

# NEXT PHASE, TOGETHER.

ANNUAL REPORT 2020





## Contents

# HANA FINANCIAL GROUP ANNUAL REPORT 2020

## INTRODUCTION

- 003 Letter from the CEO
- 005 Cover Story  
*Reset, Rebuild & Win the Game*
- 015 Special Report  
*Respond, Reset & Rebound from COVID-19*

## PART 1

## GROUP OVERVIEW

- 018 Business Network
- 019 Global Network
- 020 Key Financial Figures
- 021 Key Non-financial Figures
- 022 Stock Information
- 023 Board of Directors
- 024 Corporate Governance
- 026 Risk Management
- 028 Vision & Mission

## PART 2

## YEAR IN REVIEW

### BUSINESS

- 031 Digital Banking
- 034 Global Operations
- 036 Retail Banking
- 041 Corporate Banking
- 044 Credit Card
- 046 IB & Asset Management
- 050 Pension & Trust

### SUSTAINABILITY

- 053 People
- 055 Planet
- 057 Prosperity

## PART 3

## FINANCIAL REVIEW

- 060 Management's Discussion and Analysis
- 087 Independent Auditor's Report
- 089 Consolidated Financial Statements
- 097 Notes to the Consolidated Financial Statements
- 188 Corporate Information

### How to use this report

#### • INTERACTIVITY

This report, presented in PDF format, has interactive features made possible by Adobe Reader software.

#### • FEATURES

- Table of Contents
- Bookmark
- Search
- Download
- Related Webpage
- Video Clip



# LETTER FROM THE CEO

Hana Financial Group, in pursuit of its “NEXT 2030 Management Principle”, strives to “Reset” its value systems to be more stakeholder-centered as a platform-based and globally-oriented finance; and to “Rebuild” its business models and processes toward social value creation as a socially-responsible finance. Added together, they form the foundation of our growth. Always evolving and delivering value to our shareholders and customers, with the strong fundamentals intact, we are heading for the next phase, together.







**Hana Financial Group will focus all its resources and efforts on finance that is platform-based, globally-oriented, and socially-responsible as part of the NEXT2030 strategy for the coming decade.**



I sincerely thank our shareholders and customers for your unwavering encouragement and support for Hana Financial Group's growth and development.

Last year, uncertainties related to COVID-19 raged on to such an extreme level that no one was sure of anything remotely forward. Even with daily life at a stop, the economy in tailspin, and other difficulties at large, Hana Financial Group achieved another record performance on the strength of the dedicated efforts of our employees. In addition to balanced growth across all businesses, our strategy for diversifying the business portfolio proved effective as the non-banking sector surpassed its goal of contributing 30% of the Group's net incomes, and the global sector continued its robust growth. In addition, Hana Insurance became our subsidiary, bolstering our portfolio of financial services.

Hana Financial Group also continued its digital transformation and global expansion. Hana Bank, in particular, made great progress in channel transformation – over 50% of its financial products, including deposit and installment savings accounts, credit loans, funds and bancassurance, are now sold through digital channels. We also streamlined work processes and thus reduced costs through a Group-wide adoption of robotic process automation (RPA).

Moreover, we achieved major advances in the global business sector despite international travel restrictions, economic downspins, and other COVID-induced upheavals. In Vietnam, the Philippines, India, and other Asian nations we have targeted as key growth regions, we achieved asset growth by implementing localization strategies through the expansion of ties with local market leaders and state-owned enterprises. In particular, we realized equity method-based valuation gains in the first year of our investment in Bank for Investment and Development of Vietnam (BIDV).

Drawing on these and other achievements, Hana Financial Group will focus all its resources and efforts on finance that is platform-based, globally-oriented, and socially-responsible as part of the NEXT2030 strategy for the coming decade.

First, we will evolve into platform-based finance. Expanding the customer base is crucial to securing future competitiveness. We will therefore develop Hana 1Q into a daily financial platform in collaboration with diverse daily life platforms so that customers can not only experience all products and services we offer, but also enjoy a wide range of non-financial benefits, all on one platform.

Next, in globally-oriented finance will we find solutions to the problems of the domestic financial market limited in growth opportunity and protracting low-growth trends. To this end, we will create globally-oriented business models in all our operations, including product, process, system, and HR development, explore Asian markets in search of growth opportunities, and thus increase global incomes in proportion to the total. In addition, we will focus more on the global expansion of our non-banking sector and generate more synergy with the banking channels already established overseas, thereby further diversifying income sources and continuing our growth.

Public expectations on what corporate social responsibility should be have significantly changed over the years. As a result, environmental, social and governance (ESG) criteria play a bigger role than ever before in the valuation of corporations. Hana Financial Group will therefore view ESG-centric management through socially-responsible finance as not a choice but a must, and we will develop ESG management strategies in line with change in the global financial order and create sustainable growth opportunities. In order to achieve our ESG strategic goals more efficiently, we established the Sustainable Management Committee within the Board of Directors to complete our ESG-related organization and performance evaluation system.

The unfriendly environment currently surrounding the financial industry is expected to continue this year. The aggression of big tech companies, one-upping fintech inroads, is sure to further intensify, and risk management in step with business fluctuations will be more important than ever. As always, Hana Financial Group will continue to respond to crisis situations through proactive preparation and thorough risk management, while strengthening the non-banking sector, building up the daily financial platform, and advancing further into the global market, all in pursuit of sustainable growth. We will also do our best to enhance all stakeholder value through ESG management, and we ask for your continued interest and support.

Thank you.

**Kim Jung-tai**

CEO, Hana Financial Group



COVER STORY

# RESET, REBUILD & WIN THE GAME

## PLATFORM-BASED FINANCE

In the Fourth Industrial Revolution era, characterized by connectivity and convergence, change is an integral part of daily life. In particular, the COVID-19 pandemic further accelerated digital transformations and hastened the emergence of a contactless era. Faced with such unprecedented changes, companies are looking for new ways to grow.

Hana Financial Group is finding answers in customers, the first enabler and final user of finance. Expanding a customer base is most important in securing the future competitiveness of a financial company, which is why we focus on “platform-based finance” as an optimal tool. We have been staying ahead of the curve in digital innovation, and now we are pursuing platform-based finance on the back of our digital competitiveness, riding the waves of change toward a shore of new growth.

  
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## GLOBALLY-ORIENTED FINANCE

In a digital era, international borders no longer matter as much. In addition, considering low-growth, low-interest-rate trends in the Korean financial market, expanding overseas is a prerequisite to securing new growth drivers.

This is why Hana Financial Group is focused on “globally-oriented finance”. Having one of the largest global networks in Korea is another unique strength of ours that has taken years to build. By leveraging our global networks, we are further expanding our presence globally. With our business focus aimed at the international market from the initial step of planning, we first consider global conditions and demands in conducting all our operations, ranging from product and system development to talent hiring, thereby seeking a better future beyond Korea.



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# SOCIALLY-RESPONSIBLE FINANCE

Demand for corporate social responsibility with respect to the environmental, social, and governance (ESG) management is rising. In 2020, Blackrock, one of the world’s largest asset managers, announced that climate change and sustainability would be a top priority in its investment strategy. Reflecting such a shift of investment focus, ESG management is becoming a precondition for the sustainable growth of companies.

Hana Financial Group has been practicing its management slogan, “Green Bank, Sharing Bank, Culture Bank” since the establishment of Hana Bank, fulfilling its corporate responsibility. The slogan has since evolved into the Group mission, “Growing Together, Sharing Happiness”. Carrying on such a socially conscious legacy, we are concentrating our capabilities on “socially-responsible finance”, convinced that ESG management is not a choice but a must.

  
Read More Story



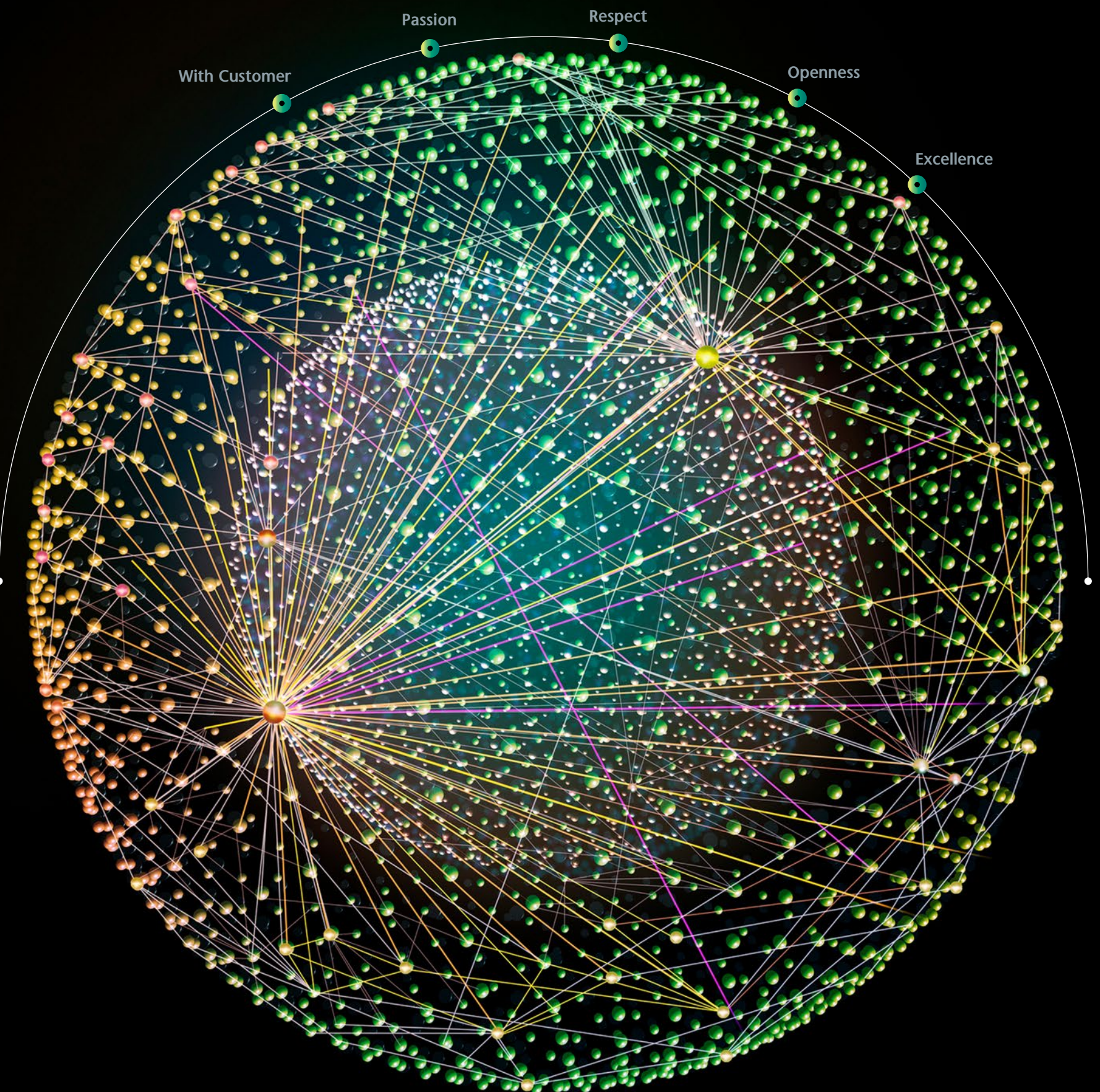
## PLATFORM-BASED FINANCE

## SMARTER, TOGETHER.

## Merging innovation and tradition

The strengths of Hana Financial Group include reliability, expertise, and synergy. Of these, reliability and expertise, which we have built over a long period as a traditional financial company, shine brighter in digital transactions for they are carried out based largely on brand recognitions with no physical contact with customers. Synergy among the Group affiliates is another strength that makes us differ from big tech, fintech, and other new market entrants. In this respect, the inclusion of Hana Insurance in 2020 as our new family member is especially noteworthy – it has enabled us to cover all business areas of finance and thus position ourselves as a truly comprehensive financial group.

Adding digital technology to traditional strengths, we are getting stronger and smarter. In particular, since the adoption of the digital vision in 2018, “customer-centric, data-driven information company”, we have been grafting IT onto financial services and developing new growth drivers. In order to achieve the goal, we are focusing on such key strategies as bolstering the role of daily finance platforms; accelerating the digitalization of global networks; and expanding the share of digital channels toward the goal of 40%. And we have established “Hana Digital Culture Code” to guide employees toward thinking and working from a digital perspective. We also launched “DT University” in 2020 to foster talent to lead us toward the vision. DT University is an integrated education platform offering digital-based work training through online and offline courses. It is expected to serve as a cornerstone for talents equipped with both financial knowledge and digital technology.

Hana Digital  
Culture Code


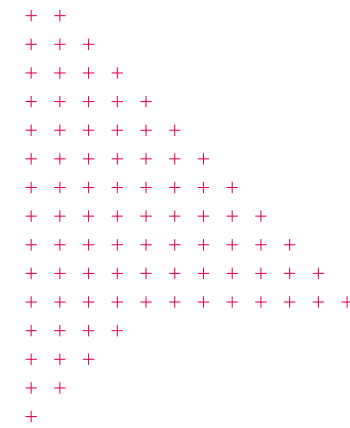
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Goal of generating more than 40% of the Group's profits from overseas businesses by 2025 by identifying new channels and sources of profit

- **With Customer:** Interact with customers through data to create an exceptional customer experience
- **Passion:** Take on new challenges and embrace failure to gain experience that rolls into success
- **Respect:** Create new values through collective intelligence based on internal and external collaboration
- **Openness:** Act with agility through quick decision making and pay close attention to customer opinions
- **Excellence:** Get the best results possible through work engagement with responsibility based on bold delegation of authority

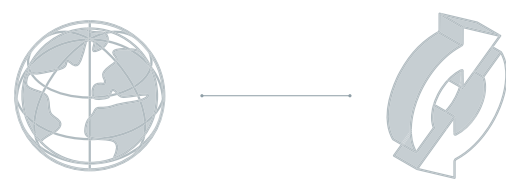


# Finance becomes a part of daily life by being **digital**.



## EVOLVING INTO A DAILY FINANCE PLATFORM

Hana Financial Group is focusing on “platform-based finance”, leveraging its distinctive competitiveness combined of traditional and innovative strengths. A platform we are building is a digital space that enables a life of convenience and abundance through one single app. It offers not only such financial services as banking, securities, asset management, card, and insurance that 14 affiliates of Hana Financial Group already provide, but also mobility, real estate, health care, and other services that make daily life much more convenient. We are striving to create a space where a greater number of customers stay longer, and to this end, we are concentrating our internal capabilities and expanding external collaborations.



“New Hana 1Q”, an app unveiled in August 2020, is an outcome of a challenge Hana Bank took on to confirm the potential of platform-based finance. New Hana 1Q enables users to access the financial products and services not only of Hana Bank but also of six<sup>1)</sup> other Group affiliates. Equipped with the single sign-on (SSO) technology, new Hana 1Q allows users to search for stock market data, analyze their insurance policies and request recommendations for more complete coverage if needed, and review card transactions. It also offers diverse sponsor content on mobility, real estate, health care, and pet care. In addition, Hana Financial Group launched “Hana 1Q Pay”, the Group payment platform, and “Hana Realty Rich Up” which provides a comprehensive service combined of the Group’s real estate service capabilities, and thus is evolving into a complete daily finance platform that covers both the financial and non-financial realms.

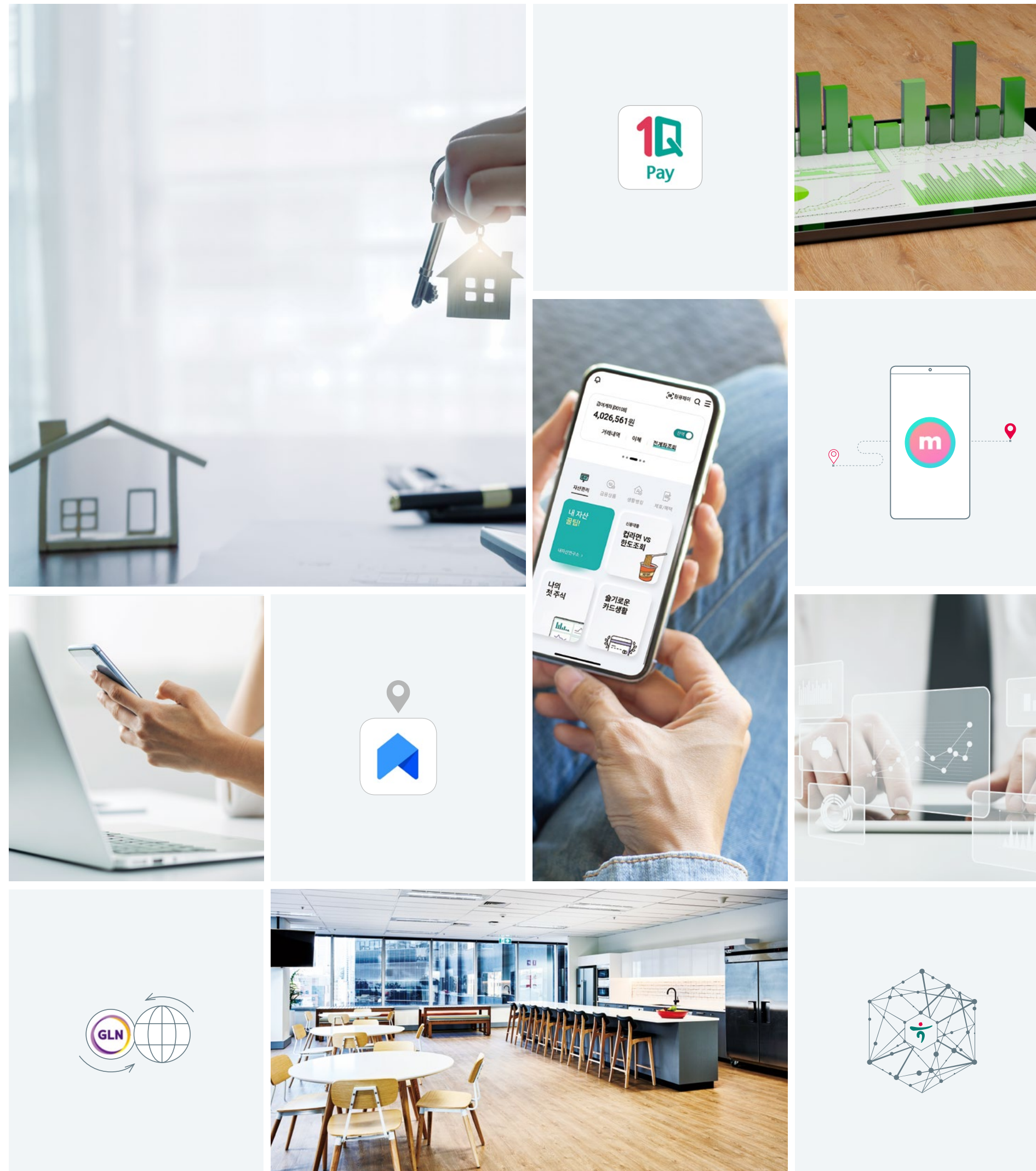
<sup>1)</sup> Hana Financial Investment, KEB Hana Card, Hana Capital, Hana Savings Bank, Hana Life, and Hana Insurance





## ESTABLISHING A HANA-DRIVEN ECOSYSTEM

A platform is a digital marketplace where sellers and buyers meet, creating new value through digital connections. It rapidly grows on a “network effect” in which its value is multiplying as more people use it. Likewise, Hana Financial Group is expanding the scope of collaboration in pursuit of securing a position of advantage in a platform-based financial market. In 2020, Hana Bank signed a win-win agreement with Dataknows, a prop tech startup operating “Richgo”, a real estate big data-based mobile app, to promote data business; and a memorandum of understanding (MOU) with KST Mobility, which operates smart mobility platform “Macaron Taxi”, to build win-win models that contribute to the growth of the mobility industry. The Bank also entered a strategic MOU with Simple Project Company, an F&B business solution company running “WeCook”, a shared kitchen platform. Hana Life, in strengthening its insurtech capabilities, signed an MOU with Unimewo operating “Good Nursing”, a caregiver recruitment platform.



