



KDB Daewoo Securities

3QFY11 Operating Results

February 2012

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

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3Q FY11 Operating Summary

Reported pre-tax profit of KRW 27.6bn in 3QFY11

Revenue Structure

(Unit : KRW bn)	1Q FY11	2Q FY11	3Q FY11
Operating Revenue	178	155	187
Brokerage	100	100	91
Investment Banking	11	6	12
Wealth Management	29	24	20
Sales & Trading	32	25	64
Net Interest Income	19	10	6
△ Commission Expenses	-13	-10	-6
SG&A Expenses	136	139	154
Others	1	14	-6
Operating Income	43	30	27
Non-Operating Income	7	6	1
Net Income (Before Tax)	50	36	28
Corporate Tax	14	12	2
Net Income	36	24	26

Main Points

Brokerage

- While KDB Daewoo Securities' brokerage M/S increased and retail brokerage M/S maintained similar levels, decline in total brokerage market size attributed to a KRW 8.8 bn (USD 7.7mn) brokerage revenue decrease from last quarter
- Brokerage Revenue: KRW 100.1bn → KRW 91.3bn (USD 79.8mn), 8.8% ↓ QoQ

Wealth Management

- Total WM Balance decreased due to sales decline in equity-type wrap and funds
- WM Revenue: KRW 23.6bn → KRW 20.0bn (USD 17.5mn), 15.3% ↓ QoQ

Investment Banking

- Amidst overall IB market recovery from previous quarter, commissions revenue increased substantially due to enhanced revenue generated from mezzanine, ABS, and IPO domain
- IB Commissions Revenue: KRW 6.5bn → KRW 12.0bn (USD 10.5mn), 84.6% ↑ QoQ

Sales & Trading

- While losses were recorded from OTC derivatives, sound performance in prop. and fixed income gave way to a major increase in S&T revenue for 3Q
- S&T Revenue: KRW 25.0bn → KRW 63.6bn (USD 55.6mn), 154.4% ↑ QoQ

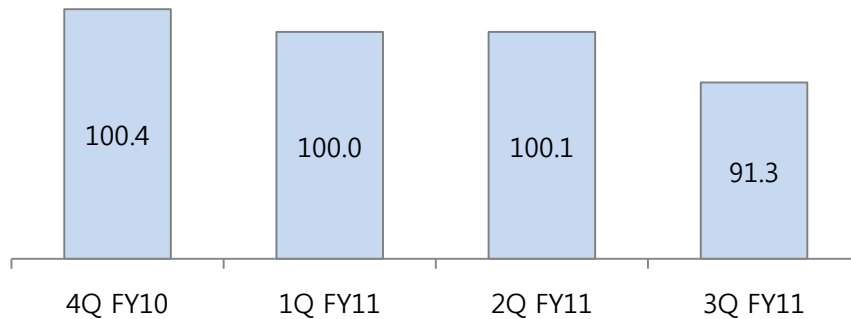
3QFY11 End F/X Rate : KRW 1,159.00/US\$
3QFY11 Average F/X Rate : KRW 1,143.68/US\$

Performance by Business: Brokerage

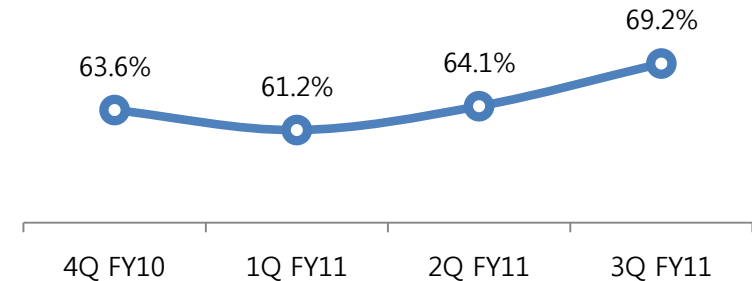
Brokerage revenue declined from previous quarter

Brokerage Revenue

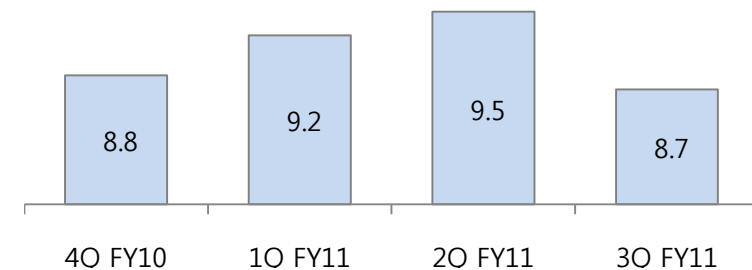
(Unit : KRW bn)



