

Daewoo Securities 3Q FY2008 Earnings Release

3Q FY2008 : October 2008 ~ December 2008



Table of Contents

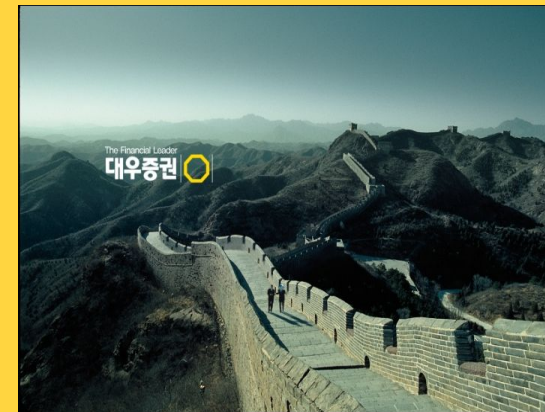
I. Company Overview.....	2
II. Business Performances	6



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

I. Company Overview

1. Company Profile	3
2. Overseas Network	4
3. Organization Chart.....	5

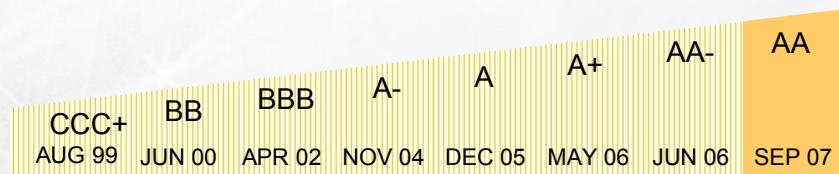


Company Profile

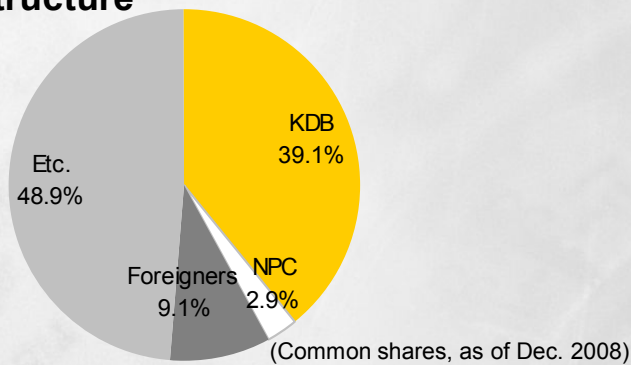
Established SEP 23, 1970 (Listed in 1975)

CEO Sung-Tae Kim (May 2007)

Credit Rating AA (Korea Ratings: Sep. 2007)



Shareholder Structure



Financial Highlights

(KRW tln)	FY07	FY06	(KRW bln)	FY07	FY06
Total Assets	12.1	9.0	Operating Income	462.1	455.2
Shareholder's Equity	2.4	2.1	Ordinary Income	463.2	470.8
Paid-in Capital	1.0	1.0	Net Income	336.8	446.1

Market Capitalization

(as of Dec. '08)	Common Shares	Preferred Shares	Total
Market Cap. (KRW tln)	3.21	0.09	3.30
Share Price (KRW)	16,900	6,490	-
Outstanding Shares	190,100,891	14,075,750	204,176,641

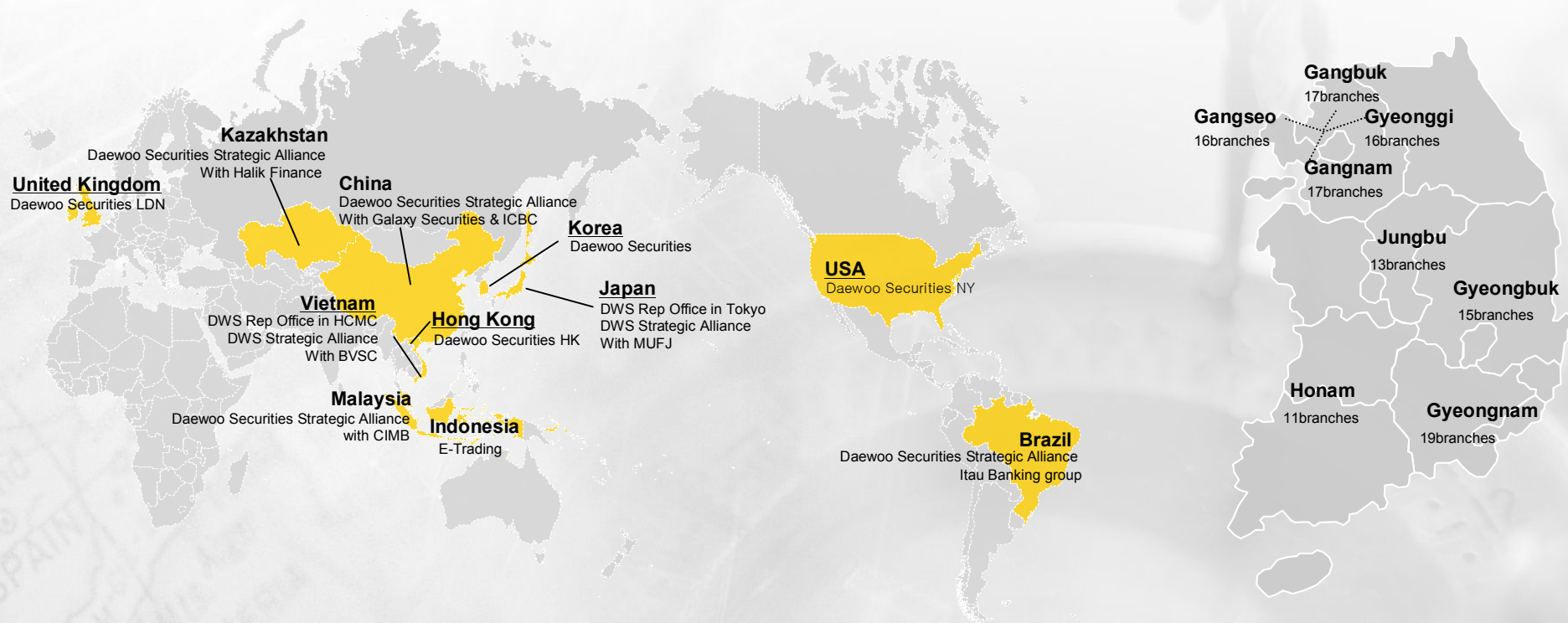
Number of Employees

(head count)	Dec. '08	March '08	March '07
Branches	1,896	1,858	1,825
Headquarter	1,304	1,253	1,085
Total	3,200	3,111	2,910

