

# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

## Daewoo Securities (KS.006800)

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### Company Description

Establishment Sep. 1970  
 CEO Sung Tae Kim  
 Employees 2,869 (as of Jun. 30)  
 Domestic Network 116branches, 1 office  
 Overseas Network 3branches, 1rep.office  
 (HK, NY, LDN, TKY)  
 Shareholder's Equity KRW2.16 tln  
 Major Shareholder Korea Development  
 Bank (39.09%)

### <Common Stock>

Outstanding Shares 190,100,891  
 Market Capital KRW 5.42 tln  
 -as of Jun. 30 KRW 28,500  
 Price Quarterly  
 High(1Q) KRW 35,750 (Jun.18)  
 Low(1Q) KRW 17,200 (Apr.02)  
 Daily Trading Vol. 5,086,894 Shares

### <Preferred Stock>

Outstanding Shares 14,075,750  
 Market Capital KRW 0.21 tln  
 -as of Jun. 30 KRW 14,800  
 Price Quarterly  
 High(1Q) KRW 18,450 (Jun.18)  
 Low(1Q) KRW 9,860 (Apr.03)  
 Daily Trading Vol. 289,987 Shares

### Contents

Summary p. 01  
 Business Performances p. 02  
 1Q at a Glance p. 09  
 Appendix1. B/S p. 10  
 Appendix2. I/S p. 18

### ■ 1Q Earnings Before Income Tax KRW172.1 bln

Once again, Daewoo Securities' Earnings Before Income Tax(EBT) recorded the industry-high of KRW172 bln in 1QFY2007. Despite such results, EBT recorded a 29% decrease QoQ due to one-off gains realized in the previous quarter. Excluding the unordinary gain, EBT recorded an outstanding increase of 174% QoQ, and 113% YoY. Likewise, operating income grew by 142% QoQ, 159% YoY to be KRW172 bln, without the one-off gains. As of end of June, total assets amount to KRW10.79 tln, and shareholder's equity KRW2.16 tln.

### ■ Business Performances

- ▷ **Brokerage Business:** The business environment for the brokerage business improved significantly in 1Q with the average daily trading value surging up to KRW7.8 tln and individual investor portion rising up to 66%. Plus, the company's strategy to effectively adapt the regulation changes in credit loan system brought the market share up to 10.20%.
- ▷ **IB Business:** The company demonstrated industry's best performances in corporate bonds and ABS once again. In addition, principal investment amount increased to KRW616.7 bln in 49 deals.
- ▷ **WM Business:** As of the end of June, the company's end balance in WM stood at KRW17.4 tln, up 52% year-on-year. Moreover, Daewoo attracted the industry's highest number of clients in corporate pension business amounting as many as 17,216 clients, establishing a sound ground for further expansion.

### ■ Performance Results

(KRW bln)	[Earnings]					
	FY2007 1Q	FY2006 4Q	QoQ	FY2006 1Q	YoY	FY2006
Operating Revenue	1,041	843	23%	682	53%	2,753
Operating Expenses	869	59	1368%	609	43%	2,309
Operating Income	172	251	-32%	73	135%	444
Ordinary Income	172	242	-29%	81	113%	471
Net Income	122	209	-42%	81	50%	446

\* 4Q FY2006 net figures includes one-off dividend income from Daewoo Capital CRV

\* The net-figures are after tax income

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## Financial & Business Performance

### I. Operating Income - Earnings Before Income Tax

**Earnings Before Income Tax** Once again in 1QFY2007, Daewoo Securities' Earnings Before Income Tax(EBT) recorded the industry-high of KRW172 bln. Despite such results, EBT recorded a 29% decrease QoQ due to one-off gains realized in the previous quarter. Excluding the unordinary gain, EBT recorded an outstanding increase of 174% QoQ, and 113% YoY. Likewise, operating income grew by 142% QoQ, 159% YoY to be KRW172 bln, without the one-off gains. Such distinguished performances are originated from Daewoo Securities' thorough preparation in changes of regulations and stock market.

**KRW172.1 bln**

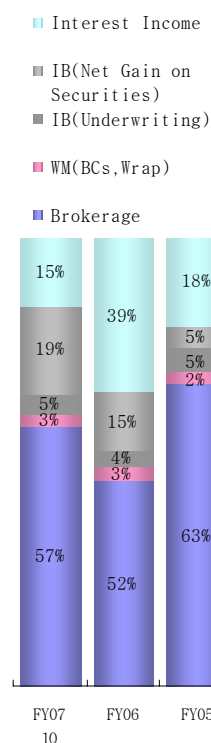
If we look into the breakdown in Net Revenue, brokerage commission revenue took up 57% of the total net revenue in 1Q FY2007. Despite of the big increase in net revenue amount in brokerage commission, still interest income and net gain on securities added on a proportionate increase to achieve a well-balanced revenue structure. Net interest income and net gain on securities held a portion of 15% and 19% respectively.