Retail Participation



Trading Volume



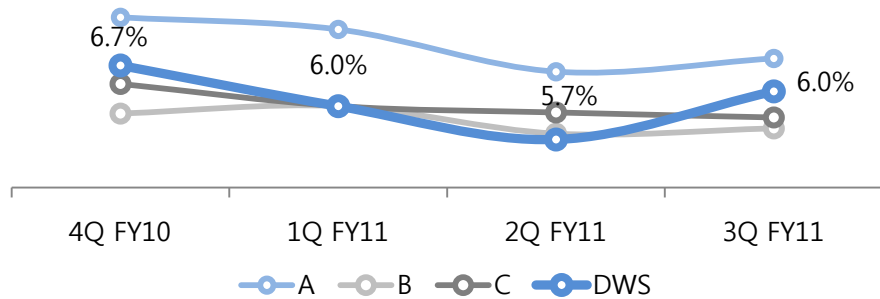
- While relative sales downturn of major competitors attributed to KDB Daewoo Securities' increase in total brokerage M/S and maintenance of retail brokerage M/S,
- Brokerage revenue declined KRW 8.8bn (USD 7.7mn) from the previous quarter recording a total of KRW 91.3bn (USD 79.8mn) in 3Q

3QFY11 End F/X Rate : KRW 1,159.00/US\$
 3QFY11 Average F/X Rate : KRW 1,143.68/US\$

Performance by Business: Brokerage

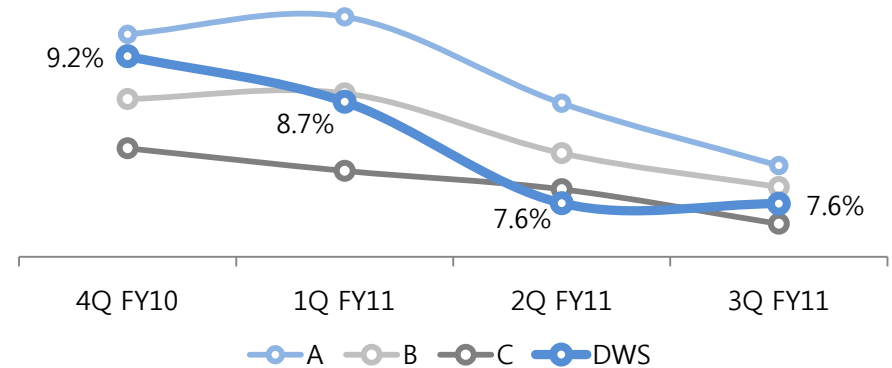
Recorded increased market share despite unfavorable environment

Total Brokerage M/S (by commission)



- Despite unfavorable market conditions, KDB Daewoo Securities' enhanced brokerage performance, vis-à-vis major competitors, attributed to a rise in total brokerage M/S (by commission) followed by a two-rank elevation to 2nd place

Retail Brokerage M/S (by commission)

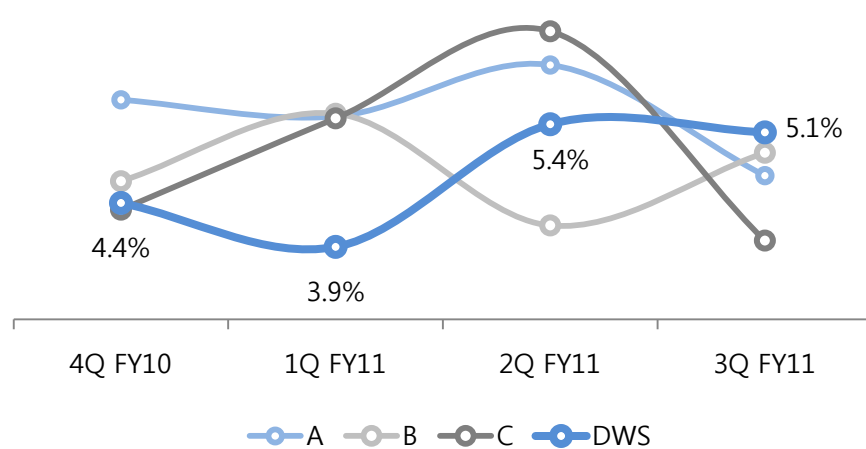


- Despite overall continuing decline in market shares for major competitors (mainly attributed by increase in online brokerage M/S and decline in offline brokerage M/S)
- KDB Daewoo Securities maintained the same M/S (7.6%) from the previous quarter

