

Daewoo Securities

SEP FY2010

KDB Financial Group

DAEWOO SECURITIES

Daewoo Securities

SEP 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 **SEP 2010**

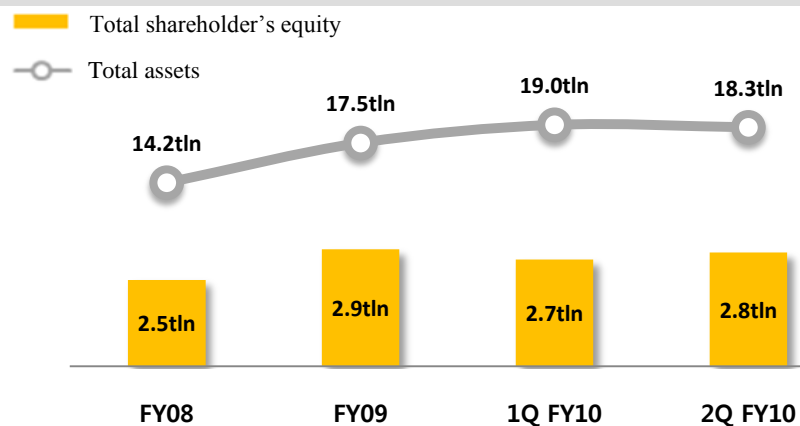
History

- 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

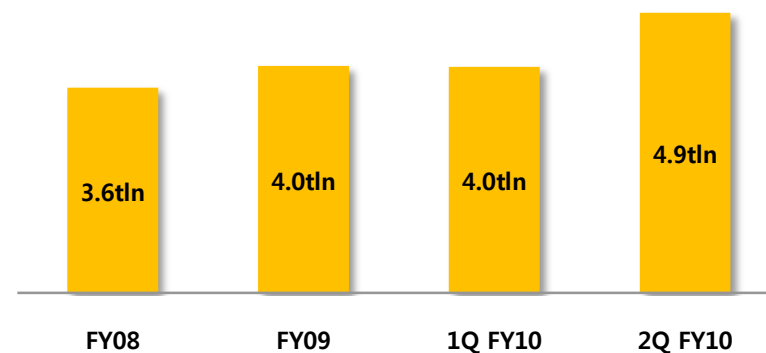
- Domestic - 124 Branches
- Overseas - 3 Overseas Subsidiaries (New York, London, Hong Kong)
- 3 Regional Offices (Tokyo, Beijing, Ho Chi Minh)

Financials



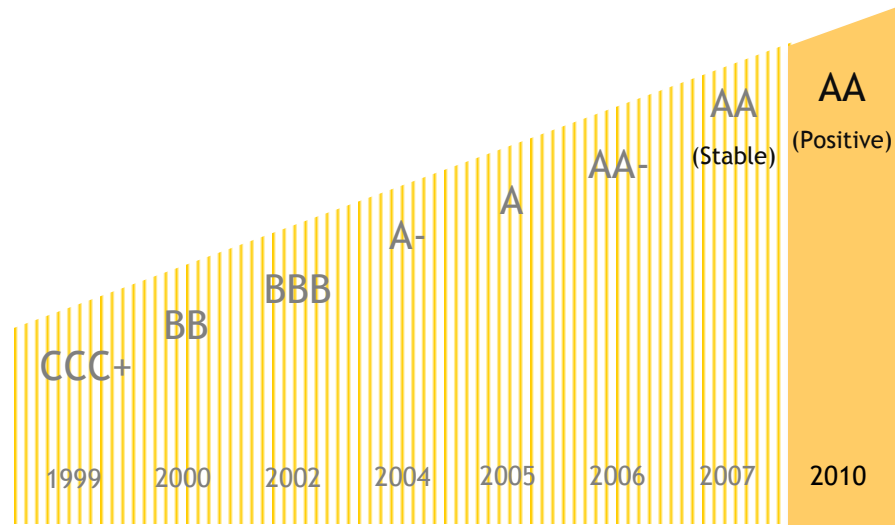
(KRW tln, KRW1,130 / USD)

Market Capitalization



(KRW tln, KRW1,130/ USD)

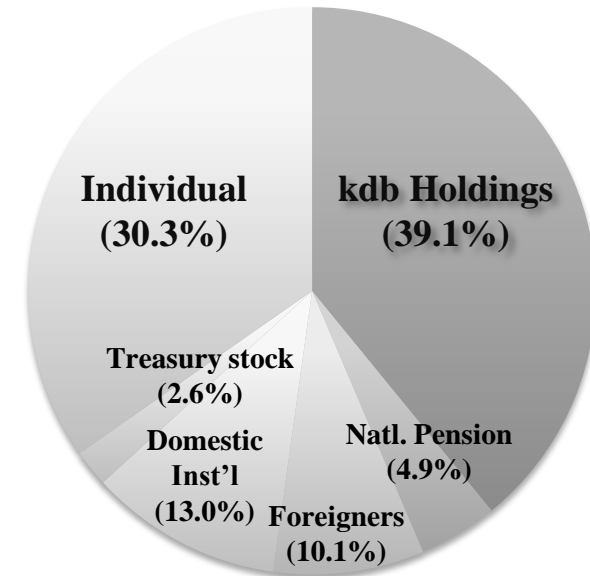
Credit Rating



* Source : Korean Credit Ratings

◆ Maintained the top credit rating in the sector

Shareholder Structure



* Common shares, As of Aug. 2010

◆ Well diversified shareholder structures

- Major 39.1%, Inst'l Investors 28.0%, Individuals 30.3%, Treasury Stock 2.6%

2Q FY10 Earnings Highlights

Daewoo Securities SEP 2010

Recorded net income of USD 106.2mln in 2Q FY10 (KRW 120.0bln, the highest level of profit among competitors)

