

# Mirae Asset Securities

Investor presentation

Q3 FY2010

Company fiscal year starts in April

# Disclaimer

This presentation may contain forward-looking statements about Mirae Asset Securities and unaudited preliminary figures internally collected as of December 2010.

These figures are subject to change without prior notice, and Mirae Asset Securities is neither obligated to provide revisions, nor responsible for any loss or inconvenience caused by changes regarding the projection and forecast presented in this document.

# Table of contents

<i>I. Industry overview</i>	3
<i>II. Company overview</i>	6
<i>III. Company operational overview</i>	10
<i>IV. Group overview</i>	20
<i>Appendix</i>	22

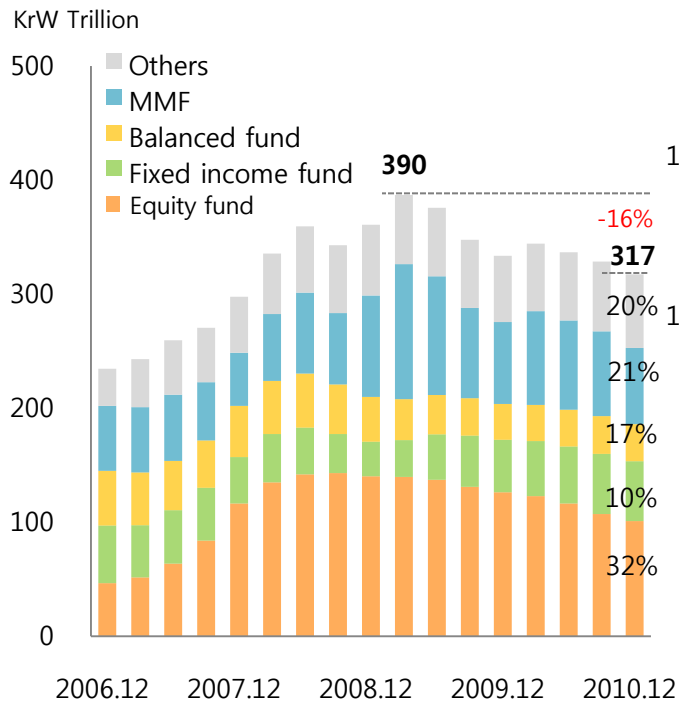
# *I. Industry overview*

- I. Mutual fund industry*
- II. Equity fund market*

# I. Mutual fund industry

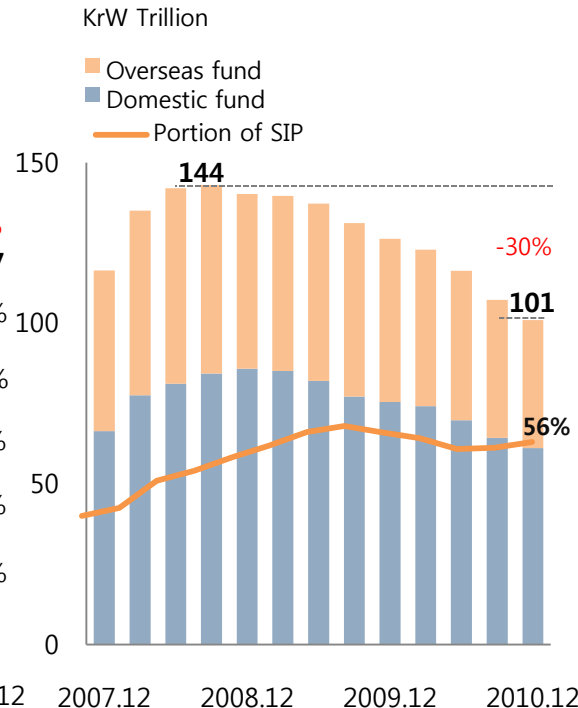
While the mutual fund market loses 16% of AUM, equity fund EUM shrank even more by 30% during the same period. Mirae Asset Investments also lost 25% of Mutual fund AUM, but it still dominates the mutual fund industry

## Mutual fund industry



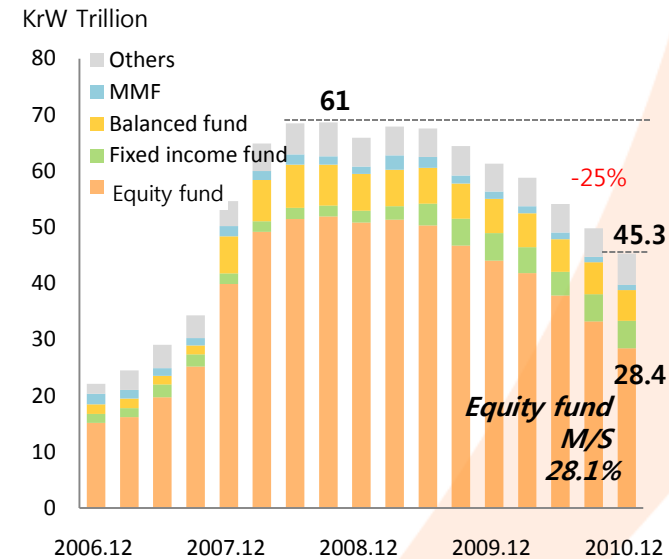
Source : KOFIA

## Equity fund market



Source: KOFIA, As of Dec, 2010  
Note: SIP(Systematic investment plan)

## Mirae Asset Investments



## Market share

Unit: Krw tn	AUM	2010.12	2010.09	2010.06
Mirae Asset	45.3	14.3%	15.2%	16.1%
S ITC	30.5	9.6%	9.6%	9.0%
SH BNP	21.2	6.7%	6.7%	7.0%

Source : KOFIA (As of Dec, 2010)

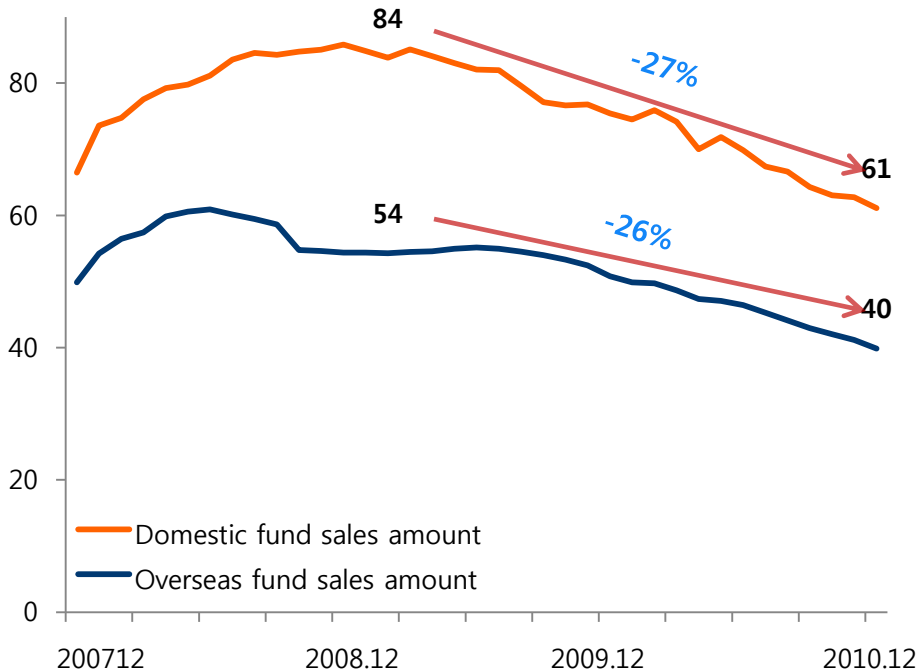
## II. Equity fund market

For the last 2 years, equity-fund market tasted 27% loss of sales balance through the redemption, however the related fee income has not decreased. It rather slightly increased consequently, due to 31% increase of NAV.

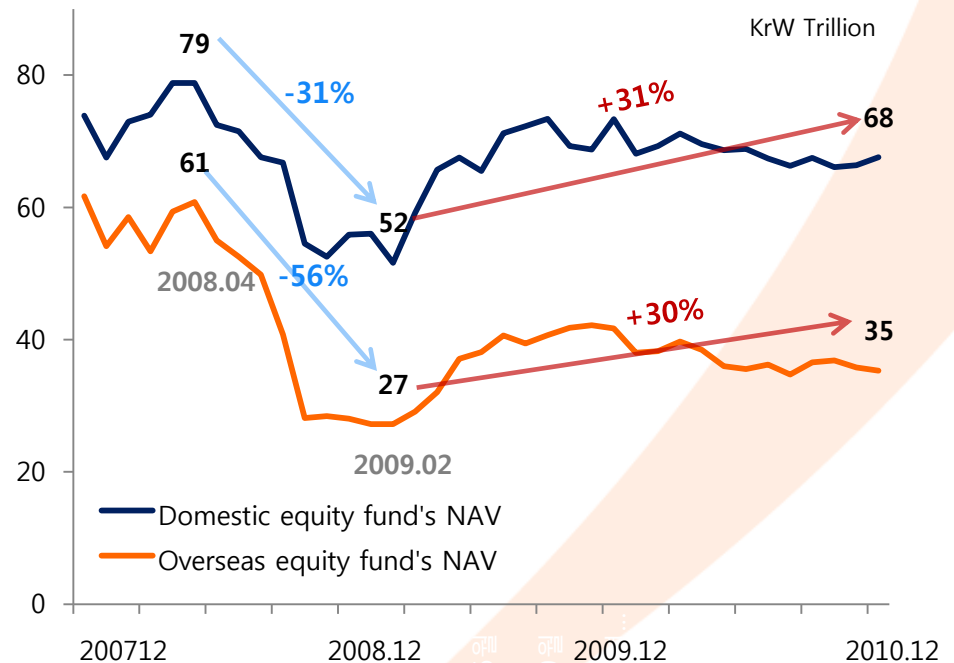
	Domestic fund		Overseas fund	
	Sales amount	NAV	Sales amount	NAV
2009.02 vs. 2010.12	-27%	31%	-26%	30%

- Fund outflow has not led to the loss of fee income from WM biz.
- Fund outflow is not a swing factor of share price any more.

