

# Mirae Asset Securities Annual Report FY2014

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# Message from the CEO





Dear honorable Shareholders,

Last year in 2014, Mirae Asset Securities made our utmost endeavors for ‘Enhancement of Client Values’ and ‘Reinforcement of Competitiveness through Innovation’ under the first management principle as of ‘Innovation Management.’ As a result, our client assets increased by KRW 4.9 trillion during the last year to record KRW 61 trillion as of the end of 2014 and pension assets increased by KRW 1.09 trillion during the same period to record KRW 4.8 trillion as of the end of 2014 including both personal and retirement pensions.

While waves of huge change are still anticipated in 2015, Mirae Asset Securities would like to make three pledges to contribute to the successful management of client assets and to the comfortable life of our clients after retirement as follows.

**First, Mirae Asset Securities will discover and provide premium quality assets from all over the world by utilizing its global network.** We think it is the responsibility of Mirae Asset Securities to furnish diverse quality assets for the comfortable living of our clients after retirement.

**Second, Mirae Asset Securities will prepare for the future of our clients by way of global asset allocation.** Envisaged by the imperative task to safeguard and augment the client assets in the age of low growth and aged demographic profiles, Mirae Asset Securities will assure even stronger partnership with our clients and present new investment solutions to the Korean society.

**Finally, we will contribute to the growth in the future value of the Republic of Korea.** Mirae Asset Securities takes it as a mission to create wealth of the nation by way of financing and to grow the assets of our clients. We will tacitly keep our route through the path unprecedented by others for growth in the longer term.

Mirae Asset Securities is a company that has grown under the support of the trust from our clients and shareholders. We will continue to make our best efforts to become a distinctive company to lead the mutual growth with the society and that by placing the top priority on the enhancement of value for our clients and shareholders.

Thank you.

June 30, 2015

**Mirae Assets Securities**

Cho, Ung Kee

Byun, Jae Sang





# The Mirae Asset Philosophy

## Business Philosophy

We value our people and embrace the future with an open mind.

## Vision

As emerging market experts with a global perspective, we pursue excellence in investment management to help our clients achieve their long-term objectives.

## Core Values

- **Clients first** | Our clients' success is our success. We will nurture long-term relationships by helping our clients build wealth for life with proven investment strategies.
- **Objectivity** | We assess opportunity impartially. Our independence helps ensure our decisions are aligned with the needs of our clients.
- **Team play** | We grow through respect for each individual and belief in team spirit. We aim to create an ethical meritocracy in which talent is rewarded and opportunity is equally available to all.
- **Citizenship** | Profoundly aware of our responsibilities as good corporate citizens, we give back to the communities that nurture us and pledge to continue to support a range of community initiatives.

## Investment Principles

1. Mirae Asset identifies the sustainable competitiveness of companies.
2. Mirae Asset invests with a long term perspective.
3. Mirae Asset assesses investment risks with expected return.
4. Mirae Asset values a team-based approach in decision-making.

**Mirae Asset firmly adheres to these core investment principles.**



# Financial Highlights

(Units : KrW bn)

	FY2012	FY2013	FY2014
Operating Revenue	2,550	1,944	3,391
Operating Expense	2,386	1,873	3,192
Operating Profit	162	71	199
Earnings Before Interest and Tax	180	95	257
Net Income	133	71	182
Equity holder of the company	133	69	181
Total Assets	17,078	20,079	22,672
Total Liabilities	14,966	17,968	20,316
Total Stockholders' Equity	2,112	2,111	2,355
ROE (%)	6.5	4.4	8.2
ROA (%)	0.8	0.5	0.9
NCR (%)	408	396	287
EPS (KrW)	3,223	2,086	4,377
DPS (KrW)	1,000	350	350

\* Consolidated K-IFRS basis

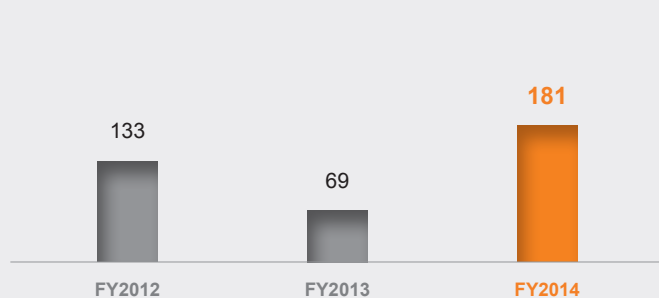
## Operating Revenue

(Units : KrW bn)



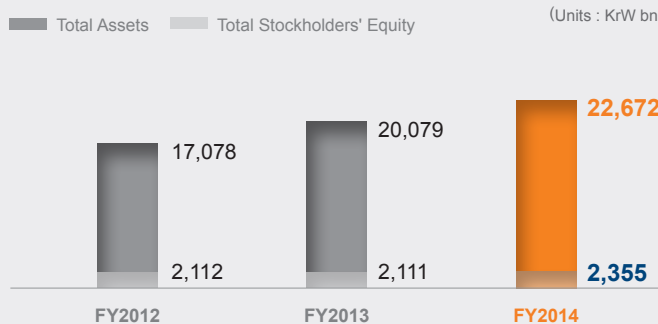
## Net Income (Equity Holder of the Company)

(Units : KrW bn)



## Assets/Equity

(Units : KrW bn)



## ROE

(Units : %)





# Mirae Asset Securities Profile

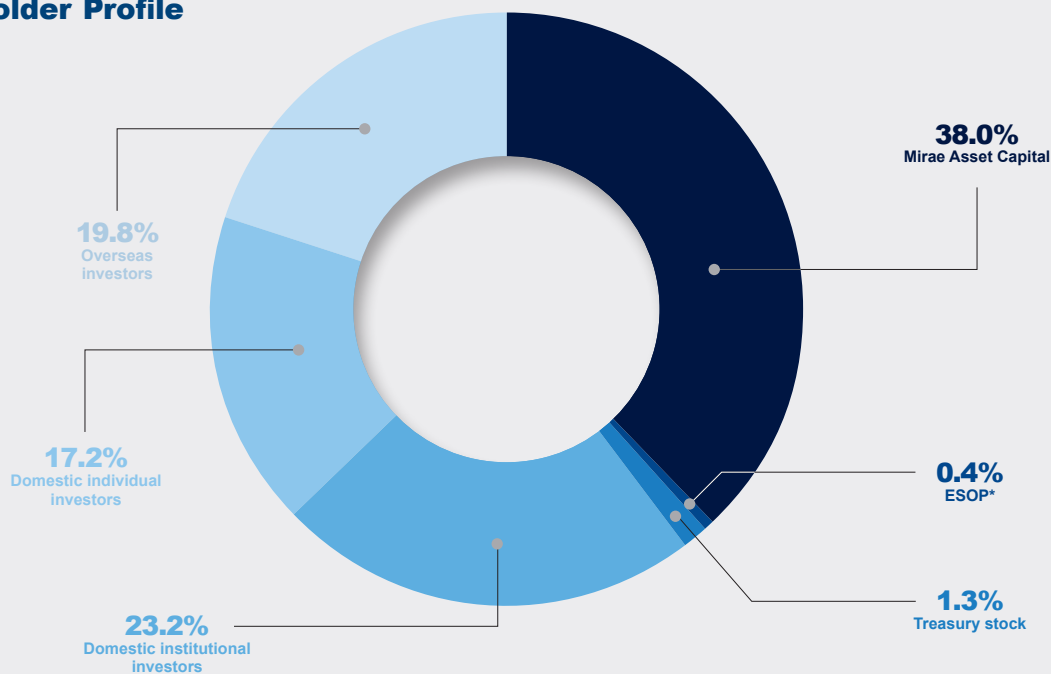
## Mirae Asset Securities Profile

Based on Dec. 2014

Corporate name	Mirae Asset Securities Co.Ltd
CEO	Cho, Ung Kee/Byun, Jae Sang
Date found	December 2, 1999
Headquarters	Mirae Asset CENTER1 Bldg. 26, Eulji-ro5-gil, Jung-gu, Seoul 100-210, KOREA
Major business	Wealth management, Brokerage, Investment banking, Trading
Fiscal year ended	December
Number of employees	1,872
Number of local branches	78
Number of subsidiaries	62
Credit rating	AA
Total outstanding stocks	41,892,229

