The Story of HMC Investment Securities

HMC INVESTMENT SECURITIES

HYUNDAI MOTOR GROUP

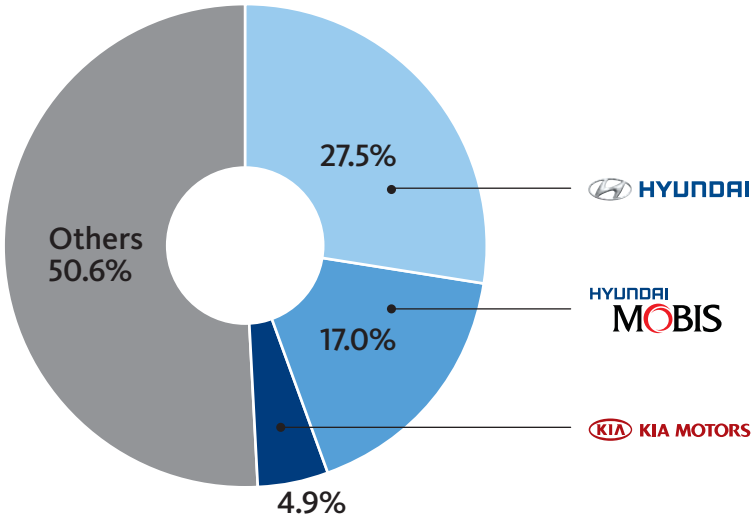
Company Profile

Company Overview

(As of Dec 31st 2013)

Name of Company	HMC INVESTMENT SECURITIES Co. Ltd.	President & CEO	Kim, Heung Je
Establishment	July 26th 1955	Employees	957
Fiscal Year-End	December 31	Listing Date	June 9th 1990
Network	Domestic 40 / Overseas 1	Credit Rating	CP : A1 / ICR : A+
Homepage	www.hmcib.com	Headquarters	32, Gukjegeumyung-ro 2-gil, Yeongdeungpo-gu, Seoul, Korea

Corporate Governance



Number of Shares (As of April 2014)

Shareholders	Number of shares
Hyundai Motor Company	8,065,595
Hyundai Mobis	4,983,200
Kia Motors Corporation	1,438,449
Others	14,849,867
Total	29,337,111

Company History

History

2008

1955 Shinheung Securities established

May. Joined Hyundai Motor Group as HMC Investment Securities

Jul. CMA launched
Rights offering(paid capital 79 Billion KRW)

Oct. IT Infra acquired ISO20000
New ARS system initiated

2009

Apr. Selected as the 1st class management company for handling complaints by「Financial Supervisory Service」

Jun. Headquarters relocation (32, Gukjegeumyung-ro 2-gil)

Jul. Rights offering(paid capital 147 Billion KRW)

Nov. Beijing Office opened

2010

Mar. OTC derivatives license acquired

Oct. Won a Grand Prize for Financial Sector, Securities Section「Web Awards Korea」

Dec. Retirement pension reserves exceeded 1 trillion KRW

2011

Jan. Strategic business alliance with China's Southwest Securities

May. Top 6 best analyst securities firm in Asia by Wall Street Journal

Jun. Designated as tier 1 Group partnership by the Korea National Pension Service (NPS)

2012

Jan. Designated as one of the Top 100 Job-Creating Companies by the Ministry of Labor Korea

Apr. Recorded the highest return of model portfolio in the 1Q, 2012

May. The first IB to acquire ISO27001 (Information Security)

Oct. 3rd place for securities firm in the second evaluation by Korea Smart App Assessment Index

2013

Apr. "Excellent Enterprise Award" for KSQI call center service for 4 consecutive years

Jul. Wealth management brand 'The H' launched

Nov. 3rd place for MTS evaluation by「Web Development Laboratory」

Hyundai Motor Group

Group Affiliates

56 affiliates consisting of automobile, parts, steels, construction, finance business, etc.

