



KDB Financial Group

Daewoo Securities

FY2010 Operation Result

May 2011

This presentation material is prepared by Daewoo Securities Co., Ltd. for the information of current and future investors of the company. The contents are preliminarily 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.

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Company Information

General

President & CEO		Kee-Young Im
Date established		September 23, 1970
Date of Listing		September 30, 1975
No. of Shares	Common	190,100,891 Shares
	Preferred	14,075,750 Shares
Paid-in-Capital		KRW 1,021 billion (<i>USD 930 million</i>)
No. of Employees		3,125 (As of March 31, 2011)
Domestic Network		107 Branches (As of May 2, 2011)
Global Network	Overseas Subsidiary	Hong Kong, New York, London Singapore*
	Regional Office	Beijing, Ho Chi Minh, Tokyo Shanghai
Credit Rating		AA Positive(Local), Baa2 stable(Moodys)

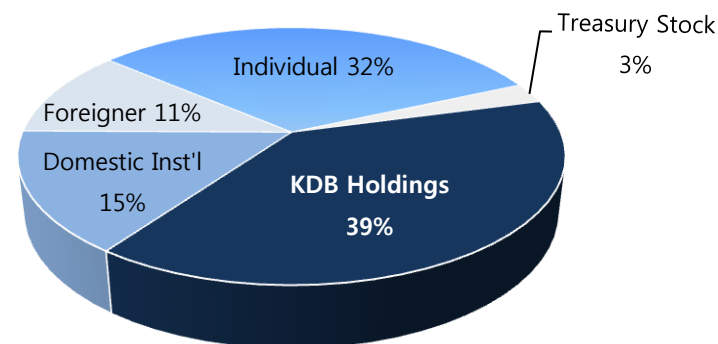
* Expected in 2011

FY 1010 End F/X Rate : KRW 1,097/USD

History

1970. Sep	Established as Dong Yang Securities
1975. Sep	Initial Public Offering
1999. Oct	Split from Daewoo Group
2009. Oct	Launch of Kdb Financial Group Kdb Holding became major shareholder

Shareholder structure



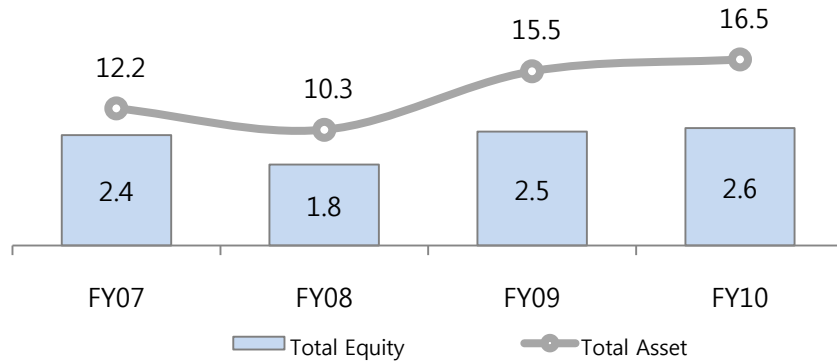
Key Financials

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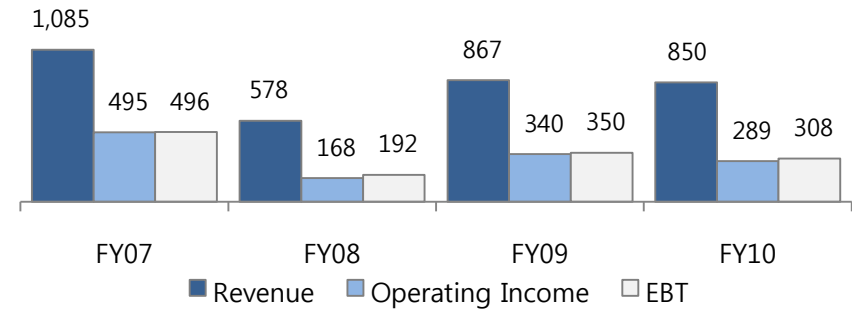
Total Asset & Total Equity

(USD billion, F/X at each year end)

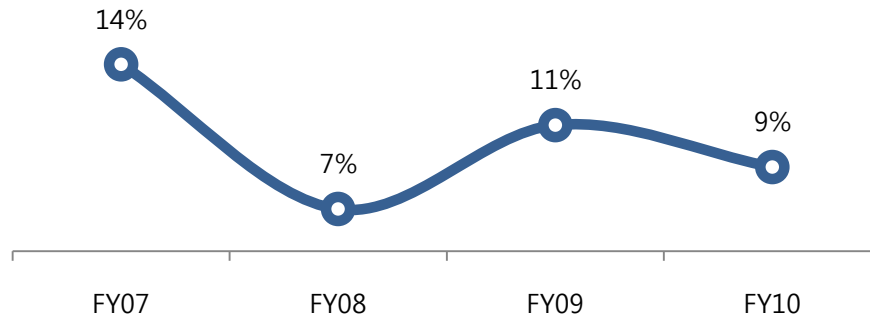


Operation Result

(USD million, Average F/X for each year)