Note) As of June 2015, the number of total is 43,95,609 increased by new issuance of 2,006,380 due to stock dividend

## Shareholder Profile



\* Employee Stock Ownership Program

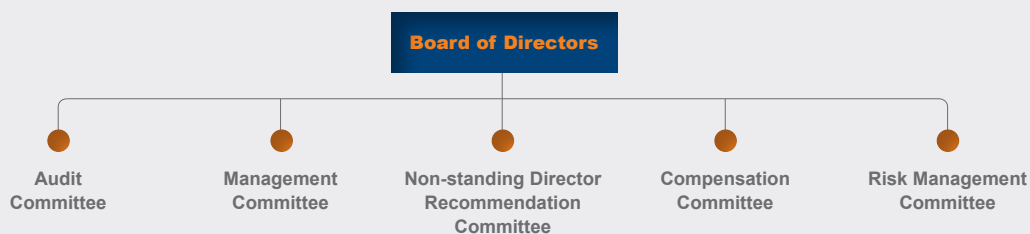


# Corporate Management

## Board of Directors

	Name	Position
Directors (3)	Cho, Ung Kee	Mirae Asset Securities CEO
	Byun, Jae Sang	Mirae Asset Securities CEO
	Lee, Gwang Seob	Standing Audit Committee member
Non-standing directors (4)	Hong, Sung il	Senior Non-standing director, Audit Committee chairman
	Park, Jeong Chan	Risk Management Committee member
	Hwang, Geon Ho	Non-standing Director Recommendation Committee member
	Cho, Rae Hyung	Audit Committee member

## Committees

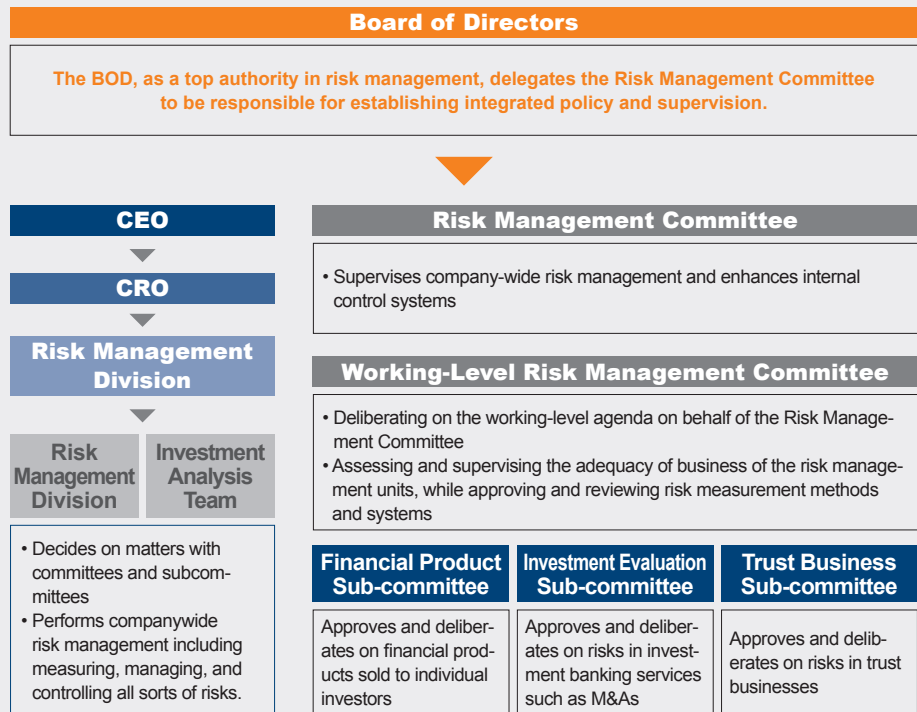


Committee	Position	Name
Management Committee	Chairman	Cho, Ung Kee
	Member	Byun, Jae Sang
		Lee, Gwang Seob
Risk Management Committee	Chairman	Byun, Jae Sang
	Member	Park, Jeong Chan
		Hwang, Geon Ho
Non-standing Director Recommendation Committee	Chairman	Cho, Ung Kee
	Member	Hwang, Geon Ho
		Cho, Rae Hyung
Compensation Committee	Chairman	Byun, Jae Sang
	Member	Hong, Sung il
		Park, Jeong Chan
Audit Committee	Chairman	Hong, Sung il
	Member	Lee, Gwang Seob
		Cho, Rae Hyung

# Risk Management

## Risk Management Unit

Mirae Asset Securities runs the Risk Management Committee under the BOD to perform comprehensive supervisory functions. The company also operates a working-level committee and divisional sub-committee in order to make prompt and accurate decisions and to professionally manage divisional risks. The Risk Management Office operates committee and sub-committee, and independently performs risk management in overall business operation.



## Status of Managing Major Risk Factors

For a systematic risk management, the Company categorizes risks into market, credit, liquidity and operational risks, and provides appropriate responses for each factor.

<p><b>Market Risks</b></p> <ul style="list-style-type: none"> <li>Measuring market risks using internal and standard models, and setting and managing the limits</li> <li>Conducting the Stress Test through historical and user scenarios in preparation for abnormal market situations</li> <li>Controlling risks through independent analyses on new or unique products</li> </ul>	<p><b>Credit Risks</b></p> <ul style="list-style-type: none"> <li>Controlling credit exposure and monitoring through credit VaR measurement for each trading target and credit level</li> <li>Devising the exposure of credit risks by combining actual risks and potential risks</li> <li>Fully utilizing methods of set-off contract, collateral acquisition, third-party guarantee, and others, and reviewing and managing the credibility of the personnel and adequacy of acquired collateral.</li> </ul>
<p><b>Liquidity Risks</b></p> <ul style="list-style-type: none"> <li>Establishing the standard for liquidity risk management reflecting the features of assets under management in Mirae Asset Securities</li> <li>Establishing methods for asset sell-off and financing prior to crisis, while measuring the liquidity ratio and gap on a daily basis</li> </ul>	<p><b>Operational Risks</b></p> <ul style="list-style-type: none"> <li>Setting KRI, an quantified indicator for monitoring operational risks, and calculating &amp; managing evaluation ratings on it on a monthly Basis</li> <li>Controlling operational risks by conducting the RCSA evaluation on a quarterly basis where individual business managers do handson evaluation</li> </ul>



# Our History



- 1999. 12.** Established Mirae Asset Securities (Paid-in capital KRW 50 billion)
- 2000. 1.** Launched Korea's first Mutual Fund
- 2005. 12.** Established Korea's first retirement pension research institute 'PRIMA'
- 2006. 2.** Listed on the Korea Exchange
- 2007. 1.** Established Mirae Asset Securities (HK)
- 2010. 3.** Launched industry's first iPhone Trading Service
- 2010. 3.** Launched industry's first Android Phone Trading Service
- 2010. 8.** Established Mirae Asset Securities (Brazil)
- 2011. 3.** Headquarters relocated to Mirae Asset Center1 Building
- 2011. 10.** Mirae Asset Financial Group Executives Donate 1% of Salary to Charity
- 2012. 2.** Launched Mirae Asset Family Office Service
- 2013. 1.** Reached KrW 2 trillion in retirement pensions
- 2013. 2.** Launched ODS (Outdoor Sales) 'Smart Maps'
- 2014. 11.** Selected as a Brazil treasury bond custodian in KSD
- 2015. 1.** Reached 1 trillion won of DC typed-planned management reserve
- 2015. 5.** Reached 5 trillion won of pension reserve

