



Samsung Securities Co., Ltd.

Samsung Group Asia Conference

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Investor Relations

Samsung Securities



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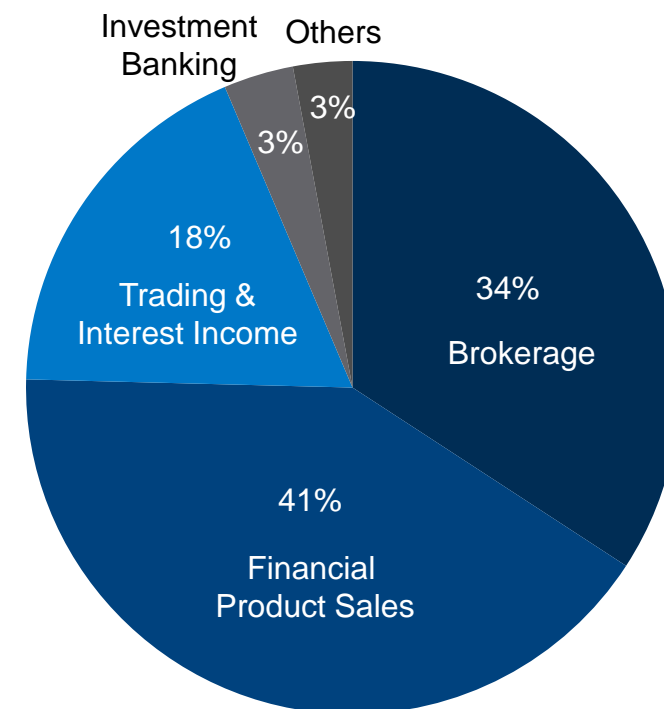
1. 2Q 16 Earnings Review

Income Statement

(KRW billion)

	2Q16	1Q16	2Q15	QoQ	YoY
Net revenues	206.4	197.7	327.2	+4%	-37%
Operating expenses	143.2	135.8	157.4	+5%	-9%
Operating income	63.2	61.9	169.8	+2%	-63%
Pretax income	63.6	59.6	162.2	+7%	-61%
Net income	48.0	46.2	121.4	+4%	-60%
Return on equity	5.6%	5.5%	13.6%	+0.1%p	-8.0%p
Cost-to-income ratio	69.4%	68.7%	48.1%	+0.7%p	+21.3%p

Revenue breakdown



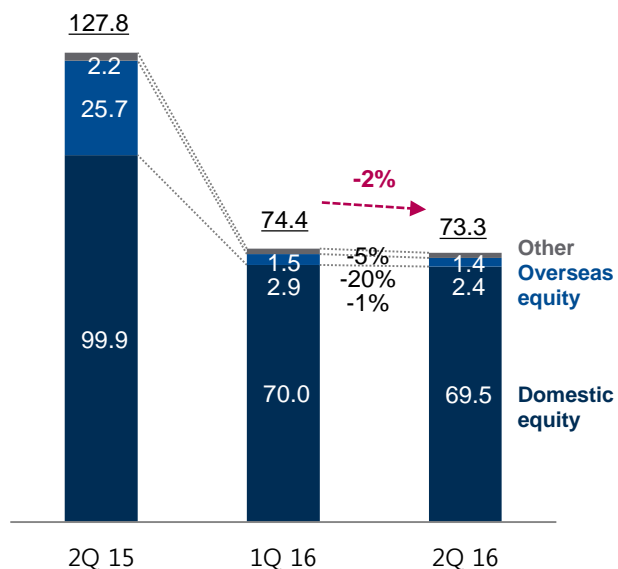
Brokerage: W73.3bn (-2% QoQ, -43% YoY)

Brokerage commission remained stable backed by resilient domestic equity brokerage

- ▶ Domestic equity brokerage turnover from individuals remained strong, offsetting the fall in foreign and domestic institutions
- ▶ Overseas equity sales revenue decreased to W2.4bn in 2Q 16

(SSS) Brokerage Commission

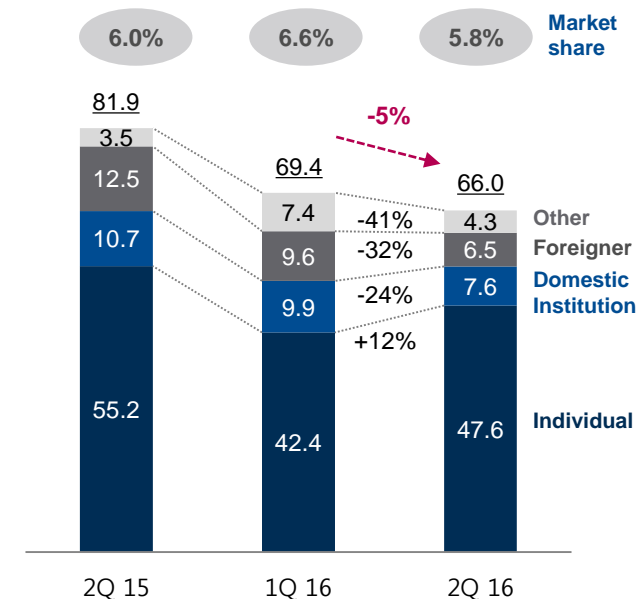
(KRW billion)



Source : Samsung Securities

(SSS) Equity turnover

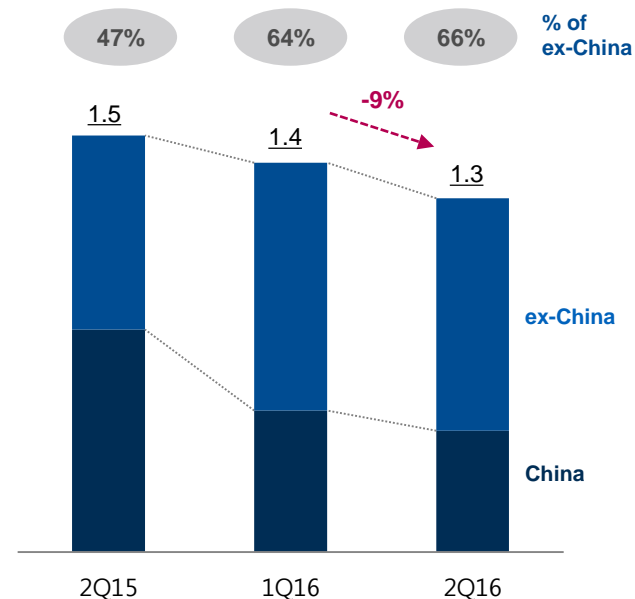
(KRW trillion)



Source : Samsung Securities , KOSPI, KOSDAQ, ETF & KONEX

(SSS) Overseas equity assets

(KRW trillion)



Source : Samsung Securities

Financial products sales: W88.3bn (+33% QoQ, -8% YoY)