Automobile	Steel	Construction	Parts	Finance	Others
HYUNDAI	HYUNDAI STEEL	HYUNDAI	HYUNDAI MOBIS	HMC INVESTMENT SECURITIES	HYUNDAI GLOVIS
KIA MOTORS	HYUNDAI HYSCO	HYUNDAI	HYUNDAI WIA	Hyundai Capital	HYUNDAI Rotem
	HYUNDAI BNG STEEL	HYUNDAI	HYUNDAI POWERTECH	Hyundai Card	INNOCEAN WORLDWIDE
		HYUNDAI	HYUNDAI DYMOS	Hyundai Commercial	Haevichi hotel & resort Jeju
		HYUNDAI	HYUNDAI KEFICO	Hyundai Life	
			HYUNDAI AUTRON		

Group Overview

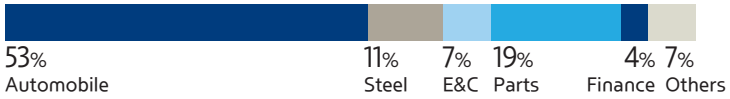
(2013)

Sales **212,103** Billion KRW

Net Profit **17,210** Billion KRW

Employees **220,820**

Sales by business sectors



Net profits by business sectors

Number of Employees by business sectors

Hyundai Motor Group Philosophy and Values

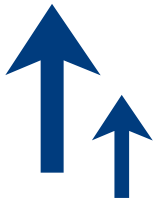
Philosophy

Realize the dream of mankind by creating a new future through ingenious thinking and continuously challenging new frontiers.

Key Elements of Our Management Philosophy

Unlimited Sense of Responsibility

Realization of Possibilities



Respect for Mankind

Core Values

Living core values with passion and the spirit of challenge.

CHALLENGE

We refuse to be complacent, embrace every opportunity for greater challenge, and are confident in achieving our goals with unwavering passion and ingenious thinking.

COLLABORATION

We create synergy through a sense of "togetherness" that is fostered by mutual communication and cooperation within the company and with our business partners.

CUSTOMER

We promote a customer-driven corporate culture by providing the best quality and impeccable service with all values centered on our customers.

GLOBALITY

We respect the diversity of cultures and customs, aspire to be the world's best at what we do, and strive to become a respected global corporate citizen.

PEOPLE

We believe the future of our organization lies in the hearts and capabilities of individual members, and will help them develop their potential by creating a corporate culture that respects talent.

Business & Service

Business Overview

Retail

- Stock brokerage and advisory services
- Selling investment products(fund, RP) and advisory services
- Derivative products(ELS/F) brokerage and advisory services
- Wrap account portfolio management services
- VIP wealth management and tax planning services

IB

- Equity offering, ABS, real estate PF
- Real estate PF securitization, BTL/BTO business
- CB/BW/EB and M&A
- Offshore SOC business, new structured financing
- Asset securitization, real estate sales, IPO advisory, DCM
- PEF(Private Equity Fund) and Fund Management

Wholesale

- Institutional equities/derivatives and futures brokerage
- Institutional products sales (Trust, MMF, RP, funds, etc)

Trading

- CMA/RP portfolio management
- Fixed income based principal investments
- OTC derivatives issuance, management and brokerage

Pension

- Deliver a range of retirement and pension services and customized member education for both individual and corporate members
- Portfolios and asset allocation consulting and marketing
- Proposing retirement pension plan
- Contracts and payment management
- Pension plans advisory and IFRS standard actuarial services
- System development/implementation, operating call centers for retirement pension services, etc.

Research

- Macro economic forecasts and stock market outlooks
- Industry overviews and forecasts
- Fixed income strategies with evaluations
- Corporate credit analysis
- Valuation analysis

Business Capability

Key Strengths

Great potential within Hyundai Motor Group

- Sustainable growth as a part of global top 5 car manufacturer
- High-speed growth strategy supported by robust client base related to Hyundai Motor Group
- High growth potential backed by Hyundai Motor Group's global network

Leading position in capital market

- Fully integrated investment banking line-up : IPO, bond, M&A, structured finance, PEF, PF etc

Distinguished research ability

- Global information pipeline with Hyundai Motor Group's international network
- Accurate market analysis in close partnership with Hyundai Motor Group's R&D center

Financial products customized to customer's specific needs

- Offers a wide variety of financial products including internal & external project financing(PF) and alternative investment(AI) products