#### ■ Earnings

(KRW bln)	FY2007 1Q	FY2006 4Q	QoQ	FY2006 1Q	YoY	FY2006	FY2005
<b>Net Commissions<sup>1</sup></b>	203	112	82%	115	76%	437	598
Brokerage Commissions	178	93	90%	103	72%	374	492
Underwriting Commissions	15	6	144%	5	170%	30	40
Commissions on BCs/Wrap/Trust	8	7	22%	5	68%	22	19
Commissions on Structrued Securities	11	16	-33%	12	-14%	46	96
Other Commissions	8	1	628%	1	498%	11	7
Commissions Expense	16	11	45%	12	32%	46	56
<b>Net Interest<sup>2</sup></b>	46	162	-71%	39	18%	277	142
<b>Net Gain on Securities<sup>3</sup></b>	60	78	-23%	7	818%	107	36
Others	0	0	-52%	1	-93%	0	0
<b>Net Revenue</b>	309	35	777%	162	91%	713	776
Selling & Administrative Expenses	137	102	35%	89	55%	377	390
<b>Operating Income</b>	172	251	-32%	73	135%	444	386
Non-Operating Income	0	-1	-157%	8	-94%	27	8
<b>Ordinary Income</b>	172	242	-29%	81	113%	471	395
Income Tax (Benefit)	50	34	-	0	-	25	-16
<b>Net Income</b>	122	209	-42%	81	50%	446	410

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 = gain on sales & valuation of marketable securities, structured securities transactions, valuation of securities sold, gain on structured securities sold transactions, derivatives transactions

\* Net figures are after tax



# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

## II. Net Commissions

### ■ Brokerage Business

**1Q Average Daily Trading Value KRW7.8 tln** KOSPI renewed its record-high day after day with a 300pt jump during the first quarter of FY2007. The bull market led the average daily trading value to increase up to KRW7.8 tln, and the individual investor portion to jump from 62% to 66% QoQ, improving the environment for the Brokerage business.

**Taking advantage of the regulatory changes in Credit loan system** In the first quarter of FY2007, stock trading regulations on margin and credit loan system had amendments in purpose to formulate a stable investing environment. Regulation on margin loan system was strengthened with frozen account systems, while credit loan system was moderated with successive transactions. Daewoo Securities was able to achieve higher market share by promptly adapting to the regulation changes. However in June, as credit loan balance showed a dramatic upsurge, the Financial Supervisory Service made recommendations to limit the balance of credit loan service. Consequently, Daewoo Securities reduced the credit balance level by temporarily suspending new-coming credit loan accounts.

**Brokerage Market Share 10.20%** Contributed from the increased portion in individual investors, and also moderated credit loan system, Daewoo Securities' commission revenue market share which stayed at a flat level of 8.1% in FY2006 stretched to 10.20% in the first quarter of FY2007. Moreover, the retail commission revenue increased to 14.43%, leading the runner-up by a large margin of 4.03%p. Such performances proved Daewoo Securities comparative advantage in the Retail brokerage business. Hence, commission revenue for 1Q FY2007 increased 90% QoQ, 72% YoY to KRW178 bln.

**Commission Revenue amounts KRW177.7bln  
Up 90% QoQ**

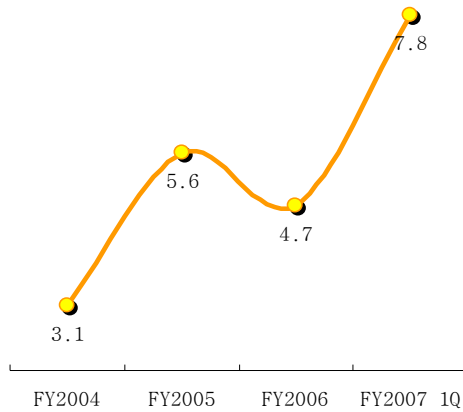
#### ■ Brokerage Commission Revenue · Turnover Market Share

		1Q FY2007	4Q FY2006	QoQ	1Q FY2006	YoY	FY2006
<b>Commission Revenue MarketShare</b>	<b>Company-wide</b>	<b>10.20%</b>	8.14%	25.29%	7.94%	28.44%	8.10%
	<b>Stock-Trading</b>	<b>9.80%</b>	7.55%	29.78%	7.59%	29.10%	7.58%
	<b>Futures</b>	<b>0.11%</b>	0.21%	-51.12%	0.16%	-34.38%	0.19%
	<b>Options</b>	<b>0.30%</b>	0.38%	-21.75%	0.32%	-7.81%	0.33%
<b>Turnover MarketShare</b>	<b>Stock-Trading</b>	<b>8.07%</b>	7.43%	8.60%	7.59%	6.37%	7.74%
	KOSPI	<b>7.89%</b>	6.95%	13.60%	7.39%	6.82%	7.40%
	KOSDAQ	<b>8.55%</b>	8.28%	3.26%	8.06%	6.12%	8.42%
	<b>Futures</b>	<b>6.06%</b>	9.29%	-34.81%	7.62%	-20.54%	8.90%
	<b>Options</b>	<b>4.01%</b>	4.27%	-6.20%	3.78%	5.98%	4.23%