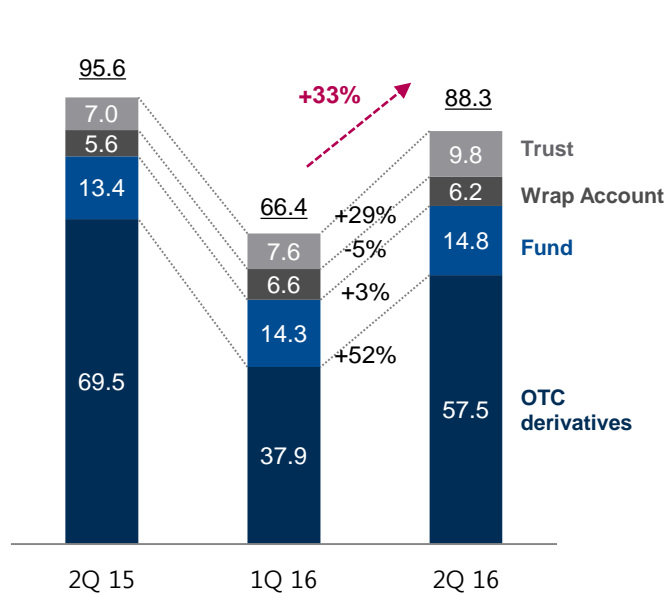
Financial product sales recovered on strong OTC derivatives related revenue

- ▶ OTC derivatives revenue improved with growth in ELS and DLS early termination (W57.5bn, +52% QoQ, -17% YoY)

Recurring revenue from financial products increased to W31.8bn (+14% QoQ, +14% YoY)

(SSS) Financial product sales revenue

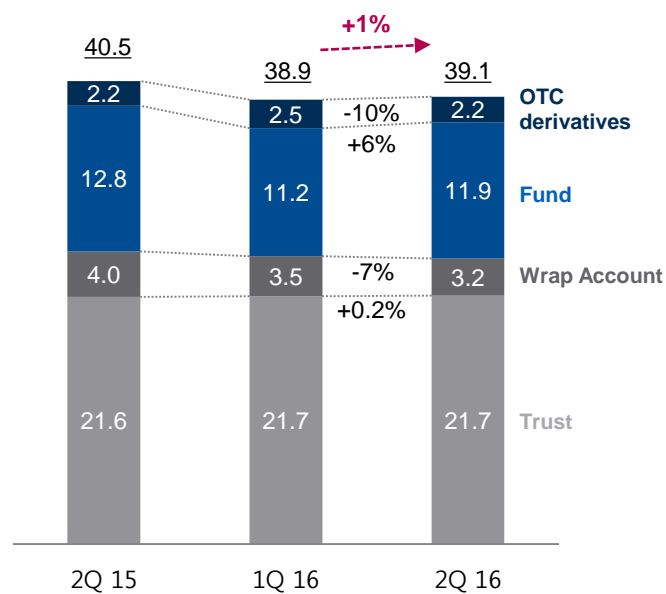
(KRW billion)



Note : Net of related expenses
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(SSS) Financial products balance

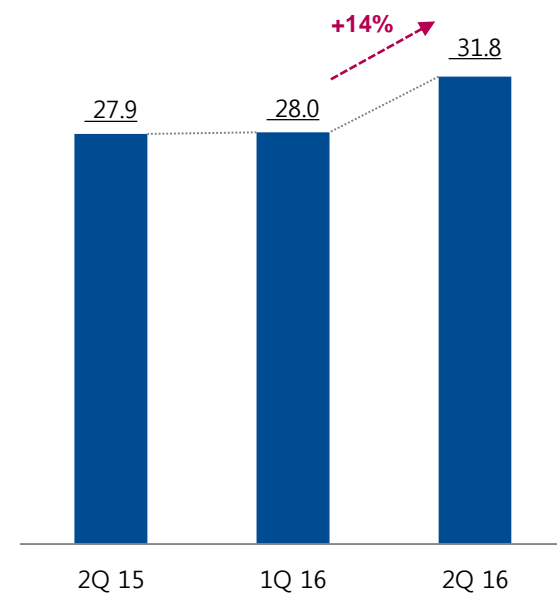
(KRW trillion)



Note : End balance

(SSS) Recurring revenue

(KRW billion)



Note : Recurring revenue includes fee from fund, trust, wrap account and OTC derivatives day 1 profit

Trading & interest income: W39.0bn (-19% QoQ, -61% YoY)

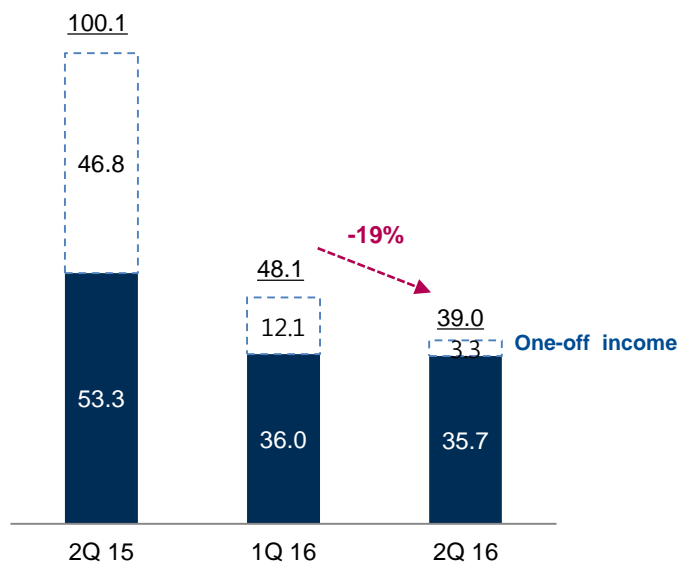
Trading & interest income decreased -19% QoQ due to base effect from dividends in previous quarter

- ▶ Trading income affected by macro uncertainties such as Brexit
- ▶ Trading income excluding dividends and one-off profits: 2Q15 W53.3bn → 1Q16 W36.0bn → 2Q16 W35.7bn

Margin loan balance continued to grow on strong collateral loan demand (W1.6tn, +8% QoQ, +38% YoY)

(SSS) Trading & interest income

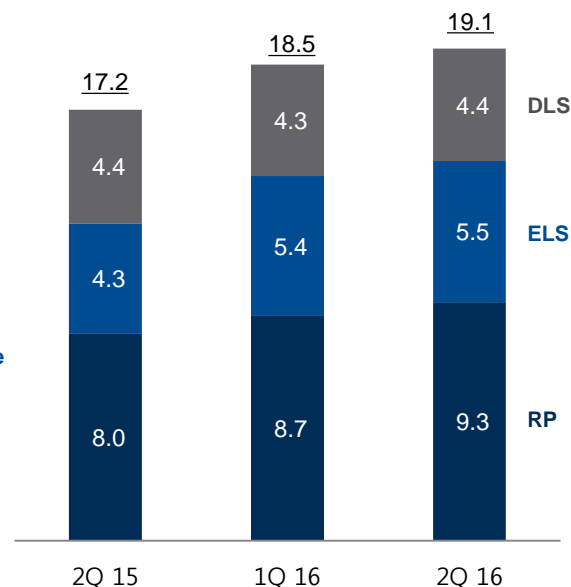
(KRW billion)