Robust risk management

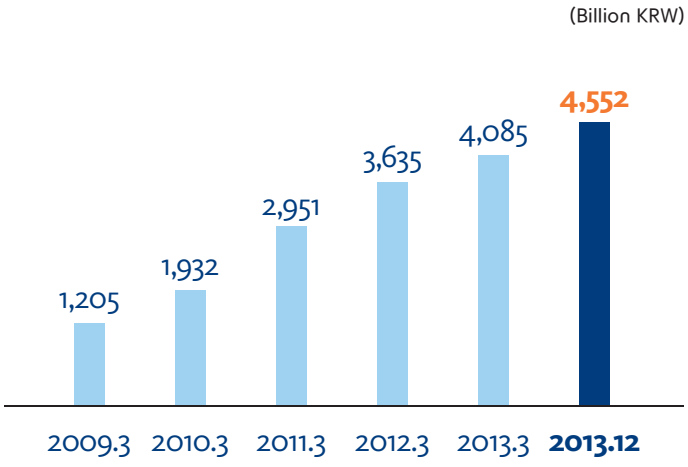
- Minimizes the scope of low-liquidity assets, keeps track of risk-related limits, and enhances control over qualitative risk factors

Competitive manpower

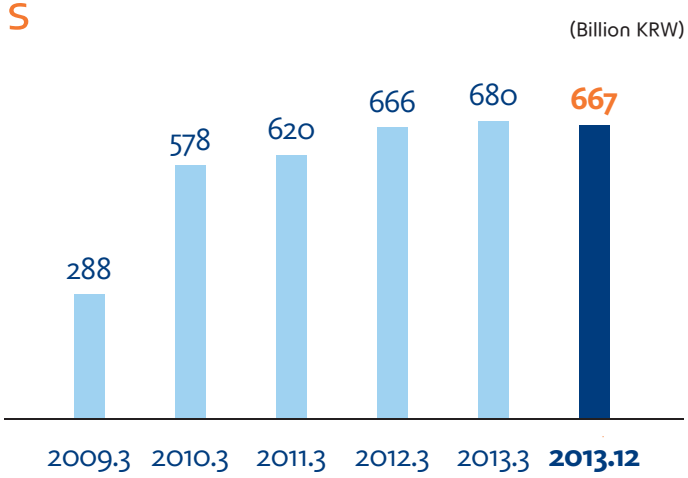
- Competent financial specialists with expertise in trust, retirement pension, OTC derivatives and research

Key Financials(1)

Asset



Shareholder's Equity



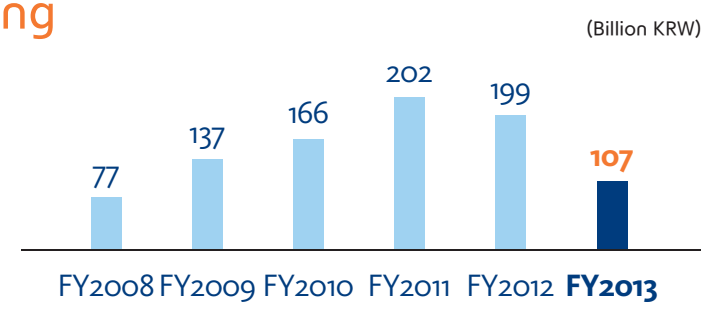
(Billion KRW)

	FY08	FY09	FY10	FY11	FY12	FY13
Assets	**1,205**	**1,932**	**2,951**	**3,635**	**4,085**	**4,552**
Securities	988	1,539	2,120	2,605	3,322	3,459
Loans	62	217	385	406	307	545
Others	155	176	446	624	456	548
Liabilities	**917**	**1,354**	**2,332**	**2,969**	**3,405**	**3,885**
Debt	263	196	496	481	633	815
Repurchase agreements	514	861	1,242	1,385	1,486	1,750
Others	140	297	594	1,103	1,286	1,320
Shareholder's Equity	**288**	**578**	**620**	**666**	**680**	**667**
Equity	79	147	147	147	147	147
Retained earnings	39	69	88	125	152	140
Others	170	362	385	394	381	380
Net Capital Ratio	**420%**	**637%**	**507%**	**530%**	**348%**	**345%**

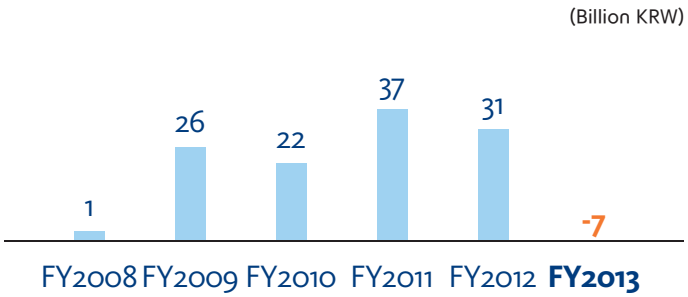
※ FY13(Apr 2013 ~ Dec 2013) : K-IFRS consolidated

