

DAISHIN  
SECURITIES

ANNUAL REPORT  
2017



2017

Daishin Securities Annual Report



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FISCAL YEAR

FY17 (57th TERM):  
JAN. 1, 2017 - DEC. 31, 2017

FY16 (56th TERM):  
JAN. 1, 2016 - DEC. 31, 2016

FY15 (55th TERM):  
JAN. 1, 2015 - DEC. 31, 2015

Daishin Securities Annual Report

# 1 space

This year, as all our affiliates have come together under the same roof, we will be able to develop collaborative models faster and more appropriately.  
Going forward, only those that are able to shed the old and transform into a new way to create innovative products and services will survive.

January 2, 2017

A quote from the New Year’s Message of  
Chairwoman **Auh-Ryung Lee**, Daishin Financial Group

2017

DAISHIN  
FINANCIAL GROUP



DAISHIN SECURITIES

DAISHIN F&I

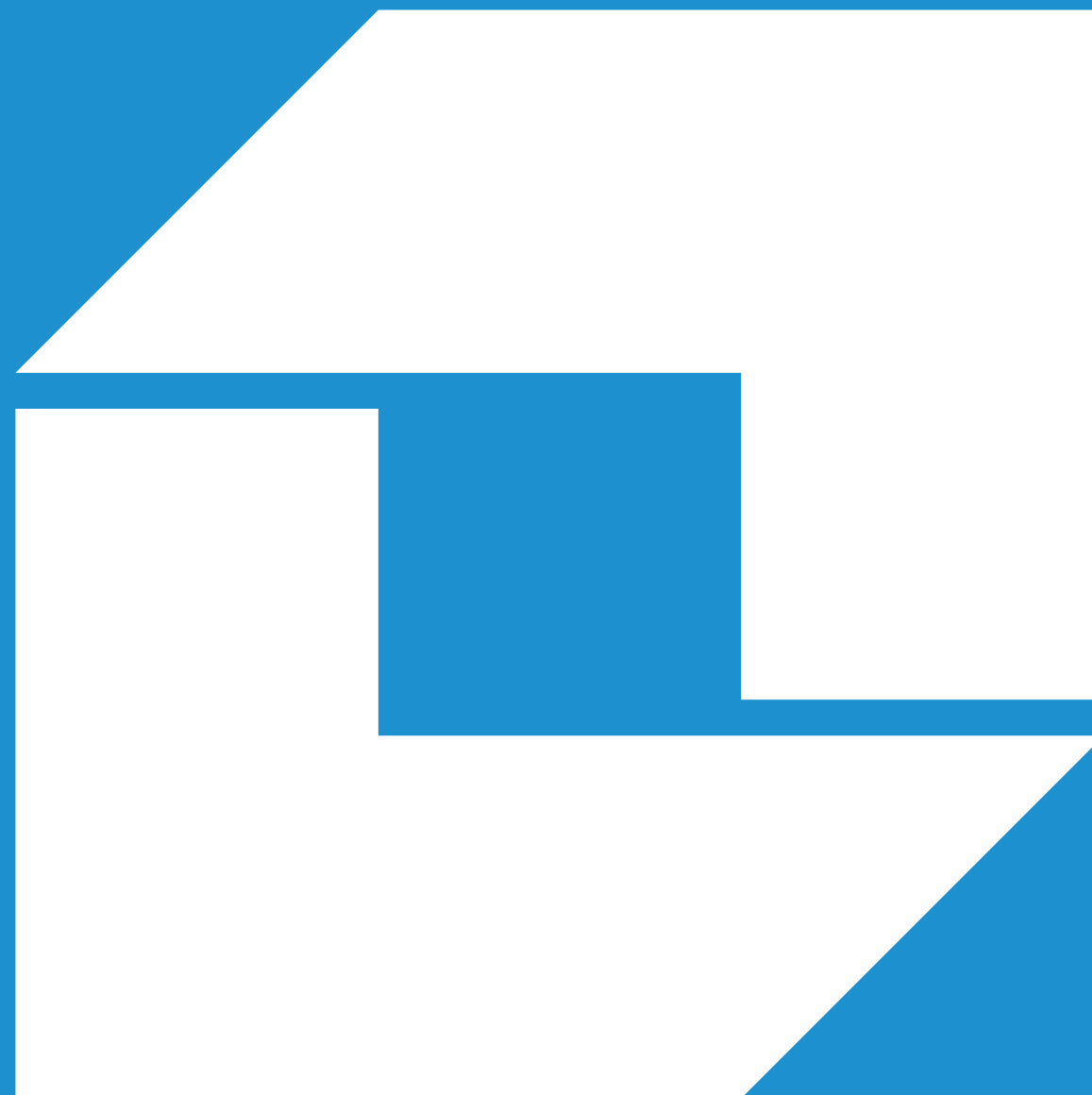
DAISHIN SAVINGS BANK

DAISHIN ASSET MANAGEMENT

DAISHIN PRIVATE EQUITY

DAISHIN ECONOMIC  
RESEARCH INSTITUTE

DAISHIN SECURITIES  
ASIA LIMITED HONG KONG



# COMPANY OVERVIEW

## GENERAL INFORMATION

As of December 31, 2016, consolidated basis

Business type	Financial investment service
Business areas	Dealings, brokerage, investment trust, investment advisory, discretionary investment management, etc.
Date of establishment	July 27, 1962
Listing date	October 1, 1975
Head office address	Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Number of employees	1,665
Domestic network	53 (1 business department and 52 branches)
Overseas network	1 overseas subsidiary (Hong Kong) and 2 overseas offices (Tokyo, Shanghai)
Capital stock	KRW 434.9 billion
Total shareholders' equity	KRW 1,778.1 billion
Total assets	KRW 17,692.6 billion

# CONDENSED FINANCIAL STATEMENTS

## Consolidated Financial Statements

Unit: KRW billion

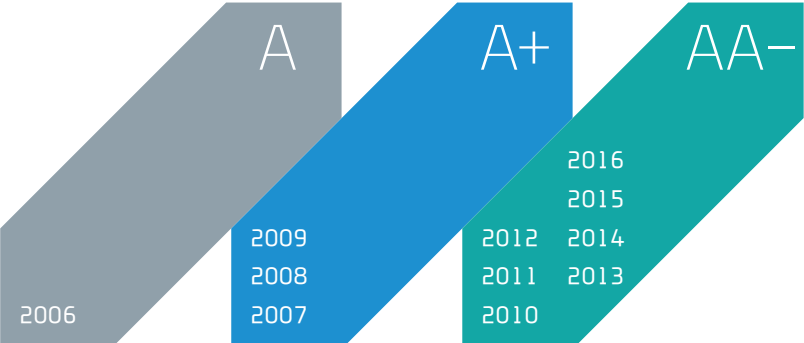
	FY14	FY15	FY16
Operating revenues	2,228.9	3,441.1	4,134.7
Operating expenses	2,181.1	3,271.0	4,051.3
Operating income	47.8	170.1	83.3
Non-operating income	4.2	10.6	6.2
Net income before tax	52.0	180.7	86.1
Net income	43.7	136.2	74.0
Total assets	18,221.7	18,686.0	17,692.6
Total liabilities	16,578.8	16,954.5	15,914.5
Total equity	1,642.9	1,731.5	1,778.1
EPS	574	1,893	1,027

## Non-consolidated Financial Statements

Unit: KRW 1 billion

	FY14	FY15	FY16
Operating revenues	2,049.1	3,320.4	3,866.7
Operating expenses	2,044.4	3,195.6	3,841.3
Operating income	4.7	124.8	25.4
Non-operating income	0.3	5.1	7.2
Net income before tax	5.0	129.9	32.7
Net income	4.5	96.4	30.6
Total assets	15,855.0	16,218.6	14,532.9
Total liabilities	14,227.8	14,538.3	12,850.7
Total equity	1,627.2	1,680.3	1,682.2
EPS	47	1,336	416

## Credit Ratings





## Transforming from a leader in the securities industry to a comprehensive financial and real estate group specialized in real estate, alternative investment, and savings bank businesses

Dear respected shareholders,

I would like to extend my deepest gratitude for your unwavering support for and trust of Daishin Securities, which laid the basis for achieving continued growth. In particular, 2016 was the year we matured as a financial group with a diverse business portfolio that includes NPL resolution, savings bank, asset management and private equity in addition to our traditional securities business. Daishin Securities as well as its subsidiaries, such as Daishin F&I and Daishin Savings Bank, achieved marked improvement in performance.

Daishin Securities has successfully transformed from a leader in the securities industry to a comprehensive financial and real estate group specialized in real estate, alternative investment, and savings bank businesses.

We expect cooperation-based synergy to fully materialize in 2017 as the relocation of our headquarters to Myeong-dong has brought together the group's affiliates under one roof.

Dear respected shareholders,

As you may very well know, political and economic conditions are worsening at home and abroad. Amid political and economic uncertainties in Korea, the new Trump administration in the US and political instability within European countries like the UK, France, and Germany are dampening investor sentiment. Moreover, the dawning of the fourth industrial revolution and rapid advance of artificial intelligence (AI) is creating a sense of unease within the business community and reshaping the industrial ecosystem.

In a rapidly changing world characterized by aging population, low interest rates, and low growth, customers are becoming more anxious about what the future holds, not to mention making it more challenging to make predictions about the future.

Over the past several years, Daishin Securities has strived to forecast such an uncertain future based on extensive analysis of trends and development of various solutions with in-house experts to guide our customers toward a brighter future.

Efforts will be made across the company to develop customized products and services based on such analysis and forecasting to attain our 2017 strategic objective of "provide differentiated customer value."

Of note, for several years, Daishin has been presenting a clear investment roadmap to our customers and offering them with the right products and services based on our distinctive house view.

Daishin is the only securities firm in Korea that can provide total asset consulting services encompassing financial services, real estate, and alternative investments, as well as offer competitive products and services by leveraging its integrated platform of subsidiaries such as F&I, Asset Management, Savings Bank, and Private Equity.

Going forward, Daishin will strive to create a unique identity and develop innovative products and services that the world has never seen before based on collaboration between financial and real estate sectors backed by its securities business and various affiliates.

Over the past 56 years, Daishin has vigorously pursued technological advancement and applied it to customer services.

Especially in the present mobile era, we segment and analyze customer profiles to provide more personalized services to satisfy their diverse needs.

Daishin was the first in the financial investment sector to introduce the AI-based "Chatbot" consulting service in order to promptly handle customer inquiries and provide customized services depending on customer needs.

We are committed to leading the securities industry based on our unique house view, innovative financial products, customized asset management services, and the utilization of sophisticated AI technologies.

Dear respected shareholders!

Over the years, Daishin has made steady efforts to enrich the lives of our customers, and this year will not be an exception. Our core value in our history of 56 years has always been the customer. We will continue to strive toward our mission of being a trusted financial partner that grows together with our customers by earning trust from customers, pursuing mutual prosperity with customers, and spearheading innovation for customers.

We sincerely appreciate the unwavering support and confidence our shareholders have given us over the years and look forward to your continued interest in Daishin.

Thank you.

Chairwoman, Daishin Financial Group  
Auh-Ryung Lee

*Lee Auh Ryung*



# A new start in Myeong-dong following a 32-year run in Yeoui-do

Q1. Please tell us about the company's performance in FY 2016.

Operating revenue	KRW 4,134.7 billion
Operating income	KRW 83.3 billion
Net income	KRW 74 billion

Daishin Securities saw a slight decline in 2016 compared to the previous year. Amid the continuing economic recession and global financial market uncertainties, the company recorded operating loss and trading value decline, which led to the drop in brokerage commissions. Despite 2016 having been a challenging year, we were able to capitalize on new opportunities. We achieved meaningful outcomes in several areas thanks to incorporating our differentiated house view into our investment philosophy, financial products, and customer service.

In particular, customers responded explosively to our house view of "invest in dollar assets." At a time when uncertainties have come to characterize global markets, we have placed our focus on protecting customers' assets, not on aggressively generating profit, and strengthening resilience to market changes by recommending customers to construct their investment portfolios with dollar assets. As a result, dollar assets which amounted to USD 150 million as of the beginning of 2016 increased to USD 360 million as of year-end. In particular, as of September-end, we saw asset inflows amounting to nearly USD 500 million. We believe such a positive outcome was attributable to customers putting their trust in our earnest asset management services.

Other members of the Daishin family continued their stark performance in 2016. In just five years from its establishment, Daishin Savings Bank emerged as one of the top 10 savings banks in Korea with total asset of KRW 1,265.9 billion and is becoming a strong industry player in both corporate and retail operations. Daishin F&I continues to boast a competitive edge in its core business involving NPL. Recently, the company has begun to increasingly generate profit from alternative investment and is attempting to transition into a comprehensive real estate developer. While Daishin Asset Management is in the process of reshaping into a passive asset manager, Daishin Economic Research Institute is accelerating efforts to change its business model through the "Stewardship Code."

A significant change for us this year was the relocation of our head office to Daishin Finance Center located in Myeong-dong, which was once the heart of the financial district. Daishin Securities will strive to create synergy together with the group's seven other affiliates employing more than 2,000 combined in this new building. Going forward, we will deliver new and distinctive value to our customers through collaboration among affiliates and utilization of specialized strengths: the provision of high-quality investment strategies and wealth management solutions (Securities), refined real estate valuation capabilities (F&I), and provision of precise product solutions (Asset Management).

Q2. What is the business strategy for 2017?

In 2017, Daishin Securities will concentrate its efforts on delivering unique value to customers and securing new growth drivers. To start, we will strengthen our wealth management operations.

The importance of wealth management is growing at a time of low growth, low interest rates, and aging population. Daishin is set to become a trusted WM solution provider to appropriately guide customers to better manage and increase their assets as well as to plan and invest for retirement.

The underlying basis of wealth management is having excellent financial products. In order to provide stable investment returns to our customers amid global volatility, we will offer financial products based on a diverse range of underlying assets that include real estate, alternative investment, and overseas/offshore investments. Also, Daishin Securities will cooperate with its two subsidiaries (Daishin F&I and Daishin Asset Management) to diversify the company's product lineup and attract foreign asset managers to provide a variety of defined-return products and ensure sound returns to our customers.

Daishin will deliver effective solutions to better manage customer assets through improving our product lineup (e.g., wrap account, trust) and applying rebalancing strategies that cater to market conditions. Furthermore, we intend to offer differentiated products that specifically target niche markets by linking diverse financial assets such as reinsurance, hedge funds, and P2P. Aside from product brokerage and investment advisory services, we plan to expand our business scope to providing asset allocation consulting to customers based on their lifecycle stage. Our competent sales staff ("financial doctors") and PB managers will act as a lifetime financial planner for high net worth customers.

Next, we plan to strengthen our financial platform to enhance customer convenience, such as applying fintech to leverage advanced technologies and implement an online/mobile service process that is quick and easy to use. Convenient online financial services already available include the fintech-applied authentication service, wealth management service using robo-advisors, and consulting service using chatbots.

Lastly, we will strive to develop new profit models and secure distinctive competitiveness in existing business operations through synergy with subsidiaries, including Daishin F&I, Dashin Savings Bank, and Daishin Asset Management. A prompt decision-making system will be in place to strengthen organizational efficiency and create an organizational culture that centers on pursuing core activities. Moreover, company-wide efforts will be made to efficiently adjust our investment portfolios and reshape our risk management system to prepare for any market uncertainties.

Thank you.

CEO, Daishin Securities  
Jai-Chel Na

나재철

# BOARD OF DIRECTORS

## MANAGEMENT

Daishin Securities ensures transparent and accountable management practices in its decision-making, business management and supervision activities.

Based on sound governance structure led by our efficient and accountable board of directors (BOD), we protect the rights and interests of our stakeholders and enhance our corporate value.

The BOD is composed of eight members, five of whom are outside directors. There are four committees under the BOD: Audit Committee, Director Nomination Committee, Risk Management Committee, and Management Compensation Committee.



Chairwoman, AUH-RYUNG LEE



CEO, JAI-CHEL NA



President, HONG-SEOK YANG



## EXTERNAL EVALUATION OF GOVERNANCE STRUCTURE

Daishin Securities received A Grade in the annual corporate governance evaluation survey conducted by the Korea Corporate Governance Service (CGS). CGS concluded that the governance system of Daishin Securities conforms to the corporate governance standards, and that there are no threats to the shareholder value as the governance risk is low.

