

Trust

Dynamic

About This Report

Since 2014, Daishin Securities has been disclosing its business performance from the perspective of sustainability through the publication of sustainability reports. Through this report, we intend to communicate with stakeholders about the achievements we’ve made by strengthening our business capabilities and social and environmental value we’ve created by fulfilling our corporate social responsibility (CSR). This year, as we celebrate the publication of our seventh sustainability report, we will endeavor to find the direction of an ESG policy that creates value and explore strategies to maintain our reputation as a trusted innovative company. Going forward, we will continue to strive to grow together with all members of society.

Reporting Standards

This report was prepared in accordance with the key conformance criteria of the GRI Standards, the international reporting guidelines for sustainability management, and in connection with ISO 26000.

Reporting Scope and Period

This report includes information on Daishin Securities' business activities at the headquarters in Seoul and places of business in Korea and abroad. Daishin Securities' sustainability management activities and performance from January 1, 2020 to December 31, 2020 are presented in this report. The company status as at March 2021 and some of the achievements made in 2021 are noted in the report.

Reporting Verification

The financial information in this report is based on the consolidated financial statements prepared in accordance with the K-IFRS and was audited by Samil PwC and verified by ECONINE, an independent third-party assurance agency.

Inquiries

This report can be downloaded as a PDF file from the Daishin Securities' website. If you’d like more detailed information on the company’s sustainable management activities and performance, feel free to contact us.

Address Daishin Finance Center, 343, Samil-daero,
Jung-gu, Seoul, 04538
Department PR Office, Daishin Securities
Phone 02-769-2117
Email irmaster@daishin.com
Website www.daishin.com

Introduction

- 18 Chairwoman's Message
- 20 CEO's Message
- 22 Company Overview
- 23 Credit Rating
- 24 Board of Directors &
Governance
- 28 Daishin Financial Group
- 29 2021 Management Objectives
ESG Management Strategies

Business Highlights

- 32 Sustainability Highlights
- 34 Performance Highlights
- 36 Service Highlights
- 38 HNW
- 40 Retirement Pension
- 42 IB
- 44 Wholesale

Daishin Action

- 48 Consumer
- 56 Environment
- 62 Social
- 70 Governance
- 80 Groth
- 84 Daishin Specialists Interview

Appendix

- 90 Stakeholder Engagement
- 91 Evaluation of Importance
- 98 Data Center
- 112 Social Performance
- 115 Environmental Performance
- 116 GRI Content Index
- 122 Third-Party Assurance
- 124 Daishin Financial Group History
- 126 Daishin Securities : Organization Chart
- 128 Awards
- 129 Membership of Associations
- 130 Network

Daishin Securities is vigorously pursuing ESG management by making improvements in relation to CSR, environmental sustainability and governance.

Daishin Securities expects to achieve remarkable growth together with its subsidiaries through ongoing communication and collaboration.

Moreover, it will continue to move forward by delivering value to customers and fulfilling its CSR, in addition to meeting the expectations of its customers.

Auh-ryung Lee, Chairwoman of Daishin Financial Group
New Year’s message in 2021

FY20(60th)
2020.01.01~2020.12.31

FY19(59th)
2019.01.01~2019.12.31

FY18(58th)
2018.01.01~2018.12.31



We have been building customer trust over the years.


The essence of trust is firm and unchanging.

Trust may not be visible to the eye, but it is unshakable.

Trust is the foundation for sustainable growth in dynamic financial markets.

A close-up photograph of a wooden surface, showing concentric growth rings in a light brown color. The texture is smooth and natural.

Trust is built over time

A dark gray background featuring a series of thin, light gray concentric circles that radiate from the center, creating a subtle ripple effect.

We have been building customer trust over the years.
like trees that continually grow while withstanding all kinds of
weather and environmental conditions.



Trust should be firm

The essence of trust is firm and unchanging.
like the way the fragments and particles breaking from massive rocks due to weathering
eventually consolidate to form a strong stratified layer.

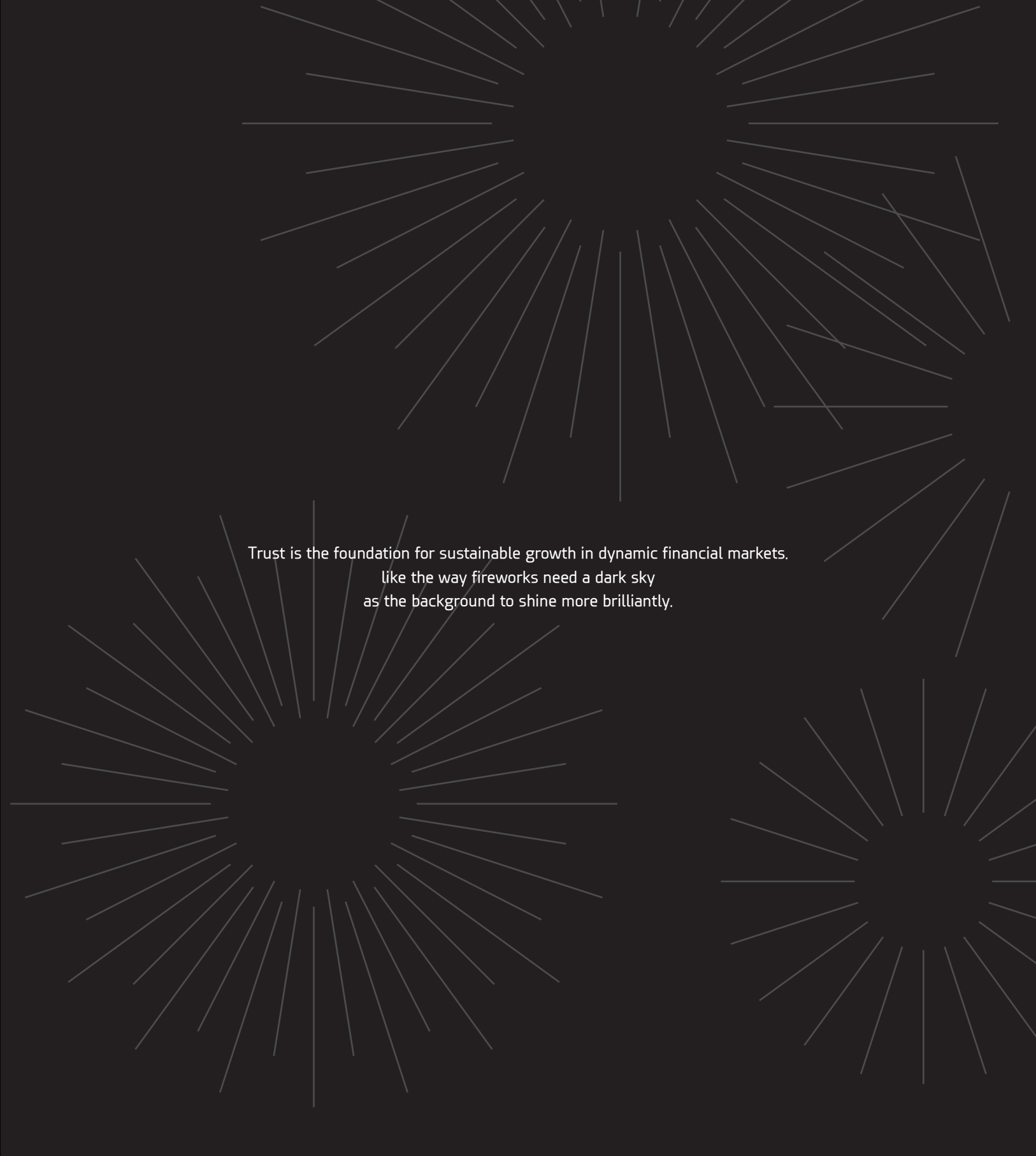


Trust should be unshakable

Trust may not be visible to the eye, but it is unshakable.
Like the way the absence of the greenery in winter does
not shatter the belief that it will return in spring.



Trust is to the foundation
for dynamic performance



Trust is the foundation for sustainable growth in dynamic financial markets.
like the way fireworks need a dark sky
as the background to shine more brilliantly.

Introduction

Chairwoman's Message



At Daishin Securities, we plan on pursuing ESG management by fulfilling our social and environmental responsibilities and improving our governance.

Dear respected stakeholders of Daishin Securities,
On behalf of all our executives and employees, I would like to express our profound gratitude toward all of you for your unwavering support and encouragement.

At Daishin Securities, we have dedicated ourselves to raising customer value with “customer trust,” “win-win relationships with customers,” and “innovation for customers” as our core values for the past six decades. In 2020, we made significant achievements through new endeavors and changes amid the challenges of the times, while fortifying the foundation for growth in the future in line with our differentiation strategy., and I hope to share with you the footsteps taken by Daishin Securities in 2020 through this integrated report. I also promise that we will continue to make notable achievements with financial and real estate expertise and practice sustainable management, while fulfilling our responsibility in a socially and environmentally conscious manner.

Dear respected stakeholders,
We plan on pursuing ESG management by fulfilling our social and environmental responsibilities and improving our governance. We are making full-fledged efforts to attain sustainable growth and maintain a governance structure that will help protect your interests. In order to make the best possible decisions, our board of directors has been formed with individuals with tremendous expertise and years of experience in their respective fields. Outside directors whose independence has been assured make up the majority so that the board can effectively keep the executive management in check. In 2021, the number of outside directors was increased from four to five, thereby further enhancing transparency and fairness of the board operation, and ESG strategies were set forth for the Group so as to strengthen the ESG management system. We plan on emerging as a social enterprise that contributes to the betterment of society and environment by organizing an ESG committee, raising ESG awareness among employees through educational programs, and more.

Dear respected stakeholders,
Protecting financial consumers has become an important goal for all financial firms, including financial investment companies. At Daishin Securities, we have mis-selling prevention processes in place for all the financial products we offer and monitor the implementation of those processes through a mystery shopper program. A thorough financial consumer protection system has been established to prepare internal rules of conduct, reflect consumer opinions, and train employees properly. We consider our employees as our core assets and the driving forces behind our business operations and spare no efforts when it comes to supporting their personal growth and development. Our employees are offered equal opportunities, irrespective of their school

or regional backgrounds, and gender equality is also ensured the workplace. There are also a wide range of employee welfare and capacity building programs aimed at raising the quality of life and supporting employees in pursuing personal development and vocational skills development.

Based on our management philosophy to pay back to society and fulfill our corporate social responsibility, we have been giving out scholarships and making donations to promote public health, help children in need, and more. As such, we are laying the groundwork to create win-win relationships with our communities.

Dear respected stakeholders,
In 2021, all of us at Daishin Securities will make a concerted effort to meet your expectations by ensuring stable profit generation and managing our gains and losses appropriately, while pursuing our goals to strengthen our competitiveness (“Unique”), deliver results through execution (“Expert”), and take leadership in REITs and alternative investments (“Summit”). To achieve our first goal, which is to strengthen our competitiveness, we will dedicate ourselves to enhancing our fundamental competitiveness in each business area. We will faithfully adhere to the basics and principles and reorganize our profit models centering on strategic businesses with excellent potential to generate stable profits, irrespective of the market conditions. As for customer service, we will upgrade our online services and offer safe products and services according to customer needs and propensities, thereby ensuring stability and profitability. As for our second goal, which is to deliver results through execution, we will promote growth by cultivating an organizational culture that is dynamic and oriented toward execution. By improving our systems and taking on performance-oriented projects, we will boost our work efficiency and productivity. Last but not least, we will be committed to becoming the industry’ s No. 1 house in REITs and alternative investments based on our professional expertise and experience.

Dear respected stakeholders,
Daishin Securities will stay committed to delivering value to its customers, fulfill ing its corporate social responsibility, and living up to your expectations. Once again, thank you for your trust and support. I wish all of you and your families good health and happiness in 2021.

Thank you.

Chairwoman,
Daishin Financial Group
Auh-ryung Lee

이 어 룡

CEO's Message

Dear respected customers, shareholders,
and other stakeholders of Daishin Securities,
I would like to express my deepest gratitude for your support and encouragement last year. Thanks to your support, we were able to make meaningful achievements even in the midst of a pandemic. 2020 was a year of dramatic changes due to the outbreak of COVID-19, which had a tremendous impact on policies, economies, societies, and people’ s lives. The international financial markets and the Korean capital market were heavily influenced as well and saw extreme volatility.

Fortunately, the real economy is recovery faster than initially expected, but there are also warnings that tremendous inflation awaits, due to the unprecedented gush of liquidity. When tapering becomes to address this issue, the low-interest trend that had continued for years may come to an end. This in turn will lead to market uncertainty as well.

The domestic financial investment industry is faced with a wave of massive changes. Competition among traditional financial institutions, including securities firms, banks, and insurance companies, is becoming more intensified. In addition, online platform service providers armed with cutting-edge IT are entering the financial investment sector, and this will lead to repositioning in the market. We are very aware that we must predict the direction and speed of changes in the business environment and proactively deal with them in order to survive in this industry.

Daishin Securities has been in the financial investment industry, known for its extreme ups and downs, for 60 years. It was possible thanks to its strong risk management proficiency and enterprising spirit, evident in the way it pursued innovation and become a tech leader among securities firms. Based on these strengths, we will effectively deal with changes in the global financial environment and compete with our peers based on our unique background. We vow to relentlessly take on new challenges to bring forth change and innovation, as a trailblazer in the industry.

Daishin Securities recorded KRW 219.4 billion in pretax income and KRW 147.0 billion in net income, based on the consolidated financial statements, in 2020. This is a 70% and 56% YOY increase, respectively. The company recorded KRW 236.0 billion in pretax income and KRW 170.3 billion in net income, based on the separate financial statements, which were a 100% and 94% YOY increase, respectively. Based on this, dividends were paid in the amount of KRW 1,200 per share for ordinary stocks, KRW 1,250 per share for first preferred stocks, and KRW 1,200 per share for second preferred stocks.. The payout ratio will be about 30 to 40% based on the separate financial statements for the 2021 accounting year. We will also strive to raise shareholder value by reviewing the possibility of purchasing treasury stocks. We will continue

to distribute profits through dividend payouts and reinvest the remaining capital. We will increase our capital to boost the value of our company and promote further growth and in turn raise shareholder value in a virtuous cycle.

The first and foremost management objective of Daishin Securitas for the year 2021 is to create a new profit-generating model by collaborating with affiliates in finance and real estate. Through the collaboration among Daishin Securities, F&I, Savings Bank, Asset Trust, Asset Management and PE, we will be able to produce unique results that no other organizations are capable of. To this end, we will strive to become the No. 1 house specializing in REITs and alternative investments. We will work together with our affiliates in the real estate sector to emerge as an organization with unparalleled expertise in REITs and alternative investments in real estate.

We will also devote our efforts to further promote our retail segment, which saw remarkable growth last year. The number of HNW customers climbed more than 50% last year alone, and this was made possible by providing them with tailored products and services. We will also try to gain a greater share of the brokerage market and develop new income sources in the WM segment. As for the IB segment, we are finally seeing the result of years of investment. We were chosen as a joint lead manager of mega deals by Kakao Pay, LG Energy Solution and others and are fast becoming a major player in the IB segment. We will continue to invest in this area to recruit excellent talents and expand our organization.

Daishin F&I, Savings Bank, Asset Management, and Asset Management, in which Daishin Securities holds 100% of the stakes, are also demonstrating stable performance. We will further fortify the Group’ s financial and real estate value chains, effectively adjust our investment portfolio to be better prepared against market uncertainty, and promote an organizational culture that focuses on key businesses.

At Daishin Securities, we will pursue ESG management to contribute to creating a world where all our stakeholders can enjoy happiness and excellent quality of life. We will fulfill our corporate social responsibility and emerge as a company that is trusted and admired by all stakeholders. I ask for your continued support.

Thank you.

CEO,
Daishin Securities
Ik-keun Oh



At Daishin Securities, we will pursue ESG management to contribute to creating a world where all our stakeholders can enjoy happiness and excellent quality of life.

Company Overview

General Information

| Business Type | Business Areas | Date of Establishment | Listing Date |
|--|--|---|---|
| Financial Investment Service | Investment trading, investment brokerage, trust, investment advisory, discretionary investment | July 27, 1962 | October 1, 1975 |
| Head Office Address | Capital | Total Equity | Total Assets |
| 343, Samil-daero, Jung-gu, Seoul, Republic of Korea (Daishin Finance Center, Jeodong 1-ga) | KRW 434.9 billion | KRW 1,910.4 billion (KRW 2,106.1 billion, based on consolidated financial statements) | KRW 14, 487.3 billion (KRW 20, 932.2 billion, based on consolidated financial statements) |
| Executives & Employees | Total Assets Under Management | Financial Assets (Funds, Trusts, etc.) | Entrusted Assets (Stocks, Bonds, etc.) |
| 1,476 | KRW 78, 939.6 billion | KRW 22,376.9 billion | KRW 56,561.8 billion |

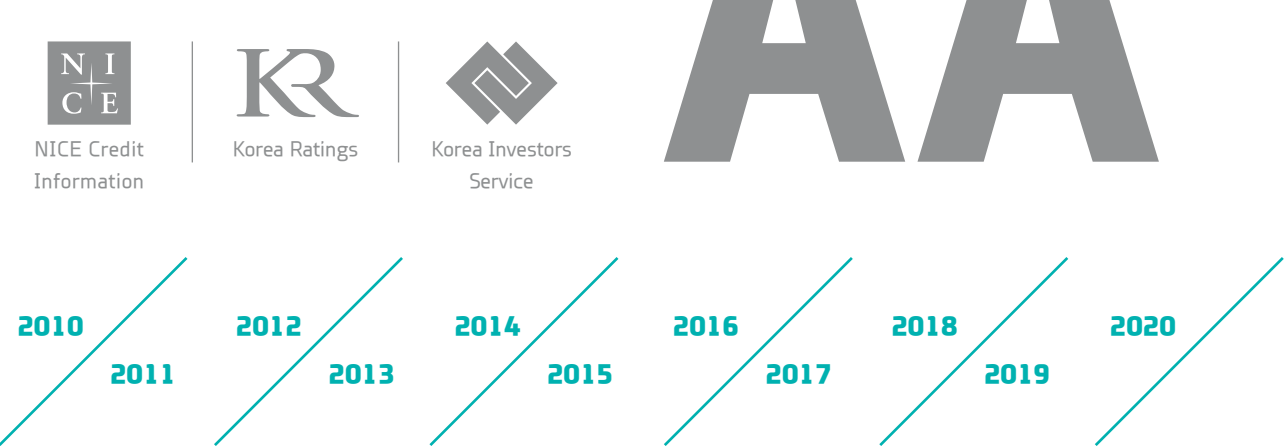
Summary of Consolidated Financial Statements

| Category | Unit : billion KRW | | |
|------------------------------|--------------------|----------|----------|
| | FY18 | FY19 | FY20 |
| Operating revenues | 2,557.0 | 2,696.7 | 2896.0 |
| Operating expenses | 2,398.5 | 2,597.0 | 2628.7 |
| Operating income | 158.5 | 99.7 | 239.2 |
| Non-operating gains (losses) | 30.8 | 29.4 | -19.8 |
| Net income before tax | 189.3 | 129.1 | 219.4 |
| Net income | 140.7 | 94.0 | 147.0 |
| Total assets | 19,151.3 | 19,437.3 | 21,503.8 |
| Total liabilities | 17,150.4 | 17,420.2 | 19,426.5 |
| Total capital | 2,000.9 | 2,017.0 | 2,077.4 |
| EPS for common stock (KRW) | 1,961 | 1,310 | 2,119 |

As of March 2021

Credit Rating

Daishin Securities has held a credit rating of AA- from the top 3 credit assessment agencies in Korea since 2010.



Summary of Separate Financial Statement

| Category | Unit : billion KRW | | |
|------------------------------|--------------------|----------|----------|
| | FY18 | FY19 | FY20 |
| Operating revenues | 2,236.5 | 2,288.3 | 2,289.6 |
| Operating expenses | 2,108.8 | 2,189.4 | 2,049.9 |
| Operating income | 127.6 | 98.9 | 239.7 |
| Non-operating gains (losses) | 18.3 | 19.0 | -3.6 |
| Net income before tax | 145.9 | 117.9 | 236.0 |
| Net income | 114.8 | 87.9 | 170.4 |
| Total assets | 14,016.3 | 13,482.8 | 15,367.0 |
| Total liabilities | 12,221.1 | 11,682.1 | 13,464.3 |
| Total capital | 1,795.2 | 1,800.8 | 1,902.7 |
| EPS for common stock (KRW) | 1,595 | 1,215 | 2,439 |

Board of Directors & Governance

Daishin Securities pursues transparency and responsible management practices across all areas of decision-making, management activities and the supervision system. The company has set up an excellent governance model, based on efficiency and responsibility of the board, and is protecting the rights and interests of stakeholders and enhancing the value of the company. The Board of Directors is comprised of eight members, five of whom (62.5%) are outside directors.

| Inside directors | Name | Date of Initial Appointment | Career Background |
|----------------------|------------------|-----------------------------|--|
| | Auh-ryung Lee | 2005. 5. 27 | Chairwoman of Daishin Securities |
| | Ik-geun Oh | 2020. 3. 20 | CEO of Daishin Savings Bank Present) CEO of Daishin Securities |
| | Hong-seok Yang | 2010. 5. 27 | Vice President of Daishin Securities Present) President of Daishin Securities |
| Outside directors | Byeong-cheol Kim | 2018. 3. 23 | Member of the Committee of Inspection at the Board of Audit and Inspection Present) Financial Administration at the Financial Services Commission Member of the Ministry of Personnel Management |
| | Chang-se Lee | 2018. 3. 23 | Head of Prosecutors at the Supreme Prosecutors' Office Chief Prosecutor at the Seoul Northern District Prosecutor's Office Present) Attorney at Dongin Law Group |
| | Hong-hee Cho | 2020. 3. 20 | Head of Seoul Regional Tax Office Present) Advisor at Bae, Kim & Lee LLC |
| | Chang-soo Kim | 2021. 3. 19 | President of Chung-Ang University Present) Professor of Business Administration at Chung-Ang University |
| | Yoon-hee Won | 2021. 3. 19 | President of the University of Professor at the University of Seoul Graduate School of Science in Taxation |

External Evaluation of Governance

Daishin Securities was ranked among the top companies in the corporate governance evaluations carried out by the Korea Corporate Governance Service and Sustainvest. We will continue to maintain transparency and professional expertise in our governance to ensure sustainable management.

Korea Corporate Governance Service (KCGS)'s rating B+

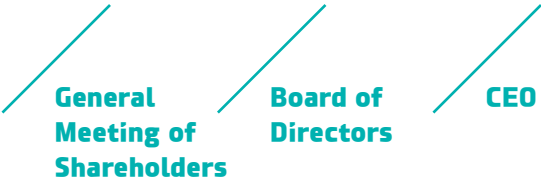


Sustainvest' rating BB



Governance

There are five sub-committees operating under the Board of Directors: the Executive Nomination Committee, Risk Management Committee, Remuneration Committee, Management Committee and Audit Committee.



| Executive Nomination Committee | Nomination of candidates |
|--------------------------------|---|
| Risk Management Committee | Deliberation and handling of risk issues |
| Remuneration | Evaluation and improvement of management performance and the appropriateness of the internal control system |
| Management | Deliberation and resolution on major decision-making issues concerning the management of the group |
| Audit Committee | An auditor oversight body that ensures fairness and transparency |

Daishin Financial Group

NPL Investment



Year of launch **2014**
Capital **70.0 B**
Equity **453.2 B**
Total assets **3,504.3 B**

Daishin F&I, a private bad bank established for the purpose of disposing of non-performing loans (NPLs), invests primarily in NPLs and real estate.

2020 Performance & 2021 Goals

The focus of management was on recovering the invested assets, instead of making new investments, for the purpose of generating steady income and managing risks. By securing assets that generate steady income and strengthening recovery activities, risk management capacity, and collaborations with other affiliates, Daishin F&I will fortify its foundation as an investment company specializing in NPL and real estate investment.

Microfinance



Year of launch **2011**
Capital **35.6 B**
Equity **213.4 B**
Total assets **1,974.5 B**

Daishin Savings Bank is a financial institution that provides professional services to individuals and small- and medium-sized enterprises (SMEs), while strengthening its risk management competencies.

2020 Performance & 2021 Goals

Improvements were made in relation to risk management and web and mobile customer channels (incl. an app). The company saw a gradual drop in the delinquency rate and a boost in individual customers and government program-linked loans. To manage the risks associated with an economic recession, efforts will be made to secure customer in good financial standing and improve asset soundness, in addition to building a balanced loan business and digital services with the goal of reaching KRW 2 trillion in total assets.

Financial Investment



Year of launch **1988**
Capital **35.6 B**
Equity **40.6 B**
Total assets **46.5 B**

Daishin Asset Management offers excellent fund products in various areas, including global real estate funds and passive funds.

2020 Performance & 2021 Goals

Daishin Asset Management recorded KRW 6.5 trillion in deposits in 2020, as result of attracting additional institutional funds, such as that of the National Pension Service, and receiving deposits for the KOSPI 200 Index Fund. There are plans to increase passive fund deposits based on a sound management system and boost overseas real estate funds by reinforcing alternative investment capabilities. Product diversification will also be pursued by selling new REITs by collaborating with other organizations of the Group.

Real Estate Finance



Year of launch **2019**
Capital **100.0 B**
Equity **97.9 B**
Total assets **104.5 B**

Daishin Asset Trust, the establishment of which was funded entirely by Daishin Securities, specializes in real estate development, financing, REITs, and consulting.

2020 Performance & 2021 Goals

The company entered the guaranteed completion real estate trust market and strengthened its business operations associated with urban renewal projects. A turnaround was made, thanks to an increase in trust fees and pre-tax profits, and a stable NCR was maintained overall. There are plans to collaborate with the members of the Group by expanding the network through structured REITs and trusts and to offer differentiated REIT products, such as land-exchange REITs.

Private Equity Finance



Year of launch **2012**
Capital **10.0 B**
Equity **12.3 B**
Total assets **14.5 B**

Daishin Private Equity manages six PE funds with investments from large institutions and is broadening the scope of investment with top-notch financial experts.

2020 Performance & 2021 Goals

Daishin Private Equity successfully dealt with the changes in the PE environment caused by the COVID-19 pandemic. Blind funds were formed and a blind contest was held successfully, in addition to establishing corporate-friendly deal strategies. While taking a corporate-friendly position in the market, the company plans to pursue co-investment funds, pre IPO investment and so on. Experience and expertise will also be pursued in relation to investing overseas, in line with the latest trend.

Finance & Business management Research



Year of launch **2012**
Capital **10.0 B**
Equity **12.3 B**
Total assets **14.5 B**

Daishin Economic Research Institute, the sole private economic research body in the financial investment industry in Korea, conducts research on governance and develops investment solutions by incorporating engineering techniques into investment theories.

2020 Performance & 2021 Goals

Daishin Economic Research Institute has been gaining a greater share of the proposition analysis market. It established an ESG evaluation model and data system for domestic institutional investors in collaboration with the Financial Engineering Research Institute. There are plans to upgrade the shareholder engagement support consulting service and ESG evaluation model for institutional investors, strengthen the digital system for ESG media research, and develop new business areas by launching corporate ESG consulting services and more.

2021 Management Objectives

As market uncertainty continues to remain in 2021 due to COVID-19 and increased liquidity, Daishin Securities is endeavoring to become an industry leader based on change and innovation. To this end, we have established three management strategies for the year 2021. We will continue to strive for sustainable growth while upholding customer-centered values and business fundamentals.

| Unique Differentiated competitiveness | Expert Making achievements based on new endeavors and innovation | Summit Leadership in the industry | |
|---|---|--|--------------------------|
| Ensure competitiveness in each business segment and upgrade customized services | Create outcomes through execution | Ensure competitiveness in each business segment and upgrade customized services | Daishin Securities |
| Change the investment asset composition centering on profits | Strengthen risk management | Gain stability through investment in NPLs and real estate | Daishin F&I |
| Secure steady income streams | Improve organizational efficiency | Secure future growth engines | Daishin Savings Bank |
| Promote collaboration with affiliates and offer REITs unique to Daishin | Pave the foundation for the borrowing-type land trust business and establish a proactive risk management system | Lay the groundwork to emerge as a leader in REITs investment, development and management | Daishin Asset Trust |
| Boost deposits for passive investment instruments | Broaden overseas real estate funds | Sell REITs | Daishin Asset Management |
| Take a corporate-friendly position | Invest in tech companies before their IPO through innovation funds | Gain expertise in investing overseas | Daishin Private Equity |



UN SDGs

The United Nations Sustainable Development Goals (UN SDGs) are goals established in 2016 for the UN and the international community to achieve by 2030. Consisting of 17 goals and 169 targets, they concern solving universal problems of mankind and social and economic issues, in addition to protecting the Earth. Daishin Securities has set forth ESG management strategies that are aligned with the UN SDGs and will make every effort to implement them responsibly.

