

Daewoo Securities

3Q FY2009

KDB Financial Group

DAEWOO SECURITIES

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Company Information

Daewoo Securities 3Q FY2009

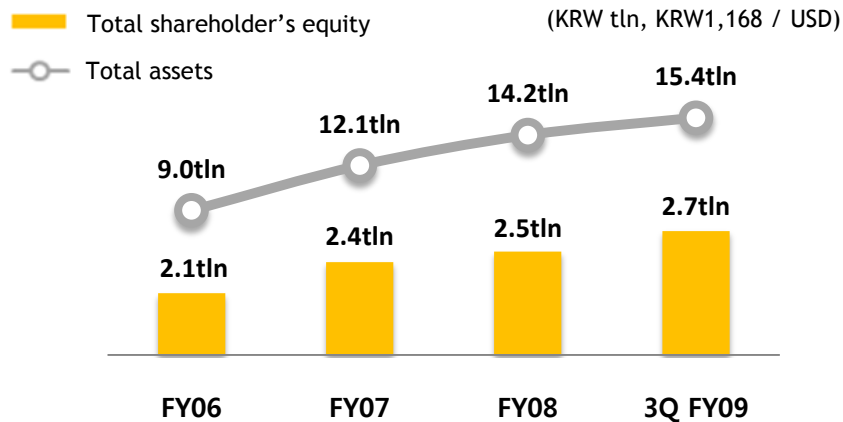
History

- 1970. Sep - Established as Dong Yang Securities
- 1983. Oct - Renamed as Daewoo Securities
- 1999. Oct - Split from Daewoo Group
- 2009. Oct - Establishment of kdb Holdings Company & Major shareholder changed to kdb holdings

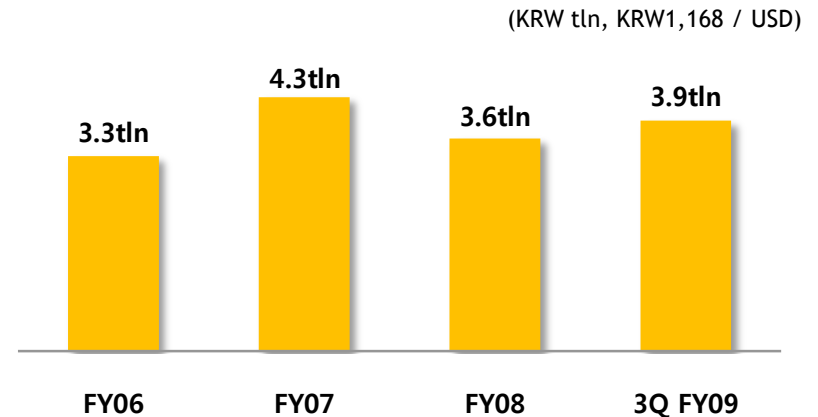
Network

- Domestic - 127 Branches
- Overseas - 3 Overseas Subsidiaries (New York, London, Hong Kong)
- 3 Regional Offices (Tokyo, Beijing, Ho Chi Minh)

