

Daewoo Securities

JUNE 2010

KDB Financial Group

DAEWOO SECURITIES

Daewoo Securities

JUNE 2010

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This presentation material is prepared by Daewoo Securities Co., Ltd. for the information of current and future investors of the company. The contents are preliminary figured and forward-looking statements are based on Daewoo Securities' internal projection. All such statements are subject to certain risks and uncertainties that could cause actual results which differ from those in this material.

Company Information

Daewoo Securities **JUNE 2010**

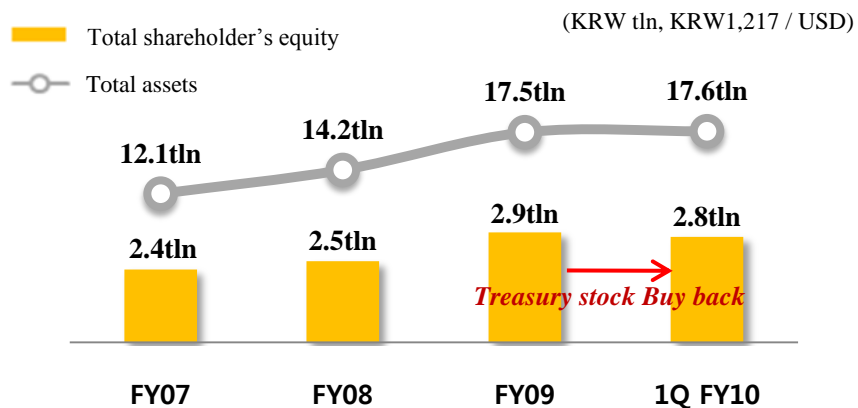
History

- 1970. Sep - Established as Dong Yang Securities
- 1983. Oct - Renamed as Daewoo Securities
- 1999. Oct - Split from Daewoo Group
- 2009. Oct - Established kdb Holdings Company & kdb holdings became major shareholder

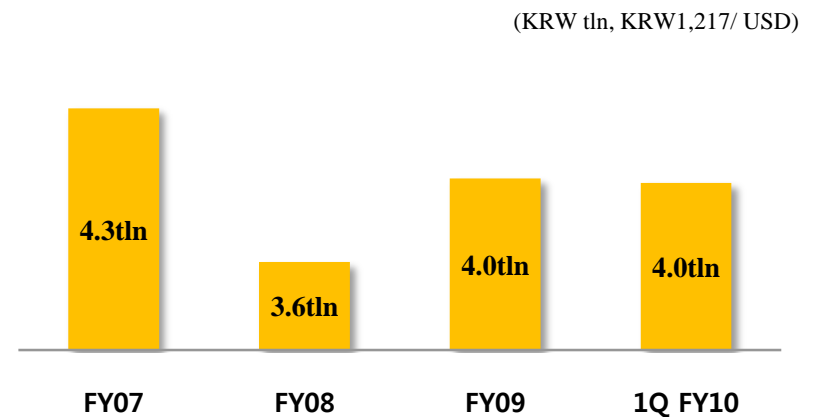
Network

- Domestic - 130 Branches
- Overseas - 3 Overseas Subsidiaries (New York, London, Hong Kong)
- 3 Regional Offices (Tokyo, Beijing, Ho Chi Minh)

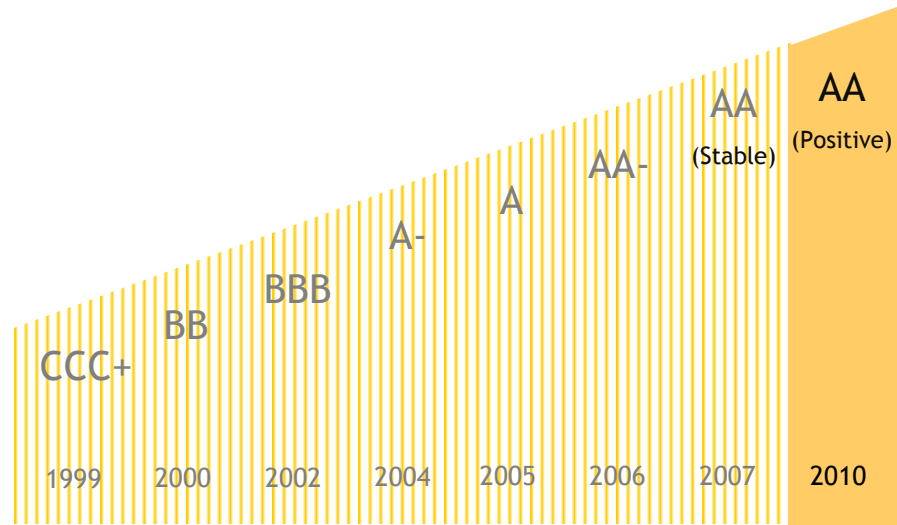
Financials



Market Capitalization

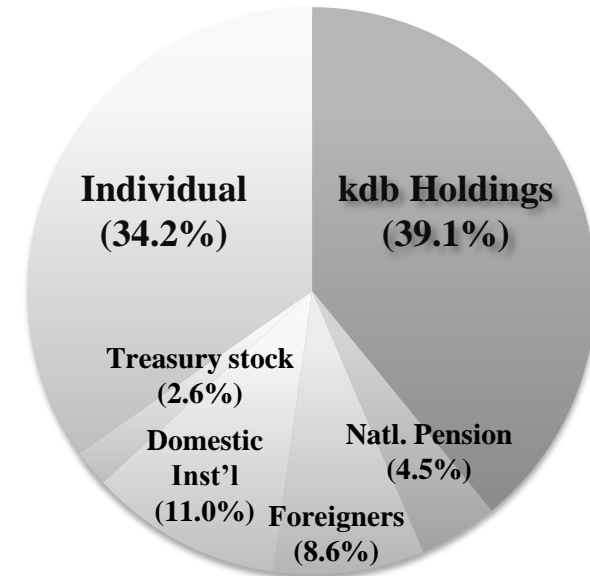


Credit Rating



* Source : Korean Credit Ratings

Shareholder Structure



* Common shares, As of June. 2010

◆ Maintained the top credit rating in the sector

◆ Well diversified shareholder structures

- Major 39.1%, Inst'l Investors 24.1%, Individuals 34.2%

1Q FY10 Earnings Highlights

Daewoo Securities **JUNE 2010**

Recorded net income of USD 78.2mln in 1Q FY10 (KRW 95.2bln, the highest level of profit among competitors)

