

KDB Daewoo Securities
Annual Report
2013
April 1, 2013 ~ December 31, 2013

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CEO's Message

Dear
Shareholders and
Customers,

I'd like to begin this message by delivering my sincerest gratitude for your unwavering support in KDB Daewoo Securities amid the challenging business environment.

In retrospect, Korean financial investment companies were faced with numerous challenges this past year. Many of them ended up on the market for sale, and those that survived also went through painstaking branch shutdowns and massive layoffs. KDB Daewoo Securities was no exception. In fiscal 2013, our net loss amounted to KRW 29.2 billion. This was partly due to the change in the way of setting our fiscal period, while accumulated non-recurring loss factors carried over from past operations. But I, on behalf of everyone at KDB Daewoo Securities, should remorsefully admit that the company failed to make profits.

In meeting these challenges, however, KDB Daewoo Securities did not resort to layoffs. Instead, we made strenuous efforts to maximize efficiency in our operations and to discover new revenue sources. And those efforts paid back, as we made some significant achievements in 2013.

First of all, our WM ^{Wealth Management} business consistently strived to establish its operational platform and contributed to achieving KRW 114 trillion in total client assets, despite the shrinking size of the market. In addition, the number of HNWI ^{High-Net-Worth Individual} clients with investments of KRW 100 million and above increased almost 20 percent over the previous year.

Furthermore, the IB ^{Investment Banking} business diversified its sources of revenue into structured financing and power plant project financing, realizing a considerable 19 percent year-on-year growth in its profits despite the contracting market size and shorter operational period.

The S&T ^{Sales & Trading} business enhanced its profit stability with portfolio diversification and preemptive responses to unfavorable market environments. Its differentiated product line-ups and sales competencies also helped the company maintain the top post in terms of ELS ^{Equity Linked Securities} issuance market share for six straight years and DLS ^{Derivatives Linked Securities} issuance market share for two years in a row.

Our local subsidiary in Indonesia, where we acquired the business rights and our taskforce team enhanced operational efficiency, emerged to become the market leader in the online brokerage business and was named the Best Online Trader and Pioneer at the Berita Satu Online Trading Awards in 2013.

In 2014, uncertainties still abound in the financial investment business. Thus, KDB Daewoo Securities is set to go back to basics and concentrate its energies on sustaining and reinforcing its competencies in all its business areas. We strongly believe our accumulated experience and competitiveness will help us turn this difficult time into an opportunity for growth. To that end, we have devised three action plans.

First, we will strengthen our global competencies in pursuit of future growth engines.

KDB Daewoo Securities will expedite its global expansion plans by applying different strategies to emerging markets, advanced economies and other unexplored markets. In the near future, we have plans for re-staffing our domestic and overseas networks to brace ourselves for all possible market environments and a stable revenue stream.

Second, we will enhance the operational efficiency of wealth management with innovative branch operation strategies.

While thinking outside the box for our branch operation strategies, we will focus on enhancing customer convenience and accessibility. The key to this strategy does not lie in shutting down unprofitable branches but in opening new branches without an increase in operational expenses. Eventually, our goal is to develop an interactive sales network where all of our distribution channels—online, mobile, staff and branches—closely cooperate with each other.

Finally, we will further enhance our competitiveness domestically with new sources of revenue.

KDB Daewoo Securities has shrewdly responded to regulatory and business environment changes, such as the prime brokerage service, credit line business and corporate retirement pension plans, while consistently endeavoring to take an advantageous position in new markets. Furthermore, we will enhance customer value and create new financial demands with competitive new products and services.

Over the past four decades, KDB Daewoo Securities has consistently turned crises into a springboard for growth in the long run. Faced with unprecedented crises in the securities industry, KDB Daewoo Securities will take this challenge as an opportunity to strengthen its fundamentals by wisely embracing market changes. To that end, the entire company will make concerted efforts to make KDB Daewoo Securities a globally competent financial investment company.

As we move forward, I kindly ask for your continued support.

Thank you.



Kibum Kim

CEO / Chairman, Board of Directors
KDB Daewoo Securities



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Management's Discussion & Analysis

Business Environment

Business Environment

The KOSPI ^{Korea Composite Stock Price Index} was an unprecedentedly tight range-bound market in FY ^{Fiscal Year} 2013. The annual average was 1,952 points, with the high and low at 2,059 points and 1,780 points, respectively.

The Korean benchmark began the year on a rise, but lost steam toward the end of the year as GDP ^{Gross Domestic Product} growth stopped at a low of 2 percent, with the weakened earnings estimate dampening the index's advance.

Still, the undervaluation propped up the support line of stock prices. Despite uncertainties triggered by a prolonged weakened Japanese yen, the U.S. Fed's tapering, and signs of crisis in some emerging markets, the KOSPI remained robust, with a support line of its book value (1,800 points : P/B ^{Price on Book-value Ratio} 1 time)

Domestically, dark horse sectors surfaced. Telecommunications stocks enjoyed surging prices and were backed by the LTE ^{Long Term Evolution} boom in Korea, providing attractive dividends. Distributors, banks, and shipbuilders bounced back from years of sagging yields to outperform the KOSPI average in 2013, while shippers and construction engineers trailed the market average.

Foreign investors' net buying propped up the KOSDAQ ^{Korea Securities Dealers Automated Quotation} to 600 points, buoyed by regulatory expectations and as an alternative investment to KOSPI. Toward the end of the year, however, the index fell below 500 points, as trading volume plummeted, with industries losing momentum and suffering from bad performance results.

In FY2013, the KOSPI closed the year out at 2,011.34 points, up 0.3 percent from the previous year, while the KOSDAQ dropped by 9.9 percent year on year to 499.99 points. KOSPI's average daily trading volume declined by 10.7 percent from the previous year, to KRW 4.0 trillion, and KOSDAQ's average daily trading volume dropped by 8.7 percent, to KRW 1.8 trillion.

Foreign investors, who had been dumping stocks in Korea up until June following the adjustment of Vanguard Funds' benchmark from the previous MSCI ^{Morgan Stanley Capital International} to FTSE ^{Financial Times Stock Exchange}, turned around starting in July and kept buying KRW 13 trillion worth of stocks until the end of December, balancing out the net buying of KRW 6 trillion. Foreign investors actually bought for 44 straight trading days, from August to October, the longest net-buying record in the history of the Korean stock exchange.

However, individual investors dispensed with holdings worth KRW 6 trillion, with a KRW 8 trillion capital flight from investor deposits, a barometer of individual investor

Management's Discussion & Analysis

Business Environment Executive Overview

sentiment. This capital flight from domestic equity-type funds subsided starting in November, alluding to a change in the capital flow in retail brokerage.

(Unit : KRW trillion)

Description	FY2013	FY2012	FY2011	
Average Daily Trading Volume	KOSPI	4.0	4.4	6.6
	KOSDAQ	1.8	2.0	2.4
	ETF	0.8	0.6	0.6
	ELW	0.1	0.1	1.1
	Total	6.7	7.1	10.7
Market Turnover Breakdown by Investor Type	Individuals	59.6%	61.6%	65.1%
	Foreigners	21.3%	18.5%	14.8%
	Institutions	19.1%	19.9%	20.1%

Executive Overview

In FY2013, KDB Daewoo Securities posted KRW 362.9 billion in net operating revenue, KRW 36.0 billion in loss before income taxes, and KRW 29.2 billion in net losses. The main reasons for this had to do with non-recurring losses and a shorter-than-usual fiscal period after the settlement term drew in from April to December starting in 2013.

Brokerage revenue underperformed the previous year at KRW 178.3 billion, mainly due to the shrinking commission income as a result of the plummeting trading volume, a drop in trading by individual investors, and profitability undermined by over competition.

WM revenue stood at KRW 73.4 billion. Still, our efforts to strengthen our WM operational platform resulted in almost KRW 1 trillion year-on-year growth in the retail client assets. The total financial product assets amounted to KRW 52 trillion, an industry-leading performance.

IB revenue totaled KRW 43.4 billion in FY2013, up 18.9 percent from FY2012, and backed by diversified sources of revenue into structured financing and power plant project financing amid the sluggish performance of the IB market, which suffered from credit scandals and a weak equity market.

S&T revenue underperformed the previous year at KRW 37.6 billion, with declined profits from fixed-income investments. This can be attributed to unfavorable external factors such as the U.S. Fed's tapering and a weak Japanese yen. Thus, we focused on diversifying our investment portfolio and heightening risk management to enhance profit stability.

Management's Discussion & Analysis

Executive Overview Brokerage Business

Interest income for FY2013 was KRW 83.8 billion, down KRW 58.4 billion from a year ago. This can be attributed to the declined interest income from the reduced balance of deposit assets and shorter accounting period (from 12 months to 9 months).

Other loss factors were mostly non-recurring losses from past years' operations, such as the KRW 35.0 billion loss from the China Gaoxian fiasco, and losses of KRW 28.1 billion and KRW 13.7 billion, respectively, from its involvement in STX Pan Ocean and Keangnam Enterprise.

As of the end of FY2013, KDB Daewoo Securities' total assets stood at KRW 26,005 billion, with KRW 3,914.5 billion of total shareholders' equity and KRW 22,090.5 billion of total liabilities.

(Unit : KRW billion)

Description	FY2013 (Apr. 1, 2013 - Dec. 31, 2013)	FY2012 (Apr. 1, 2012 - Mar. 31, 2013)	FY2011 (Apr. 1, 2011 - Mar. 31, 2012)
Net Operating Revenue	362.9	711.1	774.3
Brokerage	178.3	241.5	384.5
Wealth Management	73.4	101.9	100.8
Investment Banking	43.4	36.5	43.6
Sales & Trading	37.6	210.0	118.1
Interest Income	83.8	142.2	161.0
Others	(31.8)	(1.9)	2.5
Commissions Expenses	(21.8)	(19.2)	(36.2)
SG&A Expenses	398.3	547.7	559.6
Operating Income	(35.4)	163.4	214.7
Non-operating Income	(0.6)	16.1	10.9
Income Before Income Tax	(36.0)	179.5	225.7
Income Tax Expenses	7.3	(35.8)	(56.2)
Net Income	(29.2)	143.7	169.4

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

Brokerage Business

Revenue from our brokerage services declined from the previous year, to KRW 178.3 billion, mainly due to the abrupt contracting brokerage market size amid plunging trading volume, individual investors leaving the market, and falling profitability from fierce competition.

In meeting these challenges, KDB Daewoo Securities diligently worked to reinforce the expertise of our salespeople, while also diversifying our marketing targets to increase

Management's Discussion & Analysis

Brokerage Business

our customer contact points. We also strengthened our core fundamentals with overall business fundamentals to enhance the quality of our customer services.

Description	FY2013	FY2012	FY2011	
Company-Wide	Commission	6.2%	6.2%	5.9%
	Turnover	5.2%	5.0%	5.3%
Retail	Commission	5.0%	5.3%	5.1%
	Turnover	3.3%	3.4%	3.8%
Domestic Wholesale	Turnover	5.0%	4.9%	4.3%
International Wholesale	Turnover	2.7%	2.0%	2.7%

By Sector Retail Brokerage

Retail brokerage revenue declined amid a difficult market environment, coupled with falling trading volume and slumping individual investor trading, which fell to 59.6 percent. As a result, our retail revenue market share decreased by 0.3 percentage point from the previous year, to 5.0 percent.

The company provided widespread support to its retail brokerage operations for more advanced customer service, which included high-quality analysis reports from the Investment Information Support Department, a research group dedicated to retail brokerage services. Other measures taken to attract prospective customers included holding seminars at branch offices, one-on-one consulting services for VIP clients, and client-accompanied visits to companies.

By the time heightened regulations took effect on April 11, 2013 for the Anti-Discrimination against Remedies for Persons with Disabilities Act, we had made our website and Internet-based financial services fully accessible to the disabled and digitally challenged. Soon after, this led us to become the first Korean securities house to earn a Korea Web Accessibility Evaluation Center's web accessibility certificate. We were also singled out when we won the Special Prize at the 10th Korean Web Awards in 2013.

Domestic Wholesale Brokerage

KDB Daewoo Securities has earned a reputation among major corporate customers for being the nation's top wholesale brokerage business due to its highly experienced brokers, who offer clients timely investment advice and an enhanced ability to close important deals. In FY2013, our market share for domestic wholesale brokerage turnover was 5.0 percent, the highest figure in the industry, and that was accomplished without a large-sized asset management affiliate.

Management's Discussion & Analysis

Brokerage Business
Wealth Management Business

International Wholesale Brokerage

With our international wholesale brokerage operation, we continued to enhance customer satisfaction and reinforce our marketing capabilities in FY2013 with the aim of further expanding profitability. In an effort to increase the number of our customer contact points and sales activity efficiency, the company reinforced its sales network at strategic points in Seoul, London and Singapore, and streamlined its customer response system with higher efficiency and greater speed through restaffing and duty reassignment for front-office support. At the same time, the company actively pursued major IB deals, including block deals and IPOs ^{Initial Public Offering}, to raise its profitability in new business operations.

Prime Brokerage Service

At the moment, the PBS ^{Prime Brokerage Service} department serves as the primary broker for five major asset managers and nine Korean hedge funds, providing comprehensive services that ranged from brokerage services and loan transactions to swap and Repos ^{Repurchase Agreements}.