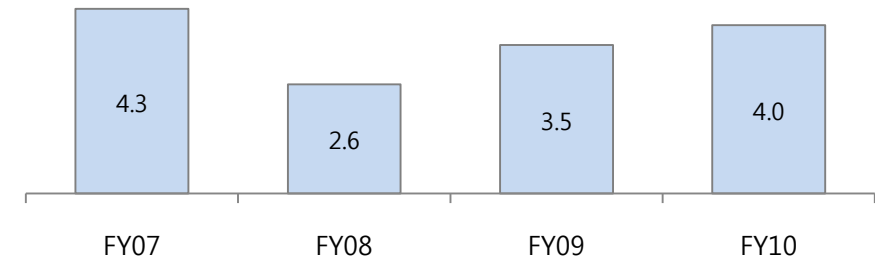


ROE (after tax)



Market Capitalization

(USD billion, F/X at each year end)



(KRW/USD)	FY07	FY08	FY09	FY10
FY end F/X	990	1,384	1,131	1,097
Average F/X	934	1,217	1,210	1,150

Review of Operation

1. Summary
2. Business Review
3. Financial Statement

FY2010 Operation Summary

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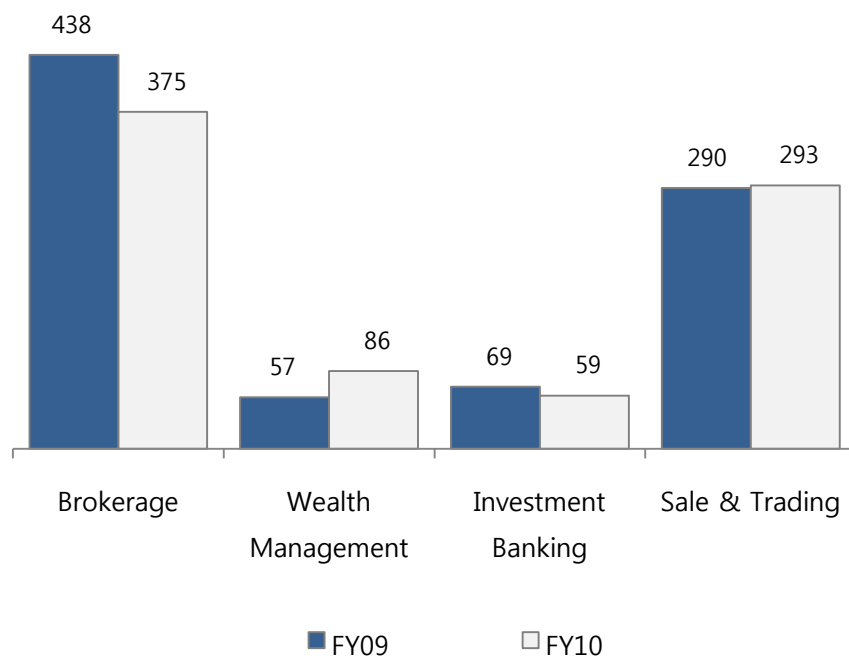
Review of Operation : Summary

Financial Statement

Reported net operating revenue of KRW 977 bil (USD 849 mil) in FY2010

Revenue Breakdown by Business

(USD million, Average F/X for each year)



Main Points

- **Brokerage**
While brokerage revenue decreased 18% YoY due to both low retail participation and weak equity trading volume, DWS successfully maintained No. 1 position in M/S for 7 consecutive year.
- **Wealth Management**
Sales increase of equity-typed product contributed to both profit increase and WM balance growth
- **Investment Banking**
Efficiently allocating our resource on larger-sized deal along with Group-wide synergy, ECM business successfully completed the major renowned deal.
- **Sales & Trading**
Showing remarkably rapid growth in trading business, achieved the highest revenue among our competitors.

