



4Q FY2011 Operating Results

June 2012

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4Q FY11 Operating Summary

Reported pre-tax earnings of KRW109bn for 4Q FY11

Revenue Structure (Quarterly)

(Unit : KRW bn)	1Q	2Q	3Q	4Q
Operating Revenue	182	155	187	250
Brokerage	100	100	91	93
Investment Banking	11	6	12	14
Wealth Management	29	24	21	28
Sales & Trading	33	25	64	110
Interest Income	20	10	6	15
ΔCommission Expenses	Δ11	Δ10	Δ7	Δ9
SG&A Expenses	140	139	154	130
Others	1	13	Δ6	Δ9
Operating Income	43	30	27	112
Non-Operating Income	7	6	1	Δ3
Before Tax Earnings	50	36	28	109
Income Tax Expense	14	12	2	28
After Tax Earnings	36	24	26	81

Main Points

Brokerage

- ❖ While retail participation and trading volume dropped, recovery in total brokerage M/S and retail brokerage M/S led to an increase in brokerage revenue for 4Q
- ❖ Revenue : KRW 91.3bn → 92.8bn (USD 86.8mn), 1.7%↑ QoQ

Wealth Management

- ❖ Balance increase in WM products (mutual funds, wrap, trust) with high sales records in ELS and DLS products
- ❖ Revenue : KRW 20.8bn → 27.7bn (USD 24.5mn), 33.2%↑ QoQ

Investment Banking

- ❖ Continued recovery in IB business attributed by revenue increase in ECM and advisory services
- ❖ Revenue : KRW 12.0bn → 13.6bn (USD 12.0mn), 13.3%↑ QoQ

Sales & Trading

- ❖ Despite unfavorable business environment, KDB Daewoo Securities' portfolio diversification and flexible management strategy attributed to a major increase in S&T revenue
- ❖ Revenue : KRW 63.6bn → 110.4bn (USD 97.5mn), 73.5%↑ QoQ

FY2011 Operating Summary

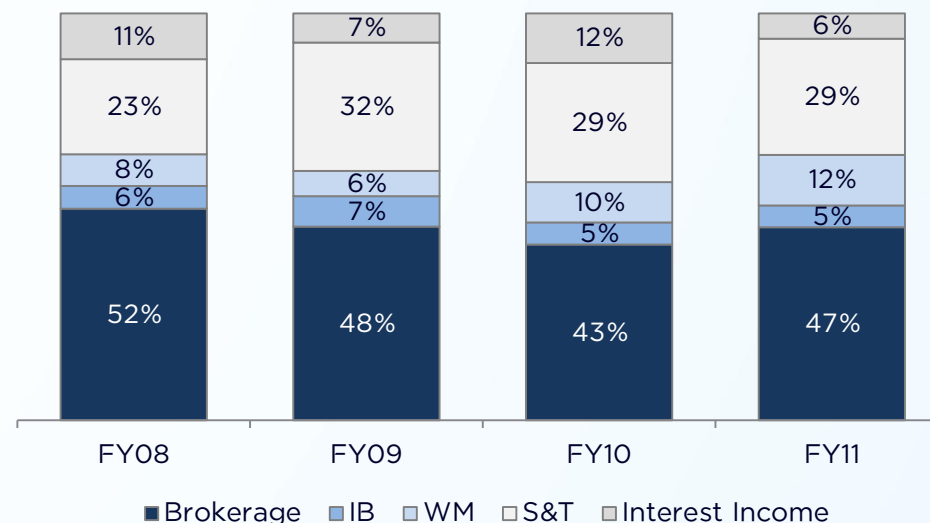
Sales & trading has become a major revenue source since FY09

Revenue Structure (FY2008 – FY2011)

(Unit: KRW bn)	FY08	FY09	FY10	FY11
Operating Revenue	703	1,049	965	775
Brokerage	394	530	432	384
Investment Banking	43	83	55	44
Wealth Management	59	69	99	101
Sales & Trading	177	351	293	232
Interest Income	86	80	122	50
△Commission Expenses	△55	△65	△37	△36
SG&A Expenses	478	594	664	563
Others	△21	△43	△2	△0
Operating Income	204	412	299	211
Non-Operating Income	30	11	16	11
Before Tax Earnings	233	423	316	222
Income Tax Expense	53	104	90	55
After Tax Earnings	181	319	226	167

Revenue Composition

* Before commission expense deduction/ fixed income interest included in S&T



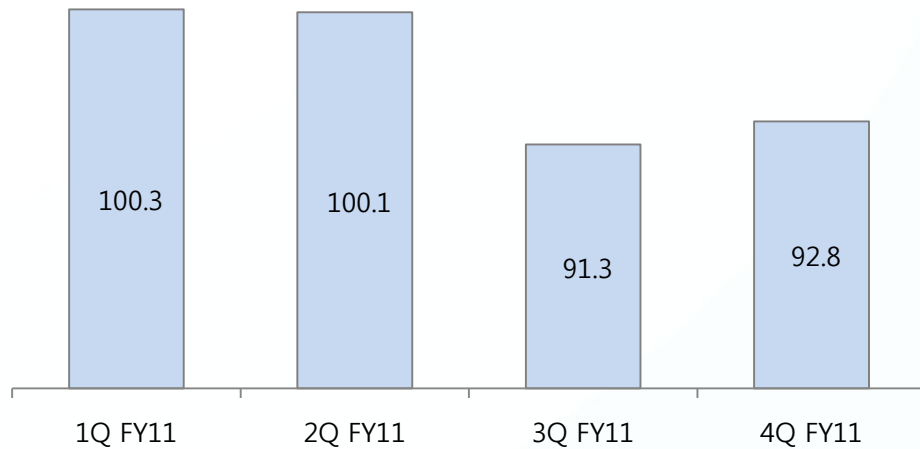
- ❖ KDB Daewoo Securities, followed by innovations in investment banking (FY09) and retail business (FY11), has endeavored to generate synergy in all business domains to further establish a sustainable business model for continued growth
- ❖ As a result, sales & trading revenue has positioned itself as one of the company's major revenue sources with approximately 30% composition. Revenue contribution in wealth management has also increased to more than 10%, recording KRW 101bn (USD 82.2mn)

