

# Mirae Asset Securities

Investor presentation

Q1 FY2011

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 June 2011.

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.

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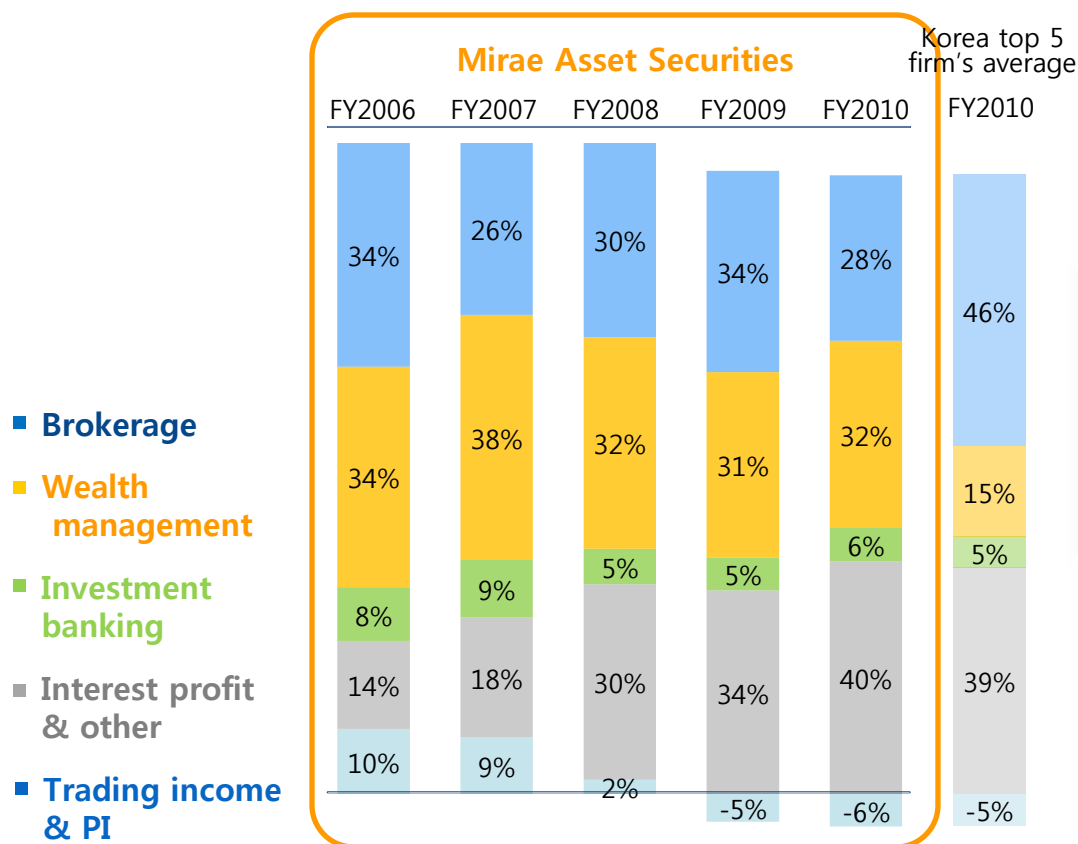
# *I. Company overview*

- I. Diversified revenue & Superior return*
- II. Outstanding growth*
- III. Growth drivers for the Future*

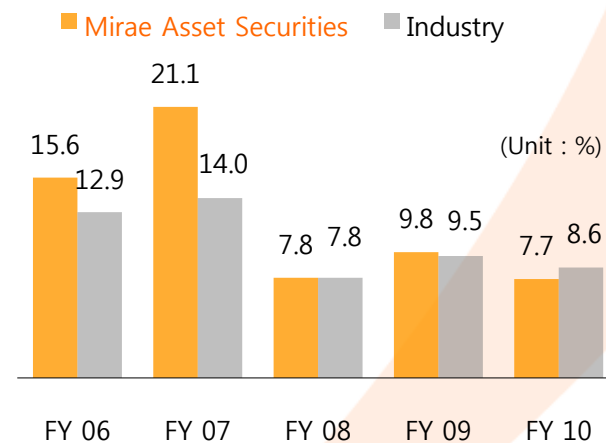
# I. Diversified revenue & Superior return

Mirae Asset Securities seeks a well diversified and balanced business model in order to generate a stable revenue stream. Our primary focus in Wealth Management dominates a far greater portion of revenues relative to peers.

## Net revenue comparison



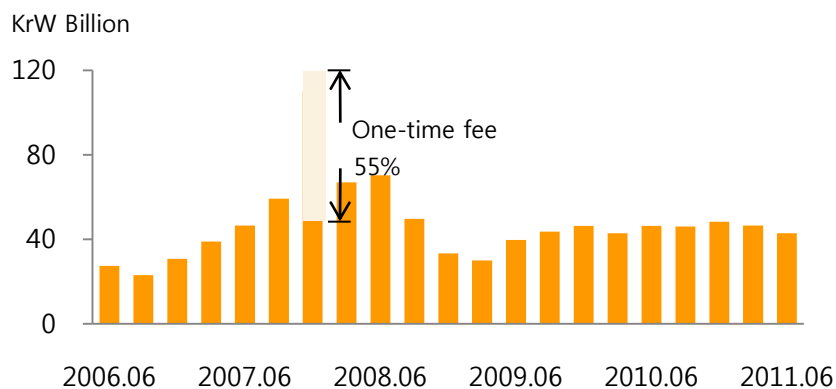
## Return on Equity



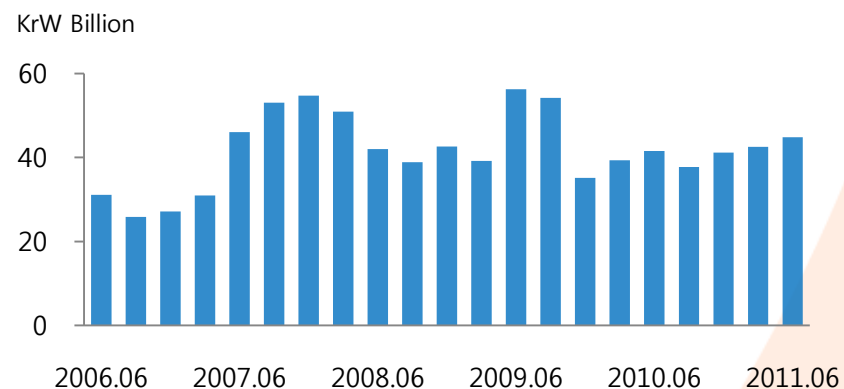
## II. Outstanding growth

Interest profit recorded steady growth and our diversified business portfolio was able to cope well during the financial crisis.

