

KDB

DAEWOO

SECURITIES

THINK ABC

2014

ANNUAL

REPORT

Key Figures

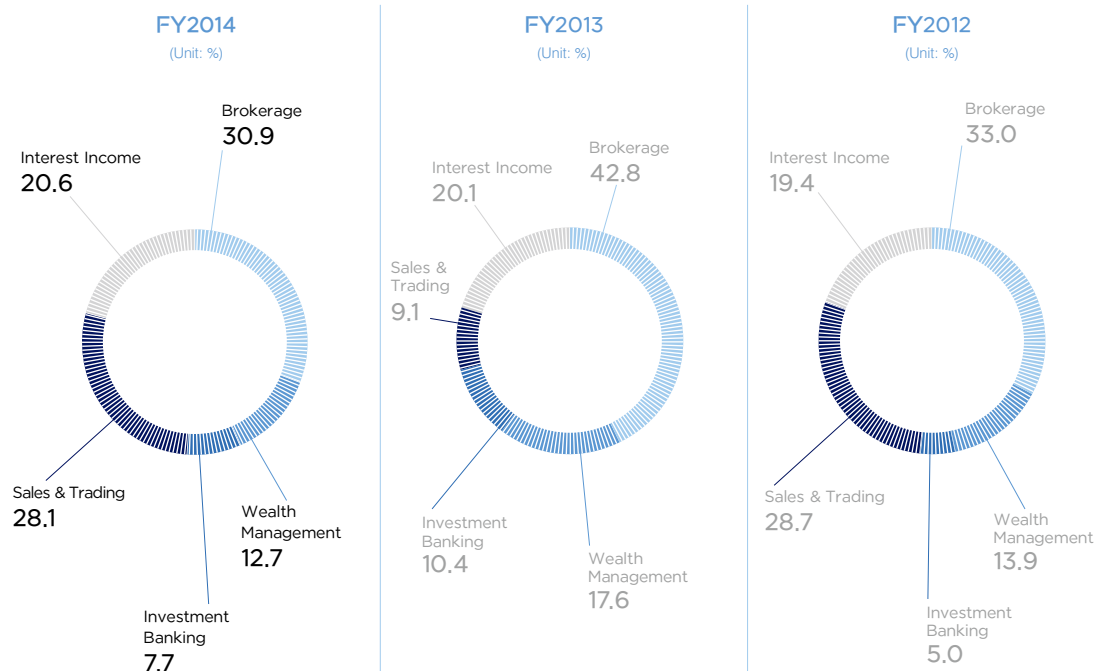
KEY FINANCIAL FIGURES

(Unit: KRW billion)

	FY2014 (Jan. 1, 2014 ~ Dec. 31, 2014)	FY2013 (Apr. 1, 2013 ~ Dec. 31, 2013)	FY2012 (Apr. 1, 2012 ~ Mar. 31, 2013)
Operating Performance			
Net operating revenue	798.7	362.9	711.1
SG&A expenses	527.9	398.3	547.7
Net operating income	270.8	(35.4)	163.4
Non-operating income	3.0	(0.6)	16.1
Income before income tax	273.8	(36.0)	179.5
Income tax expenses	(68.0)	7.3	(35.8)
Net income	205.2	(29.2)	143.7
Financial Position			
Total assets	30,613.3	26,005.0	25,437.4
Total liabilities	26,439.0	22,090.5	21,385.8
Total shareholders' equity	4,174.3	3,914.5	4,051.7

* Based on Korean International Financial Reporting Standards (K-IFRS) consolidated financial statements
 Net income represents the net income/loss attributable to equity ownership of controlled entity

REVENUE BY BUSINESS



* Revenues before commission expenses; Excluding other net operating revenues

From

PASSION

to FUTURE

By taking on challenges that go beyond the fixed ideas of finance, KDB Daewoo Securities is growing in partnership with all our stakeholders, to be the premier leader in the Korean financial industry. KDB Daewoo Securities is looking to the decade ahead to what we can achieve with passion and insight.

Think you very much!

We will work in unison to open the door to a greater future in finance.

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CEO Message



Think you very much!

KDB Daewoo Securities will become
a 'Premier PB House', serving its customers
with insight and passion.

Dear shareholders and customers,

Despite a difficult business environment, including prolonged low interest rates and weak economic growth at home and abroad, KDB Daewoo Securities achieved noticeable successes in 2014 through continual innovation and change. Every staff member at KDB Daewoo Securities is fully aware that our successes are enabled by the unwavering trust and encouragement of our customers and shareholders, and, as the CEO of KDB Daewoo Securities, I thank you very much on behalf everyone at the company.

The most important focus for KDB Daewoo Securities in 2014 was the customer.

KDB Daewoo Securities communicated with our customers based on the concept of 'Easy Finance'. We opened the 'Store', an innovative new concept of branch, in Songdo and Pangyo, as part of our efforts to get closer to our customers. Our brand slogan, 'Think you very much', shows the priority we place on customers, and how we strive to get the basics of finance.

Keeping in mind this customer-oriented mindset, KDB Daewoo Securities sought to improve the results of each business division, and actively looked to diverse financial markets. As a result, we rebounded from last year's loss to record a net income of KRW 205.2 billion, the highest figure since 2011.

There were significant improvements in product competitiveness. We were the industry's top issuer of derivatives-linked products (ELS, DLS), and added an aircraft sale & lease back investment to the diverse range of high-quality investment opportunities that we can offer to institutional investors. In addition, a private equity fund, that we launched to invest in a Mongolian Certificate of Deposit, was well received by customers.

We also achieved unrivaled investment performance. We responded actively to market changes caused by economic uncertainties in Korea and abroad by investing more into overseas assets, in addition to domestic assets. As a result, foreign investment returns accounted for approximately 30% of overall investment profits, a substantial contribution to our overall investment profits, which exceeded KRW 200 billion. This overseas investment is one of the factors that differentiates KDB Daewoo Securities from its competitors, who depend mainly on domestic product investments.

PASSION

The fundamental competitiveness of KDB Daewoo Securities is how we look to our customers as top priority, and retain a great passion to grow in partnership with them.

In the Investment Banking (IB) business, KDB Daewoo Securities was chosen as the lead manager for the Initial Public Offering (IPO) of Cheil Industries in June 2014. This was the first time a Korean securities firm had been chosen as the sole lead manager of a major IPO against competition from large numbers of Korean and overseas investment banks, and this success made a substantial impact on the Korean financial industry. The Cheil Industries IPO attracted subscription deposits of KRW 30 trillion, the most ever in the local IPO market, representing 200-to-1 ratio of share applications to share allocation. This deal was truly a new chapter in the history of the Korean IPO market.



We also continued to build the foundations for sustainable growth based on our market dominance in major business areas. KDB Daewoo Securities was listed on the Dow Jones Sustainability Index (DJSI) World in the financial service industry category for the third consecutive year. This accomplishment reflects our stature as a company that grows in partnership with its stakeholders, and proves the competitiveness of KDB Daewoo Securities as a global and sustainable company, once again.

In June 2014, after constructive and amicable discussions between labor and management, we abolished our previous severance pay system, under which severance pay rose according to years of service. Under the new system, all employees chose a defined contribution retirement pension system. This will reduce the company's financial burden, and reduce uncertainty in the long run.

With the coming of 2015, we are implementing strategies that look a full decade ahead.

KDB Daewoo Securities is looking to 2015 as a year to establish a foundation for sustainable growth. We will focus on developing drivers for growth that will shape the company's future, instead of pursuing short-term solutions and achievements.

First, we will balance growth across all business divisions.

We need a balanced profit and loss structure that will help us continue to grow, without being swayed by the ups and downs of the market. Revenue in the brokerage business has been extremely sluggish because of the recent downturn in the securities market, and this has resulted in a greater dependency for profits on the

FUTURE

KDB Daewoo Securities will become a 'Premier PB House', offering distinctive and outstanding products for greater customer satisfaction and more sustainable growth.

IB, Sales & Trading, and overseas businesses. In 2015, therefore, the company will focus on building a base for balanced growth across all business divisions. We will concentrate on developing new growth engines for business divisions that are indicating stable growth, and we will place strong emphasis on putting the Wealth Management (WM) business back on track.

'Premier PB House' is our way forward.

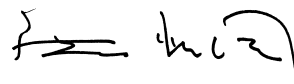
Being a 'Premier PB House' means being involved in every wealth management-related area, with all the competencies the company can muster, eyeing Korea's top spot. KDB Daewoo Securities will do our utmost to grow into a premier PB house, offering best-quality products and outstanding contents developed by first-rate experts. We have already set up the 'Premier PB House Task Force Team', and established a system to enforce collaboration between different business divisions in the development of products and services. Based on this, we will substantially improve the competitiveness of our WM business by opening Private Investment Banking (PIB) branches, and by having our IB business division provide additional PB sales support.

All of these targets will be met through the creativity and expertise of KDB Daewoo Securities and our people.

KDB Daewoo Securities will strive to build creativity, knowledge, experience, and knowhow into a corporate culture of trust and commitment. We will deliver greater customer satisfaction by improving the abilities of all our staff, so that they become financial experts with insight and passion.

Companies that become leaders in a world of both obstacles and opportunities are those that stay ahead of their markets, while also reaching out to customers to offer products and services that are true to the basics. KDB Daewoo Securities will look to a better future, and make all the efforts to create a better world through finance for all our stakeholders. 'Think you very much', which commits us to placing the highest priority on our customers and shareholders, will be the focus of everything we do in 2015. I look forward to your unwavering trust and support.

Thank you.



CEO & Chairman of Board of Directors,
KDB Daewoo Securities
Sungguk Hong

Think

A



KDB Daewoo Securities is changing today's finance through more in-depth thinking, far-reaching insight, and a great passion.

B



KDB Daewoo Securities pursues balanced growth between the present and the future, products and services, as well as responsibility as a corporate citizen.

C



KDB Daewoo Securities dreams bigger thanks to our customers, and a cornerstone of our success is the trust that our customers place in us.

THINK AHEAD

THINK BALANCE

THINK CUSTOMERS



Ahead of time with passion and confidence

**KDB Daewoo Securities is changing today's finance
through more in-depth thinking, far-reaching insight,
and a great passion.**

KDB Daewoo Securities strives to realize the infinite possibilities of finance by putting great thought and care into everything we do. With the highest credit rating and the largest amount of financial product assets in the industry in Korea, and more than KRW 86 trillion in retail assets, KDB Daewoo Securities is opening up a new path in finance.



CHALLENGING BUSINESS ENVIRONMENT

Business Environment

→ A-1

There were many challenges in Korean markets in 2014, triggered by instability in the business environment at home and abroad.

Stock Market Review

The Korea Composite Stock Price Index (KOSPI) dropped 4.1% in 2014, and did not exceed the heights it last reached in the second half of 2011. The index's decline was the outcome of a continued low-growth trend, including Gross Domestic Product (GDP) growth of just 3.3%, and poor corporate profitability.

Large-capitalization stocks such as the shipbuilding, construction, and chemical industries, which are traditionally sensitive to the economy, were bearish, but small- and medium-capitalization stocks saw sharp growth, led by stocks that benefited from China's growth in consumption and mobile game stocks. Also, holding company stocks were strong as a result of a renewed emphasis on the governance structure of large conglomerates.

The Korea Securities Dealers Automated Quotation (KOSDAQ) index grew 8.6% over the year, in line with the strong performance of small- and medium-capitalization stocks.

Foreign investors were net buyers of KRW 4.6 trillion worth of stocks in the KOSPI market; in contrast, Korean individual and institutional investors sold net holdings worth KRW 2.8 trillion and KRW 0.7 trillion, respectively. In the KOSDAQ market, foreign and individual investors bought stocks worth KRW 0.9 trillion and KRW 0.2 trillion, respectively, while domestic institutional investors recorded net selling of KRW 0.2 trillion.

The stock index futures market contracted substantially. Trading volume plummeted 22% compared to 2013, to levels last seen in 2011. This can be attributed to the withdrawal of many speculative traders because of reduced stock index volatility. Options trading went down 13.5% year-on-year, reflecting a considerable weakening of the derivatives market.

Bond Market Review

Interest rates in the bond market declined as a result of the continued slow rate of growth of the Korean economy. The sinking

of the Sewol Ferry in April 2014 had a negative impact on domestic demand, and the Korean Won remained strong until the third quarter of the year, weakening the price competitiveness of exports.

In response to this economic situation, the Bank of Korea cut the base rate on two occasions, and market interest rates dropped to an unprecedented low. The global trend for low interest rates also influenced the decline in interest rates in Korea, and in particular, the postponement of the US exit strategy to 2015 led to a sharp drop in interest rates in major economies, including the U.S.



Trading in the Korean Markets

		(Unit: KRW trillion)		
Description		FY2014	FY2013	FY2012
Average daily trading volume	KOSPI	4.0	4.0	4.4
	KOSDAQ	1.9	1.8	2.0
	ETF	0.7	0.8	0.6
	ELW	0.1	0.1	0.1
	Total	6.7	6.7	7.1
Market turnover breakdown by investor type	Individuals	58.9%	59.6%	61.6%
	Foreigners	22.1%	21.3%	18.5%
	Institutions	19.0%	19.1%	19.9%

RECOVERING GROWTH MOMENTUM

Business Performance

→ A-2

KDB Daewoo Securities saw a better business performance in 2014, and achieved significant growth through its distinctive competitiveness.

Executive Overview

In 2014, KDB Daewoo Securities posted KRW 798.7 billion in net operating revenue, KRW 270.8 billion in operating income, and KRW 205.2 billion in net income, rebounding from last year's figures and turning a profit. The main drivers of this turnaround were a rise in profits from investments, as a result of the strong bond market, and the lack of non-recurring losses. Our fiscal period increased from nine months to 12 months, after the settlement date changed from January to December.

Brokerage revenue reached KRW 236.6 billion. The company saw a slight recovery

in both commissions and turnover, and its revenues rose further over the previous year thanks to the extension of the accounting period. There were continued difficulties in the business environment, including stagnant trading volumes and a decrease in trading by individual investors. Against this backdrop, we strived to provide investors with distinctive services by increasing our specialist expertise and offering quality research.

WM revenue for financial product-related businesses stood at KRW 97 billion. Various efforts were made to expand our customer base, including the opening of small specialized sales points to increase our customer contact, while providing various content and establishing a distinctive

Summarized Statements of Comprehensive Income

(Unit: KRW billion)

Description	FY2014 (Jan. 1, 2014 ~ Dec. 31, 2014)	FY2013 (Apr. 1, 2013 ~ Dec. 31, 2013)	FY2012 (Apr. 1, 2012 ~ Mar. 31, 2013)
Net operating revenue	798.7	362.9	711.1
Brokerage	236.6	178.3	241.5
Wealth management	97.0	73.4	101.9
Investment banking	58.8	43.4	36.5
Sales & Trading	214.9	37.6	210.0
Interest income	157.5	83.8	142.2
Others	54.9	(31.8)	(1.9)
Commissions expenses	(21.0)	(21.8)	(19.2)
SG&A expenses	527.9	398.3	547.7
Operating income	270.8	(35.4)	163.4
Non-operating income	3.0	(0.6)	16.1
Income before income tax	273.8	(36.0)	179.5
Income tax expenses	(68.0)	7.3	(35.8)
Net income	205.2	(29.2)	143.7

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Net income represents the net income/loss attributable to equity ownership of controlled entity

product line-up. Our retail financial product assets rose KRW 2.8 trillion from the end of 2013. Total financial product assets were up KRW 3.2 trillion from the end of 2013, to reach KRW 55.3 trillion.

IB revenue recorded KRW 58.8 billion. Large IPO deals helped a strong recovery in Equity Capital Markets (ECM), which had been stagnant. We successfully led the listing of Cheil Industries, the largest ever in Korea, which proved KDB Daewoo Securities' outstanding capabilities in ECM. In addition, we diversified our sources of revenue by improving our competitiveness in new business areas, such as cross-border M&A and financial advice for large-scale Project Financing (PF) for wind power generation.

Sales & Trading (S&T) revenue was KRW 214.9 billion. KDB Daewoo Securities enjoyed an excellent performance from investing in fixed income issued in Korea and from offshore fixed income, thanks to our active responses to interest rate changes at home and abroad. We also had the Korean industry's top performance in issuing derivatives-linked products,

increased profits from other investments, and saw a strong performance from various global proprietary investments, thus creating a balanced revenue model.

Interest income went up KRW 73.7 billion over the previous year, to reach KRW 157.5 billion, mainly driven by dividend income of KRW 28.7 from Daewoo Capital CRV, which the company holds on its balance sheet as available-for-sale securities. There was also an increase in interest income relating to deposits, resulting from the listing of Cheil Industries and other factors. In addition, our fiscal period increased from nine months to 12 months.

Client assets reached KRW 136.6 trillion, a KRW 21.9 trillion increase from the end of 2013. This is attributable to a KRW 21.3 trillion increase in retail assets, and the listing of Samsung SDS and Cheil Industries. As of the end of 2014, KDB Daewoo Securities' total assets and total liabilities stood at KRW 30,613.3 billion and KRW 26,439.0 billion, respectively, with KRW 4,174.3 billion of total shareholders' equity.



HIGHLIGHTS



FROM PASSION

→→→ KDB Daewoo Securities is a comprehensive financial investment company. Its main business areas are brokerage, WM, S&T, and IB. Despite difficult economic conditions in Korea and overseas, KDB Daewoo Securities is creating new opportunities and leading the Korean market by leveraging its outstanding wealth management capabilities and distinctive sales strategies. In doing so, the company is reinforcing its reputation as the industry's leading comprehensive financial investment company.

TO FUTURE

→→→ KDB Daewoo Securities will grow into a 'Premier PB House' based on a strong and sustainable profit base and the industry's top credit ratings.

STABILITY



Assets

KRW **30,613.3** billion



Client assets

KRW **136.6** trillion

PROFITABILITY

205.2

Net income increase of KRW 234.4 billion over the previous year

FY2013

(29.2)

FY2014

CREDIT RATINGS

Korea Investors Service

AA+

Korea Ratings

AA+

NICE Investors Service

AA+

Moody's

Baa2

* As of the end of 2014

We achieved balanced growth across all our businesses and built the momentum for further growth by continuing to strive for greater customer satisfaction and improved competitiveness.

Brokerage Business

Revenue from our brokerage services went up KRW 58.3 billion over the previous year, to KRW 236.6 billion. This is because our commissions and turnover market shares were slightly up by 0.4%p and 0.1%p, respectively, and our fiscal period was extended.

Performance by Sector in 2014

Retail Brokerage

The daily average trading volume, excluding Exchange Traded Funds (ETF) and Equity-Linked Warrants (ELW), in 2014 remained at around KRW 6 trillion, similar to last year's figure, and the percentage accounted for by individual investors was below 59%. Despite this difficult business environment, our commission and turnover market shares both rose around 0.2%p to 5.2% and 3.5%, respectively.

To achieve a steady performance in a challenging business environment, the company supports its retail brokerage operations through its Investment Information Support Department, a research group dedicated to retail brokerage services. Other measures taken to attract prospective customers include seminars at branch offices, one-on-one consulting services for VIP clients, and client visits to companies.

Domestic Wholesale Brokerage

KDB Daewoo Securities has earned a reputation among major corporate

customers for being the nation's top wholesale brokerage, mainly thanks to its highly experienced brokers who offer distinctive customer services, and traders with enhanced abilities to close important deals. In 2014, our market share for domestic wholesale brokerage turnover was 4.7%, maintaining our leading position. This accomplishment came about even without having a major asset management affiliate, and was enabled by an increase in the number of institutions we do business with, and the development of new sources of revenue.

International Wholesale Brokerage

Our market share for international wholesale brokerage saw year-on-year growth of 0.1%p, to reach 2.8%. This is the result of efforts we made to enhance customer satisfaction, and to reinforce our marketing capabilities. With a strong focus on enhancing profitability through new business, KDB Daewoo Securities is building a customer response system that will operate with greater efficiency and speed through the re-staffing and segmentation of front-office support roles. We are also actively pursuing major IB deals, including block deals and IPOs.

PBS

In the area of Prime Brokerage Service (PBS), KDB Daewoo Securities serves as the prime broker for five major asset managers and nine Korean hedge funds as of the first quarter of 2015, providing a comprehensive range of services, from brokerage services and margin transactions to credit lines, portfolio swaps, and Repurchase Agreements (Repos).

Our focus for 2014 was on increasing the balance of margin transactions, with the result that our balance soared 100% over the previous year, making us the leader in the industry. Also, we participated in the amendment of the Capital Market Act and the reform of the private equity fund system, and became the first in the industry to hold a conference to introduce hedge fund asset management companies which are in charge of exclusive intermediary business, providing in-depth information on hedge fund investment to institutional investors. And by doing so, we contributed

Brokerage Market Share

Description		FY2014	FY2013	FY2012
		(Unit: %)		
Company-wide	Commission	6.6	6.2	6.2
	Turnover	5.3	5.2	5.0
Retail	Commission	5.2	5.0	5.3
	Turnover	3.5	3.3	3.4
Domestic wholesale	Turnover	4.7	5.0	4.9
International wholesale	Turnover	2.8	2.7	2.0



KDB Daewoo Securities' PIB Store in Pangyo

to the growth of the Korean hedge fund market. In addition, KDB Daewoo Securities became the first securities firm in Korea to sign a Global Master Securities Lending Agreement, establishing the foundations for overseas margin transactions.