Performance by Business : Brokerage

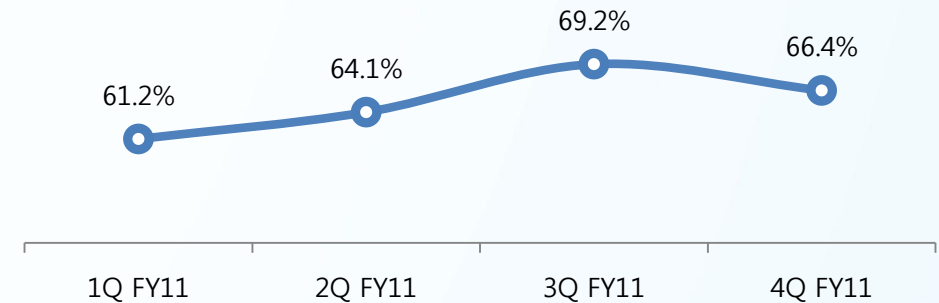
Recovery in sales performance, followed by revenue increase

Brokerage Revenue

(Unit: KRW bn)

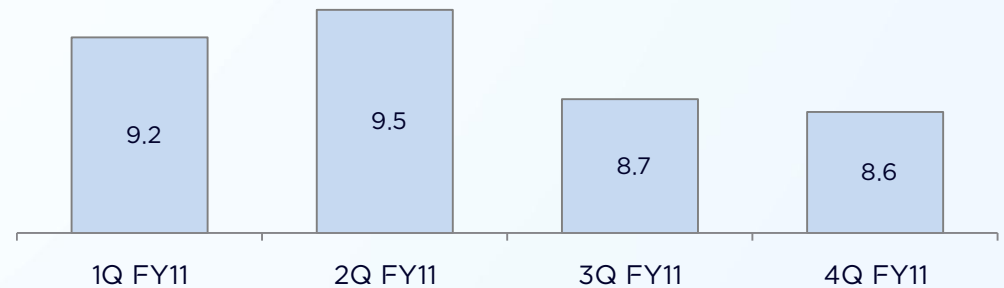


Retail Participation



Average Daily Trading Volume

(Unit: KRW tn)

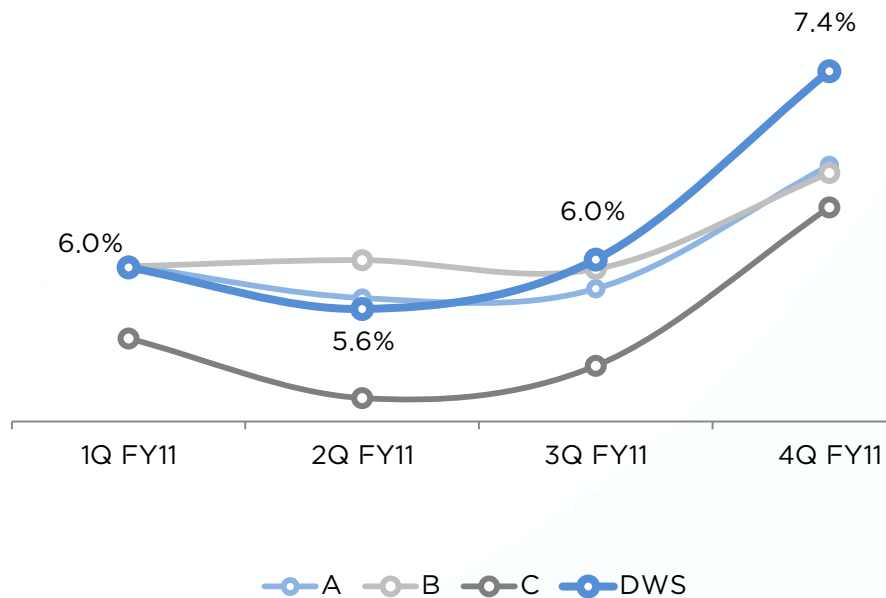


- ❖ Increased turnover in offline brokerage attributed to recovery of profitability, recording KRW 92.8bn (USD 82mn) in 4Q FY11
- ❖ With 2Q FY11 as a base point, market share performance in brokerage continues to recover (See page 5)

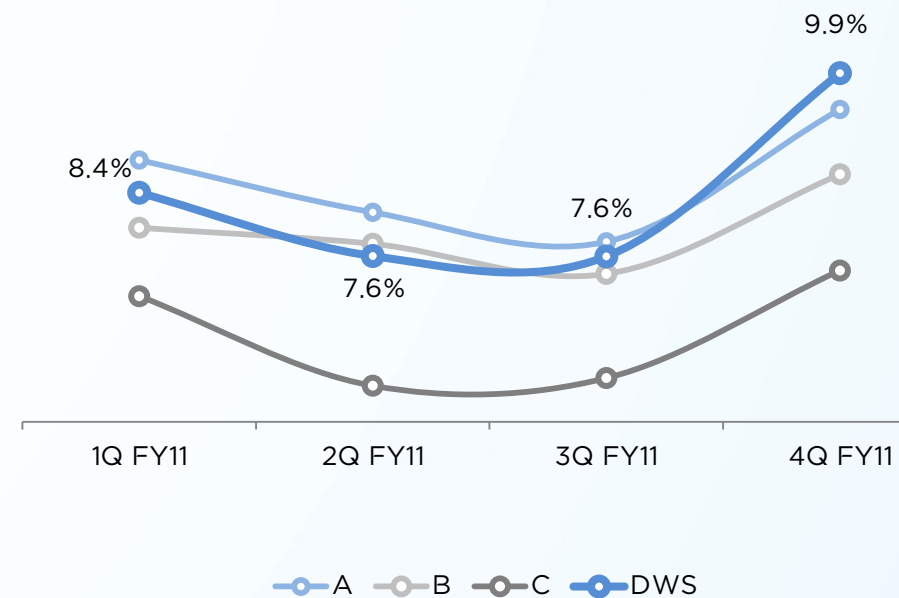
Performance by Business: Brokerage

Continued M/S expansion through strengthened sales

Total Brokerage M/S (by commission)



