

Annual Report 2021

NEXT STEP,



BEYOND FINANCE.

— The year 2021 was marked by the pandemic which has led to extreme volatility, bringing a large part of the world to a standstill and changing our lives dramatically. We need to adopt new solutions in this challenging era.

Hana Financial Group is pursuing the “NEXT 2030 Management Principle” based on which we are adopting digital DNA ^{PLATFORM-BASED FINANCE,} building global momentum ^{GLOBALLY-ORIENTED FINANCE,} and creating sustainable value ^{ESG-DRIVEN FINANCE,} transforming the concept of finance towards a new future.

A

Platform-based Finance

B

C

Adding Digital DNA

We are entering the Fourth Industrial Revolution era in which cutting-edge technologies, such as AI, robotics, and big data, will become new growth drivers. Amid a global tide of digital transformation, Hana Financial Group, under the slogan of “Digital First”, is expediting its pace of digital transformation of products and services. Our digital transformation is another extension of innovations we have planned for and systematically implemented over the years. It is also a distinctive growth strategy that adds digital DNA to the traditional strengths.

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Digital Culture Code

Even in a rapidly changing digital transformation era, customers remain at the center of financial services. Hana Financial Group's digital transformation is therefore focused on customer satisfaction. We declared our digital vision in 2018 projecting a customer-centric, data-driven information company, and adopted the "Hana Digital Culture Code".

2017

HANA FINANCIAL GROUP DATA CENTER

Hana Financial Group built an integrated data center in Cheongna International City, a free economic zone, in 2017. This is the domestic industry's first case of integrating the IT infrastructures, technologies and specialists of all Group affiliates in one place. It currently serves as a forward base for Hana Financial Group's digital transformation.

2018

HANA FINANCIAL GROUP DIGITAL VISION

Hana Financial Group declared 2018 as the first year of digital transformation, sharing a vision and roadmap for progressive employee mindsets and the organizational culture. We have since been integrating IT into finance, thereby developing new growth engines. In particular, we offer distinctive customer values by collecting all data and market information generated through customer interactions and are moving forward with a customer-centric digital transformation.



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Digital Workforce

Hana Financial Group is focusing on effectively attracting and retaining digital talent, thereby enhancing corporate competitiveness. In addition, we are innovating our methods of working through adoption of digital technology to enable our talent, who will lead platform-based finance, to focus their time and capabilities on work of greater value.

2018

ROBOTIC PROCESS AUTOMATION

Hana TI has developed “Work-Life Bot”, a robotic process automation (RPA) solution optimized for the financial industry, through the engagement with POSCO ICT in August, 2018. By 2020, all Group affiliates have adopted the RPA solution and, in 2021, achieved tangible outcomes in terms of reduced costs and improved productivity.

2019

HANA GLOBAL CAMPUS

Hana Global Campus was opened in May 2019 to foster global and digital talent. At one of the largest training facilities in Korea, employees of Hana Financial Group’s global network, comprising subsidiaries and offices in 24 countries across the globe, are growing into the Group’s core talent.

2020

DT UNIVERSITY

“DT University” was launched in June 2020 to nurture leaders for the Group’s digital transformation. DT University is an integrated training platform providing practical and task-specific digital training through on/offline courses. By nurturing a school of convergent talent armed with financial knowledge and digital skills through DT University, we are strengthening the digital capabilities of the Group.



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Digital Transformation

Based on the digital competitiveness, mindsets, and talent that it has secured over the last several years, Hana Financial Group is implementing its digital transformation at a more rapid pace. To have our financial platforms expand beyond traditional financial areas and thus evolve into a life platform that resolves inconveniences in daily life, we are increasing the scope not only of synergetic collaborations among the Group affiliates but also of cooperation with others. Through such distinctive open digital innovations, we are creating a new chapter in Korea's history of platform-based finance.

2021

HANA HAP

In November 2021, Hana Financial Group unveiled an integrated MyData brand, an industry first. "Hana HAP", which reads "one sum" in Korean, offers customer-specific optimal financial service solutions by consolidating customers' extensive financial data scattered across the digital network of the Group affiliates. It is an outcome of a proactive planning executed at the Group level through organic cooperation among the Group affiliates. Since March 2022, we have been operating a joint office space where business units dedicated to MyData business and IT personnel of three subsidiaries in banking, financial investment, and card, have been working together. They are preparing the launch of non-face-to-face products that are Mydata based and Hana HAP specific.

If our initial task was to collect customer's asset data scattered across the Group affiliates and to display them in one setting, our next step is to enable wealth management services and product recommendations tailored to individual customer's preferences and best interest. For this, we will consolidate scattered customer data upon relevant customers' consent which will enable us to grow beyond traditional financial service boundaries and into a "digital wealth management platform" offering daily financial services to customers.



1Q Bank

Hana Bank's 1Q Bank

Hana Bank's 1Q Bank is Hana Financial Group's leading smart banking app that enables users to access major services of the Group affiliates through a single sign-on (SSO). With its daily life-related service features further strengthened, the app for "intuitive financial life" is evolving beyond a banking into a comprehensive financial platform.

1Q Pay

Hana Card's 1Q Pay

1Q Pay was renovated in 2021 as a comprehensive financial platform that enables payment settlements, wire transfers, wealth management, and expenditure management. Equipped with the in-app service of "Hana Money", Hana Financial Group's integrated membership platform brand, the app provides daily finance services based on digital transactions.

1Q Stock

Hana Financial Investment's 1Q STOCK

Launched in 2021, 1Q Stock is the latest version of our mobile trading system (MTS) that allows users to customize the app to their specific needs. Advanced enough to make stock trades simple for digital natives, including Millennials, and professional individual traders, the new app has gone through a number of upgrades, including an addition of a MyData service last December.

Hana Life's 1Q Life

1Q Life is growing into a health care platform with an increasing number of digital products available for in-app subscription. In 2021, the app became more competitive in the online insurance market with the launch of a customer-led health-promoting insurance product with an adjustable premium based on the health age of subscribers.

Hana Healthcare

三

A

DIGITAL FIRST, ASCENDING STRENGTHS.

B

In the era of digital transformation in which industry boundaries are fast fading, Hana Financial Group is growing stronger by adding digital technology to the traditional strengths it has accumulated as a comprehensive financial group. In addition, we are increasing investments in companies of high growth potential and cooperation with different industries, as a way to discover new growth opportunities beyond collapsing industry boundaries.

C



3 minutes

taken for the entire process



NON-FACE-TO-FACE CREDIT LOANS

Hana Bank's Hana 1Q Credit Loan, launched in June 2019, enables customers to find out their credit limits and get a loan in three minutes. As of the end of 2021, a total of 379,998¹⁾ cases of loan were made, amounting to KRW 11,664.6 billion²⁾.

¹⁾ Cumulative basis, including loans that were paid back

²⁾ Cumulative basis, Balance at the end of 2021: KRW 5,579.3 billion

AI LOAN SERVICE

In 2021 Hana Bank became the first financial institution in Korea to implement AI to determine loan limits by launching "AI Loan" through which customers can check the maximum amount of loan they can borrow with ease. It takes loan applicants less than a minute to find out the maximum loan amount and minimum interest rates they are qualified for, and a mere three minutes to get a loan.

MOBILE PRODUCT SUBSCRIPTION

Hana Life's mobile app "1Q Life" enables customers to purchase health insurance in less than three minutes. It has substantially simplified the insurance application process by minimizing disclosure requirements and adopting a simple electronic signature system, thus allowing customers to conveniently purchase insurance via a mobile device and review the policy.

→
**FASTER &
CONVENIENT**

A

DIGITAL FIRST, ASCENDING STRENGTHS.

B

In the era of digital transformation in which industry boundaries are fast fading, Hana Financial Group is growing stronger by adding digital technology to the traditional strengths it has accumulated as a comprehensive financial group. In addition, we are increasing investments in companies of high growth potential and cooperation with different industries, as a way to discover new growth opportunities beyond collapsing industry boundaries.

C



Digital collaboration beyond banking



CREATING A NEW CONCEPT OF CONVENIENT BANKING IN COOPERATION WITH BGF RETAIL

Hana Bank in 2021 launched an innovative digital channel combined of finance and distribution developed in cooperation with BGF Retail. The “Smart Self-zone”, available at some CU convenience stores without a bank or ATM within 500 meters, enables customers to enjoy wide-range of daily-life financial services. Going forward, we will actively explore collaboration opportunities to unveil diverse daily-life financial services and thus provide more convenient and innovative financial services.

LEADING THE PROPTech MARKET IN COLLABORATION WITH JUMP COMPANY

Hana Bank signed an MOU on proptech platform cooperation in December 2021 with Jump Company, which specializes in proptech, and agreed to provide commercial real estate-related financial services for the SMEs and individual business users. In line with the rapid growth of the proptech market, we will continue to discover, cooperate with, and invest in, promising startups such as Jump Company.

BUILDING A NEW INVESTMENT CULTURE IN PARTNERSHIP WITH NETMARBLE

In November 2021, Hana Bank unveiled “Marble of Investment”, jointly developed with Netmarble. The mock investment game service, through which customers can have fun accessing and experiencing information, marks the Bank’s first attempt to develop new business opportunities by targeting digital natives amid expedited digital transformation.

←
SMARTER &
SEAMLESS

≡

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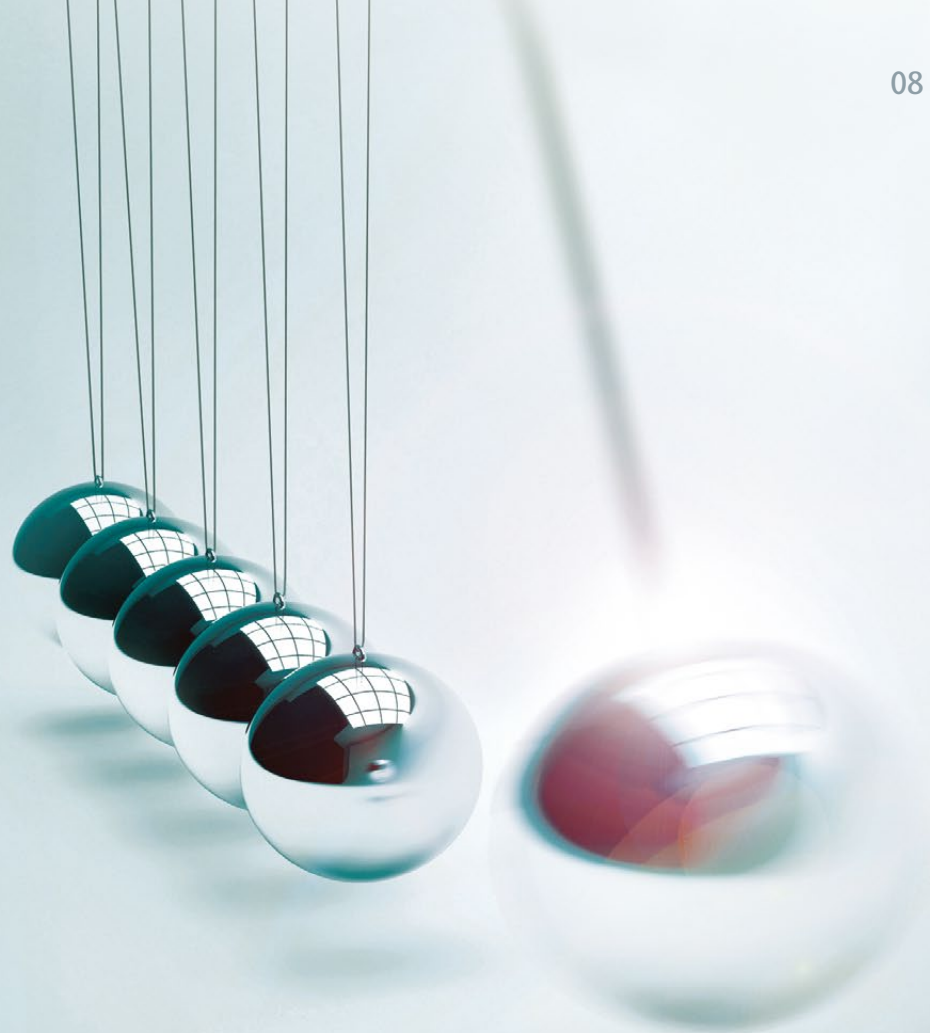
B

C

Globally-oriented Finance

Building Global Momentum

Hana Financial Group continues to take on diverse challenges to become a leading digital financial group. While improving our profitability, we also are expanding our presence in emerging financial markets and thus gaining global growth momentum based on localization strategies. We are also focusing on expanding platform-based digital financial services. As a result of these growth strategies successfully executed in the face of a global pandemic, we achieved a global income of KRW 687.1 billion, a year-on-year increase of 23.6%, in 2021.



A

Global Expansion 1.0

B

Largest global network in Korea

C

As of the end of 2021, Hana Financial Group holds 212 global networks across 24 countries, the most extensive in Korea. Leveraging the global reach of our network, we are realizing profitable and solid growth in the overseas channels.

2021 HIGHLIGHTS

In 2021, we used the pandemic as an opportunity to identify and diagnose, in detail, the strengths, weaknesses, and risk factors of each overseas channel, and to make thorough preparations for substantial growth of our future global business. As part of these efforts, in 2021, six sub-branches of the Indonesian and one sub-branch of the Canadian subsidiaries of Hana Bank were closed, while an asset management subsidiary in Singapore and five sub-branches of the Myanmar subsidiary were created. As a result, the Group's global network was reduced by one compared to the previous year.

212

Number of overseas networks located in 24 countries across the globe as of 2021 year-end

A

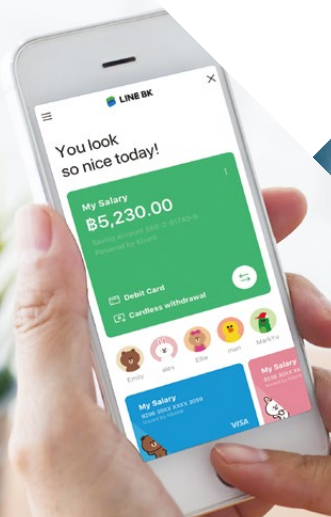
Global Expansion 2.0

B

Localization powered by digital

C

Behind Hana Financial Group's 2021 steady growth in the global market stands its localization strategy. We are focusing on attracting local customers from a long-term perspective and building up growth momentum by expanding platform-based digital finance.



2021 HIGHLIGHTS

The Indonesian subsidiary of Hana Bank launched Line Bank in July 2021 in collaboration with LINE Corporation, a global ICT company. Line Bank, Korea's first mobile platform-based digital bank overseas, is making progress well ahead of the plan, exceeding its year-end goal of securing 200,000 customers by over 100,000. The better-than-expected achievement is more meaningful in that Line Bank's digital business approach was successful in attracting retail customers in the face of a fast-disappearing face-to-face sales tradition triggered by the COVID-19 pandemic. Encouraged by such a success, Line Bank is preparing for the launch of loan products and the rollout of convenience functions to offer new financial experiences to Indonesian customers.

300,000+

New customer acquisition goal was exceeded by over 100 thousand in six months from the launch

A

Global Expansion 3.0

B

Next step for the future of global finance

C

ESG management has become a global trend. In widening the stride of its ESG vision, “Big Step for Tomorrow”, to a global level and in pursuing global growth, Hana Financial Group focuses on ESG factors, thereby developing into a global financial group and realizing a sustainable future through finance.



2021 HIGHLIGHTS

In September 2021, Hana Financial Group signed a strategic MOU on ESG-based joint real estate investment with Tishman Speyer, one of the largest US real estate investment companies. Per the agreement, we will work together with Tishman Speyer to discover quality investment opportunities in global real estate markets, including the US, Europe, and Asia, and jointly make a capital investment up to USD 500 million in the next two years. This new global partnership is significant in that the agreement was made to reflect ESG innovation-related factors as a key element in investment decisions. Hana Financial Group will continue to expand global cooperation to realize sustainable finance.

500

Plan to make co-investment up to
USD 500 million in next 2 years



A

B

C

ESG-driven Finance

Creating Sustainable Value

The word “ESG” has become main stream of late, but the concept is not so recent. First used in the early 2000s, the concept started to evolve into a business management practice which in turn has gained solid traction as the social role and responsibility of corporations have become important in addressing COVID-19, climate crisis, and other common problems of mankind. Hana Financial Group’s ESG management is not a recent development, either. After choosing “Happy Finance” as a new management slogan in 2015, we have since been practicing finance in such a way as to grow together and share happiness with stakeholders, proactively building ESG management systems, and as a result, riding high forward on the crest of global ESG waves.



A

Empowering green economy

B

Hana Financial Group declared 2021 as the first year of its ESG management, established an ESG vision, “Big Step for Tomorrow”, and took a new big step toward sustainable tomorrow. In addition, with an eye toward expediting the national transition to a low-carbon economy through finance, we established mid- to long-term ESG goals of “2030 & 60” and “ZERO & ZERO” and announced the steps to take toward the goals.

C

MEASURES ACHIEVING THE “2030 & 60” GOALS

ESG bonds

Issue ESG bonds totaling KRW 25 trillion in the next ten years

ESG loans

Provide KRW 25 trillion in loans, including financial support for the Korean New Deal

ESG investments

Make direct and indirect ESG investments totaling KRW 10 trillion, including the management of ESG funds worth KRW 2 trillion

TARGET **25** KRW trillion

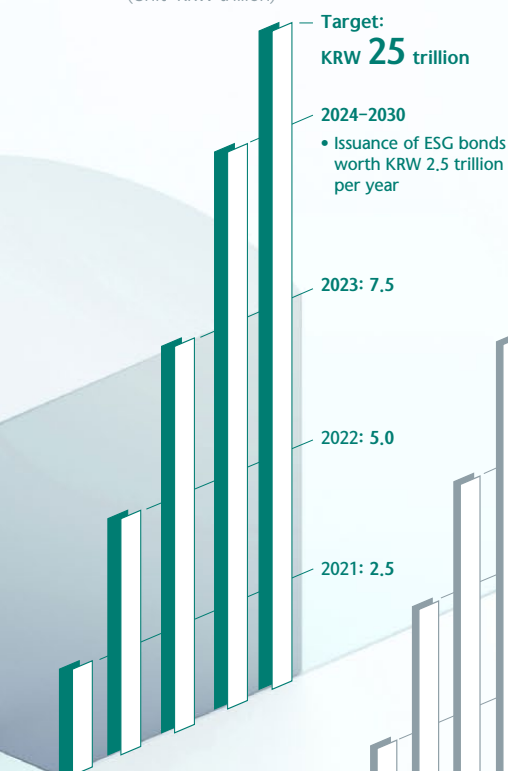
TARGET **25** KRW trillion

TARGET **10** KRW trillion

60
KRW trillion

Target for ESG Bond Issuance

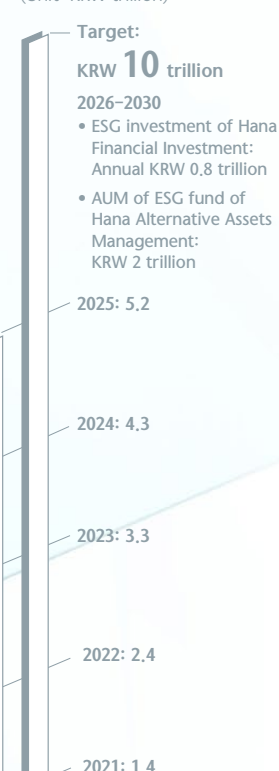
(Unit: KRW trillion)



* Cumulative amount of ESG bonds issued (including sustainability bonds and social bonds)

Target for ESG Investments

(Unit: KRW trillion)

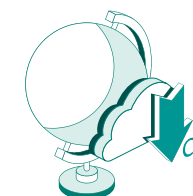


* Cumulative amount of ESG investments (AUM of Hana Financial Investment and Hana Alternative Assets Management)

FEATURED CASE

E

Hana Financial Group in 2021 established mid- to long-term ESG goals of “2030 & 60” and “ZERO & ZERO”. “2030 & 60” centers on raising and supplying KRW 60 trillion to the environment and sustainability sectors by 2030, while “Zero & Zero” aims to eliminate carbon footprints throughout our operations as well as coal-related project financing by 2050. On the 51st Earth Day of 2021, Hana Financial Group announced its promises for green finance which facilitates the transition to a low-carbon economy through eco-investing, and is making utmost efforts to fulfill its promises.



#2030&60

A

Scaling social impact

B

Hana Financial Group seeks to expand its positive influences through finance, which is why we are implementing financial practices by three major mid-to long-term growth strategies; platform-based, globally oriented, and socially-responsible. Accordingly, all employees at Hana Financial Group are channeling their collective strengths and wisdom into social value creation to realize the Group's mission, "Growing Together, Sharing Happiness".

C

100 Daycare Facility Construction Project Status

SOCIAL VALUE CREATION

- No. of children using the facilities 2,729
- No. of daycare teachers and staff 640

SOCIAL VALUE CREATION

- No. of children using the facilities 434
- No. of daycare teachers and staff 99

Under construction
56

Completed
34

Under construction
2

Completed
8

Workplace daycare facilities

Public daycare facilities

FEATURED CASE

S

Since 2018, Hana Financial Group has been carrying out the project of building 100 daycare facilities with a budget of KRW 150 billion. Hoping to address low birth rate and aging population issues and to facilitate a work-family life balance, we are building daycare facilities in farming and fishing villages and for children of SME workers as well as for disabled children. By 2023 when the 100th 100 daycare facility is scheduled to be completed, we anticipate that around 10,000 children will be receiving childcare and around 5,500 people, including some 2,000 daycare teachers, working at new jobs directly and indirectly related to the project.



#100

* As of 2021 year-end

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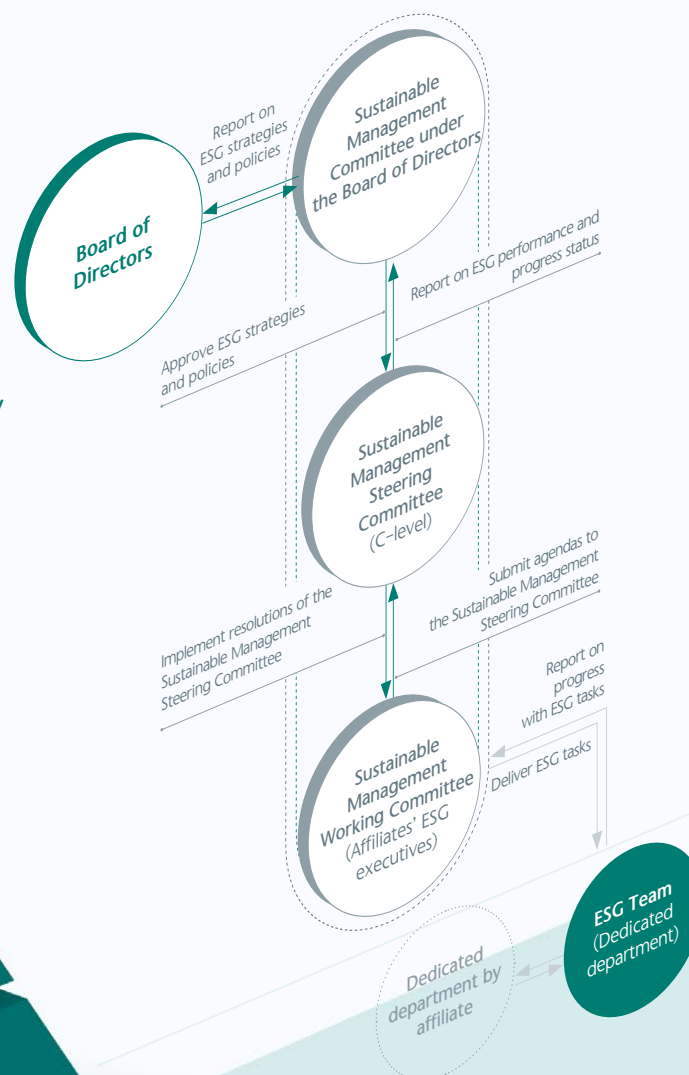
Geared to sustainable growth

B

Hana Financial Group has been practicing sustainable management by aligning the creation of social and environmental values with its business strategies. In addition, we have established an ESG governance and are internalizing ESG management, so that such strategies lead to action. In March 2021, we created Sustainable Management Committee within the BoD and a dedicated ESG Team in our efforts to implement ESG management from a more systematic and long-term perspective, thereby further solidifying our ESG governance structure.

C

ESG GOVERNANCE STRUCTURE



FEATURED CASE

G

Sustainable Management Committee was created in March, 2021 which was followed by the establishment of environmental and social risk management (ESRM) and joining of the Equator Principles in August and Partnership for Carbon Accounting Financials (PCAF) in September, with a thorough implementing of key tasks entailed. In particular, through the ESRM system, we are keeping to a minimum our financial participations in projects suspected of having environmental and human rights issues, while increasing financial support for eco-friendly projects, thereby helping the nation's socio-economic systems become more sustainable.



#ESRM

TIME TO RECONCEIVE FINANCE.

— Hana Financial Group seeks to define finance once again in 2022 as it plans a new future through a new management. We will maintain the robust growth of the past decade by further strengthening our competitive advantages, thus continuing to grow in the arena of finance and leaping beyond the domestic boundaries of finance into the global stage on the back of digital technology. As a financial institute supporting the growth of all stakeholders, including households, companies, and government, we will reinforce ESG management with a focus on the environmental, social, and governance aspects of our business operations while helping all stakeholders achieve sustainable growth.

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INTERACTIVITY

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FEATURES

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Letter from the CEO



I sincerely thank our shareholders and customers for your encouragement and support for the Group's growth and development over the years. As the new CEO of Hana Financial Group, I will further enhance corporate and shareholder values to my best ability.

In 2021, Hana Financial Group achieved the best performance in its history. More importantly, the non-banking sector contributed over 30% of total incomes for the second consecutive year against persistent pandemic threats and other challenges at home and abroad, a clear indication of the income structure further stabilizing on a diversifying business portfolio. It is also an outcome made possible by the efforts of all employees heartened by the unwavering support of all shareholders and customers.

The financial industry is facing unprecedented challenges. As low growth becomes the norm and the pace of population ageing is accelerating, financial demand is fundamentally changing, mostly toward asset management services. As big tech inroads into finance escalate, business boundaries are blurring fast, and as the social demand intensifies on financial companies, ESG has become increasingly important. At this point of inflection on which the fate of companies hangs in balance, Hana Financial Group will respond to rapid changes in the business environment by further enhancing the corporate culture of pursuing challenges and innovations and by strengthening collaboration among all Group affiliates.

To this end, we have defined the following goals for this year - "maximizing our strengths", "strengthening global capabilities", "innovating digital finance", and "developing into an ESG-leading financial group". Accordingly, we aim to become the top financial group in Asia.



MAXIMIZING OUR STRENGTHS

We will provide optimal asset management services for customers through an omni-channel that conveniently connects digital and off-line channels. We will also optimize corporate banking by further facilitating collaboration among the Group affiliates. Furthermore, we will rebalance the business portfolio by bolstering the non-banking sector with M&A and other means, and thus maximize the strengths of Hana Financial Group.

STRENGTHENING GLOBAL CAPABILITIES

We will further fine-tune the localization practices we have developed for Asian markets; diversify the Group portfolio through overseas expansion of both banking and non-banking business; and explore new business models on which all Group affiliates can collaborate. To this end, we will seek opportunities through M&A and equity investments in high-growth Asian regions, including Indonesia and Vietnam. For developed markets such as North America and Eurozone, we will strengthen IB and corporate banking in collaboration with Korean companies that have strong local presence.

INNOVATING DIGITAL FINANCE

We must pursue digital innovation from a customer perspective so that a digital transformation we achieve will further enhance customer satisfaction of our products and services. To this end, we will nurture digital talent, strengthen technological capabilities through active investment and internalization, vastly increase investments in innovative startups, and actively use external digital capabilities through an open API platform, thereby growing into a financial platform company dedicated to customers.



Hana Financial Group will grow into Asia's leading financial group by maximizing strengths, strengthening global capabilities, innovating digital finance, and developing into an ESG-leading financial group.

DEVELOPING INTO AN ESG-LEADING FINANCIAL GROUP

We will continue to establish and implement comprehensive ESG agenda to pursue Net Zero and sustainable finance. We will invest more in low-carbon, eco-friendly industries and embrace our social responsibilities, such as building daycare centers and supporting multicultural families. We will also improve management transparency and practice ESG management to global standards by empowering CEOs of the Group affiliates to conduct their duties to their best ability and with accountability.

The year of 2022 is expected to be a significant turning point for the financial industry driven by tapering and interest rate hikes. At the same time, there will be an opportunity for us to demonstrate how well we have prepared for the post pandemic era.

As always, Hana Financial Group will strive to enhance all stakeholder values, and we ask for your continued interest and support.

Thank you.

함영주

Ham Young-joo
CEO, Hana Financial Group

Key Financial Figures

FINANCIAL SUMMARY

	2021	2020
Profitability (Unit: KRW billion)		
General operating income	9,214.2	8,642.7
Operating income	4,631.1	3,836.4
Consolidated net income	3,526.1	2,637.2
ROA (%)	0.74	0.61
ROE (%)	10.89	8.96
EPS (KRW)	11,819	8,858
Cost to income ratio (%)	43.96	45.33
Business Volume (Unit: KRW billion)		
Total assets ¹⁾	502,445.3	460,947.0
Total sales	400,529.8	346,170.1
(Total deposits) ²⁾	325,344.7	295,834.9
(Sales of beneficiary certificates)	75,185.1	50,335.2
Asset Quality (Unit: %)		
Substandard & below (NPL) ratio	0.32	0.40
Substandard & below (NPL) coverage ratio ²⁾	177.26	143.78
Delinquency ratio	0.28	0.26
Capital Adequacy³⁾ (Unit: %)		
BIS capital adequacy ratio	16.29	14.20
Tier 1 ratio	15.15	13.03
Common equity tier 1 ratio	13.78	12.04
BPS (KRW)	108,354	98,455

¹⁾ Total assets exclusive of trust assets

²⁾ Based on the Regulations on Supervision of Banking Business amended in December 14, 2016

³⁾ Based on Basel III standards

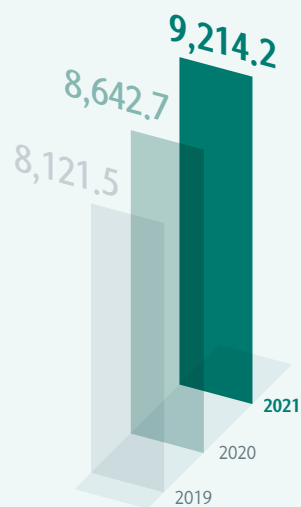
FINANCIAL HIGHLIGHTS (CONSOLIDATED)

(Unit: KRW trillion)

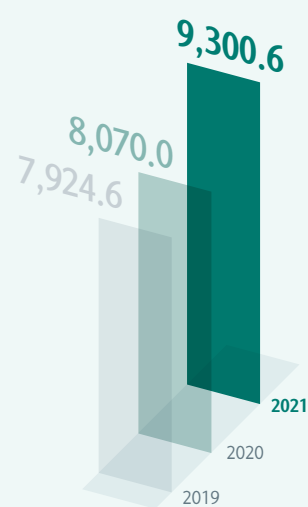


GENERAL OPERATING INCOME

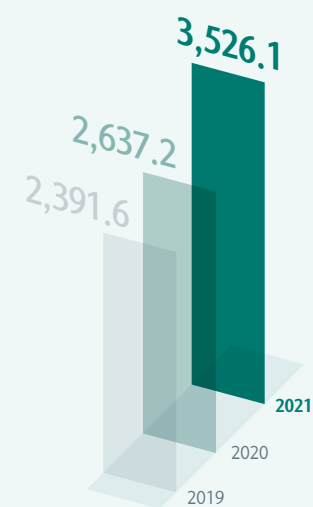
(Unit: KRW billion)

**CORE EARNINGS**

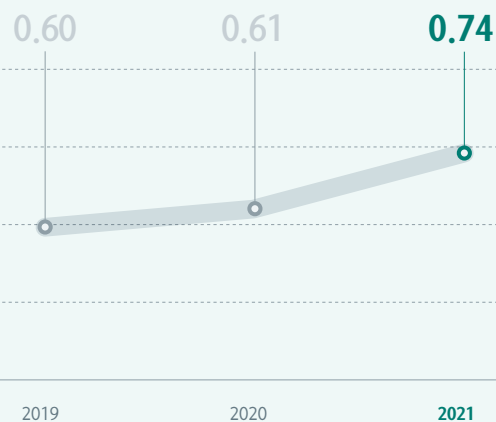
(Unit: KRW billion)

**NET INCOME**

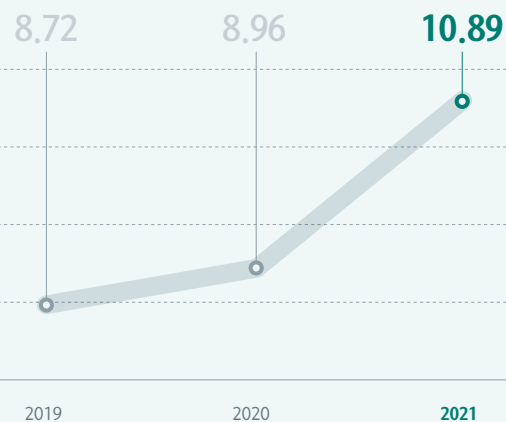
(Unit: KRW billion)

**ROA (CUMULATIVE)**

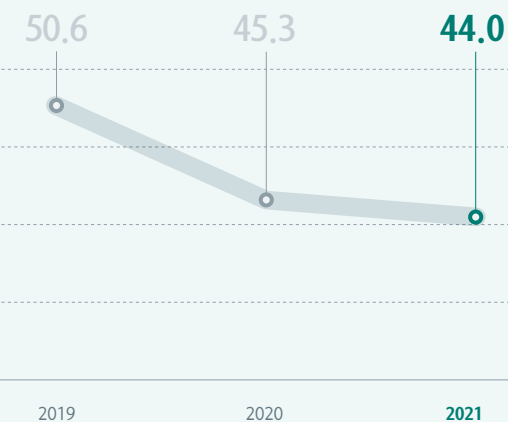
(Unit: %)

**ROE (CUMULATIVE)**

(Unit: %)

**CI RATIO (CUMULATIVE)**

(Unit: %)



Key Non-financial Figures

KEY SUSTAINABILITY FIGURES

	Unit	2021	2020
ENVIRONMENTAL			
Greenhouse gas (GHG) emissions			
Direct emissions (Scope 1) ¹⁾	tCO ₂ eq	7,454	7,971
Indirect emissions (Scope 2) ¹⁾		56,464	55,975
Energy consumption ¹⁾	TJ	1,311	1,284
Water consumption ²⁾	m ³	89,532	98,223
Waste discharge	No. of bags		
100L		1,950	6,624
20L		2,880	608
Others (50L)		3,168	4,121
SOCIAL³⁾			
Total No. of employees ³⁾		12,203	12,195
By gender			
Male		4,832	4,820
Female		7,371	7,375
By employment type	Persons		
Regular workers		11,302	11,365
Unlimited contract workers		118	122
Contract workers		783	708
Ratio of female employees	%	60.2	60.5
Total social contribution	KRW billion	165.9	143.6

¹⁾ Based on figures at Hana Bank HQ, sales branch, and affiliates in Myeong-dong building (Data range: Headquarters of HFG, Hana Bank, Hana Card, and Others)

²⁾ Based on figures at Hana Bank HQ and affiliates in Myeong-dong building

³⁾ Based on figures of Hana Bank

BUSINESS EXCELLENCE

Best Private Bank in Korea
(Euromoney)



14 times

2021 Most Innovative Private Bank in the World
(Global Finance)



FIRST IN KOREA

2021 Outstanding Private Banker – Regional Player
(Private Banker International)



BEST IN ASIA

Top 1000 World Banks 2021 by The Banker
(As of Jul. 2021, based on Tier 1 Capital)



71st

ESG COMMITMENT

UNEP FI

- Supporting the Principles for Responsible Banking as an enactor and signatory



BGEI

- Included in the Bloomberg Gender Equality Index



CDP

- Received the A- grade and included in the Honors Club for 2 consecutive years



ESG Evaluation by KCGS

- Received the overall A grade for 4 consecutive years



Stock Information

MARKET CAPITALIZATION

(Unit: KRW trillion)



SHARE OWNERSHIP

(As of Dec. 2021)



CONSISTENT DIVIDEND HISTORY

■ Dividend per share □ Dividend payout ratio

(Unit: KRW)



OUTSTANDING CREDIT RATINGS

(Hana Bank)

A+

S&P

A1

Moody's

A

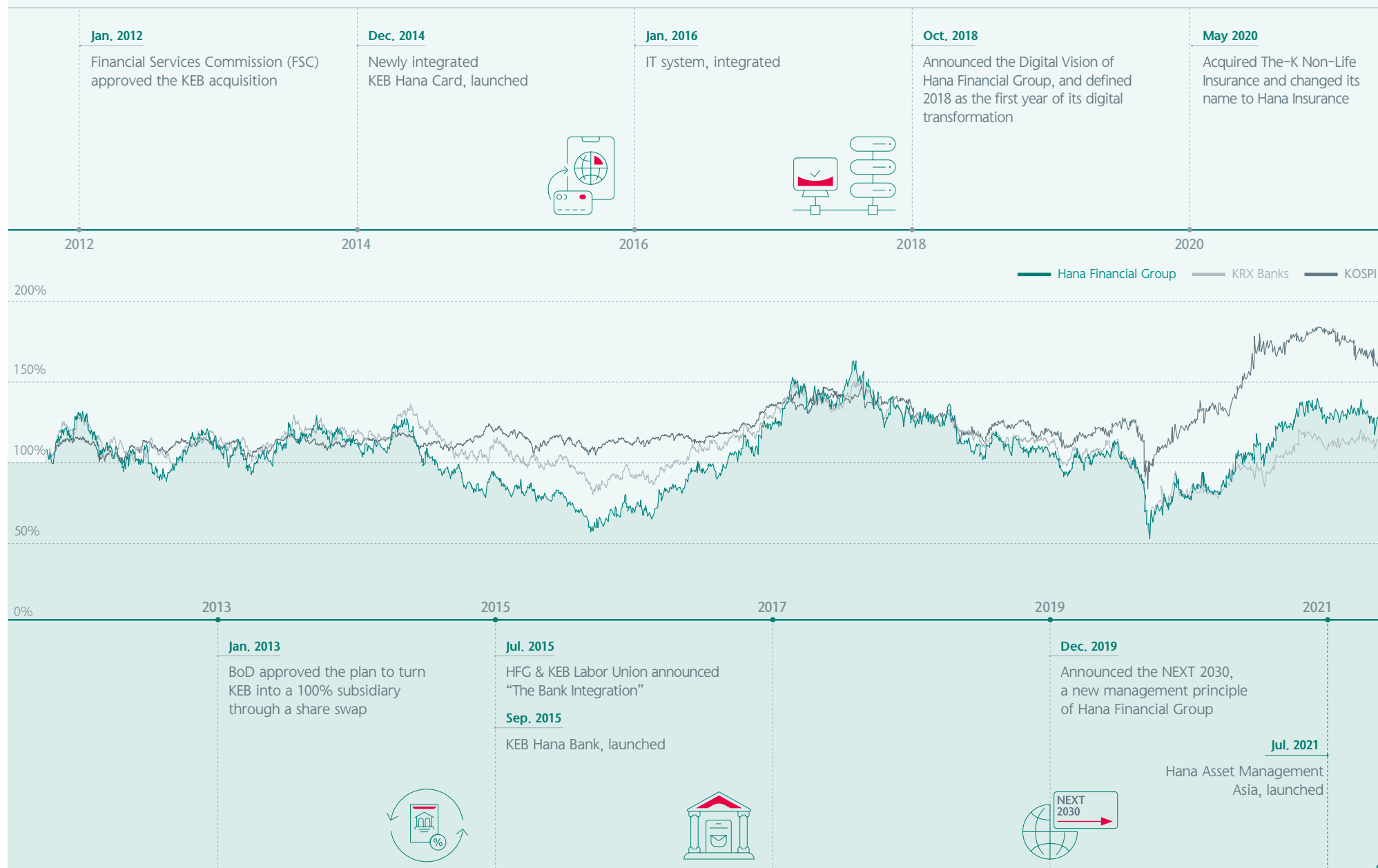
Fitch

SHARE PRICE CHANGES

	2021	2020	2019	2018	2017
High	47,550	36,750	40,050	55,500	52,000
Low	32,650	18,450	31,450	35,700	30,900
Year-end	42,050	34,500	36,900	36,250	49,800
KOSPI index (year-end)	2,977.65	2,873.47	2,197.67	2,041.04	2,467.49



STOCK PERFORMANCE





GROUP OVERVIEW.

Hana Financial Group is a leading financial group with advanced and comprehensive wealth management systems, growing into a global institution on the strength of a business network covering all areas of finance and reaching all parts of the world. We are seeking new growth opportunities beyond traditional business boundaries, and with ESG management as core growth strategy, thereby shaping the future of finance.



Vision & Mission

To shape the future, we need convincing visions. Hana Financial Group therefore has set clear goals, with a particular focus on long-term value creation for our stakeholders, to become “The Trusted Premier Global Financial Group”.

The evolving financial environments at home and abroad in the era of the new normal and the acquisition of Korea Exchange Bank in 2012 have prompted Hana Financial Group to play a new role and to chart a new course. Accordingly, we have defined a mission, a vision and strategic goals as follows:

MISSION

Growing Together, Sharing Happiness

The mission of Hana Financial Group captures its will to fulfill social responsibilities by fully embracing the demands and changes of the times. We aim to achieve “healthy growth”, in which we balance our growth and social responsibilities, and we also carry out activities that enable all of our stakeholders to build a better society together. We will actively help members of society pursue their happiness by sharing the benefits of the growth with all stakeholders and creating shared values through finance, while faithfully conducting our given roles.

VISION

The Trusted Premier Global Financial Group

The vision of Hana Financial Group embodies the pledge of its employees to start from customer trust, the essence of financial business, and become a forerunner of change and innovation through outstanding strategies. Also included is our ambition to become a top-tier global financial institution backed by our global network, the largest of its kind in Korea. Moreover, we aim to be a financial group offering financial services that transcend business boundaries and meet diverse customer needs.

STRATEGIC GOALS – BEST 2025

Best Bank, Expanding to Global, Stable Portfolio, Trusted Group



Best Bank

We aim to become the best bank in Korea in terms of profits by strengthening our customer base, improving market dominance and thus further fortifying profitability.



Expanding to Global

In search of core growth engines, we focus on global localization and staying ahead in the global payment settlement market. By doing so, we aim to generate 40% of our profits from overseas operations.



Stable Portfolio

We are focused on building a stable business portfolio with an aim to generate greater profit contribution from our non-banking sector.



Trusted Group

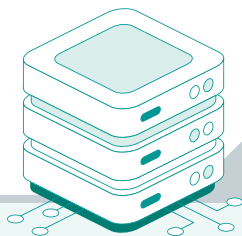
We aim to enhance our brand image and strengthen financial consumer protection by reflecting trust, a core tool of differentiation, in the strategic objectives.

MAJOR TASKS FOR 2022

In the pursuit of “Beyond Finance” embodying competition and cooperation that transcend business boundaries, Hana Financial Group has chosen the list below as major tasks to achieve in 2022.

1. LEVEL UP STRENGTHS

Hana Financial Group will level up its business strengths. By re-establishing the functionality of each channel more customer-centric, by offering customer lifecycle-specific services through omni-channels, and by highlighting the superior consulting aspect of the services. In addition, by accelerating the digitalization of corporate banking, we will increase process efficiency and secure a competitive and distinctive advantage in service. Also, we will continue to invest in talent, creation of specialized organizations, and process systemization, as a way to enhance our corporate value.



2. DIGITAL FIRST

Hana Financial Group will further strengthen its digital capabilities by laying a core digital foundation and implementing platform business models. In addition to developing the platform's key functionalities, we will expand open ecosystems through alliance and investment, while also continually fostering digital specialists and systematizing the management of digital capabilities to build a digital foundation. Also, IT infrastructure and processes will be established or upgraded; and data, AI, and other related technological capabilities will be secured. By changing into an organization with efficient decision-making processes through adoption of digital technology, we will build a horizontal corporate culture.



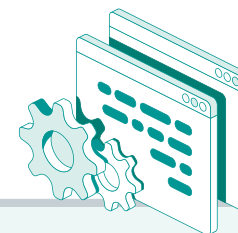
3. LEADING GLOBAL

Hana Financial Group seeks to develop into a leading global company through ESG management and global growth strategies. We have therefore defined our global strategy “ABC” as follows – Alliance meaning diversifying growth drivers through strategic global alliances and partnerships; Balance meaning diversifying portfolios and strengthening value chain through non-banking expansions overseas; and Consolidation meaning enhancing global business competitiveness by consolidating workforce, resources and infrastructure. We will also establish and execute detailed plans for successful net-zero transition and sustainable financial systems, all in a bid to promote global-leading ESG management practices.



4. RISK MANAGEMENT

Hana Financial Group, in preparation for financial risks in the post-COVID-19 era, will establish process that goes beyond the norms of complete sales. By improving data-based risk management and thus establishing customer-centric risk management systems, we will contribute to stabilizing financial markets and solidifying the customer trust we have earned over the years.



In 2022, we will also continue to fulfill our social responsibilities and roles as a Korea's leading financial group to earn customer trust and loyalty and to help all enjoy happiness through finance, based on the humanity-centered management that brings happiness to our customers and employees.

Corporate Information

Hana Financial Group Inc.

www.hanafn.com

Founded in 2005, Hana Financial Group is growing into a global financial group, taking full advantage of its global financial network, the largest in Korea. As the holding company, Hana Financial Group provides business strategies and management supports to 14 subsidiaries, 21 second-tier subsidiaries, and one third-tier subsidiary.

CONTACT INFORMATION

- 66, Eulji-ro, Jung-gu, Seoul, 04538
- Tel. +82-2-2002-1110

KEB Hana Card

www.hanacard.co.kr

KEB Hana Card was launched in December 2014 through the integration between KEB Card (established in 1978) and Hana SK Card, a joint venture launched in 2010 between SK Telecom and Hana Bank's credit card business line (established in 1992). Looking beyond payment settlement services, the company is improving on its strengths in digital payment, global payment, and data-based innovative business, thereby growing into a credit card company leading the era of smart life as a smart finance innovator.

CONTACT INFORMATION

- 66, Eulji-ro, Jung-gu, Seoul, 04538
- Tel. +82-2-1800-1111

Hana Bank

www.kebhana.com

After merging with Chungcheong Bank in 1998, Boram Bank in 1999, and Seoul Bank in 2002, Hana Bank merged with Korea Exchange Bank in 2015. A long undisputed leader in PB with the largest global network in Korea, Hana Bank is looking beyond being Korea's best in corporate banking, foreign exchange, and overseas network to become a premier global bank.

CONTACT INFORMATION

- 35, Eulji-ro, Jung-gu, Seoul, 04523
- Tel. +82-2-1588-1111/1599-1111

Hana Capital

www.hanacapital.co.kr

Hana Capital, a member of Hana Financial Group since 2005, is a financial company specializing in loan products and services tailored to the capital needs of customers. Drawing on Hana Financial Group's extensive know-how in financial fields and brand power, the company continues to grow by developing competitive and reliable financial products in auto, personal, and corporate finance, and by expanding new business overseas using digital finance, including in Indonesia and Myanmar.

CONTACT INFORMATION

- 127, Teheran-ro, Gangnam-gu, Seoul, 06133
- Tel. +82-2-1800-1110

Hana Financial Investment

www.hanaw.com

Hana Financial Investment (HFI) is an unsurpassed leader in asset management with many industry firsts, including Korea's first investment trust service and investment fund. The company traces its origin to Korea Investment Corporation (established in 1968), renamed Korea Investment Trust in 1977, and redefined with the current name in 2015. It became a mega-size investment bank (IB) with capital of KRW 5.0 trillion in 2021, performing a leading role in the Group's IB business. Unsurpassed in overseas alternative investment in particular, HFI is growing into Asia's top IB gaining the attention of global investment circles through leveraging the Group's network.

CONTACT INFORMATION

- 82, Uisadang-daero, Yeongdeungpo-gu, Seoul, 07321
- Tel. +82-2-1588-3111/3222

Hana Life

www.hanalife.co.kr

Hana Life introduced Korea's first bancassurance in February 2003 and has since been leading the bancassurance market. By offering a wide variety of innovative protection-type insurance products, the company is contributing to expanding insurance's social safety net roles. In its efforts to help more customers experience the convenience of mobile insurance, the company has digitalized the entire process ranging from underwriting to claim payment, thereby growing into a life insurance company specializing in digital bancassurance.

CONTACT INFORMATION

- 66, Eulji-ro, Jung-gu, Seoul, 04538
- Tel. +82-80-3488-7000

Corporate Information

Hana Insurance

www.educar.co.kr

Hana Insurance had started in 2003 as an auto insurance company and expanded in 2014 into other indemnity sectors, and then joined Hana Financial Group in May 2020. In March 2021, it established Hana Financial Find, an insurtech-based general agency (GA), as a subsidiary. By developing innovative business models, Hana Insurance is fast growing into a digitalized insurance company that guarantees customers a daily life more enjoyable than ever before.

CONTACT INFORMATION

- 117, Changgyeonggung-ro, Jongno-gu, Seoul, 03137
- Tel. +82-2-6670-8400

Hana Alternative Asset Management

www.hana-aamc.com

Launched in 2006 as Korea's first real estate-specializing asset management company, Hana Alternative Asset Management became a member of Hana Financial Group in March 2010. After expanding its business scope to include special asset and private equity management, the company is establishing itself as an alternative investment-specializing asset management company. Placing top priority on customer value, it is developing into a top-level asset management company on a par with global standards.

CONTACT INFORMATION

- 66, Eulji-ro, Jung-gu, Seoul, 04538
- Tel. +82-2-2190-6500

Hana Savings Bank

www.hanasavings.com

Launched in 2012, Hana Savings Bank is fully committed to its role as a savings bank, offering productive financial services to SMEs and inclusive financial support to the financially underprivileged. In addition, through diverse social contribution activities, the bank seeks not only to satisfy customers but also inspire them for the good of all.

CONTACT INFORMATION

- 127, Teheran-ro, Gangnam-gu, Seoul, 06133
- Tel. +82-2-1899-1122

Hana F&I

<http://www.hanafni.com>

Hana F&I began as a specialized credit finance company in 1989 and transformed into an investment company specializing in the management of non-performing loans (NPL) in December 2013. It has been since contributing to improving the asset quality of the financial service industry and the virtuous cycle of non-performing assets leading to sound investments by managing various NPL-based investments. It changed its status of being a subsidiary of Hana Bank to the Group affiliate in December 2019, and expanded the business area to include corporate restructuring. Providing various financial services to companies facing restructuring, it continues to transform into a leading investment management company in the NPL market.

CONTACT INFORMATION

- 66, Eulji-ro, Jung-gu, Seoul, 04538
- Tel. +82-2-3708-2114

Hana Asset Trust

www.hanatrust.com

Hana Asset Trust launched trust business in 2004 and became a new member of Hana Financial Group in March 2010. It has since grown into the industry's top trust company by improving its income portfolio, expanding into new business areas, and it is now leading the real estate finance market in Korea through the collaboration with the Group affiliates.

CONTACT INFORMATION

- 127, Teheran-ro, Gangnam-gu, Seoul, 06133
- Tel. +82-2-3452-0100

Hana Ventures

www.hanaventures.co.kr

Hana Ventures was established in October 2018 as Korea's first financial group-affiliated, new technology business-focused, finance company. As the corporate venture capital (CVC) arm of Hana Financial Group, the company aims to create jobs by further establishing the startup ecosystem and to enhance synergy generation among the Group affiliates through digital transformation. It serves as a financial partner of startups as they grow into unicorn companies.

CONTACT INFORMATION

- 509, Teheran-ro, Gangnam-gu, Seoul, 06169
- Tel. +82-2-565-3434

Corporate Information

Hana Asset Management Asia

<https://hamasg.com>

It is an Asia-based asset management company established in Singapore in July 2021 to strengthen global business and to expand non-banking operations, two areas Hana Financial Group had been focused on. The company seeks to help diversify the Group's income sources by focusing on various alternative investment assets in Southeast Asia and Oceania, which have high growth potential. By collaborating with the Group's global channels, it is preparing to establish a foothold in advanced markets.

CONTACT INFORMATION

- 88 Market St, #39-10, Singapore 048948
- Tel. +65-6992-5210

Finnq

www.finnq.com

Finnq is a joint venture formed in October 2016 between Hana Financial Group and SK Telecom, with the Group holding a majority share of 51%. Combining the financial service know-how of Hana Financial Group with SK Telecom's mobile technology expertise, the company offers mobile-based financial services that are part and parcel of customers' daily lives such as mobile wealth management and account-based services as well as recommendation on customized financial services.

CONTACT INFORMATION

- 40, Namdaemun-ro 9-gil, Jung-gu, Seoul, 04522
- Tel. +82-1566-4949

Hana Investors Services

www.hanais.co.kr

Hana Investors Services traces its origin to a 2003 spin-off from Korea Exchange Bank (KEB) as an administration company specializing in funds accounting and management. It became a member of Hana Financial Group when KEB was absorbed into the Group in 2012. Since its inception, the company has led the administration management market with a broad customer base consisting of institutional investors including asset managers, public and corporate pension services, and special accounts of insurance companies.

CONTACT INFORMATION

- 66, Eulji-ro, Jung-gu, Seoul, 04538
- Tel. +82-2-6714-4600

Hana Bank (China) Co., Ltd.

www.hanabank.cn

CONTACT INFORMATION

- 7-11/F, Building No.18 Daojiayuan, Chaoyang District, Beijing 100025, China
- Tel. +86-10-6658-1111

Hana TI

www.hanati.co.kr

Hana TI was first established as Hana I&S in 1990 and changed its name to Hana TI in 2017. As a Hana Financial Group's IT-specializing company, it provides high-quality financial services in a vast spectrum of financial fields, including banking, securities, credit card, insurance, and capital. Riding the waves of the Fourth Industrial Revolution, Hana TI is performing an important role in the Group's new technology-based digital transformations and global advancements.

CONTACT INFORMATION

- 167, Eco-ro, Seo-gu, Incheon, 22742
- Tel. +82-2-2151-6400

PT. Bank KEB Hana Indonesia

www.myhana.co.id

CONTACT INFORMATION

- Mangkuluhur City Tower 1 GF Floor Jl. Jend. Gatot Subroto Kav. 1-3, Jakarta 12930 Indonesia
- Tel. +62-21-522-0222

Risk Management

We have continued to respond decisively to challenging market conditions and to build lasting value for all stakeholders backed by prudent risk management strategies, and through an integrated approach to risks and opportunities.

Hana Financial Group is fully aware of the paramount importance of proactive and systematic risk management, and thus focuses on maximizing risk management capacity to effectively cope with a crisis of any magnitude. Risks associated with credit, market, liquidity, and operations are managed through detection, measurement, monitoring, control, and reporting in accordance with guidelines at the Group level.

In 2021, we made concentrated efforts to strengthen capital efficiency-based portfolio management and continued rebalancing of high-risk portfolio assets, through which we maintained an outstanding level of capital adequacy and asset soundness. In addition, we strengthened risk management amid increased internal and external uncertainties, thereby enhancing response capabilities in preparation for crisis situations.

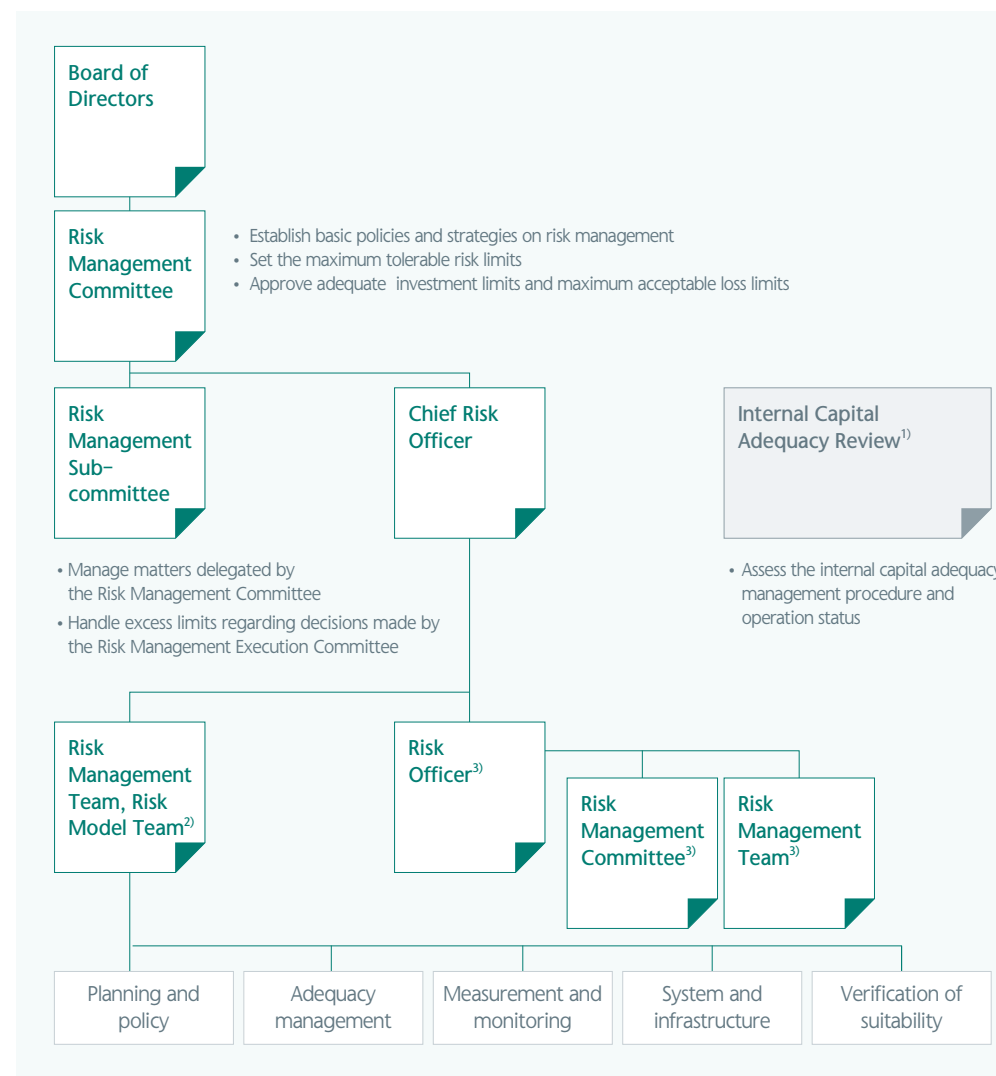
RISK GOVERNANCE

Hana Financial Group has established and operates an advanced risk governance system that comprehensively and systemically manages all possible risks. The Group Board of Directors (BoD) has set in place the environment and systems to manage risks in accordance with guidelines set for our business strategies, and delegates a portion of its risk management authority and responsibilities to the Risk Management Committee.

RISK MANAGEMENT COMMITTEE

Risk Management Committee is one of the BoD committees responsible for effective risk management in line with business strategies of the Group and the Group affiliates in accordance with regulations set by BoD. As the highest decision-making body on the Group's risk management, the Committee is entrusted by the BoD to establish, approve, and manage policies and master plans for managing various risks inherent in the Group's business. Consisting of experts in accounting, economics, finance, and other relevant areas, the Committee manages Group-wide risks on the basis of the top-down system between the holding company and the Group affiliates, making efforts to ensure a smooth communication and, when needed, seeks opinions from internal and external experts.

Risk Management Organization



¹⁾ Independent third party

²⁾ Holding company

³⁾ The Group affiliates

Risk Management

RISK MANAGEMENT SUB-COMMITTEE

Risk Management Sub-committee sets detailed limits on matters delegated by Risk Management Committee, and accordingly monitors and manages risk management practices across the Group operations. It also deliberates on pending risk issues and control measures of the Group affiliates and coordinates the implementation of the Group's risk management policies at the affiliate level.

CHIEF RISK OFFICER

Chief Risk Officer (CRO) supervises and manages all risk management-related organizations in accordance with rules set by the Risk Management Committee. We appoint a CRO with qualifications pursuant to Article 28, Paragraph 3 of the Act on Corporate Governance of Financial Companies and relevant internal regulations.

THE GROUP RISK MANAGEMENT UNITS

The Group risk management units – Risk Management Team and Risk Model Team – are independently run under the supervision of CRO. They report risk management-related issues directly to the Risk Management Committee, Risk Management Sub-committee, top management, and CRO, and assist the bodies in their deliberation of the issues. They also examine the Group affiliates' day-to-day risk management practices and the adequacy of their risk measurement models.

RISK MANAGEMENT COMMITTEES, OFFICERS, AND TEAMS AT THE GROUP AFFILIATES

The Group affiliates implement the holding company's risk policies and strategies and accordingly establish and execute detailed risk policies and strategies of their own and subsidiaries.

RISK MANAGEMENT STRATEGY

CREDIT RISK MANAGEMENT

Hana Financial Group has established an in-house credit rating system and an independent risk management organization, as well as an early warning and other monitoring systems, in its efforts to ensure comprehensive management of credit risks. We also operate such risk management systems as credit rating and pricing models each differed by type of assets – retail or corporate – to measure the likelihood of counterparty defaults.

Meanwhile, responding to new risk factors emerging in tandem with growing COVID-19-induced uncertainties, we are minimizing potential credit risks associated with counterparty defaults by fine-tuning credit limit management system. To this end, we have set different credit limits by type of borrowers, industry rating, country and region.

MARKET RISK MANAGEMENT

Hana Financial Group has set limits on exposure, value at risk (VaR), loss, and other various market risks by product, division, or other units as a way to preemptively manage market risks. We measure and monitor the level of market risks on a daily basis and then report the results on a regular basis, so that the overall level of market risk is under control at all times.

In addition, we closely track a number of early warning indicators and internal management indicators on a real time basis, in order to prepare for the possibility of another crisis originating from financial market volatility. We also have set in place a system to detect signs of a crisis, and also have established stage-by-stage response procedures to effectively minimize any potential losses through preemptive countermeasure application.

LIQUIDITY RISK MANAGEMENT

Hana Financial Group not only sets limits on major liquidity risk management indicators, but also has an early warning system to identify a potential liquidity risk arising in the financial market. In addition, potential liquidity issues are constantly monitored through application of various liquidity stress scenarios, statistical analysis, and capital amount simulations. Contingency plans are also in place for various types of liquidity crisis.

OPERATIONAL RISK MANAGEMENT

Hana Financial Group regularly measures the level of operational risks following changes in the business environment or the level of internal control, with the goal of maintaining and controlling operational risks at a manageable level at all times. Each of the Group affiliates calculates the level of operational risks by using a methodology that is in compliance with the guidelines set forth by its respective industry authorities. The calculated levels are then reported to the Group's Risk Management Committee and Risk Management Sub-committee on a monthly and quarterly basis.

The Group affiliates which are not regulated by industry guidelines on operational risks also report the results of their monitoring of operational risk-related losses and IT system disruptions to the holding company on a regular basis.

CYBER RISK MANAGEMENT

We effectively manage all cyber risks through the cybersecurity department of each Group affiliate and by operating managerial, physical and technological prevention systems against cyberattacks. As for managerial measures, we identify and monitor risks at all times in accordance with response regulations established in compliance with relevant laws, and have in place an on-demand process of reporting cybersecurity issues overseen by the Information Protection Committee.

As for physical measures, we operate the industry's largest IT center. Access to the center is controlled by such latest technologies as biometric authentication and near field communication (NFC). Also, we have an Information Security Management System (ISMS) certificate, a state-approved security certification program. Regarding the technological aspect, we minimize cyber risks through network separation, smart office adoption, and operation of information protection systems for network security, PC security, DB security, server security, and other areas.

Risk Management

As for privacy protection, we have in place systems that block unauthorized attempts to store or transmit data. Whenever personal information needs to be stored or transmitted, encryption is required of all data. In addition, the Group Integrated Security Control Center operates 24/7 to detect and frustrate all suspicious entry attempts. As part of the effort to preempt cyberattacks, simulation training is held at least once a year, and all cybersecurity systems go through a rigorous examination to identify possible vulnerabilities at least twice a year.

We are also focused on the security of MyData, OpenAPI, and other data-sharing environments. We operate various security systems, such as firewall, data leak prevention, anti-hacking, API defense, and other related systems, to preempt unauthorized data extraction attempts and monitor the systems 24/7 through the Group Integrated Security Control Center. All information and data are stored and communicated encrypted to ensure their security. The environments and systems mentioned above are regularly run through attack simulations conducted with the industry experts to identify any potential vulnerabilities.

CUSTOMER RISK MANAGEMENT

As the enactment of the Act on the Protection of Financial Consumers and other trends requiring for protecting consumer rights, as well as growing and social demand for sustainable business practices, the importance of managing customer risks gains attention. Accordingly, the customer risk management of today goes beyond conventional customer protections as a response to regulations, and now includes the preemptive management of risks to which, from a customer perspective, customers can be exposed.

In 2021, Hana Bank created “Customer Risk Management Committee” and supporting bodies to conduct customer-centric risk management. The Committee convenes at least once semiannually, and oversees the Bank’s adoption of risk management systems geared toward not the bottom line but to protecting customer interests. To this end, it establishes policies for strengthening customer risk management and receives report on the detail of relevant activities. Through such preemptive and proactive customer risk management systems, we will employ a customer perspective to identify, evaluate, and manage risk factors in the entire process of investment products, from selection to sales to post-sales management, thereby strengthening the trust relationship with customers.

CORE RISK MANAGEMENT TASKS IN 2022

Hana Financial Group pursues the industry’s highest level of capital adequacy and asset soundness. With such a goal in mind, we will focus on strengthening our crisis management abilities in preparation for a global spike in financial market volatility and a sharp economic change. We also will stay mindful of vulnerable factors in our business areas, and preemptively respond to financial regulation, policy, and other changes.

In the unprecedented environment dominated by the COVID-19 pandemic, Hana Financial Group is monitoring the business state of borrowers by conducting regular onsite inspections with regard to COVID-19-related support loans. We systemically assess and manage credit risks associated with relatively vulnerable borrowers by taking into consideration their business circumstances, collateral status, and principal and interest payment capabilities. In supporting the business normalization of borrowers, we offer a consulting service tuned to individual borrowers’ circumstances. In a case where a soft landing is unlikely, we cooperate with financial authorities in providing liquidity and debt restructuring supports. With the onset of COVID-19, we set aside additional provisions in 2020 and 2021 in preparation for an increase in retail and individual borrower defaults.

Key Tasks for 2022



Strengthen crisis management capabilities in preparation for increased uncertainty



Maintain a sound capital adequacy through strategic risk management



Build a key digital foundation and advance risk management systems



Preemptively respond to financial regulation and policy changes

ESG Management

Hana Financial Group declared 2021 as the first year for ESG management, and established two strategic goals – “2030 & 60” and “Zero & Zero” – along with the mid- to long-term ESG vision. The first goal aims to supply KRW 60 trillion through ESG finance to environmental and sustainability areas by 2030, and the second one to reduce both coal-related project financing and in-house carbon emissions to zero by 2050.

To implement ESG management more systematically and strategically at the Group level, we in 2021 created “Sustainable Management Committee” within the holding company’s BoD.

The Committee sets management directions for the Group’s sustainability, establishes ESG strategies and policies, and deliberates/decides on relevant matters. Going forward, it will play a leading role in the Group’s execution of sincere ESG management measures and adoption of advanced climate response strategies.

In addition, we resolved to set up a “Hana Financial Group Sustainable Finance Framework”, establishing standards for disclosing business and management performances to stakeholders in a more transparent manner. We also joined the Equator Principles in order to better manage environmental and social risks inherent in large-scale project finance (PF). By implementing “Environmental and Social Risks Management”, we restrain the Group from financially supporting

projects suspected of environmental destructions or human rights violations. Moreover, we joined the Partnership for Carbon Accounting Financials (PCAF), declared our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on climate-related financial disclosures, and took other measures to increase the Group’s participation in global initiatives.

Our employees also take active part in various campaigns and help internalize ESG management. Various environmental campaigns were held in 2021, beginning with “Hana Green Step 5” aimed at encouraging employees to practice five daily habits, such as leaving no food waste, which was followed by “Hana Green Walking Challenge”, a walkathon to raise funds for forest creation; and “Hana Zero-Back Challenge” challenging employees

to reduce digital carbon emissions and unnecessary online data. The social campaigns in 2021 include “Love Sharing Blood Donation” for lessening COVID 19-induced blood shortages and “Kind Spending Challenge” for supporting social enterprises.

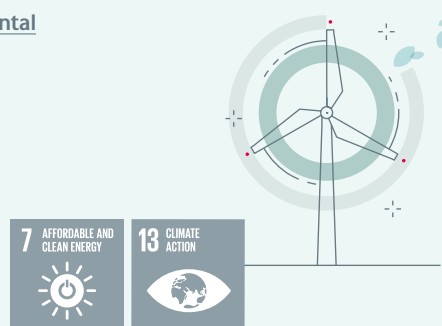
The Group’s diverse ESG management activities garnered various awards. We received the Presidential Award in the Comprehensive ESG Category from the Ministry of Trade, Industry and Energy and Ministry of SMEs and Startups, in recognition of our outstanding sustainable management.

We were also awarded a presidential citation at the 2021 Korea Volunteer Awards co-hosted by the Ministry of the Interior and Safety, Volunteering Korea, and KFVC. Hana Financial Group was the only private company to receive the citation.

BIG STEP FOR TOMORROW

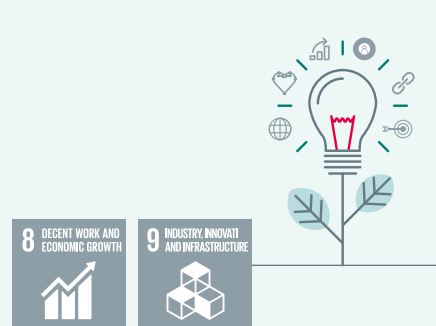
ESG STRATEGY

Environmental



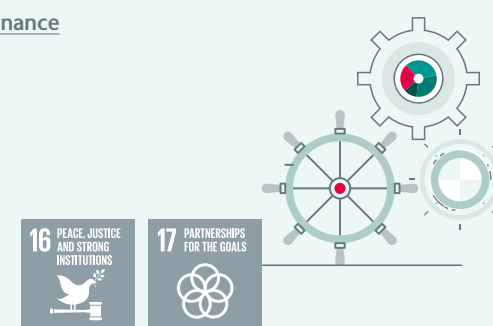
Encourage the transition to a low-carbon economy

Social



Make social contributions through finance

Governance



Decision-making based on corporate responsibility & transparency

Encourage the transition to a low-carbon economy

We seek to facilitate Korea's transition to a low-carbon economy through finance, and thus spread positive social and environmental impacts. Accordingly, we are expanding green financial support, systematically managing carbon emissions, and making progress toward the goal of reaching carbon neutrality by 2050.

GREEN FINANCE

Since the declaration of support for TCFD, Hana Financial Group has analyzed climate risks in major corporates loans reflecting carbon emissions. Such analysis allows us to publish the climate risk analysis report by acknowledging carbon intensive sectors and estimating future cost of carbon emissions, and ultimately helps embed the climate change issue in our decision making process. In 2022, we plan to fine-tune the Group's carbon emissions reduction strategies based on the Science Based Target Initiatives (SBTi), thereby strengthening the foundation for achieving the carbon neutrality goal by 2050.



2030 & 60

Supplying KRW 60 trillion through ESG finance by 2030

Zero & Zero

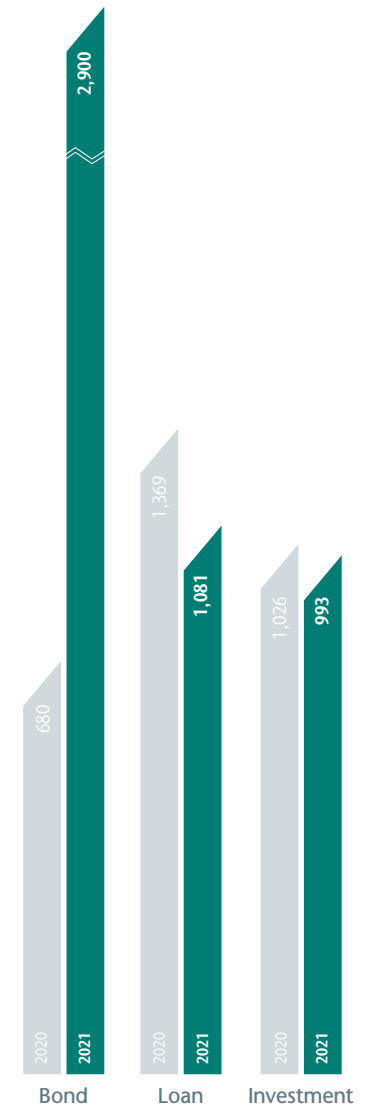
Reduce the financing of coal-related project to zero and leaving no carbon footprint throughout our operations by 2050

Hana Financial Group established a "Sustainable Finance Framework" which includes sector policies for loan origination, sustainable finance classification systems, environmental/social/risk management (ESRM) systems, and integrated ESG policies; and based on the framework, we are implementing mid- to long-term ESG strategies and fully disclosing results. Since our declaration of carbon neutrality and phase out of coal financing in March 2021, we have suspended financing coal power generation projects. Hana Bank, in particular, is managing its exposure to climate risks by separating new loans made to industries with large CO₂ emissions and classifying them as cautionary categories.

For carbon neutrality and ESG management, we launched an "Energy Challenge" service in collaboration with Korea Electric Power Corporation (KEPCO), the first initiative in the financial sector. Through the service, we offered financial benefits to those who saved electricity based on KEPCO's electricity usage data, in a bid to promote energy conservation. The service proved effective in steering many people toward practicing ESG. In addition, through Energy Challenge Installment Savings, Hana Bank sets aside KRW 1,000 per customer subscription and regularly donates to single mothers for daily necessities. As such, through finance, Hana Financial Group is reducing negative environmental impacts and spreading positive social values, opening the door to sustainable future ever wider.

GREEN FINANCE PERFORMANCE

(Unit: KRW billion)



Make social contributions through finance

Hana Financial Group strives to bring a happy financial life to all stakeholders in pursuit of “Happiness for All”. In particular, we are practicing ESG management with sincerity and expanding social contributions through finance with a focus on resolving issues facing our society and satisfying practical needs.

EMPLOYEE VALUE PROPOSITION

CORPORATE CULTURE

Hana Financial Group values a happy and healthy workplace and thus takes proactive steps to help employees balance their work and life. We also pursue innovation in all aspects of our corporate culture, including organization, HR, and ways of working, in order to swiftly respond to the on-going breakdown of industry boundaries and other business trends and to ensure efficient collaborations inside and outside the Group.

We focus on building a corporate culture of communication and cooperation based on our humanity-centered corporate philosophy, which is why we operate a two-way communication channel in the Group portal. We restructured our organization, making it more horizontal, while also making such efforts to create a more vibrant atmosphere as encouraging use of English nicknames for open-minded employee interactions, simplifying the chain of approval for quick decision making, and adopting a casual dress code. Through these changes, we plan to maximize synergies that are organic and efficient.

In addition, we are developing and disseminating detailed best practices that can be used as a model case both inside and outside the Group for facilitating changes in each employee's mindset and work attitude, as a way to build a more dynamic corporate culture.

As part of our efforts to promote a work-life balance, we are implementing various systems and campaigns, such as leaving work on time, PC-off system, and adopting a monthly “Family Day”. We also support employees' work-life balancing, shortening branch hours through the adoption of the “Smart Counter” system and reducing standardized and repetitive processes through an increasing use of robotic process automation (RPA).

FOSTERING TALENT

Hana Financial Group considers talent as its most important asset and accordingly supports their efforts to grow into experts in their respective field. While providing a systematic career development program to all employees, irrespective of their position, we are establishing a program roadmap for developing digital experts, offering customized training by job category, and fostering talent, all in response to environmental changes following digital transformations and in preparation for the future. In addition, we offer employees a simple joy of reading by expanding and promoting the use of a mobile electronic library, and we also support their efforts to become creative, convergent talent in a digital era by reporting on knowledge trends through the Group newsletter.

We pursue an organizational culture in which employees acknowledge and respect each other's differences and opportunities are allocated based on merit. In particular, regarding diversity, we are focused on fostering next-generation female leaders of the future. In 2021, we launched a talent-nurturing program for female employees, “Hana WAVES”, meaning Women's Actions, Voices, Emotions, in a bid to create waves of diversity-based innovation with women's actions, voices, and emotions. Going forward, we will supplement, improve, and further develop Hana WAVES based on the results of program operations over the past year, and thus will systematically foster female leaders possessive of in-depth management knowledge and leadership qualities.

In addition, Hana Financial Group has in place family care leave, maternity leave, infertility leave, prenatal diagnosis leave, and other female employee benefit programs. For its quality ESG management practices, including gender equality training and inclusive culture, Hana Financial Group was included in the Bloomberg Gender Equality Index (GEI) in January 2022. GEI is a modified market capitalization-weighted index tracking public companies' performance in five categories – female leadership and talent pipeline, equal pay and gender pay parity, an inclusive culture, sexual harassment policies, and pro-women brand.

Hana Financial Group operates a Global Talent (GT) nurturing and management system for developing sustainable global operations and thus growing into a global financial group. The GT system, which we have implemented group-wide since its 2020 adoption, is unique in that participants are chosen by job type and training programs developed to the purpose of each talent type. The system is divided into GT1 and GT2 according to employee capabilities: GT1 is for employees with the basic abilities to conduct global business, while GT2 is for those who can work overseas in a short period. GT1 participants are given language and other basic skill and job-focused training to help them develop their overseas work capabilities, while GT2 talent go through intensive courses of studying local markets, practicing daily work related to global business, as well as improving skills that allow them to work overseas immediately or in a short period.

Whenever a need arises to dispatch employees to work overseas, we choose ideal talent within the GT pool. As for employees returning from their overseas assignments, we assign them to global business-related posts to keep their overseas work experiences and knowhow part of Hana Financial Group's competitiveness. When an overseas channel is in need of an employee or two, we choose ideal talent through a contest open to all employees of the Group affiliates. Through this global talent nurturing and management system, we are securing human resources who can respond to mid- to long-term global execution strategies, and will continue to discover and nurture talent and thus further sharpen our competitive edge in the global market.

SOCIAL VALUE CREATION

Hana Financial Group is taking the lead in ESG management in hopes of developing win-win relations with local communities and building the happiness of future generations. The "100 Daycare Facility Construction Project" is a private-public cooperation project focusing on balanced development of local communities. Since 2018, we have injected a total of KRW 150 billion into building an infrastructure for stable childcare across the nation, with the aim of building 90 public and 10 private workplace daycare facilities. We launched the project with the understanding that harmonious work-family life balance and reversal of the falling birth rate, a growing social issue, begin with an available and stable childcare, and have been performing our role as a social citizen through this project. As of the end of 2021, all sites have been selected for construction of 100 daycare facilities, and we plan to complete the 100th one by 2023. The project is expected to create and generate about KRW 261.1 billion in social benefits converted into monetary value, 197% more than the total investment.

We also contribute to creating jobs for the youth and vitalizing the social economy through our continuous support of social innovators. While continuing "Smart Ambassador", a PR program launched in 2012 targeting college students, we shifted our focus on spreading ESG management in 2021. Also continued was "Hana Social Square", remodeling unused spaces at Hana Bank branches into a place for social venture founders to work together.

In 2022, we plan to conduct all social programs of ESG management under the brand name of "Hana Power-on". We will carry out Hana Power-on programs with 3C strategies - "Hana Power-on Challenge" of creating jobs, "Hana Power-on Care" for the underprivileged, and "Hana Power-on Community" using sports and digital assets.

Firstly, Hana Power-on Challenge consist of four programs - an internship providing employment support; "Hana Social Venture University" supporting startups in cooperation with local colleges; a matching fund financially supporting the growth of innovative social good companies; and "Hana Power-on 2nd Life" supporting the re-employment of new seniors.

Secondly, Hana Power-on Care provides residential and employment support for single mothers, care for abused children, financial support for youths on their way to financial independence, and emotional support for youths with disabled parents.

Thirdly, Hana Power-on Community programs promote unpopular sports and help the disabled use sports facilities with ease, aimed at contributing to their respective local communities through use of the Group's sports assets and digital channels. Through these consistent and compassionate actions of creating social values, we will take bigger steps for a better tomorrow.

Social Value Creation through the 100 Daycare Facility Construction Project

100

90 public and 10 private workplace daycare facilities



9,166

With capacity of providing cares to 9,166 children



1,983

Job creation for daycare teachers and staff



SOCIAL VALUE
(Unit: KRW billion)

261.1

Decision-making based on corporate responsibility & transparency

Good business ethics and sound corporate governance are the foundation of sustainable growth. Hana Financial Group strives to grow together with its stakeholders by establishing advanced governance systems with checks and balances and by pursuing sound growth.

ETHICAL MANAGEMENT

Hana Financial Group is fully aware of the importance of ethical management, and accordingly practices ethical management as its core management principle. “Code One”, a set of ethical standards, was adopted in 2016 to outline how the Group employees should make and carry out their business decisions. “Expansion of ethical management” was selected as a key management task in 2017, and “Core 7” was devised as an action plan, consisting of seven core principles of conduct. The principles were designed to help employees exercise their ethical responsibilities in daily lives.

Since its December 2017 declaration of human rights in line with international standards on human rights management, Hana Financial Group has been protecting the human rights of all stakeholders and doing its utmost to prevent any violations of their rights.

The declaration reflects our mission, “Growing Together, Sharing Happiness”, human rights management principles inherent in the Group’s code of ethics, as well as the Guiding Principles on Business and Human Rights of United Nations Human Rights Council, and the Guidelines for Human Rights Management and Checklist of the National Human Rights Commission of Korea.

As a result of our efforts to instill ethical management in corporate culture, in 2019 we acquired ISO 19600 and ISO 37001 certifications, international standards on compliance and anti-bribery management. This first-in-industry achievement is a testament to our successful establishment and operation of compliance and anti-bribery management systems of international standard. We renewed the certifications in 2021 and made known our will to continue the compliance and anti-bribery management.

ISO 37301 is an international standard on compliance management systems, established by the International Organization for Standardization (ISO) in 2021. The certification is issued to corporations and institutions upon a thorough evaluation of their compliance policies and compliance risk management practices by global standards. It also testifies that the recipient has specified its strategic obligations, such as laws, regulations, and code of ethics, and accordingly practices compliance management. In strict adherence to the certification standards, Hana Financial Group will monitor, evaluate, and improve its compliance and anti-bribery management practices.

Hana Financial Group adopted the ethical management system in 2021 in a bid to spread the ethical culture among Group employees and to digitalize its ethical management. As part of the system, pledge to the ethics charter and self-diagnosis of ethics were also adopted for all Group employees. In addition, we aim to build an innovative and comprehensive framework for internal controls through continuous operation of the project launched in 2020 to adopt a Group standard internal control system, which we anticipate will help strengthen the Group’s overall level of internal controls.

Ethical and compliance management is a business principle crucial to long-term sustainability. We will therefore conduct diverse activities to incorporate “Code One”, the Group-wide code of ethics, and “Core 7”, our core code of conduct, as well as the “Declaration of Human Rights” and compliance and anti-bribery systems into part of our daily operations. This will enable us to heighten employee awareness of ethics and compliance while promoting the culture of ethical and compliance management.

Corporate Governance

COMPOSITION OF THE BOD

As Hana Financial Group's highest decision-making body, the Board of Directors (BoD) approves the Group's management goals, strategies and business plans, and oversees the execution thereof. Furthermore, its duties include appointing the Group's CEO, determining director remuneration within a range set at the General Shareholder Meeting (GSM).

At the end of March 2022, the BoD consists of ten members, of which independent directors account for 80%. The independent directors have diverse professional backgrounds, including banking, business management, economics, finance & accounting, law, and information technology. Such a wide-ranging diversity is intended in the interest of maximizing values for shareholders, customers, employees, and other stakeholders. The seven independent directors have expertise in banking, business management, economics, finance & accounting, law, and information technology; and one is a former government official specializing in economics*.

At the end of March 2022, Hana Financial Group has in place nine committees under the BoD, each empowered to examine and discuss its agendas in depth. As for nomination committees as stipulated in the Act on Corporate Governance of Financial Companies, we operate two separate committees, Independent Director and Auditor, and Group CEO Nomination Committees, to select best candidates in consideration of each committee's unique characteristics, different functions, and specific expertise.

BOD COMMITTEES

Hana Financial Group operates BoD Committees to enhance the transparency in management, enable independent governance and facilitate efficient BoD operations. There are nine committees at the end of March 2022 - Steering Committee of BoD, Audit Committee, Risk Management Committee, Management Development and Compensation Committee, Group CEO Nomination Committee, Independent Director and Auditor Nomination Committee, Group Executive Nomination Committee, Sustainable Management Committee, and Customer Risk Management Committee. The Group Executive Nomination Committee deliberates on the qualifications of, and recommends, CEO candidates for Hana Bank, Hana Financial Investment, KEB Hana Card, Hana Capital, Hana Life, and Hana Savings Bank.

The BoD delegates some of its authorities to its committees to an extent that does not violate relevant laws and the Articles of Incorporation. Through each committee, it handles matters, such as improving governance, enhancing the efficiency of BoD operation, auditing accounting and business operations, managing business-related risks, deliberating on establishing and executing the Group's compensation policies, and recommending CEO, independent director, and auditor candidates. In addition, details of major activities of the BoD and its committees are regularly disclosed.

In consideration of the importance of ESG management, the BoD resolved the establishment of Sustainable Management and Customer Risk Management Committees as well as setting up criteria for the independence of independent directors and the diversity of the BoD in 2021. In addition, it approved the Hana Financial Group's participation in the paid-in capital increases of Hana Financial Investment, Hana Capital, Hana Life, Hana Savings Bank, and Hana Alternative Asset Management as a way to strengthen the non-banking business of the Group, and made decisions on the Group's important management matters, such as issuing a write-down contingent convertible bond (subordinated bonds or hybrid bonds) and a corporate bond issuance plan for improving the capital adequacy and financial health of the Group.

* Paik Tae-seung: Law, Kim Hong-jin: Former government official with expertise in economics, Yang Dong-hoon: Finance & accounting, Heo Yoon: Economics, Lee Jung-won: Banking (and business management), Kwon Sook-kyo: Information technology (and banking), Park Dong-moon: Business management, Lee Kang-won: Law

Corporate Governance

Board Committees			
Committee	Purpose and Responsibilities	No. of independent directors/ No. of members	Chair
Steering Committee of BoD	Deliberate and resolve issues related to enhancing the corporate governance structure, improving the operation of the BoD and its committees, and other matters delegated by the BoD	4/5	Paik, Tae-seung
Audit Committee	Plan and conduct internal audits, including accounting and business audits and other incidental audits, evaluate audit results and take follow-up measures, and recommend improvements	4/4	Yang, Dong-hoon
Risk Management Committee	Establish, approve, and manage policies and plans for handling various risks associated to the Group's business operations	4/4	Heo, Yoon
Management Development and Compensation Committee	Establish and deliberate the Group's compensation policies and matters related to the performance evaluation of executives in holding company and its subsidiaries	3/3	Kim, Hong-jin
Group CEO Nomination Committee	Set criteria for candidates for the Group's CEO, and screen and nominate qualified candidates according to relevant regulations and bylaws	8/8	Paik, Tae-seung
Independent Director and Auditor Nomination Committee	Establish guidelines for appointing independent directors, and screen and nominate qualified independent director candidates from various fields; and Select candidates for the Audit Committee and nominate them at GSM	5/5	TBD
Group Executive Nomination Committee	Screen and nominate candidates for the position of executive directors of the holding company (excluding Group CEO and independent directors) and chief executive officers of the Group affiliates when new appointments are required for various reasons including tenure termination	3/4	TBD
Sustainable Management Committee	Establish and change the Group's sustainable management strategies and policies	4/5	Park, Dong-moon
Customer Risk Management Committee	Establish and change the Group's customer risk management policies, enact and abolish Customer Risk Management Operating Committee regulations	4/5	TBD

* As of March 2022

INDEPENDENCE AND TRANSPARENCY OF THE BOD

Hana Financial Group's BoD consists of eight independent directors, one executive director, and one non-executive director. With independent directors making up a majority, the BoD effectively conducts its key functions and provides managerial insights as it comprises industry experts in banking, business management, economics, finance & accounting, law, and information technology. In addition, it is authorized by internal regulations to consult third-party specialists if necessary.

As of March 2022, independent directors are selected among candidates nominated by the Independent Director Committee and Auditor Nomination Committee after a thorough scrutiny of their qualifications under relevant laws and regulations in the areas of independence, expertise, fairness, and integrity, in order to ensure fairness and independence in the composition of the BoD.

The BoD regularly publishes its activities and results, maintaining close communication with shareholders, investors, customers, and other stakeholders. Also published is the transparency of the activity through a detailed disclosure of the remuneration of the directors and of corporate governance 20 days before every GSM.