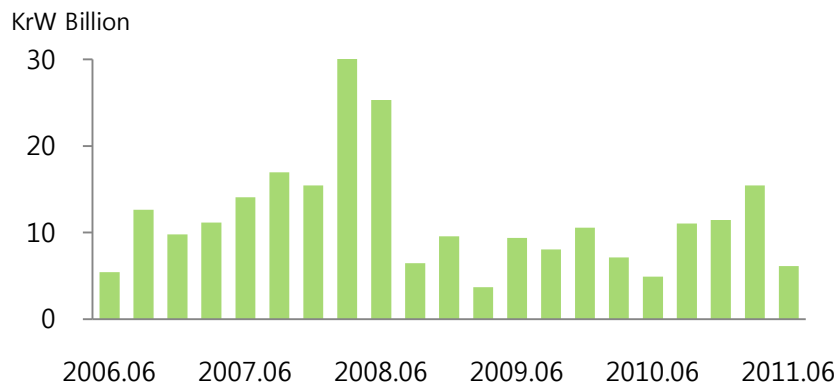
### Wealth management



### Brokerage

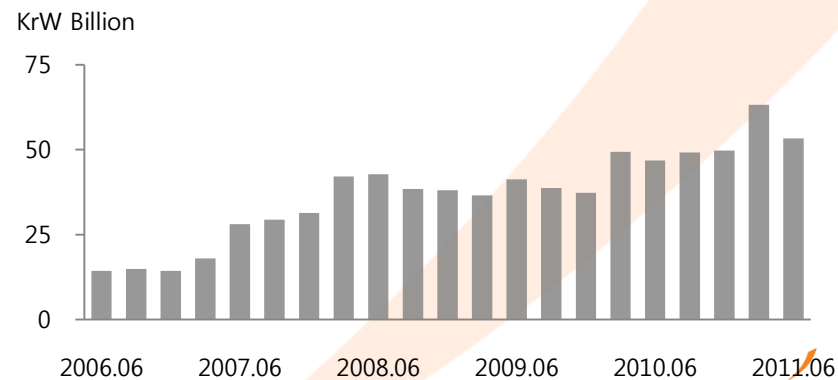


### Investment banking



Note: Excl. PI profits

### Interest profit

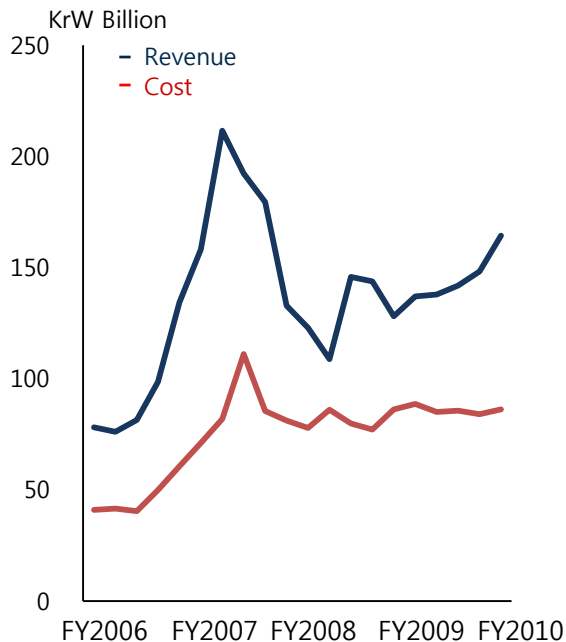


### III. Growth drivers for the Future

Mirae Asset Securities has differentiated itself from peers by innovating business ideas & models to achieve great success in a span of a decade. In order to sustain our successful track record, we have prioritized our growth strategy with 3 key drivers

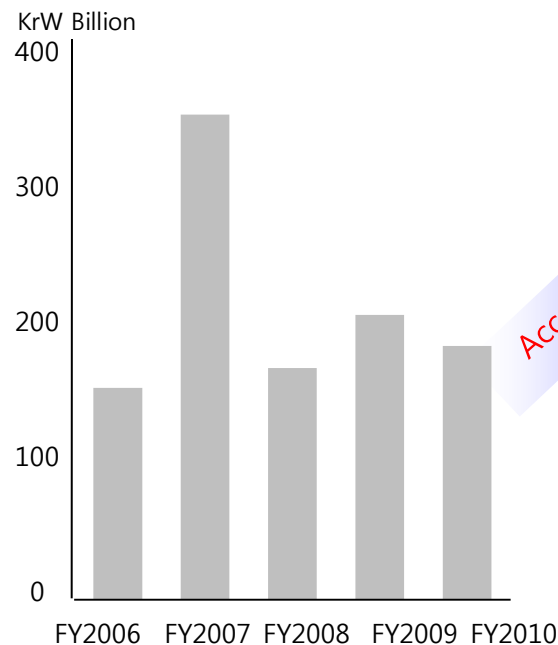
- **VIP marketing, Retirement Pension and Overseas business**

#### Revenue growth vs. cost



Note: Excl. OTC trading gain & loss

#### EBT growth



#### Growth drivers

- **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

Accelerate

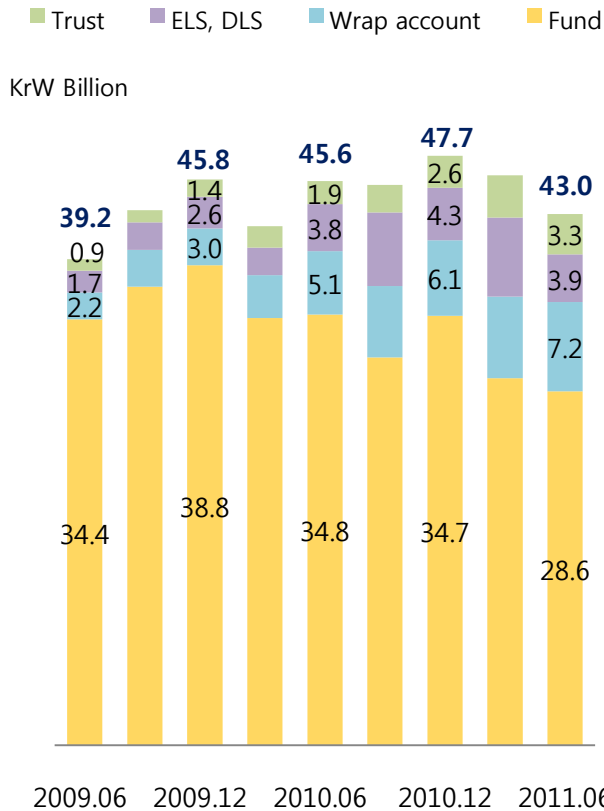
## *II. Company operational overview*

- I. Wealth Management*
- II. Brokerage*
- III. Investment Banking & Others*
- IV. Retirement Pension*
- V. Overseas Business*

# I. Wealth Management

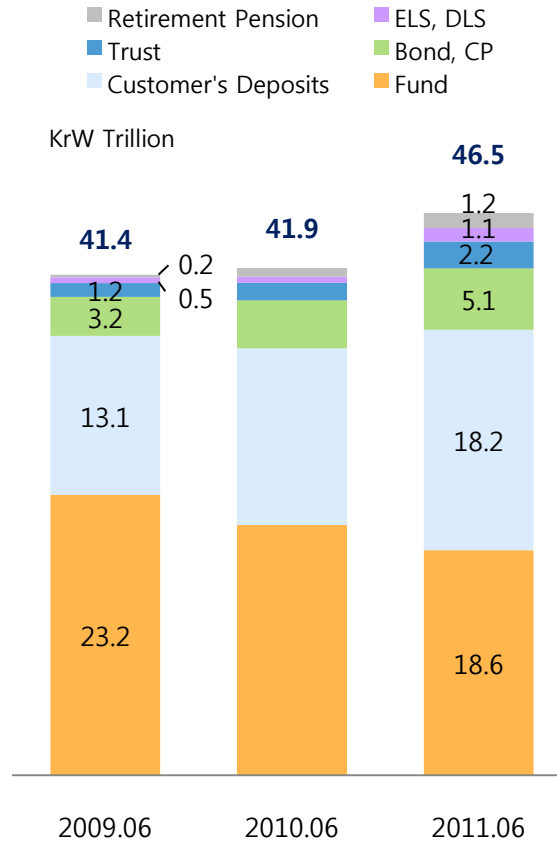
While the mutual fund industry experienced great redemption after the global financial crisis, we were successful in diversifying our WM portfolio by introducing a new line up of profitable financial instruments. For last 2 years, total customer's assets increased by nearly KrW 5 trillion.