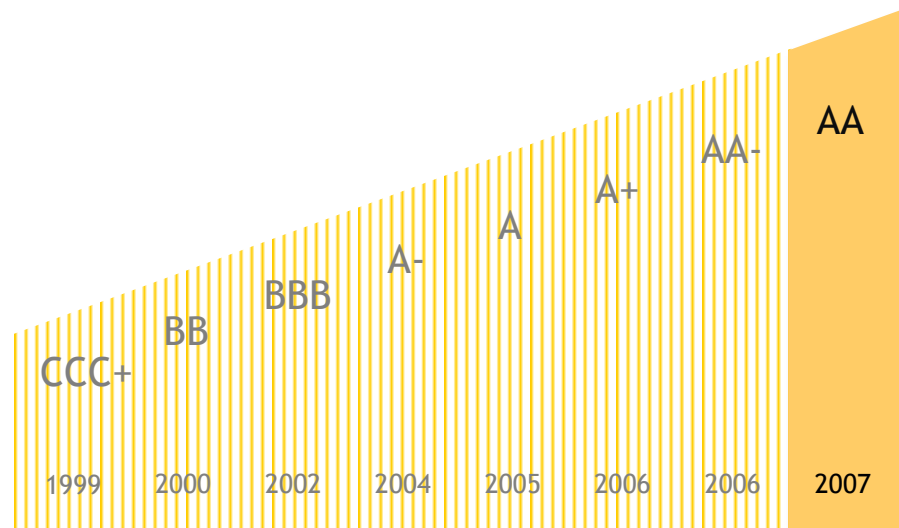
Financials



Market Capitalization

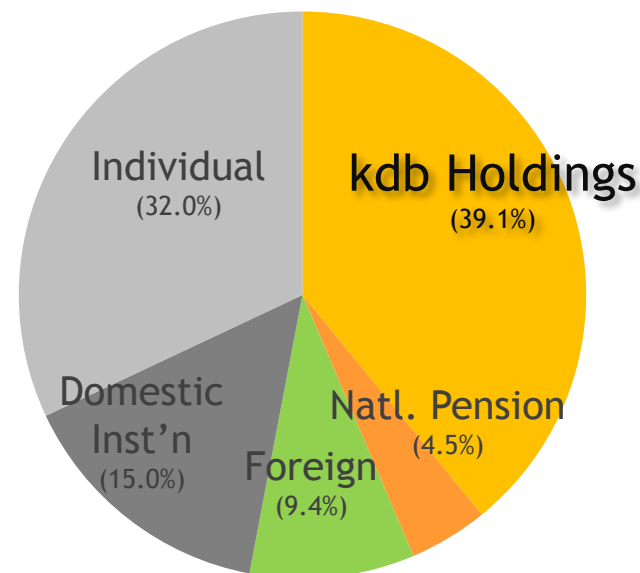


Credit Rating



* Source : Korean Credit Ratings

Shareholder Structure



* Common shares, As of Dec. 2009

- Maintained the top credit rating in the sector

- Well diversified shareholder structures

- Major 39.1%, Inst'l Investors 28.9%, Individuals 32.0%

3QFY09 Earnings Highlights

Daewoo Securities 3QFY2009

- **Recorded net income of USD 18mln in 3Q (231mln in FY09, the highest level of income)**

Retail Brokerage (※ Refer to P.6)

- The retail brokerage commission revenue declined mainly from decrease in market trading volume and individual investors' portion
- 3QFY09 Retail brokerage commission M/S : 10.4% (gap w/ 2nd ranked co: 2.0%p)

Wholesale Brokerage (※ Refer to P.7)

- International brokerage : Enlarged market dominance through differentiated services and target marketing
- Domestic brokerage : Maintained one of the largest M/S company lists thanks to the excellent sales brokers' abilities
- 3QFY09 Wholesale brokerage turnover M/S : International 5.1% (2nd), Domestic 4.9% (3rd)

WM (※ Refer to P.8-9)

- showed fast & steady WM balance growth, so that generated stable income.
- Recorded the commission revenue of USD 23mln in 3Q (KRW 27.0bln)
- 3QFY09 WM wealth under management: USD 30.3 bln (KRW 35.4tln, up 3.6tln QoQ)

IB (※ Refer to P.10-11)

- Participated in major deals as a leading manager due to close relationship with corporate clients and strong deal sourcing capabilities
- Posted underwriting and advisory commission revenue of USD 13.5mln(KRW 15.8bln), up 16% QoQ
- 3QFY09 Commission revenue in ECM and advisory: USD 8.8mln (KRW 10.3bln, up 43% QoQ)

Sales & Trading (※ Refer to P.12-13)

- Presented outstanding performance through preeminent product designing, manufacturing, and distributing ability
- 3QFY09 Revenue in sales and trading: USD 58.7mln (KRW 68.6bln)

One-off Cost (※ Refer to P.5)

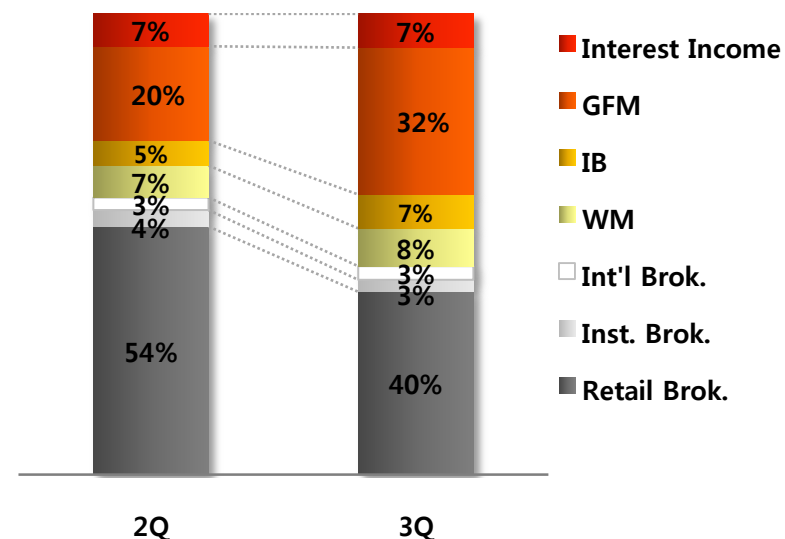
- Recorded KRW 470bln for bad debt expense related to Daewoo E&C Put Back Option guaranteed by KumHo Industrial
- 3QFY09 bad debt expense: USD 40.2mln (KRW 470bln)

※ The exchange rate is KRW 1,168 / USD in this presentation material.