Corporate Governance

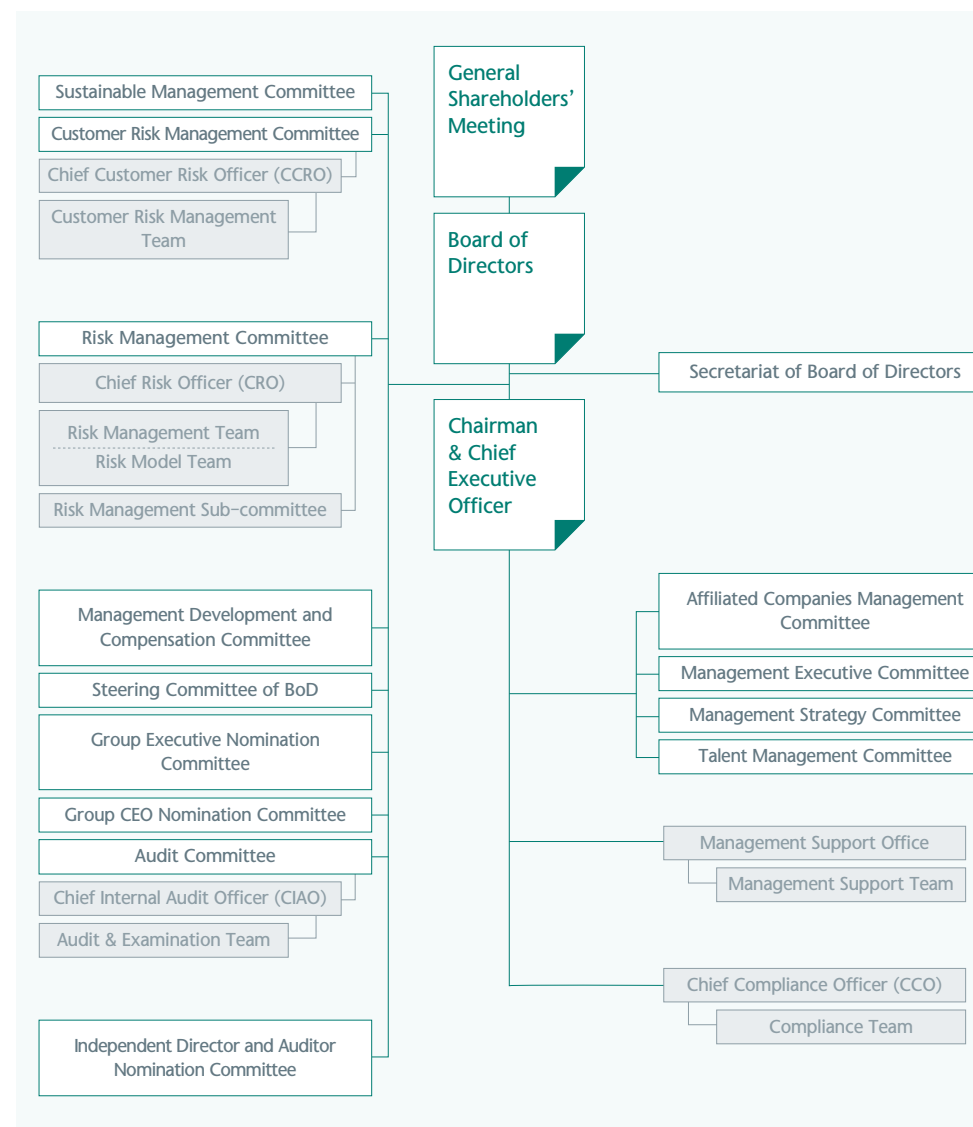
BOD EVALUATION PROCESS AND STANDARDS

The Hana Financial Group BoD revised the criteria for evaluating independent directors' performance at the 8th BoD meeting held in December 2015, based on recommendations of a consulting firm, with the goal of identifying room for improvement in the composition and operation of the BoD as well as in its roles and responsibilities. Since then, the BoD's evaluation has been carried out every year. The evaluation criteria consist of qualification, responsibility and contribution to the BoD. The component items of each category are specific enough to enable an accurate evaluation of the directors' performance in relation to said category. In particular, the criteria for evaluations of independent directors include their BoD and committee attendance rates as well as the frequency and quality of their participations in the interest of keeping independent director evaluations as fair and objective as possible.

Early every year, the BoD's performance of the previous year is evaluated in a written survey format only by independent directors to ensure the objectivity of the evaluation. The evaluation of each independent director's performance is also carried out in the same period, and it is conducted in individual, peer, and employee evaluation formats to maintain objectivity. In addition, the evaluation can be carried out by an external organization, if needed, as specified in Article 11 of the Independent Director Operation Regulations. Evaluation results are compiled and reported to the committee in charge, and publicized every March.

In the evaluation of the 2021 performance of the BoD and committees, the BoD was rated highest level in all categories - functionality, role, responsibility, operation, evaluation systems, composition, and director qualifications. The evaluation of independent directors' performance for 2021 was carried out in January 2022, and all independent directors were rated highest level in all categories as well.

Board Organization



* As of March 2022

Board of Directors



**Paik,
Tae-seung**
Independent
Director

**Kim,
Hong-jin**

Independent
Director



**Yang,
Dong-hoon**

Independent
Director

**Heo,
Yoon**

Independent
Director



**Lee,
Jung-won**

Independent
Director

- Former, Professor, School of Law, Yonsei University
- Former, Chairman, Regulation Screening Committee, Financial Supervisory Service

- Former, Executive Vice President, Management Support Division, Korea Securities Depository
- Former, Head of Administration and Planning, Financial Intelligence Unit, Ministry of Economy and Finance

- Professor, Department of Accounting, Business School, Dongguk University
- Former, President, Korean Accounting Association
- Former, Member of Accounting Reform Task Force, Financial Services Commission

- Professor, Graduate School of International Studies, Sogang University
- Former, President, Korean Association of Trade and Industry Studies
- Former, Chairman of International Cooperation Division, International Finance Development Deliberation Committee, Ministry of Economy and Finance

- Former, CEO, Shinhan Data System
- Former, Vice President, Credit Analysis & Assessment Group, Shinhan Bank

Board of Directors



**Kwon,
Sook-kyo**
Independent
Director

- Senior Advisor, Kim & Chang
- Former, CEO, Woori Financial Information System



**Park,
Dong-moon**
Independent
Director

- Former, CEO, Kolon Industries
- Former, CEO, Kolon Glotech

**Lee,
Kang-won**
Independent
Director



- Managing Partner, Dadam LLC.
- Former, Chief Judge, Busan High Court
- Former, Presiding Judge, Seoul High Court



**Ham,
Young-joo**
Executive
Director

- CEO, Hana Financial Group Inc.
- Former, Vice Chairman, Hana Financial Group Inc.
- Former, CEO, Hana Bank



**Park,
Sung-ho**
Non-executive
Director

- CEO, Hana Bank
- Former, CEO, Hana TI
- Former, CEO, PT. Bank KEB Hana Indonesia



BUSINESS REVIEW.

In the age of big blur in which industries barriers are fast disappearing, Hana Financial Group is evolving into a financial platform company with digital innovations supercharging its traditional strengths that come with the industry's most comprehensive business portfolio. Leveraging our global network, the largest in Korea, we are expanding group synergies, developing growth opportunities through cross-industry collaboration, and progressing toward the goal of becoming Asia's foremost financial group.

Business Highlights

BUSINESS VOLUME & PROFITABLE GROWTH

In 2021, Hana Financial Group continued to improve its business performances, achieving both quantitative and qualitative growth. Total assets grew to KRW 502,445.3 billion, around 9.0% more than in 2020, on the back of increased corporate and household loans, while net income reached a record KRW 3,526.1 billion, reflecting solid core earnings growth. As a result, all major business indexes, including ROE, ROA, and cost to income (C/I) ratio, improved on the robust income performances backed by sound risk management practices under the direction of risk-oriented asset strategies, all contributing to improvement in the Group's fundamentals.

KRW 3 trillion+

Consolidated net income of the Group exceeded KRW 3 trillion for the first time

Group total assets & Consolidated net income

(Unit: KRW billion)

■ Group total assets¹⁾ ■ Consolidated net income



¹⁾ Total assets exclusive of trust assets

Business Highlights

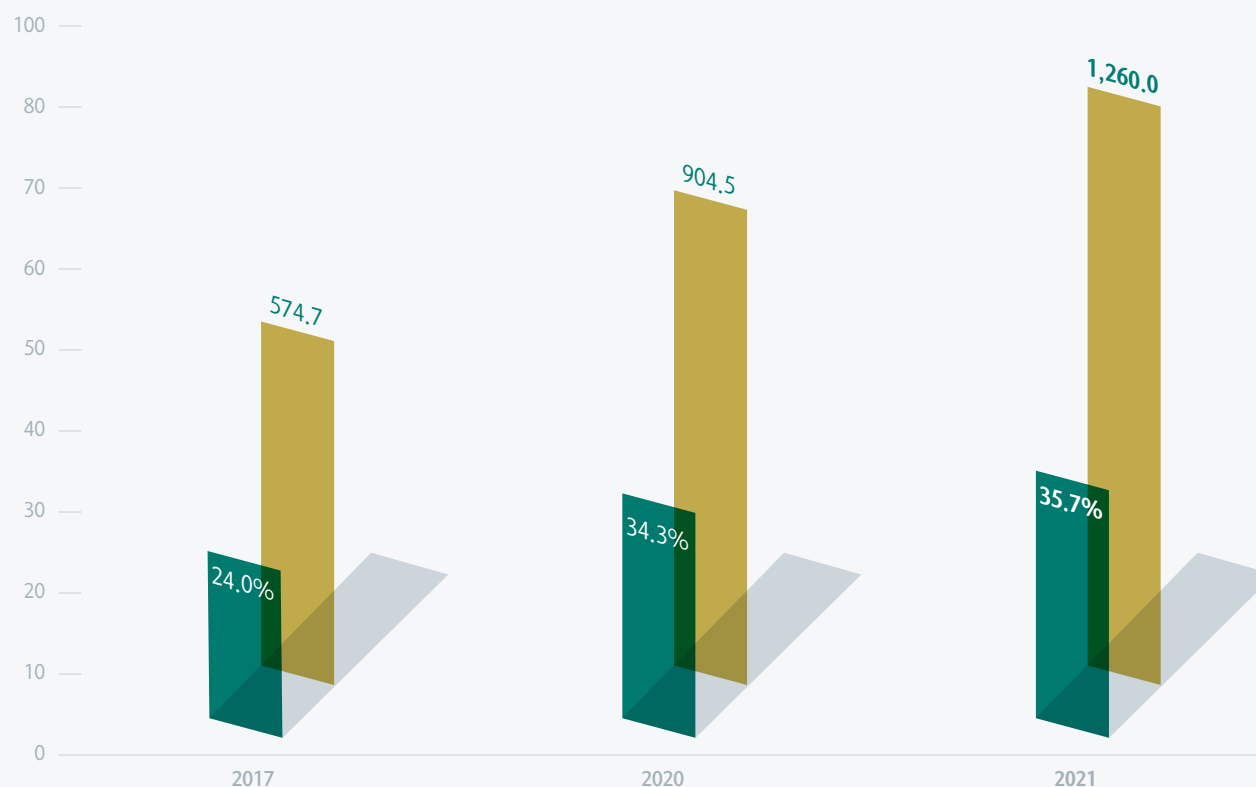
BUSINESS PORTFOLIO & STABLE GROWTH

Hana Financial Group maintains its stable growth pace based on its extensive business portfolio across all areas of finance. The non-banking sector, which had exceeded 30% in income proportional to total for the first time in 2020, continued its robust growth in 2021. In particular, the net income of Hana Financial Investment, Hana Capital, and KEB Hana Card grew 23.3%, 53.5%, and 62.2%, respectively, contributing to the Group's balanced growth. As a result, the proportion of non-banking incomes grew 1.4%p to 35.7%, substantiating the goal of increasing the sector's income ratio to 40% by 2025.

Consolidated net income of non-banking subsidiaries

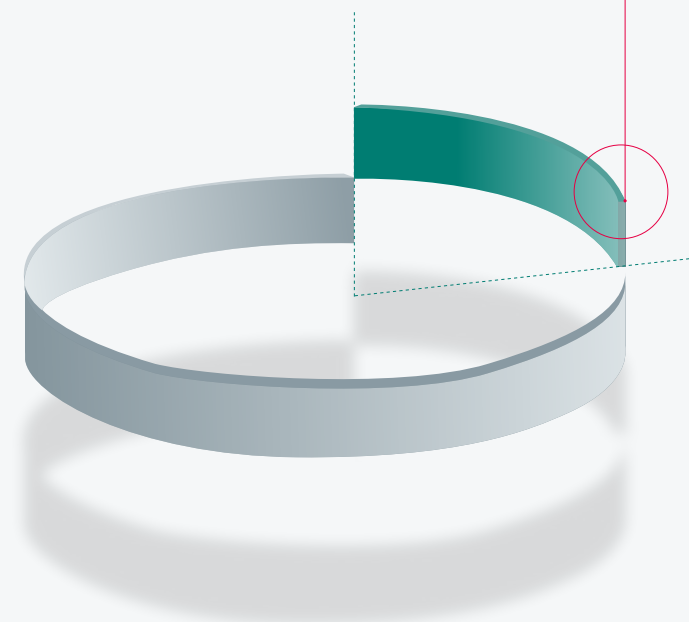
(Unit: KRW billion)

■ Consolidated net income of non-banking subsidiaries ■ Net income contribution by non-banking subsidiaries



2540

Plan to generate 40% of the Group's incomes by non-banking subsidiaries by 2025 followed by successful achievement of its 2030 goal in 2020



Digital Banking

Hana Financial Group has been staying ahead of the curve in digital innovation. Drawing on the competitive advantages, we now are accelerating digital transformation of products, services, and channels, thus repositioning ourselves as a customer-centric financial platform company.

STRONG GROWTH OF DIGITAL BAKING

INCREASING MAU WITH DIGITAL CHANNEL IMPROVEMENTS

Hana Financial Group maintained its growth pace in 2021 on the back of the strengthened digital channel competitiveness of Hana Bank, Hana Financial Investment, KEB Hana Card, and other Group affiliates. Hana Bank's "Hana 1Q", the Group's leading smart finance app, continued improving its functions, providing easier and more convenient services to customers. Equipped with the single sign-on (SSO) technology, Hana 1Q allows users to conduct not only banking but also stock, card, insurance, and other financial transactions.

Also available are a wide range of daily life financial services, from MyData-based asset management to online shopping, health care, rental car, travel services as well as real estate investment. Attracted to such advanced functionalities and insightful content, number of monthly active users (MAUs) is steadily rising, reaching 4.4 million, a 9.6% YoY increase, at the 2021 year-end.

Hana Financial Investment's MAUs also went up, 26.9% YoY, to 490,000 mainly attributable to the launch of "1Q STOCK" and a substantial inflow of new customers following the formation of alliance with KakaoBank and other fin-tech giants. The latest version of the existing mobile trading system (MTS), 1Q STOCK is faster in transaction execution, easier to use, and more customizable. Also launched were new MyData services. While continuing to improve 1Q STOCK and MyData services in 2022, the company will focus on further expanding the digital customer base by providing diverse digital content on investment.

KEB Hana Card recorded an MAU of 2.4 million in 2021, up 8.6% YoY. It is working to overhaul its payment service "1Q Pay" into a comprehensive financial platform for remittance, payment, asset management, and expenditure management. The company launched an open banking service in September 2021 and a MyData service in December, and plans to substantially improve customer convenience through full-scale reform of UI/UX and app integration in April 2022, through which it seeks to transform into an advanced comprehensive financial platform.

MAUs of Digital Channels

(Unit: 1,000 persons)

Hana Bank



Hana Financial Investment



KEB Hana Card



* As of the end of the corresponding year, based on retail customers



Digital Banking

In August 2020, Hana Financial Group applied an open API-based SSO system to the new “Hana 1Q”, a mobile banking app, which enables customers to use various services of the Group affiliates with a one-time log-in. Also available are diverse daily finance contents provided in cooperation with real estate, mobility, health care, and other business partners. Hana Insurance, which became a new member of Hana Financial Group in 2020, applied the SSO technology to its “Hana 1Q Insurance”, thus expanding the bi-directional SSO with the Bank and increasing customer convenience.

ACCELERATING THE DIGITAL TRANSFORMATION OF PRODUCTS AND SERVICES

Hana Financial Group is expanding digital channels with innovative technologies. In the first half of 2021, Hana Bank adopted “My Branch”, a virtual banking service, offering both the convenience of digital banking and the customer-specific attention of the branch service, in the areas of customer care, product description, consulting, and other customized services. The My Branch service, a new branch digital transformation (DT) platform, that facilitates offline to online (O2O) business, can be categorized into two - a corporate type configured to meet the financial needs of corporate employees and an apartment type set up for apartment residents. The service is unique in that, from our employee’s perspective, it serves as an optimal tool for attracting new customer segments each comprising businesses, apartment residents, and community members, while for customers, it offers the convenience of subscribing to products without having to download an app or log in. Thanks to these and other strengths, around 9,000 branches and some 55,000 accounts (around KRW 3.7 billion) were opened by the end of 2021, and about 32,000 loans (around KRW 980 billion) were made.

Big tech companies are increasing their share of the loan market, fueling market competition. In response, Hana Bank is approaching current market situations from a mid- to long-term perspective with a focus on product differentiation. Regarding SOHO loans, the Bank plans to improve loan products for professionals and franchises to be more detailed and competitive, and, as non-face-to-face guarantee loans are planned to be launched following the agreement with loan guarantee institutions, it will cater small business loans mainly to SOHO customers with good credit ratings. “Hana 1Q Apartment Loan”, which accepts apartments as collateral, offers second mortgage loans to apartment owners looking to supplement their daily expenses as well as mortgage loans to single home owners, with a plan to expand the loan target to include other housing types in 2022. In comparison with mortgage loans of financial companies affiliated with big tech companies, Hana 1Q Apartment Loan is competitive. Also, we will seek to increase sales of Korea Housing Finance Corporation’s fixed-rate mortgage loans (including long-term fixed-rate loans), which are not catered by big tech companies, and steadily supply new apartment installment payment loans and other products to expand the customer base.

Online credit loans are steadily increasing as well, led by “Hana 1Q Credit Loan”, posting a YoY rise of 3%p to 89% of total credit loans. In addition, we successfully adopted an online process for extending unsecured loans, and plan to apply a similar process to collateralized and *Jeonse* loans in 2022. We also overhauled “Hana 1Q” with a focus on main products, helping customers find products that satisfy their needs with ease, and increased customer convenience by adopting an easy-to-follow loan application cancelling process.

Digital channels are growing sharply not only in loan sales but all areas. In 2021, Hana Bank’s digital channels accounted for 56% (based on number of cases) of its retail sales. The digital channels’ share was 53% in the savings and deposit, while household loan and asset management shares were 66% and 57%, respectively.

Hana Financial Investment continued to grow in all areas, including customer base, transaction volume, and digital user engagement. Active digital channel users grew 11%p YoY to 58% of total customers, contributing to 14%, 46%, and 65% YoY increases in digital channel-based sales volume, operating income, and net income, respectively.

New Loans in 2021

(Unit: 1,000 accounts)				
Type	Total new bank loans	New digital loan cases	Proportion of new digital loans	YoY
Unsecured loans	234	208	89%	+3%p
Secured loans, etc.	389	204	52%	+16%p

We are speeding up the digitalization of household loans by rolling out online-only product, such as Hana 1Q Apartment Loan and Hana 1Q *Jeonse* Loan, in addition to strengthening of our digital channels including My Branch. The proportion of new loans processed through non-face-to-face channels grew 16%p YoY to 52% in 2021.

Digital Banking

KEY DIGITAL INNOVATION IN 2021

PRODUCTS AND SERVICES

Launching “Hana HAP” – MyData brand

Fully implemented in 2022, “MyData” service is a starting point for the race of Internet-only banks and big-tech-affiliated financial institutions, not to mention financial companies, for digital finance dominance. In response, Hana Financial Group aims to become a leading platform business operator, offering distinctive MyData-centered, hyper-personalized services. To this end, we launched a unified organization consisting of representatives of all Group affiliates, together pushing forward the MyData service project. The Group is participating in the MyData service through four affiliates of the Group – Hana Bank, Hana Financial Investment, KEB Hana Card, Finqq – the most among financial groups in Korea. Thanks to organic collaborations among the Group affiliates, we were able to launch “Hana HAP” in November 2021, the industry’s first MyData brand.

Offering personalized solutions based on customer data collected from diverse databases in Group operations, ‘Hana HAP’ is establishing itself as a trusted MyData service brand. In recognition of its distinctive services and consistent customer communications, it was selected as the “Top-ranking Brand Power of 2022”. As a product of the Group affiliates’ strengths in their respective fields, such as wealth management of Hana Bank, expenditures management of KEB Hana Card, investments of Hana Financial Investment, and digital DNA of Finqq, Hana HAP will share and connect services of the Group affiliates. It will enable us to develop specialized products and conduct marketing at the Group level, thereby raising the level of satisfaction that customers feel about their financial lives.

Launching “iBOOJA”, a financial platform for Generation Z

Hana Bank launched “iBOOJA”, a financial app, in June 2021, through which parents and children can communicate and experience finance together. The app is a financial platform designed to help children gain diverse first-hand financial experiences conducting various transactions with digital allowances from their parents, develop good financial habits, and grow into able members of society. An app account can be opened by children 13 and younger after a simple verification requiring a parental consent. Featuring various fun factors for children, the app secured around 400,000 Generation Z customers in only six months in operation.

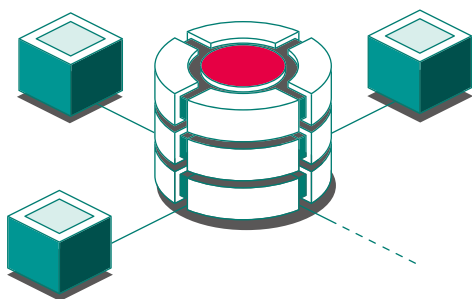
Branch innovations following a digital transformation

Branch customers are on a decline owing to the popularity of mobile banking and the spread of COVID-19. Rather than merely reducing its branch network through integration or closure, Hana Bank is increasing channel efficiency by creating omni-channels, relocating branches, and adopting new channels.

Upon completion of a digital channel combined of finance and distribution established in partnership with BGF Retail, Hana Bank set up a Smart Self Zone at a convenience store owned by the partner. The first store selected for the Smart Self Zone service has no bank branch or ATM within the 500-meter radius of the store, enabling the Bank customers to conduct some 50 types of banking transactions, including account opening, passbook renewal, and debit/credit card application. The store is also equipped with a Smart Teller Machine (STM) for virtual assistance. Meanwhile, for the elderly and other customer segments of the financially marginalized who find digital banking too complicated, Hana Bank transformed ten branches into mini branches rather than closing them in 2021, offering a new customer experience and practicing the unchanging value of humanism.

PROCESS INNOVATION

Hana Financial Group pushed forward robotic process automation (RPA) and other work streamlining projects in 2021, which resulted in cost reductions, productivity improvements, and other positive outcomes. Hana Bank automated a total of 80 tasks that required some 1.5 million cumulative man-hours a year. In 2022, with the annual goal of saving 1 million man-hours, the Bank will continue to expand its RPA projects by applying new technologies, such as AI chatbot, cognitive technology, and machine learning. Hana Financial Investment adopted RPA in 2019 and has automated a total of 57 tasks by the end of 2021, saving some 230,000 cumulative man-hours. The company is working on a new RPA project with the goal of automating 12 tasks in the first half of 2022 and thus saving its employees 110,000 hours of work. KEB Hana Card, which had begun adopting RPA in 2019 with a focus on repetitive manual tasks, has since automated 51 types of work by the end of 2021, thus saving 38,448 cumulative man-hours. Hana Capital, which launched its first RPA project in 2018, has automated 74 tasks and reduced man-hours by 400,000 hours by the end of 2012.



Digital Banking

In 2021 alone, Hana Capital reduced operation expenses by KRW 2.8 billion through RPA. Hana Life focused on automation of internal tasks and thus saved 1,184 man-hours which translates to around KRW 352 million in reduced personnel costs. Hana Savings Bank focused on automating document receipt, reducing the annual number of man-hours required for the task to 320 hours, a reduction of 80 hours. It also automated the processes of responding to customer inquiries and requests regarding their financial transaction information, thus reducing the yearly number of required man-hours from 1,092 to around 800 hours.

We also expedited the adoption of Smart Lounge and the expansion of digital authentication system. Hana Bank, having adopted a smart teller system in 2018 as part of the digitalization of branch operations, in 2020 built a digital system by which customers can fill out necessary forms while waiting for the bank teller service. The Bank in 2021 adopted the Smart Lounge text-to-speech (TTS) system for the digitally challenged as part of its digitalization of branch services. Also, by keeping a digital record of all investment product characteristics customers have specified in their writing through Smart Lounge, the Bank preempts incomplete sales and digitalizes internal controls at the same time.

BUILDING DIGITAL ECOSYSTEM

We are further expanding alliance and investments with startups possessing platforms and services that can generate new customers. A leading case in 2021 is Lucent Block. A fintech startup specializing in property technology, Lucent Block was chosen as a member company of “Hana 1Q Agile”, Hana Bank’s startup nurturing program, in 2021 and as part of the program, developed opportunities together with the Group affiliates to collaborate through investment. Lucent Block’s blockchain-based, real estate-backed securitization service has received approval from the Financial Services Commission as an innovative financial service. Lucent Block is preparing for launch of the service together with Hana Asset Trust as the issuer of the beneficiary certificates and Hana Financial Investment as the manager of investor deposits. Hana Bank has made a KRW 1 billion equity investment in Lucent Block.

Going forward, we will continue to combine such services as edutech, health care, proptech, payment, and styletech with finance in a bid to provide our customers with more convenient, distinctive services. In addition, we will quickly identify and analyze market trends, needs of digital natives, and NFT, and then discover startups with innovative ideas and technologies in relevant areas and support their growth by linking them with relevant business departments of Hana Financial Group.

2022 PLANS

Platform-based big tech companies are accelerating their expansion into the financial industry as well as growth in other business areas. In an era of rapid change and intensified competition, Hana Financial Group will implement three strategies – innovate consumer experience, expand value chains, and lead new digital business – on the back of strengthened infrastructure of key digital capabilities, all of which will be more quickly achieved through a core value called “Digital First”.

First, innovating consumer experience will start with customers at the center at all times. To this end, we will build an AI-based futuristic contact center and strengthen digital customer management by advancing mobile platforms through level-up of UI/UX capabilities.

Second, expansion of value chains will take place through strengthening of cooperation and connectivity. We will consolidate payment platforms into 1Q Pay, and thus strengthen the Group’s payment platform, and through Hana 1Q’s daily life-focused contents, we will expand our platform business, including mobility, real estate, health, and travel. Also expanded will be strategic investments in establishing non-financial ecosystems and increasing new customer contact points.

Third, we will strengthen technology-based operations by leading in new digital business. To this end, we will bolster collaboration with startups by linking them with the Hana 1Q Agile Lab and fast-track the whole process, from discovery to commercialization of AI, block chain, and virtual asset and other new technology-based businesses, while strengthening industry-academia collaborations.

Digital Banking

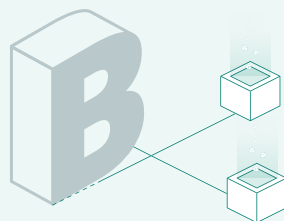
LEADING DIGITAL ABCD

Hana Financial Group is widening the scope of innovation and cooperation to stay in the forefront of “ABCD” (AI, blockchain, cloud, data) technologies which will shape digital transformation for years to come.



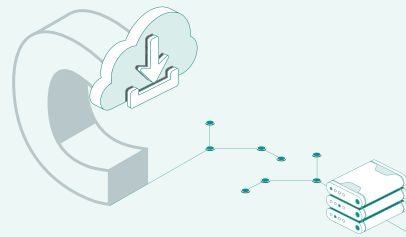
AI-BASED DIALOGUE-TYPE PLATFORM AICC PROJECT

With the growing use of non-face-to-face channels and the advancement of digital technologies, customer care centers are expanding to accommodate customer requests including related services, utilizing customer contact points. To lay the foundation for a futuristic customer contact center, Hana Bank and KEB Hana Card together have been working on an Artificial Intelligence Contact Center (AICC) project since November 2021, with a plan to gradually open the service starting in April, 2022.



BLOCKCHAIN RESEARCH POC THROUGH JOINT RESEARCH PROJECT WITH POSTECH

In preparation for Korea's adoption of a central bank digital currency (CBDC), Hana Bank conducted joint research in 2021 with POSTECH, in a form of industry-academia cooperation, completing the verification of technologies for all scenarios expected to take place following a CBDC adoption as well as the development of a proof of concept (PoC) for a CBDC operating system. In addition, the Bank continues to invest in companies with a competitive edge in blockchain technology and blockchain-based investment platform business, taking measured steps to enter blockchain and NFT-based business.



CLOUD COMPUTING AT THE GROUP LEVEL

As part of our digital transformation drive, we have been working on a Group-level transition to cloud computing since 2018. Focusing on five key execution tasks – establishing cloud governance, building a Next Cloudia, expanding hybrid cloud operations, advancing the hybrid cloud infrastructure, and implementing cloud governance – we achieved a 78% Unix-to-Linux (U2L) transition and a 15% cloud transition by the end of 2021. Our plan for 2022 is to expedite the Group's cloud transition through adoption of more aggressive execution strategies and improvement of cloud services.



DATA ANALYSIS PLATFORM (BIG DATA)

In 2021, Hana Financial Group adopted SAMPL2.0, an analysis solution jointly developed with the Advanced Institute of Convergence Technology as a way to change our big data analysis platform from the existing Rancher-based to a more advanced Kubernetes-based platform. The solution is expected to contribute to improving system stability, to enable the use of big data-based AI, and to help expand the analysis work. By internalizing new technologies at the Group level, we were able to build an environment in which customizing becomes easier going forward.

Global Operations

The year 2021 was marked by unstable externalities induced by the continuing COVID-19 pandemic and a resulting global economic downturn. Hana Financial Group however turned the crises into an opportunity and made noticeable achievements in its global operations.

OVERSEAS BUSINESS PERFORMANCE

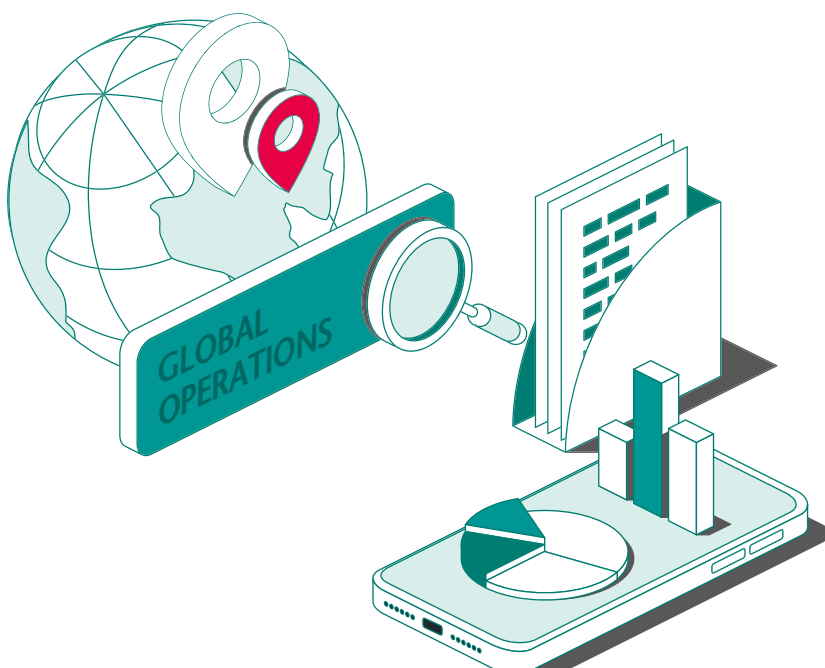
MAINTAINING GROWTH MOMENTUM OF GLOBAL CHANNELS

Hana Financial Group achieved an overseas income of KRW 687.1 billion in 2021, a YoY increase of 23.6% or KRW 131.3 billion. Overseas channels, including branches and subsidiaries, recorded a net income of KRW 310.9 billion, a 26.2% (KRW 64.5 billion) increase from the previous year. Gains on valuation using equity method from equity investments rose 104.8% (KRW 70.1 billion) to KRW 137 billion, but investment income from global investments, such as marketable securities and alternative investments, decreased 1.4% or KRW 3.3 billion YoY to KRW 239.2 billion.

The increased net income of global channel operations can be attributed to a KRW 133.7 billion rise in interest income thanks to the loan growth by the Chinese subsidiary of Hana Bank in collaboration with a local platform company. Valuation gains grew significantly mainly attributable to the outstanding performance of Bank for Investment and Development of Vietnam (BIDV), in which Hana Bank had invested in 2019. BIDV continues its excellent business performance and, as a result, its stock price is on a steep incline, reflecting the market's strong confidence.

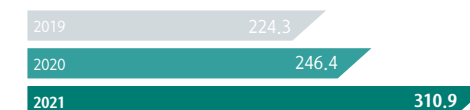
Vietnam has high economic growth potential, recording a real GDP growth rate of 2.58% in 2021 despite a COVID-19-induced economic lockdown in the third quarter. The nation repeated its positive GDP growth performance of 2020, an exceptional performance considering the pandemic-stricken global economy of the past two years. Its leading stock price index, VN-Index, hit a record high in 2021, and the income growth momentum of listed companies is expected to continue. Considering the low stock account ownership of the citizens (around 4.31 million accounts, 4.3% of the population), the stock market is expected to grow rapidly.

In particular, the average age of the population is 31, thanks to the nation's relatively large portion of youths, and smartphone ownership stands at a relatively high 61%, two indicators of an ideal environment for rapid growth of mobile-based securities business. Under these circumstances, a successful entry into the Vietnamese stock market through a strategic equity investment in a BIDV-affiliated securities firm is expected to create synergies in diverse areas that will further boost Hana Financial Group's diversification of its global income sources.



Total Profits Generated Overseas*

(Unit: KRW billion)



* Including equity investment

Global Operations

INCREASING PRESENCE IN THE GLOBAL MARKET

Hana Financial Group continues to take on various challenges to develop into a global digital financial group. Hana Bank's Chinese subsidiary has been selling non-face-to-face retail loan products in collaboration with a local e-commerce platform since 2020, building up retail assets and boosting interest incomes. To leverage its digital finance advantages to secure a solid market presence, the Chinese subsidiary will make continuous efforts to develop more business partners. In July 2021, Hana Bank's Indonesian subsidiary launched LINE Bank, the Korea's first mobile platform-based overseas digital bank, in alliance with LINE, a global ICT company. LINE Bank is progressing smoothly, the number of new customers exceeding 300,000 in only six months in operation. Encouraged by the better-than-expected growth of its customer base, the digital bank is preparing to launch loan products and add various convenience functions, including payment services.

Hana Financial Group is continuously striving to strengthen its global business and expand the non-banking business. As part of these efforts, we completed the process of establishing an asset management company in Singapore in 2021 and are measuring the option of an equity investment in a securities firm in Vietnam. Singapore is rapidly emerging as Asia's new financial hub, and establishing an asset management company in Singapore is to diversify the Group's income portfolio and to secure a marketing hub in Asia's key market. Going forward, by making full-fledged inroads into the securities, consumer finance, and asset management and other high growth-potential financial services sectors of Vietnam, Indonesia, and Thailand, we plan to raise the proportion of non-banking in our global operations and solidify our financial value chains by linking affiliates.

OVERSEAS BUSINESS STRATEGY

GLOBAL GROWTH STRATEGY A.B.C

Hana Financial Group has adopted "alliance", "balance", "consolidation" (ABC) as key words for its 2022 global growth strategies, based on which we pursue growth through global alliance and partnership, expand a balanced growth of non-banking sector overseas, and consolidate the human resources and material infrastructures.

Specifically, we will build alliances and partnerships with global big tech, fintech, and IB companies, in order to diversify business in digital finance, IB, networking, and other related areas and to strengthen existing growth engines. In addition, we will actively enter high growth potential industries in Asia, such as securities, consumer finance, and asset management, as a way to diversify overseas channels and solidify value chain finance linking all affiliates that have an overseas presence. Lastly, to enhance global business competitiveness, we will improve the caliber of our global manpower through upgrade of global talent management and nurturing systems, and expand support for local subsidiaries' capital increases, IT system upgrades, and other infrastructure expansions.

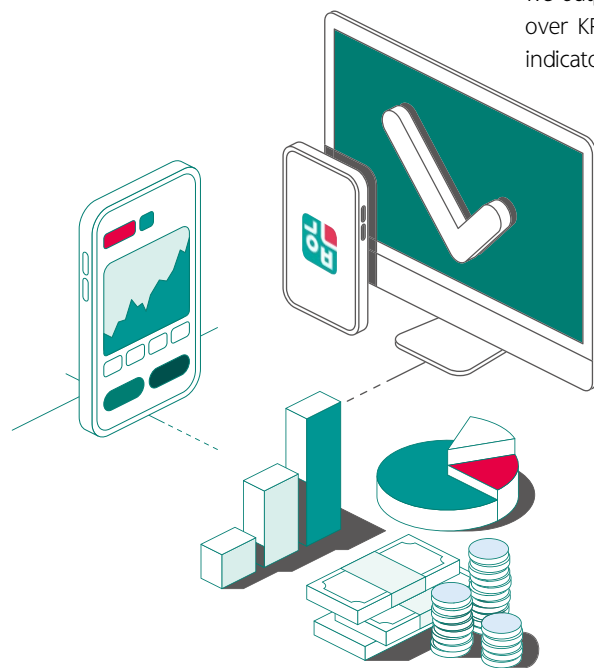
Retail Banking

We offer distinctive banking services throughout the customer lifecycle from a customer perspective, online and offline, strengthen long-term customer trust, and thus continue to build growth momentum.

DAILY BANKING

EXPANDING THE CUSTOMER BASE

In 2021, Hana Bank continued to improve its customer base from both quantitative and qualitative perspectives in the face of a pandemic-induced decline in branch customers, an enforcement of Financial Consumer Protection Act, and other challenging developments. While highlighting the benefits of digital finance through marketing campaigns, we sought to improve the qualitative aspect of the customer base by focusing on customers generating over KRW 10 million in sales. As a result, the number of customers grew 373,000 or 1.7% YoY to 21.73 million, the largest increase of customers among major commercial banks in Korea. In particular, we outpaced peers in attracting customers with over KRW 10 million in sales, a major industry indicator of qualitative growth.



With the accelerating digitalization of finance, customers mainly using digital channels are on the rise. Of Hana Bank's total retail customers, digital channel-only customers accounted for 12.8% at the end of 2021. The Bank is therefore proactively meeting the needs of digital channel customers with mobile-only products and digital-specialized services, continually expanding the base of digital channel customers. It enhanced product competitiveness in 2021 by rolling out "Hana's Time Deposit", a mobile-only all-in-one time deposit, and "Timing Installment Savings" with a game-like UI. Hana Bank selected a handful of more viable products out of numerous deposit and savings products in the mobile channel and communicated the benefits of each product to customers and recommended products best suited to their needs. It also established a roadmap for a digital customer management system to assess customer needs and offer optimal solutions on a 1:1 basis.

In 2022, the Bank plans to build an organic customer management system that enables scenario-based automatic executions and to apply it to all customers and all channel types. For the core customer segment, it will engage in customer management that adds a human touch to both online and offline channels, thereby offering a distinctive customer experience.

QUALITY ASSET-BASED HOUSEHOLD LOAN GROWTH

Household loans at the end of 2021 amounted to KRW 130.3 trillion, a YoY increase of KRW 5.0 trillion or 4.0%, on the back of solid growth of quality assets. Interest incomes from household loans grew KRW 212.0 billion YoY to KRW 1,066.0 billion, 113.7% above the target for the year. The number of household loan customers also went up 45,292 over the year to 1,516,362.

No. of retail customers

(Unit: Million)



NEW CUSTOMERS IN 2021



640,000

Ratio of new non-face-to-face customers
30%

Retail Banking

In 2021, Hana Bank focused on bolstering its product lineup, including mobile-only loan products. In April, it launched “Hana 1Q Apartment Loan”, a mortgage product that enables customers to check their loan amounts in three minutes without a branch visit or an account, and sold 1,387 accounts amounting to KRW 217.5 billion in 2021. In July, the Bank became the first in the financial industry to launch an AI-based loan product which uses AI to determine customer loan limits. The new product calculates optimal loan limits for applying customers’ finances, based on its analysis of the Bank’s big data of loan transaction records and patterns. By the end of 2021, 1,857 accounts were sold, amounting to KRW 33.0 billion. In pushing the product, we leaned toward collateralization in the interest of risk management, and as a result, increased the proportion of secured loans to 74.5%.

COVID-19 is expected to persist along with its ripple effects. In response, Hana Bank will devote a great deal of resources to managing risks associated with market interest rates. It will especially focus on increasing secured assets such as *Jeonse* loan, intermediate payment loans and other types of secured loans in a bid to improve the asset portfolio and achieve qualitative growth. Furthermore, the Bank will enhance financial consumer convenience by expanding alliances and strengthening collaborations with external platform businesses, and improve the financial accessibility of the underprivileged by applying the non-face-to-face process to a policy finance product, as part of our effort to practice social finance.

HOUSEHOLD DEPOSITS

Hana Bank kept its sales focus on payroll, pension, and other cash-inflow accounts, as well as card payment and other cash-outflow accounts, ending the year at KRW 47.3 trillion in Low Cost Fund (LCF), a YoY increase of KRW 5.3 trillion or 12.5%. Despite a slight decrease in time deposit as of 2021 was KRW 0.5 trillion less than the figure of 2020, the growth rate turned upwards in response to the back-to-back base rate increases in August and November, thus contributing to the stable management of LCR and NSFR.

Hana Bank also unveiled various deposit products calibrated to customer needs and market trends. With a particular focus on developing products by customer lifecycle phase, ranging from fetus to post-retirement, it followed the

successful launch of a senior-only product with an installment savings product for pregnant women in 2021. It also rolled out a travel installment savings product in anticipation of a spike in the demand for foreign travel. Also released are installment savings products connected to the MyData service and a string of mobile-only installment savings and deposit products, all developed with an eye toward creating a distinctive customer experience.

In 2022, as domestic consumption is expected to recover in tandem with improving COVID-19-induced situations, so are needs to rise for stable household funding in anticipation for a liquidity crunch resulting from a base rate increase. Accordingly, Hana Bank will pursue inclusive finance with a focus on stable household funding and ESG values. To fortify the foundation for stable household funding, it will seek to increase LCF with focus on banking accounts related to payments, wages, and other daily life finance. In addition, the Bank will stay responsive to market developments conducive to stable household funding. It will also work on increasing support for the socially and financially underprivileged. To this end, it will launch products that help youths build assets in collaboration with government organizations, including the Ministry of Health and Welfare, while advancing policy finance products that support the socially underprivileged as part of its social contribution through finance.

PRIVATE BANKING

STRONG, STABLE GROWTH IN 2021

Befitting to its reputation as the pioneer of private banking (PB) in Korea, Hana Bank garnered, again in 2021, all four of the most coveted global PB awards from world-renowned financial magazines. It also succeeded for the first time in receiving the 2021 National Service Awards hosted by the Institute for Industrial Policy Studies (IPS). Recognized for its asset management and lifecycle products and services for VIP customers in particular, the Bank further solidified its reputation as an undisputed leader of asset management.

HANA BANK'S PRIVATE BANKING SECTOR AWARDS IN 2021



- 2021 Best Private Bank in Korea (Euromoney, 14 times)
- 2021 Most Innovative Private Bank in the World (Global Finance, First in Korea)
- 2021 Outstanding Private Banker – Regional Player (Private Banker International)
- 2021 Best Private Bank in Korea (The Banker & PWM)
- 2021 National Service Awards (IPS, First time)

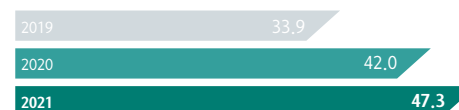
KRW Household Loans

(Unit: KRW trillion)



Household Low Cost Funding (LCF)

(Unit: KRW trillion)



Retail Banking

As a leader of private banking, Hana Bank continued its stable growth in the PB sector. In particular, the Bank leveraged its digital capabilities to stay focused on strengthening non-face-to-face services for high-net-worth individuals in response to a pandemic-induced sharp drop in branch customers. It became the first in Korea to roll out a video consultation service operated by various financial experts and received positive customer feedback for its secure yet convenient services. The monthly Gold Club magazine for high-net-worth individuals was fully digitalized into “Hana 1Q M”, a webzine, resulting in a substantial improvement in customer convenience. In addition, “Digital PB Organization” was launched as a headquarter-led direct marketing medium targeting mobile channel customers. Insightful content is developed and promptly uploaded onto the Hana 1Q platform. By connecting with the MyData service, we will provide hyper-personalized asset management solutions based on the financial transaction patterns of each customer.

As of the end of 2021, Hana Bank is operating 44 branches in collaboration with Hana Financial Investment as a way to proactively respond to customers’ increasingly diverse needs for financial products and services. The Bank in 2021 opened two Club1 branches as a space exclusively for ultra-high-net-worth (UHNW) customers, providing professional and exclusive services. At Club1, a team of the Bank’s most seasoned experts provide customers with professional services in PB, tax, legal, real estate, trust, asset management, and other specialized investment areas. The space is a culmination of finance, culture, and the arts, exuding an ambiance of exclusivity and gaiety. As a result of these efforts, the Bank’s year-end PB asset under management (AUM) reached KRW 62.7 trillion, an increase of KRW 5.6 trillion or 9.8% YoY. Hana Bank will offer asset management services in the direction of responding solely to customer needs and changes, and lead the asset management market providing new, diverse content.

STRATEGIC DIRECTIONS FOR 2022

Hana Bank will make utmost efforts to increase its high-net-worth customer base by further fostering its asset management strengths in 2022. Detailed plans to achieve this goal include the following – first, it will focus on living trust services providing comprehensive inheritance solutions, and expedite the growth of living trust services by launching various new products in collaboration with large external general agencies (GAs) and by promoting the brand; second, it will form a team of tax, legal and real estate experts and develop alliances with legal and tax firms to strengthen advisory services; third, it will advance digital asset management by building a digital asset management platform connected to the MyData service and by setting up a bank-wide coverage of asset management customer through the Digital WM Sales Division; fourth, it will distinguish VIP services by creating a Hana Art Banking Service offering trust services related to collective purchasing of artworks and buying NFT artworks and art in general, and by strengthening the Club1 brand and services, enhance the image of Hana Bank’s overall asset management services; and lastly, it will strengthen the capabilities and cooperation to provide PB services listed above by focusing on selecting and nurturing talents, by enhancing the overall capabilities of PBs and strengthening PB collaborations between banking and securities operations to continue the reputation of being the unsurpassed leader in asset management.

INVESTMENT FUNDS & BANCASSURANCE

INVESTMENT FUNDS

The KOSPI index surpassed 3,000 points for the first time in its history at the beginning of 2021, spurred by improving domestic corporate performances led by a global economic recovery, increasing exports, and ample liquidity. KOSDAQ also recovered to 1,000 points for the first time in 20 years, mainly attributable to a recovery of investment sentiment fueled by a rapid rise of COVID-19-related bio stocks. An IPO boom following the listing of many companies diverse in size and business, including such large businesses as Kakao Bank/Pay, SK Bioscience, and Hyundai Heavy Industries, as well as businesses in materials, parts, and equipment industries. The US stock markets continued its robust incline, generating a substantial increase in the number of Korean investors investing in US stocks.

Hana Bank continued to try new attempts at providing customer-led asset management services in 2021 to capitalize on the increase of individual investments and on fast-growing non-face-to-face transactions. The Bank launched “Pocket Money Fund” through which customers can experience the delight of investment even with a small amount of cash, asset management platform “Fun#” for digital customers in general and digital natives, including Millennials, in particular, and “Marble of Investment”, a game-like investment simulator.

Retail Banking

In addition, fund subscription and management were improved with the addition of such services as quick hashtag search and “Fund Traffic Light”, and new hyper-personalized content, such as Bucket List and DIY Portfolio, was introduced. Also, every quarter, a fund investment theme was selected and recommended that would best reflect market trends. Underperforming products, including those with either diminishing investment appeal or declining sales, were reassessed in terms of their marketability and reduced to below 100 in a bid to increase customers’ fund accessibility as well as to improve front office’s understanding of the product lineup.

On the strength of these efforts and robust sales of IPO and overseas mutual funds, fund fees grew 13% YoY to KRW 86.9 billion by the end of 2021. In particular, equity fund sales increased by KRW 1.3 trillion YoY. In addition, the Bank developed a market for asset allocation-type ETF managed portfolio (EMP) funds that can generate a stable cash flow, posting annual sales of KRW 200 billion and thus proactively preparing for market volatility. Also, the proportion of non-face-to-face installment funds jumped, posting a record KRW 4.3 trillion in online new sales, more than double the previous year’s figure of KRW 2.1 trillion. The growth of online sales relative to total new sales has been sharply growing from 6% in 2019 to 28% in 2020 to 47% in 2021. The MAU of Fun#, which opened in October, and the number of cumulative users of Marble of Investment reached 180,000 and 360,000, respectively at the end of 2021, contributing to the increased online sales.

In 2022, Hana Bank will promote fixed income products with low volatility, and will constantly reinforce trend products (satellite) by using a core/satellite strategy, while focusing on long-term investment (core) products. At the same time, the Bank will proactively manage risks by keeping number of marketable funds under 100. It will also capitalize on market trends such as non-face-to-face financial product demands. By carrying out diverse marketing activities with an eye toward increasing Fun # MAUs, the Bank will increase the inflow of digital natives, including Millennials and Gen Z.

BANCASSURANCE

Hana Bank’s bancassurance sales continued growth in 2021, recording KRW 967.7 billion, a YoY increase of KRW 223.3 billion, on first premium basis. The increase is mainly attributable to a long-term income base comprised of sales expansions across the board, the acceleration of a mobile channel-focused digital transformation, and a resultant expansion of the customer base and income. New bancassurance sales in 2021 comprised KRW 29.2 billion from installment products and KRW 938.4 billion from lump-sum products, respectively, down 17.5% and up 32.3% from the previous year, the latter contributing to securing non-interest incomes.

Despite the increase of aggregated sales, sales income decreased KRW 1.5 billion YoY to KRW 44.9 billion, mainly owing to a reduction in commissions on insurance sales. However, as the 2021 rise in lump-sum product sales would translate into higher deferred commissions in 2022, sales income is expected to grow further going forward. In addition, as sales of installment pension insurance, an important base product in the era of aging population, grew 48.2% from the previous year to KRW 12.7 billion, we expect long-term loyal customers to increase soon.

The mobile channel generated 54,835 cases of new sales in 2021, an increase of more than 1,200 compared to previous year, driven mainly by a strengthened product lineup and innovative marketing collaboration. In addition, Hana Bank’s mobile bancassurance market share reached 70% (based on no. of cases), bolstering its market dominance. As such, digital channel contribution in total bancassurance sales has grown meaningfully, recording 31%, a YoY increase of 19.5%p.

Affected by rising interest rates, savings-type insurance will be less appealing relatively to deposit/installment savings products. Also, as domestic and overseas stock markets are expected to struggle, variable insurance and other investment-type insurance products should secure a minimum margin of profitability through a diversified portfolio doubling down on safety.

To actively reflect such trends in its daily operations and bolster its market leadership, Hana Bank will strengthen products and services of variable and other insurance products and do its best to help customers rebalance their mid/long-term asset portfolios. It will actively launch various forms of mini insurance and customized products and thus develop new niche markets, and through active collaboration with big tech, startup, and insurance companies, will create new digital bancassurance markets related to health care.

MOBILE BANCASSURANCE MARKET SHARE



70%

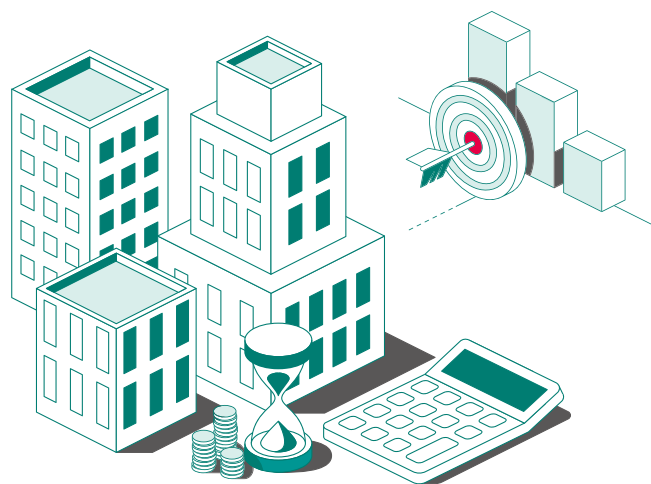
* As of 2021 year-end; and based on number of cases among four major commercial banks in Korea

Corporate Banking

As a partner devoted to the success of its corporate customers, Hana Financial Group strives to expand financial support for SMEs and to achieve sustainable growth together with them based on thorough and proactive risk management.

SME LOANS

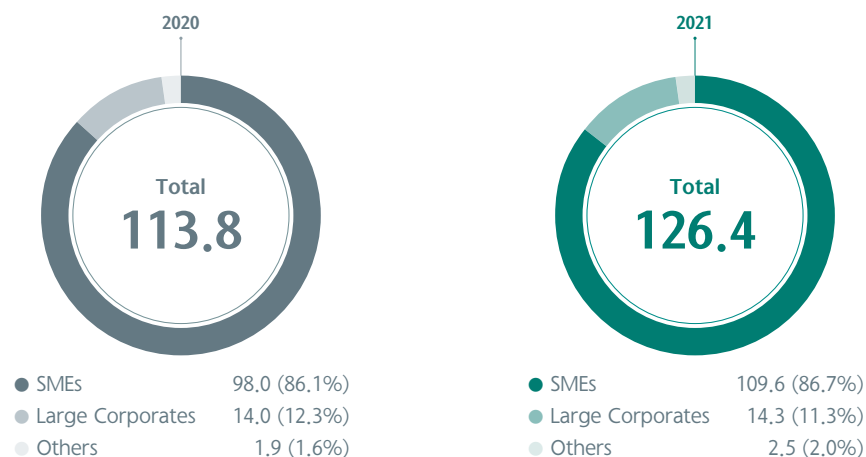
Hana Bank continually increased financial support for SMEs in 2021 even in the face of growing uncertainties over rising global inflationary pressures threatening any chance of an economic recovery. At the same time, it managed the soundness of loan assets employing balanced growth strategies with a steady focus on asset quality. In support of the government's SME policies, the Bank originated government-guaranteed loans for the development of regional economies and grew its asset portfolio balancing SME loans. Considering uncertainties over the economy, it implemented risk-oriented asset growth strategy focused on quality assets rather than competing with peers in loan growth. As a result, SME loan delinquency ratio stood at a sound 0.23% at the end of 2021, a 0.06%p improvement over the year, even though SME loans grew KRW 11.6 trillion YoY.



Hana Bank will stay focused on quality driven asset growth as risks associated with small-scale businesses continued to grow in tandem with rising prices reflecting global inflationary pressures and a persistent COVID-19 pandemic. In supplying financial support to SOHOs, it will primarily use loans backed by government-run guarantee institutions in line with government policy, while expanding loan products tailored to the characteristics of SOHOs through mobile channels. For SMEs, the Bank will continually develop loan products using various special sale promotions, offering diverse types of funding supports each customized to various customer needs. As implied in recent regulations limiting household loan growth, loans made to sound SMEs are essential.

Loans to Corporate

(Unit: KRW trillion)



SME LOANS IN 2021



11.6 KRW trillion
(11.9% growth YoY)

Corporate Banking

Hana Bank's annual growth target for 2022 in the corporate sector is KRW 7.0 trillion, which is KRW 1.0 trillion lower than the previous year's target. The nominal decrease, however, will be more than compensated by the Bank's steady focus on the quality of assets it will grow during the year. In addition, the Bank will actively move forward with SME-centered asset growth strategies while closely monitoring economic conditions. Along with the growth of quality assets, it will improve profitability by promoting cross-selling to corporate customers. ESG finance is another area we are making progress on. By adopting ESG evaluation and certification systems, an industry first, and implementing other relevant systems, Hana Bank will further increase ESG-related loans in 2022.

KRW SME Loans

(Unit: KRW trillion)

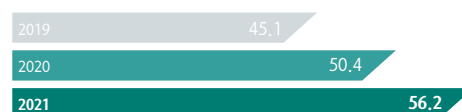


SOHO LOANS

In the area of SOHO loans, Hana Bank focused on digitalizing loan application and extension process, bolstering the line-up of new mobile products, and strengthening support services in 2021. First, the application process was fully digitalized for the "2nd Small Business Financial Support Program", a pandemic-induced joint industry project, in the second half of 2021. The Bank's mobile app was further upgraded to the extent that SOHO customers can now roll over their credit-based or asset-backed loans, a substantial improvement to the utility of the digital channel. In improving its mobile product line-up, the Bank launched two credit-based and one loan guarantee agency-backed loan products. The latter is the upgraded version of the Hana 1Q Credit Guarantee Foundation Loan launched in 2020, another industry first, with an extended nationwide coverage. The so-called one-click loan is guaranteed by the Korea Technology Finance Corporation for qualified SOHOs.

KRW SOHO Loans

(Unit: KRW trillion)



In strengthening consulting services for SOHOs, Hana Bank provided hands-on support to small businesses. By expanding the Bank's local collaboration bases from 76 to 200 "Small Business Onsite Support Centers", it supplied policy funds administered by various public institutions and provided diverse COVID-19 support programs developed for small businesses. Also, by opening a second "Small Business Dream Center", it offered consulting services for potential startup founders as well as SOHOs having operational or/and financial difficulties. Three more such centers are scheduled to open, which will bring the total number to five by 2022. Once all five centers are up and running, Hana Bank will expand the "Hana SOHO Academy", an online-only program, into an offline extension of all the centers offering a specialized education run by professional staffs and tailored to the specific business knowledge requirements of SOHO participants.

As a result, SOHO loans grew KRW 5.7 trillion or 11.3% YoY to KRW 56.2 trillion at the end of 2021. The number of SOHO borrowers also increased by 78,096 or 22.7% YoY to 421,072 in 2021, while the number of new customers remained about the same as the previous year, recording 112,215 persons in 2020 and 116,559 in 2021.

Following up on its first digitalization of SOHO loan application and extension process in 2021, Hana Bank will focus on next-tier digitalization by expanding the target group and scope of digital channel, such as digitally allowing third-party owners to provide collateral for loans. The Bank also plans to develop in close cooperation

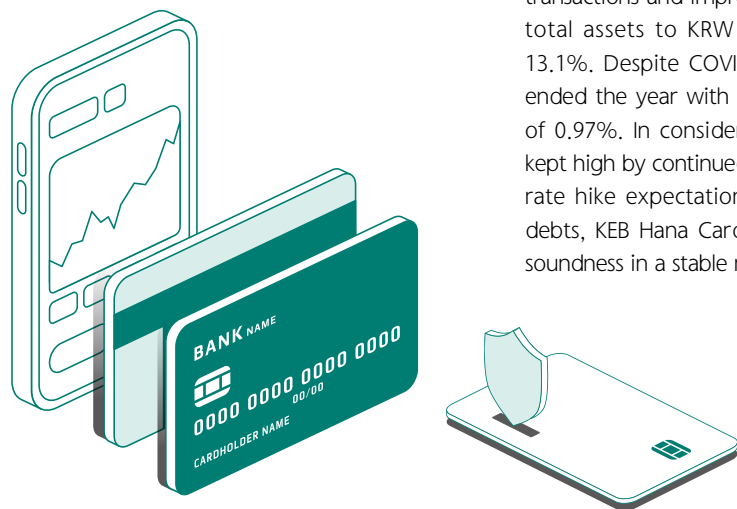
with loan guarantee institutions a process that will allow borrowers of loans backed by such institutions to fill out documents agreeing to loan extensions using only the Hana Bank app. Such a process is expected to increase customer convenience and enhance work efficiencies at the branch level as well as to attract more preferred SOHO customers.

Furthermore, the Bank will launch SOHO loan products based on a credit evaluation model developed for SOHOs. In contrast to existing credit-based products, whose loan limits are calculated based on its internal credit rating model, external credit ratings, as well as the transaction history of applicants, the new products in the pipeline will be provided based on alternative information that will enable an accurate assessment for the growth potential of applicants.

The Bank plans to increase the range of SOHOs that can apply for the "SOHO Loan 119", a government support system, and establish additional support measures. It seeks to implement such systems as applying preferential interest rates to segments of social consideration (National Basic Livelihood Security Program recipients, the disabled, persons of national merit, persons aged 65 or more, multicultural families); reducing or exempting interest overdue on loans being readjusted (repayment of existing financial obligation); extending the installment repayment period for SOHO loans in arrears or subject to delinquency. In addition, it will use diverse online and offline methods to inform SOHO customers so that they receive adequate support in time.

Credit Card

KEB Hana Card will continually expand future growth engines through digital innovation, explore ways to realize ESG values of helping customers enjoy eco-conscious consumption and develop win-win measures together with merchants.



2021 PERFORMANCE

In 2021, KEB Hana Card expanded into auto finance and card processing businesses, the latter for Toss Bank, to create additional income sources. It also established the foundation for providing comprehensive financial services by entering open banking and MyData service business. Boosted by these efforts, COVID-19 stimulus and other government policies aimed at facilitating consumption, card transactions increased 5.4% YoY. In addition, KEB Hana Card realized strong growth thanks to improved efficiencies brought on by digital innovations realized in the form of processing cost reductions (transaction approval/purchase, third-party service fees). Its strong business performances in 2021 include processed transactions of KRW 70.5 trillion, operating income of KRW 343.8 billion, and a record-high net income of KRW 250.5 billion. Increased transactions and improved profitability boosted total assets to KRW 9.6 trillion and ROE to 13.1%. Despite COVID-induced lockdowns, it ended the year with a stable delinquency rate of 0.97%. In consideration of insolvency risks kept high by continued COVID-19 fears, interest rate hike expectations, and rising household debts, KEB Hana Card plans to maintain asset soundness in a stable range.

Reflecting persistent COVID-19 circumstances, overseas merchant transactions, which rose 9.1% YoY in 2021, did not return to pre-pandemic levels. To restore the figure, KEB Hana Card is conducting marketing activities targeting students studying overseas, duty free shop customers and other travelers. In addition, in preparation for a post-COVID era, it secured overseas marketing hubs, a step to launching card services primarily in travel bubble countries. Also, the company will strengthen specialized products designed for overseas use and launch marketing campaigns in link with platform and travel industries catering to overseas travelers.

2022 PLANS

KEB Hana Card will enhance the competitiveness of its platform, 1Q Pay, and expand the customer base by increasing collaborations with the Group affiliates and strategic alliance projects to achieve stable and profitable growth. It will develop 1Q Pay into a comprehensive financial platform that enables customers to conduct banking, asset management, and expenditure management as well as payment settlement. Utilizing such inclusive platform, it will expand into comprehensive payment business. Also, by offering stable comprehensive financial services to its customers and merchants and thus expanding its customer base, KEB Hana Card will take on the challenge of competing against big tech companies. To facilitate the MyData service launched at the end of 2021, the company is partaking in the joint Group project of branding and customer attraction.

It also plans to launch full-fledged MyData serviced-based new income products by expanding services to include product comparison and recommendation.

Merchant fee rates are recalibrated every three years in accordance with the method defined in the amended Specialized Credit Finance Business Act of 2012. Based on the rates accordingly readjusted for 2022, the card industry is expected to see fee income decline by around KRW 470 billion in the year. Accordingly, also expecting a drop in fee income of around KRW 37.0 billion, KEB Hana Card plans to minimize the impact by achieving growth of our fundamental business, continually creating new income sources, and curtailing processing costs through digital innovation.

Lastly, KEB Hana Card will continually expand local currency projects aimed at vitalizing regional economies and increase investments in startups and social good enterprises. Also, by electrifying company vehicles, establishing alliances with eco-friendly companies, and digitalizing services, it will accelerate the transition to a low-carbon business structure.

Operating Income of KEB Hana Card

(Unit: KRW billion)

2019	77.0
2020	212.5
2021	250.5

IB & Asset Management

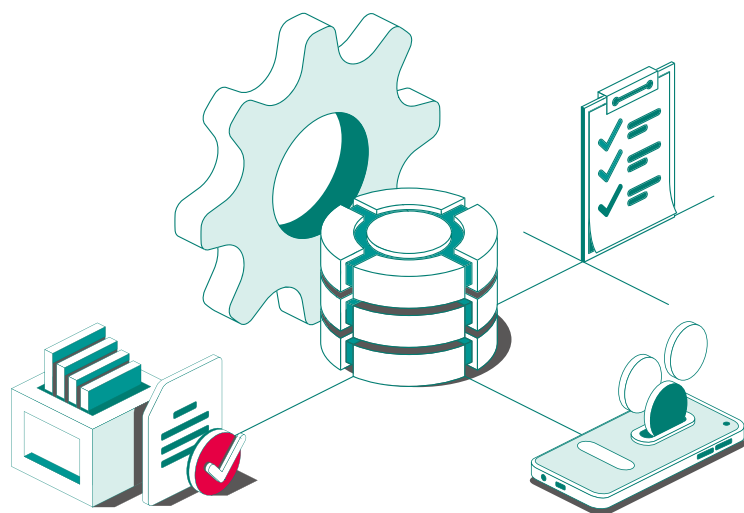
We are identifying opportunities in a timely manner through diversified portfolios in line with market flows and quality-driven investment strategies, thereby proactively responding to risks and continuing solid growth.

INVESTMENT BANKING

Hana Financial Group focused on income source diversification and market leadership reformation in the face of base rate hikes and other daunting challenges. As a result, Hana Bank's IB product performances improved across the board. In M&A financing, where the Bank has been a market leader, it arranged a total funding of KRW 2,749.9 billion through PEFs and partnership-based big deals. For Netmarble's acquisition of global game company SPIN X, the Bank made a preemptive finance offer totaling USD 1.1 billion put together in a close collaboration between the branch in charge of the Netmarble account and IB Division. In addition to arrangement fees, it substantially increased interest incomes through securing the profitable foreign currency asset.

The majority of IB revenues is recognized through fee income. Hana Bank in 2021 posted KRW 178.3 billion in non-interest income, including fee, from its IB operations – a YoY increase of KRW 44.3 billion or 33%. The solid growth of non-interest income is more significant in that it highlights the Bank's successful diversification of its income portfolio through inclusion of finance arrangement for M&A, real estate development, new & renewable energy power generation projects, asset-backed commercial paper (ABCP) credit facility, and marketable securities investment. In addition, equity investment-related non-interest incomes soared 182% YoY to KRW 36.1 billion, thus establishing a solid non-interest income base from a mid- to long-term perspective.

Hana Financial Investment (HFI) quickly pivoted to its domestic operations, preoccupied with market advantages and focusing resources on diversifying income sources through investing in real estate and green infrastructure projects and corporate equities. As a result, IB operating income increased KRW 130.1 billion YoY to KRW 594.0 billion. Investments in companies with high growth potential also increased, contributing a great deal to the record-high performance. It also took an active part in IPOs, funding customers' growth, offering advisory services on M&A, and corporate finance.



IB Assets of Hana Bank

(Unit: KRW trillion)



IB Operating Income of Hana Bank

(Unit: KRW billion)



IB Operating Income of Hana Financial Investment

(Unit: KRW billion)





IB & Asset Management

Hana Bank will work toward closing the loan inventory it secured in 2021, while continuing to discover new IB deals. To this end, it will increase equity investments. Rather than pursuing dividend incomes or capital gains, it will seek to make equity investments in deals in the initial phase of business and thus secure arrangement rights, which will lead to opportunities to generate income through loan and equity. Furthermore, in line with the spread of ESG trends, the Bank plans to increase investments in relevant industries. In particular, it will continually invest in new and renewable energy-related infrastructures, including photovoltaic, offshore wind power, and hydrogen energy, as a way to build an ESG-related process throughout all value chains. The Bank will make all-out efforts to enhance competitiveness in the global market. Overseas IB assets grew some 30% in 2021 compared with the year before. Taking advantage of opportunities presented by the substantial growth, it will also strive to strengthen the ability to arrange funding in the global market.

Diversifying its growth engines, HFI will continue its strong performance of focusing on domestic and overseas quality real asset investments. It will form a strategic investment alliance with outside parties and practice ESG management worthy of mega-scale IB. HFI will increase selective overseas alternative investments, and strengthen conventional IB, such as IPO and M&A, to fortify the foundation it has laid for stable income growth.

BROKERAGE

HFI posted an operating income of KRW 460.2 billion from its WM business in 2021 – KRW 130.1 billion increased from the previous year. The growth is mainly attributable to increased commissions from a strong stock market recovery and the robust growth of beneficiary certificate sales, wrap fees, and trust fees. Customer assets grew KRW 10.6 trillion over the year to KRW 76.7 trillion. The 13.8% rise stems from the robust growth of both deposit assets and product sales fueled by increased stock prices. The greatest achievement in 2021 is an income increase consisted of financial product custody fees and interest incomes. Custody fee income rose 74% YoY to KRW 31.7 billion, while interest income grew 65% to KRW 120.4 billion on the back of 2021 loan growth.

The stock market is expected to experience increased volatility in 2022 due to the spread of the Omicron variant, Russia's invasion of Ukraine, and other factors that dampen investor sentiments. In response, HFI will increase cash assets, and enhance competitiveness by upgrading trading systems for overseas markets. It will also enhance product competitiveness by supplying flagship products, such as bestowal wrap, and further increase customer satisfaction by advancing digital platforms and contents.

SALES & TRADING

In sales & trading (S&T), HFI recorded an operating income of KRW 217.9 billion, a YoY increase of KRW 79.3 billion, in 2021. The robust increase is mainly attributable to the base effect of pandemic-induced trading losses in 2020 and an expansion of global investment assets, as the development as well as sales of new low-risk products.

ELS/ELB and DLS/DLB issued in 2021 amounted to around KRW 8.3 trillion. Although market difficulties ensued with the ramp-up of the Financial Consumer Protection Act and regulations on complex financial investment products, HFI proactively responded to market changes, increasing products with enhanced stability and customizable structured products. It launched a Wave ELS with improved customer investment stability, and other innovative products, and generated KRW 340.0 billion by selling new products. It also made considerable growth in creating markets and ETN, CFD, and other platform business. In particular, as Korea's first market maker for carbon credit trading, HFI generated KRW 11.4 billion in income by trading domestic and Europe/North America carbon credits.

In addition, by commencing development of carbon offset credits, both mandatory and voluntary, HFI positioned itself in the forefront of emissions rights trading platform business. In PI investment, the company carried out 14 cases totaling KRW 19.5 billion and an annual KRW 163.7 billion, including overseas investments, surpassing its income target by 55%.

In 2022, HFI will focus on risk management in the S&T business. It will strengthen platform-based OTC derivatives sales, and expand our trading operations to include alternative assets, carbon credits and other non-mainstream assets.

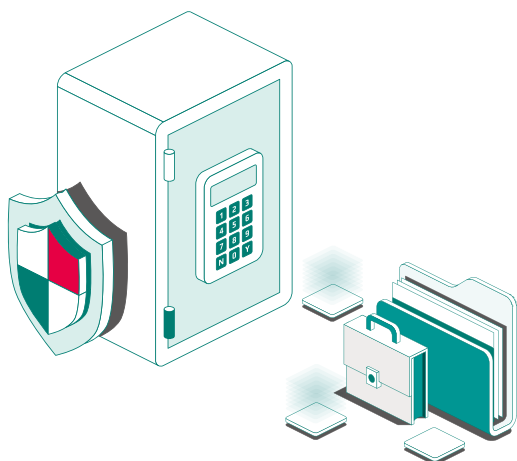
WM Operating Income of HFI

(Unit: KRW billion)

2019	217.2
2020	330.1
2021	460.2

Pension & Trust

By offering distinctive products and services in a proactive response to market changes and unique customer experiences made possible by advanced digital innovations, we will strengthen our market leadership and protect customer assets.



RETIREMENT PENSION

The retirement pension market grew 14.1% YoY in 2021 to KRW 292.0 trillion. Hana Bank's retirement pension contributions amounted to KRW 22.8 trillion at the year-end, a YoY increase of KRW 3.9 trillion or 20.3%. To review contributions by type, IRP, defined benefit (DB), and defined contribution (DC) grew KRW 1.5 trillion, KRW 1.4 trillion, and KRW 1.0 trillion, respectively.

Hana Bank created the Asset Management Division in 2021 and facilitated organic collaborations among relevant organizations for growth of the retirement pension sector. As a result, Hana Bank ranked No. 1 in the banking industry in terms of net increase in contributions. In addition, it became the first in the banking industry to add an exchange-traded fund (ETF) to its retirement pension product line-up, and as part of the effort to improve the earnings of retirement pension funds, built systems for managing the earnings performance of retirement pension funds, thus strengthening its asset and risk management.

By supplying distinctive new products in collaboration with its affiliates and outside organizations, the Bank also became an industry No. 1 in both IRP and DB, and a No. 2 in DC, in terms of yield. In the Hana 1Q app, it created a retirement pension page, including a two-way channel for a non-face-to-face consultation with pension planners, thus enhancing the non-face-to-face channel competitiveness of its retirement pension products and services.

Furthermore, Hana Bank provided hyper-personalized, customer-tailored services, including a text alert on monthly management status reports.

The retirement pension market for 2022 is forecast to grow by KRW 335.0 trillion. Market growth will likely be driven primarily by DC and IRP rather than DB. Owing to a volatile interest rate environment and a growing popularity among individual investors of direct investment trends, the level of interest in retirement pension earnings is expected to be higher than ever. Many regulatory changes are in the pipeline in place to retirement pension systems, such as amendments, and ordinances thereof, to the Act on the Guarantee of Employees' Retirement Benefits.

Amendments-induced changes and requirements that will substantially affect the retirement pension market include changing the weight of corporates' retirement benefit funds managed by third-party pension managers from 90%

to 100%; DB plan-selected companies of over 300 full-time workers are required to form a contribution management committee and to publish a regular investment policy statement (IPS); implementing an SME funding system organized by the Korea Workers' Compensation & Welfare Service; adopting the DC/IRP default option; and the mandatory transfer of retirement IRP.

By proactively responding to the changes, Hana Bank will turn them into a growth opportunity. By strengthening the product supply line-up with affiliates and other financial companies, it will offer competitive retirement pension products and develop high-margin products based on our diversified base assets. To this end, the Bank will develop diverse products to the varying characteristics of the three plans and thus implement product strategies that accommodate a greater diversity of needs. It will also do its best to improve customer service.

Breakdown of Retirement Pension Contribution

(Unit: KRW billion)

Hana Bank	2019			2020			2021		
	Balance	Change (Amount)	Change (%)	Balance	Change (Amount)	Change (%)	Balance	Change (Amount)	Change (%)
Total Contributions ¹⁾	15,631.5	3,001.9	23.8	18,994.6	3,363.1	21.5	22,845.0	3,850.4	20.3
DB	8,613.6	1,244.8	16.9	972.3	1,110.1	12.9	11,107.7	1,384.0	14.2
DC	4,049.5	781.0	23.9	4,949.7	900.2	22.2	5,962.4	1,012.7	20.5
Personal IRP	2,922.6	975.5	50.1	4,274.3	1,351.7	46.2	5,729.4	1,455.1	34.0

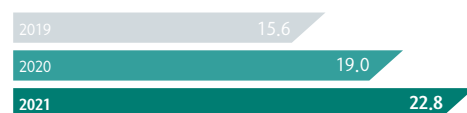
¹⁾ Including corporate IRP

Pension & Trust

By building a multi-dimensional service system covering the digital channel, branches, professional consultants, customer management centers through the customer management omni-channel, the Bank will offer a pension asset management service comprising a quick non-face-to-face pension asset assessment and a visit by professional consultants. In addition, by identifying customer needs and offering optimal solutions based on customer-tailored management, it will establish a service system that enables easy pension investments and a continuous management of pension earnings. Furthermore, Hana Bank will improve mobile customer journeys as a way to simplify digital subscription, product operation, and management processes, and it will build a mobile earnings management system in order to offer convenient and efficient digital services.

Balance of Retirement Pension Contributions

(Unit: KRW trillion)



TRUST

MAKING TRUST BUSINESS COMPETITIVE AND SUSTAINABLE

Hana Bank sought to strengthen its trust business by diversifying the structure of ELT, its flagship product, and increasing the supply of such fixed-income products that would meet diverse customer financial situations as alternative investment, high grade fixed income product, and foreign currency-based products. In line with digitalization trends, the Bank adopted a virtual consultation system for trust customers. In response to the aging population of Korea as well as for generating synergies through integrated marketing of inheritance and bestowal products and services to increase AUM and strengthen the services, and to lay the foundation for expanding affordable living trust products.

As a result, trust sales increased KRW 3.7 trillion YoY to KRW 74.2 trillion, the second largest in terms of market share, resulting in KRW 179.2 billion in trust commissions, a YoY increase of KRW 31.8 billion. Hana Bank diversified the structure of its flagship trust product into one that is stable and profitable, which also resulted in the second largest share of the market by annual cumulative sales. The Bank substantially raised the market share of the trust-type ISA product, which offers increased tax benefits, to No. 1 by number of accounts (314,000 accounts) and No. 2 by total trust sales (KRW 2.1 trillion).

Hana Bank's plans for 2022 are to diversify key products, adopt distinctive specialized products, and strengthen digital trust. It will continually

increase the supply of ELT which has been improved in stability and profitability over the years, develop ETF trust products high in versatility, increase the supply of high-grade fixed-income products that are selected in line with interest rate hikes, take other measures to diversify key base trust income. In addition, through monitoring latest trends and regulations, the Bank will adopt distinctive specialized products and thus meet various customer's needs; and expand non-face-to-face trust products, improve the trade process, and thus build a customer-oriented trade environment. At the same time, improvements will be made to the IT infrastructure as part of efforts to prepare for competition with Internet-only banks and big tech companies. Hana Bank will also expand product base of affordable living trust by promoting the "100 Years Management-Care" product. By doing so, the Bank will contribute to expanding the social safety net and enhancing the Group's social value through trust business.

INCREASING MARKET POWER BY STRENGTHENING CUSTODIAN BUSINESS

In custodian business, Hana Bank recorded KRW 167.0 trillion in AUM in 2021, a YoY increase of KRW 12.0 trillion. In particular, the Bank was re-selected by Korea Venture Investment Corp. and Government Employees Pension Service to manage their funds, a coveted honor reserved for top fund managers. The two government-run agencies each have around KRW 8.8 trillion and KRW 4.8 trillion in assets, respectively. The reselection not only confirms the Bank's expertise and excellence in providing distinctive services, but also will serve as a strong foundation for the Bank to become the nation's premier fund manager.

To actively attract the assets of investment associations, Hana Bank completed development of a system that connects to the Korea Securities Depository's Venturenet system. Running a system through Venturenet substantially not only improves the overall operation efficiencies compared to those in the previous system most of which are done manually, but also lessens the conventionally high risk burden of fund managers. Furthermore, quick and accurate instructions can be made in asset management, while safer, more efficient work executions are possible in the asset management in custody. Taking full advantage, the Bank will actively carry out marketing campaigns targeting investment association assets.

In 2022, Hana Bank will focus on internal controls and risk management when managing the funds. At the same time, to better respond to sharp changes in the market environment, it will focus on digitalizing fund operations and diversifying investment vehicles for AUM. Due to the 2021 amendments to the Capital Markets Act, asset managers' operations have been more rigorously monitored and asset audits have further expanded in scope. To comply with the toughened regulations and to roll out new products more effectively, the Bank will reconfigure and digitalize all trust business systems.

Also, it will add entrusted assets, which have been concentrated in investment trust, to investment associated assets which are invested through the Venturenet system, and thus focus on diversifying asset attractions.



FINANCIAL REVIEW.

Management's Discussion and Analysis

Audited Financial Statements

- Independent Auditor's Report
- Consolidated Statements of Financial Position
- Consolidated Statements of Profit or Loss and Other Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements

Management's Discussion and Analysis

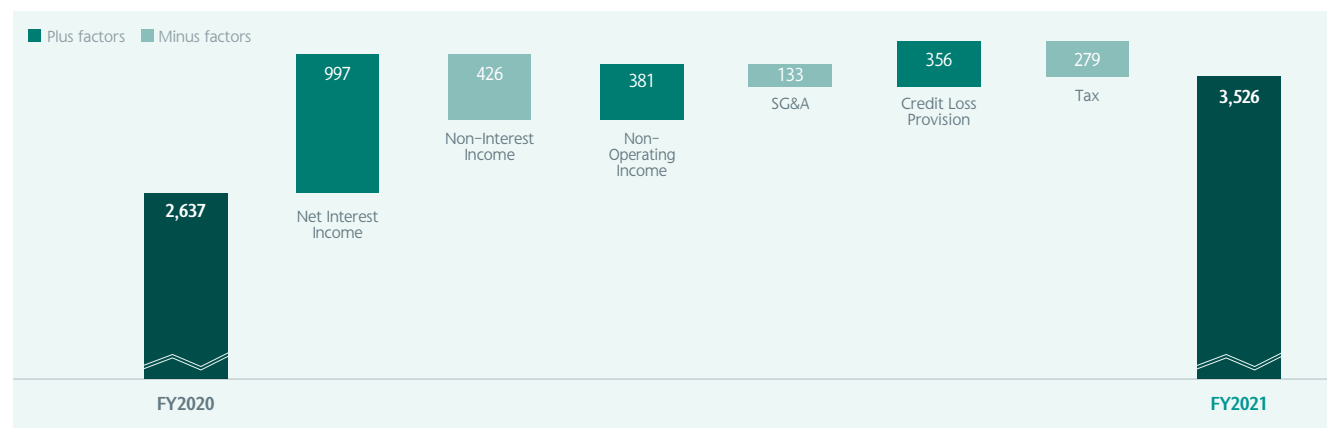
HANA FINANCIAL GROUP

I. OVERVIEW

In 2021, despite a dismal environment of a raging pandemic, Hana Financial Group made a concerted effort to grow together and share happiness with shareholders, customers, and other stakeholders.

As a result, the Group further improved its financial performance in 2021, generating an all-time-high consolidated net income of KRW 3,526.1 billion. It is attributable to business portfolio diversifications which resulted in solid core earnings and proactive risk management practices against pandemic-induced uncertainties over asset market volatility. Net interest margin (NIM), rose 6bp YoY to 1.66% on the back of two base rate hikes. Non-banking operations continued their robust growth, including securities, capital, and overseas business, as well as global operations, including in China. On the strength of these growth factors in addition to the base effect of the proactive provisioning made in 2020, net income surpassed the 2020 figure by the third quarter, ending 2021 with a YoY increase of KRW 888.8 billion.

GROUP NET INCOME MOVEMENT



Accordingly, return on equity (ROE) increased by 193 bp over the year to 10.89% and cost to income (C/I) ratio improved 1.37%p to 43.96%.

Total assets grew around 9.0% on the back of solid growth in corporate and household loans. Total revenue went up 15.7% on 10% rise in deposits and 49.4% increase in beneficiary certificate sales.

Asset quality also improved over the year. Non-performing loan (NPL) decreased by 0.08%p YoY to 0.32%, NPL coverage ratio rose 33.48%p to 177.26%, and delinquency rate recorded 0.28%, reflecting the Group-wide risk management throughout 2021.

BIS and Common Equity Tier 1 ratios recorded 16.29% and 13.78%, respectively, both well above the guidelines set by financial authorities.

Planning on leveling up its strengths and leading the industry in digitalization and global expansion, Hana Financial Group will stride forward with vigor so that 2022 will be remembered as the first year of its leap forward through competition and cooperation beyond finance boundaries.

Refer to the Group IR Databook 
Refer to the Group Business Results 

TABLE 1. SUMMARIZED FINANCIAL INFORMATION

(Unit: KRW billion)

	2021	2020	YoY
Profitability			
General Operating Income	9,214.2	8,642.7	571.5
Operating Income	4,631.1	3,836.4	794.7
Consolidated Net Income	3,526.1	2,637.2	888.8
ROA	0.74%	0.61%	0.13%p
ROE	10.89%	8.96%	1.93%p
EPS (KRW)	11,819	8,858	2,961
Cost to Income Ratio	43.96%	45.33%	-1.37%p
Business Volume			
Total Assets ¹⁾	502,445.3	460,947.0	41,498.2
Total Sales	400,529.8	346,170.1	54,359.7
(Total Deposits) ¹⁾	325,344.7	295,834.9	29,509.8
(Sale of Beneficiary Certificates)	75,185.1	50,335.2	24,849.9
Asset Soundness			
Substandard & Below (NPL) Ratio	0.32%	0.40%	-0.08%p
Substandard & Below (NPL) Coverage Ratio ²⁾	177.26%	143.78%	33.48%p
Delinquency Ratio	0.28%	0.26%	0.02%p
BPS (KRW)			
Capital Adequacy ³⁾	108,354	98,455	9,900
BIS CAR – Group	16.29%	14.20%	2.09%p
Tier 1 Ratio – Group	15.15%	13.03%	2.12%p
Common Equity Tier 1 Ratio – Group	13.78%	12.04%	1.74%p
BIS CAR – Hana Bank	17.24%	14.73%	2.51%p
Tier 1 Ratio – Hana Bank	15.29%	12.83%	2.46%p
Common Equity Tier 1 Ratio – Hana Bank	15.06%	12.78%	2.28%p
Net Capital Ratio – Hana Financial Investment	1,192.31%	1,214.63%	-22.32%p
Adjusted Equity Capital Ratio – KEB Hana Card	22.13%	22.84%	-0.71%p
Solvency Margin Ratio – Hana Life	200.40%	185.13%	15.27%p
Adjusted Equity Capital Ratio – Hana Capital	13.90%	12.50%	1.40%p

¹⁾ Total assets exclusive of trust assets

²⁾ Based on the Regulations on Supervision of Banking Business amended in December 14, 2016

³⁾ Based on Basel III standards

HANA FINANCIAL GROUP

II. SUMMARY OF BUSINESS PERFORMANCE

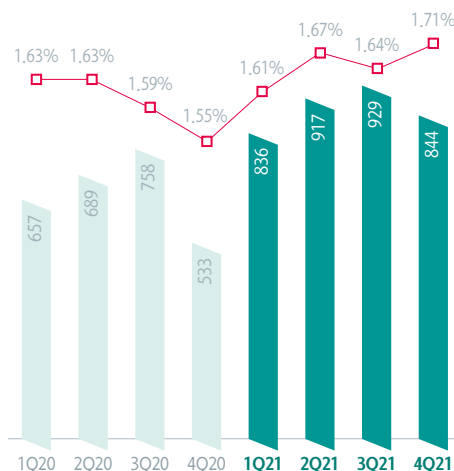
Hana Financial Group's consolidated net income for 2021 amounted to KRW 3,526.1 billion, up KRW 888.8 billion from the previous year. The increase can be attributed to the continued growth of global business and non-banking sector through business portfolio diversification.

Interest income rose KRW 997.3 billion YoY, stimulated by the Bank of Korea's two back-to-back base rate hikes and by the growth of quality assets stimulated by portfolio improvements. Fees and commissions income increased by KRW 233.3 billion YoY, led by efficiency improvements in card operations and the laudable performance of IB and stock brokerage. General operating income rose by KRW 571.5 billion YoY to KRW 9,214.2 billion, despite a drop in disposition and valuation gains triggered by FX translation loss and the base effect of fixed-income trades in 2020. Details on fees and commissions income, disposition and valuation gains, and other operating income will be described in the Table 3 Non-Interest Income.

GROUP NET INCOME & NIM

(Unit: KRW billion)

■ Net Income ■ NIM



General and administrative expenses remained stable on the strength of the Group-wide cost-saving efforts. Loan provisions declined KRW 356.0 billion to KRW 532.6 billion, reflecting the base effect of the proactive provisioning of 2020. As the COVID-19 pandemic continues for the time being, the current conservative provisioning policy will remain in place, with the monitoring of risk exposures to be further strengthened.

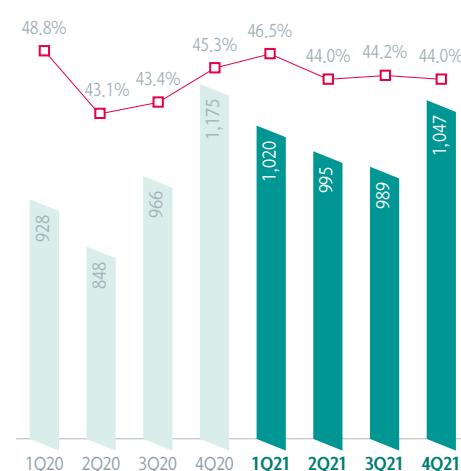
As a result of the factors mentioned above, the Group's operating income increased KRW 794.7 billion over the course of 2021 to KRW 4,631.1 billion.

General and administrative expenses increased by 3.4% YoY to KRW 4,050.5 billion in 2021. Despite additional expenses incurred due to the robust growth of income and Hana Insurance's joining of the Group, general and administrative expenses maintained at a stable level compared to the annual target.

GROUP G&A EXPENSES & C/I RATIO

(Unit: KRW billion)

■ G&A Expenses ■ C/I Ratio



To review expenses in detail, salaries and employee benefits rose KRW 332.8 billion YoY to KRW 2,268.3 billion owing to such factors as one-off labor compensation and bonus reserve. Severance and retirement benefits paid in 2021 amounted to KRW 215.3 billion, a KRW 180.4 billion decrease reflective of the reduced scale of the early retirement program. Administrative expenses and depreciation and amortization decreased KRW 10.7 billion YoY to KRW 1,435.1 billion, despite increased investments in platform, digital transformation, and other key future projects, thanks mainly to relentless cost-reduction measures implemented across Group operations.