Note : One off income includes dividend income

(SSS) Trading income related assets

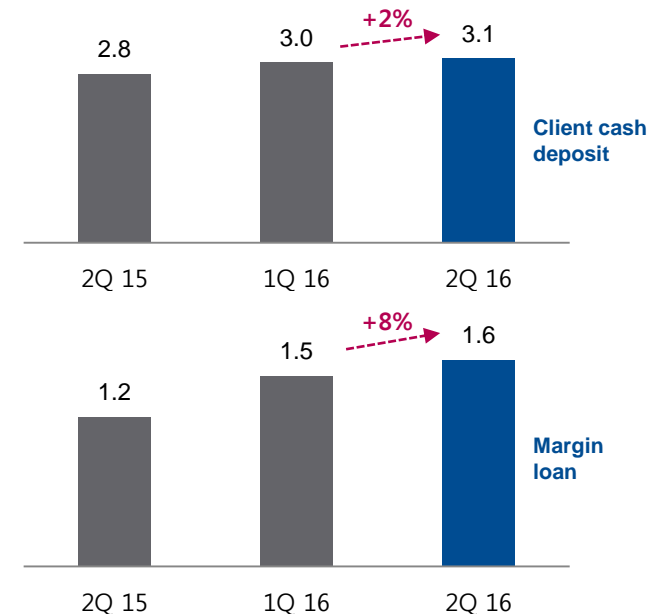
(KRW trillion)



Note : End balance

(SSS) Deposit & margin loan balance

(KRW trillion)



Note : Average balance

Investment banking W7.4bn (+25% QoQ, +29% YoY)

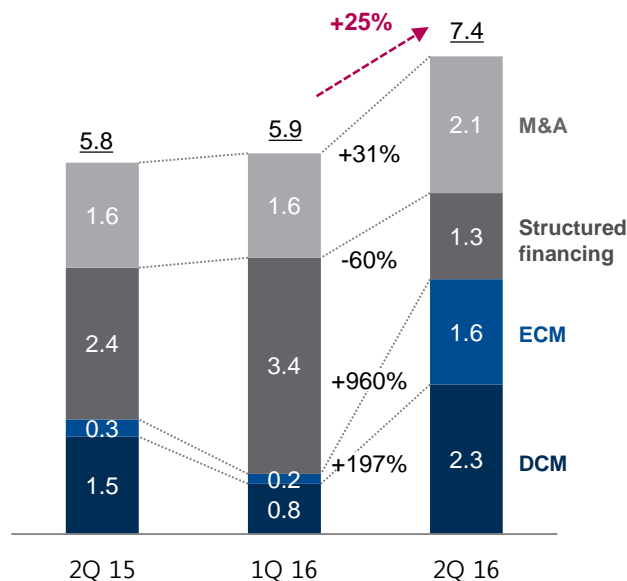
Investment banking revenue increased as both ECM and DCM showed improvements

- ▶ ECM and DCM revenue improved on major deals executed in 2Q16
- ▶ Corporate loan balance decreased as major borrowers redeemed portion of their bridge loans

Supply of alternative investment products increased to W376tn

(SSS) Investment banking revenue

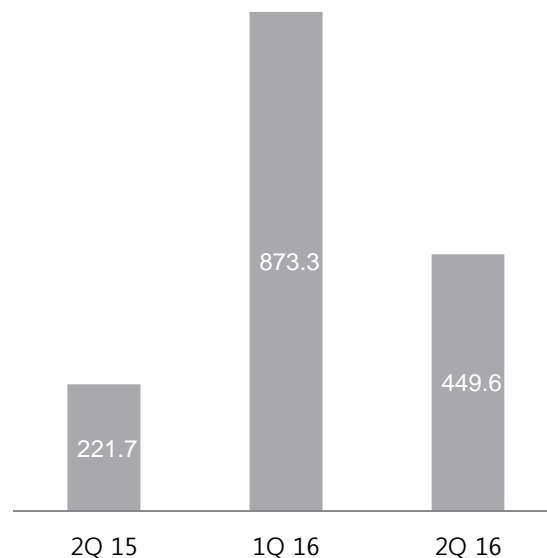
(KRW billion)



Note : Structured financing includes structured products related revenue, foreign currency securities etc.

(SSS) Corporate loan balance

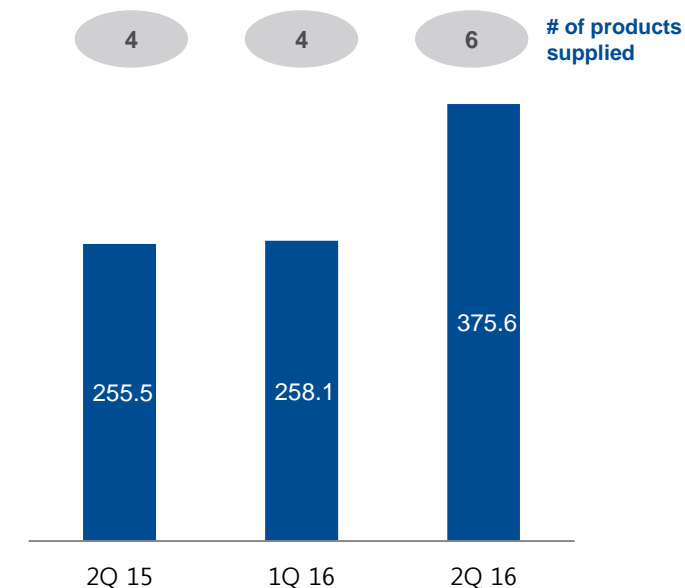
(KRW billion)



Note : End balance

(SSS) Structured product supply

(KRW trillion)



Note : Amount offered to retail and institutional clients

Operating expenses W143.2bn (+5% QoQ, -9% YoY)

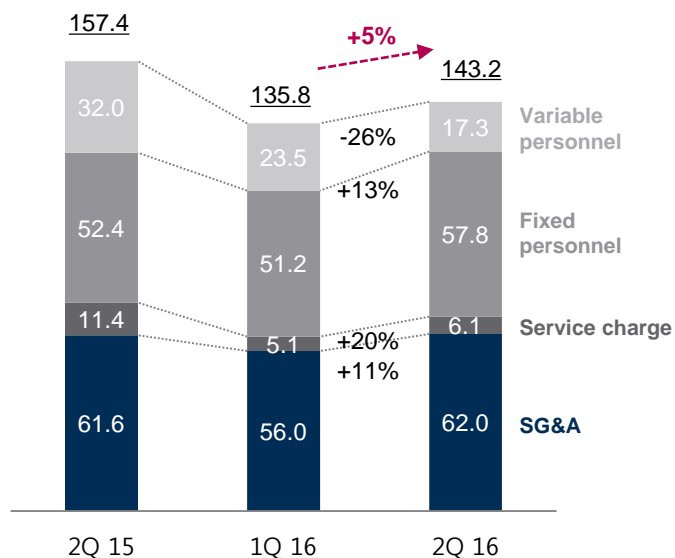
Operating expenses up 5% QoQ due to increase in payroll related expenses

- ▶ Fixed personnel expenses increased +13% QoQ on retroactive medical and employment insurance expenses
- ▶ SG&A expenses increased +11% QoQ due to higher sales promotion costs