Overseas Network

○ Number of branches and alliances

- Domestic Network** 124 branches (10 Wealth Management Centers, 1 IB Center, 3 Representative Offices)
- Overseas Network** 3 Subsidiaries (Hong Kong, New York, London), 2 Representative Office (Tokyo, Ho Chi Minh)
- Global Alliance** 8 Financial Institutions in Japan, China, Indonesia, Malaysia, Vietnam, Kazakhstan, Brazil



Organization Chart



II. Business Performances

1. Earnings Summary	07
2. Brokerage	08
3. Wealth Management	11
4. Investment Banking	14
5. Interest Income	16
6. SG&A Expenses	17



I. Financial Highlight

Summarized Income Statement

(KRW bln, %)	3Q FY08	2Q FY08	Change QoQ (%)	3Q FY07	Change YoY (%)	FY2008
Net Commissions	115.8	104.2	11%	196.4	-41%	373.2
○ Brokerage Commissions	99.2	83.1	19%	163.3	-39%	292.4
○ IB Commissions ¹⁾	12.6	12.1	4%	15.9	-21%	38.8
○ WM Commissions ²⁾	15.5	25.6	-39%	37.6	-59%	85.5
• Structured Securities	8.9	17.1	-48%	24.6	-64%	60.3
△ Commission Expenses	11.5	16.6	-31%	20.4	-44%	43.5
IB Gain or Loss of Sales and Valuation of Securities	50.0	-86.3	turn profit	-8.6	turn profit	-69.2
Interest Income/Loss	63.1	59.2	7%	48.6	30%	187.0
Others	-13.2	3.7	-	-3.4	-	-5.7
SG&A	122.9	107.0	15%	127.6	-4%	358.5
Operating Income	92.8	-26.2	turn profit	105.4	-12%	126.8
Net non-operating income	19.7	2.1	838%	-11.1	turn profit	23.9
Income before Income Tax	112.5	-24.1	turn profit	94.3	19%	150.7
Income Tax Expenses	28.4	-6.1	-	27.4	4%	39.9
Net Income (Loss)	84.1	-18.0	turn profit	66.9	26%	110.8

1) IB Commissions = Underwriting commissions + Consulting fee + Underwriting commissions on debentures + Other commissions

2) WM Commissions = Commissions on beneficiary certificates + Management fee on wrap account + Fees on sales of structured securities

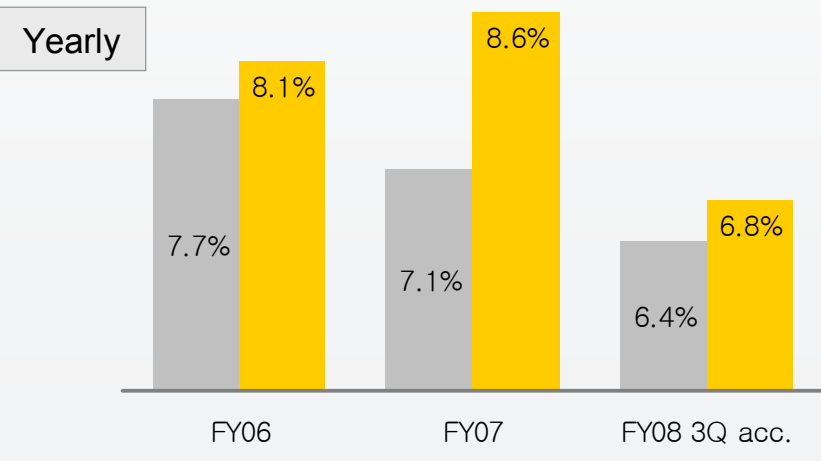
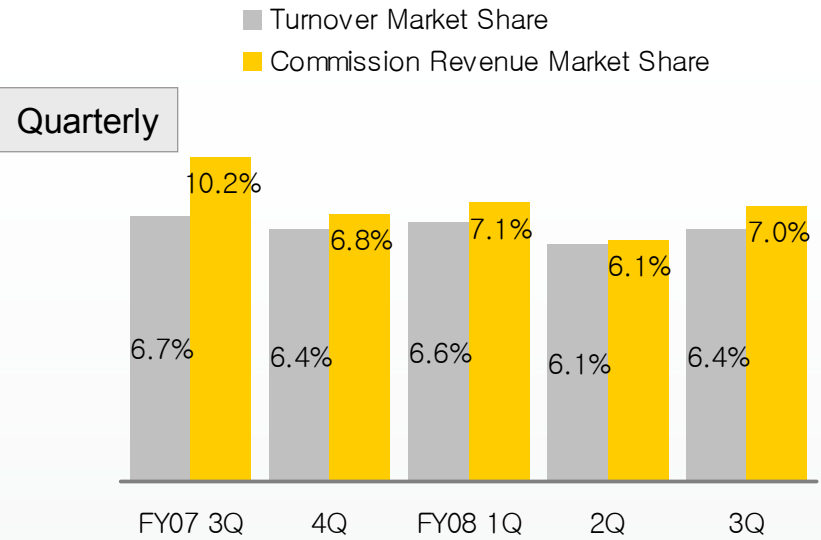
3) The above figures have not yet been audited by independent auditors.