The year-end C/I ratio stood at 43.96%, a 1.37%p improvement attesting to the success of cost-saving endeavors made in 2021. Going forward, Hana Financial Group will continue to manage its general and administrative expenses by focusing on cost efficiencies.

To review the 2021 performance by subsidiary, Hana Bank recorded net income of KRW 2,380.1 billion, YoY increase of KRW 513.5 billion. Interest income went up KRW 690.5 billion on net interest margin increases, and fees and commissions income also improved by KRW 35.2 billion. Gains on disposition and valuation, however, dropped KRW 552.7 billion mainly owing to FX translation loss and to the base effect of fixed-income trades made in 2020. As a result, general operating income grew KRW 119.2 billion YoY to KRW 6,132.7 billion. The Bank's general and administrative expenses decreased KRW 27.9 billion to KRW 2,733.5 billion thanks to cost-saving efforts. Provisions decreased KRW 373.4 billion to KRW 138.6 billion mainly due to the base effect of the provisioning related to the economic uncertainties in 2020.

Hana Financial Investment generated KRW 563.9 billion in net income, a YoY increase of KRW 161.3 billion. Core income and other income fundamentals improved on the solid performance of IB and asset management, as well as of a KRW 500.0 billion capital increase at the beginning of the year. Moreover, C/I ratio improved further as the cost-saving efforts of 2021 led general and administrative expenses to grow at modest rate relative to the increase in general operating income.

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Despite the COVID-19 pandemic, KEB Hana Card's transactions grew by 5.4% YoY on the back of government measures to revitalize consumption, and it achieved a record profit of KRW 250.5 billion on the strength of improved efficiencies following the digitalization of transaction approval, purchase, and third-party transaction processes. Fees and commissions income went up KRW 113.1 billion to KRW 232.6 billion, while general and administrative expenses decreased KRW 5.0 billion to KRW 221.9 billion.

Hana Capital generated a record-high net income of KRW 271.2 billion. It diversified the business portfolio through embracing more investment vehicles, and thus further fortified its income base. Lease and installment assets also rose by KRW 857.7 billion YoY to KRW 4,892.4 billion. Loan loss provision, NPL ratios and other asset quality indicators mostly improved over the year based on the success of proactive risk management.

Hana Life focused on reducing costs, increasing sales of protection and variable insurance in place of savings insurance, enhancing return on investment (ROI) by managing quality assets in collaboration with the Group affiliates, and improving its fundamentals by strengthening risk management. It generated KRW 12.7 billion in net income, a YoY decrease of KRW 22.5 billion.

Hana Savings Bank substantially grew its retail banking operations by focusing on Sunshine Loan and other government policy-based lending programs as well as mid-interest-rate credit loans via its non-face-to-face platform, all of which contributed to an increase in interest income. In addition, channel diversifications, loan portfolio rebalancing, and corporate loan increases backed by quality collateral led to qualitative growth of assets and profits. As a result, net income grew KRW 8.5 billion YoY to KRW 26.5 billion.

Hana Asset Trust participated in more projects in 2021 than before, including high-margin, on-time-construction-guaranteed land trust, REIT and apartment complex redevelopment. As a result, its net income increased KRW 11.9 YoY to KRW 92.7 billion.

Hana Insurance focused on transforming its business from auto insurance to a digitalized insurance platform covering a wide spectrum of daily life. It posted a net income of KRW 20.7 billion consisting mostly of proceeds from the sale of its HQ building and a net interest income.

TABLE 2. COMPREHENSIVE INCOME STATEMENT BY SUBSIDIARIES (SEPARATED)

(Unit: KRW billion)

	Hana Bank	Hana Financial Investment	KEB Hana Card ¹⁾	Hana Capital	Hana Asset Trust	Hana Alternative Asset Management	Hana Life	Hana Savings Bank	Hana TI	Hana Ventures	Hana F&I	Hana Insurance
General Operating Income	6,132.7	1,246.0	749.8	462.0	162.2	62.9	59.9	86.3	7.8	10.0	61.1	104.1
Net Interest Income	5,631.7	253.7	472.0	349.7	6.6	0.7	67.1	86.2	-7.5	0.2	70.5	14.8
Net Fees and Commissions Income	748.5	749.7	232.6	62.7	148.1	53.7	77.1	7.2	0.0	5.1	-10.1	0.1
Gains on Disposition & Valuation	346.8	137.7	24.7	22.0	1.9	0.9	20.8	0.5	0.0	4.5	0.1	3.5
Other Operating Income	-594.3	105.0	20.5	27.5	5.5	7.6	-105.0	-7.7	15.3	0.1	0.7	85.6
General & Administrative Expenses	2,733.5	537.0	221.9	64.7	41.9	25.0	41.0	33.3	6.1	5.4	8.7	116.7
Pre-Provisioning Operating Profit (PPOP)	3,399.2	709.0	527.9	397.2	120.2	38.0	18.9	52.9	1.7	4.6	52.4	-12.6
Provision	138.6	13.8	183.4	36.8	-5.4	0.7	0.6	16.4	0.0	0.0	17.6	0.4
Operating Income	3,260.6	695.3	344.5	360.4	125.7	37.3	18.3	36.5	1.7	4.6	34.8	-13.0
Non-Operating Income	-54.7	69.1	-1.7	3.1	0.2	4.9	-1.3	0.0	0.2	2.9	-0.1	41.3
Net Income before Income Tax	3,205.9	764.3	342.7	363.5	125.9	42.2	17.0	36.5	1.9	7.5	34.7	28.2
Income Tax Expense	825.7	200.4	92.2	92.3	33.2	11.1	4.3	10.0	0.7	2.0	9.3	7.5
Net Income	2,380.1	563.9	250.5	271.2	92.7	31.1	12.7	26.5	1.2	5.5	25.4	20.7

¹⁾ Consolidated

HANA FINANCIAL GROUP

TABLE 3. NON-INTEREST INCOME (CONSOLIDATED)

(Unit: KRW billion)

	2021	2020	YoY
Net Fees and Commissions Income	1,863.4	1,630.1	233.3
Credit Card	263.5	169.3	94.2
Loan and FX-related	483.9	490.5	-6.6
Asset Management	778.0	693.5	84.5
Beneficiary Certificates	132.8	112.7	20.0
Brokerage	231.5	213.1	18.4
Trust Fees	306.5	275.1	31.4
Bancassurance	31.0	33.2	-2.2
M&A Advisory	242.1	259.6	-17.5
Others	95.9	17.3	78.6
Gains on Disposition & Valuation	504.7	1,171.8	-667.1
Other Operating Income	-591.2	-599.2	8.0
Dividend Income	361.8	305.6	56.3
Contribution to the Credit Guaranteed Fund	-373.0	-310.5	-62.5
Deposit Insurance Fee	-455.8	-402.8	-53.0
Others	-124.2	-191.4	67.2
Total	1,777.0	2,202.8	-425.8

Hana Financial Group's non-interest income decreased by 19.3% YoY to KRW 1,777.0 billion. Fees and commissions income improved, but gains on disposition and valuation went down and other operating income remained similar to the previous year.

In the area of fees and commissions income, credit card income substantially grew as a result of efficiency improvements, and other fees and commissions income also increased in accordance with good securities brokerage and IB performance. In addition, beneficiary certificate sales recovered to result in improvements in relevant fees and commissions income. Hana Financial Group achieved balanced growth in fees and commissions income as a result of efforts to increase management efficiency and diversify business portfolio.

Gains on disposition and valuation decreased by KRW 667.1 billion YoY to KRW 504.7 billion, attributable to such internal and external factors as FX translation loss due to weakened KRW and reflection of base effects from the previous year's active realization of gains on the sale of bonds.

Other operating income comprises deposit insurance fees and other sales-related accounts, contributions to the credit guarantee fund and other business expenses, and stock dividend and other income accounts. Dividend income rose by KRW 56.3 billion YoY to KRW 361.8 billion, while contributions to the credit guarantee fund and deposit insurance fees amounted to KRW 373.0 billion and KRW 455.8 billion, respectively.

III. SUMMARIZED GROUP FINANCIAL POSITION

Hana Financial Group strives to strengthen global and non-banking sectors by diversifying its business portfolio while focusing on qualitative growth. As a result, the Group's assets maintained growth pace and went up 9.0% YoY in 2021 to reach KRW 502.4 trillion by the end of the year. As a result, the Group's assets grew by 9.0% YoY in 2021 to reach KRW 502,445.3 billion. As a result of the Group-wide efforts to manage risks despite the prolonged COVID-19, NPL ratio improved 0.08%p to 0.32% and delinquency rate was managed at 0.28%, and other indicators of asset quality also remained within reassuring ranges.

TABLE 4. CONDENSED BALANCE SHEETS (CONSOLIDATED)

(Unit: KRW billion)

	2021	2020	YoY
Interest Earning Assets	435,866.5	397,134.0	38,732.5
Due from Banks	16,361.1	15,128.2	1,232.9
Securities	80,257.2	71,721.8	8,535.4
Loans	339,248.2	310,283.9	28,964.2
Other Interest Earning Assets	16,882.6	15,426.3	1,456.4
Non-interest Earning Assets	49,696.2	48,386.8	1,309.4
Total Assets	502,445.3	460,947.0	41,498.2
Interest Bearing Liabilities	429,242.3	390,648.7	38,593.5
Deposits	325,344.7	295,834.9	29,509.8
Borrowings	30,735.3	26,494.3	4,241.0
Debentures	54,476.2	48,761.8	5,714.3
Policy Reserve	4,376.7	4,076.5	300.2
Borrowings from Trust Accounts	5,874.1	6,003.8	-129.7
Non-Interest Bearing Liabilities	37,703.7	38,698.0	-994.4
Total Liabilities	466,945.9	429,346.8	37,599.2
Shareholders' Equity	35,499.3	31,600.3	3,899.1
Total Liabilities & Shareholders' Equity	502,445.3	460,947.0	41,498.2

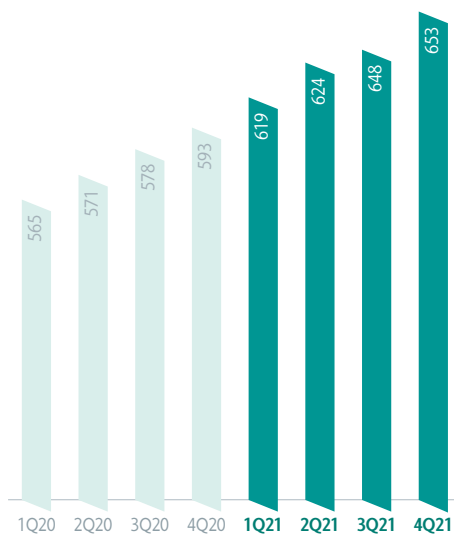
HANA FINANCIAL GROUP

To review asset growth by segment, loans, which account for the biggest share of interest earning assets, increased by 9.3% YoY to KRW 339,248.2 billion. KRW loans in particular rose by 8.5% to reach KRW 272,786.2 billion, led by balanced growths of corporate and household loans. FX loans also rose by 18.8% to KRW 28,782.6 billion.

Total liabilities increased 8.8% YoY to KRW 466,945.9 billion. The year-end balance of deposits amounted to KRW 325,344.7 billion, a 10.0% increase from the previous year, while borrowings increased by 16.0% to KRW 30,735.3 billion. Shareholders' equity reached KRW 35,499.3 billion by the year-end, a 12.3% increase attributable to a rise in retained earnings from the strong performance of consolidated net income and an additional issuance of hybrid securities.

GROUP TOTAL ASSETS¹⁾

(Unit: KRW trillion)



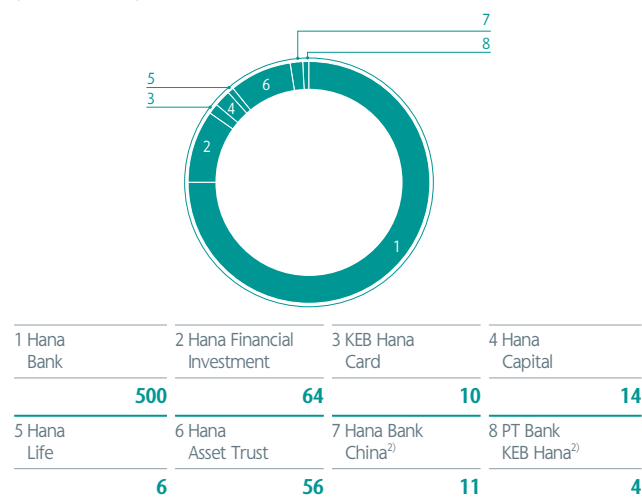
IV. ASSET QUALITY

Total credit increased by 9.7% YoY to KRW 344,780.2 billion, of which NPLs amounted to KRW 1,112.5 billion. NPL and precautionary and below ratios improved over the year to record 0.32% and 1.10%, respectively, reflecting improvements made in asset quality. The additional provisioning in 2021 for the second straight year was a preemptive response to the potential macro slowdown under the COVID-19 pandemic. NPL coverage ratio therefore increased by 33.48%p to 177.26%.

Hana Bank, the Group's major subsidiary, delivered sound asset growth in 2021, recording KRW 6.5 trillion, KRW 5.3 trillion, and KRW 4.2 trillion, respectively, in SME, SOHO, and household loans (based on total credits). The proportion of large corporate loans was stably managed at 15.9% at the end of 2021.

GROUP SUBSIDIARIES' ASSETS¹⁾

(Unit: KRW trillion)



¹⁾ Total assets = Group assets + Trust assets

²⁾ Based on separate figures

The Bank regularly reviews its credit exposure to large corporates, updating the watchlist based on both financial and non-financial risks associated with their operations as well as their chances of facing a liquidity crisis and ability to respond to such a crisis. The Bank preemptively manages its exposure to borrowers on the watchlist through in-depth monitoring for early signs of major risks, including a credit rating downgrade or restructuring.

TABLE 5. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2021	2020	YoY
Total Credit	344,780.2	314,338.7	30,441.5
Normal	340,975.0	310,495.0	30,480.0
Precautionary	2,692.7	2,581.6	111.1
Substandard	576.5	622.4	-45.9
Doubtful	320.2	391.2	-71.1
Estimated Loss	215.9	248.5	-32.6
Precautionary & Below			
Amount	3,805.2	3,843.7	-38.5
Ratio	1.10%	1.22%	-0.12%p
Substandard & Below (NPL)			
Amount	1,112.5	1,262.2	-149.6
Ratio	0.32%	0.40%	-0.08%p
Loan Loss Allowance	4,409.1	3,939.9	469.2
Loan Loss Reserve	1,972.0	1,814.7	157.3
Credit Loss Reserve	2,437.0	2,125.2	311.8
Substandard & Below (NPL) Coverage Ratio	177.26%	143.78%	33.48%p

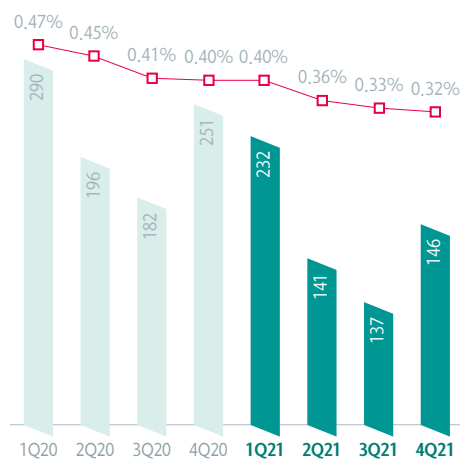
HANA FINANCIAL GROUP

The Group regularly updates the list of industries at risk, and closely monitors such industries in order to preemptively respond to risks that can be inflamed by continued COVID-19-induced economic downturns, commodity price increases, and interest rate hikes. Specifically, it is monitoring industries that are particularly vulnerable to economic fluctuations, including construction, lodging, real estate rental, and F&B. For corporate clients with large outstanding loans, sales, credit evaluation, and risk management divisions collaborated with one another to thoroughly analyze the business status and risk factors of such companies.

GROUP NEW NPL & NPL RATIO

(Unit: KRW billion)

■ New NPL ▬ NPL Ratio



V. CAPITAL ADEQUACY

The Group's total BIS capital stood at KRW 35,475.7 billion at the end of 2021, up KRW 3,374.5 billion or 10.5% compared to the previous year. Risk weighted assets (RWA) decreased by KRW 8,370.6 billion or 3.7% over the course of 2021 to KRW 217,768.0 billion. As a result, BIS ratio increased by 2.09%p to 16.29%.

Common Equity Tier 1 capital increased by KRW 2,764.7 billion, mainly led by the growth of net income. Additional Tier 1 capital grew by KRW 761.1 billion, while Tier 2 capital decreased by KRW 151.3 billion YoY.

RWAs decreased by KRW 8,370.6 billion over the year, of which credit RWA decreased KRW 9,788.2 billion, while market RWA and operational RWA increased KRW 413.1 billion and KRW 1,004.5 billion, respectively. For credit RWA, early adoption of Basel III led to considerable RWA reduction, and derivatives exposure went down by KRW 2.0 trillion.

TABLE 6. BIS CAPITAL AND RATIO

(Unit: KRW billion)

	2021	2020	YoY
Common Equity Tier 1 Capital	30,001.3	27,236.7	2,764.7
Additional Tier 1 Capital	2,983.4	2,222.3	761.1
Tier 2 Capital	2,491.0	2,642.3	-151.3
Total BIS Capital	35,475.7	32,101.2	3,374.5
Risk Weighted Assets	217,768.0	226,138.6	-8,370.6
BIS Capital Adequacy Ratio ¹⁾	16.29%	14.20%	2.09%p
Tier 1 Ratio	15.15%	13.03%	2.12%p
Common Equity Tier 1 Ratio	13.78%	12.04%	1.74%p

¹⁾ Based on Basel III standards

HANA BANK

I. OVERVIEW

Responding to the government's COVID-19 related policies in 2021, Hana Bank expanded financial support measures targeting SMEs and SOHO businesses, and at the same time, substantially grew its quality assets. Also, through effective cost and proactive risk management, the Bank achieved on operating leverage in 2021. Meanwhile, it developed new customer-centric products and services, expanded business by going beyond conventional boundaries to form alliances, and focused on digitalizing banking operations.

In 2022, Hana Bank will seek to establish new profit and growth models through "differentiation". With a combination of digital technology and humanism, one of its fortes, it will digitalize all retail products and services, thereby laying the foundation for differentiating its business strategies, and further improve what it excels in the IB, FX, and capital market. In addition, the Bank will proactively practice ESG finance to the next level as a way to support sustainable development of economy and society.

II. SUMMARY OF BUSINESS PERFORMANCE

Hana Bank recorded a net income of KRW 2,380.1 billion in 2021, thanks to increased core earnings and preemptive risk management.

Net interest income rose 14.0% YoY to KRW 5,631.7 billion. Hana Bank increased quality assets while expanding financial support for SMEs and SOHOs, and its efforts to improve funding mix and two base rate hikes resulted in a substantial improvement in NIM. In terms of fees and commissions income, there was well-balanced growth across all areas, including FX, beneficiary certificate, and trust. Gains on disposition and valuation went down 61.4% YoY to KRW 346.8 billion. Gains from fixed-income trading dropped along with market interest rate increases and FX translation losses materialized by weakened KRW also acted as a negative factor.

TABLE 1. COMPREHENSIVE INCOME STATEMENT (SEPARATED)

(Unit: KRW billion)

	2021	2020	YoY
General Operating Income	6,132.7	6,013.5	119.2
Net Interest Income	5,631.7	4,941.2	690.5
Net Fees and Commissions Income	748.5	713.3	35.2
Gains on Disposition & Valuation	346.8	899.4	-552.7
Other Operating Income	-594.3	-540.4	-53.9
General & Administrative Expenses	2,733.5	2,761.3	-27.9
Pre-Provisioning Operating Profit (PPOP)	3,399.2	3,252.2	147.0
Credit Loss Provision	138.6	512.1	-373.4
Operating Income	3,260.6	2,740.1	520.5
Non-Operating Income	-54.7	-213.1	158.4
Net Income before Income Tax	3,205.9	2,527.0	678.9
Income Tax Expense	825.7	660.4	165.4
Net Income	2,380.1	1,866.6	513.5
Cost to Income Ratio	44.57%	45.92%	-1.35%p

General and administrative expenses decreased by KRW 27.9 billion YoY to KRW 2,733.5 billion on the back of efficient management. Credit loss provision decreased 72.9% YoY to KRW 138.6 billion. The Bank strengthened its ability to absorb losses through a preemptive provisioning in response to the COVID-19 crisis situation in 2021. Also, a substantial write-back from certain corporates based on asset quality improvements in 2021 led to a YoY reduction in provisions.

TABLE 2. NON-INTEREST INCOME (SEPARATED)

(Unit: KRW billion)

	2021	2020	YoY
Fees and Commissions Income	748.5	713.3	35.2
Credit Card	0.1	0.1	0.0
Loan & FX-related	437.5	442.8	-5.3
Fees in Acceptances and Guarantees	69.6	68.0	1.6
Fees Related to Loans	205.4	218.8	-13.5
Fees in Foreign Currencies	162.5	156.0	6.6
Asset Management	310.9	270.4	40.5
Sales of Beneficiary Certificate	86.9	76.8	10.1
Bancassurance	44.9	46.4	-1.5
Trust Fees	179.2	147.3	31.9
Gains on Disposition & Valuation	346.8	899.4	-552.7
Other Operating Income	-594.3	-540.4	-53.9
Dividend Income	131.7	73.9	57.7
Deposit Insurance Fee	-437.8	-386.3	-51.5
Contribution to the Credit Guarantee Fund	-373.0	-310.5	-62.5
Others	84.8	82.4	2.4

HANA BANK

Fees and commissions income rose by KRW 35.2 billion or 4.9% to KRW 748.5 billion. Gains on disposition and valuation fell by KRW 552.7 billion or 61.4% to KRW 346.8 billion, and other operating income fell by KRW 53.9 billion.

In the area of fees and commissions income, asset management fees rose KRW 40.5 billion or 15.0% as a result of bullish stock market. Despite full enforcement of the Financial Consumer Protection Act, equity linked trust (ELT) and fund sales rose as a result of facilitating non-face-to-face sales based on advanced digital services, leading to a KRW 31.9 billion increase in trust fees and KRW 10.1 billion increase in sales of beneficiary certificate.

Gains on disposition and valuation decreased by 61.4% YoY to KRW 346.8 billion. Gains from fixed-income trading declined owing to market interest rate increases and FX translation losses amounted to KRW 154.6 billion from weakened KRW acting as headwind.

Other operating income decreased KRW 53.9 billion YoY, an outcome of a KRW 57.7 billion increase in dividend income from alternative and equity investments, although deposit insurance fee rose by KRW 51.5 billion and credit guarantee fee rose by KRW 62.5 billion in tandem with an increase in insurable average balance.

TABLE 3. GENERAL AND ADMINISTRATIVE EXPENSES (SEPARATED)
(Unit: KRW billion)

	2021	2020	YoY
General & Administrative Expenses	2,733.5	2,761.3	-27.9
Salaries and Employee Benefits	1,517.3	1,279.8	237.6
Severance and Retirement Benefits	160.0	349.5	-189.5
Administrative Expenses	594.0	627.4	-33.3
Depreciation and Amortization	383.5	410.1	-26.6
Taxes and Dues	78.6	94.6	-16.0
Cost to Income Ratio	44.57%	45.92%	-1.35%p

General and administrative expenses fell by KRW 27.9 billion YoY to KRW 2,733.5 billion.

Salaries and employee benefits rose KRW 237.6 billion YoY, mainly attributable to a special bonus payment, one-off expense, and the reserve of performance-linked bonus which was not set aside in the previous year. Salaries and employee benefits, excluding the special bonus and performance-linked bonus, declined KRW 25.5 billion YoY. Severance and retirement benefits decreased by KRW 189.5 billion YoY to KRW 160.0 billion, mainly due to base effect of early retirement program in 2020.

Administrative expenses decreased by KRW 33.3 billion from continued cost-saving efforts. Cost to income ratio therefore improved, declining 1.35%p YoY.

III. SUMMARIZED FINANCIAL POSITION

Total assets of Hana Bank rose by KRW 32,413.9 billion YoY to KRW 411,861.6 billion in 2021. This was the result of increases in interest earning assets, such as dues from banks and loans and other interest earning assets.

Interest earning assets totaled KRW 361,604.2 billion, a KRW 30,592.3 billion increase from a year earlier. Corporate loans rose by KRW 12,555.9 billion, comprised mostly of SME loans with low risk-weighted assets (RWAs). Loans to household rose by KRW 4,967.6 billion, led by an increase in *Jeonse* and online credit loans. As a result, total KRW loans also rose by KRW 17,523.6 billion. Securities increased by a total KRW 7,639.2 billion, mainly led by held-to-maturity securities.

TABLE 4. CONDENSED BALANCE SHEETS (SEPARATED)
(Unit: KRW billion)

	2021	2020	YoY
Interest Earning Assets	361,604.2	331,011.9	30,592.3
Due from Banks	10,975.1	10,131.7	843.4
Fixed Income Securities	54,777.6	47,138.4	7,639.2
Loans	295,851.6	273,741.8	22,109.7
Other Interest Earning Assets	9,518.4	9,371.9	146.6
Stocks and Others	9,518.4	9,371.9	146.6
Non-interest Earning Assets	40,739.0	39,063.9	1,675.1
Total Assets	411,861.6	379,447.7	32,413.9
Interest Bearing Liabilities	356,088.6	324,219.3	31,869.4
Deposits	306,809.8	277,902.7	28,907.1
Borrowings	15,572.4	15,858.7	-286.3
Debentures	27,640.8	24,252.4	3,388.3
Borrowings from Trust Accounts	6,065.7	6,205.5	-139.8
Non-Interest Bearing Liabilities	28,321.7	29,140.7	-819.0
Total Liabilities	384,410.3	353,360.0	31,050.3
Shareholders' Equity	27,451.3	26,087.7	1,363.6
Total Liabilities & Shareholders' Equity	411,861.6	379,447.7	32,413.9

HANA BANK

Interest bearing liabilities, comprising mainly deposits, increased by KRW 31,869.4 billion YoY. Shareholders' equity grew by KRW 1,363.6 billion YoY on the back of solid net income in 2021, despite the dividend payout of KRW 1,114.7 billion.

TABLE 5. KRW LOANS & DEPOSITS

(Unit: KRW billion)

	2021	2020	YoY
KRW Loans	256,711.2	239,187.6	17,523.6
Loans to Corporate	126,392.4	113,836.5	12,555.9
SME	109,645.8	97,963.1	11,682.6
SOHO	56,163.8	50,443.5	5,720.3
Large Corporate	14,277.3	14,016.3	261.0
Others	2,469.4	1,857.0	612.3
Loans to Households	130,318.8	125,351.1	4,967.6
KRW Deposits¹⁾	268,291.2	245,112.3	23,178.8
Low Cost Funding	124,309.9	108,431.5	15,878.4
Core Deposits	88,801.0	75,019.7	13,781.4
Money Market Deposit Account (MMDA)	35,508.8	33,411.8	2,097.0
Time Deposits	131,821.7	126,965.4	4,856.3
Installment Deposits	5,778.6	9,533.1	-3,754.4
Core Deposits & Others	6,406.6	182.4	6,224.2

¹⁾ Excluding foreign currency and trust deposits

KRW loans totaled KRW 256,711.2 billion, a YoY increase of KRW 17,523.6 billion. Loans to corporate rose by KRW 12,555.9 billion, of which large corporate loans amounted to KRW 261.0 billion and SME loans, including SOHO, to KRW 11,682.6 billion. Loans to households increased by KRW 4,967.6 billion, mainly led by strong demand for *Jeonse* loans and digital-based credit loans, amid a somewhat slower increase in mortgage loans, attributable to housing market regulations and the resulting slowdown in transaction. KRW deposits increased by KRW 23,178.8 billion to KRW 268,291.2 billion. Core deposits and money market deposit account (MMDA) rose by KRW 13,781.4 billion and KRW 2,097.0 billion, respectively.

IV. ASSET QUALITY

Total credit stood at KRW 295,025.6 billion at the end of 2021, up KRW 24,313.3 billion mainly owing to an increase in loan receivables. Precautionary & below and NPL loans decreased by KRW 85.8 billion and KRW 165.0 billion, respectively.

Precautionary & below and NPL ratios improved by 0.11%p and 0.08%p, respectively, to 0.81% and 0.26%, which reflect continued efforts made in managing distressed loans and credit risks. NPL coverage ratio rose by 33.84%p YoY to 163.94%, mainly attributable to preemptive provisioning and management in response to COVID-19.

TABLE 6. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2021	2020	YoY
Total Credit	295,025.6	270,712.3	24,313.3
Normal	292,648.9	268,237.0	24,411.9
Precautionary	1,619.6	1,553.2	66.4
Substandard	470.5	551.7	-81.2
Doubtful	179.0	235.4	-56.4
Estimated Loss	107.7	135.1	-27.4
Precautionary & Below			
Amount	2,376.7	2,475.3	-85.8
Ratio	0.81%	0.91%	-0.11%p
Substandard & Below (NPL)			
Amount	757.1	922.1	-165.0
Ratio	0.26%	0.34%	-0.08%p
Credit Loss Reserves	1,241.2	1,199.6	41.6
Substandard & Below (NPL) Coverage Ratio¹⁾	163.94%	130.10%	33.84%p

¹⁾ Excluding loan loss reserves

V. CAPITAL ADEQUACY

Hana Bank continued to bolster its capital base in 2021 by issuing subordinated bonds and foreign currency hybrid securities totaling KRW 435.0 billion and USD 300.0 million, respectively, and increasing reserves through earnings improvements. The Bank preemptively responded to Basel III, which was adopted early in 2021, and focused on efficient capital management. As a result, despite an increase in RWAs following asset and market volatility increases and a phased reduction in recognition of hybrid and subordinated bonds as BIS capital, BIS ratio considerably improved from the previous year to record 17.24%.

Going forward, Hana Bank will maintain its capital at a strong level by improving earnings and thus increasing internal reserves, and through efficient management of RWAs.

TABLE 7. BIS CAPITAL AND RATIO

(Unit: KRW billion)

	2021	2020	YoY
Tier 1 Capital	27,329.7	25,186.6	2,143.1
Common Equity Tier 1 Capital	26,917.0	25,085.1	1,831.9
Additional Tier 1 Capital	412.7	101.5	311.2
Tier 2 Capital	3,483.1	3,739.1	-256.1
Loan Loss Reserve	236.0	167.7	68.3
Subordinated Bonds	3,226.9	3,548.7	-321.8
Others	20.1	22.7	-2.6
Total BIS Capital	30,812.7	28,925.7	1,887.1
Risk Weighted Assets	178,733.5	196,316.2	-17,582.7
BIS Capital Adequacy Ratio¹⁾			
Common Equity Tier 1 Ratio	15.06%	12.78%	2.28%p
Tier 1 Ratio	15.29%	12.83%	2.46%p
Tier 2 Ratio	17.24%	14.73%	2.51%p

¹⁾ Based on Basel III standards

HANA FINANCIAL INVESTMENT

I. OVERVIEW

TABLE 1. SUMMARIZED FINANCIAL INFORMATION (SEPARATED)
(Unit: KRW billion)

	2021	2020	YoY
Business Volume			
Total Assets	34,432.6	31,910.6	2,522.0
Shareholders' Equity	5,307.1	4,405.1	902.0
Profitability			
General Operating Income	1,246.0	1,001.1	244.9
Operating Income	695.3	493.9	201.4
Net Income	563.9	402.6	161.3
Return on Assets (ROA) ¹⁾	1.63%	1.30%	0.33%p
Return on Equity (ROE)	11.56%	9.88%	1.68%p
Cost to Income Ratio	43.10%	47.12%	-4.02%p
Capital Adequacy			
Net Capital Ratio ²⁾	1,192.31%	1,214.63%	-22.32%p

¹⁾ Based on average balance

²⁾ Based on consolidated figures

Amid a bullish stock market in Korea, Hana Financial Investment (HFI) significantly increased customer assets and retail incomes by promptly responding to market developments. Especially in IB, HFI achieved strong growth following its focus on diversifying income sources, including real estate PF, eco-friendly infrastructure, and corporate equity investments, despite pandemic-induced business obstacles. As a result, HFI's general operating income increased 24.5% over the course of 2021 to KRW 1,246.0 billion, and net income rose by 40.1% to KRW 563.9 billion. ROE and C/I ratio both improved, ending the year at 11.56% and 43.1%, respectively, both breaking their record of 2020.

II. SUMMARY OF BUSINESS PERFORMANCE

HFI achieved a solid performance across all business areas in 2021, an outcome of a rise in performance of the IB unit, including domestic and overseas alternative investment and corporate finance, an increase in income in the WM unit as a result of vitalization of the stock market in the first half of the year and efforts to develop flagship products, and efforts to diversify S&T income, including expansion of the carbon credit business. As a result, HFI's net income substantially increased by KRW 161.3 billion or 40.1% YoY to KRW 563.9 billion.

General operating income increased by 24.5% YoY to KRW 1,246.0 billion. To review the income performance in detail, net fees and commissions income rose to reach KRW 749.7 billion, a YoY increase of KRW 89.2 billion, led by stock brokerage and IB fees.

TABLE 2. COMPREHENSIVE INCOME STATEMENT (SEPARATED)
(Unit: KRW billion)

	2021	2020	YoY
General Operating Income	1,246.0	1,001.1	245.0
Net Interest Income	253.7	251.0	2.7
Net Fees and Commissions Income	749.7	660.4	89.2
Gains on Disposition & Valuation	137.7	-11.0	148.7
Other Operating Income	105.0	100.7	4.3
General & Administrative Expenses	537.0	471.7	65.3
Pre-Provisioning Operating Profit (PPOP)	709.0	529.4	179.7
Credit Loss Provision	13.8	35.5	-21.7
Operating Income	695.3	493.9	201.4
Non-Operating Income	69.1	42.7	26.4
Income before Income Tax	764.3	536.6	227.8
Income Tax Expense	200.4	134.0	66.4
Net Income	563.9	402.6	161.3

Income other than fees and commissions grew by KRW 155.7 billion YoY to KRW 496.4 billion, an outcome of an increase of KRW 2.7 billion YoY in interest income to KRW 253.7 billion, a rise of KRW 148.7 billion YoY in gains on disposition and valuation to KRW 137.7 billion, and an increase of KRW 4.3 billion in other operating income.

General and administrative expenses increased by KRW 65.3 billion YoY to KRW 537.0 billion on the back of an increase in sales personnel and performance-linked bonuses.

Credit loss provision amounted to KRW 13.8 billion, a YoY decrease of KRW 21.7 billion, and non-operating income rose by KRW 26.4 billion YoY to KRW 69.1 billion.

TABLE 3. FEE & COMMISSIONS INCOME (SEPARATED)
(Unit: KRW billion)

	2021	2020	YoY
Fees and Commissions Income	749.7	660.4	89.2
Brokerage Commission	231.5	213.1	18.4
Management Fee on Wrap Account and Asset Management	111.8	79.0	32.8
Underwriting Commission	96.1	125.1	-29.0
Commissions on Mergers & Acquisitions	163.8	177.6	-13.8
Others	146.4	65.6	80.8

Fees and commissions income grew by 13.5% YoY to KRW 749.7 billion in 2021, attributable to an increase in brokerage commissions with the ascendancy of the stock market and debt guarantee and private equity fund (PEF) management commissions. Brokerage commissions rose by KRW 18.4 billion YoY to KRW 231.5 billion on the back of a booming stock market. Management fee on wrap account and asset management substantially rose by KRW 32.8 billion or 41.5% to KRW 111.8 billion, an outcome of an increase in investment performance fee.

HANA FINANCIAL INVESTMENT

IB and other fees and commissions income rose by KRW 38.0 billion to KRW 406.4 billion, an outcome of income diversification, including ESG-related investments and PEF ROI performance fee, in addition to real estate-related income.

TABLE 4. GENERAL AND ADMINISTRATIVE EXPENSES (SEPARATED)

(Unit: KRW billion)

	2021	2020	YoY
General & Administrative Expenses	537.0	471.7	65.3
Salaries and Employee Benefits	331.2	292.7	38.5
Severance and Retirement Benefits	22.6	15.6	7.0
Administrative Expenses	120.7	108.2	12.5
Depreciation and Amortization	45.4	39.6	5.8
Taxes and Dues	17.1	15.7	1.4
Cost to Income Ratio	43.10%	47.12%	-4.02%p

General and administrative expenses increased by KRW 65.3 billion to KRW 537.0 billion in 2021. Cost-saving measures maintained throughout the year while incomes rose significantly, bringing down cost to income (C/I) ratio to 43.10%, a YoY improvement of 4.02%p.

Salaries and employee benefits rose by KRW 38.5 billion YoY to KRW 331.2 billion, reflecting a rise in bonus payments as a result of an increase in the number of sales personnel and improvements in operating income. Reserves for severance and retirement benefits slightly increased over the previous year to KRW 22.6 billion, owing to year-end voluntary retirement. Administrative expenses increased by KRW 12.5 billion YoY to KRW 120.7 billion, an outcome of increased network and IT infrastructure management expenses resulting from mounting stock transaction volumes and increased advertising expenses. Taxes and dues modestly increased over the previous year to record KRW 17.1 billion.

III. KEY FIGURES

The stock market continued an upward trend in the first half of the year in 2021 but was sluggish starting from the second half of the year owing to an economic downturn and interest rate hikes. HFI increased development and sales of its unique, specialized products which resulted in a YoY increase of KRW 16.7 trillion in assets under management (AUM) to KRW 133.0 trillion. In particular, the trust sector's AUM rose 25.7% YoY to record KRW 25.4 trillion owing to increased ROI.

TABLE 5. AUM BREAKDOWN

(Unit: KRW billion)

	2021	2020	YoY
Customer Assets of HFI (AUM)	132,868.2	116,163.9	16,704.3
Beneficiary Certificates	29,003.6	28,295.7	707.8
Equity (Hybrid) Type Fixed	2,564.5	2,962.6	-398.1
Income (Hybrid) Type	5,059.5	4,801.4	258.1
Money Market Fund	5,402.8	5,243.3	159.5
Others	15,976.8	15,288.5	688.3
Financial Products	44,418.6	37,941.3	6,477.3
Trust	25,384.2	20,192.9	5,191.3
Repurchase Agreement	3,642.0	3,732.1	-90.2
Fixed-Income/Certificate of Deposit/Commercial Paper	12,477.0	11,194.7	1,282.3
Others	2,915.4	2,821.6	93.9
Entrusted Assets	59,446.0	49,926.8	9,519.2
Market	829,159.0	691,806.7	137,352.3
Market Share	3.50%	4.09%	-0.59%p

HFI was a lead-manager of 13 initial public offerings (IPOs) in 2021, raising a total of KRW 359.2 billion fund, and thus ranked 11th in the league table. ELS/DLS issuance totaled KRW 6,941.7 billion, placing HFI in 7th place based on issuance amount and 2nd place in DLS, thus maintaining a top ranking in the league table.

TABLE 6. ACQUISITION AND ISSUANCE

(Unit: KRW billion)

	2021	2020	YoY
IPO & Capital Increase (Lead-managed)	359.2	192.4	166.8
ELS/DLS Issued (ELB/DLB included)	6,941.7	8,740.5	-1,798.8

While sharp increase in market transaction volumes in the first quarter of 2020, it started slowdown in early 2021 and changed into a downward trend in the second half of the year. Along with a decline in transaction volumes, the KOSPI index dropped to around 3,000 points at the end of the year after reaching a record-high 3,316.08 points in June 2021. Against this backdrop, HFI's brokerage contracts slightly increased from the previous year to KRW 293.5 trillion, with a market share of 1.95%.

TABLE 7. BROKERAGE CONTRACTS

(Unit: KRW billion)

	2021	2020	YoY
Brokerage Contracts	293,511.8	272,463.3	21,049
OFF	53,920.9	47,190.2	6,731
ON	239,590.9	225,273.1	14,318
Market	15,074,811.6	13,400,628.8	1,674,183
Market Share	1.95%	2.03%	-0.09%p

HANA FINANCIAL INVESTMENT

IV. ASSET QUALITY

Total credit rose KRW 290.5 billion YoY to KRW 9,653.1 billion in 2021. This is mainly attributable to a KRW 785.3 billion rise in credit granting; a KRW 661.2 billion increase in loans; a KRW 202.8 billion increase in accounts receivable and accrued revenue; a KRW 922.7 billion decline in repurchase agreements; and a KRW 428.8 billion reduction in debt guarantees.

NPL ratio improved by 0.02%p YoY, and loan loss reserve increased by KRW 22.2 billion. This is mainly attributable to an increase in assets categorized as normal in accordance with a rise in total credit.

NPL coverage ratio went up 45.03%p to 153.43%p. The loan loss reserve at the end of 2021 was at a level deemed appropriate to enable the recovery of individual assets without incurring further losses.

TABLE 8. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2021	2020	YoY
Total Credit	9,653.1	9,362.6	290.5
Normal	9,593.3	9,297.6	295.7
Precautionary	10.0	15.0	-5.0
Substandard	2.6	5.2	-2.5
Doubtful	42.1	38.2	4.0
Estimated Loss	5.0	6.7	-1.6
Precautionary & Below			
Amount	59.8	65.0	-5.2
Ratio	0.62%	0.69%	-0.07%p
Substandard & Below (NPL)			
Amount	49.8	50.0	-0.2
Ratio	0.52%	0.53%	-0.02%p
Loan Loss Reserve	76.4	54.2	22.2
Normal	27.5	7.2	20.3
Precautionary	1.8	2.2	-0.4
Substandard	-	-	0.0
Doubtful	42.1	38.1	4.0
Estimated Loss	5.0	6.7	-1.6
Precautionary & Below			
Loan Loss Reserve	48.9	47.0	1.9
Coverage Ratio	127.78%	83.39%	44.38%p
Substandard & Below (NPL)			
Loan Loss Reserve	47.1	44.8	2.3
Coverage Ratio	153.43%	108.41%	45.03%p

V. CAPITAL ADEQUACY

Net capital ratio softened by 22.31%p YoY to 1,192.3%, still well above regulatory guidelines (100%) set by the Financial Supervisory Service and the more stringent target (200%) set by the company's Risk Management Committee. Net capital rose KRW 308.9 billion to KRW 4,275.4 billion. Shareholders' equity on the 2021 balance sheet rose KRW 895.6 billion following a paid-in capital increase of KRW 500.0 billion, but due to such factors as a KRW 449.7 billion increase in unsecured loans over three months, which is a deduction factor, the level of capital increase was somewhat limited.

Risk amount is indicating an upward trend owing to a rise in IB investments and the resulting increase in collective investment securities and loans. Gross risk amount rose KRW 338.9 billion to amount to KRW 2,675.0 billion at the end of 2021.

TABLE 9. NET CAPITAL RATIO

(Unit: KRW billion)

	2021	2020	YoY
Net Capital	4,275.4	3,966.5	308.9
(+) Shareholders' Equity on Balance Sheet	5,321.2	4,425.6	895.6
(+) Allowances for Currency Assets	67.8	68.4	-0.5
(+) Subordinated Debentures	460.0	590.0	-130.0
(-) Fixed Assets	138.1	160.5	-22.4
(-) Prepaid Expenses	39.6	26.4	13.2
(-) Unsecured Loans (over 3 Months)	1,195.2	745.5	449.7
(-) Others	200.8	185.2	15.7
Gross Risk Amount	2,675.0	2,336.1	338.9
Market Risk	1,573.5	1,463.0	110.5
Counter Party Risk	864.3	688.6	175.7
Credit Concentration Risk	39.2	39.9	-0.6
Operational Risk	198.0	144.7	53.3
Indirect Investment Risk	0.0	0.0	0.0
Net Capital Ratio	1,192.31%	1,214.63%	-22.31%p

KEB HANA CARD

I. OVERVIEW

KEB Hana Card generated KRW 70.5 trillion in transaction volume in 2021, up 5.4% YoY, leading to record-high operating income and net income of KRW 343.8 billion and KRW 250.5 billion, respectively. Asset grew as a result of increased transaction volumes while credit losses decreased as asset quality improved over the year.

Going forward, KEB Hana Card plans to enhance competitiveness of its platform "1Q Pay", grow the customer base through expansion of collaboration and cross-selling operations with the Group affiliates, and facilitate the increase of overseas business hubs as part of post-COVID global strategies. It will maintain loan assets at a conservative level in consideration of continuing COVID-19 risks, and minimize the impact of merchant fee reductions by further growing its core business and developing new income sources.

TABLE 1. SUMMARIZED FINANCIAL INFORMATION (CONSOLIDATED)
(Unit: KRW billion)

	2021	2020	YoY
Profitability			
General Operating Income	749.8	667.9	81.9
Operating Income	344.5	212.5	131.9
Net Income	250.5	154.5	96.0
Return on Assets (ROA)	2.81%	1.87%	1.17%p
Return on Equity (ROE)	13.11%	9.11%	5.63%p
Cost to Income Ratio	29.59%	33.97%	-4.38%p
Business Volume¹⁾	70,537.2	66,922.5	3,614.7
Lump-sum	57,810.2	53,547.9	4,262.4
Installment	6,066.3	5,415.6	650.6
Cash Advance	3,098.4	3,350.3	-251.8
Card Loans	3,562.2	4,608.7	-1,046.5

¹⁾ Other credit card assets and installments are included in credit sales.

II. SUMMARY OF BUSINESS PERFORMANCE

Net interest income decreased by KRW 36.7 billion YoY, attributable to a decline in card loan balance and a rise in interest-free installments. Fees and commissions income increased by KRW 113.1 billion on the strength of digital innovation which has helped improve the business fundamentals and lower processing costs. Gains on disposition and valuation grew by KRW 6.6 billion as foreign exchange profits were raised by an increase in overseas transaction volume. Other operating income dropped by KRW 1.1 billion as a result of a decrease in gains on the loan sales. General and administrative expenses decreased by KRW 5.0 billion as depreciation of credit card system investments made in 2015 ended. Credit loss provision decreased by KRW 45.0 billion on the back of improvements in asset quality, an outcome of preemptive high-risk asset reduction efforts. As a result, KEB Hana Card's net income increased by KRW 96.0 billion YoY to KRW 250.5 billion, a record high.

TABLE 2. COMPREHENSIVE INCOME STATEMENT (CONSOLIDATED)
(Unit: KRW billion)

	2021	2020	YoY
General Operating Income	749.8	667.9	81.9
Net Interest Income	472.0	508.7	-36.7
Net Fees and Commissions Income	232.6	119.5	113.1
Gains on Disposition & Valuation	24.7	18.1	6.6
Other Operating Income ¹⁾	20.5	21.6	-1.1
General & Administrative Expense	221.9	226.9	-5.0
Pre-Provisioning Operating Profit (PPOP)	527.9	441.0	86.9
Credit Loss Provision	183.4	228.5	-45.0
Operating Income	344.5	212.5	131.9
Non-Operating Income	-1.7	-1.7	-0.0
Net Income before Income Tax	342.7	210.8	131.9
Income Tax Expense	92.2	56.4	35.9
Net Income	250.5	154.5	96.0

¹⁾ Other operating income includes transfer to reserve for unused credit loss provision and provisions for other allowances.

Fee revenue went up KRW 44.5 billion or 3.5% YoY to KRW 1,315.8 billion. This is attributable to a KRW 60.3 billion increase in credit card receivables, a KRW 11.4 billion decrease in income from interest on cash advances, a KRW 4.7 billion reduction in fee revenue from card loans, and a KRW 0.3 billion increase in overseas card purchases and secondary business income. Fee expenses were lowered by KRW 68.7 billion, owing to the restructuring of high-cost products leading to cut in card service expenses and the digitalization of credit card value chain, which reduced processing costs.

TABLE 3. FEE STRUCTURE (CONSOLIDATED)

(Unit: KRW billion)

	2021	2020	YoY
Fee Revenue	1,315.8	1,271.3	44.5
Credit Card Receivables in KRW	534.7	474.4	60.3
Cash Advance	62.1	73.4	-11.4
Card Loan	338.6	343.3	-4.7
Others	380.4	380.2	0.3
Fee Expenses	1,083.2	1,151.9	-68.7
Fee Income	232.6	119.5	113.1

General and administrative expenses fell by KRW 5.0 billion, as depreciation of 2015 investments made in credit card systems came to an end. C/I ratio decreased by 4.38%p YoY to 29.59%, reflecting improvements in cost efficiency across the company.

TABLE 4. GENERAL AND ADMINISTRATIVE EXPENSES (CONSOLIDATED)
(Unit: KRW billion)

	2021	2020	YoY
General & Administrative Expenses	221.9	226.9	-5.0
Salaries and Employee Benefits	91.7	93.9	-2.2
Severance and Retirement Benefits	6.9	6.8	0.0
Administrative Expenses	79.7	78.0	1.7
Depreciation and Amortization	30.1	36.6	-6.6
Taxes and Dues	13.6	11.5	2.0
Cost to Income Ratio	29.59%	33.97%	-4.38%p

KEB HANA CARD

III. KEY FIGURES

Earning assets grew by KRW 997.9 billion YoY to KRW 8,507.5 billion. This is attributable to a KRW 332.9 billion increase in credit purchase owing to recovery of consumption from the COVID-19 stimulus packages and a KRW 3.1 billion rise in cash advances. On the other hand, card loans decreased by KRW 227.9 billion.

KEB Hana Card commenced the auto installment finance business in 2021, and its auto installment finance assets totaled KRW 345.4 billion at the year-end.

TABLE 5. EARNING ASSET PORTFOLIO

(Unit: KRW billion)

	2021	2020	YoY
Earning Assets (Managed)¹⁾	8,507.5	7,509.6	997.9
Credit Purchase	3,547.7	3,214.8	332.9
Cash Advances	383.2	380.1	3.1
Card Loan	2,461.8	2,689.7	-227.9
Re-aged Loan	61.6	99.3	-37.8
Installment Finance	345.4	-	345.4
Lease	-	-	0.0
Others	1,769.5	1,225.1	544.4

¹⁾ Earning assets before deducting credit loss provisions and present value discounts

IV. ASSET QUALITY

Total credit at the end of 2021 amounted to KRW 8,721.6 billion, a YoY increase of KRW 1,098.3 billion, and NPL ratio improved by 64bp from 1.34% to 0.70%. Precautionary and below ratio also improved by 78bp from 4.13% to 3.35%.

TABLE 6. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2021	2020	YoY
Total Credit	8,721.6	7,623.3	1,098.3
Normal	8,429.7	7,308.4	1,121.3
Precautionary	230.9	212.5	18.4
Substandard	0.9	2.0	-1.1
Doubtful	39.8	77.6	-37.8
Estimated Loss	20.4	22.8	-2.4
Precautionary & Below			
Amount	291.9	314.9	-23.0
Ratio	3.35%	4.13%	-0.78%p
Substandard & Below (NPL)			
Amount	61.0	102.4	-41.4
Ratio ¹⁾	0.70%	1.34%	-0.78%p
Loan Loss Reserves	239.0	263.5	-24.5
Normal	129.0	131.3	-2.3
Precautionary	63.5	55.1	8.3
Substandard	0.4	1.2	-0.8
Doubtful	30.0	58.5	-28.5
Estimated Loss	16.1	17.3	-1.2
Coverage Ratio	0	0	
Substandard & Below (NPL) Coverage	391.72%	257.32%	134.40%p
Precautionary & Below	81.86%	83.66%	-1.80%p

¹⁾ NPL ratio inclusive of factoring

V. CAPITAL ADEQUACY

Adjusted equity capital ratio decreased by 0.70%p from the previous year's 22.84% to 22.13%, but capital adequacy ratio was maintained throughout the year. Leverage ratio increased from 4.61 at the end of 2020 to 4.72 at the end of 2021, but is well below the regulatory guideline of 8.0.

TABLE 7. ADJUSTED EQUITY CAPITAL RATIO AND LEVERAGE RATIO

(Unit: KRW billion)

	2021	2020	YoY
Adjusted Equity Capital	2,001.1	1,755.2	245.9
Adjusted Total Asset	9,040.7	7,685.1	1,355.6
Adjusted Equity Capital Ratio (%)	22.13%	22.84%	-0.70%p
Total Equity Capital	2,028.7	1,780.0	248.7
Total Assets	9,585.4	8,209.0	1,376.4
Leverage Ratio (Multiples)	4.72	4.61	0.11

HANA CAPITAL

I. OVERVIEW

The year 2021 was a difficult period for the industry as retail market competition intensified, the low growth norm continued to depress market rates, and COVID-19 set off a great deal of uncertainty.

Despite such challenging market conditions, Hana Capital maximized sales by continually digitalizing business processes, and increased new customer and asset inflows taking full advantage of its advanced non-face-to-face platform. It also issued ESG bonds, and expanded investment in K-New Deal and eco-friendly projects, thereby practicing win-win deal-based sustainability management. In addition, the company diversified its investment portfolio by exploring new investment vehicles and set a record in net income performance by securing solid income sources. In 2022, Hana Capital will perform its role as a leading company in the industry by leveling up competitive advantages, strengthening digital competitiveness, leading global business, and focusing on ESG management and customer-centric risk management.

TABLE 1. SUMMARIZED FINANCIAL INFORMATION (CONSOLIDATED)

(Unit: KRW billion)

	2021	2020	YoY
Profitability			
General Operating Income	508.9	378.0	130.9
Operating Income	368.7	248.6	120.1
Net Income	272.0	177.2	94.7
Return on Assets (ROA)	2.22%	1.90%	0.32%p
Return on Equity (ROE)	18.16%	14.85%	3.31%p
Cost to Income Ratio	14.39%	19.09%	-4.70%p
Financial Assets			
Lease	3,568.1	2,857.8	710.3
Installment	1,324.3	1,176.9	147.4

II. SUMMARY OF BUSINESS PERFORMANCE

General operating income increased by KRW 113.6 billion or 32.6% YoY to KRW 462.0 billion on the strength of a rise in interest income and gains on valuation following a net increase in assets. Net income increased by KRW 98.1 billion, or 56.6%, to KRW 271.2 billion, a record high in its history.

TABLE 2. COMPREHENSIVE INCOME STATEMENT (SEPARATED)

(Unit: KRW billion)

	2021	2020	YoY
General Operating Income	462.0	348.4	113.6
Net Interest Income	349.7	272.2	77.5
Net Fees and Commissions Income	62.7	60.4	2.3
Gains on Disposition & Valuation	22.0	14.4	7.7
Other Operating Income	27.5	1.4	26.0
General & Administrative Expenses	64.7	62.6	2.1
Pre-Provisioning Operating Profit (PPOP)	397.2	285.8	111.5
Credit Loss Provision	36.8	51.5	-14.6
Operating Income	360.4	234.3	126.1
Non-Operating Income	3.1	-1.9	5.1
Net Income before Income Tax	363.5	232.3	131.2
Income Tax Expense	92.3	59.2	33.1
Net Income	271.2	173.1	98.1

General and administrative expenses increased by KRW 2.1 billion YoY to KRW 64.7 billion. Salaries and employee benefits went down KRW 2.2 billion YoY to KRW 29.7 billion, while administrative expenses rose by KRW 2.4 billion YoY to KRW 21.0 billion. C/I ratio improved 3.96%p YoY to 14.01%.

TABLE 3. GENERAL AND ADMINISTRATIVE EXPENSES (SEPARATED)

(Unit: KRW billion)

	2021	2020	YoY
General & Administrative Expenses	64.7	62.6	2.1
Salaries and Employee Benefits	29.7	32.0	-2.2
Severance and Retirement Benefits	2.5	2.3	0.2
Administrative Expenses	21.0	18.6	2.4
Depreciation and Amortization	7.4	6.5	0.9
Taxes and Dues	4.0	3.2	0.8
Cost to Income Ratio	14.01%	17.97%	-3.96%p

HANA CAPITAL

III. FINANCIAL ASSETS

Lease and installment finance assets grew by KRW 857.7 billion to KRW 4,892.4 billion. Lease assets rose by KRW 710.3 billion YoY to KRW 3,568.1 billion, while installment finance assets increased KRW 147.4 billion to KRW 1,324.3 billion. Of lease and installment finance assets, auto finance assets accounted for 89.4%, a 0.2%p increase from a year earlier.

TABLE 4. LEASE/INSTALLMENT

(Unit: KRW billion)

	2021	2020	YoY
Lease	3,568.1	2,857.8	710.3
Auto	3,252.7	2,608.8	643.8
General	315.4	248.9	66.5
Installment	1,324.3	1,176.9	147.4
Durable Goods	183.8	159.9	23.9
Auto	1,120.0	991.9	128.1
General	20.5	25.2	-4.6
Total	4,892.4	4,034.6	857.7

IV. ASSET QUALITY

Total credit stood at KRW 11,827.9 billion, a KRW 2,287.9 billion increase from the previous year. NPLs declined by KRW 4.3 billion YoY to KRW 58.7 billion, improving NPL ratio by 0.16%p to 0.50%. Loan loss reserve decreased by KRW 7.9 billion to KRW 74.6 billion, while NPL coverage ratio decreased by 3.83%p to 126.94%.

TABLE 5. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2021	2020	YoY
Total Credit	11,827.9	9,540.1	2,287.9
Normal	11,725.2	9,428.0	2,297.2
Precautionary	44.0	49.1	-5.1
Substandard	27.7	28.9	-1.3
Doubtful	30.2	28.7	1.6
Estimated Loss	0.8	5.4	-4.6
Precautionary & Below			
Amount	102.7	112.1	-9.4
Ratio	0.87%	1.17%	-0.30%p
Substandard & Below (NPL)			
Amount	58.7	63.0	-4.3
Ratio	0.50%	0.66%	-0.16%p
Loan Loss Reserve	74.6	82.4	-7.9
Normal	47.8	47.6	0.2
Precautionary	6.3	9.4	-3.1
Substandard	3.7	4.8	-1.1
Doubtful	16.0	15.4	0.7
Estimated Loss	0.7	5.3	-4.6
Precautionary & Below			
Loan Loss Reserve	26.7	34.8	-8.0
Coverage Ratio	72.60%	73.53%	-0.93%p
Substandard & Below (NPL)			
Loan Loss Reserve	20.5	25.4	-5.0
Coverage Ratio	126.94%	130.77%	-3.83%p

V. CAPITAL ADEQUACY

Adjusted equity capital ratio reached 13.90%, well above the 7% guideline set by financial authorities.

TABLE 6. ADJUSTED EQUITY CAPITAL RATIO

(Unit: KRW billion)

	2021	2020	YoY
Adjusted Equity Capital	1,842.1	1,312.0	530.2
Tier 1 Capital	1,524.3	1,104.9	419.4
Shareholders' Equity	1,524.3	1,104.9	419.4
Tier 2 Capital	332.0	219.9	112.1
Subordinate Debt	249.5	149.6	99.9
Loan Loss Reserve	82.5	70.3	12.2
(-) Deduction	14.2	12.8	1.3
Adjusted Total Assets	13,256.1	10,492.1	2,764.0
Total Assets on Balance Sheet	13,666.6	10,868.9	2,797.7
(-) Deduction	410.5	376.8	33.7
Adjusted Equity Capital Ratio	13.90%	12.50%	1.40%p

HANA LIFE

I. OVERVIEW

Due to low birth rate, fast-aging population, and sluggish economic growth, the Korean life insurance industry has been shifting its business focus from savings to protection and variable insurance, in order to respond to such regulatory changes as reduction of tax-exemption benefits and revision of accounting rules. New capital adequacy requirements have become the most pressing issue for domestic life insurance companies as IFRS 17 and K-ICS are scheduled to take effect in 2023. Accordingly, domestic insurers are exploring diverse options of raising capital.

Hana Life in 2021 focused on digitalizing all business processes, developing digital talents, and bolstering core competencies, in order to expedite its digital transformation under the slogan, “Easy Insurance, Custom Insurance, Digital Hana!” The company also strived to reduce costs, increase sales of protection and variable insurance replacing savings insurance, enhance ROI by managing quality assets in collaboration with the Group affiliates, and improve its fundamentals by strengthening risk management.

Hana Life will continue to increase sales in collaboration with the Group affiliates, expand the bancassurance channel by forming an alliance with non-financial partners, and strengthen digital platform sales to develop new income sources. Also, Hana Life will continue to develop insurance products to diverse customer needs, and it will become a more customer-focused life insurance company.

II. SUMMARY OF BUSINESS PERFORMANCE

Hana Life’s monthly coverage premium (MCP), a key index for insurance business, increased over the previous year and amounted to KRW 13.8 billion at the end of 2021, mainly attributable to an expansion centered on variable insurance products. New variable insurance sales grew by 167.9% YoY to reach KRW 5.1 billion, maintaining growth pace. In the investment sector, investment income was similar to the previous year at KRW 146.3 billion, when excluding influence from KRW 25.0 billion in special dividend effects in 2020.

TABLE 1. MAIN PERFORMANCE INDICATORS (SEPARATED)

(Unit: KRW billion)

	2021	2020	YoY
MCP			
(Monthly Converged Premiums)	13.8	10.1	3.6
Annuity	4.4	1.2	3.1
Saving	0.0	0.0	0.0
Protection	4.3	7.0	-2.7
Variable	5.1	1.9	3.2
Premium Income	514.3	405.8	108.6
Investment Income	146.3	173.2	-26.8
Investment Income Ratio	2.99%	3.90%	-0.91%p
Net Income	12.7	35.2	-22.5
Return on Assets (ROA)	0.23%	0.71%	-0.48%p
Return on Equity (ROE)	3.60%	9.75%	-6.15%p
Cost to Income Ratio	68.05%	54.77%	13.28%p

Hana Life generated a net income of KRW 12.7 billion in 2021. The sum reflects initial expenses for investments aimed at new income source, including variable insurance and digital market expansion.

TABLE 2. COMPREHENSIVE INCOME STATEMENT (SEPARATED)

(Unit: KRW billion)

	2021	2020	YoY
Net Insurance Business Income	18.6	-256.8	275.3
Insurance Income	524.9	415.9	109.1
Premium Income	514.3	405.8	108.6
Reinsurance Income	10.6	10.1	0.5
Insurance Expense	506.4	672.7	-166.3
Benefit & Payments	420.3	596.9	-176.6
Reinsurance Expense	11.8	10.9	1.0
General & Administrative Expense	64.5	66.1	-1.6
Decrease (Increase) of Deferred Acquisition Cost	2.6	-5.1	7.7
Discount	7.2	3.9	3.3
Net Investment Business Income	117.1	144.6	-27.5
Investment Income	146.3	173.2	-26.8
Investment Expense	29.2	28.6	0.6
Increase of Policy Reserve	187.7	-129.9	317.6
Operating Income	-52.0	17.7	-69.7
Non-Operating Income	69.1	28.0	41.1
Net Income before Income Tax	17.0	45.7	-28.7
Income Tax Expense	4.3	10.5	-6.2
Net Income	12.7	35.2	-22.5

HANA LIFE

General and administrative expenses went up KRW 0.1 billion from 2020 to record KRW 41.0 billion in 2021, attributable to a rise in salaries and employee benefits resulting from a rise in the number of employees.

**TABLE 3. GENERAL AND ADMINISTRATIVE EXPENSES
(SEPARATED)**

(Unit: KRW billion)

	2021	2020	YoY
General & Administrative Expenses	41.0	40.9	0.1
Salaries and Employee Benefits	15.1	14.8	0.3
Severance and Retirement Benefits	1.5	1.7	-0.2
Administrative Expenses	17.2	17.3	0.0
Depreciation and Amortization	6.2	6.0	0.2
Taxes and Dues	1.0	1.1	-0.1
Cost to Income Ratio	68.05%	54.77%	13.28%p

III. CAPITAL ADEQUACY

Hana Life's risk-based capital (RBC) ratio stood at 200.4% at the end of 2021, up 15.3%p compared to the previous year. Solvency margin increased by KRW 68.3 billion from the end of 2020 to amount to KRW 403.4 billion, owing to a KRW 100.0 billion increase in capital, a KRW 14.3 billion rise in retained earnings, a KRW 28.7 billion decrease in accumulated other comprehensive income, and a KRW 10.0 billion decrease in subordinated debt recognized as Tier 2 capital.

Standard amount of solvency margin increased by KRW 20.3 billion to record KRW 201.3 billion at the end of the year, mainly attributable to a KRW 7.6 billion increase in minimum interest rate risk owing to a drop in the disclosed interest rate and a rise in reserves and a KRW 11.5 billion rise in credit risk on an increase in available for sale beneficiary certificates and loan assets.

TABLE 4. SOLVENCY MARGIN RATIO

(Unit: KRW billion)

	2021	2020	YoY
Solvency Margin	403.4	335.2	68.3
Shareholders' Equity	417.2	331.1	86.0
Loan Loss Reserve	4.9	4.9	0.0
Subordinated Debts	10.0	20.0	-10.0
Net Premium Reserve in Excess	38.1	42.2	-4.1
(-) Deduction	66.7	63.1	3.7
Standard Amount of Solvency Margin	201.3	181.0	20.3
Solvency Margin Ratio	200.4%	185.1%	15.3%p

HANA SAVINGS BANK

I. OVERVIEW

Hana Savings Bank is expanding the product lineup of government policy-based loan, mid-interest-rate loan, and other financial products. It is also expanding business areas through niche market development, and enhancing asset quality and profitability by strengthening cross-selling with affiliates, while focusing on bolstering digital banking systems, including non-face-to-face channels. In particular, drawing on its ample capital and high credibility as a large financial institution, the Bank has continued to invest in digital banking, thereby facilitating the non-face-to-face cross-selling of affiliate and partner products. In addition, Hana Savings Bank is practicing sustainable growth management that takes the lead in advancing banking for the underbanked and developing customer-centered competitiveness.

II. SUMMARY OF BUSINESS PERFORMANCE

Hana Savings Bank was established in February 2012 through the acquisition of Jeil Savings Bank II and Ace Mutual Savings Bank, and acquired another savings bank – Korea Mutual Savings Bank – in September 2012. In 2013, it made a profit of KRW 5.8 billion, only two years into operation. Net income in 2020 was KRW 18.0 billion, and in 2021 the Bank reported KRW 26.5 billion in net income. Factors that contributed substantially to interest income improvements in 2021 were an increase in corporate loans, growth of policy finance, including the Sunshine Loan, using non-face-to-face platforms, and growth of retail finance as a result of mid-interest-rate credit loans.

TABLE 1. COMPREHENSIVE INCOME STATEMENT (SEPARATED)
(Unit: KRW billion)

	2021	2020	YoY
General Operating Income	86.2	61.8	24.4
Net Interest Income	86.2	59.4	26.8
Net Fees and Commissions Income	7.2	2.7	4.5
Gains on Disposition & Valuation	1.0	3.6	-2.6
Other Operating Income (Expenses)	-8.2	-3.9	-4.3
General & Administrative Expenses	33.3	27.3	6.0
Pre-Provisioning Operating Income (PPOP)	52.9	34.5	18.4
Credit Loss Provision	16.4	10.7	5.7
Operating Income	36.5	23.8	12.7
Non-Operating Income	0.0	0.6	-0.6
Net Income before Income Tax	36.5	24.5	12.0
Income Tax Expense	10.0	6.5	3.5
Net Income	26.5	18.0	8.5

Hana Savings Bank diversified its channels to include non-face-to-face and other channels to achieve qualitative growth and improved its loan portfolio, resulting in a stable income structure.

TABLE 2. GENERAL AND ADMINISTRATIVE EXPENSES
(Unit: KRW billion)

	2021	2020	YoY
General & Administrative Expenses	33.3	27.3	6.0
Salaries and Employee Benefits	12.2	11.4	0.8
Severance and Retirement Benefits	0.7	0.7	0.1
Administrative Expenses	11.8	9.1	2.7
Depreciation and Amortization	6.7	4.0	2.6
Taxes and Dues	1.9	2.2	-0.2
Cost to Income Ratio	38.66%	44.18%	-5.53%

General and administrative expenses increased by KRW 6.0 billion in 2021. This is attributable to a KRW 2.6 billion increase in depreciation and amortization owing to asset acquisition from building a next-generation IT system and developing a non-face-to-face platform, and KRW 0.8 billion increase in service expenses and KRW 0.4 billion increase in IT expenses. On the other hand, the increase in general operating income improved C/I ratio by 5.53%p.

HANA SAVINGS BANK

III. SUMMARY OF FINANCIAL CONDITION

Hana Savings Bank raised a paid-in capital amounting to KRW 100.0 billion in July 2021 in preparation for the market growth of the financial services for the underprivileged. It has three branches, and a Corporate Finance Team and Retail Finance Division at its headquarters at the end of 2021, and the Bank's assets, liabilities, and shareholders' equity stood at KRW 2,477.2 billion, KRW 2,116.6 billion, and KRW 360.6 billion, respectively.

Hana Savings Bank's total assets increased by KRW 633.4 billion in 2021, mainly attributable to a KRW 585.8 billion increase in loans following vitalization of sales from channel diversification.

TABLE 3. CONDENSED BALANCE SHEETS (SEPARATED)

(Unit: KRW billion)

	2021	2020	YoY
Interest Earning Assets	2,356.9	1,738.0	618.8
Due from Banks	187.3	149.6	37.7
Fixed Income Securities	0.0	0.0	0.0
Loans	2,203.0	1,617.2	585.8
Loan Loss Allowance	-33.4	-28.7	-4.7
Other Interest Earning Assets	22.7	14.1	8.6
Stocks and Others	15.1	14.0	1.0
Lease	0.0	0.0	0.0
Trust Account Assets	0.0	0.0	0.0
Domestic Exchange Settlement	7.6	0.0	7.6
Non-interest Earning Assets	97.6	91.6	6.0
Total Assets	2,477.2	1,843.8	633.4
Interest Bearing Liabilities	2,060.2	1,552.3	507.9
Deposits	2,060.2	1,548.7	511.5
Borrowings	0.0	0.0	0.0
Debentures	0.0	0.0	0.0
Policy Reserve	0.0	0.0	0.0
Borrowings from Trust Accounts	0.0	0.0	0.0
Trust Account Liabilities	0.0	0.0	0.0
Domestic Exchange Settlement	0.0	3.6	-3.6
Non-Interest Bearing Liabilities	56.4	52.9	3.5
Total Liabilities	2,116.6	1,605.2	511.4
Shareholders' Equity	360.6	238.5	122.0
Total Liabilities & Shareholders' Equity	2,477.2	1,843.8	633.4

IV. ASSET QUALITY

Total credit increased by KRW 585.6 billion YoY to KRW 2,202.6 billion in 2021. NPL rose KRW 8.7 billion YoY, but NPL ratio improved by 0.07%p YoY to 1.69% on the strength of portfolio diversifications and an increase in sound asset. The Bank endeavors to increase loans with a focus on improving the quality of assets on the books.

TABLE 4. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2021	2020	YoY
Total Credit	2,202.6	1,617.0	585.6
Normal	1,873.7	1,400.0	473.7
Precautionary	291.7	188.5	103.2
Substandard	12.6	10.7	1.9
Doubtful	12.0	5.2	6.8
Estimated Loss	12.6	12.6	0.0
Precautionary & Below			
Amount	329.0	217.0	112.0
Ratio	14.94%	13.42%	1.52%p
Substandard & Below (NPL)			
Amount	37.2	28.5	8.7
Ratio	1.69%	1.76%	-0.07%p
Loan Loss Reserve	51.8	39.9	11.9
Normal	23.9	18.8	5.1
Precautionary	5.7	4.3	1.4
Substandard	2.6	2.9	-0.3
Doubtful	8.0	3.2	4.8
Estimated Loss	11.6	10.6	0.9
Precautionary & Below			
Loan Loss Reserve	27.9	21.1	6.8
Coverage Ratio	15.75%	18.39%	-2.64%p
Substandard & Below (NPL)			
Loan Loss Reserve	22.2	16.8	5.4
Coverage Ratio	139.13%	139.95%	-0.82%p

V. CAPITAL ADEQUACY

BIS capital adequacy ratio rose 2.24%p YoY in 2021 on the back of capital expansion through a KRW 100.0 billion paid-in capital increase in July, despite an increase of KRW 580.0 billion in loan assets. As a result, BIS Capital Adequacy Ratio was 15.78% which is well above the regulatory guideline of 8% as stipulated in the Savings Bank Act.

TABLE 5. BIS CAPITAL AND RATIO

(Unit: KRW billion)

	2021	2020	YoY
Tier 1 Capital	297.9	181.4	116.5
Common Equity Capital	297.9	181.4	116.5
Capital Stock	115.5	75.0	40.5
Capital Surplus	167.6	108.3	59.3
Retained Earnings	53.5	37.1	16.5
Others	-38.8	-39.0	0.2
Hybrid Bonds	0.0	0.0	0.0
Tier 2 Capital	26.3	18.9	7.4
Loan Loss Reserve	26.1	18.8	7.3
Subordinated Bonds	0.0	0.0	0.0
Others	0.2	0.0	0.1
Total BIS Capital	324.2	200.2	123.9
Risk Weighted Assets	2,054.0	1,479.2	574.9
BIS Capital Adequacy Ratio	15.78%	13.54%	2.24%p
Tier 1 Ratio	14.50%	12.26%	2.24%p
Tier 2 Ratio	1.28%	1.28%	0.00%p

Independent Auditor's Report

The Shareholders and Board of Directors
Hana Financial Group Inc.



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OPINION

We have audited the consolidated financial statements of Hana Financial Group Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("KIFRS").

BASIS FOR OPINION

We conducted our audits in accordance with Korean Auditing Standards ("KGAAS"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

Impact of COVID-19

The following matter is considered relevant for users in making reasonable decisions based on the accompanying consolidated financial statements. As Note 31-8 of the consolidated financial statements describes, in order to prevent the spread of COVID-19, a various prevention and control measures, including restrictions on traveling are being implemented worldwide, and as a result, the global economy has been extensively affected. The Group is concerned about the global economic

difficulties and prolonged conditions caused by COVID-19, and is periodically monitoring the uncertainties that COVID-19 could have on its operations and financial status. Our opinion is not modified in respect of this matter.

Restatement of the consolidated financial statements

As a matter that does not affect the audit opinion, users of audit report should pay attention to Note 3- 37 of the consolidated financial statements. As explained in Note 3-37, total assets and total liabilities of the consolidated financial statements as of December 31, 2020 were understated by ₩633,744 million and operating income and operating expenses of the consolidated financial statements for the year ended December 31, 2020 were understated by ₩156 million. The attached comparative financial statements as of and for the year ended December 31, 2020 were restated reflecting these modifications.

KEY AUDIT MATTERS

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

1) Assessments of loss allowances on loan receivables measured at amortized cost

As discussed in Note 3 of the consolidated financial statements ('Significant accounting policies and basis of preparation'), the Group recognizes loss allowance based on an assessment of the expected credit loss impairment model for loan receivables measured at amortized cost.

The expected credit loss impairment model requires a loss allowance for 12-month expected credit loss or life-time expected credit loss to be recognized based on changes in credit risk subsequent to the initial recognition of the financial assets.

Management's significant judgment is involved in determining factors such as the level of increase in credit risk to assess loss allowance, estimation of risk factors such as probability of default and loss given default, future cash flows and discount rates related to the estimation of forward-looking information and individual assessment. Therefore, significant attention was placed on loss allowances on loan receivables measured at amortized cost and identified it as a key audit matter. In Note 16 to the consolidated financial statements of the Group, loan receivables measured at amortized cost and loss allowances based on the expected credit loss impairment model amount to ₩337,349,273 million and ₩1,914,402 million, respectively, as of December 31, 2021. Our audit procedures performed for management's assertion on the measurement of loss allowances on loan receivables measured at amortized cost are as follows:



Independent Auditor's Report

The Shareholders and Board of Directors
Hana Financial Group Inc.

- We performed analytical procedures on the appropriateness of stage classification, inspected documentation and tested methodology.
- We involved a specialist to inspect documentation and perform testing of the estimation methodology of probability of default and loss given default.
- We involved a specialist to inspect documentation and perform testing of the estimation methodology of forward-looking information.
- We performed inquiries, inspected documentation and performed testing of the future cash flow estimation and discount rate used to calculate loss allowances on individual basis of assessment.

2) Assessment of fair value of financial instruments measured at FVTPL, financial assets measured at FVOCI and derivatives categorized as Level 3 of the fair value hierarchy

As discussed in Note 3 of the consolidated financial statements ('Significant accounting policies and basis of preparation'), the Group categorizes the fair value measurement of financial instruments into Level 1, 2 or 3 based on the extent at which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. If the input used in the fair value measurement are significant and unobservable, the financial instruments are categorized as Level 3 of the fair value hierarchy.

As discussed in Note 5 of the consolidated financial statements, the Group uses a variety of valuation techniques and variables, the fair value measurement may vary significantly depending on management's judgement on the use of valuation techniques and unobservable inputs, thus a high level of uncertainty exists in such accounting estimates. Therefore, significant attention was placed on the fair value measurement of financial instruments at Level 3 of the fair value hierarchy and identified it as a key audit matter.

Financial assets measured at FVTPL (including derivative assets held for trading), financial assets measured at FVOCI, financial liabilities measured at FVTPL (including derivative liabilities held for trading), financial liabilities designated as measured at FVTPL and derivative liabilities used for hedging categorized at Level 3 of the fair value hierarchy amount to ₩11,187,189 million, ₩761,557 million, ₩855,358million, ₩6,829,288 million, and ₩9,124 million, respectively, as of December 31, 2021. Our audit procedures performed for management's assertion on the fair value measurement of financial instruments measured at level 3 of the fair value hierarchy are as follows:

- We inspected documentation to evaluate whether the fair value hierarchy classification of financial instruments by type of financial instrument is categorized based on the characteristics of significant input variables used in the fair value measurement.
- We performed inquiries and inspected documentation to evaluate the professional competence and independence of external valuers engaged by the Group to measure fair value.

- We performed inquiries, inspected documentation and performed testing of assumptions and methodology of fair value measurement on unlisted equity securities.
- We involved a specialist to perform inquiries, inspect documentation and perform testing of hybrid financial instruments and derivatives.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As part of an audit in accordance with KGAAS we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent Auditor's Report

The Shareholders and Board of Directors
Hana Financial Group Inc.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is *Jongsun Lee*.

March 10, 2022

This audit report is effective as of March 10, 2022, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report

Consolidated Statements of Financial Position

As of December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Notes	December 31, 2021	December 31, 2020
Assets			
I. Cash and due from banks	5, 6, 7, 9, 11, 56	₩ 31,406,596	₩ 27,529,815
II. Financial assets measured at FVTPL	5, 6, 7, 9, 12, 15	38,718,285	43,133,717
III. Financial assets measured at FVOCI	5, 6, 7, 9, 13, 15, 17	39,473,529	36,165,388
IV. Securities measured at amortized cost	5, 6, 7, 9, 14, 15, 17	23,769,017	18,376,657
V. Loans measured at amortized cost	5, 6, 7, 9, 16	337,349,273	308,791,815
VI. Derivative assets used for hedging	5, 6, 7, 9, 17	77,507	141,463
VII. Investments in associates and joint ventures	18	3,282,042	2,731,378
VIII. Property and equipment	15, 19, 21	3,539,669	3,304,736
IX. Investment properties	20	1,055,719	899,346
X. Intangible assets	22	748,337	739,138
XI. Deferred tax assets	52	302,030	161,523
XII. Current income tax assets		27,515	29,898
XIII. Non-current assets held for sale	23	412,594	82,506
XIV. Other assets	5, 6, 7, 9, 24	22,283,157	18,859,666
Total assets		502,445,270	460,947,046
Liabilities			
I. Financial liabilities measured at FVTPL	5, 6, 7, 9, 17, 25	6,772,300	10,859,818
II. Financial liabilities designated as measured at FVTPL	5, 6, 7, 9, 26	9,104,623	9,802,701
III. Deposits	5, 6, 7, 9, 27	325,149,095	295,509,614
IV. Borrowings	5, 6, 7, 9, 28	30,261,598	26,494,316
V. Debentures	5, 6, 7, 9, 29	54,476,161	48,761,838
VI. Derivative liabilities used for hedging	5, 6, 7, 9, 17	118,599	34,737
VII. Net defined benefit liabilities	30	198,020	325,169
VIII. Provisions	31	587,422	555,239
IX. Deferred tax liabilities	52	203,288	175,938
X. Current income tax liabilities		782,822	542,277
XI. Other liabilities	5, 6, 7, 9, 32	39,292,002	36,285,111
Total liabilities		₩ 466,945,930	₩ 392,482,326

Consolidated Statements of Financial Position

As of December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Notes	December 31, 2021	December 31, 2020
Equity			
I. Issued capital	33	₩ 1,501,210	₩ 1,501,210
II. Hybrid equity securities	33	2,626,459	2,007,927
III. Capital surplus	33	10,576,587	10,579,945
IV. Capital adjustment	34	(315,606)	(315,030)
V. Accumulated other comprehensive loss	35	(994,227)	(1,001,953)
VI. Retained earnings	36	20,824,212	17,941,584
Equity attributable to equity holder of the parent		34,218,635	30,713,683
VII. Non-controlling shareholders' equity	1	1,280,705	886,605
Total equity		35,499,340	31,600,288
Total liabilities and equity		₩ 502,445,270	₩ 460,947,046

"The accompanying notes are an integral part of the consolidated financial statements."

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Notes	2021	2020
I. Net interest income	38, 39	₩ 7,437,205	₩ 6,439,878
1. Interest income		10,867,491	10,705,196
2. Interest expense		(3,430,286)	(4,265,318)
II. Net fees and commission income	38, 40	1,741,717	1,534,183
1. Fees and commission income		2,653,186	2,596,945
2. Fees and commission expense		(911,469)	(1,062,762)
III. Net gain on financial instruments measured at FVTPL	38, 41	856,994	595,931
IV. Net gain (loss) on financial instruments designated as measured at FVTPL	38, 42	(67,010)	224,095
V. Net gain on financial instruments measured at FVOCI	38, 43	104,548	358,076
VI. Gain on disposal of financial assets measured at amortized cost	38, 44	76,830	70,168
VII. Gain (loss) on derivative assets used for hedging	38, 45	(51,735)	25,767
VIII. Gain on foreign currencies transactions	38	38,322	286,721
IX. Total operating income		10,136,871	9,534,819
X. Impairment loss on financial assets	38, 46	(533,218)	(870,939)
XI. Net operating income		9,603,653	8,663,880
XII. General and administrative expenses	38, 47	(4,050,460)	(3,917,656)
XIII. Other operating income	38, 48	1,587,197	1,179,797
XIV. Other operating expenses	38, 49	(2,509,294)	(2,089,599)
XV. Operating income		4,631,096	3,836,422
XVI. Non-operating income (loss)		273,829	(107,188)
1. Net gain on valuation of investments in associates and joint ventures	18	130,980	45,668
2. Other non-operating income	50	558,348	357,532
3. Other non-operating expenses	51	(415,499)	(510,388)
XVII. Net income before income tax expense		4,904,925	3,729,234
XVIII. Income tax expenses	52	₩ (1,323,343)	₩ (1,044,356)

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Notes	2021	2020
XIX. Net income for the year		₩ 3,581,582	₩ 2,684,878
Equity holders of the parent		3,526,068	2,637,242
Non-controlling interests	1	55,514	47,636
XX. Other comprehensive income (loss)		62,539	(156,181)
1. Items that may be reclassified subsequently to profit or loss:		29,176	(156,070)
Gain (loss) on valuation of debt securities measured at FVOCI		(405,131)	3,009
Exchange differences on translation of foreign operations, net		292,027	(144,057)
Changes in capital from valuation of equity method for investments in associates		182,642	(37,134)
Gain (loss) on valuation of net investment in hedges		(40,788)	26,546
Gain (loss) on valuation of cash flow hedges		2,234	(3,814)
Other comprehensive loss on separate accounts		(1,808)	(620)
2. Items that will not be reclassified subsequently to profit or loss:		33,363	(111)
Gain on valuation of equity securities measured at FVOCI		18,208	19,730
Effect of changes in the credit risk of financial liabilities designated at FVTPL		(10,356)	(5,436)
Gain (loss) on valuation of fair value hedges		(14,138)	10,121
Remeasurements of the defined benefit plan		39,649	(24,526)
XXI. Total comprehensive income for the year attributable to:		3,644,121	2,528,697
Equity holder of the parent		3,570,890	2,495,247
Non-controlling interests		73,231	33,450
XXII. Earnings per share	54		
Basic earnings per share (Korean won)		11,819	8,858
Diluted earnings per share (Korean won)		₩ 11,819	₩ 8,858

"The accompanying notes are an integral part of the consolidated financial statements."

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts		Issued capital	Hybrid equity securities	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Equity attributable to equity holder of the parent	Non-controlling shareholder's equity	Total
As of January 1, 2020	₩	1,501,210	1,244,603	10,582,183	(315,030)	(853,546)	15,965,055	28,124,475	860,298	28,984,773
Annual Dividends		-	-	-	-	-	(466,502)	(466,502)	-	(466,502)
Interim Dividends		-	-	-	-	-	(145,782)	(145,782)	-	(145,782)
Issuance of hybrid equity securities		-	997,654	-	-	-	-	997,654	149,578	1,147,232
Redemption of hybrid equity securities		-	(234,330)	(1,053)	-	-	-	(235,383)	(149,617)	(385,000)
Paid-in capital increases of subsidiaries		-	-	(1,176)	-	-	-	(1,176)	-	(1,176)
Changes in Shares of Subsidiaries		-	-	-	-	-	-	-	7,623	7,623
Dividends on hybrid equity securities		-	-	-	-	-	(54,598)	(54,598)	(14,727)	(69,325)
Reclassification of equity securities measured at FVOCI		-	-	-	-	(6,412)	6,412	-	-	-
Others		-	-	(9)	-	-	(243)	(252)	-	(252)
Subtotal		1,501,210	2,007,927	10,579,945	(315,030)	(859,958)	15,304,342	28,218,436	853,155	29,071,591
Net income for the year		-	-	-	-	-	2,637,242	2,637,242	47,636	2,684,878
Gain on valuation of financial assets measured at FVOCI		-	-	-	-	18,843	-	18,843	3,896	22,739
Exchange differences on translation of foreign operations		-	-	-	-	(126,689)	-	(126,689)	(17,368)	(144,057)
Changes in capital from valuation of equity method for investments in associates		-	-	-	-	(37,068)	-	(37,068)	(66)	(37,134)
Gain on valuation of net investment hedges		-	-	-	-	26,546	-	26,546	-	26,546
Loss on valuation of cash flow hedges		-	-	-	-	(3,242)	-	(3,242)	(572)	(3,814)
Gain on valuation of fair value hedges		-	-	-	-	10,121	-	10,121	-	10,121
Other comprehensive loss on separate accounts		-	-	-	-	(620)	-	(620)	-	(620)
Effect of changes in credit risk on financial liabilities designated as measured at FVTPL		-	-	-	-	(5,436)	-	(5,436)	-	(5,436)
Remeasurement of the net defined benefit plan		-	-	-	-	(24,450)	-	(24,450)	(76)	(24,526)
Total comprehensive income (loss) for the year		-	-	-	-	(141,995)	2,637,242	2,495,247	33,450	2,528,697
As of December 31, 2020	₩	1,501,210	2,007,927	10,579,945	(315,030)	(1,001,953)	17,941,584	30,713,683	886,605	31,600,288

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Issued capital	Hybrid equity securities	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Equity attributable to equity holder of the parent	Non-controlling shareholder's equity	Total
As of January 1, 2021	₩ 1,501,210	2,007,927	10,579,945	(315,030)	(1,001,953)	17,941,584	30,713,683	886,605	31,600,288
Annual Dividends	-	-	-	-	-	(393,611)	(393,611)	-	(393,611)
Interim Dividends	-	-	-	-	-	(204,094)	(204,094)	-	(204,094)
Issuance of hybrid equity securities	-	618,532	-	-	-	-	618,532	353,739	972,271
Redemption of hybrid equity securities	-	-	(165)	-	-	-	(165)	(29,835)	(30,000)
Paid-in capital increases of subsidiaries	-	-	(3,109)	(578)	-	-	(3,687)	17	(3,670)
Changes in Shares of Subsidiaries	-	-	-	-	-	-	-	12,889	12,889
Dividends on hybrid equity securities	-	-	-	-	-	(80,083)	(80,083)	(15,941)	(96,024)
Reclassification of equity securities measured at FVOCI	-	-	-	-	(37,096)	37,096	-	-	-
Others	-	-	(84)	2	-	(2,748)	(2,830)	-	(2,830)
Subtotal	1,501,210	2,626,459	10,576,587	(315,606)	(1,039,049)	17,298,144	30,647,745	1,207,474	31,855,219
Net income for the year	-	-	-	-	-	3,526,068	3,526,068	55,514	3,581,582
Loss on valuation of financial assets measured at FVOCI	-	-	-	-	(386,160)	-	(386,160)	(763)	(386,923)
Exchange differences on translation of foreign operations	-	-	-	-	274,147	-	274,147	17,880	292,027
Changes in capital from valuation of equity method for investments in associates	-	-	-	-	182,658	-	182,658	(16)	182,642
Loss on valuation of net investment hedges	-	-	-	-	(40,788)	-	(40,788)	-	(40,788)
Gain on valuation of cash flow hedges	-	-	-	-	1,899	-	1,899	335	2,234
Loss on valuation of fair value hedges	-	-	-	-	(14,138)	-	(14,138)	-	(14,138)
Other comprehensive loss on separate accounts	-	-	-	-	(1,808)	-	(1,808)	-	(1,808)
Effect of changes in credit risk on financial liabilities designated as measured at FVTPL	-	-	-	-	(10,356)	-	(10,356)	-	(10,356)
Remeasurement of the net defined benefit plan	-	-	-	-	39,368	-	39,368	281	39,649
Total comprehensive income for the year	-	-	-	-	44,822	3,526,068	3,570,890	73,231	3,644,121
As of December 31, 2021	₩ 1,501,210	2,626,459	10,576,587	(315,606)	(994,227)	20,824,212	34,218,635	1,280,705	35,499,340

"The accompanying notes are an integral part of the consolidated financial statements."