# Awards and Recognition

Date	Award Name	Award Organization
January 2002	Foreign capital inticement commendation	Ministry of Kowelege Economy
December 2004	Best financial new product "making 300 million won systematic investment plan"	Financial Supervisory Service
December 2004	IPO excellence award	KOSDAQ
November 2005	The 1st Securities society award 'contribution commendation'	KOFIA
December 2005	2005 Year of the securities award in 'KOSDAQ IPO excellence'	KRX
January 2006	The 8th Maeil Economy 'Man of the year grand award'	Maeil Economy
April 2006	The 8th Korea Economy marketing award 'Best wealth management company'	Korea Economic Daily
December 2006	The 4th Korea's most trusted company award	KCEOA
February 2007	2006 Korea fund award 'best distributor'	Maeil Economy
October 2007	KOSDAQ contribution commendation award	KRX
December 2007	IPO Excellence award	KRX
January 2008	2008 Korea fund award 'best distributor'	Korea Economic Daily
February 2008	2007 Korea fund award 'excellent distributor'	Maeil Economy & Zeroin
January 2009	The 11th Maeil Economy 'Mirae Asset social contribution team achievement award'	Maeil Economy
October 2009	2009 Korea's most trusted brand award	KBMA
March 2010	IPO excellence award	KRX
April 2010	2010 Korea Master Brand Awards 'Mirae Asset Account'	Korea Master Brand Committee
June 2010	The 10th Korea e-Business award	Korea Economic Daily
June 2011	2011 Korea Top Brand Award 'Mirae Asset Oblige Club'	Seoul Economy
September 2011	2011 Korea's most trusted brand awards 'Mirae Asset Oblige Club'	KBMA
November 2011	The 1st Asia Economy 'HTS grand award'	Seoul Economy
January 2012	The 3rd Korea Investment Bank awards 'Best IPO'	Korea Economic Daily
January 2012	2012 Korea Best Brand award	Forbes Korea
February 2012	2011 Compliance Excellence award	ACOF
December 2013	The 9th City-Fishing Partnership Award	National Federation of Fisheries Cooperatives
January 2014	The 16th Maeil Economy 'Man of the year grand award'	Maeil Media Group
May 2014	The 42nd Parents Day awards	Seoul
January 2015	2014 Compliance Award	KRX
March 2015	The 1st Korea Retirement Pesion Awards	Maeil Economy



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# Mirae Asset Financial Group Overview

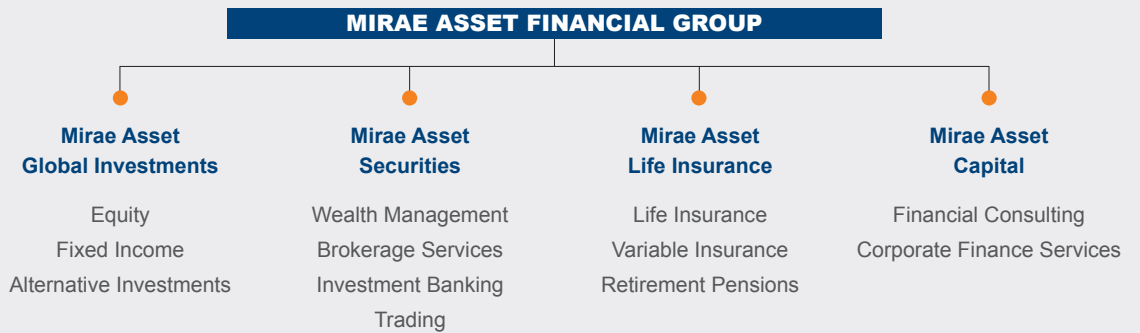
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1. About Mirae Asset/Global Presence
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3. Mirae Asset Life Insurance
4. Corporate Citizenship

# About Mirae Asset/Global Presence

## About Mirae Asset

Mirae Asset has continually pursued innovation based on a strong entrepreneurial spirit and unwavering passion to mature as an independent financial group assuming leadership in the Asian capital market. The Mirae Asset Group offers comprehensive financial services that include wealth management, asset management, and life insurance.



## Global Presence

Mirae Asset Financial Group currently operates in strategically important regions and throughout the years, we have built a solid foundation in each region. Through our global network, we are ahead of our competition in Korea as emerging market experts. Mirae Asset Global Investments along with Mirae Asset Securities currently operates 11, 5 foreign subsidiaries accordingly.





# Mirae Asset Global Investments

## Mirae Asset Global Investments

Mirae Asset Global Investments has pioneered a new investment culture in the Korean capital market, with the adoption of Korea's very first mutual fund in 1998 and the popularization of monthly installment funds. As the largest operating company of equity and bond type funds in country, it has continuously cared for the growth of stability type investment products and alternative investment funds. By virtue of the diversification of operation assets, Mirae Asset Global Investments is growing as a general asset operation company with the balanced investment portfolio unique in Asia. Based on this, we are continually offering the attractive financial products to assure steady incomes to the investors.

As of the end of March 2015, Mirae Asset Global Investments' total assets under management in Korea and abroad reached approximately KRW 85.6 trillion, of which around KRW 17 trillion is being directly managed overseas using the company's global network.

The global funds managed through its overseas network of 12 subsidiaries such as SICAV are attracting great interests from

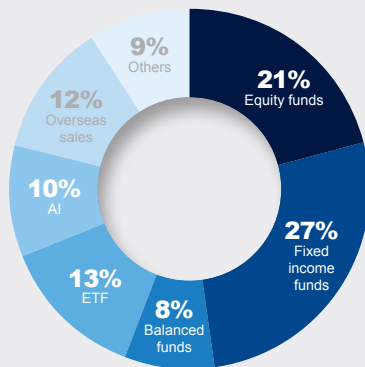
overseas investors under the recognition of their long term persistent growth and the amount of management assets also shows a pattern of steep increase.

Mirae Asset Global Investments has established a new mark in the history of the financial industry of Korea by successfully acquiring Acushnet, which owns the world's No. 1 golf brand Titleist through a PEF in 2011. Furthermore, Mirae Asset Global Investments successfully acquired asset management companies in Taiwan and Canada. In addition, it became the first asset management company in Korea to launch a joint venture in China, thus expediting its entry into the global market.

As a global investment group, Mirae Asset Global Investments' vision is to contribute to its clients' successful asset management and help clients prepare for a secure retirement. It continually offers various investment opportunities and gains the trust of its customers by maintaining consistent performance. Mirae Asset Global Investments continually strives to increase customer profits.