Avg. F/X Rate: (KRW/USD)

FY2009 : 1,210 / FY2010 : 1,150

Performance by Division : Brokerage

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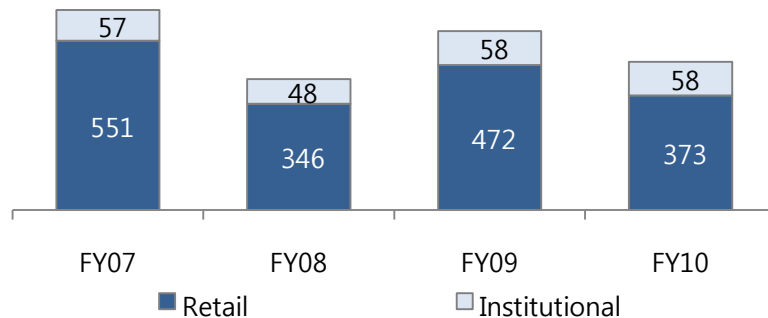
Review of Operation : Brokerage

Financial Statement

Slowdown of retail brokerage due to weak market conditions

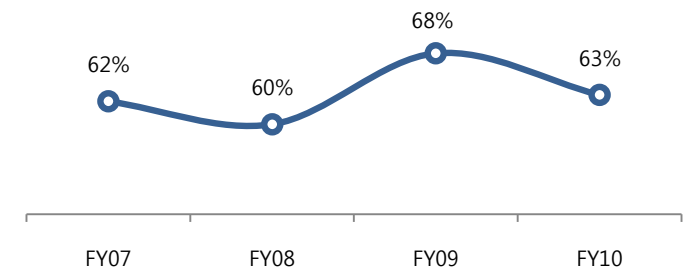
Brokerage Revenue by Investor Type

(KRW billion)



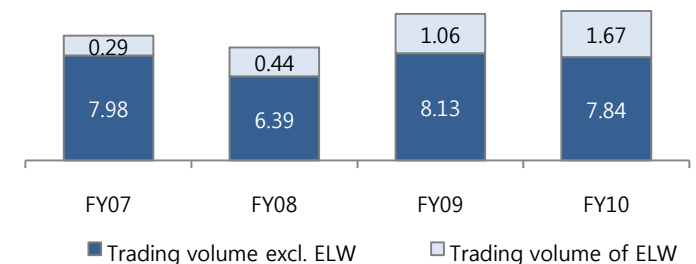
- Commission revenue decreased by 19% YoY (↓ KRW 99 billion) to KRW 431 billion (*USD 375 million*) mainly due to the slowdown of retail brokerage business.
- While brokerage commissions from institutional investor remained same, retail brokerage commission declined by 21% to KRW 373 billion (*USD 340 million*) in FY2010 from KRW 472 billion (*USD 390 million*) in FY2009

Retail Participation Rate



Average Daily Trading Volume

(KRW trillion)



Avg. F/X Rate: (KRW/USD)

FY2009 : 1,210 / FY2010 : 1,150

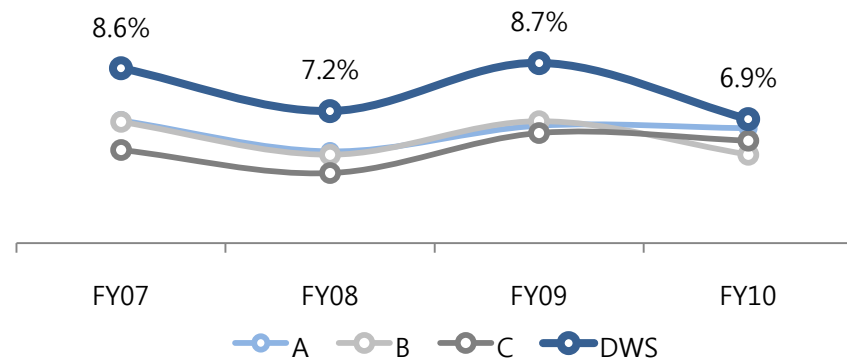
Performance by Division : Brokerage

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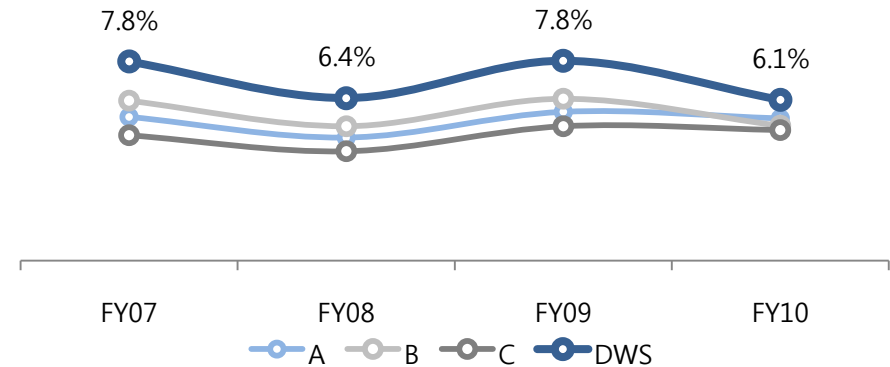
Maintains market share leadership in brokerage business

Total brokerage M/S by commission



- Although overall M/S has declined from FY2009, DWS continuously showed strong market presence among its competitors with the highest brokerage commission revenue representing 6.9% of total commission market of KRW 6 trillion (USD 5.2 billion).