Equity fund sales amount



Equity fund's NAV



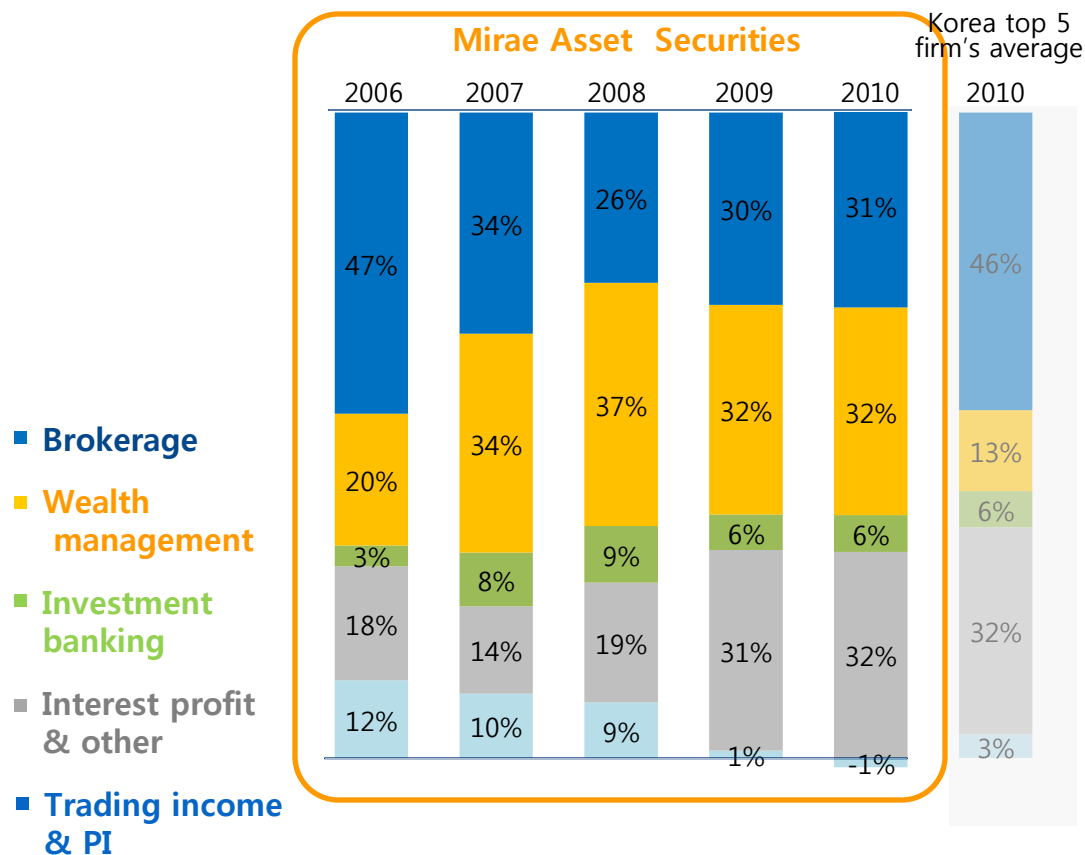
## *II. Company overview*

- I. Diversified revenue & superior return*
- II. Outstanding growth*
- III. Managing growth and cost*

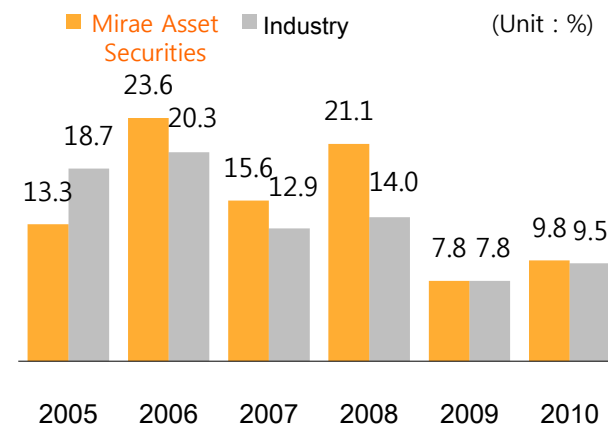
# I. Diversified revenue & superior return

The Company seeks well-diversified and balanced biz model generating stable revenue stream. Our model is far more advanced and superior to competitors'.

## Net revenue comparison



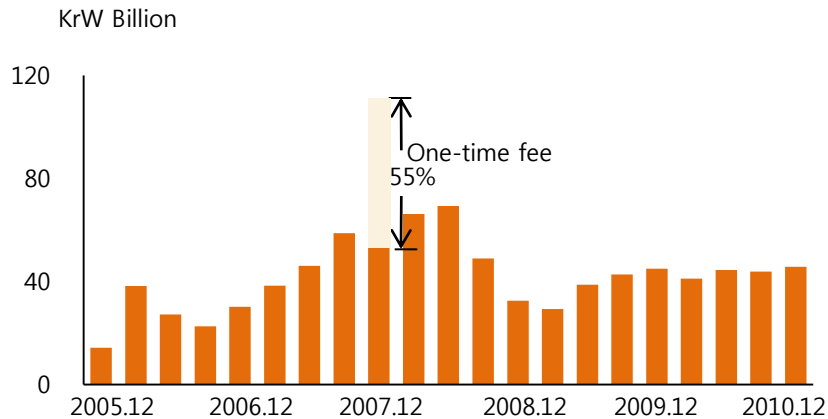
## Return on Equity



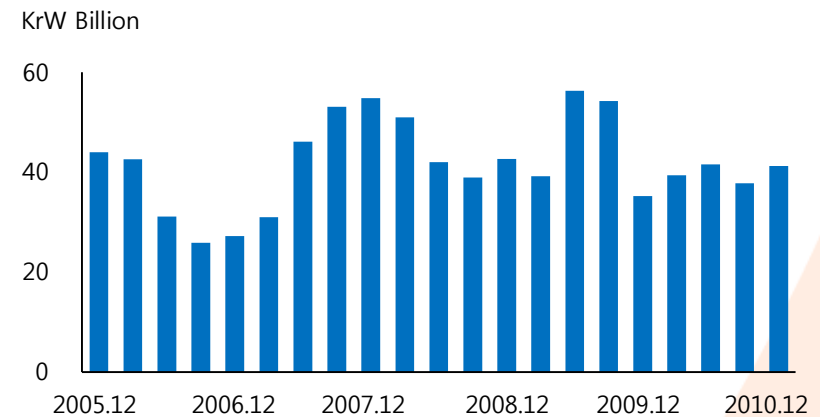
## II. Outstanding growth

Interest profit continuously grew over the global crisis. WM & Brokerage proved the power of the stable business model during the down time.