**WM Revenue breakdown**



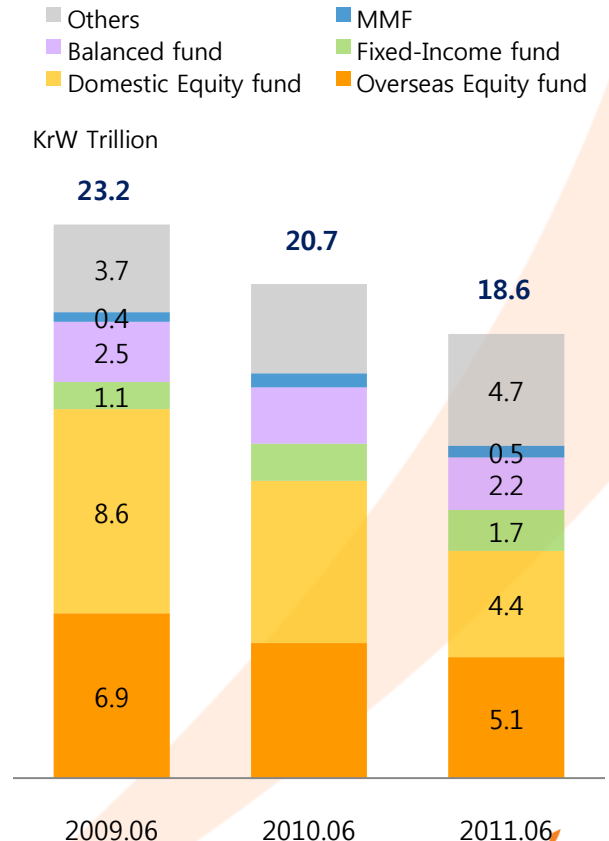
Source: Company

**Total customers' asset**



Source: Company

**Fund sales balance**

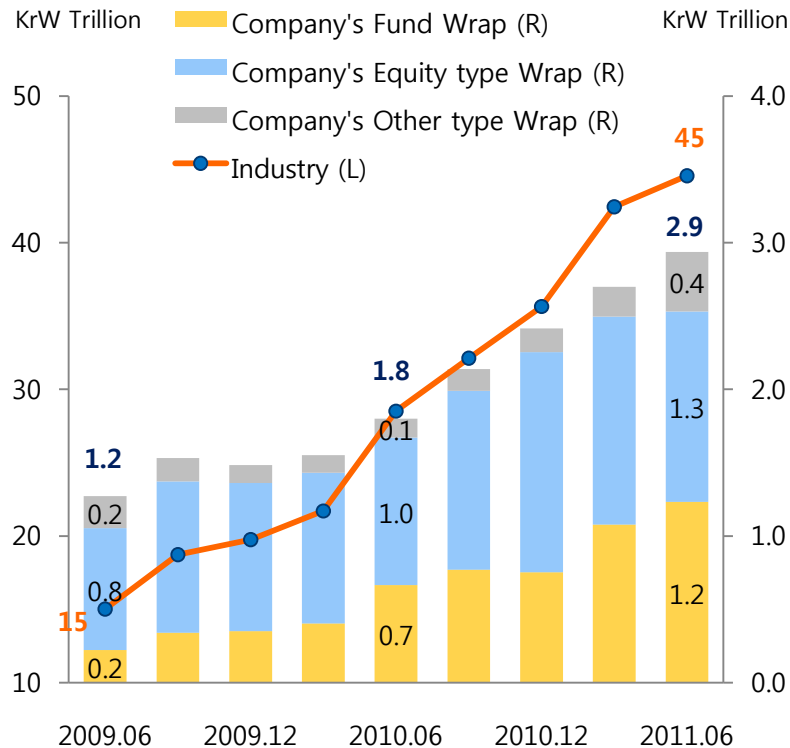


Source: Company

# I. Wealth Management

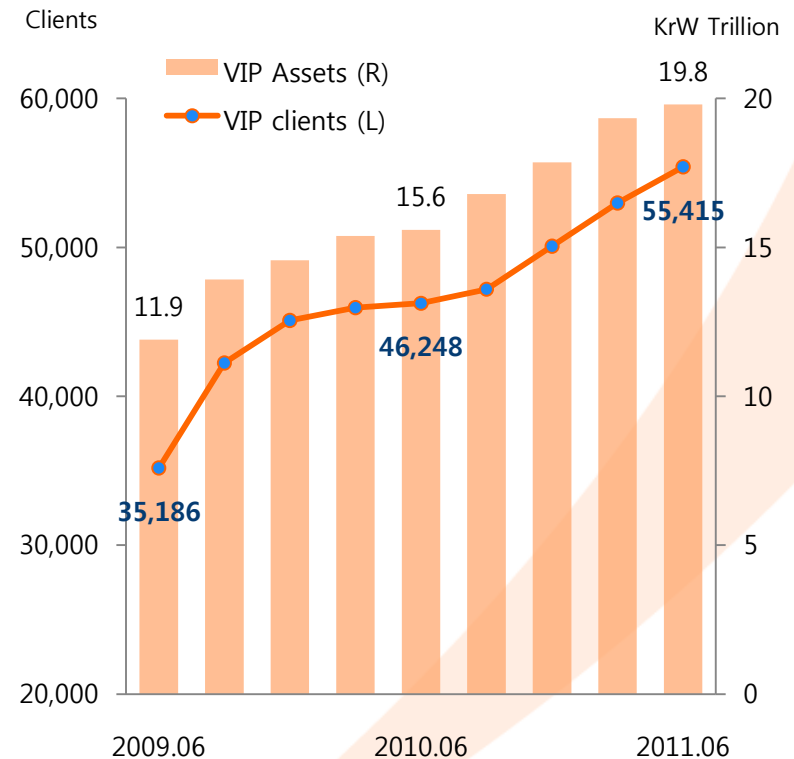
The WM market has been led by private investment products like Wrap Accounts and CTAs targeted for HNWI's (VIP clients) in the wake of the global financial crisis. Mirae Asset Securities ranks 3<sup>rd</sup> overall in terms of number of VIP clients held and we will secure a leading position in the WM market through aggressive VIP marketing onwards.

Wrap account Growth



Source: KOFIA, Company

VIP Marketing

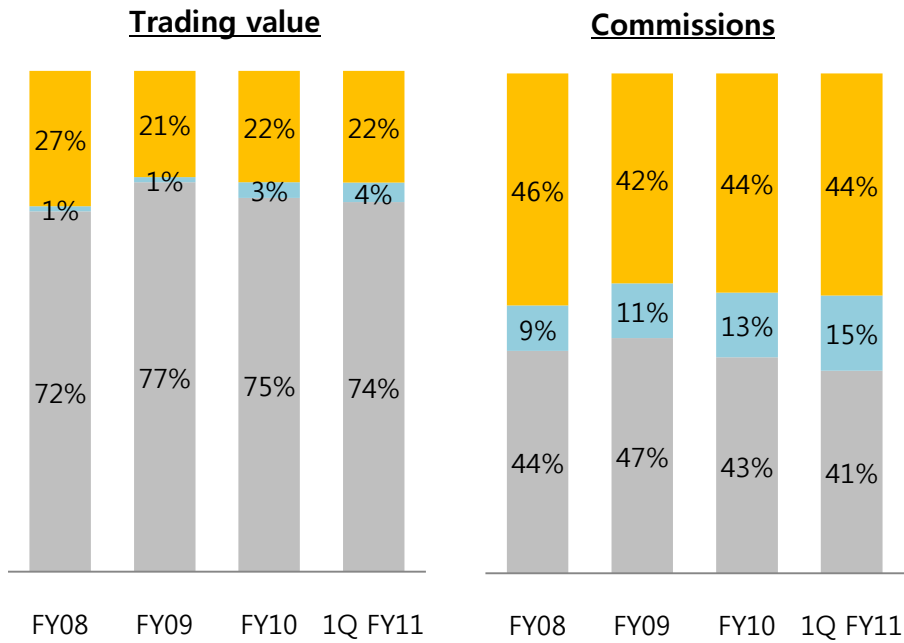


Source: Company

## II. Brokerage

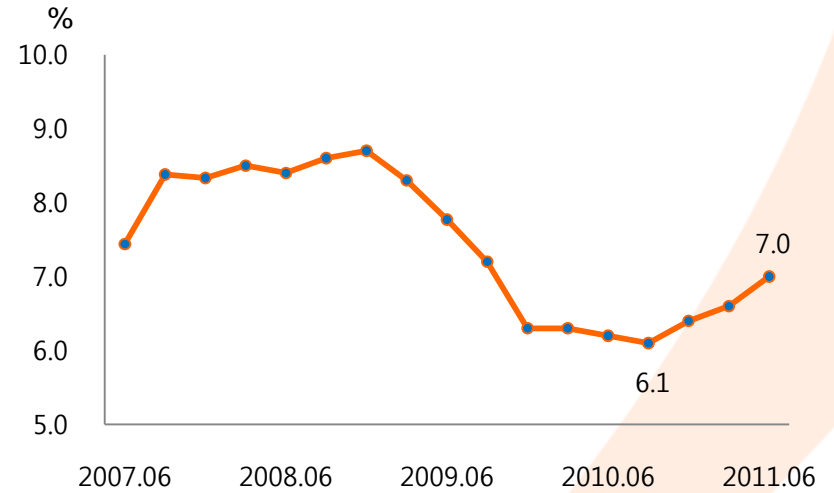
Increase in Institutional brokerage M/S coupled with explosive growth in market turnover of Smart phones led to an overall Brokerage M/S of 7.0% or 2<sup>nd</sup> in the industry. We have been a market leader in Institutional brokerage and Smart phones over the years.