Retail brokerage M/S by Commissions



- DWS's M/S has dropped down to 6.1% in FY 2010 from 7.8% in FY 2009 mainly due to the low level of retail participation (68% in FY2009 → 63% in FY10) and equity trading volume (daily equity trading volume KRW 8.13 trillion in FY2009 → KRW 7.84 trillion in FY2010).

Avg. F/X Rate: (KRW/USD)

FY2009 : 1,210 / FY2010 : 1,150

Performance by Division : WM

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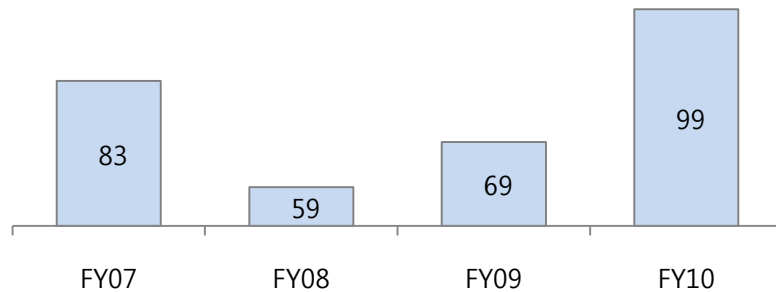
Review of Operation : WM

Financial Statement

Sales increase of equity-typed products led to strong outcome

WM Revenue

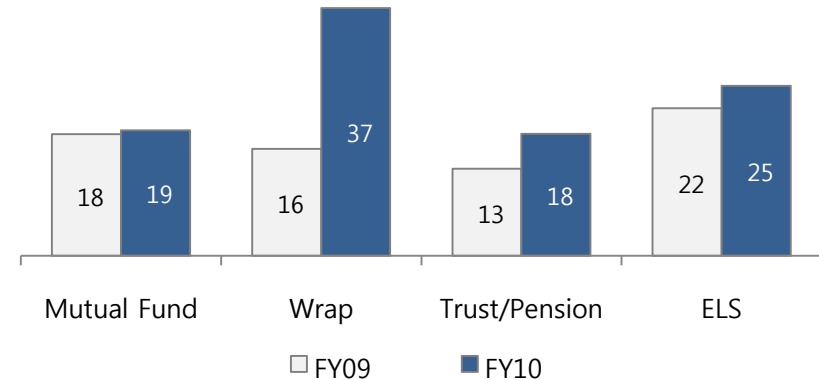
(KRW billion)



- The stable increase in the account's balance was based on an array of products in the wealth management portfolio.
- A sharp increase in WM revenue comes as DWS allocated more resources on this business last year relative to FY2009
- FY2010 WM revenue : KRW 99 billion (*USD 86 million*)

WM Revenue by Product Type

(KRW billion)



- Revenue from the wrap accounted for 41% of total WM revenue in FY2010, which is a increase of nearly 10% pt from FY2009. This is attributed to an increase in sales of equity-type products.
- FY2010 wrap revenue : KRW 37 billion (*USD 32 million*)

Performance by Division : WM

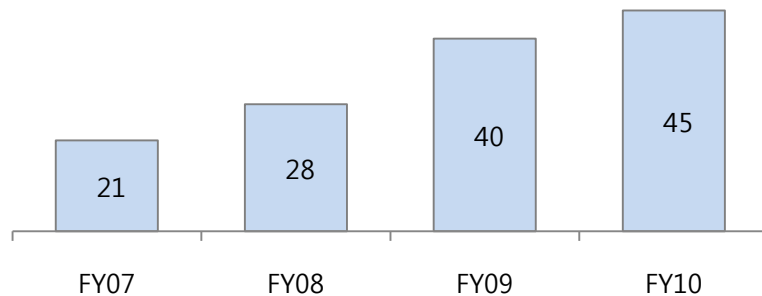
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Well-diversified WM product portfolios ensure sustainable growth