Brokerage (※ Refer to P.7~8)

- ◆ DWS's brokerage M/S slightly declined mainly from the decrease of individual investors' portion (67.7% →62.8%) .
※ *Brokerage M/S : 6.1% (by turnover) / 7.3% (by commission)*
- ◆ **Retail Brokerage** : Nevertheless, DWS achieved the highest revenue in the sector under the circumstances of increasing the average daily market trading volume (KRW 8.8tln → KRW9.1tln). As a result, DWS' retail brokerage business strongly secured the market leadership and widened its lead over the second runner. ※ *Retail brokerage commission M/S : 10.3% (gap w/ 2nd ranked co: 1.6%p), Retail brokerage commission revenue : USD 78.4mln (KRW 95.4bln)*
- ◆ **Wholesale Brokerage (International)** : DWS made an effort to switch DMA customers to off-line services for maximizing profitability. As a result, the commission revenue rose up to 10% (QoQ), and thus DWS maintained the high-ranked position. ※ *Int'l brokerage M/S (by turnover) : 3.8%*
- ◆ **Wholesale Brokerage (Domestic)** : DWS raised its competitive edge by offering the high quality research papers and participating in the major block deals such as Hynix and Woori financial group. Consequently, DWS was selected as 'The Best Institutional Sales Team' by Hankyung Business Newspaper in 1H FY10. ※ *Domestic brokerage M/S (by turnover) : 4.7%*

WM (※ Refer to P.9~10)

- ◆ DWS showed substantial growth in WM business in 1Q FY10, recording the balance totaled KRW 44.0tln (Up 11%, QoQ). The company's well-diversified product portfolios (ELS, Wrap, Beneficiary Certificates, etc) and skilled asset management abilities contributed to the achievement.
- ◆ In 1Q FY10, DWS' WM division delivered solid result with net revenues of KRW 23.5bln (Up 15%, QoQ).
※ *WM balances : USD 36.2bln (KRW 44.0tln) / WM commission revenue : USD 19.3mln (KRW 23.5bln)*

IB (※ Refer to P.11~12)

- ◆ DWS has been equipped for the industry's best deal sourcing abilities and networks with corporate clients. Based on those strengths, the company successfully led a number of major deals such as LG Innotek, Hanjin Shipping (right offerings) and Mando (IPO).
- ◆ In terms of PF, DWS concentrated more on the alternative investment (ex. studio apartment, golf courses, bulk carrier) rather than housing-related investment as the real estate market was stagnated. Those efforts enabled us to maintain the No.1 position in the IB sectors.
※ *IB commission revenue : USD 12.7mln (KRW 15.5bln)*

Sales & Trading (※ Refer to P.13~14)

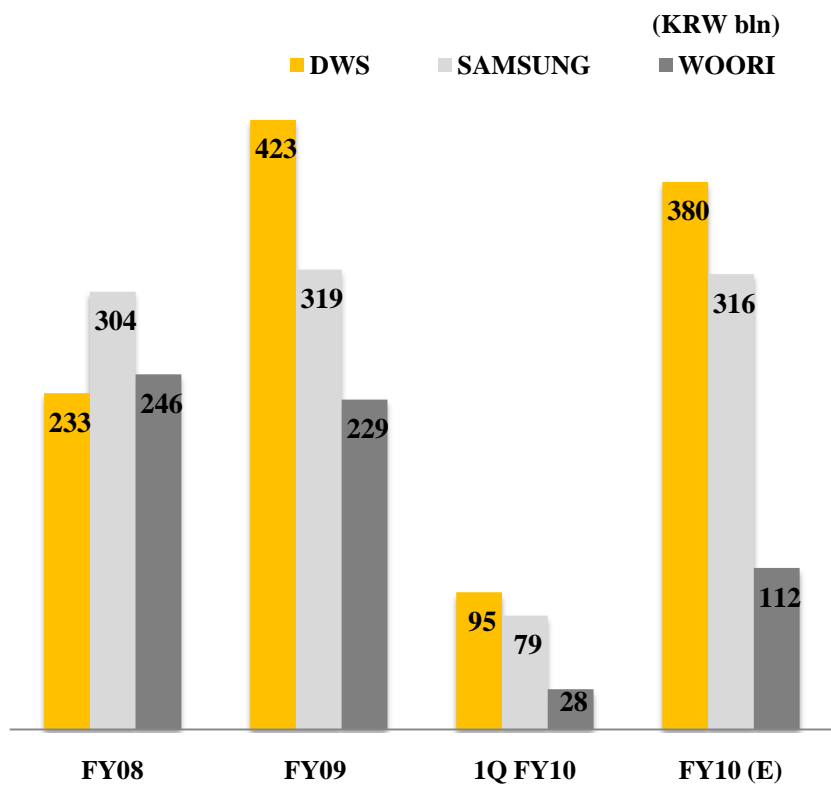
- ◆ The performance of bond trading in 1Q FY10 was not fruitful since the interest rate movement was unfavorable to us (2yrs Govt bond : 50bp ↑ , QoQ).
- ◆ However, as DWS achieved superior performance in stocks & derivatives trading in this quarter, the company delivered solid result for S&T business with net revenue of USD 62.1mln (KRW 75.6bln).
※ *Revenue in Sales & Trading : USD 62.1mln* (KRW 75.6bln) (* include bond interest)*

※ The exchange rate is 1,217 KRW / USD in this presentation material.