Our focus for FY2013 was on growing the balance of loan transactions. As a result of our consistent efforts to strengthen our competencies, the balance surged 77 percent over the previous year, making us the leading group in the industry. In addition, we became the first Korean brokerage house to run a desk dedicated to Repo services, providing customers with the optimal conditions for leveraged investments. We are also the only Korean securities firm that has a research team dedicated strictly to hedge funds, offering customers a wide range of strategies and ideas for investments.

Furthermore, we are working hard to expand our customer base and diversify our sources of revenue by introducing new products such as the ARS ^{Absolute Return Swaps} for advisory companies. A varied derivative product line-up was also added. This included portfolio swaps, IRS ^{Interest Rate Swaps}, and CRS ^{Currency Rate Swaps}, all of which strengthened our product portfolio.



The WM business revenue stood at KRW 73.4 billion in FY2013. Although the financial product assets remained similar to that of the previous year, at KRW 52 trillion, the retail client assets jumped approximately KRW 1 trillion, contributing to more robust fundamentals for WM operations.

KDB Daewoo Securities' diverse campaigns to increase its client asset size and short-/long-term profitability include specialized consulting services and sales support

Wealth Management Business

Management's Discussion & Analysis

Wealth Management Business

systems, as well as year-round training programs to help salespeople build their competencies.

Product & Marketing Business Way Innovation

In meeting the challenges of market environments in the aftermath of the latest global financial crisis and in the industrial ecosystem that is veering towards becoming an oligopoly, KDB Daewoo Securities concluded that it has to focus on significantly expanding its client asset size and customer base.

To that end, we preemptively launched a number of interest-bearing products at the industry's highest level and mounted marketing campaigns to attract new clients. We also carried out an initiative to pair CRM ^{Customer Relationship Managers} from the front office with product managers from the back office, mobilizing them to step up our direct marketing of customers. In addition, a company-wide innovation drive is currently in place to drastically expand our client asset size and customer base.

Customer-Oriented Innovative Branch Models

KDB Daewoo Securities plans on opening more branch offices to form a closer relationship with customers, while our competitors have been shutting down branches in the same difficult business environment.

We have been opening more branches because they are not only venues for our sales activities, but also the point of contact with customers for clear communication and better service. The short-sighted decision to shut down branches leads to customer inconvenience, which will eventually add to the company's long-term expenses.

As a result, KDB Daewoo Securities strategically enhanced cost efficiency by renovating existing branches and developed an innovative compact branch model offering greater customer access and convenience. This strategic model to broaden our service coverage without increasing expenses will get off the ground in the first half of 2014.

A Professional and Well-Organized Sales Support System

KDB Daewoo Securities' training curriculum is centered on meeting the needs of front offices, such as conducting role-playing and sales skill enhancement training for private bankers. More broadly, stronger customer relationship management and financial planning systems will allow us to support our sales operations with efficient, well-structured customer relationship management. Our high-level customer services include effective consulting and seminars on taxation, real estate, retirement planning, and investment portfolio management.

Management's Discussion & Analysis

Wealth Management Business
Investment Banking Business

Insight—the name of our family office service—works with UHNW^{Ultra High Net Worth} clients by utilizing a full range of services that deliver our accumulated knowledge to clients, attracting an additional KRW 1 trillion to our retail client assets in 2013.

Enhanced Special Offers and Systems

In FY2013, KDB Daewoo Securities introduced special products to attract new and affluent clients with more than KRW 100 million in assets. As a result, our individual client assets surged 20.7 percent over the previous year. Greatly pleased by this success, we plan on further increasing our marketing efforts to expand our customer base. For instance, the 'Special Matching RP' will be out on the market in 2014 for all customers, new and regular alike, even those that have accounts at other brokerage houses.

In a bid to prevent customer disputes over mis-selling practices and to maintain a high level of customer confidence, we upgraded our previous strategic products to "favorite products" and plan to organize a product advisory group staffed by our competent private bankers to develop more products that will satisfy diverse customer needs.

Increasing Marketing Aimed at Institutional Clients

At KDB Daewoo Securities, we maximize synergies between support groups and sales groups (branches/institutional business) to increase our customer base and client asset size. In FY2013, our marketing initiatives were focused on listed corporate clients, attracting block deals to our branch offices, adding equities, treasury stocks and treasury stock trusts of these same clients to our client assets, lending on the collateral of securities, and introducing more financial products.

Encouraged by the synergy effects we have already established, KDB Daewoo Securities is preparing to launch a PIB^{Private Investment Banking} service which will extend the scope of our sales staff service for corporate clients. We expect this market-leading service to generate new revenue streams, while meeting the different financial needs of our corporate clients.

●●●●●
In FY2013, our IB revenue stood at KRW 43.4 billion. Despite the sluggish traditional IB market, which was hit hard by credit scandals and a lackluster performance in the equity market, our IB revenue surged 18.7 percent over the previous year due to our diversified revenue structure in structured financing and power plant project financing.

Also, we kept advancing into new business areas, offering solution deals through cross-border outbound M&A^{Mergers & Acquisitions} consulting and PEF^{Private Equity Fund} establishment, which led to significant results.

Investment Banking Business

Management's Discussion & Analysis

Investment Banking Business

▶ **FY2013 League Table** (Unit : KRW billion)

	Description	Lead Manager	Market Share	Rank
ECM	IPO*	239.6	24.3%	2
	Rights offering*	62.2	4.1%	5
	Securities-related debentures*	150.0	17.9%	2
	Total	451.8	13.5%	2
DCM	Block sale**	500.4	32.6%	1
	Corporate bonds*	3,459.2	11.7%	4
	Financial bonds*	3,053.3	14.7%	1
	ABS*	3,790.6	23.4%	2
	Total	10,303.2	15.5%	2

* Source : The bell league table FY2013
** For the block sale figures, they represent the Korean IB ranking and do not include top ECM totals.

By Sector Equity Capital Market

Serving as the lead manager for the year's biggest deal in Korea, we arranged the IPO of Hyundai Rotem, which was worth KRW 622.4 billion. The deal pushed us one notch higher on Korea's League Table, to the second place for the year. The transaction was also named Best Deal of the Year at the 5th Korea IB Awards.

In the block sales domain, we realized the industry's top performance with the successful administration of deals like KoFC^{Korea Finance Corporation}'s disposition of equity holdings in SK Hynix (KRW 453.0 billion), KDB and 12 other creditors' selling of equity holdings in Kumho Tire (KRW 141.2 billion), and Korea EXIM Bank's sale of its equity holdings in SK Networks (KRW 63.3 billion).

Debt Capital Market

In the corporate bonds issuing sector, we served as the lead manager of quality bond issuances for POSCO (KRW 700 billion), KT (KRW 500 billion), and NH Financial Group (KRW 500 billion), resulting in a reinforcement of our market power. Our enhanced marketing on credit-specialized financial companies was especially noteworthy because it put us on top of the Korean League Table's financial bonds category. In addition, we issued hybrid bonds worth KRW 400 billion for SK Telecom in a mixture that categorizes the bonds as capital by global credit rating agencies, more clear evidence of our abilities to provide optimal solutions for hybrid bonds.

At the same time, we established our position as a market leader in the structured financing sector after successfully arranging a KRW 650 billion deal for the LH^{Korea Land & Housing Corporation} and a KRW 2.05 trillion ABS^{Asset-backed Securitization} deal for KT/LG U+. In fact, the LH Corporation deal was named Best Bond Deal at the 2014 Bell League Table Awards. We also expanded our PF^{Project Financing} deal product line-up to include ABSTB^{Asset-Backed Short-Term Bonds}, payment-guaranteed ABCP^{Asset-Backed Commercial Papers}, and land

Management's Discussion & Analysis

Investment Banking Business

mortgage loan-backed securitization, ranking top place in the 2013 ABS League Table in terms of revenue.

Advisory In a shrinking M&A market, we put together our historic first cross-border outbound M&A deal in FY2013, advising Hansol Paper's acquisition of the Danish receipt paper roll producer Schades. Additionally, we continued exploring new sources of revenue such as cross-border squeeze-out advisory and marketing deals with international clients who have operations in Korea, strengthening our track record in this field and laying the foundation for a stable revenue stream.

In cross-selling our cross-border M&A advisory service, we established a PEF in which we served as the general partner. We also reaped tangible results in the environmental & energy sector by establishing a sales platform with the acquisition of equities in a waste landfill company and have plans to organize a new PEF in the electricity energy sector.

PF In the project financing sector, we realized remarkable performance results in power plant PFs.

This included the KRW 625 billion PF with the Osan Collective Energy System and the KRW 140 billion PF with the Yeongwol Solar Power Plant project. Moving forward, we will continue to broaden the scope of our business into renewable energy, power plants, and logistics centers.

Sustainable Growth Foundation Amid challenging market conditions, KDB Daewoo Securities took advantage of its stable revenue structure, which is based on the company's industry-leading market position in core businesses. At the same time, we will continue to build upon our sustainable growth foundation through new revenue sources, while proactively responding to regulatory changes.

In terms of cross-border out-bound deals, we successfully assisted a Korean company in its acquisition of a foreign company based on our competency in M&A arrangements and global operations. We are currently preparing a project PEF on this deal. This cross-border out-bound deal served as a springboard for us to broaden our M&A targets to global clients, and was the first time we successfully generated synergies between the M&A and PE ^{Private Equity} sectors.

The business scopes for financial investment companies under the revised Capital

Management's Discussion & Analysis

Investment Banking Business

Sales & Trading Business

Market Laws allow for a more generous interpretation. As a result we began securing a more advantageous market position in the credit line business by establishing a Corporate Loan Department, tapping into a new corporate loan market that features high growth potential. In keeping with heightened CP ^{Commercial Paper} Disclosure Regulations and the Introduction of Electronic Short-term Bonds, we made a proactive response to the changes by rearranging our process to timely facilitate the conversion of ABCPs into electronic short-term bonds, preempting the competition in the process.

Sales & Trading Business

In FY2013, S&T revenue was KRW 37.6 billion, underperforming the previous year's figure. The main culprit was a decline in the yields on fixed-income investment, a result of the unfavorable market environment stemming from the U.S. Fed's tapering and a weak Japanese yen. In meeting these challenges, KDB Daewoo Securities is redoubling its risk management efforts to stabilize its profitability.

At the same time, we are actively diversifying our sources of revenue by expanding our offshore fixed-income investments, issuing trendsetting derivatives-related products, and pursuing strategic partnerships with some of Korea's most prominent investors.

By Sector Fixed Income

In FY2013, KDB Daewoo Securities realized a relatively sound performance in anticipation of the adverse market environment arising from the U.S. Fed's tapering and other unfavorable factors. In particular, we diversified our fixed income investment into overseas markets that included Europe and emerging markets. This was in sharp contrast to our competitors, who concentrated their investments on fixed income issued in Korea.

Our in-house research group, which was the first established by a Korean securities firm, provides accurate information based on thorough economic analysis, supporting informed decision-making with all investment operation departments.

Derivatives

The size of our derivatives issuance in Korea shrank as a result of diminished investment sentiment, which was dampened by unstable stock markets and low interest rates. Nevertheless, we were able to maintain our market leadership position on the strength of our differentiated product competitiveness and diversified underlying assets.

In fact, we were the first Korean securities firm to introduce CD-LIBOR ^{Certificate of Deposit-}

Management's Discussion & Analysis

Sales & Trading Business

London Inter-Bank Offered Rate and CD-KTB RAs Certificate of Deposit-Korean Treasury Bond Range Accrual to the market, as well as other interest-rate derivatives that can generate profits amid changing interest rate trends. We also made opportune moves to develop commodity-linked DLS products that yield high coupon payments.

Backed by our differentiated product portfolio and unparalleled sales competencies, KDB Daewoo Securities ranked number one in Korea for the sixth consecutive year in terms of ELS issuance performance, with an issuance valued at KRW 3.8 trillion and a market share of 11.6 percent. We were also the overwhelming leader in DLS issuance for a second straight year, with KRW 2.4 trillion in value and a market share of 17.8 percent.

▶ Securitized Derivatives Issuance

(Unit : KRW billion)

Description		FY2013	FY2012	FY2011
ELS	Value	3,801.8	6,461.9	5,446.4
	M/S	11.6%	13.7%	14.0%
	Rank	1	1	1
DLS	Value	2,446.6	5,366.3	2,607.4
	M/S	17.8%	20.9%	16.6%
	Rank	1	1	2

Proprietary Trading

Our proprietary trading business includes PJ Principal Investments that focus on mid- to long-term investments in financial investment product trading, M&As and pre-IPOs, and alternative investments AI Alternative Investments that invest in project financing and loans.

The PI sector is expanding the spectrum of its investments with diverse portfolios and by applying different investment strategies. While taking short-/long-term approaches differentially to our global macro investments, we trade both marketable assets (domestic and global securities-related debentures and CB Convertible Bond volatility arbitrage) and non-marketable assets (cross-border in-/out-bound acquisition financing and pre-IPOs).

With Korea's PF market size contracting amid sluggish real estate sales, the AI sector strategically aligned with prominent investors at home and abroad to expand its investment platform. Most noteworthy is the successful arrangement of big deals such as a Myanmar hotel development project and a resort-type residential district development plan in Jeju. These and other initiatives will lay the groundwork for us to advance into global markets and raise our brand value.