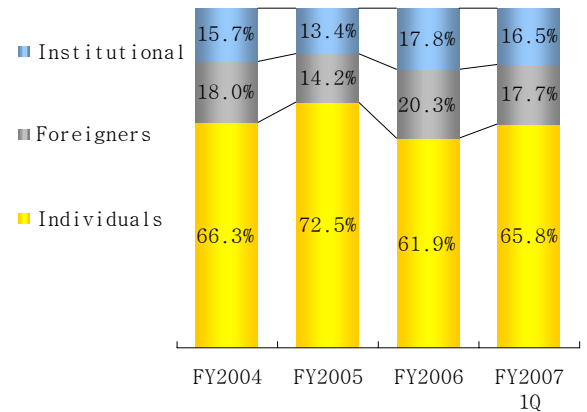
# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

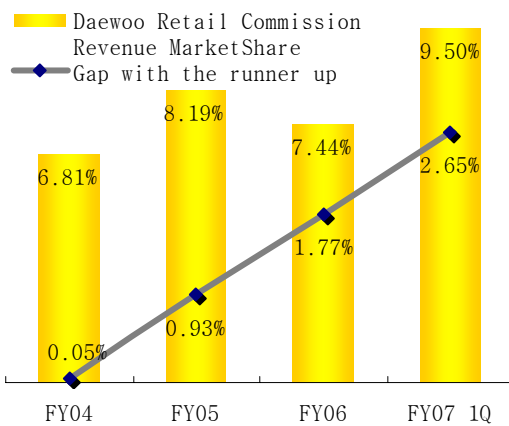
■ Market Average Daily Trading Value (Unit: KRW tln)



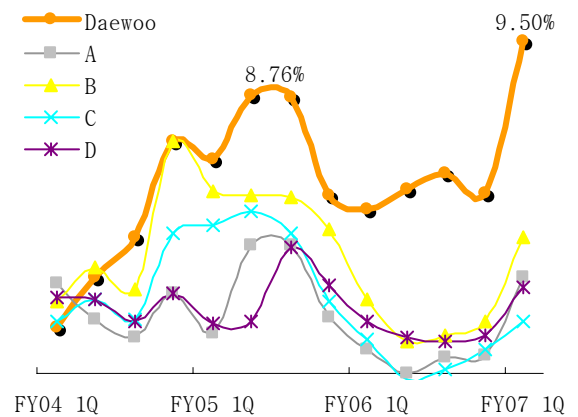
■ Market Trading Value Breakdown by Investor Type



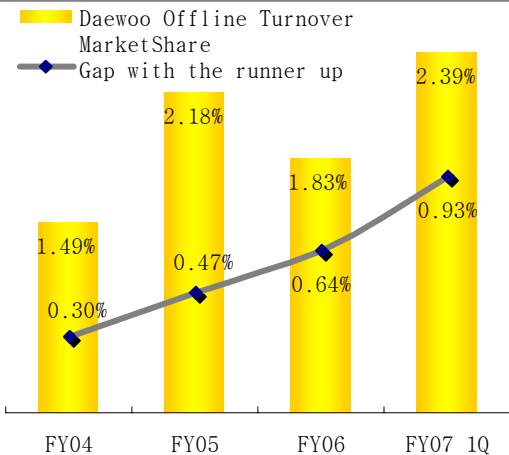
■ Retail Business Commission Revenue MarketShare (Gap with the runner up)



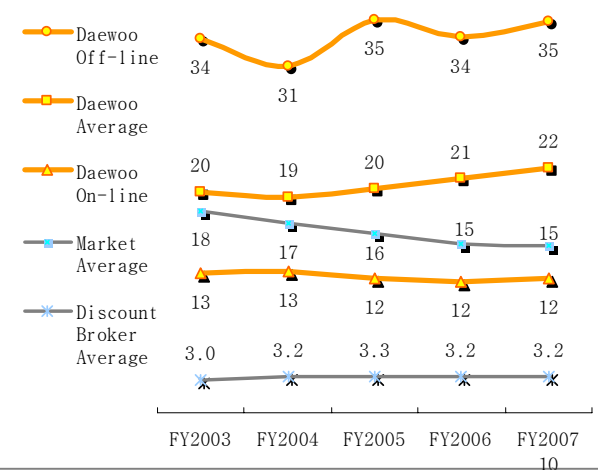
■ Retail Business Commission Revenue MarketShare (Comparison with Competing Companies)



