

FY2006 4Q Earnings Release

FY2006 (April 2006 ~ May 2007)

Daewoo Securities (006800.KS)

Record-High Net Income of KRW446.1 Billion

IR Team

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Company Description

Establishment Sep. 1970
 CEO Sung Tae Kim
 Employees 2,910 (as of Mar. 31)
 Domestic Network 116branches, 1 office
 Overseas Network 3branches, 1rep.office
 (HK, NY, LDN, TKY)
 Shareholder's Equity KRW2.11 tln
 Major Shareholder Korea Development
 Bank (39.09%)

<Common Stock>

Outstanding Shares 190,100,891
 Market Capital KRW 3.20 tln
 -as of Mar. 31 KRW 16,800
 Price Quarterly
 High(4Q) KRW 19,000 (Feb.23)
 Low(4Q) KRW 15,250 (Jan.31)
 Daily Trading Vol. 2,493,645 Shares

<Preferred Stock>

Outstanding Shares 14,075,750
 Market Capital KRW 0.14 tln
 -as of Mar. 31 KRW 9,940
 Price Quarterly
 High(4Q) KRW 11,300 (Jan.02)
 Low(4Q) KRW 9,570 (Jan.23)
 Daily Trading Vol. 102,287 Shares

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■ FY2006 Operating Income KRW444 bln · Net Income KRW446 bln

Daewoo Securities again achieved a record high for the industry in net income, with KRW446.1 billion in FY2006, surpassing the Company's previous industry-high of KRW410.4 billion in 2005. This result came despite a slowing market in FY2006, proving the success of Daewoo Securities' efforts to secure stable sources of revenue for the creation of sustainable growth.

■ Operating Results

▷ **Brokerage Business** The average daily trading value decreased significantly to KRW 4.7tln in FY2006. Also, the individual portion of the market decreased to 62%. Despite of the difficult circumstances facing the industry Daewoo Securities sustained a 8.10% market share, increasing the gap with the runner up.

▷ **IB Business** Daewoo Securities demonstrated industry's best performance in Corporate Bonds and ABS. In addition, we expanded the scope of our IB business through active participation in principal investments(PI), amounting KRW400bln.

▷ **Wealth Management Business** As of the end of FY2006, Daewoo Securities end balance of wealth management stood at KRW16.2 tln, up 33% YoY. Moreover, Daewoo attracted the industry's highest number of clients, as many as 18,754 clients in the corporate pension business

■ Performance Results

[Summarized Income Statement]

(KRW bln)	FY2006 4Q	FY2006 3Q	FY2006 2Q	FY2006 1Q	FY2006	FY2005
Operating Revenue	843	611	624	675	2,753	1,858
Operating Expenses	592	551	557	609	2,309	1,472
Operating Income	251	60	67	66	444	386
Ordinary Income	242	68	80	81	471	395
Net Income	209	66	90	81	446	410

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FY2006 Business Environment

Korea's leading stockmarket continued on its bull run for the fourth consecutive year, reaching an unprecedented KOSPI level of 1,400 points in 2006. However, market trends were less stable in 2006 than in 2005 as outside factors affected the market, resulting in a slower growth rate of 7% for the KOSPI. Though nonetheless positive, this reduced rate was in contrast to strong and even dizzying growth in world stockmarkets, as Chinese stockmarkets led the global trend with a phenomenal growth rate of 150%.

The value of Korea's total trades for FY2006 decreased 22% from the previous year's KRW1,401 trillion to KRW1,153trillion, while foreign and institutional investors took turns on the buy and sell sides of the market for a second year in a row, resulting in a 37% decrease of foreign holdings in Korean stockmarkets as of the end of March 2007.

On the other hand, stock trading has become established as a major type of investment activity in Korea, triggering a proliferation of various types of investment activities, which has led to significant qualitative improvements in the market. As for rising global stockmarkets, Korean investors have increasingly turned their attention to off-shore investments. For instance, the balance of equity-type funds grew by KRW17 trillion, from KRW34.8 trillion at the end of FY2005 to KRW51.7 trillion at the end of FY2006. KRW10.8 trillion, or 64% of the balance of equity-type funds for the year was in overseas equity-type fund products, indicating a decreasing availability of funds for domestic investment.

The volatility of Korean stockmarkets in 2006 can be attributed to soaring oil prices and the strong Korean won, which undermined the profitability of Korean companies while the overall economy lost steam. As a result, listed companies recorded minus growth in profitability for the second year in a row. To make



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matters worse, the Korean government's policy to raise the cash reserve ratio resulted in financial contraction in the financial sector, and the resulting liquidity constraints and stronger government regulation of mortgage loans caused setbacks in the real estate market, adversely impacting investor sentiment.

Foreign investors sold off holdings of more than KRW13 trillion due to the underperformance of the Korean market in contrast to emerging markets in China, India and Southeast Asia. In the second half of 2006, the issue of North Korea's nuclear weapons added to Korean stockmarket woes. Nonetheless, the markets soon shook off such volatility and began to stabilize towards the end of FY2006, demonstrating the durability of Korean stockmarkets as they develop and become more advanced.

Results of Operations

Despite the difficult circumstances facing the industry in FY2006, Daewoo Securities continued to perform well overall. Specifically, net income grew by 9% from the previous year to KRW446.1 billion, reaching a historic high for the industry a second year in a row. Operating income also soared 15% year-on-year to KRW443.7 billion, again topping Daewoo's previous record-high for FY2005. On top of this, Daewoo's company-wide campaign to improve cost-efficiency pushed selling & administrative expenses down by 3% year-on-year to KRW376.5 billion, while Net non-operating income stood at KRW27.1 billion. We also realized dividend profits of KRW179.7 billion from the Daewoo Capital CRV (Corporate Restructuring Vehicle) in FY2006, including dividend income of KRW117.6 billion and valuation gains on beneficiary certificates of KRW62.1 billion.