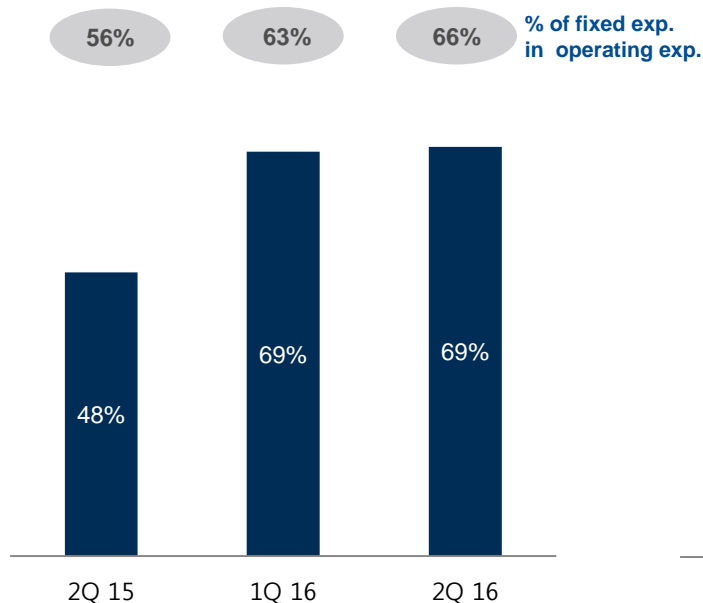
Cost-to-income ratio remained steady at 69% despite increase in operating expenses

(SSS) Operating expenses

(KRW billion)

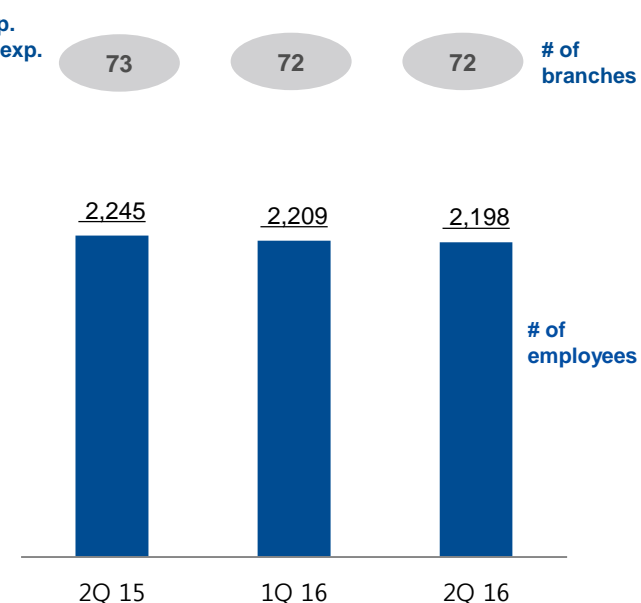


(SSS) Cost-to-Income ratio



Note : Fixed expense includes personnel expenses, IT expenses, depreciation cost, rent and maintenance costs

(SSS) Branches and employees



Note : Including employees in overseas offices

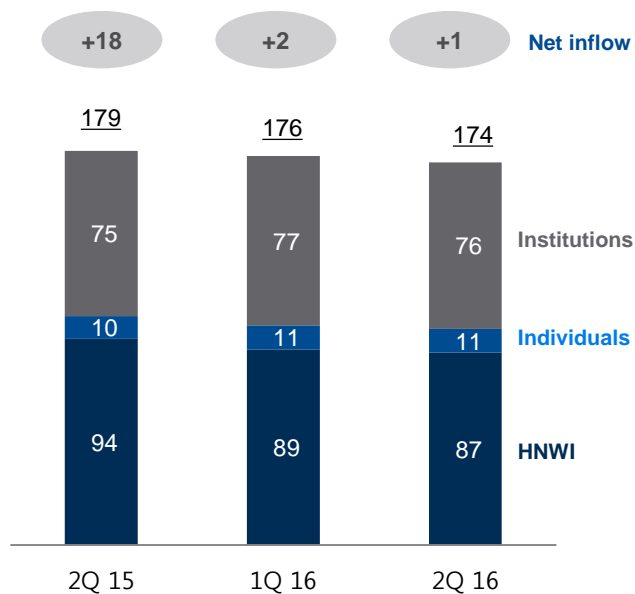
Wealth management client base: W174tn (-2% QoQ, -3% YoY)

Net inflow of client assets continued amid unfavorable market conditions

- ▶ 91,700 HNWI clients with average asset of W1.0bn per client
- ▶ Return on client assets remained steady at 50 bps

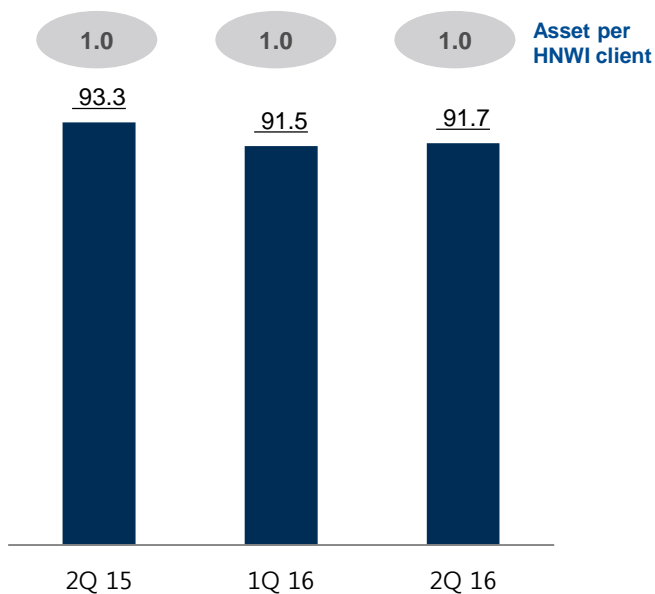
(SSS) Client assets

(KRW trillion)

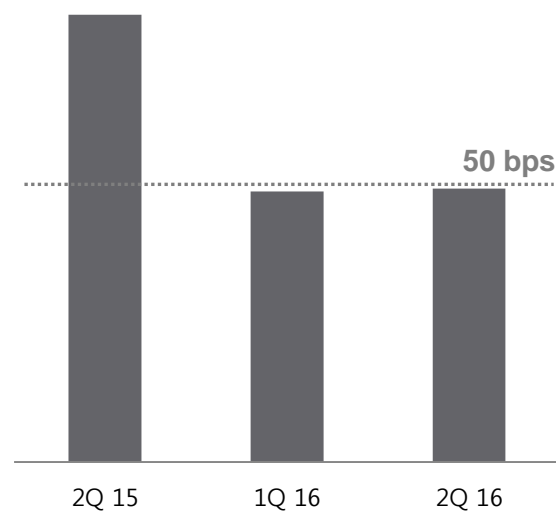


(SSS) Number of HNWI clients

('000 person, KRW billion)