Such collaborations with platform businesses and startups are expected to induce new changes in their respective market. For example, together with KST Mobility, we can build win-win models that contribute to the advancement of the mobility industry, develop financial/service platforms that appeal to more platform users, and thus generate new value for the mobility market. In addition, per the alliance with WeCooK, we will provide F&B startups with financial support and services as well as financial education and regular tax/business management counseling, tailored to their business characteristics, in order to support their growth and to strengthen the win-win cooperation. Through such and other efforts, we will build an ecosystem of daily finance platforms in which we play a leading role, and thus achieve solid and sustainable growth of markets and Hana Financial Group.



## GLOBALLY-ORIENTED FINANCE

# STRONGER, TOGETHER.

**Think globally. And act locally.**

Hana Financial Group's global networks consist of 195 subsidiaries and offices in 24 countries at the end of 2020, based on which we are expanding our global presence.

Localization is part and parcel of our global business strategy. We have been concentrating our resources and capabilities on attracting local customers in the long run, which enabled our global business to grow in 2020, a unique achievement in a year when many others saw their overseas operations drift amid the global spread of COVID-19. In particular, we explored strategic investment opportunities in Southeast Asian countries with high growth potential, such as Myanmar and Indonesia, while increasing non-face-to-face channels. Having acquired stakes of Bank for Investment and Development of Vietnam (BIDV) in 2019, we enabled the Vietnam's largest bank to maintain its stable growth and to strengthen its role as another touchstone for us to develop the global market. In China and Indonesia, Hana Bank carried out local banking operations in collaboration with Alipay, LINE Financial, and other local companies, thereby achieving high growth rates compared to other commercial banks, and maintaining its strong growth. As a result, we became one step closer to generating 40% of our income from overseas by 2025 as "Global 2540" represents.

# 2540

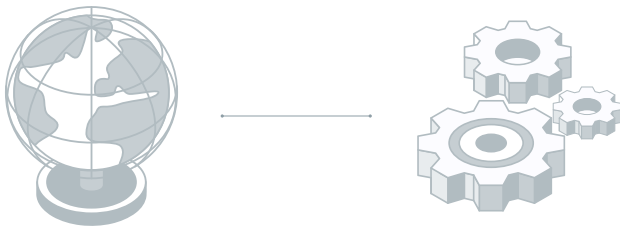
Plan to generate more than 40%  
of profits from overseas businesses  
by 2025



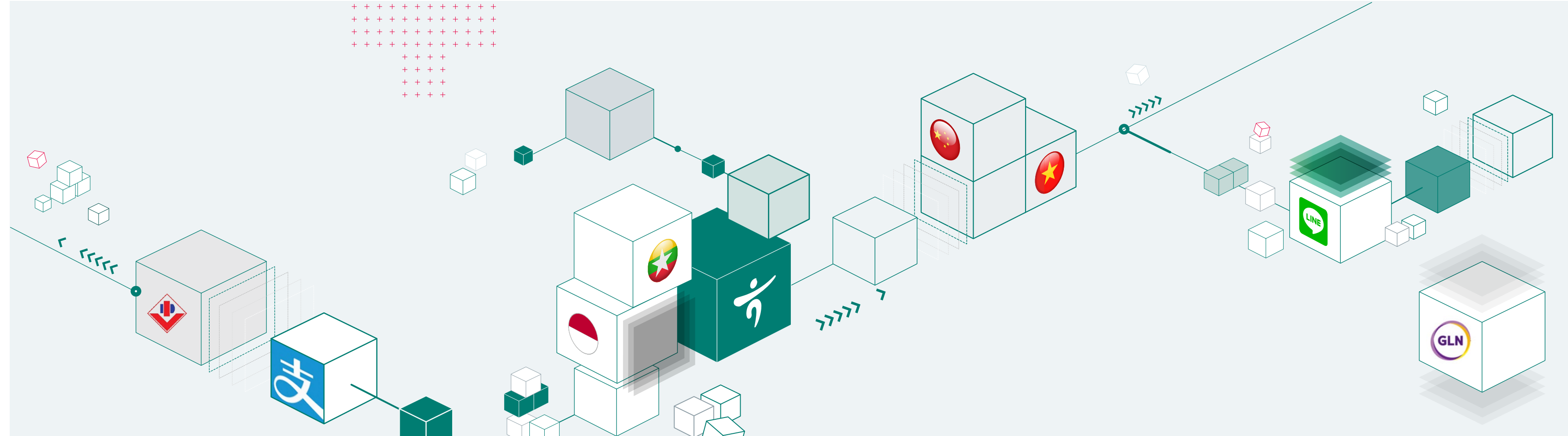


EXPANDING THE BOUNDARY OF GLOBAL COLLABORATION

In addition to the localization of offline sales overseas, Hana Financial Group is expanding its presence and sharpening competitive edge in the global market through collaboration with local platform players and other outside-the-box approaches. In Indonesia, the Indonesian subsidiary of Hana Bank had signed a strategic alliance with LINE Corporation, a subsidiary of NAVER, in 2018 and has since been working together to establish a digital bank. The subsidiary received approval from the Financial Services Authority of Indonesia (Otoritas Jasa Keuangan) at the end of 2020, and is waiting for final approval from Bank Indonesia. The world's fourth most populous nation also has as many smartphone users, which makes the fast-developing country an ideal market for digital finance. The Indonesian subsidiary of Hana Bank has successfully taken root in the local market, and its partner owns the second most popular messaging app in Indonesia. The combination of the two is anticipated to result in innovative products and services that span from account opening to overall financial life.



Hana Bank's Chinese subsidiary in 2020 launched a full-scale, non-face-to-face retail loan business in alliance with a renowned local e-commerce platform, substantially increasing retail loan assets by KRW 630.0 billion YoY and recording the highest net income in its history. On the back of such a success story, Hana Bank's Hanoi and Ho Chi Minh branches are also preparing an online retail loan business for 2021 in alliance with a local e-commerce platform.



Finance becomes  
a driving force  
by being **global.**



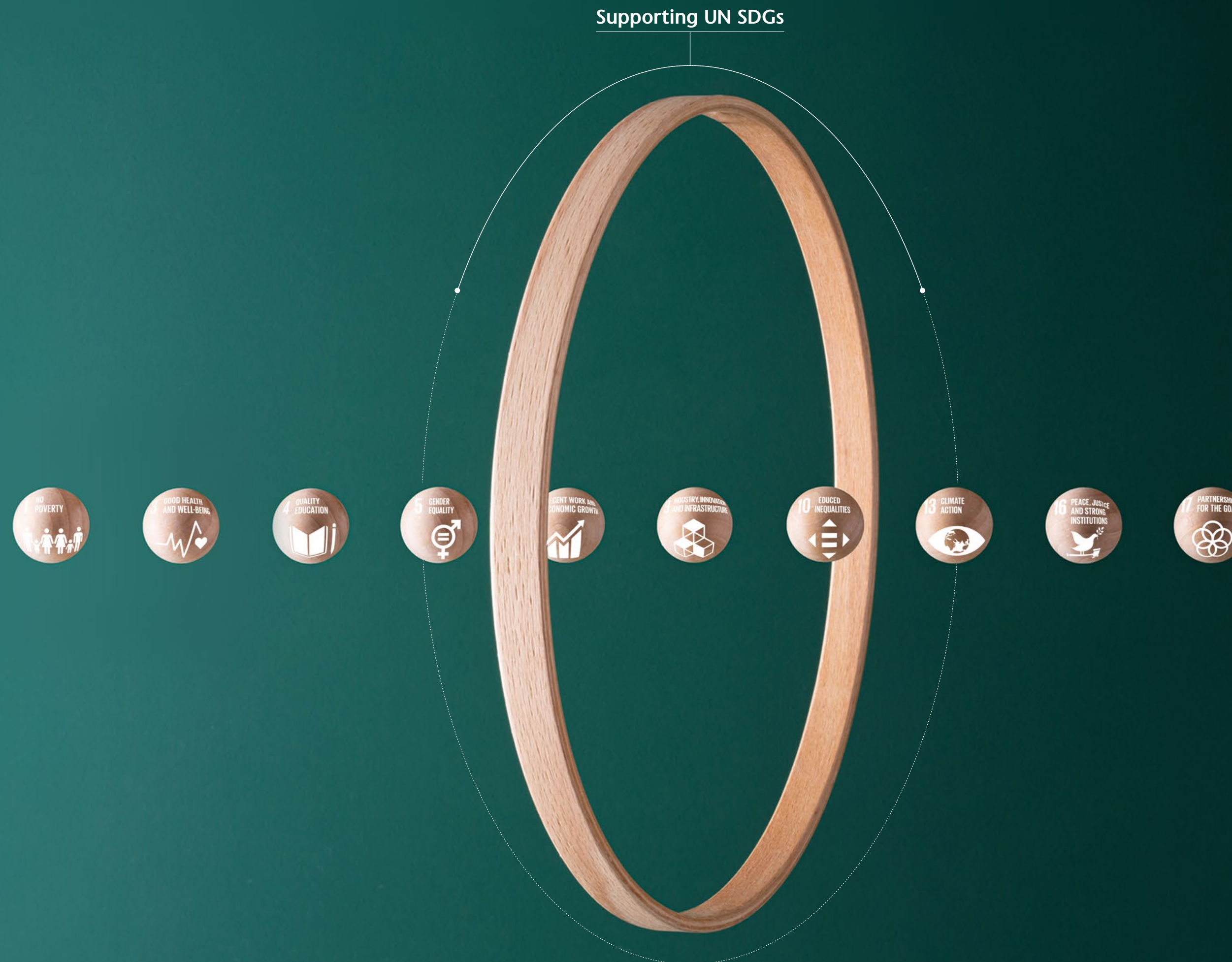
## SOCIALLY-RESPONSIBLE FINANCE

# HAPPIER, TOGETHER.

### Sustainable finance to empower the future

Hana Financial Group has been strengthening ESG management capabilities and establishing ESG management systems to earn trust from more stakeholders. After setting up “Group ESG Management Taskforce” in 2020, we constructed group-wide organizational and performance evaluation systems aimed at improving our ESG-related fundamentals. In addition, we formed “Social Value Management Committee” comprising the CEOs of the Group affiliates, headed by the CEO of the Group, and tasked with devising policies on the management of social values and deciding on project plans. In March 2021, we created “Sustainable Management Committee” and “Customer Risk Management Committee” under the BoD, establishing an ESG-implementation system.

Based on the strengthened ESG management system, we will carry out various strategic tasks in 2021, including strengthening environmental management as a response to climate change; adopting environmental and social risk management processes; organizing systems for classifying sustainable financial products; joining the Equator Principles; and adopting TCFD guidelines. In addition, we will restructure our organization and processes with an eye toward enabling top management to deliberate and decide on non-financial issues relevant to ESG management. In addition, we will expand our ESG financing by offering KRW 60 trillion worth green and sustainable loans, investment, and bonds; and by completely eliminating our PF involvements in coal power generation projects at home and abroad as part of our goal to achieve carbon neutrality by 2050, we will accelerate the shift toward a low-carbon society.



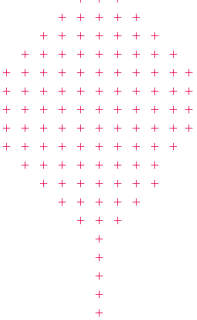
# Zero

Plan to achieve carbon neutrality  
of Hana Financial Group business sites  
by 2050



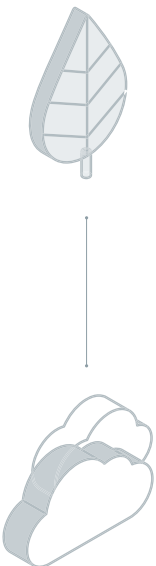


# Finance becomes energy for the future by being **responsible.**



## SCALING SOCIAL IMPACT THROUGH SUSTAINABLE FINANCE

Hana Financial Group seeks to expand its positive influences through sustainable finance. In line with the theme of “socially-responsible finance” we have taken up at the Group level, we have issued various ESG bonds for social value creation. In June 2020, we issued a USD 50 million social bond to help relieve COVID-19-induced difficulties as part of the Group-level ESG action plan. In January 2021, Hana Bank issued a EUR 500 million social bond for the purpose of increasing its financial support in relation to COVID-19. KEB Hana Card issued a KRW 200 billion ESG bond last November to support diverse societal efforts to overcome the effects of the pandemic, including those of small- to mid-sized merchants.



With the capital raised through its first ESG bond issuance, KEB Hana Card plans to support diverse public interests and facilitate the diversification of its ESG projects for the purpose of advancing ESG management. Hana Capital also issued its first ESG bond of KRW 300 billion, planning to use the funds for expanding eco-friendly auto finance operations and investing in eco-friendly companies.

Going forward, we will diversify the types of ESG bonds we issue in a bid to more effectively fund social contribution activities we engage in. In addition, we will ensure that all public and private bonds we issue contribute to social value enhancement, and thus take the lead in creating social value through finance.



## SPECIAL REPORT

# RESPOND, RESET & REBOUND from COVID-19

The COVID-19 pandemic brought about many difficulties and left lasting changes across our lives. Even in such times of despair and crisis, Hana Financial Group strived to bring hope and possibility. We gathered our strengths “For the One Goal-Happiness for All” on which we stay focused, through finance at which we excel. We actively took part in nationwide efforts to overcome the crisis, and never wavered in supporting customers, all the while placing the highest priority on the safety and health of our employees. Taking a step further, we proactively supported pandemic-stricken local communities in many ways, and took a preemptive step to thrive in a post-COVID-19 era.

## Hana Financial Group

## Support for overcoming the COVID-19 crisis



In February 2020, when COVID-19 began to spread in full swing, Hana Financial Group donated KRW 1.0 billion to the Korea Disaster Relief Association to help relieve the sufferings. In March, we collaborated with Korea Institute of Child Care and Education and Good Neighbors to produce packets of educational toys for children to enjoy at home, delivering the packets to around 1,200 families in Daegu area which suffered the brunt of COVID-19. In September, we sponsored a blood drive, organized and run by employee volunteers, for hospitals overwhelmed by patients. Through these and other efforts continued throughout the year, we supported nationwide efforts to stem the spread of COVID-19.

## Preparing for a post-COVID-19 era

Hana Financial Group is actively taking part in the Korean New Deal, and preparing for the eventual emergence of a post-COVID-19 era. We are taking measured steps to finance data dam and large-scale ICT infrastructure projects and support the nationwide transition to a low-carbon economy by supplying KRW 60 trillion. In addition to loan support by Hana Bank, diverse types of funds will be established through collaboration among Hana Financial Investment, Hana Alternative Asset Management, Hana Ventures, and other Group affiliates, as part of our plan to support the Korean New Deal through direct and indirect investments. Moreover, we are supporting local small businesses and the self-employed hit by COVID-19, with an aim to contribute to enhancing the resilience of local economies.





## Hana Bank

## Light of cheer to overcome the COVID-19 crisis

Hana Bank supported small-business owners, SMEs, and export companies struggling due to COVID-19 through “Small Business Financial Support Loan”, “COVID-19 Financial Support Counter Service”, “With Loan Export Finance”, and other means. United in declaring their commitment to overcoming COVID-19 and maintaining their win-win relationship, the Bank’s labor and management made concerted efforts to fulfill social responsibilities as a local community member. In addition, it installed media facades all around its Seoul HQ and H-PULSE buildings, spreading messages of hope.



## PT Bank KEB Hana Indonesia

## Donating COVID-19 diagnosis kits



PT Bank KEB Hana Indonesia, an Indonesian subsidiary of Hana Bank, donated 10,000 COVID-19 diagnosis kits to the Indonesian Ministry of Health (Kemenkes) in May 2020. Through this, the Bank provided a practical help to Indonesian government efforts to implement large-scale social restrictions (PSBB) against the spread of the virus, while also proving a close relationship between Korea and Indonesia.

## Hana Financial Investment

## Social contributions fit for a contactless era

Hana Financial Investment held an event in August 2020, delivering “COVID-19 prevention kits” which consisted of a portable jelly bear soap, hand sanitizer, hand-sanitizing tissue, and mask, produced by 100 employee volunteers together with their families. They were delivered to children and youths from families more vulnerable to the danger of COVID-19, carrying out social contribution activities safely and persistently.



## Hana Savings Bank

## Happiness Loan 119

Concerned that small businesses and low-income classes would particularly suffer more from a continuation of the COVID-19 pandemic, Hana Savings Bank launched “Happiness Loan 119” in March 2020. The emergency lending program is an outcome of the Bank’s commitment to the wellbeing of the socially marginalized and the financially vulnerable, sending a clear message to those most needed that we can overcome any crises united.