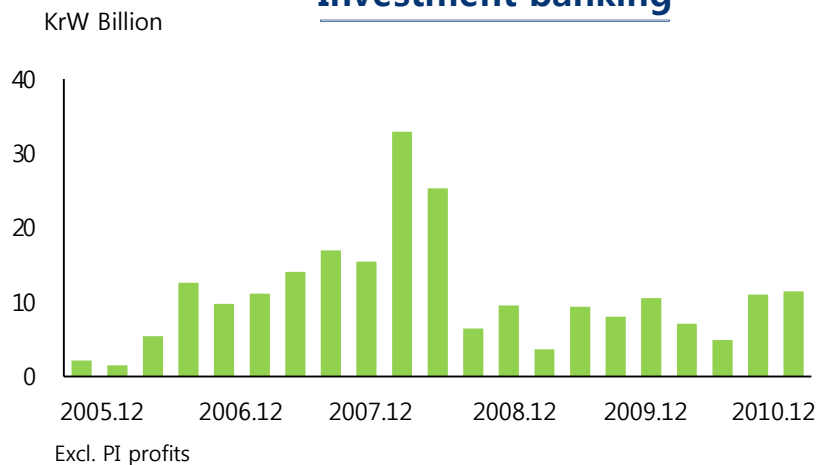
### Wealth management



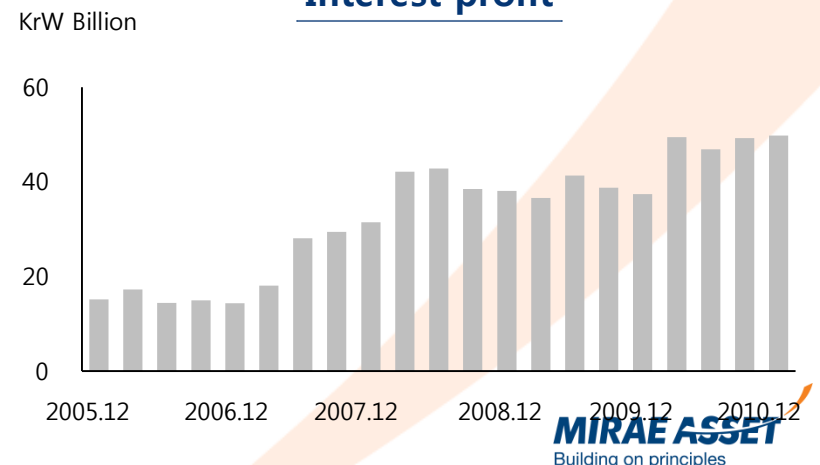
### Brokerage



### Investment banking



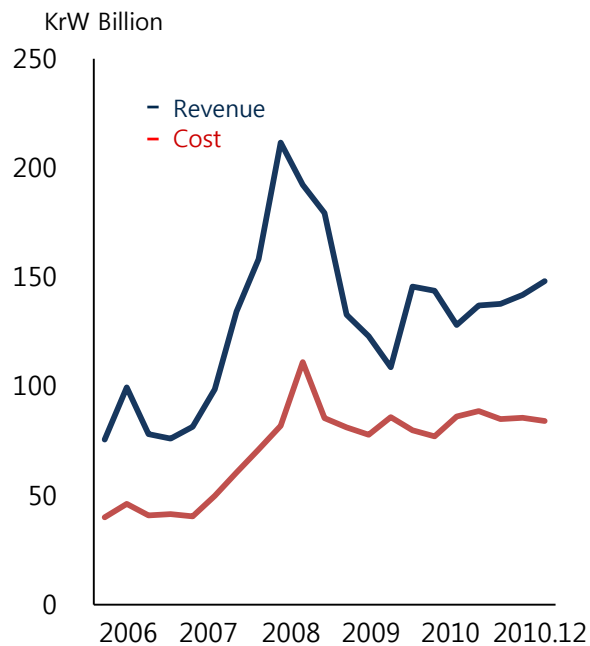
### Interest profit



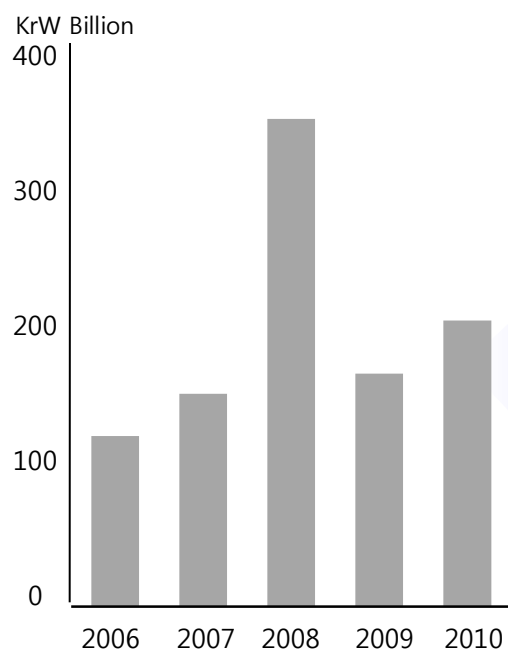
### III. Growth drivers for the futures

The Company wrote an unbelievable success story by innovating business idea & model. In order to keep the story going on, the company prepares for the future with 3 growth drivers.

#### Revenue growth vs. cost



#### EBT growth



#### Growth initiatives

- Accelerate**
- **VIP Marketing**
    - Asset gathering – Safe asset & strategic products expansion
    - PB service thru WM center
  - **Retirement Pension**
    - Enhancing brand image thru DC Model Portfolio Wrap
    - Strengthen Infra & Contents
  - **Overseas business**
    - Focus on Emerging Market Biz
    - Brokerage, WM & Fee based IB
    - Utilizing overseas network

Note: Excl. OTC trading gain/loss

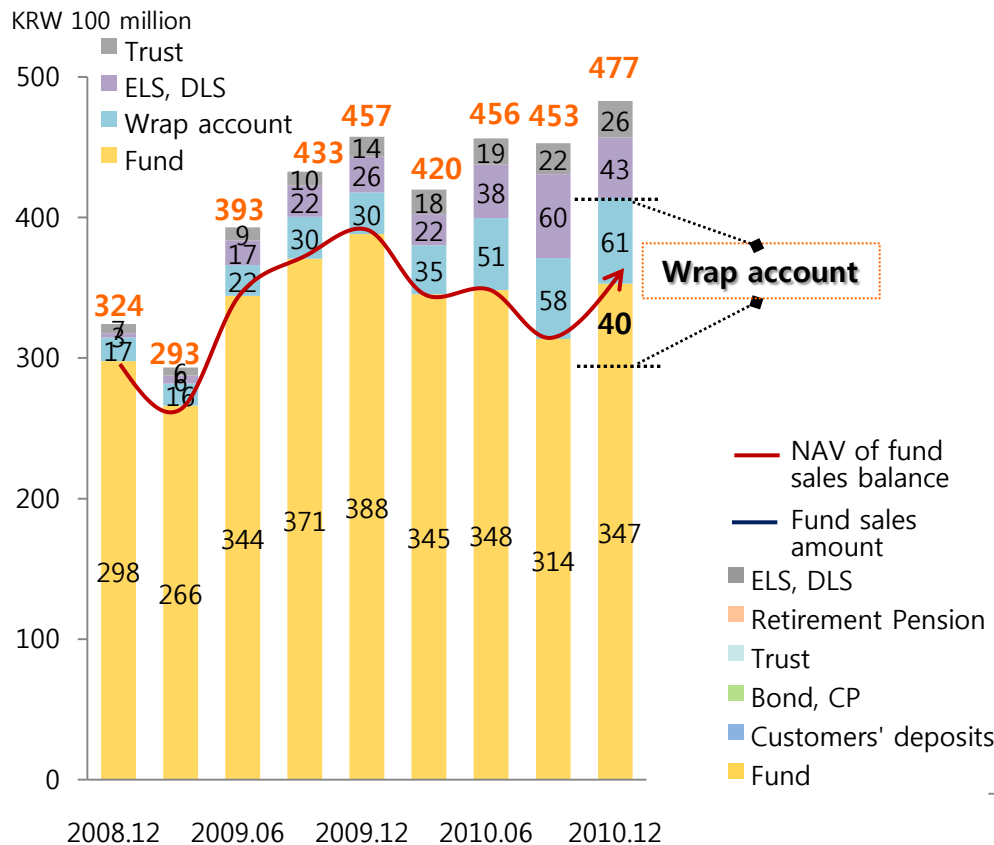
# *III. Company operational overview*

- I. Wealth management*
- II. Brokerage*
- III. Investment banking*
- IV. Retirement pension plan*
- V. Overseas business*

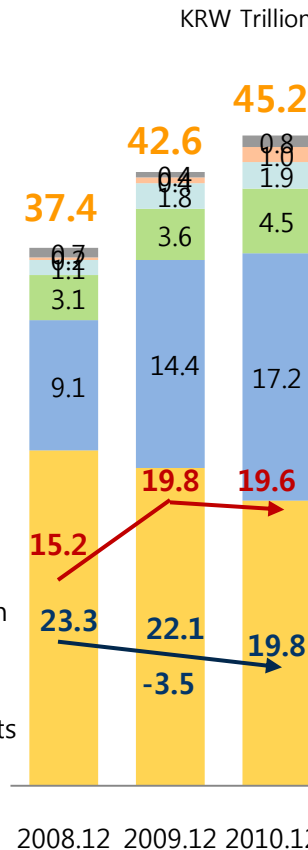
# I. Wealth management

Regardless of 3.5 trillion won of fund redemption for the last 2 years, fund's revenue slightly went up due to the increase of fund's NAV and total customers' asset grew by 7.8 trillion won during the same period.