## OUTSIDE DIRECTORS

Outside director,  
CHAN-SOO PARK



Assistant Deputy Director, Financial Supervisory Service  
Standing Auditor, LIG Indemnity Insurance  
CEO, Harvest Management

Outside Director  
CHANG-BONG KIM



Government Policy Assessment Committee Member,  
National Tax Service, Korea Customs Service, and Ministry of Trade,  
Industry and Energy  
President, Graduate School of Industrial and  
Entrepreneurial Management at Chung-Ang University

Outside Director  
SANG-MYOUNG CHOUNG



Prosecutor General, Supreme Prosecutors' Office  
Chairperson, Hyunam Education Institution  
Attorney-at-law, Choung Sang-Myoung Law Firm

Outside Director  
JAE-KUK SHIN



Director of Investigation Bureau, National Tax Service (NTS)  
Director of Investigation Bureau, NTS Jungbu Regional Office  
CEO, Lee&K Tax Consulting

Outsider Director  
JI-WON LEE



Worked at Samil PwC Korea  
CEO, L&C Tax Office

# CAPITAL STOCK & DIVIDEND

## Types and Number of Stocks Issued

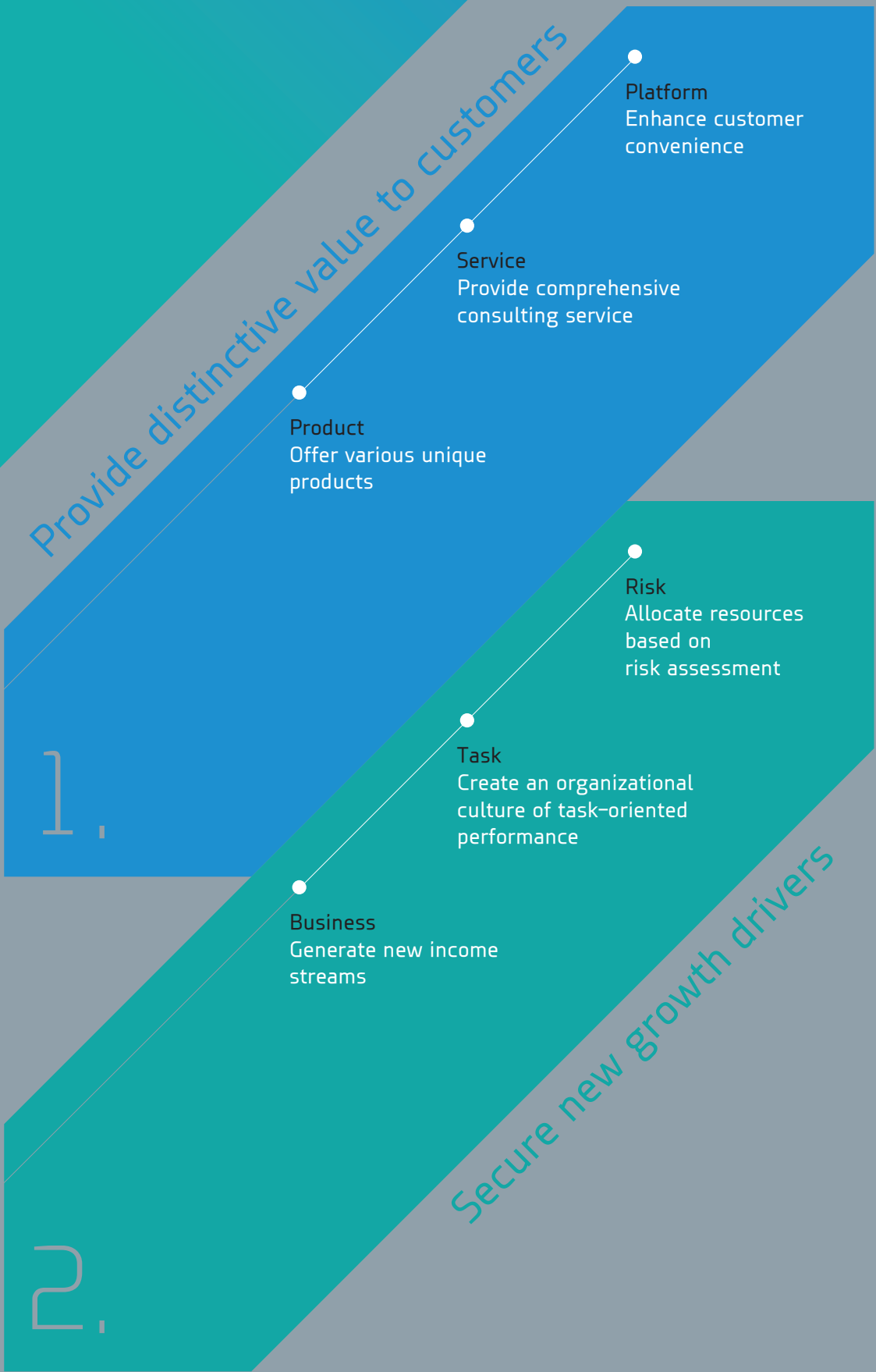
COMMON STOCK	FIRST-PREFERRED STOCK	SECOND-PREFERRED STOCK
50,773,400 shares KRW 254,867,000,000	26,000,000 shares KRW 130,000,000,000	10,000,000 shares KRW 50,000,000,000
TOTAL CAPITAL STOCK		
KRW 434,867,000,000		

## Cash dividends paid out for 19 consecutive years

	Dividend per share (KRW)			Dividend yield (%)			(Consolidated) Net income (KRW billion)	Total cash dividends (KRW billion)	Payout ratio
	Common stock	First- preferred stock	Second- preferred stock	Common stock	First- preferred stock	Second- preferred stock			
FY16	550	600	550	5.0%	7.8%	7.6%	74.0	40.3	54.5%
FY15	500	550	500	4.0%	6.9%	6.8%	136.2	36.6	26.9%
FY14	250	300	250	2.5%	4.6%	4.1%	43.7	19.4	44.4%
FY13	200	250	200	2.6%	4.4%	3.9%	15.1	16.3	107.9%
FY12	500	550	500	5.1%	8.4%	8.2%	3.4	38.7	1138.2%
FY11	650	700	650	5.3%	8.8%	8.6%	89.9	51.5	57.3%
FY10	750	800	750	4.8%	7.7%	8.1%	85.4	59.8	70.0%
FY09	1000	1050	1000	5.9%	9.8%	10.6%	91.4	79.0	86.5%
FY08	1000	1050	1000	5.4%	12.9%	13.6%	103.3	80.1	77.6%
FY07	1250	1300	1250	5.2%	9.5%	10.3%	177.8	106.2	59.7%
FY06	1000	1050	-	4.4%	7.2%	-	100.0	77.4	77.5%
FY05	1000	1050	-	4.9%	6.8%	-	151.4	75.0	47.6%
FY04	500	550	-	3.3%	5.1%	-	41.2	37.1	90.0%
FY03	650	700	-	3.8%	7.4%	-	73.8	49.1	66.5%
FY02	500	550	-	3.3%	7.4%	-	42.0	38.2	90.9%
FY01	500	550	-	1.9%	4.4%	-	13.4	38.7	288.1%
FY00	750	800	-	7.3%	13.4%	-	87.3	57.4	65.7%
FY99	1500	1550	-	8.8%	12.1%	-	337.1	113.5	33.7%
FY98	500	550	-	3.7%	5.9%	-	63.6	29.5	46.4%

# 2017 BUSINESS STRATEGIES

- Trust from customers
- Mutual prosperity with customers
- Innovation for customers



Going forward, we will deliver new and distinctive value to our customers through collaboration among affiliates and utilization of specialized strengths: the provision of high-quality investment strategies and wealth management solutions (Daishin Securities), refined real estate valuation capabilities (Daishin F&I), and provision of precise product solutions (Daishin Asset Management).

A quote from the 2017 CEO Interview

# voice 1

MAIN BUSINESS  
AREAS



FINANCIAL HEALTH  
SERVICE GROUP

SOLUTION & PRODUCT GROUP

INVESTMENT BANKING GROUP

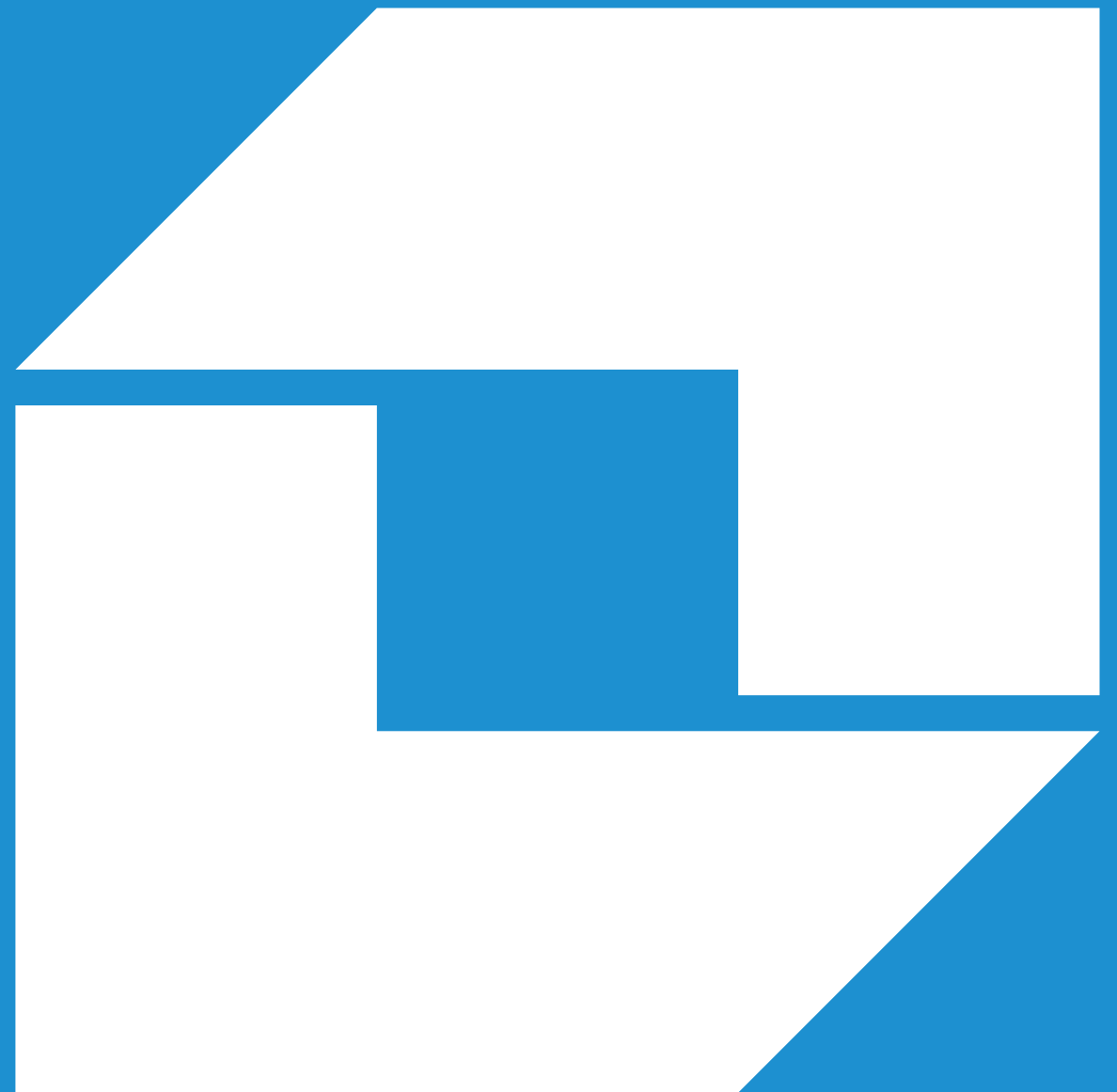
DAISHIN F&I

DAISHIN SAVINGS BANK

DAISHIN ASSET MANAGEMENT

DAISHIN PRIVATE EQUITY

DAISHIN ECONOMIC  
RESEARCH INSTITUTE



# 2016 BUSINESS ASSESSMENT & STRATEGIC GOALS

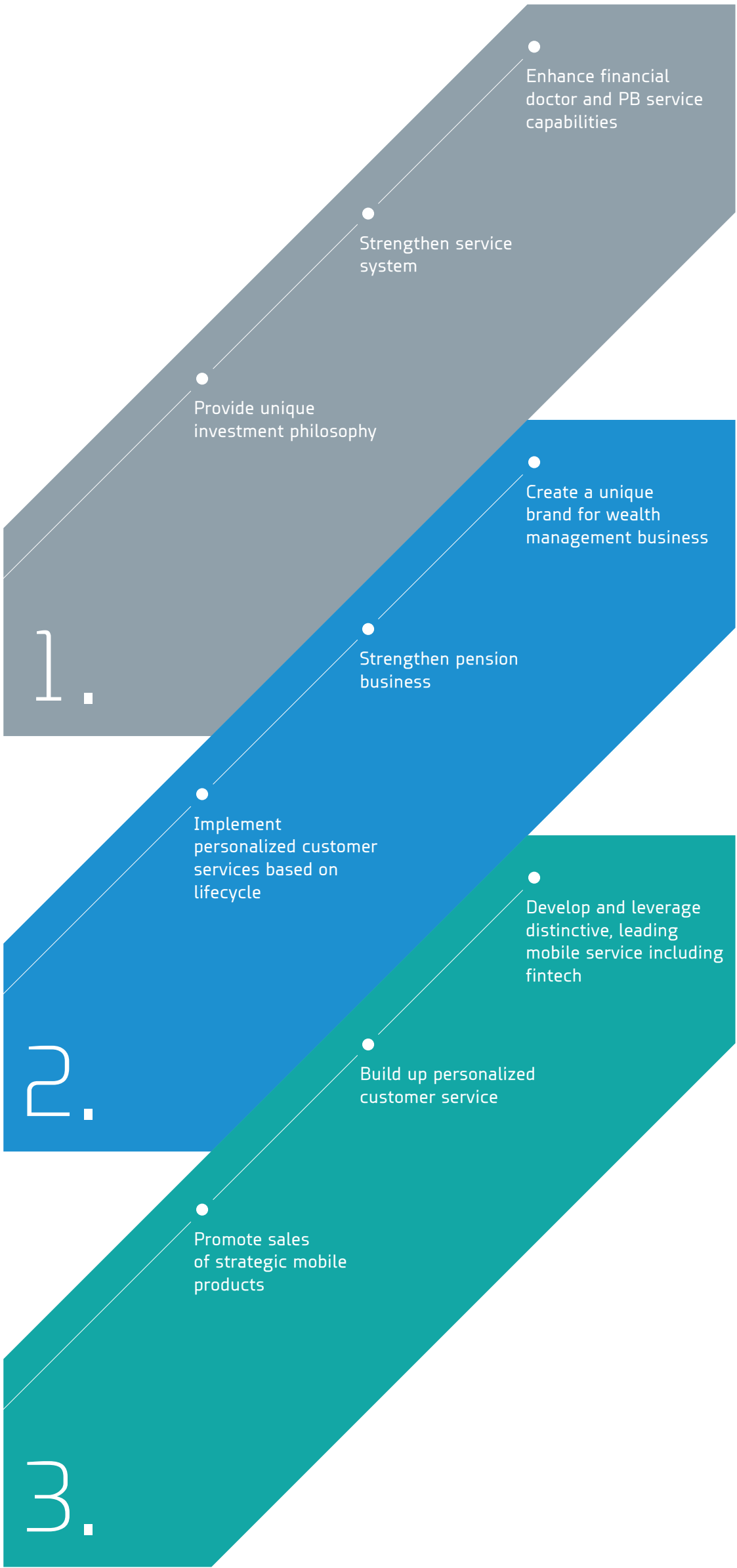
## 2016 BUSINESS ASSESSMENT

- 1. Wealth management-focused strategy expanding the high-net-worth client base and increasing financial assets
- 2. AZ-based service structure in place through practical investments to be in line with the advent of the fourth industrial revolution
- 3. Tripling growth of dollar assets YoY backed by a differentiated house view

1. Financial house that offers logic and view

2. Customized asset rebalancing for sound, lifelong investment

3. Frontier mobile asset management services



# BUSINESS PERFORMANCE

Unit: KRW billion

Daishin Securities	Total assets	14,532.9
	Total equity	1,682.2
	Earnings before tax	32.7

Daishin F&I	Total assets	2311.0
	Total equity	408.7
	Earnings before tax	70.7

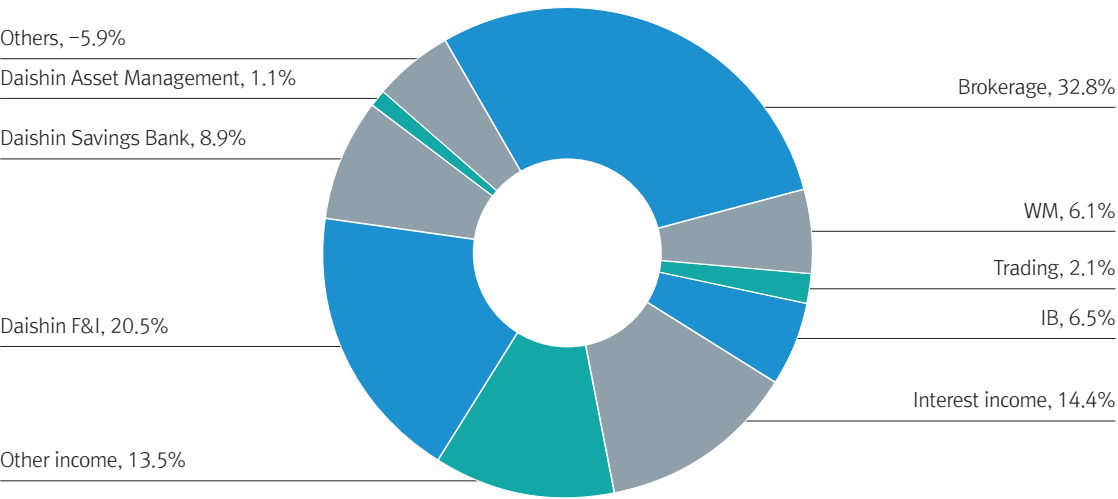
Daishin Savings Bank	Total assets	1289.1
	Total equity	145.6
	Earnings before tax	17.1

Daishin Asset Management	Total assets	31.4
	Total equity	29.7
	Earnings before tax	-4.7

Daishin Private Equity	Total assets	10.0
	Total equity	9.9
	Earnings before tax	1.4

ANNUAL REPORT 2017

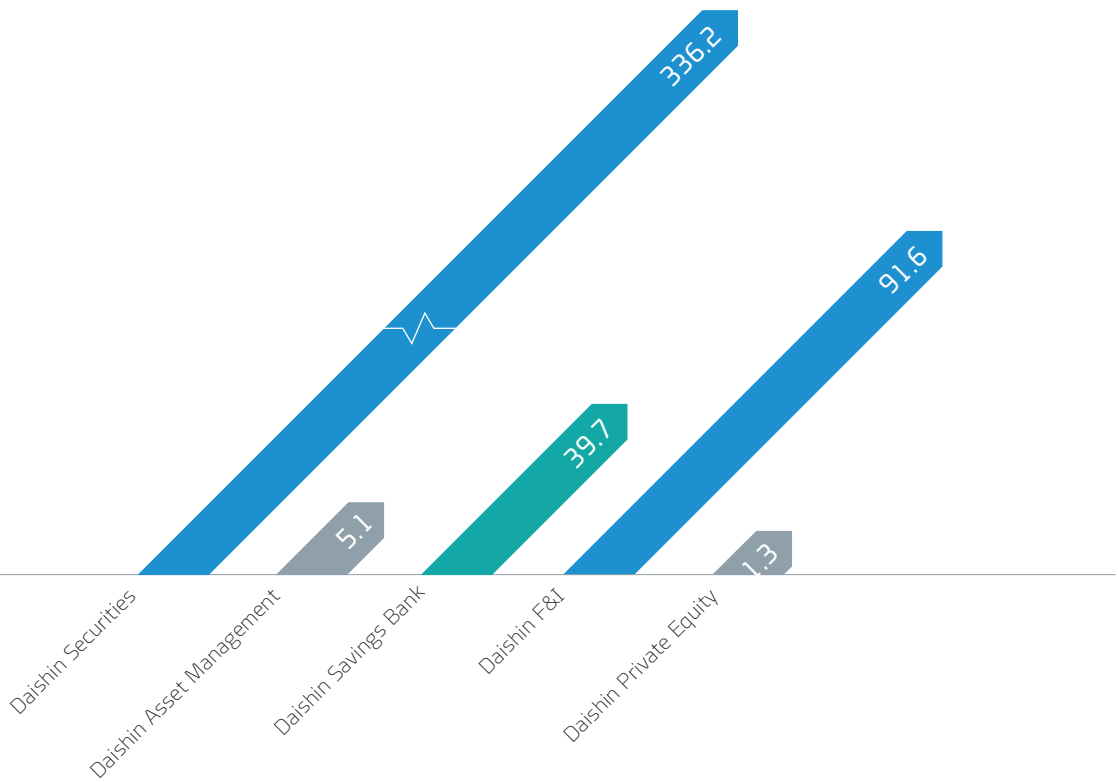
## Composition of FY2016 Net Operating Revenue



※ Others include Daishin Private Equity, Daishin Economic Research Institute, Daishin Securities Asia Limited Hong Kong, etc.