Key Financials (2)

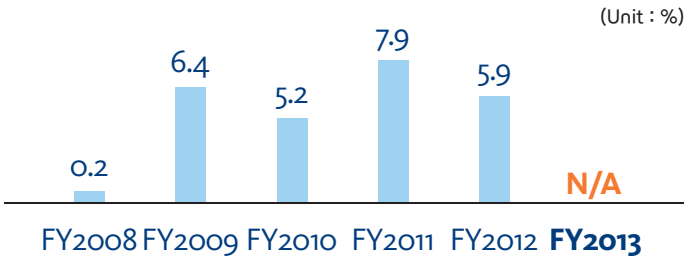
Net operating revenue



Net income



Pre-tax ROE



(Billion KRW)

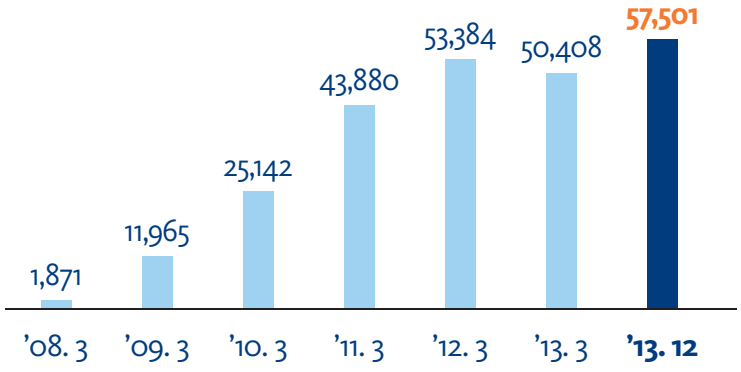
	FY08	FY09	FY10	FY11	FY12	FY13
Operating Income	194	274	340	941	1,367	487
Operating expenses	117	137	174	739	1,168	380
Net operating revenue	77	137	166	202	199	107
SG & A	77	106	132	150	158	115
Operating revenue	0	31	34	52	41	-8
Pre-tax income	1	37	32	52	40	-9
Net income	1	26	22	37	31	-7
Pre-tax ROE	0.2%	6.4%	5.2%	7.9%	5.9%	N/A

※ FY13(Apr 2013 ~ Dec 2013) : K-IFRS consolidated

Key Business Performances(1)

Customer Assets

Customer assets increased more than 30 times after the acquisition

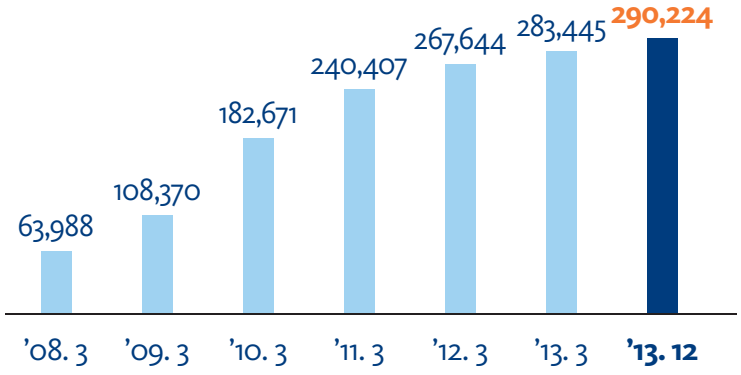


(Billion KRW)

	Mar 31. 2008	Dec 31. 2013
Stocks	1,038	**44,073**
Financial Products	833	**13,428**

Number of clients

Number of clients increased more than 4 times after the acquisition



(Number of clients)

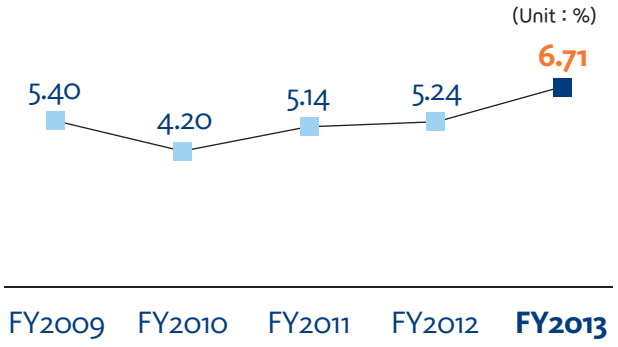
	Mar 31. 2008	Dec 31. 2013
Total Customers	63,988	**290,224**
HNW* Individuals	1,155	**8,971**