In breaking down operating income before selling & administrative expenses in FY2006, Daewoo

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Securities' revenue structure significantly improved from the previous commission-based one as the Company achieved balanced growth with interest income and securities-related income making up an increasing share of revenue. The percentage of interest income doubled from 18% in FY2005 to 34% in FY2006, to become established as a stable source of revenue. On the other hand, brokerage commissions, which accounted for 59% of revenue in FY2005, decreased by 43% in terms of the share of revenue in FY2006, and the overall ratio for commission revenue decreased from 77% in FY2005 to 53% in FY2006. Such decreases were, nonetheless, positive in that they indicate the effectiveness of Daewoo Securities' efforts to stabilize its overall revenue structure while diversifying its sources of revenue.

[FY2006 Income Statement (in billions of KRW)]

(KRW bln)	FY2006 4Q	FY2006 3Q	FY2006 2Q	FY2006 1Q	FY2006	FY2005
Net Commissions¹	1,116	1,090	1,012	1,149	4,366	5,980
Brokerage Commissions	933	908	860	1,034	3,735	4,917
Underwriting Commissions	60	112	71	55	298	402
Commissions on BCs/Wrap/Trust	67	58	49	48	222	192
Commissions on Structrued Securities	158	92	91	123	464	959
Other Commissions	11	36	48	13	108	68
Commissions Expense	113	116	107	125	461	558
Net Interes²	1,624	382	366	395	2,767	1,423
Net Gain on Securities³	821	43	173	30	1,067	357
Others	1	0	0	0	1	0
Net Revenue	3,562	1,515	1,550	1,573	8,201	7,760
Selling & Administrative Expenses	1,057	912	885	912	3,765	3,897
Operating Income	2,506	603	666	662	4,437	3,862
Non-Operating Income	-81	73	133	146	271	83
Ordinary Income	2,425	677	799	808	4,708	3,945
Income Tax (Benefit)	336	16	-103	-1	247	-159
Net Income	2,089	661	902	809	4,461	4,104

1. Commissions Income/Loss = (brokerage + underwriting + underwriting commissions on debentures + brokerage commissions on beneficiary certificates + wrap + sales of structured securities + consulting + trust fees & commissions + other commissions) - commissions expense

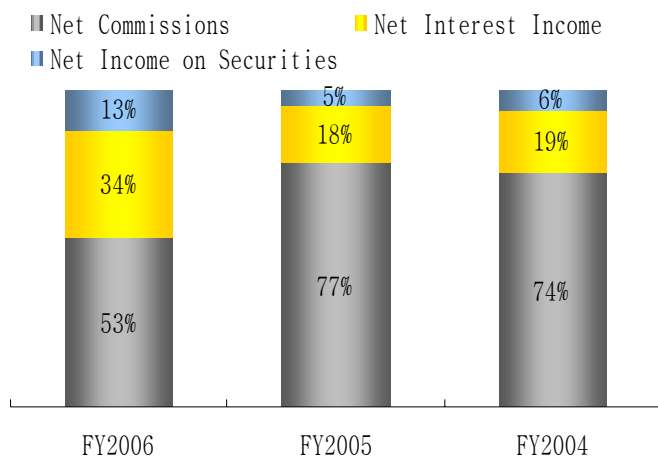
2. Interest Income/Loss = interest income + dividend income + gain on valuation of reserve for claims of customers' deposits-trusts - interest expenses

3. Securities-related Income/Loss = distribution income, gain on sales & valuation of marketable securities, structured securities transactions, valuation of securities sold, gain on structured securities sold transactions, derivatives transactions

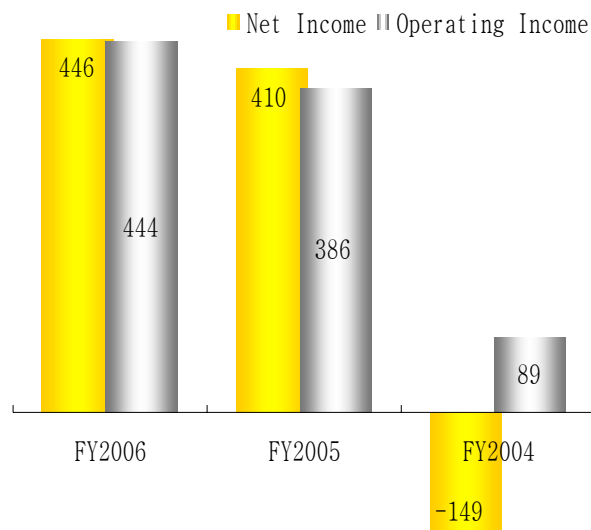
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[Operating Income Structure]



[Operating Income & Net Income]



I. Net Commissions

▣ Brokerage Business

Brokerage commission income recorded KRW373.5 billion, down 24% year-on-year. This decrease can be attributed to two factors; first of all, the overall trading value of the market stood at KRW4.7 trillion in FY2006, a significant decrease from the KRW5.6 trillion in FY2005; and second, the percentage of individuals buying stocks through brokerages was also down by 11%p from the previous year. On the other hand, foreign investors sold holdings of more than KRW13 trillion during 2006, increasing their share of trading volume by 6%p from the previous year to 20% in 2006.