(SSS) Return on client assets



Note : End balance
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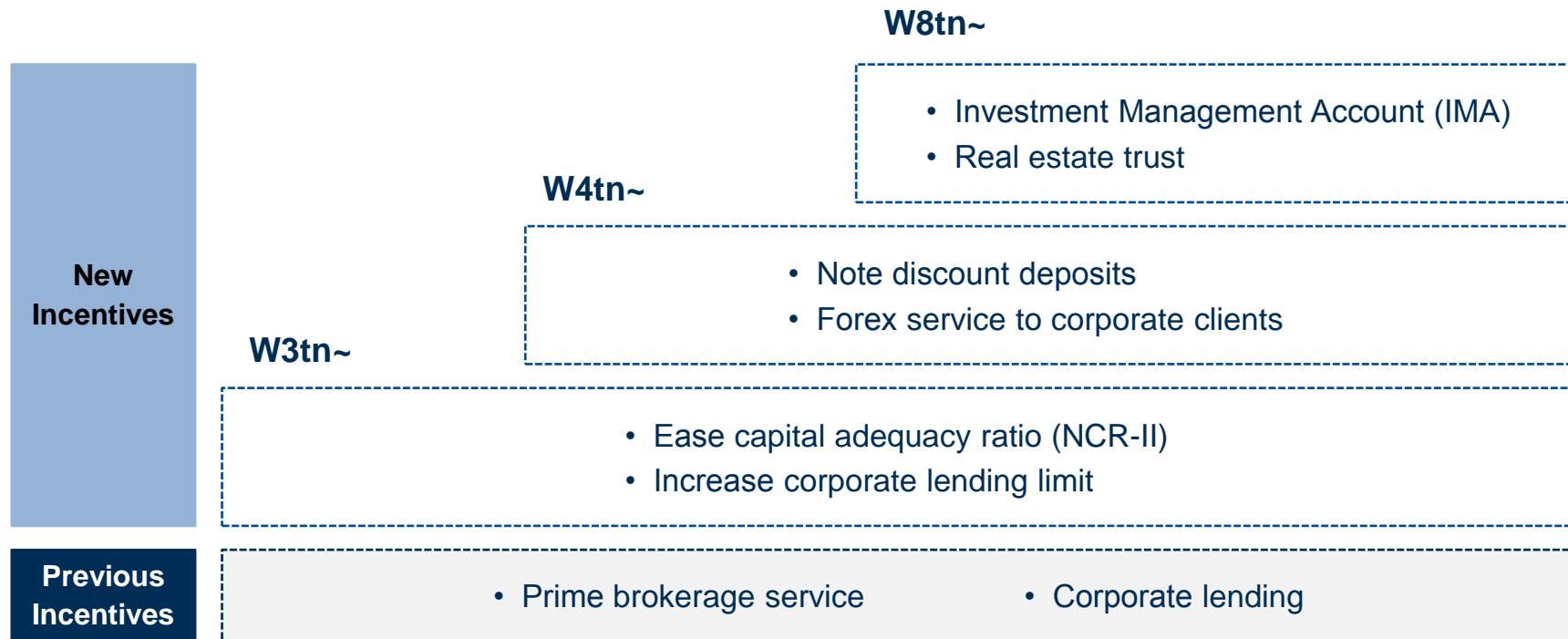
Note : Based on retail clients

2. Business Strategy

New regulation : Comprehensive financial investment companies

The Korean authority released new capital requirements and incentives for comprehensive financial investment companies to foster globally-competitive investment banks in Korea

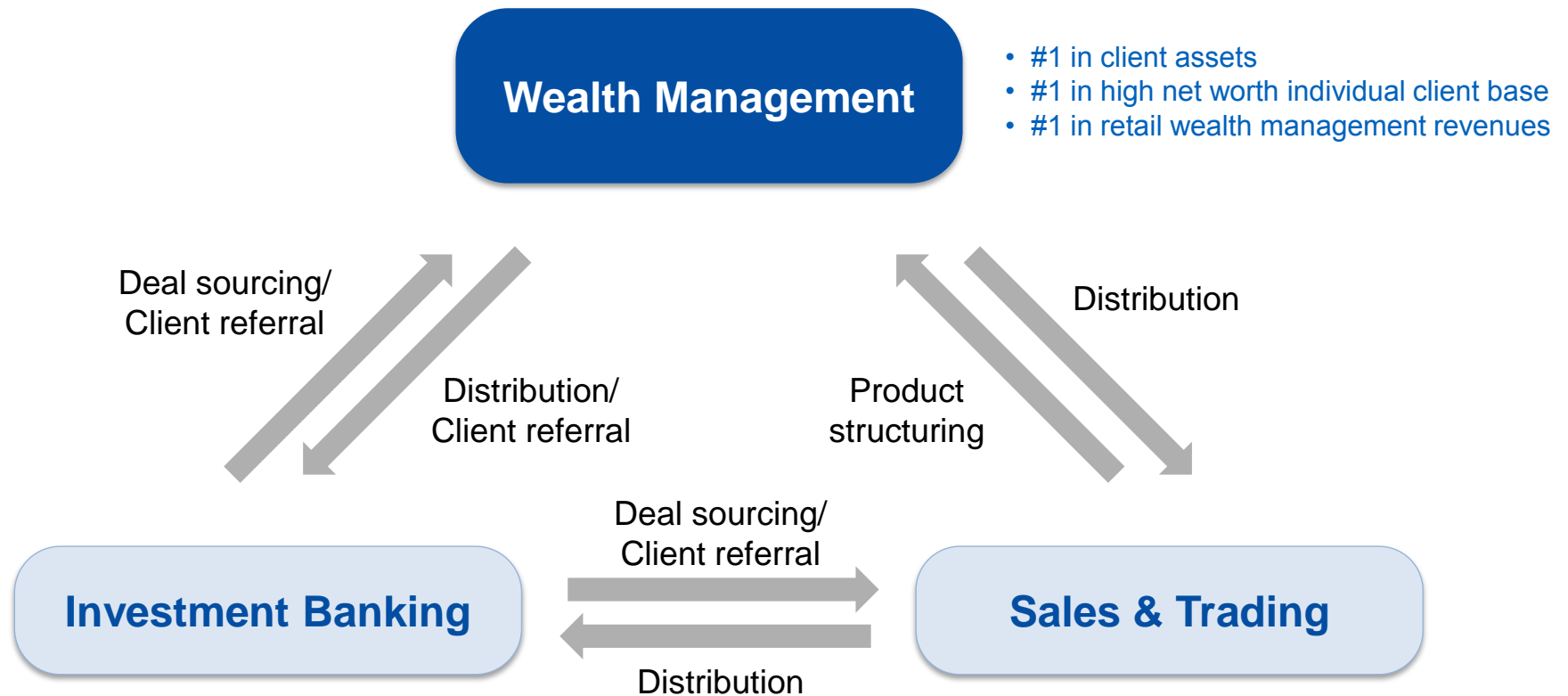
- ▶ The 'Mega IB' regulation will be implemented from 2Q 17 , followed by the announcement of the details in end-2016



Business Model

Focus on wealth management with an emphasis on cross-divisional collaboration

- ▶ Target high-net-worth and affluent clients
- ▶ Improve product and solution capabilities through investment banking and sales & trading