Management's Discussion & Analysis

Sales & Trading Business Global Business

Global Business

Laying the Foundation for Growth through Global Expansion

Korea's securities industry has been hit hard by its aging society, its low economic growth, and the global financial crisis. KDB Daewoo Securities is actively pursuing global markets in a bid to overcome these difficult market conditions. In April 2013, we became the first Korean brokerage house to establish a local subsidiary in Mongolia and in August of the same year we purchased further equity in Indonesia's e-Trading Securities. Since 2007, we have been gradually acquiring more shares of the company and at present we have 80 percent of the company, which entitles us to the management rights of e-Trading Securities.

As a result, KDB Daewoo Securities is building up its overseas sales network through 11 strategic points in nine countries around the world. By strategically utilizing our domestic and overseas markets, we will ensure numerous stable sources of revenue in all market situations.

Differentiated Strategies by Region

With our global expansion plans, we take a differentiated approach by region, while consistently strengthening our global competencies in all our business areas.

In advanced economies, we are pushing forward with a direct investment strategy focused on market-specific assets to maximize profitability. In 2013, we invested in a commercial building in Cupertino, California, where Apple Inc. has a long-term rental agreement. In collaboration with the Apollo Fund, we also invested in the Asia Pacific Credit Fund. This sets a leading example for Korean companies in their advancement into global financial markets, while increasing investment options for Korean investors.

With emerging markets, where growth potential abounds, we look at them from a mid- to long-term perspective and invest our skilled experts and knowledge in these markets to foster leading brokerage houses. In terms of Indonesia, we prudently combined our strengths in IT and online sales operations to establish our local subsidiary as the leading online brokerage house in the country.

However, we do not limit our operations to online brokerage services, but also extend them into offline sales, wealth management and IB operations, utilizing our advanced financial skills to ensure our subsidiaries are always leading financial investment companies.

Finally, in regions we have yet to enter, we continue to discover individual investment projects and project-based deal sourcing through strategic alliances with local securities firms. In fact, we became the first Korean securities firm to invest in a hotel and residence development project in Yangon, Myanmar in December 2013. This

Management's Discussion & Analysis

Global Business

Selling, General and Administrative (SG&A) Expenses

investment will not only contribute to the country's infrastructure, but will also serve as an ideal new growth engine business model for Korean companies entering Southeast Asian markets. Going forward, we will pursue more individual investment projects similar to the one in Myanmar.

KDB Daewoo Securities is consistently expanding globally with different strategies by region. To that effect, we are making every possible effort to attain our goal of generating 10 percent of all our revenue from overseas markets by 2015.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses in FY2013 decreased KRW 149.4 billion year on year to KRW 398.3 billion, mainly due to the shorter accounting period following the change in our fiscal accounting terms. Specifically, labor expenses declined KRW 106.2 billion from the previous year, while taxes and dues dropped KRW 8.4 billion. However, advertising expenses grew by KRW 0.4 billion over the previous year, as we resumed our TV commercials to raise our brand image.

▶ Variable & Fixed Labor Expenses

(Unit: KRW billion)

Description	FY2013	FY2012	FY2011	
Labor Expenses	Fixed	221.2	298.5	271.0
	Variable	22.3	51.1	67.3
	Total	243.5	349.7	338.2

▶ SG&A Expenses

(Unit: KRW billion)

Description	FY2013	FY2012	FY2011
Labor Expenses	243.5	349.7	338.2
Salaries	141.0	194.6	171.5
Severance Payments	33.1	44.5	37.4
Fringe Benefits	69.4	110.6	129.3
Computer System Operating Expenses	15.2	20.8	21.3
Rental Expenses	16.7	21.9	19.4
Commissions Paid	8.6	10.0	9.6
Entertainment Expenses	4.9	6.1	7.7
Advertising Expenses	23.6	23.2	27.8
Depreciation Expenses	23.1	30.0	33.2
Research Expenses	0.9	1.5	1.3
Training Expenses	3.1	4.1	6.1
Taxes and Dues	13.7	22.1	31.7
Others	44.9	58.4	63.3
Total	398.3	547.7	559.6

※ Korean International Financial Reporting Standards (K-IFRS consolidation)

Management's Discussion & Analysis

Financial Positions

Financial Positions



Total assets at the end of FY2013 stood at KRW 26,004.9 billion, up 2.2 percent (KRW 567.5 billion) from KRW 25,437.4 billion in FY2012. Cash and deposits fell by KRW 0.3 trillion year on year and foreign currency bonds dropped KRW 0.5 trillion, while Korean won-issued bonds rose by KRW 1.3 trillion. Although collective investment securities rose by KRW 0.3 trillion, derivatives and securitized derivatives decreased by KRW 0.3 trillion.

In FY2013, total liabilities stood at KRW 22,090.4 billion, up 3.3 percent (KRW 704.7 billion) from KRW 21,385.7 billion in FY2012. Securitized derivatives increased by KRW 0.6 trillion as a result of the increased issuance of DLS and ELS products, and borrowed liabilities rose by KRW 0.2 trillion, pushed up by a growth in RP sales to customers. Investors' deposits, including deposits by consignors and deposits for derivatives trading, dropped KRW 0.2 trillion, from KRW 2.1 trillion in FY2012 to KRW 1.9 trillion in FY2013.

At the end of December 2013, total shareholders' equity was KRW 3,914.5 billion, down by 3.4 percent (KRW 137.2 billion) from KRW 4,051.7 billion in FY2012. The company's capital stock was valued at KRW 1,703.9 billion for the same period, with the number of common stocks amounting to 326,700,981 shares. Preferred stocks amounted to 14,075,750 shares.

▶ Summarized Balance Sheets

(Unit: KRW billion)

Description	FY2013 (*13.04.01-13.12.31)	FY2012 (*12.04.01-13.03.31)	FY2011 (*11.04.01-12.03.31)
Cash and Deposits	3,226.6	3,529.9	3,271.5
Securities	19,071.1	18,186.9	14,793.3
Derivatives	452.9	600.8	302.9
Loans	1,692.0	1,585.2	1,485.1
Tangible Fixed Assets	244.6	249.6	257.8
Others	1,317.7	1,285.0	2,352.8
Total Assets	26,004.9	25,437.4	22,463.4
Deposits	1,859.4	2,074.9	1,740.1
Borrowings	19,049.4	18,179.9	15,022.4
Other Liabilities	1,181.6	1,130.9	1,727.9
Total Liabilities	22,090.4	21,385.7	18,490.4
Capital Stock	1,703.9	1,703.9	1,703.9
Capital Surplus	660.1	660.1	661.0
Capital Adjustments	(118.8)	(126.2)	(130.7)
Accumulated Other Comprehensive Income	22.1	103.7	118.6
Retained Earnings	1,640.7	1,710.2	1,620.2
Non-controlling Interest	6.5	-	-
Total Shareholders' Equity	3,914.5	4,051.7	3,973.0
Total Liabilities & Shareholders' Equity	26,004.9	25,437.4	22,463.4

Management's Discussion & Analysis

Client Base

Net Operating Capital Ratio (NCR)

Client Base



At the end of FY2013, KDB Daewoo Securities' total client assets stood at KRW 114 trillion, up 0.7 percent year on year. The brokerage assets was up 2.2 percent, from KRW 60 trillion in FY2012 to KRW 62 trillion in FY2013, with an industry-leading financial product assets of KRW 52 trillion.

Of particular note was a 7.4 percent year-on-year increase in the number of HNWI clients, each of whom has at least KRW 100 million in assets, from 44,029 in 2012 to 47,280 in 2013, resulting in a 20.7 percent growth in retail client assets over the previous year. This growth is extremely significant to the company because HNWI clients constitute our WM operational platform.

► Breakdown of Client Assets

(Unit: KRW trillion)

Description	FY2013	FY2012	FY2011
Total Client Assets	113.6	112.7	108.4
Brokerage Assets (including deposits)	61.5	60.1	58.2
Financial Product Assets	52.1	52.6	50.2
Wrap Account	12.0	13.4	14.4
Trusts/Pensions	10.4	9.7	9.4
Mutual Fund	8.9	8.5	7.1
RP	6.7	6.6	4.9
Bond/CP	8.6	9.1	9.4
Derivative-linked Securities	2.6	2.5	1.9
Others	2.9	2.8	3.1

Net Operating Capital Ratio (NCR)



KDB Daewoo Securities verifies its net operating capital ratio on a regular basis to maintain an appropriate level of financial soundness according to laws implemented by Korea's FSS (Financial Supervisory Service). Introduced by the country's regulatory authorities, the main purpose of this system is to increase the soundness of financial investment firms and protect 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, 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 amount refers to quantified losses that may arise in the event of a market downturn, and reflects market, credit, and operational risks.

Management's Discussion & Analysis

Net Operating Capital Ratio (NCR)

Risk Management

As of December 2013, our NCR (Net Operating Capital Ratio) was 510.9 percent (net operating capital of KRW 2,928.9 billion/total risk amount of KRW 573.2 billion), putting it well above the figure stipulated by federal government regulations. The Financial Investment Industry Regulations stipulates the minimum level of NCR at 150 percent for financial investment companies, while the Financial Investment Services and Capital Market Act stipulates that market players should keep the NCR at 200 percent in order to trade OTC (Over The Counter) derivatives. The required NCR for new listings of ELS or ELW (Equity-Linked Warrant) products, and for serving as a LP (Liquidity Provider), is 250 percent, 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 2,355.6 billion, KDB Daewoo Securities maintained the industry's highest level of surplus capital in Korea as of the end of December 2013.

► Net Operating Capital Ratio

(Unit: KRW billion)

Description	FY2013	FY2012	FY2011
Net Operating Capital	2,928.9	3,186.1	3,240.2
Total Risk Amount	573.2	652.3	542.1
Net Operating Capital Ratio	510.9%	488.4%	597.7%
Surplus Capital	2,355.6	2,533.7	2,698.1

Risk Management



The word "risk" means the potential loss or losses that may arise in the course of normal business activities. 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. This means that efficient risk management is integral to the success of financial institutions.

KDB Daewoo Securities is committed to maximizing its own value as well as that of its shareholders by generating an optimum amount of revenue within an acceptable range of risk.

As is common throughout the industry, KDB Daewoo Securities is exposed to market, credit, liquidity, operational, legal, and reputational risks. Thus, it is the company's responsibility to identify, analyze, evaluate, and control these risks. Past this, KDB Daewoo Securities also mobilizes its most talented personnel to manage risks, and organizes its financial affairs in such a way as to maintain the most efficient and effective risk management policies and systems possible, ensuring that they reflect the highest global standards. This has allowed the company to enjoy industry-leading results and a stable level of capital adequacy as required by Korea's FSS.

Management's Discussion & Analysis

Risk Management



KDB Daewoo Securities' company-wide risk management system includes myriad regulations, guidelines, and standards. In addition to observing all of the federal government's rules and regulations, it determines its own risk management issues and develops risk management regulations to achieve an optimum level of asset soundness and management stability. This has resulted in the company's ability to efficiently manage risks and the effective distribution of all its investment resources. While the company's top risk management decision-making body is the Risk Management Committee, KDB

Management's Discussion & Analysis

Risk Management

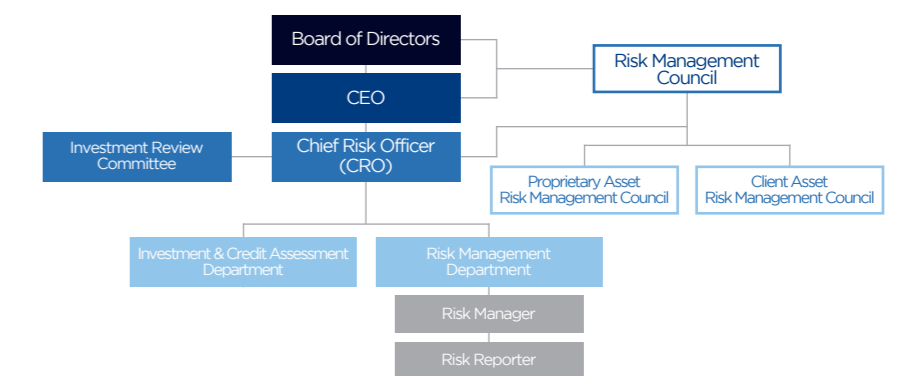
Daewoo Securities also operates the Proprietary Asset Risk Management Council and the Client Asset Risk Management Council, both of which handle details and issues that have been delegated to them by the Risk Management Committee. In addition, the Risk Management Committee establishes guidelines for managing risk by asset type and exposure to risk. This includes guidelines for market risk management, credit risk management, liquidity risk management, operational risk management, overseas network risk management, trust asset management, and wrap asset risk management.

In addition to risk management regulations, guidelines, and standards, KDB Daewoo Securities has drawn up assessment regulations to promote the stability and efficient post-management of its investments and its credit-granting operations. These regulations outline the procedures and methods that are needed to manage principal investments, underwritings, and credit lines as well as monitor, recover, and manage nonperforming loans. KDB Daewoo Securities has also developed a set of Investment Review Committee regulations to offer proper guidance for the activities of the Investment Review Committee regarding principal investments and the committee's other duties. Furthermore, the company has drawn up guidelines for principal investment management, underwriting review, credit line review, NPL Non-performing Loan management, and real estate project financing risk management to ensure the efficient assessment and post-management of all types of risk to which it is exposed.