Performance by Business: Brokerage

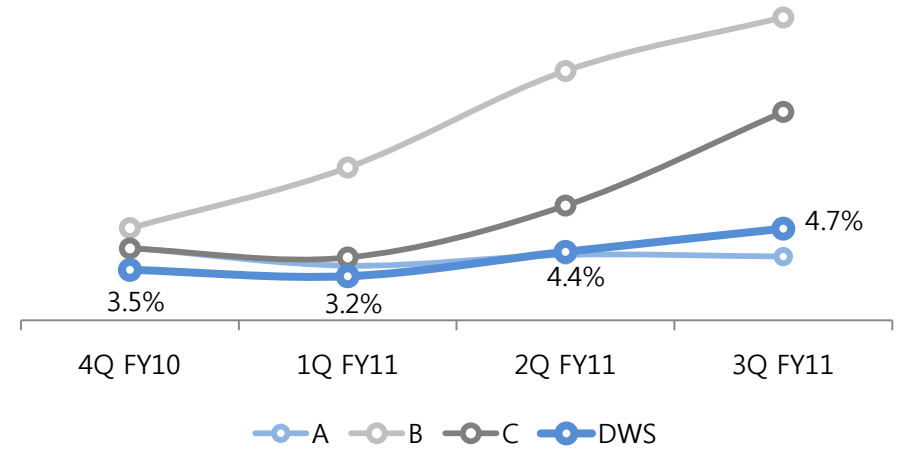
Wholesale brokerage M/S (home & abroad) rose from previous quarter

Domestic Wholesale Brokerage M/S (by turnover)



- While total market size declined, block deals such as Genic, Kumho Petrochemicals, and IS Dongseo, attributed to a high jump in wholesale M/S from 2Q
- M/S ranking rose from 3rd place to 1st place QoQ

Int'l Wholesale Brokerage M/S (by turnover)



- Despite reduction of total market size from 2Q, increased DMA orders from major clients attributed to a rise in M/S for international wholesale brokerage from the previous quarter
- Maintained same M/S ranking (3rd place) as 2Q

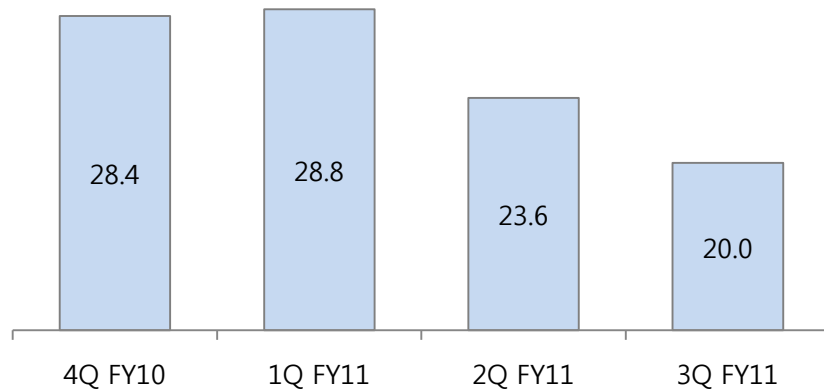
3QFY11 End F/X Rate : KRW 1,159.00/US\$
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Performance by Business: Wealth Management

Decline in total revenue due to sales drop in equity-type products

WM Revenue

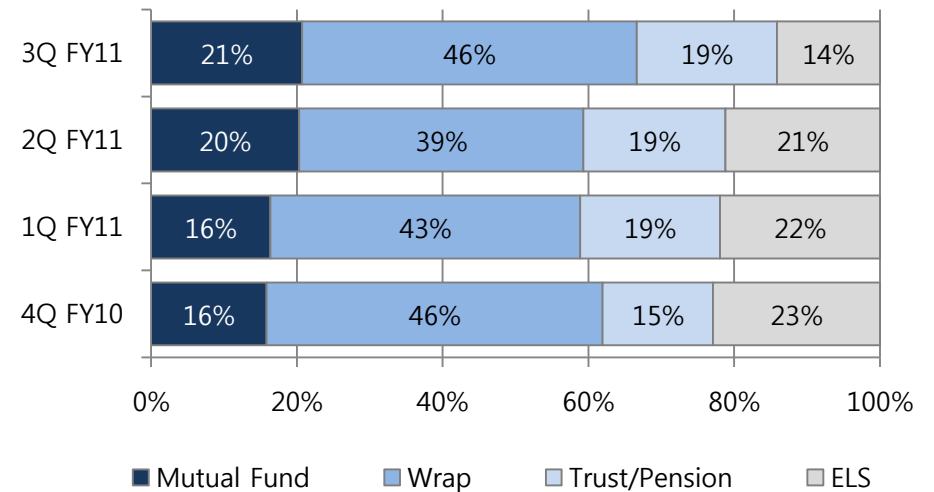
(Unit: KRW bn)



(WM Revenue = Fund + Wrap + Trust/Pension + ELS/DLS Sales Margin)

- Weakened sales in mutual funds and equity-type wrap, along with a drop in ELS/DLS sales margin, attributed to a KRW 3.8bn (USD 3.3mn) revenue decrease from the previous quarter
- WM revenue recorded a total of KRW 20.0bn (USD 17.5mn) for 3Q