Net income in 3Q recorded USD 18mln (KRW 21 bln)

(KRW bln, %)	FY07	FY08	2Q FY09	3Q FY09
Operating revenue	1,013	703	231	201
Brokerage commissions	608	394	149	97
IB commissions	67	43	14	16
WM commissions	116	105	26	27
• Structured securities	77	71	15	15
Gain/loss on sales and valuation of securities	78	-47	-18	-8
Interest income/loss	215	263	78	83
△ Commission expenses	-72	-55	-17	-14
SG&A expenses	537	478	154	136
Others*	-13	-21	7	-47
Operating income	462	204	84	19
Non-operating income	1	30	6	2
Net income (before tax)	463	233	90	21

FY09 Revenue Structure



* GFM = PI, Prop. Trading, Fixed Income (incl. interest income)

* Before deducting commission expenses

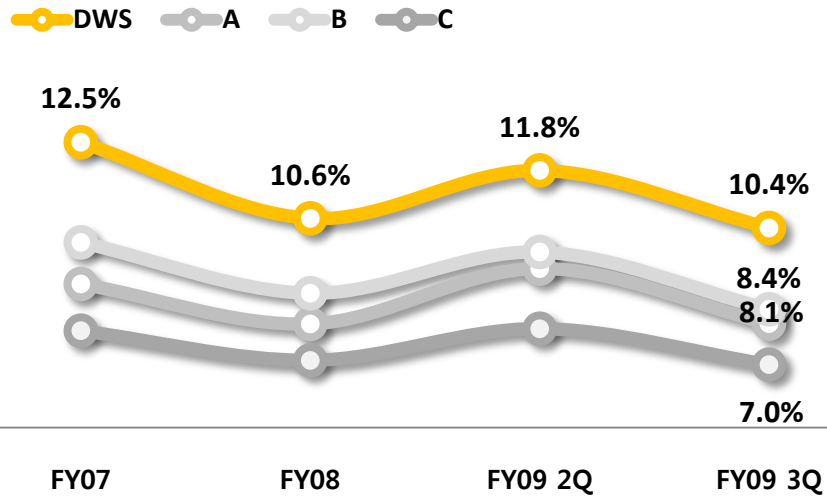
- 3QFY09 Others : DWS had Daewoo E&C stocks with Put Back Option(PBO) and the PBO was guaranteed by KumHo Industrial. KumHo, however, fell into corporate restructuring program in December 2009. Consequently, KumHo owed DWS the amount to KRW 239bln regarding the PBO and DWS recorded KRW 47bln as bad debt expense in 3Q accordingly.

Performance by Division – Retail Brok.

Daewoo Securities 3Q FY2009

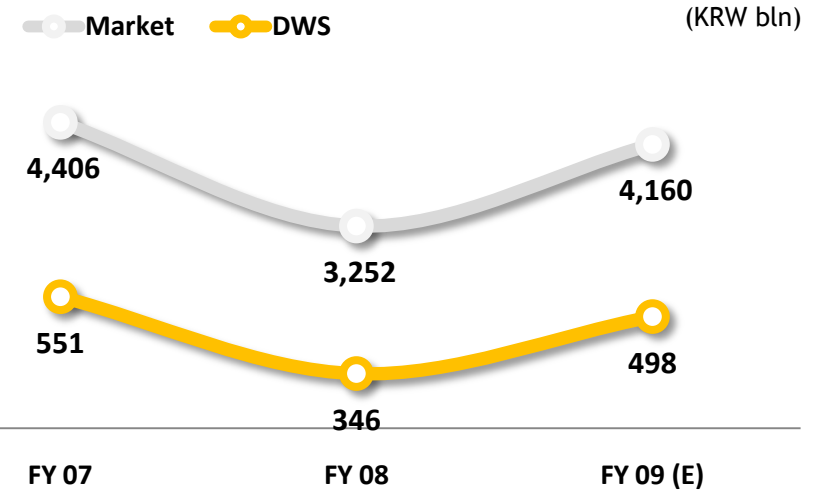
The M/S and revenue declined as the market environment worsened

Retail brokerage M/S (by commission)



- DWS' retail brokerage M/S slightly decreased because the market trading volume (9.9 tln → 7.6 tln) & individual investors' portion (67% → 63%) dropped over the quarter
- Yet, DWS maintained its unwavering No.1 position, holding the gap with 2nd ranked company