## FY2016 Net Operating Revenue of main Subsidiaries

Unit: KRW billion



※ Miscellaneous and adjustments:  
Equity method evaluation and consolidated adjustments for Daishin Private Equity, Daishin Economic Research Institute, Daishin Securities Asia Limited Hong Kong, and others

FINANCIAL HIGHLIGHT

In fiscal 2016, consolidated net income recorded KRW 74.0 billion, which was down 46 percent from the previous year, due to a drop in average daily trading value as well as trading loss.

By business segment, 100% owned subsidiaries — Daishin F&I, and Daishin Savings Bank — gained KRW 70.7 billion and KRW 17.1 billion, respectively, in pretax-income, contributing significantly to the group’s business diversification. As witnessed in the firm’s strategic approach to invest in dollar-denominated assets previously, Daishin aims to stay true to its value of protecting and increasing customer assets under any circumstances with distinctive financial product and service offerings.

Recent Financial Performance

Unit: KRW billion

	FY14	FY15	FY16
Net operating revenue	324.9	431.2	336.2
Wealth Management	25.8	30.7	27.3
Brokerage	144.6	202.0	146.2
Trading	87.0	80.3	9.4
Investment Banking	10.6	21.6	28.8
Interest Income	56.0	67.1	64.4
Others	0.9	29.5	60.1
Selling and administrative expenses	320.2	306.5	310.7
Salaries and employee benefits	194.0	176.4	173.0
General administrative expenses	126.2	130.1	297.7
Operating income	4.7	124.8	25.4
Non-operating income and expenses	0.4	5.1	7.3
Daishin Securities	5.1	129.9	32.7
Daishin F&I	55.4	86.0	70.7
Daishin Savings Bank	26.9	30.8	17.1
Daishin Asset Management	7.6	11.6	-4.7
Miscellaneous/adjustments	-4.2	-32.9	-29.7
Income before tax, consolidated	52.0	180.7	86.1
Net income, consolidated	43.7	136.2	74.0

※  
Other subsidiaries:  
Daishin Economic Research Institute, Daishin Private Equity,  
Daishin Securities Asia Limited Hong Kong, etc.

FINANCIAL HEALTH  
SERVICE GROUP

Amidst the intensifying competition among securities firms to generate more brokerage commissions, along with the growth of the fund supermarket and the introduction of the non face-to-face account opening procedures, mass clients are increasingly turning to online channels that charge lower fees. Since launch of the “financial health service” in 2010 to capitalize on such market changes, our strategic focus has remained on transition from a mass client-oriented brokerage business to a high-net-worth (HNW) client-based wealth management business. In particular, 2016 was a meaningful year in that company-wide efforts to increase our HNW client base came to fruition, as set forth below:

First, we pooled our energy to foster financial doctors. Among potential candidates who completed the necessary financial doctor MBA course and conferences, as well as the tailored training/education program specialized in HNW client management, 53 of the industry’s best consultants were chosen. In particular, we began recruiting lawyers, tax accountants, certified public accountants, etc. as PB managers at our branches in 2016 to provide expertise required to meet the diverse and complicated wealth management consultation needs of HNW clients.

So far in 2016, nine branches have set up the “HNW Zone” to provide special consulting service to HNW clients, and other branches are equipped with the “Balance Room” for clients to experience our financial clinic service. In addition, we run seminars and community programs targeting local customers, and have a concrete customer service manual in place to effectively respond to customer inquiries from start to finish.

Our efforts have also been centered on delivering differentiated product solutions by providing on our house view to HNW clients. As a result, customized wealth management products such as “Daishin Masters Wrap” have garnered strong interest, not to mention our house view-based dollar assets having surpassed KRW 500 billion in the second half of 2016. Daishin also stood out as a leading wealth management service provider by becoming the first within the financial investment industry to see the number of ISA accounts exceed 30,000, contributing to the full-fledged development of wealth management in Korea. All in all, the year saw a sharp growth in the number of HNW clients and their assets under our management: the number of retail clients who entrusted more than KRW 100 million increased by over 4,000, and their assets held with us grown by more than KRW 3 trillion in just one year.

Retail clients with more than KRW 100 million  
in assets balance

Unit: KRW 100 million

	FY14	FY15	FY16
Number of clients	25,645	31,694	36,002
Assets (KRW trillion)	10.45	13.26	14.55

Dollar asset balance

Unit: KRW 100 million

	2015.12	2016. 6	2016. 9	2016. 12
RP	1,325	961	2,998	2,202
Fund	349	300	685	608
Equity/deposits	172	250	655	636
Other	87	717	749	429
Total	1,933	2,229	5,087	3,876

We will continuously strive to expand our HNW-oriented customer base in 2017 based on the following strategic objective: “Attract 10,000 retail clients with more than KRW 100 million in assets and reach KRW 10 trillion in retail financial assets.”

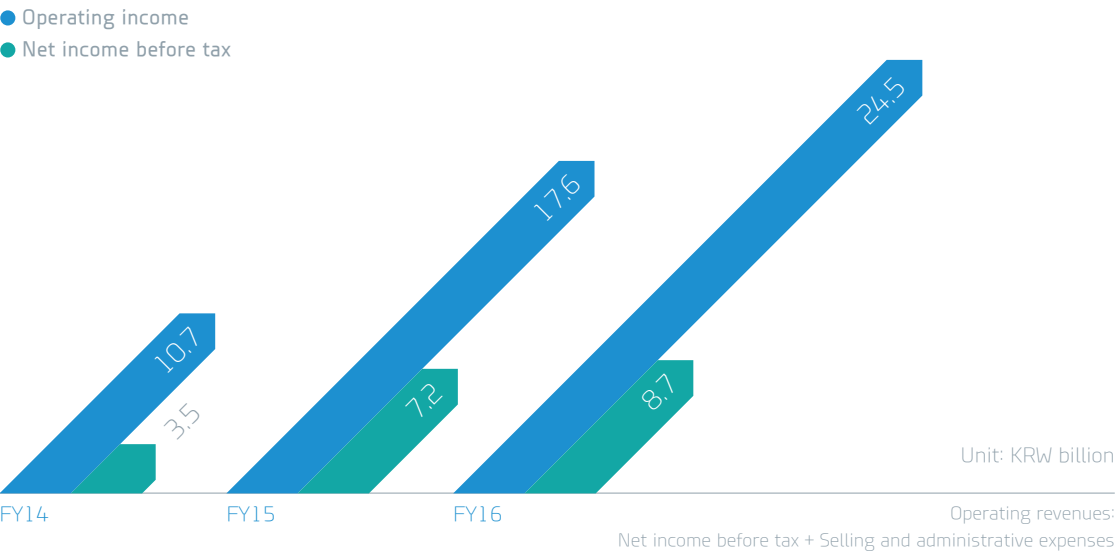
First of all, as part of attaining the strategic objective, client asset portfolios will be further strengthened centering on medium-risk/medium-return products and safety assets in order to steadily grow client asset value. Based on cooperation with other affiliates (Daishin F&I and Daishin Asset Management) and our house view, we will continue to provide wealth management solutions that can increase client asset value, such as customized private placement and special promotion products investing in real estate and alternative assets. In addition, we will function as a “trusted financial partner” by delivering differentiated services to HNW clients (e.g., safe deposit box rental and VIP card service) and conducting big data analysis regarding transaction patterns and needs of customers.

As a way to capitalize on the growing online stock trading market and acquire new customers, Daishin launched an online stock trading service called “**CREON**” with then the lowest fee offerings in the industry. The name was coined by combining the words “creative” and “online” which underlines our commitment towards becoming a respected online partner through the provision of creative services to investors. The unique features of CREON can be found in its innovative services and programs as well as the powerful user-centric home trading system (HTS) and mobile trading system (MTS), leading to its strong brand identity as a creative service provider.

In particular, we are pooling our resources into providing a customer-friendly service and system on mobile platforms by enabling an “all-in-one service” on smartphones for mobile users, which is as easy and convenient to use as on personal computers.

In just three years since the launch of CREON, the operating revenues surpassed KRW 10 billion, totaling KRW 19.61 billion, which is up 11.5% YoY, and net income before tax reached KRW 8.74 billion, up 21.2% YoY.

CREON Financial Results



CREON Total loans

Unit: KRW 100 million

	FY14	FY15	FY16
Entrusted loans	62.5	106.9	118.6
Product	0.5	1.2	0.9
Interest	72.6	109.8	125.4

Total Retail Customer Deposits

Unit: KRW 100 million

	FY14	FY15	FY16
Entrusted assets (KRW trillion)	15.99	20.35	23.14
Financial assets (KRW trillion)			
Bond/ABSTB	2.24	1.55	1.42
RP / CMA	2.71	2.56	2.64
Trust	0.38	0.34	0.23
ELS	0.64	0.51	0.52
Fund	1.07	1.62	1.60
Wrap	0.05	0.15	0.73
Pension fund	0.12	0.51	0.58
Bancassurance	0.09	0.10	0.13
Total	7.30	7.35	7.87
Total assets (KRW trillion)	23.29	27.71	31.02

**Pension Business Center** functions as a total solution provider related to retirement pensions. In 2016, our retirement pensions saw net inflows amounting to KRW 58.1 billion across all types (DB: KRW 25.2 billion, DC: KRW22.3 billion, IRP: KRW 10.6 billion).

A mobile app was developed to enable retirement pension subscribers to check their outstanding balance, returns, etc. at any time in any place as well as to place orders for transactions. In addition, we became the industry’s first to change the fee structure of DB/DC plans (i.e., exemption of asset management and wealth management fees), a move that was positively received by retirement pension subscribers and beneficiaries.

Performance Highlight

	DB	DC	IRP	Total
Number of contracts signed	226	522	1,253	2,001
Reserves (KRW billion)	288.5	241.0	49.8	579.3
Number of subscribers	135,918	9,697	1,253	146,868

The retirement pension market will continue to grow in 2017 but market saturation is likely to intensify competition among industry peers to gain a bigger market share. Against such a backdrop, Daishin sets to attract KRW 660 billion in reserves for retirement pensions. We will continuously strive to offer differentiated services, and plan to fully tap into the workforce pool at our 52 branches and select 55 talented employees as a “pension guardian” dedicated to the company’s pension business.

Furthermore, our efforts will zoom in on the continued monitoring of investment paradigm changes among companies and workers to offer customized products, and the provision of customer needs-based total financial services as a way to ensure higher investment returns and broaden customer base.

We will also put our best foot forward to gain customer trust by further improving business processes and services adhering to customer needs, and contribute to guaranteeing post-retirement income for retirement pension subscribers through providing investment information and consultation in a timely manner.

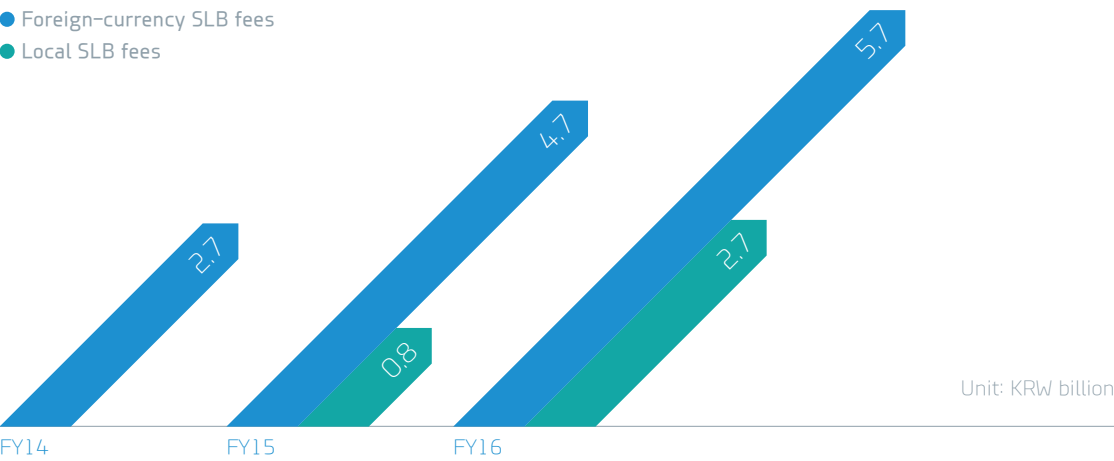
# SOLUTION & PRODUCT GROUP

## MARKET SOLUTION GROUP

Market Solution Group is comprised of the Passive Solution Dept., Global Derivatives Dept., Institutional Business Dept., and Global Business Development Dept.

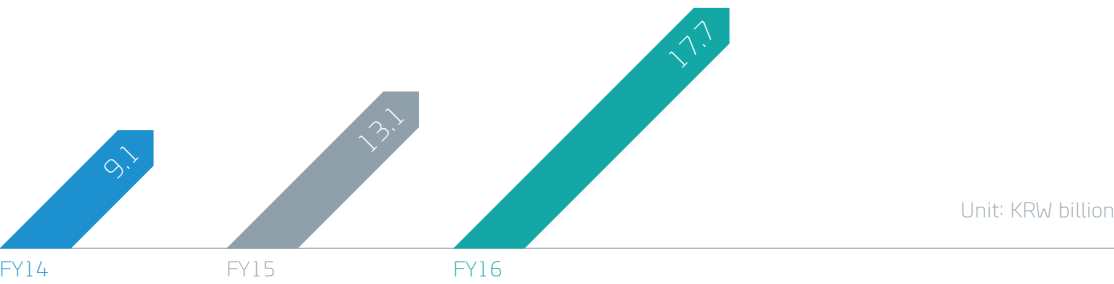
**Passive Solution Department** mainly serves as a broker of OTC derivatives, authorized participant (AP) and liquidity provider (LP) of ETFs, and an intermediary of stock lending and borrowing (SLB). Annual earnings more than tripled in 2016 after expanding into the SLB intermediary business in 2014. The growth of the market for passive investment products utilizing various underlying assets is likely to boost SLB transactions. As a way to capitalize on the growing passive-oriented investment trend in 2017, we plan to offer a wide range of investment solutions such as ETP, OTC stock, SLB, and swap transactions to develop a sustainable profit model.

### Earnings from SLB fees received



**Global Derivatives Department** focuses on providing hedge solutions utilizing global commodity derivatives like overseas indices, interest rates, currencies, energy, and precious & non-ferrous metals. In particular, our investment expertise and strengths as a hedge solution provider is in the coal and petrochemical sectors.

### Commissions



In 2017, we will strive to remain a leading hedge solution provider through developing a wide range of derivatives products in line with the demand from potential clients in the coal, steel, and petrochemical sectors.

**Institutional Business Department** was created by combining the department responsible for handling the securities business of major domestic pension funds and asset managers (Institutional Business Department I & II) and the department in charge of foreign institutional investors (Global Business department). Teams were reorganized by customer base to reduce overlapping duties and provide specialized services, and organizational competitiveness was enhanced through sharing market knowledge and business know-how. In 2017, we will set up a channel to deliver Daishin's unique securities services based on close cooperation with the Investment Banking Group that covers IPOs and block deals and the Research & Strategy Group that provides investment information.

**Global Business Development Department** functions as an intermediary of overseas investments (such as overseas ETFs, stocks, and bonds) for domestic institutional investors. In order to capitalize on the continued growth of investment in overseas ETFs by institutional investors in 2017, we will further strengthen our competitiveness through widening local networks and securing/retaining market dominance as the industry's leading overseas securities brokerage firm.

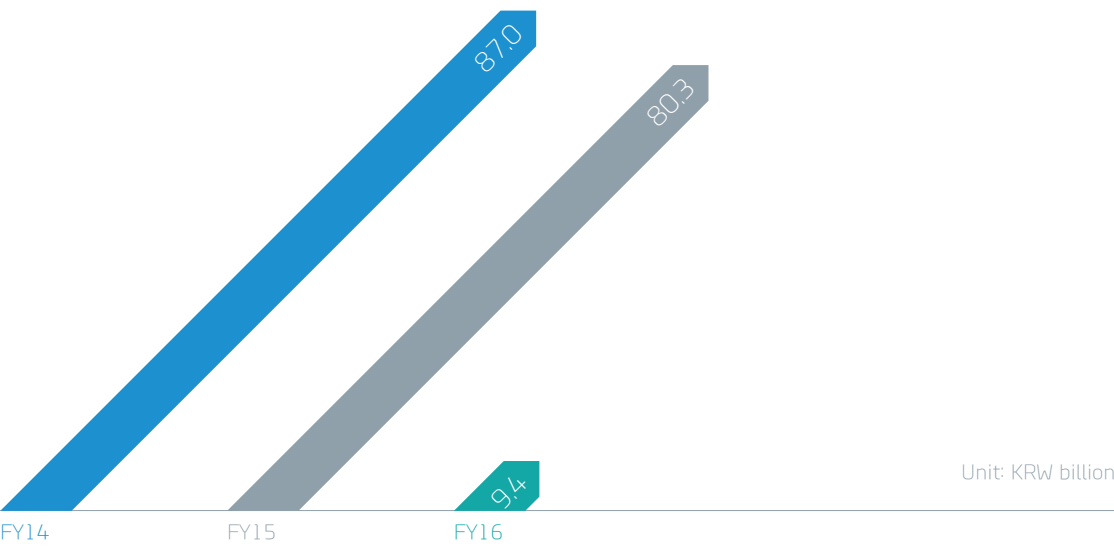
## PRODUCT GROUP

In 2016, persisting uncertainties at home and abroad, such as the UK's Brexit vote, Donald Trump winning the US presidential election, and low interest/growth trends, made it difficult to maintain and improve profitability. The year also witnessed severe fluctuations in various indices, interest rates, foreign exchange rates, commodity prices, etc. brought on by the Fed's rate hike and other policy-related issues, resulting in the emergence of conservative investors.