WM Revenue Breakdown



- While weakening sales margin of derivatives products attributed to the reduction of ELS revenue contribution for 3Q,
- Revenue composition of mutual funds, wrap, and trust products have either increased or maintained levels from the previous quarter

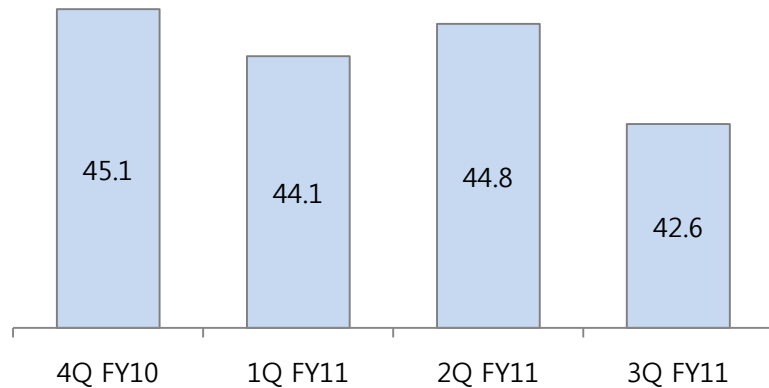
3QFY11 End F/X Rate : KRW 1,159.00/US\$
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Performance by Business: Wealth Management

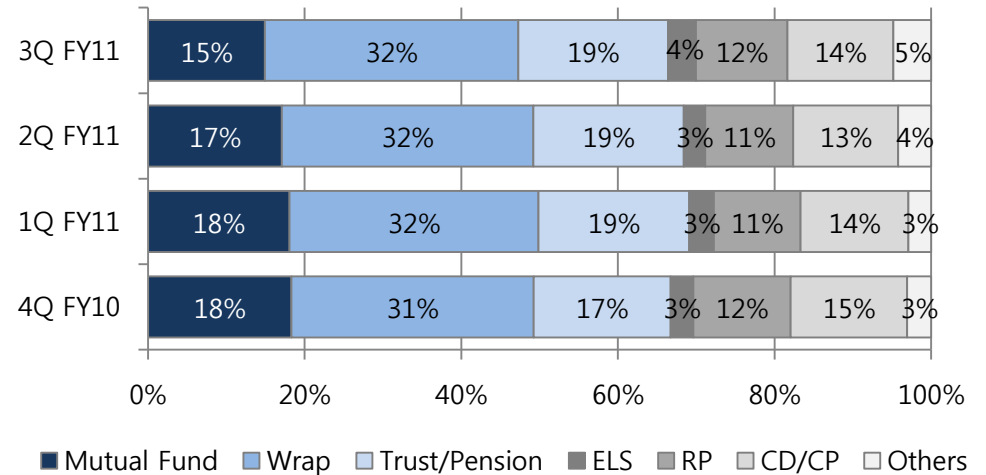
Balance of main WM products declined from previous quarter

WM Account Balance

(Unit: KRW tn)



WM Balance Composition



- WM account balance declined KRW 2.2tn (KRW 1.9bn) due to reduction in derivatives products issuance (19%↓ QoQ), along with balance decline in mutual funds and trust, recording KRW 42.6tn (USD 36.9bn)
- Equity-type Wrap balance : KRW 443bn (KRW 72.6bn ↓)
USD 382mn (USD 62.6mn ↓)

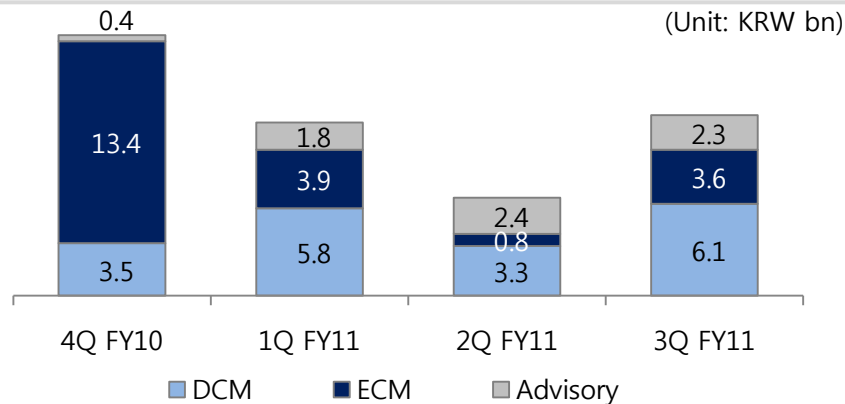
- KDB Daewoo Securities, rather than weighing assets heavily on a single wealth management product, offers diversified options to better meet growing customer needs
- A stable and sustainable balance growth is continuously sought in wealth management

3QFY11 End F/X Rate : KRW 1,159.00/US\$
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Performance by Business: Investment Banking