Moreover, we are expanding the number of potential customers by providing consulting services to promising asset managers and advisory companies to help the development of the hedge fund market. We are also bolstering our product range by building up a varied derivatives product line-up that includes portfolio swaps, interest rate swaps, and currency rate swaps.

Outlook and Plan for 2015

Retail Brokerage

A continued fall in commission rates resulted in fierce competition, and customer needs can no longer be satisfied simply by offering the same services as every other company. To respond to these, we will train the best Private Bankers (PB) in Korea by holding frequent seminars on market conditions, industries, and stocks. Based on the enhanced competitiveness of our PBs, we will hold seminars for customers, and offer distinctive customer services that can contribute to increasing customer assets, thereby strengthening our market power. Another plan is to expand brokerage revenue sources by such means as services that are provided in connection with investment advisory companies.

Domestic Wholesale Brokerage

Greater uncertainty in markets in Korea and abroad, and increased competition in the Korean securities market have resulted in institutions and asset managers calling for securities firms to offer more advanced business expertise and research. We will customize our business for each institution and asset manager, specialize research content by style, and generate synergy with our retail business network to facilitate general corporate businesses. We will also develop new markets, such as the specialized private equity fund manager market, and leverage our fixed income business network with foreign-affiliated firms and insurance companies, which will enable us to expand our customer base and revenues.

International Wholesale Brokerage

Competition is fierce in the international wholesale brokerage market where Korean securities firms have similar market shares. In order to gain a competitive edge in the market, KDB Daewoo Securities is focusing on large global institutions. In addition to collaborating with our Research Center to host briefings on Korean companies for overseas institutional investors, we will actively pursue block deals, IB deals, and other types of sales that have not previously been within the scope of a traditional brokerage business. We will also seek to increase revenues by attracting clients who engage mainly in Direct Market Access (DMA) trading, which has risen sharply recently.

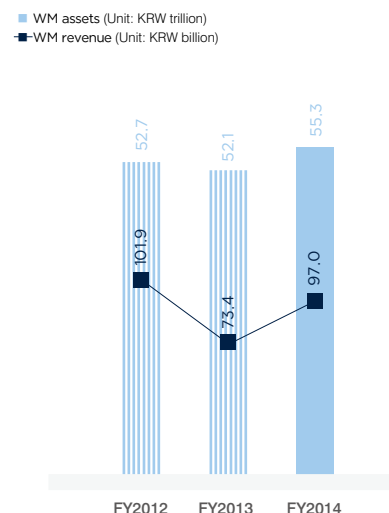
PBS

It has been three years since the Korean hedge fund market was launched. This is a significant threshold, as large institutional investors tend to look at investment performance over a period of at least three years, so 2015 could see further market growth, depending on investments by pension funds and other institutional investors. There may also be many new players in this market, depending on when the Bill reforming the private equity fund system is passed. Accordingly, we plan to focus on creating new revenue sources and maximizing profits, in order to become a 'Best Prime Broker'.

Wealth Management Business

Our WM revenue in 2014 rose KRW 23.6 billion year-on-year, to KRW 97.0 billion. Issuance of Equity-Linked Securities (ELS) and Derivative-Linked Securities (DLS), reached KRW 13.7 trillion. Wrap account and Repo assets stood at KRW 12.6 trillion and KRW 6.7 trillion, respectively. As such, our WM business enjoys stable revenues based on diverse products. In particular, total financial product assets went up to KRW 55.3 trillion at the end of 2014, making us the industry leader.

WM Assets & Revenue



Performance by Sector in 2014

Marketing Strategies

After looking into measures to enhance customer access in 2014, we created the 'Store', a new concept of customer contact channel, in Songdo and Pangyo. We have been far more positive and innovative than our competitors, who have shut down branches and thus reduced customer access. Moreover, we reduced the size of some branches that took up too much space, in order to enhance business efficiency.

We unveiled a wide range of services and products to help with customer retention and to enhance customer trust.

Customers were segmented into the categories such as new, concern of defection, and 'Special Matching RP' product customers, who have products that are close to maturity. We then sought specific solutions for customers in each category. The 'S-Loan', a small loan product, was released to serve customers requiring smaller loans. Customer satisfaction was also enhanced by offering additional research, including the WM Daily, reports on specific business issues, and corporate analysis reports. In addition, around 2,000 customers were invited to a concert that was held to celebrate the 44th anniversary of the company's founding.

We launched the 'Partners Club' in the Seoul metropolitan area and in the southern part of Korea in 2014, and looked into ways to facilitate PIB business, a new concept that combines wealth management and IB. The Partners Club is a corporate customer consulting service that KDB Daewoo Securities created for the purpose of promoting win-win relations with customers with great potential. We also sought to source deals to increase revenues through collaboration between the Wealth Management Business Division and other divisions within the company.

WM Consulting Services

We offer customized consulting services for different client groups, such as our High Net Worth Individual (HNWI) with investments of KRW 100 million and above, and corporate clients. In 2014, we implemented portfolio strategies based on investor types, and provided in-depth after-service advice on each investment product. Experts on different subjects, such as investments, retirement, taxes, and real estate, provided consulting and held seminars for the benefit of our customers.



'Insight' is the name of our family office service, first introduced in 2013 for Ultra High Net Worth Individual (UHNWI) with investments of KRW 1 billion and above. This service has been a great success, enhancing KDB Daewoo Securities' reputation as a renowned wealth management expert. Through this service, we have attracted customer deposits totaling around KRW 1 trillion as of the end of 2014, and are providing services to 87 families.

Bancassurance

Bancassurance is one of our leading products for retirement and tax planning, and in 2014, we ranked as the industry's No. 1 in bancassurance product sales, as measured by converting all assets into single payment. Changes are taking place in product composition, with monthly payment products being favored over single payment products, in response to the Korean Government's strengthening of non-taxation requirements. Considering these changes, bancassurance is expected to become a stable revenue base, going beyond one-time revenue.

Domestic Wholesale Financial Products

Thanks to our outstanding sales competitiveness and diversified product line-up, our financial product assets now total KRW 33.3 trillion, the highest in the industry. We sell a wide range of products to major pension funds, public organizations, insurance companies, and general companies in Korea. We strive to offer top-quality products that satisfy the diverse needs of our institutional customers, and will further develop our own sales capacity and collaborations with major asset managers in Korea and overseas.

Retirement Pensions

Assets went up from KRW 621.3 billion at the beginning of 2014 to KRW 998.8 billion at the end of the year, indicating high growth of 61%. In particular, there was a strong rise in Defined Contribution (DC) and Individual Retirement Pension (IRP) assets, from KRW 286.6 billion at the beginning of the year to KRW 526 billion at the end of the year, thus enabled us to attract a great number of outstanding retail customers. As at the end of 2014, our number of Defined Benefits (DB) clients

and DC clients reached around 250,000 and 12,000, respectively, helping us build the foundation for long-term, strong growth.

Outlook and Plan for 2015

Marketing Strategies

Based on the strong performance of the 'Stores' in Songdo and Pangyo, we will continue to optimize our sales point network, to maximize customer convenience. We will also boost the expertise of our PBs, who are on the front lines of customer contact for greater customer satisfaction. There will be more seminars for PBs on market conditions, industries, and stocks, and the customer counseling process will be systemized. Also, PBs will develop the in-depth knowledge needed to recommend customized products.

The outcome of market, customer, and trend analyses will be used to formulate and implement pre-emptive, distinctive marketing strategies. Regional performances will be held in celebration of the 45th anniversary of the company's founding, to provide an arena where ties are strengthened with clients. Customer satisfaction surveys will improve customer services, and enhance the customer service mindset at the corporate level. Customer information will be continually updated to make sure regular mailers are accurately delivered, and we will also continue to improve the content that is provided to customers. The WM Daily will be reorganized so that the content can be more easily accessed, and we will launch the Global Investment Information Team in order to provide timely information on global investment.

There will be a stronger emphasis on collaboration, both inside and outside the company. Internally, collaboration with other business divisions, including branches, Institutional Business Unit and IB Business Division, will increase deal sourcing opportunities. Externally, ties with venture capitals and unlisted companies will be strengthened, to improve revenues from IPOs and M&A. We will launch the Partners Clubs in the western and eastern regions

of the nation, seek for ways to promote our PIB business by providing consulting services to corporate customers in the metropolitan area and the southern region.

WM Consulting Services

We will always look to satisfy our investors' needs. We will strive to provide the best investment solutions, such as portfolio content modularized by investor type, and build unique service processes for each category of customer. Our overseas platform will provide HNWI clients with timely access to overseas products and alternative assets. The family office service, Insight, will be expanded, and professional consultancy services will be increased for UHNWI clients and corporate CEOs.

Domestic Wholesale Financial Products

Products for institutional clients are becoming more diverse and more complex, and this has also made general products less profitable and fiercely competitive. We will therefore offer further customized products, to react to customer requirements. We will also sell offshore products, including offshore hedge funds and Private Equity Funds (PEF), in order to satisfy increased demand for offshore alternative investment products. Also, in partnership with our overseas subsidiaries, we will expand sales network of our products. In addition, we will actively strive to attract new institutional clients, to build on our incomparable No. 1 position in financial product assets.

Retirement Pensions

The pension market is expected to grow rapidly as a result of social changes and an ageing population, as well as the government's promotion of private pensions. We therefore expect a very strong performance in both our retirement pension and individual pension businesses in 2015 – we are looking for more than 50% growth in our retirement pension business this year, and we aim for our individual pension business to become a market leader. We will pursue continued growth of our pension business, in order to develop a stable revenue source.

Investment Banking Business

IB revenue saw year-on-year growth of KRW 15.5 billion, to reach KRW 58.8 billion. We increased revenue in the recovering ECM market by acting as a lead manager and arranger of the IPO of Cheil Industries, the biggest deal ever in Korea, and by arranging large-scale block sales. In Debt Capital Markets (DCM), there was increased competition after measures to stabilize the corporate bond market were adopted. We pursued business diversification by successfully issuing a new type of convertible bond, the first hybrid bonds from a credit-specialized financial company, and the first non-resident Renminbi bonds in Korea. These achievements all helped us to remain at the top of the league tables for IB in Korea.

In the M&A sector, we were unrivaled in cross-border M&A. We attracted Limited Partners (LP), including the National Pension Service based on existing PEFs, and continued our efforts to diversify our profit structure by providing financial advice for large-scale wind power generation, and achieved significant accomplishments.

Our accomplishments in the IB sector were recognized with many awards, helping to further enhance the reputation of KDB Daewoo Securities. In particular, KDB Daewoo Securities won three categories – Best Equity Deal, Best Financial Bond House, and Best Bond Deal (ABS) –

at the 2015 thebell Awards, hosted by MoneyToday thebell. We have more than doubled the number of deals we have arranged since 2013; we were top in both the financial bond and Asset-Backed Securities (ABS) sectors in 2013, and then No. 1 again in financial bond and in second place in ABS in 2014.

Performance by Sector in 2014

Equity Capital Markets

In the IPO sector, we arranged the KRW 1,523.7 billion IPO of Cheil Industries, the biggest deal ever in Korea, ensuring our No. 1 position in the league table. In block sales, we were the industry leader through the successful execution of deals like Korea Finance Corporation's disposal of equity holdings in SK Hynix (KRW 190.6 billion), Korea Development Bank and 12 other creditors' sales of equity holdings in Kumho Tire (KRW 190.3 billion), KEPCO's disposal of equity holdings in KEPCO Plant Service & Engineering (KRW 295.9 billion), and Hyundai Samho Heavy Industries' sale of its equity holdings in KCC (KRW 415.2 billion).

FY2014 League Table

(Unit: KRW billion)				
Category	Sub Category	Lead Manager	Market Share	Market Share
ECM	IPO*	745.5	22.1%	1
	Rights offering*	287.8	9.4%	4
	Total	1,033.3	15.3%	3
	Block sale**	780.4	13.0%	1
DCM	Corporate bonds*	4,435.9	10.5%	5
	Financial bonds*	7,365.0	23.7%	1
	ABS*	3,638.8	20.0%	2
	Total	15,050.3	16.4%	2

* Source: thebell league table FY2014

** Block sale figures represent the Korean IB ranking, and are not included in the ECM total above



Debt Capital Markets

We were a lead manager of corporate bond issues for NH Financial Group (KRW 1,430 billion), KT (KRW 580 billion), and SK Telecom (KRW 300 billion). We also built on our marketing for credit-specialized financial companies, which made us No. 2 in Korean DCM. We also increased our capabilities on managing foreign bond issuance, leading to deals for Korea Eximbank (USD 1.3 billion) and Korea Finance Corporation (USD 200 million). In addition, we successfully arranged the issuance of the first permanent EB (Exchangeable Bond) in Korea by the Korea Gas Corporation (KRW 308 billion), the first hybrid bonds for a credit-specialized financial company by Hyundai Commercial (KRW 120 billion), and Korea's first non-resident Renminbi bonds (RMB 180 million) by ICBC ASIA (Industrial and Commercial Bank of China Asia), a Hong Kong subsidiary of ICBC.

In structured financing, we continued to serve as a lead manager for the ABS of carriers and airlines, which helped us to maintain a leading position in the ABS league table. KDB Daewoo Securities has also established a reputation as a leader in the wider securitization market, including public offerings and private placements, such as Credit Default Swap (CDS) securitization, Renminbi deposit securitization, increased participation in the PF deals of leading construction companies, such as Daewoo Engineering & Construction, and private placement ABS securitization.

Advisory

There was sharp growth in the M&A market, led by large one-time deals and major restructurings. We successfully completed the division-merger of Hanjin Shipping, the merger of five subsidiaries of CJ E&M, the sale of the Korea Deposit Insurance Corporation's equity holdings in Kyongnam Bank and Kwangju Bank, and its minority share in Woori Bank. KDB Daewoo Securities became the first securities firm in Korea to become a sole M&A advisor on a major cross-border deal by advising on Hansol Paper's acquisition of Schades. We also provided advisory service to the same client on the acquisition of Telrol (KRW 53.5 billion), giving us a dominant position in cross-border M&A.

In private equity, to market our cross-border M&A advisory services more widely, we have established a PEF in which we serve as the General Partner (GP). We have built a position in the environmental sector with the acquisition of equity in a waste landfill company, and we are also preparing to organize a new PEF in the electricity energy sector.

Project Financing

In project financing, we have been particularly strong in power plant PFs. These have included a wind power generation project on Jeju Island (KRW 78.5 billion), and a wind power generation project in Baeksu, Yeonggwang (KRW 106.0 billion). We also arranged an M&A deal, the sale of Korea East-West Power's equity holdings in GS Donghae Electric

Power. This contributed to the government's policy to reduce the debts of public power generation companies.

Outlook and Plan for 2015

We aim to implement a strategy to seek out promising small and medium-sized enterprises (SMEs), and support their listing on KOSDAQ. So far, our track record mainly consists of large deals, but this new 'Two-Track' strategy will expand our scope to include small and mid-sized deals. We will also provide advice to Korean corporates on acquiring companies overseas by leveraging our ability to complete M&A deals as sole advisor and global capabilities, in order to build unrivaled track record.

Synergy between our DCM, ECM, and structured financing sectors will enable us to offer total services for corporate financing. KDB Daewoo Securities was the first in the securities industry to make its Corporate Loan Finance Department an independent department, and the Department will take the lead in supporting companies' short-term financing and acquisition financing requirements, thus creating new profit sources.

Sales & Trading Business

S&T revenue was KRW 214.9 billion, a year-on-year increase of KRW 177.3 billion, the highest figure since 2011, despite substantial market volatility caused by factors such as US tapering, the Ukraine crisis, and plummeting oil prices. We increased investment in overseas assets despite uncertainties in the global economy, which has resulted in foreign investment returns now accounting for around 30% of overall returns. As such we are continually diversifying revenue sources and bolstering global competitiveness.

We continually seek to strengthen the competitiveness of key business areas by diversifying our investment portfolio and improve risk management. By enhancing the stability of the Derivatives Unit and improving the performance of the Proprietary Trading Unit, we have created a revenue structure that is more balanced across different units, and less focused on the Fixed Income Trading Unit.

Performance by Sector in 2014

Fixed Income

The interest rate environment was complex in 2014. The market was somewhat range-bound, with high volatility triggered by the US beginning the tapering in the first half of the year, and a downward trend in Korean interest rates which is the outcome of two base rate reductions in the second half of the year and anticipation of overall government interest rate policy.

We were pro-active in our responses to this market and investment strategies, and as a result, we were able to achieve better performance than our competitors. We increased overseas fixed income investments, including investments in Europe and emerging markets, so that overseas returns are now around 30% of total returns. This rapid reaction to market conditions was made possible by a profound commitment to developing experts and systems for operation. We send staff to overseas subsidiaries to expand our network and strengthen investment capabilities, and then share this know-how back at headquarters. This gives us an advantage over domestic competitors, who tend to concentrate their investments on fixed income issued in Korea.

Derivatives

Derivatives such as ELS and DLS became more attractive investment alternatives in the low interest rate environment prevailing in 2014. Total issuance reached a record high, and we led the market by actively leveraging the virtuous cycle of issuance and redemption, created as a result of improving investor sentiment and a steady rise in major indices. KDB Daewoo Securities issued derivatives worth KRW 11.3 trillion in 2014, ranking us number one for the third consecutive year in derivatives issuance, excluding short-term derivatives.

We became the first company to develop a product that uses the spread between different curves and London Inter-Bank Offered Rate (LIBOR), thus enabling us to offer a new investment alternative to clients.

In addition, we actively responded to a sharp rise in demand for foreign index ELS issues, in order to enhance customer satisfaction.

Proprietary Trading (Principal Investment)

KDB Daewoo Securities put into place a top-down strategy in a global financial market environment of considerable volatility, and controlled volatility by specializing in investment products such as US corporate credit, overseas ETFs, and Convertible Bonds (CB). We also focused on generating competitive and sustainable investment revenues. As a result, our performance substantially improved over last year.

In our overseas investments, we looked to assets with relatively low volatility, such as products related to senior US company credit, US and Japanese Equity ETFs, and CBs. In domestic investments, we responded to the difficult market environment by trading stocks of SMEs with growth momentum, as well as through large M&A-related mezzanine and underwriting financings.

Proprietary Trading (Alternative Investment)

In 2014, we made selective and focused investments, aiming at stability and profitability, in domestic and overseas real estate PF. As a result, our revenues and investment earnings rates improved over those of the last three years. We also undertook the credit offering business of a comprehensive financial investment company, in an effort to diversify our sources of revenue.

Outlook and Plan for 2015

The investment environment will remain volatile in 2015, with low interest rates, a strong dollar, and the possibility of rising interest rates in the U.S. We will boost the competitiveness of our key business areas, enhance revenue stability, create new sources of revenue, and increase overseas investments. We will also improve customer satisfaction by identifying quality investment assets and by offering distinctive products. In addition, we will continually support the competitiveness of other sectors of the company.

Derivatives-linked Products Issuance

		(Unit: KRW billion)		
Description		FY2014	FY2013	FY2012
ELS	Value	10,191.6	3,801.8	6,461.9
	Market share	14.2%	11.6%	13.7%
	Rank	2	1	1
DLS	Value	3,568.4	2,446.6	5,366.3
	Market share	15.1%	17.8%	20.9%
	Rank	1	1	1

* Issuance Market Size: ELS increased from KRW 46 trillion in 2013 to KRW 72 trillion in 2014; DLS rose from KRW 21 trillion in 2013 to KRW 24 trillion in 2014

Client Base

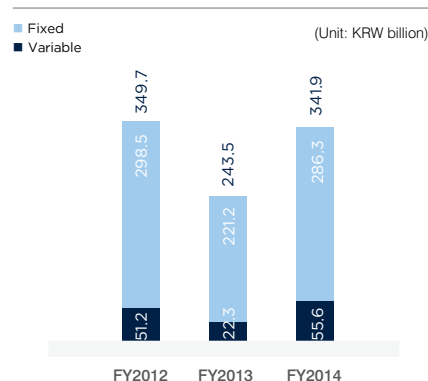
At the end of 2014, KDB Daewoo Securities' total client assets stood at KRW 136.6 trillion, up 19.1% year-on-year. The brokerage assets were up 29.9%, from KRW 62.6 trillion at year-end 2013 to KRW 81.3 trillion at year-end 2014. Financial product assets increased 6.2%, to reach KRW 55.3 trillion. Of particular note was an 8.6% year-on-year

increase in the number of HNW clients, each of whom has at least KRW 100 million in assets, from 47,280 in 2013 to 51,337 in 2014. HNW clients are the platform of our WM operation. Thanks to the listings of Samsung SDS and Cheil Industries, and efforts to attract retail assets, KDB Daewoo Securities' retail assets exceeded KRW 86 trillion for the first time in the company's history.