Management Focus

Three pillars to maintain market dominance in Korea's securities industry

- ▶ Pursue profitable growth utilizing core strengths and innovation

Profitability

- Maximize capital utilization
 - Corporate loan
 - ELS/DLS hedge trading
 - Prime brokerage
- Grow recurring revenues
 - Margin stock loan
 - Pension and savings plan
- Implement stringent cost control

Efficiency

- Focus on key HNWI clients
 - WM-IB collaboration for entrepreneur client base
 - Adopt team approach
- Improve advisor productivity
 - Effective training
 - Hire experienced talents
- Leverage strategic partnership
 - CITIC (China), KGI (Taiwan), Rothschild (UK)
 - Woori Bank (Korea)

Digitalization

- Digitalized sales
 - Mobile sales force
 - Portfolio analytic tools
 - CRM platform
- Upgrade online services
 - Online wealth management platform
 - Partner with major online service providers
- Improve Client UI/UX
 - Web/ HTS/ MTS

Management Focus - Wealth Management

Provide competitive and differentiated wealth management service and products

Expand HNWI client base

- ✓ Lead trends in HNWI focused products (yield, dividend, REITs, IB products)
- ✓ Adopt team approach
“Management + FA + Specialist” 2H2016
- ✓ Open complex type branches 4Q2016

Enhance client asset performance

- ✓ Reinforce global asset allocation advisory
- ✓ Strengthen market research and product sourcing capabilities via alliance networks
- ✓ Implement after-sales client care process

Strengthen core client management

- ✓ Samsung Leaders Club
- ✓ VVIP client exchange program with partner networks 2H2016
- ✓ Enhance Next Generation program 1H2017

Differentiate online services

- ✓ Promote account opening through online 2H2016
- ✓ Partner with leading internet portals and SNS providers (Naver, Kakao) 2H2016
- ✓ Renew online wealth management platform ‘Smart Advisor’ 3Q2016

Management Focus - Investment Banking / Sales & Trading

Cross-divisional collaboration with wealth management

Investment Banking

- ✓ Focus on IPO to support WM client gathering
 - Target emerging sectors (Bio, Tech, IT)
 - Hire sector and business experts
 - Work on entrepreneur client network with WM
- ✓ Supply alternative investment products
 - Originate property, aircraft and infrastructure deals for retail and institutional sales
 - Leverage WM-IB collaboration committee
 - Offer exclusive investment opportunities to HNWI clients

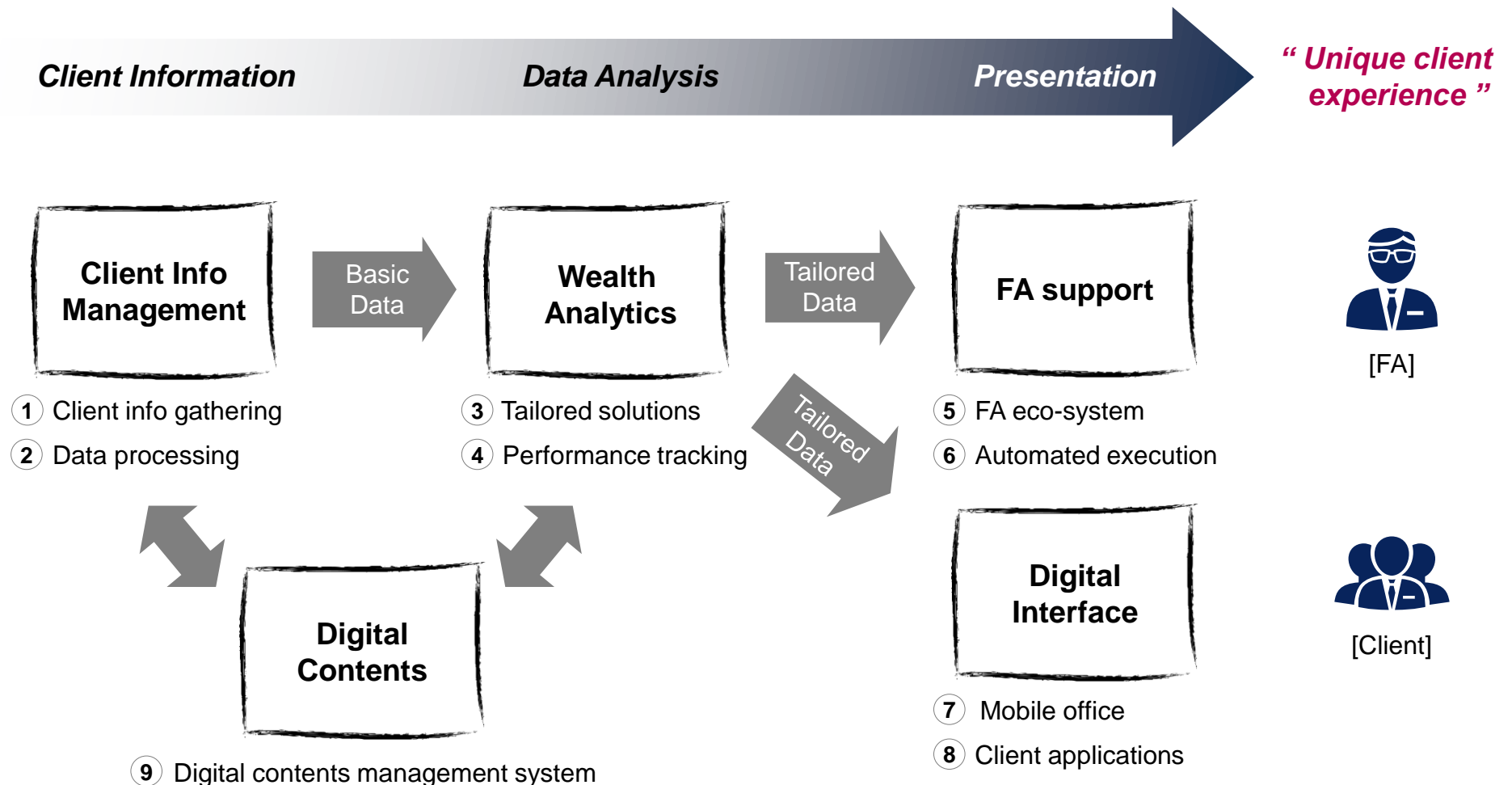
Sales & Trading

- ✓ Focus on fast growing businesses
 - ETF liquidity provider
 - Overseas brokerage for domestic institutions
 - Exchange traded notes (ETN)
- ✓ Seek operational excellence
 - Integrate Sales and Trading for synergies
 - Launch cross-asset sales team
- ✓ Build market leadership in prime brokerage
 - Co-work with retail product desk
 - Preoccupy publicly-distributed hedge fund market

New Initiative - Digital Transformation

Focus on improving client's experience and FA productivity by innovating digital infrastructures

- ▶ Project expected to be launched by late 2016



3. Company Overview

Company Overview

CEO Mr. Yong-Am Yoon
Number of employees 2,198
 (Financial Advisors) 758

Market Cap. W2.7tn
 (Jun 30, 2016)
Number of branches 72

Key Financials (consolidated) (KRW billion)