Brokerage (* Refer to P.7~8)

- ◆ **Retail Brokerage** : DWS's retail brokerage M/S slightly declined because the portion of ELW has sharply increased. (ELW 1Q : 17% → 2Q : 21%)
Not only DWS, but also other major securities houses also concurrently lose their market share as ELW enlarge its stake in total trading volume.
Nevertheless, DWS achieved the highest revenue in the sector, and DWS' retail brokerage business strongly secured the market leadership and widened its lead over the second runner. * Retail brokerage commission M/S : 9.7% (gap w/ 2nd ranked co: 1.2%p)
- ◆ **Wholesale Brokerage (International)** : Since orders from major customers have been decreased, the Int'l brokerage M/S has also been declined (3.8% → 2.9%). However, thanks to the efforts to enlarge the customer base to the foreign investment bank and to activate the equity sales business based on the HK headquarter, the M/S and the profitability have been regained from Sep 2010. * Int'l brokerage M/S (by turnover) : 2.9%
- ◆ **Wholesale Brokerage (Domestic)** : DWS has maintained its first runner position by offering the highly reputed research papers and by being equipped the best manpower in the industry. DWS' best manpower is revealed from the fact that DWS is awarded as "The best Institutional Sales Team" by one of the most representing newspaper in Korea for the last 6 consecutive years. * Domestic brokerage M/S (by turnover) : 4.4%

WM (* Refer to P.9~10)

- ◆ DWS showed stable growth in WM business in 2Q FY10, maintaining the balance totaled KRW 43.7ln.
The company's well-diversified product portfolios (ELS, Wrap, Beneficiary Certificates, etc) and skilled asset management abilities contributed to the achievement.
- ◆ In 2Q FY10, DWS' WM division delivered solid result with net revenues of KRW 23.9bln (Up 6%, QoQ).
* WM balances : USD 38.7bln (KRW 43.7ln) / WM commission revenue : USD 21.2mln (KRW 23.9bln)

IB (* Refer to P.11~12)

- ◆ In 2Q FY10, the market condition for IB business was unfavorable because the number of equity-related deals were shorten compared to the last quarter.
- ◆ However, DWS raised both its competitiveness edge and profitability by accomplishing the cross-border deal (Suzhou Shenglong PV Tech), and participating in kdb-related deals (right offerings; kdb life)
* IB commission revenue : USD 13.6mln (KRW 15.4bln)

Sales & Trading (* Refer to P.13~14)

- ◆ DWS delivered strong performance in Sales & Trading business in 2Q FY10. It was possible because the industry's best traders inside of the company made a timely decision to react its volatile market condition.
- ◆ As DWS achieved superior performance in bond & stock trading in this quarter, the company delivered solid result for S&T business with net revenue of USD 139.7 lm (KRW 157.9bln) * Revenue in Sales & Trading : USD 139.7mln* (KRW 157.9bln) (* include bond interest)

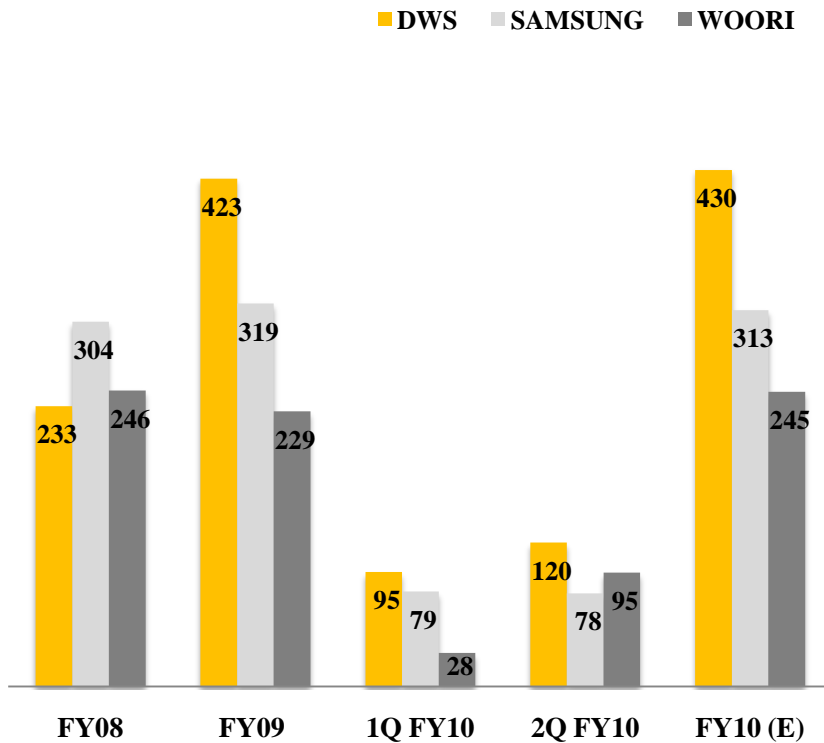
* The exchange rate is 1,130 KRW / USD in this presentation material.