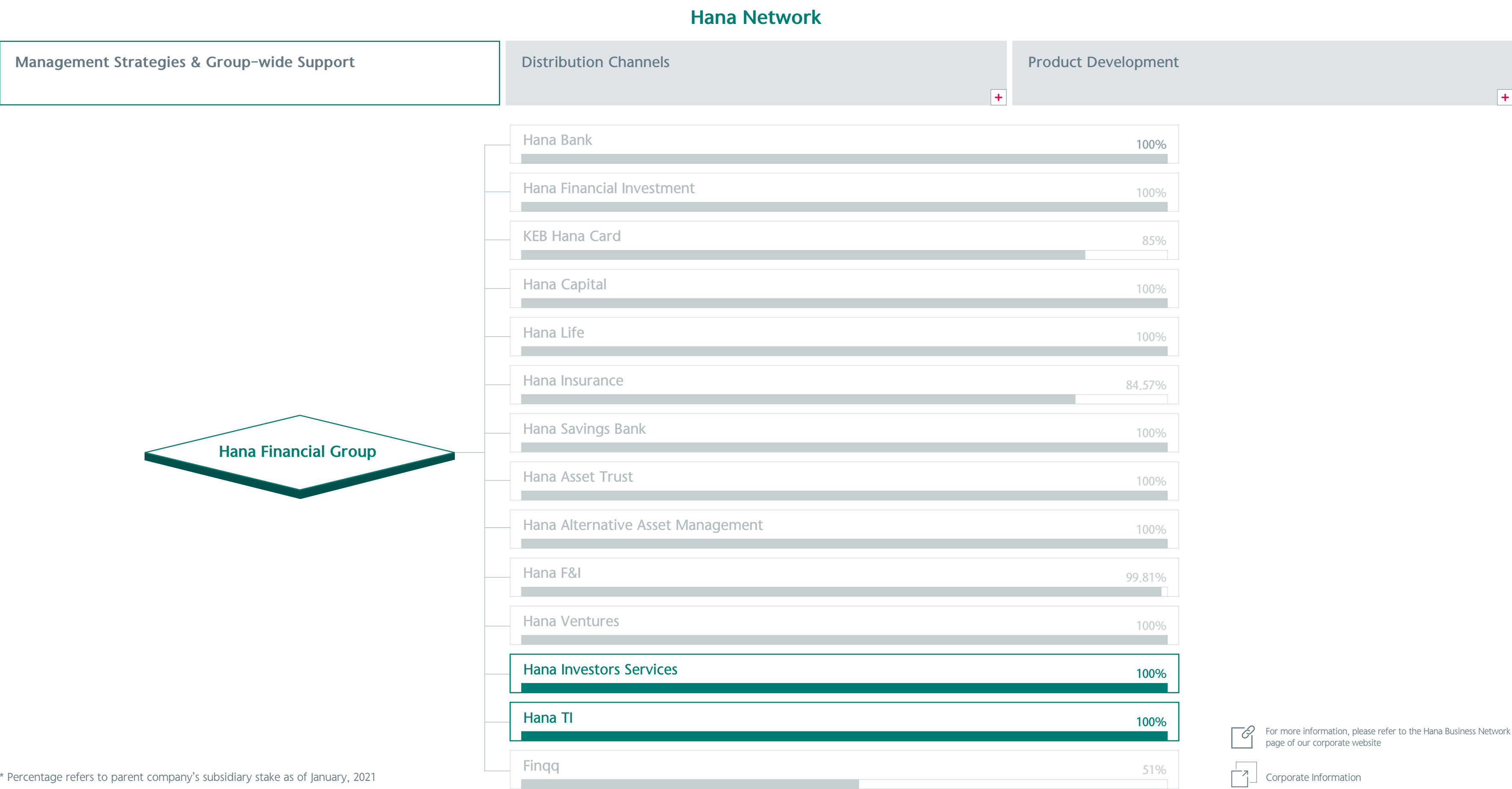
# GROUP OVERVIEW

Hana Financial Group is growing into a world-class financial group by leveraging its global network. Furthermore, we bring our unique digital culture code into a competitive edge, taking the lead in the digital transformation of the Fourth Industrial Revolution, while also pursuing sustainable growth by strengthening ESG value management.



# Business Network

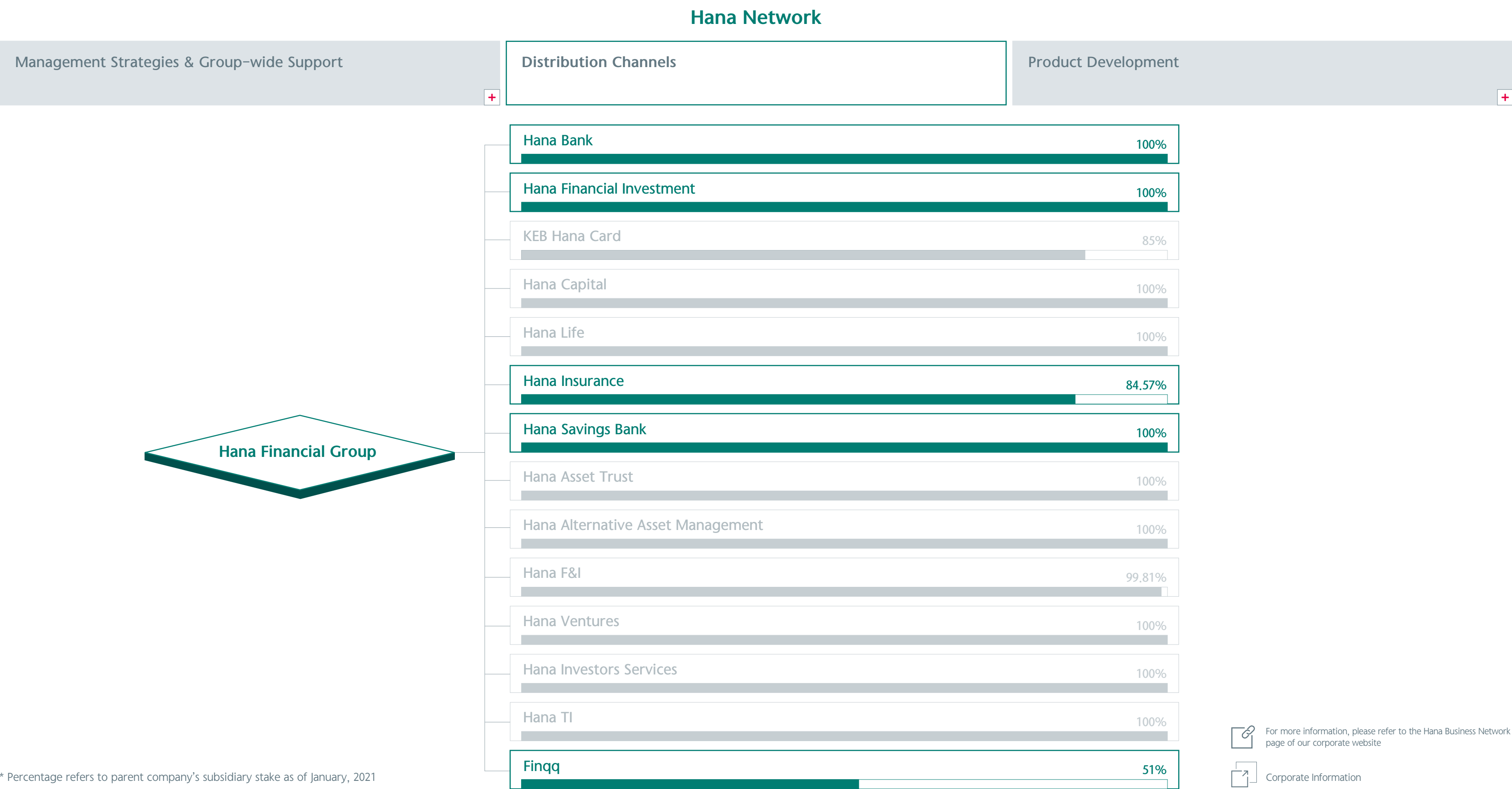
Hana Financial Group has in place professional and integrated asset management systems and provides comprehensive financial services. Under the holding company structure, we are running the Group on three major axes – management strategies and Group-wide support, distribution channels, and product development – to strengthen the core competency of all the Group affiliates, and, through synergy maximization, are getting closer to the goal of becoming “The Trusted Premier Global Financial Group”.





# Business Network

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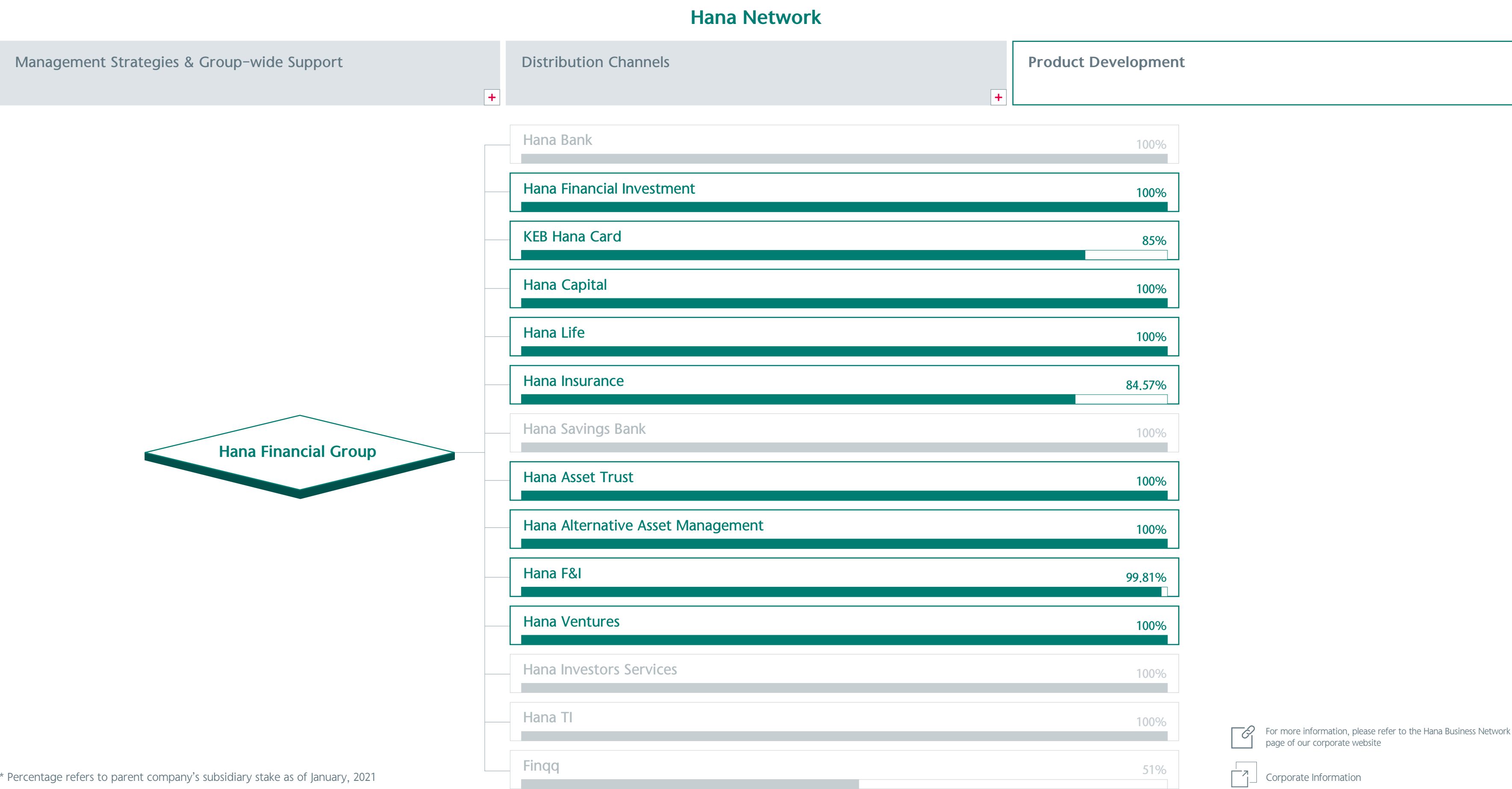


\* Percentage refers to parent company’s subsidiary stake as of January, 2021



# Business Network

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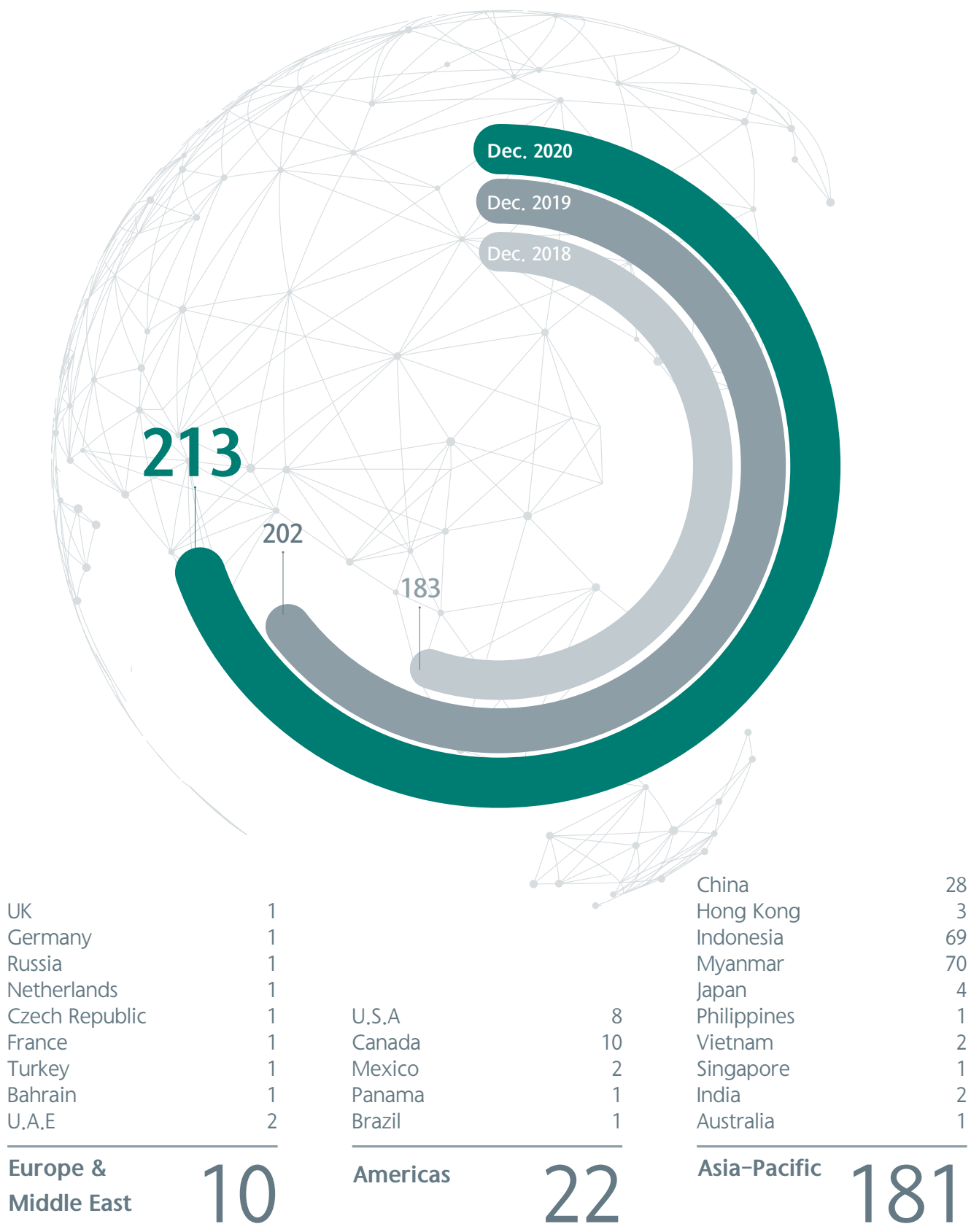


# Global Network

As of 2020, Hana Financial Group’s global network comprises 213 subsidiaries and offices across 24 countries, the most extensive in Korea. To realize the “2540 Project” goal of raising the proportion of global business incomes to 40% by 2025, we are internalizing the global DNA and expanding the global business of the Group affiliates.

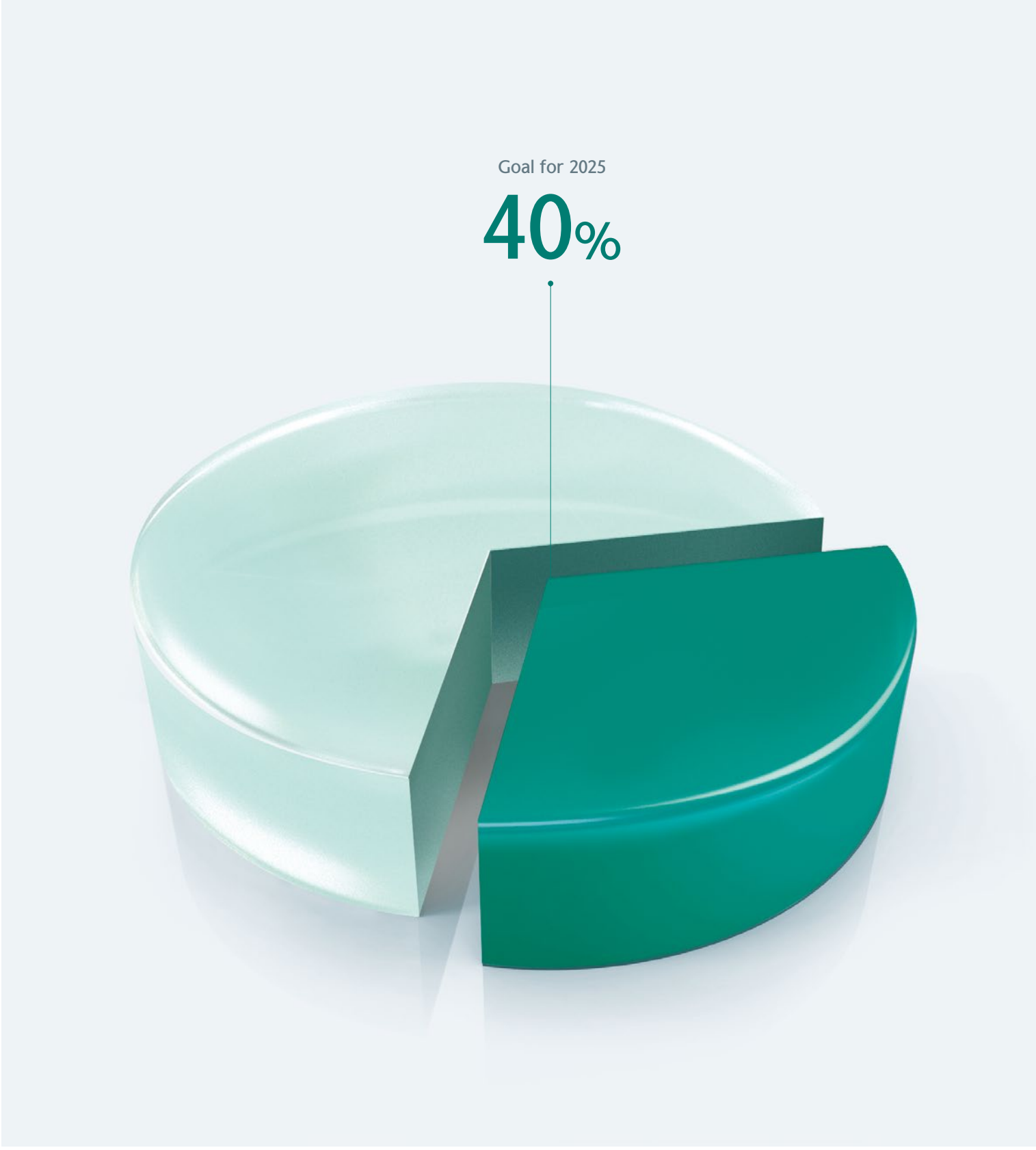
Overseas Network

(Unit: Branch)



Portion of Overseas Income

(Unit: %)





# Key Financial Figures

Despite the challenging environment in 2020, Hana Financial Group recorded a consolidated net income of KRW 2,637.2 billion, repeating its record net income performance for the second consecutive year. The amount represents a year-on-year rise of 10.3%, despite a sizable loan loss provision set aside against COVID-19-induced uncertainties; and the increase is the combined outcome of the solid growth of the non-banking sector, which exceeded its initial goal of a 30% share of the Group’s incomes, as well as of the Group-wide cost-cutting measures and the continued growth of global business.