ESG Management Strategies

Daishin Securities trusted by its stakeholders will further upgrade its ESG management. As of 2021, Daishin Securities ranked among the top in the industry in terms of governance will fortify its governance structure and socially responsible management and adhere to the recommended environmental practices so as to realize sustainability and deliver value to customers.

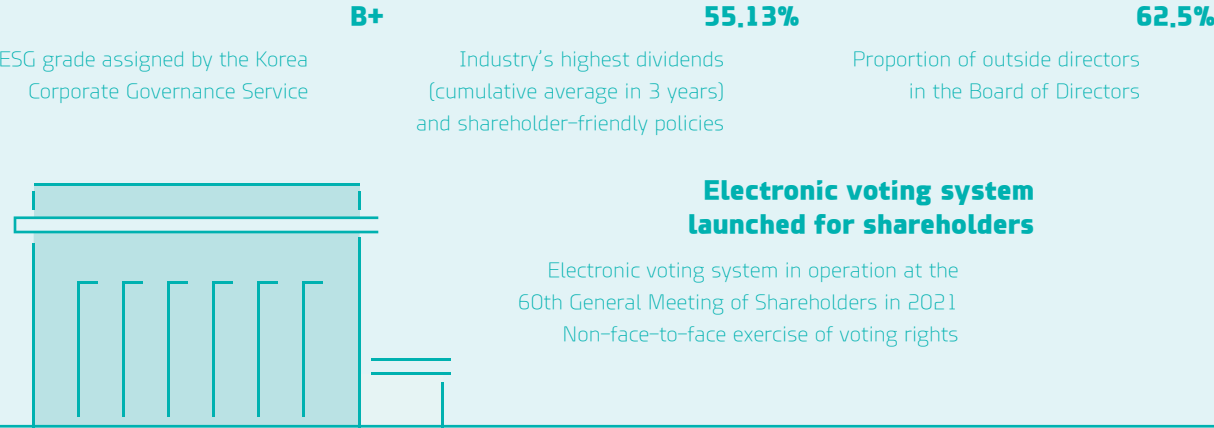
| | | | |
|-------------|--|---|---|
| Environment | <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div> <div>17 PARTNERSHIPS FOR THE GOALS</div> | Management Climate change & Resource efficiency Eco-friendly products and services | Establishment of a companywide decision-making body Disclosure of the results of the efforts to reduce carbon emissions and the amount of energy saved in the last 3 years Development of eco-friendly financial products and services, such as offering a preferential interest rate to eco-friendly companies, and participation in international environmental initiatives |
| | <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> | Human resources management Product and service responsibility Social contribution | Operation of retiree support system such as employment and startup support programs Disclosure of employment safety and health policies Provision of products and services in consideration of consumer safety Disclosure of handling of customer feedback, inquiries, and complaints Employment policy that takes vulnerable groups into consideration Disclosure of the results of CSR programs and activities |
| | <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> | Shareholder rights Board of Directors composition and operation Audit and internal control Management transparency | In-person and electronic voting Regulations requiring outside directors to receive support from external experts Restrictions on the voting rights of inside directors depending on whether the CEO is attending the Executive Nomination Committee meeting and when an outside director is nominated by the Committee Regular audit training for Audit Committee members Compliance training for executives by the compliance officer Profit and loss forecasts, disclosure of future business plans, and disclosure of the audit report in English |

Business Highlights

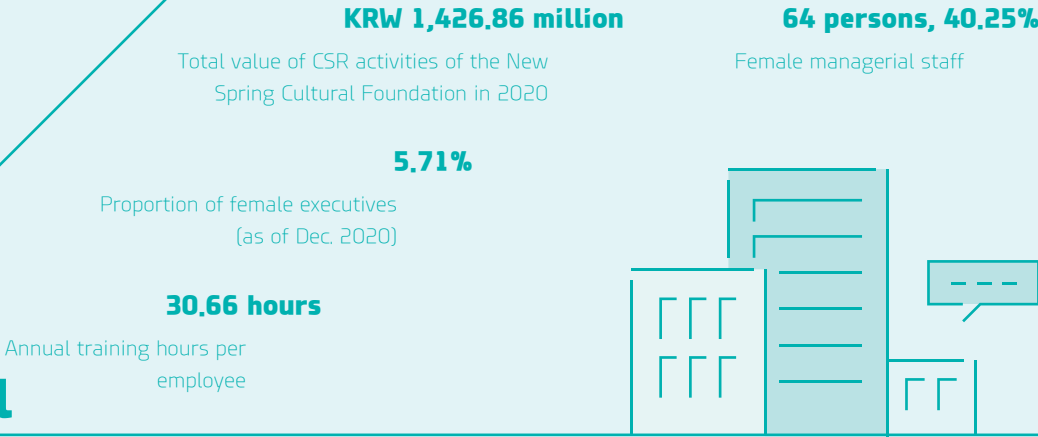
Daishin Securities has been achieving continuous growth together with its customers based on trust and dynamism. “Sustainability” and “ESG” have emerged as important keywords for nations and companies across the world for the post-COVID-19 era. In the future, only businesses displaying excellence in their environmental practices, social contribution, and governance will be able to thrive. Recognizing this imminent change, Daishin Securities is reflecting the value of sustainability in all its activities and working toward the future.

01. Sustainability Highlights

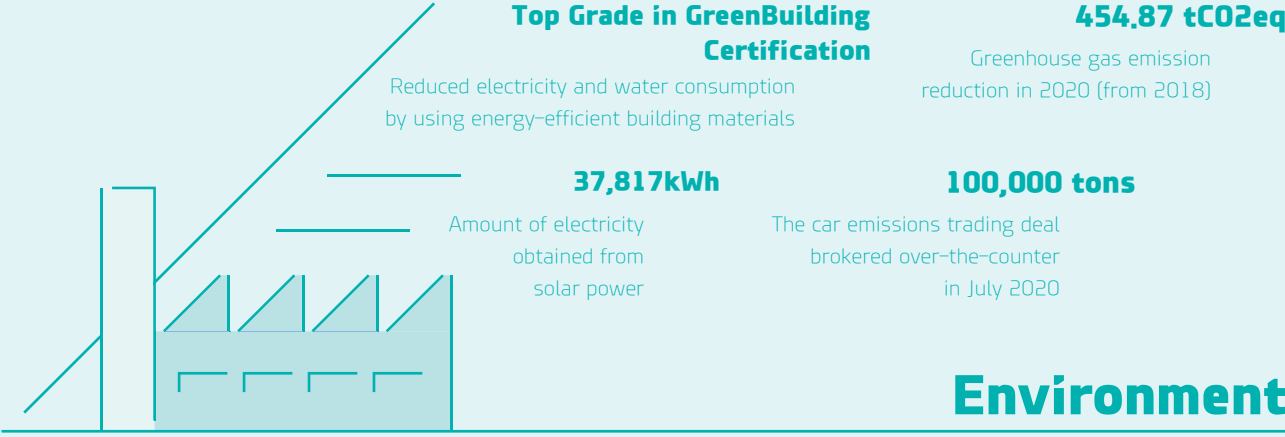
Governance



Social

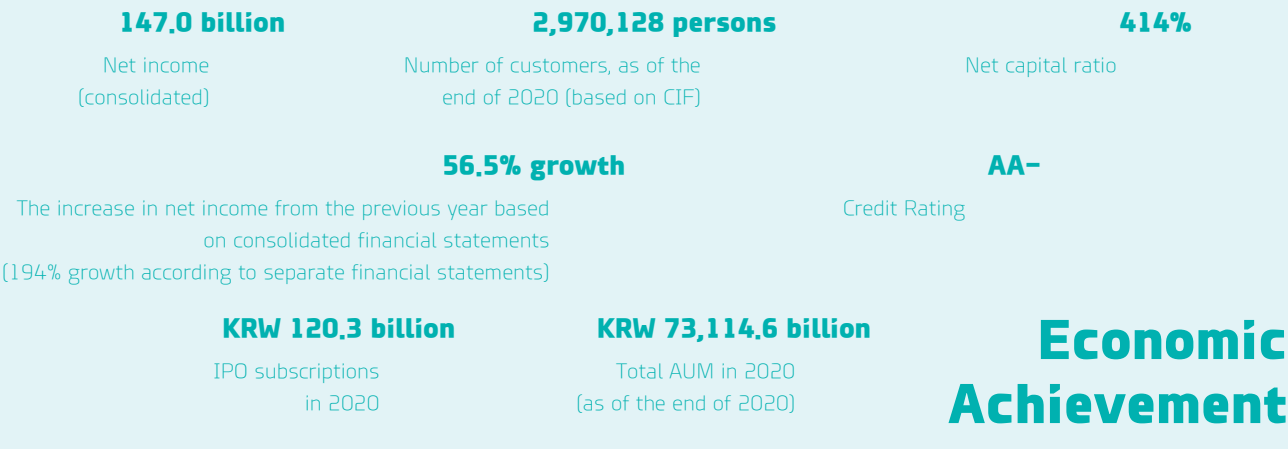
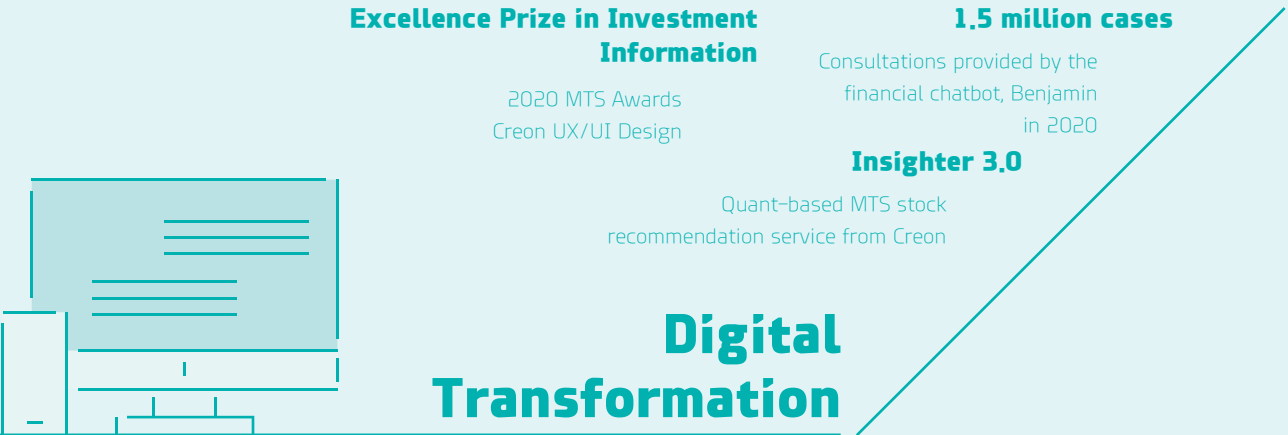
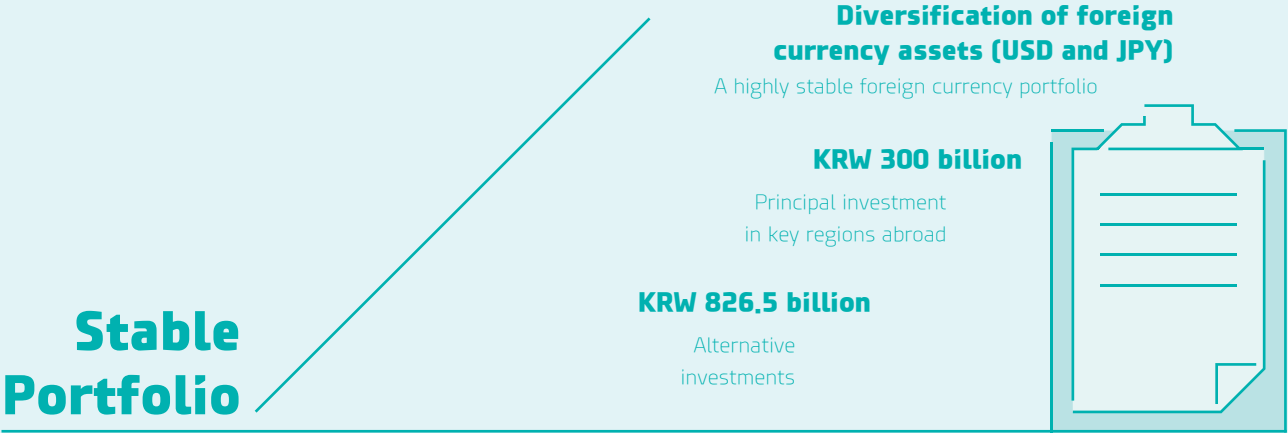


Environment



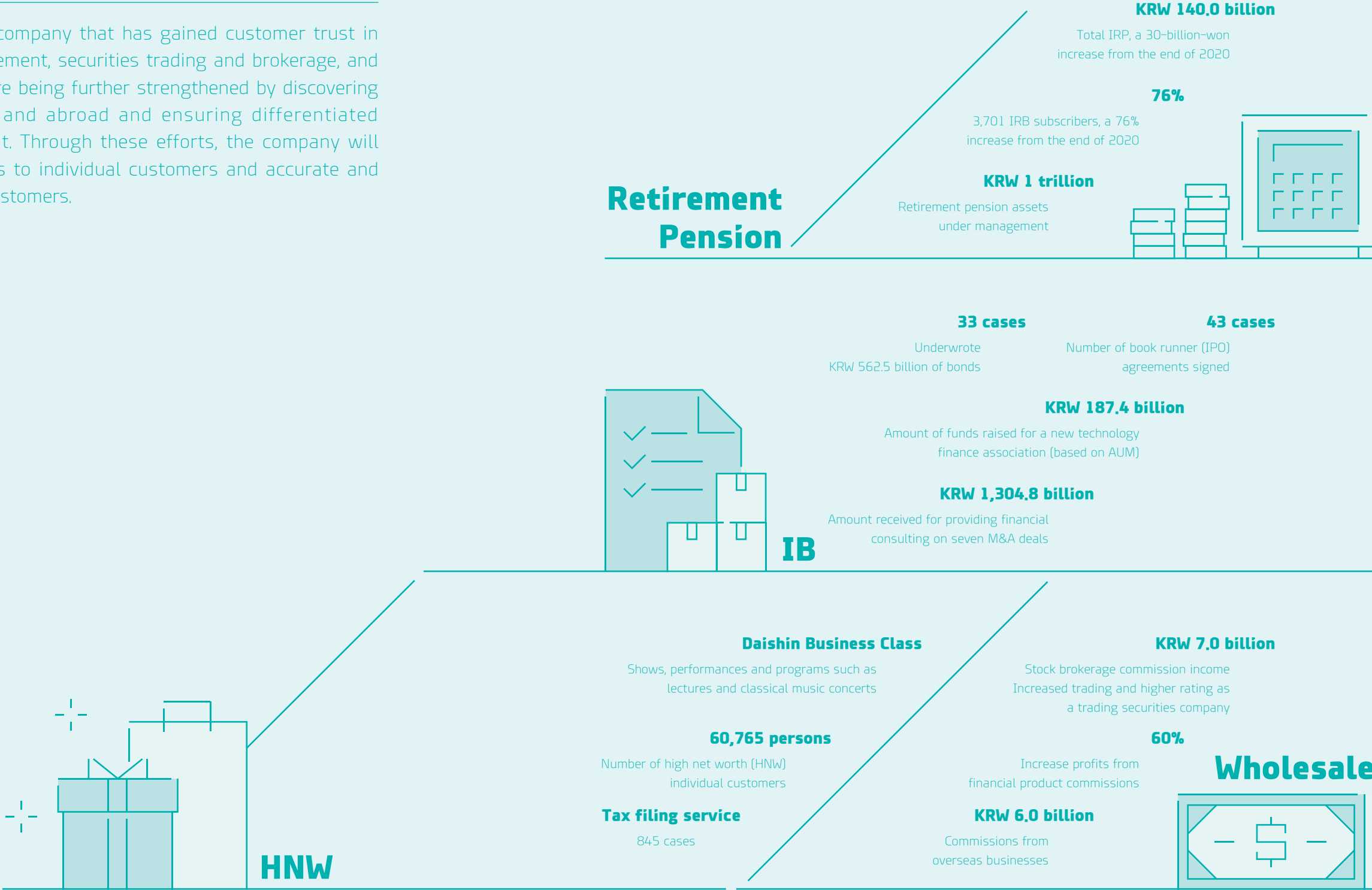
Daishin Securities quickly pursued digital transformation in response to the zero contact trend in 2020 and successfully achieved the intended outcome. Other affiliates also achieved balanced business performance, built excellent portfolios, and brought forth sustainable profit-generating models. Daishin Securities will make every effort to continue generating steady profits based on customer trust amid increased volatility across financial markets worldwide.

02. Performance Highlights



Daishin Securities is a financial investment company that has gained customer trust in various financial fields, such as asset management, securities trading and brokerage, and IPO. Financial product sourcing capabilities are being further strengthened by discovering various alternative investments at home and abroad and ensuring differentiated competitiveness during product development. Through these efforts, the company will offer customized asset management services to individual customers and accurate and professional services to corporate and fund customers.

03. Service Highlights



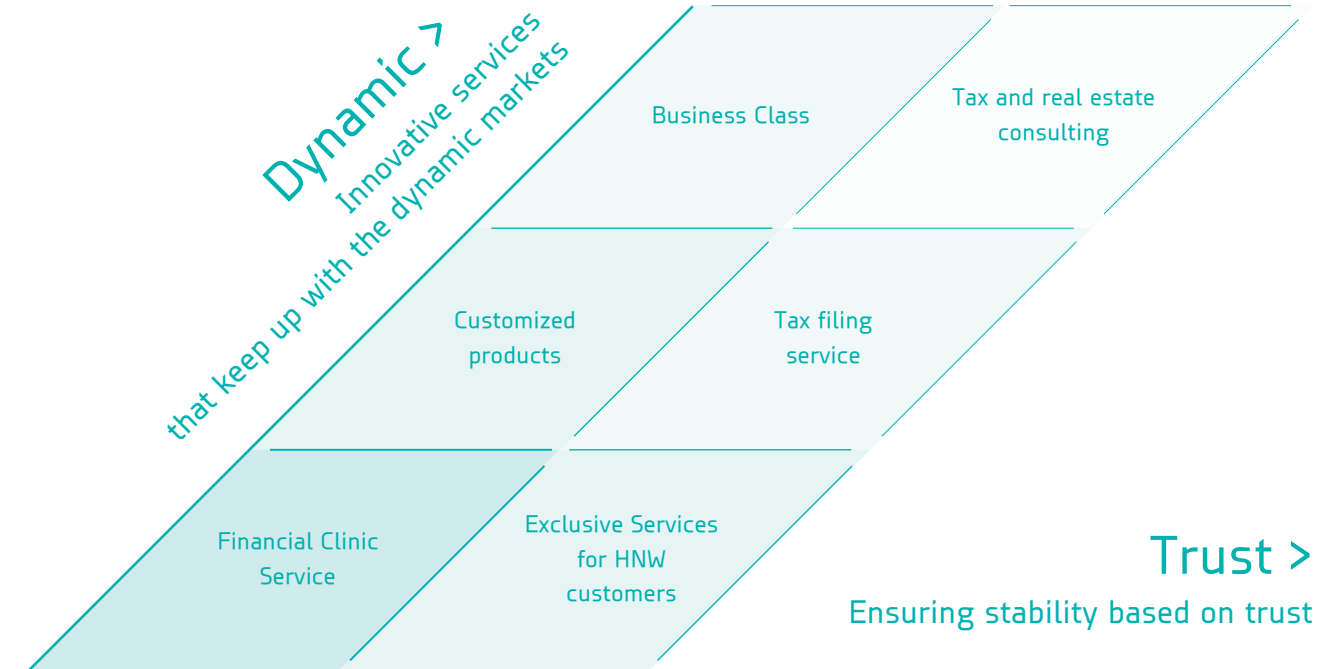
| | |
|-------------------------------|--------------|
| Net operating income (Retail) | KRW 277.7 |
| Retail Assets | KRW 12,225.2 |
| HNW Customers | 60,765 |
| Alternative Investments | KRW 838.5 |

As of March 2021 / Unit : billion KRW

Solutions Tailored to HNW Customers

Daishin Securities are doing its utmost to provide services that are tailored to the needs of individual HNW customers so as to retain their trust.

Daishin Securities presents safe asset portfolios to customers by offering a wide range of financial products such as alternative investment products and financial-real estate services. There are six sales principles that are observed in order to manage risks and comply with the Financial Consumer Protection Act, and alternative investment products that are optimized for HNW customers are continually developed. Efforts are also made to provide diverse personalized products through trusts, wrap, and annuities selected based on stringent criteria. A zero-contact customer management process has been established in light of the changes in the banking environment, in addition to launching marketing campaigns using ZOOM. For the past four years, Daishin Securities has honed its capabilities in selling alternative investment products to build portfolios that minimize risks and maximize profits by diversifying investment in different assets, including real estate. As a result, the company has been recognized as one of the best in the industry. Based on the experience and expertise gained while providing differentiated services to 6,000 HNW customers, Daishin Securities will continue to offer an all-encompassing service that combines finance and real estate, while at the same time helping customers address asset management concerns related to taxes, gifts, and trusts.



Financial Clinic Service

This is an asset management service offered by Daishin Securities. Industry's top asset management experts who have completed the training program and been qualified by the company provide exceptional asset management services that continue to earn trust.

Customized Products

Alternative investment products are being diversified to offer the best possible products to HNW customers. Risk is diversified through the trust, wrap, and pension products sourced by the company, and products designed to generate sustainable profits are offered. The proportion of hard currencies is adjusted by suggesting products from developed countries such as the United States and Japan.

Daishin Business Class On-line Webinar

Investment insight is not just obtained from financial information. It can be found in cultural content as well. HNW customers are invited to lectures by famous speakers, cultural programs, and other informative events, but in 2020, online webinars were held to practice social distancing during the pandemic.

Exclusive Services for HNW Customers

Diverse exclusive services are provided to HNW customers, including the black card, higher limit for IPO subscriptions (200%), preferential interest rate and credit sales (0.5% discount), and fee exemptions and discounts.

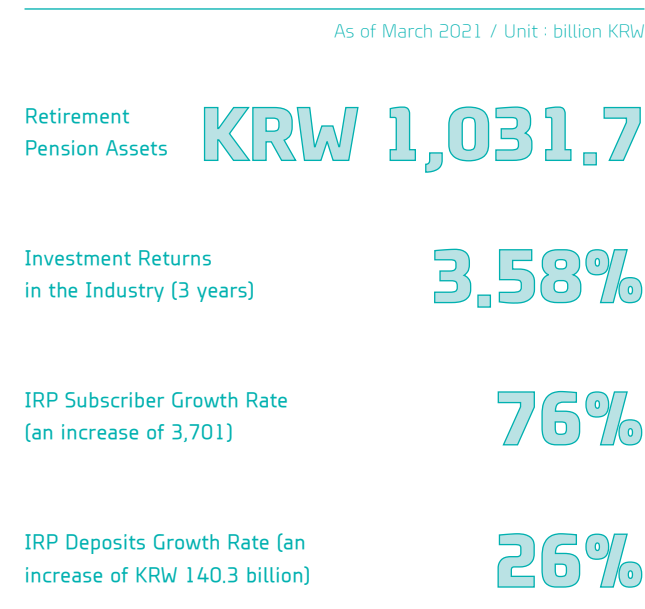
Tax Filing Service

Tax consultation and tax filing services are provided to HNW customers. Leave it up to the experts to file various taxes, such as capital gains tax for large shareholders, gift/inheritance tax, and capital gains tax on overseas stocks.

Tax and Real Estate Consulting

HNW customers can receive tax consulting concerning gift, inheritance, capital gains, real estate, financial investments, etc. Daishin Securities' experts also offer consulting on real estate properties currently in possession and sale/purchase advice. Real estate experts and tax accounts provide a report in person for detailed investment advice.

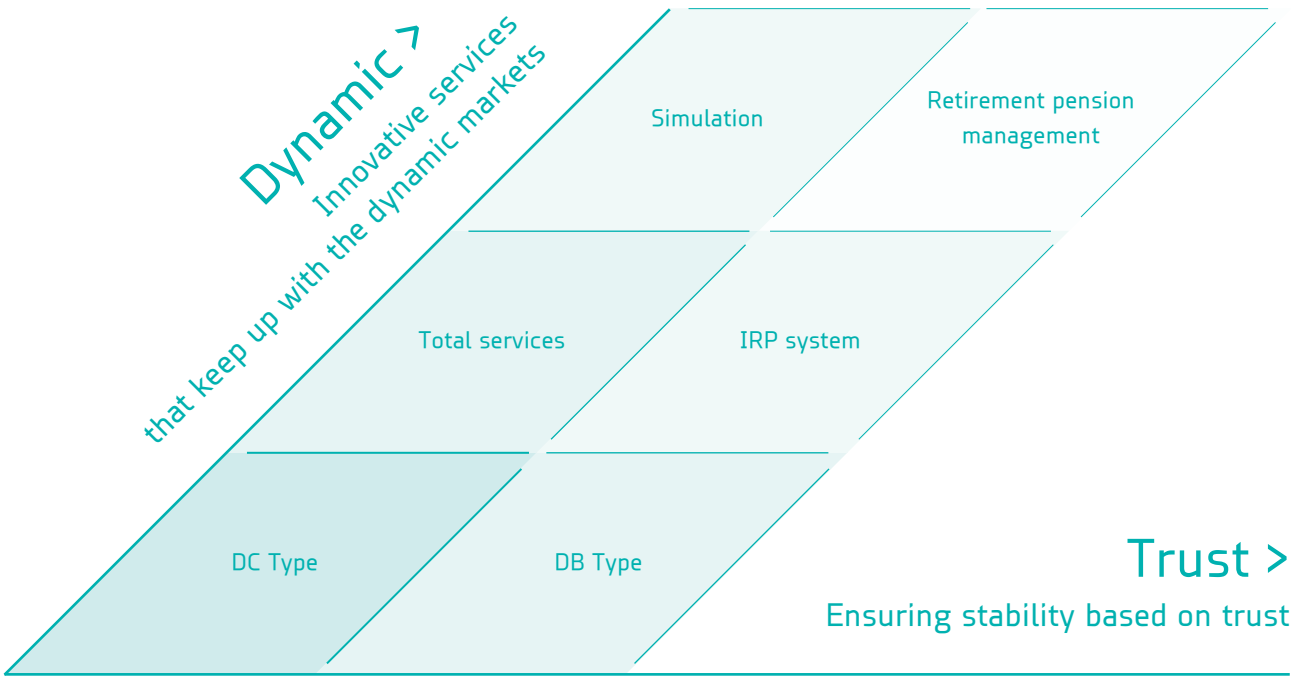
Retirement Pension



A Reliable Partner in Retirement Planning

Daishin Securities offers a wide range of services in hopes that Koreans can also enjoy a comfortable life after retirement, similar to those in financially advanced countries like the United States, with just a retirement pension policy alone.

As of January 2021, the elderly aged 65 and older accounts for 16.5% of the entire population in Korea, which is expected to become a super-aged society with the proportion of the elderly population rising to more than 20% by 2026. There is another reason beside population aging why retirement pension plans have become critical. In Korea, where parents make significant financial investments in their children, in their education and marriage, many people are simply not ready to retire. Some have realized the seriousness of this program and begun looking for a pension plan that best suits them, recognizing it as an important investment. Daishin Securities has retirement pension plan managers at each branch to help boost the retirement assets of customers who have signed up for a retirement pension plan by managing the assets according to their respective stages in the life cycle. In order to substantially increase the rate of return, management fees are exempted for the amount of assets held in fund products. By offering a wide array of investment products and a real-time ETF trading system, Daishin Securities allows customers to efficiently manage their retirement assets. In addition, customers can choose among “period-based,” “limit-base,” and “amount-based” when it comes to withdrawing funds from their pension account so that they can live comfortably after retirement according to their own needs.