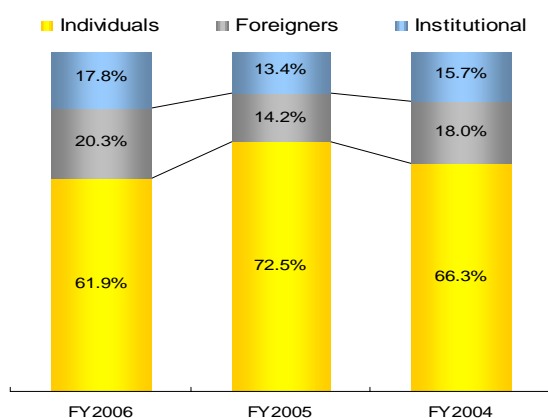
The decrease in the percentage of individual investors using brokerage services pushed the brokerage market share down by 0.48%p year-on-year to 7.74%. However, Daewoo Securities' share of revenue in this sector was at 8.10%, the largest in the market, while the Company maintained its lead over the second place finisher. In addition, Daewoo Securities' share of the on-line stock brokerage market reached 4.20% in FY2006, ranking first among securities firms, and this remarkable achievement can be attributed to the

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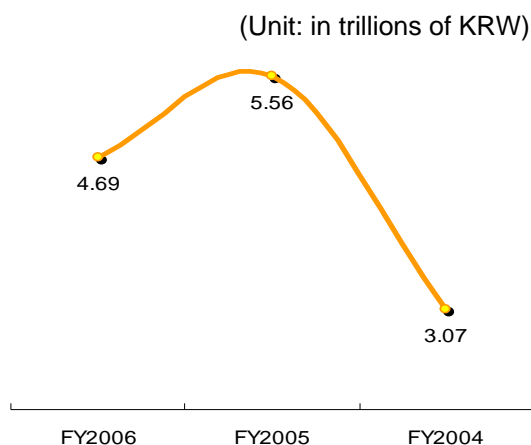
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Company's "On-Mate" system, a differentiated investment consulting service offering information and advice on a real-time basis through an online community.

[Trading Value Breakdown by Investor Type]



[Market Average Daily Trading Value]



[Commission Revenue Market Share Trend (by Revenue) (Unit: %)]

(%)	4Q FY2006	3Q FY2006	2Q FY2006	1Q FY2006	FY2006	FY2005	FY2004
Company-wide	8.14%	8.24%	8.12%	7.94%	8.10%	8.83%	7.34%
Stock-Trading	7.55%	7.77%	7.57%	7.59%	7.58%	8.39%	6.69%
Futures	0.21%	0.19%	0.21%	0.16%	0.19%	0.15%	0.22%
Options	0.38%	0.28%	0.34%	0.32%	0.33%	0.29%	0.44%

* Commission Revenue Market Share = Daewoo Sec. commissions income/overall stockmarket brokerage commissions income

[Brokerage Turnover Market Share Trend (by Brokerage) (Unit: %)]

(%)	4Q FY2006	3Q FY2006	2Q FY2006	1Q FY2006	FY2006	FY2005	FY2004
Stock-Trading	7.43%	7.94%	8.06%	7.59%	7.74%	8.22%	7.38%
KOSPI	6.95%	7.44%	7.88%	7.39%	7.40%	8.15%	7.07%
KOSDAQ	8.28%	8.90%	8.46%	8.06%	8.42%	8.35%	8.24%
Futures	9.29%	10.23%	8.76%	7.62%	8.90%	0.15%	3.00%
Options	4.27%	4.64%	4.40%	3.78%	4.23%	0.29%	3.88%

* Brokerage Turnover Market Share = Daewoo Sec. brokerage trading value/overall stockmarket brokerage trading value (stocks-futures-options, respectively)

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▣ IB Business

Daewoo Securities' IB business earned KRW29.8 billion in commission income in FY2006, down 26% from the previous year. More specifically, underwriting commission income was down 40% year-on-year to KRW20.7 billion, whereas consulting fee income was up by 60% year-on-year to KRW9.2 billion.

Daewoo Securities demonstrated industry's best performances in terms of corporate debentures and the issuance of Asset Backed Securities (ABS) in FY2006, recording a historic high for the third consecutive year. The Company pursued the underwriting of KRW2.0 trillion in corporate debentures and the issuance of KRW2.2 trillion in ABS, taking a 12% and 18% share of the market, respectively. The Company also was the lead manager in the listings of four companies, commanding a 6% share of the Initial Public Offering (IPO) market. As proof of its leading capabilities in the IB business, Daewoo Securities was selected as the lead advisor to Korea Exchange (KRX) for its IPO in November 2006.

In addition, Daewoo Securities expanded the scope of its IB business and entered the principal investment (PI) and project financing business in FY2006. As of the end of March 2007, Daewoo Securities had invested a total of KRW400.0 billion in 30 companies in the form of contributions, beneficiary certificates and convertible bonds, as well as in private equities and listed and to-be-listed companies. One of Daewoo Securities' major PI investments was its KRW200.0 billion investment and participation in the "Kumho Asiana Consortium for the M&A of Daewoo E&C," and the Company's investment and participation in the development of a coal mine in Indonesia, a first for a Korean company, was an example of Daewoo Securities' aggressiveness in seeking out profitable off-shore investments. The Company also initiated and participated in the blind-fund, "Renaissance 1st PEF" as a general partner. For these efforts in IB, Daewoo Securities was recognized and awarded the top prize in the PI/PEF class at the "4th Korea IB Awards" held



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by Money Today, a Korean financial newspaper.