DWS commission revenue in retail brok. market



* FY09(E) : annualized estimate

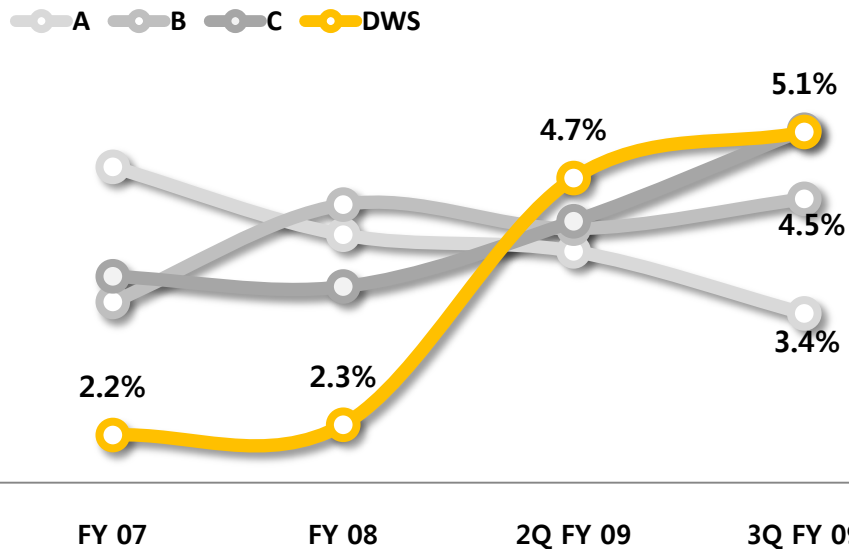
- As DWS recorded KRW 85bln for the retail commission revenue in 3Q, KRW 498bln is expected for the full year retail commission revenue accordingly, rising 44% YoY
- Also, the total commission revenue in the retail market is assumed to be about KRW 4,160bln

Performance by Division – Wholesale Brok.

Daewoo Securities 3Q FY2009

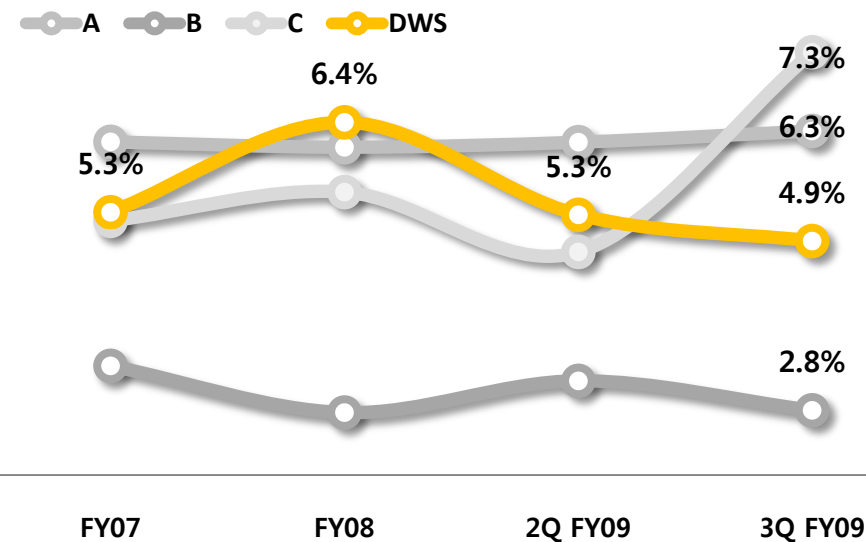
Secured the leading position in the wholesale brokerage market

International wholesale brokerage M/S by turnover



- Aggressive target marketing and differentiated customer service brought international brokerage M/S up to 5.1%
- In result, DWS sustainably held the No.1 position in FY09

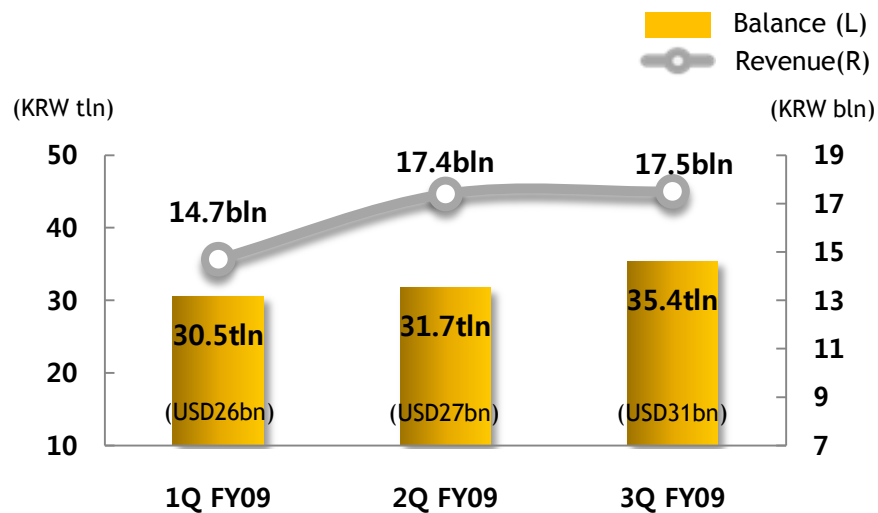
Domestic wholesale brokerage M/S by turnover



- DWS secured leading M/S in wholesale brokerage M/S with outstanding sales brokers' capabilities
 - ※ Selected as 'the Best Institutional Sales Team' for fifth straight years by *Hankyung Business*
- Meanwhile, due to the unfavorable market environment our M/S declined to 4.9%

