

Big Step for Tomorrow

About this report

Hana Financial Group pursues sustainability management by communicating with our various stakeholders to become a trusted, leading global financial group. Sustainability reports previously published by Hana Bank expanded into a group-level report by Hana Financial Group starting in 2011, and this year's edition marks our fourteenth publication. In preparing the report, we selected material ESG (Environment, Social and Governance) risks based on the voice of our stakeholders, and disclosed sustainability activities and performances, with our ESG Strategy in place to accelerate ESG-centered business.

Reporting principle

This report was written in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Reporting boundaries

Hana Financial Group, Hana Bank, Hana Financial Investment, Hana Card, Hana Capital, Hana Life, Hana Insurance, Hana Savings Bank, Hana Asset Trust, Hana Alternative Asset Management, Hana F&I, Hana Ventures, Hana Investors Service, Hana TI, and Finng

Reporting scope

Financial (based on K-IFRS), social, and environmental information

Reporting period

January 1, 2020 to December 31, 2020 (includes performance from the first half of 2021)

Reporting cycle

Annual (previous report published in June 2020)

Reporting assurance

Third-party verification

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A composite image of Earth from space at night. The foreground shows the curvature of the Earth with city lights glowing in yellow and orange. The background is a deep blue space filled with the Milky Way galaxy and numerous stars. The text is overlaid on the upper left portion of the image.

At Hana Financial Group, we are constantly asking questions and seeking answers for a sustainable future. Our practice, which began from the three tasks of environmental (E), social (S), and corporate governance (G), goes beyond our company's mission and serves as a compass for the future of humanity. Soon after our stakeholders raise one voice, we will move one step closer to the sustainable future we have dreamed of. Our first step toward a bright future starts today.

Hana ESG Strategy & Highlights



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CEO's Message



“ Dear esteemed stakeholders,
Your continuous support and encouragement
have contributed much to this year's publication of
Hana Financial Group's 14th Sustainability Report.
I would like to express my most sincere gratitude. ”

Last year, COVID-19 swept across the globe, undermining the global economy and heightening uncertainty. Despite such difficulties, all members of Hana Financial Group continued to make every effort to provide optimal financial services to our customers, and as a result, we achieved our highest performance since inception.

The difficult environment surrounding the financial industry is expected to continue this year. In the midst of prolonged low growth, growing uncertainty, and a transition in the financial paradigm caused by various factors including digital transformation in finance, the blurring of the boundaries between industries and an aging population, Hana Financial Group will remain fully committed to continued growth through preemptive preparations and thorough supervision.

In April 2021, we announced the group's mid-to long-term ESG strategy, including the ESG vision of a "Big Step for Tomorrow." This demonstrates Hana Financial Group's commitment to taking a new step toward a sustainable future. The group will provide ESG finance worth KRW 60 trillion in the environment and sustainability sector for the next 10 years until 2030, and achieve carbon neutrality in business sites and coal phase-out by

2050. To achieve these goals, Hana Financial Group has set three key strategic directions as follows:

First, we will forge ahead with the transition to a low-carbon economy.

We will restrict any new investments in coal-powered plant projects to comply with our coal phase-out declaration. In addition, we will increase the issuance of ESG bonds to invest in new and renewable energies, build eco-friendly infrastructure, and provide financial support to solve social issues. We will also finance the Korean New Deal to join hands for national challenges and the transformation to a carbon-neutral economy.

Second, we will expand our social contributions through finance.

Placing consumer protection as our top priority, we established the "Consumer Risk Management Committee" in March 2021 as part of our efforts to assure that our financial services meet consumer standards and render finance more accessible. Furthermore, we will continue to cultivate social entrepreneurs to address social issues while contributing to local communities through our efforts to create social value.

Third, we will practice transparent and responsible ESG management.

Hana Financial Group established the "Sustainable Management Committee" under the Board of Directors (BoD) to handle significant matters on ESG, such as ESG strategy and policy, in a rapid and transparent manner. In cooperation with the committee, we will accelerate sustainable finance and continue to enhance the value of all stakeholders in relation to the environment (E), social (S), and governance (G).

In this report, we have restructured all of last year's sustainability activities based on the ESG standards. By transparently disclosing the performances and data to our stakeholders, we will grow as a trusted and leading global financial group.

Hana Financial Group remains committed to "Only one goal – the happiness of our customers" in 2021. We look forward to your continued interest and support.

July 2021

Kim Jung-tai

CEO of Hana Financial Group



About Hana Financial Group

Credit Rating

(Based on Hana Bank data)

Domestic

Korea Investors Service (KIS) **AAA**

National Information & Credit Evaluation (NICE) **AAA**

Korea Ratings (KR) **AAA**

Overseas (Long-term/Short-term)

S&P **A⁺/A-1**

Moody's **A1/Prime-1**

Fitch **A⁻/F1**

About Hana Financial Group

Hana Financial Group leads the finance industry based on the business capacity and management of our 14 subsidiaries including Hana Bank, Hana Financial Investment, and Hana Card. Hana Financial Group continues to expand our entry into the global market for future growth, a network currently comprising 213 locations in 24 countries around the world.

General Status

(As of end of Dec. 2020)

Company	Headquarters	Date of Incorporation	CEO
Hana Financial Group	66, Eulji-ro, Jung-gu, Seoul	Dec. 1, 2005	Jung-tai Kim
Total Assets	Net Profit Share of Significant Shareholder	Business Profit	Number of Employees
KRW 460,313.3 Billion	KRW 2,637.2 Billion	KRW 3,836.4 Billion	21,997

Hana Financial Group Network

(As of end of Dec. 2020)

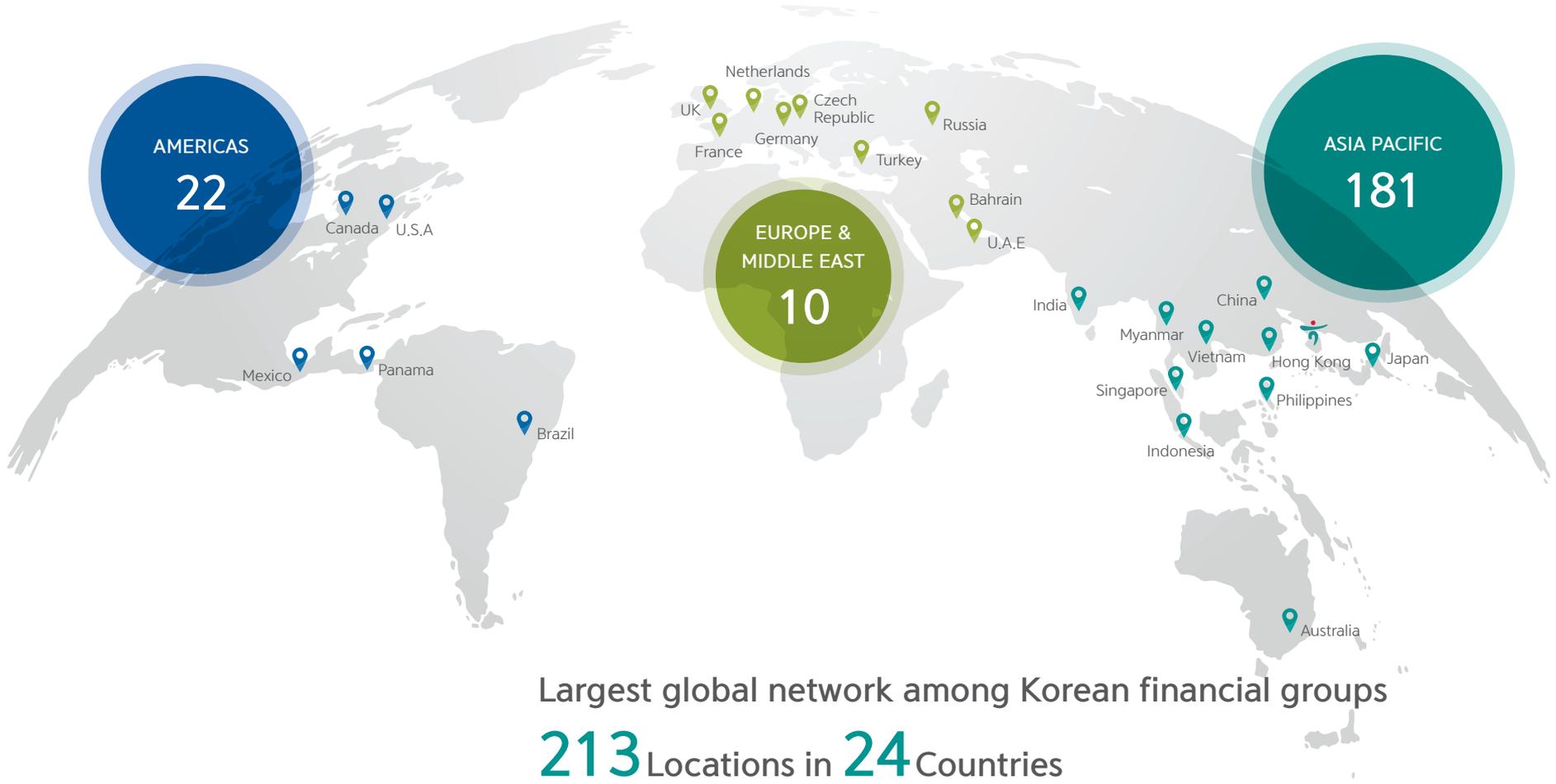
Subsidiary	Major Businesses	Ownership
Hana Bank	Main distribution channel	100%
Hana Financial Investment	AM ¹⁾ & IB ²⁾ provided	100%
Hana Card	Digital-based card and global payment service	85%
Hana Capital	Specialized product development for the consumer finance market	100%
Hana Life	Optimized insurance products	100%
Hana Insurance	New life insurance platform	84.57%
Hana Savings Bank	Financial channel based on micro finance	100%
Hana Asset Trust	Real estate trust services	100%
Hana Alternative Asset Management	Specialized asset management of alternative investments	100%
Hana F&I	Investment management of non-performing loans (NPL) and support for corporate governance	99.81%
Hana Ventures	Venture capital (VC) and financing of new technology projects	100%
Hana Investors Services	Professional administrative management services	100%
Hana TI	IT support for Hana Financial Group	100%
Finnq	Life finance platform services	51%

1) A department store for selling funds based on open architecture 2) Provision of IB specialized products and services

Global Network

Hana Financial Group is expanding our entry into the global market to ensure future growth. We operate a total of 213 locations in 24 countries around the world and aim to increase the share of our profits earned from the global market to 40% by 2025. To this end, we continue to internalize a global DNA while differentiating our entry strategies for each core market.

(As of end of Dec. 2020)



Sustainability Milestones

To maintain sustainable business, Hana Financial Group fulfills economic, environmental, and social responsibility while transparently disclosing our ESG performance through our annual sustainability reports. In addition, we continue to pursue sustainable growth by internalizing ESG-oriented management and acknowledging the growing demands by stakeholders for ESG management.

Global Initiatives



- Joined the UN Global Compact (UNGC), the international convention on social responsibilities



- Joined the UN Environment Programme Finance (UNEP FI)'s PRB as a signatory
- Participated in UNEP FI's PRB project as a founding bank



- Implemented the UN Sustainable Development Goals (SDGs)



- Declared support for the Task Force on Climate-related Financial Disclosures (TCFD)

History

Introduced business unit as the first in Korea Mar. 2008	Established the Happiness Sharing Committee Apr. 2013	Selected as an outstanding company for climate action by CDP Korea Listed in DJSI Asia Pacific Oct. 2016	Hana Bank issued a sustainability bond worth USD 600 million Jan. 2019	Hana Bank issued a social covered bond worth EUR 500 million Jan. 2021	Announced mid-to long-term ESG strategy Apr. 2021	Hana Bank issued ESG bonds worth USD 600 million and ESG subordinated debt of USD 435 billion Jun. 2021
Dec. 2005 Established Hana Financial Group	Jan. 2014 Declared Hana Financial Group's new vision	Apr. 2018 Participated in UNEP FI's PRB project as a founding bank	Jun. 2019 Joined the UNEP FI's PRB as a signatory	Mar. 2021 Declaration of carbon neutrality & coal phase-out Became an official TCFD supporter		

ESG Performance

GHG Emissions (Scope1+2) 63,946 tCO₂eq	Total amount of ESG loans 4,434.7 billion KRW	Investment in social contribution (Hana Bank: 116.8 billion KRW) 143.6 billion KRW
Dividends 539,393 million KRW	Ratio of female employees (Hana Bank) 60.5%	Korean Service Quality Index (KSQI) Ranked 1st in the financial industry for 5 consecutive years
Board meeting attendance rate 100%	Compliance pledge signing rate 100%	Information Security & Cybersecurity Breaches 0 cases

Hana Financial Group NEXT 2030

At the end of 2020, Hana Financial Group presented “Next 2030” as our growth strategy for the next 10 years to achieve platform-based, globally oriented and social value-creating finance. Among these, social value creation is the strategy to reinforce the Group’s competence in the field of ESG, which is the direction to achieve sustainable growth amid changes in global trends and the business environment.



Platform

Redefining platform-based finance

As one of the key factors to securing future competitiveness, “platform-based finance” is of paramount importance in expanding the customer base. We will build a “Finance for Living” platform in partnership with a wide range of other platforms to retain customers with satisfaction and benefits.

Tasks in detail

- Establish a life-friendly financial platform and foster an open finance ecosystem
- Internalize core fintech capabilities by expanding strategic investments and partnerships
- Preemptively respond to the rapidly changing contact-less financial environment stemming from the spread of innovative corporate structure and horizontal culture



Global

Internalizing a global DNA

Considering the low growth of the domestic financial market and its relatively small market size, expanding overseas is a key element in securing future business. We will embrace the opportunity for growth within the Asian market, and prioritize the global market when initiating business plans, based on our goal of increasing profit in global business.

- **Dominance:** Reinforce the Group’s status in key regions of Asia and spread best business practices
- **Network:** Foster talent optimized for the global market and operate an efficient workforce
- **Allocation:** Differentiate strategies for venturing into key markets and rebalance global capabilities and resources



Social Value
Banking

Applying ESG-based socially responsible finance

To ensure a sustainable future, companies are required to quantify their overall performance in environmental, social, and governance affairs, and to disclose and manage them in a transparent manner. Acknowledging that ESG management is a necessity, we will strategically reinforce the Group’s business environment to be ESG-oriented to create opportunities for growth.

- Emphasize social responsibility by implementing global ESG standards into the Group’s business
- Encourage the mutual growth of society and finance through active support for government policies such as the Korean New Deal, financial support tailored to customers, and allocation of venture capital
- Implement inclusive finance by expanding support for the financially underprivileged and the socially vulnerable

ESG Strategy

Based on the Group’s motto of taking a big step toward a sustainable future, Hana Financial Group’s mid- to long-term ESG strategy aims to achieve two goals under the ESG vision of a “Big Step for Tomorrow.” The two goals are “2030 & 60” and “ZERO & ZERO.” The former implicates the Group’s goal to invest KRW 60 trillion in ESG finance by 2030, while the latter represents its commitment to achieving carbon neutrality at its business sites and divesting from all coal projects by 2050.



Goal 1.

2030 & 60

KRW 60 trillion in green and sustainable sector loans, investments and funding by 2030



Goal 2.

ZERO & ZERO

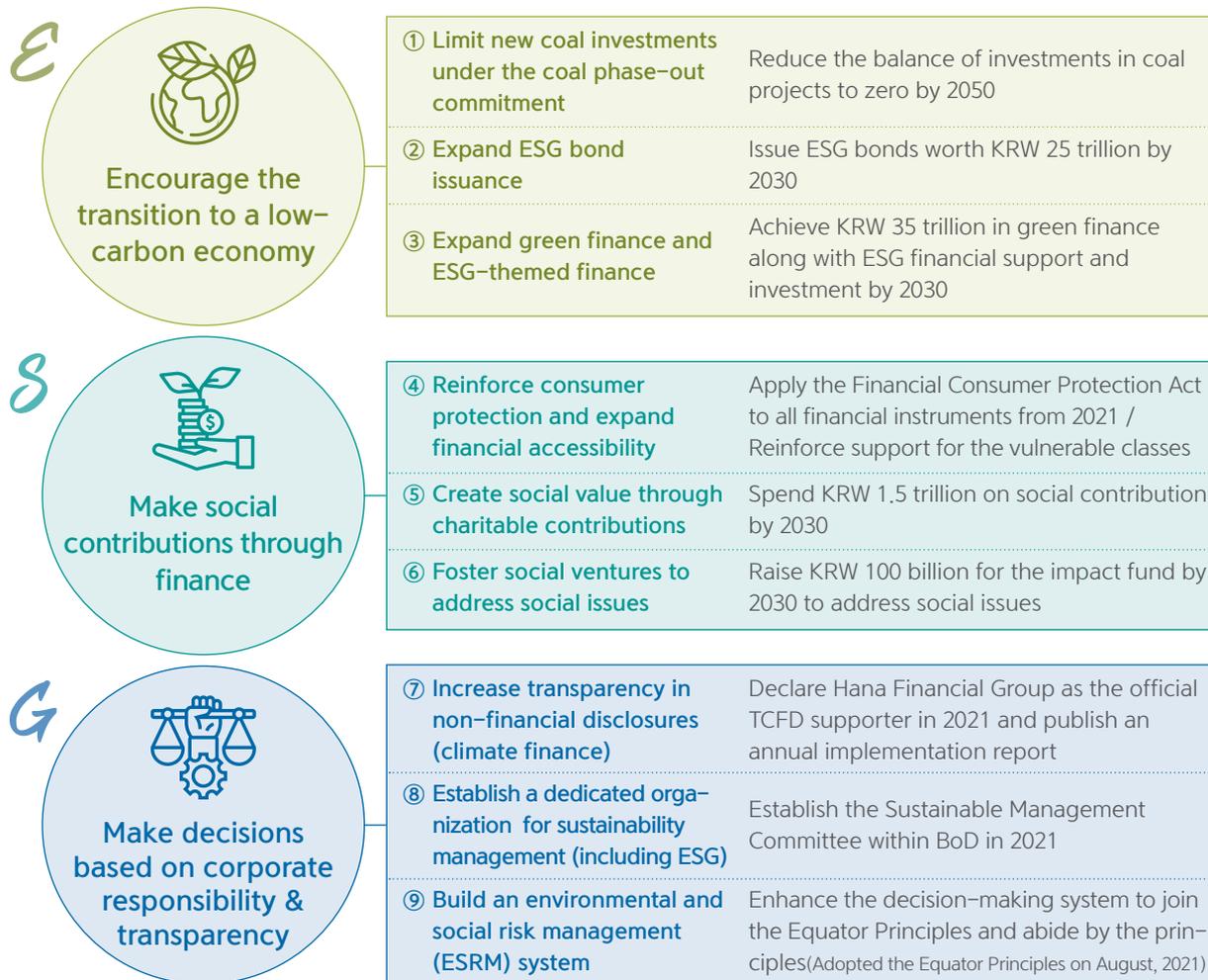
Achieve carbon neutrality at business sites & divest from all coal projects by 2050



* Based on contracted amounts of loans as of end of 2020 (Hana Bank)

Key ESG tasks

Hana Financial Group has established three key strategic environmental, social, and governance tasks to achieve our ESG goals. The environmental task involves limiting coal project financing (PF) after declaring a coal phase-out and transitioning toward a low-carbon economy by expanding the amount of ESG bonds and green finance. In the social arena, we aim to strengthen consumer protection, expand financial accessibility, create social value for local communities, and foster social startups to address social issues. With the establishment of the Sustainable Management Committee under the BoD, we will create a transparent and responsible decision-making system while disclosing non-financial information covering climate risks and building an environmental and social risk management system.



Hana Financial Group's Declaration of "2030 & 60" and "ZERO & ZERO"

Hana Financial Group established mid-to long-term ESG goals of "2030 & 60" and "ZERO & ZERO" to achieve our mission of "Growing Together, Sharing Happiness." We held a declaration ceremony to announce our goals with representatives of the group affiliates including Kim Jung-tai, CEO of Hana Financial Group.

Through this declaration, we have announced 2021 as the year of ESG management and will try our best to improve the corporate structure of the Group as well as to create genuine social value intended for the transformation of future generations. We will devote all our competence toward implementing the Group's mid-to long-term vision of a "Big Step for Tomorrow."



ESG Highlights

Sustainable Management Committee established to reinforce ESG management

Sustainable Management Committee

Hana Financial Group established the Sustainable Management Committee under the Board of Directors in March 2021 to formulate and implement our sustainable management policies, including ESG management. The committee is required to hold semi-annual meetings, where its role involves making decisions on sustainable management strategies and policies as well as inspecting the implementation status of tasks relevant to sustainable management and core activities that create social value.

Sustainable Management Steering Committee

Hana Financial Group has modified our previous Social Value Management Committee to the Sustainable Management Steering Committee comprising a vice-chairman of ESG and affiliate CEOs. We have simultaneously extended the committee's functions to establish policies related to sustainable management, including ESG, and established and operate the Sustainable Management Working Committee under the Sustainable Management Steering Committee.

◦ Group's ESG governance structure

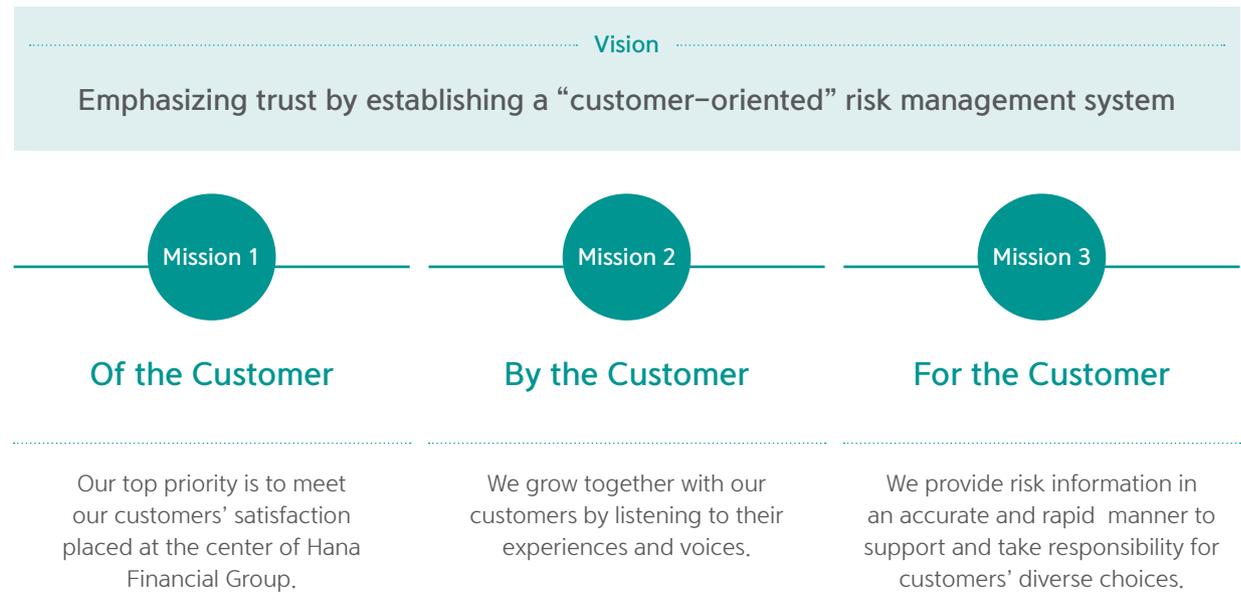


ESG Highlights

First financial institution in Korea to establish the Consumer Risk Management Committee

In March 2021, Hana Financial Group established the Consumer Risk Management Committee under the BoD to build an organic consumer risk management system within the Group. The committee makes decisions on the Group’s consumer risk management policy and reviews the status of consumer risk management activities of affiliates to manage consumer risk throughout the entire Group. In April 2021, the Consumer Risk Management Committee set a policy designed to achieve our vision of “strengthening trust through customer-oriented risk management.” Under this vision and policy, Hana Financial Group will build an efficient consumer risk management system across the Group, and affiliates will analyze and respond to risk factors in the process of selecting, selling, and providing follow-up service regarding financial instruments. Accordingly, we expect to secure a comprehensive consumer protection system.

◦ Vision and three key goals for consumer risk management

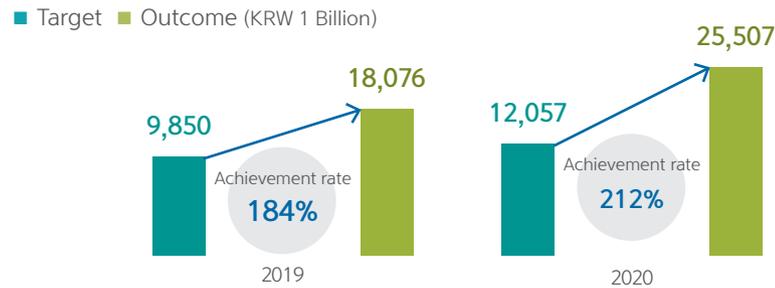


ESG Highlights

Expanding ESG finance through financing of the Korean New Deal

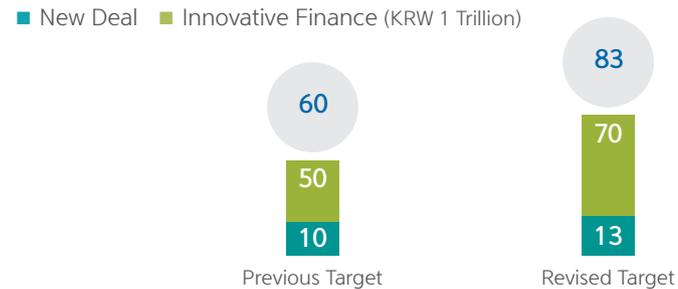
Hana Financial Group plans to provide a total of KRW 83 trillion toward the K-New Deal and Innovative Finance by 2025 for the success of the Korean government’s New Deal project, which is designed to transform society into a low-carbon economy from the current carbon-dependent system and reduce inequality in society. In 2020, we offered loans and made investments worth KRW 26 trillion for the K-New Deal and Innovative Finance and recorded an achievement rate of 212% compared to the annual goal of KRW 12 trillion. This success has led to an increase in our financial support from the previous KRW 60 trillion to KRW 83 trillion. In particular, we will provide full support for the Green New Deal in alignment with our ESG strategies. We will provide funds in three key areas (solar power generation, offshore wind power generation, hydrogen fuel cells) to contribute to carbon neutrality by encouraging the growth of a new renewable energy sector and invest into citizen-funded local community projects that use renewable energy and share their profits with local residents.

K-New Deal & Innovative Finance



*Target and Outcome: Based on the investment sum of K-New Deal (Sep - Dec 2020) and Innovative Finance Loan

Increased Target



Support K-New Deal and Innovative Finance



Customized financial support
(Digital New Deal, Green New Deal)



Leading technology innovation
(supporting innovative startups)



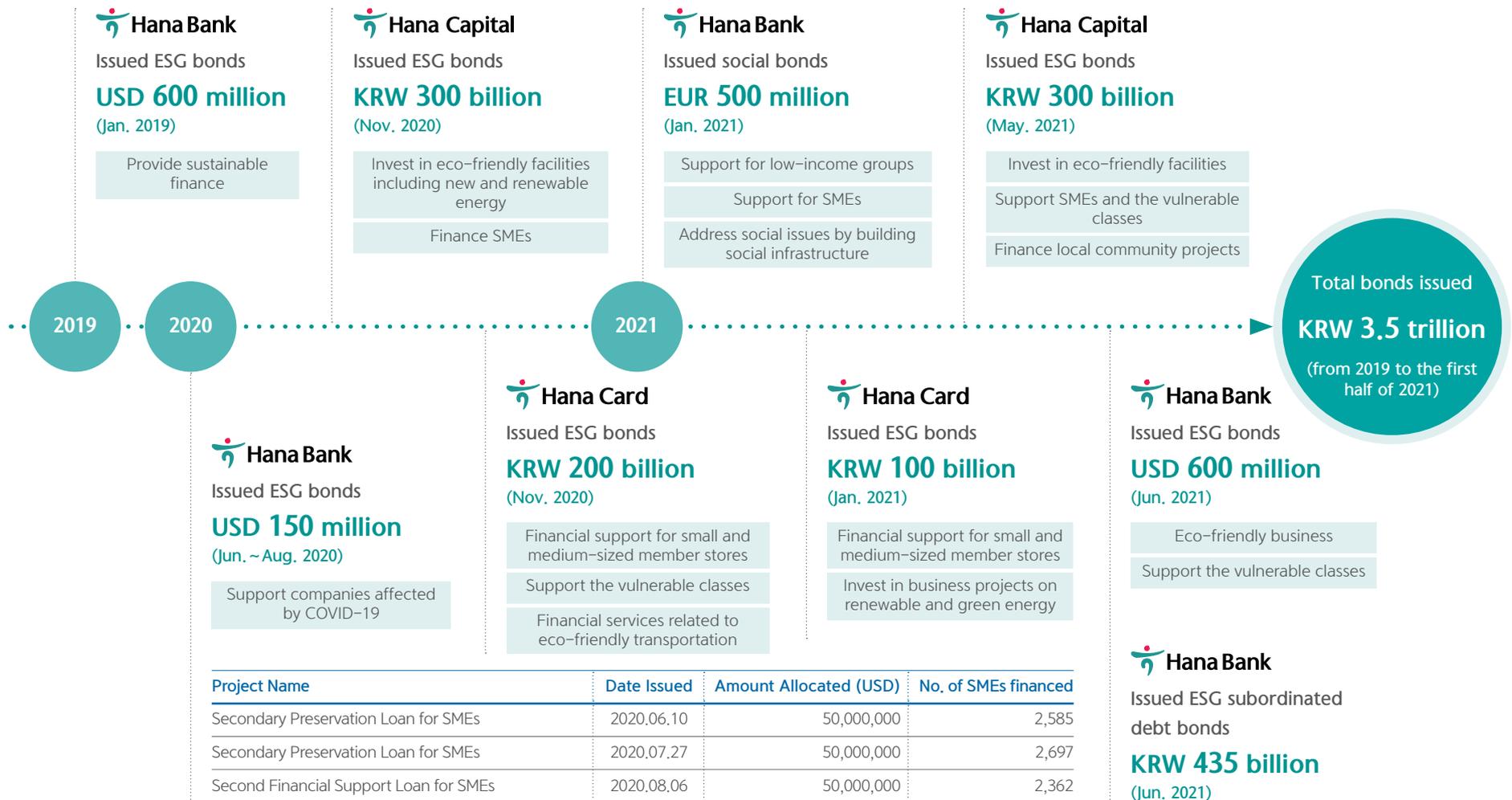
Fostering digital talents
(Encouraging talent attraction and fostering competency)



ESG Highlights

ESG bond issuance

To create environmental and social value through finance, Hana Financial Group’s affiliates, including Hana Bank, Hana Card, and Hana Capital, are issuing more ESG bonds. ESG bonds have so far been used to make investments in eco-friendly projects and support the vulnerable classes and SMEs. At Hana Financial Group, we plan to issue ESG bonds worth KRW 25 trillion over the next 10 years.