* HNW(High Net Worth) : Asset value more than 0.1 billion KRW

Key Business Performances(2)

Fixed income M/S

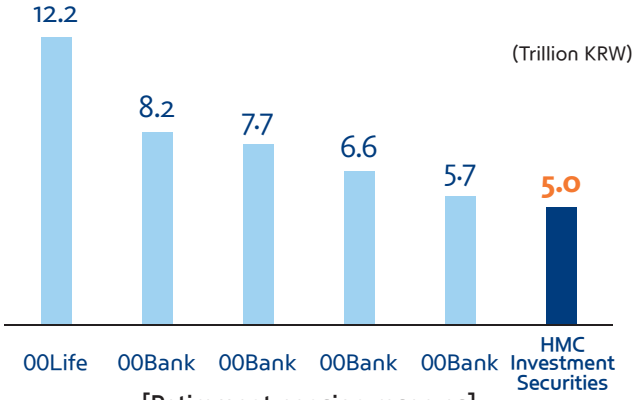
- Bond brokerage business
  - Consistent with more than 6% of market share



[Bond brokerage M/S]

Retirement Pension

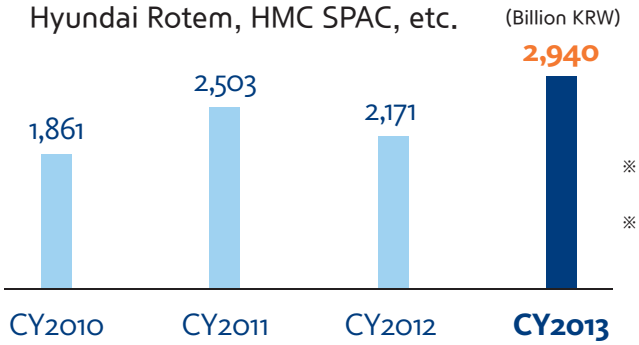
- TOP 6 within the retirement pension cluster (banks/IBs, insurance companies)
- TOP 1 in securities companies (Dec 2013)



[Retirement pension reserves] ※ Reserves based on plan administration

Primary Capital Market

- DCM(Debt Capital Market)
  - Maintaining bond underwritings value of more than 2 trillion KRW (4-year average)
- ECM(Equity Capital Market)
  - IPOs for Hyundai Home Shopping, Mando, Hyundai Rotem, HMC SPAC, etc.

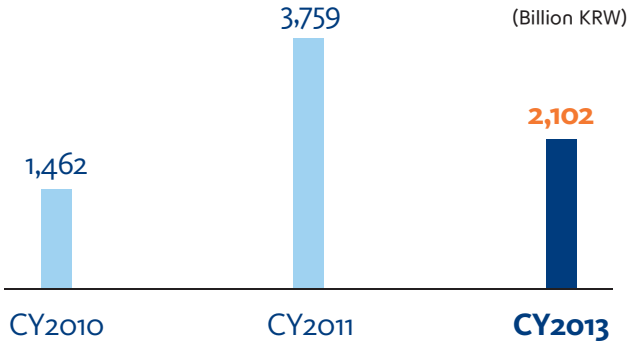


※ DCM bond underwriting : Bank bonds, authority bonds, MBS excluded
※ ECM underwriting : IPO, Rights offering, Equity-related bonds underwriting

[DCM+ECM]

MBS

- MBS(Mortgage backed securities) underwriting business
  - TOP 1 in 2011, 2012 TOP 4 in 2013



[MBS]

Key Business Performances(3)

Awards

1. Designated as an excellent enterprise for 5 consecutive years(2010~2014) by 「Korea Management Association Consulting」
2. Won a Chief of Financial Security Agency Award by 「Financial Information Protection Association」
3. Won 「MTN's 2011 Best Analyst Award」
4. Won a Grand Prize at the 2nd Korea MTS evaluation for 2012
5. Won a Korea SM-Smart App Prize for Excellence in 2013 by 「Korea ICT Certification Council」- Securities(MTS) sector
6. Won the 3rd place at the 「Chungang Ilbo. Thomson-Reuters 2013 Analyst Award」

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