

# 1H FY2007 Earnings Release

FY2007 1H (April 2007 ~ Sep 2007)

## Daewoo Securities (KS.006800)

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### Company Description

Establishment Sep. 1970  
CEO Sung Tae Kim  
Employees 3,060 (as of Sep. 30)  
Domestic Network 117branches, 1 office  
Overseas Network 3branches, 1rep.office  
(HK, NY, LDN, TKY)  
Shareholder's Equity KRW2.29 tln  
Major Shareholder Korea Development  
Bank (39.09%)

### <Common Stock>

Outstanding Shares 190,100,891  
Market Capital KRW 5.23 tln  
-as of Sep. 30 KRW 27,500  
Price Quarterly  
High(2Q) KRW 36,750 (Jul.23)  
Low(2Q) KRW 25,200 (Aug.16)  
Daily Trading Vol. 3,880,066 Shares

### <Preferred Stock>

Outstanding Shares 14,075,750  
Market Capital KRW 0.20 tln  
-as of Sep. 30 KRW 14,450  
Price Quarterly  
High(2Q) KRW 20,900 (Jul.23)  
Low(2Q) KRW 12,900 (Aug.16)  
Daily Trading Vol. 221,774 Shares

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### ■ 1H Earnings Before Income Tax KRW274.2 bln, up 71% YoY

Daewoo Securities recorded Earnings Before Income Tax(EBT) of KRW274.2 bln in 1H FY2007, growing by 71% year-on-year. Operating income also soared to 95% year-on-year to KRW272.7 bln, again topping the industry record. As of September FY2007, total assets were KRW11.07 tln, and shareholder's equity was KRW2.29 tln.

### ■ Business Performances

▷ **Brokerage Business:** The commission revenue market share in 1H FY2007 recorded 9.49%, up by 1.47%pt year-on-year, proving Daewoo's market dominance in the brokerage business, strongly backed by retail off-line business. In the second quarter, Daewoo Securities commission revenue market share decreased slightly due compressed credit loan balances.

▷ **IB Business:** Once again the company demonstrated the industry's best performances in Corporate Bonds and ABS. In addition, principal investment increased to KRW649.2 bln, consisting of 52 deals.

▷ **WM Business:** The company's end balance in WM stood at KRW19.8 tln, up by 38% year-on-year. Daewoo Securities issued KRW2.34 tln worth of ELS in 1H FY2007, while taking the industry's highest market share of 22% in the second quarter of FY2007.

### ■ Performance Results

(KRW bln)	FY2007 1H	FY2006 1H	YoY	FY2007 2Q	FY2007 1Q	QoQ
Operating Revenue	2,107.2	1,306.2	61%	1,152.1	955.1	21%
Operating Expenses	1,834.5	1,166.7	57%	1,051.0	783.5	34%
Operating Income	272.7	139.5	95%	101.1	171.6	-41%
Ordinary Income	274.2	160.7	71%	102.1	172.1	-41%
Net Income	195.7	171.1	14%	74.1	121.6	-39%

\* The net-figures are after tax income

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## Financial & Business Performance

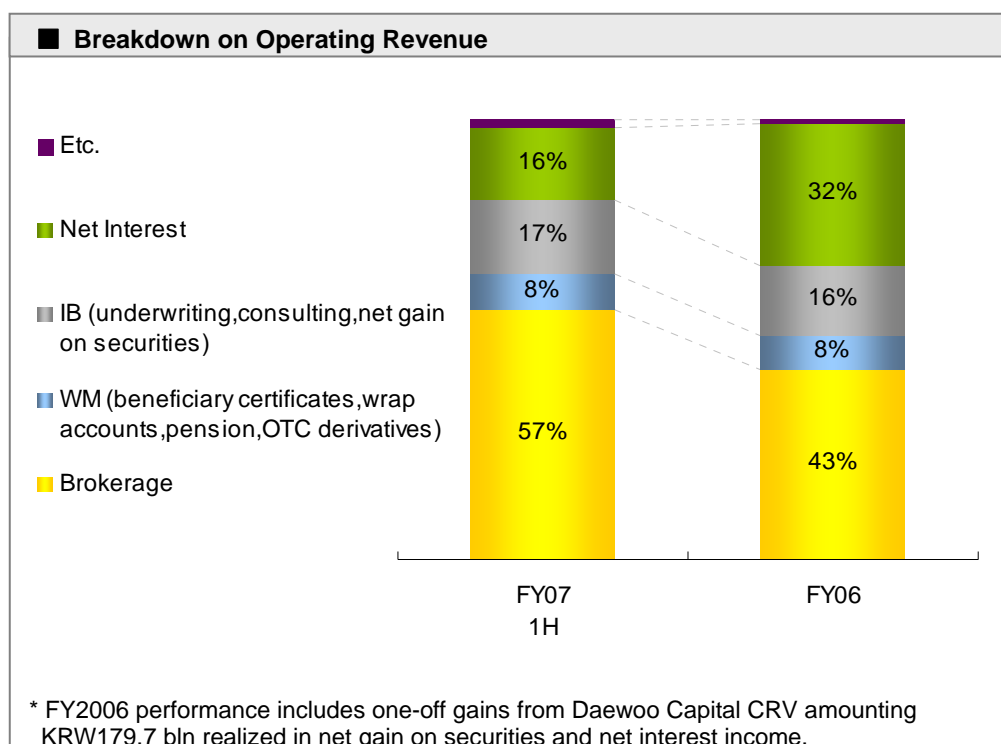
### I. Operating Income - Earnings Before Income Tax

**EBT**  
**KRW274.2 bln**

Daewoo Securities recorded Earnings Before Income Tax(EBT) of KRW274.2 bln in 1H FY2007, growing by 71% year-on-year. Operating income also soared to 95% year-on-year to KRW272.7 bln, again topping the industry record. Looking into the second quarter alone, operating income declined by 41% quarter-on-quarter. Such decreases were nonetheless minor taking account the temporary realization of net loss on valuation of structured securities.