	1H 16	2015	2014
Total assets	34,104	30,994	25,775
Shareholders' equity	3,473	3,524	3,427
(Majority interest)	3,473	3,524	3,427
Net income	988	275.0	236.6
(Majority interest)	988	275.0	229.5
ROE(annualized, %)	5.6%	7.9%	6.8%

Shareholder composition

Samsung Life insurance(11.2%), Samsung Fire & Marine(8.0%), other affiliates(0.3%), Samsung Securities(10.9%), National Pension Service(8.2%), Korea Investment Trust Management(5.9%), foreign investors(20.1%), other institutional and individual investors(35.4%)

Overseas branches (KRW billion)

	Seoul	Hong Kong	New York	London	Beijing	Tokyo
Founded	1982.10	2001.4	1998.10	1995.12	2002.11	2009.1
Shareholders' equity	3,449	35	36	32	-	-

※ Separate basis

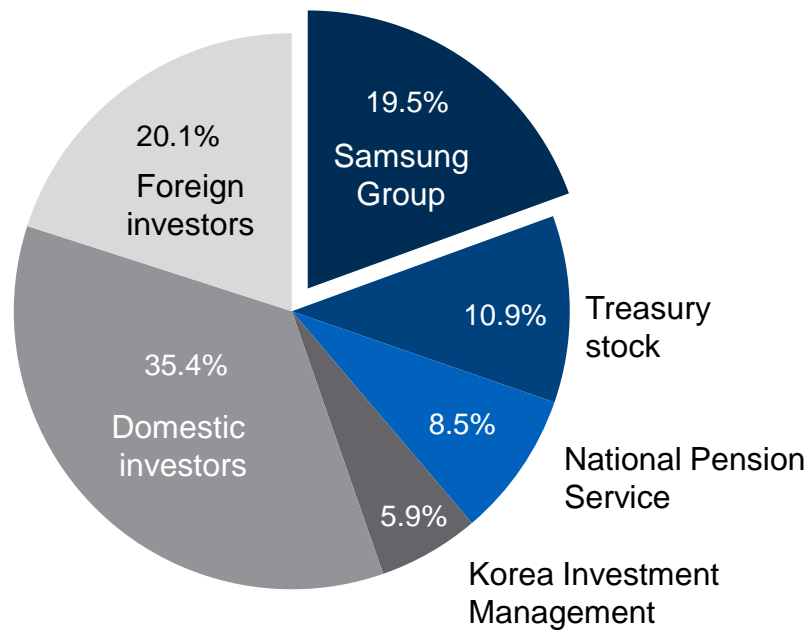
Company History

- 1982 ▫ Founded as Hanil Investment Finance
- 1988 ▫ Listed in Korea Exchange
- 1992 ▫ Joined Samsung Group and renamed Samsung Securities
- 2000 ▫ Merged with Samsung Investment Trust and Securities
- 2003 ▫ Adopted wealth management business model
- 2006 ▫ Ranked #1 in all categories of Asiamoney's Brokers Poll
- 2007
2008 ▫ Signed cooperation agreement with Rothschild UK
 - Named Best Research in Korea by Institutional Investor for three consecutive years
- 2010 ▫ Named Best Broker in Korea by Institutional Investor
- 2011 ▫ Signed MOU with China Asset Management (China AMC)
 - Named Best Broker, Research, Equity in Korea by Asiamoney
 - Named Best Investment Bank in Korea by FinanceAsia
- 2012 ▫ Named Best Private Bank and Broker by FinanceAsia for five consecutive years
- 2013 ▫ Named Best Fund Distributor in Korea by AsianInvestors
- 2014 ▫ Signed cooperation agreement with Pioneer Investments and Neuberger Berman
- 2015 ▫ Signed cooperation agreement with Woori Bank
 - Signed cooperation agreement with CITIC Securities
 - Included in Dow Jones Sustainability World Index for six consecutive years
- 2016 ▫ Signed cooperation agreement with KGI Securities

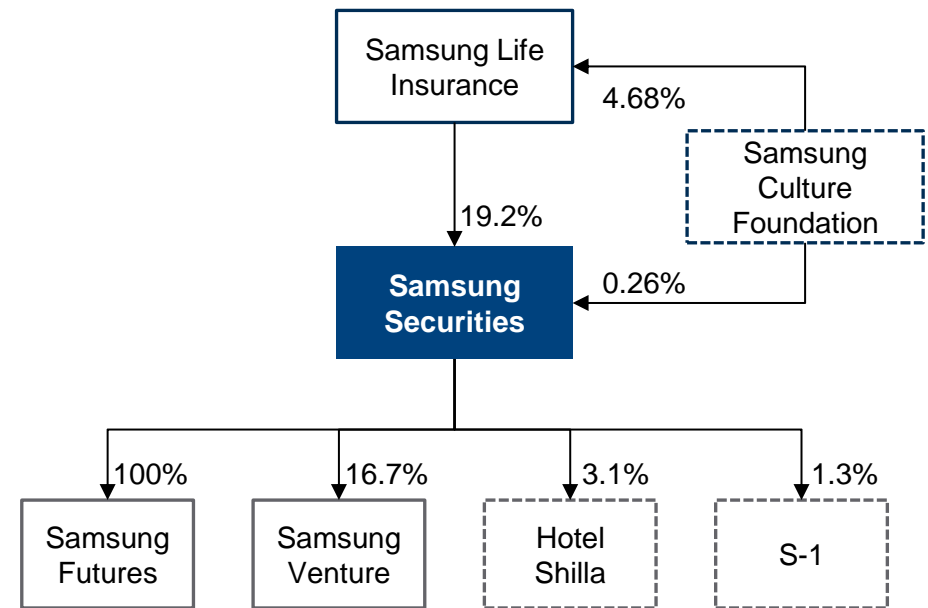
Samsung Group holds 19.5% ownership stakes

- ▶ Affiliated shareholders: Samsung Life Insurance (19.2%), Samsung Culture Foundation (0.3%)