Defined Contribution (DC) Plan

This is a pension plan where the company specifies a defined contribution for its employees, who get to manage the contributions accrued individually, and the employees’ retirement benefits vary depending on the result of managing the funds.

Total Services for Retirement Pension Customers

Premium education services, on the retirement pension plans, customized retirement pension plans, and premium courses are provided. Clients can receive one-on-one consultation services from tax accounts and devise tax saving strategies through services related to income tax. Also, CMA bank transfer fees and fees on CD/ATM withdrawal from affiliated financial institutions are waived.

Asset Management & Simulation Service

Diagnosis of the rate of return, briefing on investment opportunities, guidance asset allocation strategies, and asset management status reports are provided through this service. In addition to using simulations of the retirement pension portfolio, customers can set the target rate of return and design a concrete financial plan necessary for preparing for life after retirement by simulating post-retirement income and expenses.

Defined Benefits (DB) Plan

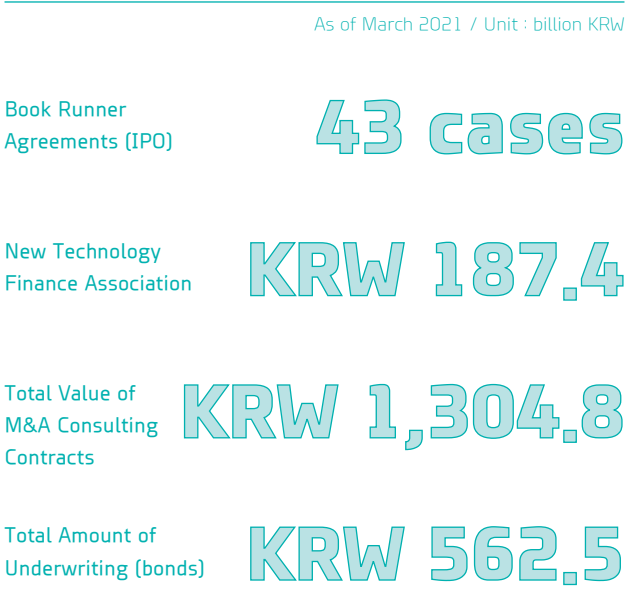
Diagnosis of the rate of return, briefing on investment opportunities, guidance asset allocation strategies, and asset management status reports are provided through this service. In addition to using simulations of the retirement pension portfolio, customers can set the target rate of return and design a concrete financial plan necessary for preparing for life after retirement by simulating post-retirement income and expenses.

Individual Retirement Pension (IRP) Plan

The individual retirement pension (IRP) plan can be a means of building one’s wealth with an upgraded function of the conventional individual retirement account (IRA) that can help the self-employed and those transferring jobs build their retirement assets and prevent them from exhausting their severance pay. It allows workers to defer taxes on the severance pay they have received or additional contributions they made and then use it as a retirement fund.

Retirement Pension Management

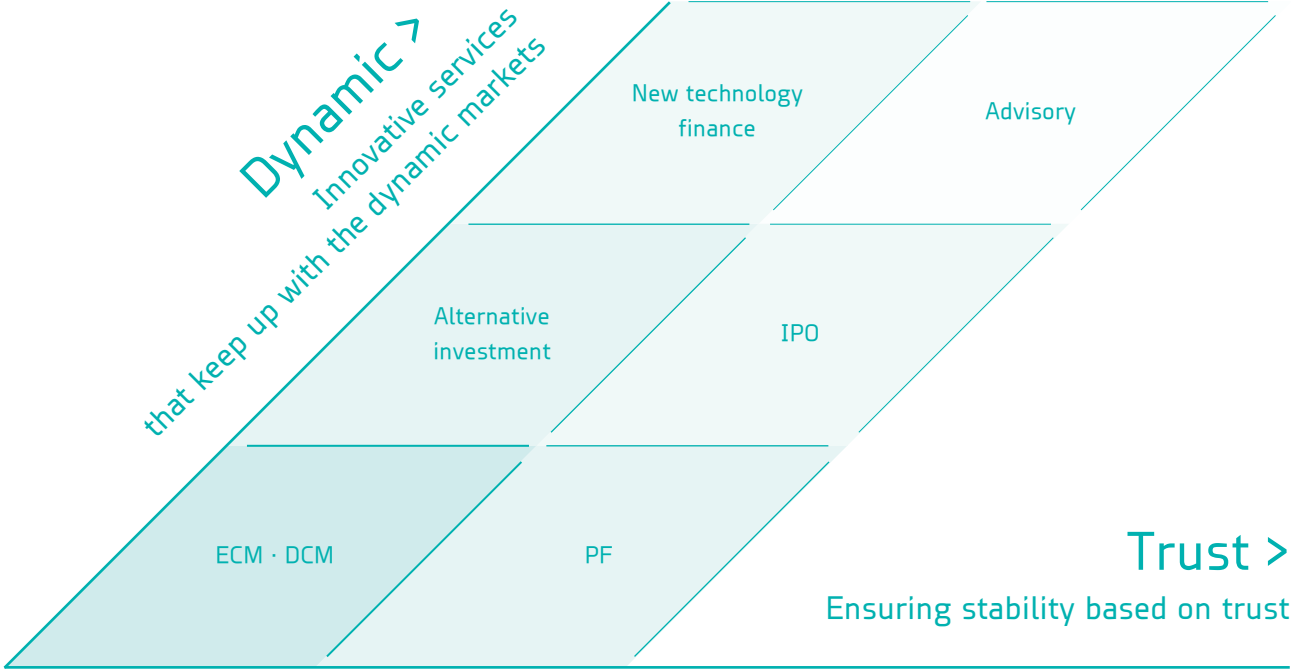
Successful investment in a retirement pension plan leads to higher returns and a comfortable life after retirement. Daishin Securities recorded the highest 3-year and 5-year returns on IRP, as of 2020. The company was also the first in the industry to introduce a customer-oriented commission policy that waives commissions for fund products. Daishin Securities is striving to create diversified retirement pension portfolios that include funds that guarantee the principal and interest.



Expert Group with Insight on the Growth of Corporate Clients

IB is an investment group responsible for brokering between those who want to raise funds through the issuance of new securities and investors who can supply such funds.

Daishin Securities is a reliable partner for corporate clients seeking to achieve asset growth in financial markets. The IB segment provides a variety of services related to attracting foreign capital, issuing foreign bonds, consulting on principal investment (PI) and merger and acquisition (M&A), and attracting investors for private placement. The IB segment consists of the Coverage Division, ECM Division, IPO Division, and Advisory Department. The Coverage Division oversees underwriting, arrangement, offering, sales, etc. of public and private placement corporate bonds for enterprises and also serves as a solution provider by identifying their IB needs. The ECM Division offers listed companies with fund-raising services through issuance of stocks and bonds, advice on merger and division, investment and management services for new technology investment funds, and other services. The IPO Division provides enterprises with advice and services related to listing and serves as a designated advisor to companies listed on KONEX. The Advisory Department offers advice on M&A, financing/fund-raising, and attaining business objective and goals. In 2020, Daishin Securities gained a stronger presence in the IPO market thanks to the activities of the IB segment, which included arranging 43 IPOs. There is a pool of experts with extensive experience in IPO as well as industry analysts, experts, accountants, and those with master's and doctoral degrees in bio-related fields with research experience. This has helped the IB segment earn a reputation for being well-versed in corporate value evaluation. Going forward, the IB segment will provide innovative total solutions for corporate finance.



ECM · DCM

The IB segment is a solution provider, solutions that meet the financing needs of enterprises using the equity capital market (ECM) and the debt capital market (DCM) such as capital increase with or without consideration and stock-linked bonds (mezzanine).

Alternative Investment

A new combination of credit risk or cash flow is created by changing the credit risk faced by corporate customers or the cash flow from the assets held based on various structural designs. The IB segment is in charge of development and issuance of structured investment products (ABS, ABCP, ABSTB, etc.) as well as IPO management and acquisition, recruitment, sales, and brokerage.

New Technology Finance

This is a corporate financial service for investing in companies with technological prowess and growth potential, such as startups and SMEs. Companies with high stability and growth potential are offered investment funds and management services for new technologies that require investment funds.

PF(Project Financing)

The IB segment offers financial arrangement, loan participation, and other PF services for projects that require large-scale funding, including domestic and overseas real estate development projects. It engages in product development, investment consulting, marketing, market trend research and analysis, development of real funds (real estate funds, REITs, ship funds, etc.), sale of real assets, and purchase advisory services to propose a wide array of profit-generating plans.

IPO

Solutions related to the IPO are provided to unlisted companies. Specializing in the IPO of excellent SMEs and large corporations, the IB segment provides professional services throughout the entire process of IPO, including but not limited to diligence on listed companies, calculation of the value of the company, advice on listing, document preparation, demand forecasting and price-setting.

Advisory

The IB segment provides advisory services to corporate clients in regard to M&A, financing, and how to attain their business goals. Advice is also provided on improving governance, in addition to arranging acquisition financing.

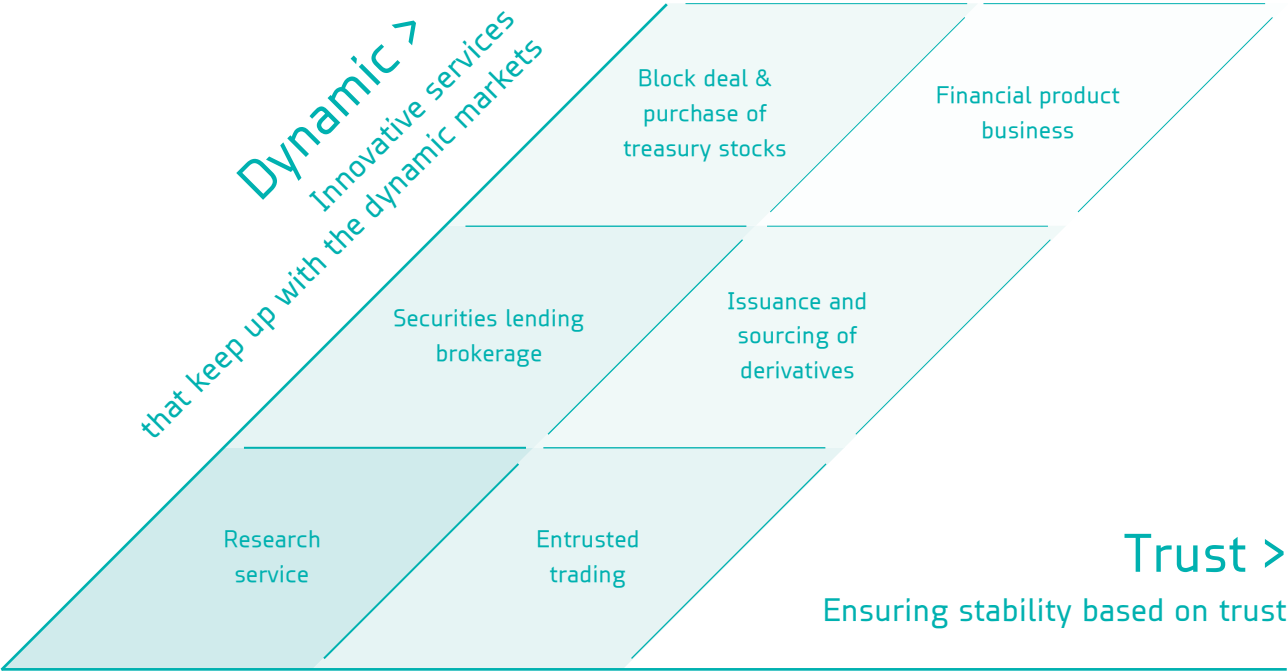
Wholesale

| | |
|---------------------------------------|------------|
| As of March 2021 / Unit : billion KRW | |
| Stock Brokerage Commissions | KRW 7.0 |
| New Technology Finance Association | KRW 13,300 |
| Commissions from Overseas Businesses | KRW 6.0 |
| Net Operating Income | KRW 12.5 |

Stable and Profitable Investment for Institutions and Corporate Clients

Daishin Securities has long been a trusted partner of institutional investors and corporate clients at home and abroad.

Diverse securities brokerage and customized solutions for financial investment are provided through the Corporate Business Division, Overseas Investment Business Division, and Corporate Financial Product Division. Key customers are major pension fund operators, insurance companies, and asset management companies. The Corporate Business Division has organized four teams to provide efficient and professional services to different types of customers. The Overseas Investment Business Division is dedicated to providing brokerage services for overseas ETFs, stocks, and bonds as well as brokerage services for domestic stocks for foreign institutional investors. Securities brokerage services are also provided as part of the zero-contact discretionary investment business, which is a fintech business of domestic asset management companies. The Corporate Financial Product Division, on the other hand, sells financial investment products including derivative-linked securities (ELS, etc.) and wrap/trust products. In 2020, Daishin Securities succeeded in rebalancing with profit-oriented financial products and achieved excellent commission records. Providing one-stop services for institutional investors investing abroad, such as foreign stocks, bonds, gold and spot, the company has achieved great customer satisfaction. Daishin Securities is researching different strategies from various angles to supply stable profit-generating products to customers amid increased market volatility due to the impact of COVID-19 and the US-China trade war. Efforts will be made to realize the value of sustainable management by investing in excellent products based on ESG evaluation.



Research Service

Daishin Securities provides leading domestic and foreign institutions with information on various research findings and market trends. Pension fund operators and major institutional investors such as banks, insurance companies, and asset management companies are provided with information on market conditions and company analysis data through seminars, IR meetings, and non-deal roadshows (NDRs).

Securities Lending Brokerage

Brokerage services are provided for securities lending to domestic and foreign investors. Efforts are made to boost commission income for securities lenders based on retail customer lending pool management and lending transaction brokerage services.

Block Deal & Purchase of Treasury Stocks

For major shareholders of listed companies, unlisted FI investors, HNW customers, etc., Daishin Securities provide brokerage services using a block trading report and entrusted trading program for listed securities called Exture+ as well as reporting and entrusted trading services for the trading of treasury stocks of listed companies.

Entrusted Trading of Domestic and Foreign Financial Assets

Daishin Securities offers entrusted trading services for listed securities to major domestic and foreign institutional investors using a variety of trading techniques and undertakes various overseas asset brokerage services.

Issuance and Sourcing of Derivatives

Derivative financial products such as ELS/DLS are issued for corporate customers. In addition, the company sources over-the-counter derivatives for corporate customer sales and manages counterparties to the transactions.

Financial Products for Corporate Customers

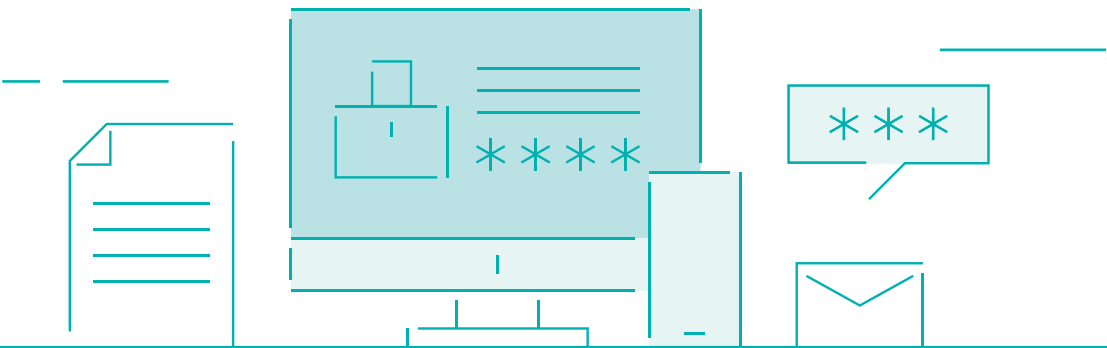
Daishin Securities sells diverse financial investment products such as beneficiary certificates, trusts, wrap accounts, RPs, and alternative investments abroad to corporate customers. Investment solutions are provided by collecting information and consulting on asset management for corporate clients.

Daishin Action

Financial Consumer Protection System

Digital transformation is taking place across the financial industry at a rapid rate. Amid this trend, it is becoming increasingly critical financial institutions to protect customer information and ensure safe financial transactions. Thorough controls must be implemented to prevent potential risks to customers, while providing financial services on various digital platforms.

Moreover, there is a need to recognize the importance of financial consumer protection achieved by the means of providing sufficient information on financial protects and ensuring privacy protection and to fulfill one’s responsibility to the customers.



Consumer

For the Sustainability

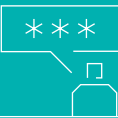
Financial consumers require protection in that they should be provided complete information on the financial products they subscribe to. For this purpose, a mis-selling prevention process to provide such complete information is in place and a mystery shopper program is implemented for self-inspections to help eradicate mis-selling. In addition to building a financial consumer protection system covering each step of the sales process, the company has made it mandatory to inform customers of the precautions related to financial crimes to better protect them.

Sustainability 3 Focus

Stringent financial consumer protection system



Reinforced privacy protection



Mis-selling prevention



01 Stringent financial consumer protection system

Daishin Securities has a financial consumer protection organization operating directly under the CEO. Under the oversight of the Chief Consumer Office (CCO), the organization plans and operates a wide variety of financial consumer protection systems, and each year, executives and employees are required to receive four hours of online training on financial consumer protection. Financial consumers are sent the Consumer Protection Letter, a newsletter with relevant information, twice a year. A consumer protection system is in place for each step of the financial product sales process to prevent and address disputes.

Financial Product Process Monitoring System [#4701]

A financial product sales monitoring system was set up in the latter half of 2020 to monitor and inspect all the processes concerning financial products, including planning and development, sales, and follow-up management.

Standard Sales Consultation System [#4777]

In accordance with the Financial Consumer Protection Act (March 25, 2021) specifying increased accountability of financial firms concerning the sales of financial investment products and means to remedy damages to consumers, a customer consultation system has been set up. The standard sales consultation system is implemented to systematically ensure conformance, appropriateness, and fulfillment of the obligation to provide an explanation, thereby complying with the legal requirement to provide complete information on financial products for sale.

Financial Consumer Protection Organization

Consumer Protection Team

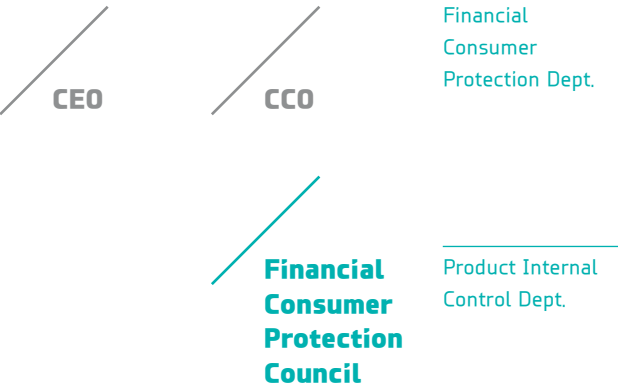
Planning and operation of a financial consumer protection system

Inquiries & Complaints Handling Team

Establishment of an efficient inquiry and complaint handling system
Establishment of an effective feedback system

Product consultation prior to sale

Establishment of a mis-selling prevention process
Follow-up management of financial products



Step-by-Step Consumer Protection System

01 Product planning and development



Mandatory for the relevant dept. and the financial consumer protection oversight dept. to consult each other when developing a new product or setting forth a marketing policy in order to protect financial consumers

Double review procedures: preliminary review by the Risk Management Dept. and subsequent review by the Retail Product Risk Review Board

Must specify the matters on suspending product sales, rights to request corrective action, etc. if the product presents risks to protecting financial consumers protect financial consumers

Establishment of processes reflecting financial consumers' opinions obtained through voice of customer (VOC), complaints, etc.

02 Product sale



Preparation of an internal code of conduct to provide sufficient information to consumers

Training on the standard sale process that is in line with the Financial Consumer Protection Act

Registration of an operating manual concerning audio recordings

03 Follow-up management



Establishment of an efficient inquiry and complaint handling system

Establishment of an effective feedback system

Guide on the consumer protection system and procedures for remedying violations

Improvement of the follow-up management monitoring system, including the Happy Call and monitoring of mis-selling, and its effectiveness

02 Sharing of Best Practice Cases of Financial Consumer Protection and Prevention of Violations

Best practice cases of financial consumer protection are shared with all members of the company to prevent violations. A mis-selling prevention checklist has been introduced and various systems, such as a senior investor protection system, customer satisfaction survey, fund purchase cancellation system, and customer panel, are in place to ensure safe financial transactions. Consumer Alerts is an information guide concerning voice phishing and high-risk investment products issued by the Financial Supervisory Service, and it is provided on Daishin Securities’ website for customers to be aware of potential financial crimes and frauds so that they can better protect themselves.

Mis-Selling Prevention Checklist for Financial Products [#4999]

The service representative selling a financial product must check the sale process him/herself to prevent any omissions of material information. The customer is allowed to check the mis-selling prevention checklist as a way to prevent mis-selling.

Senior Investor Protection System

Financial products that are complex or high risk are designated as “investment products that must be recommended with care” and are sold according to a more stringent procedure. In order for senior investors to obtain assistance from the people they trust, Daishin Securities has a “designated person notification system” and a “family assistance system” in place to notify the designated individuals regarding financial investment product purchases.

Detection of Leakage of Personal Information

A solution has been introduced to automatically delete the fingerprint information of customers in order to prevent fraud and financial crimes.

Prevention of Voice Phishing

In 2019, Daishin Securities was awarded a certificate of appreciation from the Financial Supervisory Service for helping to prevent financial crimes by dealing with situations where customers attempted to withdrawal large sums of money due to voice phishing. In January 2021, a senior was coerced into withdrawing a large sum of money by an acquaintance , but no financial losses resulted from the event. as appropriate measures were taken.

2021 Plans

Introduction of a web forgery and tampering prevention solution

Introduction of a web forgery and tampering prevention solution

03 Offering the Best Privacy Protection in the Industry

A chief privacy officer (CPO) is designated to ensure thorough protection of customer information. To keep customers’ personal data safe, data loss prevention (DLP) solutions are used and an intrusion detection system is operated for 24-hour security monitoring. Also, security training is provided to all executives and employees so that they are capable of dealing with security incidents properly. In 2021, the ISMS certification was renewed as ISMS-P1) to ensure the highest level of security and foolproof privacy protection.

1) ISMS – P (Personal Information & Information Security Management System) The highest level of information security certification for the domestic financial industry

Dealing with Customer Information Leaks

When a customer information leak is detected, the time, cause, and scale among other factors are determined, and a dedicated team reports it to the financial authorities and law enforcement. The details of the incident are promptly provided to customers, and a data breach center is put into operation to allow customers to exercise their rights to block access to their personal data, to look up the parties that were provided with their credit information, and to delete their personal and credit information. Victims are informed of the remedies available, and measures to prevent recurrences are established.

Prevention of Digital Financial Crimes

A section called Safe and Secure Financial Transactions has been added to Daishin Securities’ website in response to the surge in online and mobile financial transactions to provide relevant information. By familiarizing themselves with the information as well as the Ten Commandments of Digital Financial Transactions and the Ten Commandments of Mobile Financial Transactions, customers can prevent the information necessary for digital transactions to get into the hands of criminals or any other third party .

Procedure for Dealing with Customer Information Leaks

Incident detected

Form a response team and report the relevant authorities

Operate a data breach center to notify affected customers

Answer inquiries from customers

Provide remedies

04 Customer-Centric Sales
Focusing on Providing
Complete Information

Mis-selling is an instance where a customer is misled about the suitability of a financial product or service or provided insufficient information on the product or service. Daishin Securities implements a standard sales consultation system and fund purchase cancellation system to prevent mis-selling and pursues follow-up management through the Happy Call operations.

Standard Sale Consultation System [#4777]

In accordance with the Financial Consumer Protection Act (March 25, 2021), a standard sales consultation system is implemented to systematically ensure conformance, appropriateness, and fulfillment of the obligation to provide accurate explanation. Personnel at each branch get divided into implementers and evaluators for an in-house evaluation of mis-selling prevention using the aforementioned system and mis-selling prevention checklist [#4999].

Happy Call

This is a procedure designed to examine financial consumers’ understanding of financial products and the seller’s compliance with the prescribed sales process after a financial product is sold. It was initiated in 2017 for senior consumers to prevent mis-selling of products that must be recommended with caution. In 2020, a total of 11,131 happy calls were made.

Fund Purchase Cancellation System

In 2019, the fund purchase cancellation system was introduced to protect consumers against mis-selling. In 2020, Daishin Securities set up a system for monitoring the entire process of sales of financial products from product planning to follow-up management, thereby further reinforcing its measures to prevent mis-selling.

Mystery Shoppers Checking for Mis-Selling

In order to minimize the likelihood of mis-selling and protect consumer rights, a mystery shopper program was introduced. In 2020, Daishin Securities scored 89.1 points in ELS, 84.1 points in IRP, 82.6 points in foreign funds, 83.1 points in REITs, and 84.7 points in foreign bonds. The products under examination were expanded in scope from funds to ELS, IRP, and foreign bonds, and the results of these inspections are reflected in the KPIs of the respective branches.

Diverse Efforts to Boost Customer Satisfaction

Daishin Securities is operating a unique customer satisfaction (CS) program. The customer satisfaction index (CSI) in relation to the services provided by employees is determined through a survey. The CSI gets included in the evaluation items concerning consumer protection in the KPI evaluation of branches, and this has helped raise awareness of the importance of customer satisfaction among employees. The internal customer satisfaction index (ICSI), on the other hand, has been promoting communication among executives and employees and helping employees from the head office and the branches understand each other’s job duties better.

Customer Satisfaction Monitoring

Branch employees are monitored over the phone, which helps improve the quality of customer service. In 2020, CS monitoring was carried out for customers opening accounts or obtaining other services from 45 branches, and 88.95 points and 88.90 points were obtained in the first and second halves of the year, respectively.

Customer Satisfaction Index (CSI)

Among customers receiving private banking (PB) services, those who purchase financial products are asked to participate in a survey designed to gain an understanding of their satisfaction of the sales process and explanations provided on related risks. Follow-up management of customers holding financial products is also examined. A CSI of 93.49 points was recorded in the second half of 2020. Also, for the first time in 2020, a customer satisfaction survey was carried out with customers using online services in regard to the convenience of opening an account online, system security, design, customer support, etc., and the results are being used to improve online services.

Internal Customer Satisfaction Index (ICSI)

Employees of the company are internal customers who are extremely important. With this in mind, efforts are made to promote communication and cooperation among the internal customers, and this in turn helps boost the quality of the services provided to external customers. The WM Group examines the service satisfaction level among internal customers and discovers employees deserving recognition for their excellence through an internal customer satisfaction survey. An online survey was conducted with the employees at the head office and branches across the country, and an ICSI of 83.15 points was recorded in 2020.

Voice of Customer (VOC)

Customer inquiries, complaints, and requests pertaining to financial services are obtained through VOC, and they are dealt with within 14 business days. In 2020, the Daishin customer inquiry and complaint handling system was set up to speed up the process. With the Financial Consumer Protection Department operating an integrated system of VOC and inquiry and complaint handling, 3,097 customer suggestions and 409 complaints were processed successfully.

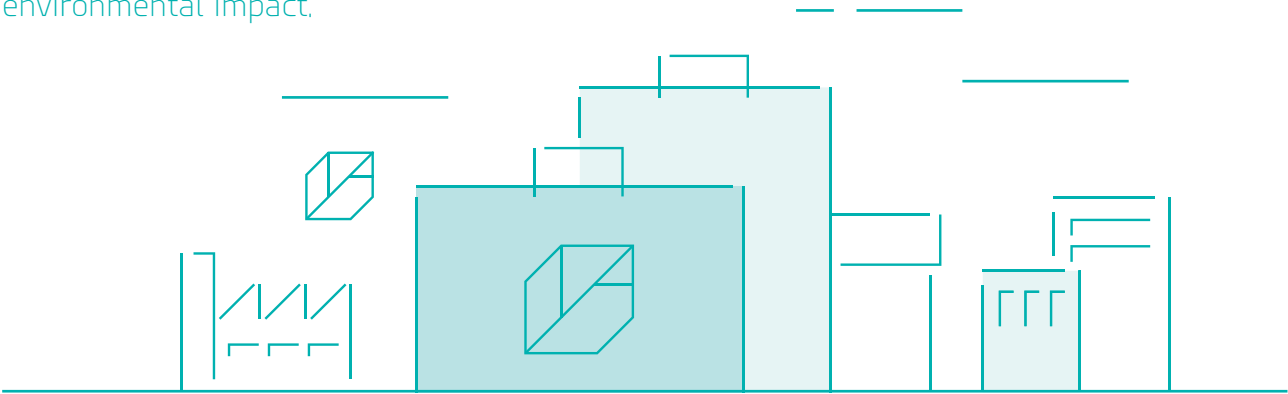
Customer Panel

In 2020, online and offline customer panels were operated to obtain feedback on various issues customers face at the branches or while using online services. The information obtained was reflected across various processes and services including product planning, follow-up management, and financial services to make improvements.