**Accomplished balanced revenue structure**

In breaking down the operating income before selling & administrative expenses for 1H FY2007, brokerage commission accounted 57%, also WM and IB related revenue accounted 8% and 17%, respectively. Despite the high net figures in brokerage commissions, WM and IB business also performed well and led to a diversified revenue structure.



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(KRW bln)	FY2007 1H	FY2006 1H	YoY	FY2007 2Q	FY2007 1Q	QoQ
<b>Net Commissions<sup>1</sup></b>	<b>394.5</b>	216.1	83%	<b>191.8</b>	202.6	-5%
Brokerage Commissions	343.4	189.4	81%	165.7	177.7	-7%
Underwriting Commissions	26.9	12.6	114%	12.2	14.7	-17%
Commissions on BCs/Wrap/Trust	17.0	9.7	76%	8.9	8.1	10%
Commissions on Structured Securities	29.7	21.4	39%	19.1	10.6	81%
Other Commissions	11.7	6.2	90%	3.8	7.9	-52%
Commissions Expense	34.3	23.2	48%	17.9	16.4	9%
<b>Net Interest<sup>2</sup></b>	<b>93.9</b>	76.1	23%	<b>47.4</b>	46.5	2%
<b>Net Gain on Securities<sup>3</sup></b>	<b>77.0</b>	8.6	796%	<b>12.6</b>	64.4	-80%
Others <sup>4</sup>	-4.5	15.9	-128%	-0.1	-4.4	-98%
<b>Net Revenue</b>	<b>560.8</b>	316.6	77%	<b>251.7</b>	309.1	-19%
Selling & Administrative Expenses	288.1	177.2	63%	150.6	137.5	10%
<b>Operating Income</b>	<b>272.7</b>	139.5	95%	<b>101.1</b>	171.6	-41%
Non-Operating Income	1.5	21.1	-93%	1.0	0.5	114%
<b>Ordinary Income</b>	<b>274.2</b>	160.7	71%	<b>102.1</b>	172.1	-41%
Income Tax (Benefit)	78.5	-10.4	-855%	28.0	50.5	-44%
<b>Net Income</b>	<b>195.7</b>	171.1	14%	<b>74.1</b>	121.6	-39%

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) - commission 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

4. Others = Other Operating Income(others) - Other Operating Expenses

\* Net figures are after tax

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## II. Net Commissions

### ■ Brokerage Business

**2Q Average daily trading value KRW8.9 tln**

KOSPI continued its bull run until July reaching an unprecedented level beyond 2000pt. However the sub-prime mortgage financial crisis brought high volatility to the Korean market, once declining down to a level under 1700pt. Average daily trading value was up by 9% quarter-on-quarter to KRW8.9 tln, but decreasing monthly from KRW10.1 tln in July, to KRW8.0 tln in September. The individual and foreign investor ratio in the second quarter maintained a similar level with the previous quarter of 65% and 18%, respectively.

**Regulation changes in credit loan system agitated decrease in 2Q market share**

Back in the first quarter of FY2007, Daewoo Securities experienced a high jump in commission revenues attributed to the successful adaptation of regulatory changes in credit loan stock trading and also the high portion in individual investors. Hence, our commission revenue market share demonstrated industry's best performance jumping from 8.1% in FY2006 to 10.2% in the first quarter FY2007. However in the second quarter, commission revenue market share decreased due to the recommendations from the Financial Supervisory Service to limit the balance of credit loan service, concerned of the rapid upsurge in credit loan balances. Consequently, Daewoo's credit loan balances were decreased to a level of KRW391.2 bln, from KRW1.1 tln in the first quarter by temporarily terminating additional credit loan trading and by levying a limitation in balance for each branch.

**1H FY2007 commission revenue MS records 9.49% up 1.47%p YoY**

Commission revenue market share in 1H FY2007 recorded 9.49%, up by 1.47%pt year-on-year. Daewoo's market dominance in the brokerage business was once again firmed with the strong retail business results. Retail relative-commission revenue market share recorded 13.46% in 1H FY2007, leading the first runner-up by 2.89%pt.