Retail Brokerage M/S (by commission)



- ❖ Total brokerage M/S and retail M/S both continue to rise with enhanced performance in retail brokerage
- ❖ Despite weakened market conditions due to drop in trading volume and participation, KDB Daewoo Securities has widened the gap between top 2 domestic market leaders through increased brokerage revenue generation

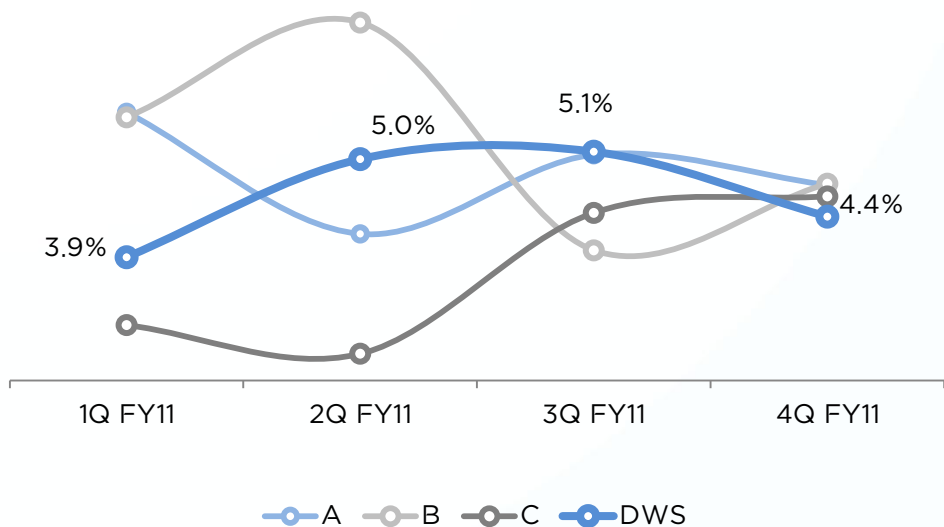
- ❖ Overall M/S increase for offline-based brokerage houses resulting from an increase in offline retail turnover¹⁾ has attributed to an enhanced retail brokerage M/S (by commission) from previous quarter

1) Offline turnover M/S for top 7 domestic brokerage houses:
3QFY11(18.4%) – 4QFY11(20.7%)

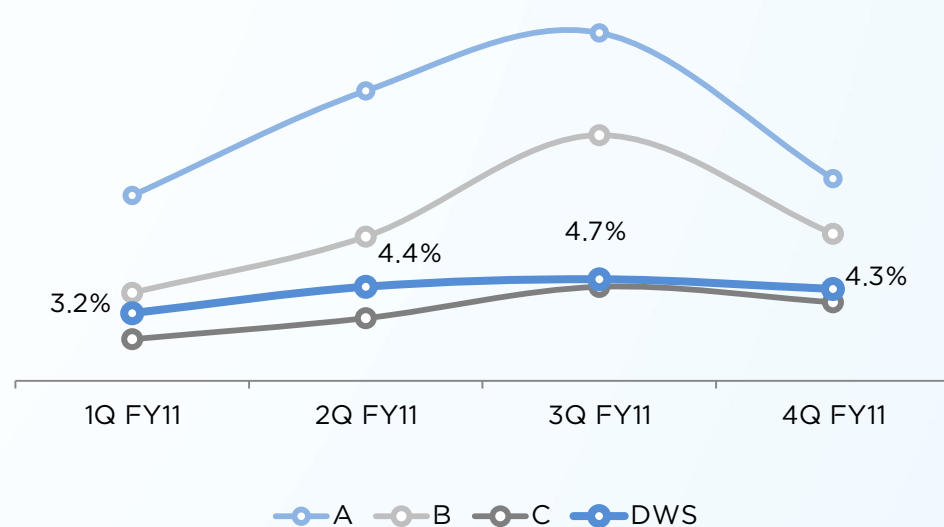
Performance by Business: Brokerage

Minor drop in wholesale brokerage M/S from 3Q FY11

Wholesale Brokerage M/S (by turnover)



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



- ❖ Amidst drop (1.6%) in total wholesale brokerage M/S¹⁾,
 - ❖ Reduced turnover of institutional clients attributed to a 0.7%p drop in wholesale brokerage M/S from previous quarter
- 1) Total domestic wholesale turnover size : 3Q (KRW 169tn) → 4Q (KRW 167tn)

- ❖ While total market turnover size increased 18% from previous quarter¹⁾, KDB Daewoo Securities increased 7%, resulting in a 0.4%p drop in int'l wholesale brokerage M/S (by turnover)
- ❖ Sales recovery of international wholesale domain expected through client-based expansion efforts such as recently-hosted '2012 KDB Daewoo Securities Korea Conference'

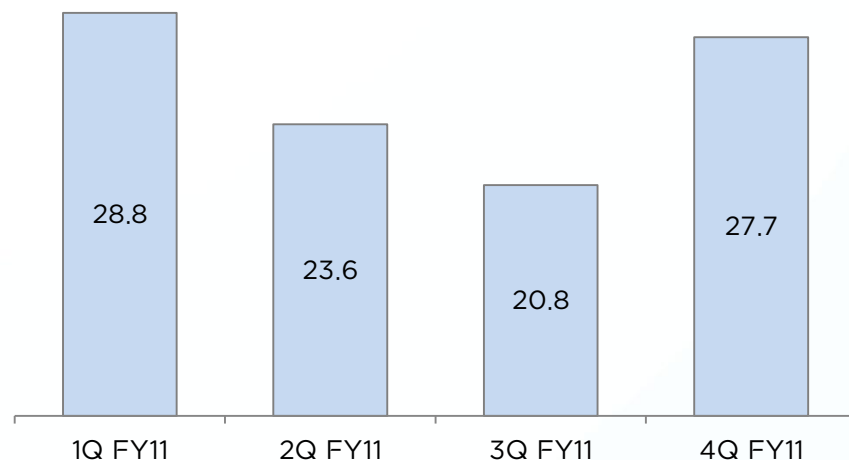
1) Total int'l wholesale turnover size : 3Q (KRW 141tn) → 4Q (KRW 166tn)