Stable income generation and rapid growth in wealth under management

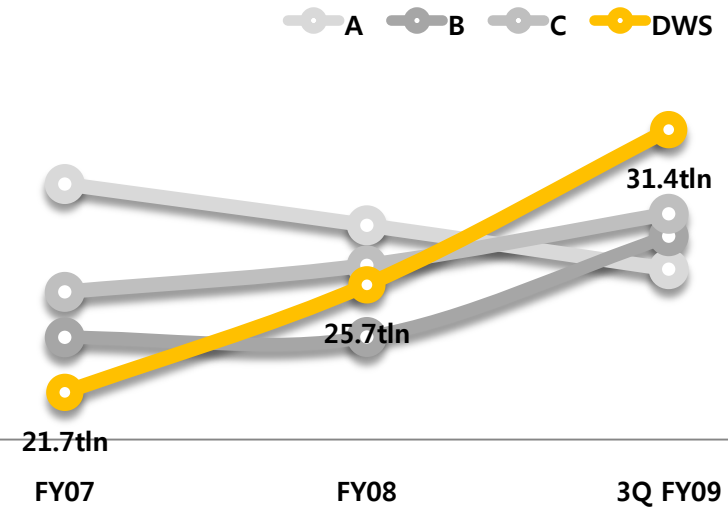
WM revenue and balance trend



* WM revenue = Beneficiary Certificates + Wrap + Trust + ELS Sales Margin

- DWS posted WM revenue of KRW 17.5b up 1% QoQ and it became an important and stable income source
- With the launch of new WM brand name and marketing strategy, DWS' WM business would get a great chance to be grown

DWS WM balance against peers



* By balance of major WM products

- The WM balance continued to grow significantly mainly due to sophisticated products such as Trust and WRAP related to 'Star Portfolio'
 - (※ Refer to p.9 for WM portfolio in detail)
 - Star Portfolio : Carefully Selected fund portfolio presented by DWS every quarter. Awarded as 'the Best New Product of this year' from Financial Supervisory Service

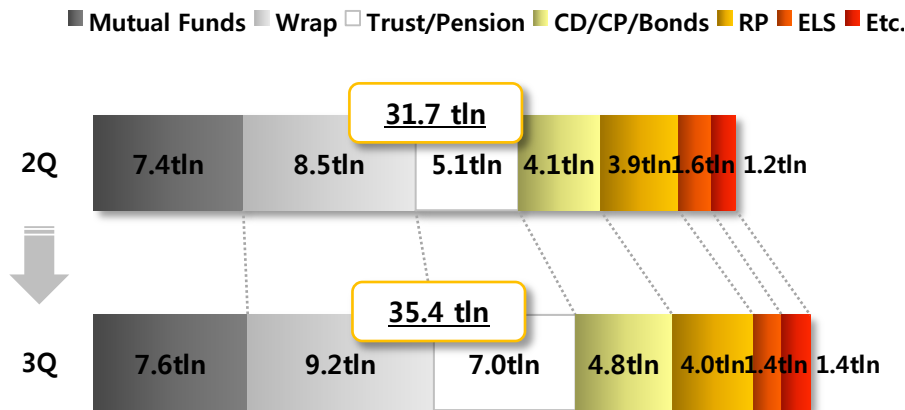
Performance by Division - WM

Daewoo Securities 3Q FY2009

A diversified WM portfolio led by growth of internally-managing products

WM products

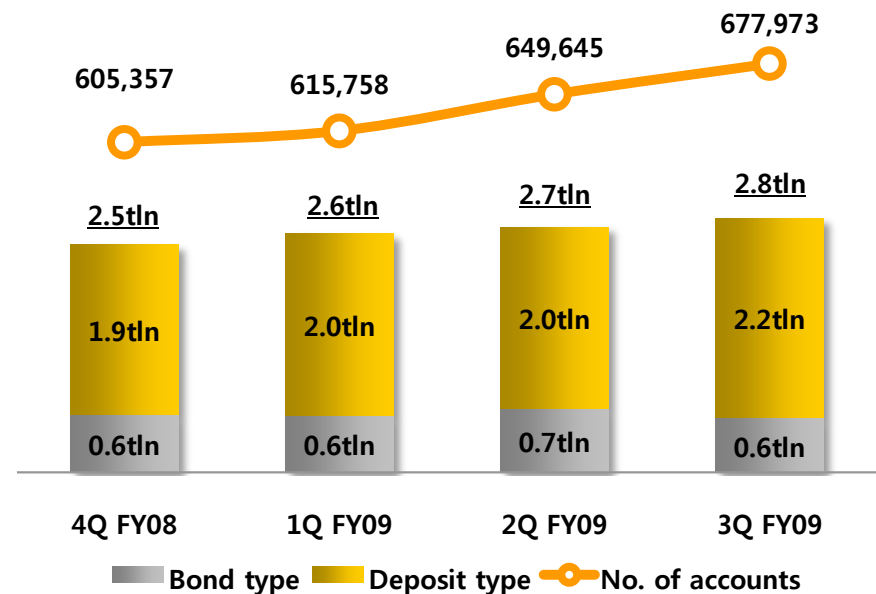
(KRW tln)



* Etc. : REITs, vessel-related fund and etc.