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 CRO Chief Risk Officer, a Risk Management Department, an Investment & Credit Assessment Department, Risk Managers for each business, Risk Reporters for each department, and a company-wide Operational Risk Manager.

Risk Management Organization Chart



Management's Discussion & Analysis

Risk Management

The **Committee** must consist of three BOD ^{Board of Directors} members, including at least two outside directors. It is mandated with establishing risk management strategies that correspond to the company's operational strategies and supervising its risk management processes. Some of the major issues that the Committee deals with include enacting and revising risk management regulations, guidelines, and systems; setting adequate levels of financial soundness (including risk appetite and maximum permissible risk levels); developing criteria for judging liquidity crises and establishing contingency plans; determining the company's total risk limits; and approving high-limit credit lines and improvements & major changes to the entire risk management system.

The nomination and dismissal of Committee members is determined by the BOD, whose chairperson is selected from among outside directors on the BOD. 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 take any and all other measures related to the department(s) and employee(s) in question.

The Proprietary Council and the Client Council manage all details and issues that have been delegated to them by the Committee, and report on the results of their deliberations.

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 related to the incorporation of policy positions; and criteria for evaluating the risk-adjusted performance of relevant departments. It also authorizes the marketing activities and limits of each department, agrees to risks that exceed their allowable limits, and approves changes to the routine risk management system.

The nomination of Proprietary Council members is determined by the committee on an individual basis. The chairperson serves as the CRO. In the event of an emergency concerning issues that are dealt with by the Proprietary Council, the chairperson is entitled to demand the suspension of the transaction, readjust the company's position, and take appropriate measures related to the department(s) and employee(s) in question.

The **Client Council**'s major functions include approving new transactions and 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.

The nomination of the Client Council members is determined by the committee on an individual basis. The chairperson serves as the CRO. In the event of an emergency

Management's Discussion & Analysis

Risk Management

concerning issues that are dealt with by the Client Council, the chairperson is entitled to demand the working department in charge to suspend the transaction(s), readjust the company's position, and to take appropriate measures related to the employee(s) 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. Its major functions include conducting reviews of principal investments exceeding specified limits or the acquisition of assets for similar purposes; underwriting activities and the extensions of credit lines; and the designation of non-performing loans, position transfers, and alternative pricing for financial investments.

The **CRO** serves as the chairperson of the Proprietary Council, Client Council, and the Investment Review Committee, presiding over meetings of all these bodies and having ultimate 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 processes and/or policies.

It is the responsibility of the **Risk Management Department** to lay the foundation 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 a stable and effective 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 or the Proprietary Council through appropriate procedures and systems, as well as overseeing practical business affairs to facilitate the operation of the Committee or the Proprietary Council/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 **Investment & Credit Assessment Department**'s major functions include making prudent decisions based on comprehensive analyses of transactions related to principal investments; underwriting transactions and extensions of credit lines; and the post-management of transactions that have already been executed to facilitate smooth recovery, if need be. It also conducts reviews prior to the company's investment transactions independent of the sales departments and supports the operations of the Investment Review Committee. Its post-management functions include monitoring investment positions, recovery, and the management of non-performing loans.

Each business's **risk manager** works independent of transaction-related departments, reviewing operational positions and risks (including profits and losses from the transactions of each business division), reporting on results to the head of their respective department, and keeping the Risk Management Department abreast of their activities.

Management's Discussion & Analysis

Risk Management

Risk reporters are selected by each transaction-related department and review all transactions and the current status of each relevant department's risk position. They also report on all results to the head of the relevant department and its associated risk manager, and inform the Risk Management Department of all their work.

Operational Risk Managers are selected from each department and branch to take general charge of operational risk-related operations. This includes the RCSA Risk & Control Self-Assessment, KR| Key Risk Indicator data input systems, and the registration 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. KDB Daewoo Securities uses the standard market VaR, as set by Korea's FSS regulations, and internal market VaR, which is calculated by its own risk management system, to measure and control for market risk. VaR calculates the maximum loss to be expected on an investment over a given period of time and 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, KDB Daewoo Securities uses sensitivity monitoring and stress testing as additional indicators, preparing assessment and analysis reports on current market risks on a daily, weekly, and monthly basis for submission to senior management. These reports also describe the current status of the company's capital adequacy, loss limit monitoring, and major assets, as well as the results of its crisis scenario analyses.

Credit Risk : Credit risk refers to losses that KDB Daewoo Securities would incur if a counterparty failed to fulfill its contractual obligations (including the payment or repayment of principal), or discontinued a contract on the transactions of derivatives. To reduce its credit exposure, the company determines acceptable exposure limits according to the counterparty or its credit rating. It also maintains an appropriate level of capital adequacy by controlling VaR credit limits through the standard VaR model. In addition, it monitors major counterparties in which it has an excessive degree of risk exposure through weekly and monthly monitoring of its current credit risk status.

Since transactions involving credit risk are usually large and difficult to securitize, developing proactive risk management strategies is essential. In addressing this issue, KDB Daewoo Securities has established prior inspection processes that analyze both the quantity and quality of all its transactions involving credit risk.

Management's Discussion & Analysis

Risk Management

Liquidity Risk : There are two types of liquidity risk. The first is market liquidity risk, which 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 or a dearth of invested assets. The second is prudential liquidity risk, which occurs when a company is unable to satisfy minimum liquidity guidelines, such as liquidity ratios. KDB Daewoo Securities measures this type of risk by means of a liquidity risk management system, using liquidity gaps and ratios as key indicators. It then provides reports to senior management on a regular basis.

In addition to general liquidity risk management, KDB Daewoo Securities has developed contingency plans to deal with any liquidity crisis or crises that may arise. Crisis situations are 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 attributes of each management 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. KDB Daewoo Securities uses a value chain analysis for the systematic assessment of its company-wide business processes. This allows for a sophisticated degree of operational risk management, as well as the efficient control of its overall processes.

We also use an operational risk management system for monitoring losses and risk & control self-assessments, managing key risk indicators and measuring risk. In order to prevent repeat occurrences, the system collects data on past losses and analyzes their root causes, separating them by type. Furthermore, it carries out regular risk & control self-assessments to facilitate the monitoring of risk at the company-wide level. This helps us to manage operational risk factors, assess event types, and establish countermeasures. Key risk indicators are selected for the same purpose. KDB Daewoo Securities uses both the standard model as recommended by financial investment industry regulations and its own internal model, the Advanced Measurement Approach, to calculate operational VaR.

Legal Risk : Legal risk refers to potential losses that the company may incur due to unexpected changes and/or the adverse impact of shortfalls in contracts and/or legal translations or changes in laws and regulations governing securities firms. KDB Daewoo Securities includes these risks in its operational risk management system. It also has a legal affairs department that is tasked with handling all legal risks.



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Financial Statements

Consolidated Statements of Financial Position

As of December 31, 2013, March 31, 2013 and April 1, 2012

Daewoo Securities Co., Ltd. and Subsidiaries

(Unit : KRW million)

	December 31, 2013	March 31, 2013 (Restated)	April 1, 2012 (Restated)
Assets			
Cash and due from banks	3,226,568	3,529,934	3,271,463
Financial assets held-for-trading	11,847,726	11,918,519	7,863,002
Financial assets designated at fair value through profit or loss	2,460,909	2,625,271	1,972,663
Derivative financial assets	452,865	600,843	302,892
Available-for-sale financial assets	4,743,087	3,619,913	4,934,416
Held-to-maturity investments	1,263	-	-
Loans	1,692,041	1,585,204	1,485,061
Investments in subsidiaries and associates	19,387	23,205	23,212
Property and equipment	244,628	249,603	257,757
Investment property	78,633	82,668	103,750
Intangible assets	101,482	78,515	78,057
Current tax assets	32,148	25,626	11,968
Deferred tax assets	117,216	70,914	64,584
Other assets	987,003	1,027,199	2,094,569
Total assets	26,004,956	25,437,414	22,463,394
Liabilities			
Financial liabilities held-for-trading	723,707	720,797	370,313
Financial liabilities designated at fair value through profit or loss	7,869,210	7,181,868	6,272,422
Derivative financial liabilities	414,930	492,336	277,563
Deposits	1,859,428	2,074,877	1,740,118
Borrowings	9,136,109	8,909,661	7,226,631
Bonds	905,518	875,161	875,515
Defined benefit liabilities	258,449	227,185	186,265
Provisions	31,890	21,456	18,293
Current tax liabilities	310	-	1,938
Deferred tax liabilities	419	53	54
Other liabilities	890,493	882,364	1,521,340
Total liabilities	22,090,463	21,385,758	18,490,452
Equity			
Equity attributable to owners of the Company	3,907,977	4,051,656	3,972,942
Issued capital	1,703,883	1,703,883	1,703,883
Capital surplus	660,068	660,068	660,954
Capital adjustment	(118,782)	(126,159)	(130,705)
Accumulated other comprehensive income	22,083	103,672	118,623
Retained earnings	1,640,725	1,710,192	1,620,187
(Regulatory reserve for loan losses : ₩18,076 at December 31, 2013 and ₩16,864 at March 31, 2013)			
(Planned regulatory reserve for loan losses : ₩(4,863) at December 31, 2013, ₩1,212 at March 31, 2013 and ₩16,864 at April 1, 2012)			
Non-controlling interests	6,516	-	-
Total equity	3,914,493	4,051,656	3,972,942
Total liabilities and equity	26,004,956	25,437,414	22,463,394

Financial Statements

Statements of Comprehensive Income

For the period ended December 31, 2013 and the year ended March 31, 2013

Daewoo Securities Co., Ltd. and Subsidiaries

(Unit : KRW million)

	9-month period ended December 31, 2013	12-month period ended March 31, 2013 (Restated)
Commission income	293,771	380,065
Gain on valuation and disposal of financial assets held-for-trading	157,611	327,602
Gain on valuation and redemption of financial liabilities held-for-trading	45,445	32,402
Gain on valuation and disposal of financial assets designated at fair value through profit or loss	67,858	121,861
Gain on valuation and redemption of financial liabilities designated at fair value through profit or loss	273,215	159,982
Gain on valuation and transaction of derivative instruments	967,312	1,310,104
Gain on disposal of available-for-sale financial assets	38,511	97,899
Interest income	541,788	759,877
Other operating income	82,866	84,072
Operating income	2,468,377	3,273,864
Commission expense	(38,899)	(46,378)
Loss on valuation and disposal of financial assets held-for-trading	(281,953)	(178,369)
Loss on valuation and redemption of financial liabilities held-for-trading	(39,923)	(56,381)
Loss on valuation and disposal of financial assets designated at fair value through profit or loss	(11,971)	(4,982)
Loss on valuation and redemption of financial liabilities designated at fair value through profit or loss	(285,922)	(649,504)
Loss on valuation and transaction of derivatives instruments	(881,181)	(952,696)
Loss on valuation and disposal of available-for-sale financial assets	(65,612)	(44,937)
Interest expense	(384,484)	(537,532)
General and administrative expenses	(398,274)	(547,693)
Other operating expenses	(115,567)	(92,021)
Operating expenses	(2,503,786)	(3,110,493)
Net operating income (loss)	(35,409)	163,371
Non-operating income	17,172	31,400
Non-operating expenses	(17,807)	(15,271)
Net non-operating income (loss)	(635)	16,129
Profit (loss) before income tax	(36,044)	179,500
Income tax expense (benefit)	(7,319)	35,808
Profit (loss) for the period	(28,725)	143,692
(Profit for the period after the adjusting regulatory reserve for loan losses : ₩(23,862) million for 9-month period ended December 31, 2013, ₩142,480 million for 12-month period ended March 31, 2013)		
Other comprehensive income (loss)		
Reclassifiable to profit or loss subsequently :		
Net changes in unrealized fair values of available-for-sale financial assets	(64,213)	14,394
Equity in other comprehensive loss of associates	509	(1,085)
Exchange differences on translation of foreign operations	(31,124)	(8,163)
Income tax effect	14,095	(3,131)
Unreclassifiable to profit or loss subsequently :		
Remeasurements of defined benefit plans	(3,795)	(22,383)
Income tax effect	918	5,417
Other comprehensive loss for the period, net of income tax	(83,610)	(14,951)
Total comprehensive income (loss) for the period	(112,335)	128,741
Profit (loss) attributable to :		
Owners of the Company	(29,176)	143,692
Non-controlling interests	451	-
Profit (loss) for the period	(28,725)	143,692
Total comprehensive income (loss) attributable to :		
Owners of the Company	(110,765)	128,741
Non-controlling interests	(1,570)	-
Total comprehensive income (loss) for the period	(112,335)	128,741
Earnings (loss) per share		
Basic and diluted earnings (loss) per share (won)	(91)	428

Financial Statements

Consolidated Statements of Changes in Equity

For the period ended December 31, 2013 and the year ended March 31, 2013

Daewoo Securities Co., Ltd. and Subsidiaries

(Unit : KRW million)