[IB Performance by Sector (Unit: in billions of KRW, %)]

(Unit : bln, %)	FY2006 4Q	FY2006 3Q	FY2006 2Q	FY2006 1Q	FY2006	FY2005	FY2004
Corporate Bond *					1st	1st	1st
Daewoo Sec.	475	612	415	501	2,003	1,801	27,041
Market Total Amt	4,663	4,303	3,722	3,544	16,231	17,157	214,466
Market Share	10%	14%	11%	14%	12%	11%	13%
ABS *					1st	1st	1st
Daewoo Sec.	305	914	551	404	2,173	1,935	28,448
Market Total Amt	1,379	4,237	2,302	4,503	12,353	17,610	171,330
Market Share	22%	22%	24%	9%	18%	11%	17%
Rights Offering					3rd	1st	-
Daewoo Sec.	138	11	5	72	238	266	15,328
Market Total Amt	378	1,317	326	976	3,029	2,489	44,629
Market Share	36%	1%	2%	7%	8%	11%	34%
IPO					7th	11th	7th
Daewoo Sec.	11	40	-	-	51	1,034	675
Market Total Amt	100	276	217	249	847	1,985	11,776
Market Share	11%	15%	-	-	6%	52%	6%

* Performances from affiliated companies are excluded for corporate debentures and ABS

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▣ Wealth Management Business

As of the end of FY2006, Daewoo Securities' end balance of wealth management stood at KRW16.2 trillion, up 33% from FY2005, the highest growth rate in the industry. Accordingly, the Company's overall commission income from wealth management increased by 15%, garnering KRW22.2 billion in total. Brokerage commissions on beneficiary certificates recorded KRW13.6 billion, up 12% year-on-year, wrap commissions were KRW7.5 billion, up 7% year-on-year, and trust fees & commissions were KRW1.0 billion, a substantial increase from FY2005.

At the same time, the market also was influenced by the recent revisions to the Indirect Investment Asset Management Business Act allowing corporate and individuals to settle the MMF redemption request on the first following business day from the request. In particular, the balance of funds in Money Market Funds (MMF) decreased by 68% year-on-year to KRW788.0 billion. However, the flight of capital from MMFs mostly ended up in repurchase agreements (RPs), which were up 59% year-on-year to KRW1.96 trillion.

On top of this, Daewoo Securities had a remarkable performance in wrap accounts, ELS, and corporate pensions/trusts, which are the financial products allowed to be internally operated by securities companies. The Company's wrap account balance, in particular, amounted to an industry-leading KRW2.2 trillion, a whopping growth of 82% year-on-year. In terms of corporate pensions, which securities firms have been allowed to participate in since December 2005, Daewoo Securities attracted as many as 18,754 clients as of the end of March 2007, the largest number of subscriptions among securities firms.

As for the ELS market, Daewoo Securities issued KRW3.57 trillion worth of ELS while taking a market share of 15% in FY2006, as the overall ELS market grew from KRW15.5 trillion in 2005 to KRW24.2 trillion in 2006. As of the end of March 2007, Daewoo Securities' balance of ELS stood at KRW1.3 trillion.



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[Wealth Management Sales Balance (Unit: in billions of KRW)]

(KRW bln)	FY2006 4Q	FY2006 3Q	FY2006 2Q	FY2006 1Q	FY2005 4Q	FY2004 3Q
Beneficiary Certificates	5,602	5,548	4,447	4,112	6,383	4,291
MMF	788	753	929	744	2,426	2,214
Bond type	1,009	1,147	1,294	1,103	1,281	929
Bond-hybrid type	1,854	1,993	1,270	1,268	1,171	607
Equity-hybrid type	209	183	157	127	167	159
Equity type	674	570	869	797	551	87
Others	1,068	902	858	817	788	296
Wrap Accounts	2,240	2,233	1,542	906	1,228	604
RP	1,955	2,162	2,297	1,881	1,228	916
CD/CP/Bond	2,027	2,000	2,047	1,967	1,861	1,419
ELS	1,273	1,095	1,247	1,112	933	237
Pension/Trust	2,256	1,690	1,432	378	168	-
ETC. ^①	810	377	360	386	318	283
Total Balance	16,162	15,104	14,302	11,486	12,119	7,750

¹ Others: Ship Funds, REITs, Planmaster, FolioStar

[ELS Issuance Performance (Unit: in billions of KRW, %)]

(KRW bln, %)	FY2006 4Q	FY2006 3Q	FY2006 2Q	FY2006 1Q	FY2006	FY2005	FY2004
Daewoo Sec. Underwriting Amt	1,104	9,587	7,464	7,680	3,573	1,949	1,094
Market Total	6,439	54,092	56,766	64,425	24,169	15,488	7,336
Market Share	17%	18%	13%	12%	15%	13%	15%

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2. Gain/Loss on Interest & on Sales and Valuation of Securities

Interest income in FY2006 was KRW276.7 billion, up 94% year-on-year. Interest income has continued to take a larger share of overall operating revenues every year, hitting a high of 34% of total operating revenues as of the end of FY2006, making it one of the Company's major sources of revenue. Daewoo Securities earns interest income on client deposits, bond deposits, loans and dividends. Net interest revenue excluding dividends and reserves for claims of customers' deposits-trusts was KRW228.3 billion, up 30% year-on-year, and interest expenses were KRW136.5 billion, an increase of 43% year-on-year. In addition, dividend income of KRW117.6 billion from the Daewoo Capital CRV was classified under interest income/loss.