### Brokerage breakdown



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

### Brokerage M/S



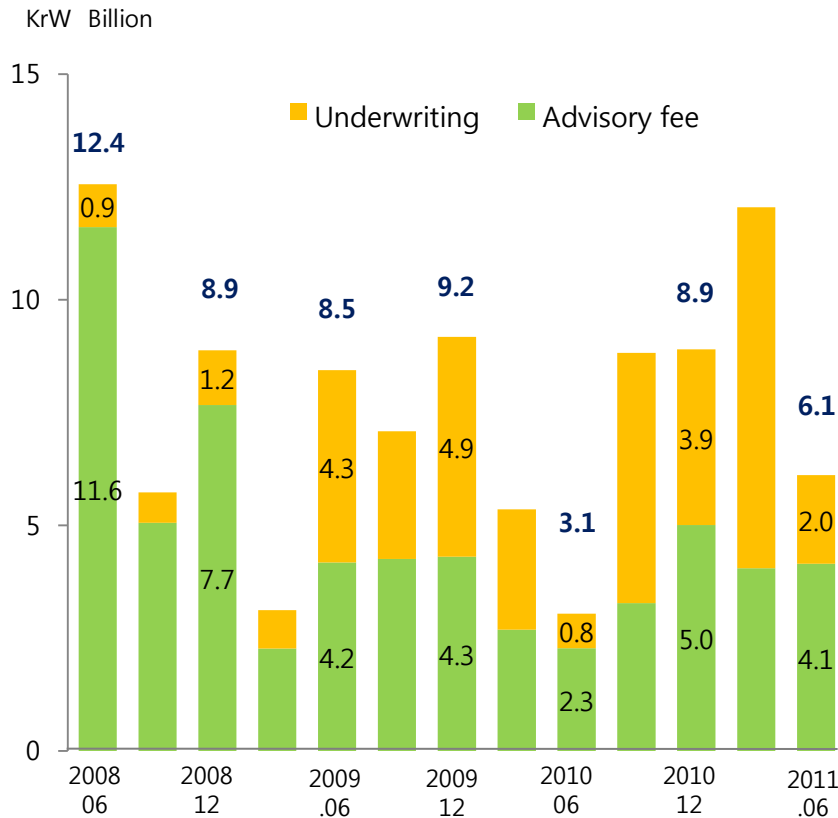
### Commission rate

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

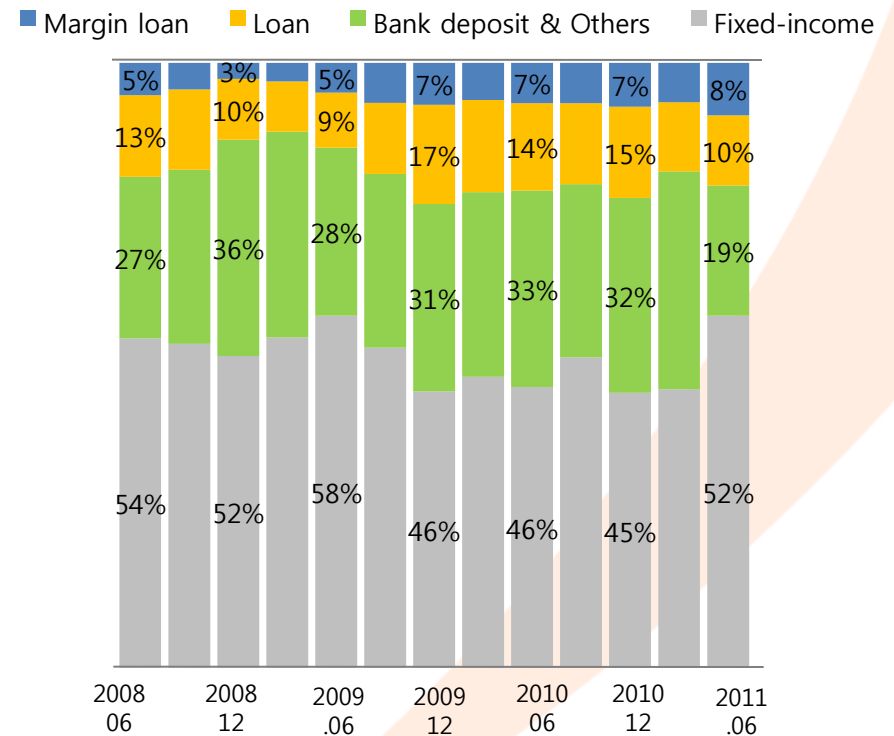
# III. Investment Banking & Others

The Investment Banking division focuses on generating stable cash flow. IB revenue has been increasing lately as a result of new client subscription in retirement pension through aggressive marketing. In addition, Mirae Asset Securities recorded 1<sup>st</sup> in IPO issuance for 1H11.

**IB revenue**



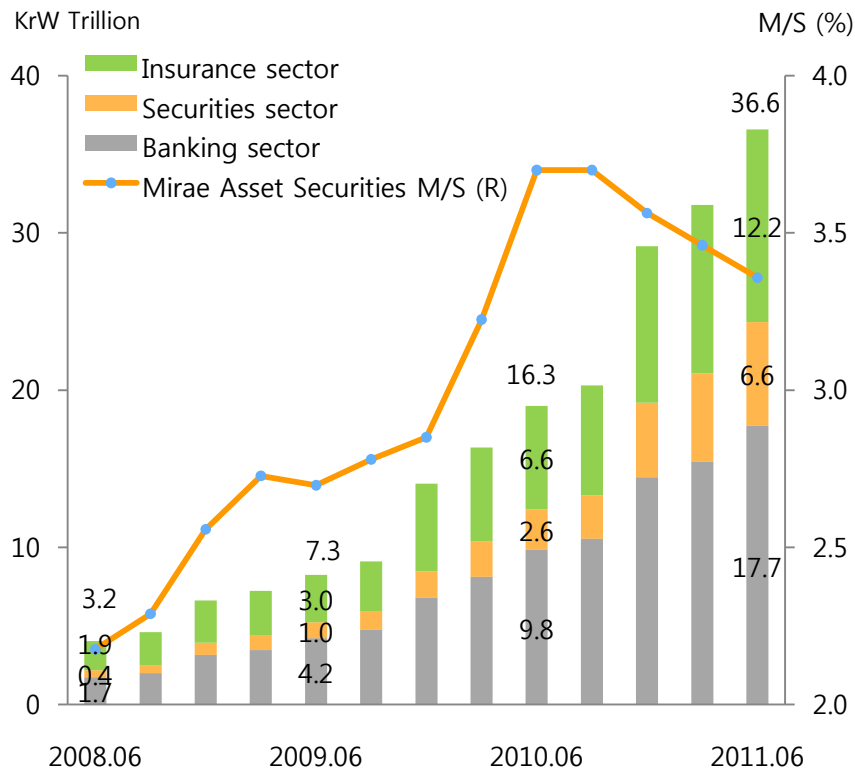
**Interest income**



# IV. Retirement Pension Plan

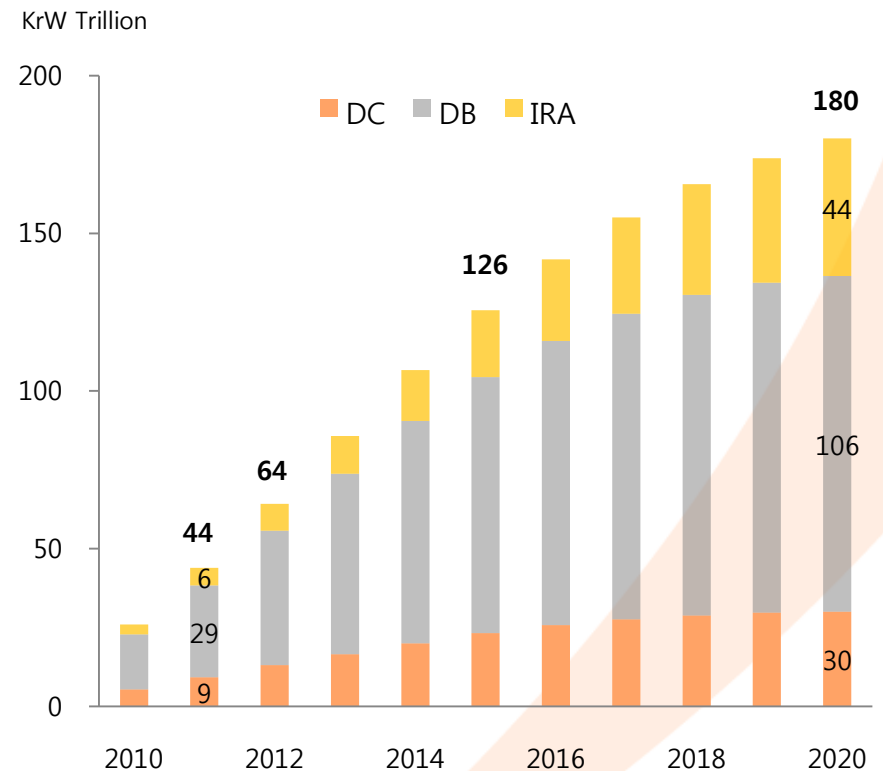
Since the introduction of the RPP in the Korean market from 2006, we have invested heavily starting from the premature stage to build up our vast clientele and our comprehensive financial services in RPP have been renowned throughout the industry.