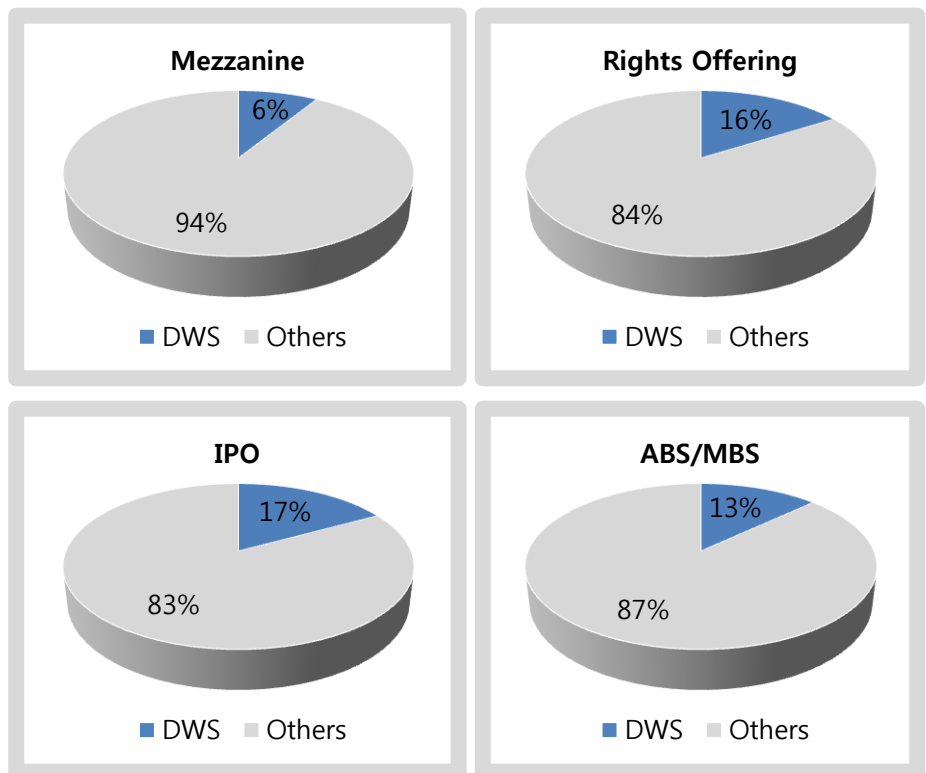
IB business enhanced through performance in Mezzanines and IPOs

IB Commission Revenue



- In the midst of market size recovery in overall IB sector, enhanced revenue generation is achieved in mezzanine, ABS, and IPO domain
- IB commissions revenue increased KRW 5.5bn (USD 4.8mn), recording 12.0bn (USD 10.5mn) for 3Q
- Major Deals : IPO (YG Entertainment) / Rights Offerings (Hanjin Shipping) / ABS (Korean Air) / Mezzanine (Lotte Chilsung Beverage)

IB Market Share (CY2011)



3QFY11 End F/X Rate : KRW 1,159.00/US\$
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Performance by Business: Investment Banking

Major deals in FY2011

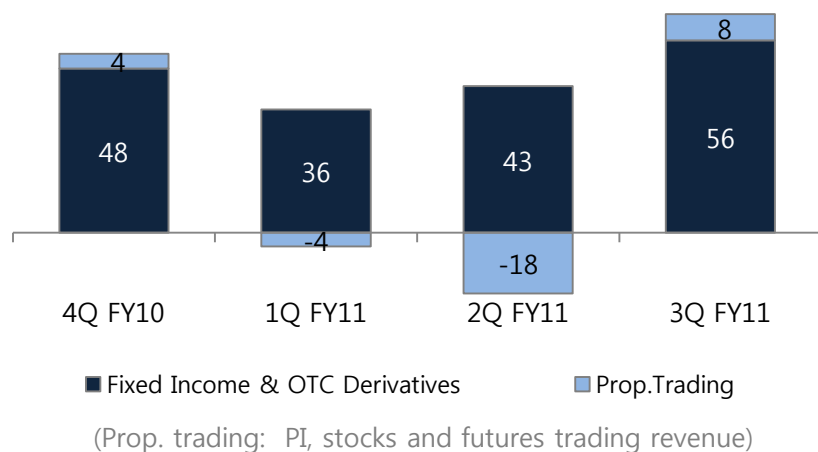
 ENTERTAINMENT IPO USD 37mn (KRW 42bn)	 HANJIN SHIPPING Rights Offering USD 262mn (KRW 300bn)	 LOTTE CHILSUNG BEVERAGE Mezzanine USD 52mn (KRW 60bn)	 Excellence in Flight KOREAN AIR ABS USD 437mn (KRW 500bn)
 KUMHO PETROCHEMICAL Block Deal USD 358mn (KRW 409bn)	 DOOSAN Doosan Engineering & Construction Mezzanine USD 262mn (KRW 300bn)	 HYUNDAI WIA IPO USD 455mn (KRW 520bn)	 Hi mart IPO USD 367mn (KRW 420bn)