	Issued capital	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Total	Non-controlling interest	Total equity
Balance at April 1, 2012	1,703,883	660,954	(130,705)	134,401	1,604,409	3,972,942	-	3,972,942
Changes in accounting policies				(15,778)	15,778	-	-	-
Restated balance at April 1, 2012	1,703,883	660,954	(130,705)	118,623	1,620,187	3,972,942	-	3,972,942
Total comprehensive income for the period :								
Profit for the period	-	-	-	-	143,692	143,692	-	143,692
Other comprehensive loss for the period	-	-	-	(14,951)	-	(14,951)	-	(14,951)
	-	-	-	(14,951)	143,692	128,741	-	128,741
Transactions with owners :								
Dividends	-	-	-	-	(53,687)	(53,687)	-	(53,687)
Disposal of treasury stocks	-	(927)	4,546	-	-	3,619	-	3,619
Others	-	41	-	-	-	41	-	41
	-	(886)	4,546	-	(53,687)	(50,027)	-	(50,027)
Balance at March 31, 2013	1,703,883	660,068	(126,159)	103,672	1,710,192	4,051,656	-	4,051,656
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

Financial Statements

Consolidated Statements of Cash Flow

For the period ended December 31, 2013 and the year ended March 31, 2013

Daewoo Securities Co., Ltd. and Subsidiaries

(Unit : KRW million)

	9-month period ended December 31, 2013	12-month period ended March 31, 2013 (Restated)
Cash flows from operating activities		
Profit (loss) for the period	(36,044)	179,500
Adjustments for :		
Interest income	(541,788)	(759,877)
Interest expense	384,484	537,532
Dividend income	(13,924)	(14,182)
Depreciation of property and equipment	15,362	20,711
Amortization of intangible assets	7,724	9,286
Loss (gain) on valuation of financial assets held-for-trading	44,972	(42,737)
Net gain on valuation of financial assets designated at fair value through profit or loss	(45,378)	(95,107)
Net gain on disposal of available-for-sale financial assets	(31,853)	(90,516)
Net loss on valuation of available-for-sale financial assets	58,954	37,554
Gain on disposal of investments in associates	(4,949)	(226)
Loss on valuation of financial liabilities held-for-trading	5,065	8,874
Net loss (gain) on valuation of financial liabilities designated at fair value through profit or loss	(21,403)	245,077
Net gain on valuation of Derivative financial instruments	(4,622)	(178,349)
Severance and retirement benefits	32,964	39,541
Gain on equity method valuation	(145)	(1,551)
Provision for loan loss	18,657	5,430
Net loss (gain) on disposal of property and equipment	240	(8,938)
Net loss on disposal of intangible assets	480	-
Depreciation of investment property	1,019	1,626
Impairment loss of intangible assets	235	1,576
Provision for loss for other assets	133	254
Net loss (gain) on foreign exchanges translation	28,918	(6,078)
Reversal of share-based payment expense	(952)	-
Provisions for lawsuit liabilities and others	10,433	3,163
	(55,374)	(286,937)
Changes in :		
Due from banks	525,952	388,426
Financial assets held-for-trading	4,116	(4,012,780)
Financial assets designated at fair value through profit or loss	209,740	(557,501)
Loans	(127,883)	(105,267)
Derivative financial assets	516,742	231,936
Financial liabilities held-for-trading	(2,155)	341,610
Financial liabilities designated at fair value through profit or loss	708,745	664,369
Deposits	(214,621)	334,758
Derivative financial liabilities	(440,688)	(136,765)
Defined benefit liabilities	(5,495)	(21,004)
Other assets	8,808	1,105,492
Other liabilities	(12,638)	(665,779)
	1,170,623	(2,432,505)
Interest received	555,919	745,501
Interest paid	(370,901)	(530,318)
Dividends received	16,848	17,460
Income taxes paid	(29,636)	(55,428)
Net cash provided by (used in) operating activities	1,251,435	(2,362,727)

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Financial Statements

Consolidated Statements of Cash Flow

As of December 31, 2013, March 31, 2013 and April 1, 2012

Daewoo Securities Co., Ltd. and Subsidiaries		(Unit : KRW million)	
	9-month period ended December 31, 2013	12-month period ended March 31, 2013 (Restated)	
Cash flows from investing activities			
Decrease (increase) of available-for-sale financial assets, net	(1,222,577)	1,373,346	
Decrease (increase) of held-to-maturity investments	(1,263)	-	
Net cash flows from business combination	2,365	-	
Proceeds from disposal of investments in associates	-	699	
Acquisitions of investments in associates	(13,742)	-	
Proceeds from disposal of property and equipment	66	25,832	
Acquisitions of property and equipment	(7,765)	(10,404)	
Proceeds from disposal of intangible assets	4,863	-	
Acquisitions of intangible assets	(10,013)	(11,322)	
Decrease in guarantee deposits	6,053	2,146	
Net cash provided by (used in) investing activities	(1,242,013)	1,380,297	
Cash flows from financing activities			
Increase (decrease) of borrowings, net	227,425	1,683,031	
Issuance of bonds	1,895,000	298,989	
Repayment of bonds	(1,865,000)	(300,000)	
Proceeds from issuance of treasury stocks	-	3,599	
Dividends paid	(40,291)	(53,687)	
Net cash provided by financing activities	217,134	1,631,932	
Effect of exchange rate fluctuations on cash and cash equivalents held	(828)	(2,604)	
Net increase in cash and cash equivalents	225,728	646,898	
Cash and cash equivalents at the beginning of the period	1,074,597	427,699	
Cash and cash equivalents at the end of the period	1,300,325	1,074,597	

Financial Statements

Separate Statements of Financial Position

As of December 31, 2013, March 31, 2013 and April 1, 2012

Daewoo Securities Co., Ltd.		(Unit : KRW million)		
	December 31, 2013	March 31, 2013 (Restated)	April 1, 2012 (Restated)	
Assets				
Cash and due from banks	3,018,246	3,441,858	3,206,562	
Financial assets held-for-trading	11,560,662	11,486,900	7,611,754	
Financial assets designated at fair value through profit or loss	2,460,909	2,625,271	1,972,663	
Derivative financial assets	415,638	572,348	302,829	
Available-for-sale financial assets	4,656,824	3,314,820	4,715,663	
Loans	1,697,998	1,585,201	1,485,057	
Investments in subsidiaries and associates	537,504	528,999	380,375	
Property and equipment	241,162	247,043	255,741	
Investment property	78,633	82,668	103,750	
Intangible assets	74,538	78,509	78,026	
Current tax assets	32,023	24,839	10,138	
Deferred tax assets	116,980	71,055	65,052	
Other assets	888,101	981,726	2,045,538	
Total assets	25,779,218	25,041,237	22,233,148	
Liabilities				
Financial liabilities held-for-trading	608,950	636,987	370,313	
Financial liabilities designated at fair value through profit or loss	7,869,210	7,181,868	6,272,422	
Derivative financial liabilities	411,368	487,447	276,263	
Deposits	1,828,691	2,078,117	1,740,975	
Borrowings	9,096,732	8,659,358	7,061,605	
Bonds	905,518	875,161	875,514	
Defined benefit liabilities	258,128	227,105	186,265	
Provisions	31,811	21,380	18,293	
Other liabilities	862,496	853,774	1,470,357	
Total liabilities	21,872,904	21,021,197	18,272,007	
Equity				
Issued capital	1,703,883	1,703,883	1,703,883	
Capital surplus	660,068	660,068	660,954	
Capital adjustment	(118,782)	(126,159)	(130,705)	
Accumulated other comprehensive income	65,096	112,121	119,282	
Retained earnings	1,596,049	1,670,127	1,607,727	
(Regulatory reserve for loan losses : ₩18,076 at December 31, 2013 and ₩16,864 at March 31, 2013)				
(Planned regulatory reserve for loan losses : ₩(4,863) at December 31, 2013, ₩1,212 at March 31, 2013 and ₩16,864 at April 1, 2012)				
Total equity	3,906,314	4,020,040	3,961,141	
Total liabilities and equity	25,779,218	25,041,237	22,233,148	

Financial Statements

Separate Statements of Comprehensive Income

For the period ended December 31, 2013 and the year ended March 31, 2013

Daewoo Securities Co., Ltd.	(Unit : KRW million)	
	9-month period ended December 31, 2013	12-month period ended March 31, 2013 (Restated)
Commission income	286,498	377,113
Gain on valuation and disposal of financial assets held-for-trading	122,644	293,333
Gain on valuation and redemption of financial liabilities held-for-trading	45,445	32,402
Gain on valuation and disposal of financial assets designated at fair value through profit or loss	67,858	121,861
Gain on valuation and redemption of financial liabilities designated at fair value through profit or loss	273,215	159,982
Gain on valuation and transaction of derivative instruments	919,327	1,287,836
Gain on disposal of available-for-sale financial assets	38,511	97,899
Interest income	524,495	738,234
Other operating income	82,632	80,433
Operating income	2,360,625	3,189,093
Commission expense	(42,397)	(52,650)
Loss on valuation and disposal of financial assets held-for-trading	(247,518)	(155,755)
Loss on valuation and redemption of financial liabilities held-for-trading	(39,923)	(56,381)
Loss on valuation and disposal of financial assets designated at fair value through profit or loss	(11,971)	(4,982)
Loss on valuation and redemption of financial liabilities designated at fair value through profit or loss	(285,922)	(649,504)
Loss on valuation and transaction of derivatives instruments	(837,874)	(933,867)
Loss on valuation and disposal of available-for-sale financial assets	(65,612)	(44,847)
Interest expense	(381,986)	(534,286)
General and administrative expenses	(370,769)	(522,786)
Other operating expenses	(111,732)	(89,449)
Operating expenses	(2,395,704)	(3,044,507)
Net operating income (loss)	(35,079)	144,586
Non-operating income	11,650	27,972
Non-operating expense	(18,880)	(18,541)
Net non-operating income (loss)	(7,230)	9,431
Profit (loss) before income tax	(42,309)	154,017
Income tax expense (benefit)	(8,523)	37,930
Profit (loss) for the period	(33,786)	116,087
(Profit for the period after the adjusting regulatory reserve for loan losses : ₩(28,923) million for 9-month period ended December 31, 2013, ₩14,875 million for 12-month period ended March 31, 2013)		
Other comprehensive income (loss)		
Reclassifiable to profit or loss subsequently :		
Unrealized gain (loss) on valuation of available-for-sale financial assets	(58,243)	12,936
Income tax effect	14,095	(3,131)
Unreclassifiable to profit or loss subsequently :		
Remeasurements of defined benefit plans	(3,795)	(22,383)
Income tax effect	918	5,417
Other comprehensive loss for the period, net of income tax	(47,025)	(7,161)
Total comprehensive income (loss) for the period	(80,811)	108,926
Earnings (loss) per share		
Basic and diluted earnings (loss) per share (won)	(105)	346

Financial Statements

Statements of Changes in Equity

For the period ended December 31, 2013 and the year ended March 31, 2013

Daewoo Securities Co., Ltd.	(Unit : KRW million)					
	Issued capital	Capital surplus	Capital adjustment	Accumulated other com- prehen- sive income	Retained earnings	Total equity
Balance at April 1, 2012	1,703,883	660,954	(130,705)	135,060	1,591,949	3,961,141
Changes in accounting policies	-	-	-	(15,778)	15,778	-
Restated balance at April 1, 2012	1,703,883	660,954	(130,705)	119,282	1,607,727	3,961,141
Total comprehensive income for the period :						
Profit for the period	-	-	-	-	116,087	116,087
Other comprehensive loss	-	-	-	(7,161)	-	(7,161)
	-	-	-	(7,161)	116,087	108,926
Transactions with owners :						
Dividends	-	-	-	-	(53,687)	(53,687)
Disposal of treasury stocks	-	(927)	4,546	-	-	3,619
Others	-	41	-	-	-	41
	-	(886)	4,546	-	(53,687)	(50,027)
Restated balance at March 31, 2013	1,703,883	660,068	(126,159)	112,121	1,670,127	4,020,040
Restated 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 period :						
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