Consolidated Statements of Cash Flows

For the years December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	2021	2020
I. Net cash flows provided by (used in) operating activities	₩ 696,230	₩ (7,716,525)
1. Net income before income tax expenses	4,904,925	3,729,234
2. Adjustments to income and expenses:	(7,504,043)	(6,500,120)
Interest expenses	3,430,286	4,265,318
Interest income	(10,867,491)	(10,705,196)
Dividend income	(66,838)	(60,242)
3. Adjustments to non-cash items:	1,829,221	3,192,425
Loss (Gain) on valuation of financial instruments at FVTPL	420,473	(586,784)
Gain on disposal of financial instruments at FVTPL	(42,913)	(31,694)
Net gain on valuation of financial instruments designated at FVTPL	(143,419)	(200,796)
Net gain on transaction of financial instruments measured at FVOCI	(93,754)	(349,746)
Transfer of credit losses on financial assets measured at FVOCI	(64)	3,589
Provision for loan losses on debt securities measured at amortized cost	10,286	7,341
Net loss (gain) on derivative assets used for hedging	50,561	(29,729)
Net loss on foreign currencies transactions	254,606	2,630,421
Net allowance for loans and other assets	522,996	860,009
Depreciation and amortization	768,787	760,800
Share-based compensation expenses	28,712	17,243
Provision for post-employment benefit obligations	194,874	203,736
Net gain on valuation of investments in associates and joint ventures	(130,980)	(45,668)
Other gain relating to property and equipment and intangible assets	(62,272)	(45,879)
Others	₩ 51,328	₩ (418)

Consolidated Statements of Cash Flows

For the years December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	2021	2020
4. Changes in operating assets and liabilities:	₩ (4,340,698)	₩ (12,652,278)
Due from banks	(4,862,011)	(3,631,457)
Financial assets measured at FVTPL (held-for-trading)	4,638,039	(10,212,514)
Loans measured at amortized cost	(23,112,201)	(25,945,511)
Derivative assets used for hedging	(13,907)	(20,824)
Investments in associates and joint ventures	23,201	32,868
Other assets	(2,757,790)	2,545,194
Financial liabilities measured at FVTPL	(4,098,040)	5,416,452
Financial liabilities designated as measured at FVTPL	(559,541)	(1,591,242)
Deposits	24,942,466	21,341,406
Derivative liabilities used for hedging	(19,034)	24,908
Net defined benefit liabilities	(268,397)	(274,876)
Net provisions	29,918	(39,842)
Other liabilities	1,716,599	(296,840)
5. Cash provided by operating activities:	10,441,547	10,415,722
Interest received	10,374,289	10,356,005
Dividend received	67,258	59,717
6. Cash used in operating activities:	(4,634,722)	(5,901,508)
Interest paid	(3,530,628)	(4,796,632)
Income tax paid	₩ (1,104,094)	₩ (1,104,876)

Consolidated Statements of Cash Flows

For the years December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	2021	2020
II. Net cash flows provided by (used in) investing activities	₩ (8,931,994)	₩ 482,813
Net cash flows from changes in subsidiaries	40,612	(233,358)
Purchase of financial assets measured at FVTPL (other than held-for-trading)	(16,707,654)	(9,765,768)
Proceeds from disposal of financial assets measured at FVTPL (other than held-for-trading)	17,005,226	9,855,389
Purchase of financial assets measured at FVOCI	(21,648,517)	(33,429,603)
Proceeds from disposal of financial assets measured at FVOCI	18,462,270	35,647,659
Purchase of financial assets measured at amortized cost	(10,511,761)	(5,882,068)
Proceeds from disposal of financial assets measured at amortized cost	5,429,969	4,404,982
Acquisition of investment in associates	(402,667)	(545,899)
Proceeds from disposal of investment in subsidiaries	357,122	268,827
Purchase of property and equipment	(1,163,853)	(382,497)
Proceeds from disposal of property and equipment	359,175	226,908
Purchase of investment properties	(171,986)	(19,577)
Proceeds from disposal of investment properties	127,847	461,245
Acquisition of intangible assets	(201,443)	(214,949)
Proceeds from disposal of intangible assets	9,122	2,316
Increase in non-current assets held for sale, net	16,147	11,807
Increase in in guarantee deposit, net	₩ 68,397	₩ 77,399

Consolidated Statements of Cash Flows

For the years December 31, 2021 and 2020
Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	2021	2020
III. Net cash flows provided by (used in) by financing activities	₩ 6,863,497	₩ 8,474,770
Increase of borrowings, net	2,827,521	5,339,390
Issuance of debentures	39,441,225	26,956,209
Redemption of debentures	(35,425,612)	(23,660,633)
Payment of lease liabilities	(224,509)	(249,866)
Dividends payment	(597,705)	(612,284)
Issuance of hybrid equity securities	618,532	997,654
Dividends on hybrid equity securities	(80,083)	(60,933)
Redemption of hybrid equity securities	-	(235,000)
Increase (Decrease) in non-controlling shareholders' equity, net	304,128	(16,995)
Others	-	17,228
IV. Effect of exchange rate changes on cash and cash equivalents	164,574	(393,391)
V. Net increase (decrease) in cash and cash equivalents(I+II+III+IV)	(1,207,693)	847,667
VI Cash and cash equivalents as of January 1	7,357,241	6,509,574
VII. Cash and cash equivalents as of December 31 (Notes No. 56)	6,149,548	₩ 7,357,241

"The accompanying notes are an integral part of the consolidated financial statements."

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

Hana Financial Group Inc. and its subsidiaries

1. Company information

The accompanying consolidated financial statements include Hana Financial Group Inc. ("HFG" or the "Company" or the "Parent Company") and its controlled subsidiaries (collectively, the "Group"). General information describing HFG and the Group is provided below.

1-1 HFG

HFG was incorporated on December 1, 2005 under the Financial Holding Companies Act, in exchange for those entities' shares owned by the shareholders of Hana Bank, Hana Financial Investment Co., Ltd. ("HFI"), Hana TI (Formerly Hana I&S), and Hana Institute of Finance ("HIF"). HFG primarily engages in the management of its subsidiaries, which operate in the financial services industry or closely related sectors in the Republic of Korea. The Group's subsidiaries included in and excluded from the consolidation are as follows.

Date of acquisition	Subsidiaries	Notes
October 13, 2006	Hana IB Securities Co., Ltd. ("Hana IB")	Acquired by "HFI" in 2008
April 27, 2007	Hana Capital Co., Ltd. ("Hana Capital")	Acquired by the purchase of common shares
August 10, 2007	Hana HSBC Life Insurance Co., Ltd. ("Hana HSBC Life Insurance")	Acquired by the purchase of common shares
October 31, 2009	Hana SK Card Co., Ltd. ("Hana SK Card")	Established by the spin-off of Hana Bank's credit card business division, merged into Hana Card Co., Ltd in 2014
March 10, 2010	Hana Asset Trust Co., Ltd. ("Hana Asset Trust")	Acquired by the purchase of common shares
February 8, 2012	Hana Savings Bank Co., Ltd. ("Hana Savings Bank")	Established by the purchase and Assumption(P&A) agreement
February 9, 2012	Korea Exchange Bank ("KEB")	Acquired by the purchase of common shares
August 30, 2013	Hana Bancorp, Inc.	Acquired by the purchase of common shares
February 20, 2014	PT Bank KEB	Merged with PT Bank Hana(PT Bank KEB Hana)
September 1, 2014	KEB Hana Card (formerly, KEB Card)	Established by the spin-off of KEB credit card business division, merged with Hana SK Card Co., Ltd.
December 1, 2014	Hana SK Card Co., Ltd.	Merged with KEB Hana Card Co., Ltd.
December 15, 2014	KEB Bank(China) Co.,Ltd.	Merged with Hana Bank(China) Co.,Ltd.
September 1, 2015	Hana Bank	Merged with KEB Hana Bank
December 29, 2015	Hana Investors Services Co., Ltd. ("HIS")	Acquired by the purchase of common shares held by Hana Bank
March 28, 2016	Hana Bancorp, Inc.	Sold common shares to KEB Hana Bank
May 26, 2016	Hana Asset Management Co., Ltd.	Acquired by the purchase of common shares held by Hana Asset Trust
August 1, 2016	Hana Futures Co., Ltd.	Merged with "HFI" Co., Ltd.
August 24, 2016	Finnq Inc.	Established by capital investment (Joint Venture)

Date of acquisition	Subsidiaries	Notes
December 14, 2017	Hana Institute of Finance ("HIF")	Liquidation registration completed
October 4, 2018	Hana Ventures	Established by capital investment
December 3, 2019	Hana F&I, Inc.,	Acquired by the purchase of common shares held by Hana Bank
May 27, 2020	Hana Insurance, Co., Ltd. (Formerly, The K Insurance, Co., Ltd)	Acquired by the purchase of common shares
July 19, 2021	Hana Asset Management Asia	Incorporated as a subsidiary

The capital stock amounted to ₩1,021,281 million at the time of establishment. As of December 31, 2021, the capital stock amounted to ₩1,501,210 million due to stock dividends, stock exchanges and capital increase. Also, the Group's common shares were listed on the Korea Exchange (KRX) on December 12, 2005 and the Group's authorized common shares are 800,000,000 shares as of December 31, 2021.

1-2 Scope of consolidation

Details of subsidiaries in scope of consolidation as of the December 31, 2021 are as follows.

Classification	Country	Major business	Ownership (%) (*1)	Reporting date
Subsidiaries of HFG:				
Hana Bank	Korea	Banking	100.0	December 31, 2021
HFI	Korea	Financial investments	100.0	December 31, 2021
KEB Hana Card	Korea	Credit card business	85.0	December 31, 2021
Hana Capital	Korea	Installment credit financing	100.0	December 31, 2021
Hana Asset Trust	Korea	Real estate trust	100.0	December 31, 2021
Hana TI	Korea	System development service	100.0	December 31, 2021
Hana Savings Bank	Korea	Mutual savings banking	100.0	December 31, 2021
Hana Life Insurance	Korea	Life insurance	100.0	December 31, 2021
Hana Insurance, Co., Ltd.	Korea	Non-Life insurance	84.6	December 31, 2021
HIS	Korea	Transfer agent	100.0	December 31, 2021
Hana Alternative Asset Management	Korea	Asset management	100.0	December 31, 2021
Hana Ventures	Korea	New Technology Financial business	100.0	December 31, 2021
Hana F&I, Inc.,	Korea	Investment and management service for NPL assets backed securities	99.8	December 31, 2021
HANA ASSET MANAGEMENT ASIA	Singapore	Asset management	100.0	December 31, 2021



Classification	Country	Major business	Ownership (%) (*1)	Reporting date
Hana Alternative BlackRock QIP Trust No.73	Korea	Private investment trust company	33.3	December 31, 2021
Hana Alternative Special Investment Private Trust No.90	Korea	Private investment trust company	67.5	December 31, 2021
Hana Alternative UK Government Office Professional Investors' Private Real Estate Investment Feeder Trust No.1	Korea	Private investment trust company	50.1	December 31, 2021
Hana Alternative Infra Special Investment Private Trust No.3-1	Korea	Private investment trust company	100.0	December 31, 2021
Hana Alternative Infra Special Investment Private Trust No.3-2	Korea	Private investment trust company	100.0	December 31, 2021
Hana Alternative Infra Special Investment Private Trust No.3-3	Korea	Private investment trust company	100.0	December 31, 2021
Hana Alternative Energy Infra Special Asset Fund 3-4	Korea	Private investment trust company	100.0	December 31, 2021
Hana Alternative Special Investment Private Trust No.100	Korea	Private investment trust company	50.0	December 31, 2021
Hana Alternative Special Investment Private Trust No.102	Korea	Private investment trust company	44.0	December 31, 2021
Hana Alternative Special Investment Private Trust No.108	Korea	Private investment trust company	83.3	December 31, 2021
Hana Alternative Special Investment Private Trust No.123-1 (USD)	Korea	Private investment trust company	100.0	December 31, 2021
Hana Alternative Houston Private Investment Trust No.121	Korea	Private investment trust company	77.9	December 31, 2021
Hana Alternative Special Asset Private Trust No.123-2	Korea	Private investment trust company	50.3	December 31, 2021
Hana Alternative Special Asset Private Trust No.126	Korea	Private investment trust company	30.3	December 31, 2021
Hana Alternative Special Investment Private Trust No.116	Korea	Private investment trust company	89.2	December 31, 2021
Hana Alternative Investment Real Estate Private Trust No.163-1	Korea	Private investment trust company	90.9	December 31, 2021
Hana Private Real Estate Investment Trust No.165	Korea	Private investment trust company	58.0	December 31, 2021
Hana Alternative Investment Land Chip Real Estate Private Trust 68	Korea	Private investment trust company	52.2	December 31, 2021
Hana Ventures New Technology Investment Association No.4	Korea	New Technology Financial business	100.0	December 31, 2021
Hana Ventures New Technology Investment Association No.6	Korea	New Technology Financial business	73.8	December 31, 2021
Hana Ventures New Technology Investment Association No.7	Korea	New Technology Financial business	100.0	December 31, 2021
HANA Alternative Wando Geum-il Wind Power Infra Special Asset No.1	Korea	Private investment trust company	66.7	December 31, 2021
Hana Special New Deal National Representative Growth Private Trust	Korea	Private investment trust company	100.0	December 31, 2021

Classification	Country	Major business	Ownership (%) (*1)	Reporting date
Hana Alternative Frontier Private Investment Trust No.1	Korea	Private investment trust company	67.60	December 31, 2021
Hana Alternative Private Real Estate Investment Trust No.183-1	Korea	Private investment trust company	45.30	December 31, 2021
Hana Alternative Private Real Estate Investment Trust No.119	Korea	Private investment trust company	40.20	December 31, 2021
Specified Money Trust (*2)	Korea	Specified money trust	-	December 31, 2021
Subsidiaries of Hana Bank:				
Hana Bank (China) Co., Ltd.	China	Financial business	100.0	December 31, 2021
KEB Hana Bank Canada	Canada	Financial business	100.0	December 31, 2021
KEB Hana Bank Germany	Germany	Financial business	100.0	December 31, 2021
PT Bank KEB Hana	Indonesia	Financial business	69.0	December 31, 2021
Banco KEB Hana do Brazil S. A.	Brazil	Financial business	100.0	December 31, 2021
KEB Hana NY Financial Corp.	U.S.	Financial business	100.0	December 31, 2021
KEB Hana LA Financial Corp.	U.S.	Financial business	100.0	December 31, 2021
KEB Hana Global Finance	Hong Kong	Financial business	100.0	December 31, 2021
KEB Hana Russia	Russia	Financial business	99.9	December 31, 2021
KEB Hana Mexico	Mexico	Financial business	99.9	December 31, 2021
Hana Bancorp, Inc.	U.S.	Financial business	90.6	December 31, 2021
GLN International Co., Ltd.	Korea	Other financial business	100.0	December 31, 2021
UBS Hana Power Private equity investment trust 21 [Bond]	Korea	Private investment trust company	100.0	December 31, 2021
Hyundai Trust PEF Invest 16 [Bond]	Korea	Private investment trust company	100.0	December 31, 2021
Kyobo Axa Tomorrow Private Equity KH-1[Bond]	Korea	Private investment trust company	100.0	December 31, 2021
DGB Leading Solution Private Bond 143 (Previously, DGB Leading Solution PEF Invest Trust 143)	Korea	Private investment trust company	100.0	December 31, 2021
Sevenstar Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Marine Solution Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Chungangstar Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Display First Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Ocean Betts The First Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana H in the holdings 1st LLC (*3)	Korea	Other financial business	-	December 31, 2021
BEST ONE Q 1st (*3)	Korea	Other financial business	-	December 31, 2021
H-Plus 1st, L.L.C. (*3)	Korea	Other financial business	-	December 31, 2021
Hana CK 1st Co., Ltd (*3)	Korea	Other financial business	-	December 31, 2021
Netoneq 1st L.L.C (*3)	Korea	Other financial business	-	December 31, 2021
DONGAM TOWER 1st Co.,Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana H in the holdings 2nd L.L.C (*3)	Korea	Other financial business	-	December 31, 2021
PIOTOWER1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021

Classification	Country	Major business	Ownership (%) (*1)	Reporting date
KSPARTNERSHIP 1st 2020, INC (*3)	Korea	Other financial business	-	December 31, 2021
HEONEQ1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
HCONEQ1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
H Hotel ONEQ 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
DPS 2nd, Co., Ltd (*3)	Korea	Other financial business	-	December 31, 2021
Bbq 1q 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
Skoffice 1q 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
Cleanenergy 1q 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
HANA DL First Co., Ltd (*3)	Korea	Other financial business	-	December 31, 2021
HANA TERMINUS First Co., Ltd (*3)	Korea	Other financial business	-	December 31, 2021
Hana 1Q Startup Investment Fund	Korea	Other financial business	98.0	December 31, 2021
Hana 1Q Startup Investment Fund	Korea	Other financial business	90.9	December 31, 2021
THE HAM ONEQ 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
HANA BAY 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
HANA I.S 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
HANA I.G 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
GRAND ONEQ 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
THE MIRAE ONEQ 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
DONG DAEGU TERMINAL 2nd, LLC (*3)	Korea	Other financial business	-	December 31, 2021
KENDALL NO.9 1st, LLC (*3)	Korea	Other financial business	-	December 31, 2021
Hana Double H 1Q 2nd Co.,Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Double H 1Q 3rd Co.,Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Trust accounts guaranteeing the repayment of principal	Korea	Trust account	-	December 31, 2021
Subsidiaries of Hana Bancorp. Inc:				
KEB Hana Bank USA	U.S.	Banking	100.0	December 31, 2021
Subsidiaries of HFI:				
Hana the First Private Equity Fund	Korea	Private equity fund	48.9	December 31, 2021
Hana Daol Land Chip Heungdeok Real Estate Private Fund 35	Korea	Private investment trust company	100.0	December 31, 2021
Hana Equity Investment Management (Shenzhen) Co., Ltd (Formerly, Hana Global Investment Consulting Co.,Ltd)	China	Investment consulting	100.0	December 31, 2021
Hana Land Chip Houston Real Estate Private Fund 59	Korea	Private investment trust company	100.0	December 31, 2021
Hana the Third Private Equity Fund	Korea	Private equity fund	35.0	December 31, 2021
Hana New Technology Fund No.1	Korea	Private equity fund	50.0	December 31, 2021
Citizenfyu 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Portfolio 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Yellow Balloon 3rd Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
YDL 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021

Classification	Country	Major business	Ownership (%) (*1)	Reporting date
Areca 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Charlemont Exchange (*3)	Korea	Other financial business	-	December 31, 2021
Centaur First Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Ocean 1st (*3)	Korea	Other financial business	-	December 31, 2021
Hana Formula-E Private Special Asset Fund 114	Korea	Private investment trust company	99.5	December 31, 2021
KB Spain Solar Energy Private Special Asset Fund	Korea	Private investment trust company	96.8	December 31, 2021
KB Bonaccord Private Fund(FOFS)	Korea	Private investment trust company	99.9	December 31, 2021
KB Mobility Solution Private Special Asset Fund 1	Korea	Private investment trust company	99.9	December 31, 2021
San Jose Real 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
GIF Rocinante Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana US Emerging Office Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2	Korea	Private investment trust company	98.4	December 31, 2021
Hana Private Real Estate Investment Trust No.130	Korea	Private investment trust company	100.0	December 31, 2021
Capstone EU Private Investment Trust No. 12 (Previously, DS Networks Private Alternative Investment Trust 2)	Korea	Private investment trust company	100.0	December 31, 2021
HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2 (USD)	Korea	Private investment trust company	99.8	December 31, 2021
Shinhan AIM Infrastructure Fund No.6-2	Korea	Private investment trust company	100.0	December 31, 2021
K-Reits Specialized Private Investment Trust No.23	Korea	Private investment trust company	99.6	December 31, 2021
Shinhan AIM Infrastructure Fund No.6-A	Korea	Private investment trust company	99.3	December 31, 2021
KAIM Global Value Specialized Private Investment Trust No.1	Korea	Private investment trust company	99.9	December 31, 2021
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4	Korea	Private investment trust company	99.9	December 31, 2021
Hana Trust Global Reit One Co., Ltd	Korea	Real estate management	100.0	December 31, 2021
Hana Global New Technology Fund No.1	Korea	Private equity fund	100.0	December 31, 2021
Madrid First Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana AIC 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Peach Shine 2nd Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hanalogis No.1 Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
GIF Boomerang Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
GIF Sowol-ro Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021

Classification	Country	Major business	Ownership (%) (*1)	Reporting date
Hana Runway Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
JLB Squire Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Private Real Estate Investment Trust No.137	Korea	Private investment trust company	99.9	December 31, 2021
Broadway 1st Co. Ltd (*3)	Korea	Other financial business	-	December 31, 2021
HANA MC ONE Co.,Ltd (*3)	Korea	Other financial business	-	December 31, 2021
Hana-Sinjang 1st Co.,Ltd (*3)	Korea	Other financial business	-	December 31, 2021
Hana Solar 1st Co., Ltd (*3)	Korea	Other financial business	-	December 31, 2021
YK Ho 1st., Co., Ltd (*3)	Korea	Other financial business	-	December 31, 2021
YK Ho 2nd., Co., Ltd (*3)	Korea	Other financial business	-	December 31, 2021
Hana Datacenter 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Anseong KL 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Achenhaim Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Eco Clover Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana 5-geori 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana-Ulsan Co., Ltd (*3)	Korea	Other financial business	-	December 31, 2021
Hana Port 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
HF Caribbean Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana YJDL Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
GMHB 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana In Chungmu 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Penta 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hangdong West 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Wonderful GM 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Magic Town 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
GIF Olympus Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
GS Solution 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Sewoon 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Zero To One 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Heaven 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana 1Q Logis B Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Bukjincheon 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Seattle Prime Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Tree Unique 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Ernest Hyun 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
GIF MD Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Alternative Investment Shipping Specialized Private Equity Fund NO.1	Korea	Financial business	99.8	December 31, 2021
Darby Hana New York Hotel Specialized Private Investment Trust No.1	Korea	Financial business	99.9	December 31, 2021

Classification	Country	Major business	Ownership (%) (*1)	Reporting date
Tree Yard 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Tree Axion 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Planet Seocho Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Easy Tree 6th., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Shinhan AIM Real Estate Fund No.22-B	Korea	Financial business	99.9	December 31, 2021
AIP Environment Infrastructure Specialized Privately Placed Fund Trust No.1	Korea	Financial business	99.9	December 31, 2021
JA 8th., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Joon Dragon Fairness 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana HQ 1st., Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Asan Baebang 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Zeronine 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana AI 5th Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Highyield Stone Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
The 1st GM 23th Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana JH 2nd Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Gamsam 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
JEY Complex Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
JHY Complex Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
IGIS U.S. Specialized Private Placement Real Estate Investment Trust No. 417-1 (*3)	Korea	Financial business	99.9	December 31, 2021
Midas Global Qualified Investors Private Real Estate Investment Trust no.10	Korea	Financial business	99.9	December 31, 2021
Sanchully Renewable Energy Privat Equity Trust II (*3)	Korea	Financial business	99.9	December 31, 2021
Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 175-1	Korea	Financial business	100.0	December 31, 2021
Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 175-2	Korea	Financial business	100.0	December 31, 2021
Hana Alternative Private Placement Real Estate Investment Trust No. 182	Korea	Financial business	100.0	December 31, 2021
Hana Residence 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Residence 2nd Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
New Deal Beomeo 1 Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Joon Dragon Brite Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
E-Master 14th Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Middle Mile 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Planet Seocho 2nd Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
E-Master 18th Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Boston Core 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Boston Core 2nd Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021



Classification	Country	Major business	Ownership (%) (*1)	Reporting date
E-Master 17th Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Geomdan Nine One 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Geomdan Nine One 2nd Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Planet Advisor Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
New Deal IDC 2nd Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
New Deal IDC 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
US Alix 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Western 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Core-value Securitization 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Black Wing 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Joon Dragon Mark 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana HD 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana 4 Sky Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Auto 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
YDJ 2nd Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Suseong 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hana Dowon 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Hmidan 1st Co., Ltd. (*3)	Korea	Other financial business	-	December 31, 2021
Subsidiaries of Hana the 3rd PEF:				
Venus 1 SPC Co., Ltd.	Korea	SPC	100.0	December 31, 2021
Bareun Food Factory Co.,Ltd.	Korea	SPC	100.0	December 31, 2021
Titan 1 SPC LLC	Korea	SPC	100.0	December 31, 2021
HIT 1 SPC LLC	Korea	SPC	100.0	December 31, 2021
Subsidiaries of Bareun Food Factory Co.,Ltd.:				
Dduksim Co., Ltd.(*4)	Korea	Korean traditional food business	81.8	December 31, 2021
Keumho Trading Co., Ltd. (*4)	Korea	Seafood processing business	67.4	December 31, 2021
Subsidiaries of Dduksim:				
Seojewon Co.,Ltd (*4)	Korea	Franchise business	70.0	December 31, 2021
Subsidiaries of Keumho fnb:				
Keumho seafood.Co., Ltd. (*4)	Korea	Seafood processing business	100.0	December 31, 2021
Designmeal co.,Ltd (*4)	Korea	Seafood processing business	100.0	December 31, 2021
Subsidiaries of Hana Card:				
Hana Card Payment	Japan	Other financial support service	100.0	December 31, 2021
Hana Card 2019-1 Asset Securitization Specialty. Co., Ltd. (*3)	Korea	Asset securitization	0.5	December 31, 2021
Hana Card 2020-1 Asset Securitization Specialty. Co., Ltd. (*3)	Korea	Asset securitization	0.5	December 31, 2021

Classification	Country	Major business	Ownership (%) (*1)	Reporting date
Hana Card 2021-1 Asset Securitization Specialty. Co., Ltd. (*3)	Korea	Asset securitization	0.5	December 31, 2021
Specified Money Trust (*2)	Korea	Specified money trust	-	December 31, 2021
Subsidiaries of Hana Capital:				
Hana Ventures No.2 Investment Fund	Korea	New Technology Financial business	100.0	December 31, 2021
Hana Ventures No.3 Investment Fund	Korea	New Technology Financial business	100.0	December 31, 2021
Hana Capital-Capstone Venture Fund	Korea	New Technology Financial business	88.9	December 31, 2021
Hana Capital-Capstone Venture Fund II	Korea	New Technology Financial business	90.0	December 31, 2021
Hana Micro Finance, Ltd.	Myanmar	Financial business	100.0	December 31, 2021
Subsidiaries of Hana Alternative Asset management:				
Hana Alternative Private Real Estate Investment Trust No.157	Korea	Private investment trust company	99.7	December 31, 2021
Hana Alternative Private Real Estate Investment Trust No.158	Korea	Private investment trust company	92.3	December 31, 2021
Hana Private Real Estate Investment Trust No.166	Korea	Private investment trust company	99.8	December 31, 2021
Hana Private Real Estate Investment Trust No.177	Korea	Private investment trust company	39.5	December 31, 2021
Subsidiaries of Hana Private Real Estate Investment Trust No. 166:				
H&H investment 4 (*3)	Korea	SPC	-	December 31, 2021
Subsidiaries of Hana TI:				
PT Next Transformtech Indonesia	Indonesia	System development service	100.0	December 31, 2021
Subsidiaries of Hana F&I, Inc:				
KEB The Loft Inc. (*3)	Korea	Asset securitization	-	December 31, 2021
HFT Second Securitization Specialty (*3)	Korea	Asset securitization	5.0	December 31, 2021
Hana SH First Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	14.0	December 31, 2021
HFS Second Securitization Specialty (*3)	Korea	Asset securitization	14.0	December 31, 2021
Hana K First Securitization Specialty (*3)	Korea	Asset securitization	14.0	December 31, 2021
HFD First Securitization Specialty (*3)	Korea	Asset securitization	14.0	December 31, 2021
HFS 73A Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFS 73B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFW 73 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFk 74 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFSCN81 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFB81 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
Fine Fifth Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFS 82 Securitization Specialty Co Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021

Classification	Country	Major business	Ownership (%) (*1)	Reporting date
HFF 82 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 83 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFS 84 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFF 84 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFK 84 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFFN 91 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 91 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFS 92A Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFS 92B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFB 92 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFN 92B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 93 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFB 93 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFF 93 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFF94 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFF95 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	100.0	December 31, 2021
HFI01B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFH02 Inc. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI02A Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFD02 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFN02 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFK02 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFC03 Inc. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 03B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFB 03 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFG 03 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFD 03 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFG 04 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 04 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 11 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFG 11 Securitization Specialty Co.,Ltd.(*3)	Korea	Asset securitization	9.0	December 31, 2021
HFT 12 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFTW 12 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 12A Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 12C Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HPW 13 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFN 13 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFG 13 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFK 14 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021

Classification	Country	Major business	Ownership (%) (*1)	Reporting date
HFB14 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFN14 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFT 14 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 14A Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
HFI 14B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	9.0	December 31, 2021
Specified Money Trust (*2)	Korea	Specified money trust	-	December 31, 2021

Subsidiaries of Hana Insurance. Co., Ltd.:

HANA FINANCIAL FIND INC.(Previously, Hana Financial Partner)	Korea	Financial business	100.0	December 31, 2021
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Subsidiaries of Hana Alternative UK Government Office Professional Investors' Private Real Estate Investment Feeder Trust No.1:

VICTORY LIMITED PARTNERSHIP (*4)	U.K	Other financial business	100.0	November 30, 2021
VICTORY Investment Company Limited (*4)	U.K	Other financial business	100.0	November 30, 2021
VICTORY GP(Jersey) LIMITED (*4)	U.K	Other financial business	100.0	November 30, 2021

Subsidiary of Hana Alternative Special Investment Private Trust No.90:

H&H investment (*3)	Korea	Other financial business	-	December 31, 2021
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Subsidiary of Hana Alternative Special Investment Private Trust No.116:

H&H investment 2 (*3)	Korea	Other financial business	-	December 31, 2021
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Subsidiary of Hana Alternative Special investment private Trust No.123-1(USD):

Dragon one investment Limited	Hong Kong	Other financial business	100.0	December 31, 2021
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Subsidiaries of Dragon One Investment Limited:

QFLP (*4)	China	Other financial business	100.0	December 31, 2021
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Subsidiaries of QFLP:

Beijing Shunhe Enterprise Management Co.,Ltd.	China	Other financial business	100.0	December 31, 2021
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Subsidiary of Beijing Shunhe Enterprise Management Co.,Ltd.:

Beijing Jianhao Hongji Real Estate Development Co.,Ltd. PFV	China	Other financial business	99.9	December 31, 2021
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Subsidiary of Hana Alternative Special Asset Private Trust No.126:

K-REIT LLC (*4)	U.S.	Other financial business	100.0	November 30, 2021
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Subsidiaries of Hana Private Real Estate Investment Trust No. 165:

H&H investment 3 (*3)	Korea	Other financial business	-	December 31, 2021
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(*1) The ownership percentage was calculated based on the shareholding of the ultimate parent company.

(*2) Specified money trust accounts consist of different accounts, but the number of accounts is not recorded.

(*3) It is included in the scope of consolidation since the subsidiary provides granting of credit.

(*4) As year end financial statements were not available, the Group used the most recent financial statements available as of December 31, 2021.

The financial information of subsidiaries as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
KEB Hana Bank (*1)	₩ 430,193,576	401,437,105	28,756,471	30,175,283	2,575,746	140,697	2,716,443
HFI (*1)	37,614,683	32,323,651	5,291,032	8,059,329	505,993	(26,038)	479,955
KEB Hana Card (*1)	9,596,474	7,565,896	2,030,578	1,322,005	250,484	2,480	252,964
Hana Capital (*1)	13,856,805	12,030,439	1,826,366	1,017,815	273,726	(13,358)	260,368
Hana Asset Trust	511,369	88,866	422,503	163,732	92,739	-	92,739
Hana TI (*1)	482,015	376,564	105,451	261,276	374	(2,028)	(1,654)
Hana Savings Bank	2,477,165	2,116,578	360,587	130,573	26,548	(332)	26,216
Hana Life Insurance (*1)	5,858,383	5,442,993	415,390	767,576	24,271	(55,348)	(31,077)
HIS	57,833	13,081	44,752	36,645	8,303	108	8,411
Hana Alternative Asset Management Co., Ltd. (*1)	219,454	23,870	195,584	81,533	30,951	(49)	30,902
Hana Ventures, Ltd.	109,850	4,365	105,485	11,845	5,458	79	5,537
Hana F&I, Inc. (*1)	1,557,988	1,274,391	283,597	97,846	25,384	(489)	24,895
Hana Insurance, Co., Ltd. (*1)	1,362,941	1,126,281	236,660	600,819	16,818	(21,221)	(4,403)
HANA ASSET MANAGEMENT ASIA	8,210	123	8,087	-	(664)	300	(364)
Hana Alternative BlackRock QIP Trust No.73	52,717	1,859	50,858	7,907	3,336	-	3,336
Hana Professional Investment Type Private Equity 90	20,265	1,743	18,522	3,830	2,165	-	2,165
Hana Alternative UK Government Office Professional Investors' Private Real Estate Investment Feeder Trust No.1	1,628	1,617	11	1	1,832	33	1,865
Hana Alternative Infra Special Investment Private Trust No.3-1	9,728	13	9,715	636	504	-	504
Hana Alternative Infra Special Investment Private Trust No.3-2	6,035	8	6,027	3,570	1,930	705	2,635
Hana Alternative Infra Special Investment Private Trust No.3-3	20,937	25	20,912	1,104	442	-	442
Hana Alternative Infra Special Investment Private Trust No.3-4 (*2)	34,672	26	34,646	165	(1,140)	47	(1,093)

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
Hana Alternative Special Investment Private Trust No.100	11,862	159	11,703	947	726	-	726
Hana Alternative Special Investment Private Trust No.102	75,768	2,130	73,638	10,031	2,921	-	2,921
Hana Alternative Special Investment Private Trust No.108	9,627	590	9,037	2,002	391	-	391
Hana Alternative Special Investment Private Trust No.123-1 (USD)	332,785	220,593	112,192	903	(15,586)	14,972	(614)
Hana Alternative Houston Private Investment Trust No.121	35,907	1,416	34,491	6,083	2,581	-	2,581
Hana Alternative Special Asset Private Trust No.123-2	41,800	1,924	39,876	11,377	2,892	-	2,892
Alternative Special Asset Private Trust No.126	104,490	7,242	97,248	74	(11,246)	8,444	(2,802)
Hana Alternative Special Investment Private Trust No.116	52,772	24	52,748	25,636	13,238	-	13,238
Hana Alternative Investment Real Estate Private Trust No.163-1 (H) (*2)	35,770	3,163	32,607	7,641	1,417	-	1,417
Hana Alternative Investment Land Chip Real Estate Private Trust 68 (*3)	178,309	136,269	42,040	124	3,730	-	3,730
Hana Private Real Estate Investment Trust No. 165 (*1)(*2)	55,682	3,383	52,299	3,616	(2,186)	-	(2,186)
Hana Alternative Special Investment Wando Geumil Offshore Wind Power Private Trust No.1 (*2)	2,170	188	1,982	96	34	-	34
Hana Ventures New Technology Investment Association No.4	5,817	-	5,817	-	(95)	-	(95)
Hana Ventures New Technology Investment Association No.6	10,891	-	10,891	4,543	4,407	-	4,407
Hana Ventures New Technology Investment Association No.7	5,370	-	5,370	1	(115)	-	(115)

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
Hana Special New Deal National Representative Growth Private Trust (*2)	2,007	35	1,972	7	(28)	-	(28)
Hana-Capstone AI Platform Fund (*4)	-	-	-	8	(448)	-	(448)
Genesis Environment Energy No.6 Private Equity Fund (*4)	-	-	-	-	(1,544)	-	(1,544)
Hana Alternative Private Real Estate Investment Trust No.119 (*2)	13,196	101	13,095	1	(105)	-	(105)
Hana Alternative Private Real Estate Investment Trust No.183-1 (*2)	19,793	94	19,699	405	(171)	-	(171)
Hana Alternative Frontier Private Investment Trust No.1 (*2)	34,864	2,599	32,265	802	(85)	-	(85)

(*1) Consolidated financial information of the intermediate parent company.

(*2) Newly established in 2021.

(*3) Changed from subsidiary of Hana Life Insurance to subsidiary of HFG.

(*4) Excluded from the consolidation scope during the year ended December 31, 2021

<December 31, 2020>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income
KEB Hana Bank (*1)	₩ 396,187,562	369,376,033	26,811,529	36,002,259	2,024,377	(160,117)	1,864,260
HFI (*1)	35,796,518	31,367,561	4,428,957	9,019,361	410,036	37,166	447,202
KEB Hana Card (*1)	8,211,042	6,433,428	1,777,614	1,280,176	154,457	(5,998)	148,459
Hana Capital (*1)	11,112,113	9,807,790	1,304,323	829,418	180,721	1,131	181,852
Hana Asset Trust	434,455	74,691	359,764	150,873	80,821	-	80,821
Hana TI (*1)	473,135	363,738	109,397	232,487	755	(1,262)	(507)
Hana Savings Bank	1,843,758	1,605,211	238,547	95,574	18,002	(171)	17,831
Hana Life Insurance (*1)	5,375,558	5,028,934	346,624	843,899	26,564	(19,265)	7,299
HIS	48,177	9,835	38,342	27,213	3,712	(186)	3,526
Hana Alternative Asset Management Co., Ltd.(*1)	139,931	15,221	124,710	49,552	18,610	34	18,644
Hana Ventures, Ltd.	102,901	2,953	99,948	8,657	2,930	77	3,007
Hana F&I, Inc.(*1)	1,483,337	1,293,591	189,746	72,000	15,620	2,953	18,573
Hana Insurance, Co., Ltd. (*2)	1,127,541	894,106	233,435	335,642	(5,168)	(4,171)	(9,339)
HANA ASSET MANAGEMENT ASIA (*3)	206	-	206	-	-	(8)	(8)

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income
Hana Professional Investment Type Private Equity Real Estate 28 (*4)	-	-	-	-	-	-	-
Hana Japan Residence Professional Investment Type Private Equity Real Estate 47 (*4)	-	-	-	7,687	6,734	-	6,734
Hana Private Real Estate Investment Trust No. 68-1	36,762	11	36,751	7,696	1,465	-	1,465
Hana Alternative BlackRock QIP Trust No.73	52,579	73	52,506	9,185	2,669	-	2,669
Hana Professional Investment Type Private Equity 90	19,409	1,587	17,822	5,924	3,616	-	3,616
Hana Alternative UK Government Office Professional Investors' Private Real Estate Investment Feeder Trust No.1	714	1,644	(930)	12,287	6,254	(142)	6,112
Hana Alternative Infra Special Investment Private Trust No.3-1	7,189	10	7,179	413	287	-	287
Hana Alternative Infra Special Investment Private Trust No.3-2	20,805	30	20,775	1,824	(292)	(989)	(1,281)
Hana Alternative Infra Special Investment Private Trust No.3-3	11,611	2	11,609	1,548	634	-	634
Hana Alternative Special Investment Private Trust No.100	12,359	12	12,347	1,169	960	-	960
Hana Alternative Special Investment Private Trust No.102	76,480	1,081	75,399	13,325	4,719	-	4,719
Hana Alternative Special Investment Private Trust No.108	10,821	25	10,796	1,838	808	-	808
Hana Alternative Special Investment Private Trust No.123-1(USD)	159,052	38,448	120,604	40	(8,490)	4,101	(4,389)
Hana Alternative Houston Private Investment Trust No.121	34,636	23	34,613	5,984	1,853	-	1,853
Hana Alternative Special Asset Private Trust No.123-2	40,786	950	39,836	10,637	2,561	-	2,561
Alternative Special Asset Private Trust No.126	104,885	55	104,830	2,436	(7,593)	(5,826)	(13,419)

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income
Hana Alternative Special Investment Private Trust No.116	54,723	616	54,107	9,857	4,635	-	4,635
Hana Ventures New Technology Investment Association No.4 (*2)	5,914	2	5,912	1	(88)	-	(88)
Hana Ventures New Technology Investment Association No.6 (*2)	6,485	1	6,484	-	(16)	-	(16)
Hana Ventures New Technology Investment Association No.7 (*2)	5,485	-	5,485	-	(15)	-	(15)

(*1) Consolidated financial information of the intermediate parent company.

(*2) Included as a subsidiary during the year ended December 31, 2020, and gains and losses are gains and losses after inclusion as a subsidiary.

(*3) Hana Asset Management Asia was newly established in 2020.

(*4) Excluded from the consolidation scope during the year ended December 31, 2020

Changes in scope of consolidation for the year ended December 31, 2021 is as follows:

Name of subsidiaries	Rationale
Included in scope of consolidation:	
Hana Alternative Investment Real Estate Private Trust No.163-1(H)	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
HEONEQ1st, LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HCONEQ1st, LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Bulls Hana 2nd Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Alternative Private Real Estate Investment Trust No.157	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Alternative Private Real Estate Investment Trust No.158	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
HFI 11 Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFG 11 Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Financial Partner	Obtained majority of shares with voting rights.
Tree Yard 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Tree Axion 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Planet Seocho Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.

Name of subsidiaries	Rationale
Easy Tree 6th., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Y-Energy Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana K-Energy Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Midas Global Special Real Estate Investment Private Trust No.8	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
JR Global Real Estate Specialized Investment Private Trust No.28	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Alternative Energy Infra Special Asset Fund 3-4	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Alternative Investment Real Estate Private Trust No.165	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Alternative Special Investment Wando Geumil Offshore Wind Power Private Trust No.1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Special New Deal National Representative Growth Private Trust	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
H&H investment 3	In default, the entity holds power as an actual beneficiary of a private equity fund, and exposed to variable returns in accordance with credit or purchase arrangements.
H Hotel ONEQ 1st, LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
DPS 2nd, Co., Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Private Real Estate Investment Trust No. 166	Holds power as a fund manager and exposed to variable returns based on credit facility or purchase arrangements.
H&H investment 4	In default, the entity holds power as an actual beneficiary of a private equity fund, and exposed to variable returns in accordance with credit or purchase arrangements.
HFT 12 Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFW 12 Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFI 12A Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFI 12C Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
JA 8th., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Joon Dragon Fairness 2nd., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana HQ 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Recycle 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.

Name of subsidiaries	Rationale
Hana Recycle 2nd., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Shinhan AIM Real Estate Fund No.22-B	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Shinhan AIM infrastructure Fund No.7-1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
AIP Environment Infrastructure Specialized Privately Placed Fund Trust #1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Genesis Environment Energy No.4 Private Equity Fund	Obtained majority of shares with voting rights.
Hana Card 2021-1 Asset Securitization Specialty. Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Bbq 1q 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Skoffice 1q 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Cleanenergy 1q 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HANA DL First Co., Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HANA TERMINUS First Co., Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Asan Baebang 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Zeronine 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana AI 5th Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Highyield Stone Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
GLN International Co., Ltd.	Obtained majority of shares with voting rights.
Hana Tech Value-Up Investment Fund	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana 1Q Startup Investment Fund	Obtained majority of shares with voting rights.
The 1st GM 23th Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana JH 2nd Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Gamsam 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
JEY Complex Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
JHY Complex Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
IGIS U.S. Specialized Private Placement Real Estate Investment Trust No. 417-1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.

Name of subsidiaries	Rationale
HFV 13 Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFN 13 Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFG 13 Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana-Capstone AI Platform Fund	Obtained majority of shares with voting rights.
Genesis Environment Energy No.6 Private Equity Fund	Obtained majority of shares with voting rights.
Midas Global Qualified Investors Private Real Estate Investment Trust no.10	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Sanchully Renewable Energy Privat Equity Trust II	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 175-1	Holds power as a fund manager and exposed to significant variable returns
Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 175-2	Holds power as a fund manager and exposed to significant variable returns
Hana Alternative Private Placement Real Estate Investment Trust No. 182	Holds power as a fund manager and exposed to significant variable returns
Hana Residence 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Residence 2nd Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
New Deal Beomeo 1 Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Joon Dragon Brite Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
E-Master 14th Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Middle Mile 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Planet Seocho 2nd Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
E-Master 18th Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Boston Core 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Boston Core 2nd Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
E-Master 17th Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Geomdan Nine One 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Geomdan Nine One 2nd Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Planet Advisor Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.

Name of subsidiaries	Rationale
New Deal IDC 2nd Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
New Deal IDC 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
US Alix 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Western 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Core-value Securitization 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Black Wing 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Joon Dragon Mark 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana HD 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana 4 Sky Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Auto 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
YDJ 2nd Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Suseong 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Dowon 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hmidan 1st Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Capital-Capstone Venture Fund	Holds power as a limited partner and exposed to significant variable returns
Hana Capital-Capstone Venture Fund II	Holds power as a limited partner and exposed to significant variable returns
HFK 14 Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFB14 Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFN14 Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFT 14 Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFI 14A Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HFI 14B Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Alternative Private Real Estate Investment Trust No.177	Holds power as a fund manager and exposed to significant variable returns

Name of subsidiaries	Rationale
THE HAM ONEQ 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HANA BAY 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HANA I.S 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
HANA I.G 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
GRAND ONEQ 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
THE MIRAE ONEQ 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
DONG DAEGU TERMINAL 2nd. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
KENDALL NO.9 1st. LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Double H 1Q 2nd Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Double H 1Q 3rd Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements.
Hana Alternative Private Real Estate Investment Trust No.119	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Alternative Private Real Estate Investment Trust No.183-1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Alternative Frontier Private Investment Trust No.1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Excluded in scope of consolidation:	
Bulls Hana 1st Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
YDPP 1st Co.,Ltd.	Loss of control due to disposal (Termination of credit facility).
HFV02 ABS Ltd.	Loss of control due to disposal.
GIF Rocinante Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
GYP 1st Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hmidan 2nd., Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hana Bukjincheon 1st., Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1	Loss of control due to disposal.
Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 153-2	Loss of control due to disposal.
Ramda Global Specialized Private Placement Real Estate Investment Trust	Loss of control due to disposal.
Antakya Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hana Indonesia Green Forest Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hanafuturelifes 1st, Ltd.	Loss of control due to disposal (Termination of credit facility).
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.54B	Loss of control due to disposal.

Name of subsidiaries	Rationale
Hana Alternative US California BESS Special Asset No. 6	Loss of control due to disposal.
IGIS U.S. Specialized Private Placement Real Estate Investment Trust No.350	Loss of control due to disposal.
Midas Global Special Real Estate Investment Private Trust No.8	Loss of control due to disposal.
PIS 2nd., Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Sejoong Co., Ltd.	Loss of control due to disposal.
Siwon Co., Ltd.	Loss of control due to disposal.
Genesis Environment Energy No.4 Private Equity Fund	Loss of control due to disposal of voting shares.
Hanalogs No.2 Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Darby Hana Europe Renewable Energy Private Investment Fund	Loss of control due to disposal.
JR Global Real Estate Specialized Investment Private Trust No.28	Loss of control due to disposal.
Hana Semiconductor New Technology Fund	Loss of control due to liquidation.
Hana Professional Investment Type Private Equity Real Estate 68-1	Loss of control due to disposal.
Shinhan AIM infrastructure Fund No.7-1	Loss of control due to the liquidation
YDL 3rd Co. Ltd.	Loss of control due to disposal (Termination of credit facility).
Yellow Balloon 3rd Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
US Smile 1st Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
US Smile 2nd Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hana S-Energy Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hana Unju 1st., Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hana Y-Energy Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hana K-Energy Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hana Recycle 1st., Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
Hana Recycle 2nd., Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
HFN 82 Securitization Specialty Co., Ltd.	Loss of control due to disposal
HFI01C Securitization Specialty Co., Ltd.	Loss of control due to disposal
Hana Alternative Private Real Estate Investment Trust No.111	Loss of control due to disposal
Nineteen Dahlia S.a r.l.	Loss of control due to disposal
H on 1st L.L.C	Loss of control due to disposal (Termination of credit facility).
DYONEQ1st, LLC	Loss of control due to disposal (Termination of credit facility).
Bulls Hana 2nd Co., Ltd.	Loss of control due to disposal (Termination of credit facility).
HanaGreen, 1st L.L.C.	Loss of control due to disposal (Termination of credit facility).
Hana-Capstone AI Platform Fund	Loss of control due to disposal
Genesis Environment Energy No.6 Private Equity Fund	Loss of control due to disposal

1-2-1 KEB Hana Bank

KEB was established on January 30, 1967, as a government-invested bank to engage in foreign exchange and trade finance business under the Korea Exchange Bank Act proclaimed on July 28, 1966. On December 30, 1989, the Korea Exchange Bank Act was repealed and KEB was converted into a corporation under the Commercial Code of the Republic of Korea. On April 4, 1994, KEB was listed on the Korean Stock Exchange. The merger between KEB and Korea Exchange Bank Credit Service Co., Ltd. was finalized on February 28, 2004. KEB primarily provides commercial banking services, trust banking services, foreign exchange, merchant banking business through the merger with Korea International Merchant Bank, a domestic subsidiary of the Bank, and other related operations as permitted under the Banking Act, the Capital Market and the Financial Investment Business Act and other relevant laws and regulations in the Republic of Korea. As of February 9, 2012, the Group purchased 57.27% interest in KEB, and acquired control over the investee. On March 15, 2013, the Group's Board of Directors approved a share swap contract to acquire a 100 percent stake of KEB. Pursuant to the contract, KEB was incorporated into the Group's wholly owned subsidiary as of April 5, 2013. As of September 1, 2014, Hana Card (formerly, KEB Card) was spun off from the credit card business unit of KEB. KEB merged with Hana Bank and changed its name to KEB Hana Bank on September 1, 2015.

1-2-2 Hana Financial Investment Co., Ltd.

Hana Financial Investment Co., Ltd. ("HFI") was incorporated on January 18, 1977 pursuant to the Security Investment Trust Act of the Republic of Korea for the purpose of providing investment trading, brokerage, advisory, collective investment, entrusting, trust service and a wide range of security investment trust services for its customers. Meanwhile, HFI combined with Hana IB as a business combination under common control on December 1, 2008 and changed its name to HFI on September 1, 2015. HFI merged with Hana Futures Co., Ltd on August 1, 2016.

1-2-3 KEB Hana Card

Hana SK Card (extinct entity) was merged into Korea Exchange Bank Credit Service Co., Ltd. ("KEB Card") (surviving entity) on December 1, 2014 through exchanging common shares at a ratio of 1 common share of Hana SK Card for 1.1731316 common shares of KEB Card, and it has been included in the Company's subsidiary.

1-2-4 Hana Capital

Hana Capital (formerly, Kolon Capital Co., Ltd.) was incorporated on February 13, 1987 and changed its name to Hana Capital on April 8, 2005. Hana Capital obtained a license to engage in the installment financing business on January 9, 1996 in accordance with the Credit Card Business Act of the Republic of Korea and was registered as an installment financing company in accordance with the Credit Specialized Financial Business Act of the Republic of Korea on January 16, 1998 to engage in leasing, installment financing and corporate and consumer loan business. The Group acquired a 50.13% ownership of Hana Capital through a stock swap transaction with Hana Bank on April 27, 2007. In February 2018, the Group acquired the remaining stake and Hana Capital became a wholly-owned subsidiary of the Group.

1-2-5 Hana Asset Trust

Hana Asset Trust was incorporated on June 15, 1999 for the purpose of conducting research and analysis of regional and local developments. On February 27, 2004, Hana Asset Trust changed its primary business to a real estate investment trust company, pursuant to the Trust Business Act. As such, it changed its name from JW Asset to Daol Real Estate Trust, and it changed its name to Daol Trust on March 17, 2010 again. The Group acquired 58% ownership of Hana Daol Trust (formerly, Daol Trust Co., Ltd.) and incorporated Hana Daol Trust as its subsidiary as of March 10, 2010. The Group additionally acquired 7% ownership of Hana Daol Trust as of December 30, 2011, and purchased residual shares in Hana Daol Trust for the year ended December 31, 2013 and incorporated Hana Asset Trust as its wholly owned subsidiary.

1-2-6 Hana TI

Hana TI (formerly, Seoun System Inc.) was incorporated on August 30, 1990 pursuant to the laws of the Republic of Korea for the purpose of developing and maintaining software used in the financial service industry. The Group changed its name to Hana I&S on March 1, 2003 and changed its name to Hana TI on June 19, 2017. The Group purchased residual shares (10.02%) in Hana TI as of November, 2019 and incorporated Hana TI as its wholly owned subsidiary.

1-2-7 Hana Savings Bank

Hana Savings Bank was incorporated on February 8, 2012 pursuant to the Depositor Protection Act of the Republic of Korea to engage in the credit business as permitted by Financial Services Commission and the Group made a purchase and assumption agreement with Korea Deposit Insurance Corporation. In accordance with the agreement, Hana Savings Bank commenced its business after purchasing assets and assuming liabilities from Ace Savings Bank and Jell-2 Savings Bank on February 17, 2012. On September 5, 2012, Hana Savings Bank purchased assets and assumed liabilities from Korea Mutual Savings Bank in accordance with the purchase and assumption agreement with Korea Deposit Insurance Corporation after the approval of the Board of Directors held on August 21, 2012.

1-2-8 Hana Life Insurance

Hana Life Insurance Co., Ltd. (the Hana Life Insurance) was incorporated on November 25, 1991 pursuant to the laws of the Republic of Korea after obtaining permission for foreign investment to engage in the life insurance business from the Ministry of Strategy and Finance. The Group changed its business name from France Life Insurance Co., Ltd. to Hana Life Insurance Co., Ltd. on March 21, 2003. The Group acquired 100% ownership of Hana Life Insurance Co., Ltd. through acquisition of Hana Bank's equities on August 10, 2007 and the Group subsequently sold its 50% ownership minus 1 share of Hana Life Insurance on January 28, 2008 to the HSBC Group (HSBC Insurance (Asia-Pacific) Holding Ltd.). As a result, Hana Life Insurance became a joint venture and changed its name to Hana HSBC Insurance. The Group re-acquired the ownership of Hana HSBC Insurance after the Group's Board of Directors approved a share purchase contract to acquire a 50 percent minus 1 share of Hana HSBC Insurance on April 26, 2013. Accordingly, it changed its name to Hana Life Insurance on May 10, 2013.

1-2-9 Hana Investors Services Co., Ltd.

Hana Investors Services Co., Ltd. (HIS) was established on April 1, 2003 to provide trust services for securities companies and general services including accounting and trust services for banks, pension funds and other companies under the Capital Market and Financial Investment Business Act (formerly, Indirect Investment Asset Management Business Act). The Group acquired 100% ownership of HIS from Hana Bank on December 29, 2015.

1-2-10 Hana Alternative Asset Management Co., Ltd.

Hana Alternative Asset Management Co., Ltd. (Hana Alternative Asset Management) was incorporated on April 14, 2006 to provide asset management and investment advisory services, pursuant to the Capital Market Financial Investment Business Act. Hana Alternative Asset Management changed its name from Hana Daol Fund Management to Hana Asset Management on December 12, 2013. The Group acquired a 100% ownership of Hana Asset Management through a stock swap transaction with Hana Asset Trust on May 26, 2016. It changed its name to Hana Alternative Asset Management on November 23, 2017.

1-2-11 Hana Ventures, Ltd.

Hana Ventures was incorporated as a subsidiary of Hana Financial Group on October 4, 2018. Hana Ventures provides investments to venture firms and start-up companies. Also, it organizes and provides management to new technology business investment association, Korea venture fund and private equity fund under specialized credit finance business act.

1-2-12 Hana F&I, Inc.

Hana F&I, Inc. (Hana F&I) was established on September 11, 1989, to engage in equipment rental and other relevant businesses under the Specialized Credit Financial Business Act (formerly Equipment Rental Business Act) and was listed on the Korea Securities Dealers Automated Quotation (KOSDAQ) on January 15, 1995. On May 19, 1992, the Group changed its name to KEB Lease Inc. and on June 13, 1995 again changed the name to KEB Lease Finance Inc. and finally changed the name to KEB Capital Inc. on October 18, 2002. As HFG acquired KEB and its subsidiaries including Hana F&I, KEB is restricted to control a company which runs the specialized credit financial business in accordance with the Financial Holding Companies Act Article 19 as on and after January 31, 2014. On October 17, 2013, Hana F&I's Board of Directors approved to change business field to investment in asset backed securities and management of asset securitization firm in Asset-Backed Securitization Act. On September 30, 2015, Hana F&I changed its name to Hana F&I, Inc. resulting from the merger of Hana Bank and KEB on September 1, 2015. As of December 3, 2019, the Group acquired the ownership of Hana F&I by purchasing entire shares (99.8%) that KEB Hana Bank owned.

1-2-13 Hana Insurance Co., Ltd.

The main business purpose of Hana Insurance Co., Ltd. (Hana Insurance) is the management of assets for property and liability insurance, reinsurance and insurance payments. Hana Insurance commenced business on December 1, 2003 as Kyowon National Automobile Insurance Co., Ltd. and on November 5, 2008, changed its name to The K Insurance Co., Ltd. On May 27, 2020, the Company acquired The K Insurance Co., Ltd. as a subsidiary by acquiring 70% of shares held by the Korean Teachers Credit Union through a resolution of the board of directors, and changed its name to Hana Insurance on June 10, 2020. On July 28, 2020, the Company completed the payment of shares by acquiring 70% of issued shares of Hana Insurance. The Company's shareholding subsequently increased to 84.6% due to the non-participation in the stock increase by the existing shareholders, The Korean Teachers Credit Union.

1-2-14 Hana Asset Management Asia Pte. Ltd.

Hana Asset Management Asia Pte. Ltd. was established on September 4, 2020 for asset management in Singapore, and on July 15, 2021 obtained approval from the Monetary Authority of Singapore (MAS) for the Registered Fund Management Company (RFMC)

1-2-15 Hana Ventures New Technology Fund, etc.

In accordance with the KIFRS 1110 Consolidated Financial Statements, investees are consolidated when the investor is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Accordingly, Hana Ventures New Technology Fund No. 4 and No.6 and No.7 are included in the Group's consolidation scope.

1-2-16 Specified money trusts and private equity investment vehicles

In accordance with the KIFRS 1110 Consolidated Financial Statements, investees are consolidated when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Accordingly, specified money trusts and private equity investment vehicles are included in the Group's consolidation scope.

1-2-17 Subsidiaries of KEB Hana Bank

1-2-17-1 Hana Bank (China) Co., Ltd. (Hana Bank China)

Hana Bank China was incorporated in Beijing to engage in commercial banking, foreign currency exchanges and other related operations in China on December 14, 2007. On December 24, 2007, Hana Bank took investment in kind through assets and liabilities of branches in Shanghai and Syenyang and shares in Qingdao International Bank owned by Hana Bank. The branches and Qingdao International Bank were changed into the branches of Hana Bank China. Hana Bank China was merged with KEB China and incorporated into a subsidiary of Hana Bank in December, 2014 since Hana Bank acquired control over Hana Bank China after the merger.

1-2-17-2 KEB Hana Bank (Canada)

Canadian KEB Hana Bank was established in Toronto, Canada on October 6, 1981 for the purpose of providing financial services to Korean companies and Korean residents in Canada.

1-2-17-3 KEB Hana Bank (Germany)

Germany KEB Hana Bank was established in Frankfurt, Germany on December 29, 1992 for the purpose of providing financial services to Korean companies and Korean residents in Germany.

1-2-17-4 PT Bank KEB Hana

PT. Bank KEB Hana was established in Jakarta, Indonesia on November 5, 1990 to provide financial services to Korean companies and residents in Jakarta. In accordance with the regulations of the Bank Indonesia, 2 or more local banks with the same ultimate parent company are prohibited to operate as an independent entity in Indonesia. Accordingly, PT. Bank KEB Indonesia (KEBI), a subsidiary of the Bank, and PT. Bank Hana, a subsidiary of Hana Bank, have completed a merger process on February 20, 2014 and changed the name to PT. Bank KEB Hana. PT. Bank KEB Hana incorporated into a subsidiary of KEB on February 28, 2014 since KEB owned the major shares of PT. Bank KEB Hana after the acquisition. PT Bank KEB Hana has issued third-party allocation during 2019. At the end of the reporting period, Hana Bank holds 69.01% of shares.

1-2-17-5 Banco KEB do Brazil S. A. (KEBB)

KEBB was incorporated on May 21, 1999 to provide finance services for foreign clients, advisory services, finance arrangement and security investment trust services regarding overseas investment for domestic companies

1-2-17-6 KEB NY Financial Corp. (NYFinCo)

NYFinCo was established in New York, USA on April 8, 2004 to provide financial services to Korean companies and residents in New York and the surrounding area.

1-2-17-7 KEB LA Financial Corp. (LAFinCo)

LAFinCo was established in Los Angeles, USA on July 2, 2009 to provide financial services to Korean companies and residents in Los Angeles and the surrounding area.

1-2-17-8 KEB Hana Global Finance Limited

KEB Hana Global Finance Limited was established in Los Angeles, USA on July 2, 2009 to provide finance services for foreign clients, advisory services, finance arrangement and security investment trust services regarding overseas investment for domestic companies

1-2-17-9 KEB Hana Russia

KEB launched a Moscow representative office in 2008 to provide financial information and consulting services for Korean and local companies in Russia. KEB Russia was established on August 15, 2014, after obtaining corporate business license from the Russian regulatory authority in July 2014 to expand its business scope. At the end of the reporting period, Hana Bank holds 99.99% of shares.

1-2-17-10 KEB Hana Mexico

Mexico KEB Hana Bank was established in Mexico City on November 3, 2017 to engage in provision of financial services to Korean companies and local corporations. At the end of the reporting period, KEB Hana Bank holds 99.99% interest in the entity.

1-2-17-11 HI Leading Solution PEF Invest Trust 143 (Previously, DGB Leading Solution PEF Invest Trust 143) and a set of 3 other private equity investment vehicles

In accordance with KIFRS 1110 *Consolidated Financial Statements*, 3 other private equity investment vehicles and HI Leading Solution PEF Invest Trust 143 (Previously, DGB Leading Solution PEF Invest Trust 143) were included in consolidation scope, because the Group has existing rights that give it the current ability to direct the relevant activities, and is not only exposed, or has rights, to variable returns, but also has the ability to use its power to affect the Group's returns from its involvement with the investee.

1-2-17-12 Sevenstar Co., and other 32 Special Purpose Entities

In accordance with the KIFRS 1110 Consolidated Financial Statements, the Group consolidated Sevenstar Co., Ltd. and other 32 special purpose companies because the Group is exposed, or has rights, to variable returns from its involvement with the SPEs and has the ability to affect those returns through its power over the SPEs

1-2-17-13 Hana Bancorp, Inc.

Hana Bancorp, Inc. (formerly, BNB Financial Service Corporation) was incorporated on April 8, 1988 to engage in the bank business. The Group acquired 52.29% ownership of BNB Financial Service Corporation and incorporated Hana Bancorp, Inc. as its subsidiaries as of August 30, 2013 and changed its name to Hana Bancorp, Inc. The Group sold all common shares of Hana Bancorp to Hana Bank on March 28, 2016 and Hana Bancorp became a subsidiary of Hana Bank. Hana Bancorp, Inc. holds 100% of shares of KEB Hana Bank USA as a financial holding company.

1-2-17-14 GLN International Co., Ltd.

GLN International Co., Ltd. was established in Korea on July 7, 2021 with the main purpose of the electronic finance industry (global payment brokerage, etc.). At the end of the reporting period, the Hana Bank has 100% interest in the entity. Its paid-in capital is 50,000 million Korean won as of December 31, 2021.

1-2-17-15 Hana Tech Value-Up Investment Fund and 1 other fund

In accordance with KIFRS 1110 *Consolidated Financial Statements*, Hana Tech Value-Up Investment Fund and 1 other fund are included in consolidation scope because the Group has existing rights that give it the current ability to direct the relevant activities, and is not only exposed, or has rights, to variable returns, but also has the ability to use its power to affect the Group's returns from its involvement with the investee.

1-2-17-16 Trust Accounts

In accordance with the KIFRS 1110 Consolidated Financial Statements, investment in trust accounts are consolidated when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

1-2-18 Subsidiaries of HFI

1-2-18-1 Hana the First Private Equity Fund

Hana the First Private Equity Fund (Hana the First PEF) was established on December 22, 2009 as a joint-stock company under the Capital Market Financial Investment Business Act for the purpose of distributing to the partners of Hana the First PEF the profits generated from participating in control, improving financial, business and governance structures of invested companies. Hana the First PEF is owned by KEB Hana Bank (29.97% ownership) as a limited partner and HFI (18.93% ownership) as a general and management partner. Initial contributions were paid on January 13, 2010.

1-2-18-2 Hana Daol Land Chip Heungdeok Real Estate Private Fund 35

Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 was incorporated on September 19, 2011 in accordance with the Financial Investment Services and Capital Markets Act and wholly owned by HFI. It manages Knowledge Industrial Center (apartment-style factory), Heungdeok IT Valley that was built in Heungdeok housing site development district G1 block. The collective investment company, an asset management company, is Hana Asset Management Co., Ltd., and the trustor is National Agricultural Cooperative Federation.

1-2-18-3 Hana Equity Investment Management (Shenzhen) Co., Ltd

Hana Equity Investment Management (Shenzhen) Co., Ltd. (Formerly, Hana Global Investment Consulting Co., Ltd.) was incorporated in Beijing on October 14, 2011 and engages in the advisory services on issuing bonds, listing Chinese companies on the Korean stock market, cross-border M&A transactions and others.

1-2-18-4 Hana Land Chip Houston Real Estate Private Fund 59

Hana land Chip Houston Private Equity Real Estate Investment Trust No.59, which was established on October 30, 2014 by the Financial Investment Services and Capital Markets Act, manages common stock of REITs (FG US Holdings 2 LLC), which was established to acquire the preferred stocks of 3000 Post Oak Blvd., in Houston, USA, as an item transferred to fund. A collective investment company (asset management company) was UBS Hana Asset Management Co., Ltd., and a trustor was NAFC (National Agricultural Cooperative Federation).

1-2-18-5 Hana the Third Private Equity Fund

Hana the Third Private Equity Fund (Hana the Third PEF) was established on July 29, 2016 as a joint-stock company under the Capital Market Financial Investment Business Act to distribute to the partners of Hana the First PEF the profits generated from participating in control, improving financial, business and governance structures of invested companies. Hana the Third Private Equity Fund has Venus1 SPC LLC, Bareun Food Factory Co.,Ltd, Titan 1 SPC LLC and HIT 1 SPC LLC as subsidiaries, which are special purpose entities.

Bareun Food Factory Co.,Ltd has Dduksim Co., Ltd. and Keumho Trading Co., Ltd. as subsidiaries. Dduksim Co., Ltd. and Keumho Trading Co., Ltd. have Seojewon Co., Ltd. and Keumhoseafood Co., Ltd. & designmeal co.,Ltd as a subsidiary, respectively.

1-2-18-6 Madrid First Co., Ltd. and 94 others

Madrid First Co., Ltd. and 94 others are included in the scope of the consolidation since the Group is exposed, or has rights, to variable returns from its involvement with the investees such as credit provision, and has the ability to affect those returns through its power over the SPEs.

1-2-18-7 Hana Formula-E Private Special Asset Fund 114 and 23 others

Hana Formula-E Private Special Asset Fund 114 and 23 others are included in the scope of the consolidation since the Group is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the SPEs.

1-2-18-8 Hana New Technology Fund No.1 and 1 others

Hana New Technology Fund No.1 and 1 others was established with the aim of distributing the profits to the members by investing and operating the fund in accordance with the Enforcement Rules of the Specialized Credit Finance Business Act, and related laws and regulations.

1-2-18-9 Hana Trust Global Reit One CO., Ltd.

It was established for the purpose of allocating profits to members by investing and operating them in accordance with the Real Estate Investment Company Act, the Enforcement Decree of the same Act, the Enforcement Rules and the related statutes.

1-2-19 Subsidiaries of KEB Hana Card

1-2-19-1 Hana Card Payment

Hana Card Payment was established on May 26, 2017 to provide electronic payment services to Chinese tourists making purchases in Japan.

1-2-19-2 Hana Card 2019-1 Asset Securitisation Specialty Co., Ltd. and 2 others

Hana Card 2019-1 Asset Securitisation Specialty Co., Ltd., Hana Card 2020-1 Asset Securitisation Specialty Co., Ltd., Hana Card 2021-1 Asset Securitisation Specialty Co., Ltd. is established to securitize the right of loans in related to existed or future lump-sum payment, paying in installment, cash advance and revolving.

1-2-19-3 Specified money trust

In accordance with the KIFRS 1110 Consolidated Financial Statements, investees are consolidated when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Accordingly, specified money trusts have been included in the consolidation scope.

1-2-20 Subsidiaries of Hana Capital

1-2-20-1 Hana Ventures New Technology Fund No. 2 and 3 others

In accordance with the KIFRS 1110 Consolidated Financial Statements, investees are consolidated when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Accordingly Hana Ventures New Technology Fund No.2 and 3 others are included in the consolidated scope of Hana Capital.

1-2-20-2 Hana Micro Finance

Hana Microfinance is a subsidiary operating in the financial services business and was newly established on August 7, 2014 and is located in Yangon, Myanmar. It aims to meet demands of microfinance for the people in Myanmar and to structure the foundation for a retail market that has abundant potential for growth.

1-2-21 Subsidiaries of Hana TI

1-2-21-1 PT.NEXT Transformtech Indonesia

PT.NEXT Transformtech Indonesia started its operations on February 23, 2017 with the purpose of providing development and maintenance of financial information system for local banks and multi-financing companies in Indonesia.

1-2-22 Subsidiaries of Hana Alternative Asset Management

1-2-22-1 Hana Alternative Private Investment Trust No.157 and 3 others

In accordance with the KIFRS 1110 Consolidated Financial Statements, investees are consolidated when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Accordingly, Hana Alternative Private Investment Trust No.157 and 3 others are included in the consolidated scope of Hana Alternative Asset Management.

1-2-23 Subsidiaries of Hana F&I

1-2-23-1 KEB The Loft Inc. and other 57 SPCs etc

Hana F&I has established a special purpose company for securitization of non-performing loans (NPL), and has the power to direct related activities by investing in subordinated bonds issued by consolidated structured companies and is exposed to variable profits based on performance. Therefore, Hana F&I has recognized KEB The Loft Inc. and other 57 special purpose companies and specified money trusts as subsidiaries.

1-2-23-2 Specified money trust

In accordance with the KIFRS 1110 Consolidated Financial Statements, investees are consolidated when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Accordingly, specified money trusts have been included in the consolidation scope.

1-2-24 Subsidiaries of Hana Insurance. Co., Ltd.

1-2-24-1 Hana Financial Partners

Hana Financial Partner Co., Ltd. ("Hana Financial Partners") was established as 100% subsidiary of Hana Insurance. Co., Ltd. on March 5, 2021. Hana Financial Partners engages in the sales of all insurance products (life insurance/damage insurance) of affiliated insurers through business partnerships with insurance companies.

1-3 Risk and the financial support to a consolidated structured entity

A structured entity is established for asset-back securitization of NPL and beneficiary interest in investment funds of property. A consolidated entity involves in by purchasing a subordinated bonds from a consolidated structured entity or offering buyout option of ABCP or loans issued by a consolidated structured entity. It is exposed to a risk of not being able to recover the acquisition (investment) money according to the performance.

Nature and reasons of the contractual arrangements for providing the financial support to a consolidated structured entity as of December 31, 2021 are as follows:

Entity	The Characteristics and Purposes	Intention
Trust Accounts with guarantee of the repayment of principal and interest	The Group offers principal conservation commitment to trust accounts. The Group is required to conserve the deficit amount in case the trust account stands below the principal as a result of the operation.	Credit enhancement on financial management of trust account
Hana Display the First Co., Ltd.	The Group partially purchased ABCP (purchase commitment of ₩200 billion) from Hana Display the First Co., Ltd.	Credit facility
Ocean Betts The First Co., Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from Ocean Betts The First Co., Ltd.	Credit facility
Hana H in the holdings 1st LLC	The Group partially purchased ABCP (purchase commitment of ₩150 billion) from Hana H in the holdings 1st LLC	Credit facility
H-Plus 1st, L.L.C.	The Group partially purchased ABCP (purchase commitment of ₩100 billion) from H-Plus 1st, L.L.C.	Credit facility
Hanack 1st Co.,Ltd.	The Group partially purchased ABCP (purchase commitment of ₩60 billion) from Hanack 1st Co.,Ltd.	Credit facility
Netoneq 1st L.L.C.	The Group partially purchased ABCP (purchase commitment of ₩6.7 billion) from Netoneq 1st L.L.C.	Credit facility
Dongam Tower 1st Co., LTD	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from Dongam Tower 1st Co., LTD.	Credit facility
Hana H in the holdings 2nd L.L.C	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from Hana H in the holdings 2nd L.L.C	Credit facility
PIOTOWER1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩60 billion) from PIOTOWER1st, LLC	Credit facility
KSPARTNERSHIP 1st 2020, INC	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from KSPARTNERSHIP 1st 2020, INC	Credit facility
HEONEQ1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from HEONEQ1st, LLC	Credit facility
HCONEQ1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from HCONEQ1st, LLC	Credit facility
DPS 2nd, Co., Ltd	The Group partially purchased ABCP (purchase commitment of ₩41.8 billion) from DPS 2nd, Co., Ltd	Credit facility
H Hotel ONEQ 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩48 billion) from H Hotel ONEQ 1st, LLC	Credit facility
Bbq 1q 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩20 billion) from Bbq 1q 1st, LLC	Credit facility
Skoffice 1q 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩60 billion) from Skoffice 1q 1st, LLC	Credit facility
Cleanenergy 1q 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩60 billion) from Cleanenergy 1q 1st, LLC	Credit facility
HANA DL First Co., Ltd	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from HANA DL First Co., Ltd	Credit facility
HANA TERMINUS First Co., Ltd	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from HANA TERMINUS First Co., Ltd	Credit facility

Entity	The Characteristics and Purposes	Intention
THE HAM ONEQ 1st. LLC	The Group partially purchased ABCP (purchase commitment of ₩40 billion) from THE HAM ONEQ 1st. LLC	Credit facility
HANA BAY 1st. LLC	The Group partially purchased ABCP (purchase commitment of ₩80 billion) from HANA BAY 1st. LLC	Credit facility
HANA I,S 1st. LLC	The Group partially purchased ABCP (purchase commitment of ₩20 billion) from HANA I,S 1st. LLC	Credit facility
HANA I,G 1st. LLC	The Group partially purchased ABCP (purchase commitment of ₩20 billion) from HANA I,G 1st. LLC	Credit facility
GRAND ONEQ 1st. LLC	The Group partially purchased ABCP (purchase commitment of ₩40 billion) from GRAND ONEQ 1st. LLC	Credit facility
THE MIRAE ONEQ 1st. LLC	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from THE MIRAE ONEQ 1st. LLC	Credit facility
DONG DAEGU TERMINAL 2nd. LLC	The Group partially purchased ABCP (purchase commitment of ₩20 billion) from DONG DAEGU TERMINAL 2nd. LLC	Credit facility
KENDALL NO.9 1st. LLC	The Group partially purchased ABCP (purchase commitment of ₩30.3 billion) from KENDALL NO.9 1st. LLC	Credit facility
Hana Double H 1Q 2nd Co.,Ltd.	The Group partially purchased ABCP (purchase commitment of ₩11.1 billion) from Hana Double H 1Q 2nd Co.,Ltd.	Credit facility
Hana Double H 1Q 3rd Co.,Ltd.	The Group partially purchased ABCP (purchase commitment of ₩11.1 billion) from Hana Double H 1Q 3rd Co.,Ltd.	Credit facility
Hana Charlemont Exchange	The Group is obligated to acquire privately-placed bonds up to ₩11.6 billion.	Credit facility
Hana AIC 1st Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩217 billion.	Credit facility
Peach Shine 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩37 billion.	Credit facility
Yellow Balloon 3rd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩142.5 billion.	Credit facility
Citizenryu 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩132.6 billion.	Credit facility
Areca 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩21 billion.	Credit facility
Centaur First Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩29 billion.	Credit facility
GIF Boomerang No.1 Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩22.5 billion.	Credit facility
Hana Runway Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩115 billion.	Credit facility
JLB Sqaure Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩135 billion.	Credit facility
Hana-Sinjang 1st Co.,Ltd	The Group is obligated to acquire privately-placed bonds up to ₩9.3 billion.	Credit facility
YK Ho 1st., Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩7.7 billion.	Credit facility
YK Ho 2nd., Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩7.7 billion.	Credit facility
Hana Datacenter 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩0.1 billion.	Credit facility
Achenhaim Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩106.5 billion.	Credit facility
Eco Clover Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩129.7 billion.	Credit facility
Hana-Ulsan Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility

Entity	The Characteristics and Purposes	Intention
Hana Port 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩46 billion.	Credit facility
HF Caribbean Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩108 billion.	Credit facility
Hana YJDL Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩40.0 billion.	Credit facility
GMHB 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩45 billion.	Credit facility
Hangdong West 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩30 billion.	Credit facility
GIF Olympus Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩10 billion.	Credit facility
Hana Sewoon 1st., Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
Zero To One 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩72 billion.	Credit facility
Hana Heaven 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
Hana 1Q Logis B Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩10 billion.	Credit facility
Hana Bukjincheon 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩5 billion.	Credit facility
Ernest Hyun 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩78.5 billion.	Credit facility
GIF MD Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩15.5 billion.	Credit facility
Tree Axion 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩5 billion.	Credit facility
Easy Tree 6th., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
JA 8th., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
Joon Dragon Fairness 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩30 billion.	Credit facility
Hana Asan Baebang 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩13 billion.	Credit facility
Zeronine 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩10 billion.	Credit facility
Hana AI 5th Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩12 billion.	Credit facility
Highyield Stone Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩12 billion.	Credit facility
Hana JH 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩12 billion.	Credit facility
Hana Gamsam 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩30 billion.	Credit facility
The 1st GM 23th Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩10 billion.	Credit facility
JEY Complex Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩100 billion.	Credit facility
JHY Complex Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩50 billion.	Credit facility
Hana Residence 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩65.3 billion.	Credit facility
Hana Residence 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩63.5 billion.	Credit facility
New Deal Beomeo 1 Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
Joon Dragon Brite Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩17 billion.	Credit facility
E-Master 14th Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩9.5 billion.	Credit facility
Planet Seocho 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩30.5 billion.	Credit facility

Entity	The Characteristics and Purposes	Intention
E-Master 18th Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
Hana Boston Core 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩79.6 billion.	Credit facility
Hana Boston Core 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩79.6 billion.	Credit facility
E-Master 17th Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩5 billion.	Credit facility
Geomdan Nine One 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩160 billion.	Credit facility
Geomdan Nine One 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
Planet Advisor Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩74.3 billion.	Credit facility
New Deal IDC 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩26.5 billion.	Credit facility
New Deal IDC 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩9.5 billion.	Credit facility
US Alix 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩110 billion.	Credit facility
Hana Western 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩30.5 billion.	Credit facility
Hana Core-value Securitization 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩8.2 billion.	Credit facility
Black Wing 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩30 billion.	Credit facility
Joon Dragon Mark 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩22 billion.	Credit facility
Hana HD 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩30 billion.	Credit facility
Hana 4 Sky Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩17 billion.	Credit facility
Hana Auto 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩18 billion.	Credit facility
YDJ 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩25 billion.	Credit facility
Hana Suseong 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
Hana Dowon 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩38 billion.	Credit facility
Hmidan 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩51 billion.	Credit facility
KB Bonnacord Private Fund(FOFS)	The Group committed to increase investment up to ₩46.9 billion on its asset.	Investment commitment
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4	The Group committed to increase investment up to ₩10.9 billion on its asset.	Investment commitment
AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2	The Group committed to increase investment up to ₩5.5 billion on its asset.	Investment commitment
Hana Formula-E Private Special Asset Fund 114	The Group committed to increase investment up to ₩15 billion on its asset.	Investment commitment
Darby Hana New York Hotel Specialized Private Investment Trust	The Group committed to increase investment up to ₩29.9 billion on its asset.	Investment commitment

Entity	The Characteristics and Purposes	Intention
Shinhan AIM Real Estate Fund No.22-B	The Group committed to increase investment up to ₩35.7 billion on its asset.	Investment commitment
AIP Environment Infrastructure Specialized Privately Placed Fund Trust #1	The Group committed to increase investment up to ₩34.5 billion on its asset.	Investment commitment
Sanchully Renewable Energy Privat Equity Trust II	The Group committed to increase investment up to ₩63.8 billion on its asset.	Investment commitment
IGIS U.S. Specialized Private Placement Real Estate Investment Trust No. 417-1	The Group committed to increase investment up to ₩91.5 billion on its asset.	Investment commitment
Hana Card 2019-1 Asset Securitization Specialty Co., Ltd.	In related to asset securitization, the transferred beneficial interest is required to be above a certain rate. If asset shortage is constant, additional asset transfer shall be held.	Asset securitization
Hana Card 2020-1 Asset Securitization Specialty Co., Ltd.	In related to asset securitization, the transferred beneficial interest is required to be above a certain rate. If asset shortage is constant, additional asset transfer shall be held.	Asset securitization
Hana Card 2021-1 Asset Securitization Specialty Co., Ltd.	In related to asset securitization, the transferred beneficial interest is required to be above a certain rate. If asset shortage is constant, additional asset transfer shall be held.	Asset securitization
Hana Alternative Infra Special Investment Private Trust	The Group committed to increase investment up to ₩43.5 billion on its asset.	Investment commitment
Hana Special New Deal National Representative Growth Private Trust	The Group committed to increase investment up to ₩98 billion on its asset.	Investment commitment
Hana Alternative Special Investment Private Trust No.108	The Group committed to increase investment up to ₩1.6 billion on its asset.	Investment commitment
HANA Alternative Wando Geum-il Wind Power Infra Special Asset No.1	The Group committed to increase investment up to ₩0.7 billion on its asset.	Investment commitment
Hana 1Q Startup Investment Fund	The Group committed to increase investment up to ₩3.3billion on its asset.	Investment commitment
Hana Tech Value-Up Investment Fund	The Group committed to increase investment up to ₩35.7 billion on its asset.	Investment commitment
Hana Alternative Private Real Estate Investment Trust No.119	The Group committed to increase investment up to ₩35.0 billion on its asset.	Investment commitment
Hana Alternative Frontier Private Investment Trust No.1	The Group committed to increase investment up to ₩32.9 billion on its asset.	Investment commitment

1-4 Non-controlling interest of subsidiaries

1-4-1 Major non-controlling interests' share of the equity of the subsidiaries as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Hana Bank (*1)	533,475	179,737
KEB Hana Card	305,825	270,667
Hana Capital (*1)	149,578	149,578
Hana F&I, Inc. (*1)	-	29,835
Hana F&I, Inc.	540	477
PT Bank KEB Hana	262,399	239,876
Hana Bancorp	4,089	3,873
Hana Equity Investment Management (Shenzhen) Co., Ltd	18,153	-
Others (*2)	6,646	12,562
Total	1,280,705	886,605

(*1) The carrying amount of hybrid bonds issued by the subsidiary.

(*2) The carrying amounts of non-controlling interest of Dduksim Co., Ltd., and Keumho Trading Co., Ltd.

1-4-2 Major non-controlling interest share of profit or loss of the subsidiaries for the year ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Hana Bank (*1)	7,027	8,000
KEB Hana Card	37,573	19,453
Hana Capital (*1)	5,625	4,969
Hana F&I, Inc. (*1)	503	1,759
Hana F&I, Inc.	47	41
PT Bank KEB Hana	5,430	14,735
Hana Bancorp	(44)	(447)
Others (*2)	(647)	(874)
Total	55,514	47,636

(*1) The carrying amount of dividends from hybrid bonds issued by the subsidiary.

(*2) Non-controlling interest share of profit or loss of Dduksim Co., Ltd., Sejoong Co., Ltd., Keumho Trading Co., Ltd.

2. Unconsolidated structured entities

2-1 Nature of the Group's interests in unconsolidated structured entities

Details of the nature of the Group's interests in unconsolidated structured entities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	Purpose	Financing arrangement	Total assets	
			December 31, 2021	December 31, 2020
Special purpose company	Financing through asset liquidation and securitization	Issuing ABL/ABCP and others	7,211,374	9,398,854
Real estate finance	Operation for real estate (including SOC) development	Investment and borrowing	35,521,837	27,258,324
Shipping finance and primary market finance	Financing to purchase ships, NPL and ownership	Investment and borrowing	25,967,276	18,954,245
Investment fund	Managing investment fund and trust	Issuing beneficiary certificates	277,704,873	180,489,761

2-2 Risks from its interests in unconsolidated structured entities (Korean won in millions):

<December 31, 2021>

Classification	Special purpose company	Real estate finance	Shipping finance and primary market finance	Investment fund
Assets:				
Loans receivable (A)	416,759	2,395,327	1,276,791	1,044,937
Securities (B)	1	55,260	26,292	13,991,289
Derivatives (C)	4,391	3,782	11,868	-
Others (D)	1,253	6,988	4,694	70,232
Liabilities:				
Derivatives	6,574	170	1,200	-
Provision	2,198	3,291	979	252
Others	24	124	55	-
Net asset	413,608	2,457,772	1,317,411	15,106,206
Maximum exposure to loss				
Financial assets (A+B+C+D)	422,404	2,461,357	1,319,645	15,106,458
Credit and other commitment	908,695	1,129,319	462,185	1,847,264

<December 31, 2020>

Classification	Special purpose company	Real estate finance	Shipping finance and primary market finance	Investment fund
Assets:				
Loans receivable (A)	608,143	1,368,442	1,065,186	1,087,215
Securities (B)	1	108,484	25,150	12,313,544
Derivatives (C)	18,571	13,953	4,799	–
Others (D)	1,459	2,930	4,495	87,189
Liabilities:				
Derivatives	3,137	2,278	11,263	–
Provision	1,795	2,119	361	31
Others	118	197	50	–
Net asset	623,124	1,489,215	1,087,956	13,487,917
Maximum exposure to loss				
Financial assets (A+B+C+D)	628,174	1,493,809	1,099,630	13,487,948
Credit and other commitment	1,512,445	692,456	271,854	716,393

3. Summary of significant accounting policies

3-1 Basis of preparation

The Group prepares statutory consolidated financial statements in the Korean language in accordance with KIFRS. The accompanying consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditors' review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

3-2 Principles of consolidation

The significant accounting methods of consolidation that the Group adopts in preparing the consolidated financial statements are as follows.

3-2-1 Subsidiaries

Subsidiaries are the companies controlled by the Group, and the Group has rights to determine the financial and operational policies of the subsidiaries. Generally, it has at least 50% voting rights, and special purpose vehicles are included. When the Group evaluates whether a company falls under a subsidiary, it considers the existence of an exercisable or convertible potential voting right and its effect. When the Group controls a subsidiary, the subsidiary is subject to consolidation; when the Group loses the control, it is eliminated from the consolidation.

3-2-2 Structured entity

A structured entity is an entity that has been designed so that voting or similar rights are not a dominant factor in deciding who controls the entity. When assessing whether the Group has power over a structured entity, which the Group holds an interest, following factors should be considered: the purpose and form of the structured entity, substantive ability to direct the relevant activities of the structured entity, relationship and its character with the structured entity, and the size of exposure to earnings volatility of the structured entity.

3-2-3 Offsetting investment account against equity account

The investment accounts of the Group and the corresponding equity accounts of the subsidiaries were offset and eliminated as of the date of acquiring control.

3-2-4 Difference between net assets of an investee and acquisition costs

When offsetting the investment of the Parent Company and the equity of a subsidiary, the Group applies an acquisition method in accounting treatment. When applying the acquisition method, if the purchase price to acquire shares of the subsidiary's assets and liabilities at fair value exceeds the investment as of the date of acquiring control, the excess is recognized as goodwill and recorded as an intangible asset, and the Group tests goodwill for impairment annually at the end of reporting period.

If the parent acquires additional shares of the subsidiary after acquiring the control of the subsidiary, the investment of the Parent Company and the equity of the subsidiary are offset and eliminated as of the initial acquisition date: at this time, if the investment and the corresponding equity are not equal, the difference is recorded as consolidated capital surplus (or consolidated capital adjustments).

3-2-5 Elimination of related party transactions and unrealized gains or losses

The Group offset and eliminated intercompany accounts receivable-payable, and intercompany revenues-expenses, and interest incomes or expenses arising from intercompany loans by applying an interest rate for the current term.

3-2-6 Application of equity method

According to the sources of changes in net assets of an investee under equity method, the Group differently records the changes in accounting treatments. If the net assets of an investee are changed due to a net profit or loss for the current term, the change is recorded as an investment income or loss under equity method; if the net assets are changed due to an increase or decrease in retained earnings carried over from the previous term, the change is recorded as a positive or negative change in retained earnings under equity method; if the net assets are changed due to an increase or decrease in equity other than the net profit or loss for the current term or the change in retained earnings carried over from the previous term, the change is recorded as a positive or negative change in equity under equity method.

