

I n v e s t o r R e l a t i o n s

Samsung Securities

May 2007

SAMSUNG SECURITIES





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1. Earnings Review

Financial Highlights

- Despite market fluctuations and one-off charges, our continuous efforts in the wealth management business resulted in stable earnings and ROE from fiscal 2005

Financial Highlights			
(KRW in billions)	FY06	FY05	FY04
Net revenue	652.1	724.1	564.5
Commissions expense	26.5	35.4	20.9
G&A expense	389.7	431.0	472.4
Operating income	235.9	257.7	71.2
Net non-operating income ⁽¹⁾	33.1	(22.9)	(19.3)
Income before tax	269.1	234.8	52.0
Net income	204.3	220.0	31.4
EPS (cumulative, basic, KRW)	3,082	3,325	475
ROE (cumulative, annualized, %)	10.7%	12.5%	1.9%

Note: (1) Net non-operating income = Non-operating revenue – Non-operating expenses

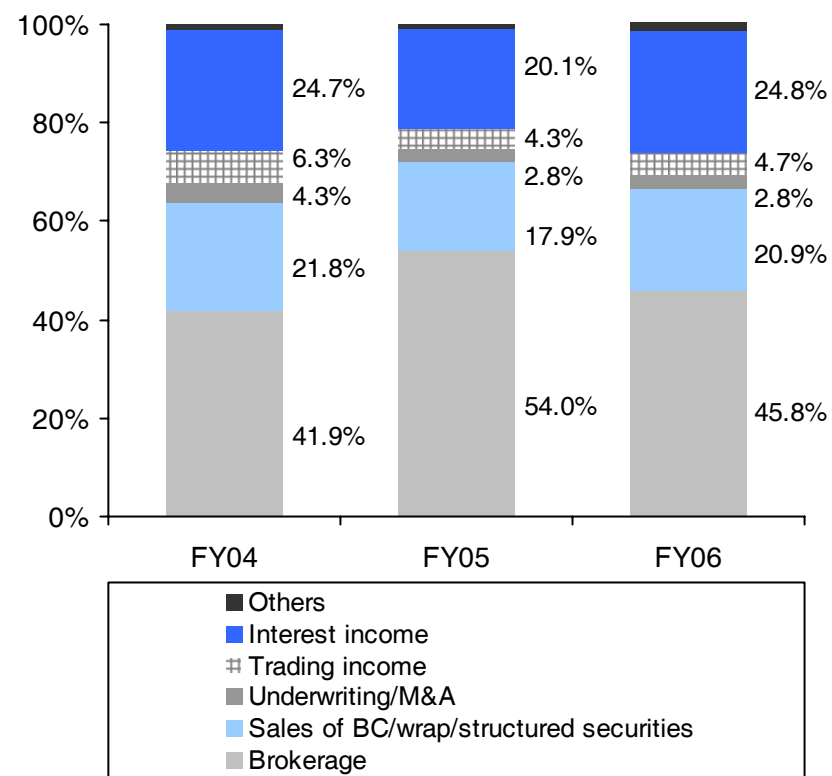
Net Revenue

Net Revenue

(KRW in billions)	FY06	FY05	FY04
Brokerage commission	298.7	406.8	245.3
Commission on BC sales	90.4	60.8	57.0
Wrap account fees	6.6	4.1	12.7
Sales commission on structured securities	39.0	70.2	58.1
Underwriting/M&A commission	18.0	20.8	25.1
Trading income	27.7	32.2	37.1
Interest income	161.9	151.1	144.5
Others	9.8	7.1	6.1
SPC gains/losses	-	(29.1)	(21.3)
Total	652.1	724.1	564.5
Total(operating-based) ⁽¹⁾	652.1	753.2	585.8

Note: (1) Operating-based=Reporting-based adjusted for SPC gains/losses

Net Revenue Breakdown



General and Administrative Expenses

G&A Expenses

(KRW in billions)	FY06	FY05	FY04
Compensation and benefits ⁽¹⁾	213.1	225.3	188.3
IT	45.2	43.8	58.2
Rent	19.0	17.7	20.5
Miscellaneous commissions	11.5	11.9	9.7
Marketing expense	23.1	14.5	16.2
Depreciation	18.2	24.8	35.1
Amortization on intangible assets	6.0	44.1	63.3
Others	53.6	48.9	81.1
Total	389.7	431.0	472.4
Total (operating-based)⁽²⁾	389.7	392.2	384.0
Fixed G&A ⁽³⁾	311.0	299.0	341.1
G&A/net revenue (%)	59.8	59.5	83.6
Fixed G&A/net revenue (%)	47.7	41.1	72.6
Comp & benefits/net revenue (%)	32.7	31.1	32.2

Note: (1) Includes salary, severance and social welfare costs

(2) Operating-based=Reporting-based adjusted for SPC gains/losses

(3) Fixed G&A = Total G&A-variable expenses

(4) Others = Entertainment expenses + Advertising expenses + Training expense +Credit loss expenses + Taxes and dues + Consignment Fee
+ Other G&A expenses

2. Wealth Management

2-1. Achievements

2-2. Key Initiatives

2. Wealth Management

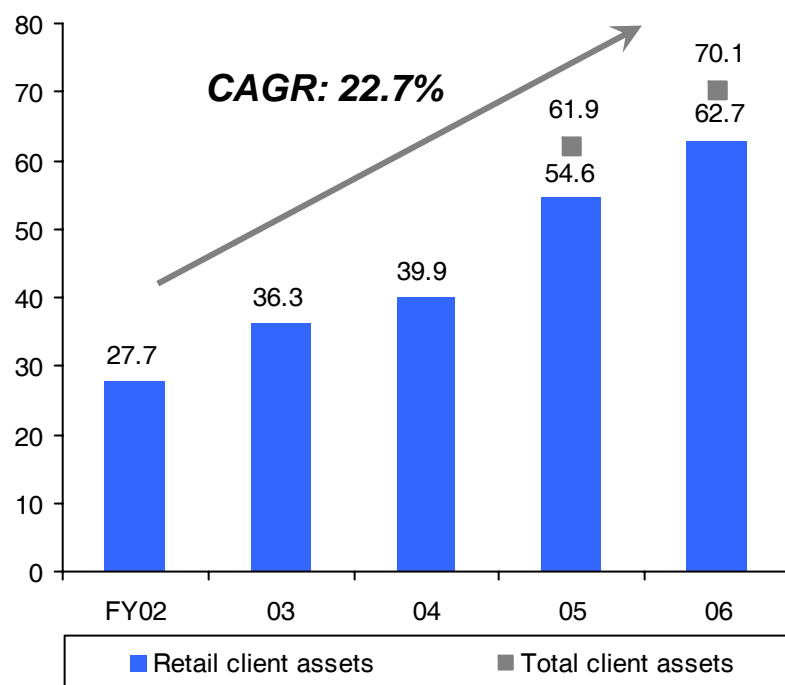
2-1. Achievements

2-2. Key Initiatives

Rapid increase in client assets

Client Assets (company-based)