Net Income and ROE

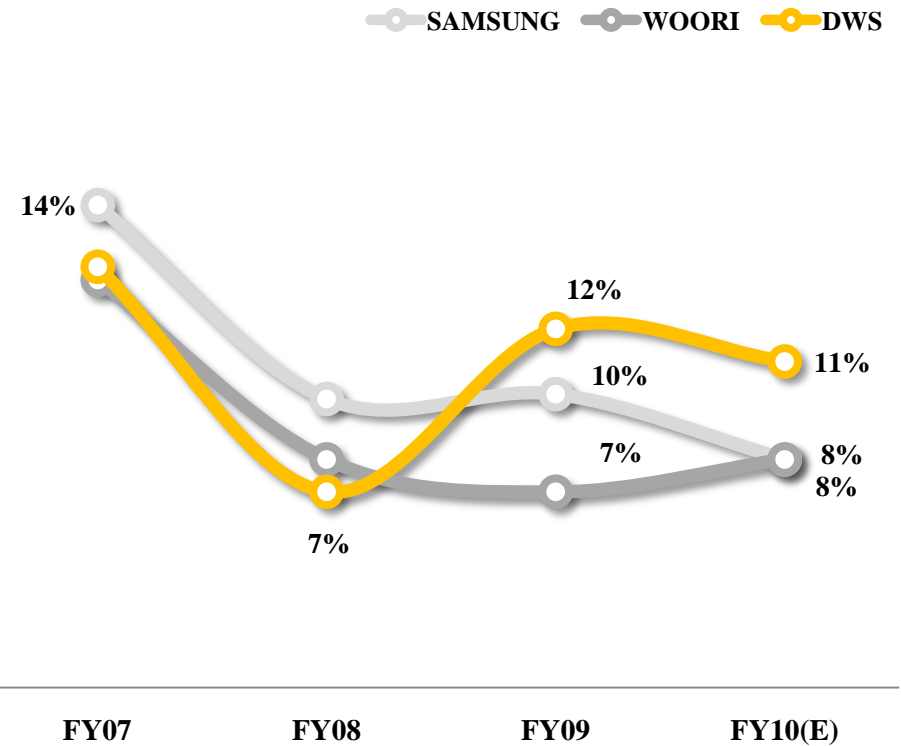
Recorded the highest net income and ROE in the sector

Net Income (before tax)

(KRW bln)



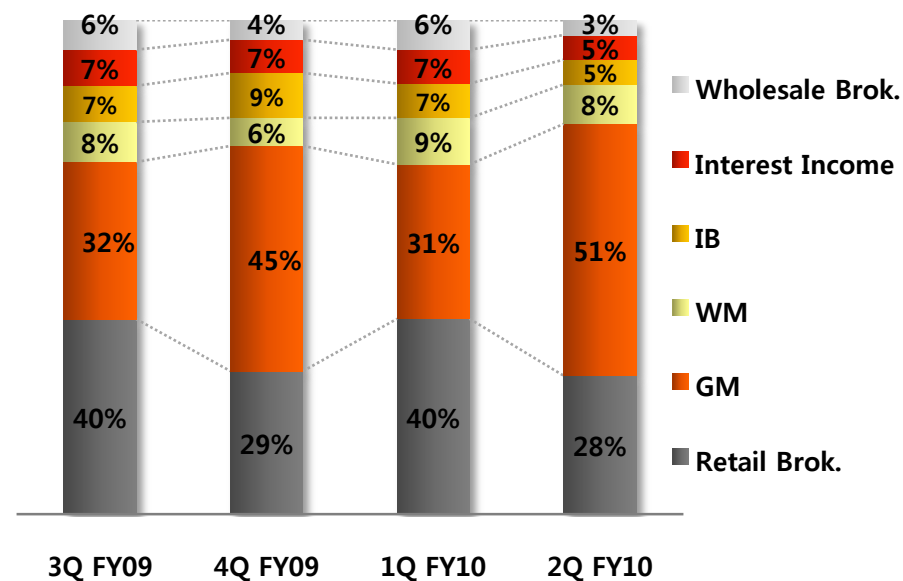
ROE (after tax, annualized)



Net income in 2Q FY10 recorded USD 81.2mln (KRW 91.7bln)

(KRW bln)	3Q FY09	4Q FY09	1Q FY10	2Q FY10
Operating revenue	200.7	326.4	226.3	300.6
Brokerage commissions	97.0	110.5	108.5	99.4
IB commissions	15.8	31.2	15.5	15.4
WM commissions	27.0	29.9	29.2	32.7
• Structured securities	14.7	16.7	13.6	15.1
Gain/loss on sales and valuation of securities	-8.1	72.2	-14.3	80.4
Interest income/loss	82.9	97.1	98.5	84.7
△ Commission expenses	-13.9	-14.5	-11.1	-12.0
SG&A expenses	135.5	170.2	133.7	180.5
Others*	-46.7	-2.0	-0.3	-3.4
Operating income	18.5	154.2	92.3	116.7
Non-operating income	2.0	-1.3	2.9	3.3
Net income (before tax)	20.5	152.9	95.2	120.0
Income tax expense	6.3	35.0	34.6	28.3
Net income	14.2	117.9	60.6	91.7