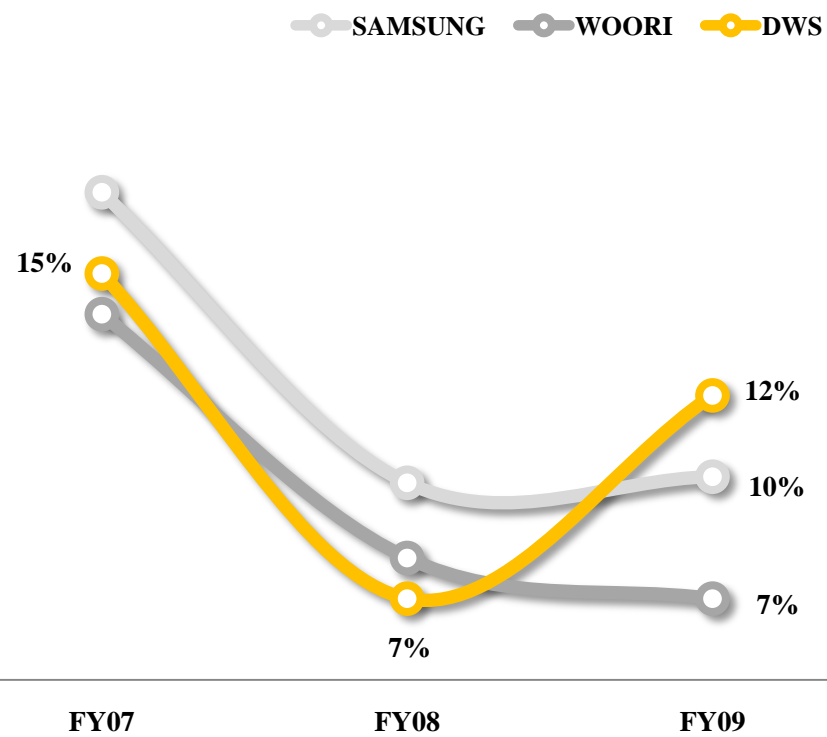
Net Income and ROE

Recorded the highest net income and ROE in the sector

Net Income (before tax)



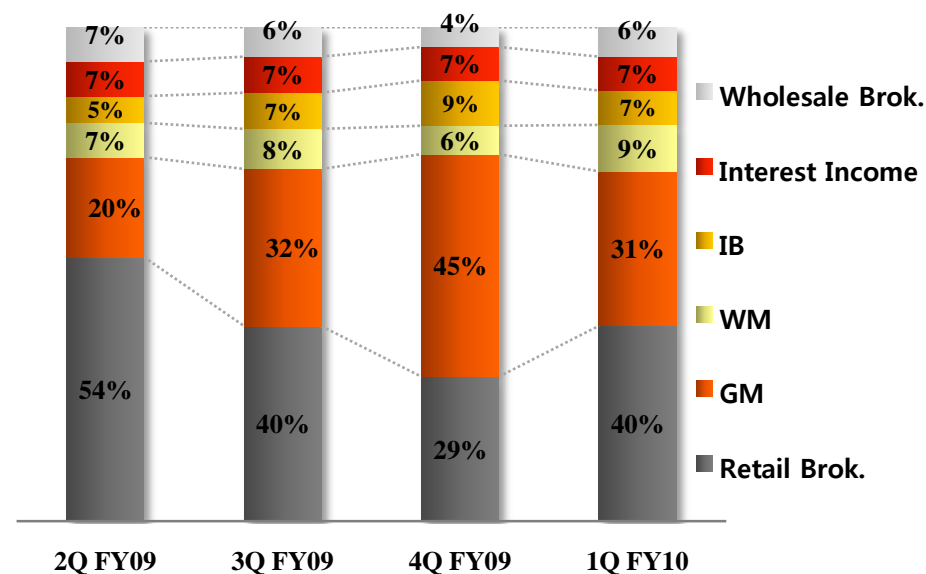
ROE (after tax, annualized)



Net income in 1Q FY10 recorded USD 78.2mln (KRW 95.2bln)

(KRW bln)	2Q FY09	3Q FY09	4Q FY09	1Q FY10
Operating revenue	231.0	200.7	326.4	226.3
Brokerage commissions	149.3	97.0	110.5	108.5
IB commissions	13.6	15.8	31.2	15.5
WM commissions	26.3	27.0	29.9	29.2
• Structured securities	14.6	14.7	16.7	13.6
Gain/loss on sales and valuation of securities	-18.3	-8.1	72.2	-14.3
Interest income/loss	77.5	82.9	97.1	98.5
△ Commission expenses	-17.4	-13.9	-14.5	-11.1
SG&A expenses	154.3	135.5	170.2	133.7
Others*	7.3	-46.7	-2.0	-0.3
Operating income	84.0	18.5	154.2	92.3
Non-operating income	5.6	2.0	-1.3	2.9
Net income (before tax)	89.6	20.5	152.9	95.2
Income tax expense	23.4	6.3	35.0	34.6
Net income	66.2	14.2	117.9	60.6

