from 7.49% of 2<sup>nd</sup> quarter, widening the gap to 2.18%p.

Brokerage online turnover market share also increased to 4.35% topping the charts between major securities companies. This is due to the real-time investment consulting service 'On-Mate,' which provides customized services to over 5,000 account holders that signed-up during the first 5 months of service.

Therefore, the trust commissions increased to KRW90.8 bln, a 6% increase QoQ.

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[Table 3] Brokerage Market Share (Commissions)

Commission Revenue Market Share		FY2006 3Q	FY2006 2Q	QoQ	FY2006 3Q (acc.)	FY2006 3Q (acc.)	YoY
<b>Total Commissions</b>		8.24%	8.12%	1%	8.09%	9.20%	-12%
<b>Stock</b>	Total M/S	7.77%	7.57%	3%	7.59%	8.73%	-13%
	Off-line	5.05%	4.98%	1%	4.97%	5.71%	-13%
	On-line	2.72%	2.59%	5%	2.62%	3.02%	-13%
<b>Futures</b>	Total M/S	0.19%	0.21%	-10%	0.18%	0.16%	13%
	On-line	0.14%	0.16%	-13%	0.13%	0.11%	18%
<b>Options</b>	Total M/S	0.28%	0.34%	-18%	0.32%	0.31%	3%
	On-line	0.23%	0.27%	-15%	0.25%	0.25%	0%

※ Source : Internal Data

[Table 4] Brokerage Market Share (Turnover)

Turnover Market Share		FY2006 3Q	FY2006 2Q	QoQ	FY2006 3Q (acc.)	FY2006 3Q (acc.)	YoY
<b>Stock</b>	Total M/S	7.94%	8.06%	-1%	7.85%	8.38%	-6%
	KSE	7.44%	7.88%	-6%	7.56%	8.23%	-8%
	KOSDAQ	8.90%	8.46%	5%	8.48%	8.65%	-2%
	Off-line	3.57%	3.85%	-7%	3.59%	3.49%	3%
	On-line	4.37%	4.21%	4%	4.26%	4.89%	-13%
<b>Futures</b>	Total M/S	10.23%	8.76%	17%	8.77%	6.94%	26%
	On-line	4.04%	2.74%	47%	2.47%	1.67%	48%
<b>Options</b>	Total M/S	4.64%	4.40%	5%	4.22%	4.59%	-8%
	On-line	3.50%	3.11%	13%	2.99%	3.18%	-6%

※ Source : Internal Data

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## ■ Investment Banking (IB) Business

- **Underwriting commission increase 47% to KRW7.5 bln QoQ**

Daewoo Securities is leading the market in the IB business over the 3<sup>rd</sup> quarter. Underwriting commissions recorded a 47% increase to KRW7.5 bln, consulting commission 85% to KRW3.7 bln QoQ.

In the corporate bond business, Daewoo Securities dominated the market with 14% market share by amounting KRW612 bln. ABS underwriting also recorded a first place market share (22%), and KRW913.5 bln in amount.

- **Consulting commission increase 85% to KRW3.7 bln**

In IPO business, Daewoo Securities offered 2 companies and recorded a 15% market share. 'Hwashin Tech,' a company that produces auto press molds, was offered to KOSDAQ in November at KRW6.8 bln, and 'Avista' a women's casual clothing brand was introduced to the KOSPI market during December at KRW33.3 bln. Also, on Nov. 17, 2006, Daewoo Securities was selected the managing company for the IPO of Korea Exchange (KRX), which is scheduled to be offered during 2007.

In FY2006, Daewoo Securities expanded its span of business to principal investment and project financing. Currently, Daewoo Securities is making investments in developing Indonesian resources and participating in Kumho-Asiana consortium to undertake 'Daewoo Engineering and Construction' with a total PI amount of KRW318.8 bln.