2Q FY10 Revenue Structure



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

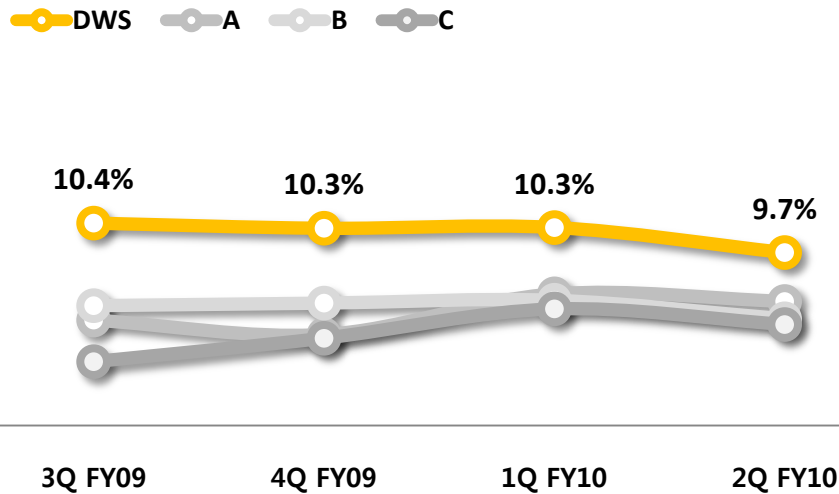
* Before deducting commission expenses

Performance by Division – Retail Brok.

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Maintained No.1 position in retail brokerage business

Retail brokerage M/S (by commission)

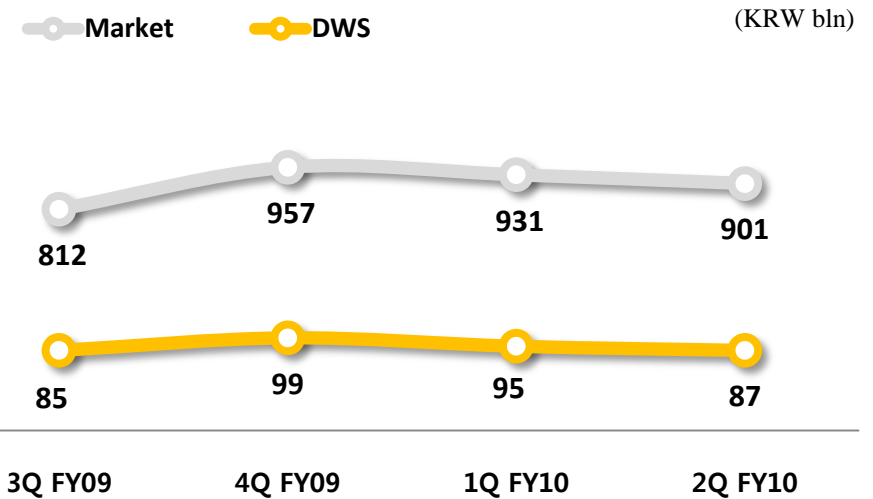


◆ DWS's retail brokerage M/S slightly declined because the portion of ELW has sharply increased. (YoY : 10.1 → 20.6, **104%** ↑, QoQ : 17.3 → 20.6, **19%** ↑). Not only DWS, but also other major securities houses also concurrently lose their market share as ELW enlarge its stake in total trading volume.

◆ Nevertheless, DWS achieved the highest revenue in the sector, and DWS' retail brokerage business strongly secured the market leadership and widened its lead over the second runner.

※ 2Q FY10, Retail brokerage commission M/S : 9.7% (gap w/ 2nd ranked co : 1.2%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 2Q FY10, DWS's commission revenue was slightly decreased as the whole market size was scaled down.

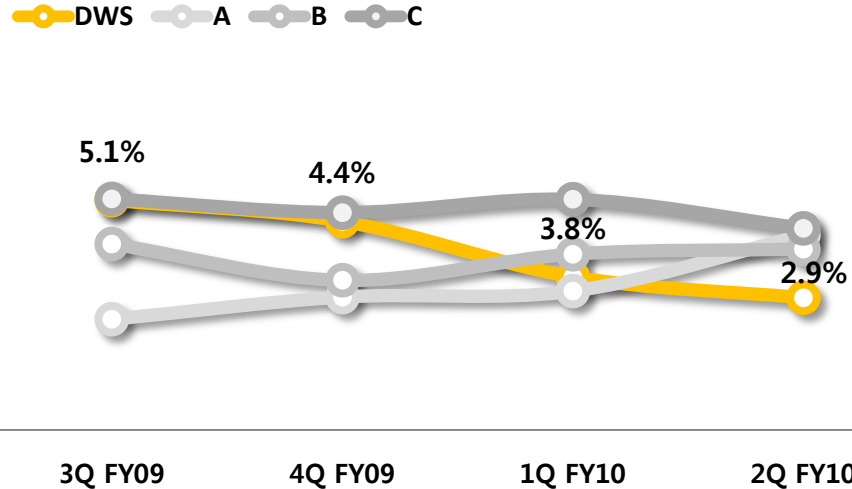
※ 2Q FY10, Retail brokerage commission revenue : USD 77.1mln (KRW 87.1bln)

Performance by Division – Wholesale Brok.