Retirement pension M/S



Source: FSS (June. 2011)

Expected pension market reserve



Source: Mirae Asset Securities (Nov. 2010)

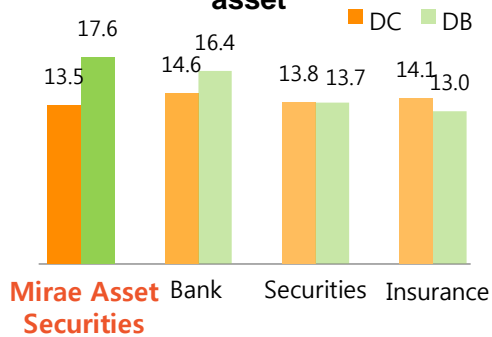
# IV. Retirement Pension Plan

The Securities sector operates a more balanced portfolio relative to the Insurance and Banking sector. Above all, Mirae Asset Securities continues to deliver outstanding performance in both DB and DC plans backed by over 200 staff dedicated to RPP.

## Plan performance

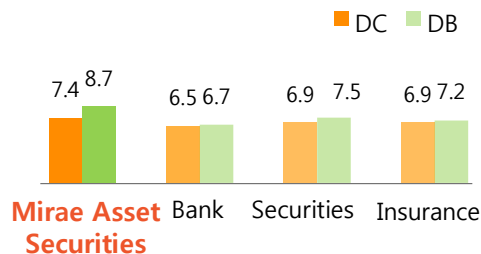
2010.01 ~ 2011.06

### Non-guaranteed principal asset



Mirae Asset Securities Bank Securities Insurance

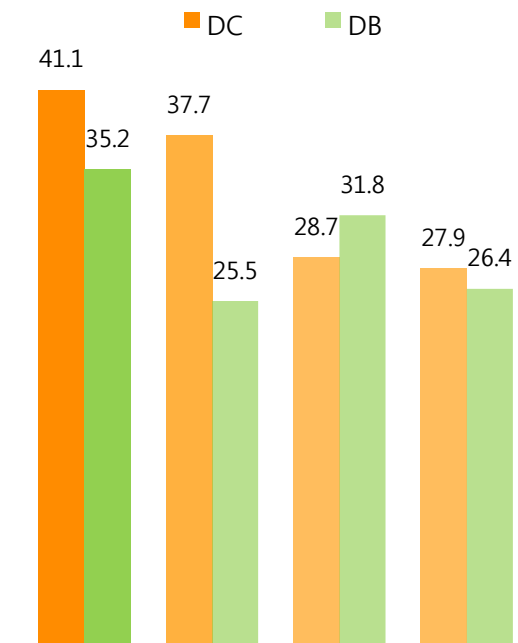
### Principal guaranteed asset



Mirae Asset Securities Bank Securities Insurance

Source: FSS

2006.01 ~ 2011.06



Mirae Asset Securities Bank Securities Insurance

Source: FSS

## Pension AUM Rank by Industry

KrW Billion

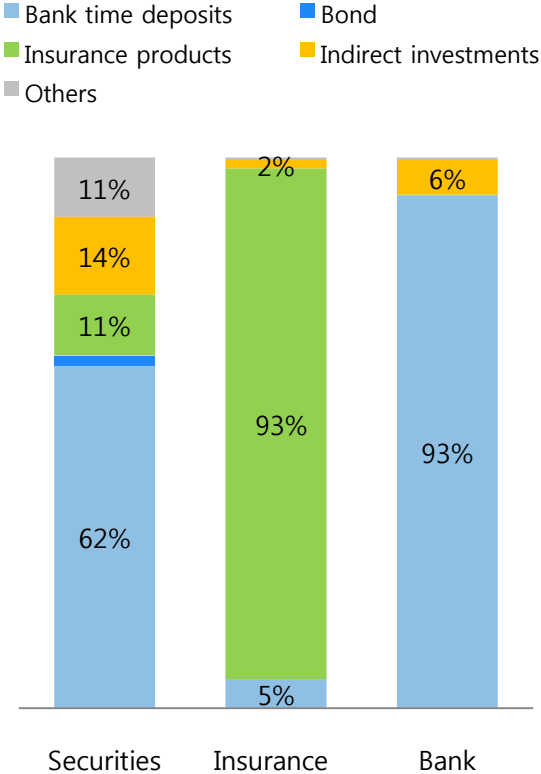
Bank		Life insurance	
KB	3,431	Samsung	5,619
Shinhan	3,206	Kyobo	1,631
Woori	3,176	Korea	923
Securities		Property insurance	
HMC	1,897	Samsung	1,253
<b>MIRAE</b>	<b>1,229</b>	LIG	762
Hi-IB	664	Lotte	239

Source: FSS (June 2011)

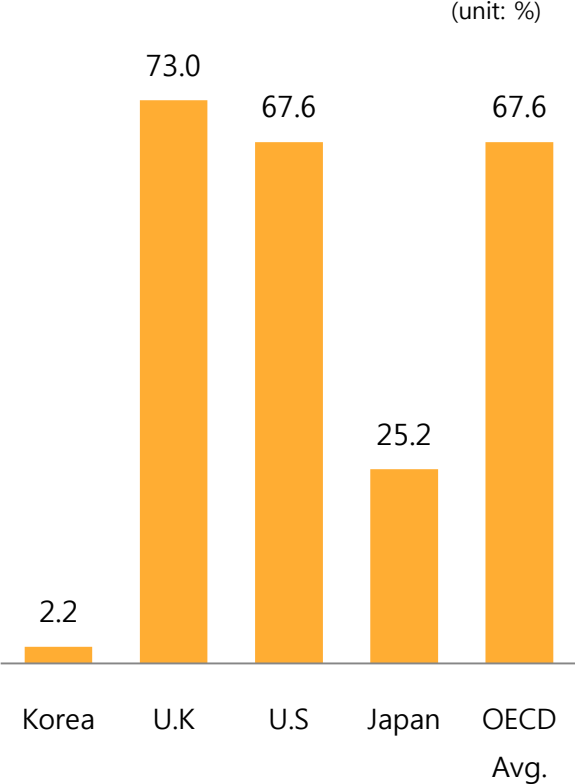
# IV. Retirement Pension Plan

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

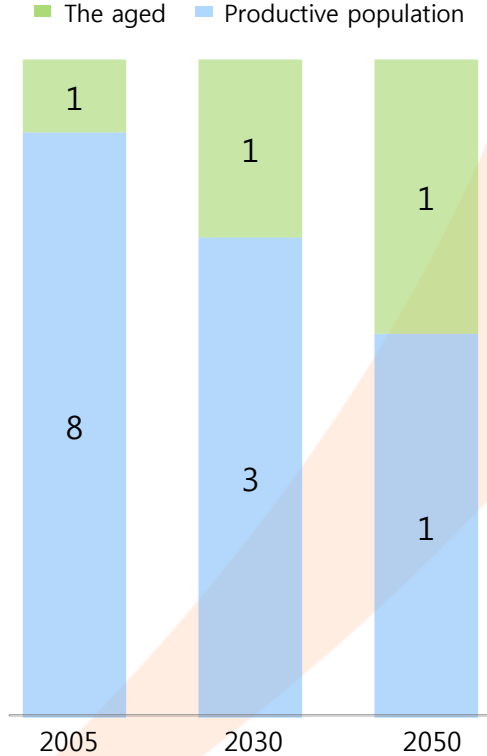
**AUM & Plan type mix**



**Pension market as % of GDP**



**Aging problem**



Source: FSS (June 2011)  
 Note: Others(reserve to be invested)

Source: OECD (2009)

Source : PRIMA

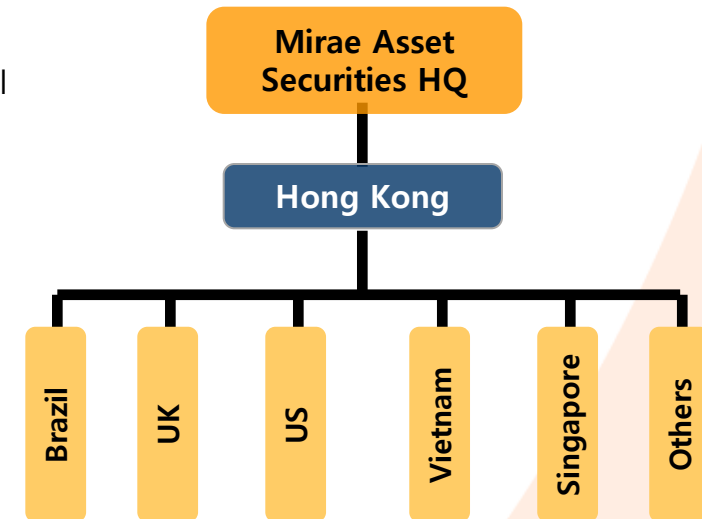
## V. Overseas Business

Overseas business is one of the three growth drivers to propel Mirae Asset Securities towards the future. Before the financial crisis we discovered the growth potential of Emerging markets and sought to become a leading Emerging Markets Expert.