Breakdown of Client Assets and Financial Product Assets

Description	(Unit: KRW trillion)		
	FY2014	FY2013	Change (%)
Total assets	136.6	114.7	19.1
Brokerage assets (including deposits)	81.3	62.6	29.9
Financial product assets	55.3	52.1	6.2
Wrap accounts	12.6	12.0	4.9
Trusts/Pensions	10.9	10.4	5.1
Mutual funds	10.7	8.9	20.6
ELS/DLS	6.4	5.3	20.2
RP	6.7	6.8	(0.7)
Bond/CP	8.0	8.7	(8.7)

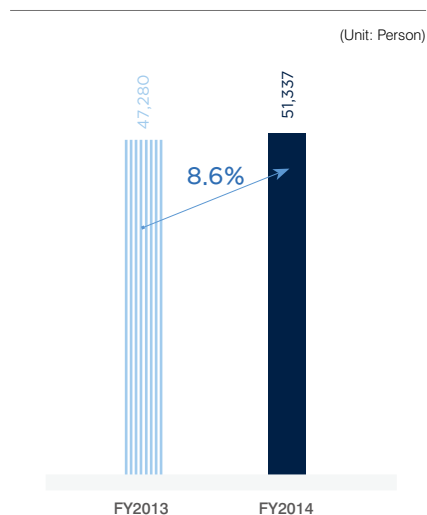
Variable & Fixed Labor Expenses



SG&A Expenses

Selling, General and Administrative (SG&A) expenses in 2014 rose KRW 129.6 billion year-on-year, to KRW 527.9 billion. This was mainly attributable to the longer fiscal period, up from nine months to 12 months. As a result, labor expenses, computer system operating expenses, and depreciation expenses rose by KRW 98.4 billion, KRW 7.7 billion, and KRW 7.9 billion, respectively.

Number of HNW Clients



SG&A Expenses

Description	(Unit: KRW billion)		
	FY2014	FY2013	FY2012
Labor expenses	341.9	243.5	349.7
Salaries	195.6	141.0	194.6
Severance payments	30.7	33.1	44.5
Fringe benefits	115.6	69.4	110.6
Computer system operating expenses	22.9	15.2	20.8
Rental expenses	21.9	16.7	21.9
Commissions paid	8.3	8.6	10.0
Entertainment expenses	5.6	5.0	6.1
Advertising expenses	23.3	23.6	23.2
Depreciation expenses	30.9	23.1	30.0
Research expenses	1.0	0.9	1.5
Training expenses	3.0	3.1	4.1
Taxes and dues	16.9	13.7	22.0
Others	52.2	44.9	58.4
Total	527.9	398.3	547.7

* Based on K-IFRS consolidated financial statements

REASSURING GROWTH BASE

Financial Status

→ A-3

Based on its strong and stable financial structure, KDB Daewoo Securities is advancing from a Korea's financial leader to a global comprehensive financial investment company.

Financial Position

Total assets at the end of 2014 stood at KRW 30,613.3 billion, based on K-IFRS, up 17.7% year-on-year or KRW 4,608.3 billion from KRW 26,005 billion in 2013. Cash and deposits fell by KRW 0.1 trillion year-on-year, but KRW-denominated securities and foreign currency securities increased KRW 2.8 trillion and KRW 0.3 trillion, respectively. Mutual funds decreased by KRW 0.1 trillion, while derivatives and derivatives-linked securities increased KRW 0.7 trillion.

Total liabilities stood at KRW 26,439 billion, up 19.7% year-on-year or KRW 4,348.5 billion. Derivatives-linked securities increased by KRW 2.5 trillion as a result of the increased issuance of ELS and DLS products, and borrowings rose by KRW 1 trillion, driven up by a growth in RP sales to customers. Investors' deposits, including customers' deposits for brokerage and deposits for derivatives trading, rose KRW 0.4 trillion, from KRW 1.9 trillion in 2013 to KRW 2.3 trillion in 2014.

Summarized Statements of Financial Position

(Unit: KRW billion)

Description	FY2014 (Dec. 31, 2014)		FY2013 (Dec. 31, 2013)		FY2012 (Mar. 31, 2013)	
	Consolidated	Separate	Consolidated	Separate	Consolidated	Separate
Cash and deposits	3,116.6	2,943.8	3,226.6	3,018.2	3,529.9	3,441.9
Securities	23,030.9	23,506.4	19,072.4	19,216.0	18,186.9	17,956.0
Derivatives	591.2	585.7	452.9	415.6	600.8	572.3
Loans	2,289.5	1,893.6	1,692.0	1,698.0	1,585.2	1,585.2
Tangible fixed assets	249.1	245.7	244.6	241.2	249.6	247.0
Other assets	1,336.0	1,261.9	1,316.5	1,190.2	1,285.0	1,238.8
Total assets	30,613.3	30,437.1	26,005.0	25,779.2	25,437.4	25,041.2
Deposits	2,321.1	2,266.3	1,859.4	1,828.7	2,074.9	2,078.1
Borrowings	22,962.9	22,926.7	19,049.5	18,891.8	18,179.9	17,840.8
Other liabilities	1,155.0	1,105.2	1,181.6	1,152.4	1,130.9	1,102.3
Total liabilities	26,439.0	26,298.2	22,090.5	21,872.9	21,385.8	21,021.2
Capital stock	1,703.9	1,703.9	1,703.9	1,703.9	1,703.9	1,703.9
Capital surplus	660.1	660.1	660.1	660.1	660.1	660.1
Capital adjustments	(125.9)	(116.8)	(118.8)	(118.8)	(126.2)	(126.2)
Accumulated other comprehensive income	127.8	147.6	22.1	65.1	103.7	112.1
Retained earnings	1,801.2	1,744.1	1,640.7	1,596.0	1,710.2	1,670.1
Non-controlling interest	7.2	-	6.5	-	-	-
Total shareholders' equity	4,174.3	4,138.9	3,914.5	3,906.3	4,051.7	4,020.0
Total liabilities & Shareholders' equity	30,613.3	30,437.1	26,005.0	25,779.2	25,437.4	25,041.2

* Based on K-IFRS consolidated and separate financial statements



At the end of December 2014, total shareholders' equity was KRW 4,174.3 billion, up 6.6% from KRW 3,914.5 billion at end-2013. The company's capital stock was valued at KRW 1,703.9 billion, the same as in 2013, with the number of common stocks amounting to 326,700,891 shares. Preferred stocks amounted to 14,075,750 shares.

Net Operating Capital Ratio

KDB Daewoo Securities verifies its Net Operating Capital Ratio (NCR) on a regular basis, to maintain an appropriate level of financial soundness according to methods set forth by the financial supervisory authorities. Introduced by the financial supervisory authorities, this system is aimed at increasing the soundness of financial investment firms and protecting investors in a rapidly changing financial environment.

The ratio is calculated by dividing net operating capital by total risk as of a set date. Net operating capital is determined after subtracting non-liquid assets from shareholders' equity. In other words, it is the value obtained by subtracting total liabilities from total assets in financial statements, the result of which is then adjusted by subtracting such mandatory

deduction items as non-current assets and the company's provision for losses on loans. Total risk refers to quantified losses that may arise in the event of a market downturn, and reflects market, credit, and operational risks.

As of the end of December 2014, KDB Daewoo Securities' NCR was 427.8% (net operating capital of KRW 3,173.9 billion / total risk of KRW 741.9 billion), putting it well above the figures stipulated by regulations. The Financial Investment Industry Regulations stipulate a minimum level of NCR of 150% for financial investment companies, while the Capital Market Act stipulates that market participants should keep their NCR at a minimum of 200% in

order to trade Over The Counter (OTC) derivatives. The required NCR for new listings of ELS or ELW products, and for serving as a liquidity provider, is 200%, according to regulations for listings on the Korea Stock Exchange and related businesses. Surplus capital is an indicator of a financial investment company's practical risk appetite, and is calculated by deducting total risk amount from net operating capital. At KRW 2,431.9 billion, KDB Daewoo Securities maintained the highest level of surplus capital in the Korean investment industry as of the end of December 2014.

Pursuant to the Financial Investment Industry Regulations that were amended in November 2014, early application of the net capital ratio* is reported and implemented starting in 2015.

* Pursuant to Article 10, Paragraph 1 of the Act on the Structural Improvement of the Financial Industry, net operating capital ratio is a figure that indicates, as a percentage, the ratio of net operating capital against the equity capital that needs to be maintained based on Article 3-6, Sub-paragraph 3 of the Financial Investment Industry Regulations

Net Operating Capital Ratio

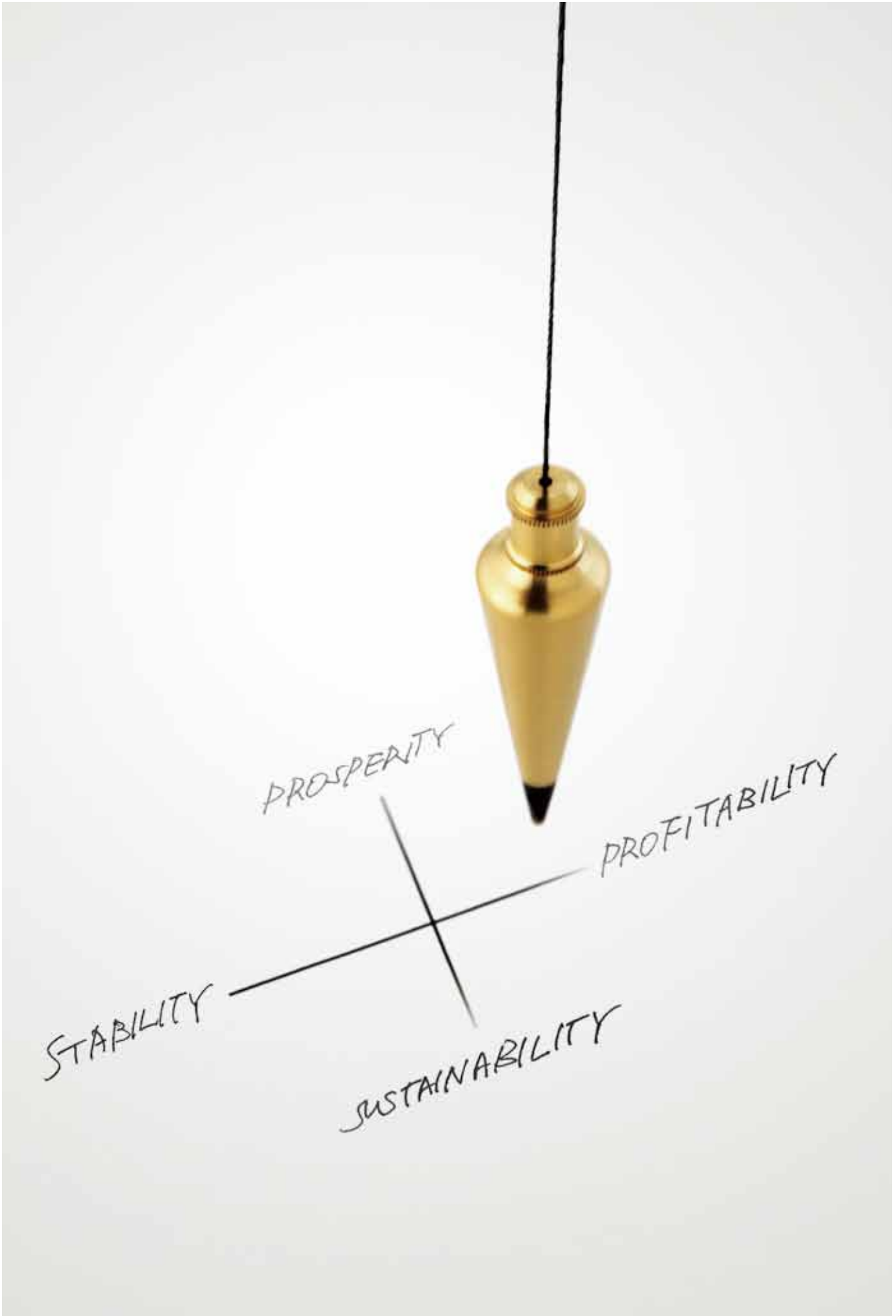
(Unit: KRW billion)			
Description	FY2014	FY2013	FY2012
Net operating capital	3,173.9	2,928.9	3,186.1
Total risk amount	741.9	573.2	652.3
Net operating capital ratio	427.8%	510.9%	488.4%
Surplus capital	2,431.9	2,355.6	2,533.7



Balancing the growth & balanced growth

KDB Daewoo Securities pursues balanced growth between the present and the future, products and services, as well as responsibility as a corporate citizen.

Systematic risk management capabilities protect customer assets, and the competitiveness and commitment to pursue long-term growth shape the future of KDB Daewoo Securities. As part of our strong sense of responsibility as a member of local and global communities, KDB Daewoo Securities shares its success with all our stakeholders, and leads balanced and sustainable growth.



STRENGTHENED RISK MANAGEMENT

Risk Management

→ B-1

KDB Daewoo Securities strives to maximize shareholder value and become a fully sustainable company through pre-emptive and systematic risk management.

Basic Principles of Risk Management

The word 'risk' means the potential loss or losses that may arise in relation to the company's various business activities or sales activities. Effective risk management is integral to the success of financial institutions. Opportunities for revenue generation require a certain amount of risk, yet exposure at too high of a level can lead to large losses in corporate and shareholder value. We are making utmost efforts to generate the optimum amount of revenue within an acceptable range of risk, based on management's strong determination to implement the highest standards of risk management.

For the systematic management of the risks that the company is exposed to, we break down the risks that need to be managed into market, credit, liquidity, operational, legal, and reputational risks. We have established management systems and criteria that are appropriate to each type of risk, and use them to effectively identify,

analyze, evaluate, and control the risks. We also make sure that our risk management personnel are the best-trained in the industry, and organize our financial affairs in such a way as to establish and maintain risk management systems that satisfy the highest global standards. This has enabled us to enjoy industry-leading net profits and a stable level of capital adequacy as required by the financial supervisory authorities.

We are establishing regulations, detailed rules, guidelines, and standards to build a comprehensive, company-wide risk management system. We observe the Financial Investment Industry Regulations by determining what is needed for corporate risk management. We are establishing and implementing risk management regulations to achieve an optimum level of asset soundness and management stability through effective management of risks and efficient distribution of investment resources. Risk Management Committee regulations have been established to operate the Risk Management Committee, the company's top risk management decision-making body. We also operate the Proprietary Asset Risk Management Council and the Client Asset Risk Management Council, both of which handle details and issues that have been delegated to them by the Risk Management Committee. In addition, detailed enforcement regulations on risk management and various guidelines and standards have been established to ensure efficient risk management by type of asset management and risk exposure.

We also have drawn up assessment regulations to promote the stability and efficient post-management of our investments and credit-granting operations. These regulations outline the procedures



and methods that are needed to manage principal investments, underwritings, and credit lines, as well as to monitor, recover, and manage Non-Performing Loans (NPLs). We have developed a set of Investment Review Committee regulations to offer suitable guidance on the activities of the Investment Review Committee regarding principal investments and the committee's other duties. Furthermore, we have drawn up detailed guidelines for principal investment, underwriting, credit lines, and NPL management.

Risk Management Organization

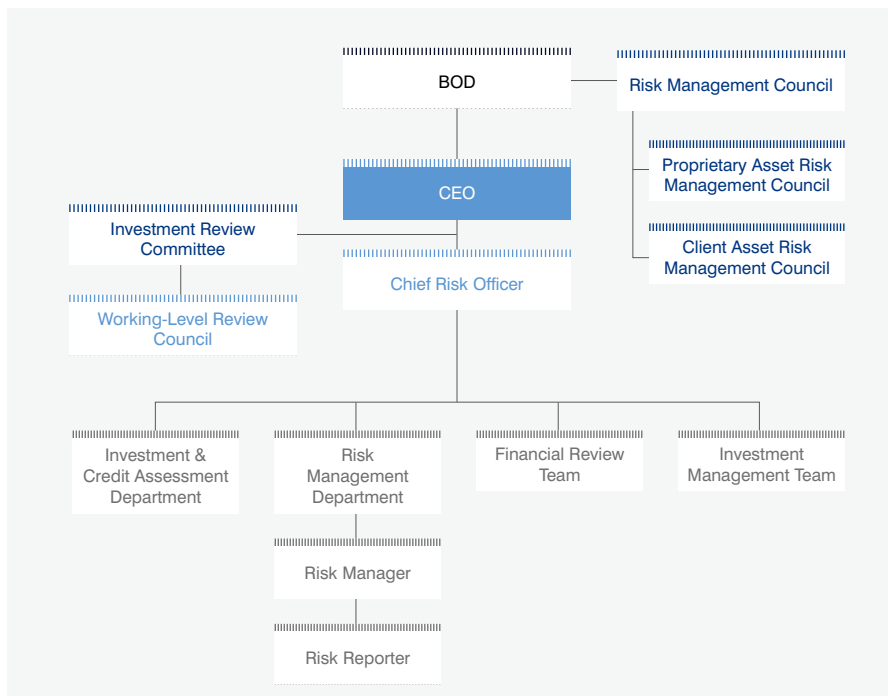
KDB Daewoo Securities' risk management organization is comprised of a Risk Management Committee ('the Committee'), a Proprietary Asset Risk Management Council ('the Proprietary Council'), a Client Asset Risk Management Council ('the Client Council'), an Investment Review Committee, a Working-Level Review Council, a Chief Risk Officer (CRO), a Risk Management Department, an Investment & Credit Assessment Department, a Financial Review Team, an Investment Management Team, Risk Managers for each business, Risk Reporters for each department, and a companywide Operational Risk Manager.

Risk Management System

Regulations and Systems	Risk Management Organization	Risk Measurement Methodology
<ul style="list-style-type: none"> ■ Risk Management Committee Regulations ■ Risk Management Regulations ■ Detailed Enforcement Regulations on Risk Management ■ Trust Asset Risk Management Guidelines ■ Wrap Asset Risk Management Guidelines ■ Overseas Branch Risk Management Guidelines ■ ELS(B)/DLS(B) Issuance and Management Guidelines ■ Real Estate Project Financing Risk Management Guidelines ■ Criteria on Determining the Retirement Pension Review Base Rate ■ Investment Review Committee Regulations ■ Assessment Regulations ■ Principal Investment Management Guidelines ■ Underwriting Review Guidelines ■ Credit Line Review Guidelines ■ NPL Management Guidelines ■ Overseas Network Review Guidelines ■ Collateral Management Guidelines 	<ul style="list-style-type: none"> ■ Risk Management Committee ■ Proprietary Asset Risk Management Council ■ Client Asset Risk Management Council ■ Investment Review Committee ■ Working-Level Review Council ■ Chief Risk Officer ■ Risk Management Department ■ Investment & Credit Assessment Department ■ Financial Review Team ■ Investment Management Team ■ Risk Manager ■ Risk Reporter ■ Operational Risk Manager 	<ul style="list-style-type: none"> ■ Standard VaR ■ Internal VaR ■ Exposure ■ Sensitivity ■ Simulation ■ Liquidity Gap ■ Stress-Testing

The Committee consists of four Board of Directors (BOD) members, including at least three outside directors. As the top risk management decision-making organization, it is mandated with establishing risk management strategies that correspond to the company's operational strategies, and supervising whether risk management work is being carried out appropriately. Some of the major issues that the Committee deliberates and decides on include enacting and revising risk management regulations and guidelines; setting adequate levels of financial soundness, including risk appetite, which is the permissible risk level; approving criteria for judging liquidity crises and contingency plans; creating or changing important risk management systems; determining the company's total risk limits; approving high-limit credit lines; and improvements and major changes to the entire risk management system. The nomination and dismissal of Committee members is determined by the BOD. The Committee chairperson is selected from among the outside directors on the Committee. In the event of a risk-related emergency that occurs while the Committee is unable to meet, the chairperson is entitled to readjust the pertinent transaction or the company's position, and demand that the department in question take appropriate measures.

Risk Management Organization Chart



The Proprietary Council and the Client Council manage all details of decisions made by the Committee and issues that have been delegated to them by the Committee, and report on the results to the Committee. The Proprietary Council's major functions include approving new transactions and the introduction of new



products; the use of and changes to price valuation models; issues relating to the incorporation of policy positions; and criteria for evaluating the risk-adjusted performance of relevant departments. It also distributes limits amongst departments and marketing activities within the scope approved by the Committee, agrees to risks that exceed allowable limits, and approves routine and repetitive risk management system changes. Members of the Council are elected by the Committee, and the CRO presides over Council meetings. In the event of an emergency concerning issues that are dealt with by the Proprietary Council, the CRO is entitled to demand that the department in charge of the transaction discontinues the transaction, readjusts the company's position, and takes appropriate measures in relation to the employee in question.

The Client Council's major functions include approving the introduction of new products related to trust and/or wraps; approving the criteria for adding to trust/wrap portfolios; valuing bonds for which price information provided by bond rating companies is not applicable; and approving any risks in excess of the limits related to the management of trust/wrap assets. Members of the Council are elected by the Committee, and the CRO presides over Council meetings. In the event of an emergency concerning issues that are dealt with by the Client Council, the CRO is entitled to demand the department in charge suspends asset management and readjusts the company's position, and to demand that appropriate measures be taken in relation to the employee in question.