Highlights

- As the Korean financial market stabilizes to some extent in 3Q, the key indices, *Interest Rates, Exchange Rates, and KOSPI Index*, are improved as well.
- Especially, DWS recognizes massive benefit from increased trading volume and lowered bond yield, hence DWS makes considerable profit in 3Q.
(※ Refer to p.8~17 for details)

II. Brokerage Business ①

Brokerage Market Share



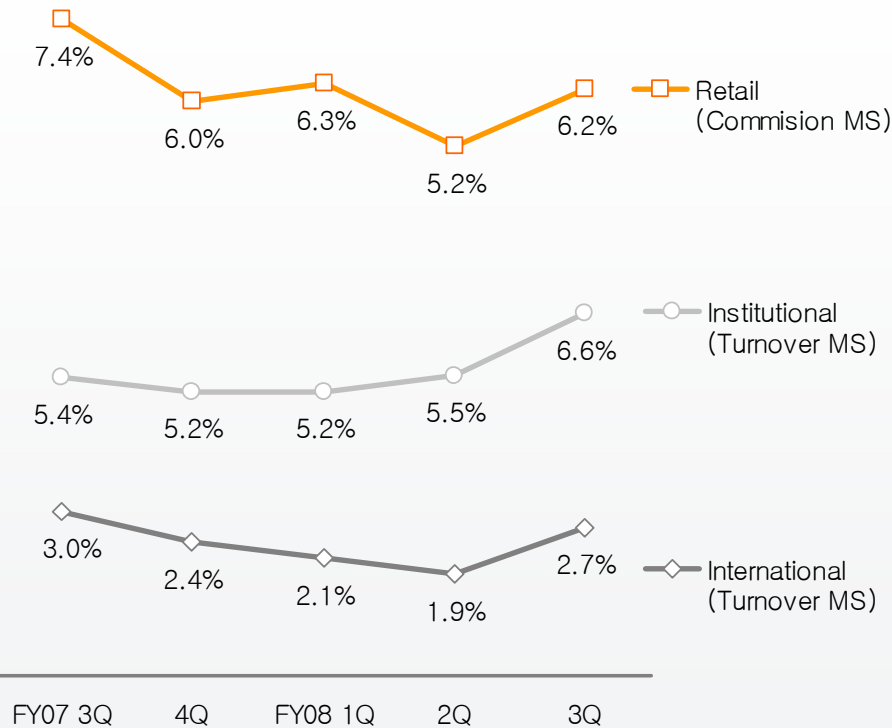
Brokerage Commission Revenue

	3Q FY08	2Q FY08	Change QoQ (%)	3Q FY07	Change YoY (%)
Brokerage Commissions	99.2bln	83.1bln	19%	163.3bln	-39%
Average Daily Trading Value	7.1tln	6.3tln	13%	9.2tln	-23%
Individual Portion in Mkt	64%	52%	12%pt	61%	3%pt

- In 3Q, DWS shows outstanding results in brokerage business including retail, institutional and international areas.
- DWS improves its customers' yield and trading turnover, through its continuous efforts to provide trustworthy stock advices backed by its strong research house. Therefore DWS's turnover MS and commission MS hike to 6.4% and 7.0%, respectively.
- Furthermore, the newly launched discount brokerage service, namely 'Direct We', attracts more than 20,000 new customers and thus gains 0.5% MS. This user friendly system with competitive commission rate will uphold DWS's strong reputation as No.1 brokerage house in Korea.

II. Brokerage Business ②

Market Share by Investor Type



Highlights

【 Retail Market 】

- DWS's retail commission MS is increased by 1%pt QoQ (6.2%). The main reason is its retail broker's timely and trustworthy stock advices to retail customers, also taking advantage of lowered stock prices. Such outstanding performance improves customers' yield, and boosts trading turnover.

【 Institutional Market 】

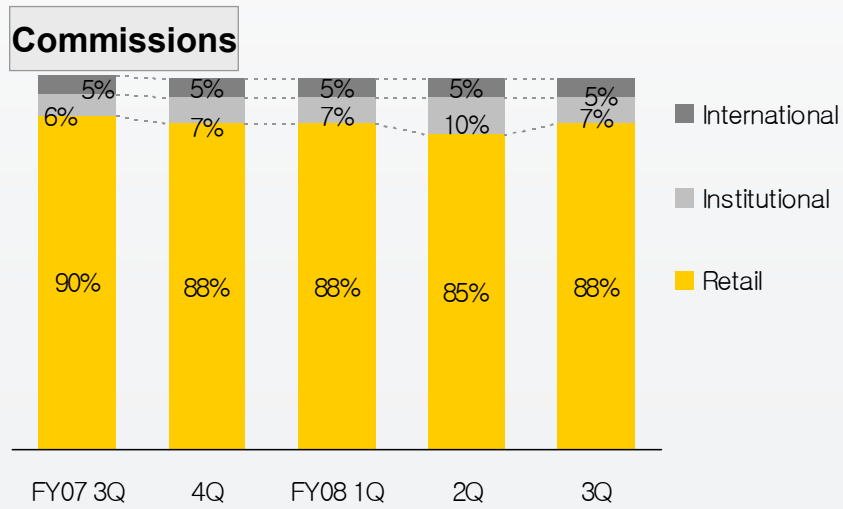
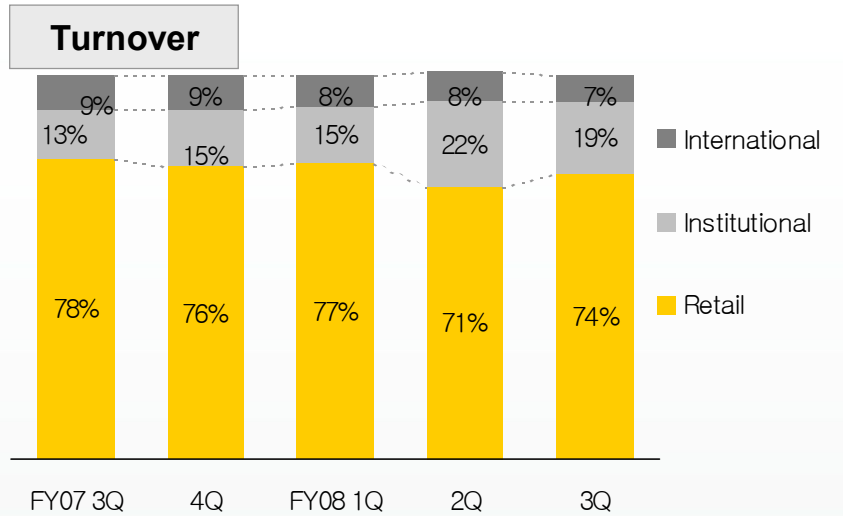
- DWS' unbeatable institutional brokerage team maintains No.1 MS (6.9%) once again, with strong sales forces and sales networks.
- The team has an excellent relationship with institutional investors and *Hankyung Business* awards the 'Best Brokerage Team for Institutional Investor' for 4 consecutive years.