## Financial Summary

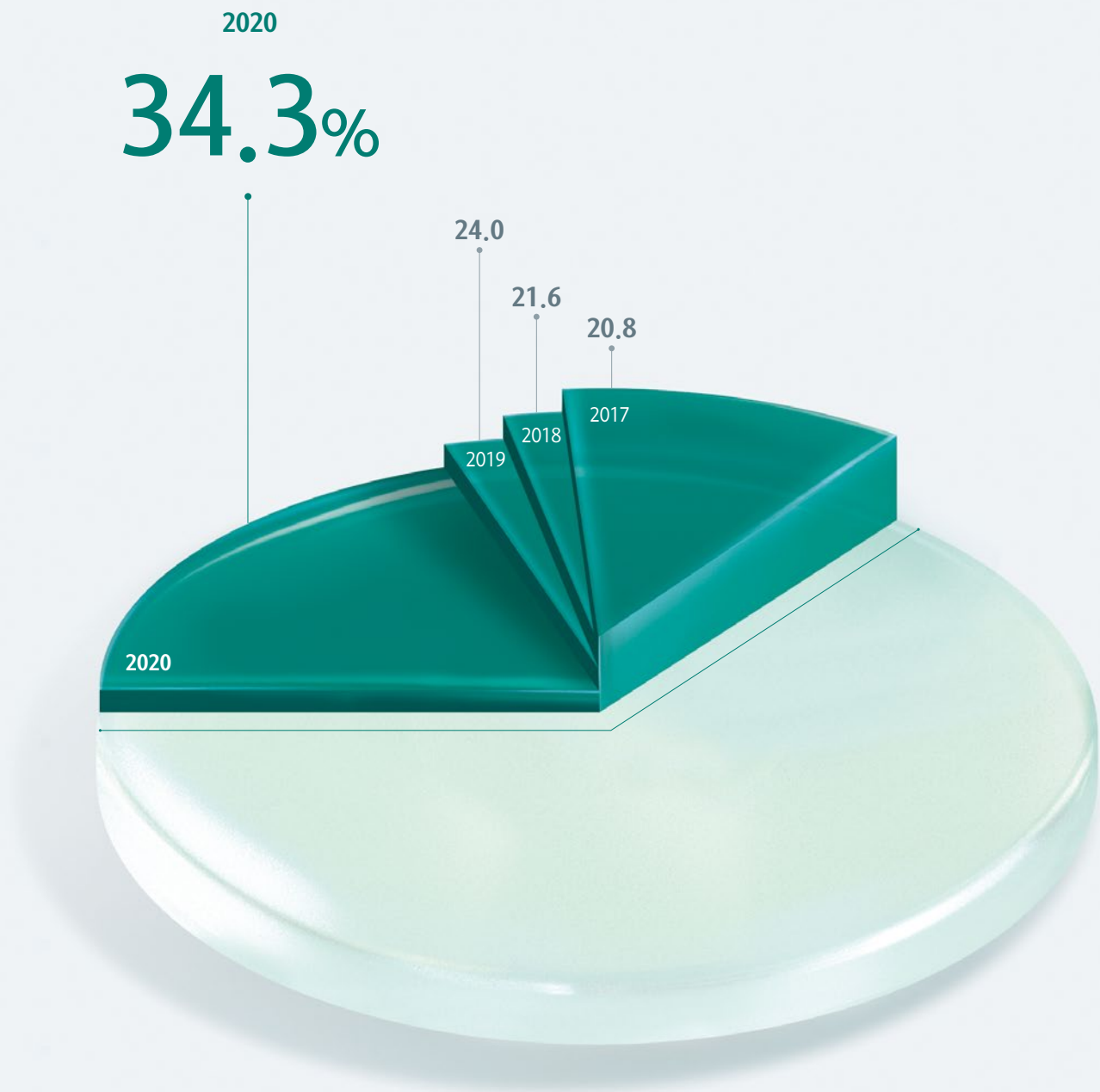
(Unit: KRW billion)

	2020	2019
<strong>Profitability</strong> (Unit: KRW billion)		
General operating income	8,642.7	8,121.5
Operating income	3,836.4	3,258.7
Consolidated net income <sup>1)</sup>	2,637.2	2,391.6
ROA (%)	0.61	0.60
ROE (%)	8.96	8.72
EPS (KRW)	8,858	7,898
Cost to income ratio (%)	45.3	50.6
<strong>Business Volume</strong> (Unit: KRW billion)		
Total assets <sup>2)</sup>	460,313.3	421,467.1
Total sales	346,170.1	323,163.4
(Total deposits) <sup>2)</sup>	295,834.9	273,331.6
(Sales of beneficiary certificates)	50,335.2	49,831.8
<strong>Asset Soundness</strong> (Unit: %)		
Substandard & below (NPL) ratio	0.40	0.48
Substandard & below (NPL) coverage ratio	143.78	112.51
Delinquency ratio	0.26	0.30
<strong>Capital Adequacy</strong> (Unit: %)		
BIS capital adequacy ratio	14.20	13.95
Tier 1 ratio	13.03	12.67
Common equity tier 1 ratio	12.04	11.96
<strong>BPS (KRW)</strong>	<strong>98,455</strong>	92,192

<sup>1)</sup> Equity attributable to equity holders of the parent company  
<sup>2)</sup> Total assets exclusive of trust assets

## Consolidated Net Income Contribution

Consolidated net income contribution by non-banking subsidiaries  
(Unit: %)



Balanced Growth

Profitable Growth

Stable Growth



# Key Financial Figures

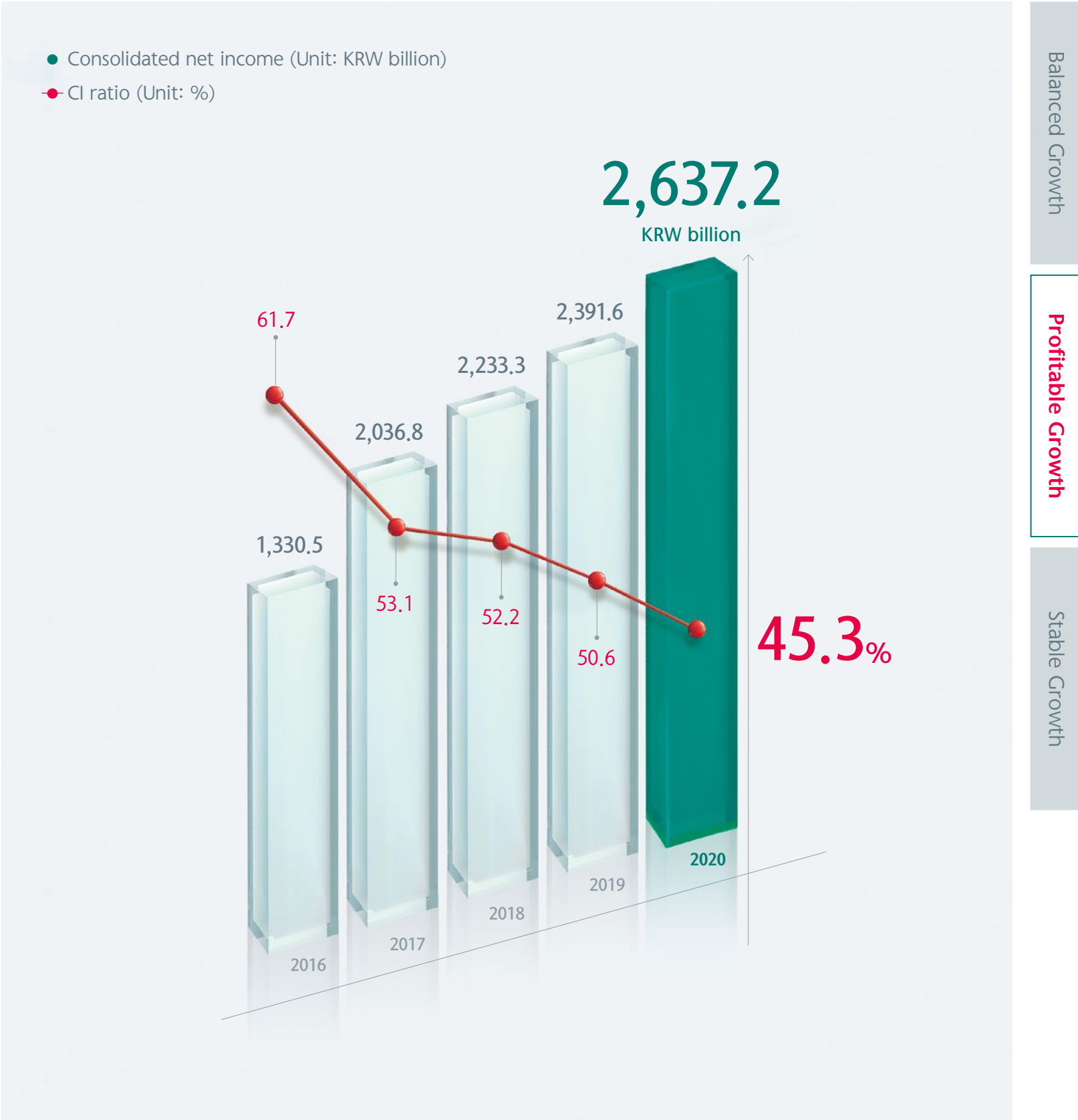
Despite the challenging environment in 2020, Hana Financial Group recorded a consolidated net income of KRW 2,637.2 billion, repeating its record net income performance for the second consecutive year. The amount represents a year-on-year rise of 10.3%, despite a sizable loan loss provision set aside against COVID-19-induced uncertainties; and the increase is the combined outcome of the solid growth of the non-banking sector, which exceeded its initial goal of a 30% share of the Group’s incomes, as well as of the Group-wide cost-cutting measures and the continued growth of global business.

Financial Summary  
(Unit: KRW billion)

	2020	2019
<strong>Profitability</strong> (Unit: KRW billion)		
General operating income	8,642.7	8,121.5
Operating income	3,836.4	3,258.7
Consolidated net income <sup>1)</sup>	2,637.2	2,391.6
ROA (%)	0.61	0.60
ROE (%)	8.96	8.72
EPS (KRW)	8,858	7,898
Cost to income ratio (%)	45.3	50.6
<strong>Business Volume</strong> (Unit: KRW billion)		
Total assets <sup>2)</sup>	460,313.3	421,467.1
Total sales	346,170.1	323,163.4
(Total deposits) <sup>2)</sup>	295,834.9	273,331.6
(Sales of beneficiary certificates)	50,335.2	49,831.8
<strong>Asset Soundness</strong> (Unit: %)		
Substandard & below (NPL) ratio	0.40	0.48
Substandard & below (NPL) coverage ratio	143.78	112.51
Delinquency ratio	0.26	0.30
<strong>Capital Adequacy</strong> (Unit: %)		
BIS capital adequacy ratio	14.20	13.95
Tier 1 ratio	13.03	12.67
Common equity tier 1 ratio	12.04	11.96
<strong>BPS (KRW)</strong>	<strong>98,455</strong>	92,192

<sup>1)</sup> Equity attributable to equity holders of the parent company  
<sup>2)</sup> Total assets exclusive of trust assets

Consolidated Net Income / CI Ratio





# Key Financial Figures

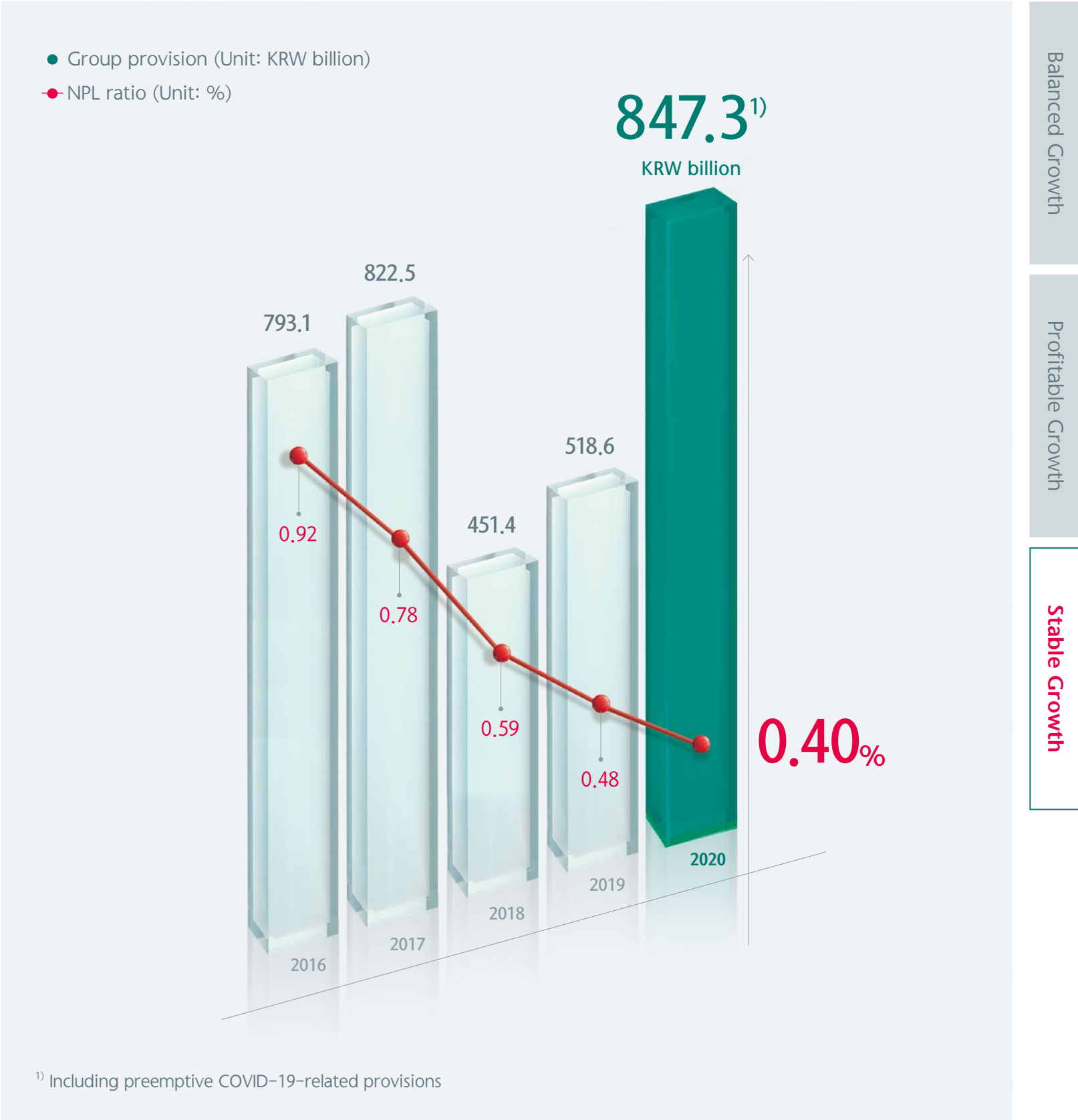
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Group Provision / NPL Ratio





# Key Non-financial Figures

Hana Financial Group fulfills its corporate social responsibilities aimed at “Growing Together, Sharing Happiness”. We went a step further in 2020 and channeled resources and efforts into ESG management with a focus on major themes of “leading the finance of tomorrow”, “trustworthy company”, and “win-win finance”. Going forward, we will conduct ESG management as one of the Group’s three major strategies in 2021, and based on which, build an ESG strategy structure in step with changes in the international financial order and pursue opportunities to grow in a sustainable manner.

## Key Sustainability Figures

PEOPLE			
		Unit	
		2020	2019
Total employees		12,195	12,754
By position	Executives	26	31
	Managers	1,343	1,405
	Assistant team managers	3,981	4,092
	Staff	6,845	7,233
By employment type (except executives)	Regular workers	11,365	11,973
	Unlimited contract workers	122	123
	Contract workers	708	658
By gender	Male	4,820	5,079
	Female	7,375	7,698

\* Based on figures of Hana Bank

PLANET			
Energy consumption <sup>1)</sup>		TJ	
Greenhouse gas emissions <sup>1)</sup>		tCO <sub>2</sub> -eq	
Paper consumption <sup>2)</sup>		No. of box	
Waste discharge <sup>3)</sup>	100L	No. of bag	
	50L		
	20L		
		2020	2019
Energy consumption <sup>1)</sup>		1,284	1,380
Greenhouse gas emissions <sup>1)</sup>		63,946	68,957
Paper consumption <sup>2)</sup>		65,649	69,053
Waste discharge <sup>3)</sup>	100L	6,624	13,950
	50L	4,008	21,156
	20L	608	1,045

<sup>1)</sup> Based on figures at Hana Bank HQ, sales branch, and affiliates in Myeong-dong building

<sup>2)</sup> Based on figures of Hana Bank

<sup>3)</sup> Based on the garbage bags purchased by Hana Bank

PROSPERITY			
Investment into social contributions	KRW billion	109.2	126.8
Employee participation in CSR activities	Person	5,159	14,926
Volunteer hours	Hour	17,429	54,715
Financial donations <sup>1)</sup>	KRW million	61,906	90,290

<sup>1)</sup> Based on figures of Hana Bank

## Global Awards

Best Private Bank in Korea  
(Euromoney)



13 times

Outstanding Private Banker – Regional Player  
(Private Banker International)



9 times

Most Innovative Private Bank in the World  
(Global Finance)



5 times

Top 1000 World Banks 2020 by The Banker  
(As of Jul. 2020)



81<sup>st</sup>



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## Global Initiatives

Supporting the Principles for Responsible Banking as an enactor and signatory



UNEP FI

Include in DJSI Asia Pacific & DJSI Korea

MEMBER OF

Dow Jones Sustainability Indices

In collaboration with 

DJSI Korea

Official member of UNGC since 2007



UNGC

Top grade of A



ESG Evaluation by KCGS



Business Excellence

ESG Commitment

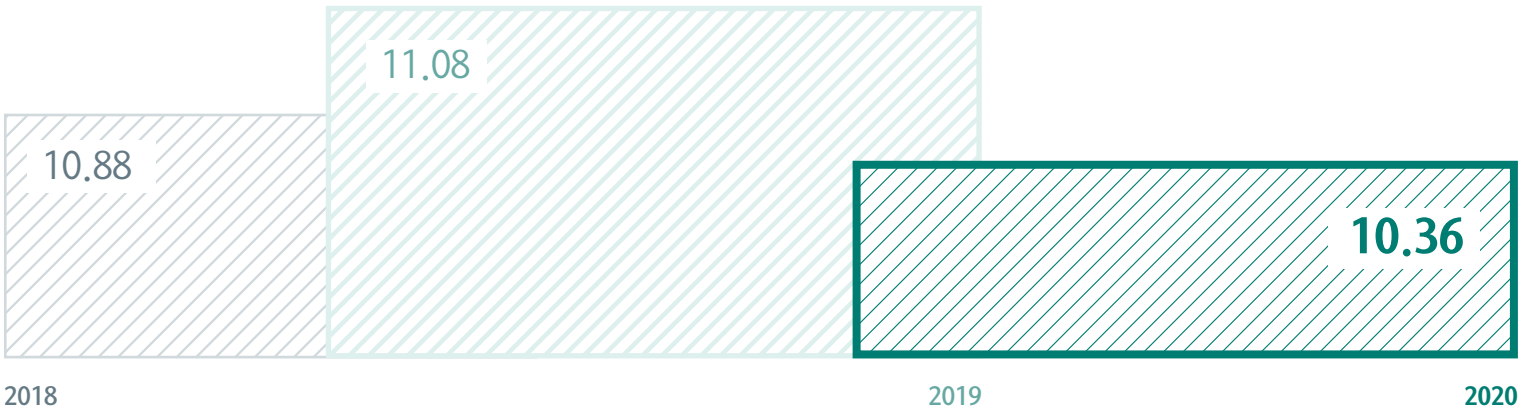


# Stock Information

Hana Financial Group is concentrating its management capabilities on enhancing shareholder value. To this end, we are maintaining solid growth and strengthening the Group’s financial health despite growing COVID-19-induced uncertainties. Furthermore, we aim to build a virtuous cycle of corporate growth leading to higher corporate and shareholder value, which in turn leads to new investment.