The Investment Review Committee carries out reviews of the company's investment transactions. Composed of executive officers, it can convene at any time to facilitate smooth decision making on investments. Its major functions include conducting reviews of principal investments exceeding specified limits or the acquisition of assets for similar purposes; underwriting activities and the extension of credit lines; and the designation of non-performing loans, position transfers, and alternative pricing for financial investments.



The Working-Level Review Council carries out reviews to support the Investment Review Committee.

The CRO serves as the lead of the Proprietary Council, Client Council, and the Investment Review Committee, presiding over meetings of all these bodies and having overall authority over the risk management organization. The CRO can also take appropriate measures in the event of an emergency concerning the company's risk management.

It is the responsibility of the Risk Management Department to contribute to the establishment of the foundations for the sustainable growth of the company. It does this by building a comprehensive risk management system and enhancing its risk management capabilities so that the company's equity capital is always protected and used in an efficient manner. It also plays an important role in planning and coordinating overall risk management-related issues. This includes executing risk management policies as determined by the Committee, the Proprietary Council and the Client Council through appropriate procedures and systems, as well as overseeing practical business affairs to facilitate the operations of the Committee, the Proprietary Council and the Client Council. In addition, it monitors the current status of the company's asset management operations and reports to senior management on overall risk management issues.

The major functions of the Investment & Credit Assessment Department and Financial Review Team include providing prudent opinions based on comprehensive analyses of transactions related to principal investments, IB underwriting, and extensions of credit lines. They also conduct reviews prior to the company's investment transactions independent of the sales departments, and support the operations of the Investment Review Committee. The Investment Management Team performs post-management functions such as monitoring investment positions, and the recovery and management of NPLs.

A risk manager is an employee affiliated with a business that has control over a department in charge of a transaction. The risk manager works independently of the employee in charge of the transaction, reviewing operational positions and risks related to profits and losses from transactions, reporting on results to the head of the respective business, and keeping the Risk Management Department abreast of relevant activities. Risk reporters are selected by each transaction-related department, and review all transactions and the current status of each department's risk positions. They report all results to the head of the relevant department and its risk manager, and inform the Risk Management Department of their work.



Operational Risk Managers are selected from each department and branch to take general charge of operational risk-related matters. These include the Risk & Control Self-Assessment (RCSA), Key Risk Indicator (KRI) data input, and the registering of losses.

Management of Major Risk Factors

Market Risk

Market risk refers to the potential loss the company may incur in the course of conducting its asset management business due to untoward changes in equity prices, interest rates, and/or exchange rates. We use the standard market Value at Risk (VaR), as set by the Financial Investment Industry Regulations, and internal market VaR, which is calculated by our own risk management system, to measure and control market risk. VaR calculates the maximum loss to be expected on an investment over a given period of time and at a given confidence level when market prices move in an adverse direction under normal market conditions.

Although VaR can be an effective method for measuring market risk, it fails to provide information on possible losses in cases exceeding a given confidence level, since it is based on a presupposition of normal market conditions. To mitigate this limitation, we use sensitivity monitoring and stress testing as additional indicators for market risk management. Moreover, we regularly prepare assessment and analysis reports on current market risks for submission to senior management. In addition to market VaR, these reports describe the current status of loss limit monitoring and the

company's major assets, as well as the results of crisis scenario analyses and the current status of the company's capital adequacy.

Credit Risk

Credit risk refers to losses that KDB Daewoo Securities would incur if a counterparty failed to fulfill its obligations on payment or repayment of principal, or discontinued a contract on derivative transactions such as swaps. To manage credit risk, we determine acceptable exposure limits according to the counterparty or its credit rating. We also maintain an appropriate level of capital adequacy by controlling VaR credit limits through the standard VaR model. For more accurate risk measurement and management, we have adopted a new risk management system that can determine internal credit VaR. In addition, we monitor major counterparties to which we have a substantial degree of risk exposure through regular monitoring of their current credit risk status.

Since transactions involving credit risk are usually large and difficult to securitize, developing proactive risk management strategies is essential. To address this, we execute prior inspection processes that analyze both the quantity and quality of all transactions involving credit risk.

Liquidity Risk

There are two types of liquidity risk, market liquidity risk and prudential liquidity risk. Market liquidity risk occurs when a firm is unable to acquire assets or dispose of them at normal market prices due to a lack of liquidity in the market for the invested assets. Prudential liquidity risk occurs when a company is unable to satisfy minimum liquidity guidelines, such as liquidity ratios. We measure liquidity risk by means of a liquidity risk management system, using liquidity gaps and ratios as key indicators. Departments related to risk management and funds regularly monitor the current state of liquidity risks and provide reports to senior management.

In addition to general liquidity risk management, we have developed contingency plans to deal with any liquidity

crises that may arise. Crisis situations were classified into three categories – caution, alert, and risk – depending on the condition of the company's liquidity and the level of stability in financial markets. Specific action plans have been prepared for each level. Financial market stability is also monitored by selecting specific indicators that take into account the nature of each business department, and senior management is briefed on a regular basis.

Operational Risk

Operational risk is the risk of losses arising from shortcomings or failures in internal processes, people, or systems, or from external events. We use both the standard model that is set forth in the Financial Investment Industry Regulations and our own internal model, applied the Advanced Measurement Approach, to calculate operational VaR. We also systematically analyze our company-wide business processes, resulting in a sophisticated degree of operational risk management. Moreover, a process management system is in place for the efficient management of business processes.

We also use an operational risk management system to manage losses, conducting RCSA, managing key risk indicators, and measuring risk. In order to prevent repeated occurrences, the system collects data on past losses and analyzes their root causes, separating them out by type. Furthermore, it carries out regular RCSA to choose potential operational risks and analyze the root cause of each risk, event types, and appropriate countermeasures. In addition, key risk indicators are selected and managed to ensure the efficient control of operational risks.

Legal Risk

Legal risk refers to potential losses that the company may incur due to the adverse impact of shortfalls in contracts and/or legal translations, or changes in laws and regulations. We include these risks in our operational risk management system. We also have a legal affairs department consisting of professional lawyers.

STRENGTHENED SUSTAINABILITY MANAGEMENT

Sustainability Management

→ B-2

KDB Daewoo Securities will grow with its stakeholders by practicing sustainability management in all aspects of its economic, social, and environmental endeavors.

Sustainability Management System

Our six core values of sustainability management are customer value, communications, human resource development, shared growth, social contributions, and environmental management. We have established a sustainability management strategy system based on these values. Implementation and examination of initiatives are managed by each department, and information on sustainability management activities and performance is disclosed through our sustainability report. In 2006, KDB Daewoo Securities became the first securities firm in Korea to issue a sustainability report, as part of its efforts to fulfill its social responsibilities, and continues to communicate with stakeholders both transparently and actively.

Key CSR Activities

KDB Daewoo Securities conducts a wide range of social contribution activities both with and on behalf of our local

communities, as part of our commitment to our social responsibilities. We have chosen three key corporate social responsibility (CSR) programs, focused on our mission to 'Dream with us'. These three programs are support for multi-cultural families, development of social entrepreneurship, and support for under-developed nations. In 2014, we carried out more advanced CSR programs based on various social networks. Our commitment to social responsibilities will lay the foundations for the company to develop truly sustainable growth, and to boost our competitiveness.

Multi-cultural Family Support Program

Understanding and supporting different cultures is essential for the sound development of our society. In recognition of this, we are implementing a project aimed at improving elementary school students' understanding of multi-cultural families, and also offering a bilingual educational program for children from multi-cultural families. By doing so, we practice the value of sharing, and contribute to enhance the nation's competitiveness.

Major Achievements in 2014

- Supplied educational content to help elementary school students' understanding of multi-cultural families, at around 5,000 elementary schools across the nation
- Developed bilingual educational content (Chinese and Vietnamese DVDs)
- Held a bilingual contest (The 4th Mother Tongue Contest)
- Provided cook books to immigrant women entering Korea for the first time, containing Korean food recipes in their respective languages (Ten languages)



CSR AWARDS



- 2010 Prime Minister's Award
- 2011 Minister of Gender Equality & Family Award
- 2012 Presidential Award
- 2013 Minister of Education Award; Minister of Employment and Labor Award
- 2014 Minister of Gender Equality & Family Award; Seoul Mayor Award



Social Entrepreneurship Program

Supporting and fostering companies, that are run by young entrepreneurs and deliver social value through innovation, can be a significant part of the solution for social issues. By fostering sustainable growth of the social economy and supporting relevant ecosystem, we are giving a helping hand to social entrepreneurs in their efforts to become autonomous and achieve growth.

Major Achievements in 2014

- Implemented the Jump Up project to foster young social entrepreneurs for the third time
- Provided short-term operating funds to social enterprises for the fourth time
- Held a contest for undergraduate and graduate school students across the nation to submit papers on the social economy for the second time

Under-developed Nation Support Program

It is the social responsibility of a member of the global community to help and support under-developed nations. KDB Daewoo Securities is implementing an educational improvement project for children in



developing countries where we have overseas subsidiaries. This project contributes to the development of local communities and also expands our overseas network.

Major Achievements in 2014

- Provided educational environment improvement project in Indonesia (Improvement and repairs of elementary schools in disaster areas; KOICA's corporate cooperation project)
- Provided support for a meal program at an elementary school in the Democratic Republic of the Congo for the KDB Daewoo Securities School established in 2013, in collaboration with UN World Food Programme

HIGHLIGHTS



FROM PASSION

→→→ KDB Daewoo Securities knows that corporate growth is something that can only be achieved in partnership with stakeholders, including customers, shareholders, investors, and our staff. We are also committed to the healthy growth and development of local communities as a path to sustainable growth. We are therefore building an innovative sustainability culture through a relationship of trust with our stakeholders and active staff participation.

TO FUTURE

→→→ KDB Daewoo Securities has been listed on the Dow Jones Sustainability Index (DJSI) World in the financial service industry category for three consecutive years, from 2012 through 2014. By continuing to expand and improve our sustainability management activities, we will enhance our sustainable competitiveness and grow alongside our stakeholders.





Customers, our raison d'être and our goal

**KDB Daewoo Securities dreams bigger thanks to our customers,
and a cornerstone of our success is the trust that
our customers place in us.**

Think you very much! Our principles towards our customers do not waver. KDB Daewoo Securities communicates with our customers with the concept of 'Easy Finance' and aims to become closer to our customers across all channels. By looking at our business from customers' perspective, we will always do our utmost to deliver the best for our customers.



EASIER FOR OUR CUSTOMERS

Customer-focused Management

→ C-1

Making things easier for customers means deep thoughts. We always strive to seek better ways to have deep conversations with our customers from their perspective.

Think you very much

Our brand slogan, 'Think you very much' reflects our commitment to customer-focused business, both thinking from their perspective and putting the highest priority on our customers. 'Think you very much' is quite similar to 'Thank you very much', and it embodies our determination to deliver customer satisfaction, and our pursuit of two-way communications. In 2014, we sought to put this into practice through distinctive communication strategies, including distinctive emotional marketing campaigns, publishing a financial terminology booklet, and opening a financial content website. By doing so, we did our best to achieve a higher level of customer satisfaction.

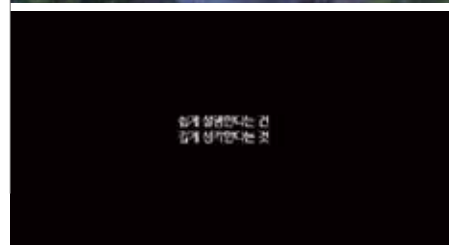
These efforts won several awards, including the Outstanding Financial Investment Advertisement Award in the PR category and the Excellence Award in the customer satisfaction category at the 4th Market Leader Awards; the Excellence Award

in the customer satisfaction category at Asia Business Daily's 2014 Asia Capital Investment Awards; the Grand Prize in Customer Satisfaction at the 2014 Herald Business Capital Market Awards; and the No.1 ranking in the securities category at the 2014 Korea Standard-Contact Service Quality Index (KS-CQI) Call Center Quality Index. These awards reinforced our belief that one of the best ways to earn customer trust is by talking about finance in straightforward terms, and from the customer perspective.

Major Accomplishments of Customer-focused Management

An Ad Campaign to Touch the Hearts of Customers

KDB Daewoo Securities unveiled a unique ad campaign that helped bring about easier communications with customers. Most corporate advertisements focus on the one-way delivery of corporate messages, but in contrast, we focused on telling stories





that customers would want to hear, in an easier manner and from the 'Think you' perspective. First unveiled in November 2014, the episode features a father trying to understand a child's perspective; this reflects our wish to explain, in simple terms, concepts that can be difficult to understand, such as stocks, investments, pension planning, derivatives, and so on. The advertisement was well received by viewers and customers.

Easy-to-Understand Financial Terminology

KDB Daewoo Securities published a booklet entitled 'Easy-to-Understand Financial Terminology', written by 3,000

people at the company, as part of our efforts to increase individual investor participation in the market and to think from a customer perspective. The booklet was the result of collecting ideas from 'Think you very MATCH', an internal contest held in the first half of 2014 to explain financial terminology in easy terms. This booklet provides easy-to-understand explanations of 99 financial terminologies that investors frequently come across but may find difficult to understand, such as ELS, ABS, and wrap accounts. This booklet reflects the passion of KDB Daewoo Securities staff to be true financial experts, helping customers to easily and precisely understand finance.

HIGHLIGHTS



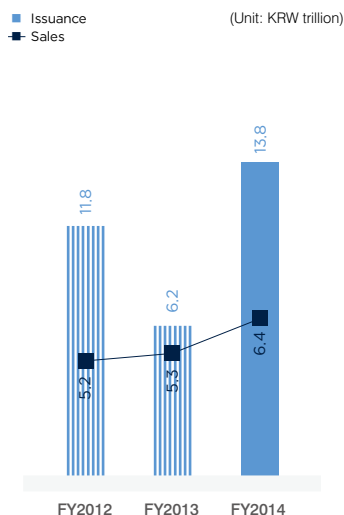
FROM PASSION

→→→ In 2013, KDB Daewoo Securities announced its new brand slogan, 'Think you very much'. This embodies our determination to move forward with small but essential changes that are supported by our customers, who will truly feel the benefits of those changes. KDB Daewoo Securities thinks about customers first, in order to hear 'Thank you' from our customers. This is why we undertake the changes we do, based on the belief that our customers' needs are the thoughts of KDB Daewoo Securities.

TO FUTURE

→→→ KDB Daewoo Securities' commitment to 'Easy Finance' is leading to real success in increasing our revenues. Since running an advertisement that provided an easy-to-understand explanation of ELS, our ELS issuance market share rose 2.6%p year-on-year from 11.6% in 2013 to 14.2% in 2014. Product explanations continue to get simpler where possible, and improvements in the branches have made them more customer friendly. We aim to continue this trend, and deliver better value by always looking to develop customer-oriented financial expertise.

ELS/DLS Sales & Issuance



Geni-i Website

KDB Daewoo Securities opened the Geni-i (www.fngenii.com) website in May 2014, to offer complex financial content in a more easy-to-understand way. Geni-i selects major news on the economy, finance, and investment techniques for financial consumers, and then provides easy-to-understand explanations using different types of media, including images, information graphics, cartoons, and videos. It also features an open cast service in which customers can participate by chatting and voting on financial issues, and a Q&A service through which our staff answer financial questions on investment, real estate, and financial planning. This reflects our profound commitment to real two-way communications with our customers.

CLOSER TO OUR CUSTOMERS

Customer Service Network

→ C-2

We are moving closer to customers in markets around the world by building a global competitiveness and the Korean financial industry's most extensive global network.

Company Status

KDB Daewoo Securities is the largest comprehensive financial investment company in Korea, with 103 sales points in Korea, eight overseas subsidiaries, one overseas branch, and three overseas representative offices. Headquartered in Yeouido, Seoul, the company's 3,044 staff strive to provide top-quality financial services to customers in Korea and overseas through sales points that offer convenience, easy accessibility and the Korean industry's most extensive overseas network.

Distinctive Point of Sales for Retail Customers

In 2014, we relocated six branches to promote customer convenience and

improve accessibility, based on the customer characteristics of those areas. In addition, we unveiled the 'Store', a new concept of sales point, in our efforts to increase customer contact points and strengthen our retail capabilities.

The Store consists of personnel numbers and space that are about one-quarter of those at a regular sales point. All transactions that can be handled at a general sales point can be carried out at the Store as well. This innovative sales point allows high efficiency at low cost. The key concept of the Store is to increase customer contact points, and strengthen a feeling of closeness. To realize this concept, all Stores will be located on the first floor of a building, and the design will feature a comfortable, café-like atmosphere, breaking away from the design of more typical sales points at financial investment companies.

As of the end of 2014, we have Stores in Songdo, Incheon, and Techno Valley in Pangyo. We expect the Store to develop into a key sales channel, growing in line with local growth. In particular, the Pangyo Store will become a PIB sales point, to expand the scope of customers to include corporate clients, providing services that combine wealth management and IB, and generating synergy with the IB business unit at the Seoul headquarters through cross sales.

We plan to be more flexible in how we operate our sales points. We will create new sales points in areas of rising customer demand, and make adjustments to the location and size of sales points where necessary. This will improve customer access and build the foundation for our continued growth.



We will get closer to our customers not only by thinking profoundly about what they need, but also by serving them as best we can.

Strengthening the Global Network

The Korean securities industry is experiencing a structural recession triggered by an aging society, low growth in the Korean economy, and on-going global financial problems. We advanced into overseas markets ahead of others and focused on developing future competitiveness. In 1984, we became the first securities firm in Korea to open a representative office in Tokyo, and we established overseas subsidiaries in global financial cities, including New York, London, and Hong Kong in the 1990s. We opened representative offices in fast-developing nations, including Vietnam and China, in the 2000s. Recently, we made more inroads into the Southeast Asian market and established overseas subsidiaries in Indonesia, Singapore, and Mongolia. As of the end of 2014, we have 12 overseas networks and around 400 personnel in nine countries, giving us a strong base to strengthen our overseas business.

Overseas Business Strategies

KDB Daewoo Securities implements tailored business strategies across the regions, with a focus on boosting competitiveness in regions where we already have a presence and developing new business and profit sources.

Our strategy for advanced markets is to make direct investments into specialized assets. In 2014, KDB Daewoo Securities became the first securities firm in Korea to undertake the sale & lease-back of an aircraft, an investment we made in Finnair, the state-run airline in Finland. We also launched a PEF in relation to a Korean shipping company project. This aircraft investment is a leading example of how we are pioneering and meeting the greater interest in alternative investments. Our Hong Kong subsidiary, which had total shareholders' equity of USD 300 million and a net income of KRW 8.7 billion in 2014, remains a great success. In terms of both size and profitability, this Hong Kong subsidiary remains unrivaled among the overseas networks of Korean securities firms.

HIGHLIGHTS



FROM PASSION

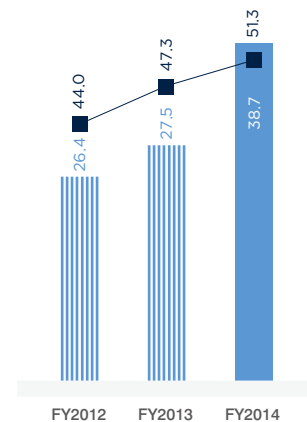
→→→ A slump in the securities market over the last few years has resulted in much lower branch sales at securities firms. Despite this challenging business environment, KDB Daewoo Securities has looked into ways to take a step closer to our customers; the Store is helping us to pursue greater efficiency at lower cost, while staying true to our principle of increasing customer satisfaction and helping us overcome current obstacles.

TO FUTURE

→→→ Thanks to our distinctive sales points and improved WM sales, we enjoyed a steady rise in the number of HNW clients with deposits of KRW 100 million or more, as well as in total client assets. This encouraging result signifies the strengthening of our core customer base. Total client assets reached KRW 136.6 trillion, a year-on-year increase of 19.1%, and we expect to reap even greater benefits from our distinctive retail strategies when the securities market recovers.

No. of Retail HNW Clients and Assets

■ No. of Clients (Unit: 1,000 persons)
■ Assets of HNW Clients (Unit: KRW trillion)



We are also implementing a mid- to long-term strategy in emerging markets with great growth potential. This strategy involves developing overseas subsidiaries into full-service securities firms by leveraging our financial know-how and dispatching staff to overseas subsidiaries. As part of this strategy, we have sought further advances in the Indonesian market by leveraging our information technologies and online business know-how; as a result, the Indonesian subsidiary recorded strong net income growth of 30% in 2014, and established its reputation as the leading online securities firm in Indonesia. In addition, in October 2014, we received an underwriting license from the financial supervisory organization in Indonesia, allowing us to carry out all types of IB businesses in Indonesia, and we have now already completed our first IB deal there. By continuing these efforts, we will make our Indonesian subsidiary the nation's No. 1 comprehensive securities firm.

On the domestic front, we plan to use our extensive overseas network to develop into a 'Premier PB house' by providing distinctive products. KDB Daewoo Securities has the largest overseas network of any Korean securities firm, and this network will be used to source overseas financial products and then introduce these products to investors in Korea. In 2014, we offered a USD CD fund from the Export-Import Bank of Mongolia, and also sold deposits in the Agricultural Bank of China and a CB trust of the Bank of China to retail customers. We will continue to sell high-quality overseas financial products to investors in Korea, and seek to expand into profitable new business areas.