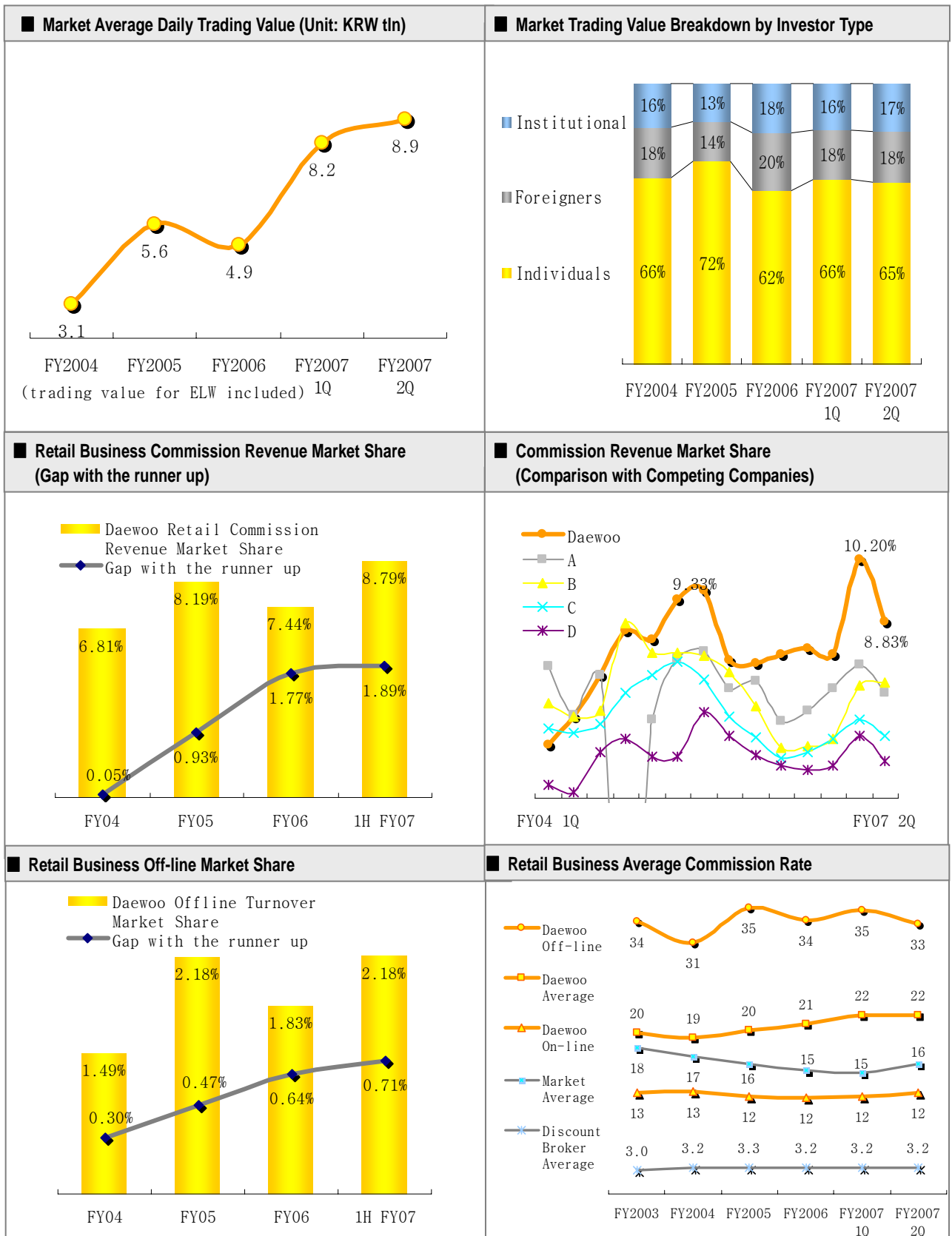
Such increases in market share contributed to a 81% increase year-on-year in brokerage commission revenues amounting KRW343.4 bln.

### ■ Brokerage Commission Revenue · Turnover Market Share

		1H FY2007	1H FY2006	YoY	2Q FY2007	1Q FY2007	QoQ
Commission Revenue MarketShare	Company-wide	9.49%	8.02%	1.47%	8.83%	10.20%	-1.37%
	Stock-Trading	9.03%	7.51%	1.52%	8.31%	9.80%	-1.49%
	Futures	0.14%	0.18%	-0.04%	0.17%	0.11%	0.06%
	Options	0.32%	0.33%	-0.01%	0.35%	0.30%	0.05%
Turnover MarketShare	Stock-Trading	7.54%	7.80%	-0.26%	7.04%	8.07%	-1.04%
	KOSPI	7.35%	7.61%	-0.26%	6.86%	7.89%	-1.04%
	KOSDAQ	8.11%	8.24%	-0.13%	7.63%	8.55%	-0.92%
	Futures	6.37%	8.17%	-1.80%	6.62%	6.06%	0.56%
	Options	3.87%	4.05%	-0.18%	3.76%	4.01%	-0.24%

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## ■ Investment Banking Business

**Underwriting  
commission revenue  
KRW26.9 bln  
Up 114% YoY**

Daewoo Securities' IB business earned KRW26.9 bln in commission in 1H FY2007, up by 114% year-on-year. Breaking down IB related underwriting income more specifically, underwriting commission was up by 60% year-on-year to KRW13.4 bln, consulting fee income was up by 221% year-on-year to KRW13.5 bln due to increased in project financing deals.

**Industry-leading  
performance in  
ABS, Corporate Bond**

Once again in 1H FY2007, Daewoo demonstrated industry's best performances in issuance of Corporate Bonds and Asset Backed Securities(ABS), sustaining the top position for the third consecutive year. The Company underwrote Corporate Bond amounting KRW1.2 tln, and ABS amounting KRW798.6 bln, taking a 11% and 12% share of the market, respectively. The Company also listed JM Telecom Co., Ltd (a PBA supplier for LCD panels) in the KOSDAQ market as the leading manager.

**Principal Investment  
KRW 649.2 bln**

In addition, Daewoo Securities' end-balance in principal investment (PI) grew 64% during the last six months amounting KRW649.2 bln. More specifically, the total number of 52 deals consists of 16 equity related deals, 33 fixed income-related deals, and 3 alternative investment-related deals.

**Strategic Alliance with  
Brazil Itau Group,  
and China Galaxy Sec.**

On top of this, Daewoo continued its efforts to expand its international presence in the emerging markets in the second quarter. In the first quarter, Daewoo carried out strategic alliance with e-Trading Securities in Indonesia, BaoViet Securities in Vietnam, and Mitsubishi UFJ Securities in Japan. These efforts were further expanded in the second quarter making strategic alliance with the biggest financial firm in Brazil, Itau group, and also the top securities firm in China, Galaxy securities. These efforts have brought Daewoo one step closer to active involvement in highly potential markets of southern America and China. In co-operation with these firms, Daewoo is expecting viable synergy in developing high-yield products, pre-IPO investments, investing directly in each other's country, and more.

**Net gain on securities  
KRW77.0 bln  
up 796% YoY**

In terms of operating results through utilized capital position, Daewoo recorded net gain on securities of KRW77.0 bln, up by 796% year-on-year in 1H FY2007. The high jump in net figures was especially contributed by results from the equity-operating proprietary trading desk, which highly overbeat benchmarking indexes. Although high volatility in ELW prices in August brought temporary valuation losses in the second quarter, it will be recovered in the following months as the prices match maturity.