(KRW in trillions)

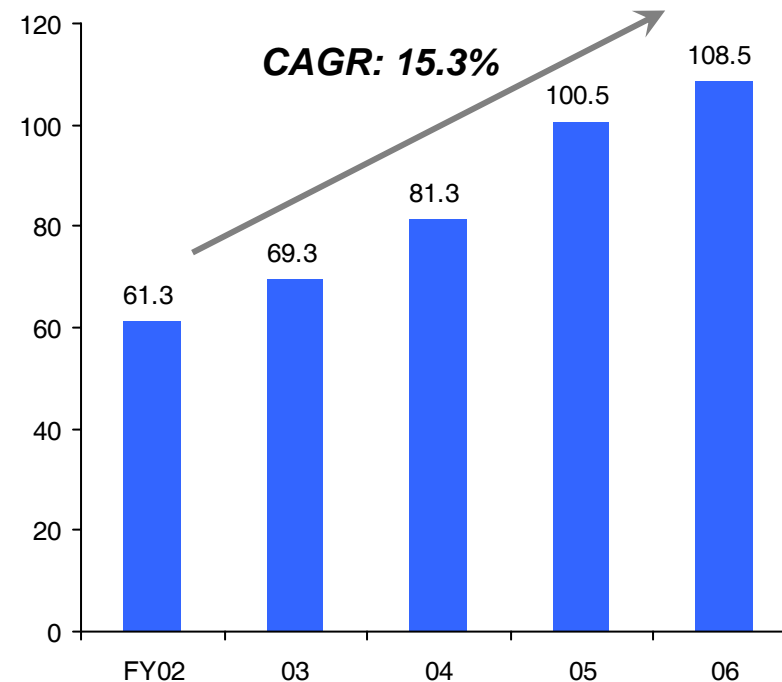


Note: Period-end balance

Company-based client assets = Retail client assets + investment product assets of institutional clients (excluding equity, bonds, CPs, etc.)

Client Assets (reporting-based)

(KRW in trillions)



Note: Period end balance

Reporting-based client assets = customer's deposits + securities in custody (in footnote of balance sheet)

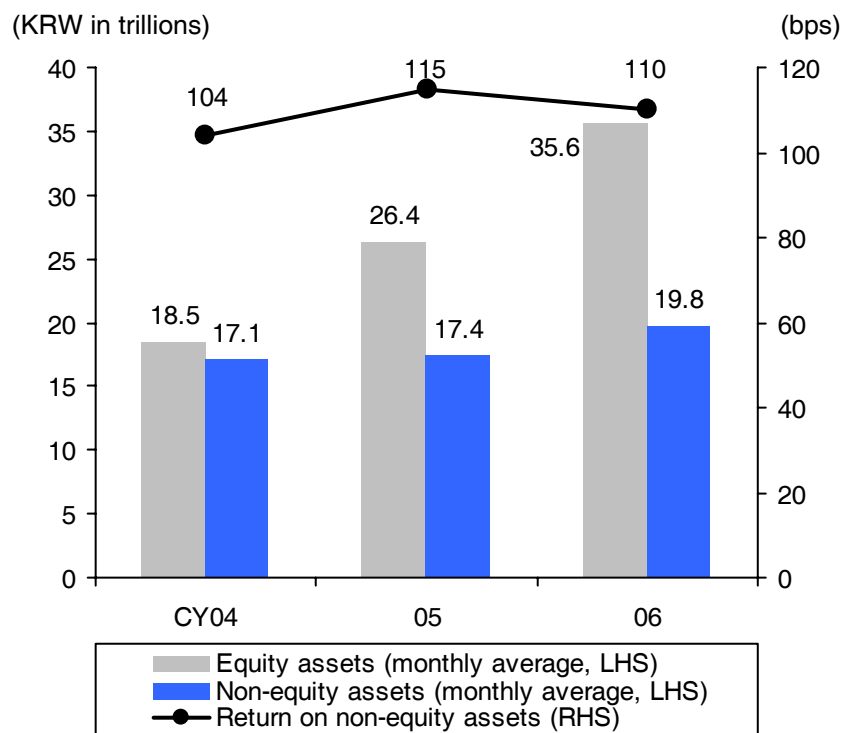
Client asset breakdown

Client Asset Breakdown

(KRW in bil, market value at period-end)	FY06	FY05	FY04
Client assets	70,115	61,928	49,158
Retail client assets	62,660	54,552	39,941
Individuals	40,996	35,950	26,577
Cash	1,454	1,689	1,702
Equity/futures/options	28,514	24,270	16,237
BCs/mutual funds	6,718	5,983	4,783
Others (fixed income, ELS, trust, etc.)	4,310	4,008	3,854
SMEs	21,664	18,602	13,365
Cash	130	41	51
Equity/futures/options	12,970	10,810	6,989
BCs/mutual funds	3,465	3,999	3,327
Others (fixed income, ELS, trust, etc.)	5,099	3,753	2,998
Large corporate and institutional client assets	7,456	7,376	n/a
BCs/mutual funds	6,531	7,039	n/a
Other (ELS, RP, trust, etc.)	878	336	n/a