【 International Market 】

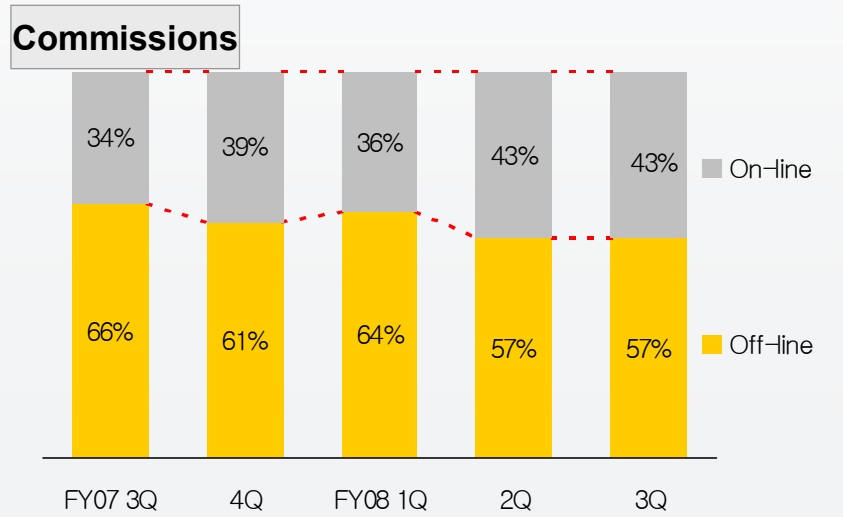
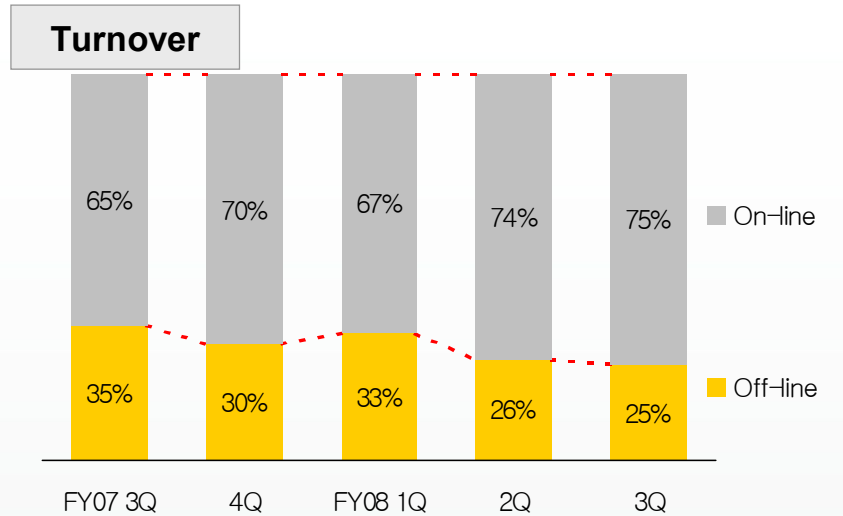
- While international investors continuously reduce the Korean stock portion from their portfolio due to the financial crisis, DWS's international brokerage team expands new clients base and acquires block broking deals.
- These favorable factors drive DWS's international MS one step forward in 3Q(2.7%). Moreover, through comprehensive research works and powerful DMA service for international investors, DWS targets MS of 5% in international brokerage area.

II. Brokerage Business ③

Turnover Breakdown by Investor Type



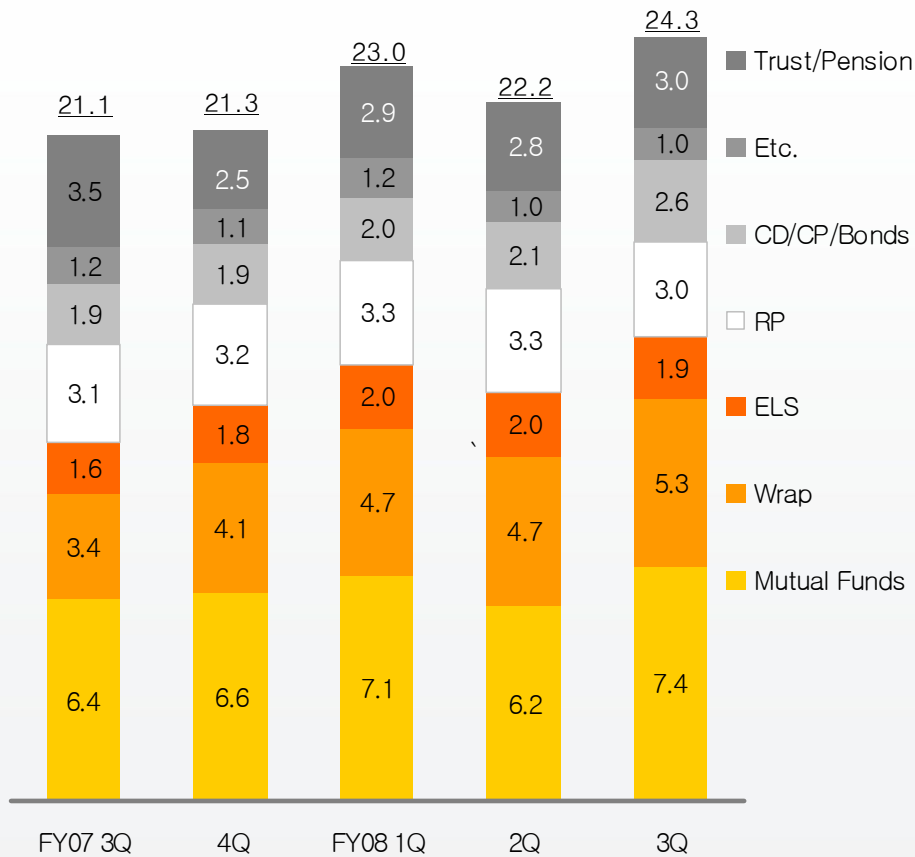
Retail Business : On-line vs Off-line



III. Wealth Management Business ①

End-Balance of WM Products

(KRW tln)



* Etc. : REITs, Ship-building mutual funds included

Highlights

【 Earnings 】

- WM commission revenue is decreased at around 39% QoQ, highly due to contracted ELS (Equity Linked Securities) issuance amounts. In line with the risk management policies, DWS gradually decreases its monthly ELS issuance amount from KRW 400bln to KRW 40bln in 3Q. Consequently, 'Commissions from Structured Securities' downs to KRW 8.9bln, and in result total WM revenue downs to KRW 15.5 bln.