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Lost some M/S in 2Q FY10, but have regained its M/S & profitability from Sep

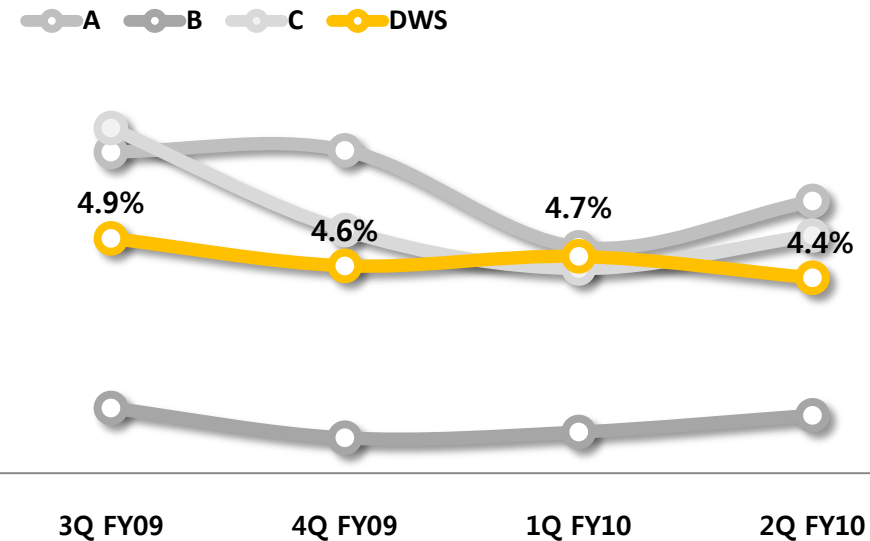
International wholesale brokerage M/S (by turnover)



- ◆ Since orders from major customers have been decreased, the Int'l brokerage M/S has also been declined (3.8% → 2.9%).
- ◆ However, thanks to the efforts to enlarge the customer base to the foreign investment bank and to activate the equity sales business based on the HK headquarter, the M/S and the profitability have been regained from September.

※ 2Q FY10, International brokerage M/S (by turnover) : 2.9%

Domestic wholesale brokerage M/S (by turnover)

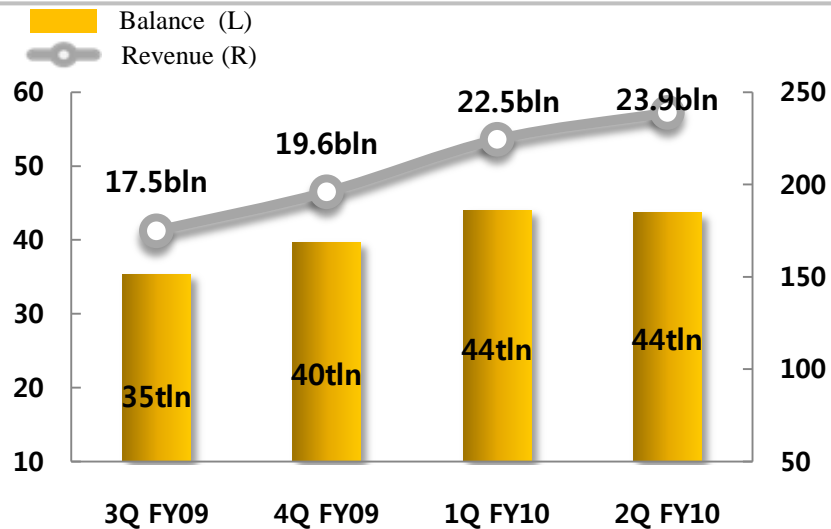


- ◆ DWS has maintained its first runner position by offering the highly reputed research papers and by being equipped the best manpower in the industry.
- ◆ DWS' best manpower is revealed from the fact that DWS is awarded as "The best Institutional Sales Team" by one of the most representing newspaper in Korea for the last 6 consecutive years.

※ 2Q FY10, Domestic brokerage M/S (by turnover) : 4.4%

Achieved stable income generation from WM business

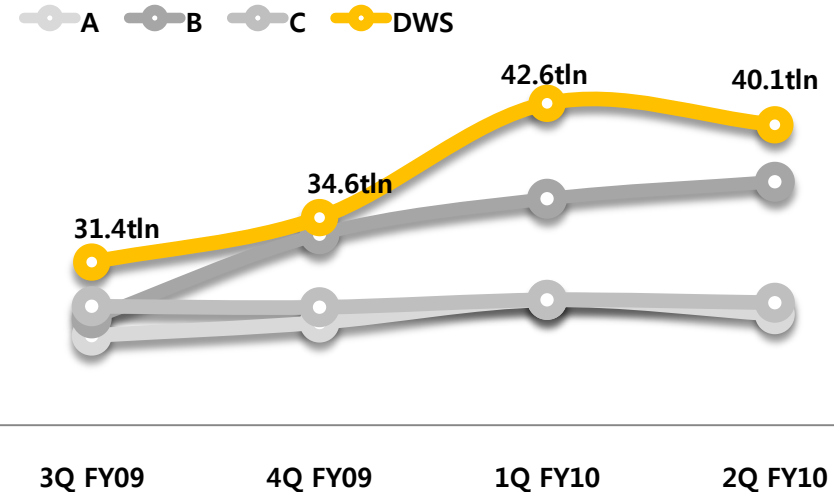
WM revenue and balance trend



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

- ◆ Even though the balance has rarely changed compared to 1Q FY10, the revenue has been grown up to KRW 23.9bln (6% ↑).
- ◆ It is because DWS achieved the significant growth in terms of equity type products. Especially, the balance of the equity type wrap product has been increased from 130.1bln to 348.7bln (168% ↑)
- ◆ ※2Q FY10, WM commission revenue : USD 21.2mln (KRW 23.9bln)