- The balance of internally-managing products such as WRAP and Trust showed a substantial rise, accelerating WM portfolio diversification

CMA balance & accounts



- Following 'KSFC* deposit type CMA', DWS launched 'One-kdb deposit type CMA' to maximize synergy with kdb and this 'One-kdb product' helped a big increase in balance & accounts

* KSFC : Korea Securities Finance Corporation

Performance by Division - IB

Daewoo Securities 3Q FY2009

Participated in major renowned deals, showing 16% increase in revenue

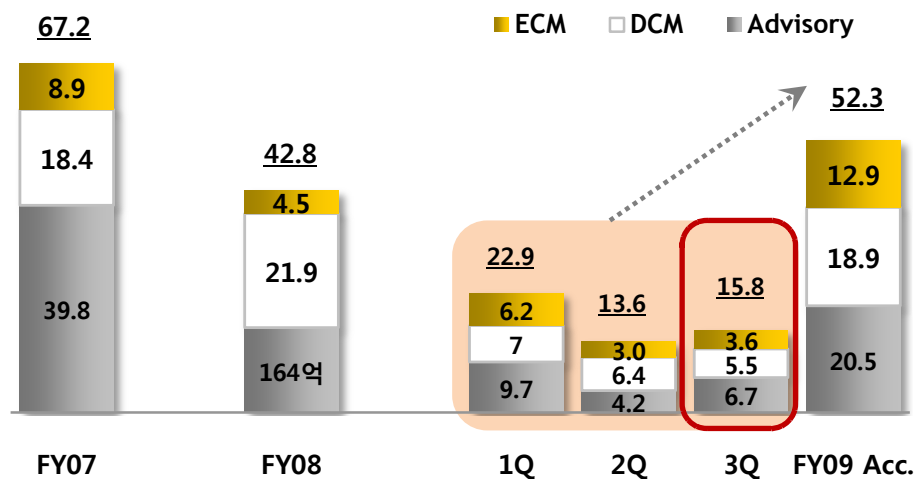
Domestic IB league table (3Q FY09 Acc.)

IPO			Right Offerings		
Rank	Book runner	M/S	Rank	Book runner	M/S
1	A	29.1%	1	Daewoo Securities	11.9%
2	B	19.5%	2	A	9.0%
3	Daewoo Securities	14.4%	3	B	8.2%
ABS			Mezzanine		
Rank	Book runner	M/S	Rank	Book runner	M/S
1	Daewoo Securities	16.3%	1	A	21.0%
2	A	10.7%	2	Daewoo Securities	15.5%
3	B	6.8%	3	B	9.4%

* Source : FSS (dart.fss.or.kr)

IB commission revenue

(KRW bln)



- DWS participated in major renowned deals such as Tongyang Life Insurance IPO, Korea Line Corporation CB/EB issuance and STX rights offering. (recorded revenue of KRW 15.8bln)
- As the ABS market revived, DWS succeeded to firmly secure the No.1 M/S for sixth consecutive years thanks to the outstanding structuring ability and excellent sales networks

Outstanding track record arising from massive deals

Participation in major deals in FY09



- 1st life insurance firm listed
- KRW 340bIn (USD 289mIn)



- 2nd life insurance firm
- Deal specifications to be confirmed



- Largest rights offering in 1HFY09
- KRW 725bIn (USD 615mIn)



- Largest mezzanine deal in 1H (BW)
- KRW 400bIn (USD 340mIn)



- Major mezzanine deal in 1H (BW)
- KRW 350bIn (USD 297mIn)



- Major mezzanine deal in 1H (BW)
- KRW 180bIn (USD 153mIn)



- Major rights offering in 3Q
- KRW 127bIn (USD 109mIn)



- Major Mezzanine deal in 3Q (CB & EB)
- KRW 90bIn (USD 77mIn)



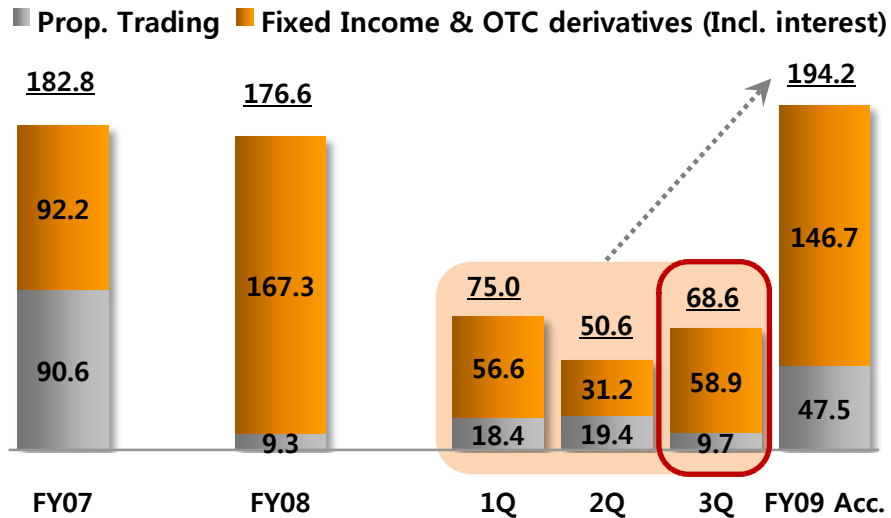
- Major Mezzanine deal in 3Q (BW)
- KRW 100bIn (USD 86mIn)