In line with growing investor demands for medium-risk/medium-return products due to increasing volatility and low-rate stance, our focus is on ensuring the stable performance of underlying assets and steady stream of investment returns. As part of such efforts, we are expanding our existing product lineup to include interest, credit, forex, and commodity products to better cope with market volatility and offer right products in the timely manner.

Daishin became the industry's third to be granted change of status from a self-clearing member to a general clearing member which provides clearing of interest rate swaps for non-CCP members, paving the way to offer new customer services. Moreover, the era of low interest rates and low growth is triggering new customer demand, and in order to capitalize on such change by tapping into niche markets, we have expanded investments in overseas bonds and diversified our global product lineup. As a result, our foreign currency RP balance increased 80% YoY.

### Operating revenues



Our efforts to develop strategies to enhance customer value will be a challenge in 2017 amidst intensifying competition within the global financial market and a more stringent regulation on risk management. Therefore, we plan to pool our energy toward providing a more in-depth financial solution rather than merely offering attractive financial products as a way of delivering unique customer value. Furthermore, we will strive toward minimizing uncertainties via closely monitoring trends at home and abroad. Upon the relocation of Daishin's headquarters to Myeongdong, this will make it easier to generate cooperation-based synergy among affiliates and introduce new customized products to customers in 2017.

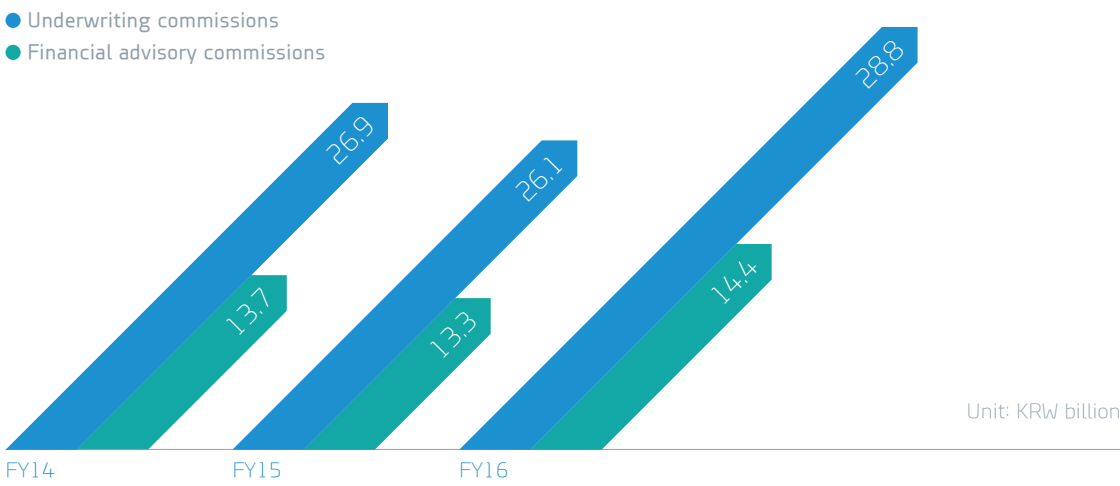
# INVESTMENT BANKING GROUP

Investment Banking Group is comprised of the IB1 Business Group, IB2 Business Group, Advisory Department, and Acquisition Bond Department.

**IB 1 Business Group** is made up of the IB Business 3 Department and Project Finance Department. Responsibilities of IB3 Business Group are: (i) development/acquisition/sale of structured finance products and management of SPCs issuing asset-backed securities (ABS); (ii) formation of relationship with conglomerate groups to provide funding solutions; (iii) underwriting of fund procurement for overseas asset investment; and (iv) provision of overseas funding solutions for domestic and overseas companies. In 2016, roughly KRW 28 billion in operating revenues generated from underwriting activities, such as Taeyoung E&C’s issuance of publicly traded corporate bonds, SK Shipping’s issuance of foreign currency-denominated hybrid securities and ABS, Hanwha Q-Cell’s issuance of Korean won-denominated bonds (so-called “kimchi bonds”) and ABS, and securitization of assets combining China’s CDS and secured debt. Project Finance Department oversees product development and financial advisory businesses related to domestic and overseas project financing, and handles real estate and real asset investments. In 2016, the group participated in project financing and provided advisory services related to profitable real estate investment, industrial complex construction, and public housing development. In addition, operating income of roughly KRW 28 billion incurred from the provision of advisory services on development trust-type asset-backed loans (ABL), consignment of businesses from SPCs issuing ABS, and management of assets. In 2017, financial advisory business activities involving real estate development and purchase projects will be carried out by factoring in market risk factors.

**IB2 Business Group** is comprised of IB Business 1 Department and IB Business 2 Department. IB Business 1 Department mainly engages in businesses related to listed companies, such as: (i) underwriting/ subscribing/selling publicly traded and private placement corporate bonds; (ii) procuring funds through rights offering, bonus issues, and equity-linked notes (ELN); and (iii) selling structured investment products and managing SPCs issuing ABL. In particular, operating revenues totaling KRW 144.7 billion was attributable to acting as a leading underwriter related to rights offering by CoAsia Holdings, Myungmoon Pharmaceutical, NuinTek, CMG Pharmaceutical, Asiana Airlines, and Cosmax. In addition, KRW 81.5 billion came from underwriting the issuance of ELN and roughly KRW 7.2 billion generated from underwriting the bond issuance of Hite-Jinro Holdings and participating as an underwriting member related to S-Oil’s bond issuance. IB Business 2 Department’s main functions are: (i) finding bluechip companies and listing them on the securities market, KOSDAQ, and KONEX; and (ii) providing advisory service on corporate finance to other unlisted companies. In 2016, operating revenues of roughly KRW 9 billion derived from acting as a leading underwriter for carrying out IPOs of four unlisted companies (Korea Asset Investment Trust, Rayence, Toyang Pile, Ocean Bridge) and providing advisory service on procurement for IPOs. In 2017, efforts will continue to list more bluechip companies in order to join the League Table’ s top-ranking IPO underwriters.top-ranking IPO underwriters.

## Investment Banking revenues



**Advisory Department**, which was established in 2016, is responsible for: (i) providing customized advisory service in line with complex, non-linear demands from companies; (ii) underwriting of infrastructure project finance loans; (iii) managing overseas alternative investments; and (iv) promoting the Investment Banking Group’s new businesses. In 2016, underwriting and advisory services were provided related to waste incinerating facility acquisition, M&A platform development, and infrastructure project financing. In 2017, we will continue to identify and source new product solutions in light with new market demands.

**Acquisition Bond Department**, since becoming a part of the Investment Banking Group in 2H16, mainly engages in entering bond buy positions, underwriting transactions in the primary market, brokering government bond transactions in the secondary market, and handling bond and arbitrage trading. In 2017, we plan to actively pursue sales activities to broaden coverage in the primary market through strengthening the role of syndication in corporate bond issuance.

# RISK MANAGEMENT

## ORGANIZATIONAL STRUCTURE OF RISK MANAGEMENT

**Risk Management Committee (RMC)**  
Risk Management Committee, chaired by an outside director appointed through the committee resolution, is comprised of three registered directors such as the CEO and two outside directors. RMC formulates the comprehensive risk management policy, establishes and revises the risk management regulations and guidelines, approves the company-wide risk limits and risk measurement methods, sets the appropriate levels for asset quality, and approves the crisis response measures.

**Risk Management Execution Committee (RMEC)**  
The Risk Management Execution Committee is comprised of the Chief Risk Officer (chair) and executive officers. RMEC approves the risk limit for each department and investment strategy, operates/manages the risk management system, improves credit and approves principal investment, and sets forth crisis response measures.

**Investment Review Committee (IRC)**  
The Investment Review Committee is comprised of the Head of the Risk Management Department (Chair) and the heads of working-level departments. IRC reviews appropriateness of investment, matters for consideration in relation to investment, credit, liquidity and legal risks, etc.

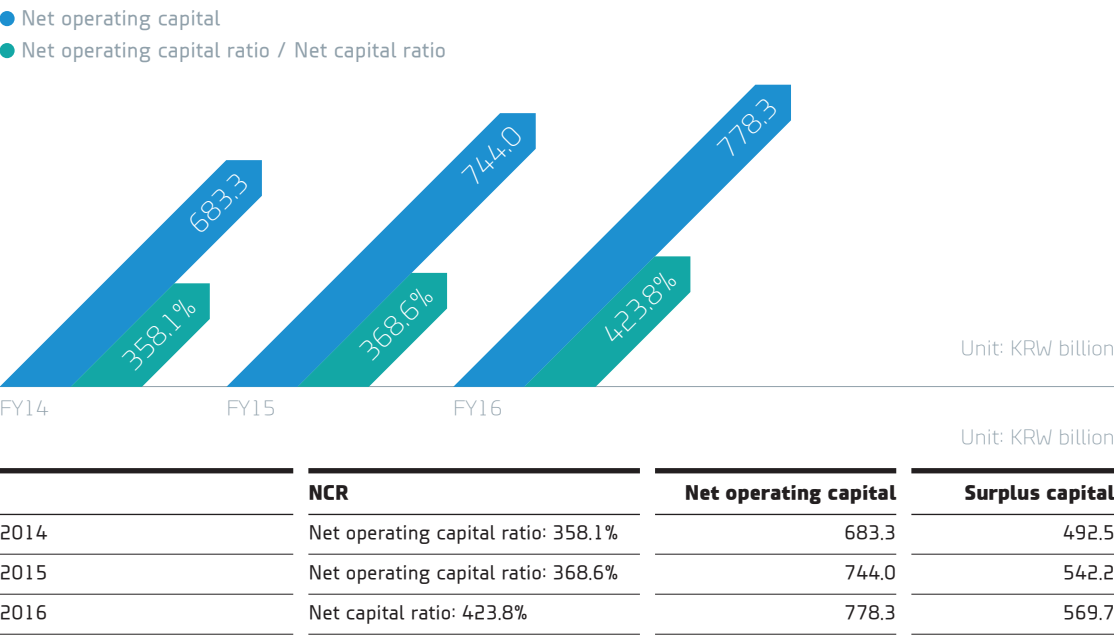
**OTC Derivatives Review Committee**  
The OTC Derivatives Review Committee is comprised of the head of the Product Sector (Chair) and the heads of working-level departments. The committee reviews the rationale for OTC derivatives transactions and the appropriateness of risk management policies for OTC derivatives operations.

**Fair Value Assessment Committee (FVAC)**  
The Fair Value Assessment Committee is comprised of the Head of the Risk Management Department (Chair) and the heads of working-level departments. FVAC approves and changes the derivatives pricing model.

**Credit Loan Review Committee (CLRC)**  
The Credit Lone Review Committee is comprised of the Chief Risk Officer (Chair) and the heads of working-level departments. CLRC selects and restricts on credit line items, and reviews exceptions for the provision of credit/ loans.

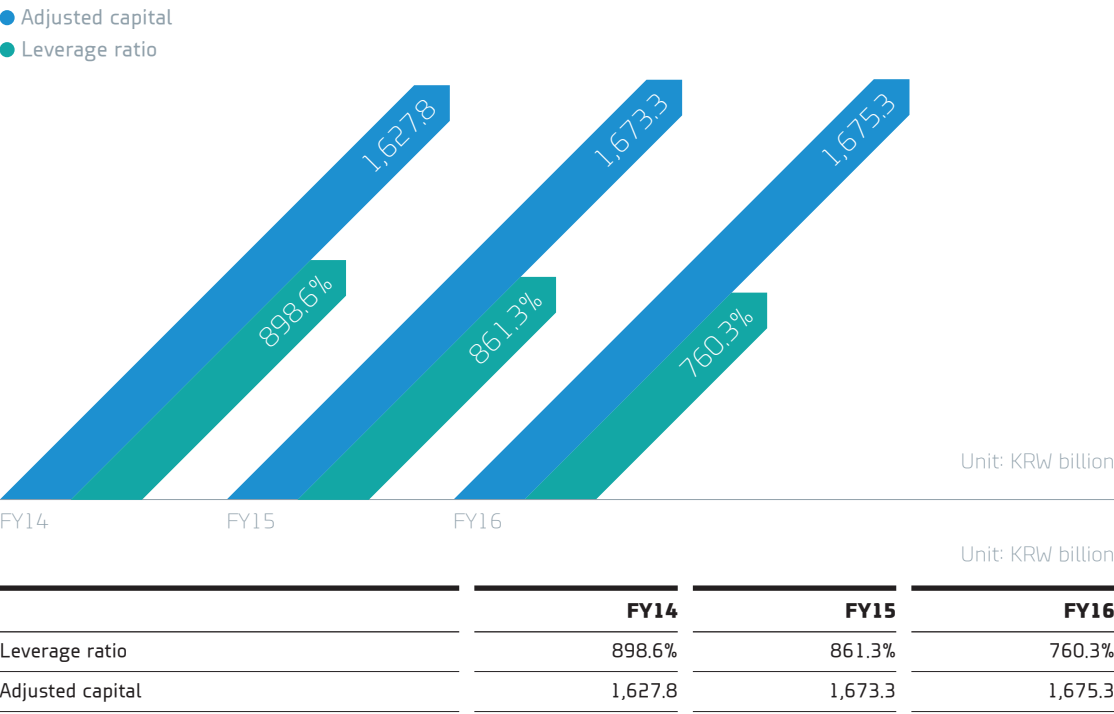
NET CAPITAL RATIO (NCR)

Net capital ratio that was introduced in 2016 is calculated by dividing surplus capital by the amount of net capital to be maintained for each business unit. Surplus capital is the value of net operating capital, which is equity capital that can be instantly monetized, deducted by the total risk amount, which is an estimated operational loss. NCR of FY2016 in the consolidated financial statements was 423.8% and 399.6% in non-consolidated financial statements, respectively. Net operating capital ratio, which was the basis for the estimation of NCR in FY 2014 and FY 2015, is calculated by dividing net operating capital ratio by the total risk amount.



LEVERAGE RATIO

The leverage ratio is calculated by subtracting the investor deposits, receivables for brokerage, reserve for bad loans, and etc. from the total assets, and dividing the sum by adjusted capital. The leverage ratio of FY 2016 was 760.3%, which was a 101.0%P drop from the previous year.



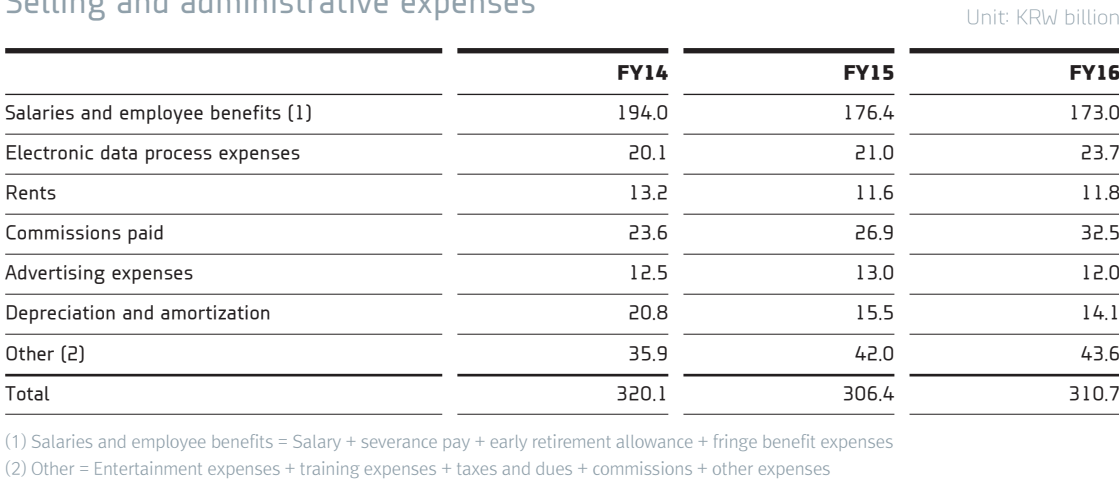
In 2017, Daishin Securities will strengthen market risk management of securities and bonds to secure financial soundness and focus on pre- and post-management of contingent liabilities for the risk management of alternative assets, such as real estate, in preparation against increased internal and external volatility, such as the rise in US interest rates.

SELLING & ADMINISTRATIVE EXPENSES

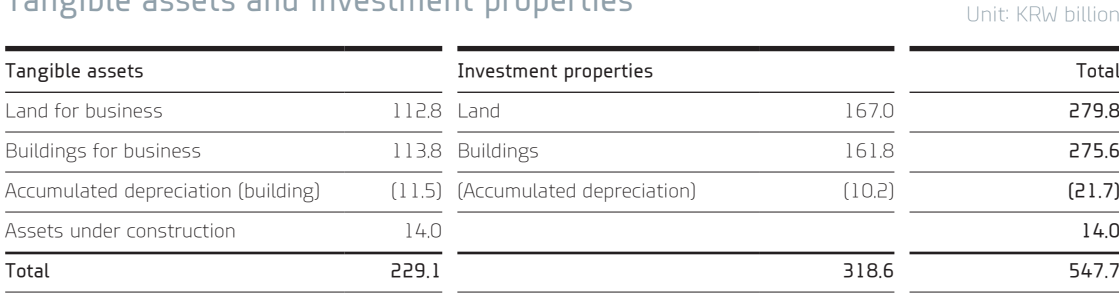
Despite the incurrence of KRW 11.4 billion in one-time expenses due to the implementation of the early retirement program in Q22016, salaries and employee benefits of the selling and administrative expenses was decreased YoY in FY 2016 thanks to efficient operation. However, due to the increase in other expenses, such as commissions, printing expenses, and insurance premiums, selling and administrative expenses increased by KRW 4.3 billion to reach KRW 31.1 billion.