Performance by Business: Sales & Trading

Prop. & fixed income operations enhanced from previous quarter

S&T Revenue

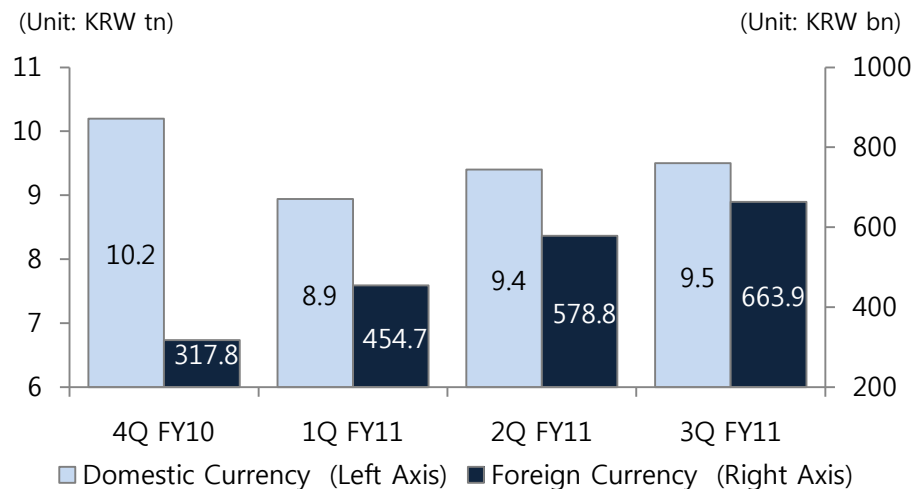
(Unit: KRW bn)



- While OTC derivatives recorded a loss of KRW 16.0bn (USD 14mn) including KRW 1.6bn (USD 1.4mn) from ELS ex-dividends,
- Total S&T revenue increased with KRW 7.7bn (USD 6.7mn) generated from prop. trading, and another KRW 71.9bn (USD 62.9mn) from fixed income
- S&T Revenue for 3Q : KRW 63.6bn (USD 55.6mn)

Fixed Income Balance

(Unit: KRW tn)

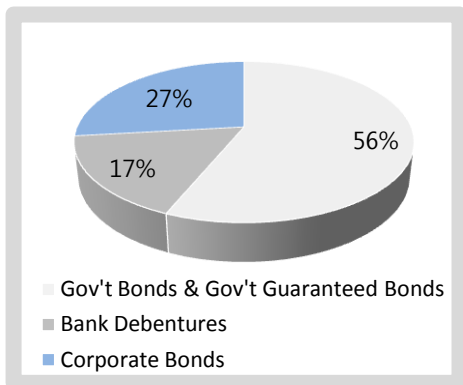


- KDW Daewoo Securities holds the industry's largest fixed income balance in Korea with KRW 9.5tn (USD 8.2bn as of 3QFY11)
- In line with KDB Daewoo Securities' initiative to acquire new revenue source by globally diversifying its assets, the position on foreign currency bonds continues to expand gradually

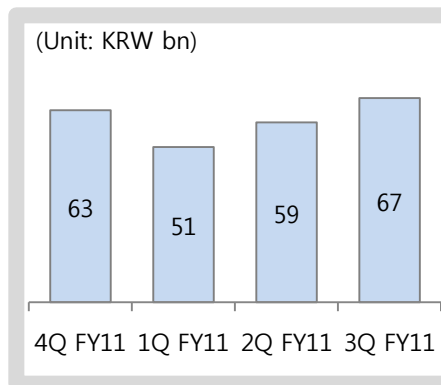
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Performance by Business: Sales & Trading