Performance by Division - GFM

Outstanding performance led by Sales & Trading synergy

Sales & Trading revenue

(KRW bln)



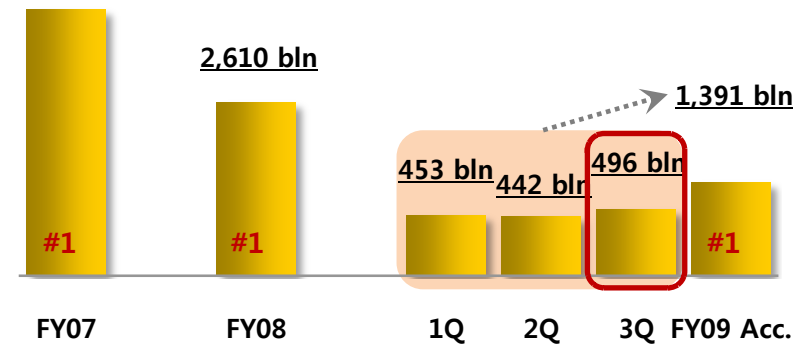
* Prop. Trading : PI, Stocks and Futures trading revenue

- Sales & Trading revenue rose to KRW 68.6bln and the bonds valuation and coupon income were the main reason for the gain
- However, Prop. trading revenue decreased to KRW 9.7bln as we took a conservative trading position in accordance with market situation

ELS M/S & Rank

[M/S] 18.5% 17.0% 16.6% 11.2% 12.9% 13.2%

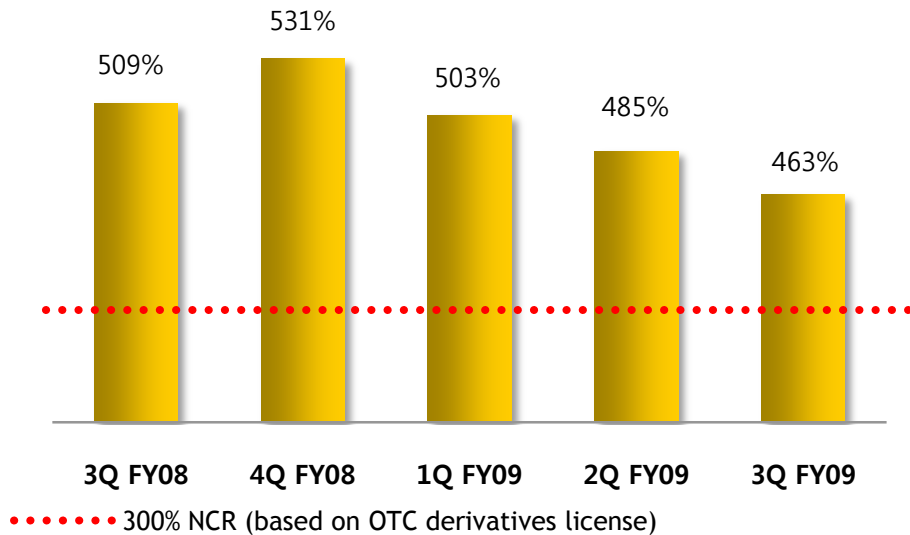
[Amount] 4,614 bln



- Innovative products and effective collaboration with retail sales networks led DWS to regain No.1 in ELS issuance M/S for 3Q (12.9%)

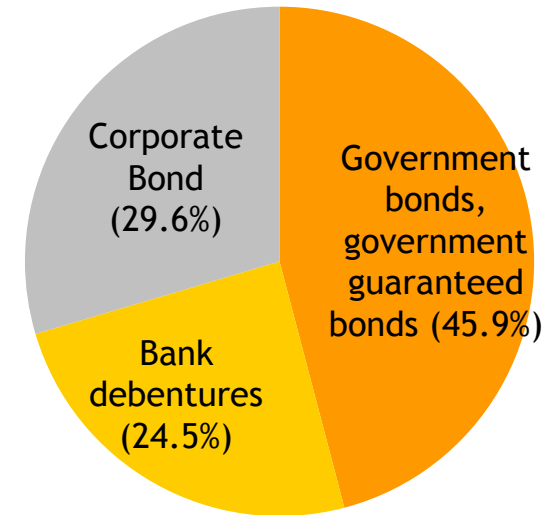
Stable asset management based on tight internal risk management