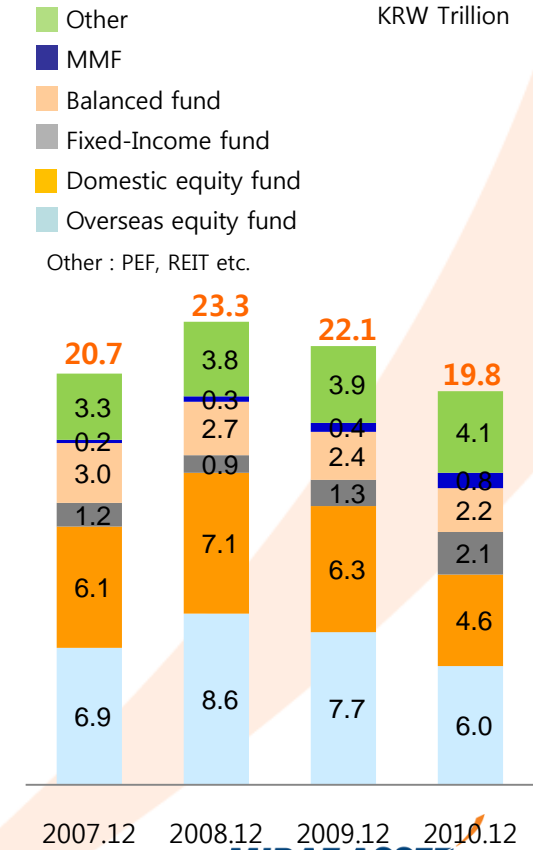
### WM Revenue breakdown



### Total customers' asset



### Fund sales balance

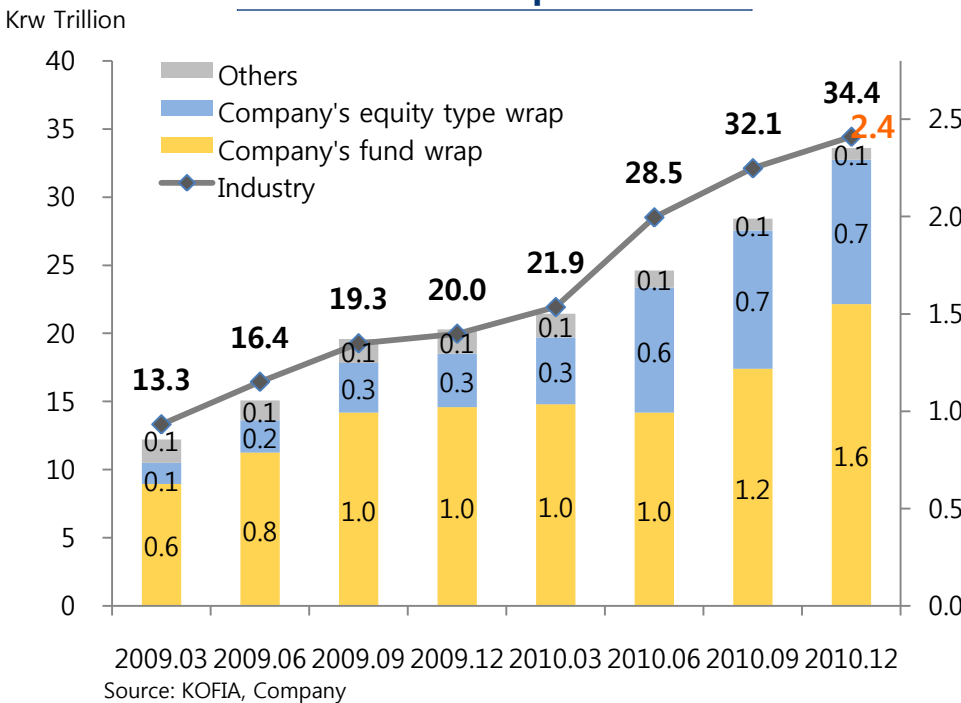


Source: Company

# I. Wealth management

While W25 trillion was redeemed out of Equity Fund in 2010, Wrap market increased by W14.4 trillion. Majority of the redeemed asset is believed to have flowed into Wrap without leaving the capital market.

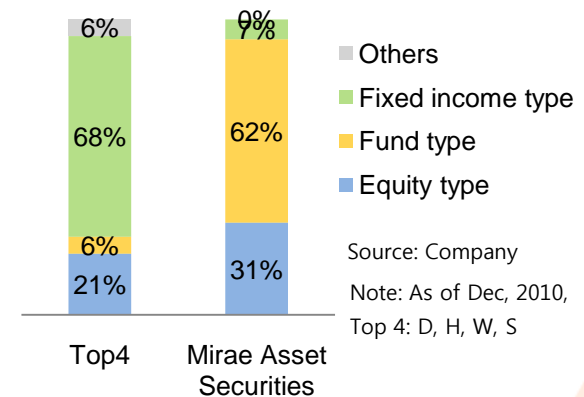
### Growth of Wrap account



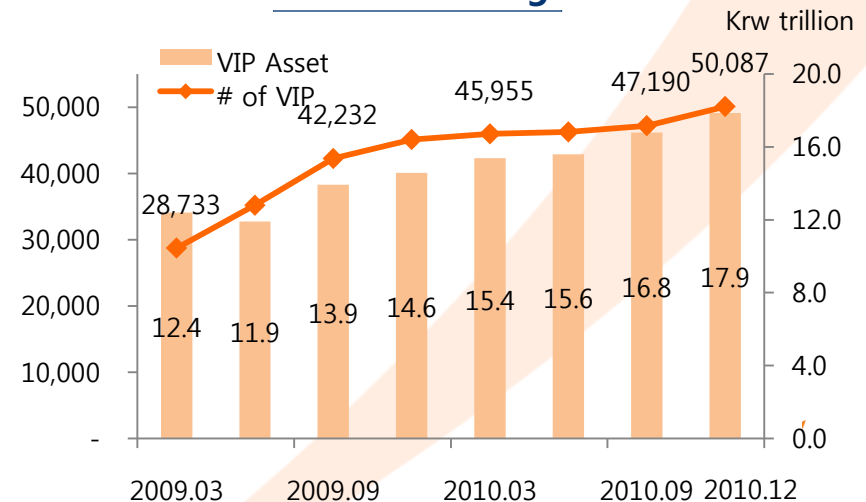
### Company's wrap fee structure

- Equity type: 2.8%~3.2%  
(no additional brokerage fee)
- Fund type: 30bp + additional fund's fee
- Fixed income type: 10~20bp

### Top 4 vs. Mirae Asset Securities



### VIP Marketing

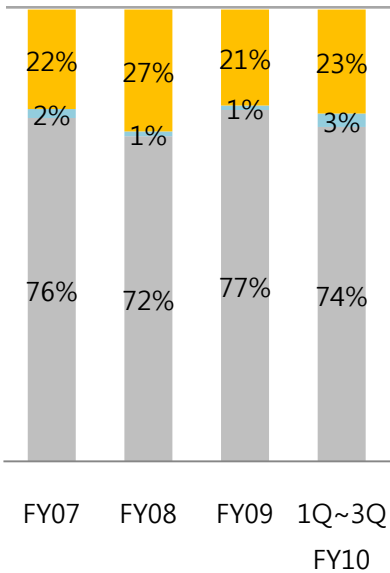


## II. Brokerage

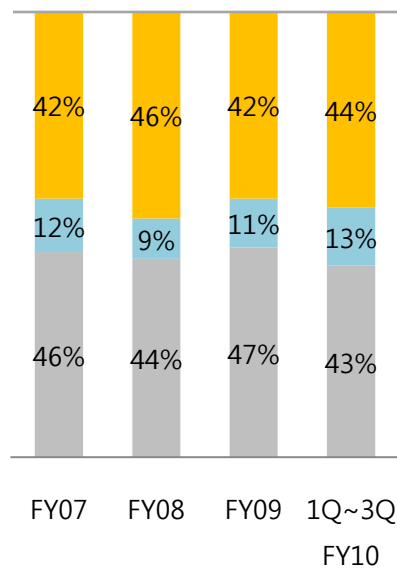
Overall Brokerage M/S dropped from the peak of 8.5% to 6.4%, due to intensified competition in retail brokerage and growth of ELW. However, the brokerage sector has been steady-going thanks to the strength of institutional brokerage.

### Brokerage breakdown

#### Trading value

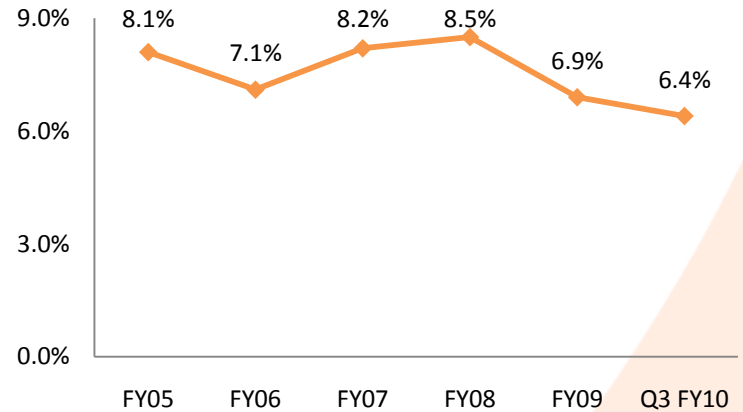


#### Commissions



- Offline - Institutional
- Offline - Retail
- Online - Retail

### Brokerage M/S



### Commission rate

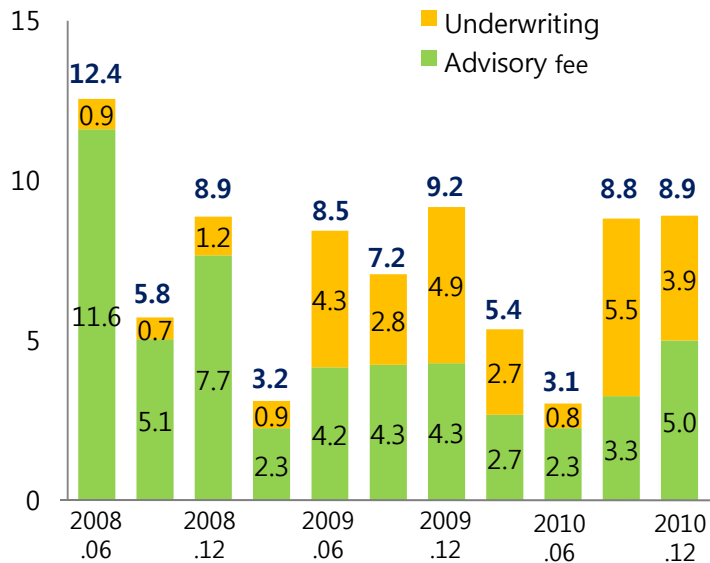
- Institution : 14~15bp
- Off-line(Retail) : 38~40bp
- On-line(Retail) : 2.9bp