1Q FY10 Revenue Structure



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

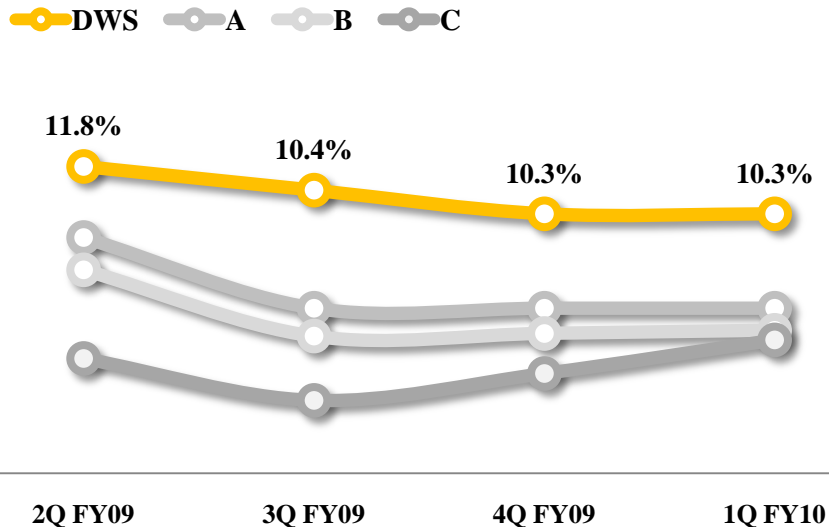
* Before deducting commission expenses

Performance by Division – Retail Brok.

Daewoo Securities **JUNE 2010**

Maintained No.1 position in retail brokerage business

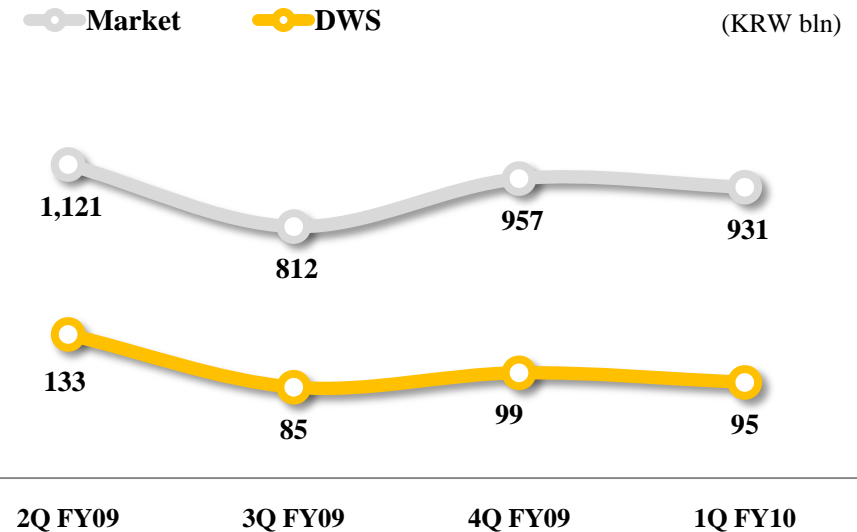
Retail brokerage M/S (by commission)



- ◆ DWS' brokerage M/S slightly declined mainly from the decrease of individual investors' portion (67.7% → 62.8%).
- ◆ Nevertheless, DWS achieved the highest revenue in the sector under the circumstances of increasing the average daily market trading volume. As a result, DWS' retail brokerage business strongly secured the market leadership and widened its lead over the second runner.

※ 1Q FY10, Retail brokerage commission M/S : 10.3% (gap w/ 2nd ranked co : 1.6%p)

DWS commission revenue in retail brok. market



- ◆ As the above graph shown, DWS's commission revenue is assumed to be correlated with market condition.
- ◆ In 1Q FY10, DWS's commission revenue was slightly decreased as the whole market size was scaled down.

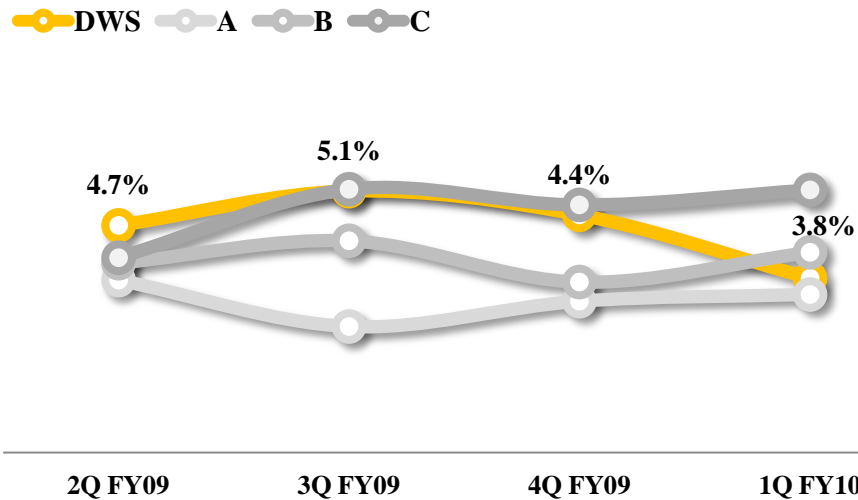
※ 1Q FY10, Retail brokerage commission revenue : USD 78.4mln (KRW 95.4bln)

Performance by Division – Wholesale Brok.