Market concern over a possible decline in interest income due to the Financial Supervisory Service (FSS)'s announcement in September 2006 of its intention to amend the stock trading rules on credit and margin trading proved unfounded. In fact, Daewoo Securities' overall credit and margin trading-related interest income grew by 10% to KRW52.7 billion as a 48% decline in accrued interest income was offset by increased income from margin trading and loan interest, which grew 54% and 41%, respectively. These results were due to Daewoo's company-wide efforts to divert credit trading to margin trading and margin accounts, thus contributing to the improvement of local stockmarkets.

The gain/loss on sales and valuation of securities stood at KRW106.7 billion in FY2006, accounting for 13% of overall operating revenues. This strong performance in gain/loss on sales and valuation of securities reflected the Company's effectiveness in managing its equities-futures-options products, fixed-income holdings, securities held by the derivatives product team for hedging purposes and principal investments.

[Accrued·Margin·Loan-related Interest Income (Unit: in billions of KRW)]

(KRW mln)	FY2006 4Q	FY2006 3Q	FY2006 2Q	FY2006 1Q	FY2006	FY2005	FY04
Interest on Credit Loan	2,269	1,500	1,335	1,514	6,618	4,311	1,800
Interest on Loans	9,142	9,490	9,941	8,283	36,856	25,778	4,200
Interest on Margin Loan	2,027	2,318	2,116	2,717	9,178	17,797	10,900
Total	13,438	13,308	13,391	12,514	52,652	47,886	1,690,000

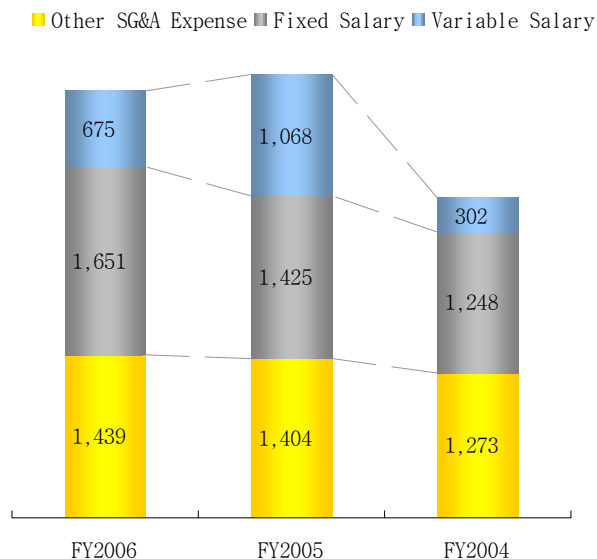
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3. Selling & Administrative Expenses

Selling & administrative expenses declined by 3% year-on-year to KRW376.5 billion. As of the end of March 2007, personnel expenses declined by 7% to KRW232.6 billion despite an increase in the total number of employees by 459 to 2,910 people. This decline can be credited to a decrease in the awarding of bonuses due to a bearish market that helped to reduce variable personnel expenses to KRW67.5 billion year-on-year. At the same time, compensation & benefits and other fixed expenses remained stable at KRW309.1 billion in FY2006, and IT operating expenses declined by 3% to KRW17.9 billion, whereas rental expenses were up by 11% to KRW17.7 billion. Advertising expenses also increased by 10% to KRW14.5 billion due to the increased newspaper and print advertising expenses incurred from the launch of SpeedWay.

[Variable & Fixed Selling & Administrative Expense Trend (units in billions of KRW)]



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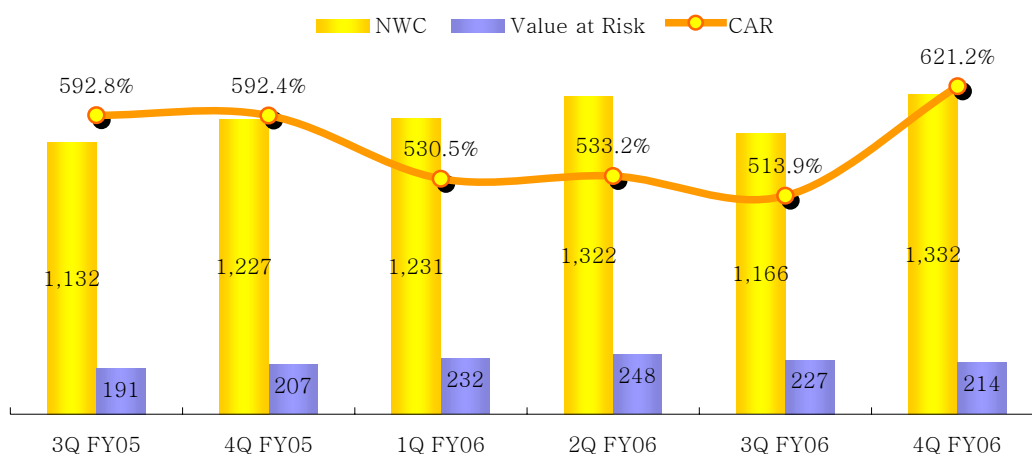
4. Net Capital Ratio

To ensure the maintenance of appropriate financial soundness, Daewoo Securities controls and monitors, on a regular basis, its net capital ratio in accordance with related laws and regulations. The regulations were designed by government regulators to improve the soundness of securities firms and to promote stability in the securities industry amid rapidly changing financial markets, with the ultimate goal of protecting investors.

The net capital ratio is determined by taking the current net working capital and dividing it by the risk-weighted assets as of the calculation date. The net working capital is defined as current assets minus current liabilities and is computed by subtracting fixed and other non-current assets from net assets, and then adding back subordinated debt. Risk-weighted assets, the measure of possible losses in the event of a deterioration in market conditions, are a combination of four risk categories: market, counterparty, basic and credit convergence.