WM Account Balance

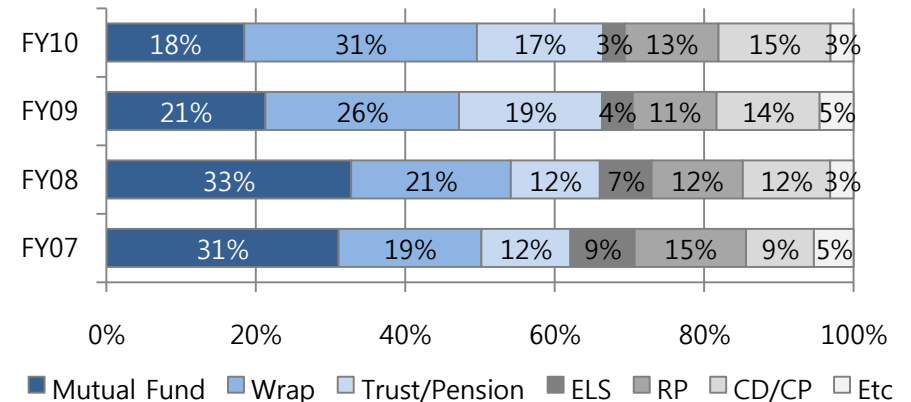
(KRW trillion)



WM Balance = Fund + Wrap + Trust/Pension + ELS/DLS Sales Margin + Bond + RP + CMA

- The WM account balance stood at KRW45 trillion (*USD 41 billion*) which is the industry's largest balance.
- This was attributable to our expertise in product structuring, and significant enhancements in the capacity of our sales force resources devoted to private bank (PB) level customer service.

WM Balance Composition



- DWS offers a well-diversified portfolio of products (mutual funds, wrap accounts, ELSs, RPs, Beneficiary Certificates, etc.) so as to provide more diversified investment opportunities
- DWS's new strategy is to build a stronger relationship with customers, ensuring them a sustainable profit in the long run

Performance by Division : IB

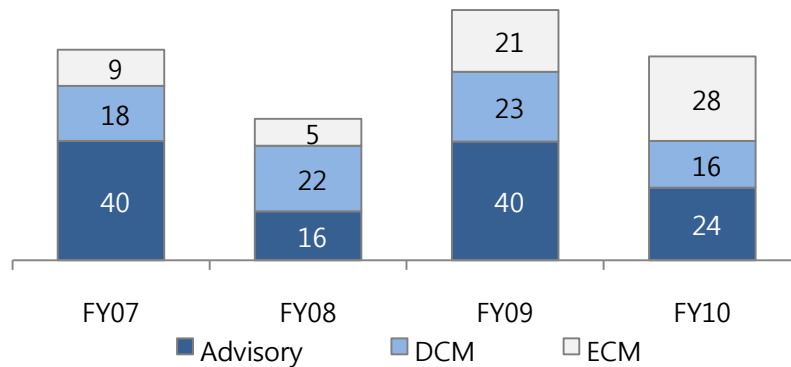
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Demonstrated strong abilities by successfully completing a number of major deals

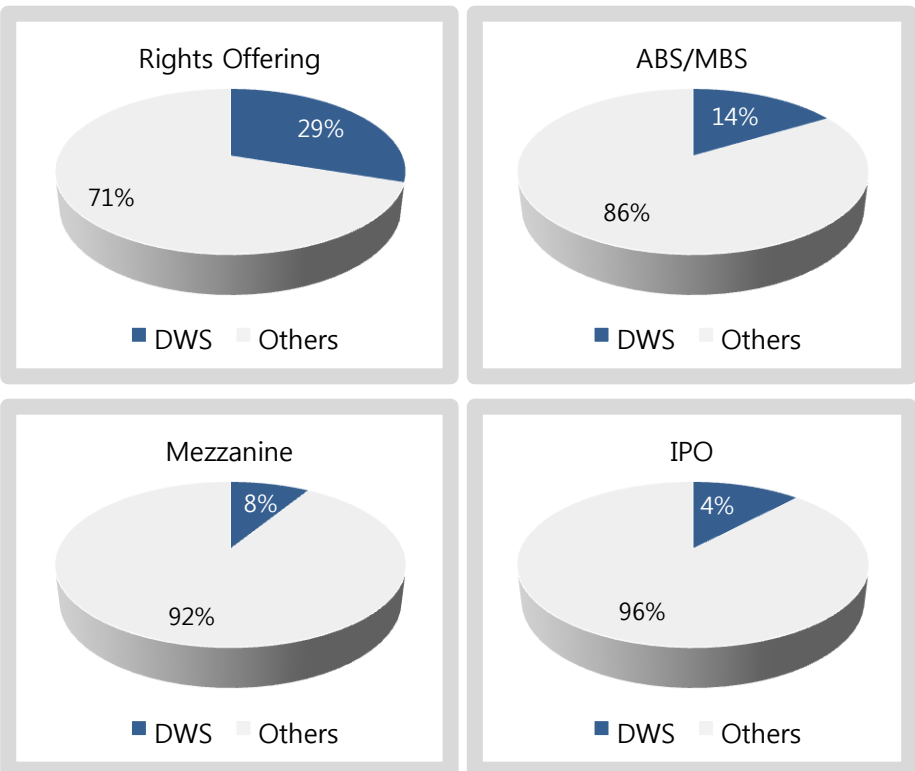
IB Commission Revenue

(KRW billion)