Daewoo Securities **JUNE 2010**

Secured the leading position in the wholesale brokerage business

International wholesale brokerage M/S (by turnover)

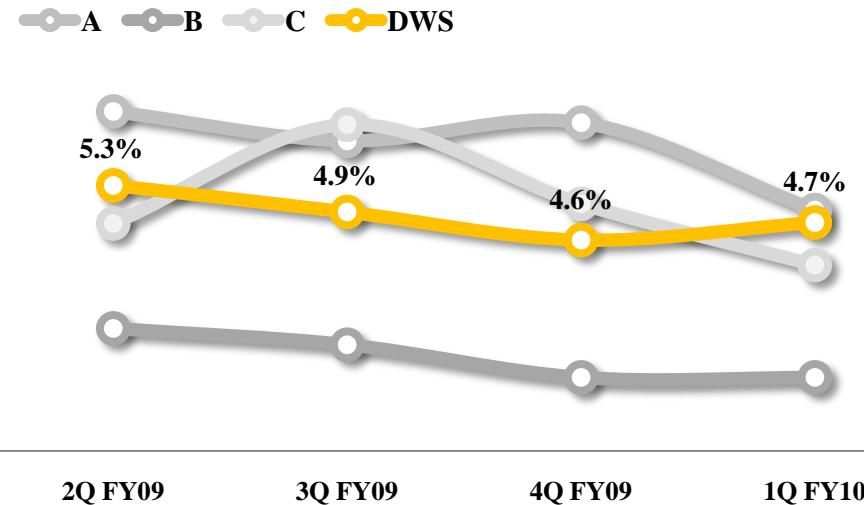


◆ DWS made an efforts to switch DMA customers to off-line services for maximizing profitability.

◆ As a result, the commission revenue rose up to 10% (QoQ), and thus DWS maintained the high-ranked position.

※ 1Q FY10, International brokerage M/S (by turnover) : 3.8%

Domestic wholesale brokerage M/S (by turnover)



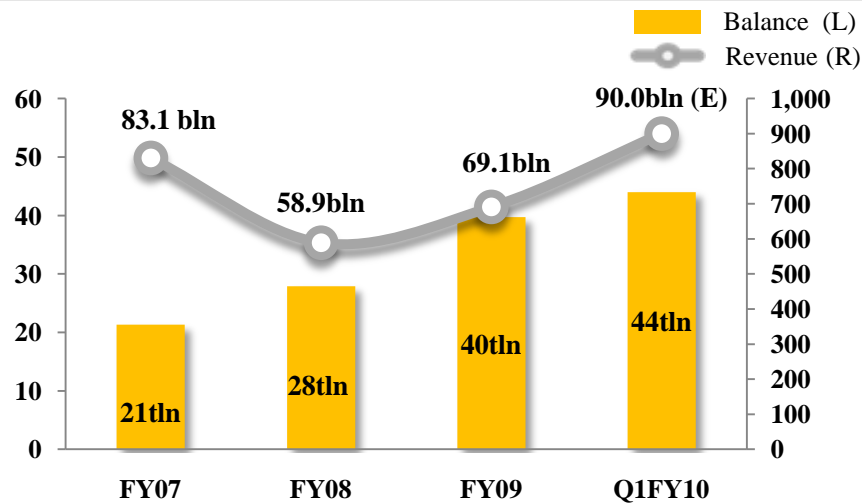
◆ DWS raised its competitive edge by offering the high quality research papers and participating in the major block deals such as Hynix and Woori financial group.

◆ Consequently, DWS was selected as ‘The Best Institutional Sales Team’ by Hankyung Business Newspaper in 1H FY10.

※ 1Q FY10, Domestic brokerage M/S (by turnover) : 4.7%

Achieved stable income generation and rapid growth in WM business

WM revenue and balance trend

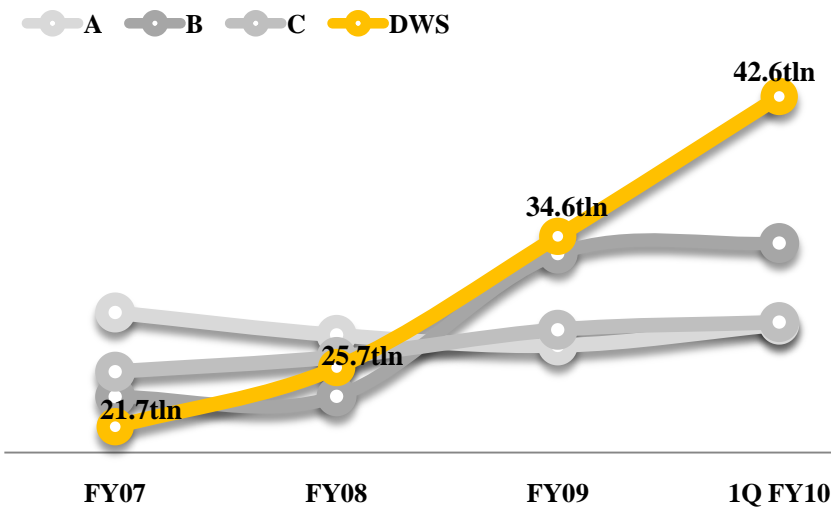


• WM revenue = Beneficiary Certificates + Wrap + Trust + ELS Sales Margin
 • The revenue of 1Q FY10 is annualized estimates

- ◆ DWS showed substantial growth in WM business in 1Q FY10, recording the balance totaled KRW 44.0trn (Up 11%, QoQ).
- ◆ The company's well-diversified product portfolios (ELS, Wrap, Repo, Beneficiary Certificates, etc) and skilled asset management abilities contributed to the achievement.