■ Retail business Off-line MarketShare



■ Retail business Average Commission Rate



# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

## ■ Investment Banking Business

Daewoo Securities' IB business earned KRW14.7 bln in commission income in 1Q FY2007, up 170% year-on-year. More specifically, underwriting commission income was up 126% year-on-year to KRW7.4 billion, furthermore consulting fee income was up by 237% year-on-year to KRW7.3 billion due to increased number of deals in project financing.

Daewoo Securities demonstrated industry's best performances in terms of corporate debentures and the issuance of Asset Backed Securities (ABS) in 1QFY2007, sustaining the top position for the third consecutive year. The Company managed the underwriting of KRW590 billion in corporate debentures and the issuance of KRW406 billion in ABS, taking a 11% and 12% share of the market, respectively. The Company also was the lead manager in the listings of Hanla Level Co., Ltd, a ship building total level instrument company.

**Principal Investment  
KRW 616.7 bln**

In addition, Daewoo Securities expanded the scope of its IB business furthermore in 1QFY2007 in principal investment (PI) and project financing (PF) business, investing up to KRW617 bln in 49 different deals. Especially, in 1Q investments in KTIC 11<sup>th</sup> CRC and IC Corporation was exited with a high profit yield. These return on investments are first signs for the PI business to grow as a new revenue source. Also, the blind-fund 'Renaissance 1<sup>st</sup> PEF', which was initiated last fiscal year executed strategic investment in KSP Corporation, a ship engine valve company. In addition, Daewoo Securities is increasing its international exposure by investing in securities companies in emerging markets. As a first step, we have invested in eTrading, an Indonesian online securities firm, and also made a MOU agreement with a Vietnamese securities firm, BaoViet Co., Ltd.

### ■ IB Performance by Sector

(Unit : bln, %)	FY2007 1Q	FY2006 4Q	QoQ	FY2006 1Q	YoY	FY2006
<b>Corporate Bond*</b>						1st
Daewoo Sec.	590	475	24%	501	18%	2,003
Market Total Amt.	5,528	4,663	19%	3,544	56%	16,231
Market Share	11%	10%	5%	14%	-24%	12%
<b>ABS*</b>						1st
Daewoo Sec.	406	305	33%	404	0%	2,173
Market Total Amt.	3,422	1,379	148%	4,503	-24%	12,353
Market Share	12%	22%	-47%	9%	30%	18%
<b>Rights Offering</b>						3rd
Daewoo Sec.	31	138	-78%	72	-57%	238
Market Total Amt.	498	378	32%	976	-49%	3,029
Market Share	6%	36%	-83%	7%	-11%	8%
<b>IPO</b>						7th
Daewoo Sec.	16	11	46%	-	-	51
Market Total Amt.	719	100	617%	249	19%	847
Market Share	2%	11%	-79%	-	-	6%

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

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FY2007 1Q (April 2007 ~ June 2007)

## ■ Wealth Management Business

**End Balance in WM 17.4trn up 68% YoY** As of the end of 1Q FY2007, Daewoo Securities' end balance of wealth management reached KRW17.4 trillion, up 52% year-on-year. Accordingly, the Company's overall commission income from wealth management increased by 68%, garnering KRW8.1 billion in total. Commissions on beneficiary certificates recorded KRW4.8 billion, up 53% year-on-year, wrap commissions were KRW2.9 billion, up 75% year-on-year, and trust fees & commissions were KRW0.5 billion, a substantial increase year-on-year.

**Increased WM Revenue Due to increased sales in Higher commission BCs** The year-on-year increase in the commission revenue is highly induced from the 17% and 57% balance increase in equity type and equity-hybrid type funds, which have higher average commission rates. On top of this, Daewoo Securities had a remarkable performance in the sales of infra-funds, derived from intense promotions of 'Mega-trend' wealth management products. The Company's wrap account balances, ELS, and corporate pensions/trusts, which are the financial products allowed to be internally operated by securities companies, especially amounted to an industry-leading growth rate.

**17,216 clients in Corporate Pensions** In terms of corporate pensions, Daewoo Securities attracted as many as 17,216 clients as of the end of June 2007, which is the largest number of subscriptions among securities firms. As for the ELS market, Daewoo Securities issued KRW962 bln worth of ELS while taking a market share of 14% in 1Q FY2007, leading to an end balance of KRW1.3 trillion.