In addition, Daishin Securities is executing long-term rebalancing centering on assets in core areas, such as the new headquarters in Myeongdong, and Cheongdam office, to improve mid to long term asset value.

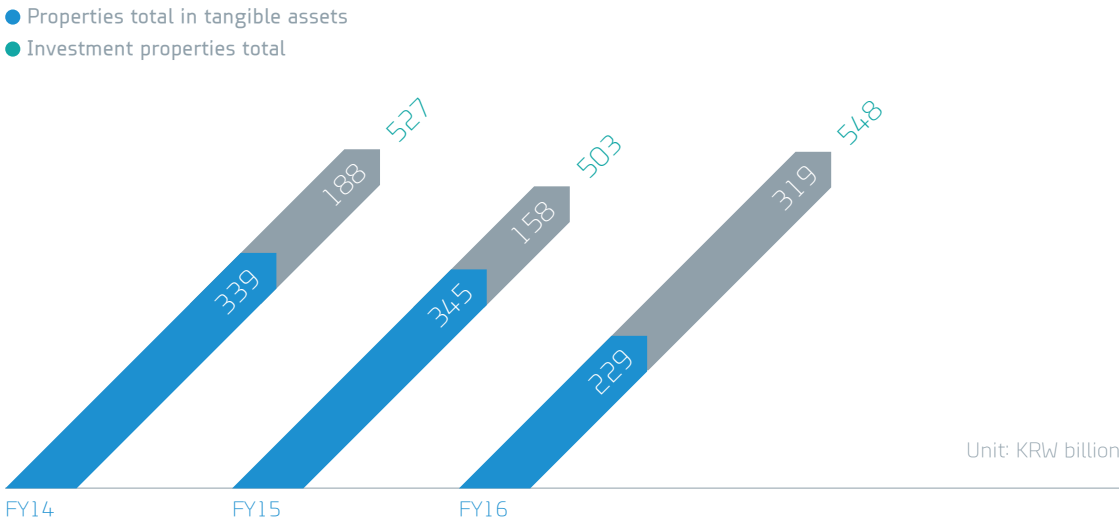
Selling and administrative expenses



Tangible assets and investment properties



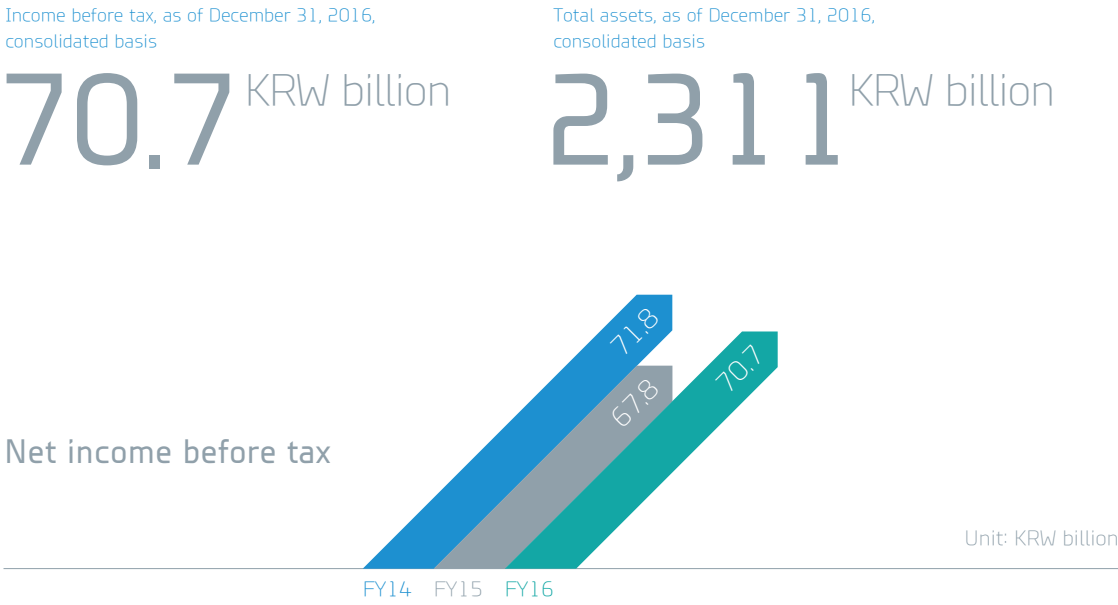
Property asset trend



2016 Performance and 2017 Plan

Daishin F&I achieved KRW 2.311 trillion in total assets, KRW 70.7 billion in net income before tax, 13.8% in ROE, and 2.5% in ROA as of the end of 2016. Regarding its core business of NPL (non-performing loans) investment, Daishin F&I invested KRW 764.1 billion and earned 23.1% of market share, becoming the second in the NPL sector following UAMCO with 34.8%. Total investment in 2016 was about KRW 1.0749 trillion through NPL and other stable alternative investments, such as real estate finance and real estate fund investments. As a result, Daishin F&I was able to diversify its investment portfolios and achieve profit diversification.

In 2017, Daishin F&I will continue to i) expand strategic investments through stable financing, ii) strengthen risk management on existing investment assets, and iii) pursue to grow as a comprehensive investment firm with expertise by expanding into new investment areas.



	FY14	FY15	FY16
Net income before tax	71.7	67.8	70.7
Return on equity (ROE)	17.2	15.2	13.6

Company Overview

Daishin F&I, Korea’s first company to specialize in NPL investment, has become a leader in the NPL industry. Its primary business areas are the acquisition and disposal of ABS (asset-backed securities) issued by liquidation firms using NPLs in accordance with the Asset-Backed Securitization Act, investment into CIV(collective investment vehicle) according to Financial Investment Services and Capital Markets Act, investment into corporate restructuring group based on Industrial Development Act, and investment into other securities, bonds, and similar types of financial assets.

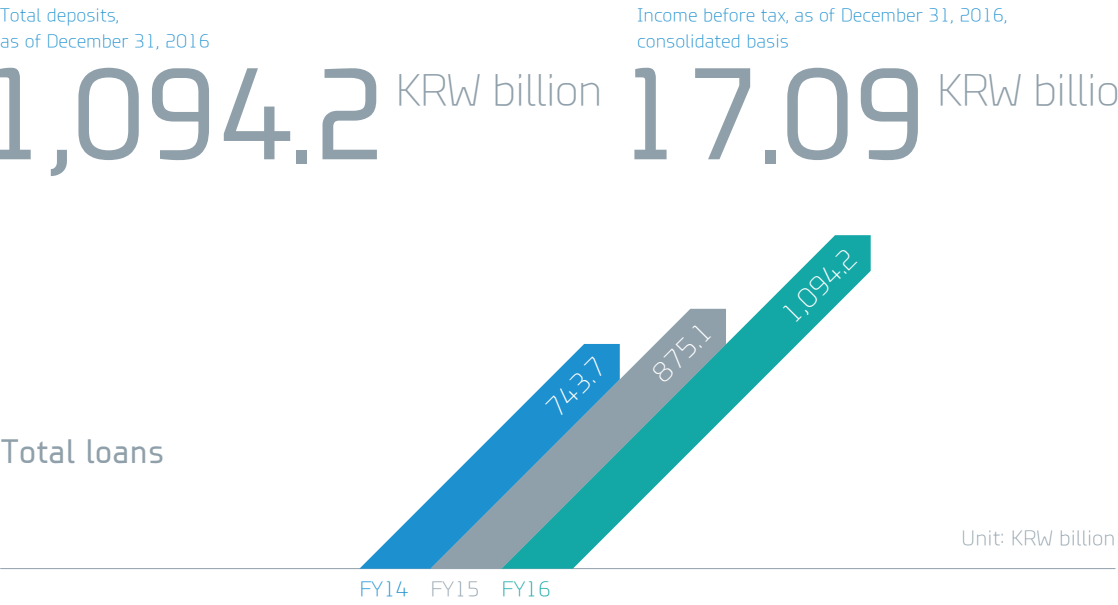
Business type.	Other Financial Intermediation (acquisition and disposal of ABS, etc.)
Business area.	NPL
Date of establishment.	November 16, 2001 (became part of Daishin Financial Group on May 7, 2014)
Number of employees.	34
Head office address.	Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Paid-in capital* <sup>※</sup>	KRW 70 billion
Total shareholders’ equity.* <sup>※</sup>	KRW 408.7 billion
Total assets.* <sup>※</sup>	KRW 2,311.0 billion

※ Consolidated basis

2016 Performance and 2017 Plan

Daishin Savings Bank recorded a stable profit due to balanced operations and risk management in 2016. Total loans were at KRW 1.0942 trillion, up 25.0% YoY, and the income before tax was at KRW 17.09 billion, up 87.9% YoY. The stable risk management system also helped improve the ratio of bank loans classified as substandard or below (SBL ratio) to 7.2% , which was a 2.7%p decrease from the previous year.

In 2017, Daishin Savings Bank will continue to endeavor to become the industry leader that leads the future trend based on stable income generation. Through gradual expansion of consumer finance and strengthening of synergy among affiliates, Daishin Savings Bank will enhance the organizational productivity. By advancing the risk management system, the bank will preemptively manage risks. Also the bank shall develop as a company with differentiated competitiveness by strengthening the online platform and improving IT infrastructure.



	FY14	FY15	FY16
Total loans	743.7	875.1	1,094.2
Net income before tax	5.7	9.1	17.1
SBL ratio	16.3%	9.9%	7.2%

Company Overview

Daishin Savings Bank, the establishment of which was wholly funded by Daishin Securities, was set up through purchase and assumption (P&A) of Jungang Busan Savings Bank, Busan II Savings Bank, and Domin Mutual Savings and Finance in August 2011. With 8 branches in Seoul, Gangwon, and Busan, Daishin Savings Bank is recording steady growth based on its expertise in corporate finance and synergy achieved with the Group.

In 2016, systematic risk management and stable growth based on internal soundness enabled Daishin Savings Bank to prepare for the stepping stone to leap forward as an outstanding savings bank. In order to achieve business competitiveness, Daishin Savings Bank has continuously sought to rationalize branches and strengthen employee capabilities. In addition, the non-face-to-face mobile account opening service launched for the first time in the industry, and the business alliance with an online platform company show that Daishin Savings Bank is leading the industry in the fast-changing financial environment.

Business type.	Mutual savings banking
Business area.	Savings/deposits, loans, etc.
Date of establishment.	August 5, 2011
Number of employees.	172
Head office address.	Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Network.	8 (head office business center, Seoul (3 branches), Gangwon (1), Busan (3))
Paid-in capital.	KRW 35.6 billion
Total shareholders’ equity.	KRW 145.6 billion
Total assets.	KRW 1,289.1 billion

※ IFRS, consolidated basis

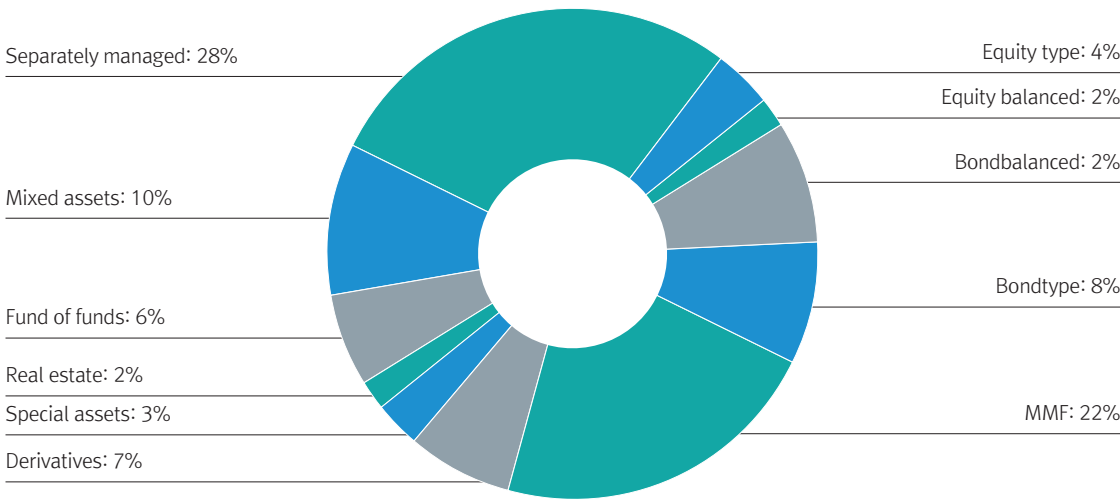
# DAISHIN ASSET MANAGEMENT

## 2016 Performance and 2017 Plan

In 2016, Daishin Asset Management received an additional KRW 112.5 billion mainly from institutional clients to invest in an index-type product, which has a long track record of delivering very strong investment returns. In order to provide stable investment opportunities, it managed an IPO stock fund pursuing medium-risk/medium-returns to cope with low interest rates, and the fund’s asset under management (AUM) surged 42% to KRW 170 billion in 2016 from KRW 120 billion in the previous year. Moreover, the manager developed investment strategies and algorithms for launching an AI-based robo advisor product.

In 2017, Daishin Asset Management will continue to identify and launch differentiated ASB-based real estate funds as our strategic products, which we believe will present a great alternative investment opportunity and deliver attractive and stable returns to our customers. This will also help create synergy among our affiliates to grow together. Moreover, in responding to the growing demand for passive solutions, we will continue to focus on index-type funds and mark-to-market bond-type funds to generate strong returns to our customers. We will also roll out AI-based robo advisor funds.

## Total AUM Composition



## Company Overview

Daishin Asset Management is a comprehensive asset manager, which is owned 100 percent by Daishin Securities. In March 1988, Daishin Trust Management was established, and then was renamed Daishin Investment and Trust in July 1996 to start equity-type fund management. After renaming Daishin Asset Management in May 2010, it acquired a 100% stake in Korea Creative Investment in March 2013. Daishin Asset Management now provides a wide range of investment services from hedge fund management to investment advisory and wrap services.

Business type.	Financial investment service
Business area.	Collective investment, investment advisory/delegation, dealing/brokerage (limited to collective investment securities)
Date of establishment.	March 24, 1988
Number of employees.	59
Head office address.	China Construction Bank Tower, 24 Myeong-dong 11-gil, Jung-gu, Seoul
Paid-in capital.	KRW 29.0 billion
Total shareholders’ equity.	KRW 29.7 billion
Total assets.	KRW 31.4 billion

# DAISHIN PRIVATE EQUITY

## 2016 Performance and 2017 Plan

In 2016, Daishin Private Equity established Daishin SK Secondary PEF with the investment of Korea Development Bank, Industrial Accident Compensation Insurance Fund, Military Mutual Aid Association, and Korea Scientists & Engineers Mutual-aid Association.

In 2017, we will focus on generating attractive and stable returns from current secondary funds under management to ensure a leading position in the secondary PE market, while establishing a corporate restructuring fund to enter a new, promising market for sustainable growth.

## Company Overview

Daishin Private Equity (Daishin PE) is an asset management firm that specializes in private equity funds, which was spun off from Daishin Securities in 2014 to further strengthen expertise as a PE manager.

Daishin PE has received mandates from National Pension Service, Korea Development Bank, Teachers’ Pension, Public Officials Benefit Association, Military Mutual Aid Association, Industrial Accident Compensation Insurance Fund, and Korea Scientists & Engineers Mutual-aid Association to manage three private equity funds with KRW 489 billion in assets under management, investing in eleven companies in Korea.

Daishin PE focuses on investing in growth capital opportunities to promote continued growth of viable local companies as well as on secondary investment and distressed/restructuring investment strategies.

Business type.	Private equity fund
Business area.	Private equity fund management
Date of establishment.	September 27, 2012
Number of employees.	11
Head office address.	Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Paid-in capital.	KRW 10.0 billion
Total shareholders’ equity.	KRW 10.0 billion
Total assets.	KRW 9.96 billion

# DAISHIN ECONOMIC RESEARCH INSTITUTE

## 2016 Performance and 2017 Plan

In addition to being selected as a paid advisory institute of two institutional investors, Daishin Corporate Governance Research Institute of DERI focused on expanding its influence in the market by revamping its webpage and diversifying resources, such as publishing Governance Weekly, Large Corporation Governance Report, and trends of judicial precedents and legislations in 2016. Also the systems including people’s information system have become more advanced, therefore, various statistics, such as the 10 year atypical data of the executives of listed companies and analysis on corporate measures, were accumulated to enable multilateral analysis.

The governance institute has set the goal of expanding the number of institutions that sign corporate measure analysis contract to 10 in 2017, and is continuously raising issues related to governance in order to expand its market influence.

Daishin Financial Engineering Research Institute of DERI has developed a ETF- dedicated robo advisor investment engine using machine learning method and applied it to investment system in 2106. It also participated in Financial Services Commission’s official test bed. It has expanded user base by upgrading financial product investment support system, PAS (Portfolio Analysis Service).

It plans to complete the investment solution line-up of financial products, such as securities, ETF, and fund, and endeavor to establish the basis for internal and external product commercialization through investment models and strengthening of system competitiveness in 2017.

## Company Overview

Daishin Economic Research Institute was established in 1984. It is currently the only private research institute in the domestic securities sector and is comprised of the Corporate Governance Research Institute and the Financial Engineering Research Institute.

Daishin Corporate Governance Research Institute aims to be the nation’s best governance research center with expertise in capital market and corporate status. It proposes guideline for the execution of voting rights in shareholders’ meeting for the growth of corporate value and shareholders’ value of listed companies, as well as, guideline for the establishment of a sound governance system. In addition, the Institute provides advice for the comprehensive and active execution of shareholders’ rights, such as “shareholder proposal,” based on its expert personnel equipped with market experience and various database related to governance.

With the diversification of investment tools and increased investment risk due to the globalization of financial investment, demand for mature investment technology and stable investment model is in much need. As a result, Daishin Financial Engineering Research Institute is developing various investment algorithms by combining up-to-date engineering methods with traditional financial investment theory. The Institute aims to develop innovative investment solutions and provide related consulting services by applying accumulated research results to the system.