### Strategies for each overseas' affiliates

- **HK:** Control tower overseeing foreign affiliates & operating Institutional brokerage businesses backed by HK Research Center
- **Brazil:** Online retail brokerage, comprehensive financial services
- **Vietnam:** Retail & Institutional Brokerage, WM business
- **US & UK:** Institutional brokerage and WM business, Emerging Market funds sales to the US market
- **China:** Investment advisory, Research Center
- **Singapore:** Institutional brokerage

(KrW billion)	Paid in capital	# of employees	Year Established
HK	113.3(247.7)	70	Jan, 2007
Brazil	105.3	44	Aug, 2010
UK	10.2	9	Oct, 2008
US	10.4	7	Aug, 2008
Vietnam	8.5	40	Dec, 2007
Others	6.8	11	July, 2007
<b>Total</b>	<b>247.7</b>	<b>181</b>	



■ **Others:** Mirae Asset Securities Beijing representative office  
Mirae Asset Investment Consulting (Shanghai)

■ **Asset Management affiliates:** Hong Kong, , Taiwan, India, Brazil, Vietnam, China, U.K, U.S

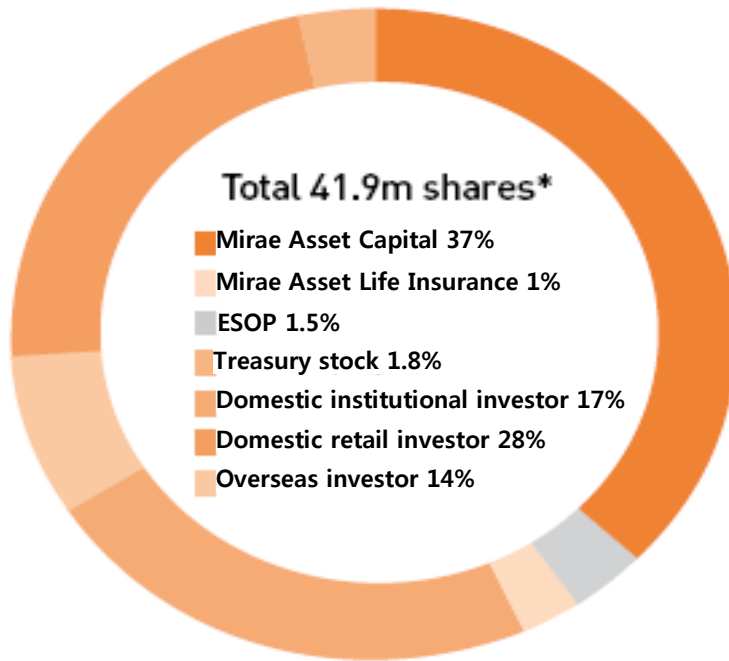
# *III. Group overview*

*I. Company Profile*

*II. Mirae Asset Group Structure*

# I. Company Profile

## Shareholder Information



\* 41,892,229 shares outstanding as of June 30, 2011

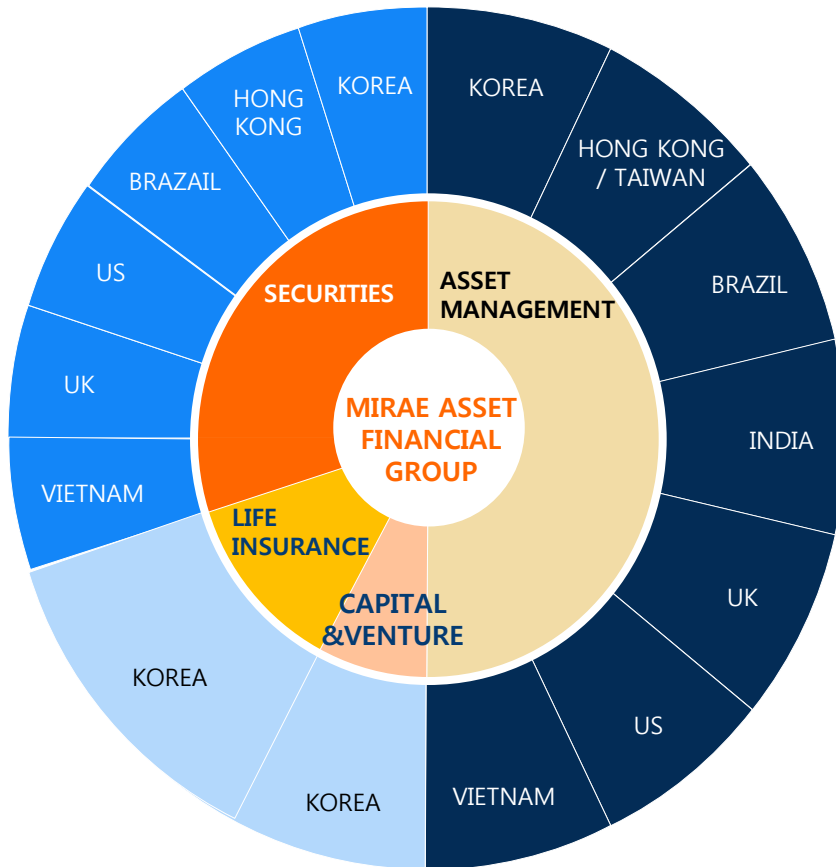
<b>Market Cap. (KrW Trillion)</b>	1.65
<b>Number of Employees</b>	2,340
<b>Number of Branches</b>	117

## Company's history

- 1999** ■ Established Mirae Asset Securities(Capital stock KrW 50 billion)
- 2000** ■ First securities firm to introduce and sell mutual funds
- 2003** ■ Launched MAPS Wrap account service
  - Start of 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 representative office (Beijing)
- 2008** ■ Established Mirae Asset Securities (UK), Mirae Asset Securities (USA), Mirae Asset Investment Consulting (Shanghai)
- 2009** ■ Established 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 first iPhone & Android smart phone trading service
  - Formed a strategic alliance with China Merchants Securities
  - Reached 1 trillion won of retirement pension reserve
- 2011** ■ Opened WTS(Web Trading Service) in Brazil
  - Established 'Wealth management center 2' (Center One)

## II. Mirae Asset Group Structure

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 Global Investments

- Traditional long only equity

### Mirae Asset Maps Global Investments

- Alternative investments(ETF, PEF, REITs)

### Mirae Asset Life Insurance

- Life insurance
- Variable insurance
- Retirement pension

### Mirae Asset Capital & Venture

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

# Appendix

- I. Consolidated Income statement*
- II. Consolidated Balance sheet*
- III. Mutual fund Industry*
- IV. Mutual fund Fee structure*

