



Press Release

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Securities and Futures Trading Companies' Earnings, Third Quarter 2019

Securities companies

Securities companies reported net income of KRW988.9 billion for the third quarter 2019, down KRW395.1 billion or 28.5% from KRW1.3840 trillion three months earlier. The decline mostly resulted from decreases in bond-related income and commission income. The return on equity (ROE) for the three months to September stood at 6.6% (8.8% on an annualized basis), down 0.2%p from 6.8% (9.0%) the same period a year ago.

Commission income came to KRW2.2216 trillion in total, down KRW255.9 billion or 10.3% from the second quarter. In particular, brokerage commissions and IB commissions were reduced by 8.2% and 16.2%, respectively, from three months ago. Proprietary trading income totaled KRW945.5 billion in the July-to-September period, down KRW101.0 billion or 9.7% from the previous quarter. Bond-related income decreased KRW511.9 billion or 22.1% to KRW1.8091 trillion. By contrast, the amount of derivatives-related loss decreased KRW336.4 billion to minus KRW913.0 billion. Selling and administrative expenses fell KRW119.6 billion or 5.3% to KRW2.1326 trillion compared to the second quarter 2019.

Table 1. Summary Income Statement of Securities Companies, Third Quarter 2019*

(In billions of KRW)

	2019		Cumulative	
	Q2	Q3	Q3 2018	Q3 2019
Commission income	2,477.5	2,221.6	7,488.4	6,941.3
Brokerage commissions	894.7	821.1	3,659.0	2,607.1
IB commissions	894.2	749.5	1,954.6	2,407.0
Wealth management commissions	298.0	255.6	779.8	809.8
Other commissions	390.6	395.4	1,095.0	1,117.5
Proprietary income	1,046.5	945.5	3,272.1	2,704.8
Stock-related income	-25.0	49.4	162.5	283.7
Bond-related income	2,321.0	1,809.1	4,266.4	6,176.1
Derivatives-related income	-1,249.4	-913.0	-1,156.8	-3,754.9
Other assets income	937.6	791.1	1,817.9	3,207.9
FX-related income	176.1	172.2	106.5	476.4
Loans-related income	731.2	648.1	1,823.7	2,028.0
Funds-related income	30.3	-29.3	-112.5	703.4
Other incomes	-417.5	-563.3	-1,538.8	-1,324.4
Selling and administrative expenses	2,252.2	2,132.6	6,325.1	6,593.6
Net income	1,384.0	988.9	3,654.1	3,838.6

*The figures on Q3 2019 are preliminary as of the release date and subject to change.



The aggregate assets of 56 securities companies came to KRW488.1 trillion for the third quarter 2019, down KRW2.5 trillion from KRW490.6 trillion three months ago. In the July-and-September period, broker's loan decreased by KRW3.2 trillion, which mainly caused the decline in the aggregate assets of securities firms. In addition, the aggregate liabilities totaled KRW428.1 trillion at the end of September, down KRW4.1 trillion from KRW432.2 trillion for the previous quarter. Meanwhile, shareholders' equity grew from KRW58.4 trillion to KRW60.0 trillion during the same period.

The average net capital ratio (NCR) of the securities companies was seen at 553.7%, 2.4%p higher than 551.3% of the second quarter. Also, the leverage ratio averaged 699.9%, 17.7%p lower than 717.6% three months earlier.

Table 2. NCR and Leverage Ratio of Securities Companies, Third Quarter 2019*

	(In percentage)	
	Q2 2019	Q3 2019
Net capital ratio	551.3	553.7
Leverage ratio	717.6	699.9

*The figures on Q3 2019 are preliminary as of the release date and subject to change.

Futures trading companies

Futures trading companies reported net income of KRW7.2 billion for the third quarter 2019, down 6.5% from KRW7.6 billion three months ago. Meanwhile, the return of equity (ROE) of the futures trading companies stood at 5.4% (7.2% on an annualized basis) for the three months to September, up 0.7%p from 4.7% (6.3%) the same period a year ago.

Table 3. Earnings of Futures Trading Companies, Third Quarter 2019*

	(In billions of KRW)			
	2019		Cumulative	
	Q2	Q3	Q3 2018	Q3 2019
Net income	7.6	7.2	17.3	21.9

*The figures on Q2 2019 are preliminary as of the release date and subject to change.

The aggregate asset of five futures trading companies came to KRW3.7872 trillion for the third quarter, up KRW377.5 billion or 11.1% from KRW3.4097 trillion for the second quarter. Liabilities totaled KRW3.3551 trillion, up KRW337.9 billion or 11.2% from KRW3.0172 trillion three months earlier. Furthermore, shareholders' equity also increased from KRW392.5 billion to KRW432.0 billion. The NCR for the futures trading companies rose 60.6%p from 561.8% to 622.4% at the end of September, somehow higher than the average NCR of the securities firms.

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