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.
- ◆ It was possible because DWS has focused to develop the new high-return and tailor-made products such as ELS and Wrap for satisfying the customers' various needs.

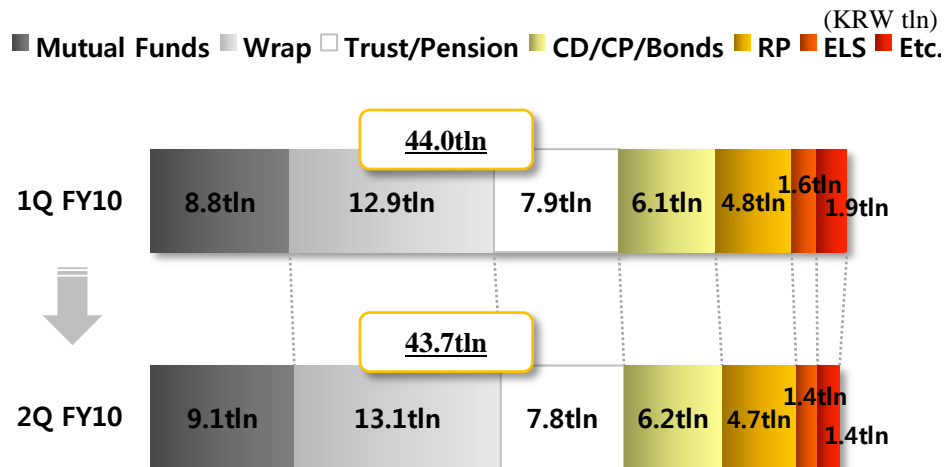
※2Q FY10, WM balance : USD 35.5bln (KRW 40.1tln)

Performance by Division – WM

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Well-diversified WM product portfolios meet the various customers' needs.

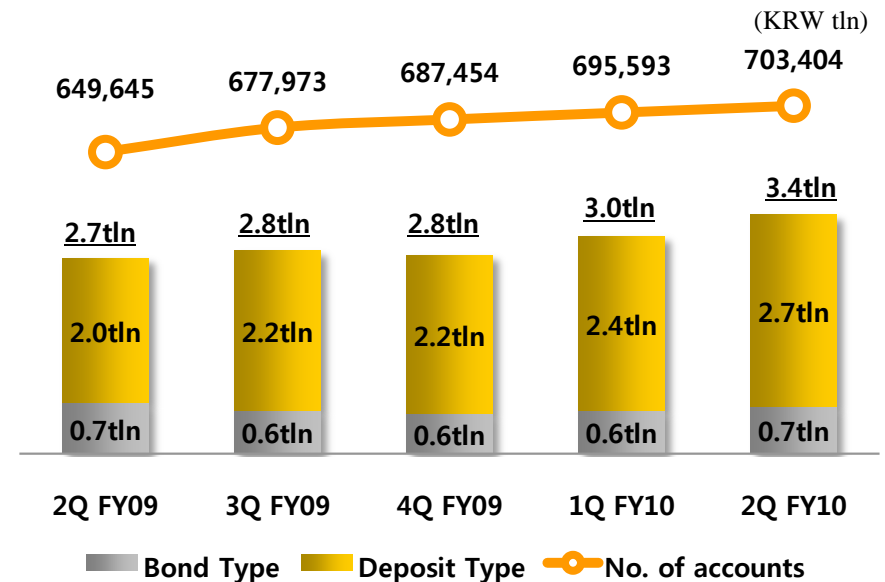
WM products



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

- ◆ DWS offers the well-diversified product portfolios (ELS, Wrap, Repo, Beneficiary Certificates, Etc) to meet the various customers' needs.
- ◆ This quarter was meaningful because DWS achieved the significant growth in terms of equity type products, and it enabled us to reap more profit from WM division.

CMA balance & accounts



- ◆ As of June 2010, the end balance of CMA totaled KRW 3.4tln with the number of accounts standing at 703,404. 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