[Table 5] Investment Banking

(KRW bln, %)		FY2006 3Q	FY2006 2Q	FY2006 (Acc.)	FY2005 (Acc.)
<b>Corporate Bonds</b>	Daewoo Sec. Underwriting Amt	612	415	1,528	1,620
	Market	4,303	3,722	11,568	14,049
	Market Share	14%	11%	13%	12%
<b>ABS</b>	Daewoo Sec. Underwriting Amt	914	551	1,868	1,554
	Market	4,237	2,302	10,975	15,535
	Market Share	22%	24%	17%	10%
<b>Rights Offering</b>	Daewoo Sec. Underwriting Amt	11	5	88	220
	Market	1,317	326	2,639	1,773
	Market Share	1%	2%	3%	12%
<b>IPO</b>	Daewoo Sec. Underwriting Amt	40	-	40	325
	Market	276	217	742	976
	Market Share	15%	-	5%	33%

※ Source : Internal Data / Group firm offerings excluded for corporate bonds and ABS.

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## ■ Wealth Management Business

- **Balance of Wealth management at KRW15.1 tln as of the end of Dec. 2006** At the end of 3<sup>rd</sup> quarter FY2006, the wealth management balance was KRW15.1 tln, increased 6% QoQ, 45% YoY. The balance of Wrap account, a type of product that is operated by Daewoo Securities, increased 133% recording an end balance of KRW223.3 bln. Also, the proportion of high-revenue products, such as equity-hybrids, has increased and resulted in the increase of commission to KRW5.8 bln, a 19% increase QoQ.

- **28% market share in pension business** Daewoo Securities is leading the pension business within the securities companies with 76 companies, 9,554 employees in our program, amounting to a 28% market share.

ELS performance of 3<sup>rd</sup> quarter recorded 18% market share with KRW958.7 bln, a gross total of KRW2.5 tln. Both the amount issued and market share made a sharp increase QoQ, and the balance of ELS is KRW1.1 tln at the end of December.

[Table 7] Wealth Management

(KRW bln, As the end of)	FY2006 3Q	FY2006 2Q	QoQ	FY2005 3Q	YoY
<b>BCs</b>	5,548	5,377	3%	5,222	6%
<b>MMF</b>	753	929	-19%	1,965	-62%
Bond type	1,147	1,294	-11%	1,202	-5%
Bond-hybrid type	1,993	1,270	57%	857	132%
Equity-hybrid type	183	157	17%	163	12%
Equity type	570	869	-34%	503	13%
Others	902	858	5%	531	70%
<b>Wrap</b>	2,233	1,542	45%	958	133%
<b>RP</b>	2,162	2,297	-6%	1,310	65%
<b>CD/CP/Bonds</b>	2,000	2,047	-2%	1,727	16%
<b>ELS</b>	1,095	1,247	-12%	726	51%
<b>Trust/Pension</b>	1,690	1,432	18%	0	-
<b>ETC.</b>	377	360	5%	475	-21%
<b>Total Balance</b>	<b>15,104</b>	<b>14,302</b>	<b>6%</b>	<b>10,418</b>	<b>45%</b>

① Shipment Funds, REITs, Planmaster, FolioStar, and etc

※ Source : Internal Data

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[Table 8] ELS

(KRW bln, %)	FY2006 3Q	FY2006 2Q	FY2006 3Q (Acc.)	FY2005 3Q (Acc.)
<b>Daewoo Sec. Underwriting Amt</b>	<b>958</b>	<b>746</b>	<b>2,478</b>	<b>1,317</b>
Market	5,409	5,677	17,592	10,138
Market Share	18%	13%	14%	13%

※ Source : Internal Data

## 2. Net Interest & Gain on Securities

- **3Q FY2006**  
**Net Interest**  
**KRW38.2 bln**

Net interest income (interest revenue + dividends + gain on valuation of reserve for claims) for 3Q FY2006 was KRW38.2 bln. Interest revenue itself increased 6% to KRW61.3 bln, Interest Expense showed a 6% increase to KRW37.3 bln. Interest revenue has become a stable source of revenue, gradually increasing from 18% of operating income in FY2005 to 25% in FY2006. In addition, net gain on securities was KRW4.3 bln.

In September 2006, when 'Financial Supervisory Service' announced plans to 'Reduce transactions receivable and Activate Credit transactions,' the market was concerned about the decrease in net interest of securities companies. However, Daewoo Securities was able to successfully transfer the decreased interest of transactions receivable into loan on securities and led to a 21% increase in total interest. These are the results from Daewoo Securities' effort in trying to transfer our clients to using credit or loans.