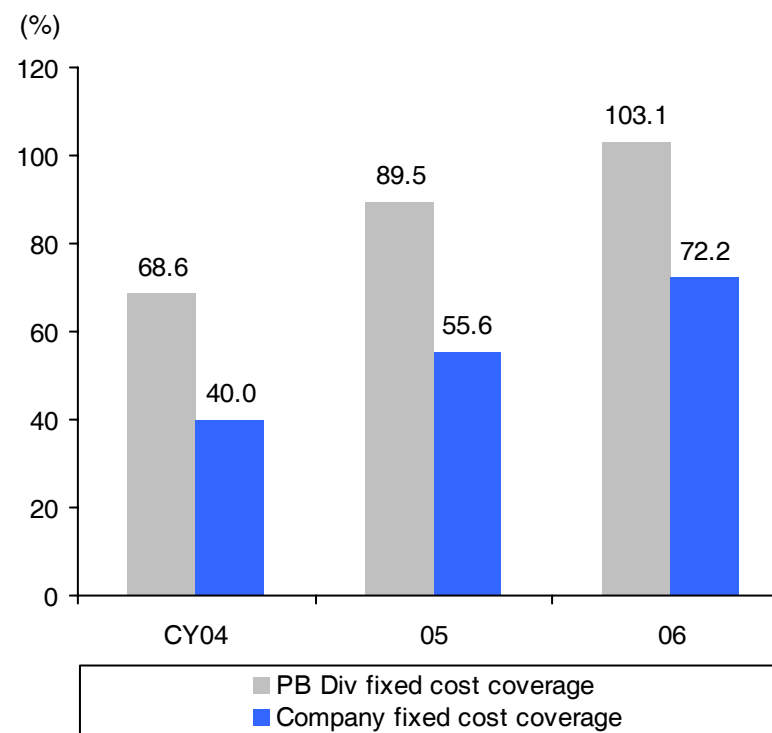
Stable and diversified revenue stream from non-equity assets

Non-equity Assets



Note: PB Division branch assets divided into equity and non-equity assets (customers' deposits included in non-equity assets)

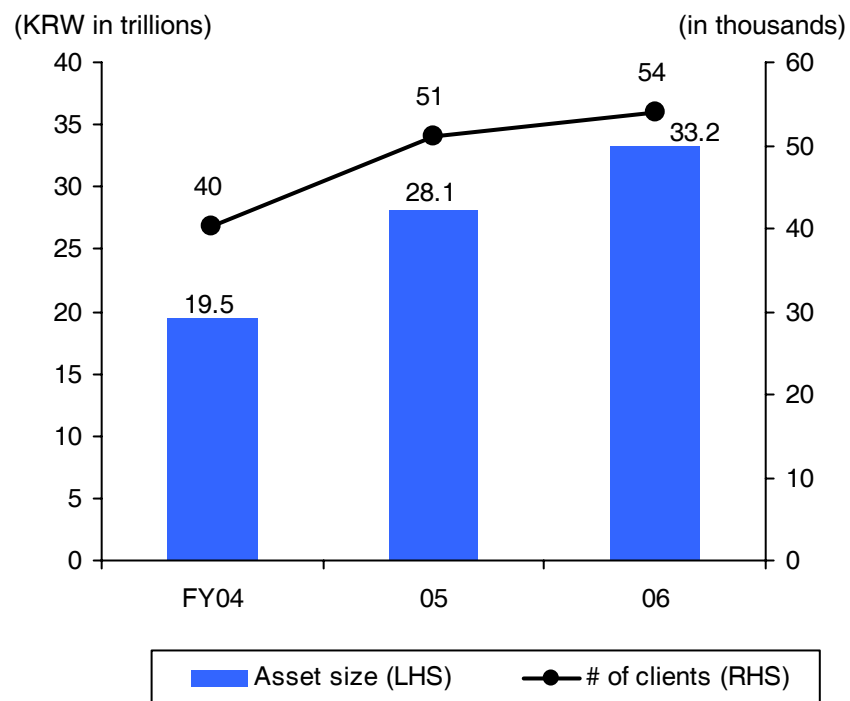
Fixed Cost Coverage from Non-equity Assets



Note : Fixed cost coverage from retail non-equity asset related revenues
Fixed cost = G&A excluding performance bonus

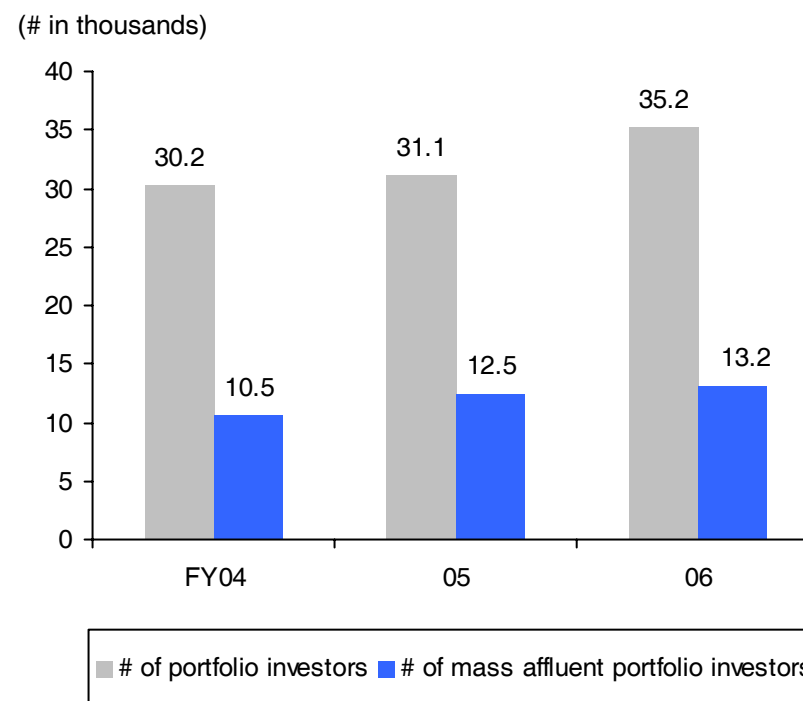
Broadening of our target wealth management client base