【 Mutual Funds 】

- Since lowered stock price rooted from the stock market turmoil brings out investment merits, DWS carries out aggressive funds sales marketing to its existing customers, called 'Cross Selling' strategy.
- This marketing strategy is very successful, in that the total number of fund accounts are increased from 70,000 to 100,000, and balances are grown to KRW 7.4bln from KRW 6.2bln.

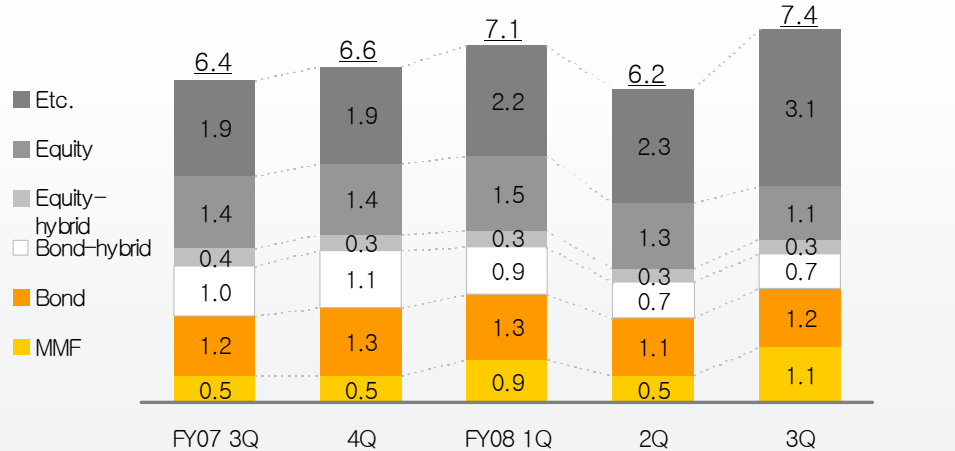
【 CMA 】

- While tough competition is constantly going on between banks and securities houses with attractive interest rates, DWS is able to invite a great number of CMA clients in 3Q, thanks to the higher bond yields. Since DWS launches Bond-Type CMA with a very competitive yield rate in Sep, the total number of CMA soars to 590,000 accounts, balancing KRW 2.1tln.
- In addition, as DWS carries out various cross-selling marketing strategy to the newly invited CMA customers, its customer base will be much stronger and wider.

III. Wealth Management Business ②

Breakdown on Mutual Funds

(Valuation amount/ end of/ KRW tln)

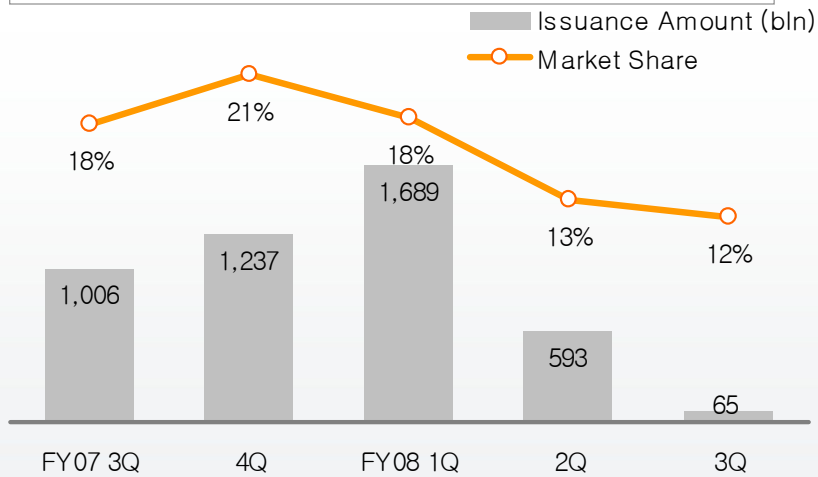


1) Mutual Funds – Etc. : Property, Commodities, Fund of Funds included

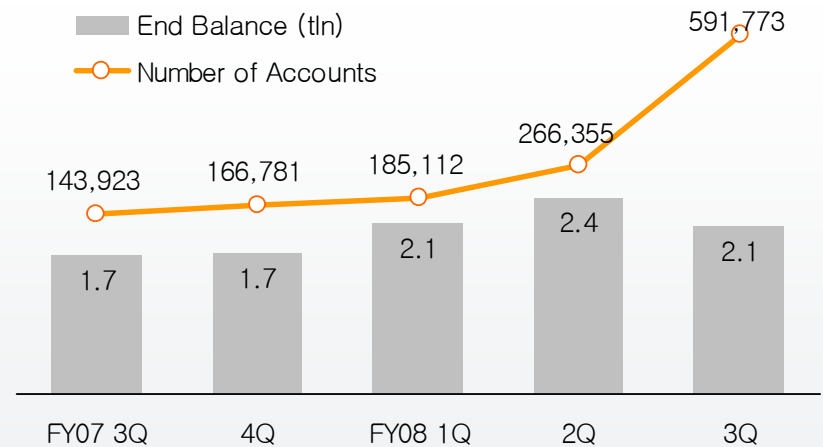
WM Commissions

(KRW bln)	3Q FY08	2Q FY08	Change QoQ (%)	3Q FY07	Change YoY (%)
WM related commissions	15.5	25.6	-39%	37.6	-59%
Beneficiary Certificates	3.9	5.3	-26%	9.2	-58%
Wrap Accounts	2.0	2.5	-20%	3.2	-38%
Trust/Pension	0.7	0.7	0%	0.6	16%
Structured Securities	8.9	17.1	-48%	24.6	-64%