[Table 9] Net Interest

(KRW BLN)	FY2006 3Q	FY2006 2Q	QoQ	FY2006 3Q (Acc.)	FY2005 3Q (Acc.)	YoY
Interest on Margin Loans	1.5	1.3	12%	4.3	2.8	57%
Interest on Loans	9.5	9.9	-5%	27.7	16.9	64%
Interest on Receivables	2.3	2.1	10%	7.1	12.7	-44%
Total	13.3	13.4	0%	39.2	32.3	21%



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## 3. Selling & Administrative Expenses

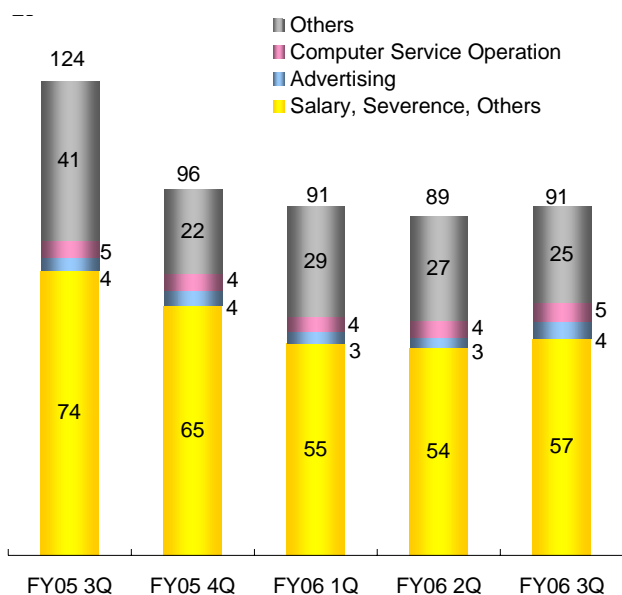
● **3Q FY2006 Selling & Administrative Expenses KRW 91.3 bln**

Selling and Administrative expenses recorded KRW91.3 bln, an 8% decrease YoY.

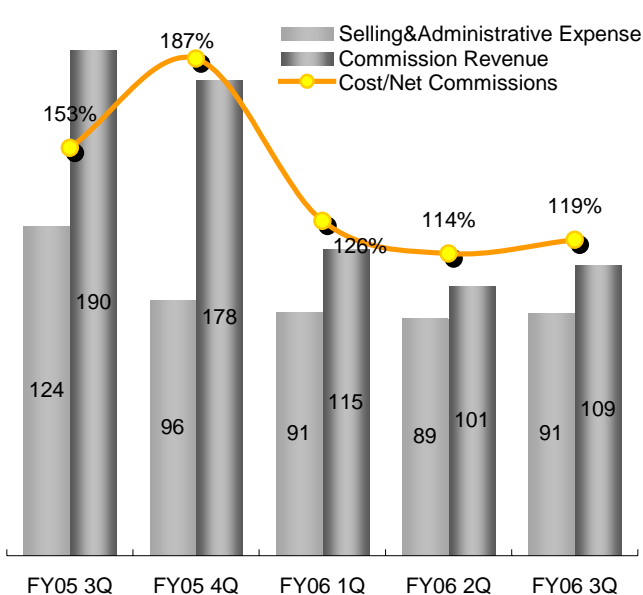
Total number of employees of Daewoo Securities is 2,715 as of Dec. 31, 2006, and total salary expense was KRW56.5 bln. The number of employees increased 338 YoY, but total salary expenses decreased 10% YoY due to reduced incentive payments.

Computer system operating expenses and advertisement expenses were KRW5 bln and KRW4.4 bln respectively.

[Graph 5] Selling & Administrative Expenses (KRW BLN)



[Graph 6] Cost/Net Commissions (KRW BLN)





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## 4. Operating & Non-Operating Income / Net Income