As of the end of March 2007, Daewoo Securities had maintained its outstanding net capital ratio of 621%, net working capital of KRW1,331.6 billion and risk-weighted assets of KRW214.4 billion. The net capital ratio far exceeded the legal minimum ratio of 150% for a normal securities firm and 300% for a securities firm that sells OTC derivatives and were in accordance with regulations on the supervision of securities businesses.

[Net Capital Ratio Trend (Unit: in billions of KRW, %)]



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End of FY2006 4Q : Mar 31st, 2007
 End of FY2006 3Q : Dec 31st, 2006
 End of FY2006 2Q : Sep 30th, 2006
 End of FY2006 1Q : Jun 30th, 2006

Appendix 1. Balance Sheet

(KRW million)	as of MAR31, 2007	as of DEC31, 2006	as of SEP30, 2006	as of JUN30, 2006	as of MAR31, 2006	as of DEC31, 2006
Assets						
Current Assets	8,106,028	8,252,778	8,057,752	7,287,701	5,663,026	9,025,583
Cash and bank deposits	257,827	533,109	278,124	83,149	44,662	892,083
Deposits	1,276,937	1,158,420	1,206,351	1,217,119	1,317,629	3,181,541
Securities	3,603,135	3,781,620	4,076,319	3,755,307	2,830,044	2,871,531
Structured securities	1,775,670	1,794,936	1,357,107	1,052,530	806,360	665,085
Options purchased	0	0	88	99	-	105
Loans	752,152	669,094	496,074	543,228	447,902	1,179,576
Other current assets	467,603	340,459	667,757	660,152	239,563	261,369
Allowance for credit loss(Current assets)	-27,296	-24,859	-24,067	-23,883	-23,135	-25,707
Non-Current Assets	895,684	948,202	870,863	816,120	833,200	871,519
Investment securities	521,573	586,063	509,547	456,780	472,330	508,109
Investment assets	119,416	108,494	109,362	108,944	109,939	110,596
Tangible fixed assets	235,466	231,968	231,856	232,064	232,488	232,562
Others non-current assets	19,229	21,677	20,098	18,332	18,443	20,252
Total Assets	9,001,712	9,200,980	8,928,615	8,103,821	6,496,226	9,897,102
Liabilities						
Current Liabilities	6,417,988	6,933,030	7,023,117	6,316,238	4,714,207	8,194,811
Call Money	323,000	813,200	546,100	735,500	33,000	286,900
Short-term Borrowings	0	2,460	23,350	35,750	-	1,757,130
Bonds sold under reverse resale agreements	2,038,100	2,239,097	2,517,189	2,074,804	1,461,190	1,447,693
Customers' deposits	1,335,206	1,200,834	1,283,028	1,284,113	1,427,668	3,270,350
Securities sold	11,955	31,556	7,537	3,895	3,286	3,303
Structured securities sold	2,379,692	2,318,464	2,024,059	1,761,300	1,423,730	1,227,629
Options sold	1,154	529	222	1	77	121
Others	328,881	326,890	621,632	420,875	365,256	201,685
Long-term liabilities	471,096	357,521	55,665	50,612	47,796	44,329
Debenture	300,000	300,000	1,000	1,000	1,000	1,000
(Discount on Debenture issued)	-1,284					
Long-term Borrowings	100,000					
Deferred income tax credits	9,319					
Reserve for severance and retirement benefits	60,525	56,168	54,665	49,612	46,796	43,329
Other long-term liabilities	2,537	2,731				
Total Liabilities	6,889,083	7,290,550	7,078,783	6,366,849	4,762,003	8,239,140
Stockholder's Equity						
Stock Holder's Equity	1,020,883	1,020,883	1,020,883	1,020,883	1,020,883	1,020,883
Capital Surplus	222,792	222,792	222,792	222,792	222,361	226,608
Retained Earnings	844,668	639,320	569,680	484,398	483,545	389,587
Capital Adjustment	24,286	27,435	36,477	8,899	7,433	20,883
Total Stockholder's Equity	2,112,629	1,910,430	1,849,832	1,736,972	1,734,222	1,657,962
LIABILITIES & TOTAL STOCKHOLDER'S EQUITY	9,001,712	9,200,980	8,928,615	8,103,821	6,496,226	9,897,102

FY2006 4Q Earnings Release

FY2006 (April 2006 ~ May 2007)

FY2006 4Q : Jan 1st, 2007 ~ Mar 31st, 2007
 FY2006 3Q : Oct 1st, 2006 ~ Dec 31st, 2006
 FY2006 2Q : Jul 1st, 2006 ~ Sep 30th, 2006
 FY2006 1Q : Apr 1st, 2006 ~ Jun 30th, 2006