Mass Affluent Clients



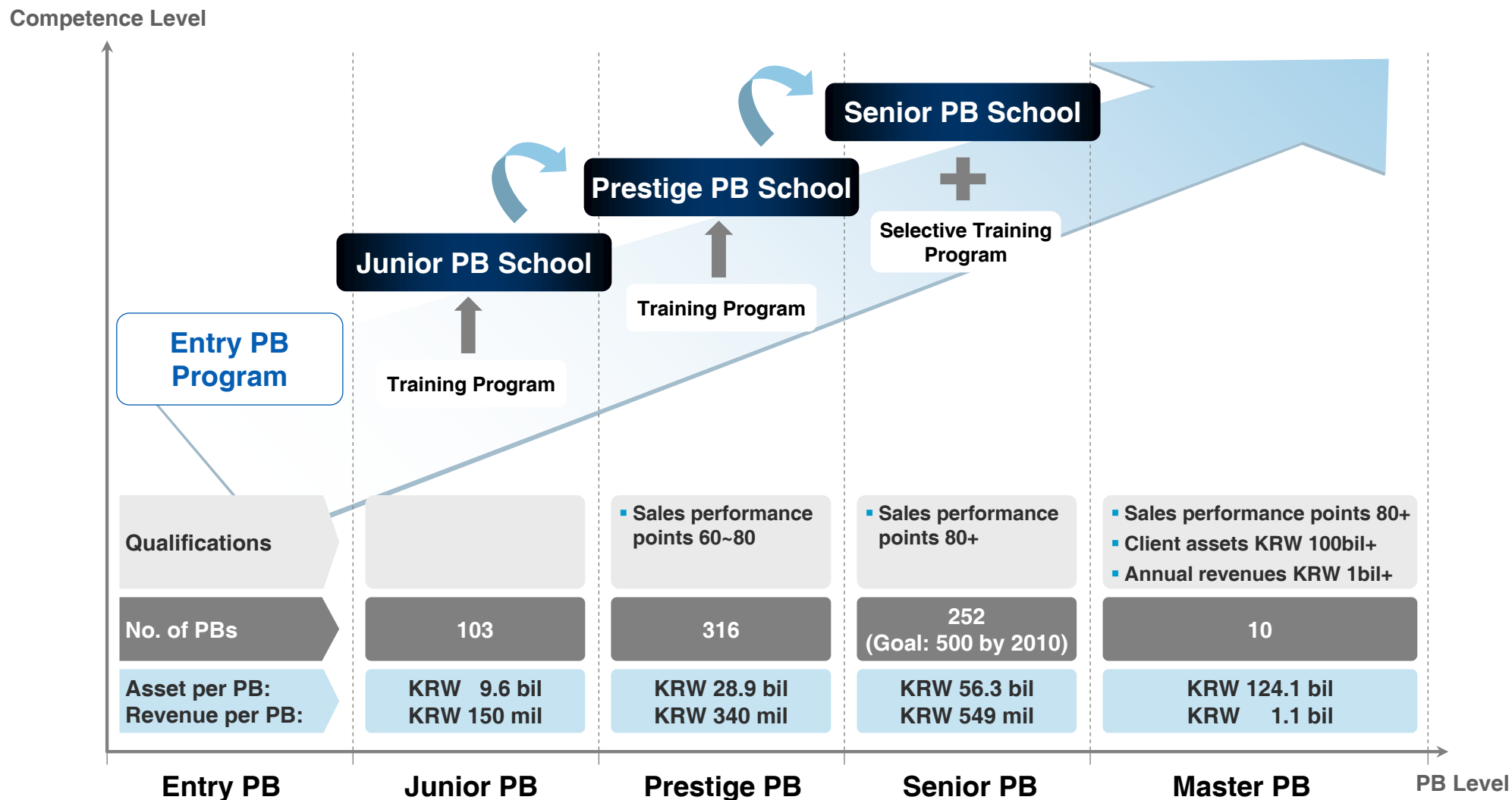
Note : Mass affluent clients= individual clients with assets over KRW 100 million
Period end balance

Portfolio Investors



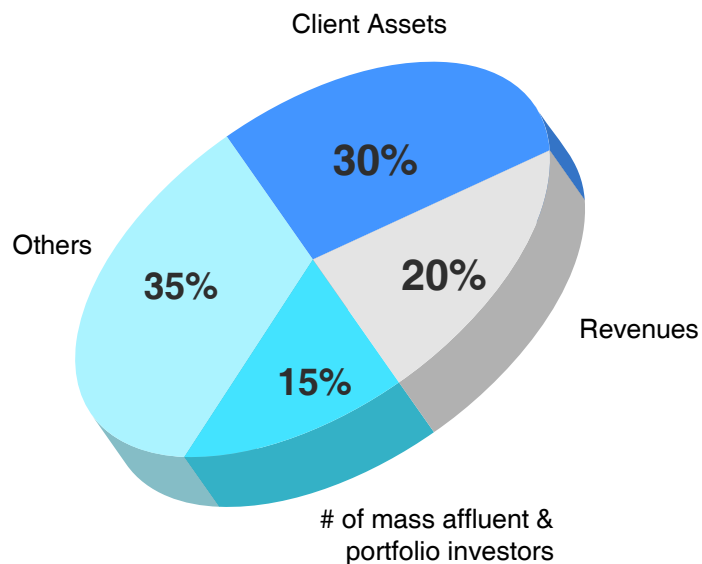
Note: Portfolio investors = clients who hold more than 2 types of products
with less than 75% of the assets in one product