Business type.	Research services related to business advisory, academic/business research, program development, Shareholders’ Meeting agenda analysis, corporate governance research, etc.
Business area.	Corporate governance/financial engineering research
Date of establishment.	September 17, 1984
Number of employees.	25
Head office address.	Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Paid-in capital.	KRW 5.0 billion
Total shareholders’ equity.	KRW 6.43 billion
Total assets.	KRW 6.79 billion

PERFORMANCE OF DAISHIN AFFILIATES

ANNUAL REPORT 2017

# FY16 FINANCIAL REPORT



# Audit Report on the Consolidated Financial Statements

## INDEPENDENT AUDITOR’S REPORT

To the Board of Directors and Shareholders of  
Daishin Securities Co., Ltd.

We have audited the accompanying consolidated financial statements of Daishin Securities Co., Ltd. and its subsidiaries (collectively “the Group”), which comprise the consolidated statement of financial position as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the 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 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 financial position of Daishin Securities Co., Ltd. and its subsidiaries as of December 31, 2016 and 2015, and their financial performance and cash flows for the year then ended in accordance with the Korean IFRS.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

March 16, 2017

92 Hangang-daero, Yongsan-gu,  
Seoul, Korea

Young-Sik Kim, CEO of Samil PwC Korea

This report is effective as of March 16, 2017, 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 there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

DAISHIN SECURITIES CO., LTD. AND SUBSIDIARIES

ANNUAL REPORT 2017

# Consolidated Statements of Financial Position

From December 31, 2015 ((Previous) 55th Term) To  
December 31, 2016 ((Current) 56th Term)

Unit: KRW thousand			
Account	[(Current) 56th Term		[(Previous) 55th Term
Assets			
Cash and bank deposits	2,088,621,778		2,499,057,414
Financial assets at fair value through profit or loss	9,317,657,808		10,087,154,830
1. Financial assets at fair value for trading	4,594,550,602		4,506,061,738
2. Derivatives assets	472,726,006		547,141,179
3. Financial assets designated at fair value	4,250,381,200		5,033,951,913
Available-for-sale financial assets	285,167,771		307,836,860
Investments in associates	33,553,353		53,670,479
Loans and receivables	4,305,023,202		3,978,362,136
Current tax assets	1,467,017		58,748,078
Property and equipment	276,307,172		389,203,479
Intangible assets	103,931,976		106,445,175
Investment property	307,426,346		144,954,712
Non-current assets held for sale	136,825,960		237,230,234
Deferred tax assets	140,325		-
Other assets	836,457,912		823,306,901
Total assets	17,692,580,620		18,685,970,298
Liabilities			
Financial liabilities at fair value through profit or loss	6,181,039,943		7,589,667,132
1. Financial liabilities at fair value for trading	131,483,379		143,715,585
2. Derivative liabilities	641,312,445		751,832,352
3. Financial liabilities designated at fair value	5,408,244,119		6,694,119,195
Deposits received	2,515,832,790		2,159,147,148
Borrowings	5,404,772,195		5,428,548,495
Debentures	1,116,436,980		923,784,126
Defined benefit liabilities and other	3,924,820		3,823,061
long-term employee benefits			
Provisions	2,693,448		6,879,404
Current tax liabilities	1,108,779		-
Deferred tax liabilities	10,276,947		58,020,804
Other liabilities	678,430,792		784,582,968
Total liabilities	15,914,516,694		16,954,453,138
Equity			
Equity attributable to owners of parent company	1,777,998,275		1,731,449,591
1. Capital stock	434,867,000		434,867,000
2. Capital surplus	694,981,258		694,981,258
3. Accumulated other comprehensive income	101,148,349		95,121,676
4. Retained earnings	731,126,696		693,227,574
(Accumulated reserve for bad debts)	6,940,921		5,320,412
(Expected reserve for bad debts)	(30,461)		1,620,509
5. Other components of equity	(184,125,028)		(186,747,917)
Non-controlling interests	65,651		67,569
Total equity	1,778,063,926		1,731,517,160
Total liabilities and equity	17,692,580,620		18,685,970,298

# Consolidated Statements of Comprehensive Income

From December 31, 2015 ((Previous) 55th Term) To  
December 31, 2016 ((Current) 56th Term)

Unit: KRW thousand			
Account	((Current) 56th Term		((Previous) 55th Term
Commissions received and expenses, net	222,653,355		257,258,382
1. Commission received	274,440,516		295,313,129
2. Commission expenses	51,787,161		38,054,747
Interest income and expenses, net	113,245,306		92,387,993
1. Interest income	270,991,314		273,095,683
2. Interest expenses	157,746,008		180,707,690
Gains (losses) on financial instruments at fair value through profit or loss, net	224,962,077		(97,193,576)
Gain (losses) on financial instruments designated at fair value through profit or loss, net	(167,181,224)		265,779,175
Other operating income (expense)	52,583,932		8,576,935
Operating income, net	446,263,446		526,808,909
Selling and administrative expenses	362,951,378		356,738,540
1. Labor costs	202,996,934		204,905,746
2. Depreciation and amortization	17,977,832		20,334,108
3. Other selling and administrative expenses	141,976,612		131,498,686
Operating income	83,312,068		170,070,369
Non-operating income, net	2,810,107		10,626,460
Profit before income tax	86,122,175		180,696,829
Income tax expense	12,103,291		44,540,304
Profit for the year	74,018,884		136,156,525
Net income (loss) before reserve for bad debts	6,024,109		(3,459,996)
Current term: KRW 74,049 million, Previous term: KRW 134,537 million			
Total other comprehensive income (loss) for the period, net of tax			
1. Items that will or may be reclassified to profit or loss, net of tax	6,347,710		(2,556,174)
2. Items that will not be reclassified to profit or loss, net of tax	(323,601)		(903,822)
Total comprehensive income	80,042,993		132,696,529
Profit for the year attributable to:	74,018,884		136,156,525
1. Owner of the Group	74,018,238		136,157,610
2. Non-controlling interests	646		(1,085)
Other comprehensive income (loss) for the year attributable to:	80,042,993		132,696,529
1. Owner of the Group	80,044,911		132,694,248
2. Non-controlling interests	(1,918)		2,281
Earnings per share (in Korean won)			
Basic earnings per common share	1,027		1,893
Basic earnings per 1st preferred share	1,075		1,943
Basic earnings per 2nd preferred share	1,025		1,893
Diluted earnings per common share	1,020		1,882
Diluted earnings per 1st preferred share	1,067		1,932
Diluted earnings per 2nd preferred share	1,017		1,882

# Consolidated Statement of Changes in Equity

From December 31, 2015 ((Previous) 55th Term) To  
December 31, 2016 ((Current) 56th Term)

Equity attributable to the shareholders of the parent company							Unit: KRW thousand	
Account	Common stock	Capital surplus	Accumulated other comprehensive income	Retained earnings	Capital adjustments	Subtotal of the equity attributable to shareholders of the parent company	Non-controlling interests	Total
Balance at April 1, 2015 (Beginning of previous period)	434,867,000	694,981,258	98,585,038	576,044,246	(161,646,466)	1,642,831,076	65,288	1,642,896,364
Total comprehensive income								
Profit for the period	-	-	-	136,157,610	-	136,157,610	(1,085)	136,156,525
Net changes in unrealized fair value of financial assets			(3,312,478)	-	-	(3,312,478)	3,366	(3,309,112)
available for sale	-	-						
Net changes in accumulated comprehensive income of investments	-	-	13,473	-	-	13,473	-	13,473
in associates, net of tax								
Gain (loss) on translation of overseas operations	-	-	739,465	-	-	739,465	-	739,465
Remeasurements of the net defined benefit plan	-	-	(903,822)	-	-	(903,822)	-	(903,822)
Transactions with equity holders								
Cash dividends	-	-	-	(18,974,282)	-	(18,974,282)	-	(18,974,282)
Changes in treasury stock	-	-	-	-	(22,780,260)	(22,780,260)	-	(22,780,260)
Other	-	-	-	-	(2,321,191)	(2,321,191)	-	(2,321,191)
Balance at December 31, 2015 (End of previous period)	434,867,000	694,981,258	95,121,676	693,227,574	(186,747,917)	1,731,449,591	67,569	1,731,517,160
Balance at January 1, 2016 (Beginning of current period)	434,867,000	694,981,258	95,121,676	693,227,574	(186,747,917)	1,731,449,591	67,569	1,731,517,160
Total comprehensive income								
Total comprehensive income	-	-	-	74,018,238	-	74,018,238	646	74,018,884
Net changes in unrealized fair value of financial assets	-	-	6,024,568	-	-	6,024,568	(2,564)	6,022,004
available for sale								
Net changes in accumulated comprehensive income of investments	-	-	7,589	-	-	7,589	-	7,589
in associates, net of tax								
Gain (loss) on translation of overseas operations	-	-	318,117	-	-	318,117	-	318,117
Remeasurements of the net defined benefit plan	-	-	(323,601)	-	-	(323,601)	-	(323,601)
Transactions with equity holders								
Cash dividends	-	-	-	(36,119,116)	-	(36,119,116)	-	(36,119,116)
Changes in treasury stock	-	-	-	-	2,901,441	2,901,441	-	2,901,441
Other	-	-	-	-	(278,552)	(278,552)	-	(278,552)
Balance at December 31, 2016 (End of current period)	434,867,000	694,981,258	101,148,349	731,126,696	(184,125,028)	1,777,998,275	65,651	1,778,063,926

# Consolidated Statement of Cash flows

From December 31, 2015 ((Previous) 55th Term) To  
December 31, 2016 ((Current) 56th Term)

Unit: KRW thousand			
Account	(Current) 56th Term	(Previous) 55th Term	
Net cash inflow (outflow) from operating activities	(794,444,808)	342,420,719	
1. Profit for the year	74,018,884	136,156,525	
2. Adjustments in expenses and revenues	(202,566,076)	(370,294,052)	
(1) Loss (gain) on financial assets held for trading, net	(20,634,942)	(33,886,451)	
(2) Loss on financial assets designated at fair value through profit or loss, net	8,192,509	(252,230,364)	
(3) Loss (gain) on derivatives	11,182,188	163,398,863	
(4) Loss (gain) on loans and receivables	40,894,013	(15,642,300)	
(5) Depreciation and amortization	17,977,832	20,334,108	
(6) Loss (gain) on foreign currency translation, net	(1,423,434)	(979,805)	
(7) Interest income (expenses), net	(246,116,236)	(270,699,066)	
(8) Loss (gain) on disposal of available-for-sale financial assets	(181,140)	(5,842,170)	
(9) Impairment loss (reversal) of available-for-sale financial assets	2,489,257	604,720	
(10) Gain (loss) on investments in associates and subsidiaries, net	6,226,364	(8,608,011)	
(11) Loss (gain) on disposal of property and equipment, net	2,079,026	554,514	
(12) Loss (gain) on disposal of intangible assets	935	(95,266)	
(13) Impairment loss (reversal) of intangible assets	255,333	(47,666)	
(14) Loss (gain) on disposal of investment property	6,318,625	548,606	
(15) Impairment loss (reversal) of non-current assets as held for sale	6,916,714	4,460,008	
(16) Loss (gain) on disposal of non-current assets as held for sale	(39,577,347)	(4,107,667)	
(17) Employee benefits	3,224,486	2,627,374	
(18) Others	1,001,063	159,858	
(19) Dividend income	(13,494,613)	(15,383,641)	
(20) Income tax expense	12,103,291	44,540,304	
3. Changes in operating assets and liabilities	(857,753,041)	304,332,617	
(1) Deposits	556,467,725	427,717,808	
(2) Financial assets held for trading	(68,743,789)	665,646,271	
(3) Financial liabilities held for trading	(11,342,339)	(76,567,562)	
(4) Financial assets designated at fair value through profit or loss	908,283,152	(821,358,452)	
(5) Financial liabilities designated at fair value through profit or loss	(1,357,952,820)	516,025,128	
(6) Derivative assets and liabilities	(47,286,923)	56,308,374	
(7) Loans and receivables	(476,923,568)	(444,140,002)	
(8) Deposits received	356,365,310	500,465,808	
(9) Borrowings	(598,132,253)	(517,065,131)	
(10) Retirement benefit and employee benefits obligations	(3,575,485)	(3,276,184)	
(11) Other assets	6,221,725	(110,008,381)	
(12) Other liabilities	(121,087,461)	112,010,690	
(13) Collective fund for default loss	(46,315)	(1,425,750)	

Unit: KRW thousand			
Account	(Current) 56th Term	(Previous) 55th Term	
4. Interests received	417,102,412	535,960,213	
5. Interests paid	(237,480,226)	(258,057,377)	
6. Dividends received	13,900,706	23,943,623	
7. Income taxes paid	(1,667,467)	(29,620,830)	
Net cash inflow (outflow) from investing activities	195,253,756	(34,728,563)	
1. Payment for acquisition of available-for-sale financial assets	(15,118,393)	(54,885,209)	
2. Proceeds from disposal of available-for-sale financial assets	29,505,349	21,351,749	
3. Payment for acquisition of investments for associates	(2,575,500)	(5,718,823)	
4. Proceeds from disposal of investments for associates	14,806,761	22,694,660	
5. Payment for acquisition of investments for subsidiaries	7,641,345	3,486,293	
6. Proceeds from disposal of investments for subsidiaries	(18,347,658)	(49,097,671)	
7. Payment for acquisition of property and equipment	(101,306,797)	(48,806,954)	
8. Proceeds from disposal of property and equipment	796,355	206,944	
9. Payment for acquisition of intangible assets	(479,890)	(2,416,785)	
10. Proceeds from disposal of intangible assets	75,204	1,075,950	
11. Proceeds from disposal of investment properties	10,068,102	9,795,544	
12. Payment for acquisition of non-current assets as held for sale	(6,488,374)	(12,936,023)	
13. Proceeds from disposal of non-current assets as held for sale	280,304,424	73,455,480	
14. Increase in deposits	(11,743,588)	(2,693,552)	
15. Decrease in deposits	8,116,416	6,175,639	
16. Increase in Other liabilities (concerning real estate disposal)	-	3,584,195	
Net cash inflow (outflow) from financing activities	718,976,744	(309,206,741)	
1. Issuance of debentures	319,187,941	470,000,000	
2. Retirement of debentures	(138,101,874)	(341,016,318)	
3. Proceeds from borrowings	574,367,279	(382,201,556)	
4. Increase in guarantee deposits received	4,835,533	2,949,863	
5. Decrease in guarantee deposits received	(12,882,248)	(7,686,665)	
6. Payment for acquisition of treasury stock	-	(26,412,640)	
7. Payment of dividends	(36,113,442)	(19,204,821)	
8. Proceeds from non-controlling interests	7,683,555	(5,634,604)	
Changes in cash and cash equivalents from foreign currency translation	1,884,126	3,362,136	
Net increase (decrease) in cash and cash equivalents ((I+II+III+IV))	121,669,818	1,847,551	
Cash and cash equivalents at beginning of year	185,863,657	184,016,106	
Cash and cash equivalents at end of year	307,533,475	185,863,657	

# Audit Report on the Financial Statements

## INDEPENDENT AUDITORS’ REPORT

To the Board of Directors and Shareholders of  
Daishin Securities Co., Ltd.

We have audited the accompanying separate financial statements of Daishin Securities Co., Ltd. (“the Company”), which comprise the separate statement of financial position as of December 31, 2016 and 2015, and the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 financial statements are free from material misstatement.

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

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

### OPINION

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Daishin Securities Co., Ltd. as of December 31, 2016 and 2015, and its financial performance and cash flows for the year then ended in accordance with the Korean IFRS. Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

March 16, 2017

92 Hangang-daero, Yongsan-gu,  
Seoul, Korea

Young-Sik Kim, CEO of Samil PwC Korea

This report is effective as of March 16, 2017, 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 separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

# Separate Statements of Financial Position

From December 31, 2015 ((Previous) 55th Term) To  
December 31, 2016 ((Current) 56th Term)

Unit: KRW thousand				
Account	[(Current) 56th Term		[(Previous) 55th Term	
Assets				
Cash and bank deposits		1,715,432,996		2,265,031,442
Financial assets at fair value through profit or loss		9,180,714,392		10,318,984,124
1. Financial assets at fair value for trading	4,531,818,964		4,500,013,789	
2. Derivatives assets	472,726,006		547,141,179	
3. Financial assets designated at fair value	4,176,169,422		5,271,829,156	
Available-for-sale financial assets		206,002,874		232,974,332
Investments in associates		717,650,868		688,517,012
Loans and receivables		1,296,595,090		1,283,672,166
Current tax assets		-		57,641,438
Property and equipment		257,246,735		367,254,801
Intangible assets		26,824,189		27,902,732
Investment property		318,572,947		158,287,983
Non-current assets as held for sale		16,362,232		38,494,938
Other assets		797,463,019		779,826,818
Total assets		14,532,865,342		16,218,587,786
Liabilities				
Financial liabilities at fair value through profit or loss		6,178,021,302		7,588,407,841
1. Financial liabilities at fair value for trading	131,483,379		143,715,585	
2. Derivative liabilities	638,293,804		750,573,061	
3. Financial liabilities designated at fair value	5,408,244,119		6,694,119,195	
Deposits received		1,464,530,894		1,351,182,927
Borrowings		4,254,875,815		4,517,944,210
Debentures		249,789,774		249,606,455
Defined benefit liability and other long-term employee benefits		2,048,213		2,408,858
Provisions		1,943,551		3,111,195
Current tax liabilities		1,108,778		-
Deferred tax liabilities		66,762,338		89,358,228
Other liabilities		631,577,111		736,291,176
Total liabilities		12,850,657,776		14,538,310,890
Equity				
Capital stock		434,867,000		434,867,000
Capital surplus		694,981,258		694,981,258
Accumulated other comprehensive income		100,419,802		95,726,345
Retained earnings		633,673,757		639,214,727
(Accumulated reserve for bad debts)		6,940,921		5,320,412
(Expected reserve for bad debts)		(30,461)		1,620,509
Other components of equity		(181,734,251)		(184,512,434)
Total equity		1,682,207,566		1,680,276,896
Total liabilities and equity		14,532,865,342		16,218,587,786

# Separate Statements of Comprehensive Income

From December 31, 2015 ((Previous) 55th Term) To  
December 31, 2016 ((Current) 56th Term)