Environmentally Conscious Consumption Practices

ESG is a hot issue today, especially “E,” which stands for “environment.” We seem to be hearing news concerning climate change on a daily basis, and its impact, growing more serious and destructive each year, is felt by people across the world and is causing grave concerns.

Accordingly, people are growing more interested in the environment and what companies are doing to minimize the impact of their management activities on the environment. Needless to say, companies, as members of society, have the duty to make an effort to reduce their footprint and environmental impact.



Environment

For the Sustainability

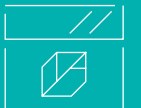
A business is like an organism. It is impacted by the business environment, and its identity can change drastically depending on the strategies it employs. Daishin Securities is endeavoring to leave behind a better environment for the future generations, with a profound understanding of the impact of its management activities and products and services on sustainable development. Going forward, the company will be proactive in dealing with the latest environment issues, such as climate change conventions, environmental restrictions, and more.

Sustainability 3 Focus

Expanding the green financing business such as the carbon emissions trading market



GHG reduction and energy saving office buildings



Environmental campaigns with customers



Environment

01 Entry into the Carbon Emissions Trading Market

Daishin Securities has entered the carbon emissions trading market, with the foresight that the green financial industry will expand in the future. As the industry’s first to obtain approval for over-the-counter emissions trading brokerage services from the Ministry of Environment in February 2018, the company initiated related services and even took part in determining the policy direction of the Korea-EU Emissions Trading System Cooperation Group.

In order to pre-emptively position itself in the carbon emissions trading market, Daishin Securities signed an MOU with Ecosian, an eco-friendly energy consulting firm, in November 2018. Then, the company joined the Korea Emissions Market Association in September 2019 and brokered deals on the market (100,000 tons) in July 2020. In March 2021, Daishin Securities issued a report providing an outlook on the emissions market. Aside from these activities, the company has also held a number of seminars for the Korea Cement Association, SK Innovation, Research Society for Greenhouse Gas Reduction of Power Generation Businesses, and others.

02 Green, Energy-Saving Building, Daishin Finance Center



Top green building grade Tier 1

1

Energy

Energy efficiency rating Tier 1

LEED GREEN ASSOCITE

US green building rating system Gold

The Daishin Finance Center, where the head office of Daishin Securities is located, opened its doors in Myeong-dong in 2017. The 26-story building with seven underground floors and a gross floor area of 53,328m² is a green, energy-saving building that has been rated as Tier 1 green building and received LEED Gold. Eco-friendly materials and energy-saving technology were applied to the Daishin Finance Center to establish it as an eco-friendly office space as part of Daishin Securities’ efforts to pursue environmental management.

- 01. Use of a heavy water tank to save water
- 02. Use of automatic faucets in restrooms to reduce water consumption
- 03. Application of high-efficiency motors in equipment pumps and inverter control to save electricity
- 04. Application of high-efficiency motors in equipment fans and schedule control to save electricity
- 05. Installation of energy-saving counter switches in restrooms to save electricity
- 06. Installation of LED lighting in the underground parking lot to save electricity
- 07. Installation of LED lighting in the office to save electricity
- 08. Use of an ice thermal storage system during the hot season to save electricity in the daytimes
- 09. Use of renewable energy (solar, geothermal)
- 10. Automatic detection of human presence for operating the escalators to save electricity

03 Efforts to Reduce GHG Emissions

Daishin Securities is pursuing activities to save resources companywide so as to minimize its impact on global warming. An electric approval system was introduced and paper-based approval processes were cut down to minimize printing. This has helped simplify the decision-making process and save paper, in addition to providing other beneficial effects. Other efforts include replacing company cars with hybrid cars and having elevators operate on either the lower floors or the upper flowers to minimize unnecessary energy use.

Daishin Securities’ annual environmental performance is systematically managed. Through efficient use of resources and energy, GHG emissions were minimized, and products and facilities are continually improved to reduce their impact on the environment.

| Category | Type | Unit | 2018 | 2019 | 2020 |
|-----------------------------------|-----------------|--------|-----------|-----------|-----------|
| Copy and print paper | Paper | sheets | 6,222,500 | 5,890,000 | 5,632,500 |
| Non-renewable energy consumption* | Power | kWh | 8,376,579 | 7,911,561 | 7,527,234 |
| | Gas | m³ | 343,035 | 326,122 | 313,342 |
| Renewable energy consumption* | Geothermal | TJ | 0.58 | 1.40 | 1.24 |
| | Solar | kWh | 40,323 | 37,796 | 37,817 |
| Water consumption | Waterworks | m³ | 83,439 | 66,332 | 56,301 |
| GHG emissions* | Direct | tCO2eq | 747.36 | 712.08 | 682.68 |
| | Energy indirect | tCO2eq | 3,848.20 | 3,634.57 | 3,458.01 |
| Waste management | Recycling | ton | 70 | 70 | 70 |
| | Incineration | | 450 | 601 | 600 |
| | Total | | 520 | 671 | 670 |

In the case of incineration of general waste, only building waste was indicated in the past, but waste discarded in volume-based waste fee bags is now also included (calculated by the fees paid). Waste weight is calculated based on the number of 1-ton trucks used. Errors were found in the 2018 and 2019 data, and corrections were made for this report.

*Energy consumption and GHG emissions were calculated in accordance with the guidelines on the national GHG emissions trading system.

Environment

04 Eco Bag Campaign

Big change starts small. Since 2017, Daishin Securities has been providing customers with eco bags that are quality-made and aesthetically pleasing, as part of the efforts to reduce the use of disposable bags. Remnants of cloth are used to make the eco bags, and they are cut in optimal sizes to minimize fabric that would be thrown away so as to reduce the carbon footprint.

To date, Daishin Securities has distributed more than 100,000 eco bags to its stakeholders, including customers. When packaging products, only a single piece of paper is used, and it is designed to be self-supported without the need for an adhesive. These packages make recycling easy, and the elimination of the use of an adhesive helps reduce the unnecessary use of resources and carbon footprint.

67,500

eco bags made in 2018

45,000

eco bags made in 2019

30,500

eco bags made in 2020



Striving for Mutual Growth and Prosperity

Hiring and nurturing competent professionals is essential for achieving sustainable growth in the rapidly changing financial industry. The most suitable job candidates are hired, and employees are provided with full-fledged support in capacity building and personal development.

As members of society, companies are responsible for actively seeking to resolve issues that their communities are grappling with and pay back to society to help those in need.



Social

For the Sustainability

Daishin Securities is dedicated to promoting diversity and gender equality in the workplace. One of such efforts is that the hiring process is continually upgraded to meet the target gender ratio. The Daishin Academy is in operation to help the staff gain professional expertise and skills necessary in the financial industry. Furthermore, donations are made to help low-income families and vulnerable groups, the Daishin Creative Forum is held to communicate with communities, and special financial services are being offered to small businesses that have taken a severe blow from COVID-19.

Sustainability 3 Focus

Transparent recruitment and equality in the workplace



Nurturing of competent financial experts and people centric corporate culture



Aiming to thrive together with low-income families and vulnerable groups



01 Anti-Discrimination During Hiring and Equality in the Workplace

Employees are the key driving force and valuable assets of a company. Daishin Securities discovers and hires competent individuals, based on the management philosophy that “People form the foundation of a business,” without favoring one over the other based on their school or regional background. The hiring process has been improved to increase the proportion of female managers, and gender equality is pursued in hiring and providing promotion opportunities.

HR Management Guidelines

Elimination of Old Practices

Transparent recruitment and evaluation

Right person in the right place

Mutual development of individuals and the company

Diversity hiring policy

Increased hiring of female workers and promotion to regular employee status

Compliance with international guidelines

Protection of mothers and prevention of child labor

Principles of HR Management

Based on the management philosophy, “Talent first,” Daishin Securities does not discriminate against job applicants based on their race, gender, or school or regional background. The company seeks to assign the right person to the right place in consideration of their competencies and experience so that they can unleash their full potential to achieve self-realization and contribute to the company.

Proactive Measures to Improve the Hiring Process

Proactive measures are taken to eliminate gender discrimination in the hiring process and promote equality and diversity in the workplace. Daishin Securities has been taking such measures to raise the proportion of female managers since 2017. As of December 2020, there are 64 female executives, department heads, and team managers, and there are plans to continually recruit and maintain female workers by offering equal opportunities to be hired, promoted and grow as their male counterparts.

| Proportion of Female Managers | | Unit : % |
|-------------------------------|----------------|----------|
| Year | Percentage (%) | |
| 2018 | 26.6 | |
| 2019 | 38.8 | |
| 2020 | 40.3 | |

*Ratio of female managers with the authority to make personnel decisions to all managers

02 Capacity Building Programs and People-Centric Corporate Culture

For financial companies to gain and retain customer trust, they need to continually nurture their employees into leading financial experts. Daishin Securities is operating the Daishin Academy for capacity building purposes. Aside from the academy’s programs, there are also internal training programs administered by the Human Resources Dept., and external education institutions are hired to provide job-related training. In 2020, education and training was mostly provided online to adhere to the COVID-19 restrictions. In addition, quality of life is raised through the employee welfare program and support is provided for healthcare and housing. Efforts are also made to continually improve the support provided to female workers who are pregnant or raising children so that they can continue pursue personal development.

30.8hours

Education and training hours per person

380,000

Education cost per person

Daishin Academy

Daishin Academy offers common programs, leadership programs, and capacity building programs. The curriculum has been created to help employees become leading experts in the financial industry through internal and external job-related training programs, the qualification certification support system, the in-house credit completion system, etc. experience so that they can unleash their full potential to achieve self-realization and contribute to the company.

Education System

Common programs

Competencies that all employees need to acquire in order to implement the company’s strategies and achieve the ultimate mission
Mission, ideal characteristics of Daishin members, core values, etc.

Capacity building programs

Training necessary to perform one’s job duties successfully
Training according to job positions external training, training for qualification certifications, etc.

Leadership programs

Training of members of the organization playing the role of a leader
Training for executives, department heads, and branch managers, internalization of the vision and company’s direction, performance management, etc.

Internal Education & Training Programs

Monthly

Knowledge seminar

Quarterly

MBA for financial clinic service representatives

Semi-annually

Training for those who were newly promoted, new department heads, salespersons, and new hires

Annually

Training for team managers and compulsory education and training

On-demand

Training for team managers and compulsory education and training

Support for Acquisition of Qualification Certificates

Daishin Academy provides support for employees to obtain qualification certificates by building basic competencies and other professional capabilities. In 2019, a total of 13 courses were offered to help 233 employees prepare for financial qualification examinations five types of jobs in the financial industry, including investment advisor (securities, funds, and derivatives), investment asset manager, and AFPK. Support is also provided to those wishing to obtain a domestic qualification certificate for financial investment analyst or financial risk manager as well as foreign qualification certificates such as CFP, CFA and international FRM. In 2020, a total of 12 courses were run with the participation of 80 people. As of today, most executives and employees of Daishin Securities have completed a financial expert education and training program.

The Library

The Library housing some 20,000 books on the fifth floor of the Daishin Finance Center was established to encourage members of the organization to read and feed their minds and souls. Book reviews and summaries are rewarded with credits, similar to online and offline education programs. Departments and employees that have read a lot of books are provided prizes, as part of the efforts to promote reading in the workplace.

In-House Credit System

Each year, employees are required to obtain a certain number of credits, which is intended to promote self-directed learning. The annual credit requirements vary across job ranks, and the credits can be earned by taking courses at the Daishin Academy, which offers various programs aside from job-related training programs, such as leadership, cultural refinement, and language programs. The credits are taken into consideration during personnel evaluation.

In-House Club Activities

Good relations among the members of the organization can lead to excellent teamwork and synergy. Daishin Securities subsidizes in-house clubs to promote their activities and allows any member of the organization to create a club. As of December 2020, there are 14 clubs in operation, including baseball, tennis, and hiking clubs.

Protecting Customer Service Representatives

Daishin Securities has introduced measures to protect customer service representatives who are constantly exposed to mental stress. If requested, customer service representatives are provided with support for counseling and therapy, and a case that is causing severe distress is transferred to another representative. Efforts are made to prevent verbal abuse from customers, and employees are trained on how to deal with verbal abuse. A grievance handling committee is in operation to protect customer service representatives suffering from emotional labor.

Book Summarization Service

Video reviews and summaries are provided on the books housed at the Library. This service is provided for more than 1,000 books. Those who watch the videos are awarded in-house credits.

Employee Stock Ownership Plan (ESOP)

In 2002, Daishin Securities became the first in the financial investment industry to introduce an employee stock ownership plan (ESOP). ESOP is a system in which a company purchases treasury stocks and distributes the to employees, free of charge, as a way of sharing profits according to the company's profit or loss for the year. With the employees holding some of the company stocks, it can help maximize business performance and shareholder value. In 2020, Daishin Securities gave its employees an opportunity to buy treasury stocks and offered to match it 1:1. As a result, a total of 887,416 shares were acquired by the employees.

Childcare Support and Family Caregiving Support

To help employees maintain balance between their careers and family life, Daishin Securities grants maternity leaves, parental leave, spouse maternity leave, family caregiving leave, etc. and allows pregnant workers and workers with young children to reduce their work hours. In accordance with the relevant laws, a maternity leave of up to 90 days (120 days for multiple births) is provided, while male employees are granted a spouse maternity leave of up to 10 days. Employees can also take a parental leave of up to one year, family caregiving holiday of up to 10 days a year, and a family caregiving leave for a period calculated by subtracting the number of caregiving holidays taken from an annual maximum of 90 days.

PC Off System and Flextime System

A work environment that promotes work and life balance is being created based on efficient distribution of work hours. PC input is blocked outside the work hours to prevent employees from working beyond the normal work hours through the PC off system. Flextime has been introduced to allow employees to change the time they start work, as long as they work 8 hours a day.

Employee Welfare Programs

Leisure & Activities

Long service leave, physical training leave, club activities, employee association, festivals, PC off system, flextime, KT Wiz Skybox, etc.

Housing & Living Security

Loans for home purchases (or jeonse), rental housing for relocating employees, lodging expenses, ESOP, retirement pension

Healthcare

Healthcare subsidy, regular health examinations, group insurance

Childbirth & Maternal Protection

Maternity leave, parental leave, reduced work hours during pregnancy/childcare, paid breastfeeding time, time off work for fetal examination, spouse maternity leave, family caregiving leave, etc.

Education

Scholarships for children and in-house daycare center

Other

Congratulatory and condolence gifts, non-smoking allowance, support for funeral supplies

03 Working to Thrive Together with Low-Income Families and Vulnerable Groups

Daishin Securities established the industry’s first cultural foundation called the Daishin Songchon Foundation on July 20, 1990. The foundation has built a system to fulfill corporate social responsibility (CSR) in various ways, such as medical assistance programs, scholarship and academic support programs, and support for cultural and artistic activities.

Donations & Charity Activities

Since 2004, Auh-ryung Lee, Chairperson of Daishin Financial Group, has been paying a visit to Naju, Jeollanam-do Province and Goesan, Chungcheongbuk-do Province to personally deliver donations to help marginalized groups in society, such as persons with intellectual disabilities and multicultural families. In 2020, the Chairwoman delivered words of encouragement during videoconferencing calls with various facilities, as the COVID-19 restrictions prevented her from visiting in person. Monetary donations as well as clothes, shoes, and other goods that have been donated were delivered to the Multicultural Family Support Center, Ewha Children’s Center, and Gyesanwon in Naju and the Multicultural Family Support Center and Cheongcheon Rehabilitation Center in Goesan.

Medical Financial Assistance for Children with Cleft Lip & Palate

Cleft lip and palate requires timely surgery, as it will lead to deformation of the lips, gums, and even the entire face if left untreated. The Daishin Songchon Foundation aims to ensure that there are no children in Korea who are unable to receive treatment for cleft lip and palate due to their families’ financial situation. Since 1996, agreements have been signed with major university hospitals across the country, including Konkuk University, Chonnam National University, and Pusan National University, to provide medical financial assistance for children with cleft lip and palate. As a result, around KRW 400 million worth of medical financial assistance has been provided to a total of 425 people over the past 23 years.

Donation to the National Cancer Center

The Daishin Songchon Foundation has been contributing to the development fund of the National Cancer Center since 2011. KRW 50 million was donated in 2020 for a total of KRW 260 million in donations to date. The funds will be used toward PR, education, and health screening for prevention and early detection of cancer, research projects, and academic exchanges and conferences concerning cancer at home and abroad, in addition to helping low-income patients.

| | |
|--|----------|
| Donations from Daishin Songchon Foundation | |
| Year | Donation |
| 2017 | 730 |
| 2018 | 1,245 |
| 2019 | 1,150 |
| 2020 | 1,426 |

Unit : million KRW

Scholarships

To serve as a stepping stone for students from low-income families, the Daishin Songchon Foundation selects students who have made exceptional academic achievements every quarter to be awarded scholarships. In 2020, 85 high school students and 14 college students were provided with KRW 220 million in total, and KRW 100 million was donated as scholarships to Sangmyung University.

Donations to the National Museum of Modern and Contemporary Art

The Daishin Songchon Foundation donated KRW 20 million to the National Museum of Modern and Contemporary Art Sponsoring Society to be used toward academic research through the National Museum of Modern and Contemporary Art Promotion Foundation. The sponsoring society engages in diverse activities, such as research on modern art, collection and preservation of artworks, permanent exhibition planning and support, support for the development and implementation of various educational programs, academic programs and publications, and international exchange of modern artworks and information. The Daishin Songchon Foundation has donated KRW180 million won since 2012.

Daishin Songchon Dragons Soccer Class in Naju

Daishin Securities opened the Daishin Songchon Dragons Soccer Class in Naju in September 2009, with the aim of discovering and nurturing talented athletes in the region and contributing to the sport of soccer in Korea. 70 elementary school students from the Naju area are recruited each year to receive weekly training from the Jeonnam Dragons, a professional soccer team, and they are also provided with uniforms and training suits. Exceptional players are discovered early on so that they can be nurtured together with the Jeonnam Dragons. The trainees are provided an opportunity to play in the K-League Youth Club Competition, escort the players of the Jeonnam Dragons during their home games, and improve their soccer skills. KRW 22 million was donated to the class in 2019 and 2020 each for a total of KRW 44 million.

Daishin Creative Forum

The Dashin Creative Forum (DCF) is a platform where experts from the fields of design and marketing are invited to share their ideas and experiences. In April and November 2019, the forum was held under the themes of “Creators” and “Characters,” respectively. A total of 200 people participated in the forum to network with one another and share ideas and information.

Photography Exhibiiton

Exhibitions of works by famous artists and photographs are held on the sixth floor of the head office of Daishin Securities. The company plans to use the Daishin Finance Center as a cultural and financial complex and offer it as a place where the members of the community can come together through the arts.

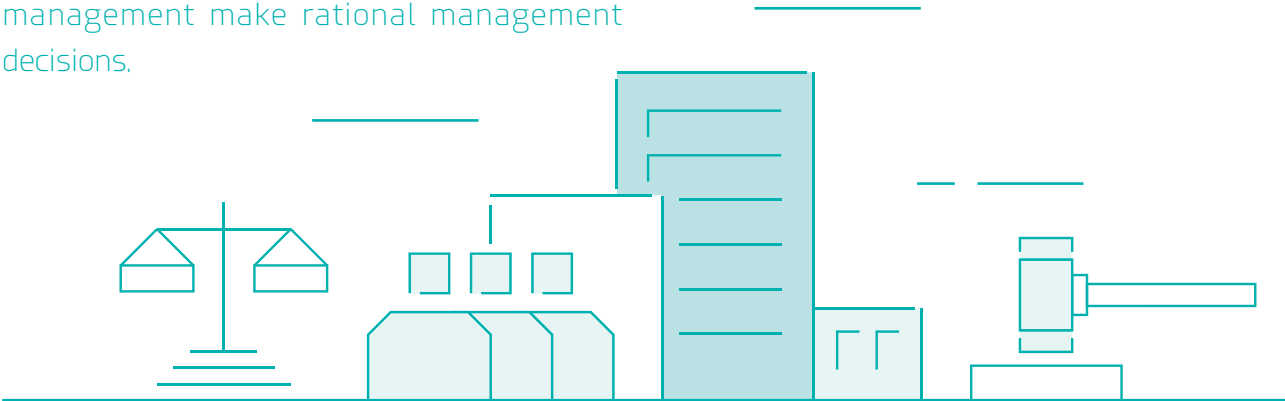
Assisting Small Businesses Hit by COVID-19

Daishin Securities has been helping small businesses overcome the COVID-19 crisis by deferring loan repayments, postponing the maturity date, waiving interests, and paying quarantined customers withdrawing from their deposit or installment savings accounts at the agreed interest rate instead of the reduced interest rate. Also, to assist flower farms that suffered a sharp decline in sales due to the cancellation of various events and celebrations, such as weddings and graduation ceremonies, Daishin Securities participated in the Flower Bucket Challenge and distributed the flowers purchased from floriculture farms to the branch and call center employees.

Transparent Governance and Shareholder Friendly Management

Companies need to strive to establish efficient governance to achieve continuous growth and protect the rights and interests of stakeholders. The Board of Directors, in particular, must comply with the requirements set forth by law and the Articles of Association and makes decisions on key issues concerning the management policy and the matters designated at the general meeting of shareholders.

The Board of Directors, the top decision-making body of a company, must fulfill its role in keeping management in check and ensuring balance and help the executive management make rational management decisions.



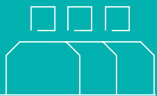
Governance

For the Sustainability

Daishin Securities is working to ensure transparency in its decision-making and management activities and across the oversight mechanism and to pursue responsible management. Transparent governance has been established based on efficiency and accountability, through which the company is protecting the rights and interests of stakeholders are protected and boosting its value. The Board of Directors is comprised of eight members, five of whom (62.5%) are outside directors. The fact that the outside directors make up the majority fulfills the criteria for an ideal board that represents shareholders and is diverse and professional. Daishin Securities has also been paying cash dividends for 23 consecutive years. In 2020, dividends were paid in the amount of KRW 1,200 per share for ordinary stocks, KRW 1,250 per share for first preferred stocks, and KRW 1,200 per share for second preferred stocks. The dividends paid amounted to KRW 80.4 billion, with the payout ratio recorded at 47.2%. Daishin Securities will continue to pursue shareholder-friendly management by implementing various policies on shareholder returns.

Sustainability 3 Focus

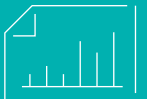
Professional and independent board of directors



Policies on shareholder returns and purchase of treasury stocks



Reinforced risk management system and crisis management



Governance

01 Independent and Professional Board of Directors

Daishin Securities has been ranked among the top in the industry in terms of governance structure. In 2020, the company was rated B+ by the Korea Corporate Governance Service and ranked fifth in the industry. Its scores in the evaluation of shareholder rights protection, risk management, audit organization, and internal controls among others are above the industry average. An electronic voting system was introduced at the general meeting of shareholders in 2021 to encourage active participation, and a resolution was reached to increase the number of outside directors on the board from four to five. Management transparency and governance are being continually enhanced by inside and outside directors who closely cooperate with each other but also keep each other in check, while making important decisions. The Board of Directors of Daishin Securities comprised of three inside directors and five outside director, and there are experts in the professional areas specified by the Act on Corporate Governance of Financial Companies (one business management expert, two tax experts, one finance and economics expert, one accounting expert, and one legal expert) supervising the job performance of directors.

Professional Expertise

Professional expertise in their respective line of work

Diligence

Diligent fulfillment of activities required of outside directors

Fairness

Pursuing the interests of the company and shareholders

Ethics & Accountability

Fulfillment of ethical duties and social responsibility

88%

Regular board meeting attendance rate

84%

Extraordinary board meeting attendance rate

Professional Expertise and Diversity

The Board needs to make strategic decisions to be prepared against various risks that can arise in management activities. This is why the professional expertise and diversity are important. Daishin Securities has formed a board of directors that satisfies the following criteria to keep the executive management in check and to promote sustainable growth and the value of the company.

Board of Directors and Subcommittees

The Board of Directors reaches a resolution on the establishment of management objectives and strategies and important decisions of the company with a majority vote. In 2020, the Board was convened held 22 times (12 regular meetings and 10 extraordinary meetings) to discuss amending the internal control standards, establishing management guidelines for special bonds, etc. , operational strategies for branches, and so on. The Board also oversees the sustainable management issues concerning the company by reviewing ESG strategies and policies. There are five subcommittees operating under the Board: Executive Nomination Committee, Audit Committee, Risk Management Committee, Remuneration Committee, and Management Committee. The outside directors on the subcommittees are provided with assistance so that they can make rational decisions in relation to key management policies and other affairs.

Board of Directors

| | Name | Date of Initial Appointment | Career Background |
|-------------------|------------------|-----------------------------|--|
| Inside directors | Auh-ryung Lee | 2005. 5. 27 | Chairwoman of Daishin Securities |
| | Ik-geun Oh | 2020. 3. 20 | CEO of Daishin Savings Bank Present) CEO of Daishin Securities |
| | Hong-seok Yang | 2010. 5. 27 | Vice President of Daishin Securities Present) President of Daishin Securities |
| Outside directors | Byeong-cheol Kim | 2018. 3. 23 | Member of the Committee of Inspection at the Board of Audit and Inspection Present) Financial Administration at the Financial Services Commission Member of the Ministry of Personnel Management |
| | Chang-se Lee | 2018. 3. 23 | Head of Prosecutors at the Supreme Prosecutors’ Office Chief Prosecutor at the Seoul Northern District Prosecutor’s Office Present) Attorney at Dongin Law Group |
| | Hong-hee Cho | 2020. 3. 20 | Head of Seoul Regional Tax Office Present) Advisor at Bae, Kim & Lee LLC |
| | Chang-soo Kim | 2021. 3. 19 | President of Chung-Ang University Present) Professor of Business Administration at Chung-Ang University |
| | Yoon-hee Won | 2021. 3. 19 | President of the University of Professor at the University of Seoul Graduate School of Science in Taxation |

BOD Composition

| General Meeting of Shareholders | Board of Directors | CEO | Executive Nomination Comm. Risk Management Committee | Nomination of candidates Deliberation and handling of risk issues |
|---------------------------------|--------------------|-----|---|---|
| | | | Remuneration | Evaluation and improvement of management performance and the appropriateness of the internal control system |
| | | | Management | Deliberation and resolution on major decision-making issues concerning the management of the group |
| | | | Audit Committee | An auditor oversight body that ensures fairness and transparency |

Evaluation of the Board of Directors and Outside Directors

Every February (within two months of the end of the accounting year), Daishin Securities examines the activities that the Board of Directors and outside directors from the previous year. The Board is evaluated based on written records, such as meeting minutes, self-evaluations by outside directors, and evaluations of outside directors by the CEO. Internal evaluation is conducted on the qualification, competencies, performance, etc. of outside directors.

| Remunerations for Directors | | Unit : million KRW |
|----------------------------------|---------------------|---------------------------------|
| Category | Total remunerations | Average remuneration per person |
| 3 registered directors | 4,906 | 1,635 |
| 1 outside director | 68 | 68 |
| 4 members of the Audit Committee | 206 | 52 |

1) As of the end of 2020
2) Total amount of remunerations for directors who served in 2020

Remunerations for the Board of Directors

The Remuneration Committee evaluates the performance of the executive management and the Board of Directors to decide on appropriate remunerations. Remunerations for the directors are determined within the scope decided at a general meeting of shareholders through a resolution of the Remuneration Committee and are paid according to the payment regulations. The committee meetings once a year on a regular basis.

