



Press Release

For release at noon, March 16, 2020

Securities and Futures Trading Companies' Earnings, 2019

Securities companies

Securities companies reported net income of KRW4.9104 trillion for 2019, up KRW743.7 billion or 17.8% from KRW4.1667 trillion a year earlier. The return on equity (ROE) for the year stood at 8.3%, 0.6%p higher than the same period a year ago.

Commission income came to KRW9.4902 trillion in total, down KRW225.8 billion or 2.3% from the previous year. When it came to each commission's ratio, brokerage commissions declined from 46.8% for 2018 to 36.5% for 2019. In addition, IB commissions and wealth management commissions represented 36.0% and 11.1%, respectively. Proprietary trading income totaled KRW3.6796 trillion in 2019, down KRW837.5 billion or 18.5% from KRW4.5171 trillion a year ago. Stock-related income turned positive, coming to KRW529.5 billion during the same period. Also, bond-related income grew KRW560.8 billion or 9.1% to KRW6.7480 trillion. Meanwhile, the amount of derivatives-related loss expanded by 117.8% to minus KRW3.5979 trillion in 2019. Selling and administrative expenses grew KRW538.7 billion or 6.4% to KRW8.9160 trillion.

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

(In billions of KRW)

	2018	2019				
	Year	Year	Q1	Q2	Q3	Q4
Commission income	9,716.0	9,490.2	2,242.2	2,477.5	2,221.6	2,548.9
Brokerage commissions	4,542.6	3,463.6	891.3	894.7	821.1	856.5
IB commissions	2,661.2	3,412.2	763.3	894.2	749.5	1,005.2
Wealth management commissions	1,012.8	1,058.1	256.2	298.0	255.6	248.3
Other commissions	1,499.4	1,556.4	331.5	390.6	395.4	438.9
Proprietary income	4,517.1	3,679.6	728.8	1,077.0	996.6	877.2
Stock-related income	-17.8	529.5	260.8	-25.6	50.9	243.4
Bond-related income	6,187.2	6,748.0	2,060.4	2,352.1	1,858.7	476.8
Derivatives-related income	-1,652.3	-3,597.9	-1,592.5	-1,249.4	-913.0	157.0
Other assets income	1,637.7	4,091.2	1,479.1	937.6	791.8	882.7
FX-related income	60.9	255.8	128.1	176.1	172.2	-220.6
Loans-related income	2,408.9	2,614.4	648.7	731.2	648.5	586.0
Funds-related income	-832.1	1,221.0	702.4	30.3	-29.0	517.3
Other incomes	-2,074.8	-2,083.2	-359.5	-448.0	-615.1	-660.6
Selling and administrative expenses	8,377.3	8,916.0	2,208.8	2,252.2	2,132.6	2,322.4
Net income	4,166.7	4,910.4	1,465.7	1,384.0	987.1	1,073.6

*The figures on 2019 Q4 and year are preliminary as of the release date and subject to change.



The aggregate assets of 56 securities companies came to KRW482.6 trillion for the year of 2019, up KRW43.9 trillion or 10.0% from KRW438.7 trillion a year ago. In 2019, the securities companies held more securities than the previous year, which contributed to the growth of their aggregate assets. In addition, the aggregate liabilities came to KRW420.8 trillion in 2019, KRW38.6 trillion greater than the previous year. Furthermore, shareholders' equity grew from KRW56.6 trillion to KRW61.8 trillion during the same period.

The average net capital ratio (NCR) of the securities companies was seen at 559.1%, 11.6%p higher than 547.4% in 2018. Also, the leverage ratio averaged 680.1%, 2.0%p lower than 682.1% a year ago.

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

	2018	2019
Net capital ratio	547.4	559.1
Leverage ratio	682.1	680.1

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

Futures trading companies

Futures trading companies reported net income of KRW26.1 billion for 2019, up KRW2.8 billion or 12.2% from KRW23.3 billion a year earlier. Meanwhile, the return of equity (ROE) of the futures trading companies stood at 6.5%, down 0.3%p from a year ago.

Table 3. Earnings of Futures Trading Companies, 2019*

	2018	2019				
	Year	Year	Q1	Q2	Q3	Q4
Brokerage commissions	112.0	116.6	27.1	29.5	32.0	28.0
Proprietary income	8.5	9.0	2.3	2.0	2.1	2.6
Net income	23.3	26.1	7.0	7.6	7.2	4.3
ROE (%)	6.8	6.5				

*The figures on 2019 Q4 and year are preliminary as of the release date and subject to change.

The aggregate assets of five futures trading companies came to KRW3.1581 trillion for 2019, down KRW1.4520 trillion or 31.5% from a year earlier. Liabilities totaled KRW2.7249 trillion, down KRW1.5099 trillion or 35.7% a year ago. By contrast, shareholders' equity expanded from KRW375.4 billion to KRW433.2 billion during the same period. The NCR for the futures trading companies rose 70.2%p from 559.2% to 629.4% for 2019, somewhat higher than the average NCR of the securities firms.

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