## Market Capitalization

(Unit: KRW trillion)



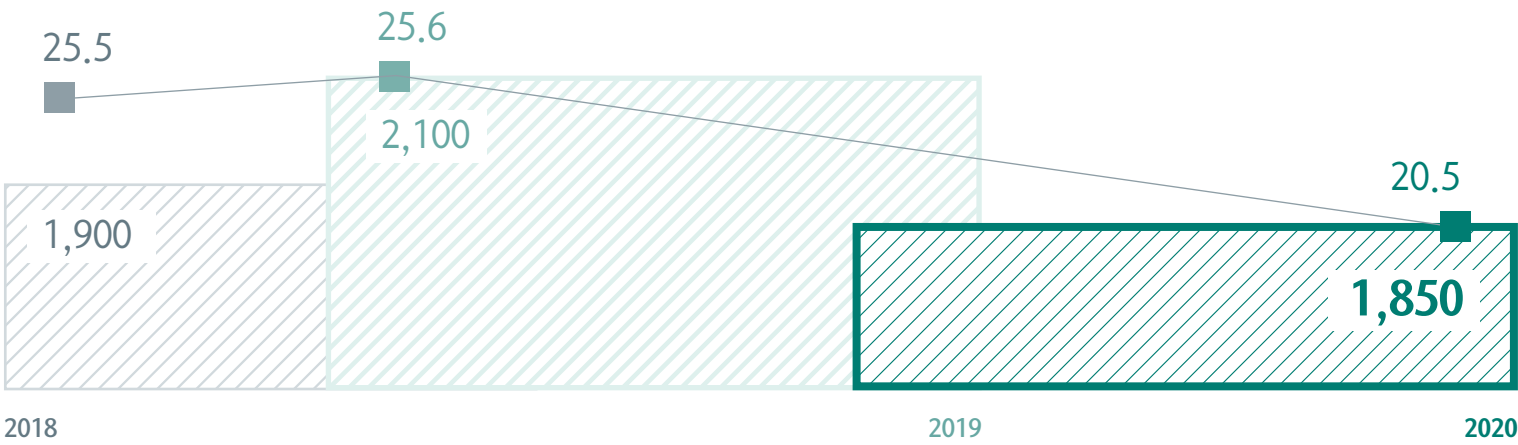
## Share Price Changes

(Unit: KRW, Point)

	2020	2019	2018	2017	2016
High	36,750	40,050	55,500	52,000	34,500
Low	18,450	31,450	35,700	30,900	19,650
Year-end	34,500	36,900	36,250	49,800	31,250
KOSPI index (year-end)	2,873.47	2,197.67	2,041.04	2,467.49	2,026.46

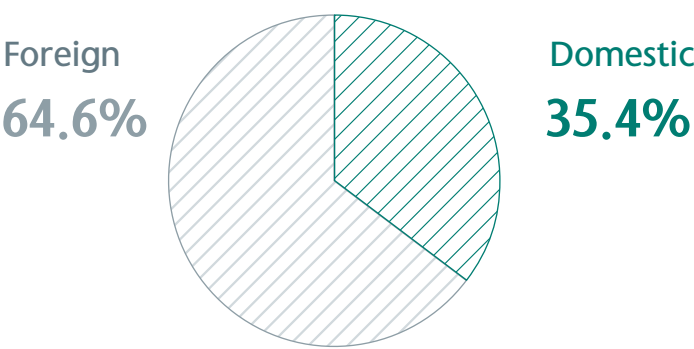
## Consistent Dividend History

Dividend per share (Unit: KRW)    Dividend payout ratio (Unit: %)



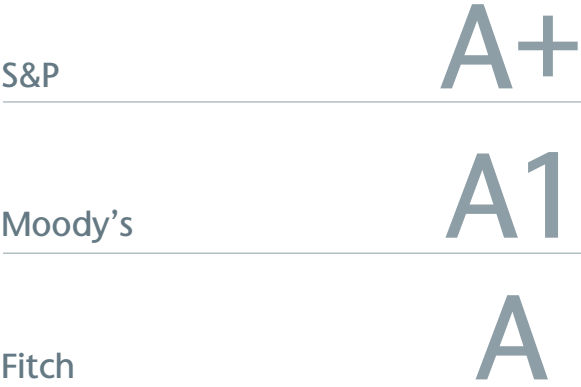
## Share Ownership

(As of Dec. 2020)



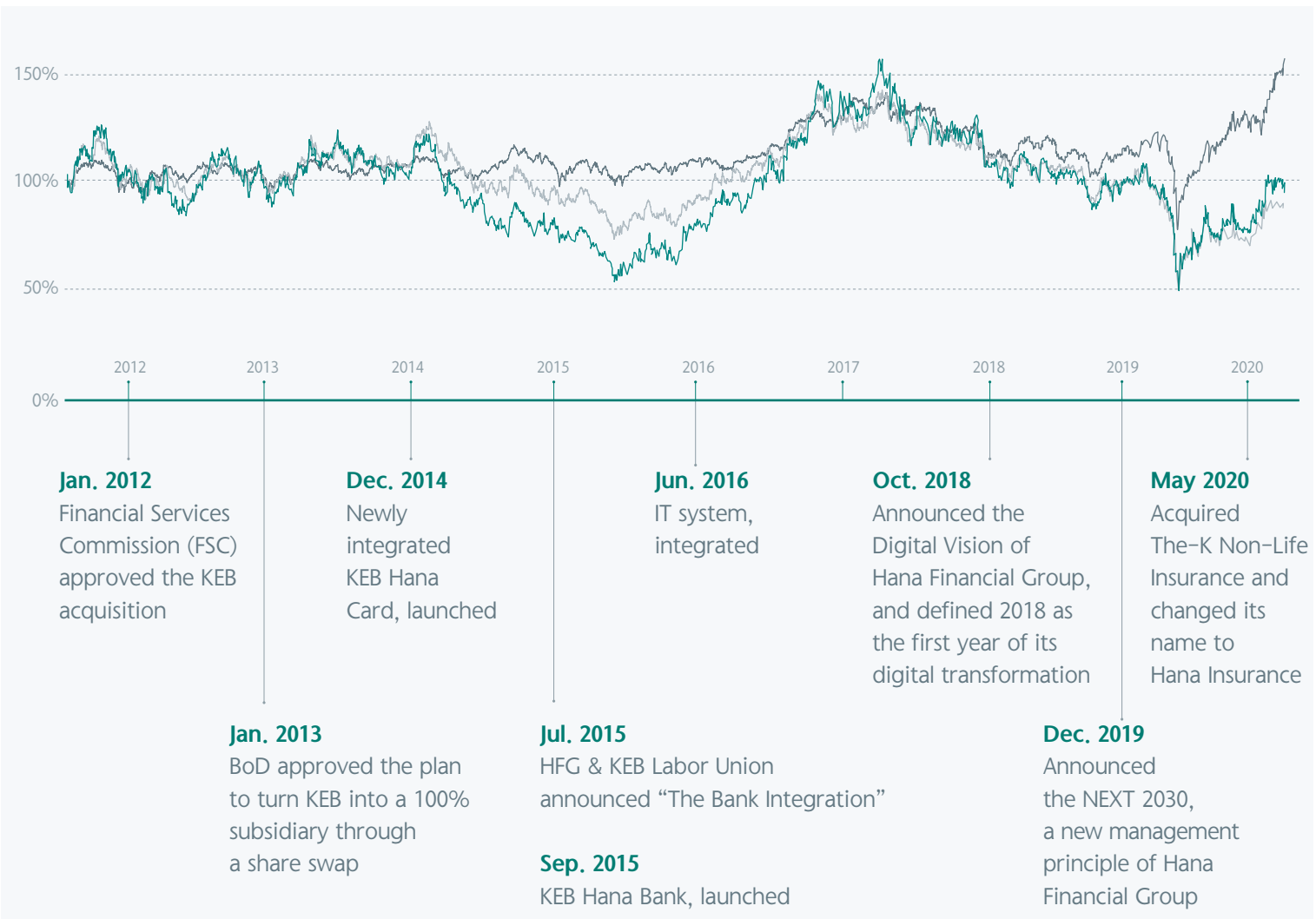
## Outstanding Credit Ratings

(Hana Bank)



## Stock Performance

Hana Financial Group    KRX Banks    KOSPI





# Board of Directors



Kim, Hongjin	Yang, Donghoon	Park, Won Koo	Kwon, Sook Kyo	Kim, Jung Tai	Paik, Tae Seung	Park, Dong Moon	Park, Sung Ho	Heo, Yoon	Lee, Jung Won
Outside Director	Outside Director	Outside Director (Chairman of BoD)	Outside Director	Executive Director	Outside Director	Outside Director	Non-executive Director	Outside Director	Outside Director
<ul style="list-style-type: none"><li>• Former, Executive Vice President, Management Support Division, Korea Securities Depository</li><li>• Former, Head of Administration and Planning, Financial Intelligence Unit, Ministry of Economy and Finance</li></ul>	<ul style="list-style-type: none"><li>• Professor, Department of Accounting, Business School, Dongguk University</li><li>• Former, President, Korean Accounting Association</li></ul>	<ul style="list-style-type: none"><li>• Former, Professor of Graduate School of Management of Technology, Korea University</li><li>• Former, Special Affair Professor, Seoul National University</li></ul>	<ul style="list-style-type: none"><li>• Senior Advisor, Kim &amp; Chang</li><li>• Former, CEO, Woori Financial Information System</li></ul>	<ul style="list-style-type: none"><li>• CEO, Hana Financial Group</li><li>• Former, CEO, Hana Bank</li></ul>	<ul style="list-style-type: none"><li>• Professor Emeritus and Former Professor, School of Law, Yonsei University</li><li>• Former, Chairman, Regulation Screening Committee, Financial Supervisory Service</li></ul>	<ul style="list-style-type: none"><li>• Former, CEO, Kolon Industries</li><li>• Former, CEO, Kolon Glotech</li></ul>	<ul style="list-style-type: none"><li>• CEO, Hana Bank</li><li>• Former, CEO, PT. Bank KEB Hana Indonesia</li></ul>	<ul style="list-style-type: none"><li>• Dean/Professor, Graduate School of International Studies, Sogang University</li><li>• Former, Chairman of International Cooperation Division, International Finance Development Deliberation Committee, Ministry of Economy and Finance</li></ul>	<ul style="list-style-type: none"><li>• Former, CEO, Shinhan Data System</li><li>• Former, Vice President, Credit Analysis &amp; Assessment Group, Shinhan Bank</li></ul>

\* As of March 2021



# Corporate Governance

Guided by strong and sound corporate governance, Hana Financial Group strives to operate proactively for the benefit of all of our stakeholders.

## COMPOSITION OF THE BOD

As Hana Financial Group’s highest decision-making body, the Board of Directors (BoD) deliberates and decides on the holding company’s management goals, strategies and business plans, and oversees the execution thereof. Furthermore, its duties include appointing and dismissing the Group’s CEO, determining director salaries within a range set by the annual general meeting (AGM), and approving transactions between directors and companies.

At the end of March 2021, the BoD consists of eight outside directors, one executive director (CEO), and one non-executive director, outside directors accounting for 80% of the total. The outside directors have diverse professional backgrounds: banking, business management and economy, law, information technology, civil service, and finance & accounting<sup>1)</sup>. Such a wide-ranging diversity is intended in the interest of maximizing value for shareholders, customers, employees and other stakeholders.

Hana Financial Group has in place ten committees under the BoD, each empowered to examine and discuss its agenda items in depth. As for executive nomination committee as stipulated in the “Act on Corporate Governance of Financial Companies”, we operate three separate committees each in charge of nominating outside directors, auditor, and the Group CEO, respectively. The operation of not one but three committees is to select director candidates best suited for the qualifications and expertise required for the roles they are to conduct. Hana Financial Group’s BoD and committees maintain organic relations, and receive sufficient assistance from support organizations.

Board Committees			
Committee	Purpose and Responsibilities	No. of outside 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	Park, Won Koo (Outside director)
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	Paik, Tae Seung <sup>1)</sup> (Outside director)
Risk Management Committee	Establish, approve, and manage policies and plans for handling various risks associated to the Group’s business operations	4/4	-
Management Development and Compensation Committee	Establish and deliberate Group compensation policies and matters related to the performance evaluation of executives in holding company and its subsidiaries	3/3	Heo, Yoon <sup>2)</sup> (Outside director)
Group Executive Nomination Committee	Screen and nominate candidates for the position of executive directors of the holding company (excluding CEO and outside directors) and chief executive officers of the Group affiliates when new appointments are required for various reasons including tenure termination	3/4	-
Outside Director Nomination Committee	Establish guidelines for appointing outside directors, and screen and nominate qualified outside director candidates from various fields	4/4	Park, Won Koo (Outside director)
Auditor Nomination Committee	Select candidates for the Audit Committee and nominate them at AGM	8/8	-
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	-
Sustainable Management Committee	Establish and change the Group’s sustainable management strategies and policies	4/5	-
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	-

\* As of March 2021; and outside director Park Won Koo was appointed as the BoD chair at a BoD meeting held on March 26, 2021

<sup>1)</sup> At an Audit Committee meeting held on March 26, 2021, outside director Paik Tae Seung was appointed as the chairperson

<sup>2)</sup> At a Management Development and Compensation Committee meeting held on March 26, 2021, outside director Heo Yoon was appointed as the chairperson

<sup>1)</sup> Banking: Lee, Jung Won / Business management: Park, Dong Moon / Economy: Heo, Yoon / Finance & accounting: Park, Won Koo, Yang, Donghoon / Law: Paik, Tae Seung / Information technology: Kwon, Sook Gyo / Other (retired government official with expertise in economy): Kim, Hongjin



INDEPENDENCE AND TRANSPARENCY OF THE BOD

A majority of board directors at Hana Financial Group are outside directors, which ensures the BoD’s ability to keep management in check as well as its independence and transparency. The BoD also plays the role of a multitasking advisor as it comprises industry experts in banking, business administration, law, and finance & accounting. In addition, it is authorized by internal regulations to consult third-party specialists if necessary. The outside directors are highly experienced in and knowledgeable of their respective area, free of any conflict with the Group’s business, and ensured of their willingness and ability to devote a sufficient amount of time and effort to effectively performing their duties. Outside directors are selected among candidates nominated by the Outside Director Nomination Committee after a thorough scrutiny of their qualifications under relevant laws and regulations in the areas of independence, expertise, job fairness, ethical conduct and job integrity, in order to ensure fairness and independence in the composition of the BoD. The BoD regularly publishes its activity and results, maintaining close communication with shareholders, investors, financial consumers, and other stakeholders. Also published is the transparency of the activity through a detailed disclosure of the salary of the directors and of corporate governance 20 days before every AGM.

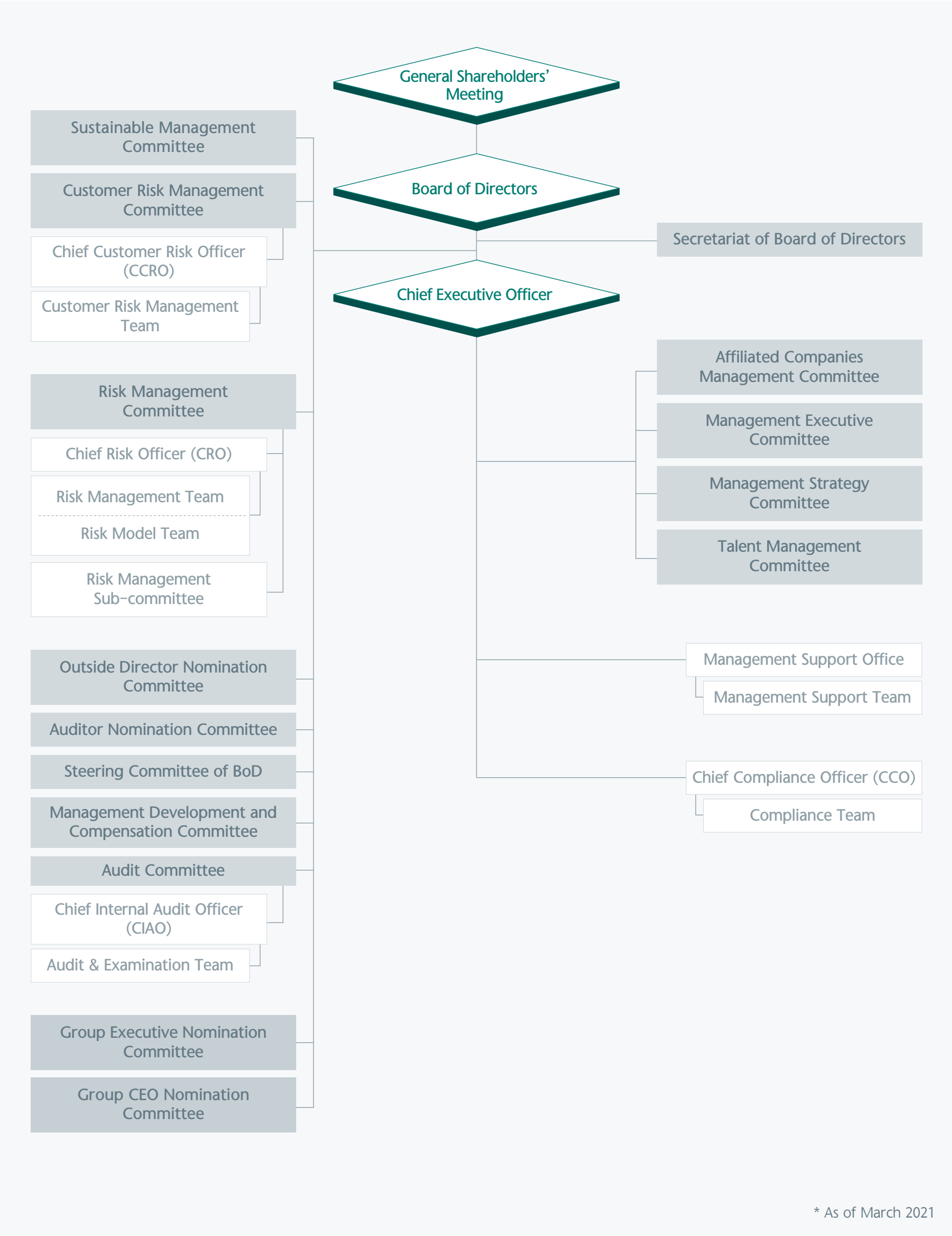
BOD EVALUATION PROCESS AND STANDARDS

Our BoD revised outside director evaluation criteria, at the 8th BoD meeting that was held in December 2015, based on recommendations from a consulting firm, with the goal of identifying room for improvement in the composition and operation of the BoD as well as in its role and responsibility. Since then, a BoD evaluation has been carried out every year. The evaluation focuses on each director’s job capabilities and qualifications, responsibility toward and contributions to the BoD, and cooperation and trust. The items of each evaluation category are sufficient enough to ensure the accuracy and fairness of the evaluation for all categories. While most items are multiple-choice questions, the evaluation process also has a qualitative element as it is possible to express a comprehensive opinion of each member of the board. In particular, the criteria for an employee evaluation of outside directors are limited to their BoD and Committee attendance rates as well as the frequency and degree of their participation in training and education sessions, in our efforts to keep outside director evaluations as fair and objective as possible.