Rigorous private banker training program fostering human capital competitiveness

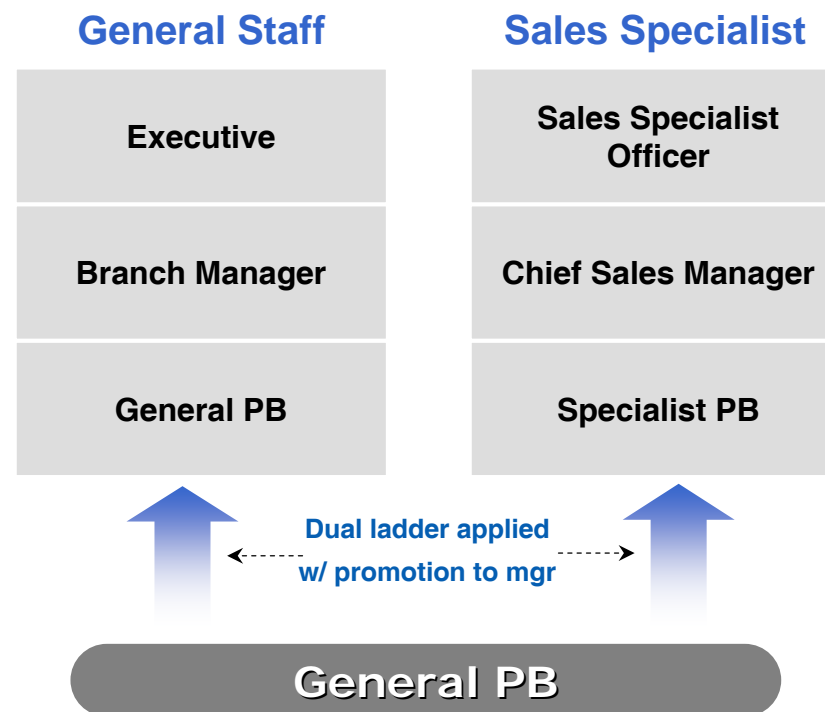


Competitive incentive system and selective career paths

Private Banker Compensation Criteria

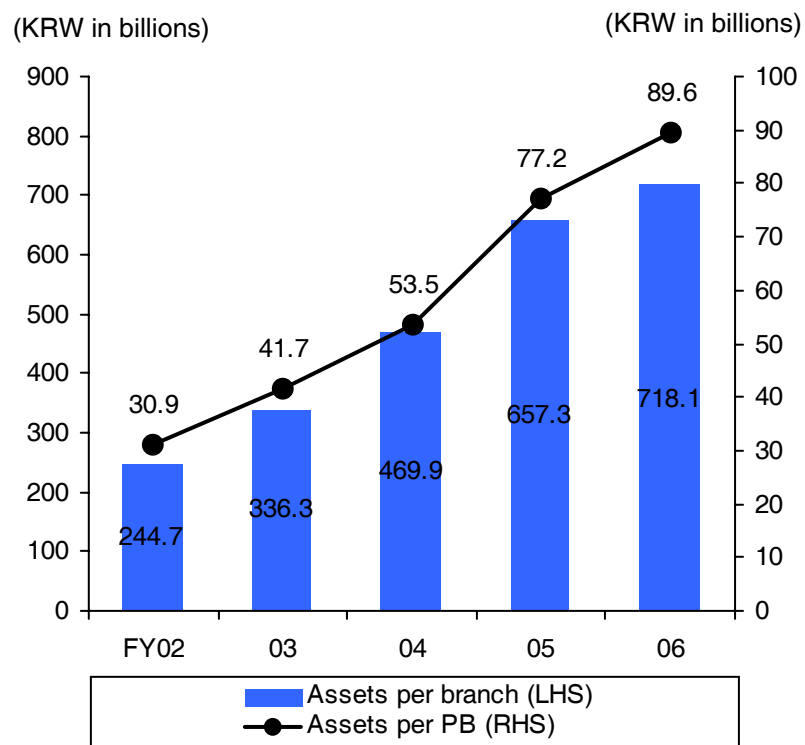


Dual Ladder System

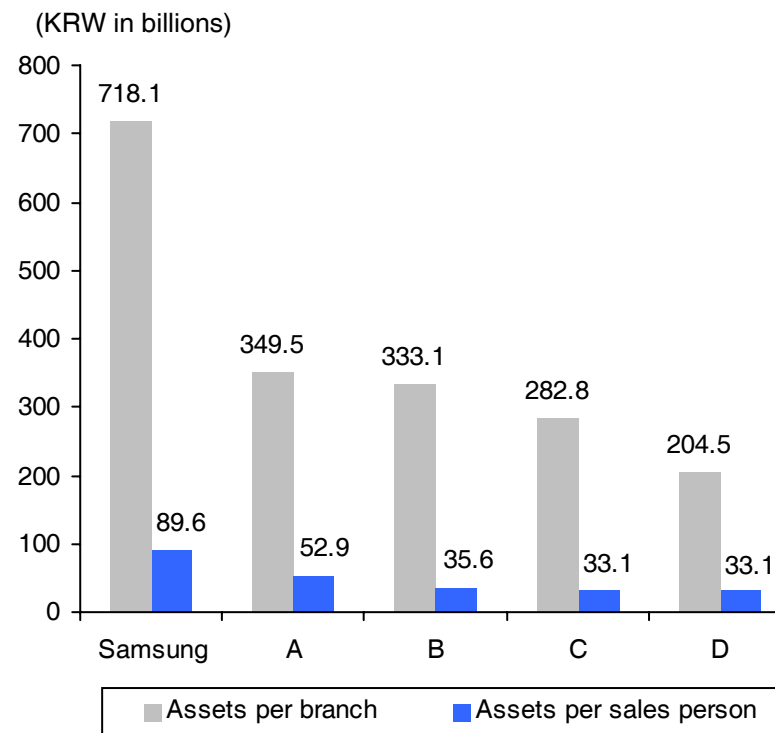


Enhanced productivity per private banker and branch

Assets per Branch and Private Banker



Industry Comparison



Source: Company data, balance as of end March 2007

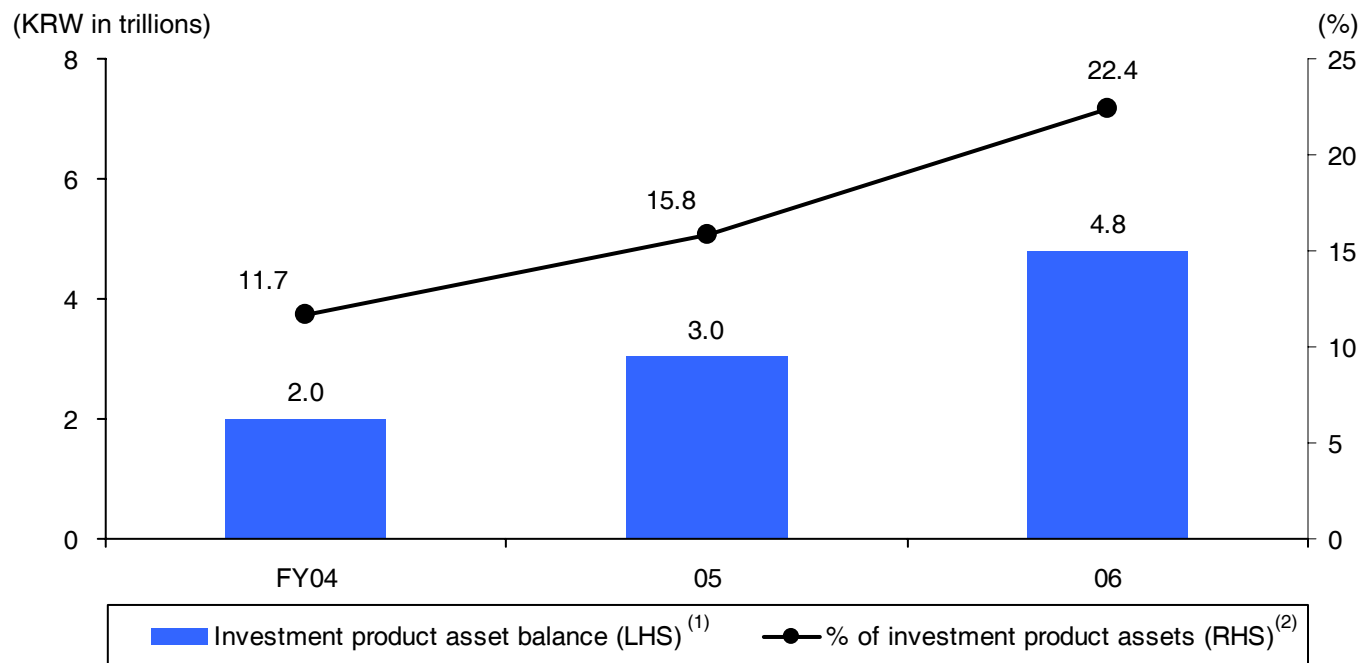
2. Wealth Management

2-1. Achievements

2-2. Key Initiatives