Financial Statements

Statements of Cash Flows

For the period ended December 31, 2013 and the year ended March 31, 2013

Daewoo Securities Co., Ltd.	(In millions of won)	
	9-month period ended December 31, 2013	12-month period ended March 31, 2013 (Restated)
Cash flows from operating activities		
Profit (loss) before income tax	(42,309)	154,017
Adjustments for :		
Interest income	(524,495)	(738,234)
Interest expense	381,986	534,286
Dividend income	(14,546)	(14,988)
Loss (gain) on valuation of financial assets held-for-trading	34,233	(52,415)
Net gain on valuation of financial assets at fair value through profit or loss	(45,378)	(95,107)
Net gain on disposal of available-for-sale financial assets	(31,853)	(90,606)
Net loss on valuation of available-for-sale financial assets	58,954	37,554
Provision for loan losses	18,657	5,430
Loss on disposal of investments in subsidiaries	622	3,044
Net loss (gain) on disposal of property and equipment	240	(8,938)
Depreciation of property and equipment	14,539	19,986
Depreciation of investment property	1,019	1,626
Amortization of intangible assets	7,631	9,263
Impairment loss of intangible assets	235	1,576
Net loss on disposal of intangible assets	480	-
Provision for losses for other assets	133	254
Loss on valuation of financial liabilities held-for-trading	5,065	8,874
Net loss(gain) on valuation of financial liabilities at fair value through profit or loss	(21,403)	245,077
Net gain on valuation of Derivative financial instruments	(2,801)	(169,523)
Net loss(gain) on foreign exchanges translation	28,902	(2,270)
Severance and retirement benefits	32,629	39,368
Provisions for lawsuit liabilities and others	10,431	3,087
Reversal of share-based payment expense	(952)	-
	(45,672)	(262,656)
Changes in :		
Due from banks	545,890	389,488
Financial assets held-for-trading	(129,699)	(3,822,731)
Financial assets at fair value through profit or loss	209,740	(557,501)
Loans	(133,843)	(105,268)
Derivative financial assets	526,112	247,566
Other assets	86,835	1,089,783
Financial liabilities held-for-trading	(33,102)	257,800
Financial liabilities at fair value through profit or loss	708,745	664,369
Deposits	(248,598)	337,142
Derivative financial liabilities	(441,821)	(136,378)
Defined benefit liability	(5,401)	(20,911)
Other liabilities	21,265	(630,176)
	1,106,123	(2,286,817)
Interest received	527,403	726,711
Interest paid	(385,042)	(528,166)
Dividends received	12,186	18,266
Income taxes paid	(29,391)	(56,328)
Net cash provided by (used in) operating activities	1,143,298	(2,234,973)

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Financial Statements

Statements of Cash Flows

For the period ended December 31, 2013 and the year ended March 31, 2013

Daewoo Securities Co., Ltd.	(Unit : KRW million)	
	9-month period ended December 31, 2013	12-month period ended March 31, 2013 (Restated)
Cash flows from investing activities		
Proceeds from disposal of property and equipment	33	25,832
Proceeds from disposal of intangible assets	4,863	-
Acquisitions of investments in subsidiaries	(3,497)	(303,690)
Proceeds from disposal of investments in subsidiaries	904	54,554
Decrease (Increase) of available-for-sale financial assets, net	(1,442,592)	1,555,787
Acquisitions of property and equipment	(5,915)	(8,726)
Acquisitions of intangible assets	(9,238)	(11,322)
Decrease in guarantee deposits	7,950	2,146
Net cash provided by (used in) investing activities	(1,447,492)	1,314,581
Cash flows from financing activities		
Increase of borrowings, net	438,353	1,597,752
Issuance of bonds	1,895,000	298,989
Repayment of bonds	(1,865,000)	(300,000)
Proceeds from issuance of treasury stocks	-	3,599
Dividends paid	(40,292)	(53,687)
Net cash provided by financing activities	428,061	1,546,653
Effect of exchange rate fluctuations on cash and cash equivalents held	(812)	(1,477)
Net increase in cash and cash equivalents	123,055	624,784
Cash and cash equivalents at the beginning of the period	987,906	363,122
Cash and cash equivalents at the end of the period	1,110,961	987,906

Statements of Appropriations of Retained Earnings

As of December 31, 2013 and March 31, 2013

Expected approval date and actual approval date of appropriations of retained earnings are March 25, 2014 and June 21, 2013, respectively.

Daewoo Securities Co., Ltd.	(Unit : KRW million)	
	December 31, 2013	March 31, 2013
Unappropriated retained earnings		
Balance at the beginning of the period	1,551,616	1,465,284
The cumulative effect of changes in accounting policies	-	15,778
Profit (loss) for the period	(33,786)	116,087
	1,517,830	1,597,149
Appropriation of retained earnings		
Legal reserve	-	(4,029)
Regulatory reserve for credit losses	4,863	(1,212)
Dividends		
Cash dividends	-	(40,292)
(Common stock - Current period : ₩0 (0.0%)		
- Prior period : ₩120 (2.4%)		
Preferred stock - Current period : ₩0 (0.0%)		
- Prior period : ₩132 (2.6%)		
	4,863	(45,533)
Unappropriated retained earnings to be carried over to subsequent period	1,522,693	1,551,616



K D B D a e w o o S e c u r i t i e s
Independent Auditors' Report

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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 statements of financial position of Daewoo Securities Co., Ltd. and its subsidiaries (collectively the "Group") as of December 31 and March 31, 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the 9-month period ended December 31, 2013 and for the year ended March 31, 2013. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The accompanying consolidated statement of financial position of the Group as of April 1, 2012, presented for comparative purposes, was audited by other auditors, whose report thereon dated June 14, 2012, expressed an unqualified opinion. The consolidated statement of financial position of the Group as of April 1, 2012, which other auditors expressed an unqualified opinion, was a statement on which changes in accounting policies explained in Note 3 are not reflected, and the accompanying consolidated statement of financial position, presented for comparative purposes, is a statement on which changes in accounting policies are reflected.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31 and March 31, 2013 and its financial performance and its cash flows for the 9-month period ended December 31, 2013 and for the year ended March 31, 2013 in accordance with Korean International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to the following :

The Group adopted amendments to K-IFRS No. 1019 'Employee Benefits' from the annual period beginning on April 1, 2013. In accordance with K-IFRS No. 1019, the Group restated the accompanying consolidated statements of financial position as of March 31, 2013 and April 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year ended

March 31, 2013. As a part of our audits on the consolidated financial statements for the 9-month period ended December 31, 2013 and for the year ended March 31, 2013, we have also performed an audit on the adjustments applied to restate the consolidated statement of financial position as of April 1, 2012. Except for the adjustments explained above, we have not performed an audit, review, or any other attestation on the accompanying consolidated statement of financial position as of April 1, 2012.

In addition, the Group has changed its closing date to December 31, which had been March 31, in accordance with the resolution of the controlling company's general meeting of stockholders held on June 21, 2013. Accordingly, the accompanying consolidated statements of comprehensive income and cash flows, and the related notes, are not for comparable periods.

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those knowledgeable about Korean auditing standards and their application in practice.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.

Seoul, Korea
February 28, 2014

KPMG SAMJONG

Notice to Readers

This report is effective as of February 28, 2014, 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 statements of financial position of Daewoo Securities Co., Ltd. (the "Company") as of December 31 and March 31, 2013, and the related separate statements of comprehensive income, changes in equity and cash flows for the 9-month period ended December 31, 2013 and for the year ended March 31, 2013. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these separate financial statements based on our audits. The accompanying separate statement of financial position of the Company as of April 1, 2012, presented for comparative purposes, was audited by other auditors, whose report thereon dated June 14, 2012, expressed an unqualified opinion. The separate statement of financial position of the Company as of April 1, 2012, which other auditors expressed an unqualified opinion, was a statement on which changes in accounting policies explained in Note 3 are not reflected, and the accompanying separate statement of financial position, presented for comparative purposes, is a statement on which changes in accounting policies are reflected.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31 and March 31, 2013 and its financial performance and its cash flows for the 9-month period ended December 31, 2013 and for the year ended March 31, 2013 in accordance with Korean International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to the following :

The Company adopted amendments to K-IFRS No. 1019 'Employee Benefits' from the annual period beginning on April 1, 2013. In accordance with K-IFRS No. 1019, the Company restated the accompanying separate statements of financial position as of March 31, 2013 and April 1, 2012, and the related separate statements of comprehensive income, changes in equity and cash flows for the year ended March 31, 2013.

As a part of our audits on the separate financial statements for the 9-month period ended December 31, 2013 and for the year ended March 31, 2013, we have also performed an audit on the adjustments applied to restate the separate statement of financial position as of April 1, 2012. Except for the adjustments explained above, we have not performed an audit, review, or any other attestation on the accompanying separate statement of financial position as of April 1, 2012.

In addition, the Company has changed its closing date to December 31, which had been March 31, in accordance with the resolution of the general meeting of stockholders held on June 21, 2013. Accordingly, the accompanying separate statements of comprehensive income and cash flows, and the related notes, are not for comparable periods.

The procedures and practices utilized in the Republic of Korea to audit such separate financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those knowledgeable about Korean auditing standards and their application in practice.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.

Seoul, Korea

February 28, 2014

KPMG SAMJONG

Notice to Readers

This report is effective as of February 28, 2014, 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' 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, 2013. 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, 2013 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, 2013 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, 2013. We did not review the Company's ICFR subsequent to December 31, 2013. 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

February 28, 2014

KPMG SAMJONG

Notice to Readers

This report is annexed in relation to the audit of the separate financial statements as of and for the 9-month period ended December 31, 2013 and the review of internal control over financial reporting pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.

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 45th fiscal year, from April 1, 2013 to December 31, 2013.

1. Auditing Method Outline

(a) Audit on Accounting

We audited the financial statements (consolidated, non-consolidated) for the Company's 45th 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 Financial Positions (consolidated, non-consolidated) & Statement of Comprehensive Income (consolidated, non-consolidated)

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 statements of financial positions (consolidated, non-consolidated) and statement of comprehensive income (consolidated, non-consolidated).

3. Matters on the Statement of Appropriation of Retained Earnings

The statement of appropriation of retained earnings is made out 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.

February 19, 2014

KDB Daewoo Securities' Audit Committee



Chair of the Committee
Jungho Kang



Member of the Committee
Kee Sang Cho



Member of the Committee
Sang Woo Kim



K D B D a e w o o S e c u r i t i e s
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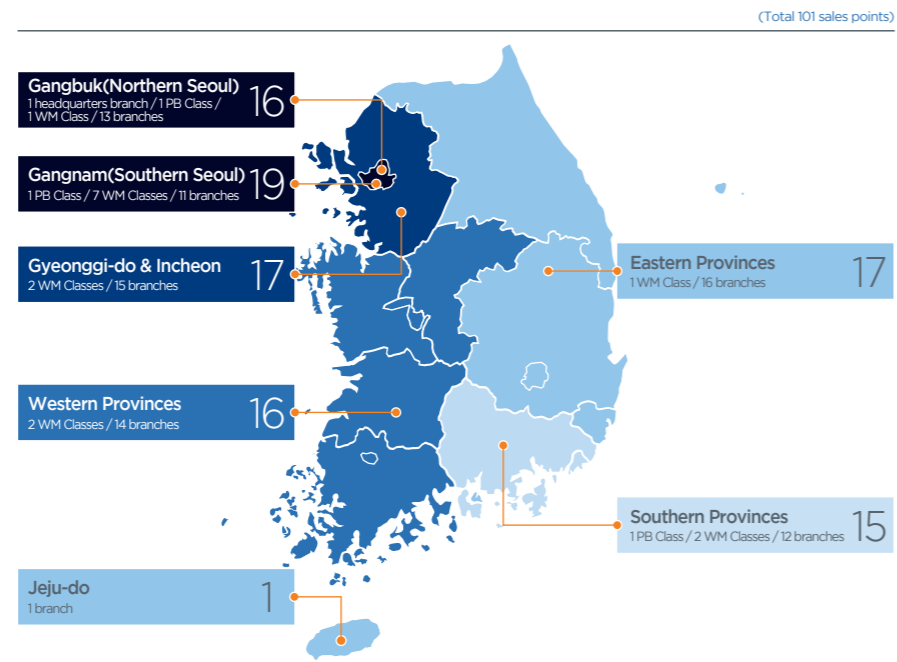
Appendix

Organization

Organization

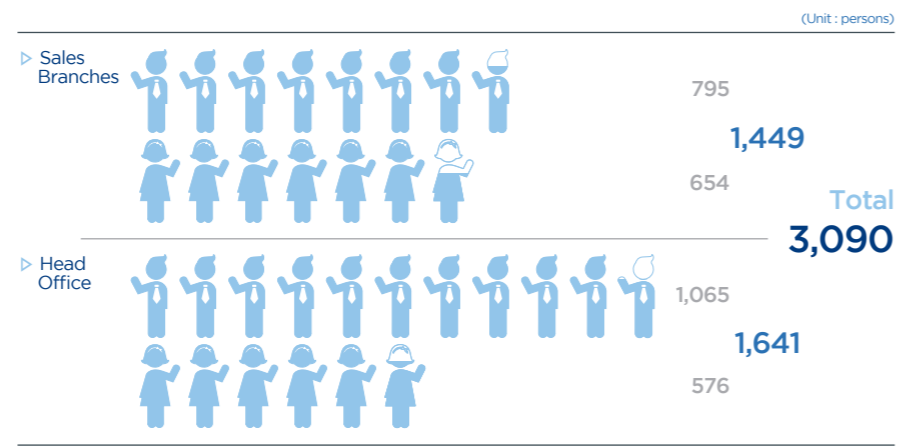
- ▷ **4 Business divisions, 1 Marketing division, 26 units** (6 retail sales units / 10 business units / 10 support units)
- ▷ **69 departments** (9 offices / 57 departments / 2 centers / 1 research division) / **12 teams** (6 teams in retail sales units / 6 teams at headquarters)
- ▷ **101 sales points** (1 headquarters branch / 3 PB Class / 15 WM Class / 82 branches)
- ▷ **Domestic subsidiary** : MidEum Co., Ltd.
- ▷ **Overseas network** : 7 overseas subsidiaries / 1 overseas branch / 3 overseas representative offices