# III. Investment banking & Others

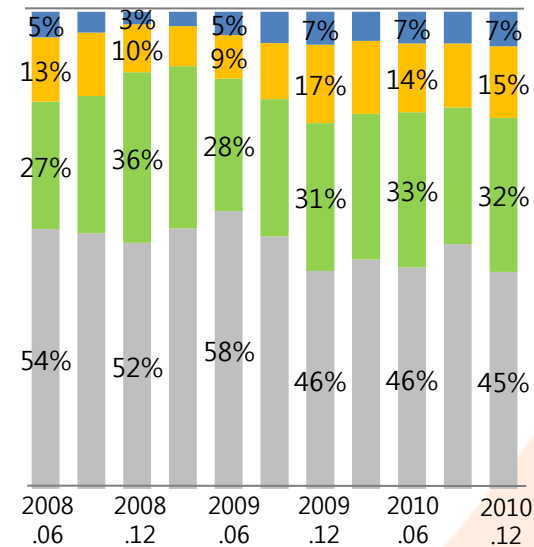
The Company's investment banking group focuses on generating stable cash flow through specializing in advisory and fee based business, and we recently set up DCM division to develop and provide fixed-income related services.

**IB revenue**

KrW Billion



**Interest income**



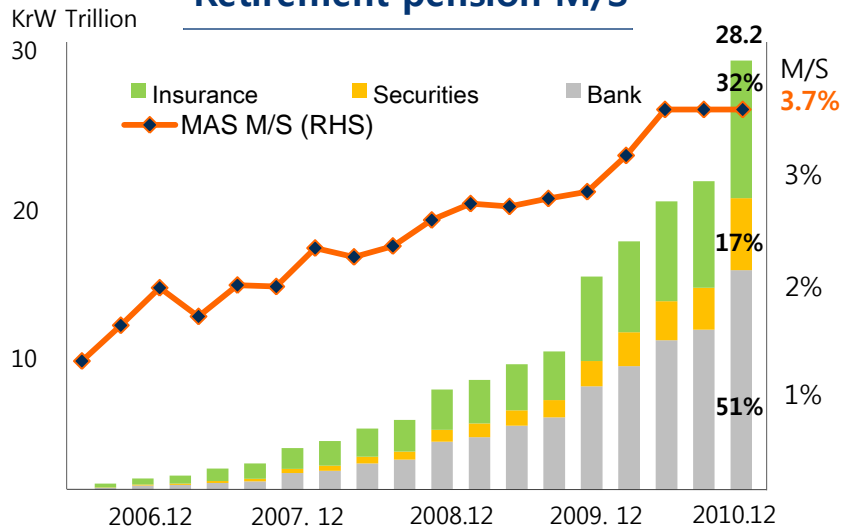
**FY2010 Q3**

- **IPO:** KOPLA, Signetics
- **CP underwriting:** Shinhan financial group, SK, GS caltex and etc.
- **Advisory:** MK Electron, Webzen DKT, TJ Media and etc.

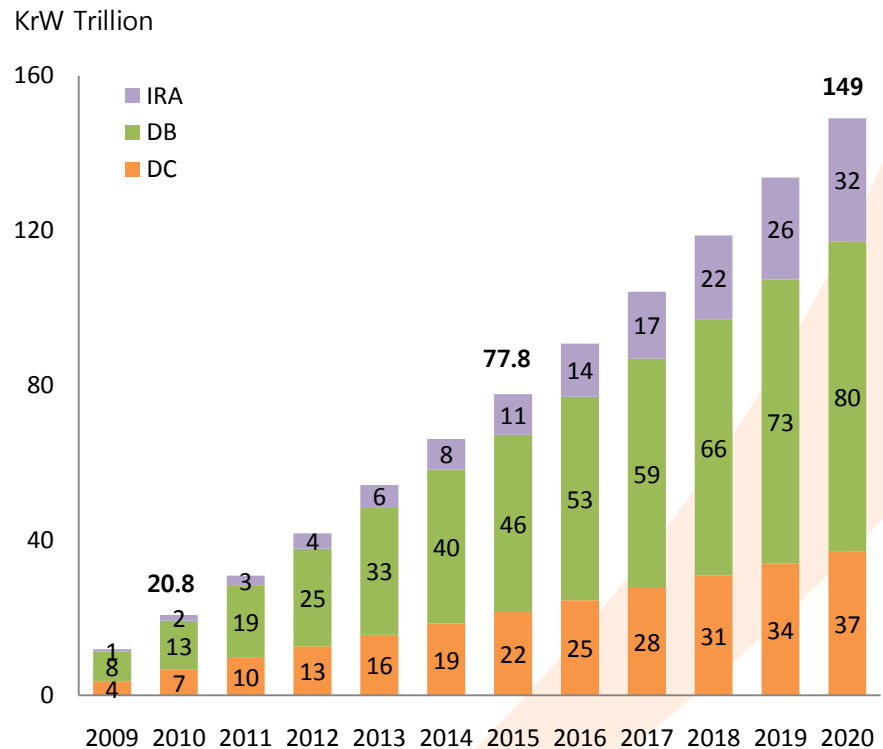
# IV. Retirement pension plan

While RPP market is growing at a rapid pace, the company continues to increase pension AUM and M/S. The company maintains leading position within the securities sector.

### Retirement pension M/S



### Expected retirement pension market reserve



### Pension AUM rank

KrW billion

Bank		Life insurance	
KB	2,838	Samsung	4,534
Shinhan	2,656	Kyobo	1,321
Woori	2,388	Korea	700
IBK	1,721	Mirae Asset	373
Hana	1,299	Dongyang	209
Securities		Property insurance	
HMC	1,260	Samsung	1,090
Mirae Asset	1,039	LIG	643
Samsung	504	Lotte	184
Korea Inv	423	Hyundai	180
Dongyang	327	Meritz	117

Source: FSS (Dec. 2010)

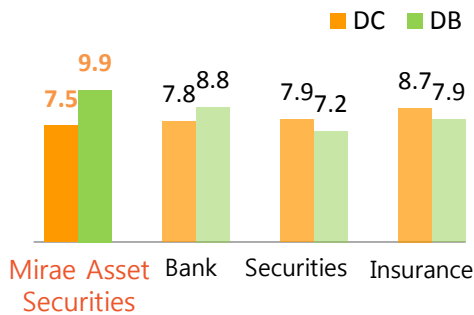
Source: Mirae Asset Pension Institute (Dec. 2010)

# IV. Retirement pension plan

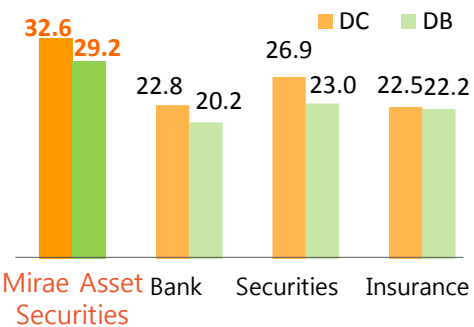
Considering the company's outstanding performance both in DC & DB plans and overall adoption rate is still 18.2%, there are good chances for Mirae Asset Securities to take the big chunk of competitors' M/S.