Every January or February, the BoD’s performance of the previous year is evaluated in a written survey format involving only outside directors to ensure the objectivity of the evaluation. The evaluation of each outside 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 accordance with internal norms and other relevant regulations on governance. In addition, the evaluation can be carried out by an outside organization, if needed, as specified in Article 11 of the Outside Director Operation Regulations. Evaluation results are compiled and reported to the committee in charge, and publicized every February or March. The entire evaluation process is led by the BoD, but some detailed work is delegated to the BoD Secretariat.

In the evaluation of its 2020 performance, the BoD was rated “highest level” in all categories—functionality, role, responsibility, operation, composition and evaluation of director qualifications. Also rated highest level were the eight BoD committees, excluding Sustainable Management Committee and Customer Risk Management Committee, which were created in 2021, in all categories. The evaluation of outside directors’ performance for 2020 was carried out in January 2021, and all outside directors were rated highest level in all categories as well.

Board Organization



\* As of March 2021



# 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 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.

We improved our non-performing loan (NPL) ratio and delinquency ratio in 2020 through continued rebalancing of high-risk portfolio assets as well as capital adequacy ratio through stable management of risk-weighted assets. In addition, we advanced our risk management systems by strengthening the monitoring of risk factors related to growing internal and external uncertainties.

## RISK GOVERNANCE

Hana Financial Group has established and operates an advanced risk governance system that comprehensively and systemically manages all possible risks. Our 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 the BoD committee responsible for effectively managing risks in line with business strategies of the Group and the Group affiliates in accordance with regulations set by BoD. As the Group’s highest decision-making body on risk matters, the Committee establishes, approves, and manages 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.

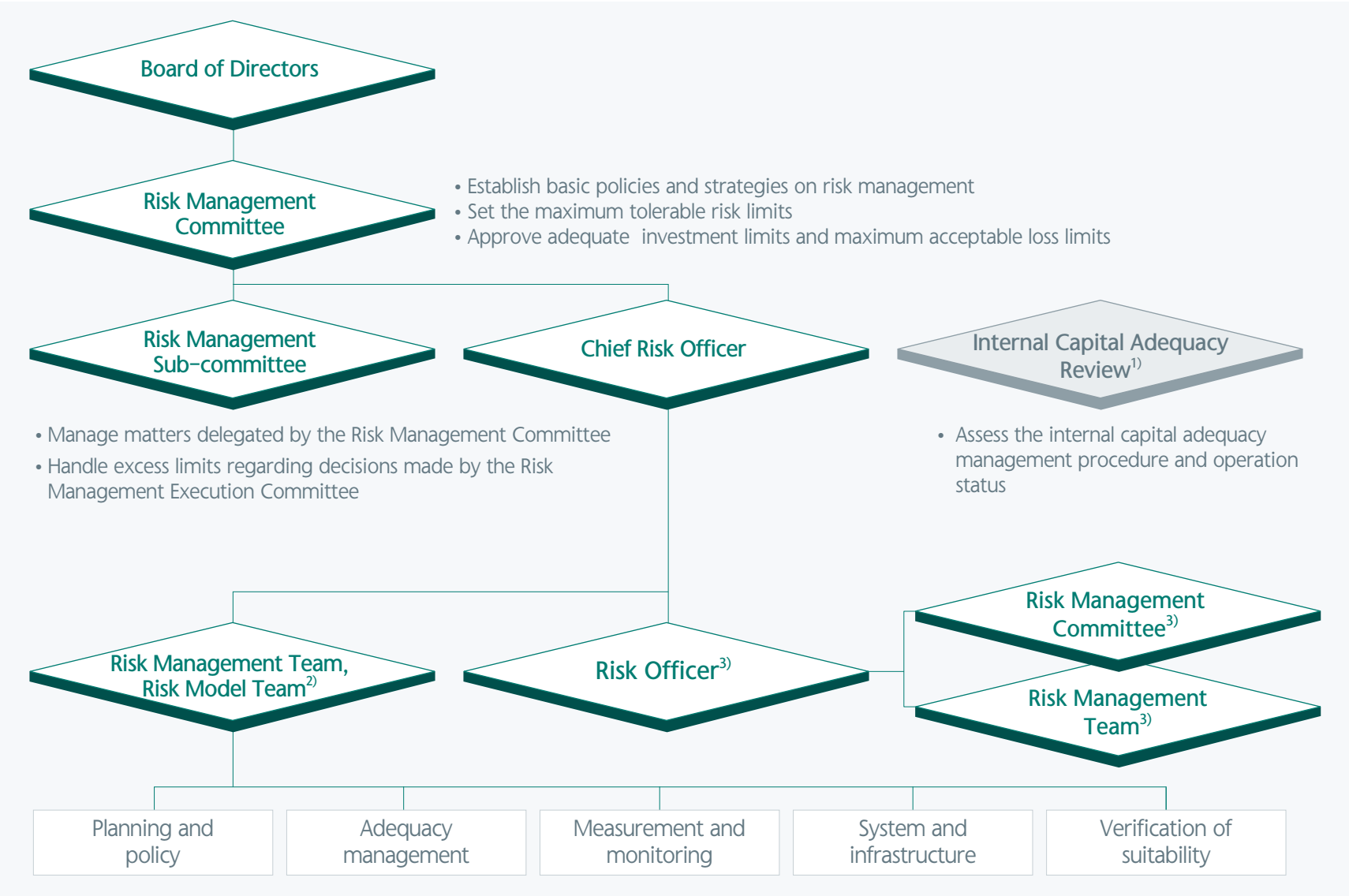
**RISK MANAGEMENT SUB-COMMITTEE** Risk Management Sub-committee sets detailed limits on matters delegated by Risk Management Committee, and accordingly monitors and manages risk management practices being conducted across the Group operations. It also deliberates on pending risk issues and control measures 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 supervises and manages all risk management-related organizations in accordance with rules set by the Risk Management Committee. We appoint a Chief Risk Officer with qualifications pursuant to Article 28, Paragraph 3 of the Act on Corporate Governance of Financial Companies and relevant internal regulations.

**HOLDING COMPANY’S RISK MANAGEMENT UNITS** The holding company’s 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 in line with these, establish and execute detailed risk policies and strategies of their own and subsidiaries.

### Risk Management Organization



<sup>1)</sup> Independent third party  
<sup>2)</sup> Holding company  
<sup>3)</sup> The Group affiliates



## 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 our 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 asset – 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 systems managing credit limits. To this end, we have set different credit limits by type of borrowers while also setting credit limits by industry based on industrial credit ratings as well as by 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 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. By doing so, we 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 issue 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.

As for protecting personal information, 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 order to render harmless any data leaked, intentionally or not. 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.

## CORE RISK MANAGEMENT TASKS IN 2021

Hana Financial Group pursues the industry's highest level of capital adequacy and asset soundness. To this end, we will focus on strengthening our crisis management abilities in preparation for an undue rise of uncertainty in global financial markets and economic downside risks. We also plan to intensively manage key risk factors in certain business sectors, while preemptively responding to toughening of global financial regulations and unpredictable financial markets.

### Key Tasks in 2021

- Maintain adequate level of capital and focus on strategic portfolio management
- Operate the risk management system to handle economic and financial environment changes
- Strengthen liquidity risk management in preparation for financial environment uncertainties after COVID-19
- Strengthen risk response capabilities in tandem with innovation finance and digital environment changes



# 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 2012 acquisition of Korea Exchange Bank have prompted Hana Financial Group to develop a new role to play and to chart a new course. Accordingly, we have defined a new 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 work together and build a better society. 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

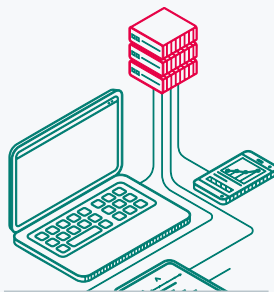
The Trusted Premier Global Financial Group

The vision of Hana Financial Group embodies the pledge of its employees to start from customer trust, which is the essence of financial business, and become a forerunner of change and innovation through outstanding strategies and thus stay ahead. Also included is our ambition to compete not in the already saturated domestic market, but with top-tier global financial institutions in the international arena backed by Korea’s largest global network. Moreover, we aim to be a financial group offering financial services that transcend business boundaries and meet diverse customer needs.





Major Tasks in 2021



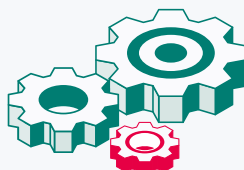
Redefine Platform Finance-centered Business

Hana Financial Group has set “redefining platform finance-centered business” as the top-priority management goal for 2021. We will build an open financial ecosystem by evolving into a financial platform that encompasses diverse areas closely connected to customers’ daily life, and through strategic investment in and alliance with fintech companies, we will internalize their advantages and discover future growth drivers. In addition, we will proactively respond to changes in the fast-changing contactless financial environment by redesigning our organization based on innovation and expanding the horizontal corporate culture.



Internalize Global D.N.A

Hana Financial Group seeks to internalize the DNA for global business competitiveness. Our unique, global D.N.A stands for Dominance, Networking, Allocation – we will increase our market dominance by strengthening our presence in key Asian regions and expanding the adoption of best practices on business advancement, and improve our global network by focusing on developing global business talent and increasing efficiencies in personnel management. In addition, we will move forward with value-focused global expansions by employing different entry strategies by key markets and rebalancing the allocation of the Group’s global capabilities and resources.



Practice ESG Management-based Socially-responsible Finance

Hana Financial Group will enhance its social responsibility by building a world-class ESG management system. In addition to active support of government policies, including the K New Deal, we will pursue win-win growth with local communities by providing financial services tailored to customer needs and supplying venture capital for promising SMEs and startups. Moreover, we will make continuous efforts to practice inclusive finance by expanding support for the financially marginalized and the socially underprivileged.



Complete Customer-first O.N.E Company

Hana Financial Group will strengthen synergies which the Group affiliates generate in collaboration to provide customer-centered financial services. We will expand the customer base by facilitating our one-customer marketing platform, offer new value in the form of a customer experience of hyper-personalized financial services made possible by big/deep data analysis, and ensure efficient operation by increasing the flexibility of allocating our internal resources, including personnel, products/ channels, and investment.



Manage All Risks with Zero Defect

Hana Financial Group pursues all-directional zero-defect risk management in preparation for multifaceted financial risks in the coming new-normal era, and will take the lead in financial consumer protection by strengthening the oversight of the development and sales by subsidiaries of complex financial products. In addition, we will bolster the credibility of finance with preemptive risk management centered on the standardization of internal controls.

In 2021, Hana Financial Group will continue its diverse efforts at growing into “The Trusted Premier Global Financial Group”. 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 generates happiness for our customers and employees.



# YEAR IN REVIEW

Hana Financial Group continues to serve customers and grow in all business areas of finance based on the united efforts of the Group affiliates, staying ahead of the curve in digital banking and expanding its presence in the global market, while also shaping the future of sustainable finance.



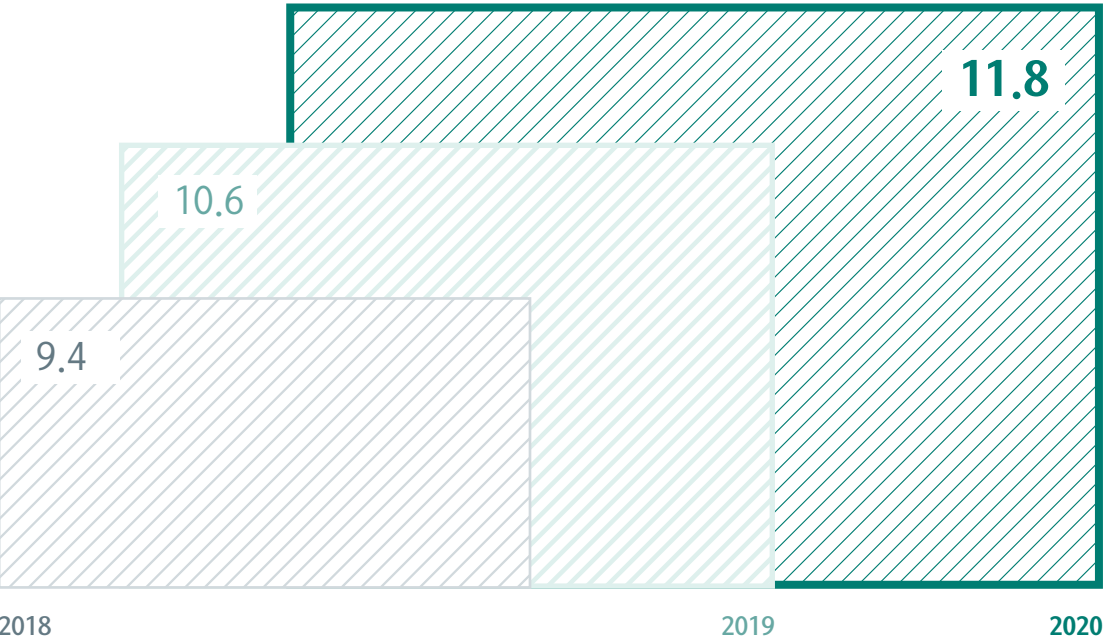
BUSINESS

DIGITAL

BANKING

Hana Financial Group is evolving into a data-driven information company by adding digital transformation of its operation to digital innovation of products and services based on synergy and digital competitiveness.

Number of Digital Banking Customers (1Q Bank Users)  
(Unit: Million persons)



1.45

million

Number of New 1Q Bank users since the release of upgraded version in August 2020

RPA

Reduction of cost and increase of productivity by adopting RPA at all Group affiliates

490+

Digitalization of some 490 types of paper document through the Hana Bank Smart Lounge

\* As of 2020 year-end

2020 Performance

**DIGITAL INNOVATIONS IN PRODUCTS & SERVICES** Mobile banking customers totaled 11.84 million in 2020, representing a YoY increase of 12%. Hana Bank’s digital sales exceeded 50%<sup>1)</sup> in proportion at the end of 2020, while new transactions in credit-based loan, fund sales, and bancassurance rose 17%, 237%, and 104%, respectively, to further solidifying the foundation for digital asset management. Hana Financial Investment, too, continued its steady growth in customer base, transaction volume, and number of digital channel users. In particular, the number of new retail customers in 2020 accounted for 85% of total, a 24%p sharp increase compared with 2019. Hana Insurance’s digital channel sales of car insurance reached 15.1% in proportion, a 6.8%p increase YoY, and Hana Life expanded its digital customer base through “1Q Life Check Service” offering customized services for existing policy diagnosis, pension integration, and insurance-backed loan inquiry services.

New online customers also sharply increased in proportion across the Group operations. Hana Bank sold 2.35 million installment savings accounts, or 80% of total, and 290 thousand credit-based loan accounts, or 86% of total, through its non-face-to-face channels. At KEB Hana Card, credit card accounts subscribed via digital channels in 2020 made up 37% of total, up 20%p YoY, while check card accounts 61%, a 43%p increase. Hana Financial Investment attracted a fund flow of KRW 1,447.3 trillion, 83.1% of total, through digital channels, and Hana Capital’s digital customers accounted for 90.7% of 214,629 customers signed up in 2020.

Such increases are the outcome of all Group affiliates’ concerted efforts to digitalize offline processes and increase the proportion of digital channels. In August 2020, Hana Bank launched “New 1Q Bank”, an improved version of the mobile financial platform created to enable Bank customers to access financial services of other Group affiliates and alliance services as well as to conduct bank transactions.

<sup>1)</sup> Based on the number of transactions



By logging in to the single sign-on (SSO) authentication-based platform, users can seamlessly enjoy the financial services of seven Group affiliates – Hana Bank, Hana Financial Investment, KEB Hana Card, Hana Capital, Hana Savings Bank, Hana Life, and Hana Insurance. To make New 1Q Bank a truly one-stop financial platform, we are expanding alliances with mobility, real estate, health, travel and other daily life-related industry leaders. For its comprehensive and distinctive financial services, the new platform signed up over 1.45 million members in four months of its launch, indicating a positive market endorsement. New 1Q Bank is also contributing to improving the earnings performance of the Group affiliates. Credit card subscriptions are growing, stock brokerage accounts and trading volumes multiplying, life and non-life insurance sales increasing, and loan assets rising at Hana Savings Bank and Hana Capital, all contributing to a robust expansion of the Group’s customer base.

Hana Bank is beta-testing “My Branch”, a branch app, with the goal of a full-fledged rollout in 2021. Combined of the convenience of digital finance and the thoroughness of services available at offline branches, the mobile branch app provides customer care, product description, consulting and other customized services. The beta version of corporate use was launched in the second half of 2020, and, as of 2020 year-end, 115 corporate-specialized branches were in operation with a credit balance of KRW 87 billion<sup>2)</sup>.