Unit: KRW thousand			
Account	((Current) 56th Term		((Previous) 55th Term
Commissions received and expenses, net	234,824,648		263,322,918
1. Commissions received	273,875,860		289,538,483
2. Commissions expenses	39,051,212		26,215,565
Interest income and expenses, net	1,918,406		595,150
1. Interest income	96,877,489		121,263,791
2. Interest expenses	94,959,083		120,668,641
Gains (losses) on financial instruments at fair value through profit or loss, net	215,339,378		(94,460,912)
Gains (losses) on financial instruments designated at fair value through profit or loss, net	(158,730,126)		265,756,419
Other operating income (expense)	42,816,357		(3,983,755)
Operating revenues, net	336,168,663		431,229,820
Selling and administrative expenses, net	310,735,303		306,452,188
1. Labor costs	168,951,671		171,928,006
2. Depreciation and amortization	14,109,295		15,502,781
3. Other selling and administrative expenses	127,674,337		119,021,401
Operating income	25,433,360		124,777,632
Non-operating income, net	7,295,762		5,149,144
Profit before income tax	32,729,122		129,926,776
Income tax expense	2,150,975		33,505,485
Net income	30,578,147		96,421,291
Net income (loss) before reserve for bad debts			
Current term: KRW 30,609 million,			
Previous term: KRW 94,801million			
Other comprehensive income (loss) for the period, net of tax	4,693,457		(145,388)
Items to be subsequently reclassifiable to profit or loss Changes in the fair value of available-for-sale financial assets, net of tax	4,776,049		109,027
Items that will not be reclassified subsequently to profit or loss Remeasurements of net defined benefit plan	(82,592)		(254,415)
Total comprehensive income for the period	35,271,604		96,275,903
Earnings per share (in Korean won)			
Basic earnings per common share	416		1,336
Basic earnings per 1st preferred share	464		1,386
Basic earnings per 2nd preferred share	414		1,336
Diluted earnings per common share	413		1,328
Diluted earnings per 1st preferred share	461		1,378
Diluted earnings per 2nd preferred share	411		1,328

# Separate Statements of Changes in Equity

From December 31, 2015 ((Previous) 55th Term) To  
December 31, 2016 ((Current) 56th Term)

Unit: KRW thousand						
과목	Common stock	Capital surplus	Accumulated other comprehen-sive income	Retained earnings	Capital adjustments	Total
Balance at April 1, 2015 (Beginning of previous period)	434,867,000	694,981,258	95,871,733	561,767,717	(160,286,681)	1,627,201,027
Total comprehensive income						
Profit for the period	-	-	-	96,421,291	-	96,421,291
Net changes in unrealized fair value of financial assets available for sale	-	-	109,027	-	-	109,027
Remeasurements of the net defined benefit plan	-	-	(254,415)	-	-	(254,415)
Transactions with equity holders						
Cash dividends	-	-	-	(18,974,281)	-	(18,974,281)
Changes in treasury stock	-	-	-	-	(22,780,261)	(22,780,261)
Other	-	-	-	-	(1,445,492)	(1,445,492)
Balance at December 31, 2015 (End of previous period)	434,867,000	694,981,258	95,726,345	639,214,727	(184,512,434)	1,680,276,896
Balance at January 1, 2016 (Beginning of current period)	434,867,000	694,981,258	95,726,345	639,214,727	(184,512,434)	1,680,276,896
Total comprehensive income						
Profit for the period	-	-	-	30,578,147	-	30,578,147
Net changes in unrealized fair value of financial assets available for sale	-	-	4,776,049	-	-	4,776,049
Remeasurements of the net defined benefit plan	-	-	(82,592)	-	-	(82,592)
Transactions with equity holders	-	-	-	(36,119,116)	-	(36,119,116)
Cash dividends	-	-	-	-	2,901,441	2,901,441
Changes in treasury stock						
Others	-	-	-	-	(123,259)	(123,259)
Balance at December 31, 2016 (End of current period)	434,867,000	694,981,258	100,419,802	633,673,758	(181,734,252)	1,682,207,566

# Separate Statements of Cash Flows

From December 31, 2015 ((Previous) 55th Term) To  
December 31, 2016 ((Current) 56th Term)

Unit: KRW thousand			
Account	(Current) 56th Term	(Previous) 55th Term	
Net cash inflow (outflow) fromoperating activities	(90,412,394)	523,346,369	
1. Profit for the period	30,578,147	96,421,291	
2. Adjustments in expenses and revenues	(157,222,417)	(458,241,212)	
(1) Loss on financial assets held for trading, net	(21,232,276)	(35,761,500)	
(2) Loss on financial assets designated at fair value through profit or loss, net	3,804,286	(341,961,401)	
(3) Loss on derivatives	8,603,720	83,243,852	
(4) Loss (gain) on loans and receivables	(127,011)	7,249,168	
(5) Depreciation and amortization	14,109,295	15,502,781	
(6) Loss on foreign currency translation, net	(1,564,728)	(1,409,238)	
(7) Interest income, net	(137,609,271)	(178,466,969)	
(8) Loss (gain) on disposal of available-for-sale financial assets	2,294,813	(944,282)	
(9) Gain on investments in associates and subsidiaries, net	(57,101)	(127,701)	
(10) Impairment loss of available-for-sale financial assets	1,811,355	604,720	
(11) Loss on disposal of property and equipment, net	1,507,782	99,222	
(12) Loss on disposal of intangible assets, net	935	19,868	
(13) Loss on disposal of investment property, net	6,318,625	548,606	
(14) Loss (gain) on non-current assets as held for sale, net	(10,017,613)	1,279,976	
(15) Impairment loss on intangible assets	228,333	44,333	
(16) Impairment reversal on other assets	-	(563,852)	
(17) Impairment loss of non-current assets held for sale	7,602,084	-	
(18) Employee benefits	1,490,159	1,415,250	
(19) Others	1,686,452	(4,923,942)	
(20) Dividend income	(38,223,231)	(37,595,588)	
(21) Income tax expense	2,150,975	33,505,485	
3. Changes in operating assets and liabilities	(145,949,981)	657,771,611	
(1) Deposits	593,324,851	354,835,345	
(2) Financial assets held for trading	(11,462,766)	661,909,228	
(3) Financial liabilities held for trading	(11,342,339)	(76,531,919)	
(4) Financial assets designated at fair value through profit or loss	1,146,160,395	(804,916,655)	
(5) Financial liabilities designated at fair value through profit or loss	(1,357,952,820)	722,274,671	
(6) Derivative assets and liabilities	(46,467,804)	56,833,895	
(7) Loans and receivables	(13,313,171)	(172,985,566)	
(8) Deposits received	113,312,456	434,024,669	
(9) Borrowings	(456,291,883)	(517,065,131)	
(10) Retirement benefit and employee benefits obligations	(1,959,766)	(1,675,475)	
(11) Other assets	(2,998,095)	(90,931,580)	
(12) Other liabilities	(96,912,724)	93,425,879	
(13) Collective fund for default loss	(46,315)	(1,425,750)	

Unit: KRW thousand			
Account	(Current) 56th Term	(Previous) 55th Term	
4. Interests received	313,119,070	375,434,717	
5. Interests paid	(173,818,200)	(193,892,927)	
6. Dividends received	34,412,949	38,662,389	
7. Income taxes refunded	8,468,038	7,190,500	
Net cash outflow frominvesting activities	(34,208,194)	(141,443,836)	
1. Proceeds from disposal of available-for-sale financial assets	29,236,041	13,279,062	
2. Proceeds from disposal of investments for associates and Subsidiaries	5,717,929	7,285,314	
3. Proceeds from disposal of property and equipment	623,016	115,683	
4. Proceeds from disposal of intangible assets	75,204	965,950	
5. Proceeds from disposal of investment property	10,068,100	9,246,939	
6. Proceeds from disposal of non-current assets as held for sale	69,453,667	17,130,287	
7. Decrease in deposit	7,670,047	4,958,759	
8. Payment for acquisition of available-for-sale financial assets	(10,051,149)	(27,661,085)	
9. Payment for acquisition of investments for associates and Subsidiaries	(36,387,000)	(118,468,848)	
10. Payment for acquisition of property and equipment	(99,156,572)	(47,998,964)	
11. Payment for acquisition of intangible assets	(105,270)	(1,800,576)	
12. Increase in deposits	(11,352,207)	(2,080,552)	
13. Payment for restoration of property and equipment	-	3,584,195	
Net cash inflow (outflow) fromfinancing activities	142,529,995	(355,981,344)	
1. Issuance of debentures	-	49,830,900	
2. Net Increase (decrease) in borrowings	186,149,898	(295,764,025)	
3. Increase in guarantee deposits received	4,835,533	3,022,310	
4. Payment of dividends	(36,113,442)	(18,971,224)	
5. Retirement of debentures	-	(60,000,000)	
6. Decrease in guarantee deposits received	(12,341,994)	(7,686,665)	
7. Payment for acquisition of treasury stocks	-	(26,412,640)	
Changes in cash and cash equivalents by foreign currency translation	1,871,651	3,354,371	
Net increase in cash and cash equivalents (I+II+III+IV)	19,781,058	29,275,560	
Cash and cash equivalents at the beginning of the period	92,635,394	63,359,834	
Cash and cash equivalents at end of the period	112,416,452	92,635,394	

HISTORY

1960-1979

JULY 27, 1962	Established as Sam-Rak Securities
APRIL 22, 1975	Renamed as Daishin Securities
OCTOBER 1, 1975	Listed on Korea Stock Exchange (present Korea Exchange)

1980-1999

AUGUST 25, 1984	Opened the Tokyo office
SEPTEMBER 22, 1984	Established Daishin Economic Research Institute
MAY 28, 1985	Relocated head office building to Yeoui-do
NOVEMBER 27, 1986	Established Daishin Total Development Finance
AUGUST 28, 1987	Established Daishin IT Center
MARCH 24, 1988	Established Daishin Investment & Trust Consulting (present Daishin Asset Management)
JULY 20, 1990	Established Daishin Songchon Cultural Foundation
JUNE 20, 1995	Established Daishin Factoring Co., Ltd.
APRIL 12, 1997	Launched home trading system (CYBOS)
JUNE 9, 1998	Started web trading on the Internet
AUGUST 31, 1999	Capital and strategic alliance with Sumitomo Life Insurance, Japan

2000-2009

SEPTEMBER 16, 2002	Retired 200,000 shares of treasury stock
JULY 21, 2003	Selected as an issue to be included in Korea Dividend Stock Price Index (KODI)
DECEMBER 1, 2003	Selected as an issue to be included in Korea Corporate Governance Stock Price Index (KOGI)
APRIL 26, 2004	Exported CYBOS to Taiwan-based Polaris Securities
JUNE 15, 2004	Recognized as a firm with excellent corporate governance by Korea Exchange
DECEMBER 13, 2005	Exported CYBOS Futures Trading System to Thailand-based Settrade
OCTOBER 16, 2006	Formed a strategic alliance with Nikko Cordial Group of Japan
NOVEMBER 2, 2007	Listed GDS on London Stock Exchange
FEBRUARY 13, 2008	Established Daishin Securities Asia Limited in Hong Kong
	Opened the Shanghai Office
	Selected as an issue to be included in DJSI Korea (Dow Jones Sustainability Indices Korea)
MAY 26, 2008	
OCTOBER 20, 2009	

2010-2016

JANUARY 9, 2010	Declared the launch of Financial Health Service
APRIL 6, 2010	Signed an MOU with Indonesia-based Mandiri Sekuritas
AUGUST 31, 2011	Launched Daishin Savings Bank
JUNE 12, 2012	Formed a strategic alliance with Okasan Securities of Japan
JUNE 20, 2012	50th anniversary of Daishin Financial Group, proclaimed Daishin Financial Group
APRIL 17, 2014	Launched Daishin Private Equity
MAY 8, 2014	Launched Daishin F&I and Daishin AMC
JANUARY 15, 2015	Announced Daishin House View
APRIL 14, 2016	Formed a strategic alliance between Daishin Securities and Coinone for blockchain securities service
OCTOBER 9, 2016	Registered as a financial service firm that invests in new technology businesses
NOVEMBER 14, 2016	Formed a strategic alliance with Bualuang Securities in Thailand
DECEMBER 1, 2016	Signed a brokerage agreement with Maybank Kim Eng Securities in Malaysia
DECEMBER 26, 2016	Relocated Daishin Financial Group head office building to Myeong-dong

APPENDIX

ANNUAL REPORT 2017

AWARDS

2016

Feb. 2016	Winner Award at iF Design Award
Feb. 2016	Grand Prize in Newspim Capital Market – Best Research Award (Newspim)
Feb. 2016	13th Korea IB Grand Award – IB Innovation Award (Money Today)
Feb. 2016	2016 Korea Wealth Management Award – Best House Strategy of the Year (The Bell)
Feb. 2016	2016 Korea Wealth Management Award – Hit Financial Product of the Year (The Bell)
Mar. 2016	Ministry of Strategy and Finance Commendation for Excellent Treasury Bond Dealer (Ministry of Strategy and Finance)
April 2016	E-daily Financial Investment Awards – Mobile Trading Award (E-daily)
May 2016	Grand Prize at Customer – Loving Brand Awards 2016 (Joongang Daily)
June 2016	Grand Prize for Korea Pension (Money Today)
June 2016	Korea National Statistical Office Commissioner Award – Big Data Service Sector (Korea National Statistical Office)
July 2016	Grand Prize at MTN Advertisement Festival 2016 (Money Today Network)
July 2016	6th Korea Mobile Trading System Evaluation Award 2016 – Grand Prize in Comprehensive Evaluation (Financial Services Commission)
July 2016	6th Mobile Trading System Evaluation Awards 2016 – Grand Prize in Expert Evaluation (Korea Economic Daily)
Sep. 2016	Ministry of Strategy and Finance Commendation for Excellent Treasury Bond Dealer in the First Half of 2016 (Ministry of Strategy and Finance)
Sep. 2016	6th Asia Mobile Trading System Award – Grand Prize in Stability (Korea Exchange)
Oct. 2016	Commemorative Plaque on Issuance of 50 – year Government Bond (Ministry of Strategy and Finance)
Nov. 2016	Appreciation Award for the Development of Money Laundering Prevention System (Financial Services Commission)
Dec. 2016	Plaque of Appreciation by Healthy Family / Multicultural Family Support Center of Naju (Naju City)
Dec. 2016	Grand Prize at Aju Business Daily Financial Securities Award – Service Innovation Sector (Aju Business Daily)

# ACHIEVEMENTS

## 2016.02

### Ranked No.1 for all-round Primary Dealer evaluation

Daishin Securities ranked first in the 2015 second-half Primary Dealer(PD) evaluation by the Ministry of Strategy and Finance. Primary Dealer evaluation was introduced in 1999 to enhance the acquisition of treasury bonds in the primary market and to promote secondary market. The evaluation takes into consideration the mandatory compliance of companies for six months in treasury bond acquisition, ask price submission, holding, transaction, policy cooperation, and etc. The company will continue to endeavor to be the leading Primary Dealer by reading the market trend and developing appropriate strategies.



reddot award 2015 winner

### Daishin Securities won iF Design Award 2016

Daishin Securities 2015 Annual Report won the Winner Prize at the Red Dot Communication Award last August. Following the award, Daishin Securities received the Winner Award in communication by iF Design.

### Daishin Securities begins mobile account service

Daishin Securities began the non-face-to-face account service. Thanks to this service, customers do not have to visit a Daishin Securities branch, but can receive authentication service and open an account using smartphones through MTS, such as CYBOS Touch and CREON Mobile. Daishin Securities is dedicated to providing customer-centered services.

## 2016.03

### Daishin Securities begins Wealth Adviser service

Daishin Securities launched the Daishin Wealth Adviser Service, which provides customized asset management service according to investment purposes and risk management online. This service can be used in all trading systems, including HTS, mobile, app, and website. The service plans for retirement, pension, housing, education, wedding, or lump sum savings, and for small investors to receive online asset management easily, the service also accommodates installment deposits.

## 2016.04



### Daishin Securities signs MOU with a digital currency company

Daishin Securities signed an MOU for business cooperation in bitcoin and blockchain. This MOU is aimed to take a preemptive move in technology development in the securities business in preparation of the soon-to-come digital currency era. Daishin Securities plans to cooperate with Coinone, a company that operates a bitcoin exchange, in developing financial services utilizing securities services and blockchain technologies.

## 2016.05



### Daishin Securities rolls out retirement pension app

Daishin Securities rolled out a dedicated retirement application, “Daishin Retirement Pension,” through which one can manage one’s retirement pension via smartphone. Through the app, user can manage one’s retirement pension conveniently, such as selecting financial products and managing the operation of the retirement pension, making changes in investment rates that determines the automatic investment rate, and checking the balance of the retirement pension. Also one can design customized retirement pension strategy and late-life financial plan through retirement pension simulation, which considers user’s age, investment duration, recipient age, and etc.

APPENDIX

ANNUAL REPORT 2017

## 2016.06

### Daishin Securities begun industry first Kakao Talk notification service

Daishin Securities began SNS notification service via Kakao Talk for customers. Such customer notification service through Kakao Talk is the first in the financial investment industry. Kakao Talk notification talk can be sent to customers without being added as friends. Daishin Securities sends transaction statement, transfer results, and etc. through the notification talk. The notification talk has Kakao certification mark and Daishin Securities logo to differentiate from SMiShing messages. Up to 1,000 letters including space can be sent, so detailed information can reach customers.

## 2016.07



### Daishin Savings Bank sold 2.3% interest rate fixed deposit product

To commemorate its 5th Anniversary, Daishin Savings Bank sold a special 1 year fixed deposit product with 2.5% annual interest rate. This product was designed to provide real benefit to Daishin Savings Bank customers. The deposit starts from KRW100,000 and there is no subscription ceiling.

## 2016.08

### Daishin Securities held Investment Seminar in all branches

In 54 nationwide branches, Investment Seminar under the 2016 view of Daishin Securities, “Dollar, currency with increasing value” was held simultaneously. In the time of prolonged low growth and low interest rate, Daishin Securities presented methods of asset value preservation via dollar asset. Dollar asset was explained in the perspective of “safety asset” and “asset portfolio diversification.” Daishin Securities will continue to preserve asset values rather than opting for aggressive profit-making in the uncertain economic conditions.

## 2016.10

### Daishin Securities CREON held “Dream Realization Project: Season 3”

Daishin Securities held Season 3 of “Dream Realization Project,” which is a project aimed at supporting the dreams of individual investors. Participants may take part in the project by submitting own CV and Introduction of Dream to the “Dream Realization Project” Company. 10 people are selected, who receives KRW 50 million as an investment fund and any and all proceeds from the 4 weeks of securities investment.