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## ■ IB Performance by Sector

(Unit : bln, %)	FY2007 1H	FY2006 1H	YoY	FY2007 2Q	FY2007 1Q	QoQ
<b>Corporate Bond</b>						
Daewoo Sec.	1,180	916	29%	590	590	0%
Market Total Amt.*	10,986	7,266	51%	5,541	5,445	2%
Market Share	11%	13%	-15%	10.6%	10.8%	-2%
<b>ABS</b>						
Daewoo Sec.	799	955	-16%	393	406	-3%
Market Total Amt.*	6,468	6,805	-5%	3,047	3,421	-11%
Market Share	12%	14%	-12%	13%	12%	9%
<b>Rights Offering</b>						
Daewoo Sec.	104	77	35%	57	47	20%
Market Total Amt.	1,491	1,302	15%	967	524	85%
Market Share	7%	6%	18%	6%	9%	-35%
<b>IPO</b>						
Daewoo Sec.	34	-	-	18	16	19%
Market Total Amt.	1,707	466	266%	928	779	19%
Market Share	2%	-	-	2%	2%	0%

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

## ■ ELS Issuance Performance

(Unit : bln)	FY2007 1H	FY2006 1H	YoY	FY2007 2Q	FY2007 1Q	QoQ
Daewoo Sec. ELS Underwriting Amt	234	151	54%	138	96	43%
ELS Market Total	1,310	1,212	8%	634	676	-6%
ELS Market Share	18%	12%	+6%p	22%	14%	+8%p

## ■ Wealth Management Product Sales Balance

(Unit : bln) (as of the end of)	FY2007 1H	FY2006 1H	YoY	FY2007 1Q	QoQ
<b>Beneficiary Certificates</b>	6,174	4,447	39%	5,217	18%
MMF	625	929	-33%	777	-20%
Bond type	1,342	1,294	4%	1,159	16%
Bond-hybrid type	1,140	1,270	-10%	1,195	-5%
Equity-hybrid type	285	157	81%	206	38%
Equity type	1,196	869	38%	643	86%
Others	1,586	858	85%	1,238	28%
<b>Wrap Accounts</b>	4,009	1,542	160%	2,985	34%
RP	2,335	2,297	2%	2,143	9%
CD/CP/Bond	1,845	2,047	-10%	2,002	-8%
ELS	1,451	1,247	16%	1,308	11%
Pension/Trust	2,799	1,432	95%	2,441	15%
Etc. <sup>1</sup>	1,154	360	220%	902	28%
<b>Total Balance</b>	19,767	14,302	38%	17,409	14%

\*Etc1 : Ship Funds, REITs, Planmaster, FolioStar

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## ■ Wealth Management Business

**End balance in WM  
19.8tln  
up 38% YoY**

As of the end of September, the end-balance of WM products was up by 38% year-on-year reaching KRW19.8 tln. Accordingly, the company's overall WM related income also increased by 50% year-on-year, garnering KRW46.8 bln in total. Breaking down more specifically, commissions on beneficiary certificates recorded KRW10.5 bln, wrap commissions were KRW5.5 bln, fees on sales of structured securities amounted KRW29.7 bln, and trust fees & commissions were KRW1.0 bln. WM commission revenue maintains a steady level of KRW7.0 bln every month, achieving a more balanced growth with the brokerage business.

**Increased WM revenue  
due to increased sales in  
more lucrative BCs**

The 50% year-on-year increase in the WM commission revenue is highly induced from the growth of lucrative equity type and equity-hybrid type funds, taking 45% of the total balance of beneficiary certificates. Also, wrap accounts showed a significant increase of 160% year-on-year, reaching KRW4.0 tln, highly attributed by the upsurge in CMA balances. Sales of infra-structure and natural resource related funds recorded a higher increase rate, largely derived from company-wide promotions of the project 'Mega-trend'.

In order to establish a long-term growth in WM business, Daewoo is going through company-wide investments in infra-structure and reshuffle in organization. The first WM Center was opened to provide total financial service, and WM Consulting Institute was opened to manage WM related research, VIP consulting, and internal and external education programs. The WM Consulting Institute will also provide customers with proper guidance for wealth management, and moreover the sales people with the systematic consulting education.

**18,105 clients  
in corporate pensions**

In terms of corporate pensions, Daewoo Securities attracted as many as 18,105 clients as of September 2007, securing the foundation for further growth in the pension business.

**Industry-leading  
2Q ELS issuance amount**

As for the ELS market, Daewoo Securities issued KRW2.34 tln worth of ELS in 1H FY2007, while taking the highest market share of 22% in 2Q FY2007.



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## III. Interest Income & Net Gain on Securities

**Interest income  
KRW47.4 bln**

Interest income in 1H FY2007 was KRW93.9 bln, up by 23% year-on-year. More specifically, net interest revenue excluding dividends and reserves for claims of customers' deposits-trusts was KRW138.6 bln, up by 30% year-on-year, and interest expenses were KRW83.1 bln, an increase of 36% year-on-year. Interest income secures Daewoo with a stable source of revenue, montly contributing KRW15.6 bln in average.

Daewoo Securities' overall credit and margin trading-related interest income grew slightly quarter-on-quarter to KRW22.1 bln, despite the regulation changes in the second quarter. A 15% decline in credit-loan interest income was offset by increased income from loan interest, which grew 26%.

## IV. Selling & Administrative Expenses

**Increased salary  
due to increased number of  
employees and incentives**

Selling & administrative expenses increased by 63% year-on-year to KRW288.1 bln. Personnel expenses increased by 88% to KRW206.0 bln. Fixed salary increased due to an increase in the total number of employees by 337, reaching 3,060 persons in total. Also, variable salary increased due to incentive payments staggered from bullish market conditions. At the same time, IT operating expenses increased by 21% to KRW10.0 bln, and rental expenses were up by 7% to KRW9.3 bln. Advertising expenses also increased by 155% to KRW14.5 bln due to the increased TV advertising.