### ● 3Q FY2006

#### Operating Income

KRW 60.3 bln

#### Ordinary Income

KRW 67.7 bln

#### Net Income

KRW 66.1 bln

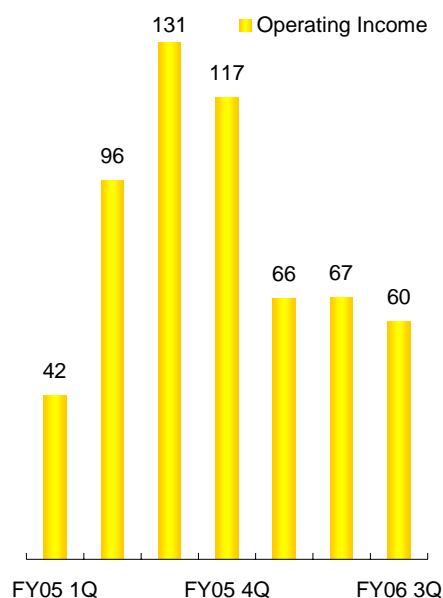
Daewoo Securities recorded an outstanding performance throughout all business sectors, which resulted in an 8% increase in net commissions. However, due to the decrease in securities trading and evaluation decreased operating income 9% to KRW60.3 bln.

Non-operating income for 3<sup>rd</sup> quarter is KRW7.3 bln, where KRW4.2 bln was produced from selling 6 million shares of Hanaro Telecom.

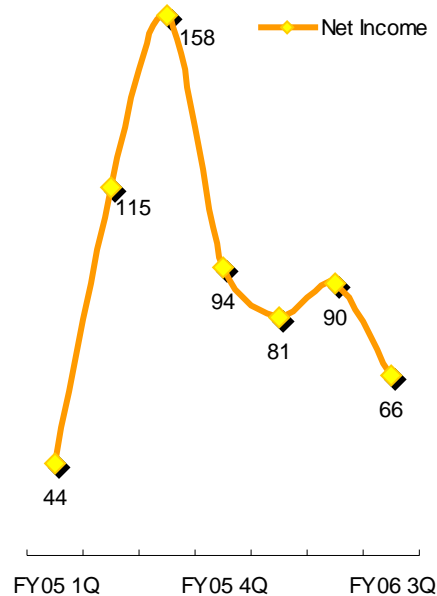
Net income was KRW66.1 bln, a 27% decrease QoQ, in result of the decrease in both non-operating income and tax benefit.

Due to the tax deficit carried forward from FY1999, there are no tax expenses in the second quarter of FY2006. However, KRW1.6 bln of tax benefit was reported due to the reversal of tax liability from gain on valuation of securities available for sale.

[Graph7] Operating Income (KRW BLN)



[Graph8] Net Income (KRW BLN)



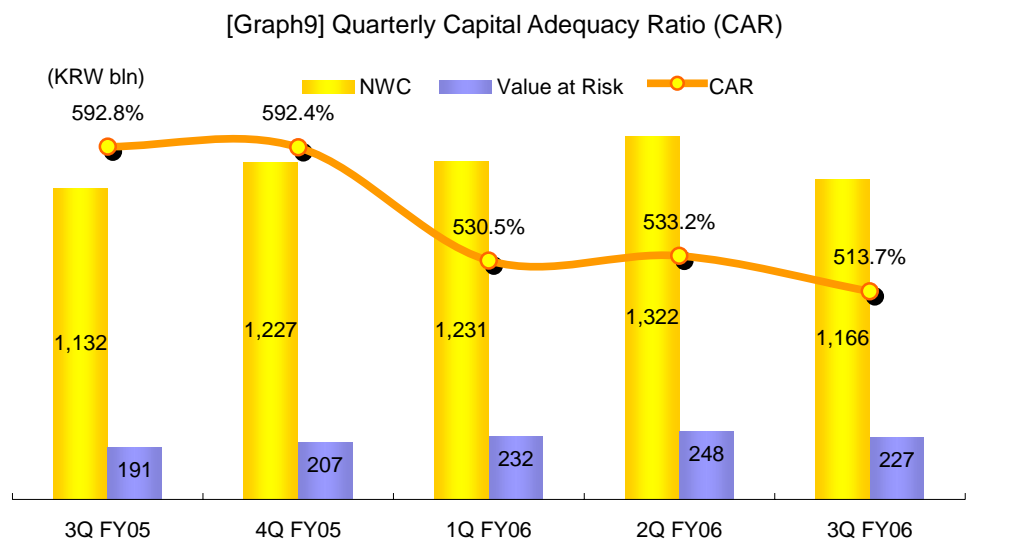
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## 5. Capital Adequacy Ratios

As of the end of December 2006, the Company's capital adequacy ratio (CAR) is 513.7%. Net Working Capital (NWC) is posted at KRW1.17 tln, and total value at risk (VAR) is KRW227 bln.