- Particularly in FY2010, IB commission revenue reached to KRW 68 billion (*USD 59 million*) on the back of strong competitiveness in Equity Capital Market
- During FY2010, DWS provided the prominent examples of the benefits of Group-wide synergy such as the block deal of Doosan Infracore and Doosan HI&C.

IB League Table (FY2010)



Performance by Division : IB

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FY10 Participation in Major Deals

 **WOORI FINANCIAL GROUP**

Block Deal

USD 1.1 billion
(KRW 1.2 trillion)

 **DOOSAN** Doosan Heavy Industries
& Construction

Block Deal

USD 483 million
(KRW 530 billion)

 **MANDO**

IPO

USD 454 million
(KRW 498 billion)

 **kdb Life**

Rights Offering

USD 348 million
(KRW 382 billion)

 **LG Innotek**

Rights Offering

USD 297 million
(KRW 326 billion)

 **DOOSAN** Doosan Infracore

Block Deal

USD 248 million
(KRW 272 billion)

 **GS Global**

Rights Offering

USD 127 million
(KRW 139 billion)

 **DOOSAN** Doosan Engine

IPO

USD 109 million
(KRW 120 billion)

Performance by Division : GFM

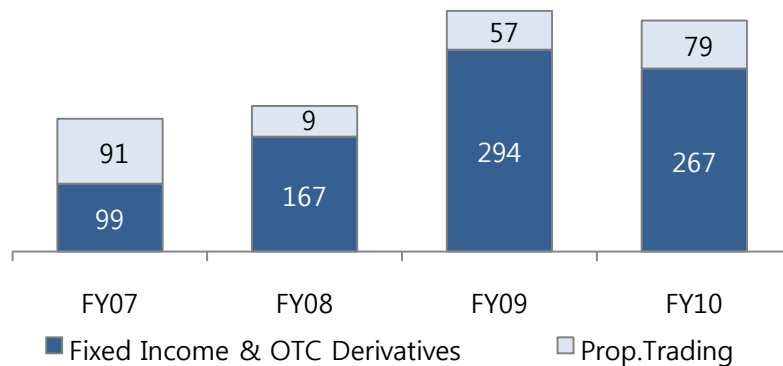
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The most promising future growth engine of the company

Sales & Trading Revenue

(KRW billion)

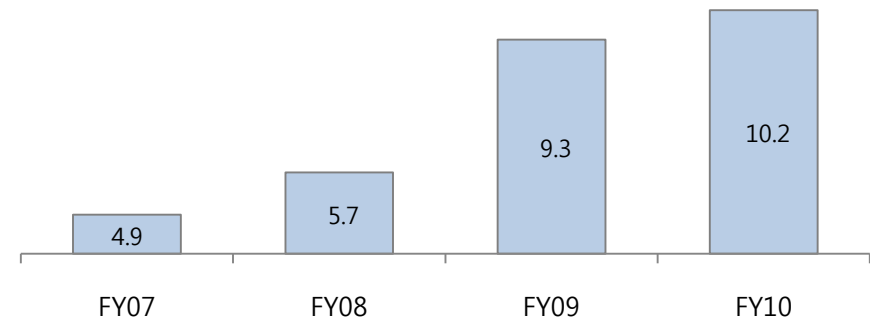


- As DWS achieved superior performance in bond & stock trading in FY2010, the company delivered solid results for Sales & Trading business with net revenue of KRW 337 billion (*USD 293 million*) despite unfavorable interest rate environment

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

Fixed Income Position

(KRW trillion)



- DWS's fixed income position reached KRW10.2 trillion (*USD 10.8 billion*), which is the industry's highest figure
- This is due to superior product development capabilities such as ELS/DLS and effective collaborations with retail sales network proven by industry's largest RP balance.