Performance by Business: Wealth Management

Total revenue increase from enhanced sales of strategic products

WM Revenue

(Unit: KRW bn)



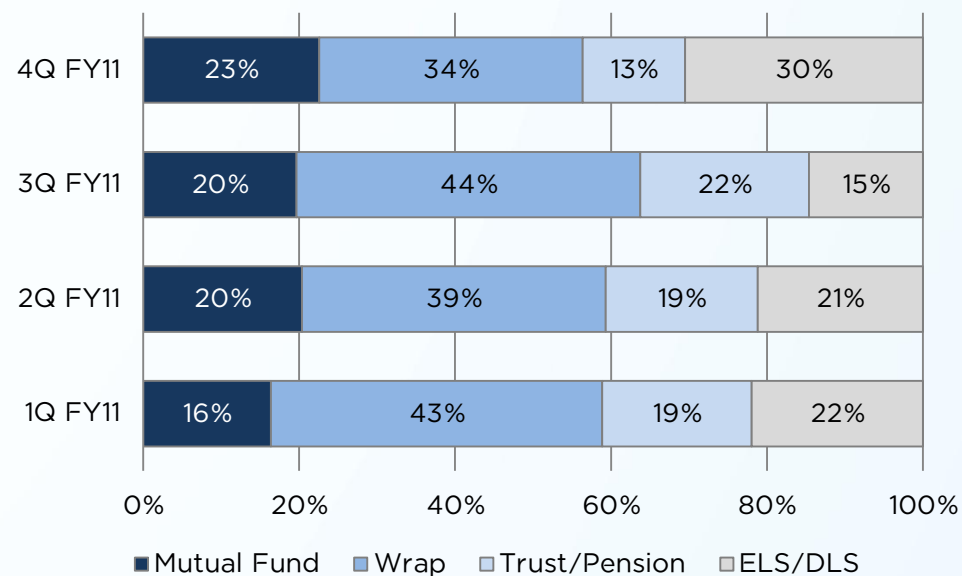
WM Revenue = Fund + Wrap + Trust/Pension + ELS/DLS Sales Margin

- ❖ Increased sales in ELS/DLS products¹⁾ and sales commission from ANKOR oil field development fund attributed to a KRW 6.9bn QoQ increase, recording KRW 27.7bn (USD 24.5mn)

1) Issuance amount for 4Q FY11 :

- ELS : KRW 2.0tn (USD 1.8bn) → 15% M/S, Ranking: No. 1
- DLS : KRW 1.3tn (USD 1.2bn) → 24% M/S, Ranking: No. 1

WM Revenue Breakdown



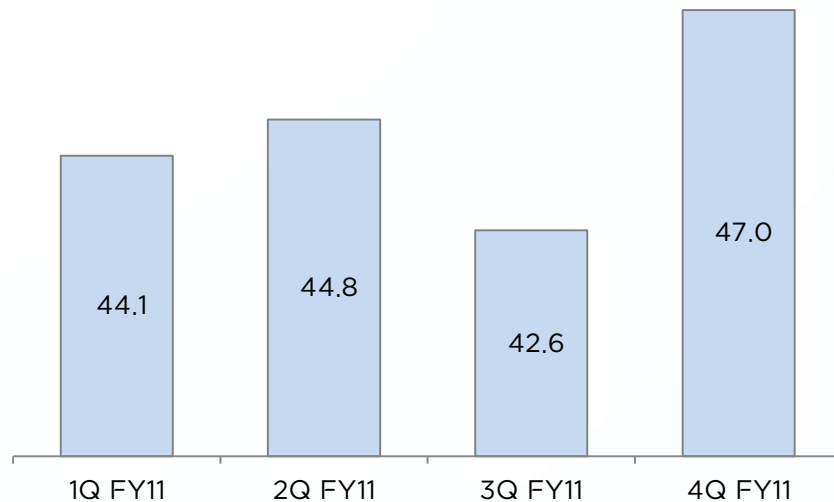
- ❖ Derivatives-linked securities proportion of WM revenue for 4Q FY11 increased to 30% due to increase of issuance amount
- ❖ ANKOR oil field development fund contributed mainly to increase of mutual fund revenue in 4Q FY11

Performance by Business: Wealth Management

Balance of main WM products increased from 3Q FY11

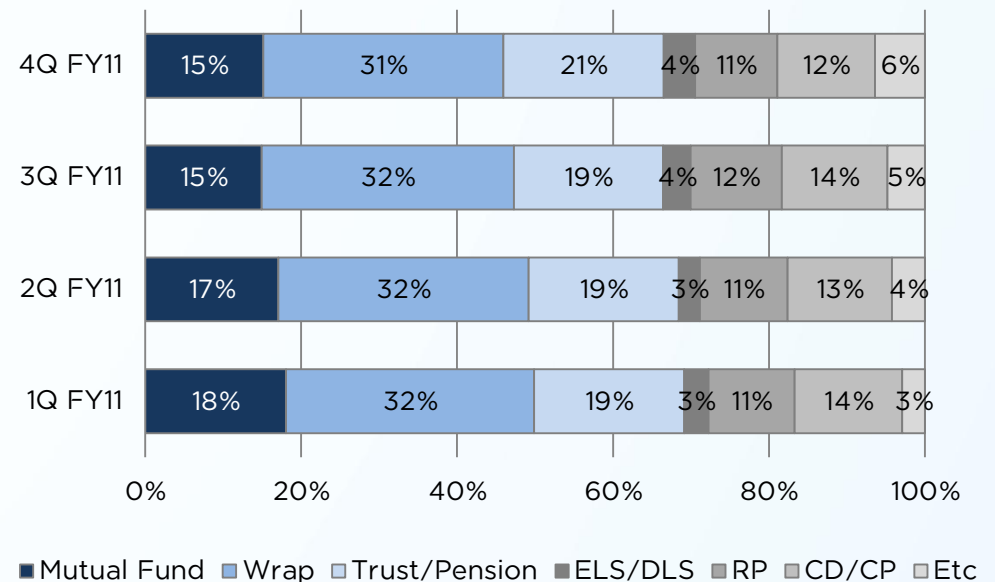
WM Account Balance

(Unit: KRW tn)