## 2016.11

### Daishin Securities exports HTS and MTS to Thailand

Daishin Securities became a strategic partner of Bualuang Securities, a 100% owned subsidiary of Bangkok Bank that boasts highest profitability among Thai Securities companies, after signing an MOU on building IT-based business model, such as HTS and MTS. Daishin Securities is the only Korean company that has exported its online transaction system to Southeast Asian countries continuously for more than 10 years. The two companies will complete the development of HTS and MTS within 1 year, and expand the relationship to various businesses, such as IB, WM, and stock brokerage.

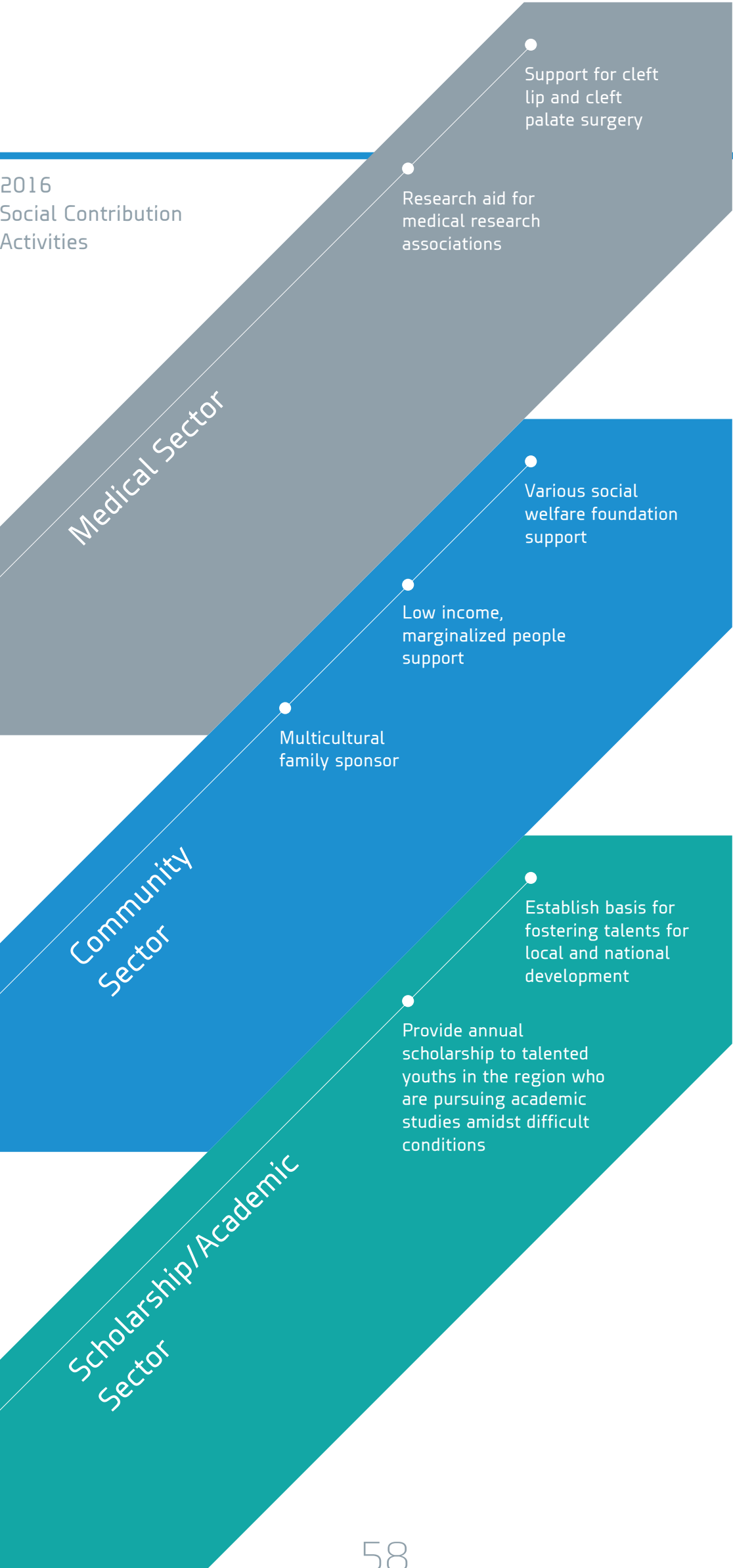
## 2016.12



### Korea’s first stock price display board became history

Daishin Securities decided to suspend the stock price display board, which was in the Operation Division of its headquarters in Yeouido, and held an event of appreciation with the tenant customers. Daishin Securities’ stock price display board was built in 1979 for the first time in Korea. Daishin Securities kept the display board because of its symbolic significance, convenience of investment of senior investors, and space for media coverage, but made the decision to bid it farewell as it moves its headquarters to Myeongdong.

2016  
Social Contribution  
Activities



2016.02

**Donation to communities**  
Daishin Financial Group made “Donation of Love” to Goesan-gun. This year, contributions were made to low-income families, the Multicultural Family Support Center and living facility for people with severe disabilities. Daishin is also involved in the Hope Network Project, implemented by Goesan-gun. It is a private-public project aiming to provide support to those who are in the blind spots of public welfare programs, such as low-income families and people with major disabilities. Daishin Financial Group has been donating since 1991 to various groups of people and community in need, starting in the form of scholarship to low-income students, medical aid to children with congenital disability, support fund to released prisoners to settle in the society, and support to medical institutions.

**Cambodian arts and culture education support**  
Daishin Financial Group has been providing education ODA to Pho Thong Elementary School in Kandal Province, Cambodia by sponsoring Education ODA Center of Sangmyung University Global Institute of Arts and Culture Education. Local teacher’s workshop was on ways to utilize teaching materials and pedagogy with the aim of enhancing creative teaching and learning experience in elementary schools. Daishin Financial Group will continue to partner with Sangmyung University Education ODA Center to provide much-needed educational support to Cambodia.

2016.07

**Support fund for water camp for the disabled**  
Daishin Songchon Cultural Foundation made “Donation of Love” to the Securities Missionary. The donation was used for the “Water Camp for the Disabled,” which is aimed at sharing love through volunteering and serving the disabled in facilities.

2016.08

**National Healthcare Support project: medical support for cleft lip and cleft palate children**  
Daishin Songchon Cultural Foundation has provided aid for the surgery of 3 underprivileged children with cleft lip and cleft palate on April 11, July 1, and August 26 at Pusan National University Hospital. This project began in 1996, and since then 416 children has benefited, bringing back bright smile and bright mind to the children.

2016.11

**Support for National Museum of Modern and Contemporary Art**  
Daishin Songchon Cultural Foundation donated academic research fund to National Museum of Modern and Contemporary Art Foundation through National Museum of Modern and Contemporary Art Support Association. The Support Association’s main business includes supporting investigation and research on contemporary art, collection and preservation of artworks, permanent and special exhibitions, development and execution of various education programs, academic conference and publication, and exchange of international contemporary artworks and information. Daishin Songchon Cultural Foundation has been donating to National Museum of Modern and Contemporary Art since 2012.

**Donation to Naju**  
Auh-Ryung Lee, the Chairperson of the Daishin Financial Group, visited social welfare facilities in Naju, Jeollanam-do to deliver the “Donation of Love”. This is the 13th donation of which started in 2004. This donation was made to help care facility for the disabled, as well as, social welfare facilities and childcare facilities as a means to help the vulnerable classes and multicultural families in Naju. Chairperson Auh-Ryung Lee visited the facilities and encouraged the staff and beneficiaries. Daishin Financial Group will continue to implement the company’s principle, “return of corporate earnings to the society.”



2016.12

**Donation to National Cancer Center Development Fund**  
Daishin Songchon Cultural Foundation donated to the National Cancer Center Development Fund on December 30, 2016. This fund will be used for various purposes including the promotion of, education on, examination for cancer prevention and early diagnosis, research project support, support for academic exchange and academic seminar, and examination support for low-income patients and research patients.



**Donation for Commemorative Organization of poet Byung-hwa Cho**  
Daishin Songchon Cultural Foundation delivered “Donation of Love” to the Commemorative Organization of poet Byung-hwa Cho on December 30, 2016. This fund will be used to support cultural events, such as literature seminars aimed at promoting poetry to the public, project to contribute to the development of Korean culture, and others.



GLOBAL NETWORK

**Tokyo**  
8F, Nax Bldg, 1-3-2, Shinkawa,  
Chuo-ku, Tokyo, 104-0033, Japan  
Tel. 81-3-3551-8088  
Fax. 81-3-3551-5533

**Hong Kong**  
Unit 1601, 16/F, Ruttonjee House,  
11 Duddell, Central, Hong Kong  
Tel. 852-2167-8730  
Fax. 52-2167-8911

DOMESTIC NETWORK

**SEOUL DISTRICT**  
**Business Dept.**  
Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul  
02-757-8211

**Youido Business Dept.**  
2F Allianz Tower, 147 Uisadang-daero,  
Yeongdeungpo-gu, Seoul  
02-6951-0123

**Dongdaemun Branch**  
3F Hanil BLDG, 199 Jong-ro, Jongro-gu. Seoul  
02-741-1711

**Gwanghwamun Branch**  
1F, 2F Juksun Hyundai BLDG, 130 Sajik-ro,  
Jongro-gu, Seoul  
02-735-7571

**Shinchon Branch**  
5F Dongin BLDG, 144 Sogang-ro, Mapo-gu, Seoul  
02-719-3713

**Nowon Branch**  
1F SK Broadband BLDG, 466 Nohae-ro, Nowon-gu, Seoul  
02-3391-4654

**Daerimdong Branch**  
1F Daishin Securities BLDG, 641 Siheung-daero,  
Yeongdeungpo-gu, Seoul  
02-849-4923

**Mokdong Branch**  
2F GwandjangSangga BLDG, 49 Mokdongseo-ro,  
Yangcheon-gu, Seoul  
02-2653-7778

**Ichondong Branch**  
4F Cheil BLDG, Ichonro 64-gil, Yongsan-gu, Seoul  
02-749-4800

**Gangnamdaero Center**  
2F Yardell Finance BLDG, 292 Gangnam-daero,  
Gangnam-gu, Seoul  
02-3462-1630

**Myungildong Branch**  
2F Innocence BLDG, 1596 Yangjae-daero,  
Gangdong-gu, Seoul  
02-3426-3551

**Apgujeong Branch**  
2F Youngsin BLDG, 218 Apgujeong-ro, Gangnam-gu, Seoul  
02-546-3901

**Banpo Branch**  
3F East Banpo Twin BLDG, 26 Gomurae-ro,  
Seocho-gu, Seoul  
02-592-6200

**Cheongdam Branch**  
1F Financial Health Cheongdam Center BLDG, 707  
Yeongdong-daero, Gangnam-gu, Seoul  
02-3443-0100

**Sadang Branch**  
3F Golden Cinema Tower, 89 Dongjak-daero,  
Dongjak-gu, Seoul  
02-3474-0600

**Yangjaedong Branch**  
2F Winston hofficetel, 79 Nonhyeon-ro, Seocho-gu, Seoul  
02-574-0300

**Gangnam Seolleung Center**  
1F, 2F HLMC BLDG, 420 Teheran-ro, Gangnam-gu, Seoul  
02-569-9233

**Dogok Station Branch**  
2F Dongha BLDG, 2913 Nambusunhwan-ro,  
Gangnam-gu, Seoul  
02-553-8400

**Jamsil·Shinchun Branch**  
3F Trazium, 61 Seokchonhosu-ro, Songpa-gu, Seoul  
02-421-2332

**Meister Club Jamsil**  
2F Jangmi, 112 Olympic-ro 35-gil, Songpa-gu, Seoul  
02-3432-4950

**INCHEON · GYEONGGI DISTRICT**  
**Gwangmyeong Center**  
2F Daishin Securities BLDG, 16 Cheolsan-ro,  
Gwangmyeong-si, Gyeonggi-do  
02-2681-2311

**Songdo Branch**  
2F Songo Millenium BLDG, 69 Convensia-daero,  
Yeonsu-gu, Incheon  
032-763-8108

**Bucheon Branch**  
2F Bizantium, 91 Gilju-ro, Wonmi-gu, Bucheon-si,  
Gyeonggi-do  
032-667-1512

**Incheon Center**  
3F Manhattan BLDG, 4 Inha-ro 489 beon-gil,  
Namdong-gu, Incheon  
032-435-8700

**Pyeongchon Branch**  
2F Intops BLDG, 206 Simin-daero, Dongan-gu,  
Anyang-si, Gyeonggi-do  
031-388-2400

**Ilsan Branch**  
2F Jungdo Plaza, 1419 Jungang-ro, Ilsanseo-gu,  
Goyang-si, Gyeonggi-do  
031-919-5033

**Songtan Branch**  
3F Bumhan Plumbing BLDG, 33 Gwangwangteukgu-ro,  
Pyeongtaek-si, Gyeonggi-do  
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**Suwon Branch**  
4F Seyoung BLDG, 199 Gwongwang-ro, Paldal-gu,  
Suwon-si, Gyeonggi-do  
031-224-9900

**Osan Center**  
2F Innocence BLDG, 129 Seongho-daero, Osan-si,  
Gyeonggi-do  
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**Bundang Center**  
3F Coscom BLDG, 27 Hwangsaeul-ro 360 beon-gil,  
Bundang-gu, Seongnam-si, Gyeonggi-do  
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**Suji Branch**  
3F Seho BLDG, 52 Seongbok 2-ro, Suji-gu,  
Yongin-si, Gyeonggi-do  
031-265-2733

**BUSAN · DAEGU · WOOLSAN · GYEONGSANG DISTRICT**  
**Busan Center**  
3F Seomyun Finance BLDG, 709 Jungang-daero,  
Busanjin-gu, Busan  
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**Changwon Branch**  
3F Suhyup BLDG, 113 Sangnam-ro, Seongsan-gu,  
Changwon-si, Gyeongsangnam-do  
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**Pohang Branch**  
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Pohang-si, Gyeongsangbuk-do  
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Dongnae-gu, Busan  
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**Dongdaegu Branch**  
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053-751-6040

**Bokhyun Branch**  
3F Daehyun BLDG, 150 Dongbuk-ro, Buk-gu, Daegu  
053-958-1711

**Mugeodong Branch**  
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**Haeundae Branch**  
3F Marina Center, 154 Haeundaehaebyeon-ro,  
Haeundae-gu, Busan  
051-704-3800

**Ulsan Branch**  
3F CheilHwajae BLDG, 262 Samsan-ro, Nam-gu, Ulsan  
052-265-2266

**GWANGJU · JEOLLA DISTRICT**  
**Gwangju Center**  
1F Daishin Securities BLDG, 147 Geumnam-ro,  
Dong-gu, Gwangju  
062-223-6601

**Jeonju Branch**  
2F Daishin Securities BLDG, 235 Paldal-ro, Wansan-gu,  
Jeonju-si, Jeollabuk-do  
063-275-4600

**Gunsan Branch**  
1F First BLDG, 192 Susong-ro, Gunsan-si, Jeollabuk-do  
063-442-3151

**Suncheon Branch**  
1F ChungwooEnC, 296 Isu-ro, Suncheon-si, Jeollanam-do  
061-724-8440

**Gwangyang Branch**  
1F Haewoon BLDG, 63 Jungdong-ro, Gwangyang-si,  
Jeollanam-do  
061-791-7800

**Naju Branch**  
3F Vision Tower, 685 Bitgaram-ro, Naju-si, Jeollanam-do  
061-337-9696

**Sangmu Branch**  
2F Ajou BLDG, 64 Sangmujungang-ro, Seo-gu, Gwangju  
062-371-0017

**Mokpo Branch**  
3F Promo BLDG, 95 Ogam-ro, Mokpo-si, Jeollanam-do  
061-284-4611

**DAEJEON · CHUNGCHEONG DISTRICT**  
**Cheongju Branch**  
3F Heungbok Dream Mall BLDG, 47 Daenong-ro,  
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043-222-7290

**Cheonan Branch**  
2F Dongbang BLDG, 296-10 Seobu-daero, Seobuk-gu,  
Cheonan-si, Chungcheongnam-do  
041-578-0535

**Daejeon Center**  
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**JEJU DISTRICT**  
**Jeju Branch**  
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064-743-4131

# COMPANY EXECUTIVES

## Investment Baking Group



Head of Investment  
Banking Group  
**Tae-young Jung**



Head of IB1  
Business Group  
**Woo-chul Jang**



Head of IB2  
Business Group  
**Yeo-seon Han**



Head of IB3  
Business Group  
**Pom-jin Choi**

## Solution & Product Group



Head of Solution &  
Product Group  
**Young-hoon Bae**



Head of Product Group  
**Dong-hoon Lee**



Head of Market  
Solution Group  
**Hwan-moak Lee**

## Financial Health Service Group



Head of Financial  
Health Service Group  
**In-sig Shin**



Director of Financial  
Health Service  
Planning Group  
**In-sub Kwon**



Director of Gangnam  
Regional Headquarters  
**Chang-lyong Ha**



Director of Seobu  
Regional Headquarters  
**Dong-hyeon Park**



Director of Gangbuk  
Regional Headquarters  
**Jae-joong Jung**



Director of Dongbu  
Regional Headquarters  
**Jung-hwa Lee**

## Headquarter Functions



Director of Planning Group &  
Investment Finance Group  
**Bum-chul Kim**



Director of Secretary /  
Brand Strategy Group  
**Hyeok Song**



Director of Customer Asset  
Management Group & Public  
Relations Group  
**Kyung-sun Cho**



Director of Business  
Support Group  
**Dae-han Hong**



Director of Operations &  
Technology Group  
**Myung-jae Choi**



Director of Research &  
Strategy Group  
**Jae-joong Kim**



In-charge of  
Risk Management Group  
**Moon-soo Lee**



In charge of Compliance  
Support Group  
**Jung-suk Choi**



In charge of Audit Group  
**Seong-won Kim**



In charge of Information  
Protection Group  
**Tae-am Jung**

# ORGANIZATION CHART

Organizational structure (as of March, 2017)

General Meeting of Shareholders

Board of Directors

Chairperson