Performance by Division : GFM

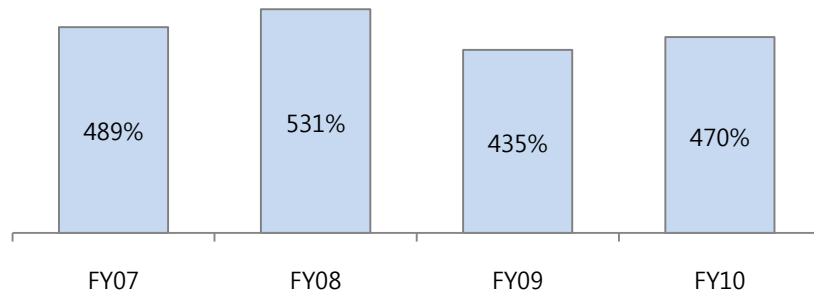
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Stable asset management based on strict internal risk management

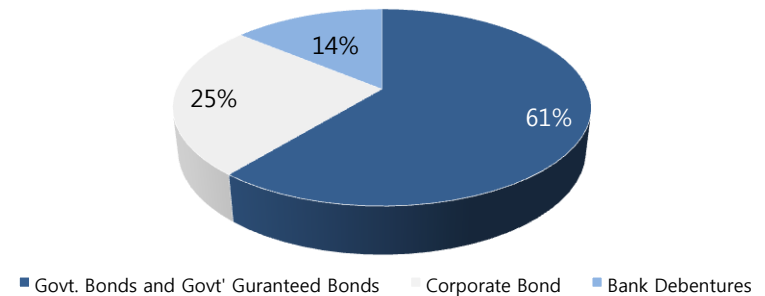
Net Capital Ratio

(%)

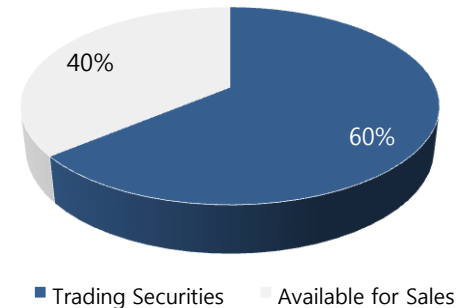


- As of FY2010, NCR stood at 470% and meets the legal requirement of 300% for OTC business.
- The bonds held by DWS can be broken down to 61% in government and government-guaranteed bonds, 25% in corp. bonds and the remaining 14% in bank debentures. Over 95% of total portfolio are bonds with an A grade or above

Composition by Sector



Composition by Account Type



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Diversification of revenue structure lowers dependency and vulnerability

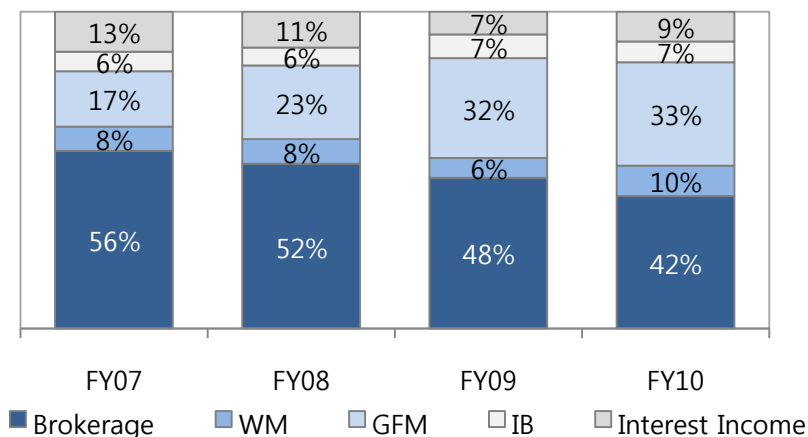
Operating Result

(KRW billion)	FY07	FY08	FY09	FY10
Operating revenue	1,013	703	1,049	977
Brokerage commissions	608	394	530	431
IB commissions	67	43	84	68
WM commissions	83	59	69	99
G/L on sales and Val. of Sec.	189	177	351	337
Interest income/loss	137	86	80	97
△ Commission expenses	-72	-55	-65	-55
SG&A expenses	537	478	594	639
Others*	-13	-21	-43	-7
Operating income	462	204	412	333
Non-operating income	1	30	11	21
Net income (before tax)	463	233	423	354
Income tax expense	126	53	104	98
Net income	337	181	319	256

Revenue Structure

Before deducting commission expenses

GM = PI + Prop. Trading + FI (including Interest Income)



By focusing more on a balanced development, DWS takes on the path of acquiring a well diversified revenue structure and is taking steps to lower its dependency on brokerage.