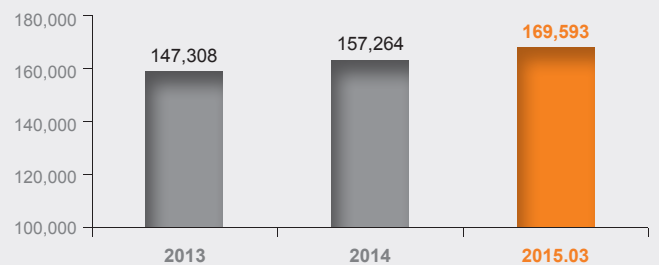
### AUM by Fund Type

As of Mar. 2015



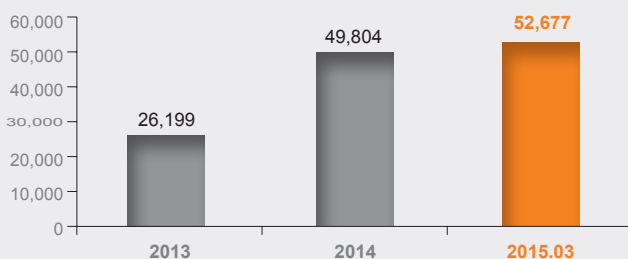
### AUM of Overseas Investment

(Units : KrW bn)



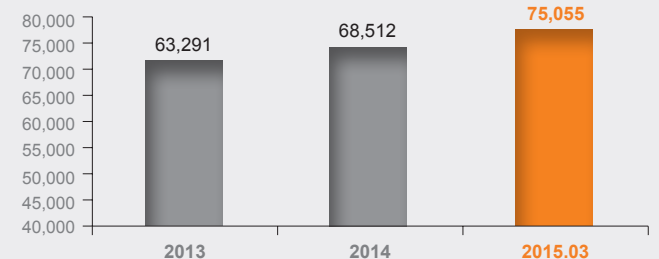
### AUM of Row Risk Financial Products

(Units : KrW bn, Total balance of Overseas fixed income/Income/Covered call fund)



### AUM of Alternative Investment Fund

(Units : KrW bn, Total balance of Real estate/PEF/SOC fund)



# Mirae Asset Life Insurance

## Mirae Asset Life Insurance

Founded on the core value of ‘existing for clients’, Mirae Asset Life Insurance is continually striving to provide value to its customers. Based on the investment philosophy and know-how of Mirae Asset Group, Mirae Asset Life Insurance provide not only the insurance facilities but the professional financial services such as funds, trusts, real estate services and others and by way of these diverse activities it lays the top priority on the generation of stable incomes for clients. In a similar context, The Company is also sincerely fulfilling its social responsibilities and duties for sound growth of the retirement planning markets.

In 2014, Mirae Asset Life Insurance reported insurance assets of KRW 24.08 trillion, an increase of KRW 3,222.6 billion over the previous year, and fund and trust assets amounted to KRW 3,295.9 billion bringing the amount of total assets operated by Mirae Asset Life Insurance to KRW 27,375.9 billion including insurance, fund and trust.

By virtue of the improved management performances in the meantime and the continuous management innovations through 2014, Mirae Asset Life Insurance has achieved stable, efficient and productive operations as the foundation for growth in the forthcoming periods. The company also presented a new paradigm in the sales of insurance contracts by launching the online variable insurance ‘difference in sincerity in direct variable installment insurance’ in April 2014 for the first time in industry.

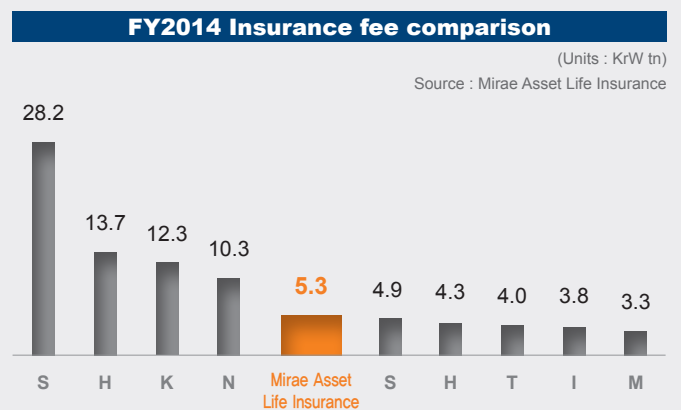
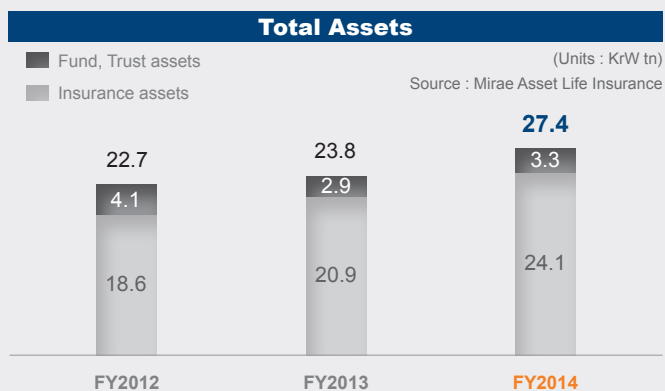
In addition, it confirmed its distinction as a professional

financial group again by attaining the top rank in the return on variable insurances for the second consecutive year and in a slightly different perspective it established the foundation as a professional financial company to proactively cope with the changes in markets and disciplines by the incorporation of Mirae Asset Financial Services. In terms of client conveniences, the company introduced one-stop simple insurance claim services for the first time among insurance companies.

As a result of its endeavors in the meantime for client satisfaction with the pursuit of top class quality in the industry, the company was selected as the ‘Insurance Company of the Year’ by ‘Asia Investor’ in June and it was also accredited ‘Class A’ in the evaluation of customer complaint performance by Financial Supervisory Service in 2014.

On the occasion of the 10th anniversary in 2015, Mirae Asset Life Insurance reaffirms its resolution to persist with the management innovation that it has pursued to date and the posture to put the top priority on clients. Predicated on the foundation for growth established over the past ten years, it will not only preemptively cope with the stagnant economy, low interest rate and aged population but will maneuver to realize the qualitative progresses to satisfy its clients and constituents through the assurance of enhanced efficiency and productivity.

Mirae Asset Life Insurance will continue to make even greater efforts for the wellbeing of its clients after retirement by pursuing endless innovation and solid management as the staunch buttress to care for the happy future of clients.



# Corporate Citizenship

## Corporate Citizenship

The corporate citizenship activities of Mirae Asset start from the 'Practice of Warmhearted Capitalism.' We aim to create a larger social value beyond the role as a representative investment financial group in Korea focused on the growth of wealth of clients. Mirae Asset Securities is conducting the corporate citizenship activities by way of the organic cooperation among the affiliated companies under the initiatives of 'Mirae Asset Park Hyeon-Ju Foundation.' We will continue to seek the opportunity to take a role in making the warmhearted world by caring for the isolated neighbors through volunteer activities and to restore the profits from enterprise activities to the society.

The corporate citizenship activities by Mirae Asset are largely focused on three major themes including 'Nurturing Talents,' 'Social Welfare' and 'Sharing Culture.' These are the areas where Mirae Asset can most effectively contribute to the society as an investment financial group and where the outcomes from the corporate citizenship activities can be continuously generated in the long term. Particularly, the 'Nurturing Talents' progressed under the slogan "We will become the hope of the youth." is the representative corporate citizenship activity of Mirae Asset, which is being implemented in an organized and systematic way.