Review of the Remuneration System

At the 2nd Remuneration Committee Meeting held on February 18, 2021, incentives for executives and financial investment personnel were determined and the payment method was reviewed. The committee decided that the present remuneration system was suitable considering the financial situation of the company, especially the scale of the profit and capital, and that there was no significant exposure to any risks. Also, those eligible for variable compensation who receive more than KRW 100 million in incentives were selected.

| Subcommittees | | |
|--------------------------------|--|-----------------|
| Category | Composition | Meetings (2020) |
| Executive Nomination Committee | 3 outside directors | 6 |
| Remuneration Committee | 5 outside directors | 4 |
| Audit Committee | 3 outside directors | 16 |
| Risk Management Committee | 1 inside director 2 outside directors | 5 |
| Management Committee* | 2 inside directors | 16 |

R&R

Nomination of candidates for the positions of CEO, outside directions, and auditors

Preparation of an employee compensation system and evaluation and determination of wages and bonuses

Evaluation and improvement of management performance and the appropriateness of the internal control system

Review and handling of risk issues such as assigning a risk limit

Deliberation and resolution on important management decisions of the Group

02 Shareholder Return Policy and Purchase of Treasury Stocks

Daishin Securities has been paying cash dividends for 23 years straight and purchased treasury stocks 18 times since 2002. In the past two years, the company purchased 6.7 million shares of common stocks and 350,000 shares of preferred stocks in an effort to stabilize the stock prices and raise shareholder value. Going forward, Daishin Securities will continue to make multifaceted efforts to increase shareholder value and implement the industry’s best shareholder return policy.

| Category | | 2017 | 2018 | 2019 | 2020 |
|-----------------------------------|--------------------|-------|-------|-------|-------|
| Dividend per share (KRW) | Common | 610 | 620 | 1,000 | 1,200 |
| | First – Preferred | 660 | 670 | 1,050 | 1,250 |
| | Second – Preferred | 610 | 620 | 1,000 | 1,200 |
| Dividend yield ratio | Common | 4.1% | 5.1% | 8.1% | 8.6% |
| | First – Preferred | 6.6% | 7.2% | 11.1% | 10.9% |
| | Second – Preferred | 6.6% | 7.2% | 11.4% | 10.9% |
| Total dividends (100 million KRW) | | 447 | 455 | 690 | 804 |
| Payout ratio | | 38.5% | 32.3% | 73.5% | 47.2% |

03 Systematic Risk Management



Risk Management Execution Committee (RMEC)

The RMEC is comprised of the head of the risk management segment and heads of key business units. It is convened every quarter to approve the risk limit for each strategy or each department and performs the duties delegated by the RMC.

Risks that can occur across various aspects are comprehensively managed to maximize shareholder value. As part of such efforts, Daishin Securities is dedicated to boosting asset soundness and management stability and ensuring efficient management of investment resources.

Risk Management Committee (RMC)

The RMC is comprised of three registered directors including the CEO and two outside directors, with the chairperson appointed between the outside directors by a resolution of the RMC. The RMS meets every quarter to propose a risk management system for various risks that can potentially occur in various transactions, establishes and revises risk management regulations and guidelines, approves risk limits and risk measurement methods to manage companywide risks efficiently, and so on.

Working-Level Risk Management Committee

The Working-Level Risk Management Committee is dedicated to creating a risk management culture across the company and conducts short- and long-term analysis of risks. A regular meeting is held once a month through the preliminary review body for risk management of each business segment.

Governance

Investment Review Board

| Composition | Key Tasks |
|---|---|
| Head of the Risk Management (chairperson) and head of working-level | Review of matters concerning the appropriateness of investment, matters to be considered by the company in relation to investment, and matters concerning overall risks |

OTC Derivatives Review Board

| Composition | Key Tasks |
|---|---|
| Head of the Product Segment (chairperson) and head of working-level | Feasibility review of new and OTC product transactions and the appropriateness of the risk management policy for OTC products |



Fair Valuation Committee

| Composition | Key Tasks |
|---|---|
| Head of the Risk Management (chairperson) and head of working-level | Approval of and changes to pricing models for derivative products and preliminary review of matters related to fair valuation |

Credit Loan Review Board

| Composition | Key Tasks |
|--|---|
| Person in charge Risk management (chairperson) and head of working-level | Selection of and restrictions on items where credit is offered and review of credit/loans |

04 Systematic Operation of the Risk Management Segment and System

At Daishin Securities, the Chief Risk Officer (CRO) is responsible for risk management, while the Risk Management Department ensures independent and professional risk management practices. The Risk Management Department oversees risk management activities and is responsible for setting up and operating a risk management system. For systematic risk management, risks are classified as market risk, credit risk, liquidity risk, and operational risk, each of which is measured and monitored. The stress test for each type of risk has been reinforced, and an early alert system has been introduced to prevent risks early on. In 2020, a stress test was carried out at least once every quarter for each scenario to ensure prompt fund-raising capacity and to be prepared for crisis situations involving credit derivatives. To be prepared against unforeseen crisis situations that occur without any warning, risks are managed aggressively by maintaining a stable liquidity ratio and securing available liquid assets even in the worst-case scenario.

Four Key Risks

| | |
|------------------|---|
| Market risk | Risk of loss to the company in relation to fluctuations in market prices such as stock prices, interest rates, and exchange rates |
| Credit risk | Risk of loss to the company in relation to a counterparty’s non-performance of the contract or changes in its ability to fulfill its debt obligations |
| Liquidity risk | Risk of loss to the company in the event of failure to liquidate the assets under management as normal or an unforeseen capital outflow |
| Operational risk | Risk of loss to the company due to inappropriate or faulty internal processes, manpower, systems, or external events |

05 Compliance and Ethical Management

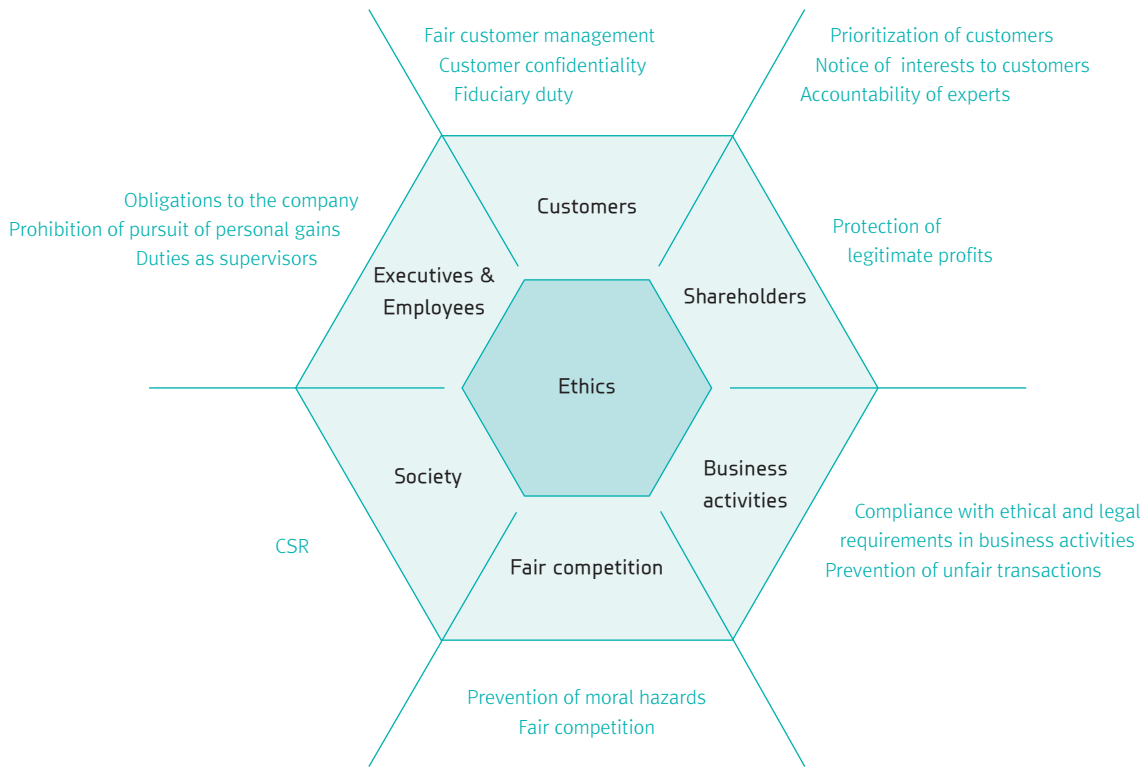
Ethical management is viewed as the foundation of the financial industry, based on the management philosophy of the company to abide by the law, and an organizational culture that values ethical awareness and communication is being created. The members of the organization are required to fulfill their economic and legal responsibilities, and the ethical standards that are the norm are reflected in the decision-making process and activities of the company.

Code of Ethics

The Code of Ethics of Daishin Securities presents the principles of ethics for its executives and employees and the principles of conduct for financial experts. The Code of Ethics is posted on the website and on posters at branches to encourage the staff to understand and practice it.

Ethical Rules for Business Conduct

Daishin Securities has established the Ethical Rules for Business Conduct, which came into effect in August 2018, for the purpose of preventing damages to consumers and legal violations and protecting the rights and interests of investors. In the event of a legal violation or a complaint is filed by an investor, the compliance of the salesperson with the Ethical Rules is reviewed, and if an illegal act is discovered, a thorough investigation is carried out to punish the individual, in addition to taking measures to prevent recurrences.



Internal Control System

Daishin Securities has established an internal control system to practice ethical management, and operates a compliance monitoring system for each segment to check for legal violations and compliance with the Code of Ethics. There is also a compliance officer and a dedicated organization to proactively respond to legal risks arising from financial incidents and to ensure legal compliance and ethical practices. In addition, the internal control standards set forth the matters concerning compliance and ethical practices that employees must observe, the duty of care, and the prevention of conflicts of interest with stakeholders.

Compliance and Ethical Management Program

Daishin Securities conducts regular and non-regular compliance and ethics training for all executives and employees to raise awareness of the importance of legal compliance, sound business activities, and investor protection. Compliance Day is held on the fifth business day of every month to make sure that the staff are fully aware of their work-related checklists and voluntarily check and confirm that the work is performed properly. The Help Line System helps legally protect whistleblowers who have reported on irregularities or corruption within the organization. Anyone can easily report financial crimes or unreasonable business practices by clicking the Daeshin Help Line (red whistle) button located at the bottom of the website.

Education on Compliance and Ethics

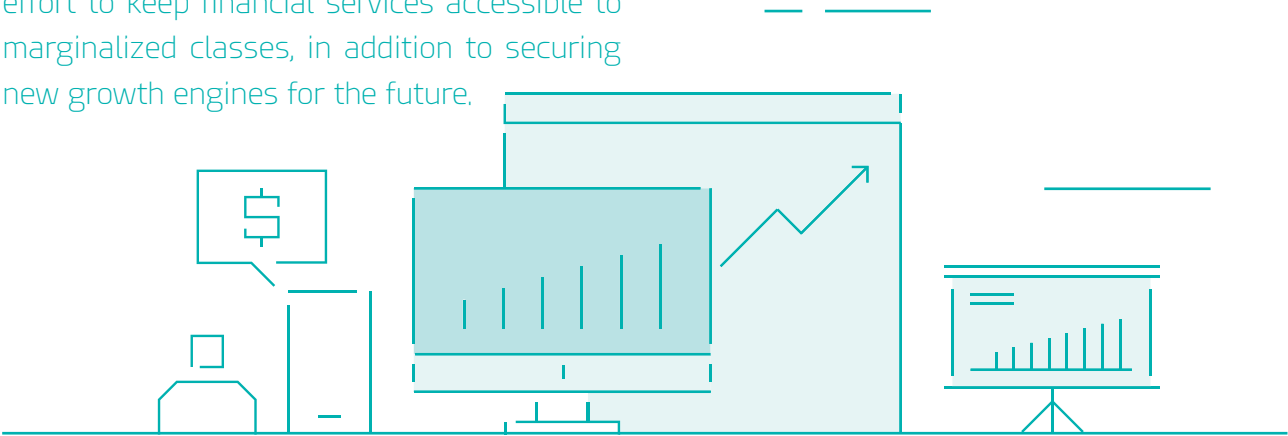
| Date | Key Details |
|--------------|--|
| 2020. 01. 09 | Analysis of the key sanctions imposed by the FSS in the second half of 2019 |
| 2020. 01. 20 | Explanation of the mis-selling monitoring system, amendments to the regulations concerning financial consumer protection, and Daeshin Code of Ethics |
| 2020. 02. 03 | Importance of thorough management of operational risk |
| 2020. 02. 28 | Dealing with conflict of interest and prevention of information exchange |
| 2020. 03. 30 | Introduction of the Help Line System |
| 2020. 04. 23 | Suspicious transaction report (STR), precautions in selling financial investment products to unsuitable investors, Daeshin Code of Ethics, etc. |
| 2020. 05. 29 | Key amendments to the Financial Investment Services and Capital Markets Act |

| Date | Key Details |
|--------------|---|
| 2020. 06. 29 | Compliance with the regulations on the use of electronic means of communication |
| 2020. 07. 31 | Order error prevention system, reinforcement of internal controls for non-face-to-face account opening,, Daeshin Code of Ethics, etc. |
| 2020. 08. 28 | Anti-money laundering system |
| 2020. 09. 25 | Investment advertising |
| 2020. 10. 26 | Suspicious transaction report (STR), reinforcement of internal controls for non-face-to-face financial services, Daeshin Code of Ethics, etc. |
| 2020. 11. 30 | Principles of financial investment product trading, prohibition of trading using information obtained from the job, financial investment product trading confirmation, etc. |
| 2020. 12. 28 | Personal Information Protection Act and precautions to take when recommending a trust contract |

Customer-Oriented Growth Engines for the Future

Artificial intelligence (AI), the Fourth Industrial Revolution, and digital transformation are the keywords today. Zero-contact practices, which have become the new normal in the pandemic era, are speeding up the digital transformation of the financial industry, which has helped enhance efficiency. On the other hand, it has heightened the barrier to the financial industry for vulnerable groups, such as seniors and others who are not proficient in using digital technology.

Financial firms must take advantage of digital finance, but at the same time make every effort to keep financial services accessible to marginalized classes, in addition to securing new growth engines for the future.



Growth

For the Sustainability

Daishin Securities is pursuing digital transformation by incorporating cutting-edge information technologies, such as AI, big data, and fintech. It is providing a wide range of digital services on online platforms and promoting inclusivity by using AI speakers to better assist those who are not proficient in using digital technology. To better respond to the rapidly changing market, the company is taking an interest in relatively safer assets, such as real estate, and exporting systems it has developed in order to secure additional growth engines.

Sustainability 3 Focus

Customer-oriented mobile platform services



Financial services provided based on digital innovation



Future growth engines discovered in overseas markets



Growth

01 Customer-oriented Platform Design and Content

MTS Offering Improved User Convenience

Creon is an online MTS app developed by Daishin Securities in 2019 and 2020, and two patents have been registered for related technologies. The UI/UX has been continually upgraded, and it won the Excellent Investment Information Award at the 2020 MTS Awards. There is a convenient feature that allows the user to rotate the screen with a touch gesture, for which a patent application has been submitted. Meanwhile, the intuitive UX design allows the user to switch to different pages, such as current price, chart, and balance, with ease. Users who have never invested in foreign stocks before can use the mock investing mode to practice beforehand. The MTS Foreign Stock Mock Investment Service was launched in February 2020 to allow users to invest in stocks listed on the stock exchanges of the United States and China using cyber money.

02 Digital Financial Services Incorporated with AI, Big Data, and FinTech

AI Investment Coach, Daishin Robo Advisor

Daishin Robo Advisor provides professional asset management services on the digital platform. Risks of fund products are reduced through rebalancing based on 24-hour monitoring of fluctuations in the financial markets, and users can obtain recommendations of wrap products that are suitable for them, based on their investment propensities, and subscribe to them online. In the first testbed operation supervised by the Financial Services Commission and Koscom, Daishin Robo Advisor has surpassed the average rate of return recorded by robo advisors and recorded the highest Sharpe ratio, which measures the performance of an investment compared to a risk-free asset. Daishin Securities also uses financial technology to provide convenient financial services to customers. Users can set a 6-digit PIN to log on more conveniently and transfer their funds using Toss, an easy money transfer service.

Daishin Securities has commenced its digital transformation process in order to better serve its customers. Improvements have been made by creating designs that would address any inconveniences faced by users, and various types of content have been developed to ensure safe financial transactions and provide professional financial services.

Differentiated Online Content

A section called Safe and Secure Financial Transactions has been added to Daishin Securities' website in response to the surge in online and mobile financial transactions to provide relevant information. By familiarizing themselves with the information as well as the Ten Commandments of Digital Financial Transactions and the Ten Commandments of Mobile Financial Transactions, customers can be better equipped to engage in safe and secure financial transactions. The prime service is allows online customers with a balance of at least KRW 1 million to watch videos titled the Visible Stock Information and the Online Investment Seminars, providing the Daishin Securities Research Center's analysis of companies and stock market outlook. Service users can also obtain one-on-one investment consulting from prime PBs with at least 10 years of experience online or on the phone.

Daishin Securities is endeavoring to lead the digital financial ecosystem by pursuing digital transformation through Daishin Robo Advisor, which provides professional consulting in a convenient manner, and diversification of digital platforms.

Digital Transformation

Daishin Securities became one of the first in the industry to launch a financial chatbot. Named Benjamin, the AI chatbot provides consulting to customers in a mobile environment. As of July 2021, Benjamin has provided consulting for 1.61 million inquiries. Those who are unable to use this service can use Giga Genie, an AI speaker from KT, to obtain financial information such as domestic and overseas market situations and watch YouTube videos on the stock market. Daishin Securities customers can access investment information such as the current stock prices, charts, and stocks with high potential for growth. As such, users can acquire financial information using a mobile phone or TV and build their knowledge about the economy and finance as well as investment know-how with ease.

03 Future Growth Engines Discovered in Overseas Markets

Daishin Securities is investing in new businesses with high potential for growth and profitability, based on selection and concentration, and raising their value to achieve further growth in a virtuous cycle. The company is specifically targeting REITs and alternative investments in this low-interest, low-growth era and exporting its online stock trading system to secure additional growth engines.

Alternative Investments in Global Markets

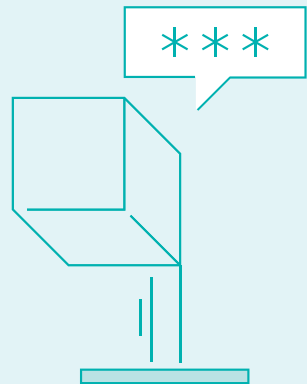
There is a growing demand for investment products that are relatively safe, such as real estate and special assets, in response to the increasing volatility across the world. In the presence of market uncertainty, investing in assets denominated in the currencies of advanced nations, such as the US dollar and Japanese yen, is critical. For this reason, Daishin Securities invested in real estate properties valued at KRW 300 billion that are spread out in Manhattan, the central five wards of Tokyo, Japan, and Singapore. The company plans to continually discover and invest in prime assets overseas and offer quality products to individual and institutional investors as well.

Establishment of Local Subsidiaries

Daishin Securities has founded local subsidiaries in New York, Tokyo, and Singapore, and this is closely associated with its overseas real estate investment strategy. The company is concentrating its real estate investments in developed countries. This is because they are geopolitically favorable and will suffer minimal price drops and demonstrate strong price resilience during a crisis.

Online Stock Trading Business in Thailand

Daishin Securities commenced an online stock trading business in Thailand together with Bualuang Securities in 2019. The experience of exporting its online stock trading system to Taiwan and Indonesia served as an important foundation for this new endeavor. The UI/UX of CYBOS (HTS) and CYBOS Touch (MTS) developed by the company was modified for localization purposes, and it was renamed as Trade Master. The system has been exported to Thailand, and the entrusted trading commissions are shared with Bualuang Securities.



**Daishing Securities
is dedicated to achieving
sustainable growth.**

Leaders in the financial industry should assist customers make sound financial investment decisions and instill hope in future generations. Understanding this role, Daishin Financial Group is working to thrive and prosper together with its customers.

Soon-nam Lee Managing Director
of Daishin NINEONE Private Lounge known for differentiated services developed by a female executive with exceptional sense and sensibility,

Jong-won Song Manager
from Management Planning Office responsible for establishing ESG management strategies for the entire Daishin Financial Group,

and **Dong-hee Jeon Team Manager**
from the Strategic Support Segment responsible for discovering overseas real estate properties in countries with stable currencies that have excellent price growth potential are specialists who have proven themselves.

We interviewed the three specialists to discuss Daishin Financial Group’s sustainable growth engines.

“Our biggest goal is to form long-term relationships with our customers and their children and grandchildren so that we can be their partners in building family wealth and taking their lives to the next level.”

**Daishin NINEONE
Private Lounge
Soon-nam Lee Managing Director**

The Daishin NINEONE Private Lounge providing real estate and financial services to ultra-high-net-worth individuals (UHNWIs) is truly one of a kind. A team composed of four leading experts from the Daishin Financial Group is assigned to each customer to provide specialized services. The biggest difference that sets us apart from the services provided by other securities firms is that we provide real estate investment services that are specifically tailored to each individual.

We don’ t just provide advice. We provide all kinds of solutions concerning real estate from purchase and sale to development and act on behalf of our customers as their agents. The reason we can provide such high-quality services is the fact that Daishin Securities is managed by the owner, which allows us to pursue long-term plans with consistence. The NINEONE Private Lounge was opened in March 2000 when the COVID-19 situation rapidly took a turn for the worse, but we were able to attract KRW 1.5 trillion of customer assets in just 9 months. This is proof that Daishin Securities has gained recognition from its customers for its customer-oriented services. The staff who are professional and competent derive solutions from the customers’ perspective, as the PBs and wealth managers working for the customers not for Daishin Securities.

Daishin Financial Group evaluates its employees based on their competencies, rather than what’ s written on their resumes, and those who can make prompt decisions and execute things quickly are rewarded according to the management philosophy of our chairwoman. In this environment, I constantly made an effort to derive solutions according to my customers’ needs, and in recognition of such efforts, I was given the opportunity to serve as the first female manager of an essential branch in Gangnam and the first female executive of the Daishin Financial Group. The Daishin NINEONE Private Lounge is a project symbolizing the vision of the Group that is fast emerging as a real estate and financial investment firm. It is also an important stepping stone for growth in terms of ESG. Daishin Securities will seek to grow together with its UHNW customers as their partners in building the family wealth across more than three generations.

“ESG management concerns managing environmental, social, and governance risks for the company to achieve sustainable growth. We pursue stable and long-term profits for the company and our customers based on excellent risk management.”

**Daishin Securities
ManagementPlanning Office
Soon-nam Lee Managing Director**

Daishin Securities’ ESG management policy is to fulfill the environmental requirements by focusing on business activities and the social and governance requirements by improving internal processes. In the environmental area, the ESG product lineup will be expanded, and IB activities will be pursued for relevant enterprises. In the social area, improvements will be made centering on customer management by upgrading financial consumer protection processes and so on, and in the governance area, a more transparent and efficient decision-making system will be established.

Daishin Securities places importance on risk management. Instead of seeking short-term, high-risk investments, we generally pursue stable and long-term investments to ensure sound business management and customer asset management. The key to ESG management is to manage risk factors concerning Environmental, Social, and Governance so that the company can achieve sustainable growth. In this regard, the corporate culture of Daishin Securities and the ESG activities are aligned. This common objective will serve as the driving force behind the growth of Daishin Securities as a sustainable company.

Currently, the environmental evaluation standards are mainly applied to the manufacturing industry by ESG evaluation agencies. Daishin Securities has formulated strategies for ESG management by making modifications suitable for the financial industry. The environmental impact of bond management and PF services will be evaluated to pursue business activities that are environmentally friendly, and the possibility of broadening the financial product lineup related to green financing is currently under review. Analyst reports will indicate the companies’ ESG rating and ESG investment strategy reports will be published to draw interest from investors and make a positive impact. Efforts are also being made to review projects focusing on sustainable management from the aspects of social and governance. Daishin Securities is presently receiving more favorable reviews in ESG evaluations compared to other financial investment companies, but without falling into complacency, we will relentlessly strive to reach the top of the industry and serve the interests of both the company and all stakeholders.

“We invest in prime real estate properties in countries with safe currencies that sell readily for a good profit. Since we invest in them ourselves, we can recommend them to our customers with confidence.”

**Daishin Securities
Strategic Support Segment
Soon-nam Lee Managing Director**

Currently, the environmental evaluation standards are mainly applied to the manufacturing industry by ESG evaluation agencies. Daishin Securities has formulated strategies for ESG management by making modifications suitable for the financial industry. The environmental impact of bond management and PF services will be evaluated to pursue business activities that are environmentally friendly, and the possibility of broadening the financial product lineup related to green financing is currently under review. Analyst reports will indicate the companies’ ESG rating and ESG investment strategy reports will be published to draw interest from investors and make a positive impact. Efforts are also being made to review projects focusing on sustainable management from the aspects of social and governance.

Daishin Securities is presently receiving more favorable reviews in ESG evaluations compared to other financial investment companies, but without falling into complacency, we will relentlessly strive to reach the top of the industry and serve the interests of both the company and all stakeholders. At Daishin Securities, overseas real estate investment products have been benefiting both the company and the customers alike by generating excellent profits. I have been working in overseas real estate investment for five years. When market volatility rises, customers tend to seek strong currencies. With this in mind, the Strategic Support Segment discovers and invests in prime real estate properties in key metropolitan cities in the target countries, such as the United States and Japan. To be more specific, we have been developing products centering on five cities: New York City, Tokyo, Singapore, Sydney, and London. What differentiates Daishin Securities from other securities firms that offer real estate equity products is that we also invest our own company’ s funds, not just the funds of institutional investors.

In 2021, inflation is expected at home and abroad, so we predict that real estate assets will become increasingly more appealing compared to cash. Accordingly, we are concentrating on purchasing existing real estate properties instead of investing in new developments. Going forward, we will use our outstanding real estate investment capabilities to offer customers with opportunities to invest in real estate properties in good locations in countries with strong currencies.

Appendix

Stakeholder Engagement

Daishin Securities has designated shareholders, customers, executives and employees, and local communities, suppliers, government and relevant agencies as the four major stakeholders. Opinions are collected from stakeholders to pursue efficient and smooth management activities, in addition to identifying the needs of each stakeholder, providing products and services that meet their expectations. IR and regular meetings for institutional investors, analysts, and others ensure smooth communication with stakeholders. Efforts are also made to reflect what society expects from Daishin Securities in the general management practices.

Shareholders

Communication Channels

General meeting of shareholders, meetings between investors and analysts, and disclosures

Expectations

Maximum gains for shareholders, increased value of the company, transparency of accounting data, and improved credibility

Activities

Financial services incorporated with the core technologies of the Fourth Industrial Revolution and capacity building in relation to global alternative investments

Executives & Employees

Communication Channels

In-house portal, junior board, and Daishin Academy

Expectations

Fair and equal opportunities, rewards that benefit performance, communication within the organization, and personal development

Activities

Employee welfare programs, Daishin Academy, etc.

Customers

Communication Channels

Customer satisfaction survey, VOC, and seminars

Expectations

Customized customer service, development and provision of new products, privacy protection, and complaints handling

Activities

CS program, mis-selling prevention activities, etc.

Local Communities, Suppliers, Government and Relevant Agencies

Communication Channels

Daishin Songchon Foundation, CSR activities, public hearings, financial- and securities-related associations, and meetings/discussions

Expectations

Paying back to society, prohibition of intervention in political activities, fair trade practices, and legal compliance

Activities

Internal controls, dedicated organizations, Daishin Songchon Foundation, etc.

Evaluation of Importance

Daishin Securities carries out an evaluation of importance based on the key topics in the financial industry and international standard indicators of sustainable management, such as the GRI standards and ISO 26000. In consideration of sustainability and business feasibility, a pool of economic, social, and environmental issues that are important to Daishin Securities is created, and the level of importance of each issue is evaluated in consideration of media analysis and the result of benchmarking global companies. Then, 9 important issues were selected as a result, and related activities and performance in 2019 and 2020 are described in detail in this report. The issues in question will be managed by Daishin Securities in order to realize sustainable management.