ELS Issuance Market Share

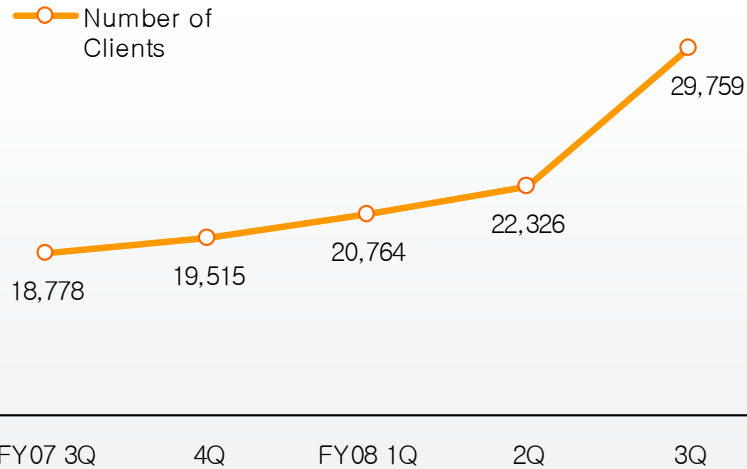


CMA End-Balance



III. Wealth Management Business ③

Number of Clients

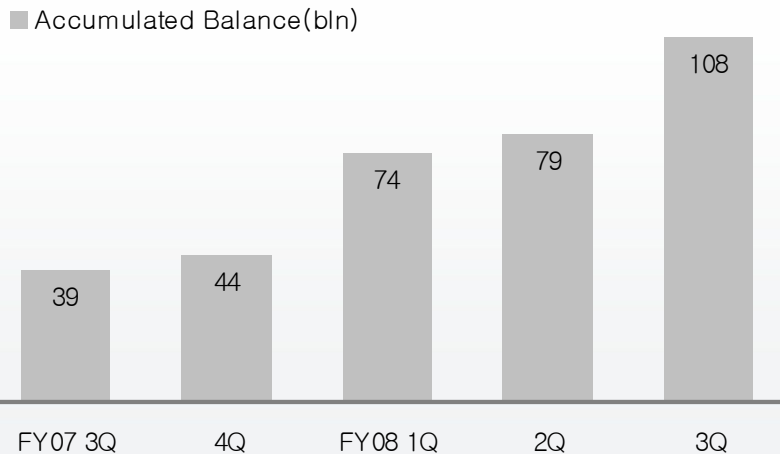


Market Pension Balance

(KRW bln)	Defined Benefit	Defined Contrib.	IRA	Total	
Banks	1,905	917	341	3,163	48%
Insurance	2,255	344	70	2,669	40%
Securities	422	353	5	780	12%
Total	4,582	1,614	416	6,612	100%

* Source : FSS December 2008

Accumulated Balance



Pension Business Highlights

- DWS's superior ability to pick and choose pension products which give higher yields to clients, helps it being selected for main pension partner of sizable corporation, such as Korean Tobacco & Ginseng, Korea Airport Corporation, NHN, and etc.
- In that, DWS's accumulated balance reaches to KRW 108bln with 30,000 client as of 3Q, and moreover, DWS plans to place more resources to secure a dominant position in this business area.

IV. Investment Banking ① – Underwriting

IB League Table

※ Underwriting Amount & Market Share

(KRW bln)	FY2008 3Q	FY2008 2Q	FY2008 Acc.	FY2007 3Q
Corporate Bonds	556 6%	888 11%	2,532 10%, 2 nd	698 9%
ABS	179 5%	613 22%	1,638 17%, 1 st	898 20%
Right Offerings	24 5%	244 38%	418 19%, 1 st	190 4%
IPO	13 8%	138 62%	151 22%, 1 st	129 18%

•Source : Bloomberg

IB Commission Revenue

(KRW bln)	FY08 3Q	FY08 2Q	QoQ	FY07 3Q	YoY
IB Related Commission Revenue	12.6	12.1	4%	15.9	-21%
Underwriting	8.1	5.6	45%	9.8	-17%
Consulting Fee	0.8	0.6	33%	1.7	-53%
Debenutres	0.2	0.1	-80%	0.3	-93%
Others	3.7	5.8	-36%	4.1	-10%

- Although the Korean IB market somewhat slowed due to the economic downturn, DWS carries out some meaningful performances, like maintaining No.1 MS in ABS issuance for 5 consecutive years, and successfully listing a Chinese company's on the KRX.
- However, DWS's IB commission revenue records similar to that of 2Q, mainly because of its conservative Project Finance business policy. (PF revenue is booked in 'Others')
- Regardless of the IB market downturn, DWS is maintaining solid relationship with corporate customers for the future.

IV. Investment Banking ② – Net Gain/Loss on Securities

Net Gain/Loss on Securities

(KRW bln)	FY08 3Q	FY08 2Q	FY08 acc.
Net Gain/Loss on Securities	50.0	-86.3	-69.2
Bond	65.4	-62.8	11.4

- The Korean bond market stabilized to some extent, thanks to unprecedented government policies including the FSS' actions to launch a bond stabilization fund to acquire bank & corporate bonds, and etc.
- In consequence, interest rate is dropped and credit spread is narrowed, hence DWS recognizes a considerable amount of valuation gain in 3Q.
- In order to minimize valuation volatility, DWS plans to implement a more conservative operating scheme by holding more treasury and short-term bonds.

