



Press Release

For release at noon, November 28, 2021

Securities and Futures Trading Companies' Earnings, Third Quarter 2021

Securities companies

Securities companies reported preliminary net income of KRW2.5162 trillion in the third quarter of 2021, up KRW238.7 billion or 10.5% from the second quarter. Return on equity (ROE) stood at 10.8% (14.5% on an annualized basis) for the July-to-September period, up 3.8%p three months earlier.

Commission income of the securities companies came in at KRW4.1913 trillion in the three months to September, KRW39.0 billion or 0.9% greater than three months ago. Brokerage commissions decreased by KRW134.3 billion or 6.7% to KRW1.8652 trillion mainly because trading in the stock market shrank compared to three months earlier. By contrast, IB commissions increased KRW96.6 billion or 7.6% to KRW1.3746 trillion during the same period. Also, wealth management commissions grew KRW34.1 billion or 10.3% to KRW366.6 billion as well.

Proprietary trading income expanded KRW903.8 billion quarter on quarter to KRW1.8030 trillion. Stock-related income grew KRW269.2 billion to KRW370.4 billion, but bond-related income fell KRW43.2 billion or 7.1% to KRW568.7 billion. Meanwhile, derivatives-related income surged 364.2% to KRW863.9 billion in the third quarter.

Other assets income came in at KRW772.3 billion in the three months, down KRW792.5 billion or 50.6% from the second quarter. In addition, selling and administrative expenses declined KRW191.4 billion or 6.2% to KRW2.9168 trillion quarter on quarter.

As of end-September 2021, the aggregate assets of the 58 securities companies came in at KRW655.1 trillion, up KRW25.3 trillion or 4.0% from the end of June 2021. The amount of cash and deposits expanded KRW15.0 trillion as well as accounts receivable increased KRW6.7 trillion from three months ago.

Meanwhile, the aggregate liabilities have risen from KRW556.2 trillion to KRW579.4 trillion quarter on quarter. In addition, shareholders' equity grew KRW2.2 trillion to KRW75.8 trillion in the July-to-September period.



The average net capital ratio (NCR) was seen at 762.7% for the third quarter of 2021, 16.1%p higher than 746.6% three months earlier. Also, the leverage ratio averaged 661.7% for the third quarter, up 3.1%p from 658.6% for the second.

Table 1. Summary Income Statement of Securities Companies, Third Quarter 2021*

(In billions of KRW)

	2021		2020	2021
	Q2	Q3	Jan-Sep	Jan-Sep
Commission income	4,152.3	4,191.3	9,991.5	12,891.5
Brokerage commissions	1,999.5	1,865.2	5,240.3	6,386.3
IB commissions	1,278.0	1,374.6	2,791.1	3,859.9
Wealth management commissions	332.5	366.6	754.5	1,031.0
Other commissions	542.2	584.8	1,205.6	1,614.2
Proprietary income	899.2	1,803.0	2,530.3	3,785.4
Stock-related income	101.2	370.4	-615.0	1,324.7
Bond-related income	611.9	568.7	5,036.9	1,600.2
Derivatives-related income	186.1	863.9	-1,891.5	860.6
Other assets income	1,564.8	772.3	2,383.6	3,898.2
FX-related income	85.6	52.8	354.6	175.9
Loans-related income	901.5	932.3	1,894.0	2,686.9
Funds-related income	577.7	-212.9	135.1	1,035.3
Other incomes	-305.5	-422.8	-1,451.7	-823.5
Selling and administrative expenses	3,108.2	2,916.8	7,302.3	9,109.7
Net income	2,277.5	2,516.2	4,495.4	7,788.3

*The figures on Q3 2021 are preliminary as of the release date and subject to change.

Table 2. NCR and Leverage Ratio of Securities Companies, Third Quarter 2021*

(In percentage)

	Q2 2021	Q3 2021
Net capital ratio	746.6	762.7
Leverage ratio	658.6	661.7

*The figures on Q3 2021 are preliminary as of the release date and subject to change.

Futures trading companies

Futures trading companies' net income for the third quarter shrank from KRW9.1 billion to KRW8.3 billion quarter on quarter. Return on equity (ROE) of the futures trading companies remained the same as three months earlier, standing at 1.6% (2.2% on an annualized basis) for the July-to-September period.

Table 3. Earnings of Futures Trading Companies, Third Quarter 2021*

(In billions of KRW)

	2021		2020	2021
	Q2	Q3	Jan-Sep	Jan-Sep
Brokerage commissions	37.7	29.4	116.0	122.2
Proprietary income	4.5	4.8	9.1	13.2
Net income	9.1	8.3	29.5	28.4
ROE (%)	1.6	1.6	2.2	2.2

*The figures on Q3 2021 are preliminary as of the release date and subject to change.



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As of end-September 2021, the aggregate assets of the four futures trading companies came in at KRW4.7142 trillion, up KRW384.9 billion or 8.9% from three months earlier. Liabilities increased from KRW3.8253 trillion to KRW4.2004 trillion quarter on quarter as well as shareholders' equity grew by KRW9.8 billion to KRW513.9 billion.

The NCR for the futures trading companies has risen 10.9%p from 748.6% to 759.5% in the July-to-September period. The figures were somewhat higher than the average NCR of the securities firms.

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