## V. Net Capital Ratio(NCR)

**NCR 492.6%**

As of September 2007, Daewoo Securities maintained its NCR of 492.6%, net working capital of KRW1.38 tln and risk-weighted assets of KRW0.28 tln.

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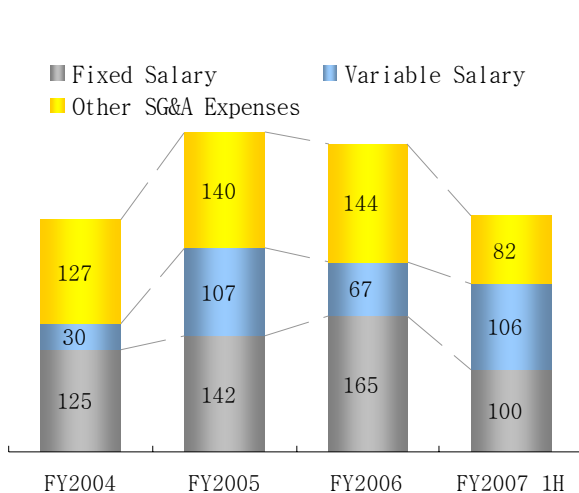
## Interest Income on Credit · Margin Loans

(KRW bln)	FY2007 1H	FY2006 1H	YoY	FY2007 2Q	FY2007 1Q	QoQ
Interest on Credit Loan	20	3	609%	9	11	-15%
Interest on Loans	22	18	20%	12	10	26%
Interest on Margin Loan	2	5	-63%	1	1	-38%
<b>Total</b>	<b>44</b>	<b>26</b>	<b>69%</b>	<b>22</b>	<b>22</b>	<b>2%</b>
End Balance on Credit Loan	391	82	378%	391	1,060	-63%

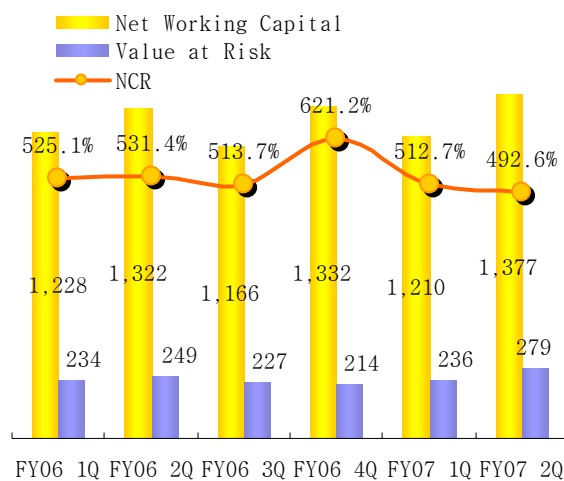
## Selling & Administrative Expenses

(KRW bln)	FY2007 1H	FY2006 1H	YoY	FY2007 2Q	FY2007 1Q	QoQ
<b>Personnel Expenses</b>	<b>206</b>	<b>110</b>	<b>88%</b>	<b>106</b>	<b>100</b>	<b>6%</b>
Wages	80	50	58%	47	33	40%
Severance Payments	14	11	29%	8	6	32%
Fringe Benefits	112	48	132%	51	61	-15%
Computer System Operation Expenses	10	8	21%	5	5	17%
Rentals	9	9	7%	5	4	12%
Commissions Paid	3	5	-45%	2	1	37%
Entertainment Expenses	3	3	-1%	2	2	21%
Advertising Expenses	14	6	155%	8	7	18%
Depreciation Expenses	8	7	12%	4	4	11%
Research Expenses	0.0	0.0	-66%	0.0	0.0	-57%
Training Expenses	2	2	8%	1	1	91%
Bad Debt Expenses	0	-	-	0	-	-
Amortization Expenses on Intangible Assets	1	1	2%	1	1	-1%
Taxes and Dues	12	10	19%	7	5	24%
Others	19	16	17%	10	9	17%
<b>Total</b>	<b>288</b>	<b>177</b>	<b>63%</b>	<b>151</b>	<b>137</b>	<b>10%</b>
Number of Employees	3,060	2,723	12%	3,060	2,869	7%

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



## Net Capital Ratio (unit: KRW bln)



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## 2Q at a Glance

### ■ Establishing Regional & Global Network



- ▷ Invested in Indonesia's biggest on-line securities firm, eTrading – *Jul. 2007*  
Invested KRW1.5 bln (19.9% share) in Indonesia eTrading Securities

- ▷ Strategic Alliance with Brazil Itau Financial Group – *Aug. 2007*  
Aiming to develop high-yield wealth management products and deal-sourcing in pre-IPO companies



- ▷ Strategic Alliance with Daegu Bank – *Aug. 2007*  
Establish IB regional network in Daegu city and Kyung-buk province area
- ▷ Strategic Alliance with China Galaxy Securities – *Oct. 2007*  
Co-operation in all sectors of IB business, and invest directly in each other's country

### ■ Key Business Issues



- ▷ Opened first WM Center in Do-gok, Seoul – *Aug. 2007*
- ▷ Credit rating upgraded to AA – *Sep. 2007*  
Upgraded by Korea Rating and Korea Investor Service



- ▷ Total WM balance exceeded KRW20.0 tln – *Oct. 2007*
- ▷ Opened WM Consulting Institute – *Oct. 2007*

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## Appendix 1. Balance Sheet