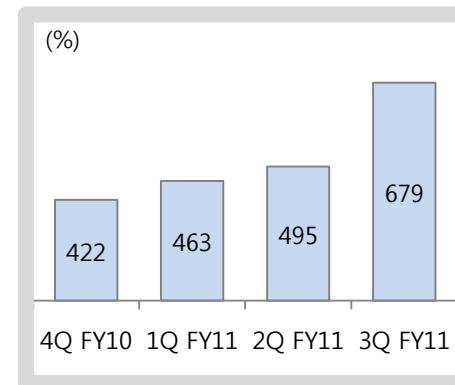
Fixed Income Portfolio



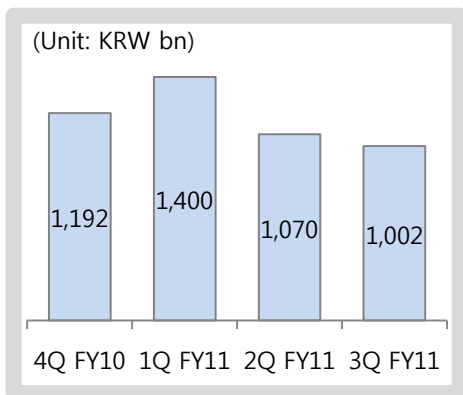
Net Interest Income



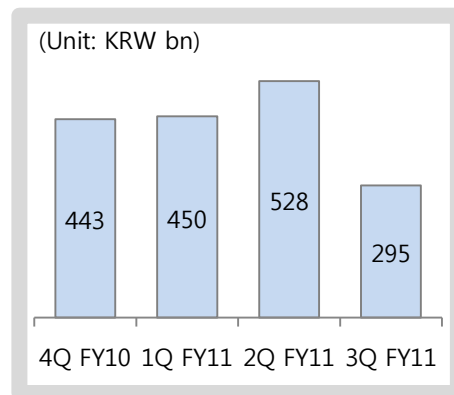
Net Capital Ratio



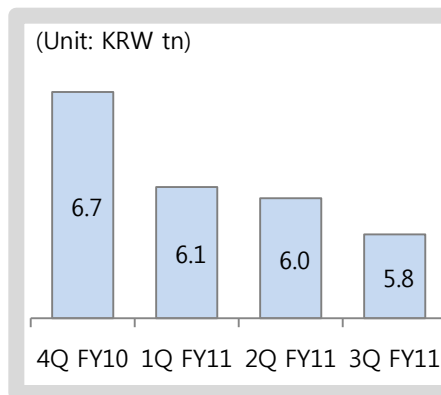
ELS Issuance



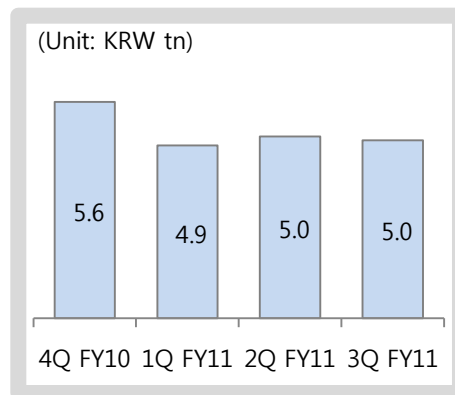
DLS Issuance



CD/CP Balance



RP Balance



3QFY11 End F/X Rate : KRW 1,159.00/US\$
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Appendix

- **Company Information**
- **Global Network**
- **Key Financials**

Company Information

General

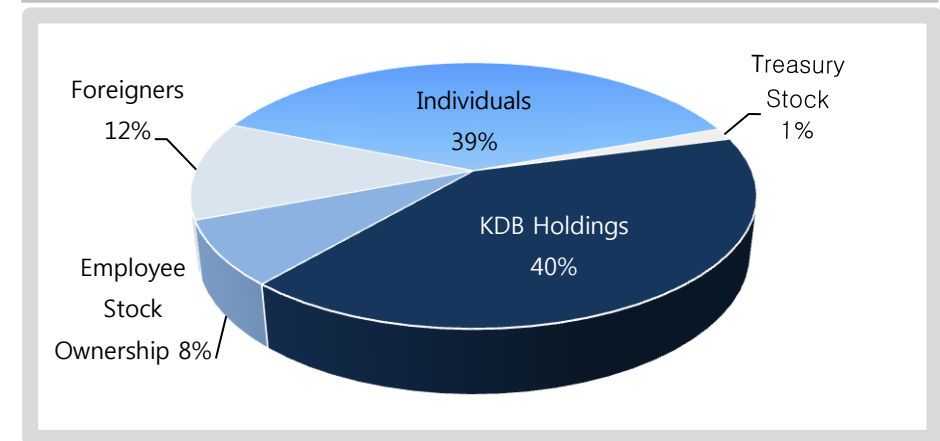
President & CEO		Kee-Young Im
Date Established		23 September 1970
Date of Listing		30 September 1975
No. of Shares Outstanding	Common	326,700,891 Shares
	Preferred	14,075,750 Shares
Paid-in-capital		KRW 1.70tn (USD 1.47bn)
No. of Employees		3,164 (as of 31 December 2011)
Domestic Network		108 Branches (as of 31 December 2011)
Global Network	Overseas Subsidiaries	Hong Kong, New York, London, Singapore*
	Regional Offices	Ho Chi Minh, Beijing, Shanghai
	Branch Office	Tokyo (Elevated to branch status in 2011)
	Investment Advisory	Beijing
Credit Rating		AA+ Stable (3 Domestic Rating Agencies**) Baa2 Stable (Moody's)
Headquarters Address		34-3 Yeouido-Dong, Yeongdeungpo-Gu, Seoul, Republic of Korea