Step 1. Create a pool of sustainable management issues

Derived a pool of 22 economic, environmental, social, and consumer issues based on global standard issues

/ Analysis of new issues according to the GRI Standards, MSCI, and KCGS
/ Analysis of issues from the previous year and internal data

Step 2. Evaluate the importance

Conducted a media analysis based on the issue pool and benchmarked industry leaders

/ Reviewed issues in the media from January to December 2020 (3,276 cases)
/ Analyzed benchmarking leading financial firms and sustainable management leaders (10 companies)

Step 3. Select important issues

Determined the level of importance of each issue and selected top 9 issues

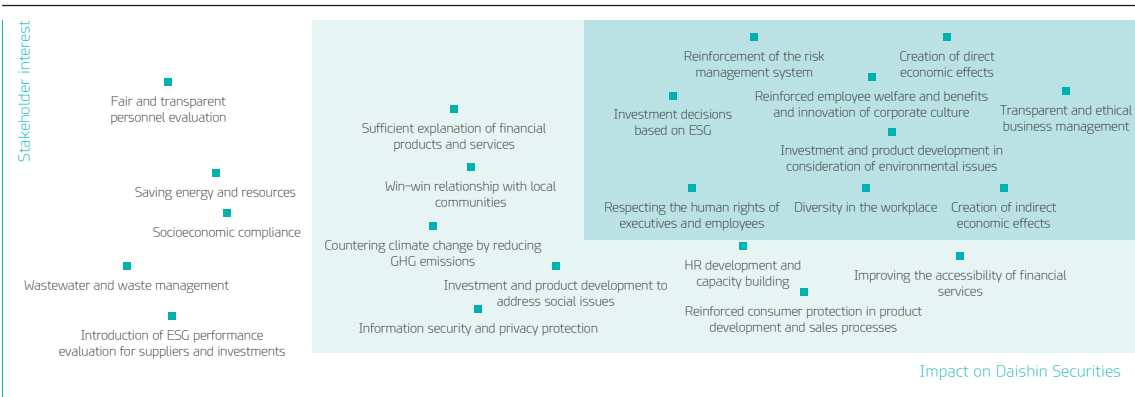
/ Saw key issues concerning financial consumer protection based on the media analysis results
/ Derived the 9 most important issues based on business impact and stakeholder interest

Step 4. Check the validity

Conducted an internal review and determined the reporting standards in relation to scope, boundary, period, etc.

/ Reflected the important issues in the direction of ESG management strategies
/ Checked the priority of the reports based on the reviews by internal and external ESG experts.

Matrix for the Evaluation of Importance



The 9 Important Issues

| Important Issues & Their Rankings | | Page | Reported in | GRI Standards |
|-----------------------------------|--|-------|--|----------------------|
| 1 | Transparent and ethical business management | 70-79 | Transparent Governance and Shareholder-Friendly Management | 102-16, 102-17 |
| 2 | Creation of indirect economic effects | 62-69 | Striving for Mutual Growth and Prosperity | 201-1, 413-1 |
| 3 | Creation of direct economic effects | 80-83 | Customer-Oriented Growth Engines for the Future | 102-10, 201-1, 203-2 |
| 4 | Reinforcement of the risk management system | 75-79 | Thorough Financial Consumer Protection System | 102-30 |
| 5 | Investment decisions based on ESG | 80-87 | Customer-Oriented Growth Engines for the Future | 201-1, 203-2 |
| 6 | Investment and product development in consideration of environmental issues | 56-58 | Environmentally Conscious Consumption Practices | 201-2 |
| 7 | Reinforced consumer protection in product development and sales processes | 48-55 | Thorough Financial Consumer Protection System | 404-2, 417-1 |
| 8 | Diversity in the workplace | 62-64 | Striving for Mutual Growth and Prosperity | 405-1 |
| 9 | Reinforced employee welfare and benefits and innovation of corporate culture | 65-67 | Striving for Mutual Growth and Prosperity | 401-2, 401-3 |

Auditor’s Report on the Consolidated Financial Statements

This report is effective as of March 11, 2021, 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 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

Independent Auditor’s Report

Opinion

We have audited the accompanying consolidated financial statements of Daishin Securities Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasized Matters

The users of consolidated financial statements need to be attentive to Note 2(4) to the financial statements that does not affect our audit opinion. Note 2(4) to the financial statements explains that the important accounting estimations and assumptions made by management may be adjusted according to the changes in uncertainty arising from COVID-19.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value Measurement of Over-the-counter Derivatives and Derivatives-linked Securities classified as Level 3K

As explained in Note 6 to the consolidated financial statements, the Group classifies fair value hierarchy levels as levels 1, 2 and 3 based on observability of inputs used to measure the fair values of financial instruments. If more than one significant component of fair value measurement is unobservable in the market, such financial instruments is classified as level 3. As explained in Note 6 to the consolidated financial statements, financial instruments measured at fair value amounting to 1,894,111 million (financial assets: 553,061 million, financial liabilities: 1,341,083 million) were measured based on unobservable inputs, and therefore, were classified as level 3 as at December 31, 2020, and of this the over-the-counter derivatives and derivatives-linked securities classified as level 3 using unobservable inputs amount to 1,537,652 million (financial assets: 196,569 million, financial liabilities: 1,341,083 million). As explained in Note 6 to the consolidated financial statements, financial instruments classified as level 3 uses various valuation techniques and variables. There is an uncertainty of accounting estimates as results of measurement may significantly change depending on the management’s determination on the valuation techniques and unobservable inputs. We considered that the fair value measurement of over-the-counter derivatives and derivatives-linked securities classified as level 3 is a key audit matter in consideration of their size, applicable valuation techniques and impact of unobservable inputs.

How Our Audit Addressed the Key Audit Matter

We have performed the following audit procedures to address the above key audit matter:

- / We obtained an understanding and evaluated the internal control related to measurement process of fair value, including management’s use of external experts.
- / We reviewed the qualification and independence of external experts engaged by the Company.
- / Control test: management review controls on the accuracy of external value interfaces and the results of fair value calculation.
- / We reconciled external value and the accounting treatment.
- / We verified whether issuance information in the contract is consistent with issuance information used to measure the fair value on a sampling basis.
- / We independently performed recalculation on the samples of the Company’s financial instruments by its type with internal experts, and reviewed the differences.
- / We assessed whether fair value hierarchy levels are categorized by nature of inputs used.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Korean IFRS (K-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. In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations. Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- / Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- / Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. However, this is not to express an opinion regarding the effectiveness of the internal controls.
- / Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- / Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

- Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- / Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- / In order to express an opinion on the consolidated financial statements, we obtain sufficient and appropriate evidence related to the Company’s financial information or business activities within the Group. We are responsible for the direction, supervision, and performance of the Group audit and are fully responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Hwi-chul Jin, Certified Public Accountant.

March 11, 2021
100, Hangang-daero, Yongsan-gu, Seoul,
Republic of Korea
Hoon-soo Yoon, CEO of Samil PwC

Consolidated Statements of Financial Position

Unit : thousand KRW

Daishin Securities Co., Ltd. and Subsidiaries

| Account | 2020 | | 2019 | |
|--|---------------|----------------|---------------|----------------|
| Assets | | | | |
| I. Cash and bank deposits | | 4,139,134,143 | | 2,357,596,116 |
| II. Financial assets at fair value through profit or loss | | 7,505,467,814 | | 8,444,688,656 |
| 1. Financial assets at fair value for trading | 7,183,888,619 | | 8,165,430,964 | |
| 2. Derivatives Assets | 321,579,195 | | 279,257,692 | |
| III. Financial assets at fair value through other comprehensive income | | 238,379,200 | | 183,381,155 |
| IV. Investments in associates and joint ventures | | 302,737,650 | | 221,732,761 |
| V. Loans and receivables | | 4,701,848,201 | | 4,363,040,893 |
| VI. Current tax assets | | 2,672,530 | | 19,933,266 |
| VII. Property and equipment | | 359,042,232 | | 402,844,277 |
| VIII. Intangible assets | | 127,358,168 | | 153,176,568 |
| IX. Investment property | | 2,358,414,760 | | 2,064,303,034 |
| X. Non-current assets held for sale | | 215,902,410 | | 223,730,499 |
| XI. Deferred tax assets | | 148,985,271 | | 107,167,032 |
| XII. Other assets | | 1,038,322,565 | | 606,903,984 |
| XIII. Inventories | | 365,581,738 | | 288,782,146 |
| Total assets | | 21,503,846,682 | | 19,437,280,387 |
| Liability | | | | |
| I. Financial liabilities at fair value through profit or loss | | 2,255,826,064 | | 3,077,912,751 |
| 1. Financial liabilities at fair value for trading | 7,471,052 | | 5,067,432 | |
| 2. Derivatives Liabilities | 424,591,170 | | 300,299,632 | |
| 3. Financial liabilities designated at fair value | 1,823,763,842 | | 2,772,545,687 | |
| II. Deposit liabilities | | 4,617,794,638 | | 2,813,090,994 |
| III. Borrowings | | 8,152,374,029 | | 7,929,924,510 |
| IV. Debentures | | 1,837,961,434 | | 1,784,772,804 |
| V. Defined benefit liabilities and other long-term employee benefits | | 7,451,137 | | 8,245,890 |
| VI. Provisions | | 24,244,623 | | 16,309,889 |
| VII. Current tax liabilities | | 73,306,782 | | 5,240,664 |
| VIII. Deferred tax liabilities | | 55,148,802 | | 66,908,560 |
| IX. Other liabilities | | 2,402,370,468 | | 1,717,825,261 |
| Total liabilities | | 19,426,477,977 | | 17,420,231,323 |

Consolidated Statements of Financial Position
December 31, 2020 and 2019

| Account | 2020 | | 2019 | |
|---|---------------|----------------|--------------|----------------|
| Equity | | | | |
| I. Equity attributable to owners of the Group | | 2,048,263,040 | | 1,984,474,468 |
| 1. Capital stock | 434,867,000 | | 434,867,000 | |
| 2. Capital surplus | 694,981,258 | | 694,981,258 | |
| 3. Accumulated other comprehensive income | 138,621,949 | | 127,829,995 | |
| 4. Retained earnings | 1,032,325,065 | | 952,748,176 | |
| (Accumulated reserve for bad debts) | 13,794,502 | | 11,540,535 | |
| (Expected reserve for bad debts) | -5,021,815 | | 2,253,967 | |
| 5. Capital adjustments | -252,532,232 | | -225,951,961 | |
| II. Non-controlling interests | | 29,105,665 | | 32,574,596 |
| Total equity | | 2,077,368,705 | | 2,017,049,064 |
| Total liabilities and equity | | 21,503,846,682 | | 19,437,280,387 |

Consolidated Statements of Comprehensive Income

Unit : thousand KRW

Daishin Securities Co., Ltd. and Subsidiaries

| Account | 2020 | | 2019 | |
|---|---------------|---------------|---------------|---------------|
| I. Operating revenue | | 2,867,976,335 | | 2,696,718,760 |
| 1. Commissions income | 479,229,680 | | 273,043,557 | |
| 2. Interest income | 281,796,395 | | 299,959,701 | |
| 3. Gain on financial instruments at fair value through profit or loss, net | 1,465,590,099 | | 1,661,530,229 | |
| 4. Gain on financial instruments designated at fair value through profit or loss, net | 160,771,942 | | 177,345,978 | |
| 5. Reversal of provision for credit loss allowance | 883,291 | | 634,748 | |
| 6. Gain on foreign currency translation | 141,164,567 | | 84,224,042 | |
| 7. Gain on lotting-out sale | 167,651,156 | | 111,338,429 | |
| 8. Rental income | 122,910,682 | | - | |
| 9. Other operating revenues | 47,978,523 | | 88,642,076 | |
| II. Operating expenses | | 2,628,737,741 | | 2,597,040,556 |
| 1. Commissions expenses | 34,344,655 | | 43,555,927 | |
| 2. Interest expenses | 212,152,868 | | 254,425,072 | |
| 3. Loss on financial instruments at fair value through profit or loss, net | 1,336,907,840 | | 1,113,407,845 | |
| 4. Loss on financial instruments designated at fair value through profit or loss, net | 200,720,086 | | 557,151,053 | |
| 5. Provision for credit loss allowance | 56,750,075 | | 52,991,714 | |
| 6. Loss on foreign currency translation | 98,177,064 | | 75,234,468 | |
| 7. Lotting-out sale expense | 133,969,311 | | 90,113,218 | |
| 8. Rental expenses | 106,246,931 | | - | |
| 9. Employee benefits expense | 221,343,407 | | 202,886,196 | |
| 10. Depreciation and amortization | 39,906,485 | | 41,947,145 | |
| 11. Other selling and administrative expenses | 165,812,772 | | 133,013,915 | |
| 12. Other operating expenses | 22,406,247 | | 32,314,003 | |
| III. Operating income | | 239,238,594 | | 99,678,204 |
| IV. Non-operating results | | -19,810,103 | | 29,402,538 |
| 1. Non-operating income | 48,184,622 | | 49,121,097 | |
| 2. Non-operating loss | 67,994,725 | | 19,718,559 | |
| V. Net income before tax | | 219,428,491 | | 129,080,742 |
| VI. Income tax expense | | 72,409,519 | | 35,125,253 |

Consolidated Statements of Financial Position

December 31, 2020 and 2019

| Account | 2020 | | 2019 | |
|---|-------------|-------------|-------------|-------------|
| VII. Net income | | 147,018,972 | | 93,955,489 |
| (Net income after reflecting reserve for bad debts 2020: 153,185 million / 2019: 92,459 million) | | | | |
| VIII. Other comprehensive income | | 8,978,687 | | 15,795,943 |
| 1. Items that will or may be reclassified to profit or loss | -17,173,112 | | 6,446,283 | |
| Equity method evaluation of investments in associates | -197,114 | | 134,819 | |
| Loss on translation of overseas operations | -16,975,998 | | 6,311,464 | |
| 2. Items that will or may not be reclassified to profit or loss | 26,151,799 | | 9,349,660 | |
| Remeasurements of the net defined benefit plan | 305,604 | | -1,142,804 | |
| Gain on valuation of financial assets at fair value through other comprehensive income | 22,607,909 | | 12,519,074 | |
| Changes in the fluctuation of own credit risk of financial liabilities at fair value through profit or loss | 3,238,286 | | -2,026,610 | |
| IX. Total comprehensive income | | 155,997,659 | | 109,751,432 |
| Profit for the year attributable to: | | 147,018,972 | | 93,955,489 |
| 1. Owners of the Group | 148,162,789 | | 94,712,829 | |
| 2. Non-controlling interests | -1,143,817 | | -757,340 | |
| Other comprehensive income for the year attributable to: | | 155,997,659 | | 109,751,432 |
| 1. Owners of the Group | 158,954,743 | | 109,452,613 | |
| 2. Non-controlling interests | -2,957,084 | | 298,819 | |
| Earnings per share for the shares of the owners of the Group | | | | |
| Basic earnings per ordinary share | | 2,119 | | 1,310 |
| Basic earnings per 1st preferred share | | 2,274 | | 1,415 |
| Basic earnings per 2nd preferred share | | 2,224 | | 1,366 |
| Diluted earnings per ordinary share | | 2,097 | | 1,299 |
| Diluted earnings per 1st preferred share | | 2,248 | | 1,402 |
| Diluted earnings per 2nd preferred share | | 2,198 | | 1,353 |

Consolidated Statements of Changes in Equity

Unit : thousand KRW

Daishin Securities Co., Ltd. and Subsidiaries

| Account | Equity attributable to owners of the Group Capital Stock | Capital Surplus | Accumulated Other Comprehensive Income | Retained Earnings |
|---|---|-----------------|---|-------------------|
| Balance at January 1, 2019 | 434,867,000 | 694,981,258 | 113,090,211 | 903,137,906 |
| Change in accounting policy | - | - | - | -18,460 |
| Amount after correction | 434,867,000 | 694,981,258 | 113,090,211 | 903,119,446 |
| Comprehensive income | | | | |
| Net income | - | - | - | 94,712,829 |
| Gain on valuation of financial assets at fair value through other comprehensive income | - | - | 12,519,074 | - |
| Changes in the own credit risk of financial liabilities designated at fair value through profit or loss | - | - | -2,026,610 | - |
| Equity method evaluation of investments in associates | - | - | 134,819 | - |
| Gain (loss) on translation of overseas operations | - | - | 5,256,321 | - |
| Remeasurements of net defined benefit plan | - | - | -1,143,820 | - |
| Transactions with equity holders | | | | |
| Dividends paid | - | - | - | -45,084,099 |
| Changes in treasury shares | - | - | - | - |
| Others | - | - | - | - |
| Acquisition of subsidiaries | - | - | - | - |
| Balance at December 23, 2019 | 434,867,000 | 694,981,258 | 127,829,995 | 952,748,176 |
| Balance at January 1, 2020 | 434,867,000 | 694,981,258 | 127,829,995 | 952,748,176 |
| Comprehensive income | | | | |
| Net income | - | - | - | 148,162,789 |
| Gain on valuation of financial assets at fair value through other comprehensive income | - | - | 22,607,909 | - |
| Changes in the own credit risk of financial liabilities designated at fair value through profit or loss | - | - | 3,238,286 | - |
| Equity method evaluation of investments in associates | - | - | -197,114 | - |
| Gain (loss) on translation of overseas operations | - | - | -15,162,731 | - |
| Remeasurements of net defined benefit plan | - | - | 305,604 | - |
| Transactions with equity holders | | | | |
| Dividends paid | - | - | - | -68,585,900 |
| Changes in treasury shares | - | - | - | - |
| Others | - | - | - | - |
| Changes in subsidiaries | - | - | - | - |
| Balance at December 31, 2020 | 434,867,000 | 694,981,258 | 138,621,949 | 1,032,325,065 |

Consolidated Statements of Financial Position

December 31, 2020 and 2019

| Capital Adjustments | Capital Surplus | Non-Controlling Interests | Total |
|---------------------|-----------------|---------------------------|---------------|
| -176,889,623 | 1,969,186,752 | 31,709,353 | 2,000,896,105 |
| - | -18,460 | - | -18,460 |
| -176,889,623 | 1,969,168,292 | 31,709,353 | 2,000,877,645 |
| - | 94,712,829 | -757,340 | 93,955,489 |
| - | 12,519,074 | - | 12,519,074 |
| - | -2,026,610 | - | -2,026,610 |
| - | 134,819 | - | 134,819 |
| - | 5,256,321 | 1,055,143 | 6,311,464 |
| - | -1,143,820 | 1,016 | -1,142,804 |
| - | -45,084,099 | - | -45,084,099 |
| -46,996,608 | -46,996,608 | - | -46,996,608 |
| -2,065,730 | -2,065,730 | - | -2,065,730 |
| - | - | 566,424 | 566,424 |
| -225,951,961 | 1,984,474,468 | 32,574,596 | 2,017,049,064 |
| -225,951,961 | 1,984,474,468 | 32,574,596 | 2,017,049,064 |
| - | 148,162,789 | -1,143,817 | 147,018,972 |
| - | 22,607,909 | - | 22,607,909 |
| - | 3,238,286 | - | 3,238,286 |
| - | -197,114 | - | -197,114 |
| - | -15,162,731 | -1,813,267 | -16,975,998 |
| - | 305,604 | - | 305,604 |
| - | -68,585,900 | - | -68,585,900 |
| -23,240,143 | -23,240,143 | - | -23,240,143 |
| -3,340,128 | -3,340,128 | - | -3,340,128 |
| - | - | -511,847 | -511,847 |
| -252,532,232 | 2,048,263,040 | 29,105,665 | 2,077,368,705 |

Consolidated Statements of Cash Flows

Unit : thousand KRW

Daishin Securities Co., Ltd. and Subsidiaries

| Account | 2020 | | 2019 | |
|---|----------------|--------------|--------------|--------------|
| I. Net cash flow from operating activities | | -479,386,244 | | -722,309,206 |
| 1. Net income | 147,018,972 | | 93,955,489 | |
| 2. Adjustments to gains and losses | 94,343,855 | | -116,445,956 | |
| (1) Gain on financial instruments at fair value through profit or loss | -10,636,343 | | -123,984,451 | |
| (2) Loss on financial instruments designated at fair value through profit or loss | -89,378,416 | | -940,399 | |
| (3) Gain on derivatives | 89,989,807 | | 50,887,312 | |
| (4) Gain financial assets at amortized cost | 55,866,784 | | 52,356,966 | |
| (5) Depreciation and amortization | 39,906,485 | | 41,947,145 | |
| (6) Loss on foreign currency translation | -2,689,077 | | -17,089,201 | |
| (7) Net Interest income | -183,276,591 | | -156,958,218 | |
| (8) Cost of lotting-out sale | 66,285,077 | | - | |
| (9) Loss on investments in associates | -381,563 | | 4,290,841 | |
| (10) Loss on disposal of property and equipment | -34,760 | | 135,628 | |
| (11) Loss on disposal of intangible assets | -61,912 | | 33,000 | |
| (12) Impairment loss on property and equipment | - | | -472,802 | |
| (13) Impairment loss on intangible assets | 11,463,354 | | 2,922,158 | |
| (14) Impairment loss on investment in real estate | - | | 2,298,748 | |
| (15) Employee benefits-related expenses | 3,434,617 | | 4,363,104 | |
| (16) Others | 73,254,538 | | -6,635,728 | |
| (17) Impairment loss on non-current assets held for sale | 6,325,947 | | 12,940,296 | |
| (18) Loss on disposal of non-current assets held for sale | -21,464,045 | | -6,551,676 | |
| (19) Dividend income | -16,669,566 | | -11,113,932 | |
| (20) Income tax expense | 72,409,519 | | 35,125,253 | |
| 3. Changes in operating assets and liabilities | -875,470,747 | | -760,288,858 | |
| (1) Bank deposits | -1,885,197,421 | | 18,601,780 | |
| (2) Financial assets at fair value through profit or loss | 974,014,652 | | 140,937,239 | |
| (3) Financial liabilities at fair value through profit or loss | 1,084,952 | | -61,651,706 | |
| (4) Financial liabilities designated at fair value through profit or loss | -855,704,309 | | -823,959,232 | |
| (5) Derivate assets and liabilities | -8,019,772 | | -99,640,500 | |
| (6) Loans and receivables | -385,183,622 | | 126,711,192 | |
| (7) Deposit liabilities | 1,805,844,754 | | -117,582,284 | |
| (8) Borrowings | 115,313,955 | | 318,341,860 | |
| (9) Retirement benefit and employee benefits obligations | -5,756,769 | | -4,671,479 | |
| (10) Investment property | -537,853,410 | | -436,658,437 | |
| (11) Other assets | -446,671,697 | | 432,839,927 | |
| (12) Other liabilities | 434,348,272 | | -209,141,761 | |
| (13) Inventory assets | -81,690,332 | | -44,415,457 | |

Consolidated Statements of Financial Position

December 31, 2020 and 2019

| Account | 2020 | | 2019 | |
|---|--------------|--------------|--------------|-------------|
| 4. Interests received | 410,323,195 | | 437,803,992 | |
| 5. Interests paid | -228,454,084 | | -309,958,462 | |
| 6. Dividends received | 18,676,904 | | 11,761,230 | |
| 7. Income taxes paid | -45,824,339 | | -79,136,641 | |
| II. Net cash flow from investing activities | | -76,916,581 | | 34,048,655 |
| 1. Payment for acquisition of FVOCI financial assets through other comprehensive income | -25,172,307 | | - | |
| 2. Payment for acquisition of investments for associates | -111,710,899 | | -122,659,190 | |
| 3. Proceeds from disposal of investments for associates | 24,765,373 | | 39,798,793 | |
| 4. Payment for acquisition of subsidiaries (minus cash holdings) | - | | 39,423,223 | |
| 5. Proceeds from disposal of subsidiaries (minus cash holdings) | -17,090,304 | | -2,941,626 | |
| 6. Payment for acquisition of property and equipment | -13,224,826 | | -44,915,522 | |
| 7. Proceeds from disposal of property and equipment | 754,367 | | 5,110 | |
| 8. Payment for acquisition of intangible assets | -1,417,435 | | -4,164,459 | |
| 9. Proceeds from disposal of intangible assets | 1,256,545 | | 1,500,000 | |
| 10. Payment for acquisition of investment property | -40,786,746 | | -2,632,791 | |
| 11. Payment for acquisition of non-current assets held for sale | -5,383,920 | | -11,855,156 | |
| 12. Proceeds from disposal of non-current assets held for sale | 110,486,346 | | 149,747,780 | |
| 13. Increase in deposits | -3,168,050 | | -4,634,921 | |
| 14. Decrease in deposits | 3,775,275 | | 9,230,363 | |
| 15. Increase in advance payments | - | | -11,852,949 | |
| III. Net cash flow from financial activities | | 444,710,970 | | 910,007,112 |
| 1. Issuance of debentures | 472,156,046 | | 812,556,160 | |
| 2. Repayment of debentures | -419,893,525 | | -282,058,795 | |
| 3. Net increase in borrowings | 53,929,674 | | -115,101,800 | |
| 4. Increase in leasehold deposit liabilities | 387,320,360 | | 597,319,899 | |
| 5. Decrease in leasehold deposit liabilities | -33,421,545 | | -174,848 | |
| 6. Decrease in other liabilities | -11,175,862 | | -13,270,501 | |
| 7. Acquisition of treasury shares | -39,840,579 | | -51,429,948 | |
| 8. Disposal of treasury shares | 4,561,318 | | - | |
| 9. Payment of dividends | -68,582,972 | | -45,095,528 | |
| 10. Increase in liabilities of non-controlling interests | 99,658,055 | | 7,363,473 | |
| 11. Increase (decrease) in shares of non-controlling interests | - | | -101,000 | |
| IV. Effect of changes in foreign exchange rate on cash and cash equivalents denominated in foreign currency | | -9,451,936 | | 2,114,080 |
| V. Increase (decrease) in cash flow (I+II+III+IV) | | -121,043,791 | | 223,860,641 |
| VI. Cash and cash equivalents at the beginning of the year | | 825,261,782 | | 601,401,141 |
| VII. Cash and cash equivalents at the end of the year | | 704,217,991 | | 825,261,782 |

Auditor’s Report on the Financial Statements

Independent Auditor’s Report

Opinion

We have audited the accompanying separate financial statements of Daishin Securities Co., Ltd. (the Company), which comprise the separate statements of financial position as at December 31, 2020 and 2019, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies. In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of Daishin Securities Co., Ltd. as at December 31, 2020 and 2019, and its separate financial performance and its separate cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). We also have audited, in accordance with Korean Standards on Auditing, the Company’s Internal Control over Financial Reporting as at December 31, 2012, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting, and our report dated March 11, 2021 expressed an unqualified opinion.

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasized Matters

The users of the financial statements need to be attentive to Note 2(4) to the financial statements that does not affect our audit opinion. Note 2(4) to the financial statements explains that the important accounting estimations and assumptions made by management may be adjusted according to the changes in uncertainty arising from COVID-19.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This report is effective as of March 11, 2021, 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 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

Fair Value Measurement of Over-the-counter Derivatives and Derivatives-linked Securities classified as Level 3K

As explained in Note 5 to the separate financial statements, the Group classifies fair value hierarchy levels as levels 1, 2 and 3 based on observability of inputs used to measure the fair values of financial instruments. If more than one significant component of fair value measurement is unobservable in the market, such financial instruments is classified as level 3. As explained in Note 5 to the financial statements, financial instruments measured at fair value amounting to 1,859,514 million (financial assets: 518,431 million, financial liabilities: 1,341,083 million) were measured based on unobservable inputs, and therefore, were classified as level 3 as at December 31, 2020, and of this the over-the-counter derivatives and derivatives-linked securities classified as level 3 using unobservable inputs amount to 1,537,652 million (financial assets: 196,569 million, financial liabilities: 1,341,083 million). As explained in Note 5 to the financial statements, financial instruments classified as level 3 uses various valuation techniques and variables. There is an uncertainty of accounting estimates as results of measurement may significantly change depending on the management’s determination on the valuation techniques and unobservable inputs. We considered that the fair value measurement of over-the-counter derivatives and derivatives-linked securities classified as level 3 is a key audit matter in consideration of their size, applicable valuation techniques and impact of unobservable inputs.

How Our Audit Addressed the Key Audit Matter

We have performed the following audit procedures to address the above key audit matter:

- / We obtained an understanding and evaluated the internal control related to measurement process of fair value, including management’s use of external experts.
- / We reviewed the qualification and independence of external experts engaged by the Company.
- / Control test: management review controls on the accuracy of external value interfaces and the results of fair value calculation.
- / We reconciled external value and the accounting treatment.
- / We verified whether issuance information in the contract is consistent with issuance information used to measure the fair value on a sampling basis.
- / We independently performed recalculation on the samples of the Company’s financial instruments by its type with internal experts, and reviewed the differences.
- / We assessed whether fair value hierarchy levels are categorized by nature of inputs used.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Korean IFRS (K-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. In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations. Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- / Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- / Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. However, this is not to express an opinion regarding the effectiveness of the internal controls.
- / Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- / Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
/ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Hwi-chul Jin, Certified Public Accountant.