Overseas Network

* As of the end of 2014

UK

- Daewoo Securities (Europe) Ltd.

USA

- Daewoo Securities (America) Inc.

Hong Kong

- Daewoo Securities (Hong Kong) Ltd.
- Daewoo Trading Asia

Singapore

- Daewoo Securities (Singapore) Pte. Ltd.

Mongolia

- Daewoo Securities (Mongolia) LLC

Indonesia

- PT. Daewoo Securities Indonesia

Japan

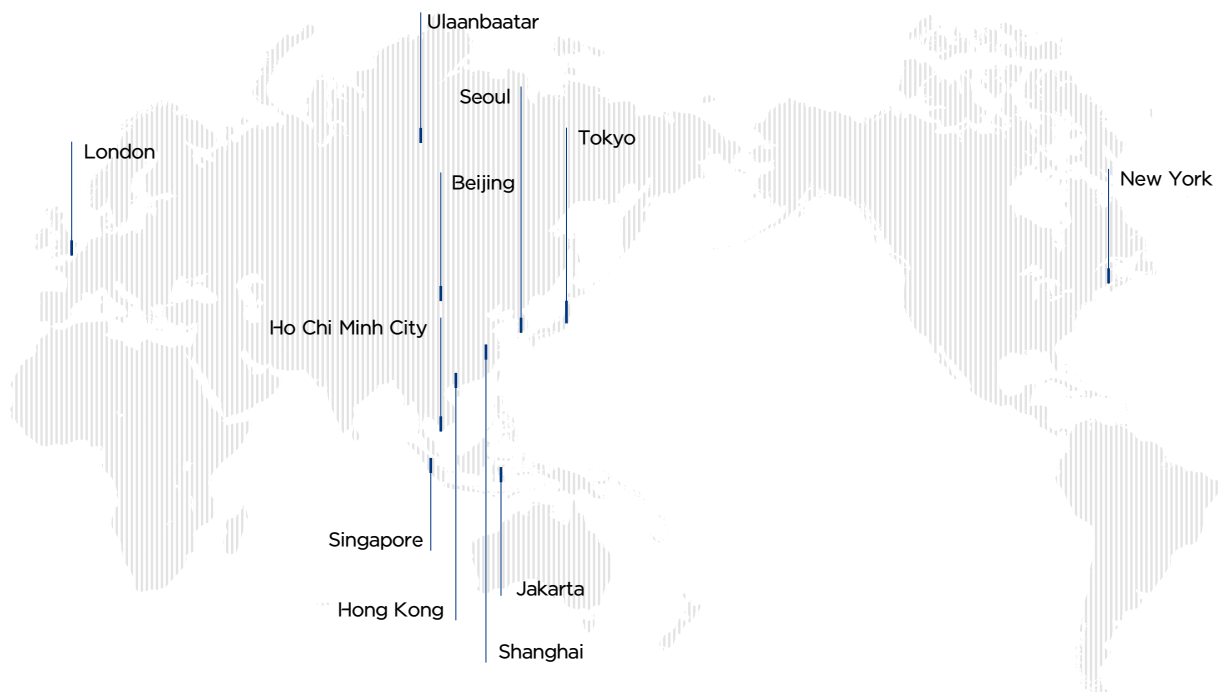
- Tokyo Branch

China

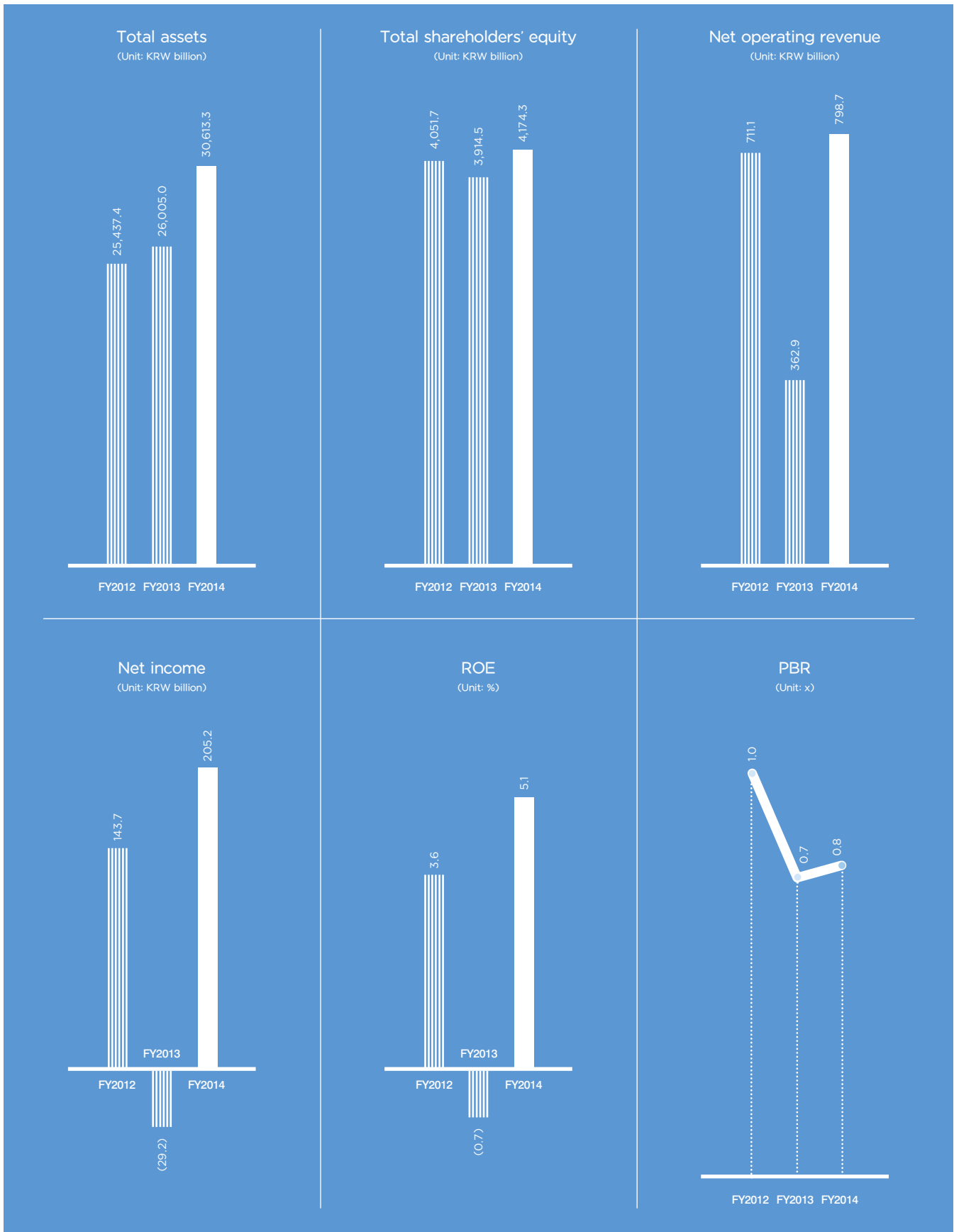
- Shanghai Representative Office
- Beijing Representative Office
- Daewoo Investment Advisory (Beijing) Co., Ltd.

Vietnam

- Hochiminh Representative Office



Financial Highlights



* FY2014: Jan. 1, 2014 ~ Dec. 31, 2014; FY2013: Apr. 1, 2013 ~ Dec. 31, 2013; FY2012: Apr. 1, 2012 ~ Mar. 31, 2013

Based on K-IFRS consolidated financial statements

Net income represents the net income/loss attributable to equity ownership of controlled entity

Stock Performance

Q1

The company recorded a surplus in net income, thanks to a rise in brokerage and S&T revenues, and efforts to curtail SG&A expenses.

Q2

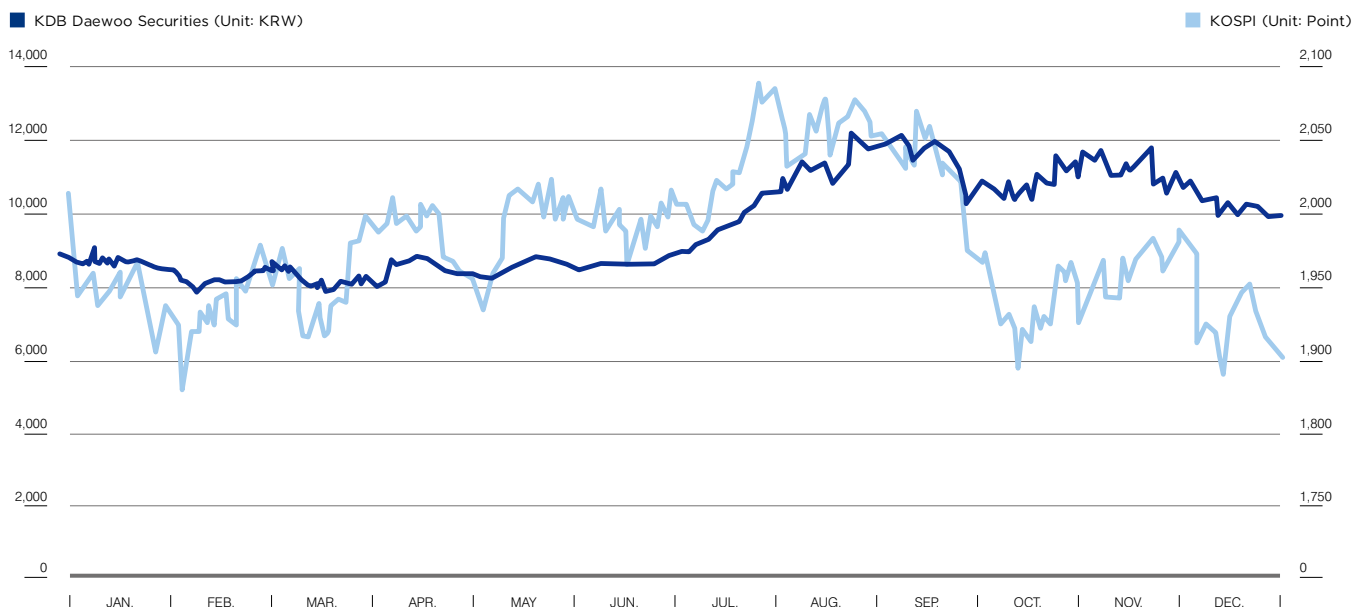
Net operating revenue rose 3.2% over the previous quarter, thanks to a strong performance in S&T, and an increase in interest income, IB and WM revenues.

Q3

S&T revenue was up substantially, as a result of profits from fixed-income investments, which in turn were attributable to a decline in interest rates and active market response.

Q4

IB performance improved, thanks to the company being selected as the lead manager for the listing of Cheil Industries, and financial advisory commission response.



	January	February	March	April	May	June	July	August	September	October	November	December		
Internal Strategies of the Company	January-March Focus on curtailing SG&A expenses (S2*) opened	January Launched a 'Special FP' product	February Undertook a retail loan pool expansion promotion, aiming for annual net growth of KRW 1 trillion	March Became the first company in Korea to execute a sale and lease-back investment in an aircraft	April Became the first Korean company to sell a product that incorporates China Development Bank bonds	June Made changes to our severance pay system, away from a system which increased in proportion with years of service to one that is calculated annually				April-September Focus on curtailing SG&A expenses (S1*)	October Returned to the normal condition in operating SG&A expenses (S0*)			
				March 24 The Korea Exchange (KRX) gold market opened	May 23 The National Pension Service decided to raise its share of stock investments to 35%		July 30 KOSPI reached its highest point of the year (2,082.61 points)	August 14 The Monetary Policy Committee of the Bank of Korea reduced the benchmark rate, from 2.5% to 2.25%	September 19 KOSDAQ reached its highest point of the year (581.38 points)	October 15 The Monetary Policy Committee of the Bank of Korea reduced the benchmark rate, from 2.25% to 2.0%	October 30 The US Federal Reserve System declared the end of the quantitative easing program	November 17 The Shanghai-Hong Kong Stock Connect was launched	November 26 The Korean government announced measures on revitalizing the stock market	November 28 International oil prices plummeted 6.3% in a day
	External Factors and Market Environment													

* SG&A expenses are managed by through a four-step cost plan – cost efficiency (S0), cost reduction (S1), cost cutting (S2), and emergency business (S3)

News Highlights

April 25

Chosen as the No. 1 securities firm at the 2014 K-CSBI

KDB Daewoo Securities leads in customer satisfaction by offering high-quality customer services based on the brand slogan 'Think you very much'. In recognition of these efforts, the company was chosen as No. 1 in the securities firm category at the 2014 Korea Customer Surprise Brand Index (K-CSBI). The company received high score in the 'consideration for customers' index in particular, and it is the result of our emotional marketing based on the concept of 'Easy Finance' and distinctive customer services.

Chosen as a lead manager for the IPO of Cheil Industries

In June 2014, KDB Daewoo Securities was chosen as the lead manager for the IPO of Cheil Industries, a subsidiary of the Samsung Group. This IPO was widely recognized as a landmark deal, and it was the first time that a Korean securities firm had been chosen as the sole lead manager for an IPO deal that major investment banks from Korea and overseas participated in. Cheil Industries was successfully listed on the stock market on December 18, over-subscribed by 200 to 1, and with total subscription deposits of KRW 30 trillion.

April

June

March

Held the 'Think you very MATCH'

KDB Daewoo Securities held the 'Think you very MATCH' contest, to explain financial terminologies in a simpler way. This contest was launched in April 2014 and lasted for 11 weeks. 174 departments and branches took part, and in October, the best of the ideas were collected together in a booklet entitled, 'Easy-to-Understand Financial Terminology'.

Retail assets exceed KRW 70 trillion

As of the end of March 2014, KDB Daewoo Securities' retail assets exceeded KRW 70 trillion. Our retail assets went up KRW 5.8 trillion, which is about 80% of total assets recorded in the Year 2013, in just one quarter. Moreover, as a result of improved WM capabilities and efforts to increase profitability, retail assets reached KRW 86 trillion and corporate assets totaled KRW 137 trillion at the end of 2014.



■ Award

Held the 'KDB Daewoo Securities CLASSIC 2014'

The KDB Daewoo Securities CLASSIC was held for the fifth time in 2014, at Phoenix Park in Pyeongchang, from September 26 through 28. 120 golfers engaged in fierce competition, with Jeon In-ji emerging victorious.



September



October 16

Listed on DJSI World for a third consecutive year

At the 2014 Dow Jones Sustainability Index (DJSI) International Conference, KDB Daewoo Securities was listed on the DJSI World Index in the financial services industry category for the third consecutive year. The company received high marks for its efforts to create business, environmental, and social value.

October

Indonesian subsidiary acquires underwriting license

PT. Daewoo Securities Indonesia, our Indonesian subsidiary, received an underwriting license from the Indonesian financial supervisory organization on October 8th, 2014. This license permits us to carry out all types of IB businesses in Indonesia, and we plan to provide companies already operating in the market with local funds by utilizing their own credits. For companies that are making inroads into Indonesia, we will provide them with optimal financial solutions, including M&A and PF.

Indonesian subsidiary acquires underwriting license

On October 9, 2014, to celebrate the 44th anniversary of its founding, KDB Daewoo Securities invited around 2,000 people, including outstanding customers and our staff, to a performance by the St. Petersburg Philharmonic Orchestra in the Concert Hall of the Seoul Arts Center.



List of Awards

January 23

- Awarded the Best Deal Prize in the Derivatives Product and IPO categories at the 5th Hankyung Korea IB Awards

January 24

- Awarded the Best Financial Bond House, Best ABS House, Best Bond Deal, and Best Equity Deal at the 2014 thebell League Table Awards

February 19

- Chosen as the Best ECM House at the 11th Money Today Korea IB Awards

February 21

- Awarded the Best Research House at the 2nd Newspim Capital Market Awards

February 27

- Named the Best Fund Vendor (Securities House) at the 13th Korea Fund Awards

April 15

- Awarded the Grand Prize in the IB category at the 2014 e-Daily Financial Investment Awards

April 28

- Awarded the Grand Prize in Customer Satisfaction at the 2014 Herald Business Capital Market Awards

July 2

- Awarded the Silver Prize in the comprehensive evaluation category and the Grand Prize in the consumer evaluation category at the 2014 Korea Mobile Trading System Evaluation Awards from the Korea Economic Daily

July 21

- Awarded the Platinum Prize in the Annual Report Competition category at the LACP 2013 Vision Awards

July 31

- Awarded the Gold Prize in the Green/Environmentally Sound Annual Report category and the Silver Prize in the Traditional Annual Report category at the 2014 ARC Awards

August 8

- Awarded the Grand Prize in the Green/Environmentally Sound Annual Report category at the 2014 ARC Awards

September 17

- Awarded the Best Prize in the stability category at the 4th Asia Mobile Trading System Awards

November 17

- Awarded the Best Fund Vendor at the 2014 Herald Fund Awards

November 19

- Ranked first in the securities category at the 2014 KS-CQI Call Center Quality Index

November 26

- Awarded the Best Prize in the derivatives-linked products category at the 2014 Korea Securities Awards

December 2

- Received the Excellence Award in the customer satisfaction category at the 2014 Asia Capital Investment Awards from the Asia Business Daily
- Received the Excellence Award in the customer satisfaction category at the 4th Market Leader Awards

December 4

- Received the Seoul Metropolitan Government Mayor's Award in recognition of our contributions towards to the stable social settlement of North Korean defectors

December 16

- Received the Excellence Prize at the 3rd Homo Hundred Financial Awards

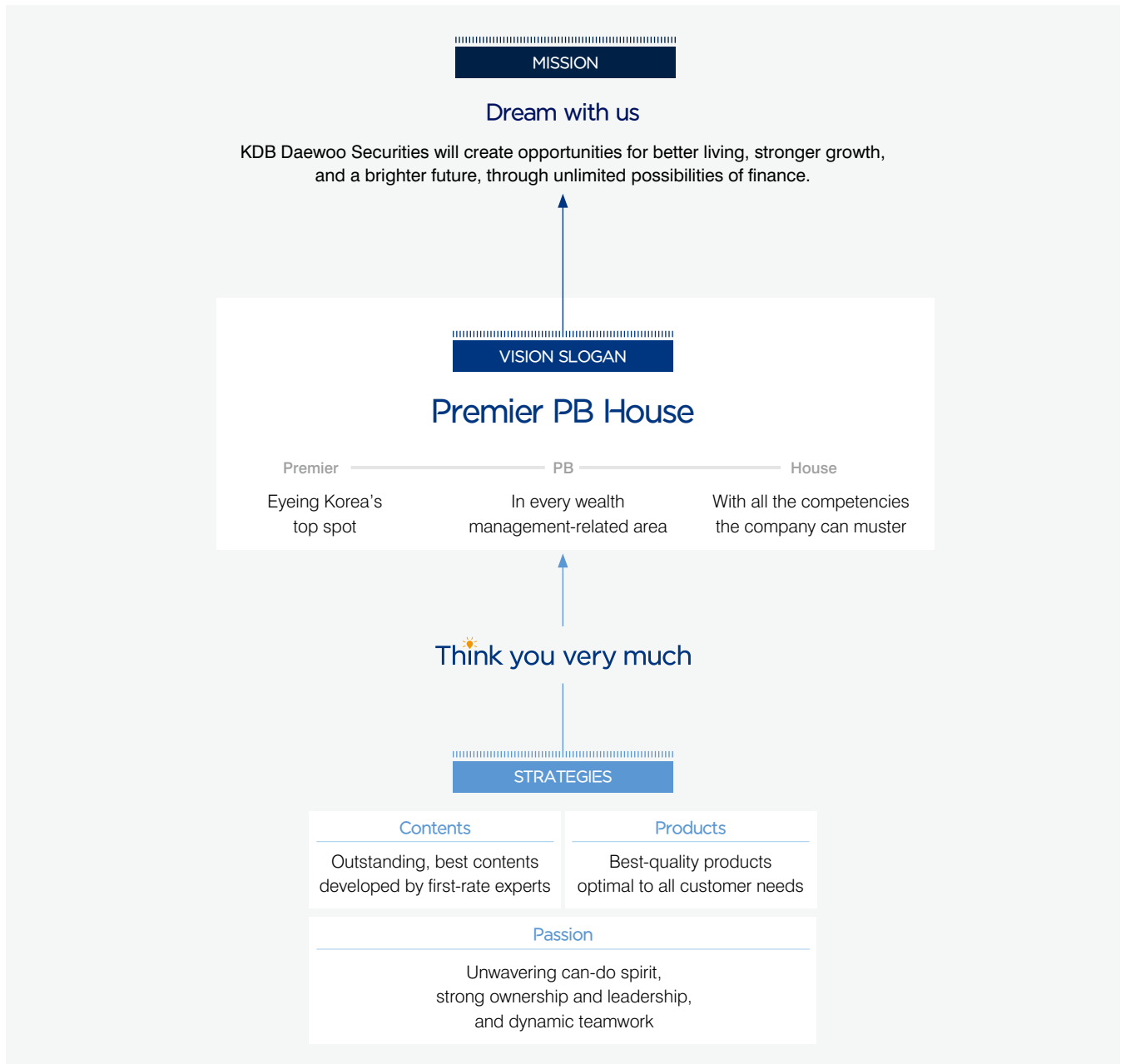
December 17

- Awarded the Grand Prize in the win-win development category at the 2014 Aju Business Finance & Securities Awards
- Received an award in the PR category for the 2014 Outstanding Financial Investment Advertisement Awards

December 24

- Awarded Minister's Citation for Best Public-Private Partnership CSR Corporation by the Ministry of Gender Equality & Family

Mission & Strategies



KDB Daewoo Securities aims to create a better world through finance, in partnership with all its stakeholders, including customers, shareholders, and the local community. We are creating opportunities for better living, stronger growth, and a brighter future by realizing the unlimited possibilities of finance. To accomplish this, we have set the vision slogan of a 'Premier PB House', and all of our financial experts, the most skilled in Korea, will concentrate all the expertise in order to offer the best products with outstanding contents in all areas of wealth management.