## Plan performance

FY10 Q2 ~ FY10 Q3



FY05 Q4 ~ FY10 Q1



Source: FSS

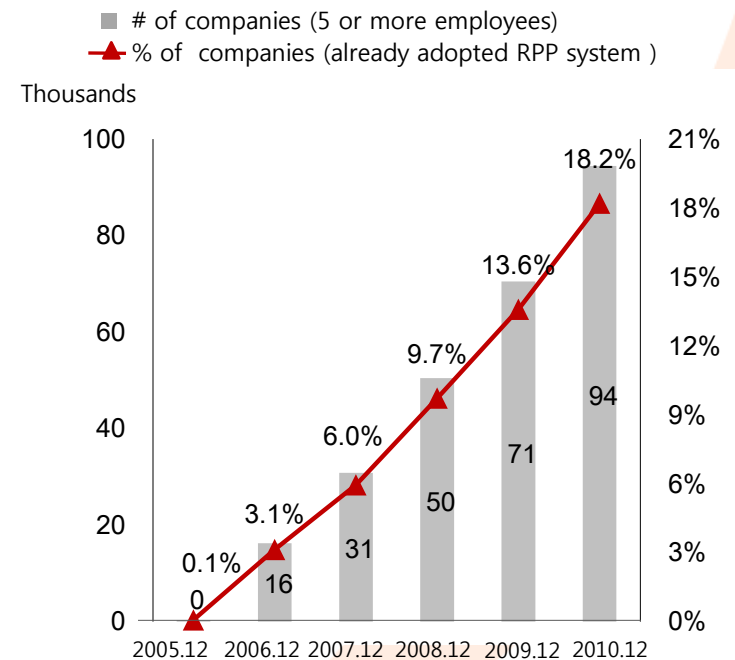
## AUM & Plan type mix



Source: FSS (as of Dec. 2010)

Note: Others(reserve to be invested)

## Corporations' RPP adoption rate



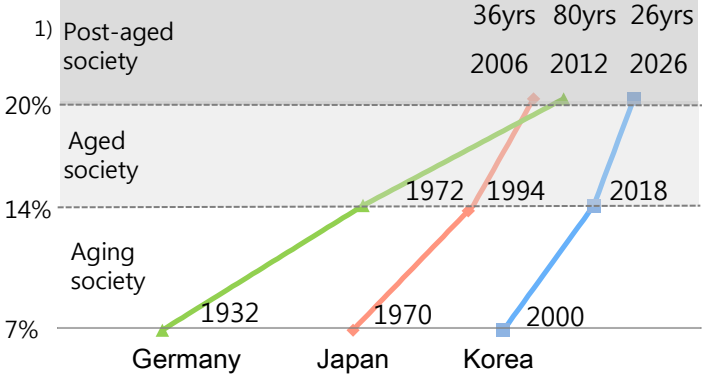
Source: FSS (Dec. 2010)

Note: % based on 52K number of corporations

# IV. Retirement pension plan

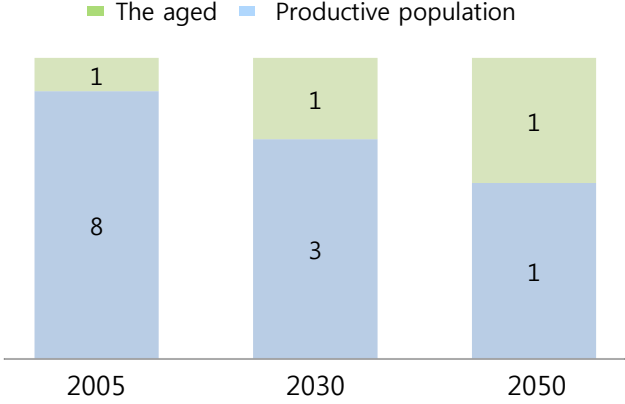
Retirement pension market is poised to grow rapidly due to Korea's fast aging demographics and the government's need to manage high longevity risk.

**Aging/Aged/Post-aged society**

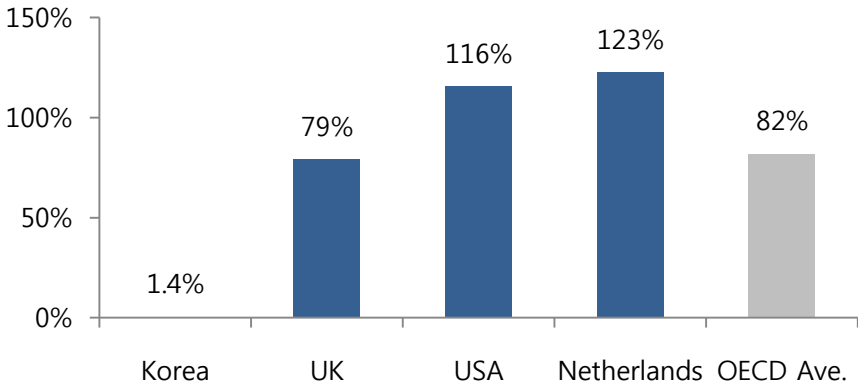


1) It is classified as 'post-aged society' when more than 20% of the population is consisted of people with age 65 or more

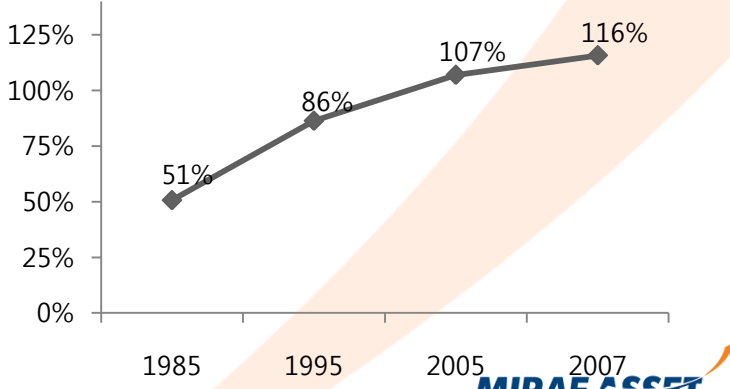
**Aging problem**



**pension market as % of GDP**



**Trend of USA pension market as % of GDP**



Source: KIRI, HRI, PRIMA (2007 for USA, 2008 for others, 2009 for Korea)

Source : PRIMA

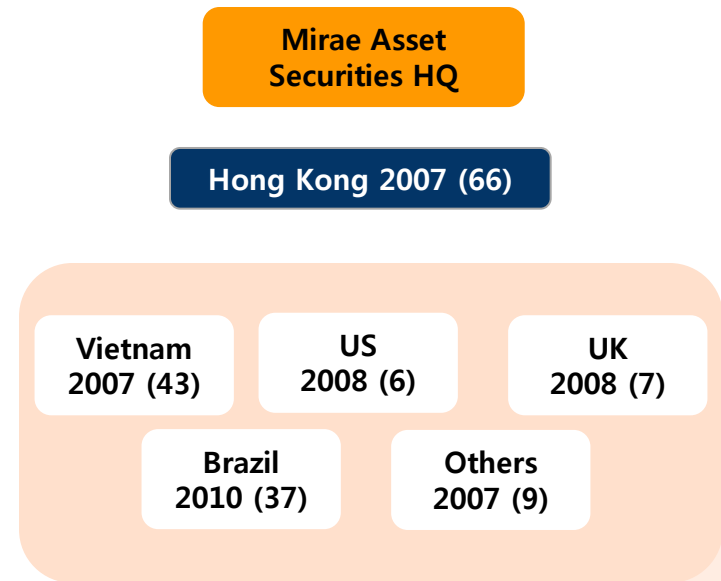


# V. Overseas business

Overseas business is one of the three growth drivers to extend our success story to the future. Even before the financial crisis, the Company saw the potential of emerging market and has been heavily focused on EM business since 2007.

## Strategies for each overseas' affiliates

- **HK:** Institutional Brokerage biz utilizing global research center
- **Brazil:** started as an online brokerage firm → No. 1 securities firm offering comprehensive financial services in the Brazilian market
- **Singapore:** Institutional Brokerage, fund sourcing
- **Vietnam:** Retail & Institutional Brokerage and WM biz thru local branches
- **China:** started as a investment advisory and research company
- **US, UK:** Institutional Brokerage and WM biz, started EM funds sales to US market



## Paid in capital of overseas' affiliates

KrW billion

<b>HK</b>	247.7	<b>Brazil</b>	105.3
<b>UK</b>	10.2	<b>Vietnam</b>	8.5
<b>US</b>	10.4	<b>Others</b>	6.8
<b>Total</b>	388.9		

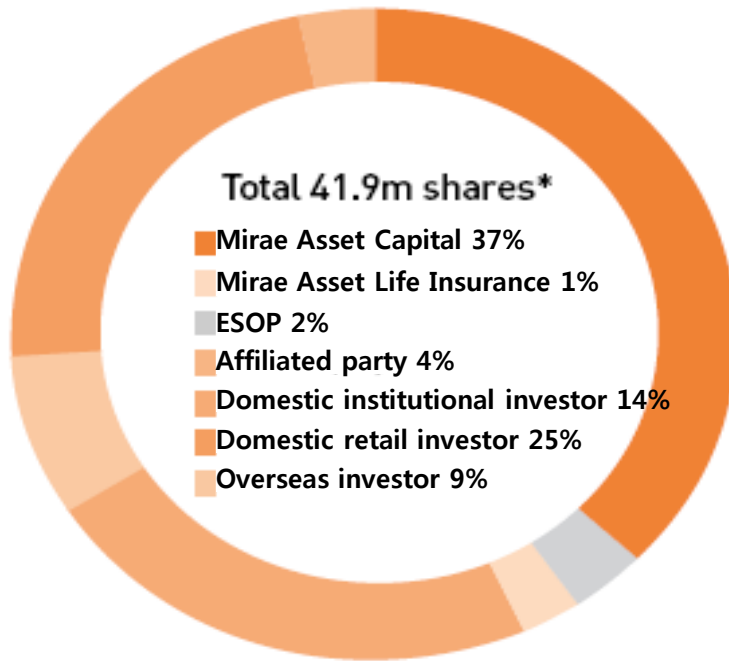
- Mirae Asset Securities : Hong Kong, Vietnam, U.K, U.S, China, Singapore, Brazil
  - Asset Management affiliates : Hong Kong, India, Brazil, Vietnam, China, U.K, U.S
- \* Others: Mirae Asset Securities Beijing representative office(2007), Mirae Asset Investment Consulting (Shanghai)  
 \* (# of employee)