### 'Hope' Nurturing Talents Supporting Status

(Based on the end of Apr. 2015)

Foreign Exchange Scholarship Student	Domestic Scholarship Student	Global Investment Expert	Shanghai Global Experience	Economy/ Career Education
3,117	2,436	122	11,988	89,360
<b>Total 107,023</b>				



Foreign exchange scholarship student award



Youth Project of Hope Board



Global culture visitors by local children center (Shanghai China)



MiraeAsset Securities Ungdori visit



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# Our Business

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# Wealth Management

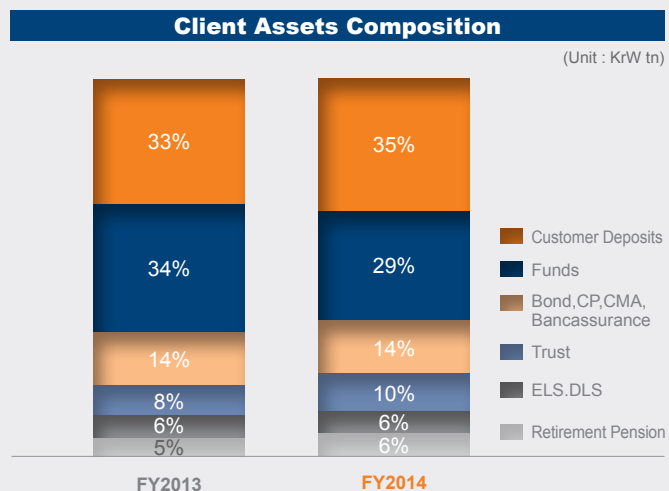
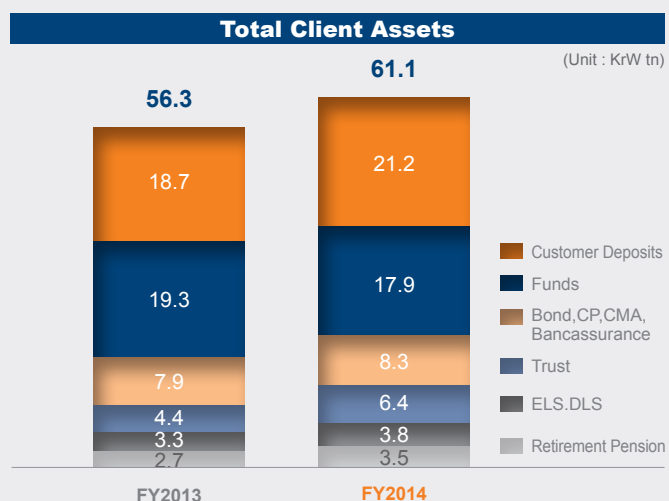
## FY2014 Business Environment and Performance

Mirae Asset Securities is taking the lead in a sector of wealth management in securities industry by presenting the advanced and client-oriented model of a 'Global Wealth Management Expert.' It has fully established a long-term and indirect investment culture through monthly installment funds, thus contributing to the development of the Korean capital market. As a global investment group with expertise in emerging markets, it has also led the development of a variety of financial products based on its global network, such as global receivables trust, and global consumer funds. It is thus providing more effective investment alternatives to customers in accordance with the needs of the aging population, in an era that is also characterized by low growth and low interest rates. The company is providing comprehensive wealth management services with coverage of all financial sectors, including beneficiary certificates, stocks, trusts, Wrap accounts, insurance and others. As of the end of December 2014, customer assets recorded KRW 61.0 trillion and fund assets recorded KRW 18 trillion.

During the fiscal year 2014, the investment morale was witnessed to rebound amidst the erosion of apprehension of early hike of federal fund rate in the U.S., the active policies of Chinese government to promote economy and twice of interest rate cuts by the Bank of Korea. To this, Mirae Asset Securities expanded the supply of overseas investment products and also undertook the active rebalancing of customer portfolio, which resulted in the increase of global fund assets and total client assets, despite the decline in the total fund assets, to enable the enhancement of client returns through the management of stable portfolio.

Mirae Asset Securities is reinforcing its position in the VIP wealth management market through the 'Mirae Asset Oblige Club.' It has the industry's largest support organization in place for tax, real estate, legal, and wealth management consulting. It also offers systematic wealth management solutions and services for VIP customers, including retirement planning, tax affairs, and inheritance. The company has a unique wealth management service system creating a connection

between 'wealth management', 'advisory services', and 'culture', and it delivers a sense of class and familiarity across all aspects of customer lives.



# Wealth Management/Oblige Club



Mirae Asset Oblige Club  
is a wealth management brand designated  
to Mirae Asset Securities' VIP clients  
for a successful and peaceful retirement

## Wealth Management Service

Wealth management service provided by wealth managers nationwide  
Advisory service provided by consulting experts from headquarters

## Global Network

We provide a variety of differentiated financial products and portfolios through the global network in the U.S., Brazil, Hong Kong, and Vietnam.

## Premium Life Service

We provide diverse premium life services including Culture/Arts, Children and Communications with Clients to suit the life cycle of our clients.

### Advisory Service

1. Tax Consulting
2. Real Estate Consulting
3. Legal Consulting
4. Inheritance Concierge Service

### Premium Life Service

1. Programs for Client Invitation
2. Programs for Communication with Clients
3. Event for Invitation of Children
4. Life Style Service



# Wealth Management/Pension Business

## FY2014 Business Environment and Performance

Mirae Asset Securities is leading the migration of pension funds for investment in diverse global financial assets and out of the focus on domestic investments in reflection of the lessons from the long-lasting stagnancy in the domestic markets, aging demographic profiles, domestic household assets concentrated on real estates and the failure of the market. Especially, the company will focus on the formation of retirement assets for the comfortable living life of our clients after retirement by pursuing stability and profitability at the same time based on the differentiated capabilities for global asset allocations.

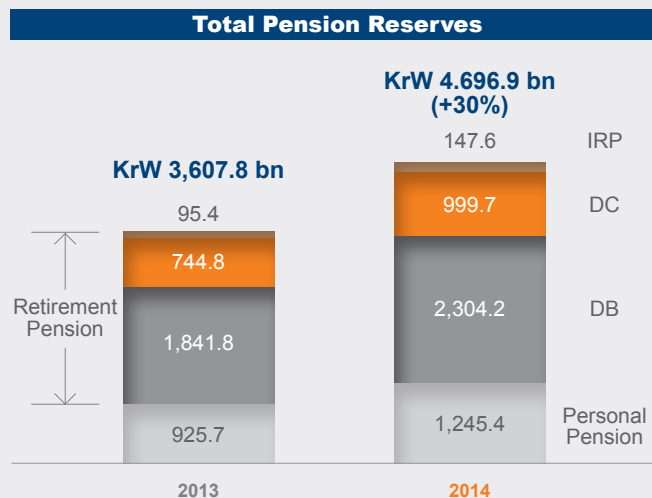
### Personal Pension

The tax-eligible personal pension market posted a growth rate of 12% over the previous year to achieve KRW 100 trillion of market size in 2014. Mirae Asset Securities recorded KRW 1,245.4 billion of personal pension assets at a growth of 35% over the previous year. Mirae Asset Securities is estimated to mark the second rank (market share 19%) in the securities industry in regard of the tax-eligible personal pension.

### Retirement Pension

The size of retirement pension market was around KRW 107 trillion at the end of 2014 up by 27% from the previous year. Mirae Asset Securities had a record of KRW 3,451.5 billion on the basis of reserves of planned management institutions as of the end of 2014, which was the top rank in the securities industry in terms of the DC reserves excluding reserves at affiliated companies and also the top rank among all financial companies in terms of reserves to the products for reserves based on actual performance results.

Particularly, the company attained the top rank among securities industry companies in profitability on the DC-type products for reserves based on actual performance results in 2014. The company will continue to seek the opportunities for diversified investment of pension assets by way of the global allocation with the focus on Wrap in 2015.