Promote stable portfolio investments to customers while enhancing company's return on assets

Investment Product Assets

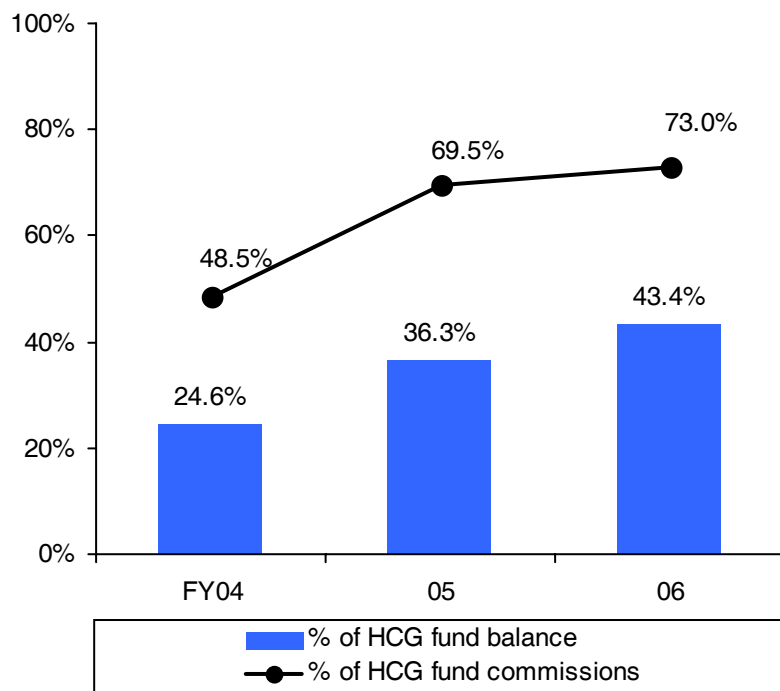


Note: (1) Investment products include equity-type funds, hybrid-type funds, fund of funds, foreign funds, discretionary wrap accounts
(2) Investment products as a % of non-equity PB Division branch assets

Promote stable portfolio investments to customers while enhancing company's return on assets

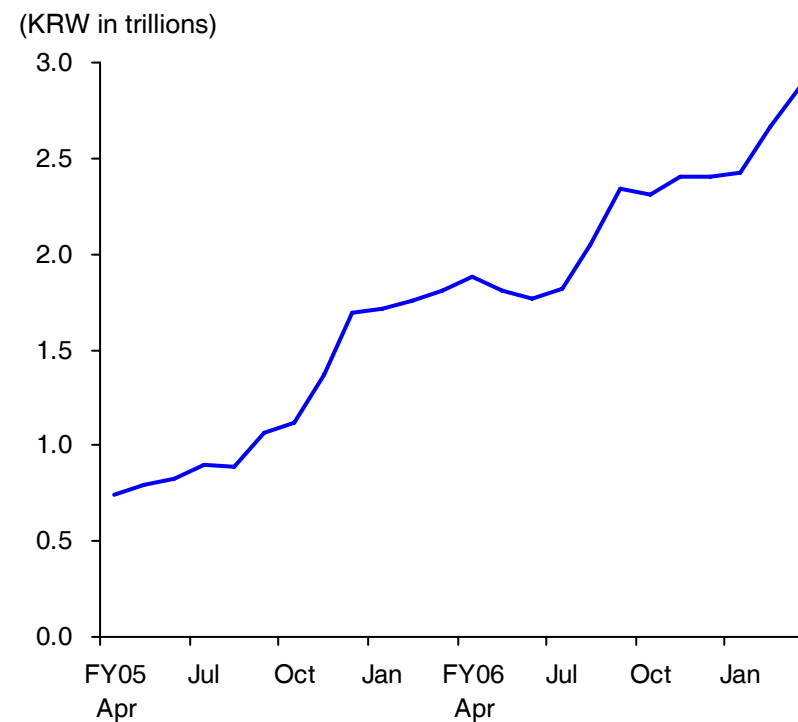
- through active sales of various investment products with high recurring fees