ESG Highlights

Sustainable investment for future generations

Top three projects of Stump Foundation for Youth

Support for learning and self-reliance among youth living in shelters

Identifying and aiding youth in underserved communities

Programs to prevent suicide and drug abuse among youth

Establishing the Stump Foundation for Youth

For the first time in the Korean financial sector, in June 2021, Hana Financial Group established the Stump Foundation for Youth, a professional foundation to address social issues among youth and support their growth into healthy and happy adults. Based on the motto, "Platform of Youth Happiness and Growth," the Stump Foundation for Youth provides opportunities and hope to youth in underserved communities, through a wide range of aid and research programs, thereby stepping up our efforts to address social issues affecting youth.



Daycare centers selected for construction

100 centers

Total project budget

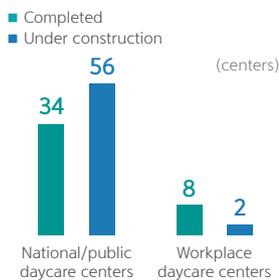
KRW 150 billion

(As of end-June 2021)

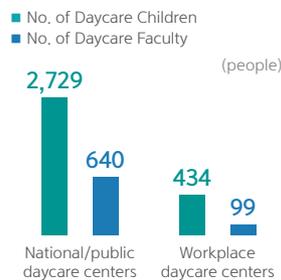
Daycare centers project

Recognizing that a harmonious work-life balance and higher birth rate begin with stable childcare, Hana Financial Group, together with local communities since 2018, has been conducting a project with KRW 150 billion in funding to build 100 daycare centers in order to provide childcare facilities in areas lacking stable childcare. With the construction of 100 daycare centers, we expect 9,500 children to be cared for and 2,000 jobs to be created.

Project progress



Social value created



*Based on 34 national and public centers / 8 workplace centers completed





Hana Focus Areas

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ESG Emerging Risk

Hana Financial Group identifies ESG risk factors and analyzes the likelihood and impact of each factor to derive and manage emerging risks that may affect the company over the long term.

Emerging risks are defined as either new risks or existing risks that may significantly affect the industry but are not fully understood. Hana Financial Group identifies and manages such emerging risks.

In 2020, Hana Financial Group identified 19 ESG risk factors based on global trends in finance and ESG assessments and standards. Among the factors, we derived four emerging risks that are most likely to occur and may affect our business.

Hana Financial Group identifies the impact and opportunity factors that arise from risks that occur in relevant departments to build counterstrategies and plans against emerging risks. As such, we continue to experience growth while managing long-term risks that lurk in the company.

Top 10 Risks (likelihood)

- 1 Risks arising from **emerging new financial technologies**
- 2 Risks arising from **climate change**
- 3 Risks arising from **tightened government policies and regulations**
- 4 Risks arising from **changing demographics**
- 5 Risks arising from **intensifying competition in the global market**
- 6 Risks arising from the **spread of infectious diseases**
- 7 Risks arising from **regional economic hardship**
- 8 Risks arising from the **failure to fulfill product responsibilities**
- 9 Risks arising from **demand for corporate non-financial disclosures**
- 10 Risks arising from **cyberattacks**

Top 10 Risks (impact)

- 1 Risks arising from **cyberattacks**
- 2 Risks arising from the **failure to fulfill product responsibilities**
- 3 Risks arising from **leakage/misuse of customer information**
- 4 Risks arising from **emerging new financial technologies**
- 5 Risks arising from **climate change**
- 6 Risks arising from the **spread of infectious diseases**
- 7 Risks arising from a **decline in customer satisfaction**
- 8 Risks arising from **changing demographics**
- 9 Risks arising from **tightened government policies and regulations**
- 10 Risks arising from **regional economic hardship**

◆ business
 ◆ environment
 ◆ society

Emerging risk

Risks arising from emerging new financial technologies



The advent of contact-less channels due to the digitalization of finance, the demand for rapid financial processing, and the intervention of third parties due to cooperation and data sharing with non-affiliated companies continues to extend the scope of digital finance. This may create risks in a variety of different areas in relation to information management, system failures, cyber security, and consumer protection.

As digital finance continues to evolve, the failure to establish appropriate risk management and internal controls for risks may result in new types of financial accidents and consumer damage, and sanctions or lawsuits against financial institutions for compensation.

Description of the risk

Impacts arising from risk occurrence

Risk Response Strategies at Hana Financial Group

Opportunities arising from risk occurrence

- Establishing internal control, decision-making, and reporting system related to information protection and consumer protection
- Building of a global information security framework

- Expansion of customer base through proactive development of digital platforms
- Improved efficiency through faster handling of financial processes



Risks arising from climate change



- Physical risks: Risks in which direct or indirect physical damages that occur in the real sector due to climate change are disseminated through business relationships.
- Transition risks: Financial risks that arise during the transition to a low-carbon economy and the changes in perception of market participants in response to climate change

Any physical risks that occur due to climate change may bring impacts such as a rising rate of loss in line with the falling value of collateral. In addition, when transition risk arises from climate change, the falling asset value of carbon-intensive industries increases credit risk and causes investors to face damage, thus impacting the financial industry in various ways.

Description of the risk

Impacts arising from risk occurrence

Risk Response Strategies at Hana Financial Group

Opportunities arising from risk occurrence

- Declaring carbon neutrality and coal-divestment commitments by 2050
- Establishing a sustainable finance framework
- Compliance with the UN Principles of Responsible Banking and making a declaration as the official TCFD supporter
- Increase in ESG finance

- Development of new financial products and reinforcement of services related to climate change
- Preemptive discovery and mitigation of risks in high-risk investment related to climate change



Risks arising from changes in demographics



The low birth rate and aging population are transforming the demographics as well as the shape of household consumption and the labor supply. This may directly or indirectly affect not only overall economic activities such as investment and corporate production, but also household savings, assets, and debt management.

The change in demographics may limit the overall growth of the financial industry. The rapid aging of the population may also impact the growth and performance of financial institutions, as demand for stable asset increases and the asset structure of households changes.

Description of the risk

Impacts arising from risk occurrence

Risk Response Strategies at Hana Financial Group

Opportunities arising from risk occurrence

- Launch of Hana Insurance
- Launch of asset management product for the aging population that was patented for the first time in the financial industry (Hana Care Trust)
- A free insurance service against financial fraud when a customer subscribes to a time deposit only for the aging population (Forever-young Time Deposit)

- Increase in demand for long-term financial products such as insurance and pension



Risks arising from the spread of infectious diseases



Economic and financial uncertainty is increasing with the unexpected prolongation of COVID-19 that broke in 2020. The aftermath of the spread of the pandemic including low interest rate and contraction of internal and external economic activities is recognized as a risk factor in the financial industry.

Due to the prolonged spread of COVID-19 and the economic recession, debts of companies and households as well as the government have increased, and there are inherent risk factors, such as declining performance among companies and increased credit risk. Furthermore, the government's guidance on social distancing leads to acceleration of the transition to a contactless business environment.

Description of the risk

Impacts arising from risk occurrence

Risk Response Strategies at Hana Financial Group

Opportunities arising from risk occurrence

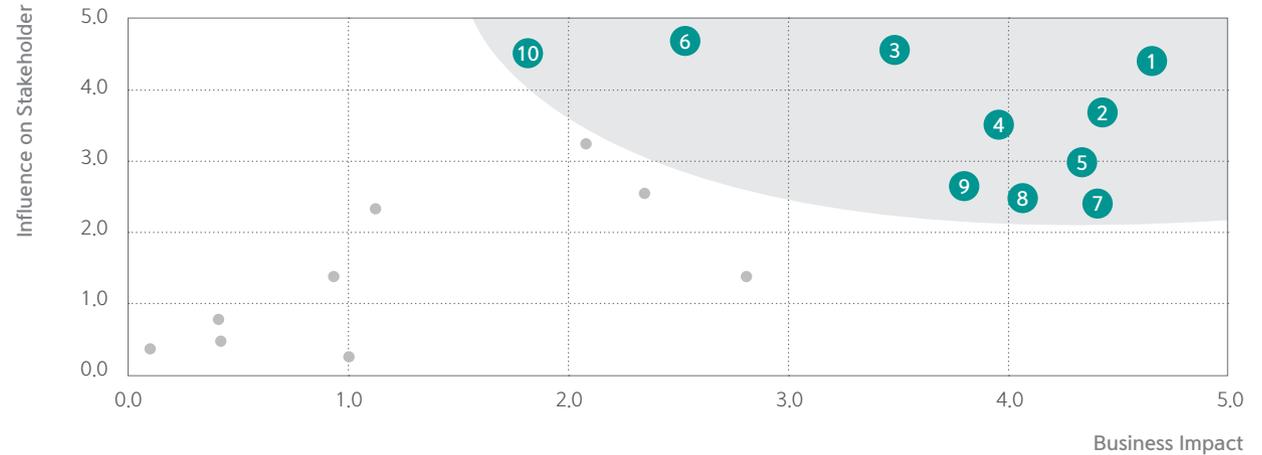
- Support for companies affected by COVID-19
- Increased social contribution activities for people who are vulnerable to the pandemic
- Strengthening the Group's digital capabilities, such as launching New Hana 1Q, forming small-scale agile groups, and nurturing experts through the Digital Finance Mastership Program of KAIST

- Increased demands for contactless financial services due to COVID-19
- Enhanced brand value through the Group's support for society in overcoming the pandemic
- Increased expectations for digital innovation in the financial industry through acceleration in digital transformation and use of new technologies

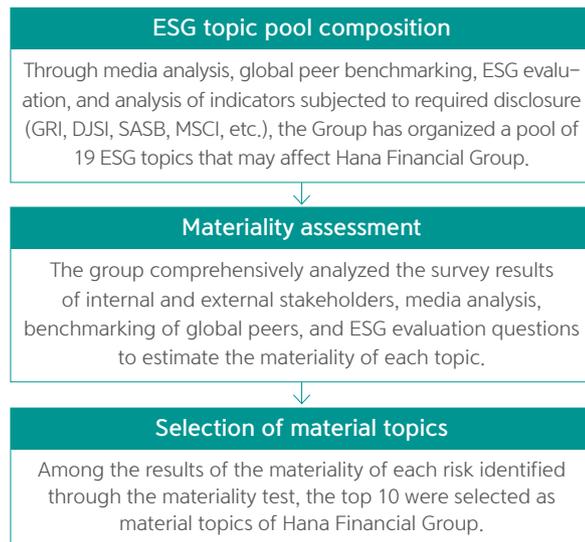


ESG Materiality Assessment

Hana Financial Group conducted a materiality assessment to identify material topics that may have a significant mid- to long-term impact on the Group. Through our stakeholder survey, media analysis, and benchmarking, we identified the materiality of each topic, consequently deriving 10 material topics. In this report, we have disclosed in detail our activities and performance about managing each topic.



Materiality Assessment Process



2020 Material Topics

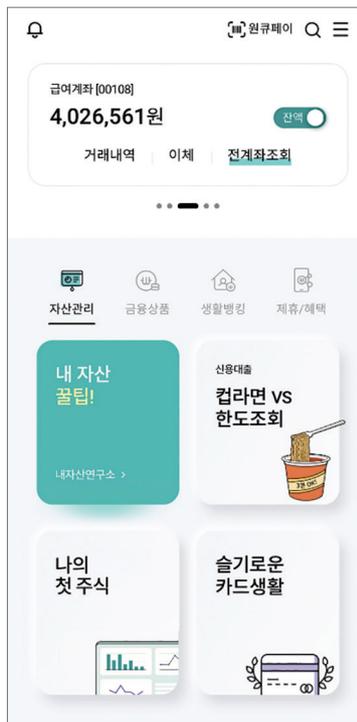
Rank	Category	Material Topics	Reporting page	Performance Indicator	Performance in 2020
1	Business	Leading digital finance	51-52p	Digital Finance Deposit Registration Amount	70.70%*
2	Environment and Society	Combating climate change	36p	Amount of greenhouse gas emissions	63,946 tCO ₂ e _q
3	Customer	Responsible product sales	91p	No. of persons provided internal control training	1,501/12,195 people
4	Environment and Society	Preventing the spread of infectious diseases	63p	Number of staff working from home	2,576 people
5	Environment and Society	Product development in line with changing demographics	53-54p	-	-
6	Business	Reinforcing cybersecurity	56p	Employee participation in information security training	118,479 hours / 12,195 people
7	Environment and Society	Compliance with government policies and regulations	16p	Green New Deal I financial support	KRW 25,507.0 billion
8	Business	Reinforcing global competitiveness	90p	Fostering global talents	4,674 people
9	Environment and Society	Mutual growth with local community	46p	Number of beneficiaries of local community support	26,393 people
10	Customer	Protecting customer information	50p	Voice phishing fraud prevented	KRW 26,861 million

*As of Q1 2021

Leading Digital Finance

Evolving into a daily finance platform

Hana Financial Group focuses on “platform-based finance,” leveraging our distinctive competitiveness combined with traditional and innovative strengths. The platform is a digital space that offers a convenient and affluent lifestyle through a single app. It allows customers to enjoy financial services such as banking, securities, asset management, card, and insurance provided by the 14 subsidiaries of Hana Financial Group, as well as mobility, real estate, health care and other services that can make their lives more convenient. We also launched “Hana 1Q Pay,” a payment platform, and “Hana Realty Rich Up,” a platform that provides one-stop comprehensive real estate services, thereby evolving into a daily finance platform that encompasses both financial and non-financial components.



▲ Home Screen of New Hana 1Q

New Hana 1Q launched by Hana Bank

On August 2020, Hana Bank launched an all-in-one mobile finance app “New Hana 1Q,” whose key features are as follows:

- 1) All-in-one remittance service
 - Promissory note: You can issue promissory notes online at the same time as sending money via mobile banking
 - Special events: You can send money and messages via KakaoTalk or text message on special events, such as birthdays, congratulations and condolences
- 2) First banking app in Korea to adopt face recognition

You can log in instantly on any type of phone using face recognition. Remittances can be sent quickly and easily without the need for a digital certificate, security card, or OTP device.
- 3) Diverse banking services at a customer’s fingertips

Through linkages with Hana Financial Group affiliates, single sign-on (SSO) enables access to various transactions such as stock trading, insurance evaluations, and card transaction without having to install a separate app
- 4) Manage your assets through a single app

New Hana 1Q ▲compares your assets with those of peers and recommends popular financial instruments, ▲offers preferential tax limitations and use status, and ▲analyzes your spending patterns, such as by providing data on fixed expenses and a list of top 5 areas of spending, to help you manage your assets, including tax and expense management

Material Topics

Leading Digital Finance # Reinforcing Global Competitiveness

Expanding life finance platform services through collaboration

A platform resembles a market-like space where multiple suppliers and consumers meet, and an increasing number of users creates a “network effect” that results in a further increase of users. Therefore, a platform gives rise to a structure in which the first mover engrosses the market enabling exponential growth. In response, Hana Financial Group is consolidating our internal capabilities to create a digital space where more customers obtain access for a longer period and secure an advantageous position within platform-based finance while increasing our opportunities for external collaboration.



Signed an agreement with Data Knows Co., Ltd., a prop-tech (which stands for property and technology) that operates a big data-based real estate application called Rich Go



- © Created a win-win agreement to revitalize data business
- © Advanced big data support services for real estate



Signed a business agreement with KST Mobility Co., Ltd., which operates the smart mobility platform “Macaron Taxi”



- © Developed a win-win model to develop the mobility industry
- © Co-developed financial and service platforms for platform users



Signed a memorandum of understanding with UNIMEWO, which operates “Good Care”, a recruiting platform for caregivers



- © Conducted a joint study on the senior healthcare and insurance services
- © Established a joint marketing plan for nursing services

Climate Change Risk Management

Our TCFD Commitment

In response to the growing challenges stemming from climate change, the Financial Stability Board (FSB) established the Task Force on Climate-Related Financial Disclosures (TCFD) to ensure that climate risks are reflected in the financial decision-making process. The TCFD has presented global standards to help organizations disclose their climate-related financial information more efficiently. In March 2021, we became an official TCFD supporter to commit to climate change as a financial institution.

◦ TCFD Guidelines & Our Actions

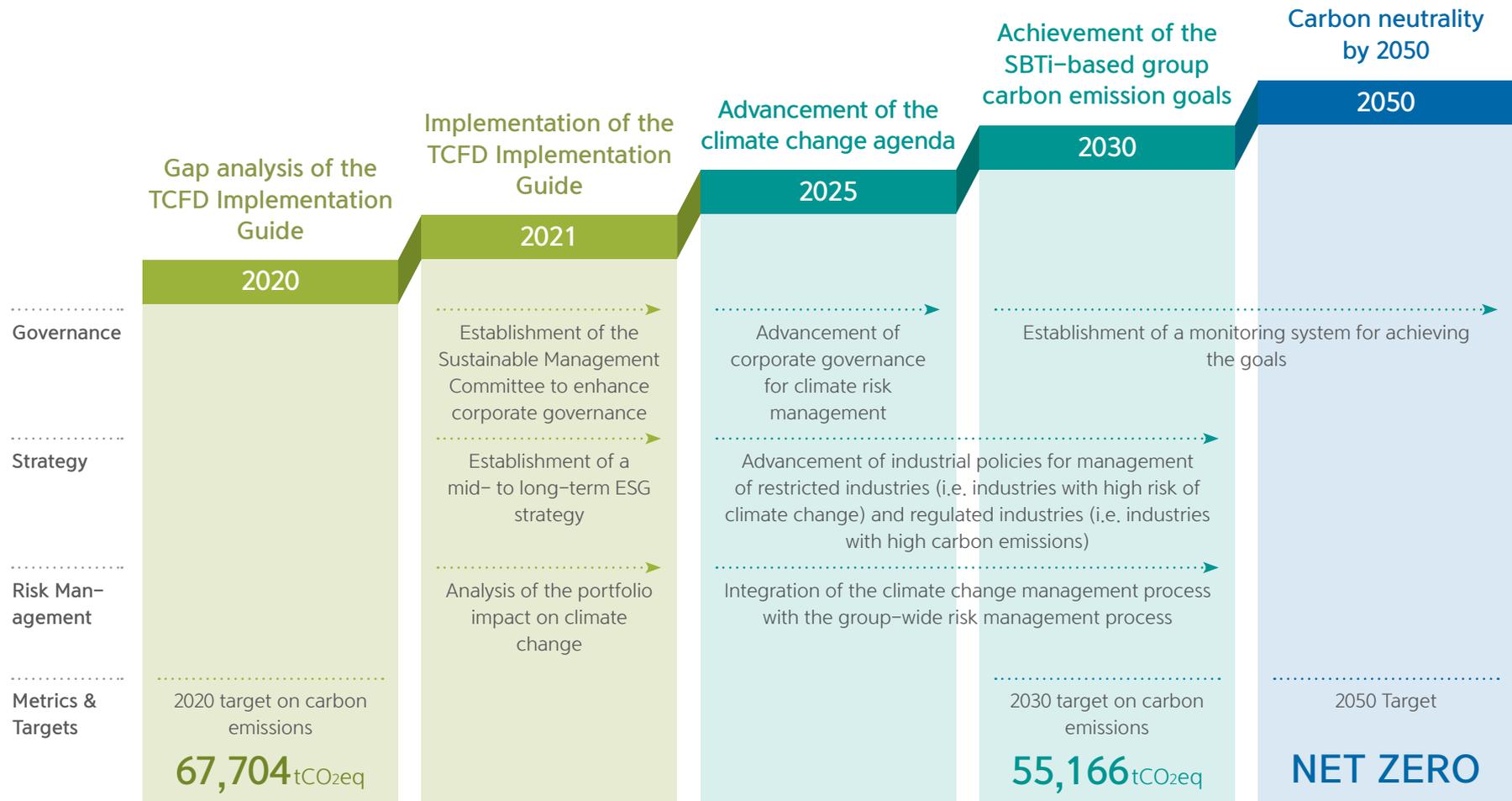


Material Topics

#Combating Climate Change

TCFD roadmap

To achieve systematic implementation of the TCFD, Hana Financial Group has established a road map for corporate governance, strategy, risk management, and quantitative targets that align with the TCFD’s recommendations. We will internalize climate change risk management with the goal of achieving carbon neutrality by 2050 in line with the road map and publish TCFD reports to disclose relevant activities and performance.



Climate Change Risk Management

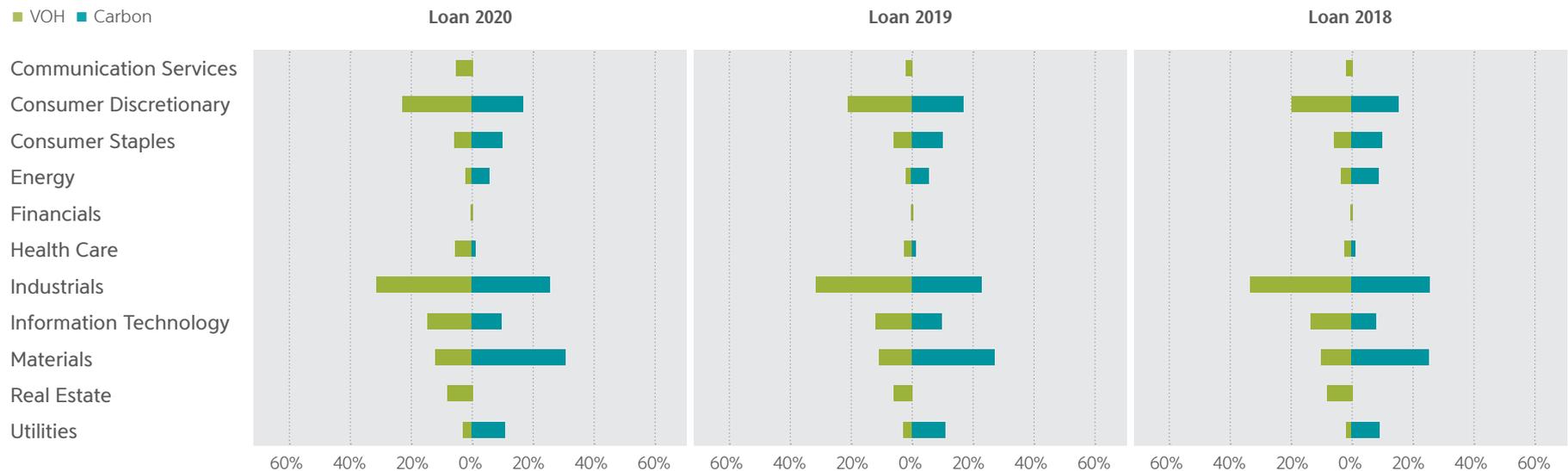
Climate Change Scenario Analysis

Hana Financial Group derived Sector VOH Share, Carbon Intensity and Unpriced Carbon Costs by conducting a climate change scenario analysis according to TCFD guidelines. Utilizing the 2018~2020 credit portfolio as the target, the climate change scenario analysis was conducted based on the methodology provisioned by S&P Global and identified transition risks by applying the amount of revenue to its investment value.

* Portfolio Coverage: 2018~2020 Hana Financial Group Principal Credit Portfolio

◦ Sector VOH Share vs. Carbon Share

The table below shows each sector's value-based weight in a portfolio and its share of the total apportioned carbon emissions. Materials according to the GICS sector level is Hana Financial Group's fourth-largest sector in exposure size and has the highest carbon emissions share vis-à-vis the overall portfolio. Industrial had the second-highest carbon emissions share and takes up the largest share of the portfolio of Hana Financial Group.



Material Topics

#Combating Climate Change

◦ Carbon Intensity by Industry

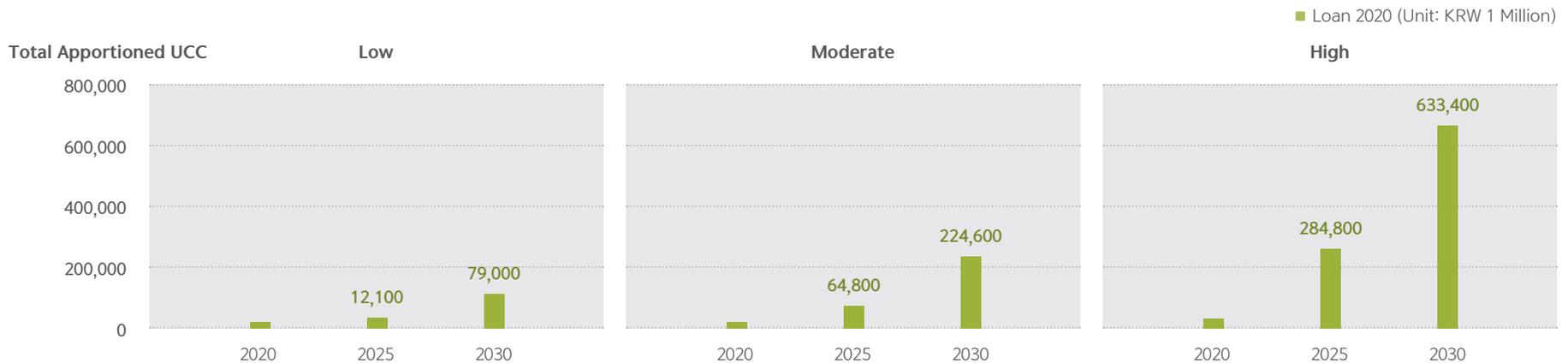
As shown in the chart below, Hana Financial Group analyzes and manages Carbon to Revenue (C/R¹) according to each GICS level sector. C/R shows the portfolio's carbon efficiency and calculates the amount of carbon emissions in comparison to Hana Financial Group investees' revenue (or in comparison to investment value). This allows for a more precise understanding of the efficiency of carbon emissions exhausted in accordance with the borrower's size rather than the absolute emissions amount of the investee. Based on the results of our analysis, the Materials industry has the second-highest carbon intensity within the portfolio after Utilities.

	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities
Loan 2020	0.051	0.279	0.763	0.561	0.061	0.084	0.231	0.239	0.841	0.148	2.192
Loan 2019	0.060	0.312	0.748	0.629	0.060	0.090	0.256	0.264	0.812	0.152	2.431
Loan 2018	0.063	0.333	0.737	0.764	0.065	0.095	0.276	0.238	0.873	0.154	2.426

← Less Carbon Intensive More Carbon Intensive →

◦ Unpriced Carbon Costs

To help investors understand carbon risk, Hana Financial Group analyzes the future solvency of the investee companies in relation to carbon emissions through 'Unpriced Carbon Costs (UCC²)'. The chart below shows the total UCC apportioned to the portfolio under the investee all scenarios and reference years.



1) Carbon to Revenue (C/R): Dividing the apportioned CO₂e by apportioned annual revenues.

2) UCC (Unpriced Carbon Costs): difference between what a company pays for emitting carbon today and what it may pay in the future.

Financial consumer protection

Reinforcing the protection system for financial consumers



Hana Bank runs the Consumer Protection Group as an independent organization directly affiliated with the chief customer officer (CCO) under the CEO. The bank places a priority on consumer protection and enhancement of consumers' rights through our investment product recall service, Happy Call program, and field-oriented financial consumer master program.

Consumer Protection Strategy

FRONT 3P	MIDDLE 3D	END LOVE
<ul style="list-style-type: none"> · Products (product launch enhancement) · Process (sales process innovation) · Profitable (consumer information) 	<ul style="list-style-type: none"> · Diet (consumer complaints) · Diminution (financial fraud) · Do (enhancement of internal control of investment instruments) 	<ul style="list-style-type: none"> · Law (Financial Consumer Protection Act) · Opinion (consumer opinions) · VOC (customer satisfaction and reduction of inconveniences) · Education (financial education)

Reinforcing trust by establishing a “customer-oriented” risk management system

Hana Financial Group is shifting the paradigm of consumer protection toward a preemptive risk management system based on the consumer's perspective, moving a step closer toward regulatory response and internal control. We launched the Consumer Risk Management Group for the first time among financial institutions in March 2021 to change the perception of a “customer-oriented” risk management system, going beyond the previous risk management system that was focused on “financial institution.”

Managing system for complete sales



Hana Bank complies with the rules of product sales for the protection of our financial consumers and has various associated programs in place to ensure complete sales.