Appendix 2. Income Statement

(KRW million)	FY2006 4Q	FY2006 3Q	FY2006 2Q	FY2006 1Q	FY2006 ACC.	FY2005 ACC.
OPERATING REVENUES	842,783	611,191	623,756	675,243	2,752,973	1,858,205
Commissions received	122,919	120,668	111,920	127,448	482,955	653,803
Brokerage commissions	93,330	90,818	85,978	103,418	373,543	491,687
Underwriting commissions	4,804	7,471	5,093	3,290	20,657	34,489
Underwriting commissions on debentures	5	75	47	68	195	148
Brokerage commissions on beneficiary certificates	4,235	3,438	2,843	3,112	13,627	12,181
Guarantees on Notes	0	0	0	0	0	0
Wrap commissions	2,045	2,028	1,825	1,648	7,545	7,025
Consulting fee	1,242	3,739	2,019	2,174	9,174	5,734
Commissions on sale of structured securities	15,785	9,202	9,092	12,340	46,418	95,860
Trust fees and commissions received from trust account	385	334	193	74	986	17
Other	1,089	3,564	4,831	1,325	10,810	6,662
Interest income	60,479	61,429	57,715	48,675	228,298	174,961
Interest on margin loans	2,269	1,500	1,335	1,514	6,618	4,311
Interest on loans	9,142	9,490	9,941	8,283	36,856	25,778
Interest on notes discounted	0	0	0	0	0	0
Interest on bonds	41,467	43,751	40,540	30,927	156,684	103,835
Interest on securities loaned	0	0	0	0	0	0
Interest on negotiable commercial papers	290	291	408	164	1,152	1,640
Interest on deposits with KSFC	0	0	0	0	0	0
Interest on certificate of deposit	275	106	91	120	592	75
Interest on deposits with institutions	2,682	2,901	1,904	3,697	11,184	13,700
Interest on call loans	2,173	727	1,054	696	4,650	3,727
Interest on bonds purchased under resale agreements	0	0	0	0	0	0
Gain on transaction of certificate of deposit	14	22	4	4	44	16
Interest on advances for customers.	5	47	7	8	67	439
Interest on deposits	0	0	0	0	0	0
Interest on receivables	2,027	2,318	2,116	2,717	9,178	17,797
Others	135	276	316	545	1,272	3,642
Dividends income	126,243	9	138	2,297	128,688	10,834
Distribution income	375	3,295	14,756	1,191	19,617	13,322
Gain on sales of marketable securities	26,339	33,762	40,550	36,844	137,496	194,028
Gain on sales of stock	17,812	25,668	32,830	29,978	106,289	150,604
Gain on sales of stock warrants	0	0	0	0	0	0
Gain on sales of bonds	5,485	5,860	5,941	5,524	22,810	22,111
Gain on sales of beneficiary certificates	646	1,747	1,066	859	4,319	18,146
Gain on sales of negotiable commercial papers	76	90	72	22	260	211
Gain on redemption of trading securities	2,319	393	642	460	3,814	2,949
Others	1	3	0	1	4	8
Gain on valuation of trading securities	51,831	-7,658	8,290	18,277	70,740	23,839
Gain on valuation of stock	-3,770	-2,750	6,528	4,119	4,126	2,407
Gain on valuation of stock warrants	0	0	0	0	0	0
Gain on valuation of bonds	394	-3,718	4,868	1,523	3,067	3,053
Gain on valuation of beneficiary certificates	55,206	-1,190	-3,105	12,636	63,546	18,380
Gain on valuation of negotiable commercial papers	0	0	0	0	0	0
Others	0	0	0	0	0	0

FY2006 4Q Earnings Release

FY2006 (April 2006 ~ May 2007)

(KRW million)	FY2006 4Q	FY2006 3Q	FY2006 2Q	FY2006 1Q	FY2006 ACC.	FY2005 ACC.
Gain on structured securities transactions	38,644	158,080	119,388	75,032	391,144	126,259
Gain on sales of structured securities	165	101	0	6	272	54
Gain on valuation of structured securities	-36,464	44,693	-3,920	60,492	64,801	48,989
Gain on redemption of structured securities	74,942	113,287	123,308	14,534	326,071	77,216
Gain on valuation of securities sold	71	165	10	226	471	66
Gain on structured securities sold	237,623	109,928	89,349	153,546	590,446	57,274
Gain on valuation of structured securities sold	-1,194	24,102	-61,831	83,990	45,067	24,488
Gain on redemption of structured securities sold	238,817	85,826	151,180	69,556	545,379	32,786
Gain on valuation of reserve for claims of cust	13,578	14,084	13,921	14,567	56,150	51,805
Gain on derivatives transactions	164,280	117,007	163,824	197,127	642,239	551,802
Gain on futures transactions	84,494	71,181	93,984	130,316	379,976	426,633
Gain on Exchange trading options transactions	29,248	18,741	25,002	27,854	100,845	119,427
Gain on OTC derivatives transactions	50,538	27,085	44,838	38,958	161,418	5,742
CMA income	0	0	0	0	0	0
Commissions on CMA	0	0	0	0	0	0
Lease income	0	0	0	0	0	0
Gain on sales of loans	0	183	3,600	0	3,783	212
Other operating income	402	237	292	13	944	-
Reversal of allowance for others	0	0	0	0	0	0
Reversal of allowance for guarantees	0	0	0	0	0	0
Others	402	237	292	13	944	0
OPERATING EXPENSES	592,227	550,844	557,146	609,014	2,309,232	1,471,956
Commissions expense	11,309	11,639	10,696	12,497	46,140	55,803
Trading commissions	6,861	6,324	6,145	6,992	26,322	30,568
Investment consultant fees	2,121	2,171	2,142	2,732	9,167	11,103
Other commissions	2,326	3,144	2,409	2,772	10,651	14,133
Interest expenses	37,923	37,316	35,185	26,044	136,469	95,291
Interest on borrowings from KSFC	414	702	65	374	1,555	7,077
Interest on bank borrowings	629	0	0	0	629	0
Interest on proceeds from customer's short sale	0	0	0	0	0	0
Interest on customer's deposits	3,248	3,387	3,292	4,026	13,952	14,376
Interest on bonds sold under repurchase	22,577	23,853	24,316	15,289	86,036	48,951
Loss on transactions of certificates of deposits	0	0	0	0	1	1
Interest on call money	7,047	8,432	7,419	6,043	28,941	12,680
Interest on debentures	3,849	821	11	11	4,693	9,771
Interest on short term note issued	0	0	0	0	0	0
Interest on CMA deposits	0	0	0	0	0	0
Others	159	120	81	301	661	2,434
Loss on sales of trading securities	23,584	25,301	12,267	32,881	94,033	96,189
Loss on sales of stock	18,491	16,389	10,547	26,613	72,040	67,253
Loss on sales of stock warrants	0	0	0	0	0	0
Loss on sales of debentures	3,500	4,538	1,116	4,744	13,899	22,141
Loss on sales of beneficiary certificates	1,038	3,632	546	1,249	6,465	2,659
Loss on sales of negotiable commercial papers	75	5	8	0	89	22
Loss on redemption of trading securities	480	736	49	274	1,539	4,114
Others	0	0	0	0	0	0
Loss on valuation of marketable securities	-7,668	7,531	1,730	10,932	12,525	16,544
Loss on valuation of stock	-939	7,155	-5,813	7,258	7,660	10,220
Loss on sales of stock warrants	0	0	0	0	0	0
Loss on valuation of debentures	-2,003	5,175	-1,770	2,898	4,299	5,525
Loss on valuation of beneficiary certificates	-4,726	-4,799	9,314	777	565	798
Loss on sales of negotiable commercial papers	0	0	0	0	0	0
Others	0	0	0	0	0	0