HCG Funds



Note: Monthly end balance

Equity-type funds

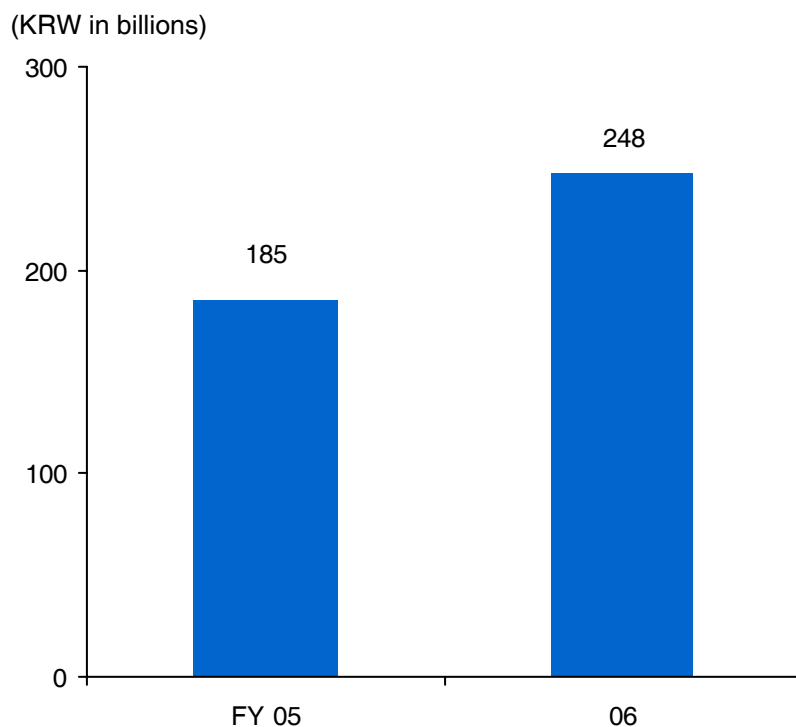


Note: Monthly end balance

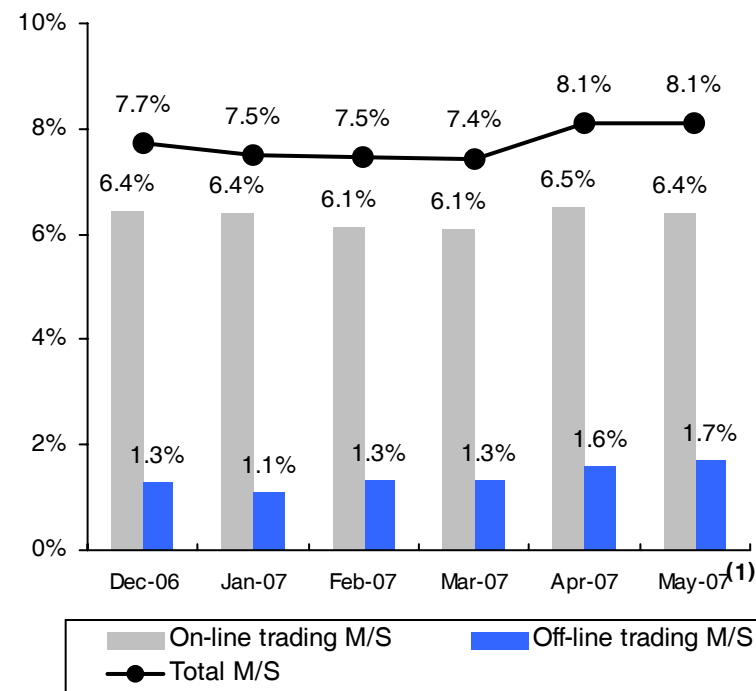
Promote stable portfolio investments to customers while enhancing company's return on assets

- utilizing discretionary wrap accounts for equity investments, in addition to the current equity brokerage

Discretionary Wrap Account Balance



Retail Equity Trading M/S



Note: Based on an relative market share
 (1) Cumulative figures until May 16

Develop new sources of revenue, utilizing introducing brokers and motivating non-active clients

Introducing Brokers

	2006	2007(E)
# of people	295	1,000
Asset size	KRW 23.2 bil	KRW 200 bil
Asset per person	KRW 89.6 mil	KRW 200 mil

Differentiated Client Services

	Branch	FN Client Services
Target clients	<ul style="list-style-type: none"> Branch customers who receive regular service from PBs 	<ul style="list-style-type: none"> Existing customers that do not receive or do not wish to receive service from PBs
Initiatives	<ul style="list-style-type: none"> Expand HNW client-base in terms of assets and revenues 	<ul style="list-style-type: none"> Motivate non-serviced, non-active clients for additional investment activities
Services provided	<ul style="list-style-type: none"> Provide wealth management services through PBs 	<ul style="list-style-type: none"> Provide investment information & consulting services through various non-branch channels

3. Investment Banking

3-1. Achievements

3-2. New Business Development

3. Investment Banking

3-1. Achievements

3-2. New Business Development

Successfully closed major IB deals with our expertise and solid client relationships

Major IB Deals in 2006~2007



Lead manager of Fila Korea M&A deal

▶ Deal size: USD 399 million



Lead manager of sales of Samsung Corporation's Distribution Division

▶ Deal size: KRW 470 billion



Co-advisor to KAMCO for the controlling stake sale of Daewoo E&C

▶ Deal size: USD 6.9 billion



Underwriter of Credu IPO

▶ Deal size: KRW 31.2 billion
(Underwrote 40%, KRW 12.5 billion)