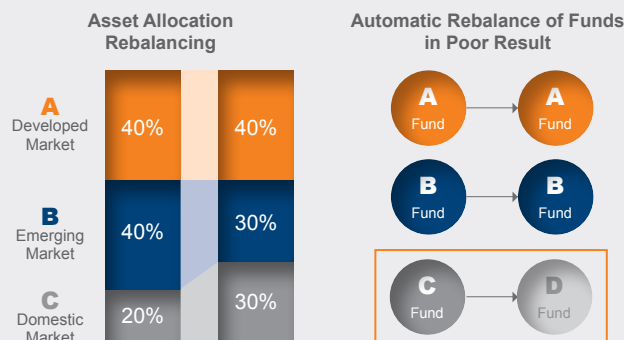


## Retirement Pension Wrap of Global Asset Allocation

### Entrusted Type Wrap Service

provided in term of selection of financial products is cared by the wealth management experts

The whole process of retirement pension management including asset allocation, product selection, and follow-up service is conducted on behalf of the clients



# Brokerage

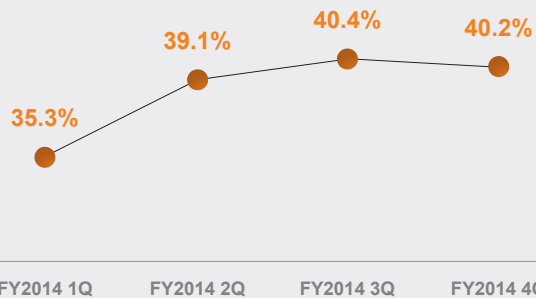
## Annual Brokerage M/S



## Retail Clients Brokerage M/S



## MTS Transaction Ratio



## FY2014 Business Environment and Performance

Mirae Asset Securities has clearly become a market leader in the brokerage business through offering clients fast yet stable trading platforms coupled with lowest commission rates in the industry. The company continuously invests in diverse online trading platforms such as HTS, Internet, mobile (smart phone) and reflects client needs and concerns into its systems.

Mirae Asset Securities recorded KRW 83.1 billion of brokerage commission in 2014 with 6.88% market share in the brokerage market. It also achieved 10.3% market share in the brokerage market for individual investors, which was the second highest performance in the industry.

In addition, Mirae Asset Securities are leading the securities industry by the remarkable achievements in the area of MTS (Mobile Trading System). The company are reiterating the innovation in the mobile stock trading by opening 'M-Stock' the stock trading service for smart phones for the first time (February 2010) in industry, launching 'New M-Stock' as the upgrade version of mobile trading system (April 2013) and by presenting 'M-Stock Overseas Stocks' dedicated to the trading of overseas stocks (March 2015).

The market share of transactions through Mirae Asset Securities MTS has continuously increased to cover more than 40% of the stock trading volume by individual investors and thereby positioning the MTS as one of major trading platform at the company. In order to better support the client needs for easy and fast execution of the trading wherever and whenever necessary, Mirae Asset Securities is making continuous upgrades to the MTS system with the top priority laid on the stability of the systems and the speed and convenience in the use by the clients.

# Investment Banking

## FY2014 Business Environment and Performance

### ECM

In 2014, the IPO market recorded a big growth over 2013. The number of companies newly listed was 72 (6 on KOSPI and 66 on KOSDAQ) about double of the previous year's level and the total amount of public offering reached KRW 4.7 trillion which is about three times of the previous year's level. The growth is chiefly attributed to the listing of large corporates such as Cheil Industries and Samsung SDS, the upgrade of the requirements for listing and the diversification of the combination methods through SPAC. Amidst these, Mirae Asset Securities achieved a top level performance in the industry by managing the listing of three competitive corporates including CS Wind (KRW 256.7 billion), Okins Electronics (KRW 12.6 billion) and Mirae Asset SPAC No. 2 (KRW 13.0 billion) in the IPO market.

In the M&A market, there were big deals executed involving the affiliated companies of large corporates and among the huge commercial banks and PEF funds continued the active involvement in the M&A deals of mid-to-large sizes. Mirae Asset Securities provided advisory service on the sell-off of Semiteq, a semiconductor packaging company, resulting in a successful sell-off. In addition to traditional investment finance, Mirae Asset Securities is investing in companies in Korea and abroad that have growth potential and stability, based on such diverse investment means as PEF and SPAC, as a financial group that specializes in investment.

### DCM

In 2014, low interest rates prevailed due to the economic stagnation and two times cut-down of the interest rate. The supply shortage of premium credit bond caused by the constricted floatation of corporate bonds and debentures led to the strength in the spreads and the concentrated polarization across the business sectors even accelerated the strength of premium credit bonds. Amidst this environment, we achieved continued growth by completing the floating of debentures worth KRW 1,005.0 billion in 12 cases including KOSEP, Shinhan Financial Group, LSIS, LS Networks, SK Chemical,

Maeil Dairies Industry and others as the main management company to post the 9th in rank in the industry and we are also reinforcing the company capabilities in the debt security markets by continuously getting involved in the issuance of MSB's (7th in the Industry).

### Project Financing

In 2014, PF Division of Mirae Asset Securities provided financial advisory and successfully arranged various real estate projects that required the raising of substantial funds, including development of Knowledge Industry Center within the Future-Type Business Area in Munjeong-dong, the development of Sepung Industrial Complex in Gwangyang City, the construction of apartment buildings at Baegot New Town in Siheung, the construction of Lotte Mart at Hangang New Town in Gimpo, and the development of automobile trading complex in Bucheon. The company also reinforced the influence in the traditional asset backed securities markets by carrying out the securitization of accounts receivable at Samsung Card and the underwriting of ABCP of a premium construction company.

Further, the company keep providing a diversity of alternative investments to offer high quality products to clients in the age of low interest rates including the development and sale of real assets by way of REITs, lease REITs, and real estate funds.



02.2015 IPO ceremony held after the SPAC merger with Kolmarbnh

# Trading

## FY2014 Business Environment and Performance

In 2014, the Korean market interest rate reached the lowest level in history at 2.00% in October 2014 after two times cut in the interest rate and the interest rate on 3 year treasury bonds was down by 77 bp (0.77% pt) from 2013 to record 2.10%. Apart from this, there were global liquidity issues following the changes in the monetary policy in the U.S., EU and Japan in the global financial markets. In June 2014, ECB (European Central Bank) undertook the cut in the interest rate and implemented the 3rd LTRO (Long Term Refinancing Operation) and Japan announced the second quantitative easing in October 2014 and the U.S. announced the termination of the quantitative easing that had been in progress since the subprime mortgage event the same month.

## Issuance and Hedging of Derivatives

In 2014, the low volatility in the stock market and the very low interest rate patterns apparently caused the migration of the demand for savings and deposits to the derivatives markets including ELS.

The total amount of issuance in the ELS (including equity linked bond or ELB) market posted a 57.1% growth over the previous year to reach KRW 71,796.7 billion in 2014, the highest level ever since the ELS market was opened in 2003. In order to increase client values under the uncertain market condition, the company enriched the product lineup by launching diverse products, including the existing index-based step-down type and 'Observation Knock-In for a Month' as well. Particularly, the company led the ELS market by ranking the 3rd position in market share in terms of the issuance amount of ELS (including equity linked bonds or ELB) by public offering including the launch of index-based derivative linked bond (DLB) driven by the evaluation price of equity-type fund by mean of public offering for the first time in the industry.

In case of the DLS, the company actively responded to the needs of new as well as existing clients for a low risk and returns higher than market interest rates by launching credit linked notes based on such stable assets as the treasury and

corporate bonds in Korea, treasury bonds of China and the debt instruments of the state-owned banks in China. Also, the 'Foreign Currency RP denominated in U.S. Dollar', launched in June 2014 as the management solution for the domestic U.S. dollar funds on an increasing trend. It achieved the balance of new dollar assets of USD 90 million in only 8 months after launch, because its profitability and the stability of the underlying security relative to rate of the domestic U.S. dollar savings.

## Fixed Income Trading

In 2014, the company maneuvered for generation of stable and persistent returns in accordance with the twice cuts in the interest rate and in anticipation for policy changes. The company conservatively managed the repurchase agreements sold (RP sold), with the outstanding amount around KRW 8 trillion as of the end of 2014, by mainly focusing on the short maturity instruments in order to preemptively cope with the changes in the monetary policy and the company also achieved stable excessive returns in the Prop trading of debt instruments in a move to continuously enhance the capabilities of the company for management of debt securities and in the administration of risks in anticipation of the interest rate rebounds.