- ❖ Through a stable and balanced growth sought between products such as mutual funds, wrap, trust/pension, and ELS, KDB Daewoo Securities' WM account balance increased KRW 4.4tn QoQ, recording a total of KRW 47tn (USD 42bn) for 4Q FY11

WM Balance Composition



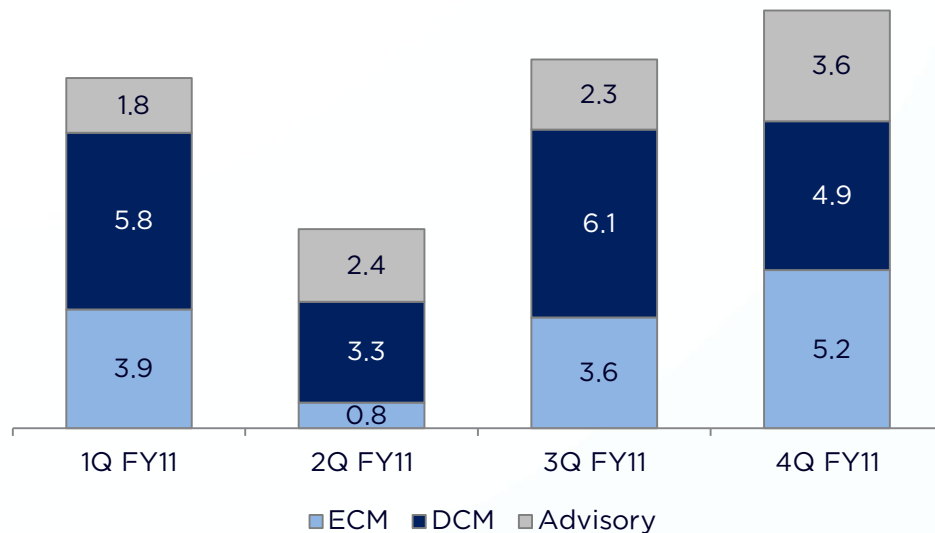
- ❖ KDB Daewoo Securities, rather than weighing assets heavily on a single wealth management product, offers diversified options to better meet growing customer needs
- ❖ Increased supply of in-house products based on KDB Daewoo Securities' product development competencies attributes to an organic growth with other business domains

Performance by Business: Investment Banking

Continued revenue growth in IB from ECM and advisory performance

IB Commissions Revenue

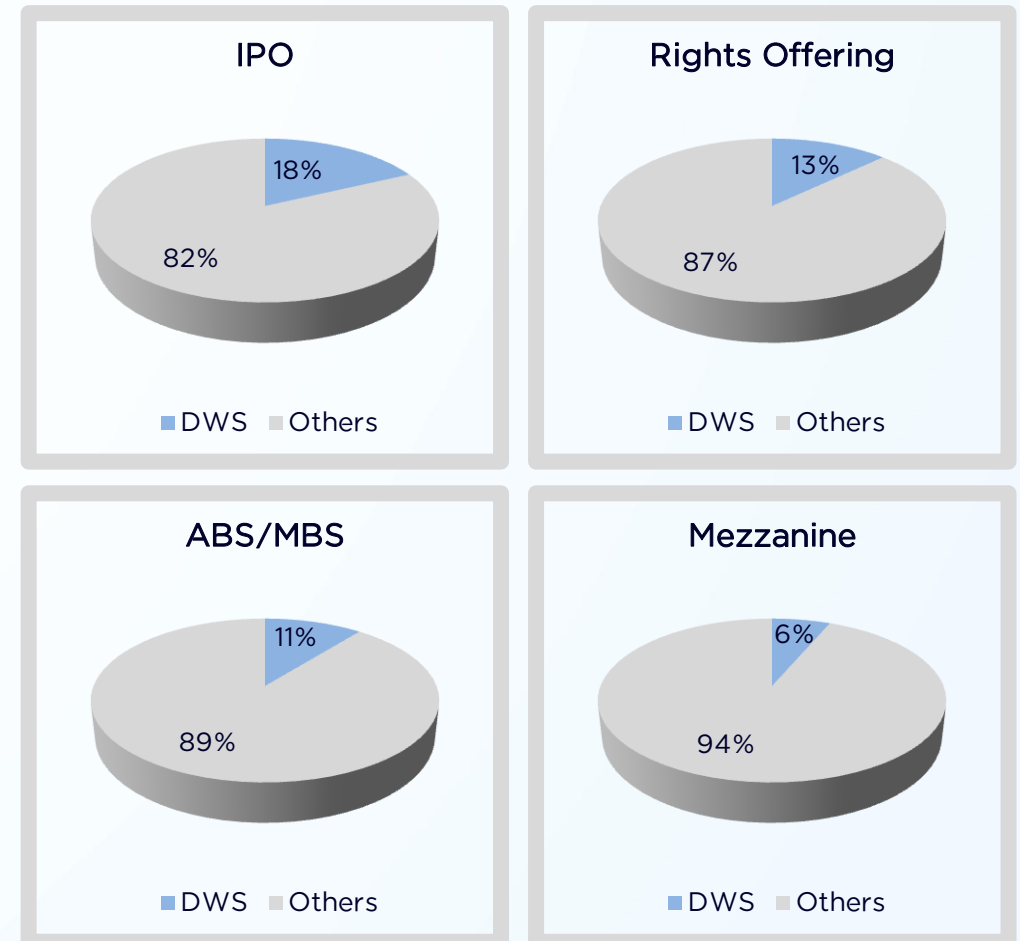
(Unit: KRW bn)