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(KRW billion)	FY09				FY10				FY06	FY07	FY08	FY09	FY10
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
Operating Revenue	290.7	231.0	200.7	326.4	226.3	300.6	228.9	222.0	820.2	1,012.5	702.8	1,048.8	977.8
Brokerage	173.3	149.3	97.0	110.5	108.5	99.4	119.2	104.0	372.2	608.1	393.8	530.1	431.1
Investment Banking	22.9	13.6	15.8	31.2	15.5	15.4	19.6	17.6	40.3	67.2	42.8	83.5	68.0
Wealth Management	14.7	17.4	17.5	19.6	22.5	23.9	24.7	28.4	22.2	83.1	58.8	69.1	99.4
Sales & Trading	75.0	50.6	68.6	156.6	74.6	157.9	68.4	35.9	220.0	189.4	176.6	350.8	336.9
Interest Income	23.7	17.5	15.7	23.1	16.4	16.1	10.6	53.8	209.4	136.6	85.7	80.0	96.9
Commission Expense	-18.9	-17.4	-13.9	-14.5	-11.1	-12.1	-13.7	-17.6	-43.9	-71.8	-54.9	-64.7	-54.5
SG&A Expense	133.8	154.3	135.5	170.2	133.7	180.5	167.0	157.5	370.0	537.1	478.3	593.8	638.7
Others	-1.5	7.3	-46.7	-2.0	-0.3	-3.4	-1.2	-1.6	5.1	-13.3	-20.7	-42.9	-6.6
Operating Income	155.4	84.0	18.5	154.2	92.2	116.7	60.6	63.0	455.5	462.1	203.8	412.0	332.6
Non-Operating Income	4.7	5.7	2.0	-1.2	2.9	3.3	-1.4	16.5	15.6	1.2	29.5	11.1	21.4
Before Tax Earnings	160.0	89.6	20.5	153.0	95.1	120.0	59.2	79.5	470.8	463.2	233.4	423.1	353.9
Income Tax Expense	39.3	23.4	6.3	35.0	34.6	28.3	18.0	16.9	24.7	126.5	52.9	104.0	97.8
After Tax Earnings	120.7	66.2	14.2	118.0	60.6	91.7	41.2	62.6	446.1	336.8	180.5	319.1	256.2
Balance Sheet (KRW trillion)													
Total Asset	15.8	17.2	15.3	17.5	17.6	18.4	18.1	17.9	9.0	12.1	14.2	17.5	17.9
Total Liabilities	13.2	14.5	12.6	14.7	14.8	15.6	15.2	15.0	6.9	9.7	11.7	14.7	15.0
Total Shareholder's Equity	2.6	2.7	2.7	2.9	2.8	2.8	2.9	2.9	2.1	2.4	2.5	2.9	2.9
Net Capital Ratio (NCR)	577%	485%	463%	435%	358%	366%	423%	470%	621%	489%	531%	435%	470%
Net Working Capital (KRW billion)	208.3	211.8	217.7	226.7	203.1	209.2	239.0	239.1	133.2	156.5	191.7	226.7	239.1
Risk-Weighted Assets (KRW billion)	36.1	43.7	47.0	52.2	56.7	57.2	56.5	50.9	21.4	32.0	36.1	52.2	50.9

Appendix A : Global Network

Hong Kong (APHQ)

Date established	29th September 1994
Managing Director	Jong Sun Kim
No. of Employees	20
Paid-in capital	USD 100 million
Main Business	Brokerage, Underwriting and Prop Trading
Address	Suites 2005-2012, Two IFC, 8 Finance Street, Central, Hong Kong .

London

Date established	1st Aug 1991
Managing Director	Warren Kim
No. of Employees	9
Paid-in capital	USD 18.4 million
Main Business	Brokerage, Underwriting and Prop Trading
Address	41st Fl., Tower 42 25 Old Broad St. London EC2N 1HQ, U.K.

New York

Date established	7th July 1992
Managing Director	Jason Park
No. of Employees	10
Paid-in capital	USD 12 million
Main Business	Brokerage
Address	600 Lexington Ave. Suite 301(3rd FL.), New York, NY 10022 USA

Other Global Network

China	Beijing / Shanghai Representative Offices
Japan	Tokyo Branch
Vietnam	Ho Chi minh Representative Offices
Indonesia	eTrading Securities * 38% stake is held by APHQ

Appendix B : Brand Recognition

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 1H10’



Renowned Awards

- ☞ 20th Dasan Financial Awards Ceremony [Jan 2011]
Best Securities House



- ☞ Seoul Economy [Nov 2010]
Awarded ‘Grand Prize’ at 2010 Korea Securities Awards

- ☞ 11th Social Welfare Day [Sep 2010]
Prize Awarded by Prime Minister

- ☞ MoneyToday [May 2010]
Best IB House for the 7th Korean IB Awards



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’



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 2007]
- ☞ 3rd : Best Lead Manager of the Year [April 2006]
- ☞ 2nd : Best Lead Manager of the Year [Mar 2005]
- ☞ 1st : Best Deal, Bond House, M&A Company of the Year [May 2004]



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