(KRW million)	as of end of Sep. 2007	as of end of June 2007	as of end of March 2007
<b>ASSETS</b>			
<b>Cash and deposits</b>	<b>1,946,780</b>	<b>2,018,243</b>	<b>1,543,406</b>
Cash and cash equivalents	205,464	234,847	174,553
Deposits	1,741,316	1,783,396	1,368,853
<b>Securities</b>	<b>7,030,709</b>	<b>6,162,239</b>	<b>5,900,377</b>
Trading securities	4,172,983	3,397,522	3,572,837
Securities available for sale	732,980	611,773	480,105
Securities using equity method	85,024	72,933	71,765
Structured securities	2,039,722	2,080,010	1,775,670
<b>Derivatives</b>	<b>55,432</b>	<b>61,443</b>	<b>84,845</b>
Options purchased	42	26	-
Derivatives instruments assets	55,390	61,417	84,845
<b>Loans</b>	<b>1,136,156</b>	<b>1,752,403</b>	<b>759,503</b>
Call loan	0	130,000	11,000
Broker's loans	880,802	1,400,208	662,315
loans	9,901	9,408	8,691
Loans Purchased	251,650	0	78,823
Advances for customers	123,109	122,837	126,315
Dishonored bonds	15,684	15,783	15,887
Dishonored bills receivable	122	122	122
Other loans	0	222,550	
Allowance for credit loss	-145,113	-148,504	-143,650
<b>Tangible fixed assets</b>	<b>237,242</b>	<b>234,539</b>	<b>235,466</b>
(Accumulated depreciation)	-163,634	-160,541	-162,091
Land	118,150	118,150	118,150
Buildings	120,668	120,668	120,668
Vehicles	264	264	65
Furniture and equipments	161,620	155,825	158,499
Others	174	174	174
<b>Others</b>	<b>667,823</b>	<b>558,622</b>	<b>478,116</b>
Receivables	479,876	378,980	165,926
Accrued income	52,149	46,965	176,140
Advance payments	23,061	19,000	17,623
Prepaid expenses	9,139	9,862	5,428
Prepaid income tax	0	0	17,627
Guarantee	97,245	96,563	96,073
Collective fund for default loss	8,397	8,368	8,336
Intangible assets	5,792	5,614	4,738
Others,	28,240	28,477	17,274
Allowance for credit loss	-36,076	-35,206	-31,049
<b>Total assets</b>	<b>11,074,142</b>	<b>10,787,490</b>	<b>9,001,712</b>

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(KRW million)	as of end of Sep. 2007	as of end of June 2007	as of end of March 2007
<b>LIABILITIES</b>			
<b>Deposits</b>	<b>1,652,065</b>	<b>1,913,360</b>	<b>1,345,451</b>
Customers' deposits	1,633,011	1,873,705	1,335,206
Securities loaned	0	97	-
Guarantee deposits	19,053	39,558	10,246
<b>Borrowings</b>	<b>6,376,217</b>	<b>6,096,109</b>	<b>5,158,408</b>
Call money	320,000	674,500	323,000
Borrowings	237,900	177,750	100,000
Bonds sold under reverse resale agreements	2,596,268	2,186,073	2,038,100
Securities sold	139,135	43,199	11,955
Structured securities sold	2,775,107	2,698,091	2,379,692
Derivatives	2,937	14,345	3,408
Debenture	301,000	301,000	301,000
(Discount on debenture issued)	-1,092	-1,189	-1,284
Others	4,962	2,340	2,537
<b>Other liabilities</b>	<b>752,656</b>	<b>619,778</b>	<b>385,223</b>
Reserve for severance and retirement benefits	70,632	63,384	60,798
(National pension fund for severance and retirement benefits)			-273
Accrued income taxes	75,326	33,789	718
Dividends payable	7	7	3
Accounts payable	312,188	257,512	144,216
Accrued expenses	68,248	58,830	43,236
Deposits for rent	29,753	29,387	29,353
Unearned income	6,152	2,582	1,788
Liability incurred by agency relationship	1,698	1,684	1,673
Deferred income tax credits	42,335	20,456	27,288
Others	134,661	137,800	62,037
Withholding income taxes	11,656	14,346	14,386
<b>Total liabilities</b>	<b>8,780,938</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>	<b>1,020,883</b>
Common stock	950,504	950,504	950,504
Preferred stock	70,379	70,379	70,379
<b>Capital surplus</b>	<b>222,792</b>	<b>222,792</b>	<b>222,792</b>
Paid in capital in excess of par value	222,792	222,792	222,792
<b>Capital adjustment</b>	<b>-32,970</b>	<b>-32,970</b>	<b>-32,970</b>
Treasury stock	-32,970	-32,970	-32,970
<b>Accumulated other comprehensive incomeloss</b>	<b>123,561</b>	<b>62,721</b>	<b>57,256</b>
Gain on valuation of securities available for sale	125,146	63,893	58,607
Loss on valuation of securities available for sale	-1,585		-543
Share of associates' other changes in net assets	0		4,005
Share of associates' other changes in net assets	0	-1,172	-4,813
<b>Retained earnings</b>	<b>958,938</b>	<b>884,818</b>	<b>844,668</b>
Legal reserve	16,289	16,289	8,144
Reserve for loss on futures transactions	75	75	52
Reserve for financial structure improvement	4,000	4,000	4,000
Retained earnings before appropriations	938,574	864,454	832,472
<b>Total Stockholders' equity</b>	<b>2,293,204</b>	<b>2,158,244</b>	<b>2,112,629</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>11,074,142</b>	<b>10,787,490</b>	<b>9,001,712</b>

# 1H FY2007 Earnings Release

FY2007 1H (April 2007 ~ Sep 2007)