❖ Enhanced ECM underwriting performance and successful financial advisory/project financing deals attributed to an IB commissions revenue increase of KRW 1.6bn, recording KRW 13.6bn in 4Q FY11

❖ Major Deals : IPO (Huvis), Mezzanine (GS Energy), Advisory (Korea Express, 6 Savings Banks), Project Financing (ANKOR oil fund), Rights Offering (SM Entertainment)

IB Market Share (FY2011)



Performance by Business : Investment Banking

Major Deals in FY2011



Huvis

IPO

USD 177mn
(KRW 200bn)



J ENTERTAINMENT

IPO

USD 37mn
(KRW 42bn)



HANJIN SHIPPING

Rights Offering

USD 265mn
(KRW 300bn)



DOOSAN

Package Deal
(CB, BW, EB, Rights Offering)

USD 637mn
(KRW 720bn)



kt skylife

IPO

USD 38mn
(KRW 42.5bn)



CJ 대한통운
korea express

Advisory

USD 1.7bn
(KRW 1.9tn)



beyond the best
KUMHO PETROCHEMICAL

Block Sale

USD 362mn
(KRW 409bn)



Excellence in Flight
KOREAN AIR

ABS

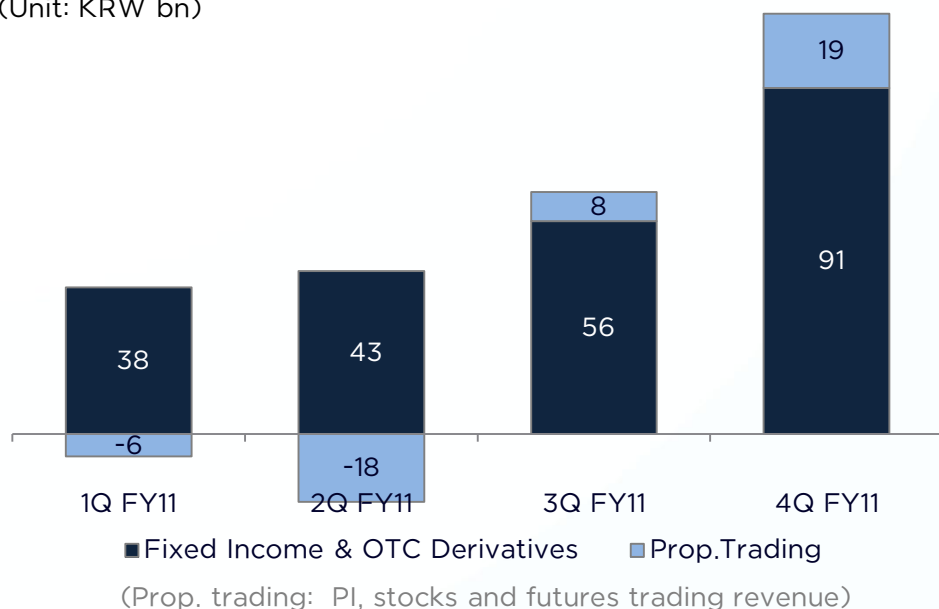
USD 442mn
(KRW 500bn)

Performance by Business: Sales & Trading

Prop. and fixed income operations enhanced from 3Q FY11

S&T Revenue

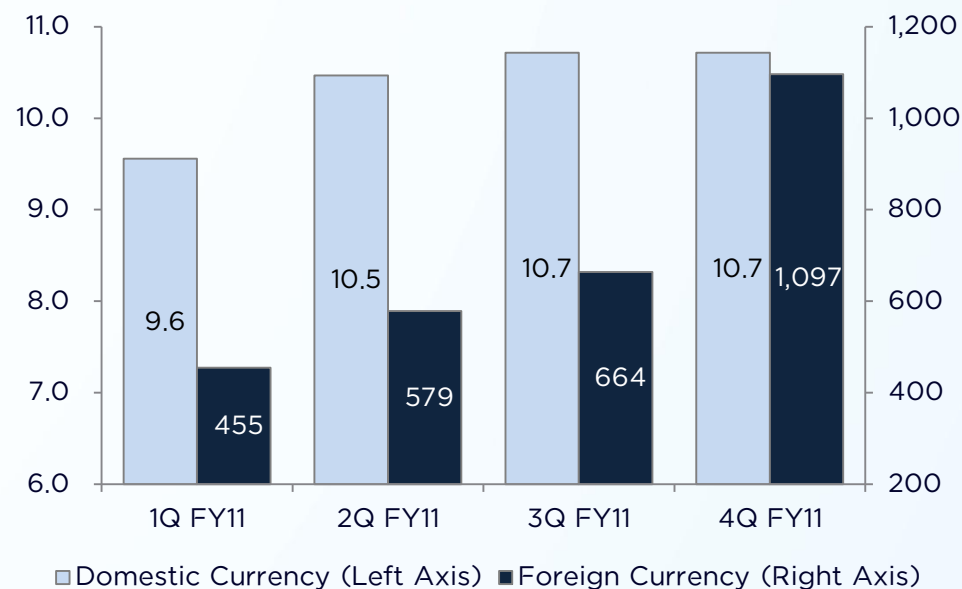
(Unit: KRW bn)



- ❖ While OTC derivatives recorded a loss of KRW 9.4bn, S&T business generated KRW 100.2bn in fixed income revenue (including KRW 70.7bn in net income interest) and KRW 19.1bn in prop. trading

- ❖ S&T revenue for 4Q : KRW 110.4bn (USD 97.5 mn)