2015 is a year for building the foundations for sustainable growth, and the first year to develop into a 'Premier PB House'. We will therefore concentrate on implementing long-term, fundamental growth strategies, such as increasing sales capacity, building an organization for long-term growth, strengthening risk management, and improving product development and supply. We will also develop new revenue sources and seek to achieve balanced growth across all our businesses. In addition, we will explore ways to leverage the creative finance as an opportunity, and to take the lead in further improving Korea's finance industry. At the center of all these efforts will always be our determination to place the highest priority on customers.

KDB DAEWOO SECURITIES

FINANCIAL REPORT

Consolidated Statements of Financial Position

As of December 31, 2014 and 2013

Daewoo Securities Co., Ltd. and Subsidiaries

(In millions of won)

	December 31, 2014	December 31, 2013
Assets		
Cash and due from banks	₩ 3,116,618	3,226,568
Financial assets held-for-trading	11,699,049	11,847,726
Financial assets designated at fair value through profit or loss	3,397,822	2,460,909
Derivative financial assets	591,193	452,865
Available-for-sale financial assets	7,903,858	4,743,087
Held-to-maturity investments	-	1,263
Loans	2,289,497	1,692,041
Investments in associates	30,246	19,387
Property and equipment	249,065	244,628
Investment property	63,072	78,633
Intangible assets	89,318	101,482
Plan assets (of an employee benefit plan)	6,642	-
Current tax assets	53,654	32,148
Deferred tax assets	60,432	117,216
Other assets	1,062,826	987,003
Total assets	₩ 30,613,292	26,004,956
Liabilities		
Financial liabilities held-for-trading	₩ 393,963	723,707
Financial liabilities designated at fair value through profit or loss	10,407,144	7,869,210
Derivative financial liabilities	1,080,010	414,930
Deposits	2,321,134	1,859,428
Borrowings	9,965,880	9,136,109
Bonds	1,115,940	905,518
Defined benefit liabilities	197	258,449
Provisions	31,433	31,890
Current tax liabilities	330	310
Deferred tax liabilities	28	419
Other liabilities	1,122,974	890,493
Total liabilities	26,439,033	22,090,463
Equity		
Equity attributable to owners of the Company		
Issued capital	1,703,883	1,703,883
Capital surplus	660,085	660,068
Capital adjustment	(125,888)	(118,782)
Accumulated other comprehensive income	127,828	22,083
Retained earnings (Regulatory reserve for loan losses: ₩13,213 and ₩18,076 at 2014 and 2013) (Planned regulatory reserve for loan losses: ₩488 and ₩(4,863) at 2014 and 2013)	1,801,174	1,640,725
	4,167,082	3,907,977
Non-controlling interests	7,177	6,516
Total equity	4,174,259	3,914,493
Total liabilities and equity	₩ 30,613,292	26,004,956

Consolidated Statements of Comprehensive Income (Loss)

For the year ended December 31, 2014 and the nine months ended December 31, 2013

Daewoo Securities Co., Ltd. and Subsidiaries

(In millions of won, except earnings per share information)

	December 31, 2014	December 31, 2013
Commission income	₩ 389,752	293,771
Gain on valuation and disposal of financial assets held-for-trading	397,523	157,611
Gain on valuation and redemption of financial liabilities held-for-trading	38,313	45,445
Gain on valuation and disposal of financial assets designated at fair value through profit or loss	89,932	67,858
Gain on valuation and redemption of financial liabilities designated at fair value through profit or loss	475,580	273,215
Gain on valuation and transaction of derivative instruments	1,453,689	967,312
Gain on disposal of available-for-sale financial assets	75,461	38,511
Interest income	752,735	541,788
Other operating revenues	340,795	82,866
Operating revenues	4,013,780	2,468,377
Commission expense	(48,653)	(38,899)
Loss on valuation and disposal of financial assets held-for-trading	(186,439)	(281,953)
Loss on valuation and redemption of financial liabilities held-for-trading	(37,876)	(39,923)
Loss on valuation and disposal of financial assets designated at fair value through profit or loss	(42,178)	(11,971)
Loss on valuation and redemption of financial liabilities designated at fair value through profit or loss	(489,573)	(285,922)
Loss on valuation and transaction of derivatives instruments	(1,604,397)	(881,181)
Loss on valuation and disposal of available-for-sale financial assets	(26,593)	(65,612)
Interest expense	(515,471)	(384,484)
General and administrative expenses	(527,899)	(398,274)
Other operating expenses	(263,907)	(115,567)
Operating expenses	(3,742,986)	(2,503,786)
Operating income (loss)	270,794	(35,409)
Non-operating revenue	22,501	17,172
Non-operating expenses	(19,458)	(17,807)
Non-operating income (loss)	3,043	(635)
Profit (loss) before income tax	273,837	(36,044)
Income tax expense (benefit)	67,988	(7,319)
Profit (loss) for the period	₩ 205,849	(28,725)
(Profit (loss) for the period after the adjusting regulatory reserve for loan losses: ₩205,361 million and ₩(23,862) million for 2014 and 2013)		

Daewoo Securities Co., Ltd. and Subsidiaries

(In millions of won, except earnings per share information)

	December 31, 2014	December 31, 2013
Other comprehensive income (loss)		
<i>Reclassifiable to profit or loss subsequently:</i>		
Net changes in unrealized fair values of available-for-sale financial assets	₩ 66,925	(64,213)
Equity in other comprehensive loss of associates	939	509
Exchange differences on translation of foreign operations	17,267	(31,124)
Income tax effect	(14,981)	14,095
<i>Unreclassifiable to profit or loss subsequently:</i>		
Defined benefit plan actuarial gains (losses)	46,993	(3,795)
Income tax effect	(11,372)	918
Other comprehensive loss for the period, net of income tax	105,771	(83,610)
Total comprehensive income (loss) for the period	₩ 311,620	(112,335)
Profit (loss) attributable to:		
Owners of the Company	205,195	(29,176)
Non-controlling interests	654	451
Profit (loss) for the period	₩ 205,849	(28,725)
Total comprehensive income (loss) attributable to:		
Owners of the Company	310,940	(110,765)
Non-controlling interests	680	(1,570)
Total comprehensive income (loss) for the period	₩ 311,620	(112,335)
Earnings (loss) per share		
Basic and diluted earnings (loss) per share (won)	₩ 638	(96)

Consolidated Statements of Changes in Equity

For the year ended December 31, 2014 and the nine months ended December 31, 2013

Daewoo Securities Co., Ltd. and Subsidiaries

(In millions of won)

	Issued capital	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Total	Non-controlling interest	Total equity
Balance at April 1, 2013	₩1,703,883	660,068	(126,159)	103,672	1,710,192	4,051,656	-	4,051,656
Total comprehensive loss for the period:								
Loss for the period	-	-	-	-	(29,176)	(29,176)	451	(28,725)
Other comprehensive loss for the period	-	-	-	(81,589)	-	(81,589)	(2,021)	(83,610)
	-	-	-	(81,589)	(29,176)	(110,765)	(1,570)	(112,335)
Transactions with owners:								
Dividends	-	-	-	-	(40,291)	(40,291)	-	(40,291)
Disposal of treasury stocks	-	-	3,456	-	-	3,456	-	3,456
Changes in the scope of consolidation	-	-	-	-	-	-	8,086	8,086
Others	-	-	3,921	-	-	3,921	-	3,921
	-	-	7,377	-	(40,291)	(32,914)	8,086	(24,828)
Balance at December 31, 2013	₩1,703,883	660,068	(118,782)	22,083	1,640,725	3,907,977	6,516	3,914,493
Balance at January 1, 2014	₩1,703,883	660,068	(118,782)	22,083	1,640,725	3,907,977	6,516	3,914,493
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	205,195	205,195	654	205,849
Other comprehensive income for the year	-	-	-	105,745	-	105,745	26	105,771
	-	-	-	105,745	205,195	310,940	680	311,620
Transactions with owners:								
Disposal of treasury stocks	-	-	3,451	-	-	3,451	-	3,451
Others	-	17	(10,557)	-	(44,746)	(55,286)	(19)	(55,305)
	-	17	(7,106)	-	(44,746)	(51,835)	(19)	(51,854)
Balance at December 31, 2014	₩1,703,883	660,085	(125,888)	127,828	1,801,174	4,167,082	7,177	4,174,259

Consolidated Statements of Cash Flows

For the year ended December 31, 2014 and the nine months ended December 31, 2013

Daewoo Securities Co., Ltd. and Subsidiaries

(In millions of won)

	December 31, 2014	December 31, 2013
Cash flows from operating activities		
Profit (loss) for the period	₩ 273,837	(36,044)
Adjustments for:		
Interest income	(752,735)	(541,788)
Interest expense	515,471	384,484
Dividend income	(63,055)	(13,924)
Depreciation of property and equipment	18,500	15,362
Amortization of intangible assets	12,437	7,724
Loss (gain) on valuation of financial assets held-for-trading	(59,865)	44,972
Net gain on valuation of financial assets designated at fair value through profit or loss	(28,097)	(45,378)
Net gain on disposal of available-for-sale financial assets	(57,286)	(31,853)
Net loss on valuation of available-for-sale financial assets	8,418	58,954
Gain on disposal of investments in associates	-	(4,949)
Loss (gain) on valuation of financial liabilities held-for-trading	(1,921)	5,065
Net loss (gain) on valuation of financial liabilities designated at fair value through profit or loss	(149,634)	(21,403)
Net loss (gain) on valuation of derivative financial instruments	226,563	(4,622)
Provision for (reversal of) defined benefit liabilities	(77,541)	32,964
Loss (gain) on equity method valuation	2,263	(145)
Provision for (reversal of) loan loss	(781)	18,657
Net loss on disposal of property and equipment	34	240
Net loss (gain) on disposal of intangible assets	(301)	480
Depreciation of investment property	1,259	1,019
Impairment loss of intangible assets	10,833	235
Provision for loss for other assets	2,651	133
Net loss (gain) on foreign exchanges translation	(36,997)	28,918
Provision for (reversal of) share-based payment	1,329	(952)
Provision for (reversal of) provisions	(4,075)	10,433
Others	3,906	-
	(428,624)	(55,374)
Changes in:		
Due from banks	(806,564)	525,952
Financial assets held-for-trading	235,068	4,116
Financial assets designated at fair value through profit or loss	(908,816)	209,740
Loans	(599,522)	(127,883)
Derivative financial assets	(363,346)	516,742
Financial liabilities held-for-trading	(332,597)	(2,155)
Financial liabilities designated at fair value through profit or loss	2,687,569	708,745
Deposits	459,421	(214,621)
Derivative financial liabilities	664,926	(440,688)
Defined benefit liabilities	(194,881)	(5,495)
Other assets	(89,233)	8,808
Other liabilities	217,924	(12,638)
	₩ 969,949	1,170,623

Daewoo Securities Co., Ltd. and Subsidiaries

(In millions of won)

	December 31, 2014	December 31, 2013
Interest received	₩ 782,423	555,919
Interest paid	(524,376)	(370,901)
Dividends received	63,150	16,848
Income taxes paid	(44,584)	(29,636)
Net cash provided by operating activities	1,091,775	1,251,435
Cash flows from investing activities		
Increase of available-for-sale financial assets, net	(3,060,635)	(1,222,577)
Increase of held-to-maturity investments	-	(1,263)
Net cash flows from business combination	-	2,365
Acquisitions of investments in associates	(13,413)	(13,742)
Proceeds from disposal of property and equipment	363	66
Acquisitions of property and equipment	(5,344)	(7,765)
Proceeds from disposal of intangible assets	3,232	4,863
Acquisitions of intangible assets	(12,942)	(10,013)
Decrease in guarantee deposits	5,180	6,053
Disposal of investment in associates	1,230	-
Redemption of held-to-maturity investments	1,316	-
Net cash used in investing activities	(3,081,013)	(1,242,013)
Cash flows from financing activities		
Increase in borrowings, net	827,207	227,426
Issuance of bonds	210,000	30,000
Dividends paid	-	(40,292)
Net cash provided by financing activities	1,037,207	217,134
Effect of exchange rate fluctuations on cash and cash equivalents held	8,471	(828)
Net increase (decrease) in cash and cash equivalents	(943,560)	225,728
Cash and cash equivalents at the beginning of the period	1,300,325	1,074,597
Cash and cash equivalents at the end of the period	₩ 356,765	1,300,325

Separate Statements of Financial Position

As of December 31, 2014 and 2013

Daewoo Securities Co., Ltd.

(In millions of won)

	December 31, 2014	December 31, 2013
Assets		
Cash and due from banks	₩ 2,943,846	3,018,246
Financial assets held-for-trading	11,914,398	11,560,662
Financial assets designated at fair value through profit or loss	3,397,822	2,460,909
Derivative financial assets	585,705	415,638
Available-for-sale financial assets	7,710,077	4,656,824
Loans	1,893,630	1,697,998
Investments in subsidiaries and associates	483,988	537,504
Property and equipment	245,736	241,162
Investment property	63,072	78,633
Intangible assets	60,234	74,538
Defined benefit assets	6,642	-
Current tax assets	52,274	32,023
Deferred tax assets	60,449	116,980
Other assets	1,019,202	888,101
Total assets	₩ 30,437,075	25,779,218
Liabilities		
Financial liabilities held-for-trading	₩ 393,963	608,950
Financial liabilities designated at fair value through profit or loss	10,407,144	7,869,210
Derivative financial liabilities	1,080,159	411,368
Deposits	2,266,289	1,828,691
Borrowings	9,929,463	9,096,732
Bonds	1,115,940	905,518
Defined benefit liabilities	-	258,128
Provisions	31,433	31,811
Other liabilities	1,073,783	862,496
Total liabilities	26,298,174	21,872,904
Equity		
Issued capital	1,703,883	1,703,883
Capital surplus	660,068	660,068
Capital adjustment	(116,809)	(118,782)
Accumulated other comprehensive income	147,641	65,096
Retained earnings (Regulatory reserve for loan losses: ₩13,213 and ₩18,076 at 2014 and 2013) (Planned regulatory reserve for loan losses: ₩488 and ₩(4,863) at 2014 and 2013)	1,744,118	1,596,049
Total equity	4,138,901	3,906,314
Total liabilities and equity	₩ 30,437,075	25,779,218

Separate Statements of Comprehensive Income (Loss)

For the year ended December 31, 2014 and the nine months ended December 31, 2013

Daewoo Securities Co., Ltd.

(In millions of won, except earnings per share information)

	December 31, 2014	December 31, 2013
Commission income	₩ 379,896	286,498
Gain on valuation and disposal of financial assets held-for-trading	341,101	122,644
Gain on valuation and redemption of financial liabilities held-for-trading	38,313	45,445
Gain on valuation and disposal of financial assets designated at fair value through profit or loss	89,932	67,858
Gain on valuation and redemption of financial liabilities designated at fair value through profit or loss	475,580	273,215
Gain on valuation and transaction of derivative Instruments	1,428,106	919,327
Gain on disposal of available-for-sale financial assets	75,332	38,511
Interest income	717,558	524,495
Other operating revenues	268,223	82,632
Operating revenues	3,814,041	2,360,625
Commission expense	(53,514)	(42,397)
Loss on valuation and disposal of financial assets held-for-trading	(168,340)	(247,518)
Loss on valuation and redemption of financial liabilities held-for-trading	(37,876)	(39,923)
Loss on valuation and disposal of financial assets designated at fair value through profit or loss	(42,178)	(11,971)
Loss on valuation and redemption of financial liabilities designated at fair value through profit or loss	(489,573)	(285,922)
Loss on valuation and transaction of derivatives instruments	(1,545,626)	(837,874)
Loss on valuation and disposal of available-for-sale financial assets	(24,157)	(65,612)
Interest expense	(513,155)	(381,986)
General and administrative expenses	(496,932)	(370,769)
Other operating expenses	(187,426)	(111,732)
Operating expenses	(3,558,777)	(2,395,704)
Operating income (loss)	255,264	(35,079)
Non-operating revenue	24,989	11,650
Non-operating expense	(19,934)	(18,880)
Non-operating income (loss)	5,055	(7,230)
Profit (loss) before income tax	260,319	(42,309)
Income tax expense (benefit)	67,503	(8,523)
Profit (loss) for the period (Profit (loss) for the period after the adjusting regulatory reserve for loan losses: ₩192,328 and ₩(28,923) million for 2014 and 2013)	₩ 192,816	(33,786)
Other comprehensive income (loss)		
<i>Reclassifiable to profit or loss subsequently:</i>		
Unrealized gain (loss) on valuation of available-for-sale financial assets	₩ 61,905	(58,243)
Income tax effect	(14,981)	14,095
<i>Unreclassifiable to profit or loss subsequently:</i>		
Remeasurements of defined benefit plans	46,993	(3,795)
Income tax effect	(11,372)	918
Other comprehensive loss for the period, net of income tax	82,545	(47,025)
Total comprehensive income (loss) for the period	₩ 275,361	(80,811)
Earnings (loss) per share		
Basic and diluted earnings (loss) per share (won)	₩ 598	(110)

Separate Statements of Changes in Equity

For the year ended December 31, 2014 and the nine months ended December 31, 2013

Daewoo Securities Co., Ltd.

(In millions of won)

	Issued capital	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at April 1, 2013	₩ 1,703,883	660,068	(126,159)	112,121	1,670,127	4,020,040
Total comprehensive loss for the year:						
Loss for the period	-	-	-	-	(33,786)	(33,786)
Other comprehensive loss	-	-	-	(47,025)	-	(47,025)
	-	-	-	(47,025)	(33,786)	(80,811)
Transactions with owners:						
Dividends	-	-	-	-	(40,292)	(40,292)
Disposal of treasury stocks	-	-	3,456	-	-	3,456
Others	-	-	3,921	-	-	3,921
	-	-	7,377	-	(40,292)	(32,915)
Balance at December 31, 2013	₩ 1,703,883	660,068	(118,782)	65,096	1,596,049	3,906,314
Balance at January 1, 2014	₩ 1,703,883	660,068	(118,782)	65,096	1,596,049	3,906,314
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	192,816	192,816
Other comprehensive income	-	-	-	82,545	(44,747)	37,798
	-	-	-	82,545	148,069	230,614
Transactions with owners:						
Disposal of treasury stocks	-	-	3,451	-	-	3,451
Others	-	-	(1,478)	-	-	(1,478)
	-	-	1,973	-	-	1,973
Balance at December 31, 2014	₩ 1,703,883	660,068	(116,809)	147,641	1,744,118	4,138,901

Separate Statements of Cash Flows

For the year ended December 31, 2014 and the nine months ended December 31, 2013

Daewoo Securities Co., Ltd.

(In millions of won)

	December 31, 2014	December 31, 2013
Cash flows from operating activities		
Profit (loss) before income tax	₩ 260,319	(42,309)
Adjustments for:		
Interest income	(717,558)	(524,495)
Interest expense	513,155	381,986
Dividend income	(63,926)	(14,546)
Loss (gain) on valuation of financial assets held-for-trading	(71,098)	34,233
Net gain on valuation of financial assets at fair value through profit or loss	(28,650)	(45,378)
Net loss (gain) on available-for-sale financial assets	(39,792)	27,101
Provision for loan losses	1,956	18,657
Loss (gain) on disposal of investments in subsidiaries	(3,985)	622
Net loss on disposal of property and equipment	47	240
Depreciation of property and equipment	17,198	14,539
Depreciation of investment property	1,259	1,019
Amortization of intangible assets	12,033	7,631
Impairment loss of intangible assets	10,833	235
Net loss (gain) on disposal of intangible assets	(301)	480
Provision for losses for other assets	1,515	133
Loss (gain) on valuation of financial liabilities held-for-trading	(1,921)	5,065
Net gain on valuation of financial liabilities at fair value through profit or loss	(151,523)	(21,403)
Net loss (gain) on valuation of derivative financial instruments	240,385	(2,801)
Net loss (gain) on foreign exchanges translation	(49,112)	28,902
Provision for (reversal of) defined benefit liabilities	(82,274)	32,629
Provision for (reversal of) provisions	(3,996)	10,431
Provision for (reversal of) share-based payment	1,329	(952)
Others	3,908	-
	(410,518)	(45,672)
Changes in:		
Due from banks	(823,788)	545,890
Financial assets held-for-trading	(263,951)	(129,699)
Financial assets at fair value through profit or loss	(908,262)	209,740
Loans	(200,437)	(133,843)
Derivative financial assets	(410,452)	526,112
Other assets	(144,534)	86,835
Financial liabilities held-for-trading	(213,066)	(33,102)
Financial liabilities at fair value through profit or loss	2,689,457	708,745
Deposits	436,992	(248,598)
Derivative financial liabilities	668,791	(441,821)
Defined benefit liabilities	(194,535)	(5,401)
Other liabilities	222,375	21,265
	858,590	1,106,123
Interest received	733,119	527,403
Interest paid	(520,477)	(385,042)
Dividends received	63,905	12,186
Income taxes paid	(42,712)	(29,391)
Net cash provided by operating activities	₩ 942,226	1,143,298

Daewoo Securities Co., Ltd.