## Appendix 2. Income Statement

(KRW million)	FY2007 1H	FY2006 1H	YoY	FY2007 2Q	FY2007 1Q	QoQ
<b>OPERATING INCOME</b>	<b>2,107,186</b>	<b>1,306,216</b>	<b>61%</b>	<b>1,152,085</b>	<b>955,101</b>	<b>21%</b>
<b>Commissions received</b>	<b>428,779</b>	<b>239,369</b>	<b>79%</b>	<b>209,716</b>	<b>219,063</b>	<b>-4%</b>
Brokerage commissions	343,369	189,396	81%	165,685	177,684	-7%
Underwriting commissions	13,446	8,382	60%	6,023	7,423	-19%
Underwriting commissions on debentures	100	115	-13%	60	40	50%
Brokerage commissions on beneficiary certificates	10,554	5,955	77%	5,798	4,756	22%
Management fee on wrap account and asset management	5,529	3,472	59%	2,637	2,892	-9%
Consulting fee	13,479	4,193	221%	6,161	7,318	-16%
Fees on sales of structured securities	29,741	21,431	39%	19,148	10,593	81%
Fees on trust operation	946	267	254%	474	472	0%
Other	11,615	6,157	89%	3,730	7,885	-53%
<b>Gain on valuation sales of securities</b>	<b>992,928</b>	<b>548,371</b>	<b>81%</b>	<b>583,157</b>	<b>409,771</b>	<b>42%</b>
Gain on sales of marketable securities	129,414	77,394	67%	67,567	61,847	9%
Gain on valuation of trading securities	27,713	26,568	4%	4,443	23,270	-81%
Gain on disposition of securities available for sale	1,534	6,858	-78%	133	1,401	-91%
Gain on valuation of securities available for sale	826	235	251%	641	185	247%
Gain on valuation of securities sold	0	6	-100%	0	-	-
Gain on sales of structured securities	54,753	56,572	-3%	10,631	44,122	-76%
Gain on valuation of structured securities	398,991	137,842	189%	272,709	126,282	116%
Gain on redemption of structured securities	65,252	22,159	194%	53,137	12,115	339%
Gain on valuation of structured securities sold	256,949	220,736	16%	173,896	83,053	109%
Gain on redemption of structured securities sold	57,496	-	-	-	57,496	-100%
<b>Gain on derivatives transactions</b>	<b>479,045</b>	<b>360,951</b>	<b>33%</b>	<b>240,237</b>	<b>238,808</b>	<b>1%</b>
Gain on futures transactions	220,222	224,300	-2%	134,443	85,779	57%
Gain on exchange trading options transactions	88,066	52,856	67%	54,597	33,468	63%
Gain on OTC derivatives transactions	170,758	83,795	104%	51,197	119,561	-57%
<b>Interest income</b>	<b>138,625</b>	<b>106,390</b>	<b>30%</b>	<b>71,660</b>	<b>66,964</b>	<b>7%</b>
Interest on margin loans	20,191	2,849	609%	9,291	10,900	-15%
Interest on loans	21,814	18,223	20%	12,165	9,649	26%
Interest on bonds	76,627	71,467	7%	41,154	35,473	16%
Interest on negotiable commercial papers	1,787	572	212%	1,211	575	111%
Interest on certificate of deposit	2,752	211	1203%	2,087	665	214%
Interest on deposits	705	916	-23%	142	563	-75%
Interest on call loans	2,446	1,751	40%	1,067	1,378	-23%
Gain on transaction of certificate of deposits	20	8	165%	8	12	-32%
Interest on advances for customers	15	15	-1%	3	12	-72%
Interest on deposits	5,260	4,684	12%	2,709	2,551	6%
Interest on receivables	1,785	4,833	-63%	680	1,105	-38%
Others	5,223	861	507%	1,141	4,082	-72%
<b>Gain on valuation disposal of loans</b>	<b>44</b>	<b>3,600</b>	<b>-99%</b>	<b>3,385</b>	<b>- 3,342</b>	<b>201%</b>
Gain on disposal loans	44	3,600	-99%	-	44	-100%
Reversal of allowance for credit losses	-	-	-	3,385	- 3,385	200%
<b>Gain on foreign transactions</b>	<b>503</b>	<b>360</b>	<b>40%</b>	<b>59</b>	<b>445</b>	<b>-87%</b>
Gain on foreign currency transactions	73	310	-76%	53	20	169%
Gain on foreign exchanges translation	430	49	773%	5	425	-99%
<b>Others</b>	<b>67,262</b>	<b>47,176</b>	<b>43%</b>	<b>43,871</b>	<b>23,392</b>	<b>88%</b>
Dividends income	1,682	2,436	-31%	295	1,387	-79%
Distribution income	27,573	15,947	73%	23,092	4,481	415%
Gain on valuation of reserve for claims of customers' deposits-trust	36,632	28,488	29%	19,349	17,283	12%
Others	1,375	305	351%	1,135	240	373%

# 1H FY2007 Earnings Release

FY2007 1H (April 2007 ~ Sep 2007)