3-2-7 Special reserve of trust account

In the trusts with stipulations of preserving principals and interests, which are consolidated, special reserves accumulated in accordance with the terms and conditions of the trusts are adjusted in the consolidated retained earnings in accordance with the detailed enforcement regulations on banking supervision.

3-2-8 Non-controlling interests

The Group recognizes equity in a subsidiary not attributable to a parent as noncontrolling interests. The Group also attributes total comprehensive income to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The Group presents the deficit balance as a negative number in equity.

3-2-9 Business combinations

3-2-9-1 Business combinations

Acquisition method is applied to business combinations except a business combination between entities or business under the control of the same ultimate parent company. The Group recognizes identifiable assets acquired and liabilities taken over at fair value on the acquisition date except the following cases.

- Lease contracts: classified by the terms and conditions of contracts on the date of contract
- Contingent liabilities: recognized as the liabilities that can be reliably measured as current obligations
- Deferred tax assets and liabilities: recognized and measured in accordance with KIFRS 1012 Income taxes.
- Employee benefits: recognized and measured in accordance with KIFRS 1019 Employee benefits
- Compensable assets: recognized and measured in accordance with standards applicable to compensable items
- Reacquired rights: measured in accordance with special regulations
- Stock options: stock option related debt or equity securities are measured in accordance with KIFRS 1102 Share-based payment
- Assets held-for-sale: measured at net fair value in accordance with KIFRS 1105 Non-current assets held-for-sale and discontinued operations

In business combination, consideration for transfer is measured at fair value, which is a sum of the fair values of assets transferred by the Group, liabilities that the Group bears for the previous owner of a company being acquired, and equity instruments issued by the Group on the acquisition date. However, the stock options included in the consideration for transfer, which the acquirer grants to exchange for the compensations that are held by the employees of the acquiree, are not measured at fair value but evaluated in the way described above.

The acquisition-related costs are costs the acquirer has incurred to achieve effects of business combination. Those costs include brokerage fees – in other words, advisory, legal, accounting, valuation and other professional or consulting fees – general administrative costs including costs of maintaining an internal acquisitions department, and costs to register and issue debt securities and equity securities. Except the costs of issuing debt and equity securities under KIFRS 1032 and KIFRS 1109, the acquirer recognizes acquisition related costs as expenses in the periods in which the costs are incurred and the services are received.

3-2-9-2 Goodwill or gain on bargain purchase

The Group recognizes goodwill as of the acquisition date measured as the excess of (a) the aggregate of (i) the consideration transferred measured which generally requires acquisition-date fair value and (ii) the amount of any non-controlling interest in the acquire over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed in accordance with KIFRS 1103 Business combinations. If (b) exceeds (a), the Group reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed. After reassessments, the Group recognizes the resulting gain in profit or loss (a gain on bargain purchase) on the acquisition date.

Additional acquisition of non-controlling interest is taken into account as transactions between the shareholders, and the resulting goodwill, etc. is not recognized.

3-3 Foreign exchange

3-3-1 Functional currency

When the Group prepares the financial statements, it measures and recognizes all transactions according to the functional currency. The functional currency is the currency of the primary economic environment in which the entity operates and entities with different functional currencies measures and recognizes in its own functional currencies.

3-3-2 Translation of foreign currency transactions and balances at the end of the reporting period

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date and the exchange difference is recognized as profit or loss. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rates at the end of reporting date. When a gain or loss on a nonmonetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

The Group may have a monetary item that is receivable from or payable to a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment

3-3-3 Translation to the presentation currency

The Group translates the results and financial position of overseas branches and subsidiaries recorded on its own functional currencies into the presentation currency of the Group, Korean Won (KRW). The Group translates (i) assets and liabilities for each statement of financial position at the closing rate at the date of that statement of financial position and (ii) income and expenses for each statement presenting profit or loss and other comprehensive income at exchange rates at the dates of the transactions or an average rate of the period. The Group recognizes all resulting exchange differences as other comprehensive income.

3-4 Cash and cash equivalents

Cash and cash equivalent comprise of cash at banks and on hand and short-term demand deposits. The purpose of cash and cash equivalents are to make shortterm investments and to meet short-term cash demands. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3-5 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Financial assets are classified, at initial recognition, as fair value through profit or loss, fair value through other comprehensive income (OCI), and subsequently measured at amortized cost, and financial liabilities are classified as fair value through profit or loss, and subsequently measured at amortized cost.

Purchase or sale of financial assets is recognized at the date of settlement. However, purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group initially measures a financial asset and a financial liability at its fair value plus (minus), in the case of a financial asset (financial liability) not at fair value through profit or loss, transaction costs. Fair value is defined as the amount by which an asset can be exchanged or a liability settled in a transaction between an independent party with a reasonable judgment and a willingness to trade. The fair value of a financial instrument at initial recognition is generally the transaction price (the fair value provided or received).

3-5-1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss and financial assets not classified as fair value through OCI or subsequently measured at amortized cost.

In addition, if the designation of a financial asset eliminates or significantly reduces the recognition and measurement inconsistencies that may arise from the measurement of assets or liabilities on a different basis or recognition of gains or losses, a financial asset can be designated as fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value and the gains or losses arising from changes in fair value are recognized in profit or loss. Dividends and interest income from financial assets are also recognized in profit or loss.

3-5-2 Financial assets at fair value through OCI

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- a. The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

The Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they are held strategically not for short-term trading. Financial assets at fair value through OCI are measured at fair value after initial recognition. For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. However, the cumulative fair value change from equity instruments designated at fair value through OCI is never recycled to profit or loss when derecognized.

The fair value of financial assets at fair value through OCI is measured in the foreign currency and translated at the exchange rate at the end of the reporting period. The part of changes in fair value arising from changes in the amortized cost is recognized in profit or loss and other changes are recognized in equity.

3-5-3 Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Interest income is recognized using the EIR method.

The Group defers LOF/LOCs associated with originating loans and LOCs that have future economic benefits. Loan balances are reported net of these LOF/LOCs. The deferred LOF/LOCs are amortized based on the effective interest rate method with the amortization recognized as adjustments to interest income.

3-6 Derivative financial instruments and hedge accounting

The Group measures derivative financial instruments at fair value at initial recognition. The Group classifies derivative financial instruments as derivative financial instruments held for trading purpose or hedging instruments. After initial recognition, the Group measures derivative financial instruments at fair value and gains or loss arising from changes in the fair value as profit or loss, except the following cases. When the derivative financial instruments are previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies, the Group recognizes the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge as other comprehensive income.

The Group applies fair value hedge accounting for a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

The Group applies cash flow hedge for a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction.

The Group formally documents the hedging relationship, Group's risk management objective and strategy for undertaking the hedge, the risk being hedged and how to assess the hedging instrument's effectiveness for applying hedge accounting. The effectiveness of the hedge is the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The Group assesses the hedge on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated and documents the result of assessment.



3-6-1 Fair value hedges

For fair value hedge accounting, the Group recognizes a gain or a loss on valuation of the hedging instrument and the hedged item as profit or loss for offsetting the changes in the fair value of the hedging instrument and the hedged item. The Group discontinues prospectively the hedge accounting if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from the change in the fair value of the hedged financial instrument for which the effective interest method is used is amortized to profit or loss fully by maturity of the hedged financial instrument.

3-6-2 Cash flow hedges

For cash flow hedge accounting, the Group recognizes the effective portion of the gain or loss on the hedging instrument directly as other comprehensive income for offsetting the exposure to changes in cash flows of the hedging instrument and the hedged item attributable to the hedged risk. The Group reclassified from equity to profit or loss the associated gain or loss that was recognized in other comprehensive income in the same period during which the hedged forecast cash flows affect profit or loss. The Group discontinues prospectively the cash flow hedge accounting if the hedge no longer meets the criteria for hedge accounting.

3-6-3 Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of comprehensive income in accordance with KIFRS 1021 The Effects of Changes in Foreign Exchange Rates.

3-6-4 Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract-with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The Group separates an embedded derivative from the host contract and accounted for as a derivative only if the requirements of separation are met.

3-6-5 'Day 1' profit or loss

In case of derivatives in level 3, whose fair value is determined using data which is not observable from markets, the difference between the transaction price and fair value at initial recognition (a 'Day 1' profit or loss) is deferred and amortized over the life of the associated instrument using the straight-line method and the amortization is recognized in the statement of comprehensive income.

3-6-6 Credit risk valuation adjustment

When measuring derivatives at fair value, credit risk valuation adjustment is calculated to reflect the effectiveness of the adjustment for counterparties.

3-7 Investments in associates and joint ventures

Investments in entities over which the Group has joint control or significant influence (investments in associates and joint ventures) are accounted for using the equity method. Under the equity method, on initial recognition the Group recognizes investments in associates and joint ventures cost. Subsequently, the Group adjusts the carrying amount of the investments in associates and joint ventures to recognize the Group's share of the profit or loss of the investee as profit or loss in the statement of comprehensive income.

The Group recognizes the Group's share of changes in equity (except for profit or loss of the investee) directly in the related equity account to the statement of financial position.

If the Group's share of losses of the investee equals or exceeds its interest in the associates and joint ventures, it suspends recognizing its share of further losses. However, if the Group has other long-term interests in the investee, it continues recognizing its share of further losses to the extent of the carrying amount of such long-term interests. Such items include preference shares and long-term receivables or loans. The Group resumes the application of the equity method if the Group's share of income or change in equity of an investee exceeds the Group's share of losses accumulated during the period of suspension of the equity method.

On acquisition of the investment, the excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. The Group does not amortize goodwill relating to an associates or a joint venture and tests the investment for impairment if there is an indication which the investment is impaired. Further, the Group's share of any difference between the net fair value of the investee's identifiable assets and liabilities, and the net book value of such assets and liabilities is amortized based on the investee's accounting treatments on the related assets and liabilities and charged or credited to the valuation gain or loss on the equity method investments in the statement of comprehensive income

The Group's share in the investee's unrealized profits and losses resulting from transactions between the Group and its investee are eliminated to the extent of the interest in the investee.

3-8 Impairment of financial assets

The Group evaluates expected credit losses (ECLs) of financial assets at amortized cost and fair value through OCI except financial assets at fair value through profit or loss at the end of each reporting period, and an allowance for ECLs is recognized.

The expected credit loss (ECL) is the weighted average amount of possible outcomes within a certain range, reflecting the time value of money, estimates on the past, current and future situations, and information accessible without excessive cost of effort.

The ECL can be measured in three followings ways:

- General approach: when financial assets do not fall into below two categories and are off-balance-sheet undrawn commitments
- Simplified approach: when financial assets are trade receivables, contract assets or lease receivables
- Credit-impaired approach: when financial assets are credit-impaired at initial recognition

The general approach is applied differently depending on the significance of the increase of the credit risk. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on that financial instrument has increased significantly since initial recognition, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses at each reporting date.

The loss allowance is measured at an amount equal to lifetime expected credit losses for the simplified approach, and an entity shall only recognize the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets at each reporting date for the credit-impaired approach.

The following non-exhaustive list of information may be relevant in assessing changes in credit risk:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Other changes in the rates or terms of an existing financial instrument that would be significantly different
- An actual or expected significant change in the financial instrument's external credit rating.
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioral scoring used to assess credit risk internally
- An actual or expected significant change in the operating results of the borrower
- Past due information

1) Forward-looking information

The Group measures the significance of the increase of the credit risk and the expected credit loss using forward-looking information.

The Group assumes that the risk component is correlated with changes in market conditions, and calculates the expected credit loss using the forward-looking information by modelling macroeconomic variables and risk components. The forward-looking information used to measure the expected credit loss is derived from 'stress-case' or 'worst-case' scenarios.

2) Measurement of expected credit loss for financial assets measured at amortized cost

Expected credit loss for financial assets measured at amortized cost is measured as the difference between the present value of the cash flows expected to be received and the cash flow expected to paid. For this purpose, the Group calculates expected cash flows for individually significant financial assets. (Individual valuation allowance)

Financial assets insignificant in value individually are measured on a collective basis with financial assets with similar credit risks (collective loss allowance).

① Loss allowance on an individual assessment basis

Loss allowance on an individual assessment basis is based on the best estimates of management in regards to the present value of cash flows expected to be recovered from receivables. In estimating the cash flows, the Group uses all available information including the financial conditions such as the operating cash flows of counterparties and the net realizable value of collateral provided.

② Loss allowance on a collective assessment basis

Loss allowance on a collective assessment basis uses the estimation model that accounts for the forward-looking information based on the past loss rate to measure the expected credit loss. The model considers the probability of default (PD) and the loss given default (LGD) reflecting the type of instruments and borrowers', credit rating, portfolio size and collection period. Also, certain assumptions are applied to

model the expected credit loss measurement and to determine input variables based on past experiences and forward-looking information. Methodologies and assumptions for this model are regularly reviewed to minimize the difference between the loss allowance and the actual loss.

The expected credit loss for financial assets measured at amortized cost is recognized as the loss allowance, and when the financial asset is determined to be irrecoverable, the carrying amount and loss allowance are decreased. If financial assets previously written off are recovered, the loss allowance is increased and the difference is recognized in the current profit or loss.

3) Expected credit loss measurement for financial assets measured at fair value through other comprehensive income

The measurement method is the same as the one for financial assets measured at amortized cost, but the change in the loss allowance is recognized as other comprehensive income. The loss allowance for financial assets measured at fair value through other comprehensive income is reclassified from other comprehensive income to current profit or loss when the assets are disposed of or repaid.

3-9 Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when (i) the rights to receive cash flows from the asset have expired or, (ii) the Group has transferred substantially all the risks and rewards of the asset. If the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset, the Group recognizes the asset and the associated liability to the extent of the Group's continuing involvement in the asset. If the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset and recognizes a collateralized borrowing for the consideration received.

3-10 Classification and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or borrowings. All financial liabilities are recognized initially at fair value and, except for financial liabilities at fair value through profit or loss, net of directly attributable transaction costs.

3-10-1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are subsequently measured at fair value and the related gain and income expense are recognized in the statement of profit or loss. The Group performs securities lending and borrowing classified to financial liabilities at fair value through profit or loss. When the Group borrows securities from Korea Securities Depository, securities borrowed are managed as memorandum value and when selling them, they are recorded as securities sold. At closing, the difference in the price securities are sold and the market price prevailing on the closing date is taken into account as valuation gain or loss on securities sold, and at the time of selling the securities, the difference in book value and the price securities are purchased is recorded as trading gain or loss on securities sold.

3-10-2 Deposits, borrowings, and debentures

After initial recognition, interest bearing deposits, borrowings and debentures are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the EIR method amortization process.

3-11 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

3-12 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3-13 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision is used only for expenditures for which the provision was originally recognized. If a present obligation is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, the Group discloses the obligation as a contingent liability. If the effect of the time value of money is material, provisions are measured at present value, the amount of a provision is measured at the present value of the expenditures expected to be required to settle the obligation.

The Group recognizes a provision for confirmed acceptances and guarantees, unconfirmed acceptances and guarantees, bills endorsed, unused credit line and cash advance commitments on credit cards by applying credit conversion factor (CCF). The Group measures provisions for such off-statement of financial position items in the same way that is applied to collective assessments of loans and receivables.

3-14 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument and is measured at fair value on date of initial recognition. After initial recognition, the Group, as an issuer of such a contract, measures it at the higher of (i) the amount determined in accordance with KIFRS 1109 Financial instruments and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with KIFRS 1115 Revenues from contracts with customers.

3-15 Bonds purchased under resale agreements and bonds sold under repurchase agreements

Bonds purchased under resale agreements and bonds sold under repurchase agreements are included in loans receivable and borrowings, respectively, in the accompanying statement of financial position. Interest income and expense from purchase or sale are recognized as interest income on loan receivables and interest expense on borrowings.

3-16 Property and equipment

An item of property and equipment is measured at its cost less any accumulated depreciation. The cost of an item of property and equipment includes any costs directly attributable to acquisition of an item.

Subsequent cost is recognized as an asset if, and only if it is probable that future economic benefits associated with the cost will follow to the Group and the cost can be measured reliably. The carrying amount of parts that are replaced is derecognized. The Group recognizes other repair and maintenance costs as profit or loss for the current period.

Land is not depreciated. Depreciation of other item of property and equipment is calculated using methods listed below to write down the cost of property and equipment to their residual values over their estimated useful lives. The depreciation methods and estimated useful lives are as follows:

Classification	Depreciation method	Years
Buildings for business purpose, equipment attached to the building and Construction structures	Straight-line method	5 to 55
Vehicles, furniture and fixtures, leasehold improvements	Straight-line method or declining balance method	3 to 20

When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The residual value of and useful life of an asset is reviewed at each financial year end and, if expectations differ from previous estimates, the Group applies change in estimates. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in nonoperating income in the statements of comprehensive income.

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

3-17 Investment properties

An item of investment properties is measured at its cost less any accumulated depreciation. The cost of an item of investment properties includes any costs directly attributable to acquisition of an item. After initial recognition, the Group measures all of its investment properties in accordance with the cost model in IAS 40.

Land is not depreciated. Depreciation of other item of investment properties is calculated using methods listed below to write down the cost of investment properties to their residual values over their estimated useful lives. The depreciation methods and estimated useful lives are as follows:

Classification	Depreciation method	Years
Buildings	Straight-line method	5 to 55

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of derecognition. Transfers to, or from, investment properties are made when, and only when, there is a change in use.

3-18 Intangible assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets include industrial right, software, development cost and others.

Amortization of items of intangible assets is calculated using methods listed below to write down the cost of items to their residual values over their estimated useful lives. The amortization methods and estimated useful lives are as follows:

Classification	Depreciation method	Years
Industrial property, software, system development, trademark rights	Straight-line method	5
Core deposit	Straight-line method	14
Client membership	Straight-line method	10 to 30
Others	Straight-line method	1 to 20

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition in accordance with KIFRS 1103 Business Combinations. Following initial recognition, the carrying amount of intangible assets with finite useful lives is allocated on a systematic basis over their useful lives. The intangible assets with indefinite useful lives are not amortized and the Group tests those assets for impairment annually and whenever there is an indication that the intangible asset may be impaired. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

3-19 Non-current assets held for sale

The Group classifies a non-current asset or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition and its sale must be highly probable. The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

3-20 Impairment of non-financial assets

The Group tests the depreciable asset for impairment whenever there is a change of environment or an event that the carrying amount may not be recoverable. The Group recognizes an excess of the carrying amount over the recoverable amount as an impairment loss. The Group defines recoverable amount as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. For measuring the impairment of assets, the Group identifies the lowest aggregation of assets that generate largely independent cash inflows (CGU). The Group assesses reversal of an impairment loss recognized for the non-financial assets other than goodwill at the end of reporting period.

3-21 Short-term employee benefits

When employees have rendered services to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits. This amount is expected to be settled in whole before twelve months after the end of the reporting period, in exchange for those services.

3-22 Retirement benefits

The Group has both defined benefit (DB plan) and defined contribution (DC plan) plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service rendered in the current and prior periods. Defined benefit plans are all post-employment benefit plans except for defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The defined benefit liability is the present value of the defined benefit obligation less the fair value of plan assets. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit actuarial valuation method. The present value of the defined benefit liability is recorded in the same currency as the payment itself and is calculated by discounting the expected future cash flow and using the interest rate of other reputable companies with similar payment and end of reporting dates.

Changes in the actuarial estimates and actuarial gains and losses between estimates and results are recognized in the period they occur as part of other comprehensive income. The past service cost is recognized immediately.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

3-23 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognizes a liability and expense for termination benefits at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring that is within the scope of KIFRS 1037 and involves the payment of termination benefits.

Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, then the termination benefits are discounted to present value.

3-24 Share-based payment transactions

The Group grants share options to its employees in the form of share-based payment transactions. For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, and recognizes the cost as employee benefits expense and other capital adjustment in equity. If the Group cannot estimate reliably the fair value of the goods or services received, the Group measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted and recognizes the cost as employee benefits expense and other capital adjustment in equity. For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. For share-based payment transactions in which the terms of the arrangement provide the counterparty with a choice of settlement, the Group accounted for the transactions in accordance with their commercial substance.

3-25 Income tax expenses and deferred tax assets and liabilities

Income taxes comprise of current and deferred taxes. All items related to taxes, other than those recognized directly in equity, are accounted for in the statement of comprehensive income. Accordingly, items recognized directly in equity and the related taxes are accounted for as other comprehensive income in the consolidated statements of comprehensive income.

Current income tax expenses are computed based on the tax rates and tax laws enacted or substantively enacted in the jurisdictions that the Group operates in and generates taxable income at the end of the reporting period. If application of related tax law or regulation depends on the interpretation, the Group measures the current tax liabilities at the amount expected to be paid to the taxation authorities based on its interpretation and assesses its initial interpretation periodically.

Deferred tax is provided on the temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

When the initial recognition of an asset or liability in a transaction which is not a business and at the time of the transaction, affects neither accounting profit nor taxable profit, the Group does not recognize a deferred tax asset or liability. The Group measures deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The Group recognizes a deferred tax liability for all taxable temporary differences with investments in subsidiaries, except to the extent that both of the following conditions are satisfied: (a) the parent is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group offsets deferred assets and liabilities if, and only if (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities and, (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either on (i) the same taxable entity or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3-26 Insurance contracts

Hana Life Insurance and Hana Insurance, Co., Ltd.'s significant accounting policies relating to insurance contracts are as follows.

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

A contract that qualifies as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Such investment contract that contains Discretionary Participation Features subsequent to the contract classification according to quantitative criteria is within the scope of KIFRS 1104 *Insurance Contracts*. If the investment contract does not contain Discretionary Participation Features, the contract is subject to KIFRS 1109 *Financial Instruments*.

3-26-1 Reinsurance assets

The Group does not offset the reinsurance assets against the related reinsurance liabilities. If a reinsurance asset is impaired, the Group reduces its carrying amount accordingly and recognizes that impairment loss in profit or loss.

3-26-2 Deferred acquisition costs

The Group amortized the acquisition costs arising from long-duration contracts during the term of the contracts in the straight-line method in accordance with accounting standards for insurance business article 31 and article 3 of the supplementary provisions. If the acquisition costs exceed the expected amount or the additional premiums are settled highly for earlier term of the contracts to collect the acquisition costs in early stage, the acquisition costs are recognized in the period they occur as profit or loss. The deferred acquisition costs are amortized over the term of the contracts within the limits of 7 years. The unamortized costs of surrendered insurance contract are amortized in the period it is surrendered.

3-26-3 Liabilities reserves

The Group recognizes liabilities reserves by types of insurance contracts as of the reporting date in accordance with the Insurance Business Act and the related regulations. The liabilities reserves refer to an amount calculated pursuant to the premiums and liabilities reserves calculation manual for payment of claims, bonus return and policyholders dividend.

3-26-4 Valuation of special accounts assets and liabilities

The Group designates and operates any of the retirement insurance contracts, retirement dividend insurance contracts and variable insurance contracts (including variable universal insurance contracts) as special accounts pursuant to Article 108 (1) of the Insurance Business Act and Article 52 of the Regulations on Supervision of Insurance Business.

3-26-5 Liability adequacy assessment

At the end of each reporting period, the Group evaluates the appropriate insurance liabilities recognized using current estimates of future cashflows of all insurance contracts (including cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees). In the case of long-term insurance, future cash flows are discounted at the rate of return on future operating assets, and in the case of general insurance and auto insurance, the present value is not discounted.

Earned premiums and long-term unearned premiums evaluate insurance liabilities adequacy by considering all cash flows such as future insurance, business expenses, and operating insurance premiums. As a result of the evaluation, if the carrying amount of insurance liability is inappropriate from the perspective of estimated future cash flows, the full amount is recognized as profit or loss. If the evaluation shows that the liability is inadequate, the entire deficiency is recognised in profit or loss.

3-27 Equity

3-27-1 Classification of equity

The Group classifies a financial instrument on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. If the Group has the right to avoid contractual obligation relating to an issued financial instrument, the Group classifies the financial instrument as an equity instrument in accordance with the substance of the contractual arrangement. The Group classifies a hybrid equity security on initial recognition as equity if it meets the condition of an equity instrument. The hybrid equity securities, issued by subsidiaries of the Group, are classified as non-controlling interests according to this classification standard. Distributions from hybrid equity securities are accounted as net income attributable to non-controlling interests in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

3-27-2 Stock issuance costs

Additional stock issuance costs or incremental costs related to the stock issuance for business combinations are recorded as a deduction from issued capital net of tax effects.

3-27-3 Dividends on common stock

Dividends from common stock are deducted from the Group's equity and recognized as a liability upon approval of dividend distributions at the shareholders' meeting (the board of directors for the interim dividends). Dividends declared for the year that is approved after the reporting date are disclosed as a subsequent event.

3-27-4 Treasury stock

Equity instruments of the Group which are acquired by the Group or any of its subsidiaries are deducted from its equity and recorded at acquisition cost, including transaction costs. Consideration received on the sale or issuance of the Group's own equity instruments is recognized directly in equity.

3-28 Earnings per share

Basic and diluted earnings per share are computed by dividing net income by the weighted-average number of shares of common stock outstanding during the year.

3-29 Accounting basis for trust accounts

The Group separates trust properties from proprietary properties in accordance with the Supervisory Regulations on Financial Investment Business. The Group recognizes funds lent or borrowed to trust accounts as accounts receivables or account payables, respectively. The Group recognizes trust commissions earned from trust accounts as income from trust operations. When a loss is incurred on a trust account that includes a guarantee of principal repayment, the corresponding loss is recognized as a loss from trust operations.

3-30 Lease accounting

In accordance with KIFRS 1116, the Group applies a single recognition and measurement approach for all leases, except for leases of low-value assets. KIFRS 1116 provides guidance on specific transition requirements and practical expedients that an entity may apply.

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

3-31 Merchant banking accounts

As permitted by the Restructuring of Financial Institutions Act, the Group may continue its merchant banking operations, including business affairs of bill management accounts, until the existing contracts acquired from Korea International Merchant Bank upon merger are terminated.

Significant accounting policies applied to the Group's merchant banking operations are summarized as follows:

3-31-1 Revenue recognition on discounted notes

Interest income on discounted notes is accrued over the term of the notes. Income from the sale of the discounted notes is recognized at the date of sale based on the difference between the purchase and sales prices of the notes, adjusted for interest earned during the holding period.

3-31-2 Cash Management Accounts (CMA)

The Group recognizes interest income from CMA investments and interest expense from CMA deposits as other income and other expenses, respectively.

3-32 Revenue Recognition

The Group recognizes revenues in accordance with the following steps determined in accordance with KIFRS 1115 Revenue from Contracts with Customers.

- Step 1: Identify the contract with a customer.
- Step 2: Identify the separate performance obligations in the contract.
- Step 3: Determine the transaction price of the contract.
- Step 4: Allocate the transaction price to each of the separate performance obligations in the contract.
- Step 5: Recognize revenue when (or as) each performance obligation is satisfied.

3-32-1 Interest income and interest expense

The Group recognizes interest income and expense using the effective interest method by the passage of time.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The Group estimates cash flows considering all contractual terms of the financial instrument but do not consider future credit losses. The cash flows include all fees and points paid or received by the Group including transaction costs, and all other premiums or discounts.

If it is probable that interest income arising from a financial asset will flow to the Group, the interest income is recognized as income when the Group receives interest payments. For the impaired loans and receivable that are individually assessed, the Group recognizes the adjustment as interest income if recover ability of the assets subsequently increases.

3-32-2 Fee and commission income

The Group earns fees and commissions income from a diverse range of services it provides to its customers. Fee income, which is part of the effective interest rate of a financial instrument, is adjusted to an effective interest rate and recognized as interest income.

Under the new KIFRS 1115, the commission income charged by providing services is recognized by applying a five-stage revenue recognition model (Identification of a contract with a customer → Identification of performance obligations in the contract → Determination of the transaction price → Allocation of the transaction price to the separate performance obligations in the contract → Recognition of revenue upon satisfying the performance obligations) to all of its contracts with customers.

3-32-3 Net gains or losses on financial instruments at fair value through profit or loss

Net gains or losses on financial instruments at FVTPL (including changes in fair value, etc) include gains and losses from following financial instruments:

- Gains or losses relating to financial instruments at FVTPL
- Gains or losses relating to derivatives for trading

3-33 Dividend income

Dividend income is recognized when the Group's right to receive the payment is established.

3-34 Transaction under common control

The Group conducted accounting treatment of transactions under common control based on book value. Therefore, the Group recognized (eliminated) asset, liability and capital as at merger and spinoff date as book value and didn't recognize transaction gain (loss).

3-35 New and amended standards and interpretations

The nature and the impact of each new and amended standards and interpretations are described below:

3-35-1 Amendments to KIFRS 1109, KIFRS 1039, KIFRS 1107, KIFRS 1104 and KIFRS 1116: Interest Rate Benchmark Reform – Phase 2

The amendment provides a temporary waiver to address the impact on financial reporting when the Interbank Loan Rate (IBOR) is replaced by an Alternative Risk Free Indicator (RFR).

- Contractual changes, or changes in cash flows that are directly affected by the reforms are treated as if they are changing at variable interest rates, such as changes in market interest rates.
- Changes required by the reform of interest rate indicators allow the designation of hedging and documentation of hedging without interruption of the hedging relationship.
- A temporary exemption that is deemed to satisfy the requirement that financial instruments referencing the Alternative Risk Free Indicator (RFR) must be separately identifiable when designated as a hedging factor.

There is no material impact of this amendment on the Group's financial statements. The Group will use the practical simple method in the future when it becomes applicable.

3-35-2 Amendments to KIFRS 1116 – Covid- 19 – Related Rent Concessions provided after June 30 June 2021

The application of the practical expedient, in which a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee that makes this election accounts for any change in lease payments resulting from the coronavirus pandemic-related rent concession the same way it would account for the change under KIFRS 1116, if the change was not a lease modification. The amendment should be applied for annual periods beginning on or after April 1, 2021, and earlier application is permitted. The Group has early adopted the amendments, and recognized ₩42,848 million as current gain or loss by applying practical expedient to the rent concession.

3-36 Standard issued but not yet effective is as follows:

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.

3-36-1 Amendments to KIFRS 1001: Classification of Liabilities as Current or Non-current

Amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

3-36-2 Reference to the Conceptual Framework – Amendments to KIFRS 1103

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. An exception to the recognition principle of KIFRS 1103 was also added to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 or KIFRS 2121 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in KIFRS 1103 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendments are not expected to have material impact on the consolidated financial statements.

3-36-3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to KIFRS 1016

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

3-36-4 Onerous Contracts Costs of Fulfilling a Contract Amendments to KIFRS 1037

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments

are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

3-36-5 KIFRS 1101 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of KIFRS 1101 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to KIFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of KIFRS 1101. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

3-36-6 KIFRS 1109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

3-36-7 KIFRS 1041 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of KIFRS 1041 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of KIFRS 1041. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

3-36-8 Amendments to KIFRS 1117: Insurance contracts

The KIFRS 1117 insurance contract established on April 23, 2021 applies for annual periods beginning on after January 1, 2023, which will replace the current KIFRS 1104 insurance contract.

The main features of KIFRS 1117 are the measurement of the current value of insurance liabilities, the recognition insurance returns on accrued basis, and the separation of gains and losses on insurance and investment. Previous KIFRS 1104 measured insurance liabilities using historical information (such as interest rates at the time of sale), recognized premiums received by the entity as insurance revenue on cash basis, and had no obligation to distinguish between insurance and investment gains. On the other hand, KIFRS 1117 measures the current value of insurance liabilities by using discount rates that reflect assumptions and risks at present, and insurance revenue recognizes revenue on an accrual basis, reflecting services provided by insurers to contractors in each financial year, separating insurance gain or loss on investment.



When an insurer applies KIFRS 1117 to prepare new financial statements, it is expected to cause significant differences from the current financial statements. These parts do not include all future differences and can be changed by the analysis in the future. According to KIFRS 1117, an insurer estimates all cash flows under an insurance contract and measures insurance liabilities using discount rates that reflect assumptions and risks at the time of reporting.

Specifically, insurers identify a portfolio of insurance contracts that are exposed to similar risks and consisted of similar contracts, and within that portfolio separate sets of insurance contracts with similar profitability. Subsequently, group of insurance contracts are measured by estimates of future cash flows (including insurance loan-related cash flows, reflecting the time value of money), risk adjustment, and the sum of insurance contract margins. The introduction of KIFRS 1117 introduces a new insurance contract margin account, which means unrealized gains that will be recognized in future by delivering insurance contract services. On the other hand, reinsurance contracts mean insurance contracts issued by reinsurers to compensate for insurance premiums. Also, the new group of insurance contracts applies a consistent assumption with original contract in estimating the present value of future cash flows.

According to KIFRS 1117, insurance revenue is recognized on an accrual basis, reflecting the services (insurance) provided by the insurer to the contractor in each fiscal year, and the investment components paid to the clients are excluded from insurance revenue. In addition, by separately displaying insurance gains and losses on investment, the information user can identify the source of the gains and losses. In addition, insurance companies include the time value of money related to group of insurance contracts, financial risks, and the effects of their fluctuations in insurance finance income and loss, and should select an accounting policy on whether to separate insurance finance gains and losses for the period into profit or loss and other comprehensive income.

According to the transitional provisions of KIFRS 1117, insurers apply the full retrospective method, modified retrospective method or fair value method to adjust fair value measurement rather than cost-based valuation for group of insurance contracts issued prior to the date of transition on January 1, 2022 (the beginning of the annual reporting period prior the date of initial application).

In principle, an insurer must identify, recognize, and measure a group of insurance contracts (completely retrospectively) as if KIFRS 1117 had been applied even before the date of transition. However if it is practically difficult, the insurer may choose to apply the modified retrospective method or fair value approach. However, in the case of a group of insurance contracts with direct participation characteristics that meet certain requirements, the fair value method can be applied even if the full retrospective method is applicable.

The modified retrospective method is a method for obtaining results similar to the full retrospective method using reasonable and supportable information available without undue cost or effort. The fair value method is a method of evaluating a group of insurance contracts by using the fair value valuation amount according to KIFRS 1113 Measurement of fair value. When the fair value method is applied, the insurance contract margin on the remaining guarantee liability is calculated as the difference between the fair value of the insurance contract group at the date of transition and the fulfillment cash flow.

In KIFRS 1104, insurance liabilities have been measured using historical information, but in KIFRS 1117, insurance liabilities are measured at their present value using a discount rate that reflects the assumptions and risks at the time of reporting. In addition, the existing cost-based valuation should be adjusted to the current valuation by applying (optionally) the full retrospective method, the modified retrospective method, or the fair value method for a group of insurance contracts issued before the date of conversion.

In order for an insurance company to adopt KIFRS 1117, it is necessary to prepare a separate introduction team, establish an accounting settlement system, train employees, and analyze financial impact. Above all, the stability of the accounting settlement system and the consistency of system calculations must be secured for the adequacy of insurance liability evaluation, and accounting policies and actuarial assumptions must be set reasonably and applied consistently every period.

To do this, the insurer must continuously validate the system and put in place several internal controls. In particular, the entity must establish and comply with an internal accounting management system suitable for the changed accounting environment so that reliable accounting information can be prepared and disclosed after the implementation of the new accounting standards.

The adoption of KIFRS 1117 will not only change accounting standards, but will also have an impact on insurance product development, sales strategy, and longterm management strategy. Accordingly, it is necessary for entities to establish various management strategies after the implementation of the new standards, to provide continuous education for related employees, and to report the preparation status and future plans to the management.

The preparation status and plans for the introduction of KIFRS 1117 of Hana Life Insurance, a subsidiary of the Group, are as follows. In preparation for the adoption of KIFRS 1117, Hana Life Insurance has organized and operated the IFRS 17 task force team since March 2017.

In March 2017, Hana Life Insurance commissioned an external professional agency to establish a debt rating system and completed it in April 2018. In June 2018, Hana Life Insurance has commissioned an accounting firm to establish an accounting settlement system, and in January 2020, the integrated accounting settlement system was completed. As of December 2021, Hana Life Insurance is conducting a pilot operation of the system and verifying its consistency. Hana Life Insurance plans to continue upgrading the system by 2022 while also establishing an overall internal accounting management system. In addition, while providing internal and external education related to KIFRS 1117 for all employees, Hana Life Insurance plans to continue to provide an in-depth training course in 2022. In 2021, the Group's management reported the preparations for introduction three times to mid-level management.

Specific preparations for the adoption and future plans are as follows.

Main Activity	Preparation (December 31, 2021)	Future plans
Organized a task force	- In March (2017) organization of task force (6 members in present)	- Continuous operation of task force
Establishment of settlement system	- In June (2018) System construction service undertaken - System development completed, pilot operation in progress	- System advancement (parallel settlement) - Establishment of internal accounting management system
Employee training	- Video training course related to IFRS17 - Training courses for department heads/ major practitioners in all departments	- Intensive course
Management reporting	- System establishment, Reporting financial impact	- Report on all matters related to parallel settlement

With the adoption of KIFRS 1117, as the valuation method of liabilities and the method of revenue recognition are changed, the financial figures for 2023 are expected to change accordingly.

In 2021, Hana Life Insurance expects to perform continuous system integrity verification and preparation for parallel settlement of accounts in 2022. Accordingly, in 2021, Hana Life Insurance will disclose preliminary and potential impact of the application of KIFRS 1117 (e.g., financial volatility and the value of insurance liabilities (assets) whose valuation method is changed). In 2022, specific financial impacts will be disclosed in the annual financial statements.

As of December 31, 2021, Hana Life Insurance evaluated the potential impact of the application of KIFRS 1117 on the financial statements based on information available as of December 31, 2021. After the implementation of KIFRS 1117, the valuation of insurance contract liabilities is expected to increase.

As of December 31, 2021, Hana Life Insurance has total insurance contract liabilities of ₩4,562,067 million (general account ₩3,398,052 million, special account ₩1,164,015 million).

In addition, when KIFRS 1117 is applied, insurance revenue is expected to decrease as savings premiums are excluded from insurance revenue. As of December 2021, savings-type insurance accounted for 58% (₩300,177 million) of insurance revenue based on the general accounts.

The preparation status and plans for the adoption of KIFRS 1117 of Hana Insurance Co., Ltd. ("Hana Insurance"), a subsidiary of the Group, are as follows. Hana Insurance first formed the IFRS17 introduction preparation TFT in May 2017 to introduce KIFRS 1117 and is currently in operation.

In May 2017, Hana Insurance initiated the establishment of an actuarial system for calculating insurance liabilities through the Insurance Development Institute consortium, and from March 2019, has commissioned an accounting firm to establish a settlement system and completed in June 2020. As of December 2021, Hana Insurance is conducting a pilot operation of the system and verifying its consistency, and plans to continuously upgrade the system by 2022 and establish an overall internal accounting management system.

In addition, Hana Insurance plans to provide internal and external training to the related employees on accounting actuary, impact, and settlement process related to KIFRS 1117, and prepare an in-depth training course in 2022. For the period ended 2021, Hana Insurance reported to the Board of Directors and management four times on the status of preparations for introduction.

Specific preparations for introduction and future plans are as follows

Main Activity	Preparation (December 31, 2021)	Future plans
Organized a task force	- In May (2017) organization of Task Force Team (4 members in present)	- Continuous operation of task force
Establishment of settlement system	- In May (2017) system construction service undertaken - System development completed, pilot operation in progress	- System advancement (parallel settlement) - Establishment of internal accounting management system
Employee training	- Conducted training for major accounting practitioners - Training for executives and department heads	- Intensive course
Management reporting	- System establishment, Reporting financial impact	- Report on all matters related to parallel settlement

With the adoption of KIFRS 1117, as the valuation method of liabilities and the method of revenue recognition are changed, the financial figures for 2023 are expected to change accordingly.

In the case of 2021, Hana Insurance expects to perform continuous system integrity verification and preparation for parallel settlement of accounts in 2022.

As of December 31, 2021, Hana Insurance evaluated the potential impact of the application of KIFRS 1117 on the financial statements based on information available as of December 31, 2021. After the implementation of KIFRS 1117, the valuation of insurance contract liabilities is expected to increase.

As of December 31, 2021, Hana Insurance has total insurance contract liabilities of ₩978,683 million

In addition, when KIFRS 1117 is applied, insurance revenue is expected to decrease as savings premiums are excluded from insurance revenue. As of December 2021, savings-type insurance accounted for 17.56% (₩97,092 million) of insurance revenue based on the general account.

3-36-9 KIFRS 1001 Presentation of Financial Statements – Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The IASB amended IFRS Practice Statement 2 Disclosure of Accounting Policies to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The amendments are not expected to have a material impact on the Group.

3-36-10 KIFRS 1008 Accounting policies, changes in accounting estimates and errors – Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The amendments are not expected to have a material impact on the Group.

3-36-11 Amendments to KIFRS 1012 “Income Taxes” – Narrowing the scope of the initial recognition exception of deferred income taxes

The amendments narrowed the scope of the initial recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary difference, thus to resolve accounting diversity in the recognizing of deferred tax assets and liabilities. Paragraphs 15 and 24 (initial recognition exemption of deterred income taxes) of KIFRS 1012 were amended to include an additional condition (3) where a deferred tax asset and liability shall be recognized for a temporary difference that arises on initial recognition of an asset or liability in a single transaction if that transaction give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

3-37 Restatement of comparative consolidated financial statements

3-37-1 Restatement of HFI's financial statements

HFI, a subsidiary of the group, has revised and restated the consolidated financial statements presented for comparative purposes due to errors in spot exchange receivables and payables as of December 31, 2020.

Before the restatement, HFI understated accounts receivables and payables by accounting for spot exchange transactions as derivatives and gain and loss on foreign exchange transactions were recognized as gain and loss on financial instruments measured at FVTPL.

The Group revised the consolidated statement of financial position and the consolidated statement of comprehensive income for the year ended December 31, 2020 to reflect HFI's restatement of the financial statements.

There is no change in net income, net assets, and earnings per share due to the restatement of the consolidated financial statements, and the main revised amount for each item in the consolidated statement of financial position and consolidated statement of comprehensive income in 2020 are as follows (Korean won in millions):

<Consolidated Statements of Financial Position>

Classification	December 31, 2020		
	Before revised	After revised	Net increase (decrease)
Total assets	460,313,302	460,947,046	633,744
Financial assets at FVTPL	43,134,045	43,133,717	(328)
Other assets	18,225,594	18,859,666	634,072
Total liabilities	428,713,014	429,346,758	633,744
Financial liabilities at FVTPL	10,860,230	10,859,818	(412)
Other liabilities	35,650,955	36,285,111	634,156
Total equity	31,600,288	31,600,288	-

<Consolidated Statements of Profit or Loss and Other Comprehensive Income>

Classification	2020		
	Before revised	After revised	Net increase (decrease)
Operating income	48,215,862	48,216,018	156
Gain financial instruments measured at FVTPL	26,746,603	26,074,059	(672,544)
Gain on foreign currencies transactions	5,786,059	6,458,759	672,700
Operating expenses	44,379,440	44,379,596	156
Loss financial instruments measured at FVTPL	26,181,424	25,478,128	(703,296)
Loss on foreign currencies transactions	5,468,586	6,172,038	703,452
Operating income	3,836,422	3,836,422	-

3-37-2 Account reclassification between fees and commission income and interest income

Considering the consistency of the group's accounting policies related to financial statements and comparability between industries, the group changed credit cardrelated income (credit card installments and overdue fees, etc.) classified by KEB Hana Card from commission income to interest income.

The Group revised the consolidated Statements of Profit or Loss and Other

Comprehensive Income presented for comparative purposes. There is no change in net income, net assets due to the restatement of the consolidated statement of financial position and consolidated statement of comprehensive income in 2020 Due to the reclassification of this account, ₩625,587 million of the 2020 fees and commission income in 2020 was reclassified as interest income, which has no effect on operating profit due to reclassification between items within operating income.(Korean won in millions)

Classification	2020		
	Before revised	After revised	Net increase (decrease)
Interest income	10,079,609	10,705,196	625,587
Fee and commission Income	3,222,532	2,596,945	(625,587)

4. Significant judgments and accounting estimates

For applying accounting policies of the Group's consolidated financial statements, management are required to make judgments, estimates and assumptions that affect the amount of assets and liabilities which are difficult to identify through other resources. The estimates and assumptions are based on the other factors considered that they are related to historical experience. Actual results may differ from these estimations.

Management reviews these estimates and assumptions regularly. The effect of a change in an accounting estimate is recognized in profit or loss in the period of the change, if the change affects that period only and the effect of a change in an accounting estimate is recognized in profit or loss in the period of the change and the future periods, if the change affects both.

In the process of applying the Group's accounting policies, management has made the following judgments that have a significant effect on the amounts recognized in the consolidated financial statements.

4-1 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, a degree of judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

4-2 Impairment losses on financial assets

The Group recognizes impairment losses on debt instruments, lease receivables, contract assets, loan commitment, and financial guarantee contracts that were accounted for at amortized cost, or FVOCI, based on the expected credit loss (ECL) impairment model using a three-stage model for 12-month expected credit losses, or lifetime expected credit losses based on changes in credit risk since initial recognition of financial assets.

	Classification	Loss allowance
STAGE 1	Credit risk on a financial instrument has not increased significantly since initial recognition.	12-month ECL: Expected credit losses that result from default events that are possible within 12 months after the reporting date
STAGE 2	Credit risk on a financial instrument has increased significantly since initial recognition.	Lifetime ECL: Expected credit losses that result from all possible default events over the expected life of the financial instrument
STAGE 3	Credit-impaired	

The cumulative changes in lifetime expected credit losses since initial recognition are recognized as loss allowance for a financial asset that is considered creditimpaired at initial recognition.

4-3 Provision for severance and retirement benefits

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial assumptions were made for the discount rate, the overall expected rates of return on assets, and an increase in the future pay rate. Severance and retirement benefits include significant uncertainties in the estimates due to the long duration of the period.

4-4 Impairment of non-financial assets

The Group assesses at the end of the reporting period whether there is any indication that a non-financial assets may be impaired. The Group tests an intangible asset with an indefinite useful life for impairment annually or if any such indication exists. The Group tests an intangible asset with definite useful life for impairment if any such indication exists. Management estimates future cash flow associated with an asset or a cash-generating unit, and selects the adequate discount rate to compute present value of future cash flow.

4-5 Income taxes

There are uncertainties exist on the calculation of the final tax effect since the Group's tax expense on taxable income is calculated based on the tax laws and interpretations of tax authorities in numerous countries. In addition, there has been various transactions and tax accounting methods which have made computing the final tax expenses for the period uncertain. Significant judgment is required when determining the estimation of corporate taxes in various countries.

The contingent liability from any future tax assessments is based on the estimates of the likelihood of additional taxes imposed and has been included in the Group's consolidated financial statements for the current period. When the finalized tax expense assessments are different from the appropriated amounts, the differences, if any, are recognized in current deferred tax assets, liabilities, and expenses for the period.

4-6 Estimated amount for IBNR

Incurring But Not Reported ("IBNR") is the sum of the estimated insurance amount of accidents that have not been reported to the Group but have already occurred and the estimated insurance amount to be additionally paid due to the resumption of payment claims. The Group calculates the estimated amount by applying statistical method to the calculation units prescribed by the Insurance Business Supervision Enforcement Regulations and accounts for the reserve within the insurance contract liability. IBNR according to the statistical method requires significant estimation in determining the application methodology (PLDM, ILDM, BFM, etc.) for each accident year and determining the progress coefficient.

5. Methods for measuring the fair value of financial assets and financial liabilities

The following standards are applied in measuring the fair value of financial assets and financial liabilities

- Financial assets and financial liabilities traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.
- For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. These techniques incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments. Valuation techniques which provide reliable estimates on mark-to-market prices are applied.
- When determining fair value by the use of valuation techniques, comparison of current market transaction of another instrument that is substantially the same to the financial instrument needs to be objectively substantiated or inclusion of variables in the marketable data must be performed. Not all the significant market variables are observable and therefore in determining fair value, reasonable estimates or assumptions are required.
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which are measured at cost, will be accounted for using the cost method.

5-1 Fair value hierarchy of financial instruments

The fair value hierarchy of financial assets and liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Financial assets held-for-trading				
Debt securities	3,216,070	18,881,802	5,818,785	27,916,657
Equity securities	329,917	32,783	1,267,151	1,629,851
Derivative assets held-for-trading	67,335	5,003,189	218,451	5,288,975
Loans	-	-	1,898,878	1,898,878
Others	-	-	1,983,924	1,983,924
Subtotal	3,613,322	23,917,774	11,187,189	38,718,285
Financial assets designated at FVOCI:				
Debt securities	13,410,125	24,975,265	-	38,385,390
Equity securities	326,532	50	761,557	1,088,139
Subtotal	13,736,657	24,975,315	761,557	39,473,529
Derivative assets used for hedging	-	77,507	-	77,507
Merchant banking accounts asset	-	4,741,939	-	4,741,939
Total	17,349,979	53,712,535	11,948,746	83,011,260
Financial liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities held-for-trading	167,633	4,866,443	855,358	5,889,434
Securities lent	859,252	23,614	-	882,866
Subtotal	1,026,885	4,890,057	855,358	6,772,300
Financial liabilities designated as measured at FTVPL	364,970	1,910,365	6,829,288	9,104,623
Derivative liabilities used for hedging	-	109,475	9,124	118,599
Total	1,391,855	6,909,897	7,693,770	15,995,522

<December 31, 2020>

Classification	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Financial assets held-for-trading				
Debt securities	4,092,184	18,309,516	5,298,892	27,700,592
Equity securities	253,951	33,723	1,178,768	1,466,442
Derivative assets held-for-trading	85,338	10,057,587	646,350	10,789,275
Loans	–	–	1,492,111	1,492,111
Others	–	–	1,685,297	1,685,297
Subtotal	4,431,473	28,400,826	10,301,418	43,133,717
Financial assets designated at FVOCI:				
Debt securities	10,601,136	24,282,195	–	34,883,331
Equity securities	471,347	–	810,710	1,282,057
Subtotal	11,072,483	24,282,195	810,710	36,165,388
Derivative assets used for hedging	–	141,311	152	141,463
Merchant banking accounts asset	–	3,465,306	–	3,465,306
Total	15,503,956	56,289,638	11,112,280	82,905,874
Financial liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities held-for-trading	105,270	9,423,550	1,165,337	10,694,157
Securities sold	165,661	–	–	165,661
Subtotal	270,931	9,423,550	1,165,337	10,859,818
Financial liabilities designated as measured at FTVPL	208,010	1,515,057	8,079,634	9,802,701
Derivative liabilities used for hedging	–	34,737	–	34,737
Total	478,941	10,973,344	9,244,971	20,697,256

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Fair value, valuation method, and input variables used to measure fair value of financial instruments classified as fair value hierarchy Level 2 as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Fair value	Valuation method	Input variable
Financial assets:			
Financial assets measured at FVTPL			
Debt securities	18,881,802	Black-Scholes model, Hull-White 1 fact or model, DCF model, Gaussian 1 factor model, Net asset value model, etc	Volatility, Discount rate, Stock price, exchange rate, interest rate, CDS premium, price of underlying asset such as bond, stock, etc.
Equity securities	32,783	Hull & White Monte Carlo Simulation	Discount rate, etc.
Derivative assets held-for-trading	5,003,189	Black-Scholes model, Hull-White 1 fact or model, Black model, DCF Model, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, exchange rate, interest rate, CDS premium, yield curve of swap, volatility of swaption, yield curve of currency, etc.
Subtotal	23,917,774		
Financial assets measured at FVOCI			
Debt securities	24,975,265	DCF model	Discount rate, etc.
Equity securities	50	Market value	Stock price
Derivative assets used for hedging	77,507	Hull-White 1 factor model	Exchange rate, yield curve of swap, volatility of swaption, yield curve of currency
Merchant banking account asset	4,741,939	DCF model	Discount rate
Total	53,712,535		
Financial liabilities:			
Financial liabilities measured at FVTPL			
Derivative liabilities held-for-trading	4,866,443	Black-Scholes model, Hull-White 1 fact or model, DCF model, Black model, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, exchange rate, interest rate, CDS premium, yield curve of swap, volatility of swaption, yield curve of currency etc.
Securities sold	23,614	DCF model	Discount rate
Financial liabilities designated as measured at FVTPL	1,910,365	Black-Scholes model, Hull-White 1 factor model, DCF model, Gaussian 1 factor model, etc	Yield curve of KRW swap, volatility of KRW swaption, volatility, discount rate, stock price, exchange rate, interest rate, CDS premium etc.
Derivative liabilities used for hedging	109,475	Hull-White 1 factor model	Exchange rate, discount rate, yield curve of swap, yield curve of currency
Total	6,909,897		

<<December 31, 2020>

Classification	Fair value	Valuation method	Input variable
Financial assets:			
Financial assets measured at FVTPL			
Debt securities	18,309,516	Black-Scholes model, Hull-White 1 fact or model, DCF model, Gaussian 1 factor model, Net asset value model, etc	Volatility, Discount rate, Stock price, exchange rate, interest rate, CDS premium, price of underlying asset such as bond, stock, etc.
Equity securities	33,723	Hull & White Monte Carlo Simulation	Discount rate, etc.
Derivative assets held-for-trading	10,057,587	Black-Scholes model, Hull-White 1 factor model, Black model, DCF Model, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, exchange rate, interest rate, CDS premium, yield curve of swap, volatility of swaption, yield curve of currency, etc.
Subtotal	28,400,826		
Financial assets measured at FVOCI			
Debt securities	24,282,195	DCF model	Discount rate, etc.
Derivative assets used for hedging	141,311	Hull-White 1 factor model	Exchange rate, yield curve of swap, volatility of swaption, yield curve of currency
Merchant banking account asset	3,465,306	DCF model	Discount rate
Total	56,289,638		
Financial liabilities:			
Financial liabilities measured at FVTPL			
Derivative liabilities held-for-trading	9,423,550	Black-Scholes model, Hull-White 1 factor model, DCF model, Black model, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, exchange rate, interest rate, CDS premium, yield curve of swap, volatility of swaption, yield curve of currency etc.
Financial liabilities designated as measured at FVTPL	1,515,057	Black-Scholes model, Hull-White 1 factor model, DCF model, Gaussian 1 factor model, etc	Yield curve of KRW swap, volatility of KRW swaption, volatility, discount rate, stock price, exchange rate, interest rate, CDS premium etc.
Derivative liabilities used for hedging	34,737	Hull-White 1 factor model	Exchange rate, discount rate, yield curve of swap, yield curve of currency
Total	10,973,344		

Fair value, valuation method, input variables and significant unobservable input variables information used to measure fair value of financial instruments classified as fair value hierarchy Level 3 as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Fair value	Valuation method	Input variable	Significant unobservable inputs used in the fair value measurement	Range	The effect of changes in unobservable inputs on fair value
Financial assets:						
Financial assets measured at FVTPL						
Debt securities	5,818,785	Black-scholes model, Hull-White 1 factor model, DCF model, Guassian 1 factor model, income approach, LSMC, etc	Volatility, discount rate, stock price, exchange rate, interest rate, CDS premium, correlation, liquidating value, etc	Volatility, correlation, discount rate, liquidating value, etc	Volatility: 0~100% Correlation: -1~+1 Discount rate: 5.13~21.37% Liquidating value: 0	Volatility of underlying assets: Positive Correlation : Positive (Negative in some cases) Discount rate: Negative Liquidating value: Positive
Equity securities	1,267,151	Monte Carlo Simulation model, Hull-White 1 factor model, DCF model, etc.	stock price, interest rate, striking price, Growth rate, discount rate, liquidating value, etc	Volatility, Growth rate, Discount rate, liquidating value etc.	Volatility: -1~1% Growth rate: 0~1% Discount rate: 10.25~25.46% Liquidating value: 0	Volatility of underlying assets : Positive Growth rate : Positive Discount rate : Negative Liquidating value: Positive
Derivative assets held-fortrading	218,451	Black-Scholes model, Hull-White 1 factor model, Hull-White 2 factor model, DCF model, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, Exchange rate, interest rate, CDS premium, correlation, yield curve of swap, volatility of swap, correlation between valuation models, etc.	Volatility, correlation, Correlations between USD IRS rates etc	Volatility: 0~100% Correlation: -1~+1 between USD IRS rates: 53.00~79.00	Volatility: Positive Correlation: Positive (Negative in some cases) Fair value increase or decrease based on the changes in correlation by the effect of trading instruments and market status
Loans	1,898,878	LSMC, DCF model, etc.	Volatility and price of underlying asset, discount rate, etc.	Volatility of underlying asset, Discount rate, etc.	Volatility: 17.89~34.16% Discount rate: 3.84~10.53%	Volatility: Positive Discount rate: Negative
Others	1,983,924	DCF model, etc.	Discount rate, etc.	Discount rate, etc.		
Subtotal	11,187,189					

Classification	Fair value	Valuation method	Input variable	Significant unobservable inputs used in the fair value measurement	Range	The effect of changes in unobservable inputs on fair value
Financial assets measured at FVOCI						
Equity securities	761,557	DCF model, utilization of market price, Asset approach, Income approach, Net asset value model, multiple, etc	Growth rate, discount rate, Volatility and price of underlying asset etc.	Growth rate, discount rate, Volatility of underlying asset	Growth rate: 0.00~2.00% Discount rate: 9.90~18.02% Volatility of underlying asset: 23.32~25.49%	Growth rate: Positive Discount rate: Negative Volatility of underlying asset: Positive
Total	11,948,746					
Financial liabilities:						
Financial liabilities measured at FVTPL						
Derivative liabilities held-fortrading	855,358	Black-Scholes model, Hull-White 1 factor model, Hull-White 2 factor model, DCF model, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, Exchange rate, interest rate, CDS premium, correlation, Swap yield curve, volatility of swaption, correlation between valuation models, etc.	Volatility, correlation, between USD IRS rates	Volatility: 0~100% Correlation: -1~+1 between USD IRS rates: 53.00~79.00	Volatility : Positive Correlation : Positive (negative in some cases) Fair value increase or decrease based on the changes in correlation by the effect of trading instruments and market status
Financial liabilities designated as measured at FVTPL	6,829,288	Black-Scholes model, Hull-White 1 factor model, DCF model, Gaussian 1 factor model, etc.	Volatility, discount rate, Stock price, exchange rate, interest rate, CDS premium, correlation, etc.	Volatility, correlation	Volatility: 0~100% Correlation: -1~+1	Volatility : Positive Correlation : Positive (negative in some cases)
Derivative liabilities used for hedging	9,124	Hull-White 2 factor model	Swap yield curve, volatility of swaption, correlation between valuation models, Exchange rate,	between KRW IRS rates, between USD IRS rates	between USD IRS rates: 53.00~98.00 between USD IRS rates: 53.00~98.00	Fair value increase or decrease based on the changes in correlation by the effect of trading instruments and market status
Total	₩ 7,693,770					

<December 31, 2021>

Classification	Fair value	Valuation method	Input variable	Significant unobservable inputs used in the fair value measurement	Range	The effect of changes in unobservable inputs on fair value
Financial assets:						
Financial assets measured at FVTPL						
Debt securities	5,298,892	Black-scholes model, Hull-White 1 factor model, DCF model, Gaussian 1 factor model, income approach, LSMC, etc	Volatility, discount rate, stock price, exchange rate, interest rate, CDS premium, correlation, price and volatility of underlying assets, liquidating value, etc	Volatility, correlation, discount rate, liquidating value, Price of underlying assets, Volatility of underlying asset, etc	Volatility: 0~100 % Correlation: -1~ +1 Discount rate: 6.02~21.37% Liquidating value: 0 Volatility of underlying asset: 18:99	Volatility of underlying assets : Positive Correlation: Negative Discount rate: Positive (Negative in some cases) Liquidating value: Negative Liquidating value: Positive Fair value volatility increases when price of underlying assets volatility increases
Equity securities	1,178,768	Monte Carlo Simulation model, Hull-White 1 factor model, DCF model, etc.	stock price, interest rate, striking price, Growth rate, discount rate, liquidating value, etc	Volatility, Growth rate, Discount rate, liquidating value etc.	Volatility: 1~25% Growth rate: 0~1% Discount rate: 9.41~24.93% Liquidating value: 0	Volatility of underlying assets : Positive Growth rate : Positive Discount rate : Negative Liquidating value: Positive
Derivative assets held-for trading	646,350	Black-Scholes model, Hull-White 1 factor model, Hull-White 2 factor model, DCF model, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, Exchange rate, interest rate, CDS premium, correlation, yield curve of swap, volatility of swap, correlation between valuation models, etc.	Volatility, correlation, etc	Volatility: 0~100% Correlation: -1~+1	Volatility: Positive Correlation: Positive (Negative in some cases)
Loans	1,492,111	LSMC, DCF model, etc.	Volatility and price of underlying asset, discount rate, etc.	Price of underlying asset, Volatility of underlying asset, Discount rate, etc.	Volatility: 17.61~45.68% Discount rate: 3.11~9.63%	Volatility: Positive Discount rate: Negative
Others	1,685,297	DCF model, etc.	Discount rate, etc.	Discount rate, etc.		
Subtotal	10,301,418					

Classification	Fair value	Valuation method	Input variable	Significant unobservable inputs used in the fair value measurement	Range	The effect of changes in unobservable inputs on fair value
Financial assets measured at FVOCI						
Equity securities	810,710	DCF model, utilization of market price, Asset approach, Income approach, Binomial trees, LSMC etc	Growth rate, discount rate, Volatility and price of underlying asset etc.	Growth rate, discount rate, Volatility of underlying asset	Growth rate: -1.0~2.0% Discount rate: 7.64~19.05% Volatility of underlying asset: 22.11~24.16%	Growth rate: Positive Discount rate: Negative Volatility of underlying asset: Positive
Derivative assets used for hedging	152	Hull-White 2 factor model	Swap yield curve, volatility of swaption, correlation between valuation models	Correlations between KRW IRS rates	99	Volatility of correlation because of products and market condition is positive or negative
Total	11,112,280					
Financial liabilities:						
Financial liabilities measured at FVTPL						
Derivative liabilities held-for trading	1,165,337	Black-Scholes model, Hull-White 1 factor model, Hull-White 2 factor model, DCF model, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, Exchange rate, interest rate, CDS premium, correlation, Swap yield curve, volatility of swaption, correlation between valuation models, etc.	Volatility, correlation	Volatility: 0~100% Correlation: -1~+1	Volatility : Positive Correlation : Positive (negative in some cases)
Financial liabilities designated as measured at FVTPL	8,079,634	Black-Scholes model, Hull-White 1 factor model, DCF model, Gaussian 1 factor model, etc.	Volatility, discount rate, Stock price, exchange rate, interest rate, CDS premium, correlation, etc.	Volatility, correlation	Volatility: 0~100% Correlation: -1~+1	Volatility : Positive Correlation : Positive (negative in some cases)
Total	9,244,971					

5-2 Changes in the fair value of Level 3

Changes in the fair value of Level 3 financial instruments for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Financial assets measured at FVTPL				Financial assets measured at FVOCI		Financial liabilities designated as measured at FVTPL	Net derivative instruments	
	Debt securities	Equity securities	Loans	Others	Debt securities	Equity securities		Held-for-trading	Held-for-hedging
January 1, 2021	5,298,892	1,178,768	1,492,111	1,685,297	-	810,710	8,079,634	(518,987)	152
Increase due to business combination (*)	14,948	485	-	-	-	-	-	-	-
Net income	56,253	(36,416)	64,082	18,678	-	-	209,454	106,357	(9,276)
Other comprehensive income	-	-	-	-	-	(38,473)	(2,516)	-	-
Buy / Issue	3,461,049	1,252,384	2,275,703	11,305,075	-	1,018	4,808,344	(377,461)	-
Sell / Settlement	(3,015,651)	(1,284,467)	(1,937,195)	(11,025,126)	-	(11,698)	(6,265,628)	153,184	-
Others	3,294	156,397	4,177	-	-	-	-	-	-
December 31, 2021	5,818,785	1,267,151	1,898,878	1,983,924	-	761,557	6,829,288	(636,907)	(9,124)

(*) It includes the changes of subsidiaries incorporated as of credit provision or purchase agreements.

<December 31, 2020>

Classification	Financial assets measured at FVTPL				Financial assets measured at FVOCI		Financial liabilities designated as measured at FVTPL	Net derivative instruments	
	Debt securities	Equity securities	Loans	Others	Debt securities	Equity securities		Held-for-trading	Held-for-hedging
January 1, 2020	4,866,007	878,957	803,661	956,186	-	820,109	8,760,680	5,589	704
Increase due to business combination (*)	542,292	117,670	300,982	-	-	-	-	-	-
Net income	201,481	(45,286)	(20,393)	13,633	-	-	(178,563)	(286,796)	(552)
Other comprehensive income	-	-	-	-	-	(83,892)	(6,451)	-	-
Buy / Issue	3,014,362	1,145,292	1,627,616	6,145,147	-	79,278	6,983,182	(345,317)	-
Sell / Settlement	(3,426,618)	(890,468)	(1,219,755)	(5,429,669)	-	(4,785)	(7,479,214)	107,537	-
Others	101,368	(27,397)	-	-	-	-	-	-	-
December 31, 2020	5,298,892	1,178,768	1,492,111	1,685,297	-	810,710	8,079,634	(518,987)	152

(*) It includes the changes of subsidiaries incorporated as of credit provision or purchase agreements.

5-3 Total gains or losses recognized in profit or loss

Total gains or losses recognized in profit or loss, and the line item in profit or loss in which those gains or losses are recognized for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Total gains or losses recognized in profit or loss	The line item in profit or loss in which those gains or losses are recognized
Net gain or loss on financial instruments measured at FVTPL	208,954	(72,304)
Net gain or loss related to financial instruments designated as measured at FVTPL	(209,454)	97,614
Net gain or loss related to derivative instruments used for hedging	(9,276)	(9,124)
Total	44,154	70,116

<December 31, 2020>

Classification	Total gains or losses recognized in profit or loss	The line item in profit or loss in which those gains or losses are recognized
Net gain or loss on financial instruments measured at FVTPL	(137,361)	(49,692)
Net gain or loss related to financial instruments designated as measured at FVTPL	178,563	177,400
Net gain or loss related to derivative instruments used for hedging	(552)	451
Total	40,650	128,159

5-4 Transfer into or out between the fair value hierarchy

There are no transfers into or out of level 3 of the fair value hierarchy for the years ended December 31, 2021 and 2020.

5-5 Sensitivity

Sensitivity of the fair value measurement for the each level 3 financial instrument upon the changes in significant unobservable input, whose results are favorable and unfavorable changes in profit or loss or other comprehensive income or loss as of December 31, 2021 and 2020 are as follows (Korean won in millions):

The results of the sensitivity analysis from changes in significant unobservable in puts as of December 31, 2021 are as follows. The subjects of the sensitivity analysis are the financial assets and liabilities classified as Level 3, and the changes in fair value effect on profit or loss or other comprehensive income are classified as either favorable or unfavorable changes. The sensitivity analysis of financial instruments classified as Level 3 amount to ₩1,080,315 million and ₩1,062,052 million as of December 31, 2021 and 2020, respectively, is impossible in practice and thus are excluded. (Korean won in millions)

<December 31, 2021>

Classification	Favorable changes	Unfavorable changes
Financial assets:		
Financial instruments measured at FVTPL		
Debt securities (*3)	25,765	(25,522)
Equity securities (*2)	11,089	(10,521)
Derivative assets held-for-trading (*1)	1,630	(1,812)
Loans (*4)	6,907	(6,630)
Financial instruments designated as measured at FVTPL	11,054	(7,761)
Subtotal	56,445	(52,246)
Financial assets measured at FVOCI		
Equity securities (*2)	29,646	(22,348)
Total	86,091	(74,594)
Financial liabilities:		
Financial liabilities measured at FVPL		
Derivative liabilities held-for-trading (*1)	2,967	(2,790)
Financial liabilities designated as measured at FVTPL	8,986	(8,986)
Subtotal	11,953	(11,776)
Derivative liabilities used for hedging(*1)	287	(241)
Total	12,240	(12,017)

(*1) 1) Correlation between rates of IRS of KRW, 2) Correlation between rates of KRW-USD IRS, 3) Correlation between KRW/USD exchange rate and rate of USD IRS, 4) Correlation between stock price index and individual stock, 5) Favorable and unfavorable changes are calculated by taking 10% fluctuation of correlation within the valuation model.

(*2) Changes in fair value of equity securities are calculated by changing growth rate (0.0~1.0%) and discount rate, which are main unobservable inputs.

(*3) Changes in fair value of debt securities are calculated by changing discount rate (-1.0~1.0%), which is the main unobservable input. Favorable changes and unfavorable changes in fair value of beneficiary securities are calculated by changing discount rate of lease cash flow (-1.0~1.0%) and growth rate of selling price of real estate (-1.0~1.0%), under limited circumstances when it is consisted of real estate. However it is impossible to calculate sensitivity of beneficiary securities based on changes in inputs.

(*4) Changes in loans are calculated by changing the prices and volatility of underlying assets (-10.0~-10.0%, -10.0~10.0%, respectively), which are the main unobservable input.

<<December 31, 2020>

Classification	Favorable changes	Unfavorable changes
Financial assets:		
Financial instruments measured at FVTPL		
Debt securities (*3)	38,025	(37,710)
Equity securities (*2)	13,296	(12,352)
Derivative assets held-for-trading (*1)	1,990	(2,062)
Loans (*4)	11,573	(11,336)
Subtotal	64,884	(63,460)

Classification	Favorable changes	Unfavorable changes
Financial assets measured at FVOCI		
Equity securities (*2)	22,295	(16,365)
Derivative assets used for hedging (*1)	-	(792)
Total	87,179	(80,617)
Financial liabilities:		
Financial liabilities measured at FVPL		
Derivative liabilities held-for-trading (*1)	5,303	(5,231)
Financial liabilities designated as measured at FVTPL	5,159	(5,159)
Total	10,462	(10,390)

(*1) 1) Correlation between rates of IRS of KRW, 2) Correlation between rates of KRW-USD IRS, 3) Correlation between KRW/USD exchange rate and rate of USD IRS, 4) Correlation between stock price index and individual stock, 5) Favorable and unfavorable changes are calculated by taking 10% fluctuation of correlation within the valuation model.

(*2) Changes in fair value of equity securities are calculated by changing growth rate (0.0~1.0%) and discount rate, which are main unobservable inputs.

(*3) Changes in fair value of debt securities are calculated by changing discount rate (-1.0~1.0%), which is the main unobservable input. Favorable changes and unfavorable changes in fair value of beneficiary securities are calculated by changing discount rate of lease cash flow (-1.0~1.0%) and growth rate of selling price of real estate (-1.0~1.0%), under limited circumstances when it is consisted of real estate. However it is impossible to calculate sensitivity of beneficiary securities based on changes in inputs.

(*4) Changes in loans are calculated by changing the prices and volatility of underlying assets (-10.0~-10.0%, -10.0~10.0%, respectively), which are the main unobservable input.

5-6 Financial assets and liabilities that are not measured with fair values

The fair values of financial assets and liabilities whose fair values are not readily determinable as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Levels of the fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Cash and due from banks	2,139,052	29,267,544	–	31,406,596
Securities measured at amortized cost	3,113,948	20,312,141	–	23,426,089
Loans measured at amortized cost	–	–	336,125,757	336,125,757
Others	–	–	14,924,535	14,924,535
Total	5,253,000	49,579,685	351,050,292	405,882,977
Financial liabilities:				
Deposits	–	51,251,577	274,811,131	326,062,708
Borrowings	–	12,801,006	17,358,134	30,159,140
Debentures	–	51,400,853	2,773,206	54,174,059
Merchant banking account liabilities	–	–	2,908,280	2,908,280
Others	–	–	28,937,543	28,937,543
Total	₩ –	115,453,436	326,788,294	442,241,730

<December 31, 2020>

Classification	Levels of the fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Cash and due from banks	2,226,065	25,303,750	–	27,529,815
Securities measured at amortized cost	3,324,056	15,290,556	–	18,614,612
Loans measured at amortized cost	–	–	308,926,740	308,926,740
Others	–	–	13,526,995	13,526,995
Total	5,550,121	40,594,306	322,453,735	368,598,162
Financial liabilities:				
Deposits	–	43,104,066	253,493,893	296,597,959
Borrowings	–	9,222,459	17,242,896	26,465,355
Debentures	–	42,207,895	7,300,203	49,508,098
Merchant banking account liabilities	–	–	2,246,273	2,246,273
Others	–	–	27,413,126	27,413,126
Total	–	94,534,420	307,696,391	402,230,811

Details of fair value, valuation technique, and inputs used to develop those measurements classified into level 2 assets and liabilities that are not measured at fair value as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Cash and due from banks	29,267,544	DCF model, etc	Discount rate, credit and other spread, etc.
Securities measured at amortized cost	20,312,141	DCF model, etc	Discount rate
Total	49,579,685		
Financial liabilities:			
Deposits	51,251,577	DCF model, etc	Discount rate
Borrowings	12,801,006	DCF model, etc	Discount rate, other spread
Debentures	51,400,853	DCF model, etc	Discount rate, other spread, rate of inheritance bankruptcy
Total	115,453,436		

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Cash and due from banks	25,303,750	DCF model, etc	Discount rate, credit and other spread, etc.
Securities measured at amortized cost	15,290,556	DCF model, etc	Discount rate
Total	40,594,306		
Financial liabilities:			
Deposits	43,104,066	DCF model, etc	Discount rate
Borrowings	9,222,459	DCF model, etc	Discount rate, other spread
Debentures	42,207,895	DCF model, etc	Discount rate, other spread, rate of inheritance bankruptcy
Total	94,534,420		

Fair value, valuation method, and input variables of financial instruments disclosed as fair value though it cannot be measured as fair value and the fair value hierarchy Level 3 as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Amortized cost Loans measured at Amortized cost	336,125,757	DCF model etc.	Credit and other spread, rate of advanced redemption, etc.
Others	14,924,535	DCF model etc.	Discount rate, etc.
Total	351,050,292		
Financial liabilities:			
Deposits	274,811,131	DCF model etc.	Other spread, rate of advanced redemption, etc
Borrowings	17,358,134	DCF model etc.	Other spread, etc
Debentures	2,773,206	DCF model etc.	Other spread, rate of inheritance bankruptcy, Discount rate, etc.
Merchant banking account liabilities	2,908,280	(*)	
Others	28,937,543	DCF model etc.	Discount rate, etc.
Total	326,788,294		

(*) The carrying amount is considered fair value without applying the DCF method because it is derived from various transactions and has a relatively short or no maturity

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Amortized cost Loans measured at Amortized cost	308,926,740	DCF model etc.	Credit and other spread, rate of advanced redemption, discount rate, etc.
Others	13,526,995	DCF model etc.	Discount rate, etc.
Total	322,453,735		
Financial liabilities:			
Deposits	253,493,893	DCF model etc.	Other spread, rate of advanced redemption, discount rate
Borrowings	17,242,896	DCF model etc.	Other spread, discount rate
Debentures	7,300,203	DCF model etc.	Other spread, rate of inheritance bankruptcy, Discount rate, etc.
Merchant banking account liabilities	2,246,273	(*)	
Others	27,413,126	DCF model etc.	Discount rate, etc.
Total	307,696,391		

(*) The carrying amount is considered fair value without applying the DCF method because it is derived from various transactions and has a relatively short or no maturity

5-7 Deferred Day 1 loss

Changes in deferred Day 1 loss, for the years ended December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Beginning balance	(107,818)	(49,192)
Increase(decrease)	(89,824)	(136,343)
Profit or loss	83,645	77,717
Ending balance	(113,997)	(107,818)

5-8 Financial instruments transfer transaction

The Group has bonds sold under repurchase agreements and securities. In such transactions, financial assets were transferred but the derecognition conditions were not met, so the entire transferred assets are continuously recognized in the Group's statement of financial position. In the case of bonds sold under repurchase agreements, it is sold on the condition that it will be repurchased at a fixed price, and when the Group lends securities held by the Group, ownership of the securities is transferred, but the securities are returned at the end of the rental period, so they retain most of the risks and rewards of ownership.

Transferred financial assets and related liabilities not eliminated as a whole as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Book value	Fair value
Assets:		
Financial assets measured at FVTPL (*)	6,563,556	6,563,556
Financial assets measured at FVOCI (*)	3,988,042	3,988,042
Securities measured at amortized cost (*)	969,732	961,803
Liabilities:		
Securities sold under repurchase agreements	8,180,548	8,161,707

(*) The leased financial assets at FVTPL and FVOCI and leased securities measured at amortized cost, of which related liabilities are not recognized, amounting to ₩49,906 million ₩2,538,542 million and ₩59,586 million, respectively, as of December 31, 2021, are included.

<December 31, 2020>

Classification	Book value	Fair value
Assets:		
Financial assets measured at FVTPL	5,664,048	5,664,048
Financial assets measured at FVOCI (*)	2,746,558	2,746,558
Securities measured at amortized cost (*)	581,617	601,707
Liabilities:		
Securities sold under repurchase agreements	7,283,399	7,256,385

(*) The leased financial assets at FVTPL and FVOCI and leased securities measured at amortized cost, of which related liabilities are not recognized, amounting to ₩50,221 million ₩1,053,479 million and ₩90,035 million, respectively, as of December 31, 2020, are included.

6. Fair value of financial instruments

Details of carrying amount and fair value of financial instruments as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021		December 31, 2020	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Cash and due from banks	31,406,596	31,406,596	₩ 27,529,815	27,529,815
Financial assets measured at FVTPL	38,718,285	38,718,285	43,133,717	43,133,717
Financial assets measured at FVOCI	39,473,529	39,473,529	36,165,388	36,165,388
Securities measured at amortized cost	23,769,017	23,426,089	18,376,657	18,614,612
Loans measured at amortized cost	337,349,273	336,125,757	308,791,815	308,926,740
Derivative assets used for hedging	77,507	77,507	141,463	141,463
Merchant banking account asset	4,741,939	4,741,939	3,465,306	3,465,306
Others	14,924,144	14,924,535	13,527,142	13,526,995
Total	490,460,290	488,894,237	451,131,303	451,504,036
Financial liabilities:				
Financial liabilities measured at FVTPL	6,772,300	6,772,300	10,859,818	10,859,818
Financial liabilities designated as measured at FVTPL	9,104,623	9,104,623	9,802,701	9,802,701
Deposits	325,149,095	326,062,708	295,509,614	296,597,959
Borrowings	30,261,598	30,159,140	26,494,316	26,465,355
Debentures	54,476,161	54,174,059	48,761,838	49,508,098
Derivative liabilities used for hedging	118,599	118,599	34,737	34,737
Merchant banking account liabilities	2,908,280	2,908,280	2,246,273	2,246,273
Others	28,951,207	28,937,543	27,411,469	27,413,126
Total	457,741,863	458,237,252	₩ 421,120,766	422,928,067

The following standards are applied in measuring the fair value of financial instruments

- Loans measured at Amortized cost: Expected cash flows, current market interest rates and discount rates including borrowers' credit risks are factors to calculate the fair value of loans. For lines of credit and loans that have a short term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value.
- Financial investment assets: The fair value of securities measured at amortized cost are as stated by the market, broker, or by credible sources. If none of the information from these entities is usable, published market price of financial instruments with similar credit rating, maturity, and ROI is used to estimate the fair value.
- Deposits: For deposits without an explicit maturity period including deposits with no interests, deposits that have a short term maturity (less than three months), and deposits with a floating rate readjustment period of less than three months, it is assumed that the carrying amounts approximate to their fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

d. Borrowings: For borrowings that have a short term maturity (less than three months) and borrowings with floating rate readjustment period of less than three months, it is assumed that the carrying amounts approximate to their fair value. The estimated fair value of fixed interest bearing borrowings is based on and discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

e. Debentures: For quoted debt issued, the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

7. Categories of financial assets and financial liabilities

Categories of financial assets and financial liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Derivatives for hedging	Total
Financial assets					
Cash and due from banks	-	-	31,406,596	-	31,406,596
Financial assets measured at FVTPL	38,718,285	-	-	-	38,718,285
Financial assets measured at FVOCI	-	39,473,529	-	-	39,473,529
Securities measured at amortized cost	-	-	23,769,017	-	23,769,017
Loans measured at amortized cost	-	-	337,349,273	-	337,349,273
Derivative assets used for hedging	-	-	-	77,507	77,507
Merchant banking account asset	4,741,939	-	-	-	4,741,939
Others	-	-	14,924,144	-	14,924,144
Total	43,460,224	39,473,529	407,449,030	77,507	490,460,290

Classification	Financial liabilities measured at FVTPL	Financial liabilities designated as measured at FVTPL	Financial liabilities measured at amortized cost	Derivatives for hedging	Total
Financial liabilities					
Financial liabilities measured at FVTPL	6,772,300	-	-	-	6,772,300
Financial liabilities designated as measured at FVTPL	-	9,104,623	-	-	9,104,623
Deposits	-	-	325,149,095	-	325,149,095
Borrowings	-	-	30,261,598	-	30,261,598
Debentures	-	-	54,476,161	-	54,476,161
Derivative liabilities used for hedging	-	-	-	118,599	118,599
Merchant banking account liabilities	-	-	2,908,280	-	2,908,280
Others	-	-	28,951,207	-	28,951,207
Total	6,772,300	9,104,623	441,746,341	118,599	457,741,863

<December 31, 2020>

Classification	Financial assets measured at FVTPL	Financial assets measured at FVOCI	Financial assets measured at amortized cost	Derivatives for hedging	Total
Financial assets					
Cash and due from banks	-	-	27,529,815	-	27,529,815
Financial assets measured at FVTPL	43,133,717	-	-	-	43,133,717
Financial assets measured at FVOCI	-	36,165,388	-	-	36,165,388
Securities measured at amortized cost	-	-	18,376,657	-	18,376,657
Loans measured at amortized cost	-	-	308,791,815	-	308,791,815
Derivative assets used for hedging	-	-	-	141,463	141,463
Merchant banking account asset	3,465,306	-	-	-	3,465,306
Others	-	-	13,527,142	-	13,527,142
Total	46,599,023	36,165,388	368,225,429	141,463	451,131,303

Classification	Financial liabilities measured at FVTPL	Financial liabilities designated as measured at FVTPL	Financial liabilities measured at amortized cost	Derivatives for hedging	Total
Financial liabilities					
Financial liabilities measured at FVTPL	10,859,818	-	-	-	10,859,818
Financial liabilities designated as measured at FVTPL	-	9,802,701	-	-	9,802,701
Deposits	-	-	295,509,614	-	295,509,614
Borrowings	-	-	26,494,316	-	26,494,316
Debentures	-	-	48,761,838	-	48,761,838
Derivative liabilities used for hedging	-	-	-	34,737	34,737
Merchant banking account liabilities	-	-	2,246,273	-	2,246,273
Others	-	-	27,411,469	-	27,411,469
Total	10,859,818	9,802,701	400,423,510	34,737	421,120,766

8. Offsetting financial assets and liabilities

The Group engage in Master netting arrangement contracts with counterparties through International Derivatives Swaps and Dealers Association (ISDA) or similar agreements in relation to over-the-counter derivatives and spot exchange transactions. Under this agreement, in the event of a credit case such as the counterparty's bankruptcy, the transaction with the counterparty will be terminated, and at the time of termination, the amount paid or received by each party is offset and paid or received. Bonds purchased under resale agreements and Securities loan transaction has been made offsetting arrangement which is similar derivatives offsetting arrangement. In the case of unpaid domestic exchange bonds and unpaid domestic exchange obligations that deal with bonds and debts arising from domestic exchange transactions between banks, the Group holds the right to netting and pays in a net amount, it is displayed in the statement of financial position based on the amount after offsetting. Other financial instruments include bonds and debts related to securities traded in the market, and are marked on the statement of financial position based on the amount after netting as they hold legal offsetting rights and pay in net amounts.

8-1 Details of financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset	Net amounts of financial assets presented in the financial statements	Related amounts not off set in the statement of financial position		Net amount
				Financial instruments (*)	Cash collateral	
Derivatives	5,280,303	-	5,280,303	(3,856,516)	(238,492)	1,185,295
Securities lent	2,648,033	-	2,648,033	(2,648,033)	-	-
Bonds purchased under resale agreement	11,676,882	-	11,676,882	(11,676,882)	-	-
Unsettled spot exchanges	7,936,381	-	7,936,381	(7,930,650)	-	5,731
Domestic exchange settlement debts	36,861,598	(33,077,374)	3,784,224	-	-	3,784,224
Other accounts receivable	1,090,665	(428,851)	661,814	-	-	661,814
Total	65,493,862	(33,506,225)	31,987,637	(26,112,081)	(238,492)	5,637,064

(*) The rights to offset exist only in case of default, insolvency or bankruptcy. Accordingly, the amounts are not offset in the statement of financial position as they do not meet the criteria for offsetting.

<December 31, 2020>

Classification	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset	Net amounts of financial assets presented in the financial statements	Related amounts not off set in the statement of financial position		Net amount
				Financial instruments (*)	Cash collateral	
Derivatives	10,949,782	(135,660)	10,814,122	(7,735,047)	(1,220,082)	1,858,993
Securities lent	1,193,735	-	1,193,735	(1,193,735)	-	-
Bonds purchased under resale agreement	12,369,466	-	12,369,466	(12,369,466)	-	-
Unsettled spot exchanges	6,223,651	-	6,223,651	(6,218,704)	-	4,947
Domestic exchange settlement debts	26,352,865	(23,565,466)	2,787,399	-	-	2,787,399
Other accounts receivable	1,371,969	(626,147)	745,822	-	-	745,822
Total	58,461,468	(24,327,273)	34,134,195	(27,516,952)	(1,220,082)	5,397,161

(*) The rights to offset exist only in case of default, insolvency or bankruptcy. Accordingly, the amounts are not offset in the statement of financial position as they do not meet the criteria for offsetting.

8-2 Details of financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset	Net amounts of financial liabilities presented in the financial statements	Related amounts not off set in the statement of financial position		Net amount
				Financial instruments (*)	Cash collateral	
Derivatives	5,806,970	-	5,806,970	(4,533,548)	(246,815)	1,026,607
Bonds sold under repurchase agreements	8,180,548	-	8,180,548	(8,180,548)	-	-
Unsettled spot exchanges	7,935,821	-	7,935,821	(7,930,656)	-	5,165
Domestic exchange settlement credit	39,250,072	(33,077,374)	6,172,698	(6,172,698)	-	-
Other accounts payable	1,099,653	(428,851)	670,802	-	-	670,802
Securities lent	882,866	-	882,866	(882,866)	-	-
Total	63,155,930	(33,506,225)	29,649,705	(27,700,316)	(246,815)	1,702,574

<December 31, 2020>

Classification	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset	Net amounts of financial liabilities presented in the financial statements	Financial instruments (*)	Cash collateral	Net amount
Derivatives	10,614,221	(135,661)	10,478,560	(8,304,126)	(430,686)	1,743,748
Bonds sold under repurchase agreements	7,283,399	-	7,283,399	(7,283,399)	-	-
Unsettled spot exchanges	6,223,975	-	6,223,975	(6,218,777)	-	5,198
Domestic exchange settlement credit	27,654,736	(23,565,466)	4,089,270	(4,085,686)	-	3,584
Other accounts payable	1,367,681	(626,147)	741,534	-	-	741,534
Securities lent	165,661	-	165,661	(165,661)	-	-
Total	53,309,673	(24,327,274)	28,982,399	(26,057,649)	(430,686)	2,494,064

(*) The rights to offset exist only in case of default, insolvency or bankruptcy. Accordingly, the amounts are not offset in the statement of financial position as they do not meet the criteria for offsetting.

9. Risk management

The Group is exposed to credit risk, liquidity risk, market risk and operational risk of its financial instruments. Risk management is the basic activities to use the Group's limited capital effectively under the rapidly changing financial circumstances. The ultimate goal of risk management is to maximize the Group's shareholder value with minimizing the sudden fluctuation of its income through a proper balance between risks and returns.

To keep the consistent risk management on a group level basis, the Group establishes and manages the group risk management policies and each of its subsidiaries also establishes its own risk management systems and policies suitable for the subsidiaries' industry through the risk committees and workinglevel councils under the group risk management policies. The Group identifies improvements by diagnosing the subsidiaries' risk management performance if necessary, and continuously enforces the subsidiaries' risk management activities to make them reflect the improvements.

The Group risk management committee is the top decision-making organization of the group risk management and has responsibilities to establish and monitor risk management strategies and policies, allowable risk limits and investment limits, and capital allocation, which are required to be managed on a group level basis. The subsidiaries' risk management committees (or board of directors) are responsible for its own risk management strategies, policies and monitoring. If necessary, the group risk management committee or group risk management execution committee can apply separate risk management standards considering distinct characteristics of each subsidiary.

9-1 Credit risk

9-1-1 Credit risk management

Credit risk is the risk that the Group will incur a loss because its customers' or counterparties' credit rating goes down or fail to discharge their contractual obligations. Credit risk is the highest risk exposed to the Group. Credit risk arises from on-balance and off-balance accounts including loans, financial guarantees, securities and derivatives. The purpose of managing credit risk is to control the relevant losses upon counterparties' default, for a certain period, with in the allowable range.

The Group's group risk management committee and group risk management execution committee examines its credit risk on a regular basis. The Group continuously monitors whether credit limits set for each individual, corporation, borrower, subsidiary and major shareholder are compiled and reviews the subsidiaries' asset quality. The Group also checks the status of change of risk exposure, residual limit, profitability, delinquency rate and change of loan loss provision, etc. at least on a quarterly basis.