(In millions of won)

	December 31, 2014	December 31, 2013
Cash flows from investing activities		
Proceeds from disposal of property and equipment	₩ 57	33
Proceeds from disposal of intangible assets	3,232	4,863
Acquisitions of investments in subsidiaries	(67,000)	(3,497)
Proceeds from disposal of investments in subsidiaries	111,589	904
Increase of available-for-sale financial assets, net	(2,946,927)	(1,442,592)
Acquisitions of property and equipment	(3,808)	(5,915)
Acquisitions of intangible assets	(11,488)	(9,238)
Decrease in guarantee deposits	3,960	7,950
Net cash used in investing activities	(2,910,385)	(1,447,492)
Cash flows from financing activities		
Increase in borrowings, net	831,805	438,353
Issuance of bonds	210,000	30,000
Dividends paid	-	(40,292)
Net cash provided by financing activities	1,041,805	428,061
Effect of exchange rate fluctuations on cash and cash equivalents held	452	(812)
Net increase (decrease) in cash and cash equivalents	(925,902)	123,055
Cash and cash equivalents at the beginning of the period	1,110,961	987,906
Cash and cash equivalents at the end of the period	₩ 185,059	1,110,961

Statements of Appropriations of Retained Earnings

For the year ended December 31, 2014 and the nine months ended December 31, 2013

Expected approval date and actual approval date of appropriations of retained earnings are March 27, 2015 and March 25, 2014, respectively.

Daewoo Securities Co., Ltd.

(In millions of won)

	December 31, 2014	December 31, 2013
Unappropriated retained earnings		
Balance at the beginning of the period	₩ 1,522,693	1,551,616
Profit (loss) for the period	192,816	(33,786)
Remeasurements of defined benefit plans	(44,747)	-
	1,670,762	1,517,830
Appropriation of retained earnings		
Legal reserve	8,405	-
Regulatory reserve for credit losses	488	(4,863)
Dividends:		
Cash dividends		
(Common stock - Current period: ₩250 (5.0%) - Prior period: ₩0 (0%))		
Preferred stock - Current period: ₩275 (5.5%) - Prior period: ₩0 (0%)	84,050	-
	92,943	(4,863)
Unappropriated retained earnings to be carried over to subsequent period	₩ 1,577,819	1,522,693

Independent Auditors' Report (Consolidated)

Based on a report originally issued in Korean

The Board of Directors and Shareholders Daewoo Securities Co., Ltd.

We have audited the accompanying consolidated financial statements of Daewoo Securities Co., Ltd. and its subsidiaries (collectively the "Group"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the year and nine months then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013 and its consolidated financial performance and its consolidated cash flows for the year and nine months then ended in accordance with Korean International Financial Reporting Standards.

Other Matter

The accompanying consolidated statement of financial position of the Group as of December 31, 2013, and the related consolidated statements of comprehensive income (loss), changes in equity and cash flows for the nine months then ended, were audited by us in accordance with the previous Korean auditing standards.

Without qualifying our opinion, we draw attention that the Group changed its fiscal year end from March 31 to December 31 at prior year. The comparative prior fiscal year is for nine months from April 1 to December 31, 2013.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.

Seoul, Korea

March 6, 2015



This report is effective as of March 6, 2015, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Independent Auditors' Report (Separate)

Based on a report originally issued in Korean

The Board of Directors and Shareholders Daewoo Securities Co., Ltd.

We have audited the accompanying separate financial statements of Daewoo Securities Co., Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2014 and 2013, the statements of income, changes in equity and cash flows for the year and nine months then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013 and its financial performance and its cash flows for the year and nine months then ended in accordance with Korean International Financial Reporting Standards.

Other Matter

The accompanying separate statement of financial position of the Company as of December 31, 2013, and the related separate statements of comprehensive income (loss), changes in equity and cash flows for the nine months then ended, were audited by us in accordance with the previous Korean auditing standards.

Without qualifying our opinion, we draw attention that the Company changed its fiscal year end from March 31 to December 31 at prior year. The comparative prior fiscal year is for nine months from April 1 to December 31, 2013.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
March 6, 2015



This report is effective as of March 6, 2015, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Independent Auditors' Review Report on Internal Control over Financial Reporting

Based on a report originally issued in Korean

The Chief Executive Officer Daewoo Securities Co., Ltd.

We have reviewed the accompanying Report on the Operations of Internal Control over Financial Reporting ("ICFR") of Daewoo Securities Co., Ltd. (the "Company") as of December 31, 2014. The Company's management is responsible for design and operations of its ICFR, including the reporting of its operations. Our responsibility is to review management's assessment of ICFR and issue a report based on our review. In the accompanying report of management's assessment of ICFR, the Company's management stated: "Based on the assessment of the operations of the ICFR, no material weakness existed and the Company's ICFR has been effectively designed and operated as of December 31, 2014 in accordance with the ICFR standard".

We conducted our review in accordance with ICFR Review Standards, issued by the Korean Institute of Certified Public Accountants. Those Standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether Report on the Operations of Internal Control over Financial Reporting is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's ICFR, inquiries of Company personnel about details of the report, and tracing to related documents we considered necessary in the circumstances. We have not performed an audit and, accordingly, we do not express an audit opinion.

The Company's ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with KIFRS. Because of its inherent limitations, however, ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that Report on the Operations of Internal Accounting Control System as of December 31, 2014 is not prepared in all material respects, in accordance with ICFR Framework issued by the Internal Accounting Control System Operation Committee.

This report applies to the Company's ICFR in existence as of December 31, 2014. We did not review the Company's ICFR subsequent to December 31, 2014. This report has been prepared for Korean regulatory purposes, pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
March 6, 2015

Audit Committees' Report

Based on a report originally issued in Korean

KDB Daewoo Securities' (hereafter "the Company") Audit Committee reported on the following audit results concerning the Company's accounting and business for its 46th fiscal year, from January 1st, 2014 to December 31st, 2014.

1. Auditing Method Outline

(A) Audit on Accounting

We audited the consolidated and separate financial statements for the Company's 46th fiscal year and applied the following procedures.

First, we had the Company's internal control officer and executive members in charge report on the internal accounting control system in order to enhance accountability and transparency in the Company's accounting disclosure, referring to the audit results and opinions that were submitted by an independent auditor.

Second, we had the Company's Audit Department inspect the accounting ledgers and relevant documents. They then verified the financial statements and the attached specifications based on the results. The inspection was carried out by applying the contrast, actual inspection, session, inquiry and other proper audit procedures when executing the audit.

(B) Audit on the Business

We attended BOD meetings and other major meetings and received reports on the Company's business from directors, when necessary, for the purpose of a business inspection. We also looked over important related business documents while doing our due diligence.

2. Matters on the Statements of Consolidated and Separate Statements of Financial Position & Consolidated and Separate Statements of Comprehensive Income

The assets and profit and loss state of the Company are stated adequately according to Korean law and the Company's Articles of Incorporation ("the Articles") in the consolidated and separate statements of financial position, and the consolidated and separate statements comprehensive income.

3. Matters on the Statements of Appropriation of Retained Earnings

The statements of appropriations of retained earnings is made out of adequately under Korean law and the Articles.

4. Matters on the Business Report

The general financial health of the Company is indicated accurately in the business report under Korean law and the Articles.

5. Sanctions from the Financial Regulator

The Financial Supervisory Service issued a warning against the Company due to its business irregularities as a lead manager on March 12th, 2014.

February 25, 2015
KDB Daewoo Securities' Audit Committee



Chair of the Committee
Jungho Kang



Member of the Committee
Changwon Lee

KDB DAEWOO SECURITIES

APPENDIX

Company Overview

1. Business Objectives

(Article 2 of the Company's Articles of Incorporation)

The business objectives of the Company shall be as follows:

1. To engage in any of the following financial investment businesses as set forth in Article 6 (1) of the Financial Investment Services and Capital Markets Act ("Capital Markets Act")
 - A. Investment trading business
 - B. Investment brokerage business
 - C. Collective investment business
 - D. Investment advisory business
 - E. Discretionary investment business
 - F. Trust business
2. To engage in other financial investment business and the business incidental to the financial investment business as set forth in Articles 40 and 41 of the Capital Markets Act
3. To engage in all business activities ancillary or incidental to the foregoing

The Company may conduct business other than those provided in paragraph (1) of Article 2 hereof, after obtaining permit or authorization or making registration or report pursuant to applicable laws and regulations.

■ Business Scope of the Company

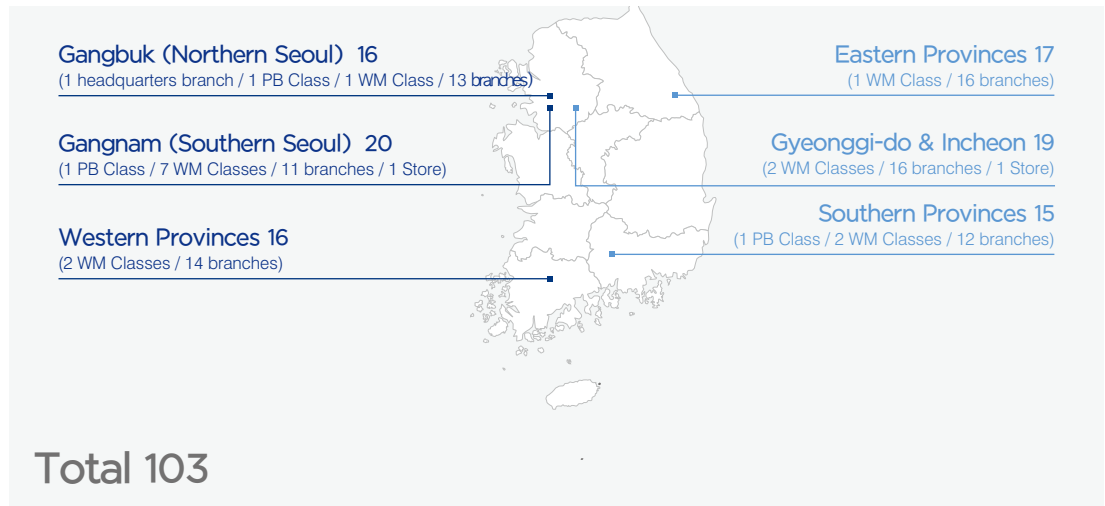
Approved (Registered) business	Type	Scope of financial investment product	Approval (Registration) date
1-1-1	Investment trading business	Securities	Feb. 04, 2009
1-2-1	Investment trading business	Exchange-traded derivatives	Dec. 02, 2009
1-3-1	Investment trading business	Over-the-counter derivatives	Feb. 04, 2009
2-1-1	Investment brokerage business	Securities	Feb. 04, 2009
2-2-1	Investment brokerage business	Exchange-traded derivatives	Dec. 02, 2009
2-3-1	Investment brokerage business	Over-the-counter derivatives	Feb. 04, 2009
4-1-1	Trust business	All trust properties	Feb. 04, 2009
5-2-1	Investment advisory business	Securities, exchange-traded derivatives, over-the-counter derivatives, and financial investment properties pursuant to Article 6-2, Subparagraph 3 of the Act	Feb. 04, 2009
6-2-1	Discretionary investment business	Securities, exchange-traded derivatives, over-the-counter derivatives, and financial investment properties pursuant to Article 6-2, Subparagraph 3 of the Act	Feb. 04, 2009

■ Other and incidental businesses

Category	Details
Other business	Credit grant
Other business	Agent in relation to securities transactions
Other business	Business affairs related to electronic money transfer under the Electronic Financial Transaction Act
Other business	Trustee's business for public offering of corporate bonds
Other business	Transactions of borrowing and lending securities and acting as a broker, an intermediary, or an agent for such transactions
Other business	Trading of loan claims and other claims and acting as a broker, an intermediary, or an agent for such trading
Other business	Trading of negotiable certificates of deposit in Korean won and acting as a broker, an intermediary for such trading
Other business	Business of an asset manager and trustee's business of a specialized securitization company under the Asset-Backed Securitization Act
Other business	Business of foreign exchange
Other business	Loan businesses related to corporate financial affairs, and financing and loan businesses for project financing not exceeding three months
Other business	Agency services for recruitment of credit card users, etc.
Other business	Acting as a broker, an intermediary, or an agent for loans
Other business	Agency services for the state or public entities
Other business	Fund transfers carried out for investors' deposit
Other business	Guarantee of payment business
Other business	Management of a third party's security interests in securities, money, or similar in investors' accounts
Other business	Insurance agency service pursuant to Article 91 of the Insurance Business Act
Other business	Business of a retirement pension business operator under the Guarantee of Workers' Retirement Benefits Act
Other business	Trading and brokerage business of gold ingot
Incidental business	Securities and share evaluation services
Incidental business	Brokerage, arrangement, or proxy services for M&A
Incidental business	Consultancy or support services for corporate management, restructuring, and finance
Incidental business	Underwriting of securities that are issued based on a method other than subscription, and the brokerage, arrangement, or proxy services thereof
Incidental business	Real estate leasing
Incidental business	Safe-deposit box rental
Incidental business	Training services for securities
Incidental business	Sale and lease of computer systems or software related to financial investment services
Incidental business	Management services for all discretionary deposit investment assets
Incidental business	Asset manager and trustee for asset-backed securitization SPCs pursuant to the Commercial Act
Incidental business	Fund management and agency services in relation to project financing, etc.
Incidental business	Sales of research materials
Incidental business	Commercial publications for social contribution activities
Incidental business	K-IFRS retirement pension actuarial services
Incidental business	Collection of commissions and performance reports for discretionary investment business entities, and the distribution of discretionary investment reports

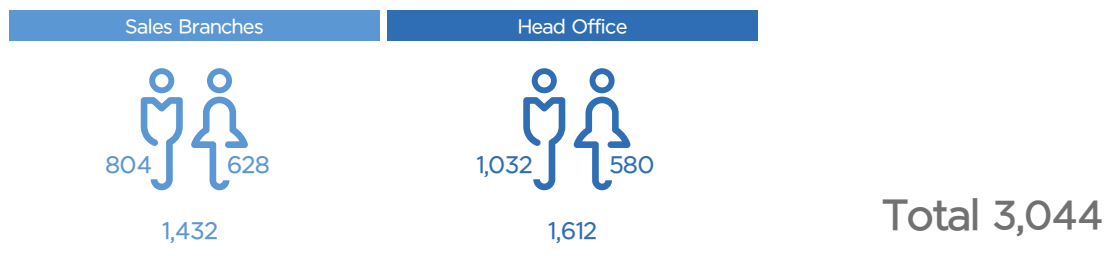
2. Organization

- 5 business divisions, 26 units (6 retail sales units / 11 business units / 9 support units)
- 70 departments (9 offices / 60 departments / 1 center) / 14 teams (6 teams in retail sales units / 8 teams at headquarters)
- 101 sales points (1 headquarters branch / 3 PB Classes / 15 WM Classes / 82 branches), 2 stores
- Overseas network: 8 overseas subsidiaries / 1 overseas branch / 3 overseas representative offices
- Regional branch networks



3. Workforce

(Unit: Person)



4. Type and Number of Outstanding Stocks

(Unit: Shares, KRW 1,000)



5. Majority Shareholder

Name	Number of outstanding stocks (Unit: Share)			Ownership (Unit: %)		Relationship	Portion of investment
	Common stocks	Preferred stocks	Total	Common stocks	Total		
Korea Development Bank	140,481,383	0	140,481,383	43.00%	41.22%	Applicable	N/A

* Information is limited to major shareholders, principal shareholders (those who own no less than 10% of total shares or exercise influence equivalent to such a shareholding), and those subject to the 5% reporting system

* The existence or otherwise of a business relationship is based on the details of the relevant business as stated in the Company's business report

1. Parent Company and Affiliates

Parent company	Affiliates	Ownership
KDB Bank	KDB Daewoo Securities	43.00%
	KDB Capital	99.92%
	KDB Asset Management	100.00%
	KDB Infra	84.16%
	KMGIC	50.00%

* Only financial subsidiaries of the parent company have been specified

2. Subsidiaries

Name	Subsidiary			Relationship	
	Location	Capital stock	Industry	No. of issued shares	Ownership
Daewoo Securities (Europe) Ltd.	UK	\$18.36 mn	Financial investment	18,364,700	100.00
Daewoo Securities (America) Inc.	USA	\$120	Financial investment	12,000	100.00
Daewoo Securities (Hong Kong) Ltd.	Hong Kong	\$300 mn	Financial investment	300,000,000	100.00
Daewoo Investment Advisory (Beijing) Co., Ltd.	China	\$5 mn	Investment advisory	–	100.00
Daewoo Securities (Singapore) Pte. Ltd.	Singapore	SGD 10 mn	Financial investment	10,000,000	100.00
Daewoo Securities (Mongolia) LLC	Mongolia	MNT 1,400 mn	Financial investment	338,783	83.00
PT. Daewoo Securities Indonesia	Indonesia	IDR 85,050 mn	Financial investment	72,080,000	80.00
Daewoo Trading Asia Ltd.	Hong Kong	\$150 mn	Financial investment	150,000,000	100.00
South Mountain Asset Management Ltd.	Hong Kong	\$1 mn	Financial investment	1,000,000	100.00
KDB DW SEP Co., Ltd.	Korea	₩100	Other financial business	–	–
Daewoo Industry Holdings Co., Ltd.	Korea	₩7,910 mn	Other financial business	790,000	99.87
School Infrastructure Private Investment Trust	Korea	₩25,936 mn	Beneficiary certificate	25,936,377,203	100.00
KDB Asia-Best Hybrid Class Cf	Korea	₩51,915 mn	Beneficiary certificate	50,914,660,047	100.00
KDB DW-2nd Fund	Korea	₩104 mn	Beneficiary certificate	103,499,550	100.00
KDB Daewoo Alpha Trust	Hong Kong	\$15 mn	Beneficiary certificate	15,000,000	100.00
KDB Daewoo Garnet Private Equity Fund	Korea	₩8,070 mn	Beneficiary certificate	4,039,039,040	50.05

* Includes subsidiaries subject to consolidation

03

Investment in Other Companies

Investee	Investor	No. of shares owned	Ownership	Ownership of KDB Daewoo Securities' stock
3S C&F	KDB Daewoo Securities	60,000	15.00%	N/A
IMECO Co., Ltd.	KDB Daewoo Securities	38,000	15.16%	N/A
Daewoo Capital CRV	KDB Daewoo Securities	2,862,788	23.97%	N/A
SHEC Corp. (Convertible preferred stock)	KDB Daewoo Securities	666,666	14.57%	N/A
DSIT One Touch (Preferred stock)	KDB Daewoo Securities	3,760	100.00%	N/A
NPS 07-2 MVP Venture Investment Partnership	KDB Daewoo Securities	9	10.00%	N/A
Renaissance No. 1 PEF	KDB Daewoo Securities	10,227,998,565	16.61%	N/A
KDB Daewoo Topaz Investment Fund	KDB Daewoo Securities	3,169,846,154	16.67%	N/A
KDB Daewoo Ruby PEF	KDB Daewoo Securities	9,753,500,000	25.00%	N/A
PT. JRI	KDB Daewoo Securities	24	24.00%	N/A
NH-SG PEF No. 2	KDB Daewoo Securities	10,000,000,000	33.11%	N/A
Yeongwol Photovoltaic Power Generation Investment Fund	KDB Daewoo Securities	2,520,000,000	18.00%	N/A
Osan Integrated-Energy Investment Fund	KDB Daewoo Securities	20,000,000,000	16.13%	N/A

* Investments wherein the Company, the Company and its affiliates, or the Company's affiliate own more than 1/10 of the total shares issued by the investee company. This excludes the investments into company affiliates and subsidiaries subject to consolidation previously mentioned.