Regional Branch Networks



※ As of December 2013

Workforce

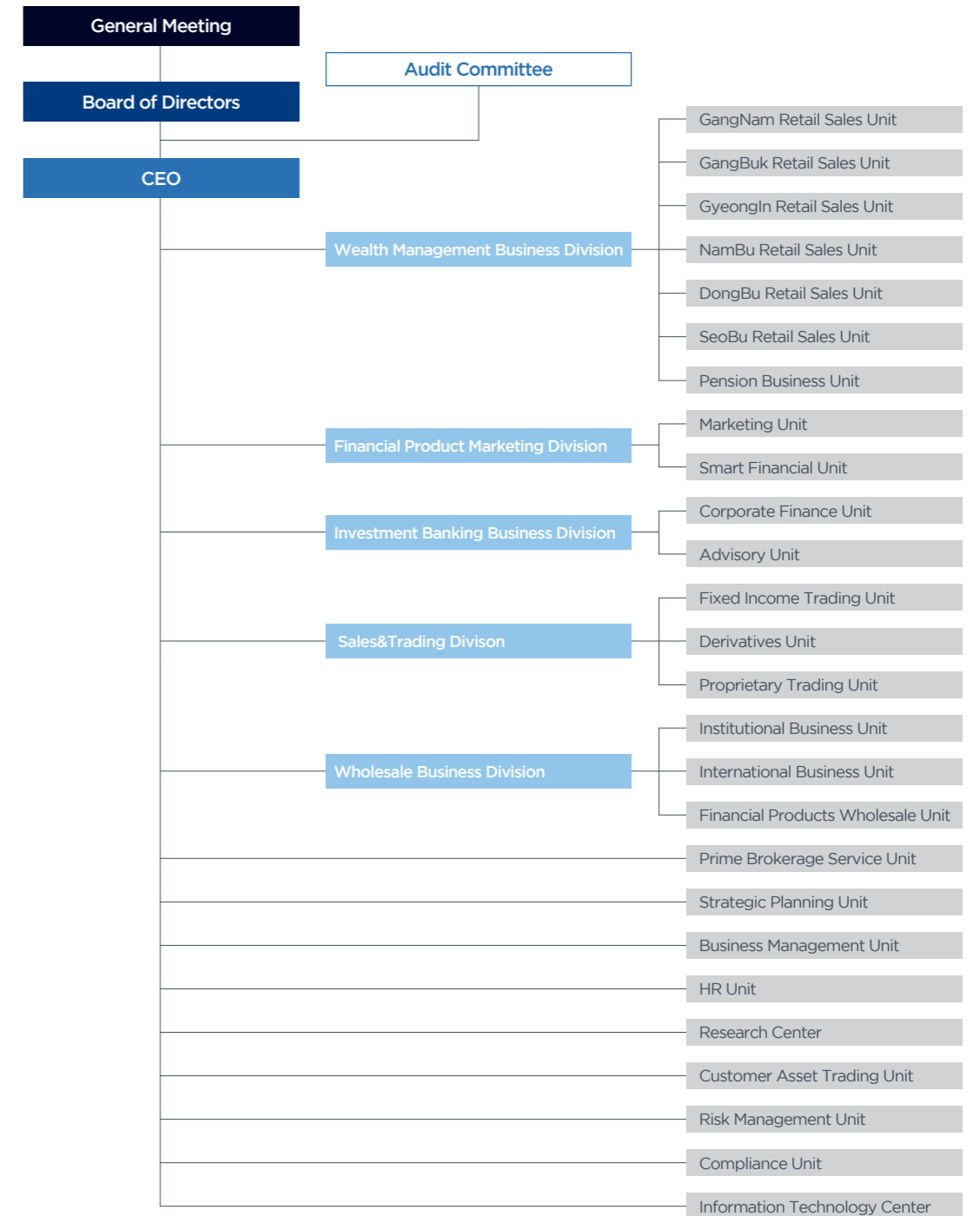


※ As of December 2013

Appendix

Organizational Chart

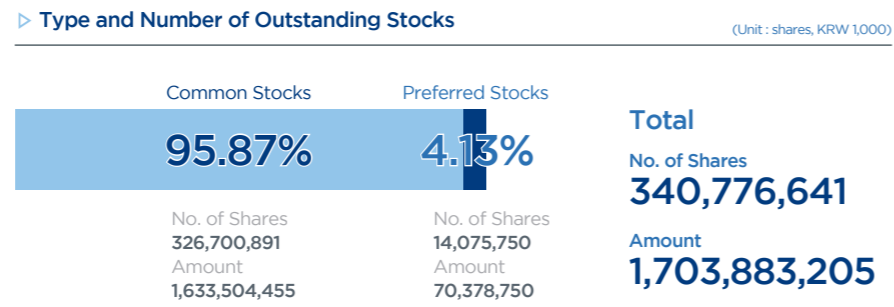
Organizational Chart



Appendix

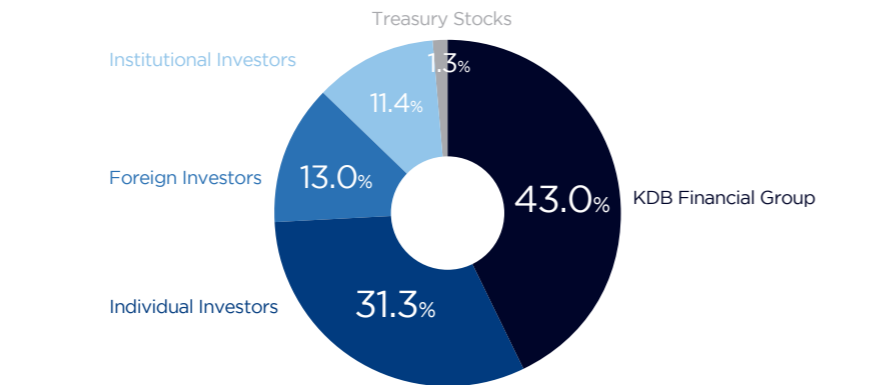
- Stock Information
- Share Ownership
- Credit Rating

Stock Information



※ As of December 2013

Share Ownership



※ As of December 2013

Credit Rating

AA+ Stable
(Korea Ratings, Korea Investors Service, NICE Investors Service)

Baa2
(Moody's)

Appendix

Corporate History

Corporate History

2013	Dec. 4	Entered into a strategic business alliance (MOU) with Berjaya Land (Malaysia)
	Sep. 9	Strategic business alliance with KT for joint marketing
	Aug. 1	Established a local subsidiary in Indonesia
	May. 29	Signed an MOU with Mongolia's largest commercial bank, Golomt Bank
	May. 29	Established a local subsidiary in Mongolia
2012	Apr. 18	Acquired management rights to eTrading of Indonesia with an 80 percent share
	Nov. 23	Concluded an MOU with Bank of China International (BOCI)
	Dec. 18	Signed an MOU with Bank of China (Hong Kong)
	Oct. 16	Entered a co-development agreement for the Tees Biomass Power Project (UK)
	Sep. 20	Established MidEum Co., Ltd. as a subsidiary
2011	July. 12	Established a local subsidiary in Singapore
	May. 3	USD 100 million capital increase of Hong Kong subsidiary
	Mar. 14	Signed a business alliance with Mercury Capital Advisors (US)
	Feb. 12	Finalized a business alliance with Marshall Wace (UK)
	Dec. 18	Concluded a strategic business alliance with IS Investment company (Turkey)
	Dec. 6	USD 100 million capital increase of Hong King Subsidiary
	Nov. 7	Domestic credit rating upgraded to AA+
	Nov. 3	Payment for rights offering
	Aug. 30	Tokyo representative office was promoted to branch level
	Aug. 12	Established Daewoo Investment Advisory (Beijing) Co., Ltd.
2009	Jan. 17	Given Baa2 ranking by Moody's
	Oct. 28	Launch of the KDB Financial Group, with the majority shareholder of Daewoo Securities changed from KDB to KDB Holding Company
	Oct. 1	Spun off from the Daewoo Group
1999	Oct. 1	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. 1	Merged with Daewoo Corporation
1970	Sep. 23	Establishment of Dong Yang Securities Co., Ltd. (former Daewoo Securities)

Appendix

Domestic Network

Headquarter Southern Seoul		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 Apgujeong	2F, Yunggi Bldg., 210, Apgujeong-ro, Gangnam-gu, Seoul	82-2-545-0361
	WM Class Dogok	3F, Samsung Engineering Bldg., 39, Eonju-ro 30-gil, Gangnam-gu, Seoul	82-2-573-5599
	WM Class Gangnam	3F, Namgyeong Bldg., 401, Teheran-ro, Gangnam-gu, Seoul	82-2-3429-0077
	WM Class Hanti	2F, D'Mark Bldg., 408, Dogok-ro, Gangnam-gu, Seoul	82-2-561-1133
	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
	Daechi	4F, Daewon Bldg., 2947, Nambusunhwan-ro, Gangnam-gu, Seoul	82-2-3411-3111
	Yeoksamdong	1, 2F Punggrim Bldg., 124, Teheran-ro, Gangnam-gu, Seoul	82-2-556-9441
	Teheran Valley	1, 2F, Haesung Bldg., 504, Teheran-ro, Gangnam-gu, Seoul	82-2-564-3355
	Seochodong	1F, Daeryeong Secho Tower., 327, Gangnam-daero, Seocho-gu, Seoul	82-2-3474-8383
	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
	Gyodae Station	2F, Halim International Bldg., 320, Seocho-daero, Seocho-gu, Seoul	82-2-592-5959
	Songpa	3F, Daejun Bldg., 364, Baekjegobun-ro, Songpa-gu, Seoul	82-2-419-5160
	Olympic	1178, Yangjae-daero, Songpa-gu, Seoul	82-2-404-8851
Garak	2F, East Building of IT Venture Tower, 135, Jungdae-ro, Songpa-gu, Seoul	82-2-3401-5544	
Northern Seoul	PB Class Finance Center	15F, Finance Bldg., 136, Sejong-daero, Jung-gu, Seoul	82-2-734-9944
	WM Class Seoul Station	2F, Seoul Square, 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
	Nowon	4F, Kyobo Bldg., 467, Nohae-ro, Nowon-gu, Seoul	82-2-934-2511
	Cheongnyangni	1F, Seongil Bldg., 28, Hongneung-ro, Dongdaemun-gu, Seoul	82-2-962-4911
	Mapo	3F, Goryeo Academytel II, 52, Mapo-daero, Mapo-gu, Seoul	82-2-719-8861
	Sincheon	3F, Geochon Bldg., 67, Sinchon-ro, Seodaemun-gu, Seoul	82-2-332-2321
	Seongdong	3F, Narae Tower, 234, Gosanja-ro, Seongdong-gu, Seoul	82-2-2297-4466
	Janghanpyeong	1F, Geumpung Bldg., 432, Cheonho-daero, Seongdong-gu, Seoul	82-2-2248-8700
	Ichondong	2F, Hangang Shopping Center, 224, Ichon-ro, Yongsan-gu, Seoul	82-2-797-9696
	Gwanghwamun	2F, Royal Bldg., 19, Saemunan-ro 5-gil, Jongno-gu, Seoul	82-2-736-9170
	Myeongdong	6F, Gaeyang Bldg., 6, Myeongdong 3-gil, Jung-gu, Seoul	82-2-777-5400
	WM Class Mokdong Central	3F, Trapalace Eastern Avenue, 299, OMok-ro, Yangcheon-gu, Seoul	82-2-2601-6191
	Gangseo	2F, Wonnung Bldg., 301, Hwagok-ro, Gangseo-gu, Seoul	82-2-2691-5774
	Gwanak	3F, Dongjin Bldg., 217, Gwanak-ro, Gwanak-gu, Seoul	82-2-875-5454
	Gaebongdong	2F, Dorco Bldg., 323, Gyeongin-ro, Guro-gu, Seoul	82-2-2616-6655
	Geumcheon	2F, Konkuk Bldg., 421, 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	
Sales Department	1, 2F, KDB Daewoo Securities Bldg., 56, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul	82-2-768-3114	
Yeongdeungpo	5F, Shinhan Bank Bldg., 27, Yeongjung-ro, Yeongdeungpo-gu, Seoul	82-2-2632-8741	
Incheon, Gyeonggi	WM Class Seohyeon	4F, Hyeondae Plaza, 35, Hwangsa-eul-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
	Hwajeong	3F, Hole in One Plaza, 72, Hwajung-ro, Deogyang-gu, Goyang-si, Gyeonggi-do	82-31-938-9911
	Ilsan	3F Hansol Core, 1406, Jungang-ro, Ilsanseo-gu, Goyang-si, Gyeonggi-do	82-31-921-3101
	Sanbon	3F, Kookmin Bank Bldg., 16-26, Sanbon-ro 323beon-gil, Gunpo-si, Gyeonggi-do	82-31-394-0940
	Bucheon	5F, Nonghyup Bldg., 187, Sinheung-ro, Wonmi-gu, Bucheon-si, Gyeonggi-do	82-32-667-7711
	Bundang	2F, Intelligo I KINS tower, 8, Seongnam-daero 331beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do	82-31-718-3311
	Ansan	3F, BYC Bldg., 181, Gwangdeok-daero, Danwon-gu, Ansan-si, Gyeonggi-do	82-31-482-0055
	Pyeongchon	3F, #A, Daelim Acro Tower, 230, Simin-daero, Dongan-gu, Anyang-si, Gyeonggi-do	82-31-386-2323
	Uijeongbu	2F Kyobo Bldg., 478, Pyeonghwa-ro, Uijeongbu-si, Gyeonggi-do	82-31-877-8772
	Dongtan	4F, Winner Star, 163, Dongtanwoncheon-ro, Hwaseong-si, Gyeonggi-do	82-31-8015-0088
	Juan	3, 4F, KDB Daewoo Securities Bldg., 407, Gyeongin-ro, Nam-gu, Incheon	82-32-423-1100
	Bupyeong	5F Geumnam Bldg., 21, Bupyeong-daero, Bupyeong-gu, Incheon	82-32-505-8451
	Yeonsu	2F, Somang Bldg., 189, Meonugeum-ro, Yeonsu-gu, Incheon	82-32-813-5588
	Incheon	1, 2, 3F, KDB Daewoo Securities Bldg., 172, Jemullyang-ro, Jung-gu, Incheon	82-32-763-4401