# Overseas Business

## Overall

Mirae Asset Securities is continuously engaging in the overseas business as the emerging market expert. Since establishment of Mirae Asset Wealth Management (HK) in 2007. It is now present in the US, Vietnam, Brazil, and China. The company is contributing to the successful wealth management of clients and to the preparation for the secured life after retirement by offering the various financial products. Particularly, the company recently started to provide professional wealth management services to its overseas clients by utilizing the capability of Mirae Asset for allocation to global assets in addition to the domestic clients.

## Hong Kong

Commenced the business in 2007, Mirae Asset Wealth Management (HK), an official member of Hong Kong Exchanges, provides brokerage services to major overseas institutional clients by co-working with the International Division at headquarters and Mirae Asset Wealth Management (USA). In addition, the company efficiently manages and invests capital that was invested in overseas subsidiaries. It is further strengthening risk and compliance work in order to support such activities.

## U.S.

Established in 2008, Mirae Asset Wealth Management (USA) commenced business in 2009. Mirae Asset Wealth Management (USA) introduces the companies listed in Asian exchanges mainly in Hong Kong and Korea to major institutional clients in the U.S. the company is engaged in the brokerage businesses for major institutional clients under the cooperation with International Division at headquarters and Mirae Asset Wealth Management (HK). In addition, it is actively introducing the Korean companies by hosting conferences and seminars for introduction of companies to the institutional investors in the U.S. under the coordination with the research center at headquarters.

## Brazil

Mirae Asset Wealth Management (Brazil) commenced business in 2011, and is being evaluated by the local media as the first leading company from Asia that has successfully settled the local operations. The company successfully launched the online trading system called 'Home Broker', which has resolved shortcomings in the trading systems of local companies. It also has a mobile trading system in place that was developed by considering local customer characteristics. This mobile trading system allows customers to trade anytime and anywhere. More emphasis is being placed on the importance of wealth management consulting in tandem with increased variability in the financial market in Brazil. Based on its professional experience as a 'comprehensive wealth management company' in Korea, Mirae Asset Wealth Management (Brazil) is selling funds and is thus providing wealth management services to customers in Brazil. On the other side, it is also making continuous endeavors for development of products for Korean customers by focusing on securities with monthly dividend payments and Brazilian real estate financial products with tax exemption benefits for individual investors as well as the treasury bonds in Brazil, bonds linked to inflation and short term discount bonds.

## Vietnam

Mirae Asset Wealth Management (Vietnam) was established as Vietnam's very first foreign securities company and commenced business in 2008. It received approval as a comprehensive securities company that can engage in diverse types of business, ranging from brokerage to IB and financial advisory. It became an official member of the Ho Chi Minh City Stock Exchange, Hanoi Securities Trading Center, and Vietnam Securities Depository Center in order to engage in professional brokerage. It can thus handle orders and conduct depositing work and offers comprehensive marketable securities brokerage services, which includes stock trading as well as bond brokerage. Mirae Asset Wealth Management (Vietnam) has also built an online trading system so that individual customers in Vietnam can quickly and conveniently trade stocks. It is operating a branch office in Hanoi City in addition

to the head office in Ho Chi Minh City. It is also reinforcing the brokerage businesses for the major institutional clients in Vietnam based on the professional research service. Not only the Korean and other foreign investment companies but the major local investment companies conduct the trading through Mirae Asset Wealth Management (Vietnam).

### **Beijing Office**

Established in 2007, the Beijing Representative Office is steadily providing research materials on the Chinese market to investors in Korea, thus helping the investors increase their understanding of this market. Particularly, due to the influx of foreign funds after opening of Shanghai-Hong Kong Stock Connect, the amicable environment is being established around the China stock markets so that Beijing office is expected to be able to provide various Chinese investment products to the Korean clients by utilizing the RQFII quarter of the company.

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# Summary Financial Statements

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  5. Consolidated Statements of Cash Flows
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## Independent Auditors' Report

Based on a report originally issued in Korean

### The Board of Directors and Shareholders Mirae Asset Securities Co., Ltd.

We have audited the accompanying consolidated statements of financial position of Mirae Asset Securities Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated statements of which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the year and nine months then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013 and its consolidated financial performance and its consolidated cash flows for the year and nine months then ended in accordance with Korean International Financial Reporting Standards.

### Other Matter

Without qualifying our opinion, the Group changed its fiscal year end from March 31 to December 31 at prior year. The comparative prior fiscal year is for nine months from April 1 to December 31, 2013. The accompanying consolidated statement of financial position of the Group as of December 31, 2013, and the related consolidated statements of comprehensive income (loss), changes in equity and cash flows for the nine months then ended, were audited by us in accordance with the previous Korean auditing standards.

**KPMG Samjong Accounting Corp.**

**Seoul, Korea**

**March 19, 2015**

*KPMG Samjong Accounting Corp.*

This report is effective as of March 19, 2015, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above report has not been updated to reflect the impact of such subsequent events or circumstances, if any.



# Consolidated Statements of Financial Position

(Units : KrW)

	FY2014		FY2013	
<b>Assets</b>				
Cash and cash equivalents	119,080,091,256		221,800,293,809	
Financial assets at fair value through profit or loss	14,546,124,262,711		12,310,900,141,504	
Available-for-sale financial assets	2,253,223,029,051		1,943,536,825,158	
Loans and receivables, net	4,668,784,916,223		4,905,037,521,936	
Investments in associates	378,149,625,343		5,442,935,907	
Investment properties, net	579,066,723,705		556,335,176,471	
Property and equipment, net	9,344,480,529		11,841,205,730	
Intangible assets, net	28,010,880,427		31,452,095,205	
Other assets	69,221,589,724		72,494,563,737	
Income taxes receivable	20,592,874,908		19,856,157,475	
Deferred tax assets	-		513,648,204	
<b>Total assets</b>		<b>22,671,598,473,877</b>		<b>20,079,210,565,136</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	8,014,996,652,197		6,434,126,323,407	
Deposits due to customers	727,724,650,154		657,021,138,051	
Borrowings	7,484,937,910,744		6,896,021,974,070	
Debentures	944,262,231,146		519,739,362,333	
Provisions	4,457,053,303		4,017,643,347	
Other liabilities	3,080,330,292,285		3,436,299,893,982	
Income taxes payable	3,458,671,568		3,703,853,028	
Deferred tax liabilities	56,101,260,677		17,169,038,673	
<b>Total liabilities</b>		<b>20,316,268,722,074</b>		<b>17,968,099,226,891</b>
<b>Equity</b>				
Capital stock	209,461,145,000		209,461,145,000	
Capital surplus	852,203,207,600		852,203,207,600	
Retained earnings	1,242,972,523,566		1,076,501,886,985	
Capital adjustment	(57,137,488,922)		(59,617,014,466)	
Accumulated other comprehensive income	83,792,649,294		10,061,393,368	
Non-controlling interests	24,037,715,265		22,500,719,758	
<b>Total equity</b>	<b>2,355,329,751,803</b>			<b>2,111,111,338,245</b>
<b>Total liabilities and equity</b>	<b>22,671,598,473,877</b>			<b>20,079,210,565,136</b>

# Consolidated Statements of Comprehensive Income

(Units : KrW)