March 11, 2021
100, Hangang-daero, Yongsan-gu, Seoul,
Republic of Korea
Hoon-soo Yoon, CEO of Samil PwC

Separate Statements of Financial Position

Unit : thousand KRW

Daishin Securities Co., Ltd. and Subsidiaries

| Account | 2020 | | 2019 | |
|--|---------------|----------------|---------------|----------------|
| Assets | | | | |
| I. Cash and bank deposits | | 3,521,092,282 | | 1,579,211,871 |
| II. Financial assets at fair value through profit or loss | | 7,170,830,341 | | 8,091,931,728 |
| 1. Financial assets at fair value for trading | 6,853,128,001 | | 7,812,869,307 | |
| 2. Derivatives Assets | 317,702,340 | | 279,062,421 | |
| III. Financial assets at fair value through other comprehensive income | | 238,379,200 | | 183,381,155 |
| IV. Investments in associates and joint ventures | | 1,071,054,753 | | 980,868,031 |
| V. Loans and receivables | | 1,801,874,648 | | 1,375,464,544 |
| VI. Current tax assets | | - | | 1,302,416 |
| VII. Property and equipment | | 267,091,589 | | 307,349,661 |
| VIII. Intangible assets | | 28,525,508 | | 30,367,163 |
| IX. Investment property | | 313,840,940 | | 335,379,836 |
| X. Non-current assets held for sale | | 23,987,006 | | - |
| XI. Other assets | | 930,317,502 | | 597,589,806 |
| Total assets | | 15,366,993,769 | | 13,482,846,211 |
| Liability | | | | |
| I. Financial liabilities at fair value through profit or loss | | 2,255,742,084 | | 3,077,735,569 |
| 1. Financial liabilities at fair value for trading | 7,471,052 | | 5,067,432 | |
| 2. Derivatives Liabilities | 424,507,190 | | 300,122,450 | |
| 3. Financial liabilities designated at fair value | 1,823,763,842 | | 2,772,545,687 | |
| II. Deposit liabilities | | 3,158,052,455 | | 1,546,715,972 |
| III. Borrowings | | 6,309,070,229 | | 5,913,473,260 |
| IV. Debentures | | 693,763,939 | | 578,835,502 |
| V. Defined benefit liabilities and other long-term employee benefits | | 5,162,677 | | 4,014,525 |
| VI. Provisions | | 83,450,078 | | 101,412,668 |
| VII. Current tax liabilities | | 55,873,824 | | - |
| VIII. Deferred tax liabilities | | 52,388,169 | | 60,575,403 |
| IX. Other liabilities | | 850,812,590 | | 399,316,312 |
| Total liabilities | | 13,464,316,045 | | 11,682,079,211 |

Consolidated Statements of Financial Position
December 31, 2020 and 2019

| Account | 2020 | | 2019 | |
|--|------|----------------|------|----------------|
| Equity | | | | |
| I . Capital | | 434,867,000 | | 434,867,000 |
| II . Capital surplus | | 694,981,258 | | 694,981,258 |
| III . Accumulated other comprehensive income | | 148,329,454 | | 122,506,734 |
| IV. Retained earnings | | 872,086,492 | | 770,308,280 |
| (Accumulated reserve for bad debts) | | 13,794,502 | | 11,540,535 |
| (Expected reserve for bad debts) | | -5,021,815 | | 2,253,967 |
| V . Capital adjustments | | -247,586,480 | | -221,896,272 |
| Total equity | | 1,902,677,724 | | 1,800,767,000 |
| Total liabilities and equity | | 15,366,993,769 | | 13,482,846,211 |

Separate Statements of Comprehensive Income

Unit : thousand KRW

Daishin Securities Co., Ltd. and Subsidiaries

| Account | 2020 | | 2019 | |
|---|---------------|---------------|---------------|---------------|
| I . Operating revenue | | 2,289,577,861 | | 2,288,306,662 |
| 1. Commissions income | 463,176,428 | | 269,083,070 | |
| 2. Interest income | 81,594,879 | | 88,026,212 | |
| 3. Gain on financial instruments at fair value | 1,430,329,141 | | 1,647,918,219 | |
| through profit or loss, net | | | | |
| 4. Gain on financial instruments designated at fair value through profit or loss, net | 160,771,942 | | 177,345,978 | |
| 5. Reversal of provision for credit loss allowance | 4,283 | | - | |
| 6. Gain on foreign currency translation | 137,225,069 | | 81,683,513 | |
| 7. Other operating revenues | 16,476,119 | | 24,249,670 | |
| II . Operating expenses | | 2,049,918,138 | | 2,189,360,201 |
| 1. Commissions expenses | 22,931,017 | | 17,501,486 | |
| 2. Interest expenses | 96,757,420 | | 135,252,901 | |
| 3. Loss on financial instruments at fair value through profit or loss, net | 1,327,583,220 | | 1,107,432,383 | |
| 4. Loss on financial instruments designated at fair value through profit or loss, net | 200,720,086 | | 557,151,053 | |
| 5. Provision for credit loss allowance | 1,817,515 | | 2,453,601 | |
| 6. Loss on foreign currency translation | 95,253,778 | | 75,020,713 | |
| 7. Employee benefits expense | 175,642,405 | | 160,556,692 | |
| 8. Depreciation and amortization | 34,319,231 | | 35,024,632 | |
| 9. Other selling and administrative expenses | 94,546,866 | | 98,735,288 | |
| 10. Other operating expenses | 346,600 | | 231,452 | |
| III . Operating income | | 239,659,723 | | 98,946,461 |
| IV . Non-operating results | | -3,615,850 | | 18,989,374 |
| 1. Non-operating income | 45,054,440 | | 25,527,793 | |
| 2. Non-operating loss | 48,670,290 | | 6,538,419 | |
| V . Net income before tax | | 236,043,873 | | 117,935,835 |
| VI . Income tax expense | | 65,679,760 | | 30,007,187 |

Consolidated Statements of Financial Position

December 31, 2020 and 2019

| Account | 2020 | | 2019 | |
|---|------------|-------------|------------|------------|
| VII . Net income | | 170,364,113 | | 87,928,648 |
| (Net income after reflecting reserve for bad debts 2020: 175,386 million / 2019: 85,675 million) | | | | |
| VIII . Other comprehensive income | | 25,822,720 | | 10,039,672 |
| I. Items that will or may be reclassified to profit or loss | | | | |
| Gain on valuation of FVOCI financial assets | 22,607,909 | | 12,519,075 | |
| Changes in the own credit risk of financial liabilities designated at fair value through profit or loss | 3,238,286 | | -2,026,610 | |
| Remeasurements of net defined benefit plan | -23,475 | | -452,793 | |
| IX . Total comprehensive income | | 196,186,833 | | 97,968,320 |
| X . Earnings per share | | | | |
| Basic earnings per ordinary share | | 2,439 | | 1,215 |
| Basic earnings per 1st preferred share | | 2,609 | | 1,316 |
| Basic earnings per 2nd preferred share | | 2,559 | | 1,267 |
| Diluted earnings per ordinary share | | 2,413 | | 1,205 |
| Diluted earnings per 1st preferred share | | 2,580 | | 1,304 |
| Diluted earnings per 2nd preferred share | | 2,530 | | 1,255 |

Separate Statements of Changes in Equity

Unit : thousand KRW

Daishin Securities Co., Ltd. and Subsidiaries

| Account | Capital Stock | Capital Surplus | 기타포괄 손익누계액 |
|---|---------------|-----------------|-------------|
| Balance at January 1, 2019 | 434,867,000 | 694,981,258 | 112,467,062 |
| Change in accounting policy | - | - | - |
| Amount after correction | 434,867,000 | 694,981,258 | 112,467,062 |
| Comprehensive income | | | |
| Net income | - | - | - |
| Gain on valuation of financial assets at fair value through other comprehensive income | - | - | 12,519,075 |
| Changes in the fluctuation of own credit risk of financial liabilities at fair value through profit or loss | - | - | -2,026,610 |
| | - | - | -452,793 |
| Transactions with equity holders | | | |
| Dividends paid | - | - | - |
| Changes in treasury shares (Note 24) | - | - | - |
| Others (Note 24) | - | - | - |
| Balance at December 31, 2019 | 434,867,000 | 694,981,258 | 122,506,734 |
| Balance at January 1, 2020 | 434,867,000 | 694,981,258 | 122,506,734 |
| Comprehensive income | | | |
| Net income | - | - | - |
| Gain on valuation of financial assets at fair value through other comprehensive income | - | - | 22,607,909 |
| Changes in the fluctuation of own credit risk of financial liabilities at fair value through profit or loss | - | - | 3,238,286 |
| | - | - | -23,475 |
| Transactions with equity holders | | | |
| Dividends paid | - | - | - |
| Changes in treasury shares | - | - | - |
| Others | - | - | - |
| Balance at December 31, 2020 | 434,867,000 | 694,981,258 | 148,329,454 |

Consolidated Statements of Financial Position
December 31, 2020 and 2019

| Retained Earnings | Capital Adjustments | Total |
|-------------------|---------------------|---------------|
| 727,430,846 | -174,594,597 | 1,795,151,569 |
| 32,886 | - | 32,886 |
| 727,463,732 | -174,594,597 | 1,795,184,455 |
| 87,928,648 | - | 87,928,648 |
| - | - | 12,519,075 |
| - | - | -2,026,610 |
| - | - | -452,793 |
| -45,084,100 | - | -45,084,100 |
| - | -46,996,607 | -46,996,607 |
| - | -305,068 | -305,068 |
| 770,308,280 | -221,896,272 | 1,800,767,000 |
| 770,308,280 | -221,896,272 | 1,800,767,000 |
| 170,364,113 | - | 170,364,113 |
| - | - | 22,607,909 |
| - | - | 3,238,286 |
| - | - | -23,475 |
| -68,585,901 | - | -68,585,901 |
| - | -23,240,144 | -23,240,144 |
| - | -2,450,064 | -2,450,064 |
| 872,086,492 | -247,586,480 | 1,902,677,724 |

Separate Statements of Cash Flows

Unit : thousand KRW

Daishin Securities Co., Ltd. and Subsidiaries

| Account | 2020 | 2019 |
|---|----------------|--------------|
| I. Net cash flow from operating activities | -61,765,072 | -234,789,456 |
| 1. Net income | 170,364,113 | 87,928,648 |
| 2. Adjustments to gains and losses | -28,030,131 | -143,158,023 |
| (1) Gain on financial instruments at fair value through profit or loss | 653,153 | -122,364,407 |
| (2) Loss on financial instruments designated at fair value through profit or loss | -89,378,416 | -940,399 |
| (3) Gain on derivatives | 93,640,707 | 51,414,894 |
| (4) Gain financial assets at amortized cost | 1,813,232 | 2,453,601 |
| (5) Depreciation and amortization | 34,319,231 | 35,024,632 |
| (6) Loss on foreign currency translation | -4,532,964 | -16,236,155 |
| (7) Net Interest income | -96,367,011 | -62,952,062 |
| (8) Loss on investments in associates | -756,995 | -812,468 |
| (9) Loss on disposal of property and equipment | -371 | 101,759 |
| (10) Loss on disposal of intangible assets | -61,912 | 33,000 |
| (11) Loss on disposal of non-current assets held for sale | -20,783,379 | 144,717 |
| (12) Impairment loss on property and equipment | - | -472,802 |
| (13) Impairment loss on intangible assets | -238,407 | -199,000 |
| (14) Impairment loss on investment in real estate | - | 2,298,748 |
| (15) Employee benefits-related expenses | 1,315,846 | 2,208,964 |
| (16) Others | 10,742,738 | -36,345,442 |
| (17) Dividend income | -24,075,343 | -26,522,790 |
| (18) Income tax expense | 65,679,760 | 30,007,187 |
| 3. Changes in operating assets and liabilities | -315,849,750 | -233,829,222 |
| (1) Bank deposits | -1,767,008,930 | 43,343,411 |
| (2) Financial assets at fair value through profit or loss | 940,383,214 | 319,177,715 |
| (3) Financial liabilities at fair value through profit or loss | 1,084,952 | -61,651,706 |
| (4) Financial liabilities designated at fair value through profit or loss | -855,704,309 | -823,959,232 |
| (5) Derivate assets and liabilities | -7,895,886 | -99,433,197 |
| (6) Loans and receivables | -426,405,821 | -58,608,563 |
| (7) Deposit liabilities | 1,612,477,593 | -26,806,207 |
| (8) Borrowings | 113,798,102 | 294,323,421 |
| (9) Retirement benefit and employee benefits obligations | -1,948,884 | -2,786,154 |
| (10) Other assets | -351,661,696 | 486,192,625 |
| (11) Other liabilities | 427,031,915 | -303,621,335 |

Consolidated Statements of Financial Position

December 31, 2020 and 2019

| Account | 2020 | 2019 |
|---|--------------|--------------|
| 4. Interests received | 244,220,105 | 263,010,106 |
| 5. Interests paid | -131,207,169 | -200,119,095 |
| 6. Dividends received | 22,795,380 | 25,320,975 |
| 7. Income taxes paid | -24,057,620 | -33,942,845 |
| II. Net cash flow from investing activities | -71,569,796 | -167,610,126 |
| 1. Proceeds from disposal of investments for associates | 12,296,872 | 41,298,837 |
| 2. Proceeds from disposal of property and equipment | 611,031 | 5,110 |
| 3. Proceeds from disposal of intangible assets | 1,088,545 | 1,500,000 |
| 4. Proceeds from disposal of non-current assets held for sale | 51,570,000 | 4,488,000 |
| 5. Decrease in deposits | 3,072,866 | 5,400,386 |
| 6. Decrease in leasehold deposit liabilities | 158,177 | 158,176 |
| 7. Payment for acquisition of investments for associates | -100,824,205 | -172,594,850 |
| 8. Payment for acquisition of FVOCI financial assets through other comprehensive income | -25,172,307 | - |
| 9. Payment for acquisition of property and equipment | -11,176,893 | -42,154,527 |
| 10. Payment for acquisition of investment property | -61,356 | - |
| 11. Payment for acquisition of intangible assets | -310,000 | -2,638,600 |
| 12. Increase in leasehold deposit liabilities | -2,822,526 | -3,072,658 |
| III. Net cash flow from financial activities | 298,888,276 | 301,929,799 |
| 1. Issuance of debentures | 214,506,972 | 299,016,751 |
| 2. Net increase in borrowings | 298,802,891 | 211,357,856 |
| 3. Increase in leasehold deposit liabilities | 369,127 | 898,277 |
| 4. Payment of dividends | -68,582,972 | -45,077,051 |
| 5. Repayment of debentures | -100,000,000 | -100,000,000 |
| 6. Decrease in leasehold deposit liabilities | -130,000 | -177,598 |
| 7. Acquisition of treasury shares | -39,840,579 | -51,429,948 |
| 8. Disposal of treasury shares | 4,561,318 | - |
| 9. Decrease in other liabilities | -10,798,481 | -12,658,488 |
| IV. Effect of changes in foreign exchange rate on cash and cash equivalents denominated in foreign currency | -8,069,115 | 2,095,192 |
| V. Increase (decrease) in cash flow (I+II+III+IV) | 157,484,293 | -98,374,591 |
| VI. Cash and cash equivalents at the beginning of the year | 187,183,290 | 285,557,881 |
| VII. Cash and cash equivalents at the end of the year (Note 36) | 344,667,583 | 187,183,290 |

Social Performance

Executives & Employees

| Category | | Unit | 2020 | 2019 | 2018 |
|--------------------------------|--|--------|-------|-------|-------|
| Total executives and employees | Total | person | 1,487 | 1,587 | 1,578 |
| | Domestic | person | 1,487 | 1,585 | 1,576 |
| | Overseas | person | - | 2 | 2 |
| Employment type | Regular employee | person | 986 | 1,039 | 1,070 |
| | Professional/special/ contract employee | person | 501 | 548 | 508 |
| Sex | Male | person | 860 | 904 | 903 |
| | - Regular employee | person | 546 | 583 | 615 |
| | - Non-regular employee | person | 314 | 321 | 288 |
| | Female | person | 627 | 683 | 675 |
| | - Regular employee | person | 440 | 456 | 455 |
| | - Non-regular employee | person | 187 | 227 | 220 |
| Age group | 20s | person | 127 | 176 | 150 |
| | 30s | person | 523 | 568 | 625 |
| | 40s | person | 551 | 592 | 587 |
| | 50s and older | person | 286 | 251 | 216 |
| New hires | Total | person | 167 | 220 | 189 |
| | Male | person | 66 | 100 | 76 |
| | Female | person | 101 | 120 | 113 |
| Executives* | Total | person | 35 | 36 | 31 |
| | Male | person | 33 | 34 | 29 |
| | Female | person | 2 | 2 | 2 |
| | 30s-50s | person | 11 | 9 | 6 |
| | 50s and older | person | 24 | 27 | 25 |
| | | | | | |

*Incl. registered and unregistered executives

Employee Training

| Category | | Unit | 2020 | 2019 | 2018 |
|--|------------------------------|--------|-----------|------------|-----------|
| Employee training | Hours of training per person | hours | 30.80 | 21.18 | 36.31 |
| | Cost of training per person | krw | 380,000 | 660,000 | 580,000 |
| | Total hours of training | hours | 45,584 | 33,620 | 57,292 |
| | Total cost of training | krw | 5,690,000 | 10,470,000 | 9,240,000 |
| Sexual harassment prevention | Completion person | preson | 1,443 | 1,450 | 1,473 |
| | Completion rate | % | 100 | 100 | 100 |
| Workplace harassment prevention | Completion person | preson | 1,443 | 1,450 | 1,473 |
| | Completion rate | % | 100 | 100 | 100 |
| Disability awareness | Completion person | preson | 1,443 | 1,450 | 1,473 |
| | Completion rate | % | 100 | 100 | 100 |
| Information security | Completion person | preson | 1,443 | 1,450 | 1,473 |
| | Completion rate | % | 100 | 100 | 100 |
| Compliance and ethics | Completion person | preson | 1,443 | 1,450 | 1,473 |
| | Completion rate | % | 100 | 100 | 100 |
| Programs for preparation for qualification certification examinations | AFPK | case | 0 | 1 | 3 |
| | Participants | preson | 0 | 4 | 8 |
| | Fund investment | case | 3 | 3 | 3 |
| | Participants | preson | 22 | 46 | 25 |
| | Securities investment | case | 3 | 3 | 3 |
| | Participants | preson | 18 | 81 | 25 |
| | Derivatives investment | case | 3 | 3 | 3 |
| | Participants | preson | 17 | 44 | 12 |
| | Investment asset manager | case | 3 | 3 | 3 |
| | Participants | preson | 23 | 58 | 52 |

*The data on employee training data aside from the education programs for preparation for qualification certification exams are based on the incumbent employees, as of July 31.

Pension Plan

| Category | | Unit | 2020 | 2019 | 2018 |
|--------------------------|-------|--------|----------------|----------------|----------------|
| Amount under management* | DB** | krw | 10,600,000,000 | 11,800,000,000 | 9,800,000,000 |
| | DC*** | krw | 78,600,000,000 | 67,100,000,000 | 56,300,000,000 |
| Number of enrollees | DB | person | 31 | 32 | 27 |
| | DC | person | 1,354 | 1,314 | 1,340 |

*Based on the amount accrued as of the end of 2020, 2019, and 2018 **DB (Defined Benefit) Plan: The pension is paid as a lump sum at the tie of retirement
***DC (Defined Contribution) Plan: Severance pay is calculated and paid every year

Social Performance

Childcare Support

| Category | | Unit | 2020 | 2019 | 2018 |
|---|---------------------------|--------|------|------|------|
| Parental leave | Total | person | 24 | 29 | 37 |
| | Male | person | 0 | 1 | 1 |
| | Female | person | 24 | 28 | 36 |
| Return after parental leave | Male | person | 0 | 1 | 0 |
| | Female | person | 6 | 25 | 31 |
| Proportion of workers returning after parental leave* | Male | % | 0 | 100 | 0 |
| | Female | % | 25 | 89 | 86 |
| Number of workers who have worked for at least a year after returning from parental leave | Male | person | 0 | 0 | 0 |
| | Female | person | 0 | 4 | 28 |
| Proportion of workers who have worked for at least a year after returning from parental leave** | Male | % | 0 | 0 | 0 |
| | Female | % | 0 | 16 | 90 |
| Number of employees with the right to take a parental leave | Male | person | 860 | 904 | 903 |
| | Female | person | 627 | 683 | 675 |
| Diversity | Persons with disabilities | person | 37 | 36 | 41 |
| | Persons of national merit | person | 28 | 27 | 27 |

* Proportion of workers returning after parental leave = Number of workers returning after parental leave / Number of workers expected to return after parental leave *100
**Proportion of workers who have worked for at least a year after returning from parental leave = Number of workers who have worked for at least a year after returning from parental leave / Number of workers who returned in the previous year after a parental leave *100

Social Contribution Activities (CSR)

| Category | | Unit | 2020 | 2019 | 2018 |
|-----------------------------|---|------|---------------|---------------|---------------|
| Daeshin Songchon Foundation | Scholarships | krw | 325,863,000 | 283,448,000 | 306,243,000 |
| | Academic research | krw | 122,000,000 | 92,000,000 | 44,000,000 |
| | Educational institutions | krw | 850,000,000 | 500,000,000 | 555,000,000 |
| | Public health | krw | 0 | 8,000,000 | 2,943,000 |
| | Low-income families and vulnerable groups | krw | 129,000,000 | 244,000,000 | 337,000,000 |
| | Total | krw | 1,426,863,000 | 1,150,804,000 | 1,245,186,000 |

Collective Agreements

| Category | Unit | 2020 | 2019 | 2018 |
|---|------|------|------|------|
| Proportion of employees to whom collective agreements apply | % | 94 | 94 | 95 |

Environmental Performance

Environmental Data

| Category | | Unit | 2020 | 2019 | 2018 |
|-----------------------------------|-------------------------|--------|-----------|-----------|-----------|
| Copy and print paper | Paper | sheets | 5,632,500 | 5,890,000 | 6,222,500 |
| Non-renewable energy consumption* | Power | kWh | 7,527,234 | 7,911,561 | 8,376,579 |
| | Gas | m³ | 313,342 | 326,122 | 343,035 |
| Renewable energy consumption* | Geothermal | TJ | 1.24 | 1.40 | 0.58 |
| | Solar | kWh | 37,817 | 37,796 | 40,323 |
| Water consumption | Waterworks | m³ | 56,301 | 66,332 | 83,439 |
| GHG emissions* | Direct(Scope1) | tCO2eq | 682.68 | 712.08 | 747.36 |
| | Energy indirect(Scope2) | tCO2eq | 3,458.01 | 3,634.57 | 3,848.20 |
| Waste management | Recycling | ton | 70 | 70 | 70 |
| | Incineration | | 600 | 601 | 450 |
| | Total | | 670 | 671 | 520 |

In the case of incineration of general waste, only building waste was indicated in the past, but waste discarded in volume-based waste fee bags is now also included (calculated by the fees paid). Waste weight is calculated based on the number of 1-ton trucks used.
Errors were found in the 2018 and 2019 data, and corrections were made for this report.

*Energy consumption and GHG emissions were calculated in accordance with the guidelines on the national GHG emissions trading system.

GRI Content Index

Universal Standards

GRI 102 : General Disclosure

| Topic | GRI code | Reported matters | ISO 26000 | Page |
|----------------------|----------|---|--|---------------------------|
| Organization Profile | 102-1 | Name of the organiza>on | Daishin Securities Co., Ltd. | 6.3.10/ 22 |
| | 102-2 | Activities, brands, products, and services | See Company Overview and Daishin Financial Group | 6.4.1-6.4.5/ 22, 26-27 |
| | 102-3 | Location of headquarters | Daishin Finance Center, 343, Samil-daero, Jung-gu, Seoul | 6.8.5/7.8 22 |
| | 102-4 | Location of operations | 46 branches, 1 business office, and local subsidiaries in Singapore, New York and Tokyo | 130-131 |
| | 102-5 | Ownership and legal form | See Company Overview | 22 |
| | 102-6 | Markets served | See Company Overview and Daishin Financial Group | 22, 26-27 |
| | 102-7 | Scale of the organization | See Company Overview | 22 |
| | 102-8 | Information on employees and other workers | See Data Center | 112 |
| | 102-9 | Supply chain | Building, real estate, recruitment, and internal network management | 112 |
| | 102-10 | Significant changes to the organization and its supply chain | Establishment of a local subsidiary in Tokyo (2020) | 119 |
| | 102-11 | Precautionary Principle or approach | Risk management during product development and introduction | 75-77 |
| | 102-12 | External initiatives | Endorsed ISO 26000 but there are no external initiatives that the organization has joined or approved | 116 |
| Strategy | 102-13 | Membership of associations | See Membership of Associations | 129 |
| | 102-14 | Statement from senior decision-maker | See Chairwoman's Message and CEO's Message | 4.7/6.2/ 18-21 |
| | 102-15 | Key impacts, risks, and opportunities | See Chairwoman's Message and CEO's Message | 7.4.2 |
| Ethics and Integrity | 102-16 | Values, principles, standards, and norms of behavior | See 2021 Management Objectives, ESG Management Strategies, and Compliance and Ethical Management | 4.4/ 28-29, 78 |
| | 102-17 | Mechanisms for advice and concerns about ethics | Preparation and operation of an internal control organization, system and standards, etc. | 6.6.3 79 |
| Governance | 102-18 | Governance structure | There is a board of directors, the top decision-making body, and five subcommittees | 6.2/ 25, 74 |
| | 102-22 | Composition of the highest governance body and its committees | See Governance | 7.4.3/ 72-74 |
| | 102-28 | Evaluating the highest governance body's performance | See Governance | 7.7.5 75 |
| | 102-30 | Effectiveness of risk management processes | A risk management committee is operating under the Board and a risk management officer is working directly under the CEO to manage and oversee risks | 76-77 |
| | 102-32 | Highest governance body's role in sustainability reporting | Published by Chairwoman Auh-ryung Lee | |
| | 102-33 | Communicating critical concerns | Important matters that need to be announced by the company are directly reported by the executive to the Board | |
| | 102-34 | Nature and total number of critical concerns | | |
| | 102-35 | Remuneration policies | There is a remuneration committee comprised of only outside directors | 74 |
| | 102-36 | Process for determining remuneration | It was determined at the 2nd Remuneration Committee Meeting held on Feb. 18, 2021 | 74 |
| | 102-37 | Stakeholders' involvement in remuneration | Determined by a resolution at a general meeting of shareholders | |

| Topic | GRI code | Reported matters | ISO 26000 | Page |
|------------------------|----------|--|---|-------------------|
| Stakeholder Engagement | 102-40 | List of stakeholder groups | Shareholders and investors, executives and employees, customers (individual and corporate clients), government and relevant agencies, and local communities | 5.3 90 |
| | | Collective bargaining agreements | See Data Center | 114 |
| | | Identifying and selecting stakeholders | See Communication with Stakeholders | 90 |
| | | Approach to stakeholder engagement | See Communication with Stakeholders | 90 |
| Reporting Practice | 102-41 | Collective bargaining agreements | See Evaluation of Importance | 90-91 |
| | 102-42 | Identifying and selecting stakeholders | See Evaluation of Importance | 90-91 |
| | 102-43 | Approach to stakeholder engagement | See Evaluation of Importance | 90-91 |
| | 102-44 | Key topics and concerns raised | See Evaluation of Importance | 90-91 |
| | 102-45 | Entities included in the consolidated financial statements | See p. 116 of the 2020 Annual Report of Daishin Securities | 5.2/ 26-27 |
| | 102-46 | Defining report content and topic Boundaries | See Evaluation of Importance | 7.3.2-7.3.4 91 |
| | 102-47 | List of material topics | See Evaluation of Importance | 91 |
| | 102-48 | Restatements of information | N/A | 117 |
| | 102-49 | Changes in reporting | See Evaluation of Importance | 91 |
| | 102-50 | Reporting period | From Jan. 1, 2020 until Dec. 31, 2020 (Incl. 2021 performance) | 7.5.3/ 7.6.2 |
| | 102-51 | Date of most recent report | Dec. 2020 | 117 |
| | 102-52 | Reporting cycle | Annual publication | |
| | 102-53 | Contact point for questions regarding the report | Sustainable Management Personnel at the PR Office (02-769-2117) | |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | Comply with the key conformance criteria of the GRI Standards | |
| | 102-55 | GRI Content Index | See GRI Content Index | 116-119 |
| | 102-56 | External assurance | See Third-Party Assurance | 120-121 |