NCR



- Maintained stable NCR by exceeding 300% required by Financial Supervisory Service for OTC derivatives management

Bond portfolio (as of Dec. 2009)



- Over 95% of total portfolio are bonds with an A grade or above (50% in government and government-guaranteed bonds)

Strong brand power in all core businesses

Best securities firm · research house

- Hankyung Business Weekly
'Best Securities firm · Research House · Institutional Broker of second half 2009'



- Maekyung Economy Weekly
'Best Research House of second half 2009'

International awards

- Asiamoney [JUN 2009, 2004 ~ 2007]
'Best Equity House in Korea'
- FinanceAsia [JUN 2009]
'2009 Best Equity House in Korea'
- The Asset [SEP 2006]
'2006 Best Bond House in Korea'



Renowned awards

- Maekyung Daily
'Best Securities House at 12th Maekyung Award [Jan 2010]
- Seoul Economy Daily
'Grand Prize in Customer Satisfaction' at 2008 Korea Securities Awards' [Dec 2008]
- Korea Productivity Center
'No.1 Securities House' on 2007 National Customer Satisfaction Index [Dec 2007]
- Korea Chamber of Commerce and Industry
'13th Corporate Innovation Awards' [Nov 2006]



Recognized in IB business

'MONEYTODAY' Korea IB Awards

- 5th : Best Structured Security of the Year [May 2008]
- 4th : Best PI/PEF Deal of the Year [April 20007]
- 3rd : Best Lead Manager of the Year [April 2006]
- 2nd : Best Lead Manager of the Year [March 2005]
- 1st : Best Deal, Bond House, M&A company of the Year [May 2004]



Appendix – Financial Statements

Daewoo Securities 3QFY2009

Annual base

[KRW bln]	Annual			
	FY2005 (06.03)	FY2006 (07.03)	FY2007 (08.03)	FY2008 (09.03)
Operating Revenue	776	820	1,013	703
Brokerage Commissions	492	372	608	394
IB Commissions	47	40	67	43
WM Commissions	115	69	116	104
(Structured Securities)	96	46	77	71
Gain or Loss of Sales and Valuation of Securities	36	103	78	-47
Interest Income/Loss	142	280	215	263
Commission Expense	-56	-44	-72	-55
SG&A	390	370	537	478
Others	0	5	-13	-21
Operating Income	386	456	462	204
Non Operating Income	8	15	1	30
Net Income Before Income Tax	395	471	463	233
Income Tax Expense	-16	25	126	53
Net Income	410	446	337	181
Balance Sheet (KRW tln)				
Total Assets	6.50	9.00	12.07	14.23
Total Liabilities	4.76	6.89	9.66	11.74
Total Shareholder's Equity	1.73	2.11	2.43	2.49
Net Capital Ratio (NCR)				
Net Capital Ratio (%)	592%	621%	489%	531%
Net working capital (KRW bln)	1,227	1,332	1,565	1,917
Risk-weighted assets (KRW bln)	207	214	320	361

Quarterly base

	Net Quarter								
	3QFY07	4QFY07	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09
Operating Revenue	236	215	185	77	229	212	291	231	201
Brokerage Commissions	163	101	110	83	99	101	173	149	97
IB Commissions	15	15	12	8	10	13	23	14	16
WM Commissions	38	32	44	26	16	19	32	26	27
(Structured Securities)	25	23	34	17	9	10	22	15	15
Gain or Loss of Sales and Valuation of Securities	-9	9	-33	-83	50	19	4	-18	-8
Interest Income/Loss	50	72	65	59	63	76	78	78	83
Commission Expense	-21	-14	-13	-15	-9	-18	-19	-17	-14
SG&A	128	121	129	107	123	120	134	154	136
Others	-4	-9	4	4	-13	-15	-2	7	-47
Operating Income	105	85	60	-26	93	77	155	84	18
Non Operating Income	-10	10	2	2	20	6	5	6	2
Net Income Before Income Tax	94	95	62	-24	113	83	160	90	21
Income Tax Expense	27	-7	18	-6	28	13	39	23	6
Net Income	67	102	45	-18	84	70	121	66	14
Balance Sheet (KRW tln)									
Total Assets	11.96	12.08	13.70	14.09	13.07	14.23	15.80	17.15	15.33
Total Liabilities	9.62	9.66	11.32	11.75	10.68	11.74	13.22	14.48	12.61
Total Shareholder's Equity	2.34	2.43	2.38	2.34	2.39	2.49	2.58	2.67	2.72
Net Capital Ratio (NCR)									
Net Capital Ratio (%)	495%	489%	461%	469%	509%	531%	503%	485%	463%
Net working capital (KRW bln)	1,513	1,565	1,562	1,552	1,635	1,917	2,083	2,118	2,177
Risk-weighted assets (KRW bln)	306	320	339	331	321	361	414	437	470

KDB Financial Group

DAEWOO SECURITIES

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