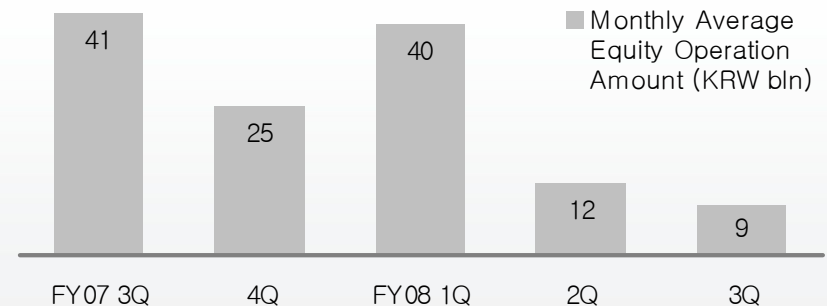
	Dec. '08	Sep. '08	Growth
Korea Treasury Bond (3Y)	3.41%	5.74%	-2.33%pt
Bank Debentures (3Y)	5.67%	7.53%	-1.86%pt
Interest Rate Swap (3Y)	3.30%	5.50%	-2.20%pt
KTB-IRS Spread	11.00bp	24.00pt	-10bp

Investment Status

[as of Dec. '08 / KRW bln]	Invested Amount	No. of Deals	Representing Deals
PI	262.4	17	Daewoo E&C (200bln), Renaissance #1 PEF, etc
IB	39.5	15	Project Financing, Convertible Bonds, Bond Warrants, etc.
PF	225.0	12	
Etc.	26.3	7	Infra, Real Estate related Funds
Total	553.1	51	

- Taking account the economic slowdown, DWS plans to take conservative approaches in new investments. Whereas, DWS is concentrating on exiting and securitizing its invested positions. In consequence, KRW 13.8bln is collected in 3Q. (End balance KRW 553.1bln)

Proprietary Trading



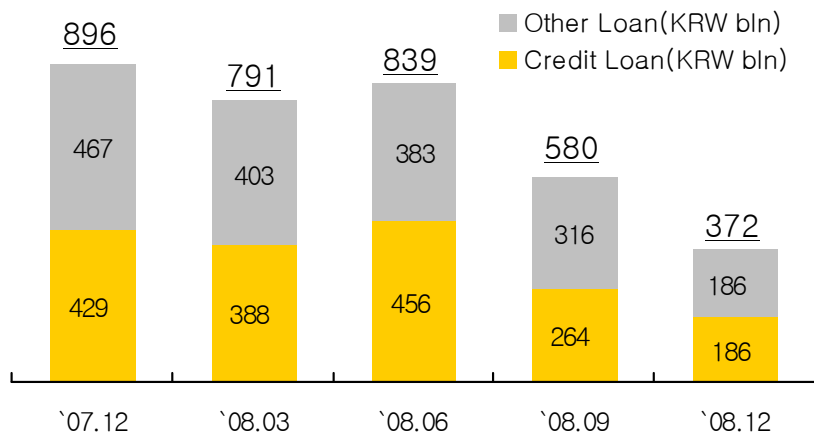
V. Interest Income & Client Assets

Interest Income

(KRW bln)	FY08 3Q	FY08 2Q	QoQ	FY07 3Q	YoY
Interest Income	63.1	59.2	7%	48.6	30%

- Interest income includes interest on loans, bonds, deposits, receivables and etc.
- Interest income records KRW 63.1bln in 3Q, marking similar figures with the previous quarter.
- Total customers assets and the number of high-net worth retail customer decreases due to stock price downing in bearish market condition.

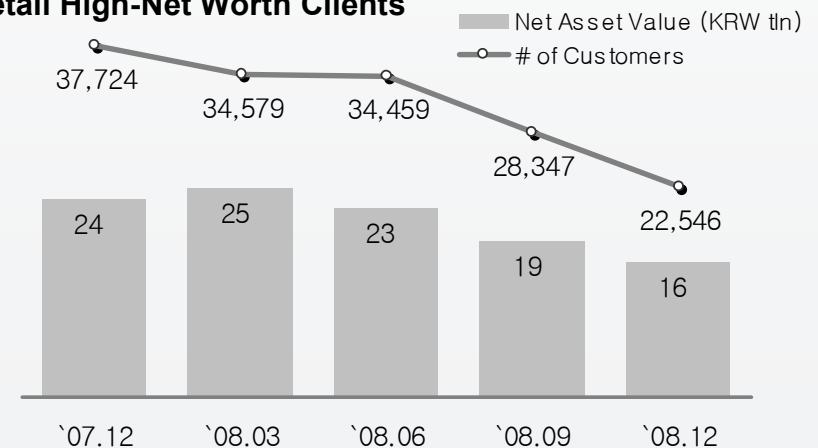
※ Client Loan Balance



Total Customers Assets

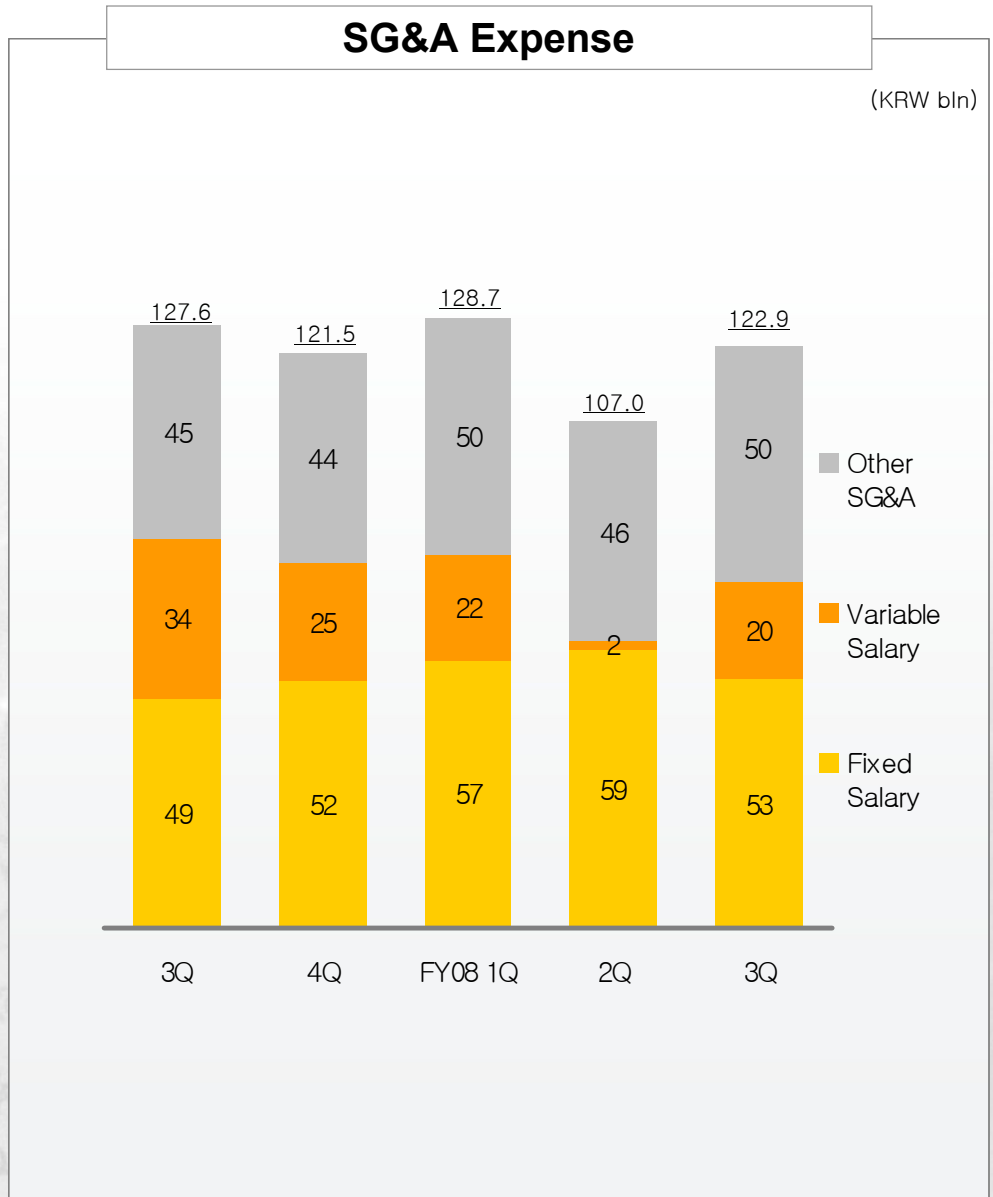
(end-balance / KRW tln)	Dec. '08	Sep. '08	QoQ	Dec. '07	YoY
Securities in custody	49.3	52.7	-6%	65.2	-24%
Trustor securities in custody	39.8	45.2	-12%	58.3	-32%
Saver securities in custody	0.2	0.2	0%	0.3	-33%
Beneficiary securities in custody	7.6	6.0	-27%	5.5	-38%
Others	1.7	1.2	-42%	1.1	-55%
Customer's deposit	1.2	1.2	0%	1.2	0%
Total	50.5	53.9	-6%	66.4	-24%