Hana Financial Investment also unveiled various products and services as part of its transition to a data-driven information company. By launching “Hana 1Q Pro”, the company has simplified its financial product trading process, offering distinctive customer experiences through diverse data-based services, including Big Data Pick Stock Diagnosis Service, Hana Pick Investment Information Service, and Hana AID – a robo-advisor service.



**DIGITAL TRANSFORMATION OF PROCESSES** Hana Financial Group pushed forward robotic process automation (RPA) and other work streamlining projects in 2020, which resulted in cost reductions, productivity improvements, and other tangible outcomes. KEB Hana Card achieved efficiency improvements equivalent to some 92,000 hours of saving per year; Hana Life realized a work-reduction effect equivalent to a total of 14,220 hours which translated into around KRW 414 million in labor cost; and Hana Capital recorded a reduction of around 21,000 work hours. In particular, by adopting an automated ARS, the company was able to reduce procedural calls soliciting customer consents on their credit information by 1.5 thousand calls equivalent to 50 hours, and confirming contract details by 6,000 calls equaling 500 hours, both on a monthly average basis. Hana Savings Bank automated processes through which customers inquire about, and are confirmed of, the provision of their financial transaction information, and was able to reduce such inquiries by 17,000 cases and related work hours from previous 1,092 to 288 hours per year.

We also expedited the adoption of “Smart Lounge” and the expansion of a digital-based authentication. Hana Bank, having adopted a smart teller system in 2018 as part of its digitalization of branch operations, has digitalized some 490 frequently-used paper forms as of 2020 year-end. In addition, it became the first commercial bank in June 2020 to introduce a system by which customers can digitally fill out necessary forms beforehand, continuing its branch digitalization. Furthermore, with the adoption of an AI-based optical character recognition (OCR) system, the Bank ensures customers correctly fill in all necessary fields in digital forms and thus preempts incomplete sales as well as digitalizes internal controls.

<sup>2)</sup> Based on execution amount





**COLLABORATION FOR DIGITALIZATION** In collaboration with Hana Institute of Technology, an AI/data-specializing research arm of Hana Financial Group, the Group affiliates are generating meaningful results in such various fields as AI chatbot, OCR solution, robo-advisor, risk management, personnel management, and marketing.

In AI, Hana Bank opened an AI chatbot counseling support service, for employee use, which applies a knowledge base question answering (KBQA) algorithm to deposit regulations. It also upgraded HAI, an AI chatbot service for customers, by applying natural language processing (NLP), a technology developed in collaboration with Hana Institute of Technology, thereby not only increasing the accuracy of the responses but also enhancing the ability of the chatbot to engage with customers in daily life as well as financial matters. In the area of robo-advisor, Hana Bank and Hana Financial Investment launched AI-based fund recommendation services in April.

In risk management, Hana Capital developed a credit evaluation model based on machine learning (ML) for scorecard evaluation, and Hana Bank completed the development of ML-based credit evaluation model for application scoring system used for setting an initial

credit limit in August. The Bank will use the model for loan products for household-type SOHOs. It also brought digital technology to personnel management by developing algorithms that recommend training and video programs tailored to each employee as well as an optimal number of employees for each branch. KEB Hana Card increased the efficacy of its target marketing by developing a digital model that recommends insurance policies ideal for each customer segment.

Furthermore, we continued to relocate the IT infrastructure of “Hana Members”, a Group-wide membership service, to the cloud computing environment, and completed the transfer of 69 Group systems and 633 servers in 2020. By adopting a cloud-based infrastructure through which we can quickly and flexibly respond to diverse business needs, we plan to evolve Hana Members into a more convenient and secure daily financial service platform.

## 2021 Plans

Platform-based big tech companies are accelerating their entry into financial services business, and rapidly expanding their presence in other business areas as well. To get ahead in the competition for platform leadership, Hana Financial Group in 2021 will focus on securing payment-centered ecosystems, innovating digital customer experiences, and strengthening new growth engines.

In securing payment-centered ecosystems, we will build a Group payment platform that enables domestic overseas customers to conduct payments using their Hana Money, credit/check card and other accounts with the Group affiliates. In addition, we are forming alliances with various business operators with an aim to provide mobility, real estate, health care, and other daily life-related financial services, and by assembling all of these in a single app, “Hana 1Q”, we will lay a foundation for evolving into a comprehensive financial platform.

In innovating digital customer experiences, we will establish a system for integrating the analysis of customer data on app usage, operate an organization specialized in individualized marketing, and thus build a big data-based hyper-personalized customer management infrastructure. We are considering the creation of an organization for digital transaction customers and joint digital marketing, and we plan to strengthen our digital sales capabilities through such and other similar measures.

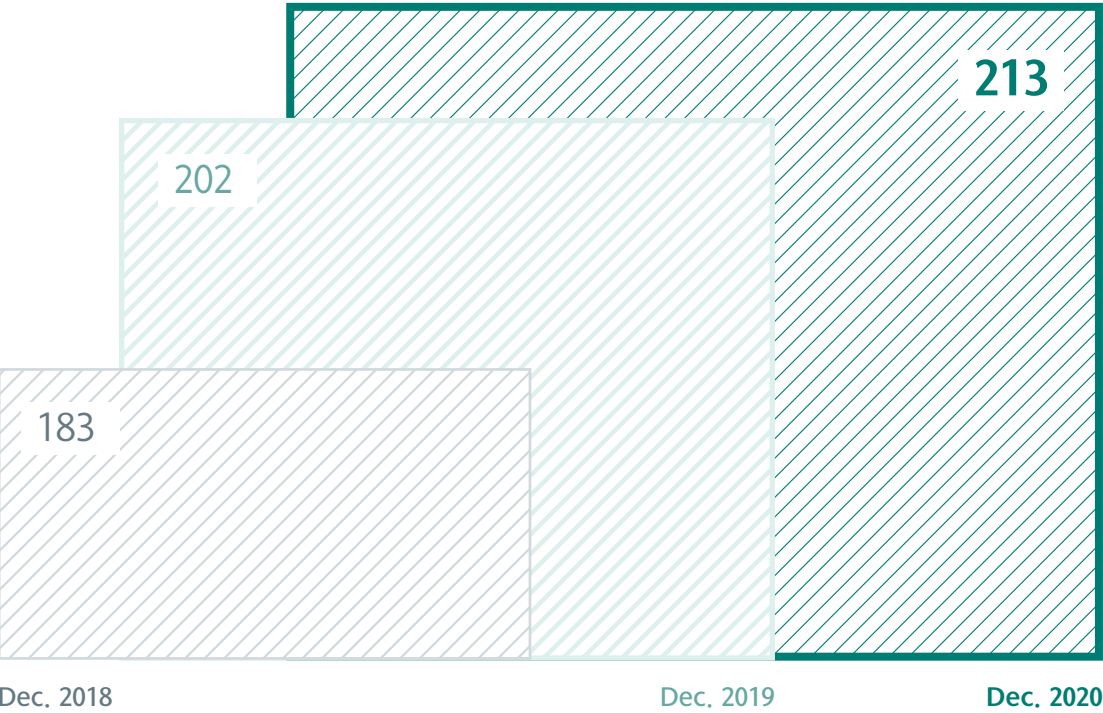
In strengthening new growth engines, we will complete the implementation of AI chatbot services across the Group operations with a focus on increasing hyper-personalized services for customers and on expanding the scope of automated consulting support for our employees. We will also continue investing in digital R&D by engaging in research on such new trends as central bank digital currency (CBDC), and conducting joint research with Pohang University of Science and Technology (POSTECH), Korea Advanced Institute of Science and Technology (KAIST), and other higher-learning institutions participating in the industry-academia cooperation program.



# GLOBAL OPERATIONS

In 2020, Hana Financial Group realized solid growth based on its distinctive global strategy and competitiveness amid the pandemic, while also thoroughly preparing for value-focused growth for the future.

Overseas Network  
(Unit: Branch)



294.9  
KRW billion

Total profits generated overseas,  
including equity investment

12.3%

YoY growth of profits  
generated overseas

11

Number of overseas networks  
of Hana Financial Group  
newly established in 2020

\* As of 2020 year-end

## Overseas Business Performance

Amid COVID-19-induced uncertainties and challenges in 2020, Hana Financial Group achieved great progress in global business. In particular, we solidified our market position in key Asian regions on the back of the strong performance of Hana Bank's Chinese subsidiary and equity method-based valuation gains generated by Bank for Investment and Development of Vietnam (BIDV). Hana Bank's Chinese subsidiary's earning performance remained weak in 2019 due to an economic downturn triggered by a US-China trade conflict. However, its net income rose KRW 77.0 billion to KRW 84.5 billion in 2020, the largest in its history, mainly attributable to new businesses launched, loans extended online, and stringent risk management conducted. Hana Bank has also proved its equity acquisition of BIDV was a successful investment by recording an equity method-based valuation gain of KRW 31.4 billion one year after its investment in BIDV.

The Bank's micro finance subsidiary in Myanmar ranked 2nd in market share, exceeding its 2019 loan and net income performance by KRW 160.0 billion and KRW 3.8 billion, respectively, based on its nationwide channel network and dominant presence in rural areas. Such a growing market dominance in key Asian growth regions is expected to sustain the Group's continued growth in global customer base and income. We plan to further accelerate our expansions into key Asian markets through a Singapore asset management company slated to open in 2021 and LINE Bank in Indonesia.

The year 2020 was a difficult time for domestic companies in the midst of making ambitious business moves, including channel expansions overseas, mainly due to pandemic-induced economic downturns and travel restrictions in many countries. We have therefore identified, in detail, the strengths, weaknesses, and risk factors of overseas target channels through a thorough management assessment of target channels; accordingly established growth strategies in view of each channel's business environment; and reallocated our global business resources, turning the whole process into an opportunity to prepare for value-oriented growth of the global business going forward. In Southeast Asia, including Vietnam, the Philippines, and India, on which we focus as key growth regions for global business, we made localization progress and asset improvements by expanding new business with private and state-run companies as well as working together with local marketing experts.



## Overseas Business Strategy

**EXPANDING NON-BANKING GLOBAL BUSINESS** In 2021, the beginning year of a new decade, Hana Financial Group has chosen non-banking global business expansions as a key strategy, and is preparing to make a new leap forward based on expansion of its global market presence. First, we will set up an asset management company in Singapore and start a new global business with an aim to enter global asset management business. The Singapore asset management company, having completed the preparations for business establishment in the second half of 2020, plans to commence business in the first half of 2021, beginning its role as the Group's Southeast Asia investment platform. It is expected to offer domestic and overseas customers a wide range of global investment products, thereby contributing to expanding the global business scope and increasing diversity. We are also looking into entering securities, consumer finance, and installment finance business in emerging countries in Southeast Asia, including Vietnam, Indonesia, India, and the Philippines. To this end, we are planning ways to support the Myanmar micro finance subsidiary's efforts to advance from its No. 2 to No. 1 position in market share.

The non-banking global business expansion strategy as described is expected to generate significant synergetic effects in combination with Hana Bank's 195 global channels connecting 24 countries, the industry's largest, as well as to greatly contribute to the joint growth of the Group affiliates and to increasing global business incomes.

**GROWING INTO A GLOBAL DIGITAL FINANCIAL GROUP** Hana Financial Group continues to take on various challenges in a bid to become a leading global digital financial group. Hana Bank's Chinese subsidiary in 2020 multiplied retail loan assets and achieved a record net income on the strength of a full-scale online retail loan business launched in alliance with a local e-commerce platform. To further increase retail loan assets using a proven method and thus secure a solid market presence based on its digital finance advantages, the Chinese subsidiary will make continuous efforts to develop more business partners in 2021.

Hana Bank's Indonesian subsidiary is preparing to launch LINE Bank, the first mobile platform-based overseas digital bank created by a Korean company in the emerging market, in alliance with LINE, a global ICT company. Slated to commence business in the first half of 2021 with deposit taking, LINE Bank plans to expand its service



scope to include an online loan business with the goal of serving 400 thousand retail customers by the end of 2021. Going forward, LINE Bank will offer various online financial services tailored to the financial needs of Indonesian customers, and is expected to perform its role as a sustainable customer-generating platform.

Hana Bank is also making preparations for a non-face-to-face retail loan business in Vietnam. As proven by its Chinese subsidiary's success case, online loan service for retail customers in alliance with a local e-commerce platform has a high growth potential in such emerging markets as Vietnam where retail consumption is increasing at a fast pace. The planned business will therefore enable Hana Bank's Vietnamese branch to advance into a retail market in addition to corporate banking, its current main business area.

**REALIZING "2540 PROJECT"** Hana Financial Group's global income was slightly more than 20% of the Group's total profits in 2020. To increase this figure to 40% by 2025, we are implementing two strategies, one to change the mindset of all Group employees and the other to expand the global business of the Group affiliates.

First, we have set "Internalizing Global D.N.A." as one of our major tasks in 2021, and are building an organizational culture ideal for developing sustainable global businesses by promoting a global mindset among employees. Internalization of global D.N.A. refers to planning all businesses at home and abroad with global expansion in mind. To foster such a global mindset among employees, our globalization efforts begin with such basic parts of business operations as employees using their English names and expanding their use of English while at work. In addition, we will increase global business efficiency and productivity by further improving Hana Bank's next-generation banking system "BankHive" and other computerized systems as well as by fine-tuning internal work processes.

Moreover, we will push forward overseas expansions of non-banking arms which lag behind their banking affiliate. The overseas expansion of non-banking affiliates via Hana Bank's global channels and infrastructure is expected to generate substantial synergetic effects leading to a sizable increase in global income and thus bringing closer to reality our aspiration of global income reaching 40% in proportion to total Group income.



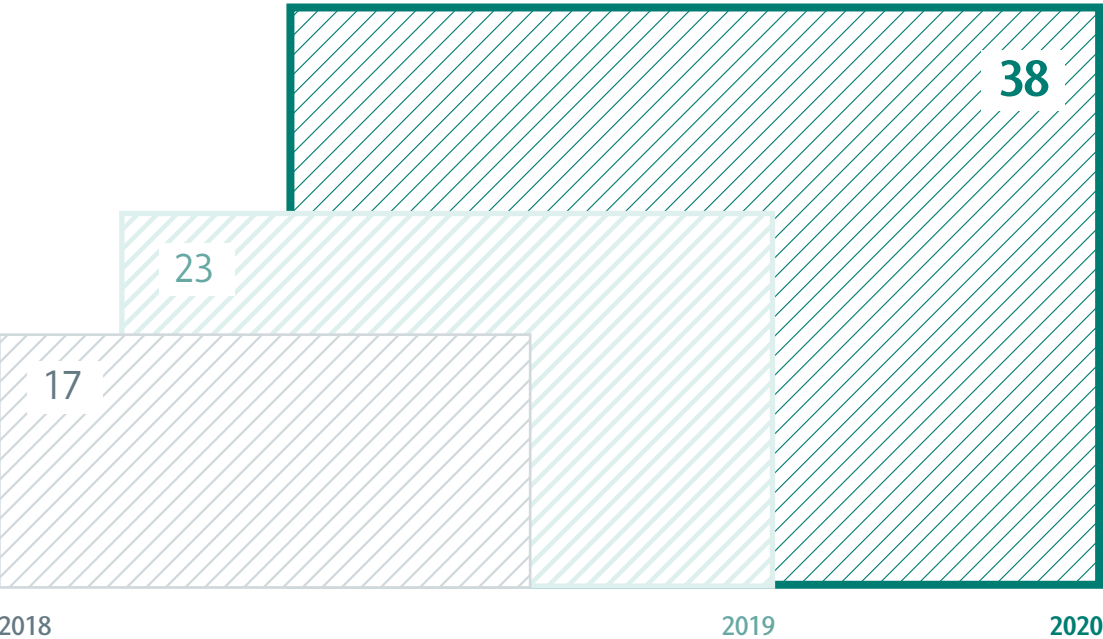
RETAIL

BANKING

Hana Financial Group continues to grow by actively responding to evolving market changes and customer needs and providing customers with distinctive on/offline services throughout their entire lifecycle.

Ratio of New Non-face-to-face Customers

(Unit: %)



21.4

million

Number of retail customers with highest growth rate among commercial banks in Korea

Best Private Bank in Korea

By Euromoney, 6 years in a row

76%

Mobile bancassurance market share among 4 major commercial banks in Korea

Customer Base

Hana Bank pursued qualitative growth as well as quantitative growth of the customer base in 2020, employing base customers<sup>1)</sup> as a key index. To better manage the segment that most contributes to the profitable growth of the Bank, it focused on increasing cross-selling and strengthening marketing, and as a result, customers reached 21.4 million, a 760,000 or 3.7% increase from the previous year, indicating the highest of growth rate among major commercial banks.

In 2020, as the COVID-19 crisis prolonged, inflows of customers, including those of branch service, to online channels gained speed. In response, Hana Bank released such distinctive mobile-only products as *Jeonse* loan, SOHO loan, and pension-backed loan products, thereby channeling customer transactions toward expansion of the digital customer base. Online channel usage rate rose 4.9%p over the course in 2020 to 71.6%, and of 2020 new customers, the ratio of new non-face-to-face customers rose 15%p to 38%.

With the prolongation of the COVID-19 crisis and the resultant increase of market volatility, risk management has grown in importance. The acceleration of big tech’s entries into the financial business, the emergence of My Data, and other changes in the business environment, the competition for customers is expected to be fiercer than ever. Accordingly, Hana Bank will focus on rebalancing the portfolio and expanding base customers with an eye toward securing stable income sources in retail banking going forward. In particular, it will further break down base customers and strengthen marketing activities for customers contributing more to the Bank’s profitable growth. Customers will be actively courted banking with us for various financial transactions, including salary/pension/card payments, in a bid to expand the customer share of wallet (SOW); and cross-selling pursued through up-selling to maximize the retention of preferred customers. It will also attract more customers by offering product packages tailored to childbirth, school admission, employment, marriage and other main daily-life events as well as by building product line-ups for all lifecycle stages.