(KRW million)	FY2007 1H	FY2006 1H	YoY	FY2007 2Q	FY2007 1Q	QoQ
<b>OPERATING EXPENSES</b>	<b>1,834,485</b>	<b>1,166,688</b>	<b>57%</b>	<b>1,050,965</b>	<b>783,520</b>	<b>34%</b>
<b>Commissions expense</b>	<b>34,318</b>	<b>23,193</b>	<b>48%</b>	<b>17,874</b>	<b>16,444</b>	<b>9%</b>
Trading commissions	18,187	13,137	38%	9,365	8,822	6%
Investment consultant fees	10,285	4,875	111%	5,403	4,882	11%
Other commissions	5,846	5,181	13%	3,107	2,739	13%
<b>Loss on valuationsales of securities</b>	<b>921,223</b>	<b>540,167</b>	<b>71%</b>	<b>589,749</b>	<b>331,474</b>	<b>78%</b>
Loss on sales of trading securities	60,249	45,148	33%	44,157	16,092	174%
Loss on valuation of marketable securities	43,319	12,663	242%	33,633	9,685	247%
Loss on sales of securities available for sale	18	7	134%	17	0	-
Loss on valuation of trading securities sold	2,243	456	392%	964	1,278	-25%
Loss on sales of structured securities	0	226	-100%	0	-	-
Loss on valuation of structured securities	42,208	15,603	171%	46,982	4,774	1084%
Loss on redemption of structured securities	219,609	188,558	16%	154,317	65,293	136%
Loss on valuation of structured securities sold	87,266	83,370	5%	-	87,266	-100%
Loss on redemption of structured securities sold	466,312	194,013	140%	307,775	158,537	94%
Loss on valuation of structured securities sold	-	-	-	1,904	1,904	200%
<b>Loss on derivatives transactions</b>	<b>499,834</b>	<b>361,692</b>	<b>38%</b>	<b>247,439</b>	<b>252,395</b>	<b>-2%</b>
Loss on futures transactions	206,916	228,325	-9%	137,243	69,673	97%
Loss on exchange trading options transactions	90,883	50,810	79%	59,431	31,451	89%
Loss on OTC derivatives transactions	202,035	82,557	145%	50,764	151,271	-66%
<b>Interest expenses</b>	<b>83,086</b>	<b>61,230</b>	<b>36%</b>	<b>43,925</b>	<b>39,161</b>	<b>12%</b>
Interest on borrowings from KSFC	635	439	45%	210	426	-51%
Interest on bank borrowings	3,506	-	-	2,190	1,317	66%
Interest on customer's deposits	9,381	7,318	28%	5,166	4,215	23%
Interest on bonds sold under repurchase	42,437	39,605	7%	24,346	18,092	35%
Loss on transactions of certificate of deposits	0	0	-92%	-	0	-100%
Interest on call money	16,196	13,462	20%	7,957	8,239	-3%
Interest on debentures	7,818	23	-	3,905	3,913	0%
Others	3,112	382	715%	152	2,961	-95%
<b>Loss on valuation disposal of loans</b>	<b>1,751</b>	<b>2,437</b>	<b>-28%</b>	<b>-</b>	<b>1,751</b>	<b>-100%</b>
Losses on sale of loans	13	-	-	-	13	-100%
Credit loss expenses	1,738	2,437	-29%	-	1,738	-100%
<b>Loss on foreign transactions</b>	<b>290</b>	<b>397</b>	<b>-27%</b>	<b>154</b>	<b>136</b>	<b>13%</b>
Loss on foreign currency transactions	156	283	-45%	85	71	19%
Loss on foreign exchanges translation	134	115	17%	69	65	6%
<b>Selling and administrative expenses</b>	<b>288,089</b>	<b>177,234</b>	<b>63%</b>	<b>150,601</b>	<b>137,487</b>	<b>10%</b>
Salary	80,027	50,498	58%	46,698	33,329	40%
Severance pay	14,083	10,917	29%	8,013	6,070	32%
Other benefits for employees	111,873	48,247	132%	51,297	60,576	-15%
Computer system operation expenses	10,047	8,323	21%	5,426	4,621	17%
Rental expenses	9,335	8,701	7%	4,939	4,396	12%
Miscellaneous commissions	2,724	4,956	-45%	1,574	1,150	37%
Entertainment expenses	3,436	3,462	-1%	1,880	1,555	21%
Advertising expenses	14,485	5,687	155%	7,834	6,652	18%
Depreciation	7,782	6,956	12%	4,101	3,681	11%
Research and study expenses	14	43	-66%	4	10	-57%
Training expenses	2,194	2,030	8%	1,440	754	91%
Amortization of intangible assets	1,403	1,374	2%	700	704	-1%
Tax and dues	12,061	10,101	19%	6,670	5,391	24%
Others	18,623	15,941	17%	10,025	8,598	17%
<b>Others</b>	<b>5,895</b>	<b>338</b>	<b>1641%</b>	<b>1,224</b>	<b>4,671</b>	<b>-74%</b>
Credit loss expenses	5,028	-	-	870	4,158	-79%
Others	867	338	156%	354	513	-31%
<b>OPERATING INCOME</b>	<b>272,701</b>	<b>139,529</b>	<b>95%</b>	<b>101,120</b>	<b>171,581</b>	<b>-41%</b>

# 1H FY2007 Earnings Release

FY2007 1H (April 2007 ~ Sep 2007)

(KRW million)	FY2007 1H	FY2006 1H	YoY	FY2007 2Q	FY2007 1Q	QoQ
<b>NON - OPERATING INCOME</b>	<b>10,251</b>	<b>22,500</b>	<b>-54%</b>	<b>4,513</b>	<b>5,738</b>	<b>-21%</b>
Gain on disposition of tangible assets	1	151	-99%	-	1	-100%
Rental income	3,627	3,755	-3%	1,831	1,796	2%
Gain on equity method valuation	1,412	291	384%	952	460	107%
Gain on recovery of write-offs	887	102	771%	821	66	1142%
Others	4,324	18,200	-76%	909	3,414	-73%
<b>NON - OPERATING EXPENSES</b>	<b>8,754</b>	<b>1,355</b>	<b>546%</b>	<b>3,492</b>	<b>5,262</b>	<b>-34%</b>
Loss on disposition of tangible assets	37	205	-82%	35	2	2159%
Loss on equity method valuation	1,426	398	259%	569	857	-34%
Donations	260	282	-8%	100	161	-38%
Others	7,031	470	1394%	2,788	4,243	-34%
<b>NET INCOME BEFORE INCOME TAX</b>	<b>274,199</b>	<b>160,673</b>	<b>71%</b>	<b>102,141</b>	<b>172,057</b>	<b>-41%</b>
<b>INCOME TAX EXPENSE</b>	<b>78,485</b>	<b>10,444</b>	<b>851%</b>	<b>28,021</b>	<b>50,464</b>	<b>-44%</b>
<b>NET INCOME</b>	<b>195,714</b>	<b>171,118</b>	<b>14%</b>	<b>74,120</b>	<b>121,593</b>	<b>-39%</b>