Lead manager of OnMedia IPO

▶ Deal size: KRW 62.4 billion



Lead manager of MiraeAsset Securities IPO

▶ Deal size: KRW 197.5 bil



Lead manager of MKIF IPO

▶ Deal size: KRW 219.5 bil

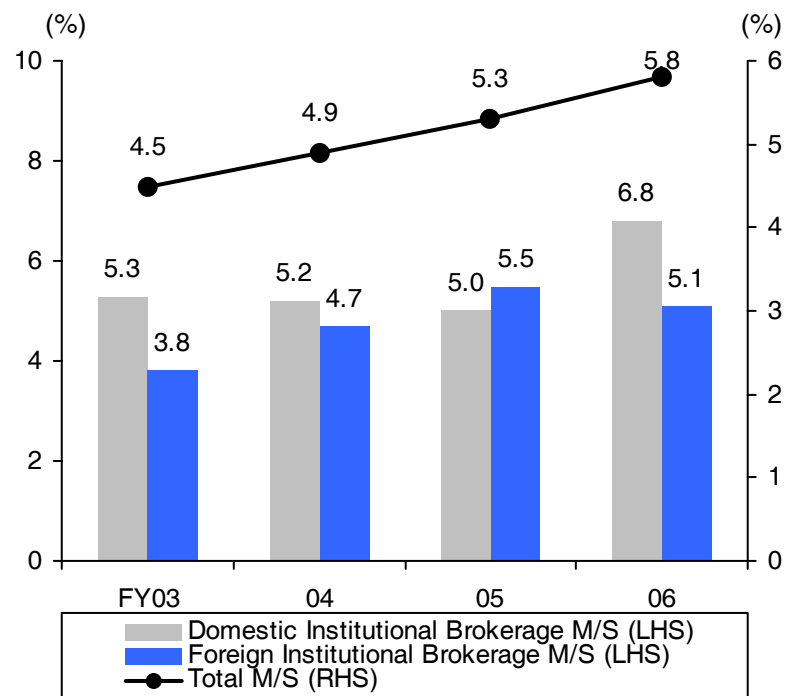
2006 M&A League Table

Rank	Adviser	Volume (USD in mil)	M/S (%)
1	Korea Development Bank	14,703	38.6
2	JP Morgan	13,640	35.9
3	Samsung Securities	8,253	21.7
4	Citigroup	7,515	19.8
5	UBS	7,333	19.3
6	Goodmorning Securities	6,919	18.2
7	PricewaterhouseCoopers	4,302	11.3
8	KPMG Corp Finance	2,992	7.9
9	ABN AMRO Bank NV	1,569	4.1
10	Credit Suisse	913	2.4

Source: Bloomberg (based on deals completed in 06' Jan~Dec)

Gained leading position in institutional brokerage through differentiated services and new client acquisitions

Institutional Trading M/S



Note: All market shares are relative figures (not based on the total market)

CY06 Institutional Equity Sales Ranking

Rank	Company	Trading Value (KRW in tril)	M/S (%)
1	CSFB	66.9	8.7
2	UBS	49.2	6.4
3	Samsung Securities	46.7	6.1
4	Morgan Stanley	45.2	5.9
5	Goldman Sachs	42.3	5.5
6	Merrill Lynch	42.0	5.5
7	Citigroup	39.3	5.1
8	Goodmorning Sec	38.6	5.0
9	JP Morgan	37.1	4.8
10	Deutsche Sec	32.3	4.2

Note: Relative market share based on trading value

Accolades received in 2006

ASIAMONEY

In 2006, selected by *Asiamoney* as:

- Asia's Best Local Brokerage
- Best for Overall Country Research
- Best Analyst (Hagju Kim)
- Best Research Coverage Best Overall Sales Services
- Best Overall Sales Services
- Best Sales Person(Edward Kim)
- Best Execution
- Best in Sales Trading
- Most Improved Brokerage over the Last 12 Months

**Institutional
Investor**

In 2006, selected by *Institutional Investor* as:

- Best Research House in Korea

FinanceAsia

In 2006, selected by *FinanceAsia* "2006 Country Award" as:

- Best Investment Bank and Broker in Korea

3. Investment Banking

3-1. Achievements

3-2. New Business Development

New Business Development

Principal Investment

Methodology: co-investments with clients

- **Participate as a financial investor in client M&A deals**
- **Invest in pre-IPO companies**
- **Underwrite block trading deals**

Debt Capital Markets

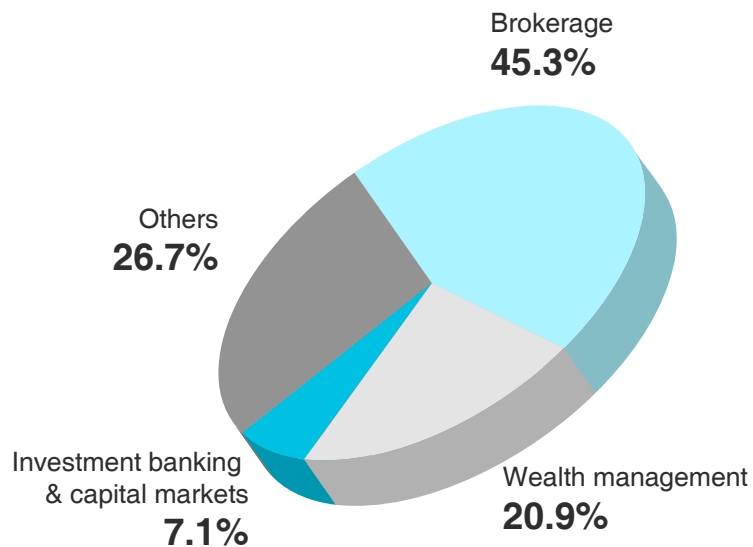
Recover our market position in DCM and reinforce product competitiveness

- **Strengthen deal sourcing function and introduce syndication function**
- **Provide high value-add products through balance sheet financing**
- **Set up DCM infrastructure**

4. Outlook

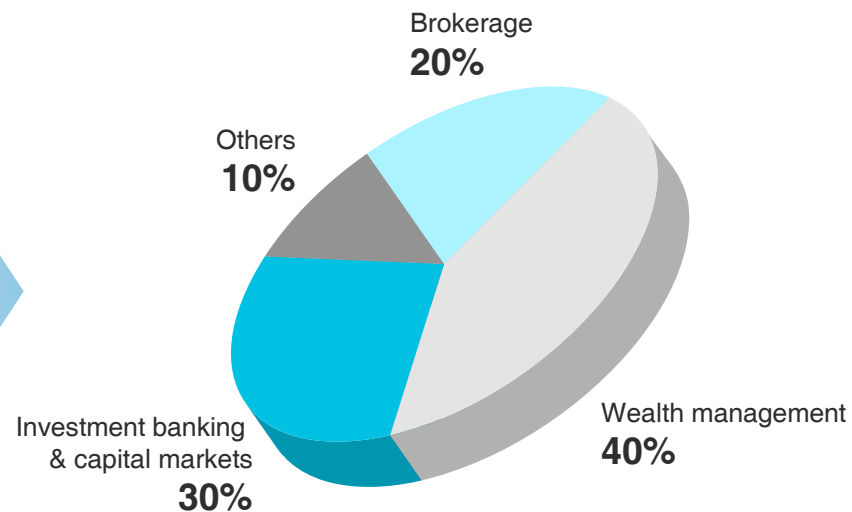
Healthy growth grounded in a diversified and stable revenue structure

FY2006



ROE = 10.7%

Target



ROE = 20%

Thank You



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