# *IV. Group overview*

- I. Company profile*
- II. Mirae Asset Group structure*

# I. Company profile

## Shareholder Information



\* 41,892,216 shares outstanding as of March 31, 2010

<b>Market Capitalization</b>	2.5 trillion won
<b>Number of Employees</b>	2,211
<b>Number of Branches</b>	118

## Company's history

- 1999** ■ Established Mirae Asset Securities(Capital stock 50billion won)
- 2000** ■ Began selling mutual funds
- 2003** ■ Launched MAPS Wrap account service
  - Began the bancassurance business
- 2005** ■ Won a license for the Trust and retirement pension business
  - Established Mirae Asset Securities' Hong Kong Office
- 2006** ■ Listed on the Korea exchange
  - Won a license for derivatives business
- 2007** ■ Established Mirae Asset Securities (HK), Mirae Asset Securities (Vietnam), Mirae Asset Securities Beijing representative office
- 2008** ■ Established Mirae Asset Securities (UK), Mirae Asset Securities (USA), Mirae Asset Investment Consulting (Shanghai)
- 2009** ■ Opened Mirae Asset Securities (Vietnam) Hanoi branch
  - Established 'Wealth management center'
- 2010** ■ Opened service on FX margin trading & overseas futures trading
  - Established Mirae Asset Securities (Brazil)
  - Launched industry's first iPhone & Android phone trading service
- 2011** ■ Opened WTS(Web Trading Service) in Brazil

## II. Mirae Asset Group structure

Since established in 1997, Mirae Asset group has become one of the top money managers\* investing in Emerging Markets

### Mirae Asset Securities

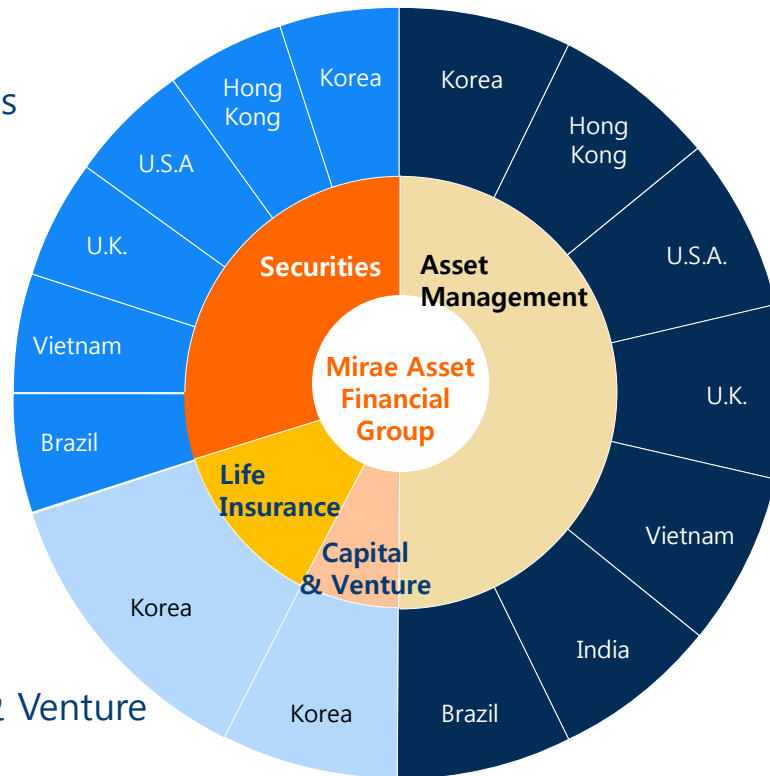
- Wealth management
- Brokerage service
- Investment banking
- Retirement pension

### Mirae Asset Life Insurance

- Life insurance
- Variable insurance
- Retirement pension

### Mirae Asset Capital & Venture

- M&A Advisory service
- Investment in start-up companies



### Mirae Asset Global Investments

- Traditional long only equity

### Mirae Asset Maps Global Investments

- Alternative investments(PEF, REITs)

\* Mirae Asset Financial Group's Total AUM ranked 6<sup>th</sup> largest in Korea and 15<sup>th</sup> largest in Asia ex Japan in 2008 Institutional Investor Asia's 100 Top money manager 2008. Asian Investor, Hong Kong based monthly magazine publisher that specializes in Asian asset management industry, awarded annual 'Asian Investor 2009 Investment Performance Award' in May 2009. Mirae Asset Global Investments won both the best 'Emerging Market Equity' and 'Korea Onshore Fund House' awards this year.

# Appendix

- I. Summary income statement*
- II. Summary balance sheet*
- III. Mutual fund fee structure*

# I. Income statement

Fiscal year ends March	FY2010			FY2009	FY2009				FY2008	FY2007	FY2006	FY2005
(Unit: Billion KrW)	Q3	Q2	Q1		Q4	Q3	Q2	Q1				
<b>Operating Income</b>	<b>359.3</b>	<b>338.8</b>	<b>345.1</b>	<b>1,809.2</b>	<b>412.7</b>	<b>382.3</b>	<b>463.8</b>	<b>550.4</b>	<b>2,064.8</b>	<b>2,531.8</b>	<b>604.1</b>	<b>432.1</b>
<b>Net Revenue (Operating Profit+G&amp;A Expense)</b>	<b>144.1</b>	<b>136.4</b>	<b>109.1</b>	<b>525.4</b>	<b>151.8</b>	<b>126.7</b>	<b>107.1</b>	<b>139.8</b>	<b>482.5</b>	<b>686.8</b>	<b>330.7</b>	<b>285.9</b>
1) Wealth Management	47.7	45.3	45.6	170.3	42.0	45.7	43.3	39.3	179.6	279.1	113.5	62.0
2) Brokerage	36.3	33.4	37.6	167.1	35.7	31.0	49.5	50.9	164.6	195.3	114.6	141.7
3) Investment Banking	8.9	8.8	3.0	30.1	5.4	9.2	7.1	8.4	30.3	65.1	27.7	9.7
4) Net Interest Profit & Other	56.6	52.9	53.9	169.1	47.3	48.4	31.2	42.3	171.7	137.3	45.3	53.7
5) Trading Income & Principal Investments	(6.9)	14.9	(22.0)	(7.4)	3.0	(6.7)	(12.4)	8.7	6.4	64.2	33.4	36.6
<b>Operating Expense</b>	<b>299.2</b>	<b>288.0</b>	<b>321.0</b>	<b>1,602.4</b>	<b>336.6</b>	<b>341.8</b>	<b>433.6</b>	<b>490.4</b>	<b>1,872.9</b>	<b>2,166.9</b>	<b>446.5</b>	<b>294.6</b>
<b>General and Administrative Expense</b>	<b>84.0</b>	<b>85.6</b>	<b>85.0</b>	<b>318.6</b>	<b>75.7</b>	<b>86.2</b>	<b>76.9</b>	<b>79.8</b>	<b>290.7</b>	<b>322.0</b>	<b>172.7</b>	<b>148.4</b>
1) Salary Expense	48.8	52.6	52.5	188.4	41.8	49.2	41.4	56.0	171.9	198.9	102.5	92.7
2) Marketing Expense	9.0	5.0	6.7	25.5	9.5	6.8	6.1	3.2	21.4	37.4	26.9	18.0
3) Fixed Expense	12.5	13.0	12.4	47.6	12.7	12.0	12.3	10.5	47.0	34.6	19.7	17.2
4) Other Expense	13.6	15.0	13.4	57.0	11.7	18.1	17.0	10.2	50.4	51.0	23.5	20.5
Salary as % of G&A Expense	58.1%	61.5%	61.8%	59.1%	55%	57%	54%	70%	59%	62%	59%	62%
Marketing Expense as % of G&A Expense	10.7%	5.9%	7.9%	8.0%	13%	8%	8%	4%	7%	12%	16%	12%
Fixed Expenses as % of G&A Expense	14.9%	15.1%	14.6%	14.9%	17%	14%	16%	13%	16%	11%	11%	12%
<b>Operating Profit</b>	<b>60.1</b>	<b>50.8</b>	<b>24.1</b>	<b>206.8</b>	<b>76.1</b>	<b>40.6</b>	<b>30.2</b>	<b>60.0</b>	<b>191.9</b>	<b>364.8</b>	<b>158.1</b>	<b>137.5</b>
<b>Non-Operating Income</b>	<b>10.4</b>	<b>10.8</b>	<b>9.3</b>	<b>28.3</b>	<b>(11.5)</b>	<b>8.6</b>	<b>16.5</b>	<b>14.7</b>	<b>4.4</b>	<b>10.9</b>	<b>4.3</b>	<b>4.6</b>
<b>Non-Operating Expense</b>	<b>7.6</b>	<b>1.3</b>	<b>3.1</b>	<b>10.6</b>	<b>(2.3)</b>	<b>1.5</b>	<b>2.7</b>	<b>8.6</b>	<b>22.2</b>	<b>8.5</b>	<b>2.0</b>	<b>13.8</b>
<b>Net Income Before Tax</b>	<b>62.9</b>	<b>60.2</b>	<b>30.3</b>	<b>224.6</b>	<b>66.9</b>	<b>47.6</b>	<b>44.1</b>	<b>66.0</b>	<b>174.0</b>	<b>367.3</b>	<b>160.3</b>	<b>128.3</b>
<b>Net Income</b>	<b>46.9</b>	<b>42.4</b>	<b>23.8</b>	<b>168.2</b>	<b>53.1</b>	<b>33.4</b>	<b>33.7</b>	<b>47.9</b>	<b>126.1</b>	<b>267.2</b>	<b>115.7</b>	<b>91.5</b>

Note: Current and historical numbers are based on pr-audit results provided for investors convenience.