	FY2014		FY2013	
<b>Operating revenue</b>		<b>3,391,254,387,825</b>		<b>1,943,766,319,995</b>
Commissions received	256,295,098,152		194,191,212,553	
Gains on financial instruments at fair value through profit or loss	2,503,695,140,349		1,304,351,434,588	
Gains on available-for-sale financial assets	33,388,254,251		18,829,527,735	
Interest income	497,926,306,411		377,936,893,152	
Gains on loans and receivables	210,991,474		1,629,017,002	
Gains on foreign currency transactions	55,128,176,091		17,328,929,109	
Others	44,610,421,097		29,499,305,856	
<b>Operating expenses</b>		<b>3,191,734,713,215</b>		<b>1,873,129,186,274</b>
Commissions expense	33,073,724,296		26,991,302,648	
Losses on financial instruments at fair value through profit or loss	2,548,418,766,042		1,396,911,557,012	
Losses on available-for-sale financial assets	25,866,094,271		16,938,754,510	
Interest expense	210,598,702,117		167,621,364,146	
Losses on loans and receivables	12,516,644,262		6,974,542,560	
Losses on foreign currency transactions	39,371,893,074		34,219,152,558	
Salaries	189,664,350,561		123,429,661,943	
Selling and administrative expense	127,837,763,653		97,786,740,200	
Others	4,386,774,939		2,256,110,697	
<b>Operating income</b>		<b>199,519,674,610</b>		<b>70,637,133,721</b>
<b>Non-operating income net</b>		<b>57,282,800,127</b>		<b>24,309,416,646</b>
Non-operating income	60,296,161,277		25,720,013,669	
Non-operating expense	3,013,361,150		1,410,597,023	
<b>Profit before income tax expense</b>		<b>256,802,474,737</b>		<b>94,946,550,367</b>
<b>Income tax expense</b>		<b>74,571,775,345</b>		<b>24,062,626,353</b>
<b>Profit for the period</b>		<b>182,230,699,392</b>		<b>70,883,924,014</b>

# Consolidated Statements of Changes in Equity

(Units : KrW)

	Capital Stock	Capital Surplus	Capital Adjustment	Accumulated other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at April 1, 2013</b>	<b>209,461,145,000</b>	<b>852,203,207,600</b>	<b>(60,480,949,275)</b>	<b>41,723,383,856</b>	<b>1,049,015,413,930</b>	<b>2,091,922,201,111</b>	<b>20,410,744,429</b>	<b>2,112,332,945,540</b>
Profit for the period	-	-	-	-	68,763,403,055	68,763,403,055	2,120,520,959	70,883,924,014
Net changes in unrealized valuation of AFS financial assets	-	-	-	(10,990,075,830)	-	(10,990,075,830)	207,389,328	(10,782,686,502)
Equity in other comprehensive income of associates	-	-	-	(217,394,992)	-	(217,394,992)	-	(217,394,992)
Foreign currency translation adjustment	-	-	-	(20,454,519,666)	-	(20,454,519,666)	(237,934,958)	(20,692,454,624)
Dividends paid	-	-	-	-	(41,276,930,000)	(41,276,930,000)	-	(41,276,930,000)
Acquisition of treasury stock	-	-	(385,149,406)	-	-	(385,149,406)	-	(385,149,406)
Disposal of treasury stock	-	-	588,360,534	-	-	588,360,534	-	588,360,534
Stock option	-	-	660,723,681	-	-	660,723,681	-	660,723,681
<b>Balance at December 31, 2013</b>	<b>209,461,145,000</b>	<b>852,203,207,600</b>	<b>(59,617,014,466)</b>	<b>10,061,393,368</b>	<b>1,076,501,886,985</b>	<b>2,088,610,618,487</b>	<b>22,500,719,758</b>	<b>2,111,111,338,245</b>
<b>Balance at January 1, 2014</b>	<b>209,461,145,000</b>	<b>852,203,207,600</b>	<b>(59,617,014,466)</b>	<b>10,061,393,368</b>	<b>1,076,501,886,985</b>	<b>2,088,610,618,487</b>	<b>22,500,719,758</b>	<b>2,111,111,338,245</b>
Profit for the period	-	-	-	-	180,918,482,231	180,918,482,231	1,312,217,161	182,230,699,392
Net changes in unrealized valuation of AFS financial assets	-	-	-	51,091,804,747	-	51,091,804,747	56,403,962	51,148,208,709
Equity in other comprehensive income of associates	-	-	-	22,847,482,453	-	22,847,482,453	-	22,847,482,453
Foreign currency translation adjustment	-	-	-	(208,031,274)	-	(208,031,274)	168,374,384	(39,656,890)
Dividends paid	-	-	-	-	(14,447,845,650)	(14,447,845,650)	-	(14,447,845,650)
Acquisition of treasury stock	-	-	(1,811,716,494)	-	-	(1,811,716,494)	-	(1,811,716,494)
Disposal of treasury stock	-	-	3,880,521,834	-	-	3,880,521,834	-	3,880,521,834
Stock option	-	-	410,720,204	-	-	410,720,204	-	410,720,204
<b>Balance at December 31, 2014</b>	<b>209,461,145,000</b>	<b>852,203,207,600</b>	<b>(57,137,488,922)</b>	<b>83,792,649,294</b>	<b>1,242,972,523,566</b>	<b>2,331,292,036,538</b>	<b>24,037,715,265</b>	<b>2,355,329,751,803</b>

# Consolidated Statements of Cash Flows

(Units : KrW)

	FY2014		FY2013	
<b>Net cash provided by (used in) operating activities</b>		<b>(513,520,181,492)</b>		<b>(935,609,690,280)</b>
Changes in net income	(73,708,051,389)		(140,936,718,394)	
Addition to expenses with no cash outflow	1,007,353,114,272		692,670,461,881	
Deduction of revenue with no cash inflow	(1,133,457,167,633)		(693,114,076,590)	
Changes in assets and liabilities	(590,001,494,842)		(982,920,353,108)	
Interest income received	484,719,835,597		352,875,025,759	
Interest expense paid	(207,972,362,112)		(165,433,726,379)	
Dividends received	43,182,921,832		28,808,184,977	
Income tax paid	(43,636,977,217)		(27,558,488,426)	
<b>Net cash used in investing activities</b>		<b>(600,881,420,027)</b>		<b>(478,843,538,607)</b>
Proceeds from disposal of available-for-sale financial assets	604,580,002,610		154,902,497,472	
Proceeds from disposal of investments in associates	218,200,000		9,488,657,896	
Proceeds from disposal of investments in subsidiaries	-		165,034,535	
Proceeds from disposal of property and equipment	9,362,000		152,998,864	
Decrease in deposits	6,877,635,289		11,417,228,209	
Acquisition of available-for-sale financial assets	(858,351,676,620)		(632,817,608,670)	
Acquisition of investment assets in associates	(320,319,718,550)		(244,741,201)	
Acquisition of investment properties	(3,699,558,176)		(2,252,875,094)	
Acquisition of property and equipment	(27,826,292,734)		(15,614,507,758)	
Acquisition of intangible assets	(518,921,900)		(1,475,106,540)	
Increase in deposits	(1,850,451,946)		(2,565,116,320)	
<b>Net cash provided by financing activities</b>		<b>1,010,360,460,888</b>		<b>1,473,216,119,285</b>
Proceeds from borrowings	588,450,603,419		1,537,818,474,047	
Proceeds from issuance of bonds	424,522,868,813		-	
Proceeds from disposal of treasury stock	493,208,761		588,360,534	
Proceeds from other borrowings	25,210,000,000		16,480,000,000	
Proceeds from disposal of issuance of bonds	-		(30,000,000,000)	
Acquisition of treasury stock	(682,567,873)		(385,149,406)	
Dividends paid	(14,447,845,650)		(41,276,930,000)	
Proceeds from disposal of other borrowings	(13,185,806,582)		(10,008,635,890)	
<b>Effect of exchange rate fluctuations on cash and cash equivalent held</b>		<b>1,320,938,078</b>		<b>(2,137,886,949)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(102,720,202,553)</b>		<b>56,625,003,449</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>221,800,293,809</b>		<b>165,175,290,360</b>
<b>Cash and cash equivalents at end of period</b>		<b>119,080,091,256</b>		<b>221,800,293,809</b>