Complete sales programs

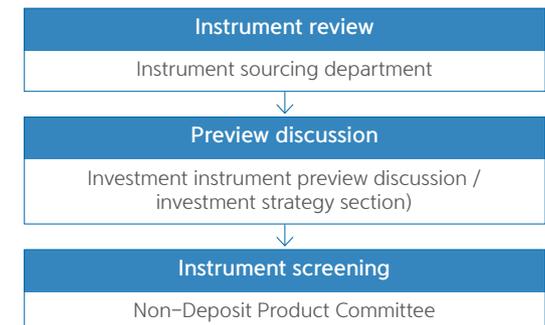
<p>Investment instrument recall service program</p> <p>A service that compensates the principal of investment instruments if a customer applies for recall within 15 days of signing up for an investment instrument, if the sale is determined to be an incomplete sale</p>	<p>Happy Call program</p> <p>Re-confirmation by phone on whether the branch has provided complete sales to the consumer (checking whether the consumer is informed of the possibility of principal loss, whether text messages on such information were sent in advance, etc.)</p>	<p>Healthy Finance: Healthy Checkup Day</p> <ul style="list-style-type: none"> · Requiring each branch to check their own complete sales process · Sharing complaint cases from the consumer's perspective
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Improved internal investment instrument control process to eliminate incomplete sales



Following the enactment of the Financial Consumer Protection Act, the prevention of incomplete sales of financial instruments has become increasingly important. Hana Bank has improved our internal control process to prevent consumer damage caused by incomplete sales of investment instruments. We formulated new procedures for deliberation and review before and after product introduction, and systematically reinforced the inspection process between the start and end points of sales. In addition, we added “Customer satisfaction” and “Incomplete sales” as key performance indicators (KPI) at branches to embed a culture of ethical selling through staff-wide training.

Investment instrument introduction procedure



Material Topics

#Responsible product sales # Product development in line with changing demographics # Compliance with government policies and regulations

Contributing to the local community and embracing the financially vulnerable through “Culture Bank”

Hana Bank’s “Culture Bank” is a project designed to create an open cultural space for local communities by remodeling bank branches. Currently, there are eight Culture Banks open to the public nationwide. Through its Culture Banks, Hana Bank implements inclusive finance for the financially vulnerable by not only allowing them to use the idle space in its branches for community activities but also providing financial services and other meaningful contents to the socially disadvantaged.

The Cheonan Station branch and Daejeon Station branch provided financial education and Korean language education, various community programs for customers of different nationalities, and free professional medical services through their space for multicultural families and foreign residents. In particular, the Cheonan Station branch is providing services that cover financial services, everyday living needs, and one-stop medical programs by operating a Sunday branch focused on foreign customers. About 6,800 foreign customers from 30 countries have visited the branch as of the end of 2020. The Gwangju branch is providing educational programs designed to promote smartphone banking literacy and prevent voice phishing, providing an exclusive space for senior citizens and assistance in creating a successful life after retirement.

Hana Bank, as part of the local community, will continue to fulfill its responsibility to society through efforts to share financial support and address the difficulties in the lives of the vulnerable classes.

Branches of Culture Bank

1st branch	2nd branch	3rd branch	4th branch	5th branch	6th branch	7th branch	8th branch
Bangbae-Seorae	Gwanghwamun Station	Jamsil Lake Palace	Gangnam Station	Cheonan Station	Dogok-dong	Geumnam-ro, Gwangju	Daejeon Station
Green Library	Healing Bookstore for Office Workers	Gardening	Lifestyle Shop	Global Community Center (dedicated room for foreign customers)	Culture Salon	Culture Center for Senior Citizens	Integrated Support Center for Foreign Residents



No. of visitors to Culture Bank at Cheonan Station branch

April to December 2019:

4,700 people (31 countries)

January to December 2020:

2,100 people* (28 countries)

* Reduction in visitors due to COVID-19



Material Topics

Facing the challenges of COVID-19

Preventing the spread of infectious disease # Mutual growth with local community

Hana Financial Group provided a range of support mechanisms, such as financial aid and social contributions, to combat the difficulties caused by COVID-19. Moreover, we have made efforts to prevent the spread of COVID-19 by providing contact-less financial services optimized for customers in tandem with a contact-less business environment and encouraging staff to work from home.

Social contributions

Hana Financial Group

- Donated toy packages to more than 1,200 households with young children in Daegu
- Purchased Onnuri gift certificates worth KRW 10 billion

Hana Financial Investment

- Donated 100 sets of COVID-19 prevention kits to Sangnoksu Village

Hana Financial Group

- Participated in the Good Landlord Movement and reduced rents by approximately KRW 120 million for 3 months
- Provided Hana Global Campus as a COVID-19 Life Treatment Center

February

March

August

December

Hana Financial Group

- Donated KRW 1 billion to the Korea Disaster Relief Association
- Provided relief supplies to medical staff in Daegu and the surrounding Gyeongbuk province

Hana Bank

- Provided "2020 Happy Boxes" containing daily necessities such as masks and hand sanitizers

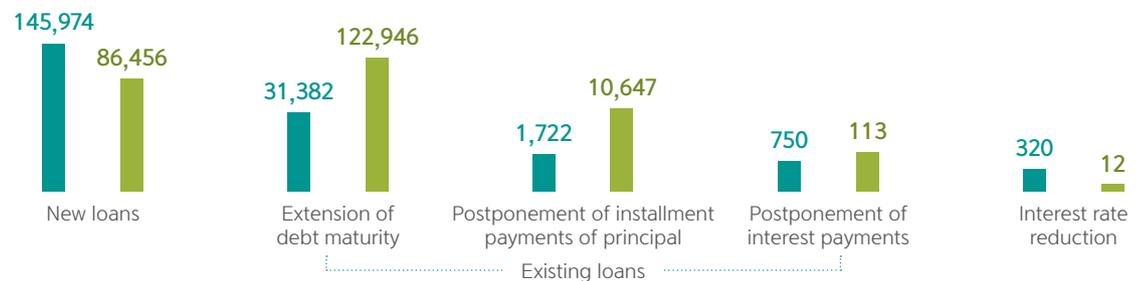
Hana TI

- Donated 1,000 children's face masks for children and 100 hand sanitizers to Child Fund Korea

Financial aid



Financial support to cope with COVID-19 (As of period from Feb. 7 to Dec. 31, 2020) ■ Cases(No. of Cases) ■ Amount(KRW 100 million)





Hana ESG Performance

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Transition to a Low-carbon Economy

Eco-friendly financial services

Greenhouse gas emissions reduction

Eco-friendly corporate culture

Issue Background

There is a growing emphasis on corporate roles and responsibilities in response to climate change, as global warming poses an environmental challenge that needs to be addressed by the international community. External changes regarding environmental issues, such as the Korean government's Green New Deal policies and devaluation of carbon-intensive industries, are contributing to a heightened demand for financial institutions to take direct or indirect responsibility through financial measures, including investments in new and renewable energies and phasing out investments in the coal industry.

Response to the Issue

With a growing number of major countries around the world adopting a carbon neutrality policy and amid increasing demand from stakeholders to combat climate change, Hana Financial Group aims to join the movement toward the transition into a low-carbon economy. To this end, we seek to achieve carbon neutrality at our business sites including all those of our affiliates and reduce exposure to coal projects to zero by 2050. At the same time, we plan to increase our investment in new and renewable energies and further forge ahead with creating an eco-friendly corporate culture through ESG campaigns, environmental education, and the use of smart desks.



>> Key Activities



Korea's first commercial bank to arrange a Green Loan

In March 2021, Hana Bank became the first commercial bank to arrange a KRW 100 billion green loan in Korea.

> [page 35](#)



Established a step-by-step GHG emissions reduction target

Hana Financial Group has set a step-by-step GHG emissions reduction goal to meet its carbon neutrality target by 2050.

> [page 36](#)



Reduced paper consumption

Hana Financial Group reduced paper consumption via 'Hana Smart Teller', RPA (robotic process automation), and other paper-use reduction initiatives.

> [page 38](#)

Eco-friendly financial services

The first Korean bank to adopt an ESG evaluation certification program

Hana Bank introduced the “ESG Evaluation Certification Program” in April 2021 for the first time in the banking sector. The program is designed to obtain certifications for ESG evaluations from outside professional agencies, such as credit rating companies and accounting firms. The certified companies and projects are recognized as those eligible to receive ESG financial support from Hana Bank and are provided with benefits such as support for the certification fee.

Signed an agreement to support Korean New Deal and promote ESG management

Hana Bank signed an agreement with the Korea Technology Finance Corporation to support the success of the Korean New Deal and the growth of ESG-engaged companies. According to the agreement, we will provide KRW 100 billion in funding to support diverse companies including eco-friendly companies, social enterprises and ESG-oriented SMEs recommended by Hana Bank.



▲ Agreement to Support Korean New Deal and ESG Management

Investment in the largest waste disposal facilities in Korea

Hana Financial Investment invested KRW 300 billion in Korea’s largest waste disposal facilities in August 2020, together with Genesis Management, a private equity fund that specializes in ESG and energy infrastructure investments. The investment recipients are waste disposal sites located in Yeosu, Dongducheon, Changnyeong, and Gokseong. When completed, the combined daily waste disposal capacity of the four sites will be about 1,790 tons, the largest in Korea.

Designated as a market maker for GHG emissions trading

Hana Financial Investment was selected as the final market maker of GHG emissions trading by the Ministry of Environment. As the first securities company to act as a market maker for GHG emissions trading, we plan to efficiently support GHG emissions reduction from individual companies and Korea as a whole by enhancing trade liquidity.

Investment in hydrogen liquefaction plant

Hana Alternative Asset Management signed an agreement in November 2020 to invest in Korea’s first commercial hydrogen liquefaction plant, to contribute to the hydrogen economy. The plant is scheduled to be completed by 2022 at Doosan Heavy Industries & Construction’s site in Changwon, Gyeongsangnam-do, and operate commercially in 2023 to supply 5 tons of liquid hydrogen daily to hydrogen fueling stations nationwide.

>> Key Activities

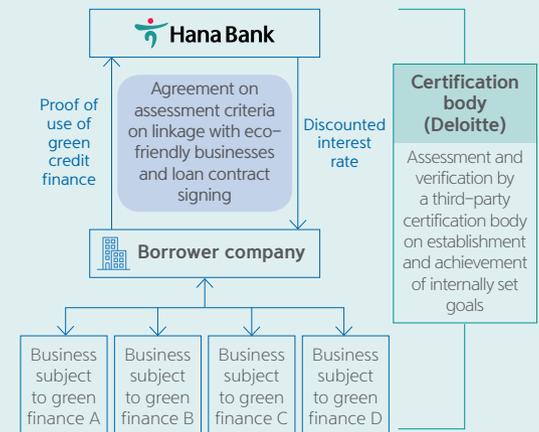
KRW 100 billion in green loans

Hana Bank is implementing green finance, and in March 2021 became the first commercial bank in Korea to arrange green loans¹⁾ in the amount of KRW 100 billion. Green loans require borrowers to obtain third-party certification on fund spending and performance, after which a financial institution provides funding as part of green finance.

Hana Bank’s green loans contribute to supporting domestic wind power generation projects for renewable energy production, in which the project has obtained a Green Loan certification from Deloitte Anjin LLC, a third-party certification body.

1) Loans limited to use for eco-friendly projects such as renewable energy, electric vehicles and energy efficiency

Overview



Greenhouse gas emissions reduction

Using new and renewable energies and expanding energy-efficient facilities

Hana Financial Group continues to expand its use of new and renewable energies to reduce carbon emissions. The Euljiro Hana Bank office building in Jung-gu, Seoul, constructed in June 2017, plans to implement a fuel cell generator to produce 744,600 kWh per annum and has established an ice thermal storage system as part of its efforts to reduce cooling load and power peak load during the summer season.

In addition, the Cheongna Integrated Data Center, built in May 2017, with an emphasis on energy efficiency, operates a heat exchanger to drastically reduce energy consumption compared with conventional data centers. In 2020, the center also installed solar (spanning 826m²) and geothermal power generation plants, and produced 82,397kWh and 20,793kWh of electricity, respectively. The Cheongna Training Institute, built in 2018, produced 5,791 kWh of electricity in 2020 through its solar power generation facilities spanning an area of 378 m² and produced 201,995 kWh of electricity through geothermal facilities.

Hana Financial Group regularly evaluates the installation of solar power generation facilities in its buildings and plans to expand its reliance on new and renewable energies in the future. Meanwhile, we plan to reduce energy consumption through environmental investments such as replacing the central air and water cooling and heating facilities of our office buildings with more energy-efficient ones.

Carbon emissions reduction activities

Hana Financial Group is engaged in activities aimed at reducing carbon emissions and provides support for associated industries to conserve natural resources and improve the quality of human life at the global level. To reduce energy consumption in buildings, we applied an intelligent building system (IBS) to new buildings and operate optimal cooling and heating systems by monitoring weather data and indoor temperature through a building energy management system (BEMS). In addition, we are taking part in saving water resources by using low-flow faucets as well as reducing heating and cooling loads by such means as planting vegetation on roofs and using high-performance thermal insulation glass.

Energy reduction activities

- Replacing lights at HQ and branches with LED lights
- Turning off all lights during lunch hours and at night
- Operating a dedicated working floor after business hours to reduce energy waste during overtime

Expansion of eco-friendly transportation

- “Electric vehicle charging stations” installed in buildings built in 2017 or later, and seven charging stations established (4 fast-charging stations and 3 normal-charging stations) in four buildings
- Started to allot electric vehicles (EVs) for work at Cheongna Training Institute since 2019 (plan to allot 20 EVs to 10 office buildings nationwide in 2021, build charging infrastructure, and install parking for 300 bicycles)

Expansion of eco-friendly buildings

- New buildings constructed with the goal of obtaining the “Best Grade for Eco-friendly Certification” and achieving “Grade 1 in energy efficiency”
- Use of eco-friendly materials recommended in new buildings or during branch renovations
- 60 types of low-carbon materials were used to build Cheongna Training Institute

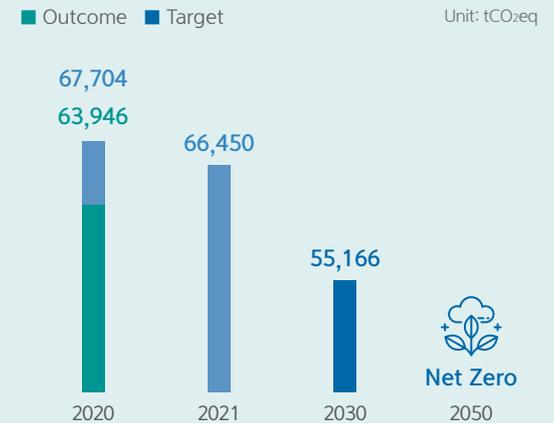
>> Key Activities

Established GHG emissions reduction target

As part of its active participation in the carbon neutrality policy of major global countries in response to climate change, Hana Financial Group has declared carbon neutrality at all business sites with the aim of applying our objectives to all our affiliates by 2050.

To this end, Hana Financial Group set step-by-step goals to reduce GHG emissions. By 2030, we plan to reduce emissions to 55,000 tons (19% reduction compared with 2017) and achieve carbon neutrality at business sites by 2050.

GHG emissions targets



Eco-friendly corporate culture

Environmental awareness training

Hana Financial Group provides company-wide environmental awareness training to improve environmental management. In particular, we held a training session for BoD members in Sept. 2020 on global ESG trends and regulations to raise awareness of the Equator Principles as well as environmental regulations, greenhouse gas emissions reduction, and the phase-out of coal. We also shared our ESG strategies through an executive-level workshop in November of that year, and conducted training and discussion sessions on environmental management, including carbon footprint reduction. We placed great emphasis on the significance and importance of environmental management and activities through not only company-wide environmental awareness training sessions, but also ESG training sessions for new employees.



▲ Plogging Challenge

Run ESG engagement campaigns

Hana Financial Group promotes ESG engagement campaigns to ensure that all of its employees are aware of environmental issues and to lay the groundwork for Group-wide ESG-oriented value creation by disseminating an eco-friendly corporate culture. All campaigns will be introduced via our social media channels, including YouTube, to share the Group's ESG engagement activities with customers and create social value.

1) Saving the Earth by Plogging

Hana Bank launched the Plogging Challenge to urge participants to pick up litter while jogging and upload selfies, to protect the environment in our everyday lives. With its dual advantages of protecting the environment and promoting health, the challenge spread the message of the importance of environmental protection in our daily lives to employees and customers alike. Participants, including Daejeon Hana Citizen Youth Football Club, Hana 1Q Women's Basketball Team and Hana Insurance Brand Promotion Team, joined forces to help clean up the streets.



▲ Hana Green Step 5 Campaign

2) Hana Green Step 5 campaign to care for the environment

Under the theme of “five steps in daily life” the Hana Green Step 5 campaign aims to raise employees' awareness of ESG through missions that are easy to practice while at work: ▲switch to power-saving mode; ▲use personal cups or tumblers; ▲take the stairs; ▲don't waste food; and ▲commute via public transportation.

3) Replenishing depleted blood supplies due to prolonged COVID-19: Love Sharing Blood Donation campaign

Hana Financial Group promoted a blood donation campaign at each of its office buildings (Myeong-dong, Gangnam, Yeouido, and Cheongna) to help mitigate blood shortages and facilitate blood supply due to the prolonged COVID-19. The Love Sharing Blood Donation campaign has been held twice as of the first half of 2021, and we will continue holding the campaign twice each year.



▲ Love Sharing Blood Donation Campaign

4) Aiding the homeless and the vulnerable by donating second-hand clothes: Used Clothes Donation campaign

Hana Financial Group conducts a quarterly donation campaign to help vulnerable people at home and abroad who are suffering from the prolonged COVID-19 pandemic (Haebom Closet in spring, Coolcool Closet in summer, Fall in Closet in fall, and Ggongggong Closet in winter). This donation campaign is particularly meaningful because it helps vulnerable people at home and abroad, while at the same time, it is expected to encourage resource circulation and reduce carbon emissions by reusing used or old clothes.

5) Habits that help the environment: Hana Tumbler campaign

As issues arising from disposable waste increase, Hana Financial Group launched a Tumbler campaign to reduce the use of disposables to protect the environment. This campaign was carried out by using tumblers to replace disposable paper or plastic cups.

6) Walk for goodwill: Hana Green Walking Challenge

Hana Financial Group launched a “walk for goodwill” campaign called the Hana Green Walking Challenge not only to improve personal health but also to save energy and reduce carbon emissions, thereby contributing to environmental protection. The campaign took place over one month, May 2021, with the participation of employees of all our affiliates and customers. Each time the goal of 300 million steps is met, we will make a donation to be used for tree-planting projects that enhance forest vitality. (Achieved 8.2 billion steps by 49,000 participants)

>> Key Activities

Cultivating a Paperless Culture: ‘Smart Teller’, RPA, ‘PROVER’

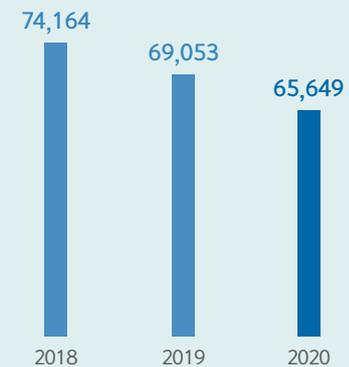


Hana Bank minimizes paper consumption through its ‘Hana Smart Teller’, RPA¹⁾, and ‘PROVER’ programs. Hana Smart Teller allows customers to use tablets and digital devices to fill out the necessary forms for bank services. Electronic documents reduce paper usage while improving customer convenience and efficiency. As such, RPA contributed to not only reducing unnecessary use of paper in the office, but also automating about 800,000 man-hours per annum from January 2018 to December 2020. Hana Bank plans to automate 700,000 man-hours yearly by 2021 (a combined 1.5 million man-hours will be automated). We also launched an electronic contract service ‘PROVER’ due to an increase in the demand for contactless operation in association with the spread of COVID-19. This mobile-based contract service has reduced paper usage and related printing and scanning costs while increasing efficiency by reducing operating hours by up to 83 percent.

We are continually expanding our paperless campaign to generate synergy between digital and eco-friendly finance.

1) RPA: Robotic Process Automation technology, which emulates human actions to streamline simple, repetitive tasks

Paper Usage



Unit: Box

* Based on Hana Bank data

Creating Social Value

Fostering
innovative social
enterprises

Supporting
SMEs and
startups

Social
contribution
activities

Issue Background

A company should be able to grow together with all of its stakeholders to fulfill its responsibilities and duties as a member of society, moving beyond its original goal of maximizing profits. The financial industry bears a responsibility to help all members of society secure convenient access to financial services, by developing tailored products and services for foreign customers, senior citizens, and low-income households that create more convenient and secure financial lives, and by providing support for the growth of SMEs and small businesses. Such inclusive finance renders more members of society accessible to finance service and attracts more members into the market to achieve sustainable growth.

Response to the Issue

Hana Financial Group has supported the growth of socially innovative companies through the Hana Social Venture Academy, Hana Power On Impact, and Hana Power On Challenge programs. In the process, we have created jobs for persons with developmental disabilities, women with work experience, and young designers. Startups and SMEs are also supported through 1Q Agile Lab and With Loan export finance, and as a member of the local community we are making efforts to achieve mutual growth by operating consultation channels for local communities. In addition, we are sustaining our social value creation activities, such as supporting the low-income classes, Happiness Sharing Volunteer Activities for local communities and neighbors, and opening daycare centers for children with disabilities.



>> Key Activities



Early-stage startup fair

Hana Ventures held an early-stage startup fair and invested KRW 5 billion in award-winning companies and shortlisted companies.

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Social value measurement

Hana Financial Group, together with the Hana Institute of Finance, measures the social value of performance through its childcare support project and social enterprise fostering program.

> [page 44](#)

Fostering innovative social enterprises

Fostering Social Venture Enterprises

Hana Social Venture Academy

Hana Financial Group held a workshop to share outcomes with twelve innovative startup teams that participated in training in the second round of Hana Social Venture Academy which concluded in September 2020. Five outstanding startup teams, including one team that won the grand prize, were selected through on-site screening, and the grand prize was awarded to 'Kangsters Crew' which designed auxiliary devices for the disabled. In addition, the Best awards went to "Soul Medi," which addresses asymmetry in drug information, and "Vintage House," which seeks to revitalize beat and rhythm sharing among indie musicians, while the Excellence awards went to "Silver Lining," which is creating a walking delivery solution for senior citizens and "Rain Clover," geared toward creating non-point pollution reduction platforms for the environment.

Benefits of Hana Social Venture Academy

Practical advice from mentors	Startup training
Office space	Total of KRW 50 million awarded to winning teams



▲ Hana Social Venture Academy Workshop

Creating Jobs for Persons with Developmental Disabilities

Hana Power On Impact

Hana Financial Group held an internship orientation in July 2020 with representatives and employees of 33 social innovation enterprises participating in the Hana Power On Impact/Challenge project, and 41 interns with developmental disabilities, women with career experience, and young designers. The selected interns are made up of a variety of talented people who worked hard in hopes of finding jobs amid the COVID-19 pandemic. Hana Financial Group will be supporting the social innovation enterprises with hiring interns by providing them funding for various expenses, including salary. Additional incentives will also be given to allow the successful conversion of interns to permanent positions, thus contributing to creating quality jobs.

Hana Power On Impact/Challenge outcomes

innovative social enterprises	126
secured employment	456
growth in sales	180%

*based on 2017~2020 data

Fostering Innovative Social Enterprises

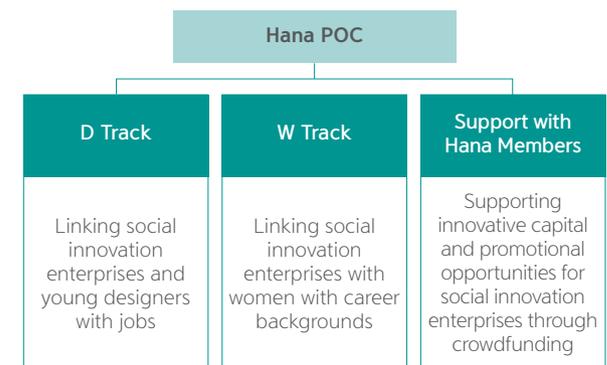
Hana Power On Challenge

The Hana Power On Challenge connects young designers and women who have career experience looking for employment with social innovation enterprises and provides specified contributions, such as labor expenses support and job training programs for companies and job seekers alike. We also provide active support for the growth of social innovation enterprises through crowdfunding. In 2020, we provided positions to 13 women with career experience and 12 young designers.

Hana Social Square

Hana Social Square is Hana Bank's program to support companies with difficulties in their early stages. It offers shared office space for social innovation entrepreneurs. Social ventures that started their business through the Hana Social Venture Academy are given priority to move in. Currently 11 companies are using the place as a diverse business space to address social issues.

Hana Power On Challenge Program



Supporting SMEs and startups

10th round of 1Q Agile Lab for fostering startups



In June 2020, Hana Bank launched the 10th round of 1Q Agile Lab to create a startup ecosystem built upon mutual prosperity. The 10th round focused on strategic cooperation between affiliates to support Hana Financial Group's company-wide support for startups. A total of 14 domestic and foreign startups were selected for this round, and among them, "Spiceware" and "Quotalab" were selected to receive investment. In addition to investments in 1Q Agile Lab and our efforts to support SMEs and startups, Hana Bank will build active ties with group affiliates to make all-encompassing investments. Since its inception in June 2015, 1Q Agile Lab has unveiled and fostered 90 startups up to the 10th round and has been continually working with startups with technological potential in AI, big data, and cloud services.



▲ 1Q Agile Lab video conference

Financial support program for export and import enterprises



Hana Bank runs a financial support program for small and medium-sized export and import enterprises. Through business agreements with the Korea Trade Insurance Corporation, the Korea Credit Guarantee Fund, and the Korea Technology Finance Corporation, we launched "With Loan Export Finance I, II, and III". The financing scheme allowed small and medium-sized export and import enterprises to obtain benefits from more substantial financial services such as guarantee fee exemption and preferential commission for foreign exchange services. We have KRW 350 billion available to help more than 850 export and import enterprises.

Financial solutions for food service startups



Hana Bank signed an MOU with the shared kitchen platform 'WECOOK' to support the initial growth of the food service industry while achieving the core principles of the post-COVID-19 era: sharing, contactless services, and co-prosperity. We help food service startups and business operators attract investments at the initial stage of business, such as costs for security deposit, and offer them installment savings accounts with preferential interest rates. Moreover, we build compatible relationships based on mutual prosperity through such means as periodically providing tax and management consulting along with financial education to promote the startups' steady growth after their establishment.

Strengthened investment in startups with new technology



Hana Financial Investment established the New Technology and Finance Office to provide enhanced investment expertise to startups and SMEs through the existing Principal Investment (PI) Office, and launched five funds worth a combined KRW 102.7 billion from 2018 to March 2021. We also invested KRW 56.2 billion in enterprises with new technologies using Hana Financial Investment's equity capital account.

Win-win consultation channels for local communities



Hana Bank runs consultation channels with the Da-dong and Mugyo-dong Special Tourist Zone Council to support small business owners in the local community. Financial consulting services are also provided at the Field Support Center for Small Business Owners and the Dream Center for Small Business Owners. As of July 2020, there were 76 branch offices of Hana Field Support Centers for Small Business Owners nationwide, and we plan to increase the number to over 200.



▲ Expansion of Field Support Centers for Small Business Owners

KRW 100 billion in financial support for promising tech startups



Hana Bank signed a business agreement with the Seoul Credit Guarantee Foundation (SCGF) on a project promoting the success of promising tech startups to invigorate the Korean New Deal, in an effort to actively participate in Korea's New Deal policies. With the SCGF issuing new guarantees worth KRW 100 billion, we are providing financial support to small businesses and SMEs that derive value from their intellectual properties (IP), such as patent rights, utility model rights, and design rights. We are making sure that they benefit from a variety of supports, including preferential interest rate, simplified evaluation process, and guarantee fee discount. In addition, since January 2020, we have stood committed to growing alongside small businesses by expanding the guarantee ratio of intellectual property and reducing the guarantee rate for small businesses and SMEs through a business agreement with the SCGF.

Value-up program to mitigate SMEs' financial difficulties



Hana Bank signed a joint support agreement with the Korea Credit Guarantee Fund (KODIT) to provide support for SMEs that are experiencing transitional financial difficulties due to tough external conditions. We provide new funds, lower interest rates for loans, and extend debt maturity and repayment by installment to SMEs to help them recover their competitive edge and take a new leap forward. Meanwhile, KODIT offers new guarantee service, management diagnosis and consulting services, and more.

Sustainable Consumption Challenge to support social enterprises

Hana Financial Group provides active support for social enterprises that address environmental issues with businesses in line with ESG management and contribute to creating jobs for persons with developmental disabilities. As part of these efforts, we selected ten social enterprises that sell eco-friendly products and provided jobs there for persons with developmental disabilities. Then we carried out the Sustainable Consumption Challenge to encourage the purchase of their products. We held a raffle for participants who purchased the companies' products and posted photos verifying their purchase on social media to promote and perpetuate sustainable consumption while contributing to social enterprises' growth.

Good Consumption Challenge

participants **2,024**

value of purchases **KRW 69 million**

2020 SME investment performance

Unit: 100 million KRW

Classification		Investment Amount
Hana Bank	Direct	25
	Indirect	52
Hana Financial Investment	Direct	220
	Indirect	219
Hana Ventures	Direct	14
	Indirect	144
Hana Capital	Direct	20
	Indirect	370
Other	Indirect	95
Total		1,159

>> Key Activities

Early-stage startup fair

Hana Ventures held its second early-stage startup fair, 'Startup Connect 2020' where we introduced early-stage startups while learning from each other, as suggested by the theme of the fair, "Connect, Learn and Play." A total of 300 startups participated in the fair this year, all of which had been operating less than three years. The Hana Ventures judges evaluated their business models and unique technologies, among others, to select nine final candidates. The fair was live-streamed in a contactless manner, and companies in various fields such as contactless service platforms, biopharmaceuticals, cloud security, and e-commerce platforms gave presentations and held Q&A sessions. After a careful evaluation, the final four companies were recognized, and we made an investment of KRW 5 billion in the winners and final candidates.