\* As of 2020 year-end

<sup>1)</sup> Customers with KRW 10 million or more in gross loan or sales



### Household Loans

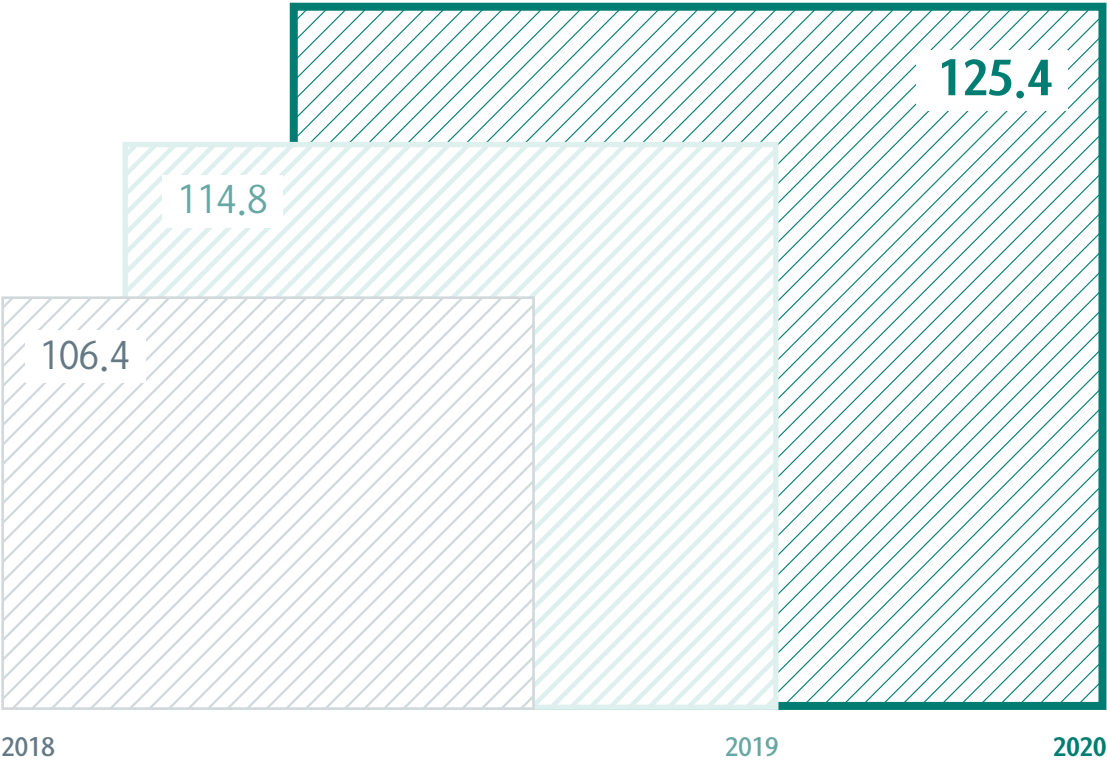
Household loans in 2020 amounted to KRW 125.3 trillion, a YoY increase of KRW 10.6 trillion or 9.2%, led mainly by quality assets. Mortgage loans decreased KRW 0.7 trillion YoY owing to a toughened regulatory environment of the housing market, but *jeonse* loans rose KRW 6.9 trillion, or 50.6%, to KRW 20.6 trillion on a growing demand. As a result, interest income from household loans reached KRW 1.0 trillion, KRW 90.0 billion higher than the initial goal for the year. Hana Bank plans to secure stable interest income sources in 2021 by focusing mainly on long-term stable assets, such as mortgages and *jeonse* loans. In addition, it will actively practice inclusive finance targeting people in need of affordable banking services and the financially vulnerable (low-income class, newlyweds, youth, etc.) in support of the government’s housing policy.

Hana Bank focused on bolstering product lineups in 2020, including mobile-only loan. As a follow-up of “Hana 1Q Credit Loan”, which was launched in 2019 to enable customers to find out their credit limits and get a loan anytime anywhere, “Hana 1Q *jeonse* Loan” was rolled out in 2020, allowing customers to check their limits as well as interest rates on, apply for and get *jeonse* loans with ease. The new product is an outcome of the Bank’s nimble responses to COVID-triggered, fast-spreading contactless trends, and a customer consensus that *jeonse* loan processes are too complicated and exhausting. Other outcomes include a *jeonse* loan product for youth and newlyweds, developed and launched in collaboration with the Seoul Metropolitan Government, and a credit loan extending emergency funds to pension beneficiaries. In addition, a mobile-only channel was built that allows for a quick and safe service for customers in the COVID-19 circumstance.

As the COVID-19 pandemic is expected to continue in 2021, Hana Bank will keep systemizing the online product line-up - “Hana 1Q Apartment Loan” soon will be added to the line-up of mobile-only credit and *jeonse* loan products, thus further expanding the selection of convenient, contactless financial services. Moreover, existing online products will be improved so that customers can extend and refinance their *jeonse* as well as credit-based loans using a mobile device. In addition to developing housing loan products for youth in collaboration with the Seoul Metropolitan Government and other local governing bodies, we will overhaul financial products developed for low income classes and strengthen our financial support for the underprivileged.

### KRW Household Loans

(Unit: KRW trillion)



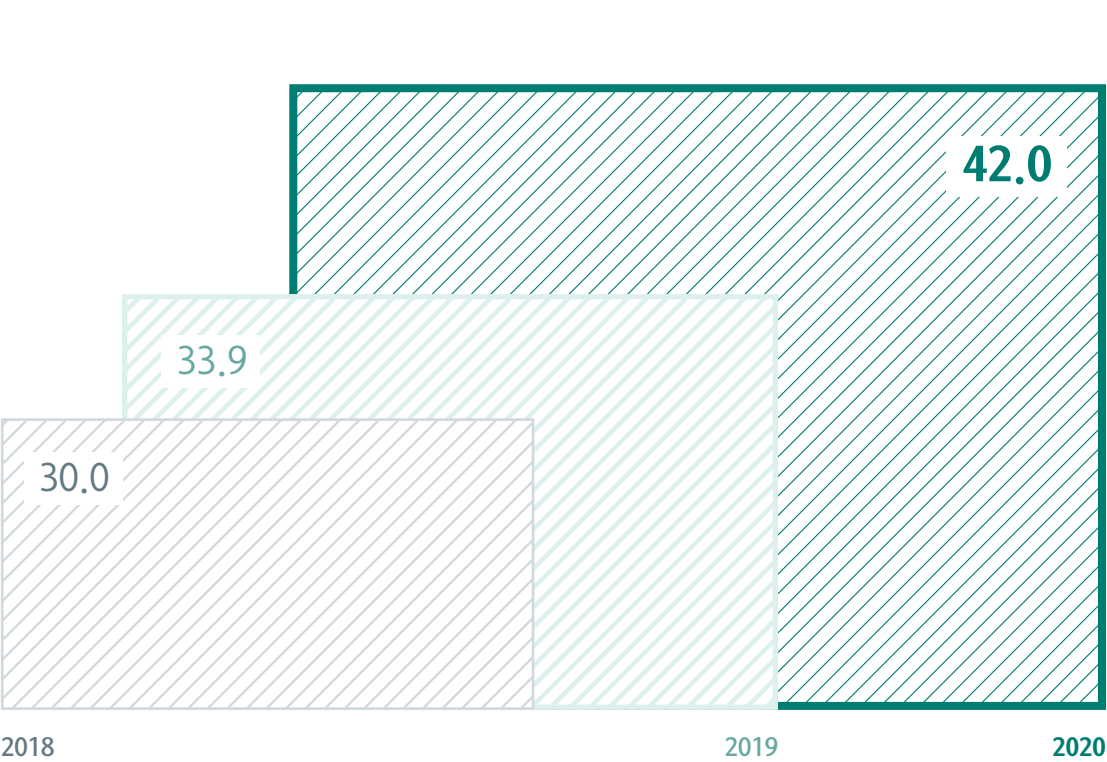
### Household Deposits

Although the real economy contracted at a rapid pace across the globe due to COVID-19 in 2020, the Korean financial market remained stable on the backs of the government’s base rate cuts and quantitative easing. Against this backdrop, Hana Bank expanded its sales with a focus on wage, pension, and other cash-inflow accounts, posting KRW 42.0 trillion in low cost funding (LCF), a YoY increase of KRW 9.6 trillion or 23.9%. Time deposits decreased KRW 2.1 trillion over the year to KRW 33.2 trillion, reflective of protracted low-interest rate trends. However, installment savings rose KRW 2.4 trillion, contributing to the stable management of liquidity risks and funding.

Hana Bank also unveiled various deposit products in 2020 in line with the latest trends and customer needs which include an installment savings product that covers pet liability insurance for free; a product customized to the needs of aging generations; and a free insurance service against damages caused by online scams.

### Household Low Cost Funding (LCF)

(Unit: KRW trillion)



In addition, “Group Installment Savings” was introduced to help branches attract such group customers as corporate employees or apartment residents. Moreover, the Bank collaborated with KEB Hana Card to develop and launch a mobile-only savings product, offering a distinctive customer experience enriched by embedded quality benefits.

In line with hyper-personalized technology trends, Hana Bank will reorganize its product lineups in 2021 by customer lifecycle phase, from fetus to post-retirement, and carry out hyper-personalized marketing. Customer lifecycle products in the pipeline include an installment savings product for pregnant women; a series of event products centered on delivering messages of dream and hope to customers hit by COVID-19 in the coming post-pandemic era; and a financial product designed, in collaboration with the Ministry of Health and Welfare, to support the underprivileged in their efforts to build assets.





Hana Bank's Private Banking Sector Awards in 2020

- Best Private Bank in Korea (Euromoney, 6 years in a row)
- Best Private Bank in Korea 2019 (The Banker & PWM, 4 years in a row)
- Most Innovative Private Bank in the World (Global Finance, 5 years in a row)
- Outstanding Private Banker – Regional Player (Private Banker International, 9 years in a row)



Private Banking

Hana Bank became the first to introduce private banking (PB) to Korea in 1995, and garnered all four of the most coveted global PB awards that are organized by world-renowned financial magazines in 2020 as well. Particularly praised were the Bank's asset management and lifecycle phase products and services for VIP customers, a solid testament to its reputation as an undisputed leader in asset management.

The banking industry experienced an untold number of difficulties in 2020, brought on by an economic shock due to COVID-19, a prolongation of ultra-low interest rate trends, and an explosive rise of stock indices in the second half of the year. However, Hana Bank achieved stable growth as a PB leader. In particular, it leveraged its superior digital capabilities to actively respond to fast-growing contact-averse trends, adopting some industry firsts, including a video consultation system for VIP customers and a real-time online asset management seminar using social media. As a result, the Bank's year-end PB asset under management (AUM<sup>2)</sup>) reached KRW 56,098.0 billion, an increase of KRW 2,179.0 billion or 4.0% YoY.

Hana Bank will implement two key strategies in 2021 – one to increase asset management combining platforms and digital technology; and the other to identify new opportunities for asset management through collaboration. In reinforcing asset management, the Bank plans to build systems through which customers can manage their assets based on the Hana 1Q platform, and to expand asset management marketing in the digital space using social media, including YouTube.

In order to identify new opportunities for asset management, Hana Bank will strengthen the collaborative ties with Hana Financial Investment and other Group affiliates, and carry out the asset management-oriented marketing based on active communications between front and back offices. It will also strive to new customers by employing tablet PC-armed outbound PBs providing services beyond the boundaries of branches and by targeting high net worth customers through “Club 1”.

<sup>2)</sup> Total sales (deposits in KRW/foreign currency funds + trust + bancassurance) under the management of Hana Bank PB



Investment Funds

A large majority of Korean funds took a massive blow in 2020, comprising a COVID-19 shock, an alarming direct investment trend among individual investors, and demoralizing aftermaths of redemption disruptions involving insolvent private equity funds. However, Hana Bank turned such crises into opportunities, fundamentally improving the entirety of its fund operations, from product sourcing, sales to follow-up service. As a result, new installment fund accounts, an area on which the Bank has long targeted for the long-term growth foundation for the fund business, increased 220 thousand over the course in 2020 to 453 thousand. The record high performance will go down as an important turning point in the Bank’s fund business in terms of recovering sales capabilities as well as customer trust.

New fund sales for 2020, however, totaled KRW 7.5 trillion, a KRW 3.5 trillion drop concentrated mostly in the first half, attributable to the coronavirus shock in general and to the aftermath of derivative linked fund (DLF) and insolvent private equity fund incidents in particular. In the second half of the year, Hana Bank quickly recovered, and thus recorded new sales of around KRW 4.6 trillion on the strengths of a

renewed focus on completing investment product sales as thorough as possible for the benefit of customer interest, of a product sourcing based on distinctive portfolio investment strategies, and of sales capabilities recovered in the second half.

In addition, the Bank generated KRW 2.1 trillion in sales through non-face-to-face channels created anew in 2020 by actively responding to the pandemic-triggered customer demand for contactless services. The figure represents a 229% increase from the previous year, an outcome of improvements made in a customer-friendly online sales process. In particular, Hana Bank proactively improved systems and content, not to mention streamlining of complicated processes, all in the interest of customers, thereby fortifying the foundation for the long-term growth of the fund business in a fast-growing contactless environment.

The securities market is forecast to rise in 2021 as a result of the ongoing acceleration of the COVID-19 vaccinations drive and economic improvements fueled by an additional large-scale stimulus policy rollout. However, as looming fears of inflation can materialize

into an interest rate hike, a portfolio strategy that can effectively counter such and other related fallouts is necessary. Global trends in the asset market include growing numbers of individual investors directly investing in securities, a rising popularity of alpha-seeking thematic funds, expanding ESG investments, and an accelerating digital transformation.

Accordingly, Hana Bank will seek to diversify portfolios in line with the emerging global paradigm shift in the coming post-COVID-19 era, while continuing to strengthen mid-risk-mid-return supply capabilities in preparation for interest rates lowering and market volatility soaring. Also pursued will be the development of new non-face-to-face fund services based on the analysis of customer preferences and behavior patterns and other measures with a focus on customer experience management in the contactless area.





Bancassurance

Hana Bank continued its growth in bancassurance in 2020, recording KRW 40.0 billion in sales, a YoY rise of KRW 5.2 billion, based on monthly calculated premiums. The increase is mainly attributable to a long-term income base comprised mostly of sales expanded over the years, to the acceleration of a channel-focused digital transformation, and to a resultant expansion of a protection-type insurance customer base. Sales income decreased KRW 4.5 billion YoY owing to a reduction in commissions on insurance sales and a rise in insurance policy cancellations following an economic slowdown. However, as the rise in 2020 sales means higher deferred commissions for 2021, sales income is expected to grow further going forward.

In new sales, installment and lump-sum products amounted to KRW 35.4 billion and KRW 709.0 billion, respectively, 18.0% and 8.0% more than a previous year, both contributing to increasing non-interest incomes. As such, bancassurance has proven itself as an effective alternative to private equity fund products which are vulnerable to temporary difficulties.

The mobile channel generated 53,631 cases of sales, over a 100% increase from 2019 driven mainly by innovative collaboration products and a new 1Q app, both introduced in 2020. The impressive growth is a testament to a successful digital transformation of the wealth management business. In particular, Hana Bank’s mobile bancassurance market share<sup>3)</sup> significantly increased over the year, relative to that of four major commercial banks, by 36.0%p to record 76.0%, thus turning into a position of advantage from which the Bank can further expand the digital channel and carve out a bigger slice of the market pie. Protection-type insurance, which plays an important role in income base and base customer expansions, recorded 57,007 sales cases, a YoY increase of 29.0% owing to the growth of mobile bancassurance, which is expected to have a positive impact on the growth of preferred customers going forward.

Savings-type insurance is expected to drop in demand and sales in 2021 in line with continuing low interest rate trends and a scheduled enforcement of IFRS17. In addition, the toughening regulation of real estate and asset markets will likely fan the growing perception of pension insurance as a viable vehicle for managing retirement assets. Also likely is a further expansion of contactless trends induced by COVID-19. Actively reflecting such trends in its daily operations and bolstering its market leadership, Hana Bank will strengthen products and services of variable and other insurance; and through which, it will rebalance mid/long-term customer asset portfolios, and continue to pursue sustainable growth of the bancassurance business. The Bank will also focus on preoccupying the mobile channel market, with an eye toward increasing the proportion of non-face-to-face sales. At the same time, it will actively collaborate with big tech, startup, and insurance companies to develop new digital bancassurance opportunities in connection with healthcare.



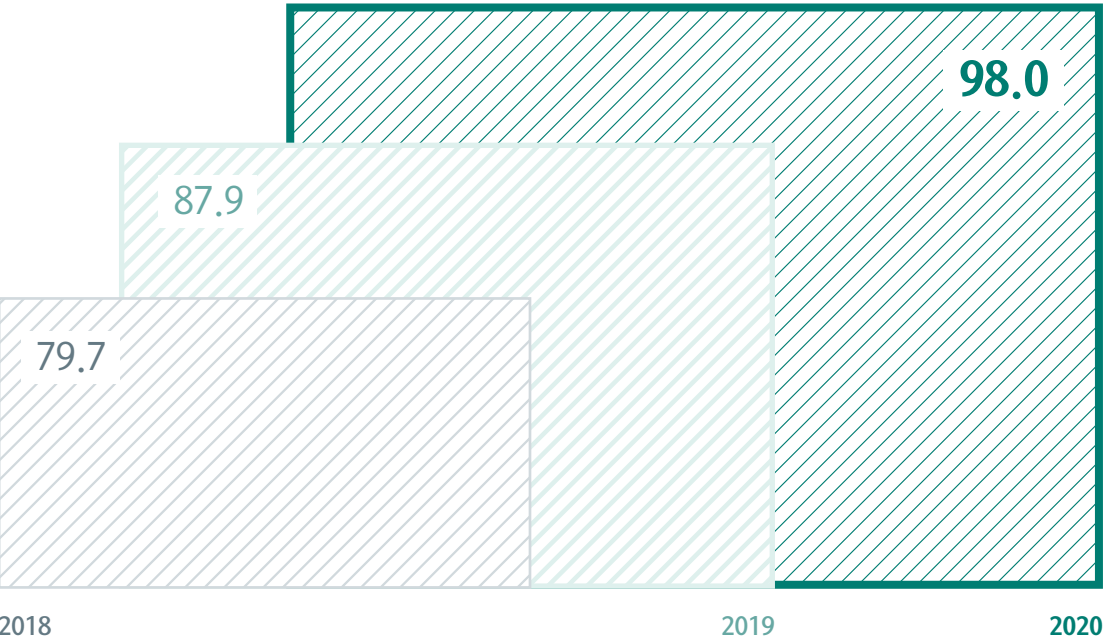
<sup>3)</sup> Based on the no. of cases



# CORPORATE BANKING

Hana Financial Group fortified the foundation for sustainable growth by supporting SMEs, the backbone of the nation’s economy, in their efforts to overcome COVID-induced difficulties in pursuit of continued growth.

KRW SME Loans  
(Unit: KRW trillion)



+11.4%

YoY growth of KRW SME Loans to record KRW 98.0 trillion

14.9%p↑

Increase of collateral coverage ratio for SME loans over the past five years

No. 1

Ranked first in evaluation of technology finance performance conducted by Financial Services Commission in the first half of 2020

\* As of 2020 year-end

## SME Loans

In 2020, all industries, including financial, faced a crisis due to fear and uncertainty induced by the COVID-19 pandemic in addition to an extended period of low growth, low interest rates, and low inflation. Fulfilling its business roles and social responsibilities, Hana Financial Group actively supported the government policy to stabilize the economy and assisted with the diverse efforts of businesses and our society to overcome the crisis. Despite difficult circumstances, we offered pandemic-hit corporate clients maturity extensions and interest payment deferrals, and expanded lines of credit for SME clients. In our efforts to expand policy funding for SMEs, we developed and