Overview of Ownership Structure



Ownership by Samsung Group affiliates

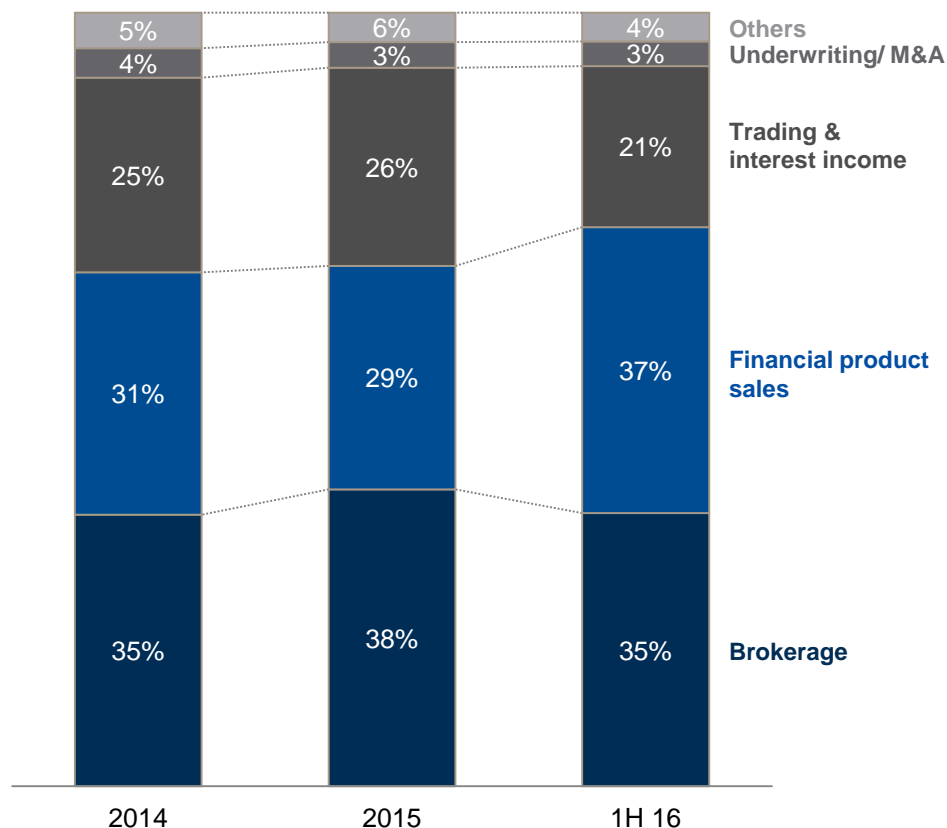


Note: As of 2016.06.30

Note: Reflecting Samsung Life Insurance's Aug 18, 2016 announcement

Net revenue breakdown

Net revenue breakdown



※ Separate basis

Net revenue classification

Brokerage commission	<ul style="list-style-type: none"> Net brokerage commission after deducting trading commissions
Sales commission from financial products	<ul style="list-style-type: none"> Net wrap account fee after deducting commission for external advisory firms Fund sales commission and management fee Includes early termination revenue and day 1 profit from OTC derivatives
Trading & interest income	<ul style="list-style-type: none"> Trading gains/losses related to securities Sales commissions of fixed income Gains/losses from proprietary trading Interest income related to trading (Interest on fixed income, repo, swap, etc.) Gains/losses on valuation of clients' deposits Distribution income
Investment banking	<ul style="list-style-type: none"> Underwriting commissions on securities, foreign securities and debentures M&A commission
Others	<ul style="list-style-type: none"> Trust fees, stock lending commission, etc. Dividend income from subsidiaries

Client assets under management

Appendix

Client asset breakdown

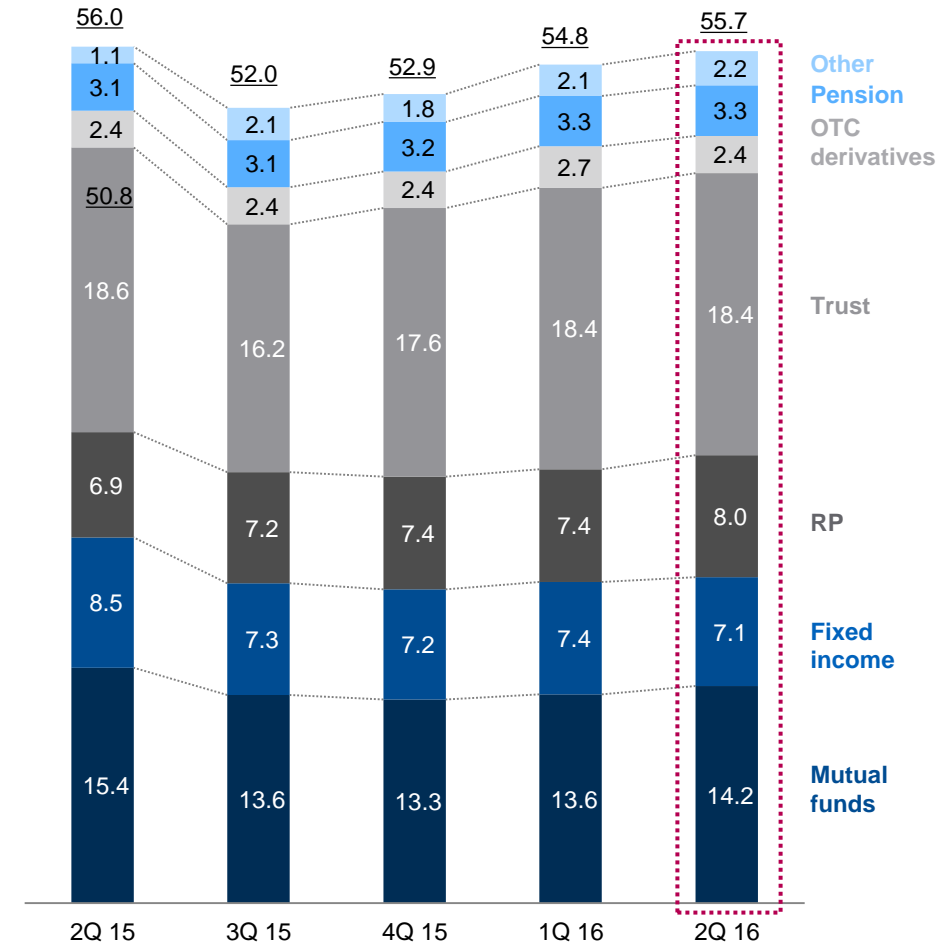
(KRW trillion)

	2Q 16	1Q 16	4Q 15	3Q 15	2Q 15
Client assets	173.5	176.3	173.9	175.0	178.7
Equity	116.1	119.6	119.2	121.0	119.6
Investment products	55.7	54.8	52.9	52.0	56.0
Fund	14.2	13.6	13.3	13.6	15.4
Fixed Income	7.1	7.4	7.2	7.3	8.5
Repo	8.0	7.4	7.4	7.2	6.9
Trust	18.4	18.4	17.6	16.2	18.6
OTC derivatives	2.4	2.7	2.4	2.4	2.4
Pension	3.3	3.3	3.2	3.1	3.1
Other (CP, cash, etc.)	2.2	2.1	1.8	2.1	1.1
Client cash deposits	1.7	1.9	1.8	1.9	3.1

	2Q 16	1Q 16	4Q 15	3Q 15	2Q 15
Client assets	173.5	176.3	173.9	175.0	178.7
Individuals	98.0	99.6	99.1	99.8	103.8
(HNWIs)	87.2	88.7	88.6	89.3	93.5
# of HNWI clients	91,683	91,469	89,660	90,287	93,320

Investment product assets breakdown

(KRW trillion)



Disclaimer

This presentation includes forward-looking statements about Samsung Securities Co., Ltd. All statements that address expectations or projections about the future are forward-looking statements.

Although they reflect our current expectations, these statements are not guarantees of future performance, but involve a number of risks, uncertainties, and assumptions.

Samsung Securities assumes no obligation to provide revisions to any forward-looking statements should circumstances change.