※ Retail High-Net Worth Clients



* 'High-Net Worth Clients' are retail clients holding more than KRW100 mln in assets

SG&A Expense



Highlights

- In contribution to company-wide efforts to reduce expenses initiated in 2Q, SG&A expenses shows a downward tendency.
- However, as brokerage performance increases in third quarter, so did brokerage bonus, resulting total SG&A expense to increase by around 15% in 3Q.

Other SG&A in Detail

(KRW bln)	FY08 3Q	FY08 2Q	QoQ	FY07 3Q	YoY
Other SG&A	49.7	46.3	7%	45.1	10%
IT expenses	4.8	5.1	-6%	4.7	2%
Rental expenses	3.7	4.8	-23%	4.7	-21%
Advertising	12.6	6.3	100%	8.6	47%
Depreciation	6.1	5.5	11%	4.5	36%
Tax and dues	4.3	5.9	-27%	6.2	-31%
Others*	18.2	18.7	-3%	16.4	11%

* Others : Entertainment Expense, Research and study expense, Training Expense, Amortization of intangibles and etc.

Summarized F/S & Ratios

Income Statement (KRW bln)	Annual				Quarter									
	200503	200603	200703	200803	200612	200703	200706	200709	200712	200803	200806	200809	200812	
Operating Revenue	824	1,858	2,765	3,693	624	687	955	1,152	822	816	1,011	1,201	2,314	
Operating Expense	735	1,472	2,310	3,231	563	436	784	1,051	717	732	951	1,227	2,222	
1. Net Commissions	262	598	437	724	109	112	203	192	196	134	153	121	116	
● Brokerage Commissions	243	492	374	608	91	93	178	166	163	101	110	83	99	
● IB Commissions	31	47	41	70	15	7	23	16	16	16	14	12	16	
● WM Commissions	18	115	69	116	15	22	19	28	38	32	44	26	16	
- Commissions on Structured Securities	0	96	46	77	9	16	11	19	25	23	34	17	9	
▲ Commission Expense	29	56	46	70	12	11	16	18	20	15	15	17	12	
2. Net gain/loss on valuation and sales of securities	37	36	105	74	4	84	68	9	-9	5	-33	-86	50	
3. Interest Income	69	142	278	214	38	160	47	47	49	72	65	59	63	
4. SG&A	282	390	370	537	91	102	137	151	128	121	129	107	123	
5. Etc.	2	0	6	-13	0	6	-8	3	-4	-5	4	4	-13	
Operating Income	89	386	456	462	60	260	172	101	105	84	60	-26	93	
6. Non Operating Income	-238	8	21	1	7	-14	0	1	-11	10	2	2	20	
Net Income Before Income Tax	-149	395	471	463	68	243	172	102	94	95	62	-24	113	
Income Tax Expense	0	-16	25	127	2	34	51	28	28	21	18	-6	28	
Net Income	-149	410	446	337	66	209	122	74	67	74	45	-18	84	
EPS(KRW)	-783	2,131	2,318	1,743	348	1,070	640	390	352	742	940	281	777	
Balance Sheet (KRW tln)														
Total Assets	5.05	6.50	9.00	12.07	9.20	9.00	10.78	11.07	11.96	12.08	13.70	14.09	13.07	
Total Liabilities	3.75	4.76	6.89	9.66	7.29	6.89	8.63	8.78	9.62	9.66	11.32	11.75	10.68	
Total Shareholder's Equity	1.29	1.73	2.11	2.43	1.91	2.11	2.16	2.29	2.34	2.43	2.38	2.34	2.39	
Net Capital Ratio (NCR)														
Net Capital Ratio (%)	460%	592%	621%	482%	514%	621%	513%	493%	495%	476%	463%	471%	521%	
Net working capital (KRW bln)	962	1,227	1,332	1,531	1,166	1,332	1,210	1,377	1,513	1,543	1,566	1,550	16,634	
Risk-weighted assets (KRW bln)	209	207	214	318	227	214	236	280	306	324	339	329	3,193	

대우증권 |  | **DAEWOO
SECURITIES**

Thank You

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