## II. Balance sheet

(In KrW billions)	FY2010			FY2009	FY2008	FY2007	FY2006	FY2005
	Q3	Q2	Q1					
<b>Total Asset</b>	<b>9,473.3</b>	<b>9,911.5</b>	<b>8,928.3</b>	<b>7,895.9</b>	<b>6,619.8</b>	<b>6,871.3</b>	<b>3,915.2</b>	<b>1,509.7</b>
1. Cash and Deposit	1,370.0	1,437.9	1,343.8	1,340.4	1,201.1	991.3	1,062.6	745.7
2. Securities	6,364.1	6,177.5	5,876.4	5,314.6	4,615.7	4,668.1	2,278.4	370.8
3. Derivatives	50.2	43.6	27.6	45.5	22.7	6.6	0.0	0.0
4. Loans	1,090.2	1,046.9	977.1	824.0	440.2	814.4	329.8	159.8
5. Tangible Fixed Asset	14.6	15.5	18.1	20.9	31.6	44.8	14.5	13.3
6. Other asset	584.2	1,190.1	685.3	350.6	308.5	346.1	229.9	220.1
<b>Total Liabilities</b>	<b>7,606.4</b>	<b>8,089.0</b>	<b>7,143.4</b>	<b>6,123.6</b>	<b>4,944.6</b>	<b>5,283.6</b>	<b>2,958.8</b>	<b>979.4</b>
1. Deposit Liabilities	857.0	987.7	981.8	913.8	902.3	777.3	704.8	869.9
2. Leveraged Liabilities	6,198.7	5,953.9	5,551.8	4,910.5	3,787.1	4,163.7	2,115.2	15.8
3. Other Liabilities	550.7	1,147.4	609.8	299.3	255.1	342.6	138.8	93.7
<b>Total Stockholders' Equity</b>	<b>1,866.9</b>	<b>1,822.5</b>	<b>1,784.8</b>	<b>1,772.3</b>	<b>1,675.2</b>	<b>1,587.7</b>	<b>956.4</b>	<b>530.2</b>
1. Capital Stock	209.5	209.5	209.5	209.5	199.7	199.6	185.5	134.8
2. Capital Surplus	850.4	856.2	856.2	856.2	866.1	863.3	499.7	213.0
3. Accumulated other Comprehensive Income	(25.3)	(28.5)	(23.8)	(43.4)	84.3	4.5	(0.1)	(0.1)
4. Retained Earning	832.3	785.4	743.0	750.1	609.8	520.3	271.3	182.5
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>9,473.3</b>	<b>9,911.5</b>	<b>8,928.3</b>	<b>7,895.9</b>	<b>6,619.8</b>	<b>6,871.3</b>	<b>3,915.2</b>	<b>1,509.6</b>

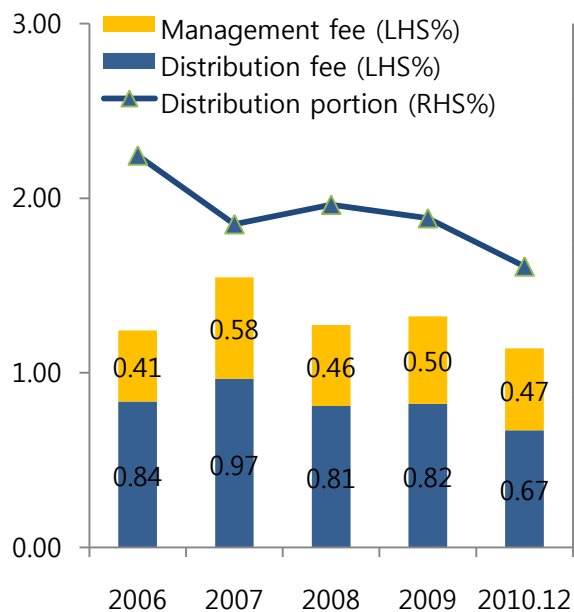
Note: Current and historical numbers are based on pr-audit results provided for investors convenience.

# III. Mutual fund fee structure

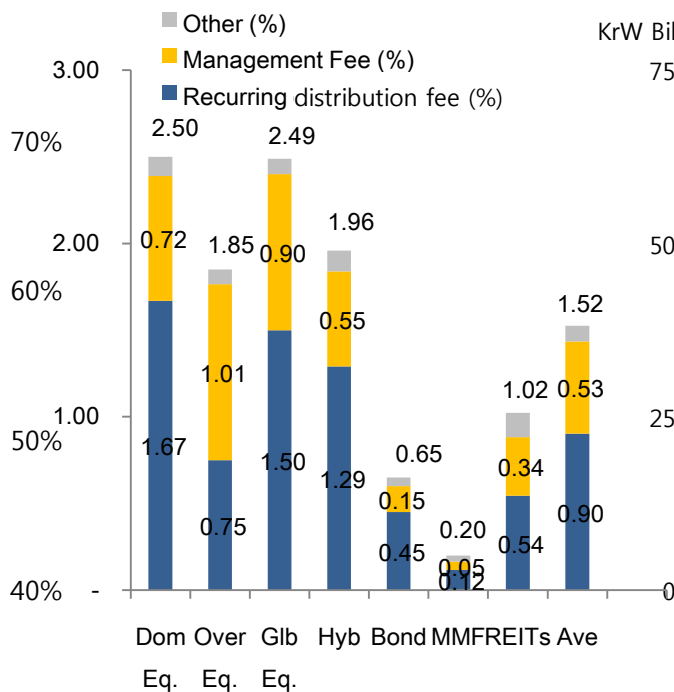
**Industry Mutual fund fee structure**

**MAS Mutual fund fee structure**

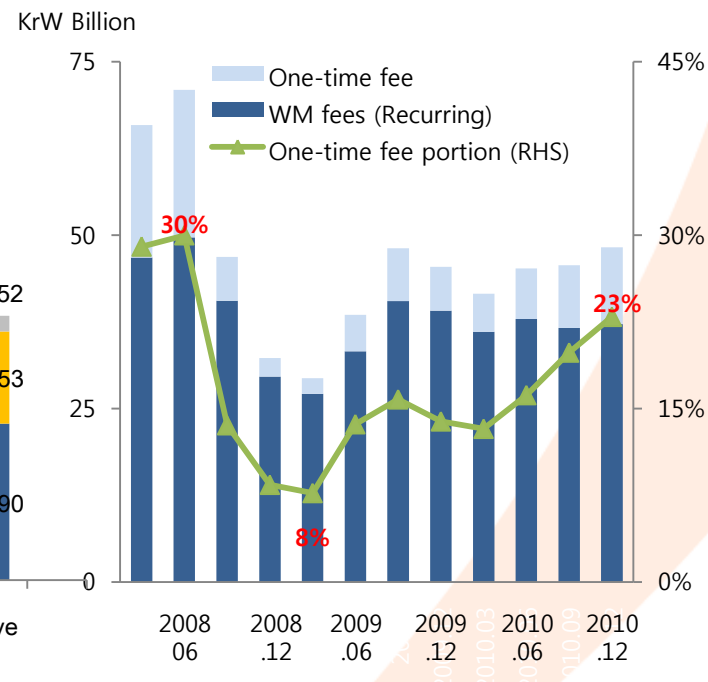
**MAS WM fee(Recurring Vs. one-time)**



Note 3: Weighted average  
Source: KOFIA, Industry weighted average



(Inde)(Chi) (Insi)  
Note 1: Mirae Asset Securities average  
1) Balanced: Mirae Asset independence hanareum balanced  
2) Bond: Mirae Asst Solomon government & public bond 1  
3) MMF: Mirae Asset New MMF A-4  
4) REITs: Mirae Asset Maps frontier real estate 4  
Source: Company, Simple average



Note 2: One-time: MF's upfront fee, structure product issuance fees  
Total WM fees: MF's recurring portion, WRAP, Bancassurance, trust and etc.  
Source: Company



# **MIRAE ASSET**

Building on principles