# I. Consolidated Income statement

K-IFRS

Fiscal year ends March	FY2008	FY2009	FY2010	FY2009				FY2010				(Unit: Billion KrW)	1Q11	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Net Interest income	52.0	
(Unit: Billion KrW)														
<b>Operating Income</b>	<b>2,065.1</b>	<b>1,809.2</b>	<b>1,423.8</b>	<b>550.4</b>	<b>494.6</b>	<b>417.6</b>	<b>346.6</b>	<b>345.1</b>	<b>368.8</b>	<b>384.6</b>	<b>325.3</b>			
<b>Net Revenue</b>	<b>349.4</b>	<b>365.8</b>	<b>360.1</b>	<b>93.4</b>	<b>99.0</b>	<b>91.2</b>	<b>82.2</b>	<b>84.4</b>	<b>86.5</b>	<b>95.9</b>	<b>93.3</b>			
<b>Commission Income</b>	<b>380.8</b>	<b>402.8</b>	<b>400.7</b>	<b>105.4</b>	<b>110.2</b>	<b>96.2</b>	<b>91.0</b>	<b>94.2</b>	<b>96.0</b>	<b>105.5</b>	<b>105.0</b>			
1) Wealth Management	179.6	170.3	184.7	39.3	43.3	45.7	42.0	45.6	45.3	47.7	46.1			
2) Brokerage	165.0	184.9	163.1	56.2	54.2	35.2	39.4	41.6	37.8	41.2	42.6			
3) Investment Banking	30.3	30.1	32.8	8.4	7.1	9.2	5.4	3.0	8.8	8.9	12.0			
4) Others	5.9	17.6	20.2	1.5	5.7	6.1	4.3	4.0	4.1	7.8	4.3			
<b>Commission Expense</b>	<b>31.4</b>	<b>37.0</b>	<b>40.6</b>	<b>12.1</b>	<b>11.2</b>	<b>5.0</b>	<b>8.8</b>	<b>9.8</b>	<b>9.5</b>	<b>9.7</b>	<b>11.7</b>			
<b>Net Interest Profit</b>	<b>124.7</b>	<b>139.5</b>	<b>178.3</b>	<b>36.1</b>	<b>31.7</b>	<b>29.0</b>	<b>42.6</b>	<b>41.4</b>	<b>43.8</b>	<b>44.4</b>	<b>48.7</b>			
Interest income	327.7	307.6	396.4	75.0	73.6	74.1	84.9	88.0	92.6	99.3	116.6			
Interest expense	202.9	168.1	218.1	38.9	41.9	45.1	42.3	46.6	48.8	54.8	68.0			
<b>Net Trading Profit</b>	<b>-1.3</b>	<b>-8.9</b>	<b>-29.4</b>	<b>5.6</b>	<b>-28.1</b>	<b>-7.6</b>	<b>21.2</b>	<b>-20.9</b>	<b>14.4</b>	<b>-8.5</b>	<b>-14.5</b>			
<b>Other Profit</b>	<b>9.7</b>	<b>29.1</b>	<b>14.0</b>	<b>4.7</b>	<b>4.5</b>	<b>14.0</b>	<b>5.8</b>	<b>4.2</b>	<b>-8.4</b>	<b>12.4</b>	<b>5.8</b>			
Other Operating income	35.4	30.1	30.8	5.3	7.2	14.0	3.6	5.5	8.1	16.6	0.6			
Other Operating expense	25.8	1.1	16.9	0.6	2.7	0.0	-2.2	1.3	16.6	4.3	-5.2			
<b>Operating Expense</b>	<b>1,873.2</b>	<b>1,602.4</b>	<b>1,241.7</b>	<b>490.4</b>	<b>464.4</b>	<b>377.0</b>	<b>270.5</b>	<b>321.0</b>	<b>318.1</b>	<b>324.5</b>	<b>278.1</b>			
<b>G&amp;A Expense</b>	<b>290.7</b>	<b>318.6</b>	<b>340.8</b>	<b>79.8</b>	<b>76.9</b>	<b>86.2</b>	<b>75.7</b>	<b>85.0</b>	<b>85.6</b>	<b>84.0</b>	<b>86.2</b>			
Salary Expense	171.9	188.4	204.0	56.0	41.4	49.2	41.8	52.5	52.6	48.8	50.1			
as % of G&A Expense	59%	59%	60%	70%	54%	57%	55%	62%	61%	58%	58%			
<b>Operating Profit</b>	<b>191.9</b>	<b>206.8</b>	<b>182.1</b>	<b>60.0</b>	<b>30.2</b>	<b>40.6</b>	<b>76.1</b>	<b>24.1</b>	<b>50.8</b>	<b>60.1</b>	<b>47.2</b>			
<b>Non-Operating Profit</b>	<b>-17.9</b>	<b>17.7</b>	<b>9.9</b>	<b>6.0</b>	<b>13.9</b>	<b>7.0</b>	<b>-9.2</b>	<b>6.2</b>	<b>9.5</b>	<b>2.8</b>	<b>-8.6</b>			
Non-Operating Income	4.4	28.3	31.0	9.3	16.5	9.3	-6.9	9.3	11.0	10.6	0.0			
Non-Operating Expense	22.2	10.6	21.1	3.3	2.7	2.2	2.4	3.1	1.6	7.8	8.6			
<b>Net Income Before Tax</b>	<b>174.0</b>	<b>224.6</b>	<b>192.1</b>	<b>66.0</b>	<b>44.1</b>	<b>47.6</b>	<b>66.9</b>	<b>30.3</b>	<b>60.2</b>	<b>62.9</b>	<b>38.6</b>			
<b>Net Income</b>	<b>126.1</b>	<b>168.2</b>	<b>142.1</b>	<b>47.9</b>	<b>33.7</b>	<b>33.4</b>	<b>53.1</b>	<b>23.8</b>	<b>42.4</b>	<b>46.9</b>	<b>29.0</b>			

\*Sales commissions on ELS & DLS which was used to be included in 'Wealth Management' now belongs to 'Gain on financial instruments at fair value thru P&L'

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

## II. Consolidated Balance sheet

### K-IFRS

(Unit: billion KrW)	FY2008	FY2009	FY2010
<b>Total Asset</b>	<b>6,619.8</b>	<b>7,895.9</b>	<b>10,278.8</b>
1. Cash and Deposit	1,201.1	1,340.4	1,609.2
2. Securities	4,615.7	5,314.6	6,911.0
3. Derivatives	22.7	45.5	55.4
4. Loans	440.2	824.0	1,041.2
5. Tangible Fixed Asset	31.6	20.9	11.9
6. Other asset	308.5	350.6	650.1
<b>Total Liabilities</b>	<b>4,944.6</b>	<b>6,123.6</b>	<b>8,389.5</b>
1. Deposit Liabilities	902.3	913.8	983.1
2. Leveraged Liabilities	3,787.1	4,910.5	6,846.8
3. Other Liabilities	255.1	299.3	559.6
<b>Total Stockholders' Equity</b>	<b>1,675.2</b>	<b>1,772.3</b>	<b>1,889.3</b>
1. Capital Stock	199.7	209.5	209.5
2. Capital Surplus	866.1	856.2	853.9
3. Accumulated other Comprehensive Income	84.3	-43.4	-35.4
4. Retained Earning	609.8	750.1	861.4
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>6,619.8</b>	<b>7,895.9</b>	<b>10,278.8</b>

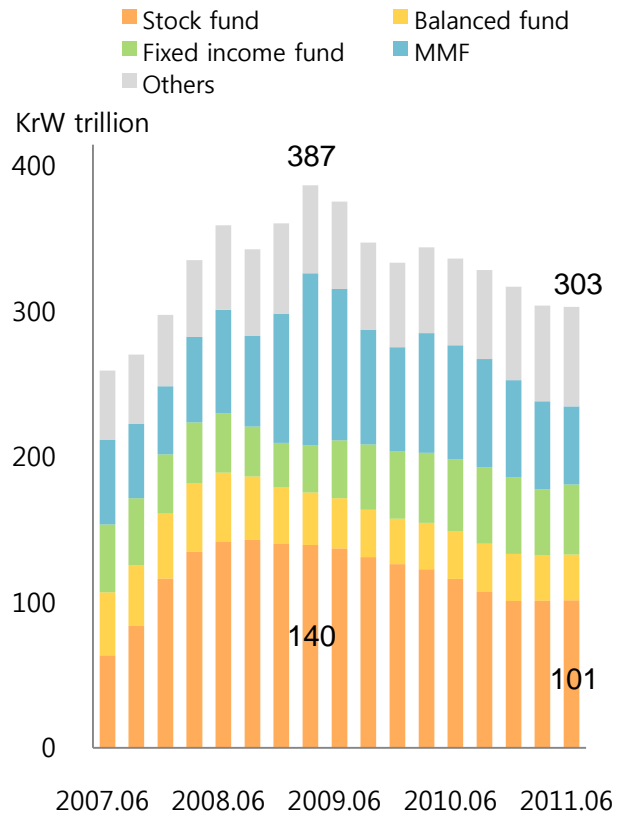
Note: Current and historical numbers are based on pre-audit results provided for investors convenience.