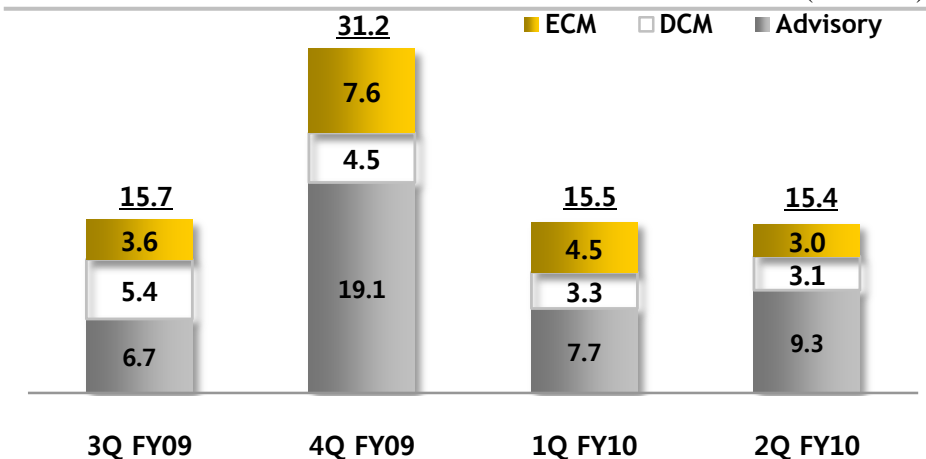
Daewoo Securities SEP 2010

Actively participated in major renowned deals in 2Q FY10

Domestic IB league table (CY10)

IPO			Right Offerings		
Rank	Book runner	M/S	Rank	Book runner	M/S
1	A	16.9%	1	Daewoo Securities	28.3%
2	B	14.1%	2	A	19.6%
3	Daewoo Securities	11.5%	3	B	7.6%
ABS			Mezzanine		
Rank	Book runner	M/S	Rank	Book runner	M/S
1	Daewoo Securities	13.3%	1	A	10.6%
2	A	13.1%	2	B	9.6%
3	B	12.5%	5	Daewoo Securities	7.3%

IB commission revenue



- ◆ In 2Q FY10, the market condition for IB business was unfavorable because the number of equity-related deals were shortened compared to the last quarter.
- ◆ However, DWS raised both its competitiveness edge and profitability by accomplishing the cross-border IPO deal (Suzhou Shenglong PV Tech), and participating in kdb-related deals (right offerings; kdb life).

※ 2Q FY10, IB commission revenue : USD 13.6mln (KRW 15.4bln)

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

Acquired outstanding track record by participating in 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)



Right Offerings

- USD 338.4mln (KRW 382.4bln)



IPO

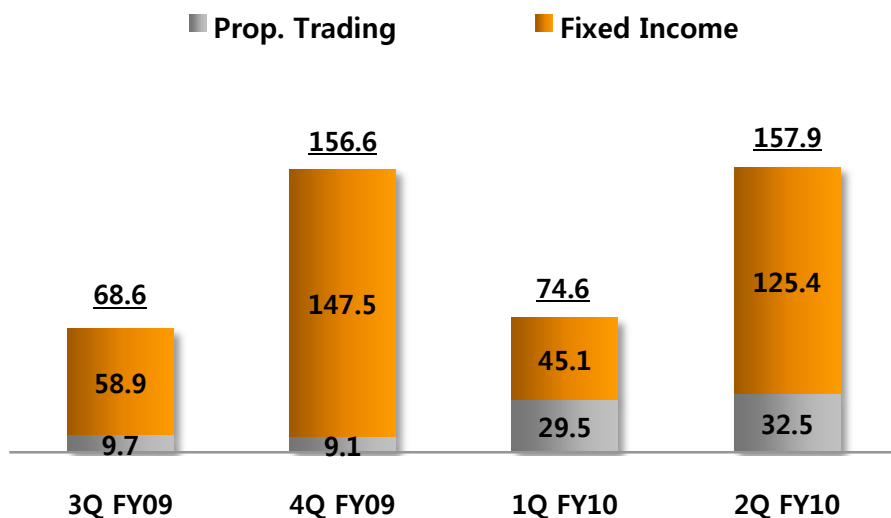
- USD 409.2mln (KRW 498.0bln)

※ The exchange rate is 1,130 KRW / USD in this presentation material.

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

Sales & Trading revenue

(KRW bln)



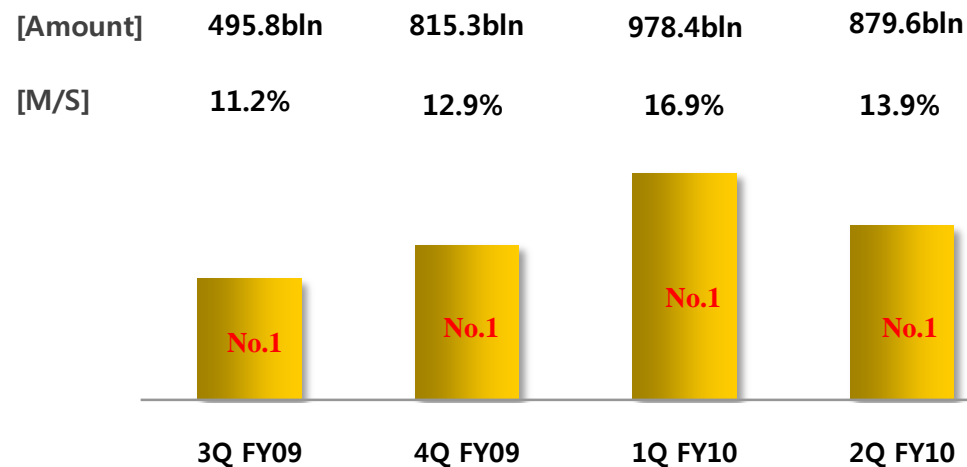
* Prop. Trading : PI, Stocks and Futures trading revenue