### ■ Wealth Management Sales Balance and ELS Issuance Performance

(Unit : bln)	FY2007 1Q	FY2006 4Q	QoQ	FY2006 1Q	YoY	FY2006 4Q
<b>Beneficiary Certificates</b>	<b>5,626</b>	5,602	0%	4,112	37%	6,383
<b>MMF</b>	<b>800</b>	788	1%	744	7%	2,426
Bond type	1,188	1,009	18%	1,103	8%	1,281
Bond-hybrid type	1,243	1,854	-33%	1,268	-2%	1,171
Equity-hybrid type	200	209	-5%	127	57%	167
Equity type	932	674	38%	797	17%	551
Others	1,264	1,068	18%	817	55%	788
<b>Wrap Accounts</b>	<b>2,985</b>	2,240	33%	906	229%	1,228
<b>RP</b>	<b>2,146</b>	1,955	10%	1,881	14%	1,228
<b>CD/CP/Bond</b>	<b>2,002</b>	2,027	-1%	1,967	2%	1,861
<b>ELS</b>	<b>1,308</b>	1,273	3%	1,112	18%	933
<b>Pension/Trust</b>	<b>2,441</b>	2,256	8%	378	546%	168
<b>Etc.<sup>1</sup></b>	<b>902</b>	810	11%	386	134%	318
<b>Total Balance</b>	<b>17,409</b>	16,162	8%	11,486	52%	12,119
	<b>FY2007 1Q</b>	<b>FY2006 4Q</b>	<b>QoQ</b>	<b>FY2006 1Q</b>	<b>YoY</b>	<b>FY2006 4Q</b>
<b>Daewoo Sec. ELS</b>	<b>962</b>	<b>1,104</b>	<b>-13%</b>	<b>768</b>	<b>25%</b>	<b>3,573</b>
<b>ELS Market Total</b>	<b>6,761</b>	6,439	5%	6,443	5%	24,169
<b>ELS Market Share</b>	<b>14%</b>	17%	-17%	12%	18%	15%

\*Etc<sup>1</sup> : Ship Funds, REITs, Planmaster, FolioStar

# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

## III. Interest Income & Net Gain on Securities

### Increased Interest Income Due to Credit Loan Trading

Interest income in 1Q FY2007 was KRW46.5 billion, down 71% QoQ, but up 18% YoY. The decrease QoQ is due to the dividend income realized in the previous quarter regarding Daewoo Capital CRV. Dividend income of KRW117.6 billion and valuation gain in BCs of KRW62.1 bln (in total KRW179.7bln) from the Daewoo Capital CRV was classified under interest income and net gain on securities. Net interest revenue excluding dividends and reserves for claims of customers' deposits-trusts was KRW67 billion, up 38% year-on-year, and interest expenses were KRW39.1 billion, an increase of 50% year-on-year.

In 1Q FY2007, interest income increased significantly due to active credit loan trading. As Daewoo Securities strategically corresponded to Financial Supervisory Service's regulatory changes in the margin loan and credit loan system, the company was able to increase 73% of its credit and margin loans interest income up to KRW21.6 bln. Credit loan balance which stayed at a level of KRW75.7 bln in June 2006, dramatically increased up to KRW1.1tn in June 2007, year-on-year.

The gain/loss on sales and valuation of securities stood at KRW59.9 billion in 1Q FY2007, accounting for 19% of overall operating revenues. This strong performance in gain/loss on sales and valuation of securities reflected the Dealing rooms' high yield on the market, and high valuation gains from holding securities.

## IV. Selling & Administrative Expenses

### Increased Salary Due to increased number of employees and incentives

Selling & administrative expenses increased by 51% year-on-year to KRW137.5 billion. As of the end of June 2007, personnel expenses increased by 80% to KRW100.0 billion due to an increase in the total number of employees by 360 to 2,869 people. This increase can be credited to both the awarding of bonuses due to a bullish market, and the increased number of employees. At the same time, IT operating expenses increased 16% to KRW4.6 billion, and rental expenses were up by 8% to KRW4.4 billion. Advertising expenses also increased by 124% to KRW6.7billion due to the increased TV advertising expenses.

## IV. Net Capital Ratio

### NCR 575.1%

As of the end of June 2007, Daewoo Securities had maintained its net capital ratio of 575.1%, net working capital of KRW1.29 trillion and risk-weighted assets of KRW225 billion.

# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

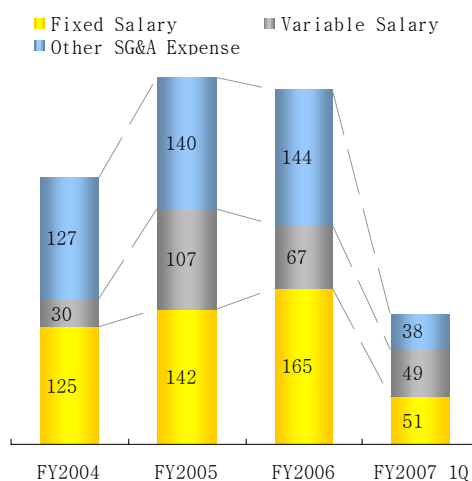
## Interest Income on Credit · Margin Loans

(KRW bln)	FY2007 1Q	FY2006 4Q	QoQ	FY2006 1Q	YoY	FY2006	FY2005
Interest on Credit Loan	10.9	2.3	380%	1.5	620%	6.6	4.3
Interest on Loans	9.6	9.1	6%	8.3	16%	36.9	25.8
Interest on Margin Loan	1.1	2.0	-46%	2.7	-60%	9.2	17.8
Total	21.6	13.4	61%	12.5	73%	52.7	47.9
End Balance on Credit Loan	1,060	233	356%	76	1300%	233	87

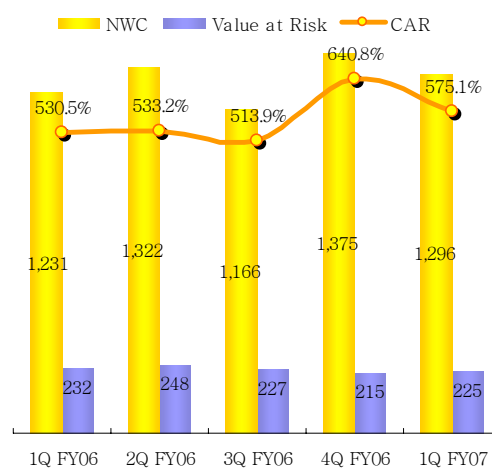
## Selling & Administrative Expenses

(KRW bln)	FY2007 1Q	FY2006 4Q	QoQ	FY2006 1Q	YoY	FY2006	FY2005
<b>Personnel Expenses</b>	10	7	51%	6	80%	23	25
<b>Wages</b>	33	29	13%	24	37%	109	98
<b>Severance Payments</b>	6	5	11%	5	29%	19	15
<b>Fringe Benefits</b>	61	32	92%	26	130%	104	136
<b>Computer System Operation Expenses</b>	5	5	0%	4	16%	18	18
<b>Rentals</b>	4	5	-8%	4	8%	18	16
<b>Commissions Paid</b>	1	2	-33%	3	-55%	8	5
<b>Entertainment Expenses</b>	2	2	-36%	2	-2%	8	7
<b>Advertising Expenses</b>	7	4	52%	3	124%	14	13
<b>Depreciation Expenses</b>	4	3	8%	4	5%	14	12
<b>Research Expenses</b>	0	0	-84%	0	-50%	0	1
<b>Training Expenses</b>	1	1	-25%	1	-8%	4	2
<b>Bad Debt Expenses</b>	-	4	-	3	-	7	7
<b>Amortization Expenses on Intangible Assets</b>	1	1	0%	1	-1%	3	3
<b>Taxes and Dues</b>	5	3	58%	5	6%	18	20
<b>Others</b>	9	9	0%	8	9%	33	36
<b>Total</b>	<b>137</b>	<b>11</b>	<b>1201%</b>	<b>9</b>	<b>1408%</b>	<b>377</b>	<b>390</b>
<b>Number of Employees</b>	<b>2,869</b>	<b>2,894</b>	<b>-1%</b>	<b>2,509</b>	<b>14%</b>	<b>2,894</b>	<b>2,451</b>

## Variable and Fixed Salary (unit: KRW bln)



## Net Capital Ratio (unit: KRW bln)





# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

## 1Q at a Glance



### ■ Awards presented in 1Q

- ▷ **'1H 2007 Best Securities Firm', according to Hankyung Business – July 2007**  
Awarded the 'Best Securities Firm' for 5 consecutive terms  
Scored best analyst in 6 sectors, and best institutional sales
- ▷ **'Best Bond and Equity House in Korea', according to AsiaMoney – June 2007**  
Awarded the 'Best Securities Firm' for 4 consecutive years
- ▷ **Best PI/PEF Deal in '4<sup>th</sup> Korea IB Awards' sponsored by Moneytoday – April 2007**  
Korea's first blind-trust fund, 'Renaissance 1<sup>st</sup> PEF' was awarded the best PI/PEF Deal



### ■ Establishing International Network

- ▷ **Invested in Indonesian Securities Firm, e-Trading – July 2007**  
Established regional network in Indonesia (invested KRW 1.5bln, 19.9% shares)
- ▷ **MOU agreement with BaoViet securities in Vietnam – June 2007**