※ 1Q FY10, WM commission revenue : USD 19.3m (KRW 23.5bln)

DWS WM balance against peers



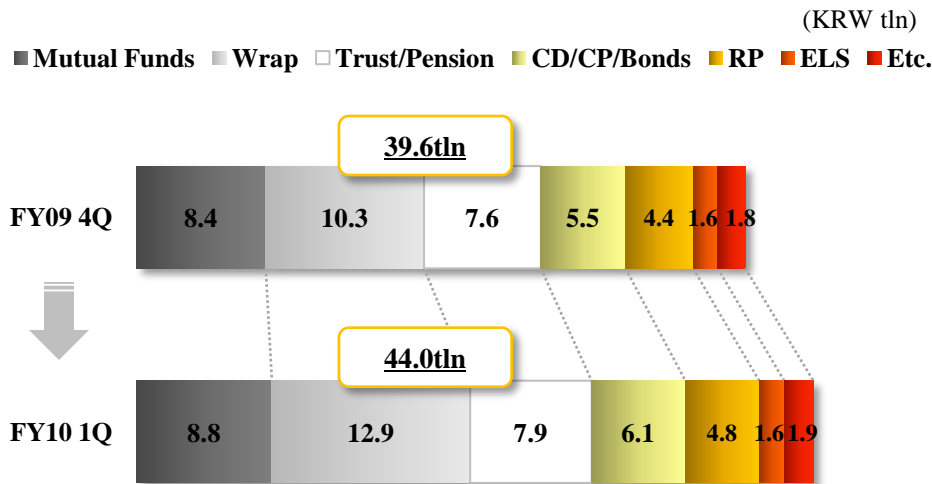
* By balance of major WM products

- ◆ DWS has secured its No.1 position, based on WM balance, by recording the industry's highest rate of growth for the past 4 years.
- ◆ The company has strengthened our position as a market leader in WM business by offering customized services and competitive products.

※ 1Q FY10, WM balance : USD 35.4bln (KRW 43.2trn)

Well diversified WM product portfolios contributed to the stable income generation

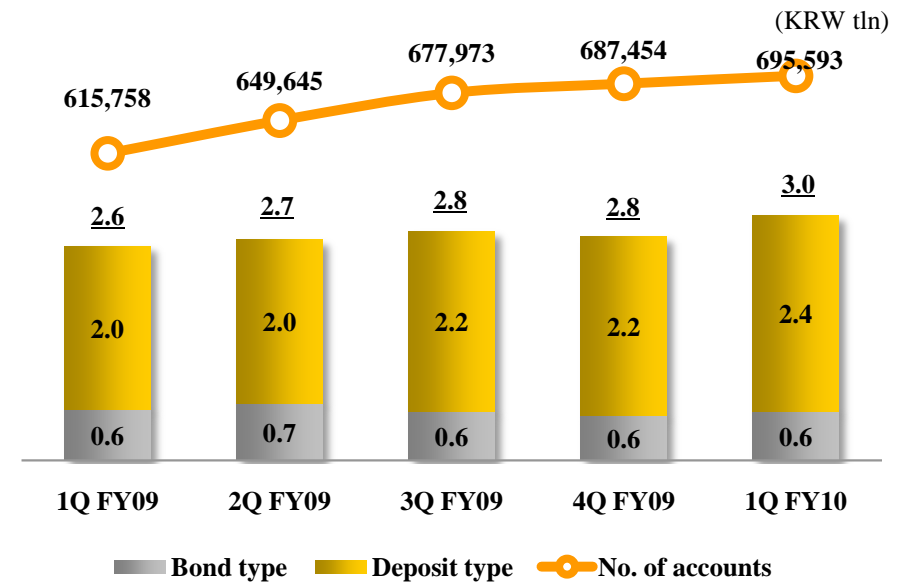
WM products



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

- ◆ DWS' well-diversified product portfolios contributed to the stable income generation for WM business.
- ◆ Especially, Wrap made the biggest contribution to expanding the overall balance of WM business in this quarter (Up 25%, QoQ).

CMA balance & accounts



- ◆ As of June 2010, the end balance of CMA totaled KRW 3.0tln with the number of accounts standing at 695,593. DWS tried to take advantage of the CMA customers to seek cross-selling opportunities as a way of driving long term growth.
- ◆ Since DWS launched 'One-kdb deposit type CMA' to maximize synergy with kdb, the 'One-kdb CMA' showed a significant increases in both balance & accounts.

Performance by Division – IB

Daewoo Securities **JUNE 2010**

Actively participated in major renowned deals in 1Q FY10

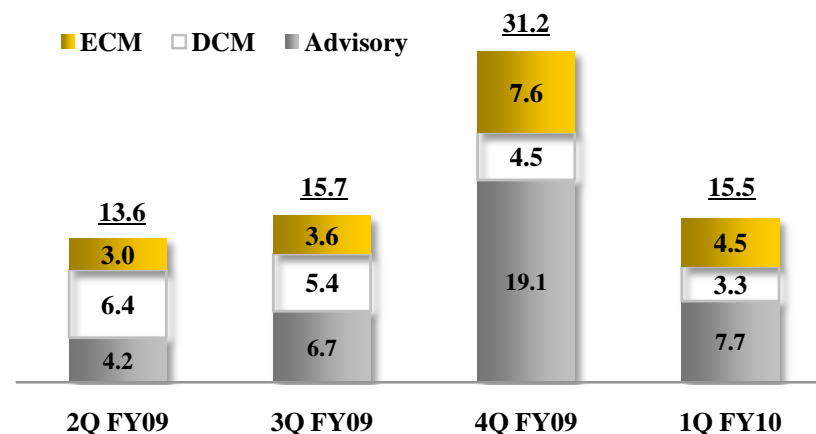
Domestic IB league table (CY10)