- **CAR at the end of 3Q FY2006 513.7%**

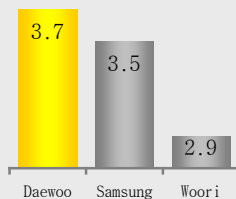


The figures for 3Q FY2006 are pre-audited.

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## Daewoo at a Glance



- ▷ Top of the Chart in Market Capitalization – Oct. 2006
  - Back to the top in 9 months on Oct.31, 2006
  - Market capital amounting at KRW3.7 tln as of Dec. 31, 2006 (sum of ordinary and preferred stocks)



- ▷ '2007 Daewoo Securities Market Forum' – Nov. 2006
  - Participation of 650 institutional investors and VIPs
  - 'CEO Seminar' held prior to the market forum with more than 80 CEOs



- ▷ Introduction of 'Speed Way' – Realtime Internet Trading System – Nov. 2006
  - Reorganization of user friendly contents and design
  - Construction of easily accessible infrastructure and system
  - Stronger trading system



- ▷ Over 5,000 subscribers for 'On-Mate' Online customer service – Nov. 2006
  - Recommendation of shares through live broadcasting, consultation of outstanding shares via on-line
  - Providing differentiated services such as nighttime, mountain climbing, and online seminars, along with a model portfolio

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## Awards presented in 3Q



- ▷ 13<sup>th</sup> Corporate Innovation Awards – Presidential Awards – *Nov. 2006 KCCI, JOINS*  
Daewoo Securities has won the presidential awards for overcoming the hardship of separation from Daewoo Group, and achieving the ‘No.1 Reputation’ by creative and innovative management scheme.



- ▷ 2006 2<sup>nd</sup> Half Best Securities House – *Jan. 2007 Hankyung Business*
  - Acknowledge as the best securities house in Korea by winning the award 4 consecutive times since the first half of 2005. 7 sector winning analysts and highest ratings in all aspects of institutional investment.
- ▷ 2006 2<sup>nd</sup> Half Best Securities House – *Jan. 2007 Maekyung Economy*
  - A business-high 6 sector winning analysts



- ▷ ‘2006 Best Corporate Bond Brokerage House’ – *Dec. 2006 The Asset (Monthly Finance Magazine in Asia)*
  - Selected the best treasury bond and corporate bond brokerage house



- ▷ ‘2006 Korea Securities Award’ Winner of Customers Satisfaction Award – *Nov. 2006, Seoul Economy Newspaper*
  - Delivered customer satisfaction through management innovation and outstanding performances



- ▷ ‘2006 Winner of Socially Responsible Corporation’ Culture & Arts – *Nov. 2006, Hankyung*
  - Winner of Culture & Arts division by participating in various activities



- ▷ ‘LOHAS Management Awards’ Finance Sector Winner – *Nov. 2006, Environmental Foundation*
  - Through the publication of ‘2006 Sustainability Report,’ Daewoo Securities announced its emphasis on economical, social, and environmental practices and provided vision to taking a step forward in becoming a globally competitive financial house.

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## Appendix 1. Balance Sheet