GRI Content Index

Topic-specific Standards

GRI 200 : Economy

| Topic | GRI code | | Reported matters | ISO 26000 | Page |
|--|----------|---|--|---|-------------|
| Economic Performance | | | | | |
| GRI 103 : Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundaries | | | 28-29 |
| | 103-2 | The management approach and its components | | | 49, 57, 63, |
| | 103-3 | Evaluation of the management approach | | | 71, 81 |
| Economic Performance | 201-1 | Direct economic value generated and distributed | Daishin Securities is a financial investment company that engages in investment trading, brokerage, management, etc., thereby creating direct economic value. For the direct economic value distributed, see Data Center. | 6.8. 1-6.8.3/ 6.8.7/ | 104-111 |
| | 201-3 | Defined benefit plan obligations / other retirement plans | See Data Center | 6.8.9 | 113 |
| Indirect Economic Effects | | | | | |
| GRI 103 : Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundaries | | | 56-61, |
| | 103-2 | The management approach and its components | | | 68-69 |
| | 103-3 | Evaluation of the management approach | | | |
| Indirect Economic Effects | 203-1 | Infrastructure investments and services supported | Daishin Securities is conducting CSR programs in local communities through the Daishin Songchon Foundation. In 2020, scholarship and academic programs and programs to support low-income family and marginalized groups were carried out. For more details on the expenditure, see Data Center. | 6.3.9/6.6.6/ 6.6.7/6.7.8/ 6.8.1-6.8.2/ 6.8.5/6.8.7/ 6.8.9 | 114 |
| Anti-Corruption | | | | | |
| GRI 103 : Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundaries | | | 62-63 |
| | 103-2 | The management approach and its components | | | |
| | 103-3 | Evaluation of the management approach | | | |
| Anti-Corruption | 205-2 | Communication and training about anti-corruption | Number of persons who completed the compliance and ethics training -2018 : 1,473 -2019 : 1,450 -2020 : 1,443 | 6.6.1-6.6.3 | 113 |

Topic-specific Standards

GRI 300 : Environment

| Topic | GRI code | | Reported matters | ISO 26000 | Page |
|---------------|----------|--|--|-----------|------------|
| Energy | | | | | |
| GRI 103 : | 103-1 | Explanation of the material topic and its Boundaries | | | 56-57 |
| Management | 103-2 | The management approach and its components | | | |
| Approach 2016 | 103-3 | Evaluation of the management approach | | | |
| Energy | 302-1 | Energy consumption within the organization | Power consumption in 2020: 7,527,234kwh | 6.5.4 | 58-59, 115 |
| Water | | | | | |
| GRI 103 : | 103-1 | Explanation of the material topic and its Boundaries | | | 56-57 |
| Management | 103-2 | The management approach and its components | | | |
| Approach 2016 | 103-3 | Evaluation of the management approach | | | |
| Water | 303-1 | Water withdrawal by source | Waterworks is the only water source used Water consumption (waterworks) in 2020: 56,301m³ | 6.5.4 | 59, 115 |
| Emissions | | | | | |
| GRI 103 : | 103-1 | Explanation of the material topic and its Boundaries | | | 56-57 |
| Management | 103-2 | The management approach and its components | | | |
| Approach 2016 | 103-3 | Evaluation of the management approach | | | |
| Emissions | 305-1 | Direct (Scope 1) GHG emissions | GHG emission in 2020 – Direct (Scope1): 682.68tCO2eq | 6.5.5 | 59, 115 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | GHG emission in 2020 – Energy indirect (Scope2) : 3,458.01tCO2eq | 6.5.5 | 59, 115 |

GRI Content Index

Topic-specific Standards

GRI 400 : Social

| Topic | GRI code | Reported matters | ISO 26000 | Page |
|--|----------------------------------|---|--|---------------------|
| Employment | | | | |
| GRI 103 : Management Approach 2016 | 103-1 103-2 103-3 | Explanation of the material topic and its Boundaries The management approach and its components Evaluation of the management approach | | 62-63 |
| Employment | 401-1 | New employee hires and employee turnover | New hires (total/males/females) (Unit: persons) -2018 : 189/76/113 -2019 : 115/45/70 -2020 : 167/66/101 | 64.3 112 |
| | 401-2 | Benefits provided to full-time employees | See Capacity Building Programs and Corporate Culture | 64.4/6.8.7 65-66 |
| | 401-3 | Parental leave | See Data Center | 64.4 67, 114 |
| Health and Safety | | | | |
| GRI 103 : Management Approach 2016 Health and Safety | 103-1 103-2 103-3 403-3 | Explanation of the material topic and its Boundaries The management approach and its components Evaluation of the management approach Workers with high incidence of occupational diseases or at high risk | | 65 |
| | | A program is in operation to help protect the well-being of customer service workers who are engaging in emotional labor and creating a good work environment | 64.6/6.8.8 | 66 |
| Training and Education | | | | |
| GRI 103 : Management Approach 2016 Training and Education | 103-1 103-2 103-3 404-1 | Explanation of the material topic and its Boundaries The management approach and its components Evaluation of the management approach Average hours of training per year per employee | | 64-67 |
| | | -2018 : 36.1hours -2019 : 21.2hours -202년 : 21.2hours | 64.7 | 113 |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | Daishin Academy is in operation to offer executives and employees training programs to pursue personal development and improve their professional capabilities, in addition to various other education and training programs such as knowledge seminars and MBA for financial clinic service representatives | 64.7/6.8.5 65-66 |

| Topic | GRI code | Reported matters | ISO 26000 | Page |
|---|---|---|---|--|
| Diversity, Inclusion & Equity | | | | |
| GRI 103 : Management Approach 2016 | 103-1 103-2 103-3 | Explanation of the material topic and its Boundaries The management approach and its components Evaluation of the management approach | | 62-63 |
| Diversity, Inclusion & Equity | 405-1 | Diversity of governance bodies and employees | Diversity of employees (2018 / 2019 / 2020) -Persons with disabilities : 41 / 36 / 37 -Female managerial staff : 36.6% / 38.8% / 40.25% | 62.3/6.3.7/ 6.3.10/ 6.4.3 64, 114 |
| Human Rights Assessment | | | | |
| GRI 103 : Management Approach 2016 Human Rights Assessment | 103-1 103-2 103-3 412-2 | Explanation of the material topic and its Boundaries The management approach and its components Evaluation of the management approach Employee training on human rights policies or procedures | | 62-63 |
| | | Number of participants in education for sexual harassment prevention -2018 : 1,473 / 2019 : 1,450 / 2020 : 1,443 | 6.3.5 | 64, 113 |
| Local Communities | | | | |
| GRI 103 : Management Approach 2016 Local Communities | 103-1 103-2 103-3 413-1 | Explanation of the material topic and its Boundaries The management approach and its components Evaluation of the management approach Operations with local community engagement, impact assessments, and development programs | | 62-63 |
| | | Daishin Securities communicates with local communities and stakeholders through community CSR programs carried out by the Daishin Songchon Foundation | 6.3.9/6.5. 1-6.5.3/6.8 | 68-69, 114 |
| Marketing and Labeling | | | | |
| GRI 103 : Management Approach 2016 Marketing and Labeling | 103-1 103-2 103-3 417-2 417-3 | Explanation of the material topic and its Boundaries The management approach and its components Evaluation of the management approach Incidents of non-compliance concerning product and service information and labeling Incidents of non-compliance concerning marketing communications | | 48-55 |
| | | N/A | | |
| | | No fines, sanctions, or warnings were received from financial authorities due to mis-selling within the reporting period | 6.7.3 | |

Third-Party Assurance

The following is an independent assurance opinion from ECONINE derived according to the scope and standards of assurance in regard on the contents of the 2021 Integrated Report produced by Daishin Securities. The assurance was carried out based on the assumption that the information provided by Daishin Securities is complete, and the responsibility for all the information contained in the integrated report lies in Daishin Securities.

To the Management
Daeshin Securities Co., Ltd.
Stakeholders

Assurance

Assurance Criteria

Daishin Securities determined the reporting priorities for the 9 important issues in consideration of the opinions of internal and external experts. It was also confirmed that Daishin Securities is reporting on its overall sustainability management activities and impacts with a focus on the important issues selected.

- ☒ The principles of inclusivity, responsiveness, materiality, and impact according to AA1000 AccountAbility Principles 2018
- ☒ Type1, Moderate level according to AA1000 Assurance Standard(2008) with Addendum 2018
- ☒ GRI Standards Core Option

Scope and Method

ECONINE confirmed the reliability of the report by applying the sampling method to the sustainability management performance from January 1, 2020 to December 31, 2020.

- ☒ Consistency with key reports and other disclosures
- ☒ The process of evaluating importance and the GRI Standards related to the important issues
- ☒ Consistency between the 2019 Daishin Securities Sustainability Report and the 2021 Integrated Report and key changes
- ☒ Inaccurate or unclear expressions and performance data
- ☒ Interviews with internal stakeholders who participated in the preparation of the report

Independence and Legitimacy

Personnel with professional competence in the field of sustainability management performed the related work based on ECONINE's Code of Ethics. ECONINE does not have any interests that may undermine the independence of providing assurance of Daishin Securities' report, other than providing third-party assurance services.

Limitations

The completeness and responsiveness of the information presented in Daishin Securities' integrated report has limitations depending on the method of screening, measuring, and estimating the data. Non-financial performance has been verified with the information and evidentiary data provided by Daishin Securities, but the reliability of the original data is not guaranteed.

Conclusion

As a result of verifying Daishin Securities' integrated report, it is judged that it complies with the AA1000 AccountAbility Principles 2018 and met the basis for Type 1 assurance under the AA1000 Assurance Standard (2008) with Addendum 2018. Moreover, it is judged that it complies with the compliance requirements of the Core Option of the GRI Standards and does not deviate from any material reporting principles.

Inclusiveness

Daishin Securities has designated stakeholder groups as 1) shareholders, 2) customers, 3) employees, and 4) local communities, suppliers, government and relevant agencies. It operates communication channels for each stakeholder group so that stakeholders can communicate what they expect from the company in terms of CSR.

Materiality

Daishin Securities carried out media analysis and benchmarked its peers based on international standard indicators for sustainability management and 22 key topics in the financial industry so as to identify stakeholder interests in the issues and evaluate the impact of the issues on business. As a result, 9 important issues were selected, and the validity of those issues were verified through an internal review so that they could be reflected in the direction of ESG strategies.

Responsiveness

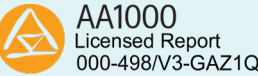
Daishin Securities determined the reporting priorities for the 9 important issues in consideration of the opinions of internal and external experts. It was also confirmed that Daishin Securities is reporting on its overall sustainability management activities and impacts with a focus on the important issues selected.

Impact

Daishin Securities explains the impact of the important issues in sustainable management on related operations and responsibilities, based on global guidelines such as the GRI Index, ISO 26000 and SGDs. This includes direct impacts on Daishin Securities' business operations as well as impacts on local communities and the financial ecosystem.

Recommend

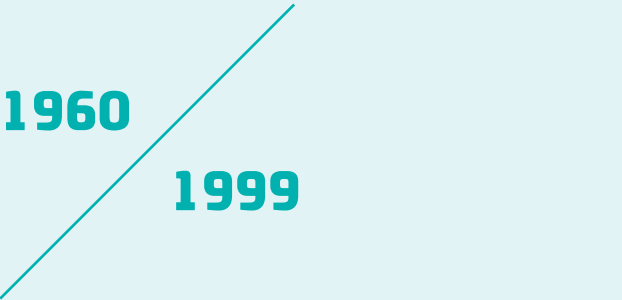
Daishin Securities first reported its ESG action strategies that were in connection with the UN Sustainable Development Goals (SDGs) through an integrated report, based on the 2021 management objectives and ESG management strategies established at the Group level. We hope that in the future, Daishin Securities establishes ESG management objectives, integrate them with the business management objectives, and report mid-to-long-term plans and goals based on those objectives so that its stakeholders can be aware of the direction of its ESG management and actively participate in ESG activities.



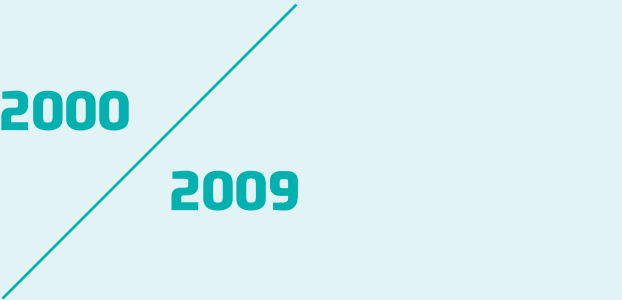
July 26, 2021
Seo Wook, CEO of ECONINE

A handwritten signature in black ink, likely belonging to Seo Wook, CEO of ECONINE.

Daishin Financial Group History



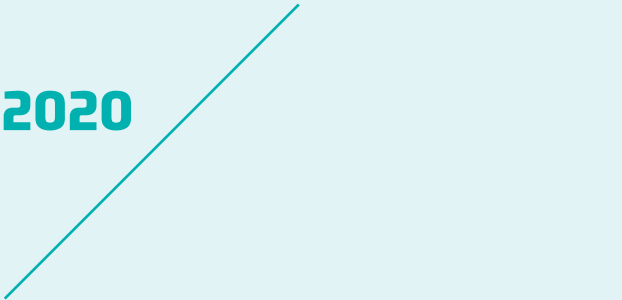
- 62.7.27 Established as Sam-Rak Securities
- 75.4.22 Name changed to Daishin Securities
- 75.10.1 Listed on Seoul Stock Exchange (presently, Korea Exchange)
- 84.8.25 Established Tokyo Office
- 84.9.22 Established Daishin Economic Research Institute
- 85.5.28 Relocated the headquarters to Yeouido
- 86.11.27 Established Daishin Comprehensive DevelopmentSecurities
- 87.8.28 Established Daishin Computing & Information Center
- 88.3.24 Established Daishin Investment Foundation(currently Daishin Asset Management)
- 90.7.20 Established Daishin Songchon Foundation
- 95.6.20 Established Daishin Factoring Corporation
- 97.4.12 Launched a home trading system (CYBOS)
- 98.6.9 Launched online trading service
- 99.8.31 Formed capital and business alliance with Sumitomo Life Insurance (Japan)



- 02.9.16 Retirement of 200,000 shares of common treasury stocks
- 03.7.21 Selected as constituent of the Korea Dividend Stock Price Index (KODI)
- 03.12.1 Selected as constituent of the Korea Governance Index (KOGI)
- 04.4.26 Exported CYBOS to Polaris Securities (Taiwan)
- 04.6.15 Selected as Company with Excellent Governance by the Korea Exchange
- 15.12.13 Exported CYBOXS, a futures trading system, to Settrade (Thailand)
- 06.10.16 Formed capital and business alliance with Nikko Cordial Group
- 07.11.2 Listed GDS on the London Stock Exchange
- 08.2.13 Established local subsidiary in Hong Kong
- 08.5.26 Opened the Shanghai Office
- 09.10.20 Selected as constituent of Dow Jones Sustainability Korea Index



- 10.1.9 Held the Financial Clinic Service Proclamation Ceremony
- 10.4.6 Concluded MOU with Mandiri Sekuritas (Indonesia)
- 11.8.31 Launched Daishin Savings Bank
- 12.6.12 Formed a strategic alliance with Okasan Securities (Japan)
- 12.6.20 Held Daishin Financial Group Proclamation Ceremony to commemorate 50th anniversary of establishment
- 14.4.17 Launched Daishin Private Equity
- 14.5.8 Launched Daishin F&I and Daishin AMC
- 15.1.15 Announced Daishin House View
- 16.10.9 Registered as New Technology Financial Business
- 16.11.14 Formed strategic alliance with Bualuang Securities (Thailand)
- 16.12.1 Concluded stock brokerage agreement with Maybank Kim Eng (Malaysia)
- 16.12.26 Relocated to Myeong-dong (Daishin Financial Group)
- 17.8.29 Established local subsidiary in Singapore
- 18.6.11 Established local subsidiary in New York
- 19.3.3 Acquired preliminary license for real estate trust business (Daishin Securities)
- 19.7.29 Launched Daishin Asset Trust
- 19.12.24 Closed down local subsidiary in Hong Kong



- 20.2.19 Acquired official license as a REITs asset management company (Daishin Asset Trust)
- 20.5.20 Established a local subsidiary of Daishin Securities in Tokyo
- 20.10.14 Set up a customer service management system
- 20.11.11 Acquired the certification for the in-house personal information & information security management system (ISMS-P)

Daishin Securities Organization Chart

| | | | | |
|---------------------------------|---------------------|------------------------------|--|--|
| General Meeting of Shareholders | | Customer Asset Division | Product Planning Dept. Trust Business Dept. | Wrap Business Dept. |
| | IB Group | IB Segment | IPO1 Division | IPO2 Division |
| Board of Directors | | | ECM Division Advisory Dept. | DCM Division New Technology Financing Dept. |
| | | PF Segment | PF1 Division PF3 Division | PF2 Division Alternative Investment Dept. |
| Chairwoman | | Compliance Support Segment | Compliance Dept. | |
| CEO | | Management Support Division | Human Resources Dept. Settlement Service Dept. | Infrastructure Service Dept. |
| | | Management Support Division | Information Protection Dept. | |
| | | Management Planning Division | Management Planning Office Financial Treasury Dept. | Informatization Dept. Brand Strategy Office |
| | Management Strategy | Strategic Support Segment | Strategic Support Office | |
| | | Private Lounge Segment | Daishin Nine One Private Lounge | Private Support Team |
| | | IT Division | IT Development Dept. Data Innovation Team | IT Support Dept. |

| | | | |
|-----------------------------|-------------------------------|---|--------------------------------|
| | Smart Biz Division | Smart Biz Dept. Prime Business Dept. | Customer Service Center |
| | Research Center | Long-Term Strategy Research Dept. | Asset Research Dept. |
| | PR Segment | PR Office | |
| Sale&Trading Business Group | Wholesale Segment | Corporate Business Division Corporate Financial Product Division | Global Business Division |
| | Trading Segment | Asset Management Division Bond Sale Division | Global Derivatives Division |
| WM Group | WM Service Division | WM Service Dept. | Pension Business Dept. |
| | 4WM Division | | |
| | | Sales Dept. | Club1962 |
| | Risk Management Segment | Risk Management Dept. | |
| | Financial Consumer Protection | Financial Consumer Protection Dept. Secretary Office | Product Internal Control Dept. |
| | Audit Segment | Audit Office | |
| Management Committee | | | |
| Audit Committee | | | |

Awards

| | | |
|--|--|--------------|
| 2020 Korea Capital Markets thebell League Awards | Innovative Equity House of The Year | January 9 |
| The 17th Korea IB Awards | Top IPO Manager | February 11 |
| The 8th Newspim Capital Market Awards | Best Research | February 27 |
| Morning Star Awards | Korea Large Cap Equity | March 23 |
| 2020 E-Daily Financial Investment Awards | Top Excellence Prize | April 24 |
| 2020 Herald Capital Market Awards | IB Award | April 29 |
| 2020 Korea Analyst Awards | Research Award | July 11 |
| 2020 Red Dot Design Award | MTS | July 24 |
| 2020 Asia Today Financial Awards | Top Excellence Prize | September 25 |
| 2020 Asia Smart Finance Awards | Top MTS Technology Award | October 14 |
| The 8th Best MTS Awards | Excellent Investment Information Award | November 26 |
| 2020 Asia Capital Market Awards | Top Retirement Pension (DB) Award | December 9 |
| The 10th Market Leader of the Year Award | Market Leader in MTS | December 10 |
| Citation from the Minister of Health and Welfare | | December 22 |

Membership of Associations

| | |
|--|--|
| Financial Security Institute | Korea Enterprises Federation |
| Federation of Korean Industries | Korea International Trade Association |
| Council of Economic Organizations | Korea Listed Companies Association |
| Federation of Korean Information Industries | Auditor Journal |
| Korea Financial Investment Association | Korea Contact Center Association |
| Korea Economic Research Institute Society | Financial Information Protection Council |
| Korea Financial Telecommunications & Clearings Institute | Korea Chamber of Commerce and Industry |
| Korea Capital Market Institute | |

Network

| | | | |
|---|--------------------------|----------------|--|
| Domestic Business Finance & Economy1 | Gangnam Seolleung Center | 02-569-9233 | 1F & 2F, HLMC Building, 420, Teheran-ro, Gangnam-gu, Seoul |
| | Gwanghwamun Center | 02-735-7571 | 1F & 2F, Jeokseon Hyundai Building, 130, Sajik-ro, Jongno-gu, Seoul |
| | Mok-dong WM Center | 02-2653-7778 | 2F, Trapalace Eastern Avenue, 299, Omok-ro, Yangcheon-gu, Seoul |
| | Bundang Center | 031-702-5400 | 3F, KOSCOM Building, 27, Hwangsaetul-ro 360beon-gil, Bundang-gu, Seongnam-si |
| | Appujeong WM Center | 02-546-3901 | 2F, Yeongsin Building, 218, Appujeong-ro, Gangnam-gu, Seoul |
| | Yeouido Sales Branch | 02-6951-0123 | 2F, Allianz Tower, 147, Uisadang-daero, Yeongdeungpo-gu, Seoul |
| | Gwangmyeong Center | 02-2681-2311 | 3F, Gwangmyeong Building, 1, Cheolsan-ro, Gwangmyeong-si, Gyeonggi-do |
| | Banpo WM Center | 02-592-6200 | 2F, Banpo Xi Plaza, 24, Jamwon-ro, Seocho-gu, Seoul |
| | Jamsil WM Center | 02-421-2332 | 3F, Trizium Sangga, 61, Seokchonhosu-ro, Songpa-gu, Seoul |
| | Myeongil-dong Branch | 02-3426-3551 | 2F, Inno Sense Building, 1596, Yangjae-daero, Gangdong-gu, Seoul |
| Domestic Business Finance & Economy2 | Bucheon Branch | 032-667-1512 | 2F, Byzantium, 91, Gilju-ro, Wonmi-gu, Bucheon-si, Gyeonggi-do |
| | Pyeongchon Branch | 031-388-2400 | 2F, Intops Building, 206, Simin-daero, Dongan-gu, Anyang-si, Gyeonggi-do |
| | Meister Club | 02-3432-4950 | 2F, Jangmi Sangga, 112, Olympic-ro 35-gil, Songpa-gu, Seoul |
| | Gangnam-daero Center | 02-3462-1630 | 2F, Yadel Finance Building, 292, Gangnam-daero, Gangnam-gu, Seoul |
| | Dogok WM Center | 02-553-8400 | 2F, Dongha Building, 2913, Nambusunhwan-ro, Gangnm-gu, Seoul |
| | Osan Center | 031-375-8377 | 2F, Inno Sense Building, 129, Seongho-daero, Osan-si, Gyeonggi-do |
| | Nowon Branch | 02-3391-4654 | 1F, SK Broadband Building, 466, Nohae-ro, Nowon-gu, Seoul |
| | Suji Branch | 031-265-2733 | 3F, Seho Building, 52, Seongbok 2-ro, Suji-gu, Yongin-si, Gyeonggi-do |
| | Sinchon Branch | 02-719-3713 | 5F, Dongin Building, 144, Seogang-ro, Mapo-gu, Seoul |
| | Incheon Center | 032-435-8700 | 3F, Manhattan Building, 4, Inha-ro 489beon-gil, Inha-ro, Namdong-gu, Incheon |
| Overseas Network | Ilsan Branch | 031-919-5033 | 2F, Jeongdo Plaza, 1419, Jungang-ro, Ilsanseo-gu, Goyang-si, Gyeonggi-do |
| | Cheongdam WM Center | 02-3443-0100 | 1F, Financial Clinic Service Cheongdam Center, 707, Yeongdong-daero, Gangnam-gu, Seoul |
| | Sadang Branch | 02-3474-0600 | 3F, Golden Cinema Tower, 89, Dongjak-daero, Dongjak-gu, Seoul |
| | Songdo Branch | 032-763-8108 | 2F, Songdo Millennium Building, 69, Convensia-daero, Yeonsu-gu, Incheon |
| | Suwon Branch | 031-224-9900 | 4F, Seyeong Building, 199, Gwongwang-ro, Paldal-gu, Suwon-si, Gyeonggi-do |
| | Subsidiary in the USA | 1-646-791-0990 | Unit 14B, 400 Madison Avenue, NewYork, USA |
| | Subsidiary in Singapore | 65-6829-2305 | Suite2, Level42, Suntec Tower 3, 8 Temasek Boulevard Singapore |
| | Tokyo Office | 81-3-3551-8088 | 8F, Nax Bldg, 1-3-2, Shinkawa, Chuo-ku, Tokyo, 104-0033, Japan |

| | | | |
|--|-------------------|--------------|---|
| Domestic Business Western Region | Gwangju Center | 062-223-6601 | 1F, Daishin Securities Building, 147, Geumnam-ro, Dong-gu, Gwangju |
| | Sangmu WM Center | 062-371-0017 | 2F, Cheongyeon Medical Center Building, 64, Sangmujungang-ro, Seo-gu, Gwangju |
| | Daejeon Center | 042-482-1221 | 2F, Myeongdong Plaza, 226, Daedeok-daero, Seo-gu, Daejeon |
| | Cheonan Center | 041-578-0535 | 3F, Marvelous T Tower, 92, Buldang 22-daero, Seobuk-gu, Cheonan-si, Chungcheongnam-do |
| | Gwangyang Branch | 061-791-7800 | 1F, Haeun Building, 63, Jungdong-ro, Gwangyang-si, Jeollanam-do |
| | Gunsan Branch | 063-442-3151 | 3F, Cheongdam Building, 188, Susong-ro, Gunsan-si, Jeollabuk-do |
| | Mokpo Branch | 061-284-4611 | 3F, Port Mode Building, 95, Ogam-ro, Mokpo-si, Jeollanam-do |
| | Suncheon Branch | 061-724-8440 | 1F, Chungwoo E&C Building, 296, Isu-ro, Suncheon-si, Jeollanam-do |
| | Jeonju Branch | 063-275-4600 | 3F, Gyeseong Building, 246, Hongsan-ro, Wansan-gu, Jeonju-si, Jeollabuk-do |
| | Cheongju Branch | 043-222-7290 | 3F, Heungbok Dream Mall Building, 48, Daenong-ro, Heungdeok-gu, Chungju-si, Chungcheongbuk-do |
| Domestic Business Eastern Region | Daegu Center | 053-558-6300 | 3F, Byucksan Tower, 1748, Dalgubeol-daero, Dalseo-gu , Daegu |
| | Dongnae WM Center | 051-556-8200 | 2F, Daishin Securities Building, 212, Cheongnyeol-daero, Dongnae-gu, Busan |
| | Busan Center | 051-806-5561 | 3F, Seomyeon Finance Building, 709, Jungang-daero, Busanjin-gu, Busan |
| | Dongdaegu Branch | 053-751-6040 | 2F, Beomu Building, 2392, Dalgubeol-daero, Suseong-gu, Daegu |
| | Ulsan Branch | 052-265-2265 | 3F, Cheil Fire Insurance Building, 262, Samsan-ro, Nam-gu, Ulsan |
| | Changwon Center | 055-281-6404 | 4F, Suhyp Building, 113, Sangnam-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do |
| | Haeundae Branch | 051-704-3800 | 3F, Marina Center, 154, Haeundaehaebyeon-ro, Haeundae-gu, Busan |
| | Pohang Branch | 054-273-4411 | 1F, Gyeongnim Building, 8, Sicheong-ro, Nam-gu, Pohang-si, Gyeongsangbuk-do |
| | Jeju Branch | 064-743-4131 | 3F, Segi Smart Building, 3339, 1110-ro, Jeju-si, Jeju-do |
| Domestic Business Directly Operated | Sales Dept. | 02-757-8211 | 3F, Daishin Finance Center, 343, Samil-daero, Jung-gu, Seoul |
| | Private Lounge | 02-6954-0891 | B2, Gourmet 494 Hannam, 92, Hannam-daero, Seoul |

Date August, 2021
Publisher Auh-ryung Lee
Organization Daishin Securities Co., LTD.
Address Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Tel 02-769-2117
Fax 0505-088-4161
Mail irmaster@daishin.com