The Group classifies expected loss and unexpected loss calculating the credit risk. The expected loss is assessed based on estimated LGD (Loss Given Default). The LGD is calculated by using EAD (Exposure at Default), estimated PD (Probability of Default), which is based on a historical default rate, and historical collection rate. The assessed expected loss is reflected on the interest rates on new or rolled over loans and loan loss provision. The unexpected loss, which means a potential volatility between estimate loss and actual loss, is estimated as a credit risk exposure of a portfolio using statistical models. The unexpected loss is used for the Group's internal management purpose.

9-1-2 Degree of exposure to credit risk

The maximum exposure to credit risk as of December 31, 2021 and 2020 are as follows. The following table shows the maximum exposure to credit risk for the items in the statement of financial position, including derivatives, by geography of counterparty and by industry before the effect of mitigation through the use of master netting and collateral agreements. Equity securities in financial assets measured at FVTPL and financial assets held-for-trading, financial assets measured at FVOCI are excluded (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
On-balance-sheet items		
Due from banks	29,375,449	25,330,834
Financial assets measured at FVTPL		
Debt securities	27,939,273	27,840,620
Derivative assets measured at FVTPL	5,288,975	10,789,275
Loans	1,898,878	1,492,111
Others	1,983,924	1,685,297
Subtotal	37,111,050	41,807,303
Financial assets measured at FVOCI	38,385,390	34,883,331
Securities measured at amortized cost	23,769,017	18,376,657
Derivative assets used for hedging	77,507	141,463
Loans measured at amortized cost	337,349,273	308,791,815
Merchant banking account asset	4,741,939	3,465,306
Others	14,924,144	13,527,142
Total	485,733,769	446,323,851
Off-balance-sheet items		
Financial guarantees	1,451,843	2,156,627
Guarantee contracts	16,433,918	13,698,873
Commitment	118,472,476	116,526,573
Commitment to merchant banking account	790,000	950,000
Total	137,148,237	133,332,073

9-1-3 Collateral management and credit risk mitigation

Details of collateral management and credit risk mitigation as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Impaired loan		Total
	Individual assessment	Collective assessment	
Guarantees	12,936	106,383	119,319
Deposit	90	10,593	10,683
Real estate	206,468	193,442	399,910
Securities	-	58	58
Movables and others	25,630	3,963	29,593
Total	245,124	314,439	559,563

<December 31, 2020>

Classification	Impaired loan		Total
	Individual assessment	Collective assessment	
Guarantees	22,780	90,066	112,846
Deposit	105	8,590	8,695
Real estate	313,438	202,349	515,787
Securities	-	33	33
Movables and others	4,700	26,483	31,183
Total	341,023	327,521	668,544

9-1-3-1 As of December 31, 2021 and 2020, financial assets that have collateral and do not recognize a loss allowance are ₩455,162million and ₩420,415million, respectively.

9-1-4 Credit risk exposure

9-1-4-1 Loans

As of December 31, 2021 and 2020 carrying amounts of debt securities by internal credit rating in accordance with the loss allowance measurement method are as follows (Korean won in millions):

<December 31, 2021>

Classification	12-month expected credit loss	Lifetime expected credit loss		Subject to the application of credit-impaired approach	Total
		Non credit-impaired loan	Credit-impaired loans		
Household loans					
Grade 1	₩ 105,546,439	19,132,518	-	-	124,678,957
Grade 2	8,603,470	5,547,758	-	-	14,151,228
Grade 3	94,255	141,541	355,748	-	591,544
Unrated (*)	2,354,909	700	5,931	-	2,361,540
Subtotal	116,599,073	24,822,517	361,679	-	141,783,269
Corporate loans					
Grade 1	113,400,972	2,694,780	-	-	116,095,752
Grade 2	58,317,326	9,959,224	-	-	68,276,550
Grade 3	240,056	2,131,950	683,009	1,369,499	4,424,514
Unrated (*)	256,190	10,000	-	-	266,190
Subtotal	172,214,544	14,795,954	683,009	1,369,499	189,063,006
Credit Card loans					
Grade 1	3,362,392	93,494	-	-	3,455,886
Grade 2	3,988,964	383,003	-	-	4,371,967
Grade 3	3,049	43,528	127,519	-	174,096
Subtotal	7,354,405	520,025	127,519	-	8,001,949
Total	₩ 296,168,022	40,138,496	1,172,207	1,369,499	338,848,224

(*) The amounts of items that are internally unrated

<December 31, 2020>

Classification	12-month expected credit loss	Lifetime expected credit loss		Subject to the application of credit-impaired approach	Total
		Non credit-impaired loan	Credit-impaired loans		
Household loans					
Grade 1	₩ 106,946,346	16,670,047	-	-	123,616,393
Grade 2	5,905,988	2,200,039	-	-	8,106,027
Grade 3	44,967	124,832	289,698	-	459,497
Unrated (*)	1,566,888	359	6,940	-	1,574,187
Subtotal	114,464,189	18,995,277	296,638	-	133,756,104

Classification	12-month expected credit loss	Lifetime expected credit loss		Subject to the application of credit-impaired approach	Total
		Non credit-impaired loan	Credit-impaired loans		
Corporate loans					
Grade 1	101,002,672	2,089,254	-	-	103,091,926
Grade 2	54,871,473	6,326,103	-	-	61,197,576
Grade 3	133,741	2,045,943	827,451	1,361,444	4,368,579
Unrated (*)	264,578	-	11,239	-	275,817
Subtotal	156,272,464	10,461,300	838,690	1,361,444	168,933,898
Credit Card loans					
Grade 1	3,580,031	305,112	-	-	3,885,143
Grade 2	3,025,533	355,664	-	-	3,381,197
Grade 3	1,011	35,891	164,852	-	201,754
Subtotal	6,606,575	696,667	164,852	-	7,468,094
Total	₩ 277,343,228	30,153,244	1,300,180	1,361,444	310,158,096

(*) The amounts of items that are internally unrated

The above book amount does not reflect the loan origination deferred asset, provision for loss and present value discount.

The credit rating classification of the loans for the years ended December 31, 2021 and 2020 are as follows:

<December 31, 2021>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less or equal to 0.58% of PD	Less or equal to 0.51% of PD	Less or equal to 2.56% of PD
Grade 2	Less or equal to 30.72% of PD	Less or equal to 10.99% of PD	Less or equal to 25.64% of PD
Grade 3	From 30.72% to 100% of PD	From 10.99% to 100% of PD	From 25.64% to 100% of PD

<December 31, 2020>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less or equal to 1.53% of PD	Less or equal to 0.58% of PD	Less or equal to 2.06% of PD
Grade 2	Less or equal to 34.35% of PD	Less or equal to 13.69% of PD	Less or equal to 25.89% of PD
Grade 3	From 34.35% to 100% of PD	From 13.69% to 100% of PD	From 25.89% to 100% of PD

9-1-4-2 Off-balance-sheet items

As of December 31, 2021 and 2020, exposures of off-balance-sheet items by internal credit rating in accordance with the loss allowance measurement method are as follows (Korean won in millions):

<December 31, 2021>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired loans	Credit-impaired loans	
Financial guarantees				
Grade 1	1,218,378	55,091	-	1,273,469
Grade 2	147,773	26,447	-	174,220
Grade 3	-	4,150	4	4,154
Subtotal	1,366,151	85,688	4	1,451,843
Guarantee contracts				
Grade 1	11,705,587	1,075,730	-	12,781,317
Grade 2	2,740,338	588,344	-	3,328,682
Grade 3	8	297,838	26,073	323,919
Subtotal	14,445,933	1,961,912	26,073	16,433,918
Commitment				
Grade 1	96,936,886	5,210,937	-	102,147,823
Grade 2	12,650,113	3,169,877	-	15,819,990
Grade 3	8,622	304,186	32,681	345,489
Unrated (*)	159,174	-	-	159,174
Subtotal	109,754,795	8,685,000	32,681	118,472,476
Total	125,566,879	10,732,600	58,758	136,358,237

(*) The amounts of items that are internally unrated

<December 31, 2020>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired loans	Credit-impaired loans	
Financial guarantees				
Grade 1	1,617,314	93,930	-	1,711,244
Grade 2	413,478	27,308	-	440,786
Grade 3	4,597	-	-	4,597
Subtotal	2,035,389	121,238	-	2,156,627
Guarantee contracts				
Grade 1	9,762,223	528,103	-	10,290,326
Grade 2	2,557,372	439,826	-	2,997,198
Grade 3	981	368,396	41,972	411,349
Subtotal	12,320,576	1,336,325	41,972	13,698,873
Commitment				
Grade 1	95,005,024	5,637,196	-	100,642,220
Grade 2	12,443,723	2,930,428	-	15,374,151
Grade 3	6,252	354,444	46,110	406,806
Unrated (*)	103,396	-	-	103,396
Subtotal	107,558,395	8,922,068	46,110	116,526,573
Total	121,914,360	10,379,631	88,082	132,382,073

(*) The amounts of items that are internally unrated

The credit rating classification of the off-balance-sheet items is as follows for the years ended December 31, 2021 and 2020.

<December 31, 2021>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less or equal to 0.58% of PD	Less or equal to 0.51% of PD	Less or equal to 2.56% of PD
Grade 2	Less or equal to 30.72% of PD	Less or equal to 10.99% of PD	Less or equal to 25.64% of PD
Grade 3	From 30.72% to 100% of PD	From 10.99% to 100% of PD	From 25.64% to 100% of PD

<December 31, 2020>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less or equal to 1.53% of PD	Less or equal to 0.58% of PD	Less or equal to 2.06% of PD
Grade 2	Less or equal to 34.35% of PD	Less or equal to 13.69% of PD	Less or equal to 25.89% of PD
Grade 3	From 34.35% to 100% of PD	From 13.69% to 100% of PD	From 25.89% to 100% of PD

9-1-5 Internal credit rating of debt securities

9-1-5-1 As of December 31, 2021 and 2020, the carrying amounts of debt securities by internal credit rating in accordance with the loss allowance measurement method are as follows (Korean won in millions):

<December 31, 2021>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired loans	Credit-impaired loans	
Financial assets measured at FVOCI				
Grade 1	38,385,390	–	–	38,385,390
Subtotal	38,385,390	–	–	38,385,390
Financial assets measured at amortized cost				
Grade 1	23,618,738	–	–	23,618,738
Grade 2	76,096	68,827	–	144,923
Grade 3	–	25,113	–	25,113
Subtotal	23,694,834	93,940	–	23,788,774
Total	62,080,224	93,940	–	62,174,164

<December 31, 2020>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired loans	Credit-impaired loans	
Financial assets measured at FVOCI				
Grade 1	34,883,331	-	-	34,883,331
Subtotal	34,883,331	-	-	34,883,331
Financial assets measured at amortized cost				
Grade 1	18,386,747	-	-	18,386,747
Subtotal	18,386,747	-	-	18,386,747
Total	53,270,078	-	-	53,270,078

The credit ratings of debt securities based on the internal rating used by Hana bank and credit ratings by external credit rating agencies are as follows.

Classification	Internal credit rating	Domestic rating agencies	Overseas rating agencies	
			Moody's	Fitch
Grade 1	A1 ~ A7	AAA ~ BBB	Aaa ~ Ba2	AAA ~ BB
Grade 2	B1 ~ B6	BBB- ~ BB-	Ba3 ~ B3	BB- ~ B-
Grade 3	C1 ~ C3	BB+ ~ CCC	Caa1 ~ C	CCC+ ~ C

9-1-6 Credit risk concentration

9-1-6-1 Credit risk concentration in each major industry as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	Industry	December 31, 2021		December 31, 2020	
		Amounts	Ratio(%)	Amounts	Ratio(%)
On-balance-sheet items					
Due from banks	Financial services	29,375,449	100.0	25,330,834	100.0
Financial assets measured at FVTPL (*)	Financial services	22,855,396	61.6	27,423,488	65.6
	Manufacturing	2,315,583	6.2	2,256,874	5.4
	Public administration	3,705,198	10.0	4,141,944	9.9
	Construction	8,829	-	175,151	0.4
	Wholesale & retail	214,002	0.6	331,448	0.8
	Others	8,012,042	21.6	7,478,398	17.9
	Subtotal	37,111,050	100.0	41,807,303	100.0
	Financial assets measured at FVOCI	Financial services	19,322,185	50.3	16,615,268
Manufacturing		273,971	0.7	136,413	0.4
Public administration		14,754,866	38.4	14,662,927	42.0
Construction		337,319	0.9	284,603	0.8
Wholesale & retail		133,056	0.3	43,101	0.1
Others		3,563,993	9.4	3,141,019	9.1
Subtotal		38,385,390	100.0	34,883,331	100.0
Securities measured at amortized cost	Financial services	9,904,454	41.7	9,121,248	49.6
	Manufacturing	84,749	0.4	34,546	0.2
	Public administration	7,987,248	33.6	5,103,812	27.8
	Construction	204,833	0.9	250,018	1.4
	Others	5,607,490	23.5	3,877,123	21.1
	Subtotal	23,788,774	100.1	18,386,747	100.1
	Allowance for credit loss	(19,757)	(0.1)	(10,090)	(0.1)
	Total	23,769,017	100.0	18,376,657	100.0
Derivative assets used for hedging	Financial services	77,507	100.0	140,380	99.2
	Manufacturing	-	-	304	0.2
	Others	-	-	779	0.6
	Subtotal	77,507	100.0	141,463	100.0

Classification	Industry	December 31, 2021		December 31, 2020	
		Amounts	Ratio(%)	Amounts	Ratio(%)
Loans measured at amortized cost	Household loans	141,783,269	42.0	133,756,104	43.3
	Credit card loans	8,001,949	2.4	7,468,094	2.4
	Corporate loans				
	Manufacturing	44,901,226	13.3	42,112,572	13.6
	Construction	4,104,014	1.2	3,595,727	1.2
	Wholesale & retail	22,244,449	6.6	18,997,088	6.2
	Financial services	22,848,839	6.8	21,879,009	7.1
	Real estate rental	44,839,185	13.3	38,768,504	12.6
	Others	50,125,293	14.8	43,580,998	14.0
	Subtotal	338,848,224	100.4	310,158,096	100.4
	Deferred loan fees	420,682	0.1	407,149	0.1
	Present value discount	(5,231)	-	(2,957)	-
	Provision for loss	(1,914,402)	(0.5)	(1,770,473)	(0.5)
	Subtotal	(1,498,951)	(0.4)	(1,366,281)	(0.4)
	Total	337,349,273	100.0	308,791,815	100.0
Merchant banking account	Financial services	668,878	14.1	991,046	28.6
	Manufacturing	49,827	1.1	49,903	1.4
	Wholesale & retail	119,976	2.5	-	-
	Real estate rental	1,208,226	25.5	829,705	23.9
	Others	2,695,032	56.8	1,594,652	46.1
	Subtotal	4,741,939	100.0	3,465,306	100.0
Total		470,809,625		432,796,709	
Off-balance-sheet items					
Financial guarantees	Manufacturing	170,742	11.8	237,531	11.0
	Construction	4,083	0.3	47,538	2.2
	Wholesale & retail	48,765	3.4	66,786	3.1
	Financial services	652,535	44.9	394,237	18.3
	Real estate rental	138,890	9.6	153,688	7.1
	Others	436,828	30.0	1,256,847	58.3
	Subtotal	1,451,843	100.0	2,156,627	100.0
Guarantee contracts	Household loans	19,369	0.1	57,352	0.4
	Manufacturing	9,410,325	57.3	7,911,867	57.8
	Construction	1,602,680	9.8	1,411,452	10.3
	Wholesale & retail	3,264,298	19.9	1,062,535	7.8
	Financial services	802,350	4.9	1,543,619	11.3
	Real estate rental	149,210	0.9	111,833	0.8
	Others	1,185,686	7.1	1,600,215	11.6
	Subtotal	16,433,918	100.0	13,698,873	100.0

Classification	Industry	December 31, 2021		December 31, 2020	
		Amounts	Ratio(%)	Amounts	Ratio(%)
Commitment	Household loans	51,108,539	43.1	53,212,610	45.7
	Manufacturing	27,245,050	23.0	25,645,138	22.0
	Construction	2,542,532	2.1	2,493,568	2.1
	Wholesale & retail	8,613,975	7.3	7,654,699	6.6
	Financial services	8,602,102	7.3	8,533,170	7.3
	Real estate rental	4,142,299	3.5	3,311,379	2.8
	Others	16,217,979	13.7	15,676,009	13.5
	Subtotal	118,472,476	100.0	116,526,573	100.0
Merchant banking account	Financial services	460,000	58.2	510,000	53.7
	Manufacturing	50,000	6.3	80,000	8.4
	Wholesale & retail	130,000	16.5	260,000	27.4
	Real estate rental	100,000	12.7	60,000	6.3
	Others	50,000	6.3	40,000	4.2
	Subtotal	790,000	100.0	950,000	100.0
Total		137,148,237		133,332,073	

(*) Financial assets measured at FVTPL consist of debt securities and loans.

9-1-6-2 Credit risk concentration in each country as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	Country	December 31, 2021		December 31, 2020	
		Amounts	Ratio(%)	Amounts	Ratio(%)
On balance accounts:					
Due from banks	Korea	21,769,253	74.1	17,538,691	69.2
	U.S	619,767	2.1	1,910,954	7.5
	China	1,133,907	3.9	1,123,704	4.4
	Japan	1,844,472	6.3	359,361	1.4
	Singapore	246,342	0.8	369,493	1.5
	Hong Kong	123,637	0.4	154,960	0.6
	U.K	54,880	0.2	-	-
	Others	3,583,191	12.2	3,873,671	15.4
	Subtotal	29,375,449	100.0	25,330,834	100.0

Classification	Country	December 31, 2021		December 31, 2020	
		Amounts	Ratio(%)	Amounts	Ratio(%)
Financial assets measured at FVTPL (*)	Korea	32,172,436	86.7	33,217,407	79.5
	U.S	2,164,344	5.8	2,601,321	6.2
	China	14,802	-	29,157	0.1
	Japan	152,774	0.4	346,098	0.8
	Singapore	36,475	0.1	18,374	-
	Hong Kong	42,795	0.1	100,956	0.2
	U.K	251,772	0.7	230,177	0.6
	Others	2,275,652	6.2	5,263,813	12.6
	Subtotal	37,111,050	100.0	41,807,303	100.0
Financial assets measured at FVOCI	Korea	33,079,714	86.2	29,491,427	84.5
	U.S	596,427	1.6	269,774	0.8
	China	2,195,189	5.7	2,333,428	6.7
	Japan	13,460	-	48,639	0.1
	Hong Kong	103,977	0.3	138,822	0.4
	Australia	35,249	0.1	-	-
	France	56,571	0.1	77,482	0.2
	Others	2,304,803	6.0	2,523,759	7.3
	Subtotal	38,385,390	100.0	34,883,331	100.0
Securities measured at amortized cost	Korea	21,614,683	90.9	17,438,440	94.9
	U.S	540,728	2.3	103,830	0.6
	China	131,144	0.6	113,084	0.6
	Others	1,502,220	6.3	731,393	4.0
	Subtotal	23,788,775	100.1	18,386,747	100.1
	Allowance for credit loss	(19,758)	(0.1)	(10,090)	(0.100)
	Total	23,769,017	100.0	18,376,657	100.0
Derivative assets used for hedging	Korea	20,590	26.6	39,902	28.2
	U.S	86	0.1	182	0.1
	Hong Kong	2,177	2.8	339	0.2
	U.K	273	0.4	-	-
	Philippines	-	-	1,130	0.8
	Others	54,381	70.1	99,910	70.7
	Subtotal	77,507	100.0	141,463	100.0

Classification	Country	December 31, 2021		December 31, 2020	
		Amounts	Ratio(%)	Amounts	Ratio(%)
Loans measured at amortized cost	Korea	311,205,550	92.3	286,368,036	92.7
	U.S	4,263,906	1.3	3,180,983	1.0
	China	6,107,149	1.8	4,707,307	1.5
	Japan	1,840,661	0.5	1,774,538	0.6
	Hong Kong	2,359,165	0.7	2,253,697	0.7
	Others	13,071,793	3.8	11,873,535	3.9
	Subtotal	338,848,224	100.4	310,158,096	100.4
	Deferred loan fees and expenses	420,682	0.1	407,149	0.1
	Present value discount	(5,231)	-	(2,957)	-
	Allowance for possible loan losses	(1,914,402)	(0.5)	(1,770,473)	(0.5)
Merchant banking accounts asset	Subtotal	(1,498,951)	(0.4)	(1,366,281)	(0.4)
	Total	337,349,273	100.0	308,791,815	100.0
	Korea	4,741,939	100.0	3,465,306	100.0
	Total	470,809,625		432,796,709	
Off-balance accounts:					
Financial guarantees	Korea	1,451,843	100.0	2,156,627	100.0
	Subtotal	13,097,487	79.7	9,819,333	71.7
Guarantee contracts	U.S	26,714	0.2	69,885	0.5
	China	1,822,912	11.1	2,193,753	16.0
	Japan	29,602	0.2	26,743	0.2
	Others	1,457,203	8.8	1,589,159	11.6
	Subtotal	16,433,918	100.0	13,698,873	100.0
	Commitment	114,407,903	96.6	111,397,974	95.6
Merchant banking accounts	U.S	293,350	0.2	416,905	0.4
	China	623,483	0.5	2,415,127	2.1
	Japan	272,926	0.2	265,269	0.2
	Others	2,874,814	2.5	2,031,298	1.7
	Subtotal	118,472,476	100.0	116,526,573	100.0
Merchant banking accounts	Korea	790,000	100.0	950,000	100.0
	Total	137,148,237		133,332,073	

(*) Financial assets measured at FVTPL consist of debt securities and loans.

9-1-7 Details of the Group's corporate loans by industry affected by the spread of COVID-19 as of December 31, 2021 and 2020 are as follows. The effect on the industries may vary significantly based on future economic conditions.

Household loan debtors subject to measurement of lifetime expected credit loss as disclosed in Note 9-1-4-1, may be impacted by the spread of COVID-19. The effect may vary significantly based on future economic conditions. (Korean won in millions):

<December 31, 2021>

Industry	Financial assets at FVPL	Financial assets at FVOCI	Securities measured at amortized cost	Loans at amortized cost	Off-balance sheet items	Total
Air transportation	118,276	-	-	559,471	290,076	967,823
Lodging	377,220	-	-	3,235,904	406,478	4,019,602
Food	4,302	-	-	5,276,673	209,605	5,490,580
Automobile	429,609	9,849	13,379	6,587,129	5,060,751	12,100,717
Petroleum refining	181,251	9,728	-	819,014	2,424,649	3,434,642
Travel	301	-	-	172,308	60,374	232,983
Total	1,110,959	19,577	13,379	16,650,499	8,451,933	26,246,347

<December 31, 2020>

Industry	Financial assets at FVPL	Financial assets at FVOCI	Securities measured at amortized cost	Loans at amortized cost	Off-balance sheet items	Total
Air transportation	97,845	-	-	542,293	670,841	1,310,979
Lodging	314,804	-	-	3,211,611	303,843	3,830,258
Food	1,284	-	-	4,219,340	238,925	4,459,549
Automobile	116,555	-	12,347	6,168,455	4,848,850	11,146,207
Petroleum refining	37,349	9,980	-	460,588	2,659,204	3,167,121
Travel	-	-	-	120,369	48,078	168,447
Total	567,837	9,980	12,347	14,722,656	8,769,741	24,082,561

9-2 Liquidity risk

9-2-1 Liquidity risk management

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The purpose to manage liquidity risk is to early identify the potential risk factors upon raising and operating the Group's funds and to obtain a stable revenue base through maintaining an appropriate level of the Group's liquidity by systematically managing the risk. The targets of liquidity risk management are all assets and liabilities outstanding in the Group's statements of financial position.

The Group's principles regarding liquidity risk management are as follows:

- Set up and comply with tolerable limits to liquidity risk
- Maintain liquidity by regularly forecasting cash requirements on a regular basis

Each associate assesses and manages liquidity coverage ratios (LCR) and liquidity ratio of the relevant assets and liabilities by applying the relevant supervisory regulations. The Group manages an acceptable limit on each associate's liquidity risk through the group risk management executive committee and performs liquidity stress test periodically and establishes a contingent funding plan based on the test results to be prepared for liquidity crisis.

9-2-2 Maturity of financial instruments analysis

9-2-2-1 Reporting standard

The details of the remaining contractual maturities of financial liabilities are analyzed by the earliest maturity date when the Group would be required to pay, based on the undiscounted cash outflows of the Group's financial liabilities. In addition, financial liabilities at fair value through profit or loss and depository liabilities (payment on demand) are shown at fair value in the immediate payment column.

9-2-2-2 Maturity of the financial liabilities

The table below summarizes the maturity profile of the contractual undiscounted cash flows of the Group's financial liabilities. The maturity of financial liabilities as of December 31, 2021 and 2020 is summarized as follows (Korean won in millions):

<December 31, 2021>

Classification	On demand	Within 1 month	After 1 month ~ but no later than 3 months	After 3 months ~ but no later than 1 year	After 1 year ~ but no later than 5 years	After 5 years	Total
On balance accounts:							
Financial liabilities measured at FVTPL	6,772,300	-	-	-	-	-	6,772,300
Financial liabilities designated as measured at FVTPL	-	128,507	113,122	1,950,260	4,044,713	2,944,657	9,181,259
Deposits	168,885,302	20,824,748	32,642,988	93,004,427	9,739,702	2,084,058	327,181,225
Borrowings	5,530,618	10,622,547	3,157,158	6,672,462	3,917,418	449,091	30,349,294
Debentures	12,741	2,946,602	3,719,445	14,694,412	29,100,506	5,160,244	55,633,950
Derivative liabilities used for hedging	-	1,889	1,728	7,312	43,457	(88,970)	(34,584)
Merchant banking account liabilities	895,438	2,012,842	-	-	-	-	2,908,280
Others	7,040,521	19,106,583	121,314	336,510	794,470	307,694	27,707,092
Total	189,136,920	55,643,718	39,755,755	116,665,383	47,640,266	10,856,774	459,698,816
Off balance accounts:							
Financial guarantees	1,451,843	-	-	-	-	-	1,451,843
Acceptances and guarantees	16,433,918	-	-	-	-	-	16,433,918
Commitment	118,472,476	-	-	-	-	-	118,472,476
Commitment to merchant banking account	790,000	-	-	-	-	-	790,000
Total	137,148,237	-	-	-	-	-	137,148,237

<December 31, 2020>

Classification	On demand	Within 1 month	After 1 month ~ but no later than 3 months	After 3 months ~ but no later than 1 year	After 1 year ~ but no later than 5 years	After 5 years	Total
On balance accounts:							
Financial liabilities measured at FVTPL	10,859,818	-	-	-	-	-	10,859,818
Financial liabilities designated as measured at FVTPL	-	303,565	404,663	1,132,104	5,177,426	2,861,993	9,879,751
Deposits	147,924,038	18,861,130	29,963,166	86,931,576	11,442,498	2,401,347	297,523,755
Borrowings	7,076,841	6,653,737	3,267,376	5,780,305	3,327,429	462,318	26,568,006
Debentures	339	2,694,455	2,847,222	11,348,811	28,316,888	4,555,090	49,762,805
Derivative liabilities used for hedging	-	618	971	4,360	41,332	(93,949)	(46,668)
Merchant banking account liabilities	453,146	1,793,036	-	-	-	-	2,246,182
Others	8,773,858	15,118,921	134,998	281,439	846,758	240,217	25,396,191
Total	175,088,040	45,425,462	36,618,396	105,478,595	49,152,331	10,427,016	422,189,840
Off balance accounts:							
Financial guarantees	2,156,627	-	-	-	-	-	2,156,627
Acceptances and guarantees	13,698,873	-	-	-	-	-	13,698,873
Commitment	116,526,573	-	-	-	-	-	116,526,573
Commitment to merchant banking account	950,000	-	-	-	-	-	950,000
Total	133,332,073	-	-	-	-	-	133,332,073

Derivative liabilities used for hedging are denominated based on the net cash flow. Available assets that exist in redeeming financial liabilities and unused loan commitments are cash and due from banks, debt securities, equity securities, loans, etc. In addition, the Group is able to cope with unexpected cash flows through the sale of securities and additional sources of funding, similar to asset backed securitization.

9-3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in market variables such as interest rates, equity prices, and exchange ratios in the market.

The purpose of market risk management is to maintain the loss of assets and liabilities incurred due to changes in market variables such as interest rates, foreign exchanges and equity prices within the allowable limits in order to ensure profitability and stability. Market risk management targets include securities held-for-trading, foreign currency net positions, derivatives and other assets and liabilities with embedded market risks. Significant risks exposed to the Group as of the reporting date are interest rate risk, foreign exchange risk and equity price risk.

For market risk management, the Group measures and monitors the relevant risk exposures on a regular basis. The Group also established and complies with market risk limits, whereby it can manage the exposures arising from changes of market variables within an adequate level. The subsidiaries exposed to market risks, such as Hana Bank and H&DS, set up and operate their own market risk management system. The group-level market risk exposures are consistently calculated through the Group-integrated risk management system. The Group reports its current status of market risk management to the group risk management execution committee and group risk management committee on a monthly and quarterly basis.

9-3-1 Trading position

The trading position includes interest rate positions, equity price positions, commodity positions, and all foreign exchange positions:

- Financial instruments for the purpose of acquiring the differences incurred due to short-term trading or price fluctuations.
- Financial instruments for the purpose of hedging risks
- Financial instruments for the purpose of acquiring arbitrages
- Financial instruments for the purpose of acquisition, mediation and market creation

The Group regularly measures the degree of market risks and complies with the allowable limits set for the various areas of the trading position. In addition, the Group reviews the adequacy of the risk-reward ratio by evaluating risks and related profits and losses on a regular basis and complies with the established trading policy regulations.

9-3-1-1 Value at Risk (VaR)

Value at Risk ("VaR") is a primary method that manages and measures the degree of market risks of the trading portfolio subject to exposure, which estimates the potential loss of the trading portfolio that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The Group calculates the VaR for a standard 10 days in the 99% confidence level. In addition, to account for the method's limited use, stress tests are performed in order to measure the extent of the loss in extreme cases.

9-3-1-2 Risk types of VaR

Risk types of VaR as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

Classification	December 31, 2021	Average	Min	Max	December 31, 2020
Interest rates risk	64,980	70,124	39,170	121,667	₩ 84,666
Foreign exchange rates risk	406,435	371,090	275,140	461,381	378,562
Stock price risk	39,554	38,429	6,379	90,428	56,273
Total risk(*)	408,720	380,193	284,863	470,446	₩ 391,341

(*) The calculation of the total risk VaR takes into consideration the correlation and diversification effects between each risk factor and therefore, is not the same as the arithmetic additions of all the VaRs.

9-3-2 Non-trading position

9-3-2-1 Interest rate risk

Interest rate risk of non-trading position is a risk of losses in financial assets and liabilities with interest rates due to adverse changes in interest rates and is incurred when maturity structure does not match interest rate setting cycle of the related assets and liabilities. The Group manages interest rate risks in order to maintain the stability of net interest income and net asset value.

The Group is closely monitoring the output and market of various industry working groups that manage the transition to new interest rate indicators, including those announced by LIBOR regulators. A fundamental shift in interest rate indicators (hereafter, 'interest rate indicator reform') is taking place around the world, and certain interbank lending rates (hereinafter 'IBORs') are being replaced by new risk-free rates. In particular, LIBOR, with the exception of overnight, 1-month, 3-month, 6-month, and 12-month USD LIBOR, all of the calculations were stopped as of December 31, 2021. 5-month USD LIBOR which was mentioned earlier will also be discontinued as of June 30, 2023. In response to these changes, Hana Bank, a subsidiary of the Group selected the head of the capital market group as its responsible officer and organized the sub-TF to establish LIBOR conversion plan consisting of the business flows such as determination of alternative interest rates, computer development, communication management with employees and customers, risk management, taxation, finance, law, and accounting system establishment. Progress according to the plan is regularly reported to the Risk Management Steering Committee and, if necessary, will also be reported to the Board of Directors. The purpose of the plan is to understand where exposure to LIBOR is occurring within the business, and to prepare and implement an action plan to ensure a smooth transition to an alternative interest rate indicator. To manage the risks posed by such interest rate indicator reform, the Group manage and supervise interest rate indicator reform by evaluating the extent to which a contract references IBOR cash flows, whether these contracts need to be modified as a result of interest rate indicator reform, and how to manage communication with counterparties on interest rate indicator reform.

Interest rate risk establish limits and monitors interest rate EVEs according to IRRBB methodology. The interest rate VaR is an estimated maximum loss of net asset due to adverse changes of interest rate.

Interest rate EVE means the maximum decrease in net asset value when interest rate changes, and details of Δ EVE as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Δ EVE	411,681	276,409

9-3-2-2 Details of the financial instruments that have not been converted to an alternative indicator interest rate as of December 31, 2021 are as follows (Korean won in millions):

Classification	Non-derivative financial assets(*1)			Non-derivative financial liabilities(*1)		Derivatives(*2)	Commitments and Finance guarantee contracts (*2)
	Financial assets measured at FVOCI	Financial assets measured at amortized costs	Total	Financial liabilities measured at amortized costs	Total		
USD LIBOR	48,425	5,595,621	5,644,046	1,319,972	1,319,972	58,912,456	631,126

(*1) The amount of non-derivative financial instruments are based on the book value

(*2) The amount of derivatives is based on the nominal amount.

(*3) For financial instruments related to USD-LIBOR, those with maturities before June 30, 2023 are excluded.

9-3-2-3 Equity price risk

Equity price risk is the risk that the fair value of equities results in changes in the level of related revenue and capital. Effects on capital due to fluctuations in equity price risk as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	20% decline	10% decline	10% rise	20% rise
Equity price risk	(98,040)	(49,020)	49,020	98,040

<December 31, 2020>

Classification	20% decline	10% decline	10% rise	20% rise
Equity price risk	(119,479)	(59,740)	59,740	119,479

The Group measures the equity price risk on the domestic listed equity securities only.

9-3-3 Currency risk concentration

Currency risk is a risk incurred when the value of a financial instrument or future cash flows fluctuates due to the changes in foreign exchange rates. Currency risk arises from the financial instruments expressed in currencies other than the functional currency. Currency risk does not arise from the financial instruments expressed in the functional currency, measured based on historical currency, or in non-monetary items measured by using the historical foreign exchange rates. The Group manages the foreign exchange net exposure amount of the trading and non-trading positions by each currency.

Significant foreign currency assets and liabilities denominated in Korean won as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	USD	JPY	EUR	CNY	IDR	Others	Total
Assets							
Cash and due from bank	9,387,554	1,973,385	554,962	781,113	206,986	1,006,320	13,910,320
Financial assets measured at FVTPL	3,992,312	151,116	834,640	115,512	122,071	321,327	5,536,978
Financial assets measured at FVOCI	2,852,585	-	-	2,193,679	282,334	1,430,360	6,758,958
Securities measured at amortized cost	1,625,260	-	104,411	119,932	199,405	1,195,406	3,244,414
Loans measured at amortized cost	23,921,730	1,906,806	4,009,683	6,853,211	1,449,769	4,067,343	42,208,542
Derivative assets used for hedging	57,747	-	-	-	-	-	57,747
Others	3,795,944	234,531	443,485	139,047	49,171	514,839	5,177,017
Total	45,633,132	4,265,838	5,947,181	10,202,494	2,309,736	8,535,595	76,893,976
Liabilities							
Financial liabilities measured at FVTPL	926,610	20,327	76,237	3,332	1,252	159,470	1,187,228
Financial liabilities designated as measured at FVTPL	2,312,957	-	13,685	-	-	6,904	2,333,546
Deposits	31,150,254	2,332,032	4,068,677	7,667,956	1,396,788	4,907,220	51,522,927
Borrowings	6,404,445	128,189	1,283,632	435,611	3,882	846,133	9,101,892
Debentures	5,240,235	-	881,849	340,786	20,213	231,796	6,714,879
Derivative liabilities used for hedging	22,764	-	3,242	-	-	-	26,006
Others	5,341,727	518,474	1,171,299	232,302	18,638	390,756	7,673,196
Total	51,398,992	2,999,022	7,498,621	8,679,987	1,440,773	6,542,279	78,559,674

<December 31, 2020>

Classification	USD	JPY	EUR	CNY	IDR	Others	Total
Assets							
Cash and due from bank	8,868,857	784,436	740,629	846,842	53,218	1,599,568	12,893,550
Financial assets measured at FVTPL	4,708,198	191,405	865,801	77,483	195,715	345,473	6,384,075
Financial assets measured at FVOCI	3,430,292	-	85,421	2,266,646	265,932	1,574,386	7,622,677
Securities measured at amortized cost	1,364,334	-	137,814	109,021	154,279	263,268	2,028,716

Classification	USD	JPY	EUR	CNY	IDR	Others	Total
Loans measured at amortized cost	18,813,525	1,827,492	4,917,215	5,457,334	1,434,089	3,082,061	35,531,716
Derivative assets used for hedging	111,088	-	182	-	-	-	111,270
Others	4,377,241	288,152	209,216	291,439	39,001	497,619	5,702,668
Total	41,673,535	3,091,485	6,956,278	9,048,765	2,142,234	7,362,375	70,274,672
Liabilities							
Financial liabilities measured at FVTPL	1,488,436	79,432	63,760	3,431	876	108,478	1,744,413
Financial liabilities designated as measured at FVTPL	1,868,854	-	41,817	-	-	6,739	1,917,410
Deposits	26,090,583	2,210,903	4,036,595	7,479,150	1,194,896	4,294,490	45,306,617
Borrowings	6,848,220	177,286	1,007,763	295,001	139,080	709,487	9,176,837
Debentures	4,938,245	-	-	215,211	74,500	338,063	5,566,019
Derivative liabilities used for hedging	-	-	89	-	-	-	89
Others	5,322,948	189,698	711,998	431,569	16,941	361,922	7,035,076
Total	46,557,286	2,657,319	5,862,022	8,424,362	1,426,293	5,819,179	70,746,461

9-4 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or other external events. Risks related to strategy or damaging reputation are excluded but legal or regulatory implications are identified as operational risks. Operational risk includes non-financial risks related to losses due to internal operational problems and externalities such as natural disasters and terrorist attacks. Operational risk does not have a direct correlation with income and the Group needs to mitigate such risk through internal controls and insurance.

The Group measures and monitors its operational risk on a regular basis and complies with the predetermined risk limits, whereby the Group manages and controls its operational risk arising from changes of its operation environments and internal controls within an appropriate level. The Group's subsidiaries measures the operational risk exposures using their own approaches suitable to the relevant supervisory regulations of each industry and the group-level operational risk exposures are consistently calculated through the groupintegrated risk management system. The Group reports its current status of operational risk management to the group risk management execution committee and group risk management committee on a monthly and quarterly basis.

9-5 Capital management

The Group implements the BIS capital requirement system in order to secure capital adequacy and comply with the supervisory regulations. The Group maintains appropriate capital ratio in accordance with BIS capital requirement system. In addition, the Group performs a capital adequacy assessment in order to cope with an unexpected loss.

Risk-weighted assets calculated per each risk type when calculating BIS ratio are as follows:

- a. Credit risk incurs when potential loss arises from default of a borrower or counterparty or downgrading of its credit rating Risk-weighted assets of credit risk of bank subsidiaries are calculated using the internal model approved by Financial Supervisory Service. Risk-weighted assets of credit risk are calculated by multiplying risk weights reflecting counterparty credit rating, maturity, collateral and guarantees granted according to the standardized model of Basel III.
- b. Market risk incurs when potential loss arises from the fluctuation of market price of stocks, interest rates and foreign currency rates. Risk-weighted assets of market risk are calculated by multiplying 12.5 to the required capital of market risk, which consists of the interest rate risk, equity price risk, foreign currency risk, commodity risk and option risk, according to the standardized model of Supervisory Regulations on Financial Holding Companies.
- c. Operational risk incurs when loss arises from systems failure, human error, and business process. Risk-weighted assets of operational risk are calculated by multiplying 12.5 to the required capital of operational risk according to Detailed Regulations on Supervisory of Banking Business.

Regulatory capital in accordance with the Regulations on the Supervision of Banking Business for calculating BIS ratio is as follows:

- a. Common Equity Tier 1: common shares issued by the bank that meet the criteria for classification as common shares for regulatory purposes, stock surplus (share premium) resulting from the issue of instruments included in Common Equity Tier 1, retained earnings, Accumulated other comprehensive income and other disclosed reserves, common shares issued by consolidated subsidiaries of the bank and held by third parties (i.e. minority interest) that meet the criteria for inclusion in Common Equity Tier 1 capital, regulatory adjustments applied in the calculation of Common Equity Tier 1
- b. Additional Tier 1: instruments issued by the bank that meet the criteria for inclusion in Additional Tier 1 capital, stock surplus (share premium) resulting from the issue of instruments included in Additional Tier 1 capital, instruments issued by consolidated subsidiaries of the bank and held by third parties that meet the criteria for inclusion in Additional Tier 1 capital and are not included in Common Equity Tier 1, regulatory adjustments applied in the calculation of Additional Tier 1
- c. Tier 2 capital: Instruments issued by the bank that meet the criteria for inclusion in Tier 2 capital (and are not included in Tier 1 capital), stock surplus (share premium) resulting from the issue of instruments included in Tier 2 capital, instruments issued by consolidated subsidiaries of the bank and held by third parties that meet the criteria for inclusion in Tier 2 capital and are not included in Tier 1 capital, certain loan loss provisions, Regulatory adjustments applied in the calculation of Tier 2 Capital

Regulatory capital and BIS ratios as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Common Equity Tier 1 capital	30,001,299	27,236,650
Additional Tier 1 capital	2,983,389	2,222,295
Subtotal(Tier 1 Capital)	32,984,688	29,458,945
Tier 2 capital	2,490,969	2,642,271
Total(Total Capital)	35,475,657	32,101,216

Classification	December 31, 2021	December 31, 2020
Risk-weighted assets:		
Credit risk-weighted assets	189,389,595	199,177,817
Market risk-weighted assets	11,996,151	11,583,065
Operational risk-weighted assets	16,382,247	15,377,702
Total	217,767,993	226,138,584
BIS capital ratio:		
Common Equity Tier 1 ratio	13.78%	12.04%
Additional Tier 1 capital ratio	15.15%	13.03%
Total capital ratio	16.29%	14.20%

9-5-1 Assessing reasonableness and managing internal capital

Internal capital is the amount that allows for continuous operation of business while accounting for all risks. Internal capital is defined as the size of capital needed to cope with unexpected loss under a certain rate. The purpose of managing the internal capital is to compare the size of internal capital and available capital ("Tier 1") and to serve as a measure of financial strength. Managing the internal capital also provides the amount of risk-adjusted capital and the basis for measurement. The indicators consist of risk appetite ratio as well as exhaustion ratio of foreign holding limits. The risk appetite ratio is an internal capital ratio established after taking into consideration a capital buffer in Tier 1 capital. The exhaustion ratio of foreign holding limits is a ratio used to measure the amount of internal capital used against the internal capital limits.

Internal capital limits are established after accounting for the size of current and subsequent Tier 1 capital as well as the components, quality, risk appetite, target credit rating, operational strategy and business plans. The Risk Committee determines risk types and internal capital limits for HFG and each subsidiary more than once a year. In the case where new operations or expansion of operations result in the amount exceeding the internal capital limits, an approval from the Risk Committee is needed beforehand. If such a situation occurs in cases outlined as exceptions, an approval from the Risk Committee is needed for the information on exceeded amount, post hoc results, as well as subsequent plans.

10. Operating segments information

10-1 General information

The Group is organized into four operating segments based on their financial information of each legal entity used for making decisions about resources to be allocated to the segment and assessing its performance. Details of operating segments are presented as follows: 1) Hana Bank and its subsidiaries (Banking) 2) HFI and its subsidiaries (Financial Investing) 3) KEB Hana Card and its subsidiaries (Credit Card) 4) Others (consist of Hana Financial Group's separate performance and its other subsidiaries such as Hana Capital, Hana Asset Trust, Hana TI, Hana Ventures, Hana Savings Bank, Hana Life Insurance, Hana Alternative Asset Management, HIS, Hana Insurance and others)

10-2 Income or loss by operating segments

10-2-1 Details of net income, assets and liabilities by operating segments for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
Operating segment Income and loss(*):							
Net interest income(loss)	₩ 6,150,597	291,749	471,974	524,608	7,438,928	(1,723)	7,437,205
Interest income	8,786,664	595,099	587,624	918,542	10,887,929	(20,438)	10,867,491
Interest expense	(2,636,067)	(303,350)	(115,650)	(393,934)	(3,449,001)	18,715	(3,430,286)
Net fee and commission income(loss)	552,794	553,955	232,595	409,054	1,748,398	(6,681)	1,741,717
Fee and commission income	837,624	685,482	682,944	523,171	2,729,221	(76,035)	2,653,186
Fee and commission expense	(284,830)	(131,527)	(450,349)	(114,117)	(980,823)	69,354	(911,469)
Others	545,724	239,421	45,226	1,525,891	2,356,262	(1,398,313)	957,949
Total Operating income(loss)	7,249,115	1,085,125	749,795	2,459,553	11,543,588	(1,406,717)	10,136,871
Impairment loss on financial assets	(243,338)	(3,446)	(188,173)	(98,805)	(533,762)	544	(533,218)
Net operating income(loss)	7,005,777	1,081,679	561,622	2,360,748	11,009,826	(1,406,173)	9,603,653
General and administrative expenses	(2,973,063)	(575,010)	(221,898)	(434,925)	(4,204,896)	154,436	(4,050,460)
Net other operating income (loss)	(614,276)	(15,159)	4,735	(147,028)	(771,728)	(150,369)	(922,097)
Operating income(loss)	3,418,438	491,510	344,459	1,778,795	6,033,202	(1,402,106)	4,631,096
Net other non-operating income(loss)	60,036	181,914	(1,739)	46,562	286,773	(12,944)	273,829
Income tax expenses	(902,728)	(167,431)	(92,236)	(176,964)	(1,339,359)	16,016	(1,323,343)
Net income(loss)	2,575,746	505,993	250,484	1,648,393	4,980,616	(1,399,034)	3,581,582
Total assets(*)	430,193,576	37,614,683	9,596,474	51,769,924	529,174,657	(26,729,387)	502,445,270
Total liabilities(*)	₩ 401,437,105	32,323,652	7,565,896	28,803,826	470,130,479	(3,184,549)	466,945,930

(*) The amount of net income or loss, asset and liabilities by the operating segments does not consider the transaction amount between the segments

<2020>

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
Operating segment Income and loss(*):							
Net interest income(loss)	₩ 5,307,790	244,191	508,709	384,250	6,444,940	(5,062)	6,439,878
Interest income	8,816,550	530,062	632,056	747,246	10,725,914	(20,718)	10,705,196
Interest expense	(3,508,760)	(285,871)	(123,347)	(362,996)	(4,280,974)	15,656	(4,265,318)
Net fee and commission income(loss)	574,898	516,096	119,453	332,536	1,542,983	(8,800)	1,534,183
Fee and commission income	812,576	633,268	599,874	631,419	2,677,137	(80,192)	2,596,945
Fee and commission expense	(237,678)	(117,172)	(480,421)	(298,883)	(1,134,154)	71,392	(1,062,762)
Others	1,070,189	374,762	39,728	674,391	2,159,070	(598,312)	1,560,758
Total Operating income(loss)	6,952,877	1,135,049	667,890	1,391,177	10,146,993	(612,174)	9,534,819
Impairment loss on financial assets	(528,942)	(37,156)	(224,377)	(80,662)	(871,137)	198	(870,939)
Net operating income(loss)	6,423,935	1,097,893	443,513	1,310,515	9,275,856	(611,976)	8,663,880
General and administrative expenses	(2,973,870)	(497,568)	(226,902)	(350,334)	(4,048,674)	131,018	(3,917,656)
Net other operating income (loss)	(522,080)	(119,008)	(4,075)	(148,493)	(793,656)	(116,146)	(909,802)
Operating income(loss)	2,927,985	481,317	212,536	811,688	4,433,526	(597,104)	3,836,422
Net other non-operating income(loss)	(181,884)	93,562	(1,719)	(6,695)	(96,736)	(10,452)	(107,188)
Income tax expenses	(721,724)	(164,843)	(56,360)	(119,085)	(1,062,012)	17,656	(1,044,356)
Net income(loss)	2,024,377	410,036	154,457	685,908	3,274,778	(589,900)	2,684,878
Total assets(*)	396,187,562	35,796,518	8,211,042	45,634,565	485,829,687	(24,882,641)	460,947,046
Total liabilities(*)	₩ 369,376,033	31,367,561	6,433,428	24,801,119	431,978,141	(2,631,383)	429,346,758

(*) The amount of net income or loss, asset and liabilities by the operating segments does not consider the transaction amount between the segments

10-2-2 The operating income or loss from external customers and internal transactions for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
Revenue (expense) from external customers	7,165,349	1,132,653	780,850	1,058,019	10,136,871	-	10,136,871
Revenue (expense) from internal transactions	83,766	(47,528)	(31,055)	1,401,534	1,406,717	(1,406,717)	-
Total	7,249,115	1,085,125	749,795	2,459,553	11,543,588	(1,406,717)	10,136,871

<2020>

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
Revenue (expense) from external customers	6,952,583	1,085,831	717,060	779,345	9,534,819	-	9,534,819
Revenue (expense) from internal transactions	294	49,218	(49,170)	611,832	612,174	(612,174)	-
Total	6,952,877	1,135,049	667,890	1,391,177	10,146,993	(612,174)	9,534,819

10-2-3 Significant non-cash transactions included in income of operating segments for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
Gain(loss) on equity method	127,673	(5,477)	2,070	6,445	130,711	269	130,980
Depreciation and amortization	(451,498)	(51,119)	(30,079)	(240,756)	(773,452)	4,665	(768,787)

<2020>

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
Gain(loss) on equity method	56,471	(5)	1,258	(1,533)	56,191	(10,523)	45,668
Depreciation and amortization	(450,959)	(44,085)	(36,650)	(226,038)	(757,732)	(3,068)	(760,800)

10-3 Information about regions

Revenue by region from the external customers for the years ended December 31, 2021 and 2020 and non-current assets by region as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	Revenue from external customers		Non-current assets	
	2021	2020	December 31, 2021	December 31, 2020
Domestic	10,672,518	9,396,579	5,408,606	4,869,505
Foreign:				
Hong Kong	63,976	64,552	3,997	6,748
Singapore	46,801	33,984	1,563	1,095
U.S	49,686	45,706	6,872	7,256
Japan	29,060	36,168	3,894	4,979
China	229,228	202,709	63,523	202,641
Indonesia	195,281	180,894	67,821	65,193
U.K	30,625	22,489	2,626	3,346
Canada	32,851	29,324	10,809	10,299
Others	193,562	134,588	18,323	8,519
Subtotal	871,070	750,414	179,428	310,076
Adjustments	(1,406,717)	(612,174)	(244,310)	(236,362)
Total	10,136,871	9,534,819	5,343,724	4,943,219

Non-current assets consist of property and equipment, investment properties, and intangible assets and are classified as either domestic or overseas depending on its geographic proximity.

11. Cash and due from banks

11-1 Cash and due from banks as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	Counterparty	December 31, 2021	December 31, 2020
Cash		2,031,147	2,198,981
Due from banks in Korean won			
Reserve deposits with BOK, etc.	Bank of Korea ("BOK"), etc.	13,199,451	11,038,294
Time deposits, etc.	Other banks	281,200	702,753
Other deposits	Other financial institutions	2,446,061	1,274,985
Subtotal		15,926,712	13,016,032
Due from banks in foreign currencies			
Due from banks on demand	BOK, etc.	7,815,953	7,408,869
Time deposits	Agricultural Bank of China	971,559	1,385,988
Other deposits	Other financial institutions	4,661,225	3,519,945
Subtotal		13,448,737	12,314,802
Total		31,406,596	27,529,815

11-2 Restricted balances in due from banks as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020	Restrictions
Due from banks in Korean won			
Reserve deposits with BOK, etc.	13,102,451	11,038,294	Reserve deposits from the Banking Act and the Bank of Korea Act, currency stabilization account, reserve, domestic exchange transaction collateral
Reserve for futures trading	–	364	Margin for trading account
Reserve for claims of customers' deposits	293,000	343,199	Capital market law, regulation on brokerage business of securities company, etc.
Other deposits	936,896	315,125	For the right of pledge, etc.
Subtotal	14,332,347	11,696,982	
Due from banks in foreign currencies			
Deposits in foreign currencies in other branches	5,883,930	5,993,187	Reserve for payment of deposits from the Banking Act and the Bank of Korea Act
Other deposits	4,150,948	1,580,111	OTC derivative contracts, etc.
Subtotal	10,034,878	7,573,298	
Total	24,367,225	19,270,280	

12. Financial assets measured at FVPL

Financial assets measured at FVTPL as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Stocks	483,000	377,249
Investments in partnerships	464,596	357,781
Government and public bonds	2,828,697	3,530,704
Financial bonds	7,240,570	7,473,379
Corporate bonds and others	5,465,545	5,202,047
Beneficiary certificates	7,434,923	7,479,753
Other securities denominated in Korean won	293,367	174,193
Securities denominated in foreign currencies	4,860,918	4,259,531
Derivative linked securities	474,891	312,397
Derivative assets held for trading(*)	5,288,975	10,789,275
Loans	1,898,878	1,492,111
Others	1,983,925	1,685,297
Total	38,718,285	43,133,717

(*) Refers to Note 17. Derivatives Reference

13. Financial assets measured at FVOCI

13-1 Details of financial assets measured at fair value through other comprehensive income as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Stocks	977,270	1,114,110
Investments in partnerships	773	786
Government and public bonds	11,253,235	11,007,981
Financial bonds	14,143,886	10,128,914
Corporate bonds	6,229,311	6,113,830
Other securities denominated in Korean won	80,334	105,871
Securities denominated in foreign currencies	6,788,720	7,693,896
Total	39,473,529	36,165,388

13-2 Details of shares(including shares in foreign currencies) included in financial assets measured at FVOCI as of December 31, 2021 and 2020 are as follows

<December 31, 2021>

Counterparty	Book value (Fair value)
Daewoo Shipbuilding & Marine Engineering Co., Ltd. etc.	207,809
UAMCO., Ltd..	176,628
KRX	148,732
The Korea Securities Finance Corporation	139,872
Consumer Credit Assistant Fund Co., Ltd.	84,067
KCI	56,454
Taihan Electric Wire Co., Ltd.	54,925
HMM	23,924
STX Engine(perpetual convertible bonds)	23,877
CM International	23,710
KG Dongbu Steel Co., Ltd.	20,908
Korea Asset Management Corporation	15,737
Korea Enterprise Data	14,330
Korea Money Brokerage Corp	13,789
Kumho Tire Co., Inc.	11,190
BC Card Co., Ltd.	9,784
HJC CORP.	8,271
Korea Securities Depository	7,964
DB ASSET MANAGEMENT CO., LTD	5,698
CLS GROUP HOLDINGS AG	4,761
Daelim Construction Co.	4,586
Others	31,123
Total	1,088,139

<December 31, 2020>

Counterparty	Book value (Fair value)
Daewoo Shipbuilding & Marine Engineering Co., Ltd. etc.	247,026
UAMCO., Ltd..	150,244
Consumer Credit Assistant Fund Co., Ltd.	118,096
The Korea Securities Finance Corporation	135,591
KCI	74,632
CM International	65,498
Taihan Electric Wire Co., Ltd.	58,063
HMM	55,698
Hanjin Heavy Industries & Construction Co., Ltd.	54,260
KG Dongbu Steel Co., Ltd.	22,881

Counterparty	Book value (Fair value)
STX Engine(perpetual convertible bonds)	21,310
ChinHung international, Inc	15,931
Korea Asset Management Corporation	15,737
Korea Enterprise Data	14,642
Korea Money Brokerage Corp	12,980
BC Card Co., Ltd.	9,710
Kumho Tire Co., Inc.	9,188
Koramco REITs Management and Trust Co., Ltd.	8,703
HJC CORP.	7,299
Daelim Construction Co.	5,161
POSCO PLANTEC CO.,LTD	4,570
DB ASSET MANAGEMENT CO., LTD	4,094
Korea Securities Depository	7,901
Others	162,842
Total	1,282,057

Equity instruments that are held for strategic alliances, not for trading, converted from debt instruments and acquired for access rights of systems and facilities are designated as measured at FVOCI.

13-3 Details of disposal of shares (including shares in foreign currencies) included in financial assets measured at FVOCI as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Counterparty	Book value	Cumulative valuation gain (loss) (*)	Reason for disposal
HMM	146,293	110,760	Decision of the Board of Directors
Hanjin Heavy Industries & Construction Co., Ltd.	40,747	(36,905)	Decision of the Board of Directors
ChinHung international, Inc	12,700	(2,915)	Decision of the Board of Directors
Taihan Electric Wire Co., Ltd.	12,111	(28,391)	Decision of the Board of Directors
Koramco REITs Management and Trust Co., Ltd.	9,327	8,952	Sales due to reduced effectiveness of strategic investment through business partnership
Kumgo Electric	1,672	(1,353)	Decision of the Board of Directors
Others	3,508	917	
Total	226,358	51,065	

(*) Cumulative gain or loss is replaced with retained earnings.

<December 31, 2020>

Counterparty	Book value	Cumulative valuation gain (loss) (*)	Reason for disposal
NHN KCP Corp.	10,024	9,609	Stock disposal because of deterioration of VAN market
Korea Credit-card Electronic-settlement Service Co.,Ltd	4,763	3,866	Stock disposal because of deterioration of VAN market
STX Heavy Industry Co., Ltd	155	102	Sale of the debt equity swap stock
Huvexel	35	35	Sale of the debt equity swap stock
Others	49	(3,926)	
Total	15,026	9,686	

(*) Cumulative gain or loss is replaced with retained earnings.

13-4 Dividends recognized from financial assets measured at FVOCI for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Dividends recognized from equity instruments held as of December 31, 2021 and 2020	10,661	8,296
Dividends recognized from equity instruments derecognized	133	34
Total	10,794	8,330

13-5 Changes in the loss allowance in relation to financial assets measured at FVOCI for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	10,859	-	-	10,859
Provision (reversal) for possible loan losses	4,982	-	-	4,982
New financial assets executed or purchased	693	-	-	693
Disposal financial assets	(5,739)	-	-	(5,739)
Exchange rate fluctuation and others	1,483	-	-	1,483
Ending balance	12,278	-	-	12,278

<2020>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	7,458	-	-	7,458
Increase due to business combination	6	-	-	6
Provision (reversal) for possible loan losses	8,161	-	-	8,161
New financial assets executed or purchased	681	-	-	681
Disposal financial assets	(5,253)	-	-	(5,253)
Exchange rate fluctuation and others	(194)	-	-	(194)
Ending balance	10,859	-	-	10,859

13-6 Changes in the carrying amount in relation to financial assets measured at FVOCI for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	34,883,331	-	-	34,883,331
New financial assets executed or purchased	21,641,073	-	-	21,641,073
Disposed financial assets	(17,957,206)	-	-	(17,957,206)
Exchange rate fluctuation and others	(181,808)	-	-	(181,808)
Ending balance	38,385,390	-	-	38,385,390

<2020>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	36,781,485	-	-	36,781,485
Increase due to business combination	228,401	-	-	228,401
New financial assets executed or purchased	33,345,608	-	-	33,345,608
Disposed financial assets	(35,246,716)	-	-	(35,246,716)
Exchange rate fluctuation and others	(225,447)	-	-	(225,447)
Ending balance	34,883,331	-	-	34,883,331

14. Securities measured at amortized cost

14-1 Details of securities measured at amortized cost as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Government and public bonds	6,695,621	4,031,947
Financial bonds	1,483,330	2,146,316
Corporate bonds and others	12,352,368	10,174,991
Securities denominated in foreign currencies	3,257,456	2,033,493
Allowance for credit losses	(19,758)	(10,090)
Total	23,769,017	18,376,657

14-2 Profit or loss from disposal of securities at amortized cost for the years ended December 31, 2021 are as follows (Korean won in millions):

<2021>

Classification	Face amount	Book value	Amount of profit from disposal
Corporate bonds and others	28,900	28,880	20

14-3 Changes in provision for allowance for loan losses in relation to securities measured at amortized cost for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired loans	Credit-impaired loans	
Beginning balance	10,090	-	-	10,090
Transfer to non credit-impaired financial assets	(4,062)	4,062	-	-
Provision for possible loan losses	5,489	6,603	-	12,092
Disposed financial assets	(1,561)	(245)	-	(1,806)
Exchange rate fluctuation and others	(1,399)	780	-	(619)
Ending balance	8,557	11,200	-	19,757

<2020>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired loans	Credit-impaired loans	
Beginning balance	4,011	-	-	4,011
Increase due to business combination	29	-	-	29
Provision for possible loan losses	8,208	-	-	8,208
New financial assets executed or purchased	1	-	-	1
Disposed financial assets	(868)	-	-	(868)
Exchange rate fluctuation and others	(1,291)	-	-	(1,291)
Ending balance	10,090	-	-	10,090

14-4 Changes in the carrying amount in relation to securities measured at amortized cost for years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired loans	Credit-impaired loans	
Beginning balance	18,386,747	-	-	18,386,747
Transfer to non credit-impaired financial assets	(112,583)	112,583	-	-
New financial assets executed or purchased	10,395,043	-	-	10,395,043
Disposed financial assets	(5,127,492)	(28,354)	-	(5,155,846)
Exchange rate fluctuation and others	153,119	9,711	-	162,830
Ending balance	23,694,834	93,940	-	23,788,774

<2020>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired loans	Credit-impaired loans	
Beginning balance	16,858,632	-	-	16,858,632
Increase due to business combination	81,956	-	-	81,956
New financial assets executed or purchased	5,835,696	-	-	5,835,696
Disposed financial assets	(4,321,152)	-	-	(4,321,152)
Exchange rate fluctuation and others	(68,385)	-	-	(68,385)
Ending balance	18,386,747	-	-	18,386,747

15. Pledged asset

15-1 The details of assets provided as collateral as of the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Details	Book Value
Financial assets measured at FVTPL	Pledged securities	5,766,635
	Derivative instruments	1,486,824
	KRX, etc.	393,312
	Client RP	6,513,651
	Others	46,608
	Subtotal	14,207,030
Financial assets measured at FVOCI	Futures	202,927
	Daylight credit	277,657
	Client RP	1,245,539
	Foreign currency	203,962
	Pledged securities	2,541,827
	BOK payment	1,871,226
Securities measured at amortized cost	Borrowings from BOK	829,803
	Others	733,625
	Subtotal	7,906,566
	Foreign currency borrowing	910,097
	Establishment of a pledge right	10,199
	Futures	100,047
Loans measured at amortized cost	BOK payment	2,313,892
	Daylight credit	372,940
	Client RP	50
	Borrowings from BOK	4,311,268
	Pledged securities	59,586
	Others	427,638
Property and equipment	Subtotal	8,505,717
	Borrowings	474,805
Property and equipment	Rental deposit	523
Total		31,094,641

<December 31, 2020>

Classification	Details	Book Value
Financial assets measured at FVTPL	Pledged securities	3,662,080
	Derivative instruments	1,868,548
	KRX, etc.	380,273
	Client RP	5,613,828
	Others	5,242
	Subtotal	11,529,971
Financial assets measured at FVOCI	Futures	79,860
	Daylight credit	543,533
	Client RP	915,924
	Foreign currency	777,154
	Pledged securities	1,061,613
	BOK payment	2,193,151
Securities measured at amortized cost	Borrowings from BOK	1,207,402
	Others	575,390
	Subtotal	7,354,027
	Foreign currency borrowing	491,286
	Establishment of a pledge right	10,242
	Futures	298,597
Property and equipment	BOK payment	1,649,843
	Daylight credit	116,809
	Client RP	296
	Borrowings from BOK	3,098,593
	Pledged securities	183,482
	Others	356,108
Total	Subtotal	6,205,256
	Rental deposit	763
Total		25,090,017

15-2 The fair value of collateral that is available-for-sale and re-pledge, irrespective of default, is as follows (Korean won in millions):

<December 31, 2021>

Classification	Fair value of collateral	Fair value of collateral sold or re-pledged
Securities	13,988,194	1,015,450
Deposits	336,619	-

<December 31, 2020>

Classification	Fair value of collateral	Fair value of collateral sold or re-pledged
Securities	13,818,912	1,081,816
Deposits	350,047	-

16. Loans and receivables measured at amortized cost

16-1 Details of loans and receivables measured at amortized cost as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Loans and receivables:		
Loans in Korean won	272,786,199	251,403,242
Loans in foreign currencies	28,782,642	24,226,188
Domestic import usance	4,188,861	2,756,392
Call loans	1,288,673	946,689
Bills purchased in Korean won	187,361	37,026
Bills purchased in foreign currencies	5,799,103	5,936,779
Advance payments on acceptances and guarantees	12,083	10,182
Credit card loans	8,023,704	7,468,094
Bonds purchased under resale agreement	11,676,882	12,369,466
Installment receivables purchased	808,625	496,441
Privately-placed corporate bonds	2,821,097	2,368,818
Lease receivables	2,472,994	2,138,779
Subtotal	338,848,224	310,158,096
Plus (less):		
Deferred loan fees	420,682	407,149
Present value discount	(5,231)	(2,957)
Allowance for loan losses	(1,914,402)	(1,770,473)
Total	337,349,273	308,791,815

16-2 Loans measured at amortized cost to customer as of December 31, 2021 and 2020 are listed as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Corporate loans:		
Large business	41,727,560	36,535,621
Small and medium business	123,156,797	109,120,077
Public sector and others	24,178,649	23,278,200
Subtotal	189,063,006	168,933,898
Household loans	141,783,269	133,756,104
Credit card loans	8,001,949	7,468,094
Subtotal	338,848,224	310,158,096
Plus (less):		
Deferred loan fees	420,682	407,149
Present value discount	(5,231)	(2,957)
Allowance for loan losses	(1,914,402)	(1,770,473)
Total	337,349,273	308,791,815

16-3 Changes in allowance for possible loan losses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	12 month expected credit	Lifetime expected credit losses		Credit impairment model	Total
		Non credit-impaired loan	Credit-impaired loan		
As of January 1, 2021	538,269	580,541	630,980	20,683	1,770,473
Increase due to business combination	-	196	-	-	196
Transfer to 12 month expected credit loss	115,989	(67,285)	(48,704)	-	-
Transfer to non credit-impaired financial assets	(73,774)	82,109	(8,335)	-	-
Transfer to credit-impaired loan	(126,969)	(90,843)	217,812	-	-
Provisions of allowance of possible loan losses	22,014	271,900	214,324	17,028	525,266
Write-offs	10	22	(558,867)	-	(558,835)
Collection of loans written-off	-	-	213,419	-	213,419
Disposal of non performing loans	-	-	(46,863)	(3,582)	(50,445)
Changes in exchange rate, etc.	35,757	(14,254)	(7,175)	-	14,328
As of December 31, 2021	511,296	762,386	606,591	34,129	1,914,402

<2020>

Classification	12 month expected credit	Lifetime expected credit losses		Credit impairment model	Total
		Non credit-impaired loan	Credit-impaired loan		
As of January 1, 2020	477,717	418,223	700,518	13,076	1,609,534
Increase due to business combination	195	33	316	-	544
Transfer to 12 month expected credit loss	52,447	(47,615)	(4,832)	-	-
Transfer to non credit-impaired financial assets	(36,130)	40,141	(4,011)	-	-
Transfer to credit-impaired loan	(128,247)	(90,394)	219,018	(377)	-
Provisions of allowance of possible loan losses	229,441	263,013	358,742	10,047	861,243
Write-offs	(114)	(338)	(679,887)	-	(680,339)
Collection of loans written-off	-	-	176,525	-	176,525
Disposal of non performing loans	-	-	(55,236)	(2,063)	(57,299)
Changes in exchange rate, etc.	(57,040)	(2,522)	(80,173)	-	(139,735)
As of December 31, 2020	538,269	580,541	630,980	20,683	1,770,473

16-4 Changes in the carrying amounts of allowance for possible loan losses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	12 month expected credit	Lifetime expected credit losses		Credit impairment model	Total
		Non credit-impaired loan	Credit-impaired loan		
As of January 1, 2021	277,343,228	30,153,244	1,300,180	1,361,444	310,158,096
Increase due to business combination	-	10,000	-	-	10,000
Transfer to 12 month expected credit loss	4,459,382	(4,399,754)	(59,628)	-	-
Transfer to non credit-impaired financial assets	(18,390,881)	18,438,038	(47,157)	-	-
Transfer to credit-impaired loan	(629,299)	(474,032)	1,103,331	-	-
Write-offs	-	-	(558,867)	-	(558,867)
Net increase and decrease	33,407,714	(3,581,951)	(318,178)	11,637	29,519,222
Disposal of non-performing loans	(22,122)	(7,049)	(247,474)	(3,582)	(280,227)
As of December 31, 2021	296,168,022	40,138,496	1,172,207	1,369,499	338,848,224

<2020>

Classification	12 month expected credit	Lifetime expected credit losses		Credit impairment model	Total
		Non credit-impaired loan	Credit-impaired loan		
As of January 1, 2020	247,592,363	33,532,727	1,572,453	851,956	283,549,499
Increase due to business combination	112,474	8,210	11,758	-	132,442
Transfer to 12 month expected credit loss	3,707,669	(3,688,605)	(19,064)	-	-
Transfer to non credit-impaired financial assets	(8,397,962)	8,460,192	(62,230)	-	-
Transfer to credit-impaired loan	(807,094)	(538,154)	1,348,827	(3,579)	-
Write-offs	(3)	(338)	(679,887)	-	(680,228)
Net increase and decrease	35,135,781	(7,620,788)	(557,931)	515,129	27,472,191
Disposal of non-performing loans	-	-	(313,746)	(2,062)	(315,808)
As of December 31, 2020	277,343,228	30,153,244	1,300,180	1,361,444	310,158,096

16-5 Amortized cost before change and net gain or loss due to change from cash flows of contract of loans, whose allowance for possible loan losses were measured based on the life-time expected credit loss for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Amortized cost before change	83,324	140,093
Net gain or loss due to change	(941)	20,918

16-6 Loans whose contractual cash flows changed for which the measurement of allowance for doubtful accounts changed from the lifetime ECL to 12-month ECL on initial recognition during the reporting period are ₩17,538 million as of December 31, 2021 and not exist as of December 31, 2020, respectively.

16-7 The contractual non-recoverable amount of the loan receivable that has been fully amortized as of the end of the reporting period but is still trying to recover is ₩5,331,950 million and ₩4,920,853 as of December 31, 2021, and 2020 respectively.

17. Derivative instruments

17-1 Details of amounts of the unsettled derivative contract and fair value of derivatives held by the Group as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Notional amounts	Net valuation gain	Net valuation loss	Assets	Liabilities
Currency:					
Forward	207,574,461	3,104,657	2,372,709	2,856,394	2,206,665
Swap	93,499,816	2,657,272	3,420,437	1,461,317	1,889,435
Call option	452,589	4,373	-	2,344	-
Put option	443,674	-	1,955	-	1,565
Future	1,492,911	562	494	562	494
Subtotal	303,463,451	5,766,864	5,795,595	4,320,617	4,098,159
Interest:					
Forward	1,467,163	36,539	28,408	49,367	40,459
Swap	175,714,299	472,784	732,906	486,615	559,343
Call option	251,966	4,688	821	53,273	-
Put option	905,000	-	299	-	13,354
Future	4,280,415	3,639	1,037	3,639	1,038
Subtotal	182,618,843	517,650	763,471	592,894	614,194
Stock:					
Forward	654	-	34	184	-
Swap	3,447,020	44,166	141,219	100,130	750,813
Call option	2,103,991	33,871	24,515	59,350	-
Put option	4,447,453	35,702	16,982	-	147,837
Future	611,158	2,666	2,849	2,666	2,849
Subtotal	10,610,276	116,405	185,599	162,330	901,499
Credit:					
Swap(CDS)	13,626,442	26,002	46,684	99,821	125,059
Total revenue swap (TRS)	151,447	908	544	5,975	1,438
Subtotal	13,777,889	26,910	47,228	105,796	126,497
Others:					
Credit risk valuation adjustment	-	2,159	-	(12,029)	-
Profit or loss on the trade date (unamortized)	-	-	-	19,150	33,430
Other forwards	1,550,831	30,684	28,177	30,684	28,177
Other swaps	7,635,278	29,353	22,086	40,705	57,766
Other call options	1,357,349	28,822	29,704	28,828	-
Other put options	-	-	-	-	29,712
Subtotal	10,543,458	91,018	79,967	107,338	149,085
Total	521,013,917	6,518,847	6,871,860	5,288,975	5,889,434

<December 31, 2020>

Classification	Notional amounts	Net valuation gain	Net valuation loss	Assets	Liabilities
Currency:					
Forward	202,777,433	5,735,012	6,036,594	5,867,243	6,051,902
Swap	82,640,638	3,057,577	2,538,056	2,957,837	2,392,080
Call option	455,357	2,797	-	3,337	-
Put option	383,230	-	3,517	-	6,421
Future	1,634,898	46	1,189	46	1,189
Subtotal	287,891,556	8,795,432	8,579,356	8,828,463	8,451,592
Interest:					
Swap	166,773,776	540,227	490,812	1,094,676	980,603
Call option	487,326	2,840	-	59,168	-
Put option	1,165,000	-	1,344	-	27,771
Future	5,114,440	1,332	936	1,333	936
Subtotal	173,540,542	544,399	493,092	1,155,177	1,009,310
Stock:					
Swap	4,461,906	80,899	171,167	387,013	749,728
Call option	2,953,391	72,708	23,797	141,499	-
Put option	5,512,212	61,996	27,342	-	114,742
Future	572,116	5,097	2,134	5,097	2,134
Subtotal	13,499,625	220,700	224,440	533,609	866,604
Credit:					
Swap(CDS)	14,998,965	38,611	50,834	117,178	123,795
Total revenue swap (TRS)	936,946	19,120	27,089	19,489	29,643
Subtotal	15,935,911	57,731	77,923	136,667	153,438
Others:					
Credit risk valuation adjustment	-	-	3,214	(14,188)	-
Profit or loss on the trade date (unamortized)	-	-	-	30,516	58,223
Other forwards	490,780	10,996	13,526	10,996	13,526
Other swaps	1,469,088	41,509	60,578	93,604	130,015
Other call options	397,801	13,850	10,128	14,431	-
Other put options	56,435	194	645	-	11,449
Subtotal	2,414,104	66,549	88,091	135,359	213,213
Total	493,281,738	9,684,811	9,462,902	10,789,275	10,694,157

17-2 Unsettled derivative contracts held for hedging purpose as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Notional amounts	Net valuation gain	Net valuation loss	Assets	Liabilities
Fair value hedge					
Currency forward	59,324	359	4,057	359	2,834
Currency swap	1,138,491	3,532	67,910	19,281	61,752
Interest swap	2,940,680	222	99,231	49,389	49,439
Subtotal	4,138,495	4,113	171,198	69,029	114,025
Cash flow hedge					
Currency swap	577,341	34,077	3,242	8,359	3,242
Interest swap	130,000	824	1,332	119	1,332
Subtotal	707,341	34,901	4,574	8,478	4,574
Total	4,845,836	39,014	175,772	77,507	118,599

<December 31, 2020>

Classification	Notional amounts	Net valuation gain	Net valuation loss	Assets	Liabilities
Fair value hedge					
Currency forward	50,050	3,152	-	2,796	89
Currency swap	502,941	27,719	-	28,125	395
Interest swap	2,805,680	60,929	2,088	110,542	7,830
Subtotal	3,358,671	91,800	2,088	141,463	8,314
Cash flow hedge					
Currency swap	326,400	-	4,418	-	25,718
Interest swap	80,000	-	584	-	705
Subtotal	406,400	-	5,002	-	26,423
Total	3,765,071	91,800	7,090	141,463	34,737

For derivative transactions involving both Korean won and foreign currency such as currency forwards, currency futures and currency swap, the fair value of the unsettled amount for such transaction is presented using the proper foreign exchange rate of the contract amount in foreign currency at the reporting date. For a derivative transaction involving only foreign currency, the fair value of the unsettled amount is presented using the proper foreign exchange rate of the foreign currency purchased at the reporting date.

Non derivative contracts held for hedging purpose as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021		December 31, 2020	
	Book value	Net valuation gain or loss	Book value	Net valuation gain or loss
Fair value hedge accounting:				
Foreign currency loans	237,100	(19,500)	217,600	(13,960)
Net investment in foreign operations hedge accounting:				
Foreign currency loans	779,488	(56,259)	732,885	36,615

17-2-1 Details of fair value hedge as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Risk	Hedged item	Book value		Accumulated Adjusted Fair value hedge amount		Adjusted Fair value hedge amount	
		Asset	Liability	Asset	Liability	Asset	Liability
Foreign currency risk	Securities measured at FVOCI	36,956	-	17,694	-	20,674	-
Foreign currency risk	Securities measured at amortized cost	41,949	-	1,530	-	1,894	-
Interest rate risk	Depository liabilities in Korean won	-	233,822	-	(16,178)	-	(12,659)
Interest rate risk	Depository liabilities in foreign currency	-	131,765	-	1,360	-	(3,899)
Interest rate risk	Financial debentures in Korean won	-	119,503	-	(10,497)	-	(6,345)
Interest rate risk	Financial debentures in foreign currency	-	2,455,251	-	24,976	-	(76,182)
Interest rate and Foreign currency risk	Financial debentures in foreign currency	-	1,129,830	-	(8,662)	-	(17,439)
Total		78,905	4,070,171	19,224	(9,001)	22,568	(116,524)

<December 31, 2020>

Risk	Hedged item	Book value		Accumulated Adjusted Fair value hedge amount		Adjusted Fair value hedge amount	
		Asset	Liability	Asset	Liability	Asset	Liability
Foreign currency risk	Securities measured at FVOCI	84,531	-	(1,390)	-	(16,497)	-
Foreign currency risk	Securities measured at amortized cost	28,350	-	172	-	190	-
Interest rate risk	Depository liabilities in Korean won	-	376,907	-	(3,093)	-	1,637
Interest rate risk	Depository liabilities in foreign currency	-	124,939	-	5,259	-	3,552
Interest rate risk	Financial debentures in Korean won	-	125,848	-	(4,152)	-	(796)
Interest rate risk	Financial debentures in foreign currency	-	2,280,266	-	104,266	-	54,562
Interest rate and Foreign currency risk	Financial debentures in foreign currency	-	511,736	-	8,795	-	1,028
Total		112,881	3,419,696	(1,218)	111,075	(16,307)	59,983

17-2-2 The details of the fair value hedge target items and the fair value hedge method of the consolidated entity as of the end of the year December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Hedged item	Hedging instrument	Gain (loss) on valuation of hedged item	Gain (loss) on valuation of hedging instrument	Ineffective portion of hedge recognized in profit or loss
Securities measured at FVOCI	Financial debentures in foreign currency	19,500	(19,500)	-
Securities measured at FVOCI	Currency forwards	1,174	(2,112)	(938)
Securities measured at amortized cost	Currency forwards	1,894	(1,586)	308
Depository liabilities in Korean won	Interest swap	12,659	(12,659)	-
Depository liabilities in foreign currency	Interest swap	3,899	(3,899)	-
Financial debentures in Korean won	Interest swap	6,345	(6,345)	-
Financial debentures in foreign currency	Interest swap	76,182	(76,328)	(146)
Financial debentures in foreign currency	Currency swap	17,439	(64,377)	(11)
Total		139,092	(186,806)	(787)

<December 31, 2020>

Hedged item	Hedging instrument	Gain (loss) on valuation of hedged item	Gain (loss) on valuation of hedging instrument	Ineffective portion of hedge recognized in profit or loss
Securities measured at FVOCI	Financial debentures in foreign currency	(13,960)	13,960	-
Securities measured at FVOCI	Currency forwards	(2,537)	3,020	483
Securities measured at amortized cost	Currency forwards	190	132	322
Depository liabilities in Korean won	Interest swap	(1,637)	1,637	-
Depository liabilities in foreign currency	Interest swap	(3,552)	3,552	-
Financial debentures in Korean won	Interest swap	796	(796)	-
Financial debentures in foreign currency	Interest swap	(54,562)	54,448	(114)
Financial debentures in foreign currency	Currency swap	(1,028)	27,719	13
Total		(76,290)	103,672	704

17-2-3 Details of items subject to cash flow hedge as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Risk	Hedged item	Book value		Accumulated cash flow hedge adjustments		Cash flow hedging effect	
		Asset	Liability	Asset	Liability	Asset	Liability
Interest rate risk	Variable interest rate debentures denominated in Korean won	-	129,946	-	559	526	-
Interest rate and foreign exchange risk	Variable interest rate debentures denominated in foreign currency	-	355,382	8,487	-	-	33,874
Foreign exchange risk	Fixed interest rate debentures denominated in foreign currency	-	221,322	-	750	3,242	-
Total		-	706,650	8,487	1,309	3,768	33,874

<December 31, 2020>

Risk	Hedged item	Book value		Accumulated cash flow hedge adjustments		Cash flow hedging effect	
		Asset	Liability	Asset	Liability	Asset	Liability
Interest rate risk	Variable interest rate debentures denominated in Korean won	-	79,983	-	(704)	-	(584)
Interest rate and foreign exchange risk	Variable interest rate debentures denominated in foreign currency	-	325,883	-	(25,718)	-	(4,441)
Total		-	405,866	-	(26,422)	-	(5,025)

17-2-4 Cash flow hedged items and gain or loss on valuation of items subject to cash flow hedge for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Hedged item	Hedging instrument	Gain (loss) on valuation of hedged item	Gain (loss) on valuation of hedging instrument (*)	Ineffective portion of hedge recognized in profit or loss
Variable interest rate debentures denominated in Korean won, Borrowings	Interest swap	526	(508)	18
Interest rate and foreign exchange risk	Currency swap	(33,874)	34,077	203
Currency risk	Currency swap	3,242	(3,242)	-
Total		(30,106)	30,327	221

(*) Gain (loss) on valuation of hedging instrument effective for hedging are included in other comprehensive income.

<December 31, 2020>

Hedged item	Hedging instrument	Gain (loss) on valuation of hedged item	Gain (loss) on valuation of hedging instrument (*)	Ineffective portion of hedge recognized in profit or loss
Variable interest rate debentures denominated in Korean won, Borrowings	Interest swap	584	(584)	-
Variable interest rate debentures denominated in foreign currency	Currency swap	4,441	(4,441)	-
Total		5,025	(5,025)	-

(*) Gain (loss) on valuation of hedging instrument effective for hedging are included in other comprehensive income.

17-2-5 Net investment hedged items and gain or loss on valuation of items subject to net investment hedge for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Hedged item	Hedging instrument	Gain (loss) on valuation of hedged item	Gain (loss) on valuation of hedging instrument	Ineffective portion of hedge recognized in profit or loss
Net investment in foreign operation (Foreign currency risk)	Debentures denominated in foreign currencies	56,259	(56,259)	-

<December 31, 2020>

Hedged item	Hedging instrument	Gain (loss) on valuation of hedged item	Gain (loss) on valuation of hedging instrument	Ineffective portion of hedge recognized in profit or loss
Net investment in foreign operation (Foreign currency risk)	Debentures denominated in foreign currencies	(36,615)	36,615	-

17-3 Details of the average hedging ratio of future cash flow as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	1 year	2 years	3 years	4 years	5 years	After 5 years	Total
Fair value hedge:							
Nominal value of hedged items	409,380	467,116	1,304,256	-	1,382,470	806,780	4,370,002
Nominal value of hedging instrument	414,974	467,116	1,304,256	-	1,382,470	806,780	4,375,596
Rate of average hedging	98.65%	99.75%	99.66%	-	99.90%	100.00%	99.77%
Cash flow hedge:							
Nominal value of cash flow hedge	228,188	207,463	-	-	221,691	50,000	707,342
Nominal value of hedging instrument	228,188	207,463	-	-	221,691	50,000	707,342
Rate of average hedging	100.00%	100.00%	-	-	100.00%	100.00%	100.00%
Net investment hedges of foreign operations:							
Nominal value of hedged items	-	-	-	-	-	779,488	779,488
Nominal value of hedging instrument	-	-	-	-	-	779,488	779,488
Rate of average hedging	-	-	-	-	-	100.00%	100.00%

<December 31, 2020>

Classification	1 year	2 years	3 years	4 years	5 years	After 5 years	Total
Fair value hedge:							
Nominal value of hedged items	987,834	326,400	432,501	979,200	-	847,280	3,573,215
Nominal value of hedging instrument	990,891	326,400	432,501	979,200	-	847,280	3,576,272
Rate of average hedging	99.88%	100.00%	99.81%	99.65%	-	100.00%	99.90%
Cash flow hedge:							
Nominal value of cash flow hedge	-	216,000	190,400	-	-	-	406,400
Nominal value of hedging instrument	-	216,000	190,400	-	-	-	406,400
Rate of average hedging	-	100.00%	100.00%	-	-	-	100.00%

Classification	1 year	2 years	3 years	4 years	5 years	After 5 years	Total
Net investment hedges of foreign operations:							
Nominal value of hedged items	-	-	-	-	-	732,885	732,885
Nominal value of hedging instrument	-	-	-	-	-	732,885	732,885
Rate of average hedging	-	-	-	-	-	100.00%	100.00%

17-4 Hedging relationships affected by IBOR Reform

17-4-1 The exposure to hedging relationships due to the Group's IBOR Reform as of December 31, 2021 is as follows (Korean won in millions):

The USD LIBOR interest rate will be replaced by a Secure Overnight Financing Rate (SOFR) based on actual transactions. And the KRW CD rate can be replaced by the RFR (Risk Free Rate) rate in case of an emergency in the long run. In this hedging relationship, the Group assumed that the spread based on a SOFR would be similar to that included in the interest rate swap used as a hedging instrument and no other changes were assumed.

Interest index	Currency	Book value of non-derivative financial liabilities (*)	Nominal value of hedging instruments (*)
KRW 91 CD	KRW	433,317	460,000
USD 1M LIBOR	USD	355,382	355,650
USD 3M LIBOR	USD	3,716,846	3,699,172

(*) It contains the amount prior to the time when the LIBOR rate calculation

17-4-2 The nominal amount and weighted average maturity of derivatives that will be affected by the IBOR reform for transition to a SOFR basis as of December 31, 2021 (Korean won in millions, Year):

Interest index	Currency	Nominal value of derivatives	Weighted average of remaining life
KRW 91 CD	KRW	460,000	14.80
USD 1M LIBOR	USD	355,650	1.07
USD 3M LIBOR	USD	3,699,172	4.03

(*) It contains the amount prior to the time when the LIBOR rate calculation

18. Investments in associates and joint ventures

18-1 Details of investments in associates and joint ventures

Details of investments in associates and joint ventures as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Type	Country	Ownership (%)	Book value
Bank of Jilin (*1)	Associates	China	11.9	853,877
Korea Credit Bureau (*1)	Associates	Korea	9.0	8,997
CM International Financing Leases	Associates	China	25.0	2,149
Beijing Langa Asset Management Co., Ltd.	Associates	China	21.9	96,672
Company KStartup Winwin Fund	Associates	Korea	23.8	5,215
KEB Hana-KVIC Unicorn Fund of Funds (*4)	Associates	Korea	90.9	72,528
Bank for Investment and Development of Vietnam (*1)	Associates	Vietnam	15.0	1,441,797
PT. SINARMAS HANA FINANCE (*3)	Joint ventures	Indonesia	85.0	22,338
Hana UBS Asset Management	Associates	Korea	49.0	35,674
Hana Power Infra 1st Private Equity Fund (*1)	Associates	Korea	7.0	21,204
Previously, KOCREF REIT 30 (*1)	Associates	Korea	19.1	36,107
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	Associates	Korea	20.0	5,187
2018 HANA-MAGNA start-up fund	Associates	Korea	21.9	6,556
Dream Island (*1)(*2)	Associates	Korea	10.2	6,817
Hana Digital Transformation Fund (*4)	Associates	Korea	57.9	51,169
Mirae Credit Information Services Corp	Associates	Korea	31.0	11,481
Finnq Co., Ltd. (*3)	Joint ventures	Korea	51.0	7,664
Lakebridge The Growth Capital PEF1	Associates	Korea	23.5	5,749
All Together Korea Fund5 (*4)	Associates	Korea	100.0	10,070
HORIZON PRIVATE EQUITY FUND (*4)	Associates	Korea	71.0	233,270
TossBank Corp. (Previously, TOSS INNOVATION CO., LTD.) (*1)(*5)	Associates	Korea	10.0	49,125
Curious Solution Financial Stability Private Investment Joint Company No.1	Associates	Korea	32.7	15,972
YH Leisure Development Co., Ltd. (*1)(*2)	Associates	Korea	12.8	11,081
Civic Center PFV (*1)(*2)	Associates	Korea	13.7	8,441
Hana-History No1 Investment Fund	Associates	Korea	36.5	5,452
Templeton Hana Asset Management Co., Ltd. (Previously, Darby Hana Infrastructure Fund Management)	Associates	Korea	29.8	3,828
Dream Island Leisure Co., Ltd. (*1)	Associates	Korea	19.9	5,392
F&U Credit Information Co., Ltd.	Associates	Korea	40.0	5,722
Others	Associates			242,508
Total				3,282,042

(*1) The Group exercises significant influence on the investee's Board of Directors and therefore, is included as part of affiliated companies under the equity method.

(*2) The financial statements for the current period were not available therefore the financial statements from the recent period were used and the effect from all material transactions or events from the current period were evaluated and appropriately reflected.