(KRW million)	as of DEC 31, 2006	as of SEP 30, 2006	as of DEC 31, 2005
<b>ASSETS</b>			
<b>Current assets</b>	<b>8,252,778</b>	<b>8,057,752</b>	<b>9,025,583</b>
Cash and bank deposits	533,109	278,124	892,083
Deposits	1,158,420	1,206,351	3,181,541
Securities	3,781,620	4,076,319	2,871,531
Structured securities	1,794,936	1,357,107	665,085
Options purchased	0	88	105
Loans	669,094	496,074	1,179,576
Other current assets	340,459	667,757	261,369
Allowance for credit loss(Current assets)	-24,859	-24,067	-25,707
<b>Non - current assets</b>	<b>948,202</b>	<b>870,863</b>	<b>871,519</b>
Investment securities	586,063	509,547	508,109
Investment assets	108,494	109,362	110,596
Tangible fixed assets	231,968	231,856	232,562
Others non-current assets	21,677	20,098	20,252
<b>TOTAL ASSETS</b>	<b>9,200,980</b>	<b>8,928,615</b>	<b>9,897,102</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>	<b>6,933,030</b>	<b>7,023,117</b>	<b>8,194,811</b>
Call money	813,200	546,100	286,900
Short-term borrowings	2,460	23,350	1,757,130
Bonds sold under reverse resale agreements	2,239,097	2,517,189	1,447,693
Customers' deposits	1,200,834	1,283,028	3,270,350
Securities sold	31,556	7,537	3,303
Structured securities sold	2,318,464	2,024,059	1,227,629
Options sold	529	222	121
Others	326,890	621,632	201,685
<b>Long-term liabilities</b>	<b>357,521</b>	<b>55,665</b>	<b>44,329</b>
Debenture	300,000	1,000	1,000
Reserve for severance and retirement benefits	56,168	54,665	43,329
Others	2,731	0	0
<b>TOTAL LIABILITIES</b>	<b>7,290,550</b>	<b>7,078,783</b>	<b>8,239,140</b>
<b>STOCKHOLDER'S EQUITY</b>			
Stockholder's equity	1,020,883	1,020,883	1,020,883
Capital	222,792	222,792	226,608
Retained earnings	639,320	569,680	389,587
Capital adjustment	27,435	36,477	20,883
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>1,910,430</b>	<b>1,849,832</b>	<b>1,657,962</b>
<b>LIABILITIES &amp; TOTAL STOCKHOLDER'S EQUITY</b>	<b>9,200,980</b>	<b>8,928,615</b>	<b>9,897,102</b>

# 3Q FY2006 Earnings Release

FY2006 3Q (OCT 2006 ~ DEC 2006)

FY2006 3Q : October 1st, 2006 ~ December 31<sup>st</sup>, 2006

FY2006 2Q : July 1st, 2006 ~ September 30th, 2006

FY2006 3Q(Acc.): April 1st, 2006 ~ December 31st, 2006

FY2005 3Q(Acc.): April 1st, 2005 ~ December 31st, 2005

## Appendix 2. Income Statement

(KRW million)	FY2006 3Q	FY2006 2Q	QoQ	FY2006 3Q (Acc.)	FY2005 3Q (Acc.)	YoY
<b>OPERATING REVENUES</b>	<b>623,766</b>	<b>767,424</b>	<b>-19%</b>	<b>1,910,189</b>	<b>1,283,713</b>	<b>49%</b>
Commissions received	120,668	111,920	8%	360,037	460,234	-22%
Brokerage commissions	90,818	85,978	6%	280,213	355,132	-21%
Underwriting commissions	7,471	5,093	47%	15,853	20,122	-21%
Underwriting commissions on debentures	75	47	60%	190	133	42%
Brokerage commissions on beneficiary certificates	3,438	2,843	21%	9,392	9,207	2%
Wrap commissions	2,028	1,825	11%	5,500	4,915	12%
Consulting fee	3,739	2,019	85%	7,932	4,432	79%
Commissions on sale of structured securities	9,202	9,092	1%	30,634	61,162	-50%
Trust fees and commissions received from trust account	334	193	73%	601	0	
Other	3,564	4,831	-26%	9,721	5,133	89%
Interest income	61,429	57,715	6%	167,819	123,288	36%
Interest on margin loans	1,500	1,335	12%	4,348	2,773	57%
Interest on loans	9,490	9,941	-5%	27,714	16,892	64%
Interest on bonds	43,751	40,540	8%	115,218	73,732	56%
Interest on negotiable commercial papers	291	408	-29%	863	1,298	-34%
Interest on certificate of deposit	106	91	17%	318	29	1003%
Interest on deposits with institutions	2,901	1,904	52%	8,501	9,878	-14%
Interest on call loans	727	1,054	-31%	2,478	2,648	-6%
Gain on transaction of certificate of deposits	22	4	529%	30	11	160%
Interest on advances for customers.	47	7	580%	62	427	-85%
Interest on receivables	2,318	2,116	10%	7,151	12,658	-44%
Others	276	316	-13%	1,137	2,943	-61%
Dividends income	9	138	-93%	2,445	7,221	-66%
Distribution income	3,295	14,756	-78%	19,242	10,026	60%
Gain on sales of marketable securities	33,762	40,550	-17%	111,157	153,608	-28%
Gain on sales of stock	25,668	32,830	-22%	88,476	121,834	-27%
Gain on sales of bonds	5,860	5,941	-1%	17,325	14,633	18%
Gain on sales of beneficiary certificates	1,747	1,066	64%	3,673	15,922	-77%
Gain on sales of negotiable commercial papers	90	72	26%	184	177	4%
Gain on redemption of trading securities	393	642	-39%	1,495	1,035	44%
Others	3	0		3	7	-54%
Gain on valuation of trading securities	3,608	18,979	-81%	18,909	29,081	-35%
Gain on valuation of stock	0	12,341	-100%	7,896	7,776	2%
Gain on valuation of bonds	0	6,638	-100%	2,673	2,181	23%
Gain on valuation of beneficiary certificates	3,608	0		8,340	19,124	-56%
Gain on structured securities transactions	158,080	176,326	-10%	352,501	129,911	171%
Gain on sales of structured securities	101	0		107	0	
Gain on valuation of structured securities	44,693	53,017	-16%	101,265	74,110	37%
Gain on redemption of structured securities	113,287	123,308	-8%	251,129	55,801	350%
Gain on valuation of securities sold	165	10	1623%	401	14	2680%
Gain on structured securities sold	109,928	153,914	-29%	352,823	26,660	1223%
Gain on valuation of structured securities sold	24,102	2,734	781%	46,261	15,288	203%
Gain on redemption of structured securities sold	85,826	151,180	-43%	306,562	11,371	2596%
Gain on valuation of reserve for claims of customers' deposits-trust	14,084	13,921	1%	42,572	36,437	17%
Gain on derivatives transactions	118,244	175,188	-33%	477,959	305,021	57%
Gain on futures transactions	72,418	93,984	-23%	295,481	215,903	37%
Gain on Exchange trading options transactions	18,741	25,013	-25%	71,597	87,028	-18%
Gain on OTC derivatives transactions	27,085	56,191	-52%	110,880	2,091	5204%
Gain on sales of loans	183	3,600	-95%	3,783	212	1683%
Other operating income	309	406	-24%	542	0	