(Unit: billion KrW)	1QFY11
<b>Total Assets</b>	<b>13,360.8</b>
Cash and cash equivalents	151.9
Financial assets at fair value thru P&L	7,563.1
Securities available for sale	530.7
Loans and receivables	4,429.1
Investments in ASJV	16.9
Real Estate Investment	551.6
Tangible assets	17.4
Intangible assets	34.3
Other assets	47.5
Tax assets	2.2
Deferred income tax assets	16.2
<b>Total Liabilities</b>	<b>11,470.3</b>
Financial liabilities at fair value thru P&L	2,950.5
Deposits	895.1
Borrowings	4,775.2
Debentures	427.9
Allowance accounts	15.4
Tax liabilities	12.7
Other financial liabilities	2,373.7
Other liabilities	19.7
Deferred income tax liabilities	0.1
<b>Total shareholder's equity</b>	<b>1,890.5</b>
Controlling interests	1,876.4
Shareholder's equity	209.5
Other paid in capital	785.4
Retained earnings	865.2
Others	16.4
Non-controlling interests	14.1
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>13,360.8</b>

# III. Mutual fund Industry

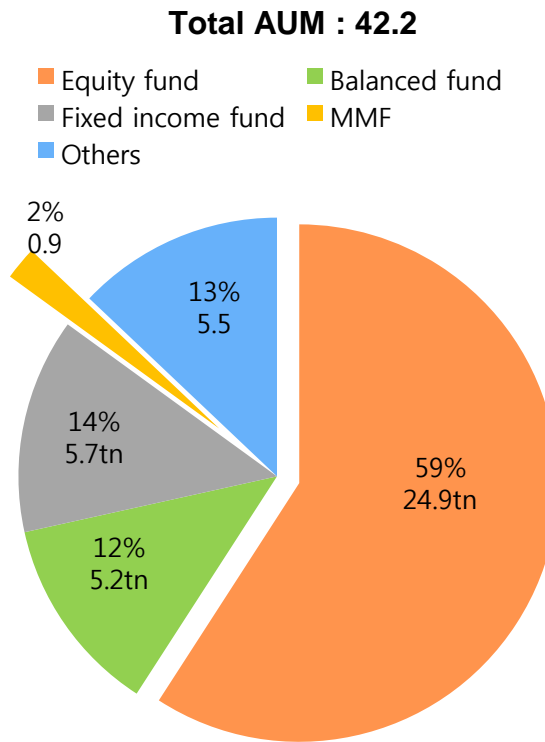
As a result of the global financial crisis, the Mutual fund Industry and MAGI moved in tandem experiencing a decrease in AUM of 22%, 35% respectively. However, MAGI still retains the top spot as the Mutual fund leader.

## Mutual fund Industry



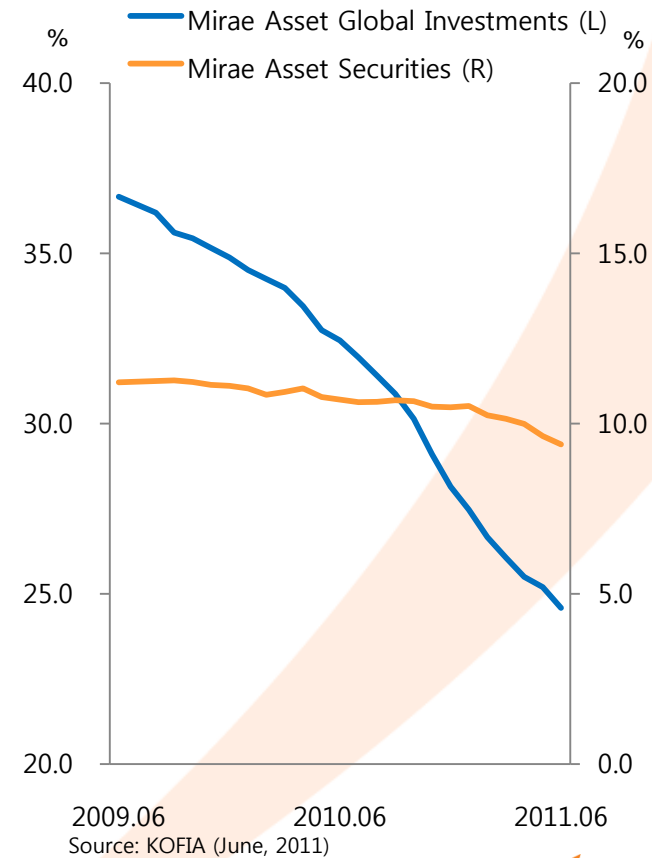
Source: KOFIA (June, 2011)  
Note: KrW Trillion

## Asset Proportion of MAGI + MAPS



Source: KOFIA (June, 2011)  
Note: Figures in KrW Trillion,  
MAGI = Mirae Asset Global Investments  
MAPS = Mirae Asset MAPS Global Investments

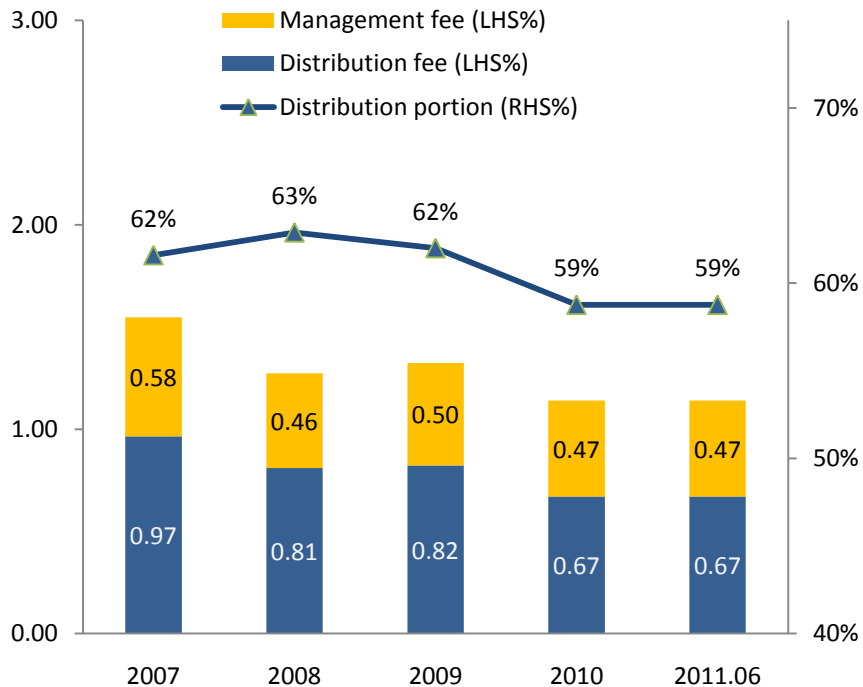
## M/S Comparison (Equity fund)



Source: KOFIA (June, 2011)

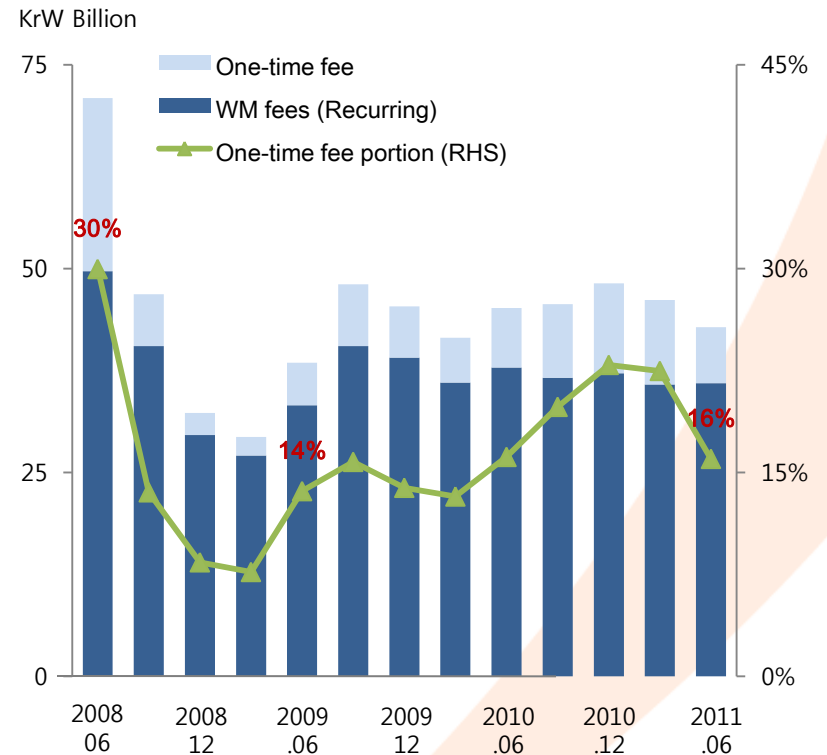
# IV. Mutual fund Fee structure

### Industry Mutual fund fee structure



Note: Weighted average  
Source: KOFIA, Industry weighted average

### Mirae Asset Securities WM fee(Recurring Vs. one-time)



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



**MIRAE ASSET**

Building on principles