- ◆ DWS delivered exceptionally strong performance in Sales & Trading business in 2Q FY10. It was possible because the industry's best traders inside of the company made a timely decision to react its volatile market condition.
- ◆ As DWS achieved superior performance in bond & stock trading in this quarter, the company delivered solid result for S&T business with net revenue of USD 139.7mln (KRW 157.9bln)

※ 2Q FY10, Revenue in S & T : USD 139.7mln* (KRW 157.9bln) (*include bond interest)

ELS M/S & Rank

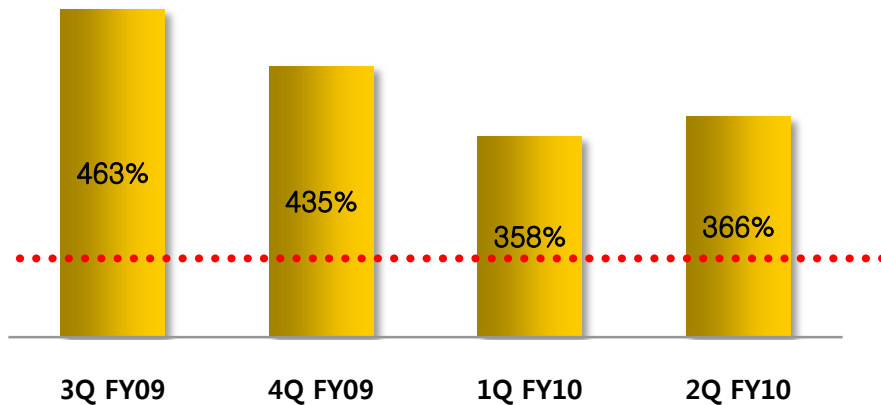
(KRW bln)



- ◆ 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

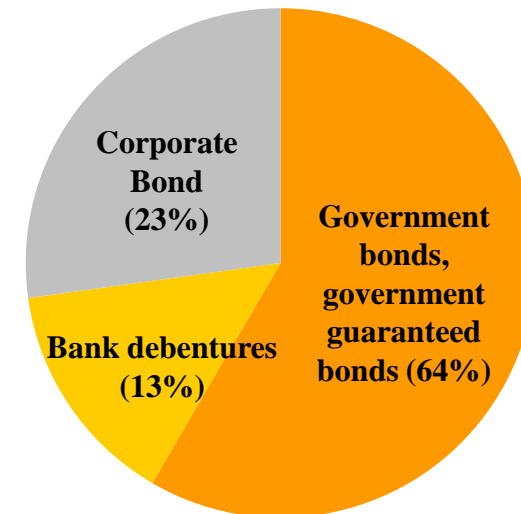
NCR(Net Capital Ratio)



..... 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 366%, and it meets the legal requirement of 300% for OTC business.

Bond portfolio (as of Sep. 2010)



- ◆ The bonds held by DWS can be broken down to 64% in government and government-guaranteed bonds, 23% in corporate bonds and the remaining 13% in bank debentures.
- ◆ Over 95% of total portfolio are bonds with an A grade or above

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

- 11th Social Welfare Day
Prize awarded by Prime Minister
- 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]



□ 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 SEP 2010

Annual 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	69	116	104	115
(Structured Securities)	46	77	71	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

Quarterly base

	Net Quarter								
	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10
Operating Revenue	77	229	212	291	231	201	326	226	300
Brokerage Commissions	83	99	101	173	149	97	110	108	99
IB Commissions	8	10	13	23	14	16	31	16	15
WM Commissions	26	16	19	32	26	27	30	29	33
(Structured Securities)	17	9	10	22	15	15	17	14	15
Gain or Loss of Sales and Valuation of Securities	-83	50	19	4	-18	-8	72	-14	80
Interest Income/Loss	59	63	76	78	78	83	97	98	85
Commission Expense	-15	-9	-18	-19	-17	-14	-14	-11	-12
SG&A	107	123	120	134	154	136	170	134	180
Others	4	-13	-15	-2	7	-47	-2	0	-3
Operating Income	-26	93	77	155	84	18	154	92	117
Non Operating Income	2	20	6	5	6	2	-1	3	3
Net Income Before Income Tax	-24	113	83	160	90	21	153	95	120
Income Tax Expense	-6	28	13	39	23	6	35	34	28
Net Income	-18	84	70	121	66	14	118	61	92
Balance Sheet (KRW tln)									
Total Assets	14.09	13.07	14.23	15.80	17.15	15.33	17.51	17.60	18.38
Total Liabilities	11.75	10.68	11.74	13.22	14.48	12.61	14.66	14.84	15.57
Total Shareholder's Equity	2.34	2.39	2.49	2.58	2.67	2.72	2.86	2.76	2.81
Net Capital Ratio (NCR)									
Net Capital Ratio (%)	469%	509%	531%	503%	485%	463%	435%	358%	366%
Net working capital (KRW bln)	1,552	1,635	1,917	2,083	2,118	2,177	2,267	2,031	2,092
Risk-weighted assets (KRW bln)	339	331	321	361	414	437	470	522	572

KDB Financial Group

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Daewoo Securities IR Team **Tel.** +82-2-768-2103, 2115 **e-Mail.** jae.ryu@dwsec.com, dajung.lee@dwsec.com