# 3Q FY2006 Earnings Release

FY2006 3Q (OCT 2006 ~ DEC 2006)

(KRW million)	FY2006 3Q	FY2006 2Q	QoQ	FY2006 3Q (Acc.)	FY2005 3Q (Acc.)	YoY
<b>OPERATING EXPENSES</b>	<b>563,419</b>	<b>700,815</b>	<b>-20%</b>	<b>1,717,005</b>	<b>1,014,673</b>	<b>69%</b>
Commissions expense	11,639	10,696	9%	34,831	40,614	-14%
Trading commissions	6,324	6,145	3%	19,461	21,685	-10%
Investment consultant fees	2,171	2,142	1%	7,045	7,884	-11%
Other commissions	3,144	2,409	31%	8,325	11,044	-25%
Interest expenses	37,316	35,185	6%	98,546	70,110	41%
Interest on borrowings from KSFC	702	65	974%	1,141	5,319	-79%
Interest on customer's deposits	3,387	3,292	3%	10,705	10,333	4%
Interest on bonds sold under repurchase	23,853	24,316	-2%	63,459	34,069	86%
Loss on transactions of certificates of deposits	0	0		1	1	-4%
Interest on call money	8,432	7,419	14%	21,894	8,433	160%
Interest on debentures	821	11	7202%	844	9,760	-91%
Others	120	81	48%	502	2,194	-77%
Loss on sales of trading securities	25,301	12,267	106%	70,448	56,872	24%
Loss on sales of stock	16,389	10,547	55%	53,549	35,604	50%
Loss on sales of debentures	4,538	1,116	306%	10,398	16,794	-38%
Loss on sales of beneficiary certificates	3,632	546	565%	5,428	1,219	345%
Loss on sales of negotiable commercial papers	5	8	-31%	14	19	-28%
Loss on redemption of trading securities	736	49	1398%	1,059	3,236	-67%
Loss on valuation of marketable securities	18,797	12,419	51%	20,193	11,801	71%
Loss on valuation of stock	9,904	0		8,599	1,821	372%
Loss on valuation of debentures	8,893	0		6,302	9,492	-34%
Loss on valuation of beneficiary certificates	0	12,419	-100%	5,292	489	983%
Loss on structured securities transaction	85,836	136,359	-37%	290,223	15,683	1751%
Loss on sales of structured securities	130	7	1651%	356	0	
Loss on valuation of structured securities	19,548	3,875	405%	35,151	10,089	248%
Loss on redemption of structured securities	66,158	132,477	-50%	254,715	5,593	4454%
Loss on valuation of trading securities sold	333	374	-11%	789	829	-5%
Loss on structured securities transaction sold	185,867	227,976	-18%	463,251	229,417	102%
Loss on valuation of structured securities sold	43,065	67,333	-36%	126,436	136,010	-7%
Loss on redemption of structured securities sold	142,802	160,643	-11%	336,815	93,407	261%
Loss on derivatives transactions	106,840	176,600	-40%	467,295	295,268	58%
Loss on futures transactions	63,377	95,493	-34%	290,465	208,403	39%
Loss on exchange trading options transactions	18,054	23,634	-24%	68,864	85,464	-19%
Loss on OTC derivatives transactions	25,409	57,473	-56%	107,966	1,400	7611%
Loss on sales of loans	0	0		0	51	
Selling and administrative expenses	91,293	88,601	3%	270,892	294,029	-8%
Salary, Severance pay, other benefits	56,536	54,273	4%	0	184,017	-100%
Computer system operations expenses	4,991	4,327	15%	0	14,095	-100%
Rental expenses	4,263	4,613	-8%	0	11,576	-100%
Advertising expenses	4,426	2,715	63%	0	9,284	-100%
Depreciation	3,268	3,453	-5%	0	8,859	-100%
Credit loss expense	0	0		0	13,400	-100%
Others	17,809	19,220	-7%	0	52,798	-100%
Other operating expense	197	337	-42%	536	0	
<b>OPERATING INCOME</b>	<b>60,347</b>	<b>66,609</b>	<b>-9%</b>	<b>193,185</b>	<b>269,040</b>	<b>-28%</b>