(*3) Equity method is applied since the Group cannot individually control the investees, and other shareholders' consent is required to make important decisions for the company.

(*4) Because the Group cannot exercise control over the company in the decision-making body, it was classified as an investment in the associates.

(*5) The Group has an obligation to supply Tossbank Corp. if it needs a liquidity supply. In the fourth quarter of 2021, the Group participated in the capital increase through shareholder allocation and the stake was changed from 7.5% to 10%.

<December 31, 2020>

Classification	Type	Country	Ownership (%)	Book value
Bank of Jilin (*1)	Associates	China	12.7	758,816
Korea Credit Bureau (*1)	Associates	Korea	9.0	7,819
CM International Financing Leases	Associates	China	25.0	2,777
Beijing Langa Asset Management Co., Ltd.	Associates	China	21.9	82,176
Company KStartup Winwin Fund	Associates	Korea	23.8	5,487
KEB Hana-KVIC Unicorn Fund of Funds (*4)	Associates	Korea	90.9	55,812
Ourcrowd International Invest Co., Ltd. (*2)	Associates	Virgin Island	22.2	13,970
Bank for Investment and Development of Vietnam (*1)	Associates	Vietnam	15.0	1,194,183
PT. SINARMAS HANA FINANCE (*3)	Joint ventures	Indonesia	85.0	20,213
Hana UBS Asset Management	Associates	Korea	49.0	35,107
Hana Power Infra 1st Private Equity Fund (*1)	Associates	Korea	7.0	22,469
KOCREF REIT 30 (*1)	Associates	Korea	19.1	36,609
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	Associates	Korea	20.0	5,229
Petra 6's Alpa Private Equity Fund (*4)	Associates	Korea	55.7	14,503
Myoungshin Co., Ltd. (*1)(*2)	Associates	Korea	9.1	22,059
2018 HANA-MAGNA start-up fund	Associates	Korea	21.9	6,616
Dream Island (*1)(*2)	Associates	Korea	10.2	6,910
Fresheasy Co., Ltd. (*1)(*2)	Associates	Korea	16.9	20,811
Hana Digital Transformation Fund (*4)	Associates	Korea	57.9	52,880
Mirae Credit Information Services Corp	Associates	Korea	31.0	10,072
Finnq Co., Ltd. (*3)	Joint ventures	Korea	51.0	13,716
Lakebridge The Growth Capital PEF1	Associates	Korea	23.5	5,949
All Together Korea Fund5 (*4)	Associates	Korea	100.0	10,023
HORIZON PRIVATE EQUITY FUND (*4)	Associates	Korea	80.2	215,652
Others	Associates			111,520
Total				2,731,378

(*1) The Group exercises significant influence on the investee's Board of Directors and therefore, is included as part of affiliated companies under the equity method.

(*2) The financial statements for the current period were not available therefore the financial statements from the recent period were used and the effect from all material transactions or events from the current period were evaluated and appropriately reflected.

(*3) Equity method is applied since the Group cannot individually control the investees, and other shareholders' consent is required to make important decisions for the company.

(*4) Because the Group cannot exercise control over the company in the decision-making body, it was classified as an investment in the associates.

Balances of investment accounts became zero so equity method was no longer applied. In this regard, unrecognized amount of changes in equity for the year ended December 31, 2021 and unrecognized accumulated amount of changes in equity for the prior year ended December 31, 2020 are as follows (Korean won in millions):

Classification	Ownership (%)	Unrecognized changes in equity as of December 31, 2021	Unrecognized accumulated changes in equity as of December 31, 2020
Somesevit Co., Ltd.	1.9	(112)	(1,346)
Midan City Development Co.,	2.2	-	(523)
Gunsan Bio Energy Co., Ltd.	18.9	(426)	(3,438)
GMHB Co., Ltd.	19.9	(18,999)	(3,287)
Creative Innovation	7.3	(970)	-
Forest of Suseong	10.0	(3,718)	-
People Korea Two Co., Ltd.	13.0	(2,721)	-
Imgok Rental Housing CO., Ltd.	19.9	(514)	-
Odin 2 LLC	26.7	58,069	(58,062)

18-2 Financial information of investments in associates and joint ventures The financial information of investments in associates and joint ventures as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
Bank of Jilin	88,184,828	81,116,728	7,068,100	3,702,700	371,737	54,571	426,308
Korea Credit Bureau	113,859	21,284	92,575	127,751	20,486	-	20,486
CM International Financing Leases	2,007,878	1,951,718	56,160	73,361	(56,735)	4,997	(51,738)
Beijing Langa Asset Management Co., Ltd.	474,244	26,676	447,568	28,444	32,066	300	32,366
Company KStartup Winwin Fund	22,160	257	21,903	747	484	(368)	116
KEB Hana-KVIC Unicorn Fund of Funds	79,960	179	79,781	59	(340)	-	(340)
Bank for Investment and Development of Vietnam	92,956,813	87,629,602	5,327,211	6,348,533	800,354	9,760	810,114
PT. SINARMAS Hana Finance	98,012	71,762	26,250	13,618	1,804	-	1,804
Hana UBS Asset Management	125,496	52,693	72,803	28,873	8,618	(273)	8,345
Hana Power Infra 1st Private Equity Fund	303,524	606	302,918	9,043	(11,523)	-	(11,523)
KOCREF REIT 30	521,373	407,750	113,623	2,181	296	-	296
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	19,800	717	19,083	4,192	522	(1,389)	(867)
2018 HANA-MAGNA start-up fund	31,147	1,245	29,902	3,796	2,994	-	2,994
Dream Island	274,059	208,573	65,486	-	(972)	-	(972)
Hana Digital Transformation Fund	89,365	915	88,450	15,691	12,531	-	12,531

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
Mirae Credit Information Services Corp	48,985	14,948	34,037	57,391	2,355	-	2,355
Finnq Co., Ltd.	26,718	8,827	17,891	4,258	(8,999)	-	(8,999)
Lakebridge The Growth Capital PEF1	24,480	2	24,478	570	277	-	277
All Together Korea Fund5	10,073	1	10,072	53	47	-	47
HORIZON PRIVATE EQUITY FUND	292,739	2,743	289,996	-	(3,002)	-	(3,002)
TossBank Corp. (Previously, TOSS INNOVATION CO., LTD.)	14,348,062	13,906,113	441,949	37,066	(81,653)	3,753	(77,900)
Curious Solution Financial Stability Private Investment Joint Company No.1	49,159	344	48,815	4,392	3,697	-	3,697
YH Leisure Development Co., Ltd.	206,221	119,788	86,433	21,022	13,111	-	13,111
Civic Center PFV	51,389	177	51,212	-	(3,820)	-	(3,820)
Hana-History No1 Investment Fund	14,920	-	14,920	1	(130)	-	(130)
Templeton Hana Asset Management Co., Ltd. (Previously, Darby Hana Infrastructure Fund Management)	16,414	3,569	12,845	6,954	2,164	-	2,164
Dream Island Leisure Co., Ltd.	27,097	2	27,095	-	485	-	485
F&U Credit Information Co., Ltd.	29,394	15,088	14,306	67,668	1,953	(331)	1,622

<December 31, 2020>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
Bank of Jilin	70,071,749	64,195,991	5,875,758	7,432,297	211,144	132	211,276
Korea Credit Bureau	117,077	37,599	79,478	107,810	13,391	-	13,391
CM International Financing Leases	2,776,436	2,218,213	558,223	68,082	(26,177)	(628)	(26,805)
Beijing Langa Asset Management Co., Ltd.	413,249	33,896	379,353	47,452	25,703	-	25,703
Company KStartup Winwin Fund	23,506	459	23,047	2	(991)	1,270	279
KEB Hana-KVIC Unicorn Fund of Funds	61,618	224	61,394	5	(439)	-	(439)
Ourcrowd International Invest Co., Ltd.	58,528	638	57,890	830	339	(2,686)	(2,347)
Bank for Investment and Development of Vietnam	71,582,341	67,812,198	3,770,143	6,368,462	365,761	(8,692)	357,069
PT. SINARMAS Hana Finance	78,266	54,771	23,495	13,032	(1,534)	(2,280)	(3,814)
Hana UBS Asset Management	124,528	52,882	71,646	27,655	8,130	21	8,151
Hana Power Infra 1st Private Equity Fund	321,598	619	320,979	10,785	8,305	-	8,305
KOCREF REIT 30	523,621	407,376	116,245	12,708	(3,819)	-	(3,819)
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	19,930	640	19,290	2,514	(308)	57	(251)
Petra 6th Alpa Private Equity Fund	26,410	367	26,043	902	57	-	57
Myoungshin Co., Ltd.	432,393	293,183	139,210	553,665	24,572	2,956	27,528

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
2018 HANA-MAGNA start-up fund	30,246	-	30,246	178	(664)	-	(664)
Dream Island	127,537	61,138	66,399	-	(432)	-	(432)
Fresheasy Co., Ltd.	152,266	97,427	54,839	97,836	(31,118)	-	(31,118)
Hana Digital Transformation Fund	91,460	50	91,410	1,112	(2,596)	-	(2,596)
Mirae Credit Information Services Corp	44,606	12,115	32,491	73,893	2,153	-	2,153
Finnq Co., Ltd.	35,311	8,416	26,895	3,937	(19,302)	-	(19,302)
Lakebridge The Growth Capital PEF1	25,235	-	25,235	429	38	-	38
All Together Korea Fund5	10,025	1	10,024	187	150	-	150
HORIZON PRIVATE EQUITY FUND	269,280	279	269,001	-	(3,276)	-	(3,276)

18-3 Changes in investments in associates and joint ventures

Details of changes in investments in associates and joint ventures for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	Ownership (%)	Initial book value	Purchase	Replacement	Dividend	Book value before valuation	Valuation of equity method		Disposal	Impairment loss	Book Value
							Gain or loss	Changes in equity			
Bank of Jilin	11.9	758,816	-	-	-	758,816	4,656	94,111	(3,706)	-	853,877
Korea Credit Bureau	9.0	7,819	-	-	(90)	7,729	1,268	-	-	-	8,997
CM International Financing Leases	25.0	2,777	-	-	-	2,777	-	-	-	(628)	2,149
Beijing Langa Asset Management Co., Ltd.	21.9	82,176	-	-	(2,281)	79,895	7,747	9,030	-	-	96,672
Company KStartup Winwin Fund	23.8	5,487	-	-	-	5,487	116	(88)	(300)	-	5,215
KEB Hana-KVIC Unicorn Fund of Funds	90.9	55,812	18,000	-	-	73,812	(1,284)	-	-	-	72,528
OurCrowd International Invest	-	13,970	-	-	-	13,970	-	-	(13,970)	-	-
Bank for Investment and Development of Vietnam	15.0	1,194,183	-	-	(6,262)	1,187,921	120,053	133,823	-	-	1,441,797
PT. SINARMAS Hana Finance	85.0	20,213	-	-	-	20,213	1,062	1,063	-	-	22,338
Hana UBS Asset Management	49.0	35,107	-	-	(3,523)	31,584	4,224	(134)	-	-	35,674
Hana Power Infra 1st Private Equity Fund	7.0	22,469	-	(458)	-	22,011	(807)	-	-	-	21,204
KOCREF REIT 30	19.1	36,609	-	-	(1,036)	35,573	262	272	-	-	36,107

Classification	Own-ership (%)	Initial book value	Purchase	Replace-ment	Dividend	Book value before valua-tion	Valuation of equity method		Disposal	Impair-ment loss	Book Value
							Gain or loss	Changes in equity			
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	20.0	5,229	-	-	-	5,229	236	(278)	-	-	5,187
Petra 6th Alpa Private Equity Fund	-	14,503	-	-	-	14,503	-	-	(14,503)	-	-
Myoungshin Co., Ltd.	-	22,059	-	(17,141)	-	4,918	-	(4,918)	-	-	-
2018 HANA-MAGNA start-up fund	21.9	6,616	-	-	-	6,616	625	-	(685)	-	6,556
Dream Island	10.2	6,910	-	-	-	6,910	(93)	-	-	-	6,817
Fresheasy Co., Ltd.	-	20,811	-	-	-	20,811	(9,612)	(1,956)	(9,243)	-	-
Hana Digital Transformation Fund	57.9	52,880	-	-	-	52,880	7,250	-	(8,961)	-	51,169
Mirae Credit Information Services Corp	31.0	10,072	-	-	(186)	9,886	1,595	-	-	-	11,481
Finnq Co., Ltd.	51.0	13,716	-	-	-	13,716	(6,263)	211	-	-	7,664
Lakebridge The Growth Capital PEF1	23.5	5,949	-	-	(33)	5,916	43	-	(210)	-	5,749
All Together Korea Funds	100.0	10,023	-	-	-	10,023	47	-	-	-	10,070
HORIZON PRIVATE EQUITY FUND	71.0	215,652	25,655	-	-	241,307	(1,876)	19,427	(25,588)	-	233,270
TossBank Corp. (Previously, TOSS INNOVATION CO., LTD.)	10.0	7,500	47,500	-	-	55,000	(6,124)	249	-	-	49,125
Curious Solution Financial Stability Private Investment Joint Company No.1	32.7	15,995	-	-	(1,232)	14,763	1,209	-	-	-	15,972
YH Leisure Development Co., Ltd.	12.8	9,956	-	-	-	9,956	1,125	-	-	-	11,081
Civic Center PPV	13.7	7,973	-	-	-	7,973	468	-	-	-	8,441
Hana-History No1 Investment Fund	36.5	-	5,500	-	-	5,500	(48)	-	-	-	5,452
Templeton Hana Asset Management Co., Ltd. (Previously, Darby Hana Infrastructure Fund Management)	29.8	5,937	-	-	(2,980)	2,957	871	-	-	-	3,828
Dream Island Leisure Co., Ltd.	19.9	2	5,969	-	-	5,971	(489)	(90)	-	-	5,392
F&U Credit Information Co., Ltd.	40.0	5,067	-	-	-	5,067	787	(132)	-	-	5,722
Others		59,090	300,043	5,899	(5,578)	359,454	3,932	6,148	(141,196)	14,170	242,508
Total		2,731,378	402,667	(11,700)	(23,201)	3,099,144	130,980	256,738	(218,362)	13,542	3,282,042

<2020>

Classification	Own-ership (%)	Initial book value	Purchase	Replace-ment	Dividend	Book value before valua-tion	Valuation of equity method		Disposal	Impair-ment loss	Book Value
							Gain or loss	Changes in equity			
Bank of Jilin	12.7	731,457	-	-	-	731,457	28,358	4,028	(5,027)	-	758,816
Korea Credit Bureau	9.0	6,657	-	-	(90)	6,567	1,252	-	-	-	7,819
CM International Financing Leases	25.0	6,429	-	-	-	6,429	-	-	-	(3,652)	2,777
Beijing Langa Asset Management Co., Ltd.	21.9	77,084	-	-	(1,719)	75,365	6,553	373	(115)	-	82,176
Company KStartup Winwin Fund	23.8	5,621	-	-	-	5,621	(237)	303	(200)	-	5,487
KEB Hana-KVIC Unicorn Fund of Funds	90.9	5,669	50,670	-	-	56,339	(527)	-	-	-	55,812
OurCrowd International Invest	22.2	14,971	-	-	(308)	14,663	75	(426)	(342)	-	13,970
Bank for Investment and Development of Vietnam	15.0	1,272,969	-	-	(22,829)	1,250,140	20,441	(76,398)	-	-	1,194,183
PT. SINARMAS Hana Finance	85.0	8,975	14,216	-	-	23,191	(1,372)	(1,606)	-	-	20,213
Hana UBS Asset Management	49.0	35,477	-	-	(4,239)	31,238	3,859	10	-	-	35,107
Hana Power Infra 1st Private Equity Fund	7.0	22,337	-	-	-	22,337	591	(459)	-	-	22,469
KOCREF REIT 30	19.1	19,285	20,000	-	(1,506)	37,779	794	16,869	(18,833)	-	36,609
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	20.0	5,358	-	-	-	5,358	(141)	12	-	-	5,229
Petra 6th Alpa Private Equity Fund	55.7	46,406	-	-	-	46,406	189	-	(32,092)	-	14,503
Myoungshin Co., Ltd.	9.1	25,851	1,481	11,753	(400)	38,685	3,942	4,624	(25,192)	-	22,059
2018 HANA-MAGNA start-up fund	21.9	6,761	-	-	-	6,761	(145)	-	-	-	6,616
Dream Island	10.2	6,822	-	-	-	6,822	88	-	-	-	6,910
Fresheasy Co., Ltd.	16.9	10,928	15,421	-	-	26,349	(7,494)	1,956	-	-	20,811
Hana Digital Transformation Fund	57.9	34,135	20,248	-	-	54,383	(1,503)	-	-	-	52,880
Mirae Credit Information Services Corp	31.0	9,591	-	-	(186)	9,405	667	-	-	-	10,072
Finnq Co., Ltd.	51.0	23,683	-	-	-	23,683	(9,844)	(123)	-	-	13,716
Lakebridge The Growth Capital PEF1	23.5	-	-	5,940	-	5,940	9	-	-	-	5,949
All Together Korea Funds	100.0	-	100,000	-	-	100,000	23	-	(90,000)	-	10,023

Classification	Own- ership (%)	Initial book value	Purchase	Replace- ment	Dividend	Book value before valua- tion	Valuation of equity method		Disposal	Impair- ment loss	Book Value
							Gain or loss	Changes in equity			
HORIZON PRIVATE EQUITY FUND	80.2	-	222,598	-	-	222,598	(2,432)	(4,514)	-	-	215,652
Others		63,661	101,265	5,712	(1,591)	169,047	2,522	284	(60,388)	55	111,520
Total		2,440,127	545,899	23,405	(32,868)	2,976,563	45,668	(55,067)	(232,189)	(3,597)	2,731,378

18-4 The details of net assets of related companies as of December 31, 2021 and 2020 are as follows (Korean won in million):

<December 31, 2021>

Classification	Net assets	Ownership (%)	Interest in net assets	Goodwill and others	Book value
Bank of Jilin	7,068,100	11.9	842,518	11,359	853,877
Korea Credit Bureau	92,575	9.0	8,332	665	8,997
CM International Financing Leases	56,160	25.0	14,040	(11,891)	2,149
Beijing Langa Asset Management Co., Ltd.	447,568	21.9	98,152	(1,480)	96,672
Company KStartup Winwin Fund	21,903	23.8	5,215	-	5,215
KEB Hana-KVIC Unicorn Fund of Funds	79,781	90.9	72,528	-	72,528
Bank for Investment and Development of Vietnam	5,327,211	15.0	799,082	642,715	1,441,797
PT. SINARMAS Hana Finance	26,250	85.0	22,313	25	22,338
Hana UBS Asset Management	72,803	49.0	35,674	-	35,674
Hana Power Infra 1st Private Equity Fund	302,918	7.0	21,204	-	21,204
Previously, KOCREF REIT 30	113,623	19.1	21,746	14,361	36,107
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	19,083	20.0	3,813	1,374	5,187
2018 HANA-MAGNA start-up fund	29,902	21.9	6,541	15	6,556
Dream Island	65,486	10.2	6,662	155	6,817
Hana Digital Transformation Fund	88,450	57.9	51,169	-	51,169
Mirae Credit Information Services Corp	34,037	31.0	10,551	930	11,481
Finnq Co., Ltd.	17,891	51.0	9,124	(1,460)	7,664
Lakebridge The Growth Capital PEF1	24,478	23.5	5,749	-	5,749
All Together Korea Fund5	10,070	100.0	10,070	-	10,070
HORIZON PRIVATE EQUITY FUND	289,996	71.0	205,804	27,466	233,270
TossBank Corp. (Previously, TOSS INNOVATION CO., LTD.)	441,949	10.0	44,195	4,930	49,125
Curious Solution Financial Stability Private Investment Joint Company No.1	48,815	32.7	15,972	-	15,972
YH Leisure Development Co., Ltd.	86,433	12.8	11,081	-	11,081
Civic Center PFV	51,211	13.7	7,008	1,433	8,441

Classification	Net assets	Ownership (%)	Interest in net assets	Goodwill and others	Book value
Hana-History No1 Investment Fund	14,920	36.5	5,452	-	5,452
Templeton Hana Asset Management Co., Ltd. (Previously, Darby Hana Infrastructure Fund Management)	12,845	29.8	3,828	-	3,828
Dream Island Leisure Co., Ltd.	27,095	19.9	5,392	-	5,392
F&U Credit Information Co., Ltd.	14,306	40.0	5,722	-	5,722
Others	-	-	-	-	242,508
Total					3,282,042

<December 31, 2020>

Classification	Net assets	Ownership (%)	Interest in net assets	Goodwill and others	Book value
Bank of Jilin	5,875,758	12.7	747,984	10,832	758,816
Korea Credit Bureau	79,478	9.0	7,153	666	7,819
CM International Financing Leases	558,223	25	139,556	(136,779)	2,777
Beijing Langa Asset Management Co., Ltd.	379,352	21.9	83,192	(1,016)	82,176
Company KStartup Winwin Fund	23,047	23.8	5,487	-	5,487
KEB Hana-KVIC Unicorn Fund of Funds	61,394	90.9	55,812	-	55,812
Our Crowd International Invest III	57,890	22.2	12,846	1,124	13,970
Bank for Investment and Development of Vietnam	3,770,142	15	565,521	628,662	1,194,183
PT. SINARMAS Hana Finance	23,495	85	19,971	242	20,213
Hana UBS Asset Management	71,646	49	35,107	-	35,107
Hana Power Infra 1st Private Equity Fund	320,979	7	22,469	-	22,469
KOCREF REIT 30	116,245	19.1	22,248	14,361	36,609
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	19,291	20	3,854	1,375	5,229
Petra 6th Alpa Private Equity Fund	26,044	55.7	14,503	-	14,503
Myoung Shin Industrial Co., Ltd.	139,210	9.1	12,629	9,430	22,059
2018 HANA-MAGNA start-up fund	30,246	21.9	6,616	-	6,616
Dream Island	66,400	10.2	6,755	155	6,910
Fresheasy Co., Ltd.	54,839	16.9	9,251	11,560	20,811
Hana Digital Transformation Fund	91,410	57.9	52,880	-	52,880
Mirae Credit Information Services Corp	32,492	31	10,072	-	10,072
Finnq Co., Ltd.	26,895	51	13,716	-	13,716
Lakebridge The Growth Capital PEF1	25,235	23.5	5,926	23	5,949
All Together Korea Fund5	10,024	100	10,023	-	10,023
HORIZON PRIVATE EQUITY FUND	269,001	80.2	215,652	-	215,652
Others	-	-	-	111,520	111,520
Total					2,731,378

18-5 The details of marketable investment shares in related companies as of the end of the year December 31, 2021 and 2020 are as follows (Korean won in million, price per share in won):

<December 31, 2021>

Classification	Market price	Price per share
Bank for Investment and Development of Vietnam(*)	1,466,651	1,933
Hana Must Seven Special Purpose Acquisition Company	9	2,160
Hana Financial Fourteen Special Purpose Acquisition Company	21	2,115
Hana Financial Fifteenth Special Purpose Acquisition Company	21	2,130
Hana Financial Sixteenth Special Purpose Acquisition Company	22	2,160
Hana Financial Seventeen Special Purpose Acquisition Company	28	2,810
Hana Financial Nineteen Special Purpose Acquisition Company	11	2,240
Hana Financial Twentieth Special Purpose Acquisition Company	3	2,885

(*) Bank for Investment and Development of Vietnam(BIDV) has decided to distribute stock dividends in December 2021. As a result, the number of shares held by the Group increased from 603 million to 759 million.

<December 31, 2020>

Classification	Market price	Price per share
Bank for Investment and Development of Vietnam	1,361,105	2,256

18-6 Companies that hold more than 20% of shares but excluded from investments in associates as of December 31, 2021 is as follow:

Company (*)	Country	Industry	Ownership (%)
YEISAN STEEL CO. LTD. (*1),	Korea	Steel manufacturing	21.06
PAJU PFV Co.,Ltd (*2)	Korea	Real estate development and supply	23.10

(*1) Although the YEISAN STEEL CO. LTD., holds equity interest of more than 20%, it is excluded from associates because its significant influence on related activities is limited due to the ongoing corporate rehabilitation process.

(*2) Although the PAJU PFV Co.,Ltd, holds equity interest of more than 20%, it is excluded from associates because it does not have voting rights and has limited significant influence on related activities.

Investment trusts that have limited significant influence on related activities under trust contracts are excluded from investments in associates and joint ventures.

19. Property and equipment

19-1 Details of property and equipment as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Property and equipment				
Land	985,424	-	(3,831)	981,593
Buildings	996,078	(240,761)	(8,660)	746,657
Leasehold improvements	374,240	(298,322)	-	75,918
Vehicles, furniture and fixtures	1,127,887	(897,495)	-	230,392
Construction in progress	34,825	-	-	34,825
Operating lease assets	1,443,369	(374,641)	-	1,068,728
Subtotal	4,961,823	(1,811,219)	(12,491)	3,138,113
Right-of-use Assets				
Real estate for business	878,018	(492,393)	-	385,625
Vehicles	29,310	(14,202)	-	15,108
Others	1,177	(354)	-	823
Subtotal	908,505	(506,949)	-	401,556
Total	5,870,328	(2,318,168)	(12,491)	3,539,669

<December 31, 2020>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Property and equipment				
Land	1,045,200	-	(6,451)	1,038,749
Buildings	1,027,736	(216,314)	(5,365)	806,057
Leasehold improvements	369,780	(295,450)	-	74,330
Vehicles, furniture and fixtures	1,097,101	(866,874)	-	230,227
Construction in progress	25,421	-	-	25,421
Operating lease assets	1,066,559	(358,926)	-	707,633
Subtotal	4,631,797	(1,737,564)	(11,816)	2,882,417
Right-of-use Assets				
Real estate for business	786,640	(379,992)	-	406,648
Vehicles	27,892	(12,638)	-	15,254
Others	1,518	(1,101)	-	417
Subtotal	816,050	(393,731)	-	422,319
Total	5,447,847	(2,131,295)	(11,816)	3,304,736

19-2 Changes in property and equipment for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	January 1	Acquisition	Disposal	Depreciation	Impairment loss	Transfer in (out)	Others	December 31
Property and equipment								
Land	1,038,749	1,515	(39,031)	-	(1,867)	(12,519)	(5,254)	981,593
Buildings	806,057	16,392	(17,491)	(32,276)	(5,170)	(16,012)	(4,843)	746,657
Leasehold improvements	74,330	31,750	(1,399)	(30,255)	-	488	1,004	75,918
Vehicles, furniture and fixtures	230,227	100,656	(20,826)	(92,860)	-	14,520	(1,325)	230,392
Construction in progress	25,421	228,340	(1,000)	-	-	(217,911)	(25)	34,825
Operating lease assets	707,633	789,791	(246,661)	(182,035)	-	-	-	1,068,728
Subtotal	2,882,417	1,168,444	(326,408)	(337,426)	(7,037)	(231,434)	(10,443)	3,138,113
Right-of-use Assets								
Real estate for business	406,648	228,254	(53,142)	(207,385)	-	-	11,250	385,625
Vehicles	15,254	9,638	(3,108)	(7,761)	-	-	1,085	15,108
Others	417	-	(10)	(711)	-	-	1,127	823
Subtotal	422,319	237,892	(56,260)	(215,857)	-	-	13,462	401,556
Total	3,304,736	1,406,336	(382,668)	(553,283)	(7,037)	(231,434)	3,019	3,539,669

<2020>

Classification	January 1	Due to business combination	Acquisition	Disposal	Depreciation	Impairment loss	Transfer in (out)	Others	December 31
Property and equipment									
Land	1,111,731	32,319	1,149	(69,378)	-	-	(38,659)	1,587	1,038,749
Buildings	837,802	19,798	24,145	(14,507)	(31,201)	(6)	(29,330)	(644)	806,057
Leasehold improvements	81,931	570	21,170	(1,233)	(28,173)	-	2,269	(2,204)	74,330
Vehicles, furniture and fixtures	233,403	6,862	77,818	(4,637)	(88,978)	-	7,237	(1,478)	230,227
Construction in progress	19,049	278	24,892	-	-	-	(17,651)	(1,147)	25,421
Operating lease assets	766,565	-	231,703	(113,910)	(176,725)	-	-	-	707,633
Subtotal	3,050,481	59,827	380,877	(203,665)	(325,077)	(6)	(76,134)	(3,886)	2,882,417
Right-of-use Assets									
Real estate for business	561,589	1,803	118,682	(24,288)	(221,728)	-	-	(29,410)	406,648
Vehicles	16,336	96	8,360	(1,640)	(7,467)	-	-	(431)	15,254
Others	981	-	-	-	(556)	-	-	(8)	417
Subtotal	578,906	1,899	127,042	(25,928)	(229,751)	-	-	(29,849)	422,319
Total	3,629,387	61,726	507,919	(229,593)	(554,828)	(6)	(76,134)	(33,735)	3,304,736

20. Investment properties

20-1 Details of investment properties as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

<December 31, 2021>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	557,686	-	(5,912)	551,774
Buildings	618,917	(111,111)	(3,861)	503,945
Total	1,176,603	(111,111)	(9,773)	1,055,719

<December 31, 2020>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	671,418	-	(5,761)	665,657
Buildings	343,781	(106,283)	(3,809)	233,689
Total	1,015,199	(106,283)	(9,570)	899,346

20-2 Changes in investment properties for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	January 1	Acquisition	Disposal	Depreciation	Impairment loss	Transfer in (out)	Others	December 31
Land	665,657	76,604	(56,194)	-	(2,415)	(131,878)	-	551,774
Buildings	233,689	95,382	(33,086)	(19,103)	(1,602)	229,514	(849)	503,945
Total	899,346	171,986	(89,280)	(19,103)	(4,017)	97,636	(849)	1,055,719

<2020>

Classification	January 1	Due to business combination	Acquisition	Disposal	Depreciation	Impairment loss	Transfer in (out)	Others	December 31
Land	616,232	20,174	16,802	(27,270)	-	(444)	39,028	1,135	665,657
Buildings	606,350	9,548	2,775	(404,409)	(17,224)	(1,082)	37,605	126	233,689
Total	1,222,582	29,722	19,577	(431,679)	(17,224)	(1,526)	76,633	1,261	899,346

20-3 Rental income and operating expenses arising from the Group's investment properties for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2021	2020
Rental income	14,675	16,871
Operating expenses	3,339	6,931

20-4 Details and fair value, Valuation method, Input variables of investment properties for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Fair value(*)	Valuation method	Input variables
Land and Buildings	1,097,528	Officially appraised land price and Estimated value by cost method	Officially appraised land price and Re-procurement cost

(*) The fair value of the investment property was measured on the basis of market-based value by an independent appraisal agency with professional qualifications. All investment properties are classified as level 3 in the fair value hierarchy described in Note 5-1.

<December 31, 2020>

Classification	Fair value(*)	Valuation method	Input variables
Land and Buildings	907,978	Officially appraised land price and Estimated value by cost method	Officially appraised land price and Re-procurement cost

(*) The fair value of the investment property was measured on the basis of market-based value by an independent appraisal agency with professional qualifications. All investment properties are classified as level 3 in the fair value hierarchy described in Note 5-1.

21. Financial lease and operating lease

21-1 The total amount of investment in leases on financial lease receivables and the net investment in leases and the minimum lease payments to be recovered as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Description	Present value of minimum lease payments	Direct cost	Net investment in lease	Unrealized interest income	Total amount of investment
Within 1 year	733,876	2,928	736,804	104,347	841,151
After 1 year ~ but no later than 2 years	590,296	9,126	599,422	70,966	670,388
After 2 years ~ but no later than 3 years	558,362	22,336	580,698	42,906	623,604
After 3 years ~ but no later than 5 years	491,164	64,528	555,692	25,733	581,425
After 5 years	91	286	377	8	385
Total	2,373,789	99,204	2,472,993	243,960	2,716,953

(*) Interest income on finance lease receivables recognized for the year ended December 31, 2021 is ₩105,787 million.

<December 31, 2020>

Description	Present value of minimum lease payments	Direct cost	Net investment in lease	Unrealized interest income	Total amount of investment
Within 1 year	477,645	2,322	479,967	94,751	574,718
After 1 year ~ but no later than 2 years	367,595	9,374	376,969	64,574	441,543
After 2 years ~ but no later than 3 years	1,097,844	17,640	1,115,484	38,225	1,153,709
After 3 years ~ but no later than 5 years	109,188	56,126	165,314	22,976	188,290
After 5 years	693	352	1,045	15	1,060
Total	2,052,965	85,814	2,138,779	220,541	2,359,320

(*) Interest income on finance lease receivables recognized for the year ended December 31, 2020 is ₩95,186 million.

21-2 The details of operating lease assets for each type of underlying asset as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Real estate for business	Vehicles	Equipment	Other assets	Total
Operating lease assets(*)	-	1,443,369	-	-	1,443,369
Accumulated depreciation	-	(374,641)	-	-	(374,641)
Accumulated impairment loss	-	-	-	-	-
Total	-	1,068,728	-	-	1,068,728

(*) The operating lease asset includes the direct cost of commencing the lease of ₩95,436 million.

<December 31, 2020>

Classification	Real estate for business	Vehicles	Equipment	Other assets	Total
Operating lease assets(*)	-	1,066,559	-	-	1,066,559
Accumulated depreciation	-	(358,926)	-	-	(358,926)
Accumulated impairment loss	-	-	-	-	-
Total	-	707,633	-	-	707,633

(*) The operating lease asset includes the direct cost of commencing the lease of ₩61,882 million.

21-3 The details of operating lease assets by type of underlying asset classified by industry based on acquisition costs as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Real estate for business	Vehicles	Equipment	Other assets	Total
Manufacturing	-	256,783	-	-	256,783
Wholesale & retail, Lodging	-	199,054	-	-	199,054
Logistics, Storing	-	1,748	-	-	1,748
Private service	-	37,159	-	-	37,159
Others	-	948,625	-	-	948,625
Total	-	1,443,369	-	-	1,443,369

<December 31, 2020>

Classification	Real estate for business	Vehicles	Equipment	Other assets	Total
Manufacturing	-	160,480	-	-	160,480
Wholesale & retail, Lodging	-	127,115	-	-	127,115
Logistics, Storing	-	1,196	-	-	1,196
Private service	-	4,750	-	-	4,750
Others	-	773,018	-	-	773,018
Total	-	1,066,559	-	-	1,066,559

21-4 The details of changes in operating lease assets by type of underlying asset for the year ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	Beginning	Acquisition	Disposal	Depreciation	Impairment	Ending
Real estate for business	-	-	-	-	-	-
Vehicles	707,633	789,339	(246,209)	(182,035)	-	1,068,728
Equipment	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	707,633	789,339	(246,209)	(182,035)	-	1,068,728

<2020>

Classification	Beginning	Acquisition	Disposal	Depreciation	Impairment	Ending
Real estate for business	-	-	-	-	-	-
Vehicles	766,565	231,703	(113,910)	(176,725)	-	707,633
Equipment	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	766,565	231,703	(113,910)	(176,725)	-	707,633

21-5 The annual lease collection plan for operating lease contracts executed as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Description	Real estate for business	Vehicles	Equipment	Other Assets	Total
Within 1 year	-	228,312	-	-	228,312
After 1 year ~ but no later than 2 years	-	169,404	-	-	169,404
After 2 years ~ but no later than 3 years	-	125,490	-	-	125,490
After 3 years ~ but no later than 5 years	-	123,902	-	-	123,902
After 5 years	-	168	-	-	168
Total	-	647,276	-	-	647,276

<December 31, 2020>

Description	Real estate for business	Vehicles	Equipment	Other Assets	Total
Within 1 year	-	181,229	-	-	181,229
After 1 year ~ but no later than 2 years	-	124,228	-	-	124,228
After 2 years ~ but no later than 3 years	-	68,656	-	-	68,656
After 3 years ~ but no later than 5 years	-	36,775	-	-	36,775
After 5 years	-	11	-	-	11
Total	-	410,899	-	-	410,899

22. Intangible assets

22-1 Details of intangible assets as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

<December 31, 2021>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Goodwill	102,929	-	(18,722)	84,207
Industrial property	58,837	(58,323)	-	514
Core deposits	992,144	(986,713)	(3,116)	2,315
Client relationship	423,113	(339,975)	-	83,138
Software and system development	1,860,302	(1,448,709)	(18)	411,575
Membership	46,894	(214)	(6,270)	40,410
Others	303,581	(177,403)	-	126,178
Total	3,787,800	(3,011,337)	(28,126)	748,337

<December 31, 2020>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Goodwill	104,066	-	(18,722)	85,344
Industrial property	58,711	(58,055)	-	656
Core deposits	991,739	(986,149)	(3,116)	2,474
Client relationship	423,113	(309,520)	-	113,593
Software and system development	1,680,295	(1,313,375)	(368)	366,552
Membership	44,521	(162)	(6,526)	37,833
Others	278,666	(145,980)	-	132,686
Total	3,581,111	(2,813,241)	(28,732)	739,138

22-2 Details of goodwill as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Acquisition cost	Accumulated impairment loss	Book value
Hana Savings Bank	75,229	(18,722)	56,507
Hana Asset Trust (*1)	22,377	-	22,377
HFI	4,431	-	4,431
KEB Hana Bank	892	-	892
Total	102,929	(18,722)	84,207

(*1) Includes goodwill relating to Hana Alternative Asset Management Co., Ltd.

(*2) Includes goodwill relating to Bareun Food Factory Co., Ltd., a subsidiary of HFI.

(*3) Includes goodwill relating to PT Bank KEB hana, a subsidiary of KEB Hana Bank.

<December 31, 2020>

Classification	Acquisition cost	Accumulated impairment loss	Book value
Hana Savings Bank	75,229	(18,722)	56,507
Hana Asset Trust (*1)	22,377	-	22,377
HFI	5,568	-	5,568
KEB Hana Bank	892	-	892
Total	104,066	(18,722)	85,344

(*1) Includes goodwill relating to Hana Alternative Asset Management Co., Ltd.

(*2) Includes goodwill relating to Bareun Food Factory Co., Ltd., a subsidiary of HFI.

(*3) Includes goodwill relating to PT Bank KEB hana, a subsidiary of KEB Hana Bank.

22-3 The method of goodwill impairment test

The Group allocated goodwill to cash-generating units which are composed of operating segments or its sub-segments. Impairment test was performed regularly on an annual basis and at times there is any indication of impairment through comparing the carrying amount of cash-generating units including goodwill with its recoverable amount.

The recoverable amount of a cash-generating unit is estimated to be the higher of the cash-generating unit's fair value and its value in use. The fair value is based on the best information available to reflect the amount that the Group could obtain, at the end of the reporting period, from the disposal of the assets or the transfer of the liabilities in formal transaction between participants, after deducting the costs of disposal. However, if the fair value could not be measured with sufficient reliability, it is possible applying the value in use which is present value of future cash flows. The Group estimates future cash flows based on the financial budget authorized by management. The estimation period cannot exceed 5 years without reasonable causes.

22-4 Result of goodwill impairment test

The goodwill allocated by cash-generating unit for the impairment test as of December 31, 2021 is as follows (Korean won in millions):

Classification	Hana Savings Bank	HFI	Hana Asset Trust	Hana Alternative Asset Management
Value in use (recoverable amount)	388,251	33,420	578,683	242,075
Carrying amount of net assets	359,068	32,664	432,991	193,695
Value in use which exceeds carrying amount of net assets	29,183	756	145,693	48,380
Discount rate (%)	16.42	12.49	14.28	14.28
Permanent growth rate (%)	1.00	0.00	0.50	0.50

The Group estimates future cash flows based on the assumption that cash flows will continue to grow at 0.0%~1.0% over 5 years referred to a recent macroeconomic indicator provided by EIU (Economist Intelligence Unit). The pre-tax discount rate used for discounting future cash flows is calculated based on the assumption of risk-free interest rate, market risk premium, systematic risk of cash generating unit and other factors.

22-5 Changes in the carrying amount of intangible assets for the years ended December 31, 2021 and 2020 are as follows

<2021>

Classification	January 1	Acquisition	Disposal	Depreciation	Impairment loss	Reclassification	Others (*)	December 31
Goodwill	85,344	-	-	-	-	-	(1,137)	84,207
Industrial property	656	214	(70)	(279)	-	-	(7)	514
Core deposits	2,474	-	-	(340)	-	-	181	2,315
Client relationship	113,593	-	-	(30,455)	-	-	-	83,138
Software and system development	366,552	162,904	(8,348)	(135,847)	-	25,418	896	411,575
Membership	37,833	2,926	(1,010)	(52)	(73)	220	785	40,629
Others	132,686	48,818	(298)	(29,428)	-	(23,685)	(2,134)	125,959
Total	739,138	214,862	(9,726)	(196,401)	(73)	1,953	(1,416)	748,337

(*) Includes the effect of exchange rate differences.

<2020>

Classification	January 1	Due to business combination	Acquisition	Disposal	Depreciation	Impairment loss	Reclassification	Others (*)	December 31
Goodwill	85,172	799	-	(628)	-	-	-	1	85,344
Industrial property	687	-	278	-	(309)	-	-	-	656
Core deposits	2,998	-	-	-	(350)	-	-	(174)	2,474
Client relationship	116,060	34,627	-	-	(37,094)	-	-	-	113,593
Software and system development	289,189	9,828	183,557	(278)	(126,448)	-	9,817	887	366,552
Membership	35,678	101	2,619	(808)	(24)	32	-	235	37,833
Others	125,450	1,616	37,885	(623)	(24,523)	-	(6,671)	(448)	132,686
Total	655,234	46,971	224,339	(2,337)	(188,748)	32	3,146	501	739,138

(*) Includes the effect of exchange rate differences.

23. Non-current assets held for sale

Book value of Non-current assets held for sale as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Property and equipment	292,863	82,506
Other assets	119,731	-
Total	412,594	82,506

(*) The Group measures a non-current asset classified as held for sale at the lower of its carrying amount and fair value less costs to sell and there are no non-current assets held for sale for which impairment losses have been recognized as of December 31, 2021 and 2020.

As of December 31, 2021, Non-current assets held for sale consist of 155 collateral acquired by Hana Bank, etc, a subsidiary of the group, for the purpose of repaying loans and include Non-current assets held for sale held by Hana Alternative Special Investment Private Trust No.123-1(USD), a subsidiary of the Group. These assets were classified as held for sale in accordance with the management's decision to sell, but were not disposed as of December 31, 2021.

24. Other assets

24-1 Other assets as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Guarantee deposits	766,155	834,126
Accounts receivable	9,154,921	8,741,038
Accrued income	1,148,592	1,069,599
Prepaid expenses	252,178	140,581
Advance payments	286,130	103,600
Reinsurance assets	29,001	25,895
Unamortized new contract	41,369	32,552
Separate account assets	1,647,534	1,270,056
Domestic exchange unsettlement debts	3,784,224	2,787,399
Merchant banking account assets	4,741,939	3,465,306
Others	459,457	421,000
Allowance for possible losses	(28,343)	(31,486)
Total	22,283,157	18,859,666

24-2 Details of merchant banking account assets as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
On balance accounts:		
Financial assets measured at FVTPL-Loans	758,436	69,987
Financial assets measured at FVTPL-Debt securities	3,334,493	2,985,286
CMA asset FVTPL debt instruments	649,010	410,033
Total	4,741,939	3,465,306
Off balance accounts:	-	
Commitment	790,000	950,000

24-3 Changes in the allowance for possible losses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Beginning balance	31,486	32,926
Increase due to business combination	-	307
Write-offs	(2,525)	(3,552)
Debt-for-equity swap/dispose non-performing loans	(280)	(375)
Provision for possible losses	(2,467)	(1,234)
Interest income from impaired assets	22	(19)
Others	2,107	3,433
Ending balance	28,343	31,486

24-4 Changes in reinsurance assets and unamortized new contract fee for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	January 1	Increase	Decrease	December 31
Reinsurance assets	25,895	8,115	(5,009)	29,001
Unamortized new contract fee	32,552	25,036	(16,219)	41,369
Total	58,447	33,151	(21,228)	70,370

<2020>

Classification	January 1	Increase due to business combination	Increase	Decrease	December 31
Reinsurance assets	3,427	27,378	47,404	(52,314)	25,895
Unamortized new contract fee	25,301	-	24,331	(17,080)	32,552
Total	28,728	27,378	71,735	(69,394)	58,447

24-5 Details of greenhouse gas emission rights held to obtain short-term profit as of December 31, 2021 are as follows (Korean won in millions):

Classification	December 31, 2021	
	Emission rights(tCO2-eq)	Book value
Beginning balance	-	-
Purchase(Disposal)	417,865	9,722
Reclassification	-	-
Valuation		4,945
Ending balance	417,865	14,667

25. Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Derivative liabilities held-for-trading (*)	5,889,434	10,694,157
Securities sold	882,866	165,661
Total	6,772,300	10,859,818

(*) Refer to Note 17. Derivatives Reference

26. Financial liabilities designated as measured at FVTPL

26-1 Financial liabilities designated as measured at FVTPL as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Derivatives linked securities sold	8,330,544	9,388,375
Deposits	195,600	325,258
Borrowings	473,741	-
Deferred day 1 profit or loss	104,738	89,068
Total	9,104,623	9,802,701

With respect to derivative linked securities and structured deposits, the Group does not separate embedded derivatives from main contracts but designates them as fair value through profit or loss.

26-2 The difference between the book value and the maturity repayment amount as of the December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Book Value	9,104,623	9,802,701
Maturity repayment amount	9,444,298	9,985,879
Difference	(339,675)	(183,178)

26-3 Credit risk for the financial liabilities designated as measured at FVTPL as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Financial liabilities designated at FVTPL OCI:		
Changes in FV price from credit risk fluctuation	(14,284)	(7,498)
Changes in FV price from credit risk fluctuation (Accumulated)	(35,001)	(25,137)

27. Deposits

27-1 Details of deposits as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Demand deposits:		
Demand deposits in Korean won	19,104,577	16,033,393
Demand deposits in foreign currency	34,959,125	29,772,610
Subtotal	54,063,702	45,806,003
Time and saving deposits:		
Time and saving deposits in Korean won	248,140,611	234,021,045
Time and saving deposits in foreign currency	16,563,802	15,534,007
Subtotal	264,704,413	249,555,052
Certificate of deposits	6,380,980	148,559
Total	325,149,095	295,509,614

27-2 Allocations of deposits by customer as of December 31, 2021 and 2020 are listed as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Individuals	106,227,659	105,403,829
Corporations	112,055,878	101,165,167
Other banks	18,707,709	19,593,678
Public institutions	13,265,257	9,291,447
Other financial institutions	48,443,041	34,337,061
Government	5,924,293	7,768,929
Non-profit corporations	12,346,117	11,102,641
Foreign corporations	3,130,833	2,016,383
Others	5,048,308	4,830,479
Total	325,149,095	295,509,614

28. Borrowings

Borrowings as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Type	Lender	Interest rate (%)	December 31, 2021	December 31, 2020
Borrowings in Korean won:				
BOK borrowings	BOK	0.3~0.3	4,473,504	3,838,276
Government borrowings	Korea Development Bank, etc	0.5~2.2	1,932,544	1,597,040
Other borrowings	Korean Energy Management Corporation, etc.	0~4.5	8,865,274	6,401,150
Subtotal			15,271,322	11,836,466
Borrowings in foreign currencies:				
Bank overdrafts	Foreign bank, etc.	0.6~10	313,417	932,610
Other borrowings	OCBC, SMBC Bank, etc	-0.6~14.5	5,378,973	5,706,480
Subtotal			5,692,390	6,639,090
Call money:				
Call money in foreign currencies	Shinhan bank, etc.	-0.3~17.7	1,091,728	701,536
Subtotal			1,091,728	701,536
Bonds sold under repurchase agreements:				
Bonds sold under repurchase agreements in Korean won	General customers, etc	0~3	5,862,774	5,447,188
Bonds sold under repurchase agreements in foreign currencies	BBVA, etc	0.2~1.1	2,317,774	1,836,211
Subtotal			8,180,548	7,283,399
Other borrowings:				
Bills sold	General customers, etc	0~1.7	25,610	33,825
Total			30,261,598	26,494,316

29. Debentures

Debentures as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Type of debentures	Lender	Interest rate (%)	December 31, 2021	December 31, 2020
Korean won:				
Debentures	Financial institutions, etc	0.7~10	41,541,547	36,849,706
Subordinated bonds	Financial institutions, etc	2.1~7.8	6,265,139	6,380,859
Net gain (loss) on fair value hedges (this term)			(6,345)	(796)
Net gain (loss) on fair value hedges (before the previous period)			(4,152)	(3,356)
Present value discount			(34,907)	(30,594)
Subtotal			47,761,282	43,195,819
Foreign currencies:				
Debentures	Financial institutions, etc	0.5~1.7	5,728,806	4,505,089
Subordinated bonds	Financial institutions, etc	1.9~10	977,378	956,960
Net gain on fair value hedges (this period)			(93,621)	55,590
Net gain (loss) on fair value hedges (before the previous period)			109,935	57,471
Present value discount			(7,619)	(9,091)
Subtotal			6,714,879	5,566,019
Total			54,476,161	48,761,838

30. Net defined benefit liabilities

30-1 Actuarial assumptions as of December 31, 2021 and 2020 are as follows:

Classification	December 31, 2021 (%)	December 31, 2020 (%)	Notes
Demographic assumptions:			
Mortality	0.0~0.2	0.0~0.1	Table from Korea insurance development institute, etc.
Rates of employee turnover	0.0~45.2	0.0~49.5	Table from Korea insurance development institute, etc.
Financial assumptions:			
Expected salary increase rate	0.0~7.0	0.0~9.3	The average of the past five years, etc.
Discount rate	2.3~3.0	1.7~2.3	Return on corporate bond with the same credit rating

30-2 Details of net defined benefit liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	2,297,307	2,328,212
Fair value of plan assets (-)	(2,099,287)	(2,003,043)
Net defined benefit liabilities	198,020	325,169

30-3 Changes in present value of defined benefit obligation for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Beginning balance	2,328,212	2,175,101
Acquired in business combination	-	28,731
Current service cost	187,088	194,364
Past service cost	121	-
Interest cost on benefit obligation	43,884	42,027
Remeasurements of the net defined benefit liability	(63,647)	34,030
Benefits paid	(198,085)	(145,917)
Others	(266)	(124)
Ending balance	2,297,307	2,328,212

30-4 Details of losses incurred from severance and retirement benefit plan for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Current service cost	187,088	194,364
Past service cost	121	-
Net interest on the net defined benefit liability	7,665	9,372
Subtotal	194,874	203,736
Benefits paid for the defined contribution plan	5,391	3,581
Long-term employee payment and others	256	(444)
Total	200,521	206,873

30-5 Plan assets for severance benefit as of December 31, 2021 and 2020 consist of the followings (Korean won in millions):

<December 31, 2021>

Classification	Existence of active market price	Inexistence of active market price	Total
Time deposit	-	1,900,282	1,900,282
ELB	-	27,437	27,437
Beneficiary certificates	-	6,695	6,695
Others	-	164,873	164,873
Total	-	2,099,287	2,099,287

<December 31, 2020>

Classification	Existence of active market price	Inexistence of active market price	Total
Time deposit	-	1,860,356	1,860,356
ELB	-	32,200	32,200
Beneficiary certificates	-	1,262	1,262
Others	-	109,225	109,225
Total	-	2,003,043	2,003,043

30-6 Changes in the fair value of plan assets for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Beginning balance of fair value of plan assets	2,003,043	1,812,165
Acquired in business combination	-	21,595
Employer contributions	195,140	243,758
Expected return on plan assets	36,219	32,655
Remeasurements of the plan assets	(9,576)	(688)
Benefits paid	(125,678)	(106,658)
Others	139	216
Ending balance of fair value of plan assets	2,099,287	2,003,043

30-7 Details of remeasurement accompanied by the application of actuarial assumptions for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Actual gains (losses):		
Changes in demographic assumptions	(1,768)	24,800
Changes in financial assumptions	98,323	(60,163)
Experience adjustments	(32,908)	1,333
Subtotal	63,647	(34,030)
Income on planned assets:		
Actual income on planned assets	26,631	33,987
Amounts included in net interest on the net defined benefit liability	(36,207)	(34,675)
Subtotal	(9,576)	(688)
Total	54,071	(34,718)

30-8 The quantitative sensitivity analysis for significant actuarial assumptions as of December 31, 2021 and 2020 is as follows (Korea won in millions):

30-8-1 Discount rate

<December 31, 2021>

Classification	December 31, 2021	1% point increase	1% point decrease
Present value of defined benefit obligation	2,297,307	2,059,725	2,498,056

<December 31, 2020>

Classification	December 31, 2020	1% point increase	1% point decrease
Present value of defined benefit obligation	2,328,212	2,072,426	2,533,744

30-8-2 Expected rate of salary increase

<December 31, 2021>

Classification	December 31, 2021	1% point increase	1% point decrease
Present value of defined benefit obligation	2,297,307	2,495,863	2,063,275

<December 31, 2020>

Classification	December 31, 2020	1% point increase	1% point decrease
Present value of defined benefit obligation	2,328,212	2,530,394	2,071,076

The sensitivity analyses above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

30-8-3 Employer contributions for the years ended December 31, 2021 and 2020 are reasonably estimated to be ₩185,510 million and ₩185,727 million, respectively, and the average durations of the defined benefit plan obligation as of December 31, 2021 and 2020 are 5.91~10.17 years and 6.42~11.26 years, respectively.

31. Provisions and Commitments

31-1 Details of provisions as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Allowance for possible losses on acceptances and guarantees:		
Financial acceptances and guarantees (*)	1,682	2,310
Non-financial acceptances and guarantees	34,887	32,527
Bills endorsed	15	13
Subtotal	36,584	34,850
Allowances for unused commitments	114,094	131,001
Other allowance:		
Allowances for restoration cost	65,312	75,257
Allowances for reward points	-	1
Allowance for lawsuits	77,742	62,500
Others	293,690	251,630
Subtotal	436,744	389,388
Total	587,422	555,239

(*) The Group recognizes the amount of financial guarantee contracts subsequently measured that exceed the unamortized balance as provisions for acceptances and guarantees on initial recognition. The unamortized balance amounts to ₩12,096 million and ₩17,516 million as of December 31, 2021 and 2020 respectively and is categorized as financial guarantee contract liability.

31-2 Changes in allowances for unused commitments for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	Allowances for unused commitments			Total
	12month expected credit loss	Lifetime expected credit losses		
		Non credit-impaired financial assets	Credit-impaired financial assets	
Beginning balance	87,148	39,521	4,332	131,001
Transfer to 12 month expected credit loss	11,504	(9,051)	(2,453)	-
Transfer to non credit-impaired financial assets	(3,328)	3,425	(97)	-
Transfer to credit-impaired financial assets	(226)	(120)	346	-
Provision (reversal)	(18,236)	(859)	2,007	(17,088)
Exchange rate fluctuation	109	73	(1)	181
Ending balance	76,971	32,989	4,134	114,094

<2020>

Classification	Allowances for unused commitments			Total
	12month expected credit loss	Lifetime expected credit losses		
		Non credit-impaired financial assets	Credit-impaired financial assets	
Beginning balance	71,569	33,905	8,540	114,014
Increase due to business combination	12	–	–	12
Transfer to 12 month expected credit loss	9,028	(7,723)	(1,305)	–
Transfer to non credit-impaired financial assets	(2,291)	4,798	(2,507)	–
Transfer to credit-impaired financial assets	(264)	(140)	404	–
Provision (reversal)	8,998	8,693	(800)	16,891
Used	96	(12)	–	84
Ending balance	87,148	39,521	4,332	131,001

31-3 Changes in provision for financial guarantees for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	Provision for financial guarantees			Total
	12month expected credit loss	Lifetime expected credit losses		
		Non credit-impaired financial assets	Credit-impaired financial assets	
Beginning balance	2,296	14	-	2,310
Transfer to 12 month expected credit loss	1	(1)	-	-
Transfer to non credit-impaired financial assets	(1)	1	-	-
Transfer to credit-impaired loan	-	-	-	-
Provision (reversal)	(695)	-	-	(695)
Exchange rate fluctuation	18	1	-	19
Others	48	-	-	48
Ending balance	1,667	15	-	1,682

<2020>

Classification	Provision for financial guarantees			Total
	12month expected credit loss	Lifetime expected credit losses		
		Non credit-impaired financial assets	Credit-impaired financial assets	
Beginning balance	3,488	17	–	3,505
Transfer to 12 month expected credit loss	5	(5)	–	–
Transfer to non credit-impaired financial assets	(1)	1	–	–
Transfer to credit-impaired loan	(26)	26	–	–
Provision (reversal)	36	2	–	38
Used	(1,192)	(26)	–	(1,218)
Exchange rate fluctuation	(14)	(1)	–	(15)
Ending balance	2,296	14	–	2,310

31-4 Changes in other provisions for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	January 1, 2021	Provision (reversal)	Allowance used	Others	December 31, 2021
Non-financial acceptances and guarantees	32,540	(1,025)	-	3,387	34,902
Other allowance:					
Allowances for restoration cost	75,257	683	(16,426)	5,798	65,312
Allowances for reward points	1	(1)	-	-	-
Allowance for lawsuits	62,500	17,642	(2,771)	371	77,742
Others	251,630	64,128	(22,153)	85	293,690
Subtotal	389,388	82,452	(41,350)	6,254	436,744
Total	421,928	81,427	(41,350)	9,641	471,646

<2020>

Classification	January 1, 2020	Increase due to business combination	Provision (reversal)	Allowance used	Others	December 31, 2020
Non-financial acceptances and guarantees	46,494	-	(11,557)	-	(2,397)	32,540
Other allowance:						
Allowances for restoration cost	80,814	49	(219)	(7,404)	2,017	75,257
Allowances for reward points	121	-	(119)	(1)	-	1
Allowance for lawsuits	52,639	-	10,141	(59)	(221)	62,500
Others	279,779	-	224,259	(197,584)	(54,824)	251,630
Subtotal	413,353	49	234,062	(205,048)	(53,028)	389,388
Total	459,847	49	222,505	(205,048)	(55,425)	421,928

31-5 Details of guarantees as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	Amount of guarantee	
	December 31, 2021	December 31, 2020
Financial acceptances and guarantees in Korean won:		
Private bond issue payment guarantee	71,000	45,000
Collateral for loans	45,253	122,229
Loans for purchase	249,240	302,218
Loan commitment	110,944	1,042,630
Commitment to acquire securities	972,857	641,667
Subtotal	1,449,294	2,153,744
Financial acceptances and guarantees in foreign currencies	2,549	2,883
Confirmed acceptances and guarantees in Korean won	1,857,587	1,620,210
Confirmed acceptances and guarantees in foreign currencies:		
Acceptance on letter of credit	2,189,408	1,786,159
Acceptance on letter of guarantees	91,942	80,787
Others	7,437,488	6,407,983
Subtotal	9,718,838	8,274,929
Contingent acceptances and guarantees:		
Letters of credit	4,114,571	3,236,751
Others	730,840	558,248
Subtotal	4,845,411	3,794,999
Bills endorsed	12,082	8,735
Total	17,885,761	15,855,500

31-6 Unused commitments

Details of unused commitments as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	Unused commitments	
	December 31, 2021	December 31, 2020
Commitments on loans in Korean won	84,870,711	84,757,913
Commitments on loans in foreign currencies	23,829,960	22,060,087
Commitments on credit lines on asset-backed securities	247,596	279,496
Commitments on purchase of securities	9,523,616	9,428,533
Merchant banking account-commitment	790,000	950,000
Others	593	544
Total	119,262,476	117,476,573

31-7 As of December 31, 2021, the Group is involved in 896 lawsuits as a plaintiff and 539 lawsuits as a defendant. The aggregate amounts of claims as a plaintiff and a defendant are approximately ₩365,065 million and ₩599,912 million, respectively. The Group's material lawsuits in progress as a defendant are as follows (Korean won in millions):

Defendant	Plaintiff	Amount	Status of lawsuit				Content
			First trial	second trial	third trial	retrial	
Hana Bank	PT *****	102,566	Some loss in a litigation	Won	Loss	In-progress	Compensation for damages
Hana Bank	F*****Bankruptcy administrator	39,825	Won	In-progress	-	-	Return of an illicit gain
Hana Bank	****Securities Co., Ltd.	37,136	Won	In-progress	-	-	Compensation for damages
Hana Bank	****Investments Co., Ltd.	16,798	Won	In-progress	-	-	Compensation for damages
Hana Bank	****Cooperation Co., Ltd.	15,000	In-progress	-	-	-	Return of an illicit gain
Hana Bank	**INVESTMENT & SECURITIES CO., LTD	10,000	In-progress	-	-	-	Compensation for damages
HFI	H*****, etc.	6,178	In-progress	-	-	-	Request for collection.

31-8 COVID-19 impact

Due to the spread of COVID-19 in 2021, major economic factors are expected to worsen due to the domestic and international economic slowdown in domestic and ripple effects of financial instability. Considering the possibility of entering a global recession caused by the global spread of COVID-19, the economic forecast scenario used to estimate expected credit losses for financial instruments has been reset. As of December 31, 2021, the Group has remeasured forward-looking information by using macro variables and estimated default rates based on the scenario. In addition, the key assumptions used by financial instruments were based on fair values calculated based on the estimated assumptions taking into account the impact of COVID-19 as of the end of the current year. The Group has prepared the consolidated financial statements by reasonably estimating the impact of COVID-19 on the consolidated financial statements for the reporting period ending on December 31, 2021. However, the ultimate impact of the future spread of COVID-19 on the consolidated financial position, financial performance and cash flows of the Group's cannot be predicted.

31-9 Uncertainty related to overseas subsidiaries.

31-9-1 Hana Microfinance LTD, the Group's overseas subsidiary, is experiencing a contraction in normal operation due to movement restrictions in 2021 due to spread and disruption of COVID-19 and Myanmar unrest. If this situation continues for a long time, the uncertainty of loan receivable collection may increase, and it is difficult to predict the ultimate effect on the consolidated financial position, consolidated financial performance and consolidated cash flows as of December 31, 2021. The Group is responding to possible crises by continuously monitoring economic conditions to minimize the impact on the Group.

31-9-2 The ongoing armed conflict in Ukraine area which began in February 2022 and international sanctions imposed against Russia may impact sanctioned entities, entities doing business with Ukraine or Russia, as well as entities exposed directly or indirectly to industries or economy of Ukraine or Russia. The events described above represent non-adjusting events after the reporting period. As of the reporting date, the Group expects to have financial impact on the business of KEB RUS LLC, a subsidiary, but the financial impact of such events cannot be estimated reasonably.

32. Other liabilities

32-1 Details of other liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Accounts payable	9,665,502	9,495,785
Accrued expense payables	1,693,293	1,741,694
Advances	208,385	163,967
Income in advance	672,439	664,182
Policy reserve	4,376,685	4,076,484
Separate account liabilities	1,781,403	1,314,178
Borrowing from trust accounts	5,874,089	6,003,766
Foreign exchanges settlement credits	585,628	555,514
Domestic exchange settlement credits	6,172,698	4,089,270
Deposits for letter of guarantees and others	1,132,396	1,883,286

Classification	December 31, 2021	December 31, 2020
Taxes withheld	157,077	197,776
Security deposits received	74,371	75,440
Accounts for agency businesses	352,697	289,447
Agency	2,332,083	2,012,854
Lease liabilities	397,394	416,477
Merchant banking account liabilities	2,908,280	2,246,273
Others	944,114	1,077,613
Present value discount	(36,532)	(18,895)
Total	39,292,002	36,285,111

32-2 Details of merchant banking account liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Merchant banking account deposits	2,908,071	2,246,181
Merchant banking account others(*)	209	92
Total	2,908,280	2,246,273

(*) Merchant banking account others consist of accrued expense payables.

32-3 Details of policy reserve as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Premium reserve	3,934,235	3,669,316
Prepaid premium reserve	236,430	208,455
Guaranteed reserve	4,887	5,122
Outstanding claim	201,133	193,591
Total	4,376,685	4,076,484

32-4 Changes in the policy reserve for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	January 1, 2021	Changes	December 31, 2021
Premium reserve	3,669,316	264,919	3,934,235
Prepaid premium reserve	208,455	27,975	236,430
Guaranteed reserve	5,122	(235)	4,887
Outstanding claim	193,591	7,542	201,133
Total	4,076,484	300,201	4,376,685

<2020>

Classification	January 1, 2020	Increase due to business combination	Changes	December 31, 2020
Premium reserve	3,276,859	515,879	(123,422)	3,669,316
Prepaid premium reserve	1,390	214,510	(7,445)	208,455
Guaranteed reserve	4,909	-	213	5,122
Outstanding claim	57,037	97,634	38,920	193,591
Total	3,340,195	828,023	(91,734)	4,076,484

32-5 Insurance income and Insurance expense

Details of insurance income and insurance expense as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Insurance income		
premium income	1,038,187	690,242
Reinsurance income	17,786	30,479
Other insurance income	5,289	3,848
Special account income	12,974	4,355
Subtotal	1,074,236	728,924
Insurance expense		
insurance expens	344,154	465,154
Refund cost	395,376	331,094
reinsurance cost	36,424	24,637
Provision for policy reserve	296,375	(83,867)
business expense	1,154	4,378
Depreciation on new contract	26,063	14,309
discount fee	7,205	3,894
Special account expense	12,974	4,355
Subtotal	1,119,725	763,954
Total	(45,489)	(35,030)

32-6 Details of lease liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Nominal value	Present value discount	Book value
Real-estate	395,914	(14,220)	381,694
Vehicles	15,652	(403)	15,249
Others	462	(11)	451
Total	412,028	(14,634)	397,394

<December 31, 2020>

Classification	Nominal value	Present value discount	Book value
Real-estate	410,668	(10,441)	400,227
Vehicles	16,164	(343)	15,821
Others	435	(6)	429
Total	427,267	(10,790)	416,477

32-7 Changes in lease liabilities as of December 31, 2021 and 2020 are as follows (Korea won in millions):

<2021>

Classification	January 1, 2021	Increase	Amortization	Payment (*)	Others	December 31, 2021
Real-estate	400,227	223,712	9,127	(214,347)	(37,025)	381,694
Vehicles	15,821	9,451	285	(9,512)	(796)	15,249
Others	429	-	25	(717)	714	451
Total	416,477	233,163	9,437	(224,576)	(37,107)	397,394

(*) The total cash outflow related to lease liabilities for the year ended December 31, 2021 is ₩224,509 million.

<2020>

Classification	January 1, 2020	Increase due to business combination	Increase	Amortization	Payment (*)	Others	December 31, 2020
Real-estate	565,293	1,436	106,067	10,640	(239,846)	(43,363)	400,227
Vehicles	16,740	41	8,341	300	(9,073)	(528)	15,821
Others	974	-	-	35	(572)	(8)	429
Total	583,007	1,477	114,408	10,975	(249,491)	(43,899)	416,477

(*) The total cash outflow related to lease liabilities for the year ended December 31, 2020 is ₩249,866 million.

32-8 The details of the composition by maturity of the contractual cash flows before discounting the lease liability as of December 31, 2021 and 2020 are as follows (Korea won in millions):

<December 31, 2021>

Classification	Not more than 1 month	Not more than 3 month	Not more than 6 month	Not more than 1 year	Not more than 5 year	More than 5 year	Total
Real-estate	19,376	35,594	48,464	84,960	170,367	37,153	395,914
Vehicles	699	1,227	1,606	2,901	9,192	27	15,652
Others	78	23	100	122	139	-	462
Total	20,153	36,844	50,170	87,983	179,698	37,180	412,028

<December 31, 2020>

Classification	Not more than 1 month	Not more than 3 month	Not more than 6 month	Not more than 1 year	Not more than 5 year	More than 5 year	Total
Real-estate	15,635	36,096	48,112	88,594	265,531	(43,300)	410,668
Vehicles	727	1,316	1,785	3,403	8,933	-	16,164
Others	22	44	66	133	170	-	435
Total	16,384	37,456	49,963	92,130	274,634	(43,300)	427,267

32-9 Assessment of the adequacy of liabilities

32-9-1 The experience rates and calculation basis used by the Group for the liability adequacy test are as follows

Classification		Calculation methodology
Hana Life Insurance	Discount rate	200 scenarios suggested by the Governor of the Financial Supervisory Service are applied.
	Business expense rate	Based on the last year experience statistics, business expense rate is estimated by calculating the ratio of detailed business expenses to total business expense categorized by types of product, premium payment method, business expense (new acquisition cost or maintenance cost) and elapsed time. Besides the experience statistics, the Group reasonably estimated the trend of business expense by considering the variability arising from inflation, changes in management policies. Temporary expenses that are not expected to incur is excluded from the assumption for calculation of the business expense rate.
	Surrender ratio	Based on the last five years' experience statistics, surrender ratio is estimated by calculating the ratios of elapsed or cancelled contracts to total contracts held by the Group by types of product, premium payment method, sales channel and lapse of time. The ratio is calculated on the basis of fifty or more historical data to ensure statistical reliability. If the historical data is insufficient, the Group applies surrender ratio of similar type of contract, uses trends by elapsed time or reclassifies the categories for the surrender ratio to ensure statistical reliability. The Group considers elapsed time, premium payment status, employee benefit policy, the period of tax benefit for an insurance contract, trend on the market interest rate which can be influential on surrender ratio. The Group applies the same surrender ratio after the specific period of elapsed time to the end of the projected period. If there are temporary increases in surrender ratio due to tax benefit, the Group calculates the final surrender ratio by eliminating the tax benefit effect or by applying the surrender ratio for the period in which there is no effect.
	Risk rate	Based on the last five years' experience statistics, risk rate is calculated based on the ratio of payment of premium to risk premium by collateral, time of sales (by experience life table), and elapsed time. Risk rate is reasonably calculated after reviewing and applying increase rate/trend rate compared to previous year or on a yearly basis. When risk rate is applied, at least 10 years of risk rate should be applied. But in case of decline in cash flow stability due to extreme fluctuation in risk rate by elapsed time caused by shortage of statistics after 5 years, risk rate can be calculated by adding statistics by elapsed time. In order to retain statistical reliability by category, there should be at least 50 experience statistics. For sections that are short of such experience statistics, similar risk rates of other categories are applied. In case the reliability of the calculation results is not guaranteed due to shortage of experience statistics, trends by elapsed time of similar risk rates or upper-level category may be applied.
Hana Insurance Co., Ltd.	Discount rate	The discount rate for calculating the present value of future net cash flows is the future operating asset return rate, and the future operating asset return rate is calculated by reflecting future prospects, such as future trends, risk rates, and the Group's operational strategy.

Classification	Calculation methodology
	<p>-Long-term insurance</p> <p>Based on the prior year experience statistics, business expense rate is estimated by calculating the ratio of detailed business expenses to total business expenses categorized by types of product, premium payment method, business expenses (new acquisition costs or maintenance costs) and elapsed time. Besides the experience statistics, the Group reasonably estimated the trend of business expenses by considering the variability arising from inflation and changes in management policies. Temporary expenses that are not expected to incur is excluded from the assumption for calculation of the business expense rate.</p> <p>-General insurance:</p> <p>General insurance is assessed based on the "large classification criteria set forth in <Appendix 2. Types of Insurance> in the standard business method of [Attach ment 14] of the Insurance Business Supervision Regulations", as the evaluation unit, and the costs of maintaining the contract compared to the prior year's premium was calculated as an assumption of the business expense rate. Temporary expenses is excluded from the assumption for calculation of the business expense rate.</p> <p>-Automobile insurance</p> <p>For automobile insurance, the cost of maintaining the contract compared to the prior year's premium for each collateral (personal, property, descendant, vehicle, uninsured, etc.) was calculated as an assumption of business expense rate. Temporary expenses are excluded from the assumption for calculation of the business expense rate.</p>
Business expense rate	
Hana Insurance Co., Ltd.	<p>Surrender ratio</p> <p>Based on the last five years' experience statistics, surrender ratio is estimated by calculating the ratios of elapsed or cancelled contracts to total contracts held by the Group by types of product, premium payment method, sales channel and lapse of time. The ratio is calculated on the basis of fifty or more historical data to ensure statistical reliability. If the historical data is insufficient, the Group applies surrender ratio of similar type of contract, uses trends by elapsed time or reclassifies the categories for the surrender ratio to ensure statistical reliability.</p> <p>The Group considers elapsed time, premium payment status, employee benefit policy, the period of tax benefit for an insurance contract, trend on the market interest rate which can be influential on surrender ratio. The Group applies the same surrender ratio after the specific period of elapsed time to the end of the projected period. If there are temporary increases in surrender ratio due to tax benefit, the Group calculates the final surrender ratio by eliminating the tax benefit effect or by applying the surrender ratio for the period in which there is no effect.</p>
	<p>Risk rate</p> <p>Based on the last five years' experience statistics, risk rate is calculated based on the ratio of payment of premium to risk premium by collateral, time of sales (by experience life table), and elapsed time. Risk rate is reasonably calculated after reviewing and applying increase rate/trend rate compared to previous year or on a yearly basis.</p> <p>When risk rate is applied, at least 10 years of risk rate should be applied. But in case of decline in cash flow stability due to extreme fluctuation in risk rate by elapsed time caused by shortage of statistics after 5 years, risk rate can be calculated by adding statistics by elapsed time. In order to retain statistical reliability by category, there should be at least 50 experience statistics. For sections that are short of such experience statistics, similar risk rates of other categories are applied. In case the reliability of the calculation results is not guaranteed due to shortage of experience statistics, trends by elapsed time of similar risk rates or upper-level category may be applied.</p>

Classification		Calculation methodology
Hana Insurance, Co., Ltd.	Loss ratio	<p>–General insurance : General insurance is assessed based on the “large classification criteria set forth in <Appendix 2. Types of Insurance> in the standard business method of [Attachment 14] of the Insurance Business Supervision Regulations”, as the evaluation unit, and the loss ratio assumption was calculated by analyzing the experience statistics for the previous five years and calculating the loss ratio applied to future cash flows and the cash-out ratio for each period of progress.</p> <p>–Automobile insurance Automobile insurance is assessed based on each collateral (personal, property, descendant, vehicle, uninsured, etc.), as the evaluation unit, and the loss ratio assumption was calculated by analyzing the experience statistics for the previous five years and calculating the loss ratio applied to future cash flows and the cashout ratio for each period of progress.</p>
	Loss investigation ratio	<p>–General insurance : General insurance is assessed based on the “large classification criteria set forth in <Appendix 2. Types of Insurance> in the standard business method of [Attachment 14] of the Insurance Business Supervision Regulations”, as the evaluation unit, and the loss investigation costs relative to the insurance payment for the previous three years are used as the assumption for the calculation of the loss investigation ratio.</p> <p>–Automobile insurance Automobile insurance is assessed based on each collateral (personal, property, descendant, vehicle, uninsured, etc.), as the evaluation unit, and the loss investigation costs relative to the insurance payment for the previous three years are used as the assumption for the calculation of the loss investigation ratio.</p>

32-9-2 The result of LAT as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification		Reserve for test	LAT base (*1)	Premium surplus (loss) (*2)
Hana Life Insurance	Interest rate-linked	2,458,818	2,399,609	59,209
	Interest rate-fixed	711,698	650,143	61,555
	Variable life insurance	(1,590)	(52,770)	51,180
	Subtotal	3,168,926	2,996,982	171,944
Hana Insurance, Co., Ltd.	General insurance	17,941	12,321	5,620
	Automobile insurance	207,265	209,410	(2,145)
	Long-term insurance (*3)	601,901	407,901	194,000
	Subtotal	827,107	629,632	197,475
Total		3,996,033	3,626,614	369,419

(*1) LAT of the Group is conducted at the end of reporting period, and surplus to reserve for the test is calculated as of December 31, 2021.

(*2) Surplus= Reserve for test – LAT base(–) is loss, (+) is surplus

(*3) For the long-term insurance calculation, the amount is calculated by adding or subtracting new acquisition costs from the insurance premium reserve. For the calculation of general insurance and automobile insurance, unpaid insurance premiums based on the original insurance are considered.

(*4) The Group did not record additional reserve since the surplus exceeded the deficit based on the result of LAT.

<December 31, 2020>

Classification		Reserve for test	LAT base (*1)	Premium surplus (loss) (*2)
Hana Life Insurance	Interest rate-linked	2,418,796	2,364,513	54,283
	Interest rate-fixed	571,031	550,234	20,797
	Variable life insurance	(3,511)	(49,211)	45,700
	Subtotal	2,986,316	2,865,536	120,780
Hana Insurance, Co., Ltd.	General insurance	16,192	3,254	12,938
	Automobile insurance	183,949	184,418	(469)
	Long-term insurance (*3)	526,210	368,611	157,599
	Subtotal	726,351	556,283	170,068
Total (*4)		3,712,667	3,421,819	290,848

(*1) LAT of the Group is conducted at the end of reporting period, and surplus to reserve for the test is calculated as of December 31, 2020.

(*2) Surplus= Reserve for test – LAT base(–) is loss, (+) is surplus

(*3) For the long-term insurance calculation, the amount is calculated by adding or subtracting new acquisition costs from the insurance premium reserve. For the calculation of general insurance and automobile insurance, unpaid insurance premiums based on the original insurance are considered.

(*4) The Group did not record additional reserve since the surplus exceeded the deficit based on the result of LAT.

33. Capital stock and capital surplus

33-1 Details of capital stock as of December 31, 2021 and 2020 are as follows (Korean won):

Classification	December 31, 2021	December 31, 2020
Number of shares authorized	800,000,000 shares	800,000,000 shares
Par value per share	5,000	5,000
Number of shares issued	300,242,062 shares	300,242,062 shares

33-2 Changes in capital stock and capital surplus from December 1, 2005 (inception) to December 31, 2021 are as follows (Korean won in millions except for number of shares):

Classification	Date	Shares	Common stock	Capital surplus
Incorporation	Dec. 1, 2005	204,256,243	1,021,281	5,075,488
Stock dividends	Mar. 24, 2006	2,042,562	10,213	–
Shares swap (*1)	Oct. 13, 2006	5,552,788	27,764	215,427
Paid-in capital increase	Feb. 21, 2011	31,198,170	155,991	1,168,759
Shares swap (*2)	Apr. 5, 2013	46,844,299	234,221	1,511,856
Paid-in capital increase	Apr. 21, 2015	6,109,000	30,545	149,298
Paid-in capital increase	Mar. 9, 2018	4,239,000	21,195	178,688
Total		300,242,062	1,501,210	8,299,516

(*1) Represents transactions that the Group conducted to incorporate HFI (formerly, Hana IB) into its subsidiaries.

(*2) Represents transactions that the Group conducted to incorporate Hana bank into its wholly owned subsidiaries.

33-3 Details of hybrid equity securities classified as equity attributable to equity holders of the parent company as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	Issuance date	Maturity	Interest rate (%)	Amount	
				December 31, 2021	December 31, 2020
The 1-2nd hybrid debentures (*2)	May 29, 2015	May. 29, 2045	4.445	190,000	190,000
The 2-2nd hybrid debentures (*2)	Nov 6, 2015	Nov. 6, 2045	4.612	20,000	-
The 3-1st hybrid debentures (*1)	Mar 9, 2018	-	4.225	192,000	20,000
The 3-2nd hybrid debentures (*2)	Mar 9, 2018	-	4.680	50,000	192,000
The 4 hybrid debentures (*1)	Nov 8, 2018	-	4.040	296,000	50,000
The 5 hybrid debentures (*1)	Apr 15, 2019	-	3.340	265,000	296,000
The 6-1st hybrid debentures (*1)	May 28, 2020	-	3.200	450,000	265,000
The 6-2nd hybrid debentures (*2)	May 28, 2020	-	3.500	50,000	450,000
The 7-1st hybrid debentures (*1)	Aug 28, 2020	-	3.200	410,000	50,000
The 7-2nd hybrid debentures (*2)	Aug 28, 2020	-	3.550	90,000	410,000
The 8st hybrid debentures (*1)	May 13, 2021	-	3.200	220,000	90,000
The 9-1st hybrid debentures (*1)	Sep 9, 2021	-	3.340	280,000	-
The 9-2nd hybrid debentures (*2)	Sep 9, 2021	-	3.770	120,000	-
Subtotal				2,633,000	2,013,000
Issuance cost				(6,541)	(5,073)
Total				2,626,459	2,007,927

(*1) 5 years after the hybrid equity securities are issued, these can be redeemed at any point before the maturity date with an approval of the governor of the Financial Supervisory Service.

(*2) 10 years after the hybrid equity securities are issued, these can be redeemed at any point before the maturity date with an approval of the governor of the Financial Supervisory Service.

33-4 Capital surplus as of December 31 2021 and 2020 consists of the followings (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Paid-in capital in excess of par value	8,299,516	8,299,516
Gain on disposal of treasury stock	76,372	76,372
Other capital surplus	2,200,699	2,204,057
Total	10,576,587	10,579,945

34. Capital adjustment

34-1 Details of capital adjustment as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Treasury stock	(299,996)	(299,996)
Stock option	2	-
Other capital adjustment	(15,612)	(15,034)
Total	(315,606)	(315,030)

34-2 Fluctuations of the Hana Financial Group stock and of subsidiary held by us during the current term as follows (Korean won in millions and number of shares in unit):

<2021>

Classification	January 1, 2021	Acquisition : Treasury stock	Disposal : Treasury stock	December 31, 2021
Number of shares	8,678,586	-	-	8,678,586
Amount	299,996	-	-	299,996

<2020>

Classification	January 1, 2020	Acquisition : Treasury stock	Disposal : Treasury stock	December 31, 2020
Number of shares	8,678,586	-	-	8,678,586
Amount	299,996	-	-	299,996

35. Accumulated other comprehensive income

Changes in accumulated other comprehensive income for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	Gain (loss) on valuation of financial assets measured at FVOCI	Changes in equities of investments in associates	Gain (loss) on valuation of fair value hedges	Gain (loss) on valuation of net investment hedges of foreign operations	Gain (loss) on cash flow hedge	Credit risk fluctuation effect of financial liabilities designated at FVPTL	Special account other comprehensive income	Gain (loss) on Exchange differences on translation of foreign operations	Remeasurement of the net defined benefit plan	Total
January 1, 2021	22,228	(344,273)	(83,317)	11,493	(1,840)	1,014	(618)	(37,531)	(569,109)	(1,001,953)
Changes in gain (loss) on valuation of financial assets measured at FVOCI	(441,417)	-	-	-	-	-	-	-	-	(441,417)
Reclassified from financial debt security measured at FVOCI to financial assets measured at FVPL	(92,994)	-	-	-	-	-	-	-	-	(92,994)
Reclassified from financial debt security measured at FVOCI to retained gain	(51,163)	-	-	-	-	-	-	-	-	(51,163)
Credit risk fluctuation of financial debt security measured at FVOCI	1,420	-	-	-	-	-	-	-	-	1,420
Changes in exchange differences on translation of foreign operations	-	292,617	-	-	-	-	-	-	-	292,617
Changes in unrealized gain on valuation of equity method investments	-	-	251,247	-	-	-	-	-	-	251,247
Changes in loss on valuation of net investment hedges of foreign operations	-	-	-	(56,259)	-	-	-	-	-	(56,259)
Changes in loss on cash flow hedge	-	-	-	-	2,612	-	-	-	-	2,612
Changes in loss on valuation of fair value hedges	-	-	-	-	-	(19,500)	-	-	-	(19,500)
Changes in special account other comprehensive income	-	-	-	-	-	-	(2,494)	-	-	(2,494)
Changes in credit risk fluctuation effect of financial liabilities designated at FVPL	-	-	-	-	-	-	-	(14,284)	-	(14,284)
Remeasurements of the net defined benefit liabilities (assets)	-	-	-	-	-	-	-	-	54,354	54,354
Tax effect	160,898	(18,472)	(68,589)	15,471	(713)	5,363	686	3,929	(14,986)	83,587
December 31, 2021	(401,028)	(70,128)	99,341	(29,295)	59	(13,123)	(2,426)	(47,886)	(529,741)	(994,227)

<2020>

Classification	Gain (loss) on valuation of financial assets measured at FVOCI	Changes in equities of investments in associates	Gain (loss) on valuation of fair value hedges	Gain (loss) on valuation of net investment hedges of foreign operations	Gain (loss) on cash flow hedge	Credit risk fluctuation effect of financial liabilities designated at FVPTL	Special account other comprehensive income	Gain (loss) on Exchange differences on translation of foreign operations	Remeasurement of the net defined benefit plan	Total
January 1, 2020	9,797	(217,584)	(46,249)	(15,053)	1,402	(9,107)	2	(32,095)	(544,659)	(853,546)
Changes in gain (loss) on valuation of financial assets measured at FVOCI	143,923	-	-	-	-	-	-	-	-	143,923
Reclassified from financial debt security measured at FVOCI to financial assets measured at FVPL	(118,351)	-	-	-	-	-	-	-	-	(118,351)
Reclassified from financial debt security measured at FVOCI to retained gain	(9,130)	-	-	-	-	-	-	-	-	(9,130)
Credit risk fluctuation of financial debt security measured at FVOCI	3,743	-	-	-	-	-	-	-	-	3,743
Changes in exchange differences on translation of foreign operations	-	(140,083)	-	-	-	-	-	-	-	(140,083)
Changes in unrealized gain on valuation of equity method investments	-	-	(53,227)	-	-	-	-	-	-	(53,227)
Changes in loss on valuation of net investment hedges of foreign operations	-	(142)	-	36,615	-	-	-	-	-	36,473
Changes in loss on cash flow hedge	-	-	-	-	(4,452)	-	-	-	-	(4,452)
Changes in loss on valuation of fair value hedges	-	-	-	-	-	13,960	-	-	-	13,960
Changes in special account other comprehensive income	-	-	-	-	-	-	(855)	-	-	(855)
Changes in credit risk fluctuation effect of financial liabilities designated at FVPL	-	-	-	-	-	-	-	(7,498)	-	(7,498)
Remeasurements of the net defined benefit liabilities (assets)	-	-	-	-	-	-	-	-	(33,908)	(33,908)
Tax effect	(7,754)	13,536	16,159	(10,069)	1,210	(3,839)	235	2,062	9,458	20,998
December 31, 2020	22,228	(344,273)	(83,317)	11,493	(1,840)	1,014	(618)	(37,531)	(569,109)	(1,001,953)

36. Retained earnings

36-1 Retained earnings as of December 31, 2021 and 2020 consist of the following (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Legal reserve (*)	813,400	781,200
compensation for damages	2,000	2,000
Voluntary reserve	3,653,230	3,653,670
Unappropriated retained earnings	16,355,582	13,504,714
Total	20,824,212	17,941,584

(*) In accordance with the Financial Holding Company Act, whenever dividends are paid, an amount equal to at least 10% of net income is required to be appropriated as a legal reserve until the reserve amount equals the aggregate par value of common stock. The legal reserve may not be utilized for cash dividends but may only be used to offset a deficit, if any, or be transferred to capital.

36-2 Changes in retained earnings for years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Beginning balance	17,941,584	15,965,055
Net income attributable to equity holders of the parent	3,526,068	2,637,242
Dividends	(597,705)	(612,284)
Dividends on hybrid equity securities	(80,083)	(54,598)
Reclassification of gain on valuation of FVOCI securities	37,096	6,412
Others	(2,748)	(243)
Ending balance	20,824,212	17,941,584

37. Regulatory reserve for bad debts

Regulatory reserve for bad debt is calculated and disclosed in accordance with Article 27, Section 1 and 2 of the Financial Holding Company Act.