Fixed Income Balance

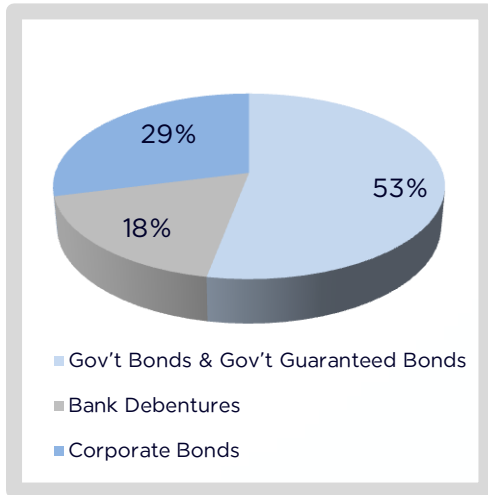


- ❖ In line with the recent capital increase, KDB Daewoo Securities' position on foreign currency bonds has increased 65.2% from 3Q FY11, therefore acquiring new S&T revenue source

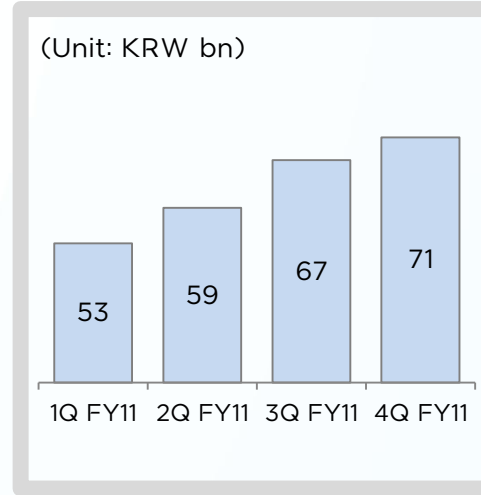
- ❖ Corporate headquarters' foreign currency fixed income book has been consolidated to that of the Hong Kong subsidiary, therefore establishing Hong Kong as the main hub for foreign currency-based operations and paving way for higher efficiency

Performance by Business: Sales & Trading

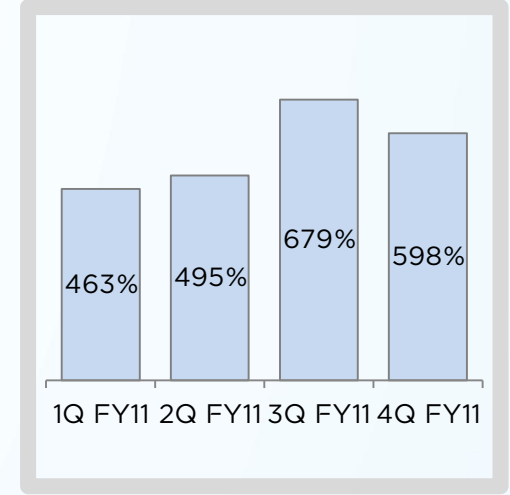
Fixed Income Portfolio



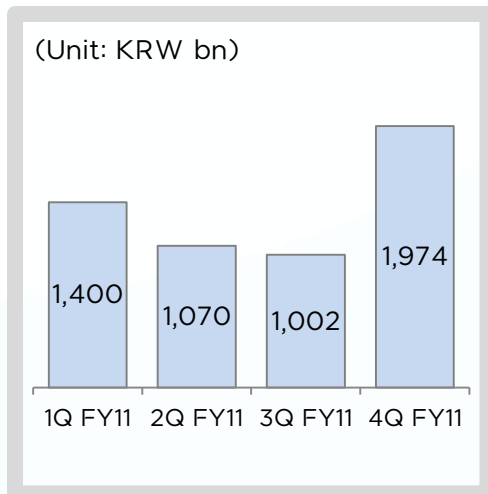
Net Income Interest



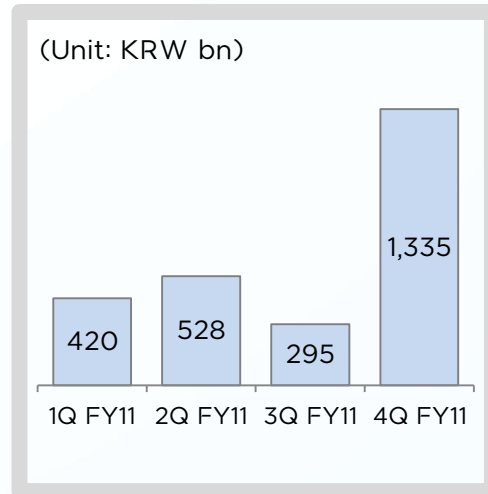
Net Capital Ratio



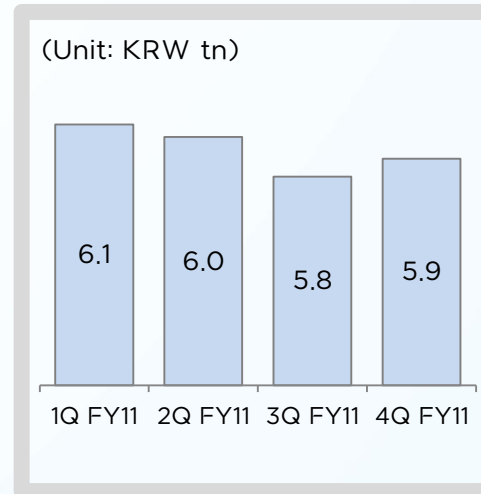
ELS Issuance



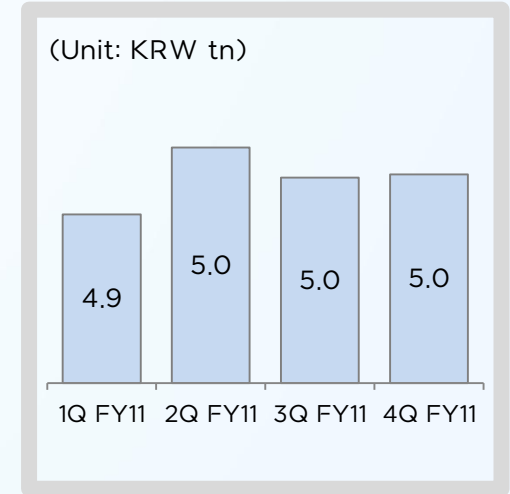
DLS Issuance



CD/CP Balance



RP Balance



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	Common	326,700,891 Shares
	Preferred	14,075,750 Shares
Paid-in-Capital		KRW 1.70tn (USD 1.50bn)
No. of Employees		3,140 (as of 31 March 2012)
Domestic Network		108 Branches (as of 31 March 2012)
Global Network	Overseas Subsidiaries	Hong Kong, New York, London, Singapore*
	Rep. Offices	Ho Chi Minh, Beijing, Shanghai
	Branch Office	Tokyo
	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