### ■ Other Events

- ▷ **Opening Ceremony of Daewoo Securities Table Tennis Team 'Tornado' – May 2007**
- ▷ **Held FY2006 General Meeting and Paid Dividends – May 2007**
- ▷ **Daewoo Securities Market Capitalization exceeds KRW6 tln – June 2007**

# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

## Appendix 1. Balance Sheet

(KRW million)	as of end of June 2007	as of end of March 2007
<b>ASSETS</b>		
<b>Cash and deposits</b>	<b>2,018,243</b>	<b>1,543,406</b>
Cash and cash equivalents	243,412	174,553
Deposits	1,774,831	1,368,853
<b>Securities</b>	<b>6,162,239</b>	<b>5,900,377</b>
Trading securities	3,397,522	3,572,837
Securities available for sale	611,773	480,105
Securities using equity method	72,933	71,765
Structured securities	2,080,010	1,775,670
<b>Derivatives</b>	<b>61,443</b>	<b>84,845</b>
Options purchased	26	-
Derivatives instruments assets	61,417	84,845
<b>Loans</b>	<b>1,752,403</b>	<b>759,503</b>
Call loan	130,000	11,000
Broker's loans	1,400,208	662,315
loans	9,408	8,691
Loans Purchased	222,550	78,823
Advances for customers	122,837	126,315
Dishonored bonds	15,783	15,887
Dishonored bills receivable	122	122
Allowance for credit loss	-148,504	-143,650
<b>Tangible fixed assets</b>	<b>234,539</b>	<b>397,557</b>
<b>(Accumulated depreciation)</b>	<b>-160,541</b>	<b>-162,091</b>
Land	118,150	118,150
Buildings	120,668	120,668
Vehicles	264	65
Furniture and equipments	155,825	158,499
Others	174	174
<b>Others</b>	<b>558,622</b>	<b>478,116</b>
Receivables	378,980	165,926
Accrued income	46,965	176,140
Advance payments	19,000	17,623
Prepaid expenses	9,862	5,428
Prepaid income tax	-	17,627
Guarantee	96,563	96,073
Collective fund for default loss	8,368	8,336
Intangible assets	5,614	4,738
Others,	28,477	17,274
Allowance for credit loss	-35,206	-31,049
<b>Total assets</b>	<b>10,787,490</b>	<b>9,001,712</b>

# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

## Appendix1. Balance Sheet

(KRW million)	as of end of June 2007	as of end of March 2007
<b>LIABILITIES</b>		
<b>Deposits</b>	<b>1,927,705</b>	<b>1,359,837</b>
Customers' deposits	1,873,705	1,335,206
Securities loaned	97	-
Guarantee deposits	39,558	10,246
Withholding income taxes	14,346	14,386
<b>Borrowings</b>	<b>6,096,109</b>	<b>5,158,408</b>
Call money	674,500	323,000
Borrowings	177,750	100,000
Bonds sold under reverse resale agreements	2,186,073	2,038,100
Securities sold	43,199	11,955
Structured securities sold	2,698,091	2,379,692
Derivatives	14,345	3,408
Debenture	301,000	301,000
(Discount on debenture issued)	-1,189	-1,284
Others	2,340	2,537
<b>Other liabilities</b>	<b>605,432</b>	<b>370,837</b>
Reserve for severance and retirement benefits	63,650	60,798
<b>(National pension fund for severance and retirement benefit)</b>	<b>-266</b>	<b>-273</b>
Accrued income taxes	33,789	718
Dividends payable	7	3
Accounts payable	257,512	144,216
Accrued expenses	58,830	43,236
Deposits for rent	29,387	29,353
Unearned income	2,582	1,788
Liability incurred by agency relationship	1,684	1,673
Deferred income tax credits	20,456	27,288
Others	137,800	62,037
<b>Total liabilities</b>	<b>8,629,246</b>	<b>6,889,083</b>
<b>STOCKHOLDERS' EQUITY</b>		
<b>Stockholders' equity</b>	<b>1,020,883</b>	<b>1,020,883</b>
Common stock	950,504	950,504
Preferred stock	70,379	70,379
<b>Capital surplus</b>	<b>222,792</b>	<b>222,792</b>
Paid in capital in excess of par value	222,792	222,792
<b>Capital adjustment</b>	<b>-32,970</b>	<b>-32,970</b>
Treasury stock	-32,970	-32,970
<b>Accumulated other comprehensive income/loss</b>	<b>62,721</b>	<b>57,256</b>
Gain on valuation of securities available for sale	64,362	58,607
Loss on valuation of securities available for sale	-469	-543
Share of associates' other changes in net assets	3,641	4,005
Share of associates' other changes in net assets	-4,813	-4,813
<b>Retained earnings</b>	<b>884,818</b>	<b>844,668</b>
Legal reserve	16,289	8,144
Reserve for loss on futures transactions	75	52
Reserve for financial structure improvement	4,000	4,000
Retained earnings before appropriations	864,454	832,472
<b>Total stockholders' equity</b>	<b>2,158,244</b>	<b>2,112,629</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>10,787,490</b>	<b>9,001,712</b>

# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

## Appendix 2. Income Statement

(KRW million)	FY2007 1Q	FY2006 1Q	YoY
<b>OPERATING INCOME</b>	<b>1,041,032</b>	<b>682,332</b>	<b>53%</b>
<b>Commissions received</b>	<b>219,063</b>	<b>127,448</b>	<b>72%</b>
Brokerage commissions	177,684	103,418	72%
Underwriting commissions	7,423	3,290	126%
Underwriting commissions on debentures	40	68	-41%
Brokerage commissions on beneficiary certificates	4,756	3,112	53%
Management fee on wrap account and asset management	2,892	1,648	75%
Consulting fee	7,318	2,174	237%
Fees on sales of structured securities	10,593	12,340	-14%
Fees on trust operation	472	74	535%
Other	7,885	1,325	495%
<b>Gain on valuation sales of securities</b>	<b>485,549</b>	<b>290,784</b>	<b>67%</b>
Gain on sales of marketable securities	61,847	36,844	68%
Gain on valuation of trading securities	25,934	18,277	42%
Gain on disposition of securities available for sale	1,401	6,858	-80%
Gain on valuation of securities available for sale	59,400	-	-
Gain on valuation of securities sold	185	226	-18%
Gain on sales of structured securities	-	6	-
Gain on valuation of structured securities	85,521	60,492	41%
Gain on redemption of structured securities	126,282	14,534	769%
Gain on valuation of structured securities sold	41,926	83,990	-50%
Gain on redemption of structured securities sold	83,053	69,556	19%
<b>Gain on derivatives transactions</b>	<b>245,575</b>	<b>197,127</b>	<b>25%</b>
Gain on futures transactions	85,779	130,316	-34%
Gain on exchange trading options transactions	33,624	27,854	21%
Gain on OTC derivatives transactions	126,173	38,958	224%
<b>Interest income</b>	<b>66,964</b>	<b>48,675</b>	<b>38%</b>
Interest on margin loans	10,900	1,514	620%
Interest on loans	9,649	8,283	16%
Interest on bonds	35,473	30,927	15%
Interest on negotiable commercial papers	575	164	251%
Interest on certificate of deposit	665	120	452%
Interest on deposits	563	871	-35%
Interest on call loans	1,378	696	98%
Gain on transaction of certificate of deposits	12	4	197%
Interest on advances for customers	12	8	47%
Interest on deposits	2,551	2,826	-10%
Interest on receivables	1,105	2,717	-59%
Others	4,082	545	649%
<b>Gain on valuation disposal of loans</b>	<b>44</b>	<b>-</b>	<b>-</b>
Gain on disposal loans	44	-	-
<b>Gain on foreign transactions</b>	<b>445</b>	<b>231</b>	<b>92%</b>
Gain on foreign currency transactions	20	229	-91%
Gain on foreign exchanges translation	425	2	21856%
<b>Others</b>	<b>23,392</b>	<b>18,067</b>	<b>29%</b>
Dividends income	1,387	2,297	-40%
Distribution income	4,481	1,191	276%
Gain on valuation of reserve for claims of customers' deposits-trust	17,283	14,567	19%
Others	240	13	1789%

# FY2007 1Q Earnings Release

FY2007 1Q (April 2007 ~ June 2007)

## Appendix 2. Income Statement

(KRW million)	FY2007 1Q	FY2006 1Q	YoY
<b>NON - OPERATING INCOME</b>	<b>5,738</b>	<b>8,161</b>	<b>-30%</b>
Gain on disposition of tangible assets	1	-	-
Rental income	1,796	1,968	-9%
Gain on equity method valuation	460	708	-35%
Gain on recovery of write-offs	66	63	4%
Others	3,414	5,421	-37%
<b>NON - OPERATING EXPENSES</b>	<b>5,262</b>	<b>397</b>	<b>1225%</b>
Loss on disposition of tangible assets	2	50	-97%
Loss on equity method valuation	857	-	-
Donations	161	207	-22%
Others	4,243	140	2938%
<b>NET INCOME BEFORE INCOME TAX</b>	<b>172,057</b>	<b>80,808</b>	<b>113%</b>
<b>INCOME TAX EXPENSE</b>	<b>50,464</b>	<b>-109</b>	<b>-</b>
<b>NET INCOME</b>	<b>121,593</b>	<b>80,917</b>	<b>50%</b>
<b>Earnings per share</b>	<b>640</b>	<b>426</b>	<b>50%</b>