IPO			Right Offerings		
Rank	Book runner	M/S	Rank	Book runner	M/S
1	A	17.6%	1	Daewoo Securities	23.4%
2	B	15.4%	2	A	21.4%
3	Daewoo Securities	11.6%	3	B	11.9%
ABS			Mezzanine		
Rank	Book runner	M/S	Rank	Book runner	M/S
1	Daewoo Securities	17.7%	1	A	11.5%
2	A	7.8%	2	B	9.5%
3	B	7.8%	5	Daewoo Securities	7.0%

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

IB commission revenue

(KRW bln)



- ◆ DWS has been equipped for the industry's best deal sourcing abilities and networks with corporate clients. Based on those strengths, the company successfully led a number of major deal such as LG Innotek, Hanjin Shipping (right offerings) and Mando(IPO).
- ◆ In terms of PF, DWS concentrated more on the alternative investment (ex. Studio apartment, golf courses, bulk carrier) rather than housing – related investment as the real estate market was stagnated. Those efforts enabled us to maintain the No.1 position in the IB sectors.

*1Q FY10, IB commission revenue : USD 12.7mln (KRW 15.5bln)

Acquired outstanding track record arisen from major deals

Participation in major deals in CY10



IPO

- USD 1.5bln (KRW 1.8tln)



Block Deal

- USD 1.0bln (KRW 1.2tln)



Right Offerings

- USD 208.7mln (KRW 254.3bln)



Rights offerings

- USD 267.9mln (KRW 325.7bln)



Mezzanine (BW)

- USD 151.3mln (KRW 184.1bln)



IPO

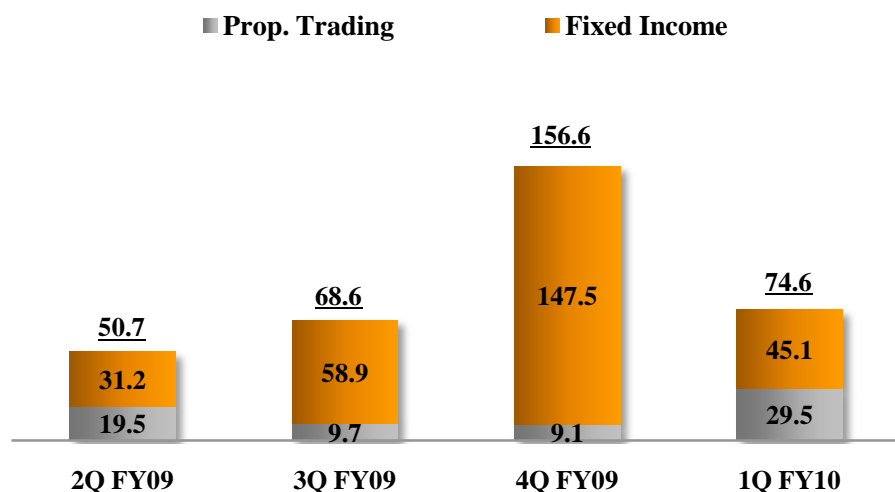
- USD 409.2mln (KRW 498.0bln)

※ The exchange rate is 1,217 KRW / USD in this presentation material.

Sales & Trading turned into a new growth engine for the company

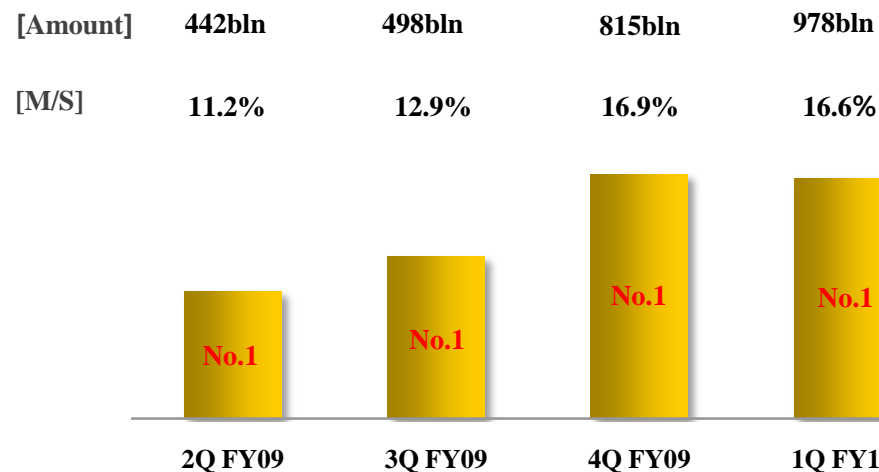
Sales & Trading revenue

(KRW bln)



ELS M/S & Rank

(KRW bln)



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

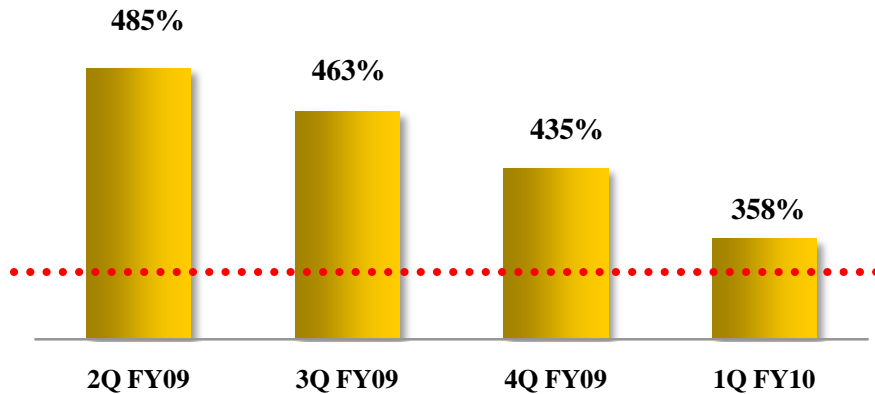
- ◆ The performance of bond trading in 1Q FY10 was not fruitful since the interest rate movement was unfavorable to us (2yrs Govt bond : 50bp↑, QoQ).
- ◆ However, as DWS achieved superior performance in stocks & derivatives trading, the company delivered solid result for Sales & Trading business with net revenue of USD 61.2mln (KRW 75.6bln).