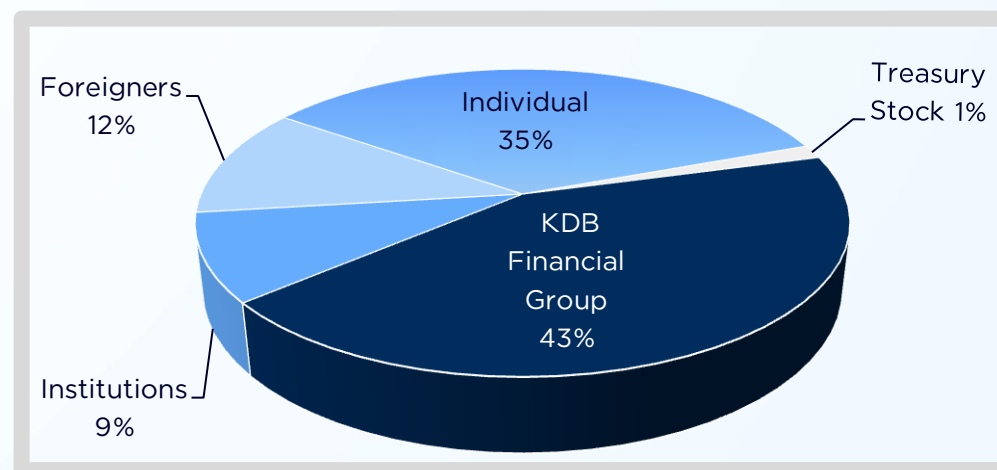
* Expected to open in 2012

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 Financial Group becomes major shareholder
November 2011	Capital Increase (KRW 1.12 trillion)

Shareholder Structure

(as of 31 March 2012)



Global Network

Hong Kong

Date Established	29 September 1994
Managing Director	Jong Ha Sung
No. of Employees	39 Persons (Local Hire : 20 Persons)
Paid-in-Capital	USD 200mn
Main Business	Brokerage, Underwriting, 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 120
Main Business	Brokerage
Address	600 Lexington Ave. Suite 301(3 rd Fl.), 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, Prop. Trading
Address	41 st Fl., Tower 42 25 Old Broad St. London EC2N 1HQ, U.K.

Other Network

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

(Unit: KRW bn)	FY2010				FY2011				FY08 (K-GAAP)	FY09 (K-GAAP)	FY10 (K-IFRS)	FY11 (K-IFRS)
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11				
Operating Revenue	168.7	294.3	235.0	267.2	182.2	155.4	186.7	250.2	702.8	1,048.8	965.2	774.6
Brokerage	108.7	99.9	119.8	104.0	100.3	100.1	91.3	92.8	393.8	530.1	432.4	384.5
Investment Banking	10.4	6.8	20.0	17.4	11.4	6.5	12.0	13.6	42.8	83.5	54.6	43.6
Wealth Management	22.5	23.9	24.7	28.4	28.8	23.6	20.8	27.7	58.8	69.1	99.5	100.8
Sales & Trading	19.0	150.1	71.5	52.4	32.6	25.0	63.6	110.4	176.6	350.8	293.0	231.6
Interest Income	16.2	22.7	9.0	74.5	19.7	10.4	5.6	14.5	85.7	80.0	122.4	50.3
Commission Expense	- 8.1	- 9.2	- 9.9	- 9.5	- 10.6	- 10.2	- 6.6	- 8.8	- 54.9	- 64.7	- 36.7	- 36.2
SG&A Expense	139.5	192.2	158.6	173.7	140.1	138.7	154.2	129.9	478.3	593.8	664.0	562.9
Others	9.9	- 2.2	- 7.2	- 2.2	0.9	13.4	- 5.7	- 8.7	- 20.7	- 42.9	- 1.8	- 0.2
Operating Income	39.1	99.9	69.1	91.3	43.0	30.1	26.7	111.6	203.8	412.0	299.4	211.4
Non-Operating Income	15.2	4.9	- 12.7	9.1	6.9	5.7	0.8	- 2.6	29.5	11.1	16.5	10.9
Before Tax Earnings	54.3	104.8	56.4	100.4	49.9	35.8	27.6	109.0	233.4	423.1	315.9	222.4
Income Tax Expense	25.0	24.6	16.6	23.8	13.9	11.8	1.9	27.8	52.9	104.0	89.9	55.4
After Tax Earnings	29.3	80.2	39.9	76.6	36.0	24.0	25.7	81.2	180.5	319.1	225.9	166.9

Balance Sheet (KRW tn)												
Total Assets	17.7	18.5	18.2	19.4	19.7	20.8	20.4	22.5	14.2	17.5	19.4	22.5
Total Liabilities	15.1	15.8	15.5	16.7	17.0	18.1	16.5	18.5	11.7	14.7	16.7	18.5
Total Shareholder's Equity	2.6	2.7	2.7	2.7	2.7	2.7	3.9	4.0	2.5	2.9	2.7	4.0

Net Capital Ratio (KRW bn)												
Net Working Capital	2,031	2,092	2,154	2,154	2,134	2,158	3,202	3,240	1,917	2,267	2,154	3,240
Risk-Weighted Assets	567	572	509	510	461	436	472	542	361	522	507	542



Investor Relations Team

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