FY2006 4Q Earnings Release

FY2006 (April 2006 ~ May 2007)

(KRW million)	FY2006 4Q	FY2006 3Q	FY2006 2Q	FY2006 1Q	FY2006 ACC.	FY2005 ACC.
Loss on structured securities transaction	213,332	85,836	79,422	124,965	503,555	45,219
Loss on sales of structured securities	211	130	7	219	567	95
Loss on valuation of structured securities	-5,793	19,548	-53,063	68,666	29,358	21,716
Loss on redemption of structured securities	218,914	66,158	132,477	56,080	473,629	23,408
Loss on valuation of trading securities sold	404	333	374	82	1,194	691
Loss on structured securities transaction sold	65,985	185,867	163,411	113,973	529,236	233,113
Loss on valuation of structured securities sold	-44,615	43,065	2,768	80,603	81,821	91,502
Loss on redemption of structured securities sold	110,600	142,802	160,643	33,370	447,415	141,611
Loss on valuation of Reserve for claims of cust	0	0	0	0	0	0
Loss on derivatives transactions	141,407	105,603	165,236	196,456	608,702	539,218
Loss on futures transactions	80,822	62,140	95,493	132,832	371,288	418,342
Loss on exchange trading options transactions	29,909	18,054	23,624	27,186	98,773	116,118
Loss on OTC derivatives transactions	30,675	25,409	46,120	36,437	138,641	4,758
Loss on sales of loans	0	0	0	0	0	176
Lease expense	0	0	0	0	0	0
Selling and administrative expenses	105,653	91,221	88,487	91,184	376,546	389,713
Other operating expense	298	197	337	2	833	-
Loss on valuation of bond futures	0	0	0	0	0	0
Loss on sales of bond futures	0	0	0	0	0	0
Others	298	197	337	2	833	0
OPERATING INCOME	250,556	60,347	66,609	66,228	443,741	386,249
NON - OPERATING INCOME	2,944	10,001	14,725	15,250	42,921	46,710
Gain on disposition of tangible assets	0	4	151	0	156	1,147
Rental income	1,793	1,747	1,788	1,968	7,296	8,242
Gain on disposition of securities available for sale	141	4,505	0	6,858	11,504	14,187
Gain on sales of securities held to maturity	0	0	0	0	0	0
Reversal of securities reduction losses	138	0	0	0	138	0
Gain on equity method securities	503	2,365	-159	708	3,417	10,121
Reversal of reduction loss on securities	124	309	81	229	743	3,926
Gain on equity method valuation	0	-49	47	2	0	0
Gain on foreign currency transactions	0	0	0	0	0	0
Gain on foreign exchanges translation	7	231	39	63	340	245
Gain on recovery of write-offs	0	0	0	0	0	0
Others	238	889	12,778	5,421	19,326	38
NON - OPERATING EXPENSES	11,022	2,691	1,469	670	15,853	38,449
Loss on disposition of tangible assets	73	49	155	50	328	352
Loss on disposition of securities available for sale	0	1	7	0	9	937
Reduction loss on securities available for sale	0	0	0	0	0	115
Loss on equity method valuation	0	0	122	0	122	2,534
Loss on equity method securities	312	-341	655	0	626	2,408
Loss on foreign currency transactions	42	389	121	161	714	6,684
Loss on foreign exchanges translation	48	-69	2	112	94	152
Gain on redemption of debentures	0	0	0	0	0	1,500
Donations	119	56	75	207	457	466
Interest on inter-office	0	0	0	0	0	0
Others	10,427	2,606	331	140	13,503	23,302
ORDINARY INCOME (LOSS)	242,479	67,657	79,865	80,808	470,809	394,509
Extra-ordinary Gain	0	0	0	0	0	0
Extra-ordinary Loss	0	0	0	0	0	0
Net income(loss) before income tax from continui	242,479	67,657	79,865	80,808	470,809	394,509
Income tax expense (benefit)	33,592	1,556	-10,336	-109	24,704	-15,914
NET INCOME (LOSS)	208,887	66,101	90,201	80,917	446,105	410,423