▲ Startup Connect 2020

Social contribution activities

10th anniversary campaign on Hana Day

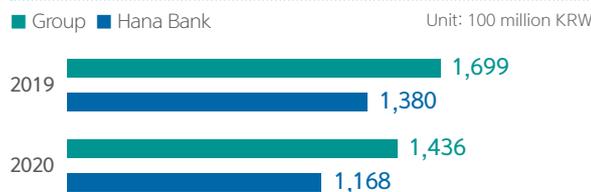
For its 2020 celebration of Hana Day, a day set aside for social contribution activities, Hana Financial Group held a contactless campaign to prevent the further spread of COVID-19. The event featured three programs aimed at implementing ESG management: ①the Plogging Challenge (picking up litter while jogging); ②the Good Consumption Challenge; and ③Contactless volunteer activities. For the latter, company employees and customers joined hands to create upcycled scarves using synthetic fabric made of recycled plastic. We gave these scarves along with daily necessities to low-income elderly people living alone. Participants also knitted baby caps and donated them to three single-mother support centers, furthering their sharing with local communities.

Love-Sharing Contactless volunteers

Baby cap knitting **150** employees

Scarf knitting **350** participants
(227 employees, 123 customers)

Total investment in social contribution



Financial aid for children with cancer



In October 2020, the Hana Nanum Foundation signed an agreement with the Korea Childhood Leukemia Foundation at the Naeum Cancer Center in Seongbuk-gu, Seoul, to provide medical expenses for the rehabilitation of children with cancer. In addition to the financial aid provided by the Hana Nanum Foundation, donations from employees of Hana Financial Group were sent to children who needed cancer treatment during the critical period of growth and development, to cover the costs of medical equipment purchases and treatments such as hormone treatment, dental reconstruction, and scar-treatment surgery, to help young patients return to their normal lives after surgery. The Hana Nanum Foundation, the first philanthropic foundation in the Korean banking industry established in 2005, carries out a variety of social contribution activities in the social welfare arena, aligned with the characteristics of Hana Financial Group, both at home and abroad.



▲ Agreement ceremony on the rehabilitation treatment support program for children with cancer

KRW 320 million donation to 100 low-income households



Hana Card donated KRW 320 million in emergency funds to Child Fund Korea in association with the Credit Card Foundation to help children and young patients who are facing difficult conditions exacerbated by COVID-19. The donation will be spent on improving the residential environment and paying the rent for 20 families in deprived housing conditions, and covering medical and psychotherapy expenses and medical assistance devices for children from 80 families, benefiting a total of 100 families.

Financial education for kids via Hana TV

Hana Financial Group has unveiled tailored financial education contents for kindergarten and elementary-age students through its official YouTube channel "Hana TV" to help children develop sound financial habits. The channel provided a variety of kid-friendly entertainment composed of songs and dances about coins, paper money, pocket money, savings, and an "Economy and money story for children" that discusses savings, consumption, and charity. Released in December 2020, the "Economy and money story for children" shares basic knowledge about economics in a fairy tale format to appeal to children and make it easy to understand. The program has received positive feedback from elementary school students and parents, as well as preschoolers.

Hana Happy Leader to help teenagers with scholarships

Hana Financial Group launched the Hana Happy Leader scholarship program and has been actively supporting teenagers' dreams since 2019 as part of the Group's social contribution activities. The program selects teenagers with talents in various fields such as education, arts and sports, and provides them scholarships. In 2020, 55 middle and high school students were selected for the second term of Hana Happy Leader to receive scholarships and emergency living expenses in cooperation with Child Fund Korea and the Community Chest of Korea. In addition, as a show of support for their dreams, a video clip titled "DREAM & DRAWING" was uploaded on our official YouTube channel "Hana TV." Going forward, Hana Financial Group will continue to provide support in various ways to make the bright and hopeful dreams of young people come true.



▲ Hana Happy Leader video uploaded on Hana TV

Financial support to invigorate sports leagues

Hana Financial Group strives to create social value that goes beyond corporate social contributions, through sports and ESG management. Since 1998, we have participated in official sponsorship of the Korea Football Association's national football team to support the country's football development and have supported Korea's sports industry by sponsoring less-acclaimed sports such as women's basketball and golf. In February 2021, Hana Bank, as an official sponsor of the Korea's professional football league, the K League, declared its vision of achieving a "carbon neutral league" together with the K League. The same month, we announced our goals of conducting a carbon emissions assessment associated with the league, reducing the use of disposable products at stadiums, and expanding eco-friendly campaigns that involve fan participation. In July, the bank also announced the "Green Kickoff," a joint ESG campaign with the K-League and carried out campaign activities involving all 22 K-League clubs, sponsors, and football sports fans.



▲ Launch ceremony of the "Green Kickoff"

>> Key Activities

Measuring the social value of childcare project and social enterprises program

While Hana Financial Group was engaged in a wide range of social value creation activities, the Group strived to come up with a solution concerning measuring the social value created. The measurement was jointly carried out with the Hana Institute of Finance.

The social value of the childcare support project and fostering social enterprises program was calculated to be KRW 261.1 billion and KRW 12.24 billion, respectively. Given that the performance-to-investment ratio was 197% and 163%, respectively, the childcare support project showed higher value than the social enterprises fostering program. Specifically, the childcare project aims to build 100 daycare centers across the country, creating social values such as increased female economic activity and job creation (nursery school teachers). Meanwhile, in the case of social enterprises, we supported a total of 102 enterprises over the past four years (2017–2020), and an average of four people were hired at each company.

We plan to utilize the social value measurement results to determine how to allocate resources for various social value creation activities, and to further develop the measurement process and expand its scope through collaboration with outside organizations.

Offering low-interest loans to youth startups



Hana Bank signed a business agreement to create jobs with the Genesis BBQ Group in November 2020 to cooperate together on youth startups. Based on the agreement, the Bank will financially support BBQ franchises with up to KRW 50 million in startup funds at the lowest interest rate of 1%. We expect that more than 5,000 jobs will be created every year. Both Hana Bank and Genesis BBQ are evaluating support for the young entrepreneurs during the initial stages of their business by using Hana Bank's mobile platform to advertise their business to the Bank's customers. Hana Bank plans to continue to pioneer new financial support models for various new business suitable for the post-pandemic era and actively participate in job creation by supporting young entrepreneurs.



▲ Business agreement ceremony for promoting the Korean New Deal

Raising environmental awareness through children's art contest



Hana Bank hosted the 28th Hana Bank Nature-Loving Children's Art Contest in 2020. The program was conducted online to curb the spread of COVID-19, thus allowing children even in Cambodia to participate which was an opportunity for the contest to expand beyond Korea. Over three months starting in June 2020, more than 11,000 entries were submitted under the theme of "nature that we dream about." To remind children of the happiness that comes from appreciating nature and sharing, we donated KRW 1,000 per entry to environmental protection organizations. In 2021, the 29th contest was also held online under the theme of "Let's draw the nature we all love! I love you, Nature" Hana Financial Group will continue its efforts to help our children find happiness that comes from growing up surrounded by nature.



▲ 29th Hana Bank Nature-Loving Children's Art Contest

Rent support for single parents



In December 2020, Hana Life, together with the Life Insurance Social Contribution Committee, announced a plan to jointly sponsor a rent assistance program for single parents managed by Holt Children's Services. The program is named 'Gagahoho: Bringing Laughter to families.' To help single parents achieve economic independence, we select beneficiaries who are in urgent need of support due to low income, and provide a monthly rent stipend from January to December 2021. This project targets single parents with children under the age of 18, whose income is below the standard median income and who are struggling with housing insecurity while striving to become financially independent.



▲ Gagahoho: Bringing Laughter to Families

Happiness Sharing Volunteer programs for local communities



Hana Bank employees are spreading the culture of sharing to neighbors in need, such as social welfare organizations and institutions, by carrying out volunteer activities closely coupled with the region. The Happiness Sharing Volunteer programs began as volunteer activities that relayed supplies to the marginalized during public holidays such as the Lunar New Year and Chuseok, which continued to expand further and become more frequent. In 2020, 2,403 employees participated in these activities, spreading “happy finance” to 155 social welfare organizations as well as 26,393 neighbors in local communities, including senior citizens, multicultural families, children, and adolescents. In particular, from September, volunteer activities were further expanded to provide support for 106 social welfare organizations, thereby relaying support and warm hearts to 1,697 people from marginalized groups to help them cope with the COVID-19 pandemic.

Beneficiaries of Happiness Sharing Volunteer Program 2020

Unit: persons

Beneficiary Group	Number	Beneficiary Group	Number
Elderly	7,467	Disabled	3,833
Multicultural Families	216	Rooming house Residents	100
Children/Teenagers	2,598	Others	12,161
Women	18	Total	26,393

Daycare centers enhance work-life balance in the community

Hana Financial Group runs daycare centers to help female workers find job opportunities and SME workers raise their children comfortably. It was also shown that through a daycare center satisfaction survey, satisfaction with daycare centers at a workplace was the highest, which proved that opening daycare centers at workplaces had a positive effect on productivity, securing of talented personnel and employee welfare. In particular, the daycare center in Cheongna was recognized not only for its contribution to a culture of mutual prosperity but also for contributing to reducing environmental pollution as it obtained G-SEED (Green Standard for Energy and Environmental Design) Grade I and 1+ energy efficiency certification. Spanning an area of 4,097.84m², the Cheongna Hana daycare center can accommodate up to 300 children. It is expected to play a valuable role in supporting local workers and their families as well, since the facility is shared with children whose parents work for small- and mid-sized companies.



▲ Hana daycare center in Cheongna

Childcare supplies for over 1,200 families

Hana Financial Group held a childcare supplies support ceremony for families with children in Daegu, together with the Korea Institute of Child Care & Education and Good Neighbors, a social welfare organization. To relieve the burden on parents who have no choice but to take care of their children themselves as the openings of daycare centers and other nursery facilities are delayed due to COVID-19, the Group donated “childcare packages” containing toys and educational materials to more than 1,200 families with young children.

Public Starlight Hana Daycare Center, Jeju Island’s first public daycare center for disabled children

Hana Financial Group held an opening ceremony for the Public Starlight Hana Daycare Center in Seogwipo, Jeju Island, in October 2020. The first public daycare center for disabled children on Jeju Island, it offers a specialized childcare environment and facilities for children with disabilities.



▲ Opening of Jeju's first daycare center for disabled children

With Customer

Customer satisfaction

Finance and IT

Expanding financial accessibility

Cybersecurity

Personal data protection

Issue Background

Customer trust is a paramount factor for the growth of the financial industry. The enforcement of the Financial Consumer Protection Act of the Republic of Korea has raised awareness of consumer rights, and the demand for digital security and contactless services is on the rise with the advent of connected finance and IT. The financial industry needs to operate systematic customer relationship management while remaining responsible for the entire process of the sale of goods and services to prevent risks that may arise from personal data breaches and a decline in customer satisfaction.

Response to the Issue

Hana Financial Group prioritizes the happiness of customers and thus is strengthening trust through customer satisfaction. We operate a customer-oriented complaint processing system and are carrying out a customized comprehensive response to prevent voice phishing scams. Furthermore, as the demand for contactless service increases due to the COVID-19 crisis, we are also offering various digital services by strengthening AI functions. At the same time, to respond to digital security threats, we obtained international certifications for information security, ISO 27001 and ISO 27701. We attained Personal Information & Information Security Management System (ISMS-P) certification in June 2021.



>> Key Activities



Innovation in the process to prevent incomplete sales at the source

Established a customer-oriented sales culture
Analyzed the investment propensity of customers and required re-confirmation of their intentions
▶ [page 48](#)



Connecting AI and finance

Established Hana Institute of Technology, and AI-based services to deal with digital transformation
▶ [page 51](#)



Contactless services for migrant workers

Providing migrant workers with real-time overseas remittance services and contactless financial education
▶ [page 53](#)



Data protection management system certification

First in Korea to acquire ISO 27001 for four global regional operations centers (ROC)
▶ [page 55](#)

Customer satisfaction

Complaint management system centered on consumer

Hana Bank operates various complaint handling systems and pursues customer satisfaction through prompt and accurate processing of complaints. Customers can file complaints via website or smartphone, which in turn are swiftly processed according to a pre-established complaint handling process.

Complaint processing systems

Preliminary reporting system for complaints
Assigning a person in charge of complaints for each business division and branch in the General Consumer Protection Division not only to process the complaints at the branch, but also to provide field support such as interviews with consumers and employees if necessary.
System of accountability for dispute mediation support and legal support
Assigning a person in charge of dispute support to each business division to provide support for dealing with complainants and countermeasures. Allocate an attorney at law within the Financial Consumer Protection Division to address complaints early through legal review.
Financial consumer protection master program
Appointing an employee at the manager or higher position in the key sales unit as a master to carry out coaching in the branch network on consumer protection.
Customer Service Committee
A body composed of the bank president & CEO, executives, and the heads of each department to discuss improvement measures derived from ideas collected from customers and employees.

Securing consumer trust by obtaining CCM certification

Hana Card was newly certified as a CCM¹⁾ enterprise in the second half of 2020 through concerted company-wide efforts. We have improved more than 390 tasks through our 'consumer panel' since 2017, and practiced consumer-centered management by operating a 'swift response system' to minimize damage sustained by customers from financial fraud. Our CCM certification will help us lead the way in finance that customers can trust.

1) CCM: Consumer-Centered Management, which assesses whether all activities undertaken by a company are consumer-oriented from the customers' perspective and whether the company makes continual improvements in its relevant management activities.



▲ CCM(Consumer-Centered Management) Certified in the Second Half of 2020

>> Key Activities

Process innovation to prevent incomplete sales at the source

Hana Bank has established a customer-oriented sales culture to fundamentally prevent incomplete sales of investment instruments. With the aim of preventing incomplete sales at the source, we have implemented a Happy Call program to analyze the investment propensity of customers and re-confirm their intentions.

Complete Sales Process of Investment Instruments

Confirm investor information	Investor Confirmation
	<ul style="list-style-type: none"> ◦ The customer is financially vulnerable ◦ The customer is a professional investor ◦ The customer wishes to invest ◦ The customer consents to provide data
Select the appropriate fund	Investment Classification
	<ul style="list-style-type: none"> ◦ The instrument conforms to the investor's investment propensity ◦ The investor is a senior
Explain investment instrument	(Simple) Investment Explanation
	<ul style="list-style-type: none"> ◦ The investor has received an explanation in writing ◦ The investor understands the explanation of investment ◦ The investor needs to file a conformance report in the case of new ELF/DLF
Sell investment instrument	Fund Application, Sales Checklist
	<ul style="list-style-type: none"> ◦ Investment selection ◦ Month-end yield rate, real rate of return, yield curve, management report, etc. ◦ Sales checklist
Re-confirm with customer	Happy Call
	<ul style="list-style-type: none"> ◦ Regarding possibility of financial loss ◦ Survey on one's or agent's new account

**‘NEW Hana Idea Contest’
generates service improvements**



Hana Bank established a Customer Happiness Committee to improve customer satisfaction amid changes caused by the increase in demand for contactless banking services. In 2020, the Customer Happiness Committee discussed customer and employee feedback on service improvements submitted via the NEW Hana Idea Contest. More than half of the 1,907 responses were related to digital finance, requesting improvements to existing digital products and expansion of contactless banking services. Against this backdrop, we completed 323 tasks that expedited the development of products and services eligible for virtual transactions. In particular, we further improved our products and services tailored to customers, such as “FX Wallet,” which adds foreign exchange gift functions, “Smart Counter Plus,” which reduces customer waiting times, and “Hana 1Q Credit Loan,” which utilizes biometric verification in credit agreements.



▲ Winners of the NEW Hana Idea contest

Hosted the Financial Consumer Protection Forum



Hana Financial Investment hosted the 2020 Financial Consumer Protection Forum in October 2020 under the theme of “Protection of Financial Consumers in the Contactless Era” via the YouTube channel “Hana TV.” The forum covered three topics: the Financial Consumer Protection Act and the major systems that financial consumers should know; types of financial fraud and how to prevent them; and case studies of damages sustained from financial investment instruments. Participants in the forum discussed ways for financial consumers and financial companies to prosper in harmony amid challenging restrictions triggered by COVID-19, and examined the company’s internal control system to reinforce consumer protection capabilities. Since the end of 2019, we appointed an independent financial consumer protection officer and revised select consumer protection policies. While continuing to conduct standard inspection processes, we are focusing on strengthening our preemptive and follow-up financial consumer protection system.



▲ Financial Consumer Protection Forum

Mobile-based consumer surveys



Hana Bank developed a satisfaction survey system using smartphones, as a means to attain more convenient financial services. We conduct live surveys of customer experiences during their visits to branches and relay their feedback to branches and employees in real-time to provide services attuned to customers’ needs. In addition, we plan to conduct a text-message-based satisfaction survey among customers who have used contactless banking services to gauge their experiences with new products and services. This will help us build a stable system for various types of customers.

Compliments and feedback via CSI



Hana Bank collected 47,099 compliments and 9,485 feedback reports through the 2020 Customer Satisfaction Index (CSI). Through the ongoing management of customers’ submitted feedback and ensuing service improvements, we have been ranked first in the Korea Service Quality Index’s (KSQI) ‘banking’ category for 5 consecutive years.

Financial education on consumer protection

Hana Bank provides financial education program for client companies, the vulnerable, military personnel and schools. Such education is designed to help them foster healthy financial habits as well as to disseminate important consumer information such as precautions in financial transactions to prevent economic damage from financial fraud, including voice phishing, and to contribute to improving consumer rights.

Hana TV, an interactive communication channel suitable for the pandemic era

Our official YouTube channel, called Hana TV, has been revamped into a content-oriented channel offering information and entertainment to achieve contactless engagement with customers. In addition to Hana TV, we also operate channels aligned with affiliate companies to provide finance-oriented topics, and develop quality content with the objectives of spreading our social values and improving our brand reputation.



▲ Hana TV local market support project, 'Street Travel'

Customized responses to prevent voice phishing scams

Hana Bank implements customized measures to protect financial consumers by preventing voice phishing, which is continually morphing. Apart from a monitoring process that prevents damages arising from false bank accounts, we are the first in the financial industry to operate a preventative monitoring system to protect customers. We are also dedicated to consumer-oriented finance, as demonstrated by the introduction of a customized financial fraud prevention checklist built on a big data platform.

Voice phishing prevention system

Monitoring scenario to prevent damage from voice phishing

- According to a monitoring scenario designed to prevent damages arising from repaying loans after loans are executed, the system activates automatic suspension of online transfer (available all day). Cancellation of suspension is only possible after verification by the person in charge during the day, or with additional identity verification at night

Customized financial fraud prevention checklist

- Diagnosis using customized and differentiated phrases depending on age, gender, transaction type, transaction amount, etc.
- The latest fraud pattern is rapidly applied to the checklist once it is identified

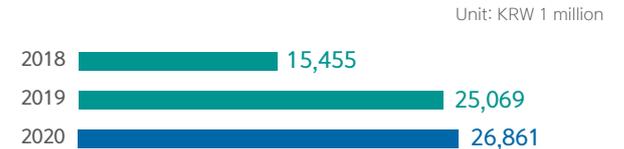
Financial fraud prevention program for the elderly

- Introduction of customized checklist and video and voice checklist
- Voice phishing warning text messages when a withdrawal or transfer of a large amount of money occurs at a branch counters
- Monitoring scenarios for preventing fraud against the elderly

Preventing voice phishing with 1Q app

Hana Bank added the voice phishing detection feature to its mobile banking app Hana 1Q in November 2020. It has prevented 522 customers from transferring KRW 11.9 billion to criminals and prevented damage to 2,639 customers who were waiting to take out loans. Going beyond simple detection and notification of voice phishing, we contacted all customers directly after suspending transactions to prevent financial damage to thousands of customers.

Financial damage from voice phishing prevented



*Based on Hana Bank data



▲ Customized responses to prevent voice phishing scams

Finance and IT

Identifying key tasks in response to digital transformation

Demand for digitalization continues to grow due to the rapid transition into a digital economy as a result of COVID-19. Hana Financial Group has selected tasks oriented toward digital transformation to strategically respond to digitally oriented lifestyle changes and digital-oriented policies.

Key tasks oriented toward digital transformation

Securing the nation's leading competitiveness	Leading mobile platforms
Data-driven	Ultra-personalized marketing
Through combined online/offline channels combination	Enhancing digital operations
New businesses	Fully implementing new businesses based on data
Through strategic investments and partnerships	Building a digital ecosystem
For future leadership	Enhancing capabilities for innovative technologies

Convenient mobile banking services



Hana Bank launched its Hana 1Q loan services to provide convenient digital financial services to its customers. Customers can conveniently track their credit limit by mobile phone, without having to visit a branch, and can even secure a loan electronically. Through this mobile loan process, we continue to venture into various loan services such as loans for deposit-based leases, unsecured loans prior to registration, and real estate-backed loans. We have also launched the One Dollar Foreign Currency Savings service to make it easy for customers to save dollars in small amounts and to provide a direct debit feature and exchange rate notification.

Hana 1Q loan services

25th Maeil Business Newspaper Financial Instrument Awards

loan balance within 8 months of launch

Grand Prize

Approx. KRW 2.7 trillion



Mobile loans prior to registration

reduced workload by 70%

>> Key Activities

Optimal AI-finance services



Hana Financial Group established the Hana Institute of Technology (HIT) in 2018 to take preemptive measures against changes brought about by digital transformation. Through some 60 research projects, HIT has developed new technologies for future finance, and has been continually embedding core proprietary technologies into Hana Financial Group. Service technologies developed based on big data, AI, and machine learning can provide customers with personalized financial services.

Expected effects of AI-based new technologies

- ◎ Recommend customized insurance products to credit card customers
- ◎ Hana THE ONE AI2 Lab robo-advisor
 - Applied AI to global asset allocation portfolios providing customers with higher stable returns
- ◎ Applied AI credit rating model to loan reviews
 - Reduced non-performing loan ratio by 6% and default rate by 37%
- ◎ Developed an abnormal transaction detection model → Protected customers from financial fraud such as voice phishing
- ◎ Automated the entry of over 300,000 sheets of financial statements per year

Creating an open digital ecosystem: Hana 1Q, FX Wallet

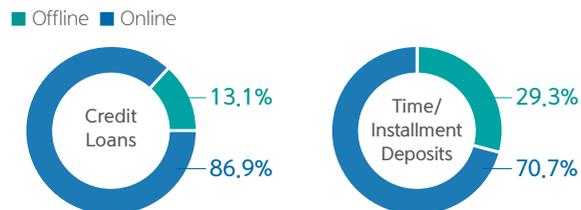


Hana Bank launched its open mobile banking app Hana 1Q in August 2020 as a response to a significant increase in contactless banking services. Unlike the existing and competitors' apps, Hana 1Q allows customers to use the major services of Hana affiliates in a single app, and supports all major transactions performed through the bank without having to install additional apps. Moreover, we provide convenient exchange services through the open API-based "exchange wallet" services in cooperation with leading easy payment service providers in Korea, such as KakaoPay and Toss.

Features of Hana 1Q

- ◎ First in Korea to introduce facial recognition in the banking sector, allowing users to authenticate and log in in mere seconds.
- ◎ Allows free access to affiliates' services (access stock prices and place orders, search credit/debit card transactions, apply for loans, auto loans, card loans)
- ◎ Provides diverse benefits such as golf bookings, hotel reservations and real estate information through partners

Subscription rate for online services



Pioneering digital financial ecosystems



1Q Agile Lab is a fintech startup discovery and nurturing program. Hana Bank is using 1Q Agile lab in building a digital industry ecosystem in collaboration with startups with technological potential in IT sectors ranging from AI and big data to cloud services. In addition, we launched the Global Loyalty Network (GLN) in 2019 to gear up for the growth of the international mobile easy payment market. It is an overseas payment service platform that allows users to freely make transfers and payments via mobile without any border restrictions. In 2020, we expanded our services to reach major Asian countries such as China, Japan, and Hong Kong, and we are working to forge new developments in partnership with over 50 companies in 23 countries.

An agile organization to foster rapid digital transformation



Hana Card introduced an agile organizational structure to achieve digital innovation through prompt decision-making in today's changing financial market. We granted decision-making authority and autonomy to agile organization members to facilitate rapid progress on service development and work improvements that reflect market trends. Currently, our small-scale agile organizational structure operates in digital fields, including payment and UI/UX.

Multi-Card, digital cards replacing plastic cards



Hana Card launched its Multi-Card digital card series, available for use on the simple payment mobile app 1Q Pay whenever customers need to use their credit card, thus overcoming the limits of conventional credit cards made of plastic. This launch is expected to reduce plastic usage compared with conventional cards.

Features of the Multi-Card

- ◎ Various online and offline benefits in line with changing lifestyle trends, including contactless services, single-person households, cross-border shopping, and more.
- ◎ Access payment services online and offline anywhere via 1Q Pay
- ◎ A single physical card can be issued and linked to all Multi-Cards in one's possession



▲ Multi-Card replacing plastic cards

Expanding financial accessibility

Smart ARS for seniors and foreign customers



Hana Bank launched smart ARS services to make financial transactions easier for senior citizens and foreign customers who have difficulty using voice-based ARS. It combines voice ARS guidance with on-screen features to allow users to make overseas remittances and check their transaction history. Given the recent increase in the use of financial services by migrant workers, we support text- and voice- ARS services for overseas remittance in 7 languages: English, Chinese, Indonesian, Khmer, Burmese, Mongolian, and Vietnamese.

Web Accessibility Certification Mark for disabled and senior customers



Hana Card has obtained the 'Web Accessibility Certification Mark' through a strict screening process for our senior and visually impaired customers. Our website home page supports the visually impaired with assistive programs such as screen readers. To improve the experience for all customers, we provide audio and subtitles for images and information, and enhance readability by adding contrast to the screen background and text.

Expanding microfinance and consulting services for the vulnerable classes



Hana Bank provided active support for the New Hope Seed Loan and the Saitdol Mid-Interest Rate Loan to offer a total of KRW 1.7 trillion in lending over three years starting in 2018. By doing so, it allowed part-time workers and delivery workers to overcome the difficulty of proving their income and obtain loans. Also, we assisted with asset management and housing finance consulting for low-income citizens by operating a total of 54 inclusive finance centers and counters nationwide.

Financial instruments promoting housing stability among the financially vulnerable

Instrument	Eligibility
Deposit-based lease loan for single parents	Single parents raising children under the age of 18
Deposit-based lease loan for multi-children households	Households with two or more children under the age of 18
Deposit-based lease loan for welfare benefits	Employees of social welfare companies and social enterprises
Deposit-based lease loan for newlywed couples	Newlyweds within first 7 years of marriage and those expecting to marry within 3 months

Financial products for seniors



Hana Bank launched the "Time Deposit for the Forever Young" for customers aged 60 or older. We provide free scam protection services to senior citizens who are exposed to financial fraud such as spam messages and voice phishing. Compensation of up to KRW 10 million is provided to victims of financial fraud, and up to KRW 50 million for victims of fatal accidents on public transportation.

>> Key Activities

Financial education and apps for migrant workers



Hana Bank collaborated with regional support centers for migrant workers to provide online financial education, in order to induce sound financial transactions among migrant workers and foreigners, despite the decrease in their numbers due to the spread of COVID-19. Held via videoconferencing, the education focused on informing migrant workers of financial fraud such as voice phishing and preventative measures against illegal overseas remittance. In addition, Hana Bank also provides "Hana EZ," an overseas remittance specialized application overseas remittance-specialized app, contributing to establishing a stable financial life for migrant workers and foreigners.

Hana EZ achievements

- 1) Providing real-time direct remittance services through alliances with overseas banks
- 2) Superior remittance services in terms of speed, precision, and stability compared with other overseas services
- 3) Total of 213,000 remittance transactions after only 1.5 years since its launch.
- 4) Provides overseas remittance service to Koreans using big data and AI technology

Hana 1Q tailors main screen to each customer’s age group



Hana Bank provides main screens tailored to each age group and user to lay the groundwork for super-personalized banking for each customer. The main screens are classified into four different screens for each age group: youth (under 30 years of age), general (31 – 54 years of age), seniors (55 years and older), and PB customers. When a user logs into the Hana 1Q mobile app, a main screen tailored to the user automatically appears, making it intuitive and easy to find and engage in various banking tasks.

Features of Hana 1Q main screen

Youth (under age 30)
<ul style="list-style-type: none"> ◦ Provides a wide range of financial instruments and exclusive benefits and services for college students and those who have just recently begun to work
General (ages 31 – 54)
<ul style="list-style-type: none"> ◦ Provides four categories of asset management, financial instruments, life banking, and partnerships/benefits
Seniors (age 55 and older)
<ul style="list-style-type: none"> ◦ Large letters and easy-to-use interface ◦ Provides services mainly used by senior citizens and personalized product information
PB customers
<ul style="list-style-type: none"> ◦ Provides customized asset management services and product recommendations from experts

Bank counters that accommodate the financially vulnerable



Hana Bank operates customized counters and branches to ensure that everyone, including the financially vulnerable, enjoys financial services. We are running a separate counter to help the disabled and senior citizens conveniently deal with financial affairs. Some branches provide sign language services for the disabled. We also provide financial counseling services tailored to the low-income classes through Hope Finance Plaza.

Bank counters for the financially vulnerable

Happiness financial counters
<ul style="list-style-type: none"> ◦ A separate counter is operated at branches for the financially vulnerable, such as persons with disabilities and the elderly
Hub branch office for the disabled
<ul style="list-style-type: none"> ◦ We select one strategic branch in each region and business division to provide exclusive support to branches in the hub area for responding to persons with disabilities ◦ Sign language services are also provided (Gwangju Branch, Jeonju Finance Center)
Hope Finance Plaza
<ul style="list-style-type: none"> ◦ Loan counseling for average-income earners, youth, college students, counseling for credit recovery and individual rehabilitation

Services for seniors and the disabled



Hana Bank provides services to enhance convenience for the disabled and seniors who have difficulties in their financial life. Given the inconveniences that persons with visual, hearing, and physical disabilities may experience while encountering financial services, we offer outreach services and video counseling services for further improvement.