# 3Q FY2006 Earnings Release

FY2006 3Q (OCT 2006 ~ DEC 2006)

(KRW million)	FY2006 3Q	FY2006 2Q	QoQ	FY2006 3Q (Acc.)	FY2005 3Q (Acc.)	YoY
<b>NON - OPERATING INCOME</b>	<b>10,411</b>	<b>14,885</b>	<b>-30%</b>	<b>39,976</b>	<b>36,541</b>	<b>9%</b>
Gain on disposition of tangible assets	4	151	-97%	156	1,123	-86%
Rental income	1,747	1,788	-2%	5,503	6,268	-12%
Gain on disposition of securities available for sale	4,505	0		11,363	14,187	-20%
Gain on equity method securities	2,706	0		2,914	0	
Reversal of reduction loss on securities	0	0		0	38	
Gain on equity method valuation	0	0		0	3,567	
Gain on foreign currency transactions	309	81	281%	619	3,286	-81%
Gain on foreign exchanges translation	20	47	-59%	0	16	-100%
Gain on recovery of write-offs	231	39	500%	333	109	206%
Others	889	12,778	-93%	19,089	7,947	140%
<b>NON - OPERATING EXPENSES</b>	<b>3,101</b>	<b>1,629</b>	<b>90%</b>	<b>4,831</b>	<b>11,493</b>	<b>-58%</b>
Loss on disposition of tangible assets	49	155	-68%	254	240	6%
Loss on disposition of securities available for sale	1	7	-83%	9	854	-99%
Reduction loss on securities available for sale	0	122		122	115	6%
Loss on equity method valuation	0	814	-100%	314	664	-53%
Loss on equity method securities	0	0		0	5,838	
Loss on foreign currency transactions	389	121	220%	672	27	2351%
Loss on foreign exchanges translation	0	2	-100%	46	1,500	-97%
Donations	56	75	-25%	338	294	15%
Others	2,606	331	688%	3,076	1,962	57%
<b>ORDINARY INCOME (LOSS)</b>	<b>67,657</b>	<b>79,865</b>	<b>-15%</b>	<b>228,330</b>	<b>294,088</b>	<b>-22%</b>
Income tax expense (benefit)	1,556	-10,336	115%	-8,888	-22,378	60%
<b>NET INCOME (LOSS)</b>	<b>66,101</b>	<b>90,201</b>	<b>-27%</b>	<b>237,218</b>	<b>316,466</b>	<b>-25%</b>