History

September 1970	Established as Dong Yang Securities
September 1975	Initial Public Offering
October 1999	Split from Daewoo Group
October 2009	Launch of KDB Financial Group; KDB Holdings became the major shareholder
November 2011	Capital Increase (KRW 1.12 trillion)

Shareholder Structure

(as of 31 December 2011)



* Expected to open in 2012

** Korea Ratings; Korea Investors Service;
Nat'l Information & Credit Evaluation

Global Network

Hong Kong

Date established	29 September 1994
Managing director	Jong Ha Sung
No. of employees	37 Persons (Local Hire : 16 Persons)
Paid-in capital	USD 200mn
Main business	Brokerage, underwriting and prop trading
Address	Suites 2005-2012, Two IFC, 8 Finance Street, Central, Hong Kong

New York

Date established	7 July 1992
Managing director	Jae Hong Ryu
No. of employees	12 Persons (Local Hire : 6 Persons)
Paid-in capital	USD 12mn
Main business	Brokerage
Address	600 Lexington Ave., Suite 301 (3rd Floor), New York, NY 10022, USA

London

Date established	1 August 1991
Managing director	Nam Hoon Cho
No. of employees	8 Persons (Local Hire : 5 Persons)
Paid-in capital	USD 18.4mn
Main business	Brokerage, underwriting and prop trading
Address	41st Floor, Tower 42, 25 Old Broad St., London EC2N 1HQ, U.K.

Other Networks

China	Beijing / Shanghai Representative Offices Daewoo Investment Advisory (Beijing), Co., Ltd.
Japan	Tokyo Branch Office
Vietnam	Ho Chi Minh Representative Office
Indonesia	e-Trading securities 38.35% stake held by Hong Kong Subsidiary

Key Financials

(KRW bn)	2010					2011			FY08	FY09	FY10	FY11 YTD
	1Q10	2Q10	3Q10	4Q10(K)	4Q10(I)	1Q11(I)	2Q11(I)	3Q11(I)				
Operating Revenue	226.3	300.6	228.9	222.0	267.2	177.7	155.4	186.6	702.8	1,048.8	977.8	519.9
Brokerage	108.5	99.4	119.2	104.0	104.0	100.0	100.1	91.3	393.8	530.1	431.1	291.4
Investment Banking	15.5	15.4	19.6	17.6	17.3	11.4	6.5	12.0	42.8	83.5	68.0	30.0
Wealth Management	22.5	23.9	24.7	28.4	28.4	28.8	23.6	20.0	58.8	69.1	99.4	72.4
Sales & Trading	74.6	157.9	68.4	35.9	52.4	32.0	25.0	63.6	176.6	350.8	336.9	120.6
Interest Income	16.4	16.1	10.6	53.8	74.5	18.5	10.4	5.6	85.7	80.0	96.9	34.5
Commission Expense	- 11.1	- 12.1	- 13.7	- 17.6	- 9.4	- 13.0	- 10.2	- 5.9	- 54.9	- 64.7	- 54.5	- 29.0
SG&A Expense	133.7	180.5	167.0	157.5	173.7	136.0	138.7	154.2	478.3	593.8	638.7	428.9
Others	- 0.3	- 3.4	- 1.2	- 1.6	- 2.2	0.8	13.4	5.7	- 20.7	- 42.9	- 6.6	8.4
Operating Income	92.2	116.7	60.6	63.0	91.3	42.5	30.1	26.7	203.8	412.0	332.6	99.3
Non-Operating Income	2.9	3.3	- 1.4	16.5	9.1	7.4	5.7	0.8	29.5	11.1	21.4	14.0
Before Tax Earnings	95.1	120.0	59.2	79.5	100.4	49.9	35.8	27.6	233.4	423.1	353.9	113.3
Income Tax Expense	34.6	28.3	18.0	16.9	23.8	13.9	11.8	1.9	52.9	104.0	97.8	276.0
After Tax Earnings	60.6	91.7	41.2	62.6	76.6	36.0	24.0	25.7	180.5	319.1	256.2	85.7
Balance Sheet (KRW tr)												
Total Asset	17.6	18.4	18.1	17.9	19.4	19.7	20.8	20.4	14.2	17.5	17.9	20.4
Total Liabilities	14.8	15.6	15.3	15.0	16.7	17.0	18.1	16.5	11.7	14.7	15.0	16.5
Total Shareholder's Equity	2.8	2.8	2.9	2.9	2.7	2.7	2.7	3.9	2.5	2.9	2.9	3.9
Net Capital Ratio (NCR)												
Net Working Capital (KRW bn)	2,031	2,092	2,390	2,391	2,154	2,134	2,158	3,202	1,917	2,267	2,391	3,202
Risk-Weighted Assets (KRW bn)	567	572	565	509	510	461	436	472	361	522	509	472



KDB Daewoo Securities

Investor Relations Team

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