Appendix

Domestic Network

Busan, Gyeongnam	PB Class Centumcity	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 Ioncity Bldg, 74, Seomyeon-ro, Busanjin-gu, Busan	82-51-806-6001
	Dongnae	2, 3F, KDB Daewoo Securities Bldg., 225, Chungnyeol-daero, Dongnae-gu, Busan	82-51-554-4111
	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
	Busan	5F, Korea Development Bank Bldg., 136, Daecheong-ro, Jung-gu, Busan	82-51-242-3351
	Haeundae	7F, Maarina Center, 154, Haeundaebyeon-ro, Haeundae-gu, Busan	82-51-743-1211
	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
	Jeonju	3F, KDB Daewoo Securities Bldg., 1036, Jinju-daero, Jinju-si, Gyeongsangnam-do	82-55-742-3444
	Masan	2F, Muhak Bldg., 628 3-15 De-ro MasanHoiwon-gu, Changwon-si, Gyeongsangnam-do	82-55-297-8851
	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
	WM Class Daegu	2F, Doosan Weve The Jenis Arcade, 2435, Dalgubeol-daero, Suseong-gu, Daegu	82-53-751-0345
	Seongseo	4F, National Pension Corporation Bldg, 4F National Pension Corp. Daegu Bldg., 419, Seongseo-ro, Dalseo-gu, Daegu	82-53-582-4567
Sangin	2F, Sanin Plaza, 260, Wolgok-ro, Dalseo-gu, Daegu	82-53-638-4100	
Chilgok	2F, wooyoung Palace, 411, Chilgokjungang-daero, Buk-gu, Daegu	82-53-325-5533	
Daegu Central	2F, KT Smart Medi Tower, 167, Dongdeok-ro, Jung-gu, Daegu	82-53-421-0141	
Gyeongsan	2F, Donyun Bldg., 233, Gyeongan-ro, Gyeongsan-si, Gyeongsangbuk-do	82-53-811-2211	
Gyeongju	1F, KT Gyeongju Office, 125, Hwangang-ro, Gyeongju-si, Gyeongsangbuk-do	82-54-776-5533	
Gumi	2F, Korea Development Bank Bldg., 107, Songjeong-daero, Gumi-si, Gyeongsangbuk-do	82-54-451-5511	
Andong	1F, KDB Daewoo Securities Bldg., 25, Yeongga-ro, Andong-si, Gyeongsangbuk-do	82-54-841-2266	
Pohang	1F, KDB Daewoo Securities Bldg., 271, Jungheung-ro, Buk-gu, Pohang-si, Gyeongsangbuk-do	82-54-277-6655	
Ulsan South	251, Samsan-ro, Nam-gu, Ulsan	82-52-258-7766	
Ulsan	2F, Daehd Bldg., 487, Beonyeong-ro, Jung-gu, Ulsan	82-52-244-8441	
WM Class Gwangju	1F, KDB Daewoo Securities Bldg., 168, Geumnam-ro, Dong-gu, Gwangju	82-62-227-6605	
Duamdong	2F, Dongwon Bldg., 140, Jangsin-ro, Gwangsan-gu, Gwangju	82-62-956-9449	
Mokpo	5F, Donggang Bldg., 152, Dongmun-daero, Buk-gu, Gwangju	82-62-267-8844	
Suncheon	3F, Ilhae Bldg., 360, Baengnyeong-daero, Mokpo-si, Jeollanam-do	82-61-285-9911	
Yeosu	2F, Kookmin Bank Bldg., 149, Yeonhyangbeonyeong-gil, Suncheon-si, Jeollanam-do	82-61-724-4422	
Gunsan	2F, Korea Development Bank Bldg., 30, Sicheong-ro, Yeosu-si, Jeollanam-do	82-61-663-7997	
Iksan	2F, You & Me Plaza, 70, Hanaun-ro, Gunsan-si, Jeollabuk-do	82-63-443-1711	
Jeonju	4F, Eld Town, 426, Hana-ro, Iksan-si, Jeollabuk-do	82-63-857-8811	
Hyojadong	1F, KDB Daewoo Securities Bldg., 213, Girin-daero, Wansan-gu, Jeonju-si, Jeollabuk-do	82-63-288-0011	
WM Class Dunsan	1F, Donga Bldg., 110, Yongmeori-ro, Wansan-gu, Jeonju-si, Jeollabuk-do	82-63-227-1414	
Yongjeondong	2F, Finance Tower, 50, Dunsanjung-ro, Seo-gu, Daejeon	82-42-483-6555	
Daejeon	2F, Bukwang Bldg., 1629-6, Dongseo-daero, Dong-gu, Daejeon	82-42-627-4100	
Cheonan Asan	2F Hansol Bldg., 149, Jungang-ro, Jung-gu, Daejeon	82-42-253-3301	
Asan	3F, Woosung Medipia Bldg., 147, Gosokcheol-daero, Baebang-eup, Asan-si, Chungcheongnam-do	82-41-562-0311	
Jecheon	5F, UL City, 22, Chungmu-ro, Asan-si, Chungcheongnam-do	82-41-549-2233	
Cheongju	2F, Daemyeong Bldg., 123, Uirim-daero, Jecheon-si, Chungcheongbuk-do	82-43-642-6600	
Donghae	1, 2F, KDB Daewoo Securities Bldg., 4, Sangdang-ro 81beon-gil, Sangdang-gu, Cheongju-si, Chungcheongbuk-do	82-43-250-3311	
Sokcho	2F, Donghae Bldg., 56, Cheongok-ro, Donghae-si, Gangwon-do	82-33-532-3340	
Wonju	2F, Bogwang Bldg., 3, Jungang-ro, Sokcho-si, Gangwon-do	82-33-636-3900	
Chuncheon	4, 5F, Hana-ro Bldg., 48, Wonil-ro, Wonju-si, Gangwon-do	82-33-745-1651	
Jeju	3, 4F, KDB Daewoo Securities Bldg., 59, Geumgang-ro, Chuncheon-si, Gangwon-do	82-33-251-8851	
	2F, KDB Daewoo Securities Bldg., 44, Gwandeok-ro, Jeju-si, Jeju-do	82-64-755-8851	

※ As of December 2013

Appendix

KDB
Daewoo
Securities'
Overseas
Network

Headquarter	<ul style="list-style-type: none"> • Seoul Daewoo Securities Co., Ltd. KDB Daewoo Securities Bldg., 56, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, Korea Tel +82-2-768-2103 (IR Team) Fax +82-2-768-2119
UK	<ul style="list-style-type: none"> • London Daewoo Securities (Europe) Ltd. 41st Floor, Tower 42, 25 Old Broad St., London, EC2N 1HQ, UK Tel +44-20-7982-8000 Fax +44-20-7982-8040
USA	<ul style="list-style-type: none"> • New York Daewoo Securities (America) Inc. 320 Park Avenue, 31st Floor, New York, NY, 10022, USA Tel +1-212-407-1000 Fax +1-212-407-1010
China	<ul style="list-style-type: none"> • Hong Kong Daewoo Securities (Hong Kong) Ltd. Suites 2005-2012, Two International Finance Centre, 8 Finance Street, Central, HK Tel +85-2-2514-1306 Fax +85-2-2845-5374
Singapore	<ul style="list-style-type: none"> • Singapore Daewoo Securities (Singapore) Pte. Ltd. Six Battery Road #11-01, Singapore, 049909 Tel +65-6671-9845 Fax +65-6226-3221
Mongolia	<ul style="list-style-type: none"> • Ulaanbaatar Daewoo Securities (Mongolia) LLC #406, Blue Sky Tower, Peace Avenue 17, 1 Khoroo, Sukhbaatar District, Ulaanbaatar 14240, Mongolia Tel +976-7011-0807 Fax +976-7011-0899
Indonesia	<ul style="list-style-type: none"> • Jakarta PT. Daewoo Securities Indonesia EQUITY Tower 50th Floor, Jl. Jend Sudirman, SCBD LOT 9, Jakarta, 12190, Indonesia Tel +62-21-2553-1000 Fax +62-21-574-1443
Japan	<ul style="list-style-type: none"> • Tokyo Daewoo Securities Co., Ltd. Tokyo Branch 7F, Yusen Building, 2-3-2, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan Tel +81-3-3211-5511 Fax +81-3-3211-5544
Vietnam	<ul style="list-style-type: none"> • Hochiminh Hochiminh Representative Office Suites 2103, Saigon Trade Center, 37 Ton Duc Thang St, Dist. 1, HCMC, Vietnam Tel +84-8-3910-7715 Fax +84-8-3910-7716
China	<ul style="list-style-type: none"> • Beijing Beijing Representative Office 2401A, 24th Floor, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022, China Tel +86-10-6567-9299 Fax +86-10-6569-7899 • Shanghai Shanghai Representative Office Room 38T31, 38F SWFC, 100 Century Avenue, Pudong New Area, Shanghai, 200120, China Tel +86-21-5013-6392 Fax +86-21-5013-6395 • Beijing Daewoo Investment Advisory (Beijing) Co., Ltd. 2401B, 24th Floor, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022, China Tel +86-10-6567-9699 Fax +86-10-6567-7899

※ As of December 2013

Appendix

KDB
Daewoo
Securities'
Award
2013

Dec. 16	Awarded the Special Prize at the 10th Web Awards Korea
Dec. 11	Awarded the Best Prize (Research Division) at the 2013 Asia Investors Korea Awards by Asia Business Daily
Nov. 28	Received the Best Prize (Customer Satisfaction) at the 3rd Market Leader Awards
Nov. 26	Received the Best CEO prize and Ministerial Prize at the 20th Business Innovation Awards
Nov. 26	Awarded the Best Prize (Derivatives) at the 2013 Korea Securities Awards
Nov. 22	Indonesian subsidiary awarded the Best Online Trading & Pioneer Prize at the 2013 Berita Satu Online Trading Awards
Nov. 20	Ranked first place (Securities) at the 2013 Korea Standard-Contact service Quality Index (KS-CQI)
Nov. 7	Awarded the Best Prize (Timely Service) at the 3rd Asia Mobile Trade System (MTS) Awards
Nov. 4	Awarded the Carbon Management Special Prize at the 2013 Carbon Disclosure Project (CDP) Awards
Oct. 30	Included as a DJSI (Dow Jones Sustainability Indexes) 2013/2014 World Index Company
Oct. 29	Awarded the Best Prize (Risk Management) at the 2013 Asia Today Best Awards by Asia Today Daily
Oct. 22	Ranked first place (Securities) at the 2013 Korea Highest Brand Index by Brand Stock
Jun. 19	Named the best equities house and best investment bank at the 2013 Finance Asia Awards by Finance Asia
May 22	Named Securities House of the Year at the 10th Korea IB House Awards
Apr. 30	Awarded the Best Financial Product Prize at the 2013 Herald Capital Market Awards by Herald Business
Mar. 28	Awarded the Deal of the Year for Financial Derivatives at the 8th KOSDA Awards
Feb. 21	Awarded the Best Fund Vendor Prize at the 4th Asia Fund Awards by Asia Business Daily
Feb. 21	Awarded the Best Securities House Prize at the 2013 e-Daily Korea Financial Sector Awards by e-Daily
Feb. 14	Named the Best Fund Vendor (Securities House) at the 12th Korea Fund Awards by Maeil Business Daily
Feb. 13	Given the Best Prize from the National Assembly Policy Committee at the 1st Newspim Capital Market Awards
Jan. 25	Awarded the Best Derivatives Product Prize at the 4th Korea IB Awards
Jan. 24	Awarded the Best Bond Deal and Best IPO House at the 2013 Korea Capital Markets The Bell League Table Awards
Jan. 24	Awarded the Best Fund Vendor Prize at the 2013 Korea Funds Awards by the Korea Economic Daily
Jan. 24	Awarded the triple crown (IB, fixed income outlook, market outlook) at the 2nd Yonhap Media Group Best Awards by Yonhap News
Jan. 23	Awarded the Best Prize (Online Category) at the 2013 Korea Best Brand Awards
Jan. 17	Awarded the Best Prize at the Korea Best Report Awards by MoneyToday
Jan. 17	Awarded the Gold Prize (Corporate Finance) at the 15th Maekyung Awards by Maeil Business Daily

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IR Information

Fiscal year ends December 31
General shareholders' meeting on March 25, 2014

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