Services for different categories of the financially vulnerable

Senior citizens	Physically challenged
<ul style="list-style-type: none"> ◦ Provide an exclusive counseling number for the call center ◦ Operate a slow-speaking ARS 	<ul style="list-style-type: none"> ◦ 1Q bank outreach service ◦ Install/operate cash machines for the disabled ◦ Install ramps, etc.
Visually impaired	Hearing impaired
<ul style="list-style-type: none"> ◦ Provide websites that come with sounds, Braille terms and conditions, and Braille security cards ◦ Operate the Braille Terms and Conditions Call Center ◦ Provide voice OTP cards at no charge ◦ Screen expansion feature for cash machines 	<ul style="list-style-type: none"> ◦ Video counseling service (video) ◦ Build/operate text message banking service ◦ Text message counseling, video sign language counseling, e-mail counseling, etc.

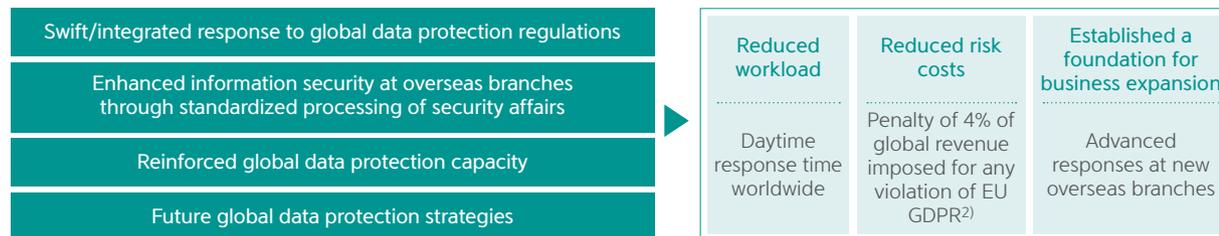
Cybersecurity

Preemptive response to global regulations through enhanced data protection management system

Hana Financial Group strives to maintain the security of its computer system and minimize issues caused by security breaches. We designate a CISO¹⁾ to handle privacy risks at the senior management level and operate the Data Protection Committee to perform professional tasks such as developing privacy strategies and policies, inspecting compliance with privacy laws and regulations, and enforcing countermeasures against any attempted security breaches or threats. The holding company's infosec team monitors the operational status of information security of each affiliate and demands that affiliates adhere to their policies and operational status to ensure unified policy management within the group. In particular, as security regulations continue to get stricter around the globe, we have built a global data protection framework and completed filing a patent application in 2020 after examining 51 regulations related to data protection and financial security in 24 countries.

1) CISO: Chief information security officer

Anticipated effects of the global data protection management system



2) EU General Data Protection Regulation

Prevention of IT security accidents through information security training and periodic security checks

Hana Financial Group highlights the importance of compliance with information security-related regulations and provides annual information security training to all of its employees. In addition, employees conduct periodic security checks and relay any detected suspicions to the infosec team. Any employee found to have violated data protection regulations also becomes subject to disciplinary action, affecting his/her personnel performance. In 2020, Hana Bank conducted a mobile app operation inspection and server vulnerability inspection before designing new services to reinforce the prevention of security breaches.

>> Key Activities

Certification of Hana Bank Hana Card data protection management system

Hana Bank became the first in Korea to acquire ISO 27001 for its global regional operations centers (ROCs) at four locations in 2020. As a result, the safety of the system has been recognized by countries around the globe. It is expected to reinforce global sales competitiveness, improve external credibility, and allow the company to earn additional points for overseas business bids. Hana Card has established a data protection management system to comply with the requirements for security measures to safely protect customers' data. We acquire domestic Information Security Management System (ISMS) and international Payment Card Industry Data Security Standard (PCI-DSS) certifications every year to maintain customer confidence in our data security level.

ISO 27001 certification status

Certification details	Acquisition
Internet Banking services (web, mobile)	February 2020
ROCs in Northeast Asia (Japan, Hong Kong, Vietnam)	April 2020
ROCs in Southeast Asia (Singapore, India, Philippines, Australia)	June 2020
ROCs in Europe and the Middle East (Germany, UK, Netherlands, France, Bahrain, UAE)	August 2020
ROCs in Americas (New York, Panama, etc.)	Scheduled for 2nd half of 2021

*Reviewed annually and re-certified tri-annually by ISO 27001

Personal data protection

Strict personal data protection system

In recognition of the vital importance of privacy, Hana Financial Group makes every effort to ensure that customers use the bank with confidence, through strict control of the collection, use, provision, and storage of customer data and intensive protection protocols. Our measures to safely protect customers' personal data include encrypting resident registration numbers and other personal data, and enforcing the principle of minimum disclosure of data on screens and printouts. Moreover, personal data is accessible only for necessary business purposes, and any use of personal data requires compliance with the procedure of registering and managing the purpose and grounds for use. If a handler of the data processing system violates any pertinent statutes or guidelines, the violator becomes subject to disciplinary action according to the affiliate's personnel and privacy regulations. In addition, we explicitly express the application of our Privacy Policy when personal data is included in all business processes to not only our customers, but to affiliates and partners as well, to ensure comprehensive protection of personal data.

Information security training

Category		2017	2018	2019	2020
Internal data protection training (company-wide)	Hours	116,835	123,719	108,232	118,479
	Participants	12,865	12,433	11,843	12,971
External data protection training (affiliates/partners)	Hours	799	818	902	896
	Participants	799	818	902	896

Information security and personal data protection awareness training

Hana Financial Group provides information security and personal data protection training to enhance employees' awareness of personal data protection. In addition to the mandatory training required by statute for all employees, we provide internal control personnel with training on the application of personal data protection laws and the personal data protection system as part of our efforts to protect customers' privacy.

Certification of privacy protection Hana Bank management system

Hana Bank and Hana Financial Investment have acquired domestic ISMS-P certification for information security and personal data protection, and international ISO 27701 certification for personal data protection, to safely protect customers and data. ISMS-P is the highest level of comprehensive certification system in Korea for personal and non-personal information protection jointly promulgated by the Ministry of Science and ICT and the Personal Information Protection Commission. ISMS-P certification verifies the reliability and stability of our customer information protection system.

Personal information management system

Scope

All domestic and foreign branches, subsidiaries, joint ventures, affiliates, and some consignees, including holding companies

Company-wide risk management

- Included in the company-wide compliance management domain and managed as the key risk domain
- Conduct self-inspection for compliance twice a year to diagnose and prevent risks
- Comply with the privacy policies within the Group, and establish and operate our own privacy policy suitable for management activities, customers, and stakeholders, such as affiliates

Disciplinary action against violations

- Respond to any violation of the Privacy Policy under the zero-tolerance principle
- Carry out disciplinary action against the relevant employee or organization based on the internal rules and regulations
- Determine the level of disciplinary action, such as dismissal as the highest level and suspension of contracts, depending on the specific such as type and severity of violation

Audit

- Conduct self-audits to verify whether the Policy is practiced on a regular basis
- Conduct due diligence for major business sites and branches
- Manage and inspect consignee that handles personal information through on-site due diligence in the second half of each year
- Determine matters requiring improvement through periodic inspection activities and reaffirm implementation status

ISO 27701 certification status

Certification details <hr/> Internet Banking services (web, mobile)	Acquisition date <hr/> February 2021
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Our People and Culture

Fostering Talent in Finance

Diversity and Inclusion

Employee Welfare Benefits

Issue Background

The happiness of employees who are key members of the company increases their immersion and productivity at work and brings positive effects to the company's growth. A healthy organizational and communication culture will boost creativity and problem-solving skills at work. In addition, offering employees opportunities to design self-improvement into their careers and establishing a culture that allows employees sufficient rest in one's personal life, attracts outstanding personnel. Hana Financial Group strives to create a workplace where members can work happily and to deliver the positive energy and expertise of Hana people to customers and society.

Response to the Issue

Hana Financial Group is committed to creating a corporate culture where all employees can realize their personal company vision, "Trusted and leading Hana people." Therefore, we are pressing ahead with various systems in which employees gain expertise in finance, drive innovation through open communication, and achieve work-life balance. We offer them opportunities to build their own career paths to become experts who remain at the forefront of the transitional era, the transitional era and foster talented personnel with multiple capabilities through tailored digital on-the-job training. In addition, we create an equal-opportunity work environment without discrimination by hiring people from diverse backgrounds and support family life through the PC-OFF program and operation of workplace-based daycare centers.



>> Key Activities



DT University for fostering digital talents

Established DT University to cultivate digital experts prepared for the era of digital transformation.

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Fostering talent in finance

Supporting self-directed learning Hana Bank through Hana Digital Campus

Hana Bank operates its digital platform and knowledge education portal, Hana Digital Campus, to foster financial experts with complex business capabilities. Even before non face-to-face education became common, the portal allowed users to acquire financial expertise anytime and anywhere by taking online basic/advanced occupational courses available around the clock. Hana Digital Campus has a curation feature to recommend personalized educational courses based on the learner's data. We will continue to diversify curation algorithms to respond to the growing need for hyper. In addition, our career development program (CDP) allows users to check their achievement levels and history at a glance through a dashboard and examine their self-development level. The program also applied elements unique to games to arouse interest as part of its efforts directed towards increasing the capabilities of employees. As of the end of 2020, approximately 50,000 cumulative employees have participated in self-directed online open classes. The curriculum has been restructured to offer advanced online courses in the fields of asset management, credit, foreign exchange, and tax affairs to rapidly adapt to the changing environment brought about by the COVID-19 pandemic. We have so far introduced virtual lectures through various channels, such as real-time video lectures, as part of our continuing efforts to create an educational environment that offers mutual online interaction.

Reinforcing professional counseling Hana Bank capabilities for virtual sales

With the arrival of the non face-to-face, digital era in the financial industry, Hana Bank is strengthening its employees' non-face-to-face marketing and counseling capabilities. To foster financial experts based on experience with customers' asset management, foreign exchange, and corporate finance, we offer training programs associated with CDP in each field to support the self-development of employees and their efforts to grow into a professional workforce.

- ▲ Train professionals through operation of RM (relationship manager) / PB (private banking) / FX (foreign exchange) academies
- ▲ Improve practical capabilities of employees through personal loans / corporate finance / foreign exchange / Tax Academy operations



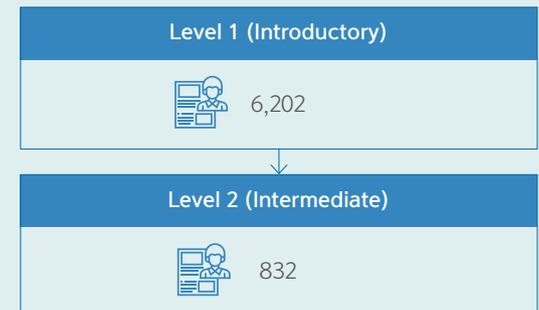
▲ Launch of FX Leader 2021

>> Key Activities

DT University for Fostering Digital Talents

Hana Financial Group established DT University in June 2020 to deal with changes brought on by the Fourth Industrial Revolution and digital transformation. DT University is an integrated platform that provides tailored, digital on-the-job training to enhance digital capabilities throughout the Group. It segments digital talent into the three areas of digital biz experts, digital IT experts, and innovative technology experts with the goal of nurturing professionals in each of these fields. We will continue to offer tailored educational courses on three levels—introductory, intermediate, and advanced—to enhance the digital competency of our employees.

DT University Enrollees



*Based on data from Hana Bank / Level 3 expected to begin in 2021

Assignment of employees through OJT course for innovative companies

Hana Bank launched its on-the-job training (OJT) program in July 2020 on innovative companies to learn about ways that innovative companies work and their corporate culture. This is the first training program of its kind offered by a Korean bank. Applicants had a one in thirty-five chance of being selected to be among the five finalists. The selected employees were dispatched to companies that participated in Hana Bank's 1Q Agile Lab, a startup discovery, collaboration, and development program, for six months to experience a horizontal organizational culture suitable for the era of digital transformation. In addition, we held an online meeting during the training program to exchange ideas concerning human resource management and new businesses in terms of increasing efficiency. The shared innovative ideas were well-received by working-level staff at headquarters. The plan moving forward is to move it into the actual new-biz platform business.



▲ Launch of OJT course on innovative companies

Training financial experts through CDP

Hana Bank CDP (Career Development Program) offers a path to grow as financial experts through self-directed learning. The program serves more than 7,000 employees in 12 majors, including sales, specified functions, and future capabilities. CDP helps Hana Bank employees continue to grow as sales experts, such as RM and PB who perform central roles in the banking business, financial experts in the fields of IB and fund management who are required to have a high level of expertise, and experts in the fields of future strategies, such as digital finance, global business, and financial planning for retirees.



▲ OJT courses for innovative companies

Support for academic training at home and abroad

Hana Bank runs academic training at home and abroad to train experts in each field to prepare for the rapidly changing financial environment. This course will train key global talents and digital experts through professional financial programs. In 2020, we selected 7 staff: 5 for domestic EMBA, MBA and master's courses on big data, and 2 from Singapore and Indonesia. We introduce innovative courses every year to cultivate financial talent ideal for the era of VUCA (volatility, uncertainty, complexity, and ambiguity).

Number of basic-level licenses acquired (including redundancies)	50,493
Number of advanced-level licenses acquired (including redundancies)	17,439
Number of professional licenses acquired (including redundancies)	1,599

Coaching Leadership School to establish a horizontal organizational culture

Hana Bank runs a Coaching Leadership School to spread a positive mindset in the bank and establish a horizontal organizational culture. Employees who have acquired skills and qualifications from this course are leading the way in coaching their peers to build positive relationships and trust among employees.

Digital Warrior Program to improve digital capabilities

To measure up to the accelerating digital transformation, Hana Bank plans to operate a Digital Warrior Program in cooperation with KAIST School of Computing to train employees as professionals with digital and computer development capabilities. Selected employees will learn basic programming languages through a two-month online learning and take computer science courses at KAIST in Daejeon for 6 months to concentrate on digital re-skilling.



▲ Hana Bank-KAIST employee IT competency program agreement ceremony

KAIST digital finance expert course

Hana Bank has its employees selected through open application in the digital financial expert course jointly organized by the Seoul Metropolitan Government and the Financial Services Commission and operated by the KAIST College of Business. In the second half of 2020, we selected 5 employees for the digital transformation track and 4 employees for the AI and machine learning track. In 2021, we selected 6 employees for cloud computing and big data analysis and 2 employees for blockchain and digital assets. Through this course, we will train professionals to understand innovative digital technologies such as big data, AI, and fintech and lead the bank's digital finance with practical skills.

Reinforcing the corporate finance capabilities of female workforce

Hana Bank runs personalized intensive courses such as Corporate Finance Capabilities Enhancement Program to reinforce the corporate finance capabilities of the female workforce in the changing financial environment. We continue to expand the scope of duties of the female workforce and reinforce organizational capabilities through alignments with leadership programs. Hana Bank also plans to run Hana-W Leaders Academy to draw out the potential for creation and innovation by promoting gender diversity within the organization in the era of the Fourth Industrial Revolution. We will demonstrate our commitment to nurturing female leaders, and our employees will recognize the necessity and roles of female leaders through leadership learning. We also plan to provide opportunities for career development and network expansion through coaching and mentoring programs. Such programs will continue in order to promote a spirit of cooperative partnership through inter-gender synergy.



▲ Female training program on corporate finance

Competitive program to enhance Hana Card employees' digital capabilities

Big Data Hackathon

Hana Card held its first Big Data Hackathon contest among the affiliates of Hana Financial Group. Eight teams competed in the contest, which took place over two days in December 2020. During the contest, participants analyzed data within a set period of time and developed models that predict such data, which were then assessed for their performance in real time. The top two teams shared KRW 3 million in prize money and were prioritized over other candidates for attending a key digital talent course.



▲ Hackathon participants

Hana Card Digital University (HDU)

Hana Card has been making a wide range of endeavors in digital education to go beyond the boundaries of the financial industry under the direction of “digital transformation.” One of them is Hana Card Digital University (HDU), which has educated more than 100 staff as a hands-on digital talent training center.

Co-creation

Co-creation is a program held in cooperation with the global credit card brand, Visa, that uses digital methodologies to help solve current issues, while enhancing the digital expertise of relevant staff.

Career planning education and reemployment support for retirees

Hana Bank provided reemployment support services and career design training to 446 retirees at the end of 2020 to alleviate their concerns about retirement and adaptation to life after retirement. The education provided online in January 2021 focused on eight topics, including management of change, financial management, and goal-setting.

Participation rate in career planning education for retirees **93.3%**

Overall satisfaction with the curriculum **4.5/5**

Collabo Day and T-Idea Plaza welcome ideas from employees

Hana Financial Group holds Collabo Day on the 11th of each month to maximize collaboration and communication between its affiliates. Employees are encouraged to propose business ideas that enable collaboration among affiliates according to topics changed monthly. Collabo Awards are presented to those who perform exceptionally in such a way as to drive the Group's development. For a similar purpose, Hana TI also launched the T-Idea Plaza to collect employees' ideas on improving the work process from the perspective of working-level staff, improving financial services from the perspective of the customer, and collaboration ideas. Anyone who proposes an outstanding idea is automatically recommended as an employee of the month, and the ideas are relayed to departments of the relevant affiliates as part of the company's efforts to apply them to actual services and processes.



▲ 'Hana 1Q' improvement idea contest

Diversity and Inclusion

Recruitment without discrimination

Hana Financial Group is promoting equality of employment without discrimination. While taking into consideration the supply and demand of personnel every year, we prohibit discriminatory employment and actively recruit foreign nationals, prospective high school graduates and those age 55 years and older.

Gender equality training

Hana Financial group has launched gender equality training programs to create an inclusive workspace free of gender stereotypes and respectful of individuals' differences. The holding company's department heads have completed training designed by the Korean Institute for Gender Equality Promotion and Education to raise awareness of gender equality.

Female employees by position

(As of end of Dec. 2020)

Category	Percentage (%)
Female employees	60.5
Females in all management positions	43.0
Females in junior management positions (middle managers)	50.6
Females in top management positions	5.6
Females in revenue-generating functions	64.9
Females in positions related to STEM	40.8

*Based on Hana Bank

Ladder Project for diversity recruitment

Hana Financial Group has launched the Ladder Project to provide a variety of employment opportunities for those who have suffered from the economic recession. This includes retired employees of SMEs with non-financial backgrounds, people with an interrupted career, small business owners who had to shut down their businesses, and freelancers. Several partners within the Group, including Hana Bank, Hana Financial Investment, Hana Card, Hana Capital and Hana TI, participated in the project. No restriction was imposed on the applicants' academic backgrounds, industries, genders, ages and regions. Talented people were assigned to suitable positions based on their experience and competence displayed during the selection process.

Objectives of the Ladder Project



Hope Ladder

Employment opportunities offered to those suffering due to the economic recession, including retired employees of SMEs, people with interrupted careers, small business owners who have closed their businesses, and freelancers



Innovation Ladder

Service innovation from the customer's perspective offered by embedding experiences from various fields into a traditional financial institution



Trust Ladder

Building a leading financial system of confidence to offer a new way for financing to move a step closer to consumers

Hana Waves, fostering the next generation of female leaders

Hana Financial Group hopes to increase female labor participation and promote gender equality by cultivating the female workforce and increasing both the number and roles of female leaders.

In this regard, we launched the first Hana Waves, a program designed to cultivate the next generation of female leaders. We selected 34 female leaders upon recommendations from the CEOs of our affiliates. The first female leader at the general manager-level will engage in a wide range of programs to develop their conduct and capabilities for becoming a leader. The programs include group mentoring, online MBA, self-directed learning, reading and discussions, volunteer mentoring and presentation of strategic projects.



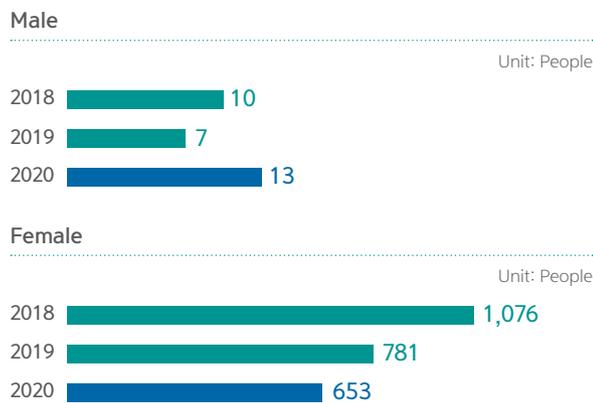
▲ Launch ceremony of the 1st Hana Waves

Employee Benefits

Employee wellness and family programs

Hana Financial Group has various welfare programs in place for the health and welfare of its employees. To ensure adequate rest for its employees, we run the ▲ “Refresh” vacation program, which allows each employee to spend 15 days a year on vacation. For those with children or expecting children, we offer a variety of programs, including ▲paternal/maternal leave, ▲sabbatical leave, and ▲leave for fertility treatment, family care and prenatal checkups. A female employee who gives birth to her first child will be guaranteed a two-year leave for childcare and an employee with a child who is about to enter elementary school is allowed to come to work at 10 a.m. We also offer a wide range of welfare benefits, such as security deposits for homes, congratulatory and condolence money, medical coverage, tuition support and expenses for self-development.

Employees on Paternity/Maternity Leave*



*Based on data from Hana Bank

Building an ideal work environment

- ① **New PC-Off program**
 - Automatic power down at 6 p.m. (Hana Bank)
 - Up to 12 hours of overtime allowed per week
 - Prior approval from unit leader required for extended use of computers
- ② **Improved meeting efficiency**
 - Meeting materials reduced to one page and distributed one day prior to meeting
 - Recommendation that meetings not exceed one hour
- ③ **Telecommuting due to spread of COVID-19**
 - No. of employees working from home : 2,576
 - Cumulative telecommuting work hours : 170,304
- ④ **Flexible working hours**
 - No. of employees participating in flexible working hours : 436 (Hana Bank)
- ⑤ **Family-friendly corporate culture**
 - First commercial bank to introduce reduced working hours for childcare
- ⑥ **Improved work process to promote work-life balance**
 - Improving work-life balance by increasing work efficiency in response to the reduction of statutory working hours (52 hours) (Hana Financial Group)

Welfare programs for employees' happiness

Welfare programs	Work-life balance support	Family-friendly system
<ul style="list-style-type: none"> ◦ Provision of welfare points ◦ Group accident insurance for spouses 	<ul style="list-style-type: none"> ◦ Partnership with recreational facilities and provision of service charges ◦ Support for community activities within the bank 	<ul style="list-style-type: none"> ◦ Activities for families on weekends ◦ Support for children's academic advancement and educational expenses

Certified as a “Family-friendly Company”

Hana Financial Group has acquired Family-friendly Corporation Certification from the Ministry of Gender Equality and Family due to its exemplary operation of family-friendly programs. The programs include support for childbirth and childcare, flexible working hours, and a family-friendly workplace culture.

Workplace safety

Grievance and psychological counseling

Hana Financial Group operates an employee grievance and psychological counseling program to address grievances that may arise during work. We have hired professional counselors to conduct one-on-one counseling, psychological tests, etc. and provide regular counseling.

Prevention of safety-related accidents for workers

Hana TI applies strict safety rules for workers at the Core Integrated Data Center. Systematic entry registration procedures are enforced, all workers are required to work in pairs, and those who work in elevated areas are required to undergo safety training to prevent accidents.

Safety training

Hana Financial Group promotes a safe work environment by providing training programs to new employees. Our employees are well-trained through fire drills and other effective strategies to prevent workplace hazards such as robberies and accidents.

Transparency in Governance

Governance

Compliance

Risk
Management

Issue Background

Transparent and sound governance are pivotal for a company's sustainable growth as well as a key measure of its value. Amid growing interest in ESG among companies around the world, governance (G), which makes strategic corporate decisions on environmental (E) and social (S) responsibilities, is growing increasingly important alongside maximization of shareholders' interests. Hana Financial Group aims to obtain transparency and ethics in its governance to systematically carry out sustainable management.

Response to the Issue

Hana Financial Group has joined in efforts to make changes to reinforce its ESG management built upon sound governance. Accordingly, we introduced an extensive range of measures to assure ethics and transparency, the source of sound governance. The application of stewardship codes to our key affiliates are contributing to fulfilling our social responsibilities through finance. We have also established the Consumer Risk Management Committee to perform consumer-oriented risk management and the Sustainable Management Committee for combating climate change and creating social value to strengthen the foundation for ESG management in line with the needs of this era. Furthermore, we are striving to secure company-wide integrity and transparency by such means as strengthening our internal control capabilities for ethical management and responding to human rights risks through a human rights survey.



>> Key Activities



Sustainable Management Committee

Established sustainable management (ESG) strategies and policies

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Fully addressed human rights issues based on results of human rights survey

Conducted a factual survey on human rights surrounding six issues that are deemed to pose potential risks and took relevant measures

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Governance

Board of Directors (BoD)

Board Meeting in 2020

In 2020, a total of ten board meetings were held with a 100% attendance rate. Hana Financial Group ensures that the attendance rate for the BoD remains above 75% in compliance with the guidelines of the Institutional Shareholder Services. In 2020, the BoD discussed important issues including investment in Project Kairos; participation in capital increases of Hana Financial Investment, Hana Insurance and Hana F&I; and the establishment and incorporation of strategic and systematic decisions by Hana Financial Group.

Board members

Category	Executive Director		Independent Director							Non-Executive Director	
											
Name	Kim Jung-tai	Park Won-koo (Chairperson)	Paik Tae-seung	Kim Hong-jin	Yang Dong-hoon	Heo Yoon	Lee Jung-won	Kwon Sook-kyo	Park Dong-moon	Park Sung-ho	
Appointment	2012-03	2016-03	2018-03	2018-03	2018-03	2018-03	2019-03	2021-03	2021-03	2021-03	
Tenure	2022-03	2022-03	2022-03	2022-03	2022-03	2022-03	2022-03	2023-03	2023-03	2023-03	
Expertise	Finance	Finance & Accounting	Legal	Economics (retired official)	Finance & Accounting	Economics	Finance	IT	Management	Finance	
Career	CEO of Hana Financial Group Former CEO of Hana Bank Former CEO of Hana Financial Investment	Former professor at the Korea University Graduate School of Management of Technology Former visiting professor at Seoul National University Former member of the Investment Deliberation Committee of the Parent Fund, Korea Venture Investment	Former professor at Yonsei University Law School Professor emeritus at the Graduate School of Law Former chairperson of the Regulatory Review Committee of the Financial Supervisory Commission Former employee of the Bank of Korea	Former head of the Management Support Division (Managing Director) of the Securities Depository (currently, Korea Securities Depository) Former Director (Deputy Director) of Planning and Administrative Affairs at the Financial Intelligence Unit of the Ministry of Finance and Economy Former Audit Officer at the Ministry of Finance and Economy	Professor of Accounting at Dongguk University Former President of the Korea Accounting Association Former employee of the Bank of Korea	Professor at Sogang University Graduate School of International Studies Former Chairperson of the International Cooperation Division on the International Finance Development Review Board of the Ministry of Economy and Finance Former civilian member of the Steering Committee at the Export-Import Bank of Korea of the Ministry of Economy	Former CEO and President of Shinhan Data System (currently, Shinhan DS) Former Vice President of Shinhan Bank Credit Evaluation Group Former independent director at Hana Bank	Former CEO and President of Woori FIS Former non-executive director at the Korea Credit Information Services Former executive of Woori Financial Group Former CIO at Citibank Korea Business Finance	Former CEO and President of Kolon Industries Former CEO and President of Kolon Glotech Former CEO and President of Kolon I-Net	CEO of Hana Bank Former president of Hana Bank, Indonesia Former CEO of Hana TI	

Average tenure of board members

3.3 years

(As of end of March 2021)

Board members

Hana Financial Group's BoD is the highest decision-making organization within the company, comprising ten members, including one executive director, eight independent directors and one non-executive director as of the end of March 2021. Independent directors are selected at the general shareholders' meeting among candidates recommended by the Independent Director Nomination Committee and the BoD includes one female independent director. In addition, to ensure the diversity of BoD membership,

various factors such as professional competencies, age, educational background, gender and nationality are taken into account when selecting directors. Since 2010, we have appointed an external female director to achieve gender balance. We have also appointed a foreign national as an independent director in the past. We appoint independent directors in compliance with the standards of independence under Article 6 of the Act on Corporate Governance of Financial Companies and Article 8 of the Enforcement Decree of the same Act. Currently, all independent directors meet the standards of independence.

(As of end of Mar. 2021)

Board experience and skills

Hana Financial Group's BoD consists of experts with competencies and sufficient experience in a cross-section of fields including banking, management, economics, finance, accounting, legal and information technology to offer professional and independent opinions and ensure efficient decision-making. In addition, the members have exemplary ethics, professionalism and integrity for a balanced representation of the interests of all stakeholders. The directors are also required to undergo training on the Group's strategies, risk management, accounting, compliance, audit and ESG trends to cultivate their expertise in the financial industry.

Non-executive and independent directors with industry experience in finance

5 members

Board Mandates

(As of the end of Mar. 2021)

Directors with 4 or less other mandates

9

(Park Won-koo / Paik Tae-seung / Kim Hong-jin/
Yang Dong-hoon/ Heo Yoon /Lee Jung-won/
Kwon Sook-kyo/Park Dong-moon/Park Sung-ho)

*Independent directors of a financial holding company are not allowed to be employed as independent directors of other companies under the Act on Corporate Governance of Financial Companies



Introduced an online voting system at the Annual General Shareholders' Meeting

Board independence and transparency

To ensure independence from management, the number of independent directors has been maintained at more than three and more than half of the directors. In particular, the chairperson of the BoD has been appointed independently of the president among independent directors since 2010 to secure the BoD's independence and enhance the BoD's review and screening of management decisions.

Share ownership

As of Dec. 31, 2020, Hana Financial Group has 300,242,062 issued shares, all of which are common stocks. Foreign nationals own 64.60% of the shares and 11 shareholders possess 1% or more of the shares.

Management ownership

(As of the end of Dec. 2020)

Shares owned by the CEO	Multiple of base salary	4.71 times
Shares owned by other executives	Other executives owning shares	Ham Young-Joo, Lee Eun-Hyung, Ji Sung-Kyu, Hwang Hyo-Sang, Kim Heui-Dae, Lee Jong-Soung, Lee Hoo-Seung, Lee Jun-Hyuk, Oh Jeong-Taek, Park Byung-Joon, Ahn Seun-Jong, Lee Jeong-Won, Jeong Eui-Seok
	Multiple of base salary (average)	1.12 times
Management ownership requirements	Multiple of CEO's annual base salary for share ownership	0.70 times
	Multiple of other executives' annual base salary for share ownership	0.58 times

*Number of shares owned by key executive members: Kim Jung Tai 65,668 shares, Ham Young Joo 10,132 shares, Hwang Hyo Sang 3,263 shares

Amount of stocks

(As of the end of Dec. 2020)

Category	Amount of Shares	Ratio(%)
Preferred stock	0	0
Common stock (1 voting right per share)	291,563,476	97.11
Common stock (treasury stock)_ no voting rights	8,678,586	2.89
Total stocks	300,242,062	100

Shareholder ownership of 1% or More

(As of the end of Dec. 2020)

Shareholder	Number of shares owned	Ratio(%)
National Pension Service (government agency with at least 5% voting rights)	29,667,548	9.88
BlackRock Fund Advisors	14,731,818	4.91
Franklin Resources	13,257,916	4.42
Capital Group	13,248,641	4.41
Norges Bank	6,972,302	2.32
Government of Singapore	5,786,582	1.93
People's Bank of China	4,276,239	1.42
Kolon Industry Co., Ltd.	4,239,000	1.41
Vanguard Total International Stock Index Fund	4,163,787	1.39
Bernstein Fund, Inc.	3,402,400	1.13
Abu Dhabi Investment Authority	3,278,708	1.09

Board Committees

Roles of board committees

Hana Financial Group operates ten board committees to reinforce the BoD's independence, increase efficiency in decision-making, and ensure transparency. These committees conduct in-depth reviews and discussions on key issues. With the recent emphasis on ESG and consumer protection, we established the Sustainable Management Committee and the Consumer Risk Management Committee in March 2021 to increase efficiency in BoD operation.

Audit Committee

The Audit Committee conducts audits independently from the BoD, the enforcement body, and other departments to ensure transparency in corporate governance and accounting. The Audit Committee consists of four independent directors, two of which are experts in finance or accounting. The Audit Committee met 11 times in 2020 and independent directors of the Audit Committee have recorded a 100% attendance rate over the past 3 years. The committee conducted ex-post, ex-ante and daily audits on issues concerning the BoD and the board committees, and reported the results to the BoD. In addition, in order to reinforce the independence of the Audit Committee, they held meetings with external auditors and discussed issues without the presence of management.

Board Committees

(As of the end of Mar. 2021)

Committees	Meetings (2020)	Members	Roles
Steering Committee	1 meeting	4 independent directors 1 executive director	Votes on matters related to operation of the BoD and the board committees, relevant procedures and changes in the size of the BoD
Audit Committee	11 meetings	4 independent directors	Supervises directors and management, audits the adequacy of the internal control system as well as accounting and business affairs
Risk Management Committee	9 meetings	4 independent directors	Establishes, approves and manages policies and basic management plans for management risks that may arise
Management Development & Compensation Committee (Pay Committee)	7 meetings	3 independent directors	Establishes performance evaluation and compensation systems for group executives, manages the overall adequacy of the compensation system
Nomination Committee	3 meetings	3 independent directors 1 executive director	Establishes management succession plans for the CEOs of major affiliated companies, manages candidate groups, reviews and recommends candidates
Independent director Nomination Committee	3 meetings	4 independent directors	Establishes rules on selecting independent directors, manages candidate groups, reviews and recommends candidates for independent directors
Auditor Nomination Committee	1 meeting	8 independent directors	Reviews and recommends candidates for auditors
Group CEO Nomination Committee	1 meeting	8 independent directors	Develops the management succession plans for CEOs and chairpersons; establishes appointment standards for CEOs and chairpersons; manages, reviews and recommends candidate groups
Sustainable Management Committee	Established in March 2021	4 independent directors 1 executive director	Establishes and modifies the Group's sustainability strategies and policies
Consumer Risk Management Committee	Established in March 2021	4 independent directors 1 non-executive director	Establishes the Group's consumer risk management policies and systems

Risk Management Committee

The Risk Management Committee is a board committee with a risk management environment and system that complies with the management strategies of the Group and affiliates to efficiently manage risk. The Risk Management Committee consists of four independent directors with expertise in finance, accounting, law, economics, and banking. In 2020, the Risk Management Committee held a total of nine meetings, with a 100% attendance rate. In addition, to ensure efficient management of Group-wide risk policies and strategies, the committee was briefed on the decisions made by the highest decision-making organizations concerning risk management from affiliates on four occasions each quarter.

Consumer Risk Management Committee

The enforcement of the Financial Consumer Protection Act has boosted awareness of consumer rights with a growing emphasis on customer-oriented risk management. Hana Financial Group launched the Consumer Risk Management Committee within the BoD to review and make decisions on key issues related to consumer risk at the BoD level. Going forward, the committee will reinforce its consumer-oriented culture by establishing Group consumer risk management policies to preemptively and proactively manage risk.

Stewardship Code for Responsible Investment

In making investment decisions, an emphasis is placed on responsible investment that takes into account the non-financial factors of the investment in order to invest in environmentally and socially beneficial companies and actively exercise rights regarding investment targets as shareholders. In 2019, Hana Financial Group adopted a stewardship code¹⁾ for its major affiliates, Hana Bank, Hana Financial Investment, Hana Life, Hana Alternative Asset Management and Hana Ventures, to assume its social responsibility through finance. To remain committed to its fiduciary duties, the Group has established a stewardship code and published it on its website, helping build customer understanding and confidence.

1) A voluntary code that encourages engaged activities of institutional investors as shareholders in relation to communication with investees, the exercise of voting rights and the creation of shareholder proposals for the mid-to-long-term development of companies that have received investment and are in the interest of beneficiaries.

Exercise of voting rights in 2020

Hana Bank 7 times

Hana Life Insurance 11 times

>> Key Activities

Launched Sustainable Management Committee

There is growing interest in ESG (environmental, social, governance) management that entails a corporate response to climate change and the creation of social value. Hana Financial Group established its ESG strategy for sustainability management and established the Sustainable Management Committee within the BoD to ensure that the CEO's commitment to ESG is reflected throughout management. The committee will convene semiannually to approve ESG strategies and policies and receive reports from the Sustainable Management Steering Committee (formerly, Social Value Management Committee) on the progress and performance of sustainability management.

Committee members

Lee Jung-won (Chair), Kim Jung-tai,
Park Dong-moon, Paik Tae-seung and
Yang Dong-hoon

Resolution

Establish the Group's sustainable management
(ESG) strategies and policies

Evaluation and compensation

Evaluation and compensation for executives

More than 50% of total compensation at Hana Financial Group falls under the category of performance-based compensation to reflect its commitment toward responsible management through performance-based compensation. For financial indicators that measure the performance of executives, including the CEO, the Group uses return on equity (ROE: profitability indicator), non-performing loans (NPL: asset soundness indicator), return on risk-weighted assets (RoRWA: capital indicator), cost-to-income ratio (C/I ratio: productivity indicator) and total shareholder return (the relative stock price increase rate compare to the average industry rate). Non-financial performance indicators vary by executive job, taking into account the Group's mid- and long-term strategies and sustainable ESG performance.

The results determined by performance evaluation are reflected in calculation of the short-term bonus rate, and the long-term bonuses deferred from overall performance-based compensation account for 50% or more for executives and 66% or more for the Group CEO. The long-term bonus is paid subsequent to one year of deferment after determining the amount of bonus in consideration of the quantity acquired and share price determined by reflecting the long-term management performance evaluation for a period of three years. This compensation system is subject to review by the Management Development & Compensation Committee (Pay Committee), including members of the Risk Management Committee.

Independent directors are provided base salaries, with additional pay for BoD chairperson and committee chairs and stipends for meeting attendance. In particular, risk executives, compliance officers and audit officers who require independence are subject to performance evaluation indicators not associated with the business performance of the company to ensure their independence.

CEO compensation with long-term performance

Deferral of bonus for short-term CEO compensation	0%
Performance period for variable CEO compensation	3 years
Time vesting for variable CEO compensation	1 year

Employee and CEO compensation

(As of end of Dec. 2020)

CEO total compensation		KRW 2,634,772,901
Employee compensation	Average compensation	KRW 130,000,000
	Median compensation	KRW 115,000,000
Comparison between CEO and employee compensation	CEO compensation to employee average compensation	20.27 times
	CEO compensation to employee median compensation	22.91 times

Evaluation of independent directors

Hana Financial Group set the term of office for independent directors at two years for their first appointment, which may be extended by one year. The independent director evaluation conducted every year is reflected in the decision when an independent director receives a recommendation for a second term. An evaluation of the annual activities of independent directors is conducted between January and February of the following year. The evaluation process is based on self-evaluation, evaluation among directors, evaluation by assistant administrators who have been assigned to the relevant director within the BoD and employee evaluation conducted by employees from the department related to the BoD. The evaluation standards consist largely of competencies and qualifications, responsibilities of directors and the BoD, contributions to the BoD, cooperation and trust. The results of the evaluation and surveys conducted by email are published between February and March. In their evaluations in 2020, all independent directors were rated at the highest level.

Executive compensation

(Unit: KRW 1 million)/(As of end of Dec. 2020)

Category	No.	Total compensation	Average compensation per Person
Executive director (Excluding independent directors and Audit Committee members)	1	2,635	2,635
Independent directors (Excluding Audit Committee members)	4	259	65
Audit Committee members	4	265	66

Compliance

Business Ethics

Compliance with ethical principles

Hana Financial Group remains committed to ethical values in order to realize such a finance that grows with integrity and accountability and shares happiness. We are building a culture of ethical management with a focus on the company-wide code of conduct, “Code One,” which reflects the sentiments of all Hana people and the seven core principles of the code of conduct, “Core 7.”

Certification on compliance and anti-corruption management system

Hana Financial Group became the first in the domestic financial industry to receive both ISO 19600 and ISO 37001 certifications (international standards for compliance management systems and anti-corruption management systems) on September 19, 2019. We will continue to monitor, conduct internal inspections and improve business through this certification system.

Effects of ISO 19600 & 37001 Certifications

Category	Effect of Certification
Hana Financial Group's Compliance Support Team	Risk-based monitoring and planning Continuous and consistent compliance/anti-corruption monitoring
Hana Financial Group's Departments	- Establishment of group-wide compliance/anti-corruption and risk identification/evaluation/response measures once a year - Evaluation of the Compliance Support Team for its measures against risks and if found inadequate, repeated evaluation When signing a contract with a non-affiliated company, addition of content in relation to the review/due diligence of the contracting party
Management	Periodic identification of potential compliance/anti-corruption risks Periodic report on the results of the compliance management/anti-corruption management system review to the Group CEO (Internal Control Committee)

Anti-money laundering by reinforcing verification of Hana Members customers

Hana Financial Group has strengthened the CDD¹⁾ of Hana Members (Group's integrated membership platform) and initiated EDD²⁾ for guaranteed AML,³⁾ We have increased the time required for identity verification of customers prior to their use of Hana Members' services and increased the number of steps to verify customer identity, including job classification, transaction purpose and source of funds. In addition, we separately manage embargoed countries and allow new transactions with some countries only if approved by senior management. Moreover, we hold quarterly working-level AML meetings to communicate internal opinions and share the meeting minutes among relevant personnel and affiliates to prevent risks arising from high-risk funds.

1) CDD: Customer due diligence

2) EDD: Enhanced due diligence

3) AML: Anti-money laundering

Reinforced anti-money-laundering activities

Hana Bank has reinforced its AML program as part of its infrastructure improvement activities since 2015 to render its AML activities more effective. In 2017, we strengthened our risk-based approach (RBA) management scheme to effectively manage money laundering risk and remained No. 1 in the banking category of the Korea Financial Intelligence Unit (KoFIU).

Hana Bank transformed its reporting system into a machine learning-based automated system and upgraded its AML risk assessment model from 2018 to 2019. As a result, we evaluate and systematically manage money laundering risks and classify customers and financial risks according to money laundering risks for categorized customer verification and through validation. Moreover, we follow enhanced due diligence (EDD) procedures for customers in high-risk groups.

Hana Bank was the first to introduce a world-standard Oracle monitoring system to effectively extract unusual types of transactions in its overseas AML efforts. Since 2016, we have been rated at the highest grade (grade 2) by U.S. supervisory authorities (FRB, NYDFS, etc.) among Korean banks in New York. We will continually upgrade the transaction monitoring system and risk-based approach management system to prevent money laundering at overseas branches.

Strengthened internal control system

Hana Financial Group has pressed ahead with reinforcement of internal control to identify problems and devise solutions. As the management's awareness of internal control is raised, we are sharing various internal control issues through the monthly Internal Control Committee meetings and improving the Group's constitution according to this road map.

Internal control activities in 2020

Month	Details
January	Declared a pledge to implement internal control
January	Pledged our commitment to implementing internal control (digital signatures)
February	Promulgated an internal control slogan
March	Set up an employee bulletin board to revitalize internal control
March	Applied a computer pop-up in campaign to develop internal control
July	Published a newsletter on internal control by laws
August	Posted general information materials, such as R&R for internal control managers (summary)
September	Distributed handouts to promote internal reporting system
November	Organized an internal control panel composed of field workers (to be active from 2021)
November	Held a contest on best ethical practices

Due diligence on partners' integrity

Commitment scheme for ethics and integrity

Hana Financial Group has an integrity and ethics commitment program in place to deal with partners in a transparent manner and to manage their ethics and human rights management. Before concluding any contract, we require the other party to submit an integrity and ethics commitment, and ban all conduct that interferes with fair competition, such as bribery.

Due diligence checklist for contractual parties

Before proceeding with a contract with our partners, we review the due diligence checklist of contractual parties. Through this process we verify whether a partner has offered ethical training or conducted any unfair transactions over the past five years under compliance and anti-corruption management system guidelines.

Integrity Call program

We implemented the Integrity Call program, which is to make direct outbound calls to transaction partners to prevent employee corruption. Every year after the Chuseok and Lunar New Year holidays, we make calls to representatives or working-level officials of transaction partners to investigate the level of ethics and corruption of staff in order to increase the transparency of transactions and prevent corruption. In addition, we provide guidelines on the receipt of gifts and educational materials under the Improper Solicitation and Graft Act, further strengthening business fairness and objectivity.

Integrity Call program



Integrity Call Results

Calls in	Companies	Call success rate (%)
Feb. 2020	536	81.5
Oct. 2020	422	83.2

*Reason for call failure: No response, TM rejection, etc.

→ The calls found no unfair transactions, such as receipt of gifts or money.

Developing ethics awareness through employee training

Hana Financial Group offers a variety of education and workshops to ensure that its employees are fully aware of the Group’s ethical principles. Every year, we conduct Cyber AML Education, a statutory requirement, for all employees to raise their awareness of ethics and compliance within the Group. Hana Bank also offers integrated online education on compliance, litigation and internal rules for 1,501 internal control personnel from every branch to ensure the dissemination of an ethical management culture. In addition, Hana Bank further raised its employees’ awareness of ethics principles by providing education about fair transactions to 1,603 employees, including head office workers and branch general managers, through the Clean Hana seminar and by sharing the group’s Code of Ethics and Code of Conduct.

Internal whistleblowing system

Hana Financial Group operates an internal reporting system called Healthy Alarm to address the ethical issues of its employees in a fair and timely manner. All employees and customers may report violations, wrongful conduct, sexual harassment, personnel-related misconduct and the cover-up of incidents through Hana’s financial hubs, telephone, e-mail, or an in-person visit. Reports may be made with a real name or anonymously via Health Alarm. We guarantee the confidentiality of reporters’ identities. Moreover, we offer rewards to anyone who has prevented loss to the company or significantly contributed to the company’s interests. In addition, Hana Bank further assured the anonymity of its internal reports by introducing Red Whistle, an external reporting site, in June 2020 to activate reporting.

Introduced digital ethical management system

Hana Financial Group developed a new ethical management system in 2020 by digitizing the ethical management program to improve ethics awareness among employees. The new system has allowed employees to submit their Commitment to the Ethics Charter, which had previously been submitted on paper, in an electronic format to assure their commitment to the Ethics Charter, improving convenience. In addition, the Self-Assessment of Ethics feature allows executives and staff to conduct semiannual self-assessments on issues selected in line with the characteristics of each affiliate, to examine their own sense of ethics and to buttress themselves for their commitment to ethical management.

Ethical Management Program

 <p>Empathy Publicize Code One and Core 7 for employees on Group portal</p>	 <p>Healthy Alarm Scheme Internal reporting channels for illegal and wrongful acts, sexual harassment, etc. of employees within the group</p>	 <p>Ethics Charter Commitment Ceremony Hold a commitment ceremony each year to raise ethics awareness among employees and instill a culture of ethics within the group</p>
 <p>Self-Assessment on Compliance with Ethics Laws Reflect semiannual self-assessment of compliance with ethics laws for employees and employee engagement within the time limit in the evaluation of management</p>	 <p>Best Practices of Ethical Management Hold annual contest on Code of Ethics for executives and employees, award best practices and produce a guidebook</p>	 <p>Ethics Education Conduct education/ personnel training in ethics for employees, including compliance officers, new employees and reinstated employees</p>
 <p>Education on Cyber Ethics Compliance Conduct education annually on cyber ethics compliance, anti-money laundering and customer information protection for all employees</p>	 <p>Ethics Compliance Newsletter Post promoted tasks and progress of the Compliance Support Division on the group portal’s bulletin board, in an e-newsletter, every quarter</p>	 <p>Computer Pop-ups on Ethics Distribute computer pop-ups to help employees practice act ethically and instill a culture of compliance</p>

Human rights

Committing employees to human rights principles

Hana Financial Group remains committed to human rights management through Code One (Hana Financial Group's Code of Ethics), which entails the decision-making standards and code of conduct that reflect ethical values.

We also endorse the human rights principles presented by the United Nations Human Rights and Guiding Principles on Business and Human Rights and will continue our efforts to protect the human rights of all Group stakeholders and prevent human rights violations. All members of Hana Financial Group and contracted partners shall comply with this human rights policy statement.

Human rights policy statement of Hana Financial Group

Human Rights of Employees

- We respect diversity and prohibit any form of discrimination on the basis of gender, school affiliation, disability, religion, race, place of origin, etc.
- We evaluate and compensate employees based on fair standards and provide them with appropriate opportunities for self-development to improve their performance.
- We establish and maintain safe and clean work environments to protect and promote the health of our employees.
- We consistently improve working conditions to ensure that our employees are able to achieve work-life balance and maximize their individual capacities.

Human Rights of Customers

- We protect the human rights of financially underprivileged groups, such as seniors and people with disabilities, by increasing their accessibility to financial services.
- We do not provide financial services that discriminate against customers on the basis of gender, age, religion, etc.
- We collect only the minimum of personal information necessary to provide our customers with financial services and manage their personal information in a safe and secure manner.
- We strive to develop and provide products and services of the highest quality in order to satisfy our customers' needs and earn their trust.

Human Rights of Partner Companies

- We pursue mutual growth and co-existence with our partner companies by ensuring that all our transactions with them are fair and transparent.
- We do not use our superior status to force our partner companies to make unfair or fraudulent transactions.
- We communicate with our partner companies about ethical, human rights-based management and support them in adopting such practices.

Human rights risk management system

Hana Financial Group remains dedicated to protecting all stakeholders' human rights and preventing human rights violations. We conduct factual surveys on human rights regarding issues that are deemed to pose potential human rights risks within the Group to prevent problems from occurring and promptly take action on and report any human rights violations. Risk management offers different standards for employees, partners and customers. Human rights risks related to local communities and vulnerable classes are also prevented and dealt with through various approaches. These approaches include setting up booths for senior investors, offering consultation tailored to foreign nationals, and providing financial education for vulnerable segments of society.

Human Rights of Shareholders and Investors

- We provide necessary information for our shareholders and investors in a timely, accurate and fair manner and in accordance with relevant laws and regulations.
- By disclosing accurate accounting data, we maintain the transparency of management and earn the trust of our shareholders and investors.
- We help raise the value of our shareholders and investors by practicing reasonable decision-making and conducting our management activities transparently.

Human Rights of Local Communities

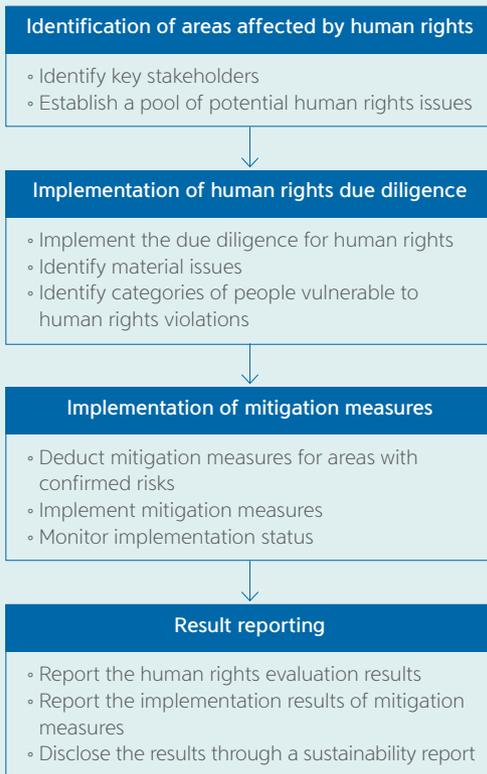
- We take careful measures to ensure that we do not infringe upon the human rights of members of local communities in the process of conducting our business activities.
- We actively engage in social contribution activities including support for underprivileged groups in local communities.
- We seek to increase social transparency and security by preventing financial crimes, such as illegal money laundering, terrorism financing, etc.

>> Key Activities

Human rights due diligence & remediation action

Hana Financial Group conducted a factual survey on human rights surrounding six issues that are deemed to pose potential risks to identify and take action on possible human rights issues. We are providing grievance counseling, and psychological counseling for the human rights of employees. As a result, no human rights issues related to employees were reported in 2020. The Group found 29 human rights issues related to partners mainly related to stress among call center employees. We took action in response to all issues in accordance with the Emotional Worker Protection Program by offering psychological counseling to employees who work directly with customers. Additionally, a noise complaint submitted in relation to the human rights issues of customers was addressed through on-site consultation. Hana Financial Group protects and supports human rights through a due diligence process identifying areas with potential risk factors and preventing such risks from emerging.

Human Rights Due Diligence Process



Results of Human Rights Due Diligence

Key Stakeholders	Human Rights Issues	Method	Issues	Implementation Rate	Actions Taken or Planned
 Employees	Forced labor or child labor	Inspection of business sites	0	100%	Operation of PC-off program and flex-hours scheme and application of the rules of employment
	Discrimination	Channels for submission of employees' grievances	0	100%	Education on gender equality and operation of a ladder project
	Management of occupational health and safety	Inspection of business sites/ Channels for submission of employees' grievances	0	100%	Health check-ups and psychological counseling
 Partners	Stress management for staff dealing with customers	Channels for submission of grievances of partners' employees	29	100%	Emotional Worker Protection Program
 Local Communities	Protection of local communities and residents	Complaint submission channels	1	100%	Completed measures through on-site consultation; environmental/social impact assessment scheduled to be conducted in the development PF financial support
 Customers	Protection of customer information	Inspection of information protection status	0	100%	Reinforcement of internal control, replacement of outdated security equipment, education on information protection for employees and external companies/partners
	Financial access to the vulnerable classes	Customer complaint counseling channel and electronic complaint channel / Customer satisfaction survey	0	100%	Financial education for vulnerable classes, visual automated call menus, installation of counters exclusive for aged investors and counseling exclusive for foreign nationals

Risk management

Risk management system

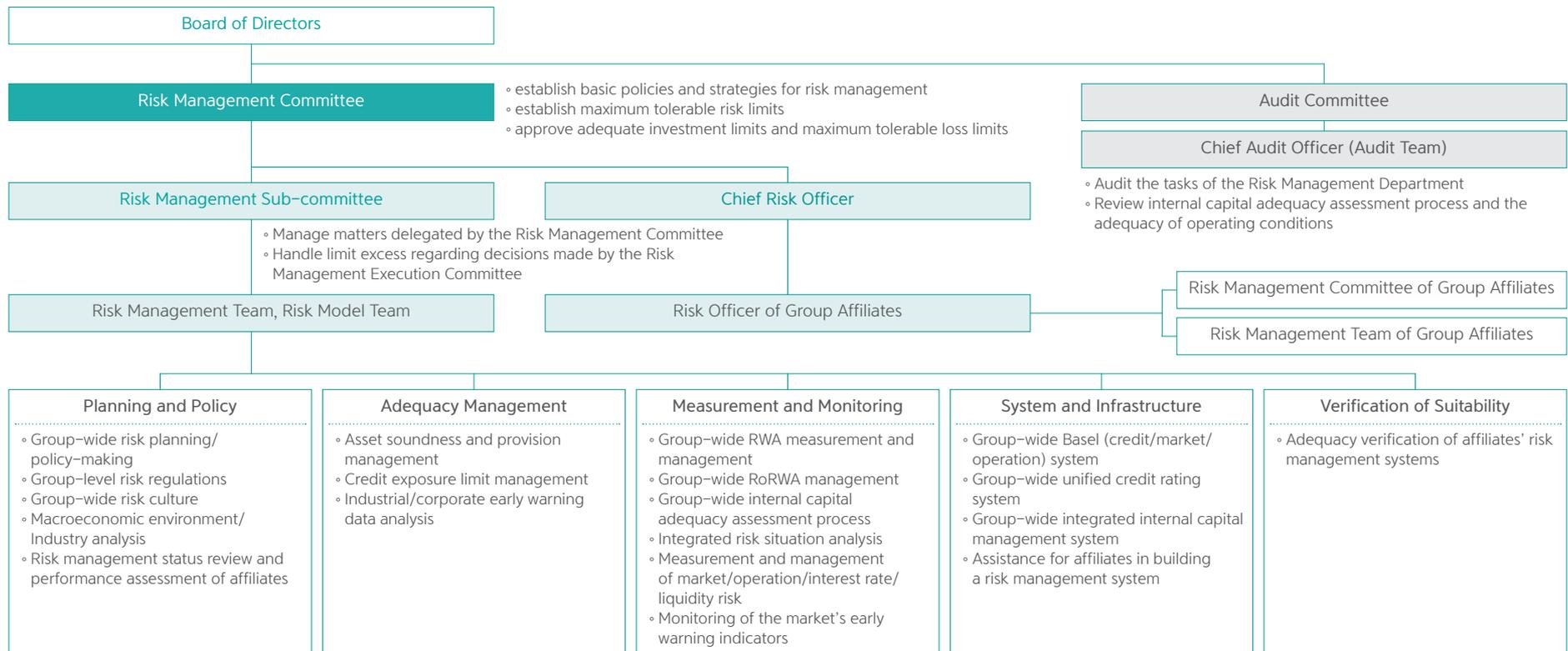
Hana Financial Group plans to manage the various risks arising from a rapidly changing business environment. Above all, we systematically identify and tackle financial and non-financial risks that may affect our management objectives. Continuous efforts will also be made to rapidly formulate ideal measures against risks and maintain business stability.

Structure of Group risk management system

Hana Financial Group has built a systematic control system to control all risks that may arise. Our BoD has a risk management system and environment that is ideal for its management strategy and has delegated some of its responsibilities and authority to the Risk Management Committee.

The Risk Management Committee, the highest decision-making body in terms of Group risk management, develops and approves Group-level policies and management plans for various risks that may arise in management. In addition, the Risk Management Steering Committee convenes every month to consult on risk issues and control measures for each affiliate, operating a corporate governance system for seamless communication.

Risk Management Organization



Key performance in risk management

In 2020, the Risk Management Committee convened on nine occasions to address 43 agendas. We reduced the non-performing loan ratio and default ratio indicators through continuous adjustment of its high-risk portfolio in 2020 and improved the capital adequacy ratio through stable management of risk-weighted assets. We also upgraded our risk management system by improving the early detection of risk factors and our ability to tackle risks.

2020 Key Agendas of Risk Management Committee

Agendas	
1st	<ul style="list-style-type: none"> Introduction of the Group's operational risk management system (draft) Risk inspection for strategic investment (Project Kairos)
2nd	<ul style="list-style-type: none"> Risk inspection for capital increase(draft) for subsidiaries
3rd	<ul style="list-style-type: none"> Interest rate and liquidity risk management measures according to the issuance of contingent convertible bonds Report of exceeding the limit for internal management standards for regulation ratio
4th	<ul style="list-style-type: none"> Appointment of the chairman of the Risk Management Committee (draft)
5th	<ul style="list-style-type: none"> Result of semiannual group liquidity risk situation analysis for the second half of 2019 and the Group's emergency financing plan Credit line revision (draft) for identical borrowers and corporates of subsidiary (Hana Card)
6th	<ul style="list-style-type: none"> Risk inspection for the establishment and incorporation of subsidiaries Risk inspection for capital increase of subsidiaries Setting of risk limit for subsidiaries and four decided matters
7th	<ul style="list-style-type: none"> Report on excess in liquidity coverage ratio (LCR) of subsidiaries and change of limit
8th	<ul style="list-style-type: none"> Report on exceeded limit of internal capital for liquidity risk and change of limit for internal capital Result of semiannual group liquidity risk situation analysis for the first half of 2020 and the Group's emergency funding plan
9th	<ul style="list-style-type: none"> Risk inspection for capital increase of subsidiaries Setting of risk limit for 2021

Disaster Recovery System

Hana Financial Group built a Disaster Recovery System to detect and proactively deal with any crisis in the Group and maintain a sustainable organization with an effective response to the crisis. To maintain a common Crisis Management System at the Group level, affiliates establish and operate their own Crisis Management Systems based on Hana Financial Group's standards. The Disaster Recovery System consists of early risk detection, impact analysis, determination of the stage of crisis, execution and reporting of follow-up action and feedback processes. If faced with a crisis at a certain level or higher, the Disaster Recovery System takes over and the Group-level crisis response organization (Crisis Management Council) manages the crisis.

We launched the Crisis Management Council in preparation for the possible aggravation of crises stemming from the COVID-19 pandemic and established the basic direction of risk management to ensure swift implementation.

Business continuity plan in response to COVID-19

Hana Financial Group implemented the Group-level Business Continuity Plan (BCP) in response to COVID-19 to develop behavioral guidelines for employees for each stage of social distancing and strengthened anti-epidemic measures in business establishments. We also implemented the dispersed working program, such as alternative business sites and work from home, to swiftly deal with the pandemic.

Stress tests

Hana Financial Group conducts a semi-annual stress test to define scenarios for unusual but possible events and assess capital adequacy by analyzing potential vulnerabilities within the Group. We developed countermeasures against each stage of crisis under the standards for determining crisis as a result of stress test analysis (Hana Financial Group's BIS¹) ratio).

1) Capital adequacy ratio against risk weighted assets set by the Bank of International Settlements (BIS)

Liquidity management

Hana Financial Group imposes limits to the liquidity management indicators of each affiliate and inspects the status of liquidity risk by determining whether the limits are observed each month. The risk management departments of Group affiliates measure liquidity risk and, if the risk is expected to exceed the limit, they work together with related departments, such as funding and financial planning, to develop countermeasures.

Hana Financial Group periodically conducts stress tests in preparation for any unexpected lack of funding. We select vulnerabilities in liquidity risks arising from assets/liabilities, estimate and apply the weighted value using previous data to calculate insufficient funds for each affiliate in the event of actual liquidity risk, and formulate emergency financing plans.

Hana Factbook

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- 103 GHG Verification
- 104 Third Party Reporting Assurance
- 106 Awards



Stakeholder Engagement

Engagement channels

Hana Financial Group defines all parties who directly or indirectly affect our business activities as stakeholders. Customers, employees, partners, central/local governments, shareholders/investors, and local communities are classified as stakeholders, and the Group effectively communicates with all stakeholders through multiple engagement channels. Moreover, we conduct stakeholder surveys every year to gather feedback on the sustainability management of the Group, and actively reflect them in our management activities.



Addressing ESG risk through communication

Hana Financial Group regularly communicates with our stakeholders about addressing ESG risks and opportunity factors, which, in turn, encourages our customers to pursue ESG-based management activities.

Number of projects/deals reviewed in 2020

2020 details	Unit (cases)
No. of projects reaching financial closure	23
Projects handled by non-designated countries	1
No. of projects declined	0

ESG Engagement to Customers	Publishing ESG research reports (on Hana Institute of Finance website)	Published seven ESG reports
ESG Engagement to Investees	Exercising non-financial evaluation-based voting rights for companies to invest in	Hana Bank: Exercised voting rights seven times Hana Life Insurance: Exercised voting rights eleven times

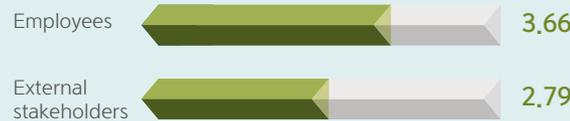
Stakeholder survey on sustainability awareness

Hana Financial Group conducted a survey of internal and external stakeholders in January 2021 to examine their perceptions of the Group’s ESG management. Employees displayed positive perceptions of our ESG management compared with external stakeholders. Employees gave the highest points to the social aspects, while external stakeholders gave the highest points to environmental aspects. We will expedite ESG management by reflecting the voices of stakeholders, including feedback received through surveys.

Environmental

Do you agree Hana Financial Group is taking part in tackling climate change through green finance activities?

Unit: points, out of 5



Social

Do you agree Hana Financial Group is contributing to addressing social problems through finance?

Unit: points, out of 5



Governance

Do you agree Hana Financial Group, including executives, employees and the overall organization, is systematically implementing ESG management?

Unit: points, out of 5



Share of stakeholder value

Customers_Interest payment¹⁾

Unit: KRW 1 billion



Government_Tax³⁾

Unit: KRW 1 billion



Shareholders_Dividend

Unit: KRW 1 billion



Local communities/associations_Donations, etc.⁴⁾

Unit: KRW 1 billion



Employees_Remuneration, etc.²⁾

Unit: KRW 1 billion



Total

Unit: KRW 1 billion



1) Interest on depository liabilities, interest on borrowings & bonds payable, interest on debentures, etc. 2) Labor costs, severance, retirement benefits, and other employee benefits 3) Taxes and dues and income tax expenses 4) (Social contribution) Sum of cash donations, amount based on duration spent, in-kind donation, project expenses

Tax Strategies

Taxation Principles

- We recognize that complying with tax laws is part of sustainable management.
- We are diligently filing tax reports and paying our fair share of taxes in accordance with responsible tax principles.
- We do not take advantage of favorable tax laws in different countries.
- The Group evaluates the adequacy of transfer prices according to the arm's-length principle and does not transfer created values to the jurisdiction with lower tax rates
- The Group does not operate any legal entity for the purpose of tax avoidance in tax havens where it is impossible to share tax information and with no economic entity
- We endeavor to maintain a mutually cooperative and constructive relationship with the tax authorities.
- We transparently disclose our tax information to shareholders and society in accordance with reporting standards.

Tax Management Policy

- The Group establishes and documents tax management policies and regulations and reflects any amendment to tax laws in a timely manner
- Tax issues shall be resolved after consultation with external tax experts.
- Complex tax issues of great importance shall be resolved with the help of an authoritative interpretation acquired through consultation with the tax authorities.
- A tax diagnostic review shall be conducted by external tax experts at regular intervals as a form of proactive tax risk management.

Operating revenue by business category

Category	Operating Revenue in 2020 (KRW 1 billion)	Percentage of Operating Revenue (%)
Wholesale Banking	18,409	38.18
Retail	6,279	13.02
Corporate	5,888	12.21
Investment Banking	980	2.03
Asset Management	7,302	15.14
Wealth Management/Private Banking	433	0.90
Others (insurance business, etc.)	8,925	18.51
Total	48,216	100

Tax details* (as of 2020)

(Unit: persons, KRW 1 million)

Corporate Name	Key Businesses	Execu- tives	Employ- ees	Employees and Executives**	Operating Revenue	Profit Before Tax (Loss)	Income Taxes Payable (Prepaid Income Tax)	Income Tax Expenses
Hana Financial Group	Holding company	28	115	143	524,922	321,928	466,538	165
Hana Bank	Commercial bank	26	12,038	12,064	34,693,420	2,526,973	301,766	660,350
Hana Financial Investment	Securities brokerage	38	1,830	1,868	8,588,420	536,559	119,539	133,992
Hana TI	Integrated consulting and construction services business for computer systems	7	964	971	225,023	882	-	728
Hana Capital	Installment finance business	14	363	377	786,488	232,348	33,015	59,198
Hana Life Insurance	Life insurance business	10	170	180	626,251	45,712	1,666	10,509
Hana Insurance	Insurance and pension businesses	15	691	706	335,642	(3,622)	(1,718)	1,546
Hana Asset Trust	Other financial businesses	11	175	186	150,873	108,323	18,133	27,502
Hana Savings Bank	Mutual savings bank and other savings institution	9	143	152	96,013	24,455	4,144	6,453
Hana Card	Credit card and installment finance business	19	744	763	1,279,599	209,541	45,157	56,145
Hana Investors Services	Other financial support and service businesses	6	132	138	26,731	5,037	744	1,325
Hana Alternative Asset Management	Trust and collective investment businesses	6	100	106	49,232	25,062	4,882	6,413
Finnq	Other financial support and service businesses	6	88	94	4,089	(19,302)	-	-
Hana Ventures	Financial business	4	18	22	8,657	3,894	267	964
Hana F&I	Other financial investment business	4	39	43	72,118	15,851	(4,464)	3,579
Hana Bank (China) Co., Ltd.	Financial business	11	859	870	425,666	112,704	(357)	28,173
KEB Hana NY Financial Corp.	Financial business	4	3	7	5,570	(212)	(484)	(39)
KEB Hana LA Financial Corp.	Financial business	4	8	12	12,892	4,634	(825)	1,319
KEB Hana Bank Canada	Financial business	8	153	161	52,548	2,429	(629)	734
PT Bank KEB Hana	Financial business	6	1,076	1,082	353,633	65,327	5,155	17,781
KEB Hana Bank (D) AG	Financial business	5	23	28	30,159	7,328	(133)	2,210
Banco KEB Do Brasil S.A.	Financial business	4	18	22	10,568	1,086	-	468
KEB Hana Global Finance Limited	Financial business	6	12	18	7,441	2,438	(682)	360
KEB HNB RUS LLC	Financial business	4	25	29	323,167	3,844	-	828
BANCO KEB HANA MEXICO S.A.	Financial business	5	31	36	7,244	702	-	(29)
Hana Bancorp, Inc.	Financial business	6	-	6	-	(4,736)	-	-
Hana No. 1 Private Investment	Trust and collective investment businesses	-	-	-	10	(24)	(4)	-
Hana Equity Investment Management (Shenzhen) Co., Ltd.	Financial business	3	-	3	69	(694)	-	-
Hana Development Infrastructure No. 1 Private Investment	Financial business	-	-	-	9,031	8,305	-	-
PT.SINARMAS HANA FINANCE	Financial business	6	379	385	12,933	(1,534)	-	-
Hana Microfinance	Financial business	3	1,424	1,427	43,117	11,944	-	4,189
Hana No. 3 Private Investment Limited Partnership	Other financial business	-	-	-	16,760	15,248	-	-
PT.NEXT Transformtech Indonesia	Financial business	4	46	50	7,897	705	(211)	256
Hana Card Payment	Financial business	1	-	1	6	(12)	-	3
Hana Financial Investment Strategy No. 1 Private Investment Limited Partnership	Other financial investment business	-	-	-	-	(3,940)	-	-
HFF95 Asset-Backed Securitization Co., Ltd.	Other financial investment business	-	-	-	2,494	(335)	-	-
KEB Hana Bank USA	Financial business	9	38	47	10,124	(4,714)	52	(36)

* Based on the affiliates under the Financial Holding Companies Act ** Excluding temporary workers

Performance Data

Financial Data

Consolidated Financial Statement in Summary

(Unit: KRW 1 million)

Item	2017	2018	2019	2020
Total assets	359,992,234	384,962,806	421,467,099	460,313,302
Total liabilities	335,164,290	357,854,346	392,482,326	428,713,014
Capital stock	1,480,015	1,501,210	1,501,210	1,501,210
Total equity	24,827,944	27,108,460	28,984,773	31,600,288
Total liabilities and capital	359,992,234	384,962,806	421,467,099	460,313,302
Total assets including Trust account (KRW 1 trillion)	455	493	541	593
Intangible asset	823,856	685,716	655,234	739,138

Financial Returns

(Unit: %)

Item	2017	2018	2019	2020
C/I Ratio (Cost/Income Ratio)	53.1	52.0	50.6	45.3
ROE_Return on equity	8.77	8.87	8.72	8.96
ROA_Return on assets	0.60	0.61	0.60	0.61

Consolidated Income Statement in Summary

(Unit: KRW 1 million)

Item	2017	2018	2019	2020
Gross operating income	8,390,541	8,167,271	8,857,837	9,534,819
Net operating income	7,443,045	7,701,228	8,317,025	8,663,880
Operating income	2,718,137	3,152,180	3,258,680	3,836,422
Net income before income tax	2,798,665	3,149,744	3,408,147	3,729,234
Consolidated net income	2,116,622	2,275,152	2,425,622	2,684,878
Consolidated comprehensive income	1,804,806	2,501,848	2,419,395	2,528,697
Net income in controlling interests	2,036,839	2,233,325	2,391,584	2,637,242

Ratio of BIS Leverage

(Unit: KRW 100 million, %)

Item	2018	2019	2020
Basel III Tier1 Capital	249,707	266,235	294,589
Basel III total exposure	4,426,593	4,843,582	5,201,677
Basel III leverage ratio (%)	5.64	5.50	5.66

Credit Rating*

Item	2017	2018	2019	2020
National Information & Credit Evaluation (NICE)	AAA	AAA	AAA	AAA
Korea Investors Service (KIS)	AAA	AAA	AAA	AAA
Korea Ratings Corporation (KR)	AAA	AAA	AAA	AAA

*Based on Hana Bank data

Income Tax Data

(Unit: KRW 100 million, %)

Item	2017	2018	2019	2020
Net Income before Tax	27,987	31,497	34,081	37,292
Nominal tax amount	6,820	8,746	9,825	10,444
Effective tax rate (%)	24.4	27.8	28.8	28.0
Tax payment	3,569	12,037	7,549	11,049
Tax rate (%)	12.8	38.2	22.2	29.6

Contributions and other spending

(Unit: KRW 1 million)

Item	2018	2019	2020
Lobbying, interest representation or similar	0	0	0
Local, regional or national political campaigns / organizations / candidates	0	0	0
Trade associations or tax-exempt groups	6,888	6,715	7,478
Other (e.g. spending related to ballot measures or referendums)	0	0	0
Total contributions and other spending	6,888	6,715	7,478

Contributions and Membership Fees*

(Unit: KRW 1 million)

Item	2018	2019	2020
Korea Federation of Banks	2,991	3,357	3,601
Employee contributions to the Korea Institute of Finance	2,669	2,594	2,755
Korea Center for International Finance	420	437	480
Membership fees to the Korea Chamber of Commerce & Industry	308	235	298
Others (Korea FOREX Club, etc)	501	92	344
Total	6,889	6,715	7,478

*Based on Hana Bank data (We neither conducted lobbying activities nor provided sponsorship for local political campaigns (nor other political spendings) in 2017-2020).

*According to Article 31 of the Political Funds Act, foreigners, foreign corporations or organizations cannot contribute political funds, and cannot contribute to political funds with funds related to foreign corporations or organizations. Hana Financial Group strictly complies with the law and does not provide any funds for lobbying related to politics. However, there are sponsorships for associations that are politically neutral for public purposes.

No. of savings and deposit customers and deposit amounts*

(Unit: KRW 1 billion)

Item	2017	2018	2019	2020	
No. of customers by type	Individual(Persons)**	15,567,162	16,043,270	16,566,956	17,147,192
	SME(No. of companies)***	1,545,205	1,638,392	1,745,888	1,879,724
Total savings and deposit amount	Individual****	75,269	76,713	82,013	91,765
	SME*****	46,124	49,972	57,078	64,411

*Based on Hana Bank data

**No. of customers with closing balance of more than 0 total deposit amount in KRW

***No. of SME customers/entrepreneurs with deposit amount

****Year-end total balance of personal saving and deposit in KRW

*****Small business(External audit + Non-external audit) + SOHO, demand deposit(Low cost funding) + Time deposit account(subscription excluded) + savings account

Loans by segments: Individual, SME, Enterprise Customers*

(Unit: No. of companies)

Item	2020	
No. of customers	Individual (persons)	1,470,670
	Large corporate	1,721
	SME	403,165
	SOHO	342,976
	Financial institution and others	140
Total no. of corporate customers	405,026	

*Based on Hana Bank data

Total credit amount*

(Unit: KRW 1 billion)

Item	2020	
Household loan	Collateral loan	105,078
	(Residential mortgage loan)	91,363
	Credit loan	20,273
	Total household loan	125,351
Business loan	Large corporate	14,016
	SME	97,963
	SOHO	50,444
	Financial institution and others	1,857
Total Business loan	113,836	

*Based on Hana Bank data

Breaches of Customer Privacy: Complaints*

(Unit: No. of cases)

Item	2017	2018	2019	2020
Number of complaints received from outside parties and substantiated by the organization**	0	0	0	3
Number of complaints from regulatory bodies***	0	0	0	1

*Based on Hana Bank data

**Based on cases notified by the Financial Customer Protection Section and investigated by the inspection team.

***Complaints from the Financial Supervisory Service(Based on Inspection result and the date of its notification. This data is from 2018 assessment result which has been notified and disclosed to the public in August 2020.)

Personal Information Security and Cybersecurity Status*

Item	Unit	2018	2019	2020
Percentage of certified IT infrastructure and information security management	%	-	100	100
Total number of information security breaches or other cybersecurity incidents	No. of cases	0	0	0
Total number of information security breaches involving customers' personally identifiable information	No. of cases	0	0	0
Total number of customers affected by personal information breaches	Persons	0	0	0
Total amount of fines/penalties paid in relation to information security breaches or other cybersecurity incident.	KRW	0	0	0

*Based on Hana Bank data

IT Infrastructure Incidents*

(Unit: No. of cases, KRW)

Item	2018	2019	2020
No. of IT infrastructure incidents	0	0	0
Financial impact caused by such incidents	0	0	0

*Based on Hana Bank data / Registered cases on Operating Risk Management system

Cases of Anti-Corruption and Unfair Competition*

(Unit: No. of cases, KRW)

Item	2018	2019	2020
Actions taken for unfair-competition practices	0	0	0
Fines and settlements related to anti-competitive business practices	0	0	0
confirmed cases of corruption and bribery	0	0	0

*Based on Hana Financial Group data

Management of Incomplete Sales*

(Unit: No. of cases)

Item	2018	2019	2020
No. cases of fines, penalties, warning from financial authorities related to Incomplete sales	0	1	1

*Based on Hana Bank data / warning from financial authorities excluded (received warning in 2018, fines and warning in 2019, fines and operation partially suspended)

Members of Financial Services

(Unit: persons)

Item	2018	2019	2020
Members of Hana Members	14,929,003	15,915,797	16,892,445
Members of HAI Robo	44,756	49,386	57,952
Customers of Hana 1Q (Mobile banking)	9,425,560	10,556,939	11,841,923
New non-face-to-face customer(accumulated)	224,528	453,520	840,877
No. of Digital banking subscribers	-	14,190,594	15,287,933

Financial Incidents and Disciplinary Actions Taken

(Unit: No. of cases)

Item	2017	2018	2019	2020
Embezzlement/misappropriate	4	4	5	4
Breach of duty/Fraud	2	6	2	8
Mediate Usury	0	0	0	0
Violations*	1	0	1	3
Violation of Act On Real Name Financial Transactions and Confidentiality	1	0	1	3
Bribery	1	0	0	0
Personal lending & borrowing	1	0	4	3
Others	1	3	4	4
Pay cut	11	17	4	8
Disciplinary actions taken**	13	12	10	17
Reprimand	13	12	10	17
Disciplinary Warning	6	58	18	60
Warning	2	1	2	6
Others (Above pay cut)	8	6	10	29

*Based only on violations filed to the Financial Supervisory Service

**All culprit, partner or assistant in crime and director were included in the process of reporting the status of disciplinary actions

ESG Finance

ESG Bonds

(Unit: KRW 100 million)

Item	2020
Hana Bank	1,800
Hana Card	2,000
Hana Capital	3,000
Total ESG Bond issued	6,800
Total value of fixed income products issued	269,562

Corporate ESG Credit*

(Unit: KRW 100 million)

Item			2020	
Hana Bank	Credit to Corporates	Eco-friendly	Solar Panel related loans	1,087
			Eco-friendly mobility	4,179
			Eco-friendly new business	3,307
		Total credit to corporate(E)		8,573
		Social Value Creation	Creating jobs	10,703
	Strengthening Social Safety Net	Revitalizing social corporates	81	
		Local Development	960	
	Total		11,744	
	IB	Green energy PF	Expanding new and renewable energy (Solar panels/wind turbines/ESS etc.)	2,785
		Eco-friendly PF	Waste disposal	957
		Green energy acquisition financing	Materials for rechargeable batteries/Waste disposal/Waste water treatment etc.	1,978
		Eco-friendly mobility acquisition financing	Eco-friendly Ship	2,000
		Total IB(E)		7,720
Total		28,037		
Hana Financial Investment	Green Energy	Investment in Solar Panels etc.	3,804	
	Total		3,804	
Hana Capital	Green Energy	Solar panels, Waste, Waste heat generator, biomass etc.	156	
	Eco-friendly mobility	Financial Service to Eco-friendly	945	
	Strengthening social safety net	Public rental housing and Support for socio-economic development etc.	815	
	Total		1,916	
Hana Insurance	Green Energy	Solar Panels/Wind turbines/Waste disposal etc.	409	
	Total		409	
Amount of ESG credit to corporate			34,166	
Total volume of credit business			1,689,339	

*Based on newly handled credits

Personal ESG Credit*

(Unit: KRW 100 million)

Item			2020
Hana Bank	Microfinance	New Hope Seed Loan	5,259
		Saitdol medium interest rate loan	543
		Sunshine Loan 17	394
Total		6,196	
Hana Savings Bank	Microfinance	Sunshine Loan	1,799
		Saitdol 2	166
		Medium interest rate credit loan	2,020
Total		3,985	
Personal ESG credit			10,181
Total value of credit/loan			1,337,561

*Based on newly handled credits

ESG Investment*

(Unit: KRW 100 million)

Item			2020
Hana Financial Investment	Green energy	Solar Panel	3,735
		Wind turbines	2,915
		Biomass	2,545
		Others	3,560
		Total	
Hana Alternative Asset Management	Green energy	Liquid hydrogen business	170
	Total		170
Hana Capital	Green energy	Waste/Waste heat generator etc.	213
	Strengthening Social Safety Net	Support for Start-ups	176
	Strengthening Social Safety Net	Public rental housing	200
Total		588	
Hana Life	Green energy	Biomass	19
	Total		19
Hana Insurance	Green energy	Wind turbine/Solar Panel	164
	Total		164
Hana Ventures	Eco-friendly mobility	Electric kickboard/car	136
	Digital green integration	Smart Green Industrial Complex	106
	Total		242
Total ESG Investment			13,938
Total Investment			864,405

*Based on newly handled investments

ESG Fund_Self-directed brokerage account in Private and general investment account*

(Unit: KRW 100 million)

Item	2020	
Hana Bank	Eco-friendly green finance	22
Hana Financial Investment	Eco-friendly green finance	73
	New and renewable energy	466
	Total	539
Hana Insurance	New and renewable energy	92
ESG Total		653

*Based on remaining balance

ESG Fund_Customer fund investment*

(Unit: KRW 100 million)

Item	2020
2011 Environment improvement fund	288
2014 Environment improvement fund	135
2016 Environment improvement fund	601
2018 Environment improvement fund	1,495
2019 Environment improvement fund	1,479
2019 Smart industrial complex	355
2020 Environment improvement fund	1,105
California BESS	449
Yaksu wind turbine	113
ESG remaining balance of Investment product	6,020
Total remaining balance of investment product	99,628

*Based on Hana Alternative Asset Management data / NAV remaining balance

ESG Fund_Sale price(Retail)

(Unit: KRW 100 million)

Item	2020
Hana Bank	1,570
Hana Financial Investment	1,735
ESG Total	3,305
Total	250,664

ESG Deposits*

(Unit: KRW 100 million)

Item	2020	
Hana Bank	Eco-friendly green finance	303.4
	Microfinance	814.4
Total	1,117.8	

*Based on remaining balance

ESG Product_Hana Card

(Unit: KRW 100 million)

Item	2020	
Hana Card	Green card usage amount	1,302

ESG Product_Insurance*

(Unit: KRW 100 million)

Item	2020	
Hana Insurance	Social Finance	7
	Environment/Green Finance	1,850
Total	1,857	

*Based on raw insurance premium

Environmental Data

Greenhouse Gas (GHG) Emissions*

(Unit: tCO₂eq)

Item	2017	2018	2019	2020	Goals for 2020
Direct emissions (Scope 1)	9,442	9,579	8,932	7,971	8,770
Indirect emissions (Scope 2)	58,500	60,838	60,025	55,975	58,934
Total emissions (Scope 1+2)	67,942	70,417	68,957	63,946	67,704

*Hana Bank headquarters, sales branches, and affiliates in Myeong-dong building (Data range: Headquarters of HFG, Hana Bank, Hana Card, and Others)

Scope 3 Emissions

(Unit: tCO₂eq)

Item	2019	2020	Emissions calculation methodology
Purchased goods and services	1,154	1,030	a) The number of new card issuance b) The number of paper consumed c) The number of new bankbook issuance d) Water consumption
Capital goods	231	63	a) Amount of purchased laptop b) Amount of purchased desktop computers c) Amount of purchased monitor
Upstream transportation and distribution	381	345	Cash Transport Distance
Waste generated in operations	196	69	The amount of waste bag generated
Business travel	1,136	426	Employee's business trip distance (Domestic + Overseas)
Employee commuting	4,539	5,190	-
Use of sold products	2,977	3,407	Usage hour of Internet/mobile banking
End of life treatment of sold products	74	64	a) The number of card disposed b) The amount of bankbook disposed
Total	10,688	10,594	-

Environment Investment Fee

(Unit: KRW 100 million)

Item	2018	2019	2020	2021 goal	
Electricity	Changing to LED	-	8.3	7.4	9.8
	Changing cooling/heating system	31.1	38.4	22.5	25.0
Gas	Changing main cooling/heating system in buildings owned	4.7	2.9	2.9	4.5

Energy Consumption by Energy Type*

(Unit: TJ)

Item	2017	2018	2019	2020	Goals for 2020**
Fuel consumption	154	159	146	132	143
Electricity consumption	1,193	1,246	1,214	1,133	1,190
Steam consumption	12	8	20	19	20
Total consumption	1,359	1,413	1,380	1,284	1,352

*Hana Bank headquarters, sales branches, and affiliates in Myeong-dong building (Data range: Headquarters of HFG, Hana Bank, Hana Card, and Others)

**2% reduction compared to the previous year

Water Consumption by Buildings Owned

(Unit: m³)

Item	2017	2018	2019	2020	Goals for 2020*
Hana Bank headquarters	53,550	48,075	44,629	40,120	43,736
Myeong-dong building	-	59,543	61,018	58,103	59,798

*2% reduction compared to the previous year

Waste Discharge

(Unit: bags)

Item	2017	2018	2019	2020	
Based on garbage bags purchased	100L	8,561	12,626	10,236	6,624
	20L	180	576	1,045	608
	Others (50L)	2,476	19,752	7,509	4,121

Social Data

Employee by employment type and social diversity*

(Unit: persons, %)

Item		2018	2019	2020
Regular workers*	Male	5,102	4,671	4,353
	Female	7,354	7,302	7,012
Unlimited contract workers*	Male	75	72	73
	Female	53	51	49
Contract workers*	Male	290	336	394
	Female	291	322	314
Total number of employees*	Male	5,467	5,079	4,820
	Female	7,698	7,675	7,375
	Ratio of female	58.5	60.2	60.5
	Total	13,165	12,754	12,195
People with disabilities		88	118	132

*Based on Hana Bank data

Employee Diversity and Inclusion*

(Unit: %)

Item	2020	
Ratio of people with disabilities	0.7	
Age group	under 30 years old	10.0
	30–50 years old	75.0
	over 50 years old	15.0

*Based on Hana Bank data

Employees by position*

(Unit: persons, %)

Item		2018	2019	2020
Executives	Male	25	23	17
	Female	1	1	1
	Ratio of female	3.8	4.2	5.6
General Managers	Male	3,714	3,221	3,036
	Female	2,274	2,276	2,288
	Ratio of female	38.0	41.4	43.0
Managers	Male	2,218	2,065	1,966
	Female	2,037	2,027	2,015
	Ratio of female	47.9	49.5	50.6
Sales General Managers	Male	1,035	822	721
	Female	211	219	226
	Ratio of female	16.9	21.0	23.9

*Based on Hana Bank data

Employee Recruitment*

(Unit: persons)

Item	2017	2018	2019	2020
Male	505	108	181	30
Female	159	74	197	65
Total	664	182	378	95
Percentages of open positions filled by internal candidates	91.6	85.9	93.5	90.1

*Based on Hana Bank data

Employee Turnover Rate*

(Unit: %)

Item	2017	2018	2019	2020
Total employee turnover rate	2.5	2.3	1.1	1.0
Voluntary employee turnover rate	2.4	2.1	1.1	0.8

*Based on Hana Bank data

Employees on Paternity/Maternity Leave*

(Unit: persons)

Item	2017	2018	2019	2020
Male	4	10	7	13
Female	1,064	1,076	781	653

*Based on Hana Bank data

Collective Agreement*

(Unit: No. of person, %)

Item	2018	2019	2020
Employees with membership in Labor Unions	10,723	10,568	10,022
Ratio of employees with membership in Labor Unions	98.8	98.8	98.8

*Based on Hana Bank data

Remuneration (Average base pay and wage by gender)*

(Unit: KRW 1 million, %)

Item	2020	
Average base pay for executives	Male	166
	Female	163
	Female to Male ratio	98.2
Average base pay for general managers	Male	117
	Female	106
	Female to Male ratio	90.6
Average wage for general managers	Male	124
	Female	112
	Female to Male ratio	90.3
Average base pay for non-general managers	Male	68
	Female	62
	Female to Male ratio	91.2

*Based on Hana Bank data

*Other cash incentives(average for executives) such as Bonus-Male: KRW 126.4 million / Female: KRW 92 million

*Other cash incentives(average for manager) such as Bonus-Male: KRW 7 million / Female: KRW 6 million