**1Q FY10, Revenue in S & T : USD 61.2mln* (KRW 75.6bln) (*include bond interest)*

- ◆ DWS has maintained No. 1 position in ELS issuance market for the last 3 consecutive years .
- ◆ It was possible because DWS has been equipped for superior product development capabilities and effective collaborations with retail sales networks.

Stable asset management based on strict internal risk management

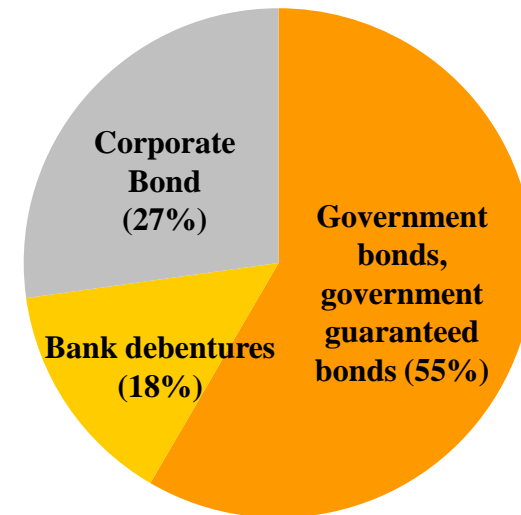
NCR(Net Capital Ratio)



..... 300% NCR (based on OTC derivatives license)

- ◆ DWS regularly measures and monitors the NCR according to the standards set by the Financial Supervisory Service (FSS).
- ◆ As of June 2010, DWS' NCR stood at 358%, and it meets the legal requirement of 300% for OTC business.

Bond portfolio (as of June 2010)



- ◆ The bonds held by DWS can be broken down to 55% in government and government-guaranteed bonds, 27% in corporate bonds and the remaining 18% in bank debentures.

Strong brand power in all core businesses

□ Best securities firm · research house

- Hankyung Business Weekly

‘Best Securities firm · Research House · Institutional Broker of first half 2010’



- Maekyung Economy Weekly

‘Best Research House of first half 2010’

□ 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

- Moneytoday

Best IB House for the ‘7th Korean IB Awards’ [May 2010]



- Chosun Newspaper

Best Research House at ‘2009 Best Research House Awards’ [Jan 2010]

- Maekyung Daily

Best Securities House at ‘12th Maekyung Awards’ [Jan 2010]



- Seoul Economy Daily

Best securities house at ‘2009 Korea Securities Awards’ [Nov 2009]

□ Recognized in IB business

- 7th : Best Korean IB of the Year [May 2010]
- 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 **JUNE 2010**

Annual base

Quarterly base

[KRW bln]	Annual			
	FY2006 (07.03)	FY2007 (08.03)	FY2008 (09.03)	FY2009 (10.03)
Operating Revenue	820	1,013	703	1,049
Brokerage Commissions	372	608	394	530
IB Commissions	40	67	43	84
WM Commissions (Structured Securities)	69 46	116 77	104 71	115 68
Gain or Loss of Sales and Valuation of Securities	103	78	-47	49
Interest Income/Loss	280	215	263	336
Commission Expense	-44	-72	-55	-65
SG&A	370	537	478	594
Others	5	-13	-21	-43
Operating Income	456	462	204	412
Non Operating Income	15	1	30	11
Net Income Before Income Tax	471	463	233	423
Income Tax Expense	25	126	53	104
Net Income	446	337	181	319
Balance Sheet (KRW tln)				
Total Assets	9.00	12.07	14.23	17.51
Total Liabilities	6.89	9.66	11.74	14.66
Total Shareholder's Equity	2.11	2.43	2.49	2.86
Net Capital Ratio (NCR)				
Net Capital Ratio (%)	621%	489%	531%	435%
Net working capital (KRW bln)	1,332	1,565	1,917	2,267
Risk-weighted assets (KRW bln)	214	320	361	522

Net Quarter								
1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10
185	77	229	212	291	231	201	326	226
110	83	99	101	173	149	97	110	108
12	8	10	13	23	14	16	31	16
44	26	16	19	32	26	27	30	29
34	17	9	10	22	15	15	17	14
-33	-83	50	19	4	-18	-8	72	-14
65	59	63	76	78	78	83	97	98
-13	-15	-9	-18	-19	-17	-14	-14	-11
129	107	123	120	134	154	136	170	134
4	4	-13	-15	-2	7	-47	-2	0
60	-26	93	77	155	84	18	154	92
2	2	20	6	5	6	2	-1	3
62	-24	113	83	160	90	21	153	95
18	-6	28	13	39	23	6	35	34
45	-18	84	70	121	66	14	118	61
Balance Sheet (KRW tln)								
13.70	14.09	13.07	14.23	15.80	17.15	15.33	17.51	17.60
11.32	11.75	10.68	11.74	13.22	14.48	12.61	14.66	14.84
2.38	2.34	2.39	2.49	2.58	2.67	2.72	2.86	2.76
Net Capital Ratio (NCR)								
461%	469%	509%	531%	503%	485%	463%	435%	358%
1,562	1,552	1,635	1,917	2,083	2,118	2,177	2,267	2,031
339	331	321	361	414	437	470	522	567

KDB Financial Group

DAEWOO SECURITIES

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