37-1 Regulatory reserve for bad debt reserve as of December 31, 2021 and 2020 are as follows (Korean won in million):

Classification	December 31, 2021	December 31, 2020
Beginning balance	2,767,615	2,717,618
Additional planned reserve for bad debts	312,680	49,997
Ending balance	3,080,295	2,767,615
Attributable to equity holders of the parent	3,032,031	2,719,169
Attributable to non-controlling interests	48,264	48,446

37-2 Provisions for bad debt reserve and income adjusted for deductions of provisions for bad debt for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions and per share amounts in units):

Classification	2021	2020
Net income attributable to equity holders of the parent before deducting provisions for bad debt reserve	3,526,068	2,637,242
Provision of bad debt reserve	312,862	59,036
Adjusted income after deducting provisions for bad debt reserve	3,213,206	2,578,206
Basic earnings per share on adjustment (Korean won)	₩10,746	₩8,655
Diluted earnings per share on adjustment (Korean won)	₩10,746	₩8,655

38. Operating income and expenses

38-1 Total operating income for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Interest income	10,867,491	10,705,196
Fee and commission income	2,653,186	2,596,945
Gains on financial instruments at FVPL	20,681,138	26,074,059
Gains on financial instruments designated at FVPL	367,518	644,351
Gains on financial instruments measured at FVOCI	113,978	367,604
Gains on disposal on securities measured at amortized cost	80,735	82,426
Gain on derivative instruments used for hedging	126,542	105,647
Gain on foreign currency transactions	5,197,457	6,458,759
Recovery of impairment loss on financial assets	2,530	1,234
Other operating income	1,587,197	1,179,797
Total	41,677,772	48,216,018

38-2 Total operating expense for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Interest expense	3,430,286	4,265,318
Fee and commission expense	911,469	1,062,762
Loss on financial instruments at FVTPL	19,824,144	25,478,128
Loss on financial instruments designated as measured at FVTPL	434,528	420,256
Loss on financial instruments measured at FVOCI	9,430	9,528
Loss on disposal on securities measured at amortized cost	3,905	12,258
Loss on derivative instruments used for hedging purpose	178,277	79,880
Loss on foreign currency transactions	5,159,135	6,172,038
Impairment loss on financial assets	535,748	872,173
General and administrative expense	4,050,460	3,917,656
Other operating expense	2,509,294	2,089,599
Total	37,046,676	44,379,596

39. Net interest income

39-1 Interest income for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Interest income on due from banks	91,758	125,245
Interest income on financial assets measured at FVOCI	497,322	621,717
Interest income on financial assets measured at amortized cost	429,035	388,569
Interest income on loans receivable	9,478,602	9,168,582
Subtotal	10,496,717	10,304,113
Interest income on financial assets measured at FVTPL	305,319	341,856
Others	65,455	59,227
Total	10,867,491	10,705,196

39-2 Interest expense for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Interest expense on deposit liabilities	2,077,615	2,782,659
Interest expense on borrowings	216,650	274,374
Interest expense on debentures	942,719	983,085
Subtotal	3,236,984	4,040,118
Interest income on financial assets held-for-trading	127,027	103,219
Others	66,275	121,981
Total	3,430,286	4,265,318

40. Net fee and commission income

40-1 Fee and commission income for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Fee and commission received from loans and others	1,653,450	1,692,599
Fee and commission received on credit card	680,608	599,159
Fee and commission received on guarantee	78,364	78,837
Fee and commission received from redemption before maturity	2,745	2,462
Fee and commission related foreign exchange	238,019	223,888
Total	2,653,186	2,596,945

40-2 Fee and commission expense for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Commission paid borrowings and others	457,240	593,554
Commission paid on credit card	417,064	429,650
Commission related foreign exchange	37,081	39,480
Commission paid trust	84	78
Total	911,469	1,062,762

41. Gain (loss) on financial instruments measured at FVTPL

Gain (loss) on financial instruments measured at FVTPL and held-for-trading for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Gain on financial instruments measured at FVTPL:		
Securities measured at FVTPL:		
Gain on valuation	345,917	544,258
Gain on disposal	317,933	346,145
Gain on redemption	6,691	17,591
Others	351,055	297,245
Subtotal	1,021,596	1,205,239
Loans measured at FVTPL:	25,777	23,419
Derivatives-linked securities	16,652	3,953
Derivatives held for trading:		
Gain on valuation of derivatives:		
Currency related derivatives	5,766,864	8,795,432
Interest related derivatives	517,650	544,399
Stock related derivatives	116,405	220,700
Credit related derivatives	26,910	57,731
Others related derivatives	91,018	66,549
Subtotal	6,518,847	9,684,811
Gain on transactions of derivatives:		
Currency related derivatives	8,271,115	11,198,299
Interest related derivatives	3,275,827	2,412,832
Stock related derivatives	1,052,100	1,109,571
Credit related derivatives	56,501	170,162
Others related derivatives	393,272	238,203
Subtotal	13,048,815	15,129,067
Gain on securities sold	34,751	14,241
Gain on other financial instruments measured at FVTPL	14,700	13,329
Total	20,681,138	26,074,059
Loss on financial instruments measured at FVTPL:		
Securities measured at FVTPL:		
Loss on valuation	451,072	168,697
Loss on disposal	295,190	285,566
Loss on redemption	22,869	8,420
Transaction cost	158	141
Subtotal	769,289	462,824

Classification	2021	2020
Loans measured at FVTPL:	10,860	7,937
Derivatives-linked securities	9,131	36,165
Derivatives held for trading:		
Loss on valuation of derivatives:		
Currency related derivatives	5,795,595	8,579,356
Interest related derivatives	763,471	493,092
Stock related derivatives	185,599	224,440
Credit related derivatives	47,228	77,923
Others related derivatives	79,967	88,091
Subtotal	6,871,860	9,462,902
Loss on transactions of derivatives:		
Currency related derivatives	7,926,967	11,225,942
Interest related derivatives	2,915,743	2,842,074
Stock related derivatives	900,568	1,070,139
Credit related derivatives	54,886	101,845
Others related derivatives	346,603	244,769
Subtotal	12,144,767	15,484,769
Loss on securities sold	18,237	23,531
Total	19,824,144	25,478,128
Net amount	856,994	595,931

42. Gain (loss) on financial instruments designated as measured at FVPL

Gain (loss) on financial assets and liabilities designated as measured at FVPL for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Gain on financial instruments designated as measured at FVTPL:		
Deposits:		
Gain on valuation	10,058	5,135
Gain on redemption	12	101
Borrowings:		
Gain on valuation	779	-
Gain on redemption	-	112
Derivatives linked securities sold:		
Gain on valuation	234,577	360,007
Gain on redemption	122,092	278,996
Total	367,518	644,351
Loss on financial instruments designated as measured at FVTPL:		
Deposits:		
Loss on valuation	-	12
Loss on redemption	412	3,228
Borrowings:		
Loss on valuation	320	-
Derivatives linked securities sold:		
Loss on valuation	101,675	164,334
Loss on redemption	332,121	252,682
Total	434,528	420,256
Net amount	(67,010)	224,095

43. Gain (loss) on financial assets measured at FVOCI

Gain (loss) on financial assets measured at FVOCI for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Gain on financial assets measured at FVOCI		
Gain on disposal	103,184	359,274
Dividend income	10,794	8,330
Total	113,978	367,604
Loss on financial assets measured at FVOCI		
Loss on disposal	9,430	9,501
Loss on redemption	-	27
Total	9,430	9,528
Net amount	104,548	358,076

44. Gains (losses) on disposal of financial assets measured at amortized cost

Gain(loss) on disposal of financial assets measured at amortized cost for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Gain on disposal of financial assets measured at amortized cost:		
Securities measured at amortized cost:		
Gain on disposal	20	-
Loans measured at amortized cost:		
Gain on disposal	80,715	82,426
Subtotal	80,735	82,426
Loss on disposal of financial assets measured at amortized cost:		
Loans measured at amortized cost:		
Loss on disposal	3,905	12,258
Net amount	76,830	70,168

45. Gains (losses) on derivative instruments used for hedging

Gain (loss) on derivative instruments used for hedging purpose for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Gain on derivative instruments used for hedging purposes:		
Hedged item:		
Gain on valuation of hedged item:		
Debentures	99,966	3,322
Deposits	16,558	473
Subtotal	116,524	3,795
Gain on disposal of hedged item:		
Debentures	4,012	866
Deposits	426	2,192
Subtotal	4,438	3,058
Derivative instruments used for hedging purposes:		
Gain on valuation of derivatives:		
Currency related derivatives	4,095	30,871
Interest related derivatives	18	60,929
Subtotal	4,113	91,800
Gain on settlement of derivatives:		
Currency related derivatives	1,459	726
Interest related derivatives	8	6,268
Subtotal	1,467	6,994
Total	126,542	105,647
Loss on derivative instruments used for hedging purposes:		
Hedged item:		
Loss on valuation of hedged item:		
Debentures	-	58,116
Deposits	-	5,662
Subtotal	-	63,778
Loss on disposal of hedged item:		
Debentures	887	869
Deposits	-	5,396
Subtotal	887	6,265

Classification	2021	2020
Derivative instruments used for hedging purposes:		
Loss on valuation of derivatives:		
Currency related derivatives	71,967	-
Interest related derivatives	99,231	2,088
Subtotal	171,198	2,088
Loss on settlement of derivatives:		
Currency related derivatives	2,428	5,526
Interest related derivatives	3,764	2,223
Subtotal	6,192	7,749
Total	178,277	79,880
Net amount	(51,735)	25,767

46. Impairment losses of financial instruments

Impairment loss on financial instruments for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Provision(reversal) of credit loss on debt securities measured at FVOCI	(64)	3,589
Provision for loan losses on debt securities measured at amortized cost	10,286	7,341
Provision of allowances for possible loan losses for loans	525,462	861,243
Reversal of allowances for possible loan losses for other assets	(2,466)	(1,234)
Total	533,218	870,939

47. General and administrative expenses

General and administrative expenses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Salaries	2,268,294	1,935,492
Provision for severance and retirement benefits	194,745	201,712
Provision for severance (defined contributions)	6,726	4,725
Provision for severance (defined benefits)	188,019	196,987
Termination benefits	20,582	193,987
Employee benefits	115,882	112,331
Rental expenses(*)	66,822	75,304
Entertainment expenses	29,162	29,538
Depreciation on property and equipment	151,198	145,092
Depreciation on investment property	12,834	10,949
Amortization	168,648	186,489
Depreciation for right-of-use assets	215,000	228,683
Taxes and dues	145,956	154,689
Advertising expenses	156,634	148,140
Servicing expenses	221,574	228,396
Supplies expense	7,927	10,691
Others	275,202	256,163
Total	4,050,460	3,917,656

(*) It includes ₩2,515 million and ₩2,113 million of small lease expenses for the year ended December 31, 2021 and 2020.

48. Other operating income

Other operating income for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Reversal of provisions for payment guarantees	1,720	12,738
Reversal of allowances for unused commitments	17,088	–
Reversal of allowance for restoration cost	–	219
Reversal of allowances for mileage points	1	119
Trust commissions	303,736	272,654
Insurance income	1,074,236	728,924
Non-controlling interest	23,615	22,813
Merchant banking accounts profit	46,395	54,644
Others	120,406	87,686
Total	1,587,197	1,179,797

49. Other operating expense

Other operating expenses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Provision of allowances for unused commitments	–	16,891
Provision of allowance for restoration cost	683	–
Provision of allowance for lawsuits	5,544	10,141
Provision of other allowance	12,000	3,693
Contribution to guarantee fund	241,764	207,911
Insurance fee on deposit	455,795	402,810
Contribution to housing credit guarantee fund	131,243	102,560
Insurance expense	823,350	847,821
Provision for (Reversal of) policy reserves	296,375	(83,867)
Non-controlling liability adjustment loss	68,960	134,892
Merchant banking accounts expense	20,853	20,535
Others	452,727	426,212
Total	2,509,294	2,089,599

50. Other non-operating income

Other non-operating income for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Rental fee income	14,675	17,992
Gains of disposal of property, equipment and intangible assets	38,936	26,072
Gains of disposal of investment property	43,174	36,663
Gains on disposal of investment in associates	145,705	41,498
Reversal of impairment loss on investments in associates	14,170	55
Others	301,688	235,252
Total	558,348	357,532

51. Other non-operating expenses

Other non-operating expenses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Disposal of property, equipment and intangible assets	6,774	2,850
Disposal of investment property	4,608	7,097
Disposal of investment in associates	6,945	8,334
Contribution	85,029	87,153
Impairment loss on property, equipment and intangible assets	7,111	572
Impairment loss on stock of related parties	628	3,652
Commissions received on collection of special bond	7,781	7,285
Others	296,623	393,445
Total	415,499	510,388

52. Income taxes

52-1 The major components of income tax expense for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Tax burden		
Current income taxes	1,374,938	1,077,536
Additional refund of prior year's income tax	(7,156)	(27,004)
Changes of deferred income taxes due to the tax effect of temporary differences	(113,157)	(24,612)
Current and deferred income taxes recognized directly to equity	68,718	18,436
Income tax expense	1,323,343	1,044,356

52-2 Reconciliations of income tax expense applicable to income before income tax at the Korea statutory tax rate to income tax expense at the effective income tax rate of the Group for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Income before income tax	4,904,925	3,729,234
Tax at domestic statutory income tax rate of 27.5%	1,273,037	961,744
Tax exempt income	(240,910)	(191,009)
Expenses not deductible for tax purposes	50,071	223,099
Tax deduction	(30,120)	(23,096)
Deduction of tax loss carryforwards	-	656
Income tax expense of foreign branches and subsidiaries	47,663	51,664
Tax effect of consolidated tax return	818	7,559
Additional refund of prior year's income tax	(7,156)	(28,957)
Effect of tax rates change	147	-
Non-recognition of deferred income tax assets and the effect of write off	(456)	
Others	230,249	42,696
Income tax expense	1,323,343	1,044,356
Effective income tax rate (%)	27.0	28.0

52-3 Temporary differences and deferred income tax assets (liabilities) as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Deductible (taxable) temporary differences	Deferred income tax assets (liabilities)
Loss on valuation of securities	238,329	65,459
Impairment loss on securities	75,291	19,454
Securities measured at FVOCI	498,990	137,002
Gain on valuation of investments in subsidiaries	(551,583)	(151,685)
Gain on valuation of derivatives	(397,233)	(109,279)
Deemed dividends	293,313	80,661
Deferred loan fees and expenses	(578,482)	(159,082)
Accrued income	(268,363)	(73,800)
Accrued expenses	276,610	74,047
Allowance for acceptance guarantees	31,300	8,608
Defined benefit obligation	2,237,548	610,680
Plan assets for severance benefit	(2,045,076)	(558,262)
Allowance for other losses	529,178	144,659
Bad debt expenses	745,180	204,009
Depreciation	17,208	4,709

Classification	Deductible (taxable) temporary differences	Deferred income tax assets (liabilities)
Dormant deposits	25,284	6,953
Advanced depreciation provision	(180,315)	(49,587)
Deemed cost for property and equipment	(687,439)	(189,046)
Investment in kind	18,479	5,082
Financial acceptances and guarantees	4,127	1,135
Deferred point income	210,192	50,869
Fair value valuation resulting from merger	9,281	2,552
Fair value differences due to the business combinatio	(78,693)	(18,384)
Others	323,392	86,481
Tax loss carryforwards	76,869	17,095
Total	823,387	210,330
Domestic deferred income tax assets		268,241
Domestic deferred income tax liabilities		(57,911)
Foreign deferred income tax assets		39,313
Foreign deferred income tax liabilities		(150,901)
Deferred income tax assets		98,742

<December 31, 2020>

Classification	Deductible (taxable) temporary differences	Deferred income tax assets (liabilities)
Loss on valuation of securities	₩ 340,960	93,572
Impairment loss on securities	75,703	19,554
Securities measured at FVOCI	(70,440)	(19,371)
Gain on valuation of investments in subsidiaries	(581,896)	(160,021)
Gain on valuation of derivatives	(705,494)	(194,180)
Deemed dividends	154,378	42,454
Deferred loan fees and expenses	(534,553)	(147,002)
Accrued income	(284,198)	(78,154)
Accrued expenses	260,701	70,378
Allowance for acceptance guarantees	85,669	23,559
Defined benefit obligation	2,021,203	555,923
Plan assets for severance benefit	(1,839,880)	(506,549)
Allowance for other losses	481,884	131,271
Bad debt expenses	733,659	199,512
Depreciation	10,568	2,827
Dormant deposits	21,356	5,873

Classification	Deductible (taxable) temporary differences	Deferred income tax assets (liabilities)
Advanced depreciation provision	(180,315)	(49,587)
Deemed cost for property and equipment	(716,568)	(197,056)
Investment in kind	18,479	5,082
Financial acceptances and guarantees	3,377	929
Deferred point income	214,612	51,940
Fair value valuation resulting from merger	11,750	3,231
Fair value differences due to the business combination	(98,963)	(23,986)
Others	579,184	158,483
Tax loss carryforwards	96,245	21,369
Total	97,421	10,051
Domestic deferred income tax assets		134,272
Domestic deferred income tax liabilities		(124,221)
Foreign deferred income tax assets (*)		32,346
Foreign deferred income tax liabilities (*)		(56,812)
Deferred income tax assets		(14,415)

(*) Deferred income tax assets of foreign branches are not offset against the deferred income tax liabilities due to differences in tax jurisdictions.

The effective income tax rate of 27.5% is applied when calculating deferred income tax assets or liabilities that will be realized. Also, deferred income tax assets are recognized when it is foreseeable that future taxable income will be incurred and that future tax credits will be realized.

52-4 The unrealizable temporary differences on investments in associates as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Deductible temporary differences	₩ 368,746	₩ 366,338
Taxable temporary differences	(372,328)	(371,456)
Total	₩ (3,582)	₩ (5,118)

52-5 Details of deferred income taxes charged (credited) directly to equity as of December 31, 2021 and 2020 are as follows (Korean won in millions):

<December 31, 2021>

Classification	Before tax amounts	Deferred income tax assets (liabilities)
Gain (loss) on valuation of financial assets measured at FVOCI	57,156	(15,526)
Changes in valuation of equity method investments	86,280	(24,039)
Gain(loss) on fair value hedge	-	(1)
Profit or loss on hedge valuation of net investment in overseas operations	-	-
Gain (loss) on valuation of cash flow hedges	(2,175)	526
Changes in credit risk of financial liabilities designated as measured at FVTPL	14,284	(3,928)
Exchange differences on translation of foreign operations	(9,488)	2,609
Revaluation surplus	3,502	(963)
Remeasurements of the net defined benefit liability (asset)	(22,413)	5,380
Others	(462)	90
Total	126,684	(35,852)

<December 31, 2020>

Classification	Before tax amounts	Deferred income tax assets (liabilities)
Gain (loss) on valuation of financial assets measured at FVOCI	460,237	(126,324)
Changes in valuation of equity method investments	(138,795)	37,870
Gain(loss) on fair value hedge	-	(1)
Profit or loss on hedge valuation of net investment in overseas operations	39	(5)
Gain (loss) on valuation of cash flow hedges	(5,123)	1,240
Changes in credit risk of financial liabilities designated as measured at FVTPL	(7,498)	2,062
Exchange differences on translation of foreign operations	(76,530)	20,946
Remeasurements of the net defined benefit liability (asset)	(26,481)	6,543
Others	(6,292)	1,692
Total	199,557	(55,977)

53. Dividends

53-1 Details of the Group's dividend including interim dividend for the years ended December 31, 2021 and 2020 are as follows (Korean won):

<2021>

Type of dividend	Number of shares	Dividend per share	Share ratio (%)	Dividends (Korea won in millions)
Cash dividend (interim)	291,563,476	700	14.0	204,094
Cash dividend (annual)	291,563,476	2,400	48.0	699,752
Total				903,846

<2020>

Type of dividend	Number of shares	Dividend per share	Share ratio (%)	Dividends (Korea won in millions)
Cash dividend (interim)	291,563,476	500	10.0	145,782
Cash dividend (annual)	291,563,476	1,350	27.0	393,611
Total				539,393

53-2 Details of the Group's dividend pay-out ratio and dividend yield(Including interim dividends) for the years ended December 31, 2021 and 2020 are as follows(%):

Classification	Formula	2021	2020
Dividend pay-out ratio	Cash dividend amount/Net income	25.60	20.50
Dividend yield	Cash dividend per share/stock prices (closing price of the settlement date)	7.40	5.40

53-3 Details of dividends on hybrid equity securities for the years ended December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

Classification	2021	2020
Average balance of hybrid equity securities	2,278,370	1,125,552
Weighted-average interest rate	3.60%	3.88%
Total dividends	80,083	54,598

54. Earning per share

54-1 Weighted-average numbers of common shares for the years ended December 31, 2021 and 2020 are calculated as follows (shares in units):

Classification	2021	2020
Beginning	291,563,476	291,563,476
Acquisition of treasury shares	-	-
Weighted-average number of shares of common stocks outstanding	291,563,476	291,563,476

54-2 The Group's basic earnings per share for the years ended December 31, 2021 and 2020 are calculated as follows (Korean won in millions and per share amounts in units):

Classification	2021	2020
Net income attributable to equity holders of the parent	3,526,068	2,637,242
Dividends on hybrid equity securities	(80,083)	(54,598)
Net income attributable to common stock	3,445,985	2,582,644
Weighted-average number of shares of common stocks outstanding	291,563,476	291,563,476
Basic earnings per share (Korean won in units)	11,819	8,858

54-3 Weighted-average numbers of common shares adjusted for the effect of dilution for the years ended December 31, 2021 and 2020 are calculated as follows (shares in units):

Classification	2021	2020
Weighted-average number of common shares of outstanding for basic earnings per share	291,563,476	2,637,242
Dilution effect due to:		
Stock grants	-	-
Weighted-average number of common shares (diluted)	291,563,476	291,563,476

54-4 The Group's diluted earnings per share for the years ended December 31, 2021 and 2020 are computed as follows (Korean won in millions and number of shares in units):

Classification	2021	2020
Net income attributable to common stock holders	3,445,985	2,582,644
Weighted-average number of shares of common stocks outstanding (Diluted)	291,563,476	291,563,476
Diluted earnings per share (Korean won in units)	11,819	8,858

55. Share-based payment transactions

The Group has granted employees and directors of HFG and its subsidiaries the share options, which may be settled by the issuance of additional shares or by cash payment equal to the difference between the market value and exercise price.

55-1 Stock options

As of the end of the current term, there are no exercisable stock options granted to executives and employees.

55-2 Performance-based stock grants

55-2-1 The details of performance-based stock grants as of December 31, 2021 are summarized as follows (number of shares in units):

Classification	Grant date	Settlement method	Exercisable period (appraisal period)	Payment date	Estimated vested shares as of December 31, 2021
Grant in 2018(*1)	2018. 1. 1	Cash settlement	2018. 1. 1 ~ 2020. 12. 31	2020. 12. 31	355,093
Grant in 2019(*1)	2019. 1. 1	Cash settlement	2019. 1. 1 ~ 2021. 12. 31	2021. 12. 31	493,325
Grant in 2020(*1)	2020. 1. 1	Cash settlement	2020. 1. 1 ~ 2022. 12. 31	2022. 12. 31	382,720
Grant in 2021(*1)	2021. 1. 1	Cash settlement	2021. 1. 1 ~ 2023. 12. 31	2023. 12. 31	154,768

(*1) The maximum number of shares to be compensated is pre-determined before the grant date, and vested shares are determined by performance measures. Performance is evaluated as 40% of group performance (relative shareholder return), 55% of group performance (subsidiary ROE and net profit target achievement rate) and 5% of soundness evaluation.

55-2-2 The performance-based stock grant liabilities in accounts payable are in the amount ₩57,088 million and ₩49,748 million as of December 31, 2021 and 2020, respectively. The Group uses the cash settlement method in connection with the performance-based stock grant liabilities based on past practice, and compensation costs are recorded by re-measuring fair value of liabilities at the end of every vesting year.

55-2-3 Compensation costs for performance-linked stock compensation for the year ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	HFG	Subsidiary	Total
Compensation cost	5,130	23,582	28,712

<2020>

Classification	HFG	Subsidiary	Total
Compensation cost	2,555	14,688	17,243

55-3 Stock option

55-3-1 The details of stock option grants as of December 31, 2021 are summarized as follows:

Classification	Details
Granted by	GLN International Co., Ltd.
Grant shares	GLN International Co., Ltd.'s common stock.
Grant type	Issuance of new shares
Grant date	2021.11.04
Number of shares granted	400,000 shares
Available period	2024.11.04~2029.11.03
Price per shares	₩500
Evaluation model	LSMC(Least-Squares Monte Carlo) simulation.
Risk-free interest rate	Interest rate on treasury bonds
Stock price volatility	15.48%
Interest rate volatility	Volatility by period applied to the Hull and White interest rate model.
Fair value per share	₩109.03

55-3-2 The compensation costs related to the stock option for the years ended December 31, 2021 are ₩2 million and there is no stock option available for exercise as of December 31, 2021

56. Cash flow information

56-1 Cash and cash equivalents on hand as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020
Cash	2,031,147	2,198,981
Due from banks in Korean won	15,926,712	13,016,032
Due from banks in foreign currencies	13,448,737	12,314,802
Total	31,406,596	27,529,815
Restricted balances	24,367,225	19,270,280
Due from banks with original maturities exceeding three months from the date of acquisition	889,823	902,294
Total	25,257,048	20,172,574
Cash and cash equivalents	6,149,548	7,357,241

56-2 Significant non-cash transactions for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	2021	2020
Changes in gain on valuation of financial assets measured at FVOCI, net	(584,154)	20,185
Debt-to-equity swap	-	3,811
Replacement from loan, etc. to non-current assets held for sale	10,489	39,094
Replacement from current assets to investment properties	97,636	76,633
Replacement from properties to prepaid assets	16,442	13,686
Changes in right-of-use assets	20,763	156,587
Changes in lease liability	205,493	81,484
Gain(loss) on conversion of overseas operations	208,262	153,753

56-3 Changes in liabilities arising from financing activities for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

<2021>

Classification	January 1, 2021	Cash flows	Foreign exchange movement	Changes in fair values	Others	December 31, 2021
Borrowings	26,494,316	2,827,521	939,761	-	-	30,261,598
Debentures	48,761,838	4,015,613	392,646	(24,207)	1,330,271	54,476,161
Lease liability	416,477	(224,509)	-	-	205,426	397,394
Total	75,672,631	6,618,625	1,332,407	(24,207)	1,535,697	85,135,153

<2020>

Classification	January 1, 2020	Cash flows	Foreign exchange movement	Changes in fair values	Others	December 31, 2020
Borrowings	20,699,402	5,339,390	313,581	-	141,943	26,494,316
Debentures	43,661,177	3,295,576	441,327	4,219	1,359,539	48,761,838
Lease liability	583,007	(249,866)	-	-	83,336	416,477
Total	64,943,586	8,385,100	754,908	4,219	1,584,818	75,672,631

56-4 The Group has changed the cash flows arising from the receipt and payment of interest and dividends, to be directly recorded in the consolidated statement of cash flows for the years ended December 31, 2021 and 2020

57. Related party transactions

57-1 Details of significant transactions with related parties for the years ended December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

<2021>

Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commission income	Other income		Interest expenses	Fee and commission expenses	Other expenses
Bank of Jilin	Associate	62	3	1	-	-	-	2
CM International Financing Leases	Associate	2,282	-	-	7,590	-	-	-
Beijing Langa Asset Management Co., Ltd.	Associate	629	537	20	(50)	8	-	-
PT. SINARMAS Hana Finance	Joint venture	1,427	64	220	89	-	-	-
BSK-6 Patent Technology Investment Association	Associate	-	-	-	-	-	-	-
MIDAN City Development Co., Ltd.	Associate	-	-	-	-	-	-	-
Company KStartup Winwin fund	Associate	-	-	-	-	1	-	-
Somesevit Co., Ltd.	Associate	-	-	-	-	-	-	-
Korea Credit Bureau	Associate	-	48	-	-	13	4,081	-
KEB Hana-KVIC Unicom Fund of Funds	Associate	-	-	-	-	27	-	-
Templeton Hana Asset Management Co., Ltd.	Associate	-	3,092	5	-	127	-	-
Bank for Investment and Development of Vietnam (BIDV)	Associate	307	-	-	(105)	500	-	-
Harvest Private Equity Fund								
Specializing in Start-Up and Venture Business I	Associate	-	-	-	-	-	-	-
All Together Korea Funds	Associate	-	-	-	-	-	-	-
Toss Bank Co., Ltd. (formerly Toss INNOVATION CO., LTD)	Associate	12	2,049	-	-	330	-	-
Shinjin International Corporation	Associate	-	-	-	92	-	-	-
Inhee	Associate	-	2	-	-	-	-	-
KG fashion	Associate	-	-	-	-	-	-	-
Sinsa Station Complex Development PFV Co., Ltd.	Associate	497	1,041	-	713	-	-	-
Taurus Cloud Fund	Associate	-	-	-	-	-	-	-
NPX-Welcome Metaverse Contents fund	Associate	-	-	-	-	-	-	-
Cheongna Medipolis PFV Co., Ltd.	Associate	-	-	-	-	-	-	-
Finqq Co., Ltd.	Joint venture	-	437	80	7	19	1,094	140
Mirae Credit Information Services Corp.	Associate	18	10	19	(1)	18	9,979	-

Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commission income	Other income		Interest expenses	Fee and commission expenses	Other expenses
Apollon Private Equity Fund	Associate	-	-	-	-	-	-	-
Heat Private Equity Fund	Associate	-	-	-	-	-	-	-
Lakebridge The Growth Capital PEF1	Associate	-	-	-	-	-	-	-
Hana-Capstone AI Platform Fund	Associate	-	-	-	-	8	-	-
Business Investment Fund KOCREF REIT 30	Associate	2,141	-	-	(20)	727	-	17,215
Gunsan BIO Energy Co., Ltd.	Associate	-	-	-	-	1	-	-
GMHB Co., Ltd.	Associate	2,583	-	30	(158)	1	-	-
Lotte Ventures Corp. (Previously, Lotte Accelera tor Corporation)	Associate	-	-	1	-	6	-	-
Hana Power Infra 1st Private Equity Fund	Associate	-	2,372	-	-	-	-	-
Hana UBS Asset Management	Associate	-	2,967	15	-	148	-	-
Axis Bio Fund	Associate	-	-	-	-	-	-	-
DA Value-up Fund No. 2	Associate	-	-	-	-	-	-	-
Smartscore Co., Ltd.	Associate	70	13	19	-	-	-	-
2018 Hana- Magna Startup Fund	Associate	-	388	-	-	-	-	-
Gwacheon Jisan Octa PFV., Ltd.	Associate	-	-	-	-	-	-	-
DangsandongPFV Co., Ltd.	Associate	-	95	-	-	-	-	-
World HansSang Dream Island	Associate	181	403	-	6	-	-	-
Dream Island Leisure	Associate	-	300	-	-	-	-	-
EBEST Hitech Fund No.1	Associate	-	-	-	-	-	-	-
UBI-HBIC New Technology Investment Partnership II	Associate	-	-	-	-	-	-	-
UNION Proptech Fund I	Associate	-	-	-	-	-	-	-
Daegu MBC development PFV Co. Ltd.	Associate	940	20,118	-	1,124	-	-	-
Genesis Environment No.1 Private Equity Fund	Associate	-	-	-	-	-	-	-
YH Leisure Development Co., Ltd.	Associate	3,994	55	-	(31)	3	-	-
Changjo Innovation CO., Ltd.	Associate	959	2,676	-	-	-	-	-
SIVIKCENTER PFV Co., Ltd.	Associate	-	-	-	-	-	-	-
Hana Bio New Technology Fund No.1	Associate	-	21	-	-	-	-	-
Dowon Asset development Co., Ltd.	Associate	353	734	-	4	1	-	-
HORIZON PRIVATE EQUITY FUND	Associate	-	2,640	-	-	-	-	-
Curious Solution NO.1 Corporate Recovery Private Equity Fund	Associate	-	-	-	-	-	-	-



Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commis- sion income	Other income		Interest expenses	Fee and commis- sion expenses	Other expenses
MERITZ-KCLAVIS Fund No.1	Associate	-	-	-	-	-	-	-
Hana Must Seven Special Purpose Acquisition Company	Associate	-	150	-	-	1	-	-
Hana Financial Fourteen Special Purpose Acquisition Company	Associate	-	-	-	-	1	-	-
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	-	-	-	-	2	-	-
Hana Financial Sixteenth Special Purpose Acquisition Company	Associate	-	-	-	-	1	-	-
Hana Financial Seventeen Special Purpose Acquisition Company	Associate	-	180	821	-	3	-	-
Synergy-Incus Venture Business Fund No.1	Associate	-	-	-	-	-	-	-
DGH New Technology Investment Association No. 1	Associate	-	-	-	-	-	-	-
Hana Ever Best Corporation Financial Stability Private Investment Co., Ltd.	Associate	-	462	-	-	-	-	-
Hana Bio New Technology Fund No.2	Associate	-	27	-	-	-	-	-
Hana Bio New Technology Fund No.3	Associate	-	19	-	-	-	-	-
Genesis Environment No.3 Private Equity Fund	Associate	-	-	-	-	-	-	-
Forest of Suseong	Associate	604	1,485	-	-	-	-	-
BMI Ventures Fund No.1	Associate	-	-	-	-	-	-	-
MC Southeast Asia Fund No.1	Associate	-	-	-	-	-	-	-
Hana Hoechang Private Equity Fund No.1	Associate	-	-	-	-	-	-	-
Hana Financial Nineteenth Special Purpose Acquisition Company	Associate	-	165	-	-	9	-	-
Hana Bio New Technology Fund No.1-1	Associate	-	15	-	-	-	-	-
Smart Hana-K& Green New Deal No.1 Fund	Associate	-	40	-	-	-	-	-
Hana Smart Logistics New Technology Fund	Associate	-	36	-	-	-	-	-
Cornerstone Mutual Growth VI Fund	Associate	-	-	-	-	-	-	-
People Korea Two	Associate	457	7,681	-	182	1	-	-
Hana Financial Twentieth Special Purpose Acquisition Company	Associate	-	150	-	-	-	-	-

Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commis- sion income	Other income		Interest expenses	Fee and commis- sion expenses	Other expenses
C47 Investment-Contents Wavve Original Contents I Startup and Venture Private Equity Fund	Associate	-	-	-	-	-	-	-
New Deal Extension New Technology Fund No.1	Associate	-	172	-	-	-	-	-
GFI ESG the 1st Private Equity Fund	Associate	-	-	-	-	-	-	-
Imgok Rental Housing CO., Ltd.	Associate	539	299	-	39	-	-	-
Daeyoung Networks Co., Ltd.	Associate	-	4,410	-	-	-	-	-
Haba Financial Twenty-One Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-
S&S-Redwood India Agri-tech Fund	Associate	-	-	-	-	-	-	-
KCLAVIS AIM Artificial Intelligence Fund No.1	Associate	-	-	-	-	-	-	-
K& Secondary No5 Fund	Associate	-	-	-	-	-	-	-
Genesis Environment Energy No.6 Private Equity Fund	Associate	-	-	-	-	-	-	-
Hana-Magna Growth Booster Fund	Associate	-	122	-	-	-	-	-
Odin 2 LLC	Associate	14,648	-	-	-	-	-	-
Hana Capital-Capstone Venture Fund III	Associate	-	-	-	-	-	-	-
Hana-KDBC, Capstone Venture Fund	Associate	-	-	-	-	-	-	-
KCLAVIS-Meta Fund No.2	Associate	-	-	-	-	-	-	-
2019 Capstone Venture Fund	Associate	-	-	-	-	-	-	-
KIAMCO Daegu Complex Development Fund	Associate	-	-	-	-	-	-	-
Hana Qualified Investor Private Real Estate Investment Trust No.41-2	Associate	-	7	-	-	-	-	-
Hana Alternative Special Investment Private Trust No.161	Associate	-	1,039	-	-	-	-	-
A&D credit information Co.,Ltd.	Associate	-	-	-	-	-	4	-
Hyoje PFC CO., LTD	Associate	-	240	-	-	-	-	-
F&U Credit Information	Associate	-	708	-	-	4	13,158	85
Hana Ventures No.1 Investment Fund	Associate	-	33	-	-	-	-	-
Hana Digital Transformation Fund	Associate	-	1,842	-	-	-	-	-
HS INVESTMENTS EU11 L.P.	Associate	-	-	-	-	-	-	-
Hana Ventures No.5 Investment Fund	Associate	-	90	-	-	1	-	-

Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commis- sion income	Other income		Interest expenses	Fee and commis- sion expenses	Other expenses
Hana Innovation Venture Scale-up Fund	Associate	-	1,365	-	-	12	-	-
Digital Innovation Growth Fund	Associate	-	141	-	-	-	-	-
Hana-History No1 Investment Fund	Associate	-	51	-	-	-	-	-
Gyeonggi Hana Turn around Fund No.2	Associate	-	264	-	-	-	-	-
Hana Untact Digital Innovation Fund	Associate	-	289	-	-	-	-	-
Hana Financial Strategic the 1st Private Equity Fund (*)	Associate	-	91	-	-	-	-	-
KORAMCO 73 Professional Investment Type Private Real Estate Investment (*)	Associate	-	-	-	-	-	-	-
KORAMCO 87 Professional Investment Type Private Real Estate Investment (*)	Associate	-	-	-	-	-	-	-
Our Crowd International Invest III (*)	Associate	-	-	137	-	-	-	27
Kiwoom Securities – Friend 1 New Technology Business Investment Fund (*)	Associate	-	-	-	-	-	-	-
NPTK Emerging Asia Fund1 PEF (*)	Associate	-	-	-	-	-	-	-
Petra 6th Alpa Private Equity Fund (*)	Associate	-	-	-	-	-	-	-
Hana Must Sixth Special Purpose Acquisition Company (*)	Associate	-	-	-	-	1	-	-
K1 No. 13 Entrustment Management Real Estate Investment Company (*)	Associate	-	825	-	-	-	-	-
Gwangju Numun Mirae Asset PFV Co., LTD. (*)	Associate	-	-	-	-	-	-	-
Genesis Environment No.4 Private Equity Fund (*)	Associate	-	-	-	-	-	-	-
Myoungshin Co., Ltd. (*)	Associate	44	-	-	-	-	-	-
Fresheasy Co., Ltd. (*)	Associate	378	17	-	-	41	-	-
CM International Financing Leases	Subsidiary of an associate	-	-	-	-	-	-	-
Alan (Hong Kong) Investment Management Limited	Subsidiary of an associate	-	-	-	-	-	-	-
Hana Power Package LC	Subsidiary of an associate	528	60	-	(104)	17	-	-
MCKAYSON Co., Ltd.	Subsidiary of an associate	-	-	-	-	-	-	-
SIMWON DEVELOPMENT CO., LTD. (*)	Subsidiary of an associate	8	-	-	(9)	-	-	-

Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commis- sion income	Other income		Interest expenses	Fee and commis- sion expenses	Other expenses
Shenzhen Zhijiguangdao Investment Co., Ltd.	Other related parties	-	-	-	-	-	-	-
Key management personnel		294	68	114	(2)	89	6	-
Total		33,955	62,608	1,482	9,366	2,121	28,322	17,469

(*) It is excluded from the related party for the year ended December 31, 2021.

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Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commis- sion income	Other income		Interest expenses	Fee and commis- sion expenses	Other expenses
Bank of Jilin	Associate	72	1	5	-	-	-	4
CM International Financing Leases	Associate	8,048	-	-	(14,785)	-	-	-
Beijing Langa Asset Management Co., Ltd.	Associate	1,412	243	85	4	37	-	40
PT. SINARMAS Hana Finance	Joint venture	2,023	1	340	2	97	-	5
BSK-6 Patent Technology Investment Association	Associate	-	-	-	-	-	-	-
MIDAN City Development Co., Ltd.	Associate	-	-	-	-	-	-	-
Company KStartup Winwin fund	Associate	-	-	-	-	-	-	-
Someesvit Co., Ltd.	Associate	-	-	-	-	-	-	-
Korea Credit Bureau	Associate	-	59	-	-	17	3,413	2
KORAMCO 73 Professional Investment Type Private Real Estate Investment	Associate	-	-	-	-	-	-	-
KEB Hana-KVIC Unicorn Fund of Funds	Associate	-	-	-	-	5	-	-
KORAMCO 87 Professional Investment Type Private Real Estate Investment	Associate	-	-	-	-	-	-	-
Our Crowd International Invest III	Associate	-	-	319	-	-	-	-
Templeton Hana Asset Management Co., Ltd. (Previously, Darby Hana Infrastructure Fund Management)	Associate	-	7	1	-	254	-	-
Bank for Investment and Development of Vietnam	Associate	530	-	-	-	826	-	-
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	Associate	-	-	-	-	-	-	-

Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commis- sion income	Other income		Interest expenses	Fee and commis- sion expenses	Other expenses
All Together Korea Funds	Associate	-	-	-	-	-	-	-
TOSS INNOVATION CO., LTD.	Associate	-	-	-	-	-	-	-
Finqq Co., Ltd.	Joint venture	-	892	60	(4)	16	3	21
Mirae Credit Information Services Corp.	Associate	68	16	141	(1)	14	7,815	34
Apollon Private Equity Fund	Associate	-	-	-	-	-	-	-
Heat Private Equity Fund	Associate	-	-	-	-	-	-	-
Lakebridge The Growth Capital PEF1	Associate	-	-	-	-	-	-	-
Kiwoom Securities - Friend 1 New Technology Business Investment Fund	Associate	-	-	-	-	-	-	-
KOCREF REIT 30	Associate	75	10,591	-	-	107	-	14,992
Gunsan BIO Energy Co., Ltd.	Associate	-	-	-	-	2	-	-
GMHB Co., Ltd.	Associate	2,667	326	33	7	1	-	-
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	Associate	-	-	-	-	26	-	-
Hana Power Infra 1st Private Equity Fund	Associate	-	2,372	-	-	-	-	-
Hana UBS Asset Management	Associate	-	2,546	38	-	104	-	-
Axis Bio Fund	Associate	-	-	-	-	-	-	-
DA Value-up Fund No. 2	Associate	-	-	-	-	-	-	-
Smartscore Co., Ltd.	Associate	64	4	8	-	-	2	-
2018 Hana- Magna Startup Fund	Associate	-	398	-	-	-	-	-
Petra 6th Alpa Private Equity Fund	Associate	-	-	-	-	-	-	-
Gwacheon Jisan Octa PFV., Ltd.	Associate	-	4,082	-	-	-	-	-
Hana Financial Strategic the 1st Private Equity Fund	Associate	-	277	-	-	-	-	-
DangсандongPFV Co., Ltd.	Associate	-	877	-	-	-	-	-
Fresheasy Co., Ltd.	Associate	510	85	-	(94)	3	-	-
World HansSang Dream Island	Associate	43	526	-	(5)	-	-	-
Dream Island Leisure	Associate	-	-	-	-	-	-	-
EBEST Hitech Fund No.1	Associate	-	-	-	-	-	-	-
UBI-HBIC New Technology Investment Partnership II	Associate	-	-	-	-	-	-	-
UNION Proptech Fund I	Associate	-	-	-	-	-	-	-
Daegu MBC development PFV Co. Ltd.	Associate	-	37	-	-	-	-	-
NPTK Emerging Asia Fund1 PEF	Associate	-	-	-	-	-	-	-

Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commis- sion income	Other income		Interest expenses	Fee and commis- sion expenses	Other expenses
Genesis Environment No.1 Private Equity Fund	Associate	-	-	-	-	-	-	-
YH Leisure Development Co., Ltd.	Associate	1,725	1,219	-	363	1	-	-
Changjo Innovation CO., Ltd.	Associate	1,205	9,012	-	-	-	-	-
SVIKCENTER PFV Co., Ltd.	Associate	-	-	-	-	-	-	-
Hana Bio New Technology Fund No.1	Associate	-	8	-	-	-	-	-
Dowon Asset development Co., Ltd.	Associate	-	26,751	-	-	-	-	-
HORIZON PRIVATE EQUITY FUND	Associate	-	2,765	-	-	-	-	-
Curious Solution NO.1 Corporate Recovery Private Equity Fund	Associate	-	-	-	-	-	-	-
MERITZ-KCLAVIS Fund No.1	Associate	-	-	-	-	-	-	-
Hana Must Seven Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-
Hana Must Sixth Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-
Hana Financial Fourteen Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	-	150	-	-	-	-	-
Hana Financial Sixteenth Special Purpose Acquisition Company	Associate	-	150	-	-	-	-	-
Hana Financial Seventeen Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-
Odin 2 LLC	Associate	-	-	-	-	-	-	-
Myoungshin Co., Ltd.	Associate	232	-	-	-	-	-	-
Hana Qualified Investor Private Real Estate Investment Trust No.41-2	Associate	-	7	-	-	-	-	-
A&D credit information Co.,Ltd.	Associate	-	-	-	-	-	6	-
Hyoje PFC CO., LTD	Associate	-	1,060	-	-	-	-	-
F&U Credit Information	Associate	-	764	-	(1)	6	18,444	5
Hana Ventures No.1 Investment Fund	Associate	-	33	-	-	-	-	-
Hana Digital Transformation Fund	Associate	-	2,000	-	-	-	-	-
HS INVESTMENTS EU11 L.P.	Associate	-	-	-	-	-	-	-
Hana Ventures No.5 Investment Fund	Associate	-	25	18	-	1	-	-
Hana Innovation Venture Scale-up Fund	Associate	-	331	-	-	5	-	-
Synergy-Incus Venture Business Fund No.1	Associate	-	-	-	-	-	-	-

Related party	Type	Income			Provisions (reversals) of allowance for possible loan losses	Expenses		
		Interest income	Fee and commis- sion income	Other income		Interest expenses	Fee and commis- sion expenses	Other expenses
Fidelis-2 private equity joint venture (*)	Associate	-	-	-	-	-	-	-
Sprott Global Renewable Private Equity Fund II (*)	Associate	-	-	-	-	-	-	-
Dowon development Co., Ltd. (*)	Associate	295	4,853	-	(64)	-	-	-
Hana Lantern Energy Factory PEF (*)	Associate	-	431	-	-	-	-	-
2010 KIF-Tube IT Professional Investment Partnership (*)	Associate	-	-	-	-	-	-	91
Genesis Environment No.2 Private Equity Fund (*)	Associate	-	-	-	-	-	-	-
Hana Cybernaut international Limited (*)	Associate	-	-	-	-	-	-	-
CM International Financing Leases	Subsidiary of an associate	-	-	-	-	-	-	-
Alan (Hong Kong) Investment Management Limited	Subsidiary of an associate	-	-	-	-	-	6	-
Hana Power Package LC	Subsidiary of an associate	565	60	-	(98)	11	-	-
SIMWON DEVELOPMENT CO., LTD.	Subsidiary of an associate	24	-	-	9	-	-	-
Wellfood Co., Ltd.	Subsidiary of an associate	-	-	-	-	-	-	-
MCKAYSON Co., Ltd.	Subsidiary of an associate	-	-	-	-	-	-	-
Eco 1st SPC LLC (*)	Subsidiary of an associate	-	-	-	-	-	-	-
Key management personnel	Subsidiary of an associate	28	106	124	1	11	8	-
Total		19,586	73,065	1,172	(14,666)	1,544	29,697	15,194

(*) It is excluded from the related party for the year ended December 31, 2020.

57-2 Outstanding balances with related parties arising from the below significant transactions as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

<December 31, 2021>

Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
Bank of Jilin	Associate	6,300	11,573	-	3,492	-	-
CM International Financing Leases	Associate	63,341	-	35,184	18	-	-
Beijing Langa Asset Management Co., Ltd.	Associate	11,161	-	21	3	-	-
PT. SINARVIAS Hana Finance	Joint venture	32,491	33	163	12	-	-
BSK-6 Patent Technology Investment Association	Associate	-	-	-	-	-	-
MIDAN City Development Co., Ltd.	Associate	-	-	-	2	-	-
Company KStartup Winwin fund	Associate	-	-	-	300	-	-
Someesvit Co., Ltd.	Associate	-	-	-	-	-	-
Korea Credit Bureau	Associate	55	-	-	141	-	217
KEB Hana-KVIC Unicorn Fund of Funds	Associate	-	-	-	3,779	-	-
Templeton Hana Asset Management Co., Ltd.	Associate	-	-	-	11,694	-	-
Bank for Investment and Development of Vietnam (BIDV)	Associate	11,855	3,851	39	1,653	80,755	-
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	Associate	-	-	-	-	-	-
All Together Korea Fund5	Associate	-	-	-	-	-	-
Toss Bank Co., Ltd. (formerly Toss INNOVATION CO., LTD)	Associate	138	10,682	-	-	-	514
Shinjin International Corporation	Associate	1,444	1	107	-	-	-
Inhee	Associate	-	-	-	2	-	-
KG fashion	Associate	-	-	-	-	-	-
Sinsa Station Complex Development PFV Co., Ltd.	Associate	99,000	-	713	92	-	-
Taurus Cloud Fund	Associate	-	-	-	-	-	-
NPX-Welcome Metaverse Contents fund	Associate	-	-	-	-	-	-
Cheongna Medipolis PFV Co., Ltd.	Associate	-	-	-	-	-	-
Finqq Co., Ltd.	Joint venture	88	13	12	15,289	-	47
Mirae Credit Information Services Corp.	Associate	253	246	-	4,631	-	100
Apollon Private Equity Fund	Associate	-	-	-	-	-	-
Heat Private Equity Fund	Associate	-	-	-	1	-	8
Lakebridge The Growth Capital PEF1	Associate	-	-	-	277	-	-
Hana-Capstone AI Platform Fund	Associate	-	-	-	2,129	-	48
Business Investment Fund KOCREF REIT 30	Associate	40,000	48,434	139	-	-	35,836
Gunsan BIO Energy Co., Ltd.	Associate	2	2,617	2,617	555	-	-
GMIHB Co., Ltd.	Associate	52,500	-	336	100	-	169

Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	Associate	-	-	-	777	-	-
Hana Power Infra 1st Private Equity Fund	Associate	-	598	-	-	-	-
Hana UBS Asset Management	Associate	19	689	-	16,328	-	-
Axis Bio Fund	Associate	-	-	-	-	-	-
DA Value-up Fund No. 2	Associate	-	-	-	-	-	-
Smartscore Co., Ltd.	Associate	1	2,077	-	188	-	37
2018 Hana- Magna Startup Fund	Associate	-	147	-	-	-	-
Gwachon Jisan Octa PFV., Ltd.	Associate	-	-	-	-	-	-
DangсандongPFV Co., Ltd.	Associate	-	-	-	183	-	12
World HansSang Dream Island	Associate	4,750	8	18	52	-	122
Dream Island Leisure	Associate	-	-	-	-	-	-
EBEST Hitech Fund No.1	Associate	-	-	-	-	-	-
UBI-HBIC New Technology Investment Partnership II	Associate	-	-	-	-	-	-
UNION Proptech Fund I	Associate	-	-	-	-	-	-
Daegu MBC development PFV Co. Ltd.	Associate	123,325	-	1,163	2,402	-	104
Genesis Environment No.1 Private Equity Fund	Associate	-	-	-	-	-	1
YH Leisure Development Co., Ltd.	Associate	115,473	-	332	1,788	-	-
Changjo Innovation CO., Ltd.	Associate	1	-	-	45	-	98
SMIKCENTER PFV Co., Ltd.	Associate	-	-	-	-	-	-
Hana Bio New Technology Fund No.1	Associate	-	-	-	-	-	-
Dowon Asset development Co., Ltd.	Associate	9,942	3,685	55	83	-	2
HORIZON PRIVATE EQUITY FUND	Associate	-	2,640	-	-	-	-
Curious Solution NO.1 Corporate Recovery Private Equity Fund	Associate	-	-	-	-	-	-
MERTIZ-KCLAVIS Fund No.1	Associate	-	-	-	-	-	-
Hana Must Seven Special Purpose Acquisition Company	Associate	-	796	-	1,405	-	-
Hana Financial Fourteen Special Purpose Acquisition Company	Associate	-	990	-	1,285	-	-
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	-	1,390	-	1,588	-	-
Hana Financial Sixteenth Special Purpose Acquisition Company	Associate	-	990	-	1,286	-	-
Hana Financial Seventeen Special Purpose Acquisition Company	Associate	-	2,611	-	2,535	-	-
Synergy-Incus Venture Business Fund No.1	Associate	-	-	-	-	-	-
DGH New Technology Investment Association No. 1	Associate	-	-	-	-	-	-
Hana Ever Best Corporation Financial Stability Private Investment Co., Ltd.	Associate	-	136	-	-	-	24

Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
Hana Bio New Technology Fund No.2	Associate	-	-	-	-	-	-
Hana Bio New Technology Fund No.3	Associate	-	-	-	-	-	-
Genesis Environment No.3 Private Equity Fund	Associate	-	-	-	-	-	1
Forest of Suseong	Associate	-	-	-	-	-	-
BM Ventures Fund No.1	Associate	-	-	-	-	-	-
MC Southeast Asia Fund No.1	Associate	-	-	-	-	-	-
Hana Hoechang Private Equity Fund No.1	Associate	-	-	-	-	-	24
Hana Financial Nineteenth Special Purpose Acquisition Company	Associate	-	1,595	-	2,496	-	-
Hana Bio New Technology Fund No.1-1	Associate	-	-	-	-	-	-
Smart Hana-K& Green New Deal No.1 Fund	Associate	-	-	-	-	-	4
Hana Smart Logistics New Technology Fund	Associate	-	-	-	-	-	-
Cornerstone Mutual Growth VI Fund	Associate	-	-	-	-	-	-
People Korea Two	Associate	30,000	-	182	57	-	69
Hana Financial Twentieth Special Purpose Acquisition Company	Associate	-	700	-	817	-	-
C47 Investment-Contents Wawe Original Contents I Startup and Venture Private Equity Fund	Associate	-	-	-	-	-	-
New Deal Extension New Technology Fund No.1	Associate	-	-	-	-	-	22
GFI ESG the 1st Private Equity Fund	Associate	-	-	-	-	-	-
Imgok Rental Housing CO., Ltd.	Associate	12,000	239	39	308	-	901
Daeyoung Networks Co., Ltd.	Associate	-	-	-	-	-	23
Haba Finacial Twenty-One Special Purpose Acquisition Company	Associate	-	1,390	-	2,786	-	-
S&S-Redwood India Agri-tech Fund	Associate	-	-	-	-	-	-
KCLAVIS AIM Artificial Intelligence Fund No.1	Associate	-	-	-	-	-	-
K& Secondary No5 Fund	Associate	-	-	-	-	-	-
Genesis Environment Energy No.6 Private Equity Fund	Associate	-	-	-	-	-	-
Hana-Magna Growth Booster Fund	Associate	-	122	-	-	-	28
Odin 2 LLC	Associate	-	-	-	-	-	-
Hana Capital-Capstone Venture Fund III	Associate	-	-	-	-	-	-
Hana-KDBC, Capstone Venture Fund	Associate	-	-	-	-	-	-
KCLAVIS-Meta Fund No.2	Associate	-	-	-	-	-	-
2019 Capstone Venture Fund	Associate	-	-	-	-	-	-
KIAMCO Daegu Complex Development Fund	Associate	-	-	-	-	-	-
Hana Qualified Investor Private Real Estate Investment Trust No.41-2	Associate	-	1	-	-	-	-
Hana Alternative Special Investment Private Trust No.161	Associate	-	6	-	-	-	-

Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
A&D credit information Co., Ltd.	Associate	-	-	-	-	-	-
Hyoje PFC CO., LTD	Associate	-	-	-	-	-	-
F&U Credit Information	Associate	97	-	-	1,266	-	-
Hana Ventures No.1 Investment Fund	Associate	-	-	-	-	-	-
Hana Digital Transformation Fund	Associate	-	4,403	-	-	-	10
HS INVESTMENTS EU11 L.P.	Associate	-	-	-	-	-	-
Hana Ventures No.5 Investment Fund	Associate	-	-	-	661	-	-
Hana Innovation Venture Scale-up Fund	Associate	-	704	-	7,786	-	-
Digital Innovation Growth Fund	Associate	-	-	-	-	-	-
Hana-History No1 Investment Fund	Associate	-	-	-	-	-	-
Gyeonggi Hana Turn around Fund No.2	Associate	-	-	-	-	-	-
Hana Untact Digital Innovation Fund	Associate	-	-	-	-	-	-
CM International Financing Leases	Subsidiary of an associate	-	-	-	-	-	-
Alan (Hong Kong) Investment Management Limited	Subsidiary of an associate	-	-	-	9	-	-
Hana Power Package LC	Subsidiary of an associate	13,023	-	239	12,428	-	-
MCKAYSON Co., Ltd.	Subsidiary of an associate	-	-	-	-	-	-
Shenzhen Zhijiguangdao Investment Co., Ltd.	Other related parties	-	-	-	-	-	-
Key management personnel		11,216	-	4	16,036	-	3
Total		638,475	103,367	41,363	118,765	80,755	38,424

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Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
Bank of Jilin	Associate	₩ 10,600	-	-	2,348	-	-
CM International Financing Leases	Associate	56,793	-	24,409	16	-	-
Beijing Langa Asset Management Co., Ltd.	Associate	11,675	-	66	18,198	-	-
PT. SINARMAS Hana Finance	Joint venture	18,578	28	66	12	-	-
BSK-6 Patent Technology Investment Association	Associate	-	-	-	-	-	-
MIDAN City Development Co., Ltd.	Associate	-	-	-	2	-	-
Company KStartup Winwin fund	Associate	-	-	-	-	-	-
Somesevit Co., Ltd.	Associate	-	-	-	-	-	-
Korea Credit Bureau	Associate	63	7	-	3,322	-	194

Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
KORAMCO 73 Professional Investment Type Private Real Estate Investment	Associate	-	-	-	-	-	-
KEB Hana-KVIC Unicorn Fund of Funds	Associate	-	-	-	21,921	-	-
KORAMCO 87 Professional Investment Type Private Real Estate Investment	Associate	-	-	-	-	-	-
Our Crowd International Invest III	Associate	-	-	-	-	-	-
Darby-Hana Infrastructure Fund Management	Associate	-	-	-	19,045	-	-
Bank for Investment and Development of Vietnam	Associate	16,320	856	141	2,288	48,513	-
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	Associate	-	-	-	-	-	-
All Together Korea Fund5	Associate	-	-	-	-	-	-
TOSS INNOVATION CO., LTD.	Associate	60	-	-	30,327	-	-
Finqq Co., Ltd.	Joint venture	33	7	5	23,507	-	31
Mirae Credit Information Services Corp.	Associate	156	-	1	4,998	-	21
Apollon Private Equity Fund	Associate	-	-	-	-	-	-
Heat Private Equity Fund	Associate	-	-	-	1	-	9
Lakebridge The Growth Capital PEF1	Associate	-	-	-	235	-	-
Kiwoom Securities - Friend 1 New Technology Business Investment Fund	Associate	-	-	-	-	-	-
KOCREF REIT 30	Associate	50,000	55,332	-	-	-	41,170
Gunsan BIO Energy Co., Ltd.	Associate	2	2,617	2,617	1,251	-	-
GMHB Co., Ltd.	Associate	52,500	35	410	100	-	239
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	Associate	-	-	-	1,140	-	-
Hana Power Infra 1st Private Equity Fund	Associate	-	596	-	-	-	-
Hana UBS Asset Management	Associate	8	687	-	18,163	-	-
Axis Bio Fund	Associate	-	-	-	-	-	-
DA Value-up Fund No. 2	Associate	-	-	-	-	-	-
Smartscore Co., Ltd.	Associate	2	2,308	-	102	-	35
2018 Hana- Magna Startup Fund	Associate	-	-	-	-	-	-
Petra 6th Alpa Private Equity Fund	Associate	-	-	-	-	-	-
Gwacheon Jisan Octa PFV., Ltd.	Associate	-	-	-	-	-	8
Hana Financial Strategic the 1st Private Equity Fund	Associate	-	472	-	-	-	162
DangsandongPFV Co., Ltd.	Associate	-	-	-	-	-	55
Fresheasy Co., Ltd.	Associate	9,353	18,030	7	1,213	-	-
World HansSang Dream Island	Associate	1,450	-	12	15	-	122
Dream Island Leisure Co., Ltd.	Associate	-	-	-	-	-	-
EBEST Hitech Fund No.1	Associate	-	-	-	-	-	-
UBI-HBIC New Technology Investment Partnership II	Associate	-	-	-	-	-	-

Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
UNION Proptech Fund I	Associate	-	-	-	-	-	-
Daegu MBC development PFV Co. Ltd.	Associate	-	-	-	2	-	21
NPTK Emerging Asia Fund1 PEF	Associate	-	-	-	1,302	-	-
Genesis Environment No.1 Private Equity Fund	Associate	-	-	-	-	-	1
YH Leisure Development Co., Ltd.	Associate	116,949	-	363	1,210	-	-
Changjo Innovation CO., Ltd.	Associate	40,008	-	-	28	-	66
SIVIKCENTER PFV Co., Ltd.	Associate	-	-	-	-	-	-
Hana Bio New Technology Fund No.1	Associate	-	-	-	-	-	-
Dowon Asset development Co., Ltd.	Associate	8,000	3,685	-	1,015	-	9
HORIZON PRIVATE EQUITY FUND	Associate	-	-	-	-	-	-
Curious Solution NO.1 Corporate Recovery Private Equity Fund	Associate	-	-	-	-	-	-
MERITZ-KCLAVIS Fund No.1	Associate	-	-	-	-	-	-
Hana Must Seven Special Purpose Acquisition Company	Associate	-	796	-	-	-	-
Hana Must Sixth Special Purpose Acquisition Company	Associate	-	760	-	-	-	-
Hana Financial Fourteen Special Purpose Acquisition Company	Associate	-	990	-	-	-	-
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	-	1,390	-	-	-	-
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	-	990	-	-	-	-
Hana Financial Seventeen Special Purpose Acquisition Company	Associate	-	1,790	-	-	-	-
Odin 2 LLC	Associate	-	-	-	-	-	-
Myoungshin Co., Ltd.	Associate	-	9,007	-	622	-	-
Hana Qualified Investor Private Real Estate Investment Trust No.41-2	Associate	-	1	-	-	-	-
A&D credit information Co.,Ltd.	Associate	-	-	-	-	-	-
Hyoje PFC CO., LTD	Associate	-	-	-	-	-	1,000
F&U Credit Information	Associate	96	-	-	1,321	-	-
Hana Ventures No.1 Investment Fund	Associate	-	-	-	-	-	-
Hana Digital Transformation Fund	Associate	-	3,800	-	-	-	13
HS INVESTMENTS EU11 L.P.	Associate	-	-	-	-	-	-
Hana Ventures No.5 Investment Fund	Associate	-	-	-	756	-	-
Hana Innovation Venture Scale-up Fund	Associate	-	331	-	3,867	-	-
Synergy-Incus Venture Business Fund No.1	Associate	-	-	-	-	-	-
CM International Financing Leases	Subsidiary of an associate	-	-	-	-	-	-

Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
Alan (Hong Kong) Investment Management Limited	Subsidiary of an associate	-	-	-	9	-	-
Hana Power Package LC	Subsidiary of an associate	14,186	-	343	16,742	-	-
SIMWON DEVELOPMENT CO., LTD.	Subsidiary of an associate	1,000	-	9	40	-	-
Wellfood Co., Ltd.	Subsidiary of an associate	-	-	-	-	-	-
Key management personnel		12,155	-	-	17,186	-	3
Total		₩ 419,987	104,515	28,449	192,304	48,513	43,159

57-3 The Group engages in financing activities and transactions with related parties as part of normal business activities. Money transactions between related parties for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions).

<2021>

Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
Bank of Jilin	Associate	₩ 216,800	(221,100)	(4,300)	-	-	-	-	-	-
CM International Financing Leases	Associate	-	-	-	-	-	-	-	-	-
Beijing Langa Asset Management Co., Ltd.	Associate	-	(1,860)	(1,860)	-	-	-	-	(2,281)	(2,281)
PT. SINARIMAS Hana Finance	Joint venture	15,062	(2,517)	12,545	23	(24)	(1)	-	-	-
BSK-6 Patent Technology Investment Association	Associate	-	-	-	-	-	-	-	-	-
MIDAN City Development Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Company KStartup Winwin fund	Associate	-	-	-	300	-	300	-	(300)	(300)
Somesevit Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Korea Credit Bureau	Associate	542	(550)	(8)	-	(3,000)	(3,000)	-	(90)	(90)
KEB Hana-KVIC Unicorn Fund of Funds	Associate	-	-	-	15,000	(15,000)	-	18,000	-	18,000
Templeton Hana Asset Management Co., Ltd.	Associate	-	-	-	11,000	(18,000)	(7,000)	-	(990)	(990)
Bank for Investment and Development of Vietnam (BIDV)	Associate	898,147	(904,075)	(5,928)	647,603	(620,511)	27,092	-	(6,262)	(6,262)

Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	Associate	-	-	-	-	-	-	-	(27)	(27)
All Together Korea Fund5	Associate	-	-	-	-	-	-	-	-	-
Toss Bank Co., Ltd. (formerly Toss INNOVATION CO., LTD)	Associate	1,555	(1,476)	79	180,000	(200,000)	(20,000)	47,500	-	47,500
Shinjin International Corporation	Associate	-	-	-	-	-	-	-	-	-
Inhee	Associate	-	-	-	-	-	-	-	-	-
KG fashion	Associate	-	-	-	-	-	-	-	-	-
Sinsa Station Complex Development PFV Co., Ltd.	Associate	99,000	-	99,000	-	-	-	450	-	450
Taurus Cloud Fund	Associate	-	-	-	-	-	-	9,401	-	9,401
NPX-Welcome Metaverse Contents fund	Associate	-	-	-	-	-	-	2,000	-	2,000
Cheongna Medipolis PFV Co., Ltd.	Associate	-	-	-	-	-	-	3,708	-	3,708
Fingq Co., Ltd.	Joint venture	890	(834)	56	-	-	-	-	-	-
Mirae Credit Information Services Corp.	Associate	2,868	(2,771)	97	310	(10)	300	-	(186)	(186)
Apollon Private Equity Fund	Associate	-	-	-	-	-	-	-	(3,817)	(3,817)
Heat Private Equity Fund	Associate	-	-	-	-	-	-	-	-	-
Lakebridge The Growth Capital PEF1	Associate	-	-	-	-	-	-	-	(243)	(243)
Hana-Capstone AI Platform Fund	Associate	-	-	-	42	-	42	25,000	-	25,000
Business Investment Fund KOCREF REIT 30	Associate	-	(10,000)	(10,000)	-	-	-	-	(1,036)	(1,036)
Gunsan BIO Energy Co., Ltd.	Associate	15	(16)	(1)	-	-	-	-	-	-
GMHB Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	Associate	-	-	-	1,500	(2,500)	(1,000)	-	-	-
Hana Power Infra 1st Private Equity Fund	Associate	-	-	-	-	-	-	-	-	-
Hana UBS Asset Management	Associate	230	(219)	11	26,000	(28,000)	(2,000)	-	(3,523)	(3,523)
Axis Bio Fund	Associate	-	-	-	-	-	-	-	-	-
DA Value-up Fund No. 2	Associate	-	-	-	-	-	-	-	-	-
Smartscore Co., Ltd.	Associate	84	(84)	-	-	-	-	-	-	-
2018 Hana- Magna Startup Fund	Associate	-	-	-	-	-	-	-	(685)	(685)
Gwacheon Jisan Octa PFV., Ltd.	Associate	-	-	-	-	-	-	-	-	-
DangsandongPFV Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-

Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
World HansSang Dream Island	Associate	3,300	-	3,300	-	-	-	-	-	-
Dream Island Leisure	Associate	-	-	-	-	-	-	5,969	-	5,969
EBEST Hitech Fund No.1	Associate	-	-	-	-	-	-	-	-	-
UBI-HBIC New Technology Investment Partnership II	Associate	-	-	-	-	-	-	-	-	-
UNION Proptech Fund I	Associate	-	-	-	-	-	-	-	-	-
Daegu MBC development PFV Co. Ltd.	Associate	123,420	-	123,420	-	-	-	-	-	-
Genesis Environment No.1 Private Equity Fund	Associate	-	-	-	-	-	-	-	-	-
YH Leisure Development Co., Ltd.	Associate	250	(1,727)	(1,477)	-	-	-	-	-	-
Changjo Innovation CO., Ltd.	Associate	221	(40,227)	(40,006)	110	(100)	10	-	-	-
SIVIKCENTER PFV Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Hana Bio New Technology Fund No.1	Associate	-	-	-	-	-	-	-	-	-
Dowon Asset development Co., Ltd.	Associate	2,799	(857)	1,942	-	-	-	-	-	-
HORIZON PRIVATE EQUITY FUND	Associate	-	-	-	-	-	-	26,171	(25,588)	583
Curious Solution NO.1 Corporate Recovery Private Equity Fund	Associate	-	-	-	-	-	-	-	(1,232)	(1,232)
MERITZ-KCLAVIS Fund No.1	Associate	-	-	-	-	-	-	-	-	-
Hana Must Seven Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-	-	-
Hana Financial Fourteen Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-	-	-
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-	-	-
Hana Financial Sixteenth Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-	-	-
Hana Financial Seventeen Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	-	-	-
Synergy-Incus Venture Business Fund No.1	Associate	-	-	-	-	-	-	-	-	-
DGH New Technology Investment Association No. 1	Associate	-	-	-	-	-	-	1,000	-	1,000
Hana Ever Best Corporation Financial Stability Private Investment Co., Ltd.	Associate	-	-	-	-	-	-	6,087	-	6,087

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Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
KORAMCO 73 Professional Investment Type Private Real Estate Investment (*2)	Associate	-	-	-	-	-	-	-	-	-
KORAMCO 87 Professional Investment Type Private Real Estate Investment (*2)	Associate	-	-	-	-	-	-	-	-	-
Our Crowd International Invest III (*2)	Associate	-	-	-	-	-	-	-	(497)	(497)
Kiwoom Securities - Friend 1 New Technology Business Investment Fund (*2)	Associate	-	-	-	-	-	-	-	(1,424)	(1,424)
NPTK Emerging Asia Fund1 PEF (*2)	Associate	-	-	-	-	-	-	-	-	-
Petra 6th Alpa Private Equity Fund (*2)	Associate	-	-	-	-	-	-	-	(47,978)	(47,978)
Hana Must Sixth Special Purpose Acquisition Company (*2)	Associate	-	-	-	-	-	-	-	-	-
K1 No. 13 Entrustment Management Real Estate Investment Company (*2)	Associate	-	-	-	-	-	-	4,500	(122)	4,378
Gwangju Numun Mirae Asset PFV Co., LTD. (*2)	Associate	-	-	-	-	-	-	995	-	995
Genesis Environment No.4 Private Equity Fund (*2)	Associate	-	-	-	-	-	-	55,402	-	55,402
Myoungshin Co., Ltd. (*2)	Associate	-	-	-	-	-	-	-	-	-
Fresheasy Co., Ltd. (*2)	Associate	4,682	(3,335)	1,347	450	-	450	-	-	-
CM International Financing Leases	Subsidiary of an associate	-	-	-	-	-	-	-	-	-
Alan (Hong Kong) Investment Management Limited	Subsidiary of an associate	-	-	-	-	-	-	-	-	-
Hana Power Package LC	Subsidiary of an associate	-	(1,163)	(1,163)	-	-	-	-	-	-
MCKAYSON Co., Ltd.	Subsidiary of an associate	-	-	-	-	-	-	-	-	-
SIMWON DEVELOPMENT CO., LTD. (*2)	Subsidiary of an associate	-	-	-	30	-	30	-	-	-
Shenzhen Zhijiguangdao Investment Co., Ltd.	Other related parties	-	-	-	-	-	-	-	-	-
Key management personnel (*3)		-	(955)	(955)	-	(2,864)	(2,864)	-	-	-

Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
Total		₩ 1,413,162	(1,195,061)	218,101	884,171	(890,009)	(5,838)	374,963	(108,528)	266,435

(*1) Overdrawn account in daily basis is excluded from the lending and collection of loans, and the amount of frequent deposits and borrowings is excluded from the changes in deposits.

(*2) It is excluded from a related party for the year ended December 31, 2021.

(*3) Financial transactions with key major management personnel are shown as net amounts.

<2020>

Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
Bank of Jilin	Associate	₩ 382,600	(375,400)	7,200	-	-	-	-	-	-
CM International Financing Leases	Associate	-	(24,749)	(24,749)	-	-	-	-	-	-
Beijing Langa Asset Management Co., Ltd.	Associate	-	(17,794)	(17,794)	-	-	-	-	-	-
PT. SINARIMAS Hana Finance	Joint venture	9,343	(19,249)	(9,906)	14,009	(14,848)	(839)	9,410	-	9,410
BSK 6 Patent Technology Investment Partnership	Associate	-	-	-	-	-	-	900	(633)	267
MIDAN City Development Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Company KStartup Winwin fund	Associate	-	-	-	-	-	-	-	(200)	(200)
Somesevit Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Korea Credit Bureau	Associate	415	(355)	60	3,000	-	3,000	-	-	-
KORAMCO 73 Professional Investment Type Private Real Estate Investment	Associate	-	-	-	-	-	-	-	-	-
KEB Hana-KVIC Unicorn Fund of Funds	Associate	-	-	-	-	-	-	50,670	-	50,670
KORAMCO 87 Professional Investment Type Private Real Estate Investment	Associate	-	-	-	-	-	-	-	-	-
Our Crowd International Invest III	Associate	-	-	-	-	-	-	-	(342)	(342)
Darby-Hana Infrastructure Fund Management	Associate	-	-	-	18,000	(16,500)	1,500	-	-	-
Bank for Investment and Development of Vietnam	Associate	814,258	(808,818)	5,440	1,246,409	(1,197,896)	48,513	-	-	-
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	Associate	-	-	-	-	-	-	-	-	-
All Together Korea Fund5	Associate	-	-	-	-	-	-	100,000	(90,000)	10,000
TOSS INNOVATION CO., LTD.	Associate	62	(2)	60	-	-	-	7,500	-	7,500
Finqq Co., Ltd.	Joint venture	538	(568)	(30)	-	-	-	-	-	-

Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
Mirae Credit Information Services Corp	Associate	1,961	(4,019)	(2,058)	-	-	-	-	-	-
Apollon Private Equity Fund	Associate	-	-	-	-	-	-	-	-	-
Heat Private Equity Fund	Associate	-	-	-	-	-	-	-	-	-
Lakebridge The Growth Capital PEF1	Associate	-	-	-	-	-	-	-	-	-
Kiwoom Securities-Friend 1 New Technology Business Investment Fund	Associate	-	-	-	-	-	-	-	(2,148)	(2,148)
KOCREF REIT 30	Associate	50,000	-	50,000	-	-	-	20,000	(20,000)	-
Gunsan BIO Energy Co., Ltd.	Associate	39	(43)	(4)	-	-	-	-	-	-
GMHB Co., Ltd.	Associate	3,500	-	3,500	-	-	-	-	-	-
Lotte Ventures Corp. (Previously, Lotte Accelerator Corporation)	Associate	-	-	-	1,000	(3,000)	(2,000)	-	-	-
Hana Power Infra 1st Private Equity Fund	Associate	-	-	-	-	-	-	-	-	-
Hana UBS Asset Management	Associate	263	(276)	(13)	35,000	(26,000)	9,000	-	-	-
Axis Bio Fund	Associate	-	-	-	-	-	-	-	-	-
DA Value-up Fund No. 2	Associate	-	-	-	-	-	-	-	-	-
Smartscore Co., Ltd.	Associate	13	(11)	2	-	(72)	(72)	-	-	-
2018 Hana- Magna Startup Fund	Associate	-	-	-	-	-	-	-	-	-
Petra 6 Alph Private Equity Fund	Associate	-	-	-	-	-	-	-	(31,921)	(31,921)
Gwacheon Jisan Octa PFV., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Hana Financial Strategic the 1st Private Equity Fund	Associate	-	-	-	-	-	-	-	-	-
DangсандongPFV Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Fresheasy Co., Ltd.	Associate	20,961	(21,885)	(924)	90	-	90	-	-	-
World HansSang Dream Island	Associate	1,200	-	1,200	-	-	-	-	-	-
Dream Island Leisure	Associate	-	-	-	-	-	-	-	-	-
EBEST Hitech Fund No.1	Associate	-	-	-	-	-	-	-	-	-
UBI-HBIC New Technology Investment Partnership II	Associate	-	-	-	-	-	-	-	(130)	(130)
UNION Proptech Fund I	Associate	-	-	-	-	-	-	-	-	-
Daegu MBC development PFV Co. Ltd	Associate	-	-	-	-	-	-	-	(1,990)	(1,990)
NPTK Emerging Asia Fund1 PEF	Associate	-	-	-	-	-	-	-	-	-
Genesis Environment No.1 Private Equity Fund	Associate	-	-	-	-	-	-	8,168	(3,267)	4,901

Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
YH Leisure Development Co., Ltd.	Associate	128,658	(11,709)	116,949	-	-	-	10,000	-	10,000
Changjo Innovation CO., Ltd.	Associate	50,113	(10,105)	40,008	-	-	-	50	(10)	40
SIVIKCENTER PFV Co., Ltd.	Associate	-	-	-	-	-	-	7,800	-	7,800
Hana Bio New Technology Fund No.1	Associate	-	-	-	-	-	-	1,000	-	1,000
Dowon Asset development Co., Ltd.	Associate	8,000	-	8,000	-	-	-	1,242	-	1,242
HORIZON PRIVATE EQUITY FUND	Associate	-	-	-	-	-	-	62,008	-	62,008
Curious Solution NO.1 Corporate Recovery Private Equity Fund	Associate	-	-	-	-	-	-	16,000	-	16,000
MERITZ-KCLAVIS Fund No.1	Associate	-	-	-	-	-	-	1,000	-	1,000
Hana Must Seven Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	4	-	4
Hana Must Sixth Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	86	-	86
Hana Financial Fourteen Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	21	-	21
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	21	-	21
Hana Financial Sixteenth Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	21	-	21
Hana Financial Seventeen Special Purpose Acquisition Company	Associate	-	-	-	-	-	-	810	-	810
Odin 2 LLC	Associate	-	-	-	-	-	-	-	-	-
Myoungshin Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Hana Qualified Investor Private Real Estate Investment Trust No.41-2	Associate	-	-	-	-	-	-	-	-	-
A&D credit information Co., Ltd.	Associate	-	-	-	-	-	-	-	-	-
Hyoje PFV CO., LTD	Associate	-	-	-	-	-	-	5,000	-	5,000
F&U Credit Information	Associate	1,265	(1,364)	(99)	-	6	6	-	-	-
Hana Ventures No.1 Investment Fund	Associate	-	-	-	-	-	-	-	-	-
Hana Digital Transformation Fund	Associate	-	-	-	-	-	-	17,448	-	17,448
HS INVESTMENTS EU11 L.P.	Associate	-	-	-	-	-	-	2,934	-	2,934

Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
Hana Ventures No.5 Investment Fund	Associate	-	-	-	-	-	-	2,025	-	2,025
Hana Innovation Venture Scale-up Fund	Associate	-	-	-	-	-	-	9,000	-	9,000
Synergy-Incus Venture Business Fund No.1	Associate	-	-	-	-	-	-	-	(22)	(22)
Fidelis-2 private equity joint venture (*2)	Associate	-	-	-	-	-	-	-	(3,009)	(3,009)
Sprott Global Renewable Private Equity Fund II(*2)	Associate	-	-	-	-	-	-	-	(10,000)	(10,000)
Dowon development Co., Ltd. (*2)	Associate	1,765	(17,080)	(15,315)	-	-	-	-	(149)	(149)
Hana Lantern Energy Factory PEF (*2)	Associate	-	-	-	-	-	-	-	(416)	(416)
2010 KIF-Tube IT Professional Investment Partnership (*2)	Associate	-	-	-	-	-	-	-	855	855
Genesis Environment No.2 Private Equity Fund(*2)	Associate	-	-	-	-	-	-	28,488	(28,488)	-
Hana Cybernaut International Limited (*2)	Associate	-	-	-	-	-	-	-	-	-
Hana Power Package LC	Subsidiary of an associate	-	(1,163)	(1,163)	-	-	-	-	-	-
SIMWON DEVELOPMENT CO., LTD.	Subsidiary of an associate	1,000	-	1,000	40	-	40	-	-	-
Wellfood Co., Ltd.	Subsidiary of an associate	-	-	-	-	-	-	-	-	-
Key management personnel (*3)		4,880	-	4,880	3,314	-	3,314	-	-	-
Total		₩1,480,834	(1,314,590)	166,244	1,320,862	(1,258,310)	62,552	361,606	(191,870)	169,736

(*1) Overdrawn account in daily basis is excluded from the lending and collection of loans, and the amount of frequent deposits and borrowings is excluded from the changes in deposits.

(*2) It is excluded from a related party for the year ended December 31, 2020.

(*3) Financial transactions with key major management personnel are shown as net amounts.

57-4 tangible and intangible assets etc. acquired from related parties was ₩260 million for the year ended December 31, 2021 (no amount for the years ended December 31, 2020).

57-5 Significant guarantee contracts, Commitment and collateral provided between related parties as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

<December 31, 2021>

Related parties		Transactions	Amounts
Benefactor	Beneficiary		
KEB Hana Bank	GMHB Co., Ltd.	Unused limit (Loans in Korean won)	₩ 6,000
KEB Hana Bank	Hana Digital Transformation Fund	Securities purchase contract	1,000
KEB Hana Bank	Hana Innovation Venture Scale-up Fund	Securities purchase contract	1,560
KEB Hana Bank	All Together Korea Fund5	Securities purchase contract	990,000
KEB Hana Bank	KEB Hana-KVIC Unicorn Fund of Funds	Securities purchase contract	25,130
KEB Hana Bank	TossBank Corp. (Previously, TOSS INNOVATION CO., LTD.)	Securities purchase contract	227,273
KEB Hana Bank	Taurus Cloud Fund	Securities purchase contract	599
KEB Hana Bank	Hana-Capstone AI Platform Fund	Securities purchase contract	15,000
KEB Hana Bank	Daegu MBC Site Complex Development PFV	Unused limit (Loans in foreign currency)	74,880
KEB Hana Bank	Smartscore Co., Ltd.	Unused limit (Loans in foreign currency)	7
Bank for Investment and Development of Vietnam (BIDV)	KEB Hana Bank	Foreign currency Payment Guarantee	26,782
Finqq Co., Ltd.	KEB Hana Bank	Collateral provided	50
PT Bank KEB Hana	PT. SINARMAS HANA FINANCE	Unused limit (Loans in foreign currency)	7,397
HFI	Hana Digital Transformation Fund	Securities purchase contract	400
HFI	Heat Private Equity Fund	Securities purchase contract	297
HFI	Genesis Environment No.1 Private Equity Fund	Securities purchase contract	1,099
HFI	Hana Ever Best Corporation Financial Stability Private Investment Co., Ltd.	Securities purchase contract	20,013
HFI	Genesis Environment No.3 Private Equity Fund	Securities purchase contract	900
HFI	Hana Hoechang(Shenzhen) Private Equity Fund No.1	Securities purchase contract	20,495
HFI	Hana-Capstone AI Platform Fund	Securities purchase contract	10,000
HFI	Smart Hana-K& Green New Deal No.1 Fund	Securities purchase contract	3,300
HFI	New Deal Extension New Technology Fund No.1	Securities purchase contract	8,400
HFI	Hana-Magna Growth Booster Fund	Securities purchase contract	10,500
KEB Hana Card	F&U Credit Information	Unused limit(Credit card)	893
KEB Hana Card	Finqq Co., Ltd.	Unused limit(Credit card)	132
KEB Hana Card	Korea Credit Bureau	Unused limit(Credit card)	245
KEB Hana Card	Mirae Credit Information Services Corp.	Unused limit(Credit card)	747
KEB Hana Card	Gunsan BIO Energy Co., Ltd.	Unused limit(Credit card)	28
KEB Hana Card	Hana UBS Asset Management	Unused limit(Credit card)	481
KEB Hana Card	Smart score Co., Ltd.	Unused limit(Credit card)	6
KEB Hana Card	YH Leisure Development Co., Ltd.	Unused limit(Credit card)	10

Related parties		Transactions	Amounts
Benefactor	Beneficiary		
KEB Hana Card	Changjo Innovation CO., Ltd.	Unused limit(Credit card)	29
KEB Hana Card	Toss Bank Co., Ltd. (formerly Toss Innovation Preparation Corporation)	Unused limit(Credit card)	862
KEB Hana Card	Dowon Asset development Co., Ltd.	Unused limit(Credit card)	28
KEB Hana Card	Hana Financial Fourteen Special Purpose Acquisition Company	Unused limit(Credit card)	50
KEB Hana Card	Hana Financial Nineteenth Special Purpose Acquisition Company	Unused limit(Credit card)	50
KEB Hana Card	Hana Digital Transformation Fund	Securities purchase contract	250
KEB Hana Card	Gyeonggi Hana Turn around Fund No.2	Securities purchase contract	1,200
KEB Hana Card	Hana Untact Digital Innovation Fund	Securities purchase contract	2,450
Hana Capital	PT SINARMAS HANA FINANCE	Payment Guarantee	21,606
Hana Capital	Hana Digital Transformation Fund	Securities purchase contract	250
Hana Capital	Hana Innovation Venture Scale-up Fund	Securities purchase contract	1,800
Hana Capital	Genesis Environment Energy No.3 Private Equity Fund	Securities purchase contract	200
Hana Capital	Smart Hana-K& Green New Deal No.1 Fund	Securities purchase contract	2,750
Hana Capital	New Deal Extension New Technology Fund No.1	Securities purchase contract	5,600
Hana Capital	Gyeonggi Hana Turn around Fund No.2	Securities purchase contract	1,200
Hana Capital	Hana Untact Digital Innovation Fund	Securities purchase contract	2,100
Hana Life Insurance	Hana Digital Transformation Fund	Securities purchase contract	150
Hana Life Insurance	Hana Innovation Venture Scale-up Fund	Securities purchase contract	600
Hana Life Insurance	Dowon Asset development Co., Ltd.	Unused limit (Loans in Korean won)	100
Hana Savings Bank	World HansSang Dream Island	Unused limit (Loans in Korean won)	250
Hana Savings Bank	Hana Digital Transformation Fund	Securities purchase contract	200
Hana Savings Bank	Hana Innovation Venture Scale-up Fund	Securities purchase contract	300
Hana Asset Trust	Hana Digital Transformation Fund	Securities purchase contract	100
Hana Asset Trust	Hana Innovation Venture Scale-up Fund	Securities purchase contract	600
Hana Asset Trust	Hana Untact Digital Innovation Fund	Securities purchase contract	1,400
Hana Alternative Asset Management	Hana Digital Transformation Fund	Securities purchase contract	150
Hana Alternative Asset Management	Hana Innovation Venture Scale-up Fund	Securities purchase contract	300
Hana Ventures	Hana Digital Transformation Fund	Securities purchase contract	393
Hana Ventures	Hana Innovation Venture Scale-up Fund	Securities purchase contract	3,840
Hana Ventures	Gyeonggi Hana Turn around Fund No.2	Securities purchase contract	3,800
Hana Ventures	Hana Untact Digital Innovation Fund	Securities purchase contract	12,600
Total			₩ 1,518,832

<December 31, 2020>

Related parties		Transactions	Amounts
Benefactor	Beneficiary		
KEB Hana Bank	GMHB Co., Ltd.	Unused limit (Loans in Korean won)	₩ 25,000
KEB Hana Bank	All Together Korea Fund5	Securities purchase contract	990,000
KEB Hana Bank	Freasheasy	Unused limit (Loans in Korean won)	2
KEB Hana Bank	Hana Digital Transformation Fund	Securities purchase contract	1,000
KEB Hana Bank	Hana Innovation Venture Scale-up Fund	Securities purchase contract	3,640
KEB Hana Bank	Heat Private Equity Fund	Securities purchase contract	892
KEB Hana Bank	KEB Hana-KVIC Unicorn Fund of Funds	Securities purchase contract	43,130
PT Bank KEB Hana	PT. SINARMAS HANA FINANCE	Unused limit (Loans in foreign currency)	10,834
HFI	GMHB Co., Ltd.	Commitments to purchase private equity	70,000
HFI	Hana Digital Transformation Fund	Securities purchase contract	400
KEB Hana Card	Gunsan BIO Energy Co., Ltd.	Unused limit(Credit card)	28
KEB Hana Card	Mirae Credit Information Services Corp.	Unused limit(Credit card)	394
KEB Hana Card	Smart score Co., Ltd.	Unused limit(Credit card)	5
KEB Hana Card	F&U Credit Information	Unused limit(Credit card)	894
KEB Hana Card	YH Leisure Development Co., Ltd.	Unused limit(Credit card)	15
KEB Hana Card	Changjo Innovation CO., Ltd.	Unused limit(Credit card)	22
KEB Hana Card	Korea Credit Bureau	Unused limit(Credit card)	237
KEB Hana Card	TOSS INNOVATION CO., LTD.	Unused limit(Credit card)	940
KEB Hana Card	Freasheasy	Unused limit(Credit card)	547
KEB Hana Card	Finqq Co., Ltd.	Unused limit(Credit card)	167
KEB Hana Card	Hana Digital Transformation Fund	Securities purchase contract	250
Hana Capital	Hana UBS Asset Management	Unused limit(Credit card)	492
Hana Savings Bank	World HansSang Dream Island	Unused limit (Loans in Korean won)	3,550
Hana Savings Bank	Hana Digital Transformation Fund	Securities purchase contract	200
Hana Savings Bank	Hana Innovation Venture Scale-up Fund	Securities purchase contract	700
Hana Asset Trust	Hana Digital Transformation Fund	Securities purchase contract	100
Hana Asset Trust	Hana Innovation Venture Scale-up Fund	Securities purchase contract	1,400
Hana Capital	Hana Digital Transformation Fund	Securities purchase contract	250
Hana Capital	Hana Innovation Venture Scale-up Fund	Securities purchase contract	4,200
Hana Capital	PT SINARMAS HANA FINANCE	Payment Guarantee	20,124
Hana Life Insurance	Dowon Asset development Co., Ltd.	Loan Commitment	2,000
Hana Life Insurance	Hana Digital Transformation Fund	Securities purchase contract	150
Hana Life Insurance	Hana Innovation Venture Scale-up Fund	Securities purchase contract	1,400
Hana Alternative Asset Management	Hana Digital Transformation Fund	Securities purchase contract	150
Hana Alternative Asset Management	Hana Innovation Venture Scale-up Fund	Securities purchase contract	700
Hana Ventures	Hana Digital Transformation Fund	Securities purchase contract	393

Related parties		Transactions	Amounts
Benefactor	Beneficiary		
Hana Ventures	Hana Innovation Venture Scale-up Fund	Securities purchase contract	8,960
Total			₩ 1,193,166

57-6 Details of compensation paid to key management personnel for the years ended December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

Classification	2021	2020
Employee payment	₩ 58,302	₩ 36,674
Severance payment	2,684	2,525
Share-based compensation expenses	17,805	10,292
Total	₩ 78,791	₩ 49,491

57-7 The defined benefit plans between entities belonging to the Group as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Classification	December 31, 2021	December 31, 2020	Description
KEB Hana Bank	₩ 188,126	₩ 161,728	Trust account
HFI	133,408	119,766	Trust account
Total	₩ 321,534	₩ 281,494	

58. Approval of the consolidated financial statements

The Group's consolidated financial statements for the year ended December 31, 2021 were approved by the Board of Directors on March 7, 2022, and will receive final approval at the shareholders' meeting to be held on March 25, 2022.