Industrial Accident*

(Unit: %)

Item	2017	2018	2019	2020
Ratio of Absence	0.18	0.15	0.12	0.13

*Based on Hana Bank data

Standard Entry Level Wage compared with Legal Minimum Wage*

(Unit: KRW, %)

Item		2018	2019	2020
Legal minimum wage		20,421,360	22,645,200	23,296,080
Entry level wage	Male	49,630,351	52,313,166	45,136,573
	Female	49,630,351	52,313,166	45,136,573
Ratios of standard entry level wage compared to legal minimum wage	Male	243	231	194
	Female	243	231	194

*Based on Hana Bank data

Social Contribution Data

(Unit: KRW 100 million, persons, hours)

Item	2018	2019	2020
Total social contribution*	1,091	1,408	1,179
Employees who volunteered	18,681	14,926	5,159
Volunteer hours	78,592	54,715	17,429
Beneficiaries of the One Company One School financial literacy education*	24,738	26,585	9,786
Volunteer hours translated into monetary value (employees who volunteered during their work hours)*	37.7	28.20	8.5
Former employees who were recruited as lecturers for teenager financial literacy education*	30	23	20
Financial donations made*	581	903	619
In-kind donations made*	0.97	0.86	0
Project expenses (management cost)*	432.1	476.0	548.5

*Based on Hana Bank data

Employee Engagement

(Unit: %)

Item	2017	2018	2019	2020
Employee Engagement	62.7	61.0	62.3	68.7
Data coverage(ratio of total employees covered)	100	100	100	100

Employee License Acquisition and Participation in Training Programs*

(Unit: licenses earned, persons)

Item	2017	2018	2019	2020
Number of basic-level license acquisition (redundancies counted)	53,947	51,356	53,735	50,493
Number of advanced-level license acquisition (redundancies counted)	17,253	13,224	16,605	17,439
Number of professional license acquisition (redundancies counted)	1,646	1,746	1,443	1,599
Employees who attended the global expert training program	903	2,935	1,850	4,674
Employees who attended job competency training programs	9,856	8,700	14,296	107,426**

*Based on Hana Bank data

** Redundancies counted

Employee Training & Development Inputs*

(Unit: hours, KRW 1 million)

Item	2018	2019	2020
Training hours per employee	49.80	78.61	75.55
Training expenses per employee	1.17	1.07	0.53

*Based on Hana Bank data

No. of Employees Who Completed Ethical Management and Compliance Training*

(Unit: persons)

Item	2017	2018	2019	2020
Group training on anti-money laundering	68,136	75,246	109,530	141,638
Online training on anti-money laundering	25,768	12,465	12,616	17,085
Online ethics training	12,580	12,140	12,616	12,928
Group training on internal control	1,545	1,450	1,424	1,501

*Based on Hana Bank data

Information Security Training

(Unit: hours, persons)

Item	2017	2018	2019	2020	
Internal data protection training (company-wide)	Hours	116,835	123,719	108,232	118,479
	Participants	12,865	12,433	11,843	12,971
External data protection training (affiliates/partners)	Hours	799	818	902	896
	Participants	799	818	902	896

External Customer Satisfaction Evaluation*

(Unit: points, ranks)

Item	2018	2019	2020
National Customer Satisfaction Index (Korea Productivity Center) Score	76.0	76.0	77.0
National Customer Satisfaction Index (Korea Productivity Center) Ranking	3	3	3
Korea Service Quality Index (Korea Management Association Consulting) Ranking	1	1	1
KS-Service Quality Index (Korean Standards Association) Score	75.1	75.5	76.0

*Based on Hana Bank data

Customer Satisfaction*

(Unit: %)

Item	2017	2018	2019	2020	Goals for 2020
Percentages of satisfied customers out of total number of customers responding to the survey	96.2	91.6	92.5	91.8	Over 90%

*Based on Hana Bank data

Partner SME Support Program*

(Unit: KRW 100million, No. of companies, No. of cases)

Item	2017	2018	2019	2020
Main SME customer preferential loan	22,955	22,395	17,057	33,619
SME customers	280K	299K	322K	403K
Corporate consulting provided to corporate customers	99	93	90	92

*Based on Hana Bank data

GRI Content Index

General Disclosures (GRI 102: General Disclosures 2016)

Subjects	Disclosure	Reporting Page and Contents	Assurance	ISO 26000	
Organizational profile	102-1	Name of organization	8p	●	6.3.10/ 6.4.1-6.4.2/ 6.4.3/6.4.4/ 6.4.5/6.8.5/ 7.8
	102-2	Activities, brands, products, and services	8p	●	
	102-3	Location of headquarters	About this report	●	
	102-4	Location of operations	8p	●	
	102-5	Ownership and legal form	8p	●	
	102-6	Markets served	8p	●	
	102-7	Scale of the organization	8p	●	
	102-8	Information on employees and other workers	88p	●	
	102-9	Supply chain	Our key suppliers include call center and security	●	
	102-10	Significant changes to the organization and its supply chain	Launch of Hana Insurance	●	
	102-11	Precautionary principle or approach	20-22p, 26-29p, 75-76p	●	
	102-12	External initiatives	10p	●	
	102-13	Membership of associations	UN Global Compact, UNEP FI	●	
Strategy	102-14	Statement from senior decision-maker	6-7p	●	4.7/6.2/
	102-15	Key impacts, risks, and opportunities	20-22p	-	7.4.2
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	73p	●	4.4/6.6.3
	102-17	Mechanisms for advice and concerns about ethics	71-72p	-	
Governance	102-18	Governance structure	65p	-	6.2/7.4.3/ 7.7.5
	102-22	Composition of the highest governance body and its committees	65p, 67p	-	
	102-23	Chair of the highest governance body	65p	-	
	102-28	Evaluating the highest governance body's performance	69p	-	
	102-36	Process for determining remuneration	69p	-	
	102-38	Annual total compensation ratio	69p	-	
Stakeholder engagement	102-40	List of stakeholder groups	78p	●	5.3
	102-41	Collective bargaining agreements	89p	●	
	102-42	Identifying and selecting stakeholders	78p	●	
	102-43	Approach to stakeholder engagement	23p, 78-79p	●	
	102-44	Key topics and concerns raised	23p	●	

Subjects	Disclosure	Reporting Page and Contents	Assurance	ISO 26000	
Reporting practice	102-45	Entities included in the consolidated financial statements	3-15p of Business Report	●	5.2/7.3.2/ 7.3.3/7.3.4
	102-46	Defining report content and topic Boundaries	23p	●	
	102-47	List of material topics	23p	●	
	102-48	Restatements of information	n/a	●	
	102-49	Changes in reporting	n/a	●	
	102-50	Reporting period	About this report	●	7.5.3/7.6.2
	102-51	Date of most recent report	About this report	●	
	102-52	Reporting cycle	About this report	●	
	102-53	Contact point for questions regarding the report	About this report	●	
	102-54	Claims of reporting in accordance with GRI Standards	About this report	●	
	102-55	GRI Content Index	GRI Content Index	●	
	102-56	External assurance	Third Party Reporting Assurance	●	

Topic-specific Disclosures

Subjects	Disclosure	Reporting Page and Contents	Assurance	ISO 26000	
Topic 1: Leading digital finance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	47p, 51-52p, 23-25p	●	6.3.9/ 6.8.1-6.8.2/ 6.8.7/6.8.9
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	51-52p	●	
Topic 2: Combating climate change					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	23p, 34p	●	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	21p, 26-29p	●	6.5.5
Emissions	305-1	Direct (Scope 1) GHG emissions	87p	●	
	305-2	Energy indirect (Scope 2) GHG emissions	87p	●	
	305-3	Other indirect (Scope 3) GHG emissions	87p	●	

Subjects	Disclosure	Reporting Page and Contents	Assurance	ISO 26000
Topic 3: Responsible product sales				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	●	4.6/ 6.7.1-6.7.2/ 6.7.3
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	●	
Topic 4: Preventing the spread of infection disease				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	●	6.3.9/ 6.8.1-6.8.2/ 6.8.7/6.8.9
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	●	
Topic 5: Product development in line with changing demographics				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	●	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
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Indirect Economic Impacts	203-2	Significant indirect economic impacts	●	
Topic 6: Reinforcing cybersecurity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	●	6.7.1-6.7.2/6.7.7
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	
Topic 7: Compliance with government policies and regulations				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	●	4.6/ 6.7.1-6.7.2/ 6.7.6
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	●	
Topic 8: Reinforcing global competitiveness				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	●	6.3.9/ 6.8.1-6.8.2/ 6.8.7/6.8.9
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	●	

Subjects	Disclosure	Reporting Page and Contents	Assurance	ISO 26000
Topic 9: Mutual growth with local community				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	●	6.8.1-6.8.2/ 6.8.3/6.8.7/6.8.9
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Economic Performance	201-1	Direct economic value generated and distributed	●	
Topic 10: Protecting customer information				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	●	6.7.1-6.7.2/6.7.7
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	
Other Topics from Materiality Test				
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		6.3.7/6.3.10/6.4.3/ 6.4.4/6.8.1-6.8.2
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken		6.6.1-6.6.2/6.6.3
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		6.6.1-6.6.2/ 6.6.5/6.6.7
Energy	302-1	Energy consumption within the organization		6.5.4
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs		6.4.7/6.8.5
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees		6.2.3/6.3.7/ 6.3.10/6.4.3
	405-2	Ratio of basic salary and remuneration of women to men		6.3.7/6.3.10/ 6.4.3/6.4.4

SASB Index

*Commercial Banks

Activity Metrics

SASB Code	Metric
FN-CB-000.A	<p>Number and value of checking and savings accounts by segment: personal and SME</p> <ul style="list-style-type: none"> © 2020 Earnings Release_Refer to Hana Bank KRW Loan/Deposit and Hana Bank KRW Loan Composition (14-15p) © Sustainability Report 2020_Performance Data_Refer to No. of savings and deposit customers and deposit amount (83p)
FN-CB-000.B	<p>Number and value of loans by segment: personal, SME, and large corporate</p> <ul style="list-style-type: none"> © 2020 Earnings Release_Refer to Hana Bank KRW Loan/Deposit and Hana Bank KRW Loan Composition (14-15p) © Sustainability Report 2020_Performance Data_Refer to No. of personal, SME, large corporate customers and Total credit amount(83p)

Sustainability Disclosure Topics & Accounting Metrics

Topic	SASB Code	Metric
Data Security	FN-CB-230a.1	<p>Number of data breaches, percentage involving personally identifiable information (PII), number of account holders affected</p> <ul style="list-style-type: none"> © Sustainability Report 2020_Refer to Personal data protection (56p)
	FN-CB-230a.2	<p>Description of approach to identifying and addressing data security risks</p> <ul style="list-style-type: none"> © Sustainability Report 2020_Refer to Cybersecurity_Certification of data protection management system (55p)
Financial Inclusion & Capacity Building	FN-CB-240a.1	<p>Number and amount of loans outstanding qualified to programs designed to promote SME and community development</p> <ul style="list-style-type: none"> © Sustainability Report 2020_Refer to Fostering innovative social enterprises (40p) © Sustainability Report 2020_Refer to Supporting the growth of SMEs and startups (41-42p)
	FN-CB-240a.2	<p>Number and amount of past due and nonaccrual loans qualified to programs designed to promote SME and community development</p> <ul style="list-style-type: none"> © 2020 Hana Financial Group Status Report_Risk Management_Refer to Credit Rick_ Non-Performing and Past Due Loans(128p-130p)
	FN-CB-240a.4	<p>Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers</p> <ul style="list-style-type: none"> © Sustainability Report 2020_Refer to Expanding financial accessibility (53-54p)
Incorporation of ESG Factors in Credit Analysis	FN-CB-410a.1	<p>Commercial and industrial credit exposure, by industry</p> <ul style="list-style-type: none"> © 2020 Hana Financial Group Status Report _Risk Management_Refer to Credit Rick_Credit exposure status(126-127p)
	FN-CB-410a.2	<p>Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis</p> <ul style="list-style-type: none"> © Sustainability Report 2020_Refer to Climate Change Risk Management (28-29p) © Sustainability Report 2020_Refer to Eco-friendly financial services (35p)
Business Ethics	FN-CB-510a.1	<p>Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competition behavior, market manipulation, malpractice, or other related financial industry laws or regulations</p> <ul style="list-style-type: none"> © Sustainability Report 2020_Performance Data_Refer to Financial incidents and disciplinary actions taken (84p)
	FN-CB-510a.2	<p>Description of whistleblower policies and procedures</p> <ul style="list-style-type: none"> © Sustainability Report 2020_Business Ethics_Refer to Internal whistleblowing system (72p)
Systemic Risk Management	FN-CB-550a.1	<p>Global Systemically Important Bank (G-SIB) score, by category</p> <ul style="list-style-type: none"> © No G-SIB score available. However, in 2020, Hana Financial Group was selected as D-SIB(Domestic Systemically Important Bank) by the Financial Services Commission
	FN-CB-550a.2	<p>Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities</p> <ul style="list-style-type: none"> © Sustainability Report 2020_Risk Management _Refer to Stress test (76p)

Diversity Policy

A. Criteria for the Independence of Outside Directors

Hana Financial Group (“the Company”) operates a Board of Directors (“BOD”) that includes outside directors, who are independent of corporate management and comprise a majority of the BOD. This ensures fair and transparent corporate governance, and emphasizes the BOD’s role in monitoring and providing checks and balances. Outside directors must satisfy independence requirements in compliance with financial regulations in Korea, including the Commercial Act and the Act on Corporate Governance of Financial Companies. The criteria for the independence of outside directors are as follows.

- ◎ An outside director must not have been a full-time employee or non-executive director of the Company or its subsidiaries during the past five years.
- ◎ An outside director must not be the spouse or a lineal ascendant/descendant of an individual who was an executive of the Company or its subsidiaries during the past three years.
- ◎ Except for cases permitted by SEC Rule 4200 Definitions, an outside director, his/her spouse, or his lineal ascendant/descendant must not receive compensation that equals or exceeds USD 60,000 a year from the Company or its subsidiaries, etc.
- ◎ An outside director must not have employment relations with the Company’s external auditor.
- ◎ An outside director must not be an advisor or consultant of the Company or its management.
- ◎ An outside director must not be an employee of a corporation that has signed a major consulting service agreement, or a technology partnership agreement, with the Company.
- ◎ An outside director must not be an employee of a corporation for which the total sum of transactions with the Company during the past three business years equals or exceeds 10% of the Company’s total assets or operating revenue.
- ◎ An outside director must not be an employee of a corporation that has concluded a single contract with the Company during the recent business years for a value that equals or exceeds 10% of the Company’s total sales.
- ◎ An outside director must not have any conflicts of interest regarding matters determined by the BOD.

B. Criteria for the Diversity of the BOD

The BOD of Hana Financial Group consists of directors with diverse backgrounds and expertise, and a strong sense of ethics and responsibility to improve value for shareholders, financial consumers, and stakeholders.

◎ Diversity

The Company embraces diversity and inclusion without discrimination in terms of gender, age, nationality, race, religion, cultural background, and work experience.

- Gender: The Company ensures that the BOD does not consist of a single gender.
- Nationality, race, religion, and cultural background: The Company respects diversity in accordance with the relevant laws and regulations.

◎ Expertise

The Company appoints directors with sufficient specialized knowledge or practical experience in diverse areas, including finance, business administration, economy, financial accounting, law, information technology, and consumer protection, to ensure that the BOD does not only represent or reflect certain job groups.

UN Principles for Responsible Banking



Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Since joining the U.N. Global Compact (UNGC) in 2007, Hana Financial Group has been endorsing its 10 principles in the fields of human rights, labor, the environment, and anti-corruption. The Group has selected SDGs No. 5, 8, and 13 as the core SDGs it deems its banking business capable of achieving most effectively. Hana Financial Group promoted campaign to support the development of child daycare centers in order to demonstrate its commitment to SDG-5, Gender Equality, by encouraging economic activity among women. Hana Financial Group has invested KRW 1,500 billion to establish 90 public daycare centers and 10 workplace day nurseries by 2021.

Moreover, the Group strives to achieve SDG-8 (Decent Work and Economic Growth) by creating job opportunities through investment in impactful businesses such as social enterprises and social ventures since 2017. Hana Financial Group initiated the "Hana Power On Challenge" in 2017 to develop jobs for the developmentally disabled and is now preparing for Stage 2 of the program to support innovative start-ups.

In addition, Hana Financial Group has been striving for many years to reduce GHG emissions in order to strengthen resilience to climate change. The Group was recognized for its actions to cut emissions, mitigate climate risks and develop the low-carbon economy, based on the data reported by the company through CDP's 2020 climate change report.

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

HFG dedicates itself to customer satisfaction and happiness through a comprehensive range of financial products. As part of these services, its premier financial service network leads the industry by creating synergy among its subsidiaries in banking, securities, credit cards, capital, and insurance in operation under more than ten subsidiary companies.

By reflecting the Groups' main business sectors, the Hana Financial Group has selected SDG-5, SDG-8, SDG-13 as targets to be achieved, we set impact indicators as below:

- Impact indicator #1: Changes in the productive population occurred as a result of the Group's investments (invested amount: KRW 150 bil.) in childcare facilities: 5,149
- Impact indicator #2: SMEs financed through allocation of social bonds issued (issued amount: US\$ 150M) by Hana Bank in 2020: 7,644
- Impact indicator #3: Environmental impact such as annual reduction in energy consumption and CO₂ GHG emissions reduction from eco-friendly projects financed (financed amount: US\$4.6M) by Hana Bank (energy consumption reduction: 4,464 MWh/year, CO₂ GHG emissions reduction: 774,259 metric tons)

Furthermore, the Group will conduct climate change scenario analysis: Carbon footprint metrics and Carbon earnings at risk. By reflecting key findings, we will identify carbon-intensive industries to be monitored.



PRINCIPLES FOR
RESPONSIBLE
BANKING

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

A company's value of existence lies in its customers. Through responsible financial services, HFG should focus on the inherent value of 'satisfactory customer services' and provide 'safe-to-use services'. Responsible financial services are the very source of the HFG's mid/long-term competitive edge.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Taking on new challenges on the path of NEXT 2030 in order to achieve profitable and sustainable growth, Hana Financial Group strives to enhance value for all stakeholders under new slogan: "For One Goal - Happiness for All". Through sincere communications with our stakeholders and sustainable strategies based on the PRB, the Group will strive to provide financial services in which everyone grows together to achieve co-prosperous growth with the community.

Hana Financial Group categorizes its six major stakeholders as customers, employees, business partners, central/local governments, shareholders/investors, and local communities. Through stakeholder surveys that we conduct each year, we are identifying major issues that may affect our sustainable management.

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Hana Financial Group operates the Sustainable Management Committee under the Board of Directors to establish strategic directions for sustainability management in order to implement these Principles and embed responsible banking culture.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Hana Financial has been practicing sustainability management through communication with wide-ranging stakeholders to become a trusted premier global financial group. Our ultimate goal is to pursue the growth of all stakeholders for the betterment of our society and to meet our social responsibility in a balanced manner. HFG endorse the Principles for Responsible Banking as a global corporate citizen as well.

UN Sustainable Development Goals (SDGs)

As an international company with a network of 213 global locations in 24 countries, Hana Financial Group is committed to achieving the UN SDGs, a collection of interlinked goals to achieve a better and more sustainable future for all by 2030. In particular, we have conducted comprehensive analysis Based on the results of an employee survey, an expert assessment, and benchmarking in order to prioritize six of the UN SDGs to contribute effectively based on our financial expertise and continue to make our activities and performance available to the public through our sustainability reports.

◦ Prioritization of the UN SDGs

1 Employee survey

We launched an employee engagement survey to understand which of the UN SDGs employees think should be prioritized in line with our business activities.

2 Benchmarking global companies

We benchmarked leading financial industries that aim to achieve the UN SDGs through sustainability management based on our selection of priority tasks.

3 Expert assessments on sustainability management

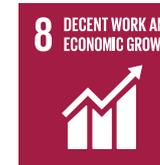
We selected priority tasks from the UN SDGs that we wish to address in consideration of the nature of the financial industry and the latest ESG trends.



Acting in response to climate change to forge ahead with **the transition to a low-carbon economy**



Taking the lead in **addressing social issues to create social value through finance**



Making **transparent and accountable decisions** for a sustainable society



UN Global Compact

In 2007, Hana Financial Group joined the UN Global Compact, which is a voluntary CSR initiative, and declared its support for the Ten Principles of Human Rights, Labor, the Environment and Anti corruption. The Group complies with the Ten Principles of the UN Global Compact and discloses its performance to the UNGC every year.



◦ Ten Principles of the UN Global Compact



Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.



Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.



Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.



Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Donation and Contribution Policy

All donations and sponsorship of the company shall be executed under the appropriate procedures, and the company is prohibited from providing funds for any political purposes other than for simple donation or sponsorship or indirect financing and must operate the funds in an ethical manner.

1. Execution of donations/sponsorship

Donations/sponsorship shall be executed only under the following circumstances:

- 1-1. The associated laws and regulations must be observed.
- 1-2. Donations/sponsorship must be executed for a person who needs support under the social common notion or a person who engages in a business for the purpose of promoting public interest.
- 1-3. Donations/sponsorship must not be used for any inappropriate business gains or personal gains.
- 1-4. The public value must be acknowledged for contributing to social development or addressing issues.
- 1-5. No employee may provide monetary payments or other contributions to political parties, people who get into politics, or candidates.

2. Execution duties

- 2-1. Verify whether the donations or sponsorship comply with the Code of Ethics.
- 2-2. Report all donations and sponsorship under the Business Approval Regulations to obtain an approval before execution.
- 2-3. The department that executes the donation must receive a receipt of the donation as required under the associated laws and regulations from the donee and keep it for five years from the following fiscal year.

3. Review of donations/sponsorship

- 3-1. The company must examine the feasibility and efficiency of the donation or sponsorship in consideration of all persons receiving donations and sponsorship, reasons for execution, and appropriateness of the amount to be executed.
- 3-2. The company must periodically audit the execution procedures and details and revise the policies and execution standards as necessary.

GHG Verification

GHG Verification Summary

Hana Bank
35, Eulji-ro, Jung-gu, Seoul, Republic of Korea

Verification Scope

Korean Standards Association has conducted reasonable GHG emissions verification based on GHG report provided by Hana Bank which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- GHG&Energy Target Scheme guideline(2020-003) provided by Ministry of Environment, Republic of Korea
- Verification guideline for management of GHG emissions trading scheme(2018-070) provided by Ministry of Environment, Republic of Korea
- KS Q ISO 14064-1,2,3 : 2006
- IPCC Guideline

Verification Conclusion

As a result of verification activities, verification team has found no significant errors. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

GHG Emissions

(unit : tonCO₂eq)

Classification	Scope 1	Scope 2	Total
2020	7,971	55,975	63,946

※ There is a difference between the total quantity of GHG emission and the sum of each workplace's emission.
(Decimal place is not considered when calculating the emission of each workplace.)

March 30, 2021

Korean Standards Association



Third Party Reporting Assurance

Relating to Hana Financial Group's Sustainability Report for the 2020 calendar year

This Assurance Statement has been prepared for Hana Financial Group in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by Hana Financial Group to provide independent assurance on its '2020 Hana Financial Group Sustainability Report' ("the report") against the assurance criteria below to a "moderate level of materiality" using "accountability's AA1000AS v3" where the scope was a Type 2 engagement.

Our assurance engagement covered Hana Financial Group¹⁾'s operations and activities in Korea and specifically the following requirements:

- Evaluating adherence to the AA1000 AccountAbility Principles²⁾ of Inclusivity, Materiality, Responsiveness and Impact
- Confirming that the report is in accordance with GRI Standards³⁾ and core option
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
 - GRI 200 (Economic): GRI 201-1, GRI 201-2, GRI 203-1, GRI 203-2, GRI 206-1
 - GRI 300 (Environmental): GRI 305-1, GRI 305-2, GRI 305-3
 - GRI 400 (Social): GRI 417-3, GRI 418-1, GRI 419-1

Our assurance engagement excluded the data and information of Hana Financial Group's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to Hana Financial Group. LR disclaims any liability or responsibility to others as explained in the end footnote. Hana Financial Group's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Hana Financial Group.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that Hana Financial Group has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LR's approach

LR's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing Hana Financial Group's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing Hana Financial Group's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by Hana Financial Group and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether Hana Financial Group makes informed business decisions that may create opportunities that contribute towards sustainable development.

1) Hana Financial Group and its 14 subsidiaries (Hana Bank, Hana Financial Investment, Hana Card, Hana Capital, Hana Life, Hana Insurance, Hana Savings Bank, Hana Asset Trust, Hana Alternative Asset Management, Hana F&I, Hana Ventures, Hana Investors Service, Hana TI, and Finng) 2) <https://www.accountability.org> 3) <https://www.globalreporting.org>

- Auditing Hana Financial Group's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Reviewing supporting evidence made available by visiting their ESG planning team at 66 Euljiro, Jung-gu, Seoul, Republic of Korea.
- Checking that the GRI Content Index allows stakeholders to access sustainability indicators.

Observations

Further observations and findings, made during the assurance engagement, are:

◦ Stakeholder inclusivity

We are not aware of any key stakeholder groups that have been excluded from Hana Financial Group's stakeholder engagement process.

◦ Materiality

We are not aware of any material issues concerning Hana Financial Group's sustainability performance that have been excluded from the report. It should be noted that Hana Financial Group has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management.

◦ Responsiveness

Hana Financial Group reported not only the interested issues from its stakeholders including ESG and Carbon Net Zero but also the related UN Sustainable Development Goals. It is considered to report in concrete and detail measures regarding implementation and achievement of the greenhouse gas emission reduction target.

◦ Impact

In consideration of business field, Hana Financial Group established social contribution strategies which focus on tackling social challenges and implemented various and innovative social contribution programs. In addition, Hana Financial Group is striving to assess the impact of social contribution programs on the society by measuring the outcomes of programs.

◦ Reliability

Hana Financial Group has reliable data management systems for the indicators related to this assurance scope in the Report.

LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification engagement is the only work undertaken by LR for Hana Financial Group and as such does not compromise our independence or impartiality.

Dated: 22nd May 2021

Hee-Jeong Yim
LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited
17th Floor, Sinsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea

LR reference
: SEO00000827



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Awards

Date	Awards
January 15, 2020	Selected by Global Finance magazine to receive the “Best Trade Finance Provider – Bank” award in 2019 (19 times in total)
February 5, 2020	Selected by the PFI Awards to receive the “Best European Project of the Year” award in the Europe Transport Deal of the Year category
February 18, 2020	Selected by Euromoney magazine to receive the “Best PB Bank Award for Korea” in 2020 (13 times in total)
March 5, 2020	Selected by Global Finance magazine to receive the “Best Technology Solution for Private Banks” award in 2020 (first time in Korea)
May 6, 2020	Won the grand prize in the open banking category of the “No. 1 Brand in Consumer Recommendation” in 2020
June 4, 2020	Hana Members won the “Grand Prize for the Most Loved Brand in Korea” for four consecutive years
June 18, 2020	Ranked 1st in a row in the Technology Financing Evaluation by the Financial Services Commission
July 10, 2020	Hana Financial Group’s project for building 100 daycare centers won the presidential citation on the World Population Day
July 20, 2020	Ranked 1st in the Korean–Standard Service Quality Index for 5 consecutive years
August 26, 2020	Selected by the Asian Banker to receive the “Best Retail Bank in Korea” award
October 9, 2020	Selected by PBI to receive the “Outstanding Private Bank– Asia Pacific” award and the “Rising Star for Asia Pacific” award
November 5, 2020	Selected by The Banker and PWM to receive the “Best Private Bank in Korea” award in 2020
November 17, 2020	Hana 1Q, selected as the best app of the year and received the award in the bank category from the “Smart App Award Korea 2020”
December 1, 2020	Selected by Global Finance magazine to receive the “Best Financial Institution for Foreign Exchange 2020” in a row
December 14, 2020	Hana Financial Group won the “2020 Korea Social Contribution Award”
December 22, 2020	Hana Financial Group acquired the highest “A” grade in the climate change response category of the Carbon Disclosure Project (CDP)

Departments participating in publication of this report

Hana Financial Group

Management Support Team, Risk Management Team, Future Banking Strategy Team, Synergy Promotion Team, Financial Planning Team, Strategy Planning Team, Compliance Team, Hana Leadership Center, Accounting Team, IR Team

Hana Bank

Retail Digital Business Section, Global Business Support Section, Customer Happiness Section, Retail Business Support Section, Retail Products Section, Future Banking Strategy Section, Secretariat, ESG Planning Section, Trust Section, Treasury Section, HR Section, HR Development Section, AML (Anti-Money Laundering) Section, Financial Planning Section, Information Security Section, Compliance Section, SMEs & Startup Banking Section, Employee Happiness Section, Administrative Support Section, Investment Banking Section, International Trade Business Support Section, Global Capital Transaction Unit

Hana Financial Investment PR Office

Hana Card Strategy Planning Section

Hana Capital HR and Administrative Support Team

Hana Life Insurance Consumer Protection Team

Hana Savings Bank Future Strategy Team

Hana Asset Trust Management Support Team

Hana Alternative Asset Management

Management Support Team

Hana Investors Services

Management Support Division

Hana F&I Management Support Division

Hana TI Strategy Planning Team

Hana Ventures Management Strategy Division

Department in charge of publishing the report

Hana Financial Group ESG Planning Team

The ESG Planning Team of Hana Financial Group is in charge of a wide variety of projects to enhance the Group's sustainability, including planning and providing operational support for social contribution activities, as well as publishing the Sustainability Report, the main communication channel for stakeholders. Hana Financial Group's Sustainability Report requires review and approval of its Chairperson of before publication.

This report is available as a PDF file on the website of Hana Financial Group.

If you would like more information about Hana Financial Group's sustainability activities and performances contained herein, please contact us via the information provided below.

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