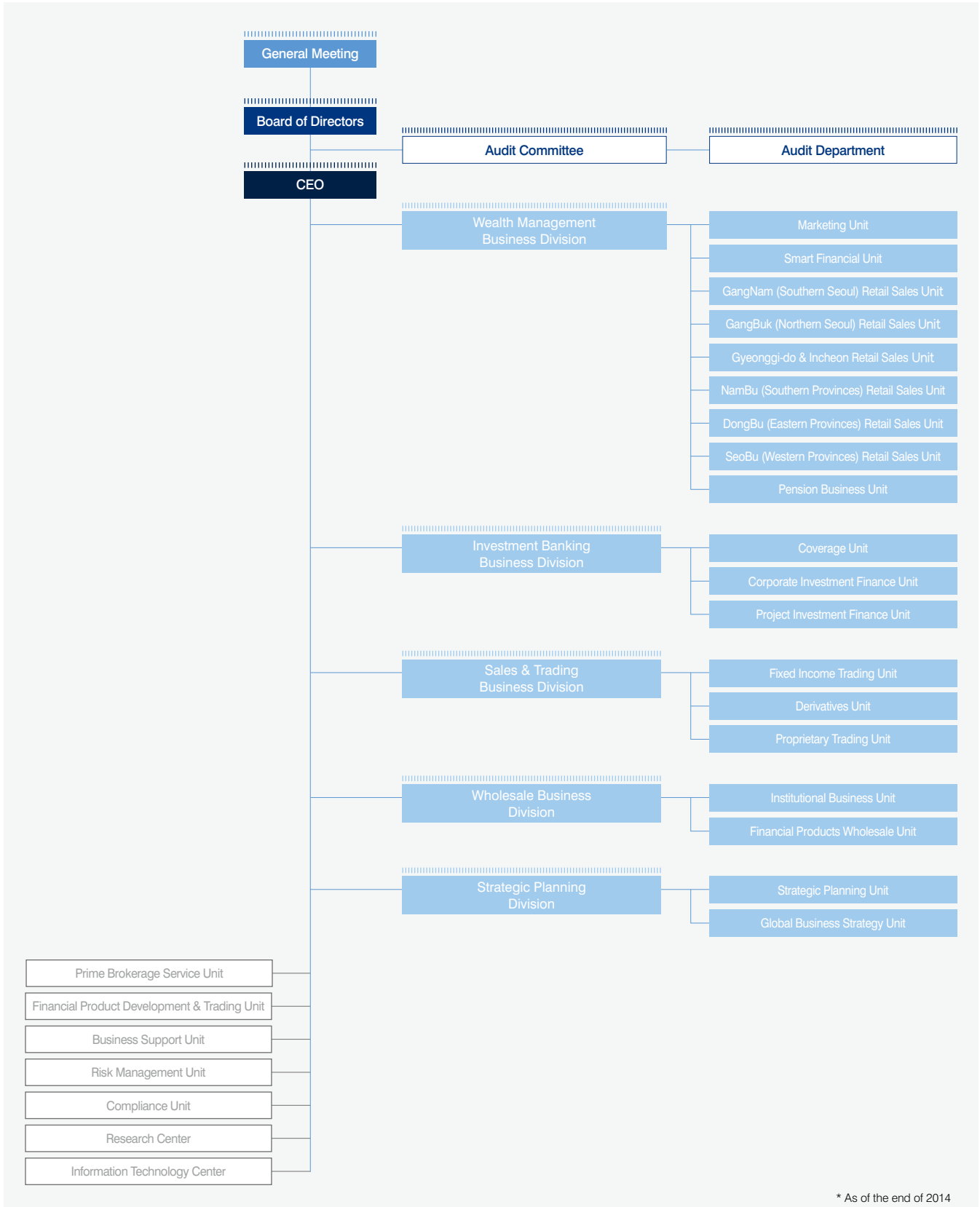
04

History

2014	Dec. 31	KoFC, KDB Financial Group and KDB Bank merged, with the majority shareholder of KDB Daewoo Securities changed from KDB Financial Group to KDB Bank
	Oct. 20	Signed a business alliance with Bestro
	Oct. 08	Indonesian subsidiary received an underwriting license Liquidated the MidEum Co., Ltd.
	Sep. 25	Signed a business alliance with W-Asset
	Apr. 24	MNT 2.7 billion capital increase of Mongolia subsidiary
	Apr. 10	Signed a business alliance with Novus Aviation Capital (Dubai)
	Feb. 28	Established Daewoo Trading Asia Limited
	2013	Dec. 04
Sep. 09		Signed a business alliance with KT for joint marketing
Aug. 01		Established a local subsidiary in Indonesia
May 29		Signed an MOU with Mongolia's largest commercial bank, Golomt Bank Established a local subsidiary in Mongolia
Apr. 18		Acquired management rights to eTrading of Indonesia with an 80 percent share
2012		Nov. 23
	Oct. 18	Signed a business alliance with Bank of China (Hong Kong)
	Oct. 16	Signed a co-development agreement for the Tees Biomass Power Project (UK)
	Sep. 20	Established MidEum Co., Ltd. as a subsidiary
	Jul. 12	Established a local subsidiary in Singapore
	May 03	USD 100 million capital increase of Hong Kong subsidiary
	Mar. 14	Signed a business alliance with Mercury Capital Advisors (US)
	Feb. 12	Signed a business alliance with Marshall Wace (UK)
2011	Dec. 18	Signed a business alliance with IS Investment company (Turkey)
	Dec. 06	USD 100 million capital increase of Hong Kong subsidiary
	Nov. 07	Domestic credit rating upgraded to AA+
	Nov. 03	Payment for rights offering
	Aug. 30	Tokyo representative office was promoted to branch level
	Aug. 12	Established Daewoo Investment Advisory (Beijing) Co., Ltd.
	Jan. 17	Given Baa2 ranking by Moody's
2009	Oct. 28	Launch of the KDB Financial Group, with the majority shareholder of KDB Daewoo Securities changed from KDB Bank to KDB Financial Group
1999	Oct. 01	Spun off from the Daewoo Group
1983	Oct. 20	Renamed Daewoo Securities Co., Ltd.
1975	Sep. 26	Initial Public Offering: paid-in capital increased to KRW 2 billion
1973	Sep. 01	Merged with Daewoo Corporation
1970	Sep. 23	Establishment of Dong Yang Securities Co., Ltd., former Daewoo Securities

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Organization Chart



* As of the end of 2014

Unit	Branch	Address	Phone
Headquarters		KDB Daewoo Securities Bldg., 56, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul	82-2-768-3355
	PB Class Galleria	4, 5F, The Trinity Place, 416, Apgujeong-ro, Gangnam-gu, Seoul	82-2-3445-9966
	WM Class Gangnam	3F, Namgyeong Bldg., 401, Teheran-ro, Gangnam-gu, Seoul	82-2-3429-0077
	WM Class Dogok	3F, Samsung Engineering Bldg., 39, Eonju-ro 30-gil, Gangnam-gu, Seoul	82-2-573-5599
	WM Class Apgujeong	2F, Yunggi Bldg., 210, Apgujeong-ro, Gangnam-gu, Seoul	82-2-545-0361
	WM Class Yeoksam	3F, Aju Bldg., 201, Teheran-ro, Gangnam-gu, Seoul	82-2-568-8866
	WM Class Jamshil	4F, Sigma Tower, 289, Olympic-ro, Songpa-gu, Seoul	82-2-412-5588
	WM Class Hanti	2F, D'Mark Bldg., 408, Dogok-ro, Gangnam-gu, Seoul	82-2-561-1133
	Garak	3F, Moonjung Plaza, 80, Jungdae-ro, Songpa-gu, Seoul	82-2-3401-5544
	Gyodae Station	3F, Kunkang Bldg., 138, Seochojungang-ro, Seocho-gu, Seoul	82-2-592-5959
	Daechi	4F, Daewon Bldg., 2947, Nambusunhwan-ro, Gangnam-gu, Seoul	82-2-3411-3111
	Banpo	4F, Raemian Firstige Apt., Arcade, 275, Banpo-daero, Seocho-gu, Seoul	82-2-534-0142
	Bangbae	3F, Soam Bldg., 208, Bangbae-ro, Seocho-gu, Seoul	82-2-3477-2251
	Seochodong	3F, Daeryeong Seocho Tower., 327, Gangnam-daero, Seocho-gu, Seoul	82-2-3474-8383
Southern Seoul	Songpa	3F, Daejun Bldg., 364, Baekjegobun-ro, Songpa-gu, Seoul	82-2-419-5160
	Yeoksamdong	1, 2F Pungrim Bldg., 124, Teheran-ro, Gangnam-gu, Seoul	82-2-556-9441
	Olympic	2F, 1178, Yangjae-daero, Songpa-gu, Seoul	82-2-404-8851
	Teheran Valley	1, 2F, Haesung Bldg., 504, Teheran-ro, Gangnam-gu, Seoul	82-2-564-3355
	PB Class Finance Center	15F, Seoul Finance Bldg., 136, Sejong-daero, Jung-gu, Seoul	82-2-734-9944
	WM Class Seoul Station	2F, Seoul Square Bldg., 416, Hangang-daero, Jung-gu, Seoul	82-2-774-1921
	Konkuk Univ. Station	3F, Star City the Classic 500, 92, Neungdong-ro, Gwangjin-gu, Seoul	82-2-454-8484
	Gwanghwamun	2F, Royal Bldg., 19, Saemunan-ro 5-gil, Jongno-gu, Seoul	82-2-736-9170
	Nowon	4F, Kyobo Bldg., 467, Nohae-ro, Nowon-gu, Seoul	82-2-934-2511
	Mapo	2F, S-oil Bldg., 192, Baekbeom-ro, Mapo-gu, Seoul	82-2-719-8861
	Myeongdong	6F, Gaeyang Bldg., 6, Myeongdong 3-gil, Jung-gu, Seoul	82-2-777-5400
	Seongdong	3F, Narae Tower, 234, Gosanja-ro, Seongdong-gu, Seoul	82-2-2297-4466
	Sinchon	3F, Geochon Bldg., 67, Sinchon-ro, Seodaemun-gu, Seoul	82-2-332-2321
	Northern Seoul	Ichondong	2F, Hangang Shopping Center, 224, Ichon-ro, Yongsan-gu, Seoul
Janghanpyeong		1F, Geumpung Bldg., 432, Cheonho-daero, Seongdong-gu, Seoul	82-2-2248-8700
Cheongnyangni		1F, Seongil Bldg., 28, Hongneung-ro, Dongdaemun-gu, Seoul	82-2-962-4911
WM Class Mokdong Central		3F, Trapalace Eastern Avenue, 299, OMok-ro, Yangcheon-gu, Seoul	82-2-2601-6191
Gangseo		2F, Wopung Bldg., 301, Hwagok-ro, Gangseo-gu, Seoul	82-2-2691-5774
Gaebongdong		2F, Dorco Bldg., 323, Gyeongin-ro, Guro-gu, Seoul	82-2-2616-6655
Gwanak		3F, Dongjin Bldg., 217, Gwanak-ro, Gwanak-gu, Seoul	82-2-875-5454
Geumcheon		3F, DDS Bldg., 415, Siheung-daero, Geumcheon-gu, Seoul	82-2-858-5511
Mokdong		2F, Booyoung Green Town 2, 401, Mokdongdong-ro, Yangcheon-gu, Seoul	82-2-2649-0568
Yeongdeungpo		5F, Shinhan Bank Bldg., 27, Yeongjung-ro, Yeongdeungpo-gu, Seoul	82-2-2632-8741
Sales Department		1, 2F, KDB Daewoo Securities Bldg., 56, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul	82-2-768-3114
WM Class Seohyeon		4F, Koscom Bldg., 27, Hwangsaeul-ro 360beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do	82-31-708-0528
WM Class Suwon		2F, Center Bldg., 178, Gwongwang-ro, Paldal-gu, Suwon-si, Gyeonggi-do	82-31-224-0123
Western Seoul		Dongtan	4F, Winner Star, 163, Dongtanwoncheon-ro, Hwaseong-si, Gyeonggi-do
	Bucheon	5F, Nonhyup Bldg., 187, Sinheung-ro, Wonmi-gu, Bucheon-si, Gyeonggi-do	82-32-667-7711
	Bupyeong	5F, Geumnam Bldg., 21, Bupyeong-daero, Bupyeong-gu, Incheon	82-32-505-8451
	Bundang	2F, Intellige I KINS tower, 8, Seongnam-daero 331beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do	82-31-718-3311
	Songdo Finance Store	1F, #A, The Sharp Central Park I, 232, Central-ro, Yeonsu-gu, Incheon	82-32-832-7600
	Sanbon	3F, Kookmin Bank Bldg., 16-26, Sanbon-ro 323beon-gil, Gunpo-si, Gyeonggi-do	82-31-394-0940
	Ansan	3F, BYC Bldg., 181, Gwangdeok-daero, Danwon-gu, Ansan-si, Gyeonggi-do	82-31-482-0055
	Yeonsu	2F, Somang Bldg., 189, Meonugeum-ro, Yeonsu-gu, Incheon	82-32-813-5588
	Uijeongbu	2F, Kyobo Bldg., 478, Pyeonghwa-ro, Uijeongbu-si, Gyeonggi-do	82-31-877-8772
	Incheon	1, 2, 3F, KDB Daewoo Securities Bldg., 172, Jemullyang-ro, Jung-gu, Incheon	82-32-763-4401
	Ilisan	3F, Hansol Core, 1406, Jungang-ro, Ilsanseo-gu, Goyang-si, Gyeonggi-do	82-31-921-3101
	Juan	3F, KDB Daewoo Securities Bldg., 407, Gyeongin-ro, Nam-gu, Incheon	82-32-423-1100
	Pangyo PIB Store	3F, #B, Samwhan Hifax, 230, Pangyoyeok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do	82-31-698-3570
	Incheon/Gyeonggi	Pyeongchon	3F, #A, Daelim Acro Tower, 230, Simin-daero, Dongan-gu, Anyang-si, Gyeonggi-do
Hwajeong		3F, Hole in One Plaza, 72, Hwajung-ro, Deogyang-gu, Goyang-si, Gyeonggi-do	82-31-938-9911

Unit	Branch	Address	Phone	
Busan/ Gyeongnam	PB Class Centumcity	2F, 25, Centum dong-ro, Haeundae-gu, Busan, Korea	82-51-742-4747	
	WM Class Beomil	1F KDB Daewoo Securities Bldg., 129, Jaseong-ro, Dong-gu, Busan	82-51-644-0077	
	WM Class Seomyeon	7F Iocity Bldg, 74, Seomyeon-ro, Busanjin-gu, Busan	82-51-806-6001	
	Geoje	2, 3F, Aju Businesstel, 54, Okpodaechep-ro, Geoje-si, Gyeongsangnam-do	82-55-688-0134	
	Gimhae	2F, Balgeun Medical Center, 74, Naeoejungang-ro, Gimhae-si, Gyeongsangnam-do	82-55-324-2421	
	Dongnae	2, 3F, KDB Daewoo Securities Bldg., 225, Chungnyeol-daero, Dongnae-gu, Busan	82-51-554-4111	
	Masan	2F, Muhak Bldg., 628 3-15 De-ro MasanHoiwon-gu, Changwon-si, Gyeongsangnam-do	82-55-297-8851	
	Busan	5F, Korea Development Bank Bldg., 136, Daechyeong-ro, Jung-gu, Busan	82-51-242-3351	
	Sasang	4F, M-City Bldg., 200, Sasang-ro, Sasang-gu, Busan	82-51-327-8801	
	Saha	2F, Samsung Electronic Bldg., 1427, Nakdongnam-ro, Saha-gu, Busan	82-51-293-6644	
	Jinju	3F, KDB Daewoo Securities Bldg., 1036, Jinju-daero, Jinju-si, Gyeongsangnam-do	82-55-742-3444	
	Changwon	2F, KDB Daewoo Securities Bldg., 106, Yongji-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do	82-55-282-6900	
	Changwon City	2F, The City 7 Education & Culture Center, 320, Woni-daero, Uichang-gu, Changwon-si, Gyeongsangnam-do	82-55-600-6000	
	Tongyoung	2F, Dongin Bldg., 33, Mujeon-daero, Tongyeong-si, Gyeongsangnam-do	82-55-643-8881	
Haeundae	7F, Maarina Center, 154, Haeundaehaebyeon-ro, Haeundae-gu, Busan	82-51-743-1211		
Daegu/ Gyeongbuk	WM Class Daegu	2F, Doosan Weve The Jenis Arcade, 2435, Daigubeol-daero, Suseong-gu, Daegu	82-53-751-0345	
	Gyeongsan	2F, Donyun Bldg., 233, Gyeongan-ro, Gyeongsan-si, Gyeongsangbuk-do	82-53-811-2211	
	Gyeongju	1F, KT Gyeongju Office, 125, Hwarang-ro, Gyeongju-si, Gyeongsangbuk-do	82-54-776-5533	
	Gumi	2F, Korea Development Bank Bldg., 107, Songjeong-daero, Gumi-si, Gyeongsangbuk-do	82-54-451-1511	
	Daegu Central	2F, KT Smart Medi Tower, 167, Dongdeok-ro, Jung-gu, Daegu	82-53-421-0141	
	Sangin	2F, Sanin Plaza, 260, Wolgok-ro, Dalseo-gu, Daegu	82-53-638-4100	
	Seongseo	4F, National Pension Corporation Bldg, 4F National Pension Corp. Daegu Bldg., 419, Seongseo-ro, Dalseo-gu, Daegu	82-53-582-4567	
	Andong	1F, KDB Daewoo Securities Bldg., 25, Yeongga-ro, Andong-si, Gyeongsangbuk-do	82-54-841-2266	
	Ulsan	2F, Daeho Bldg., 487, Beonyeong-ro, Jung-gu, Ulsan	82-52-244-8441	
	Ulsan South	3F, 251, Samsan-ro, Nam-gu, Ulsan	82-52-258-7766	
	Chilgok	2F, Wooyoung Palace, 411, Chilgokjungang-daero, Buk-gu, Daegu	82-53-325-5533	
	Pohang	1F, KDB Daewoo Securities Bldg., 271, Jungheung-ro, Buk-gu, Pohang-si, Gyeongsangbuk-do	82-54-277-6655	
	Gwangju/ Jeonnam & Jeongbuk	WM Class Gwangju	1F, KDB Daewoo Securities Bldg., 168, Geumnam-ro, Dong-gu, Gwangju	82-62-227-6605
		Gunsan	2F, You & Me Plaza, 70, Hanaun-ro, Gunsan-si, Jeollabuk-do	82-63-443-1711
Duamdong		5F, Donggang Bldg., 152, Dongmun-daero, Buk-gu, Gwangju	82-62-267-8844	
Mokpo		3F, Ilhae Bldg., 360, Baengnyeong-daero, Mokpo-si, Jeollanam-do	82-61-285-9911	
Suwan		2F, Dongwon Bldg., 140, Jangsin-ro, Gwangsan-gu, Gwangju	82-62-956-9449	
Suncheon		2F, Kookmin Bank Bldg., 149, Yeonhyangbeonyeong-gil, Suncheon-si, Jeollanam-do	82-61-724-4422	
Yeosu		2F, Korea Development Bank Bldg., 30, Sicheong-ro, Yeosu-si, Jeollanam-do	82-61-663-7997	
Iksan		4F, Eld Town, 426, Hana-ro, Iksan-si, Jeollabuk-do	82-63-857-8811	
Jeonju		1F, KDB Daewoo Securities Bldg., 213, Girin-daero, Wansan-gu, Jeonju-si, Jeollabuk-do	82-63-288-0011	
Hyojadong		1F, Donga Bldg., 110, Yongmeori-ro, Wansan-gu, Jeonju-si, Jeollabuk-do	82-63-227-1414	
Daejeon/ Chungnam & Chungbuk	WM Class Dunsan	2F, Finance Tower, 50, Dunsanjung-ro, Seo-gu, Daejeon	82-42-483-6555	
	Yongjeondong	5F, Daeduk Medical Bldg., 36, Songchonbuk-ro 36beon-gil, Daedeok-gu, Daejeon	82-42-627-4100	
	Daejeon	2F Hansol Bldg., 149, Jungang-ro, Jung-gu, Daejeon	82-42-253-3301	
	Asan	5F, UL City, 22, Chungmu-ro, Asan-si, Chungcheongnam-do	82-41-549-2233	
	Jecheon	2F, Daemyeong Bldg., 123, Uirim-daero, Jecheon-si, Chungcheongbuk-do	82-43-642-6600	
	Cheonan Asan	3F, Woosung Medipia Bldg., 147, Gosokcheol-daero, Baebang-eup, Asan-si, Chungcheongnam-do, Korea	82-41-562-0311	
	Cheongju	2F, KDB Daewoo Securities Bldg., 4, Sangdang-ro 81beon-gil, Sangdang-gu, Cheongju-si, Chungcheongbuk-do	82-43-250-3311	
Gangwon	Donghae	2F, Donghae Bldg., 56, Cheongok-ro, Donghae-si, Gangwon-do	82-33-532-3340	
	Sokcho	2F, Bogwang Bldg., 3, Jungang-ro, Sokcho-si, Gangwon-do	82-33-636-3900	
	Wonju	4F, SK Broadband Bldg., 48, Wonil-ro, Wonju-si, Gangwon-do	82-33-745-1651	
	Chuncheon	3, 4F, Daewoo Securities Bldg., 59, Geumgang-ro, Chuncheon-si, Gangwon-do	82-33-251-8851	
Jeju	Jeju	2F, KDB Daewoo Securities Bldg., 44, Gwandeok-ro, Jeju-si, Jeju-do	82-64-755-8851	

* As of the end of 2014

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* As of the end of 2014

IR Information

- Fiscal year ends December 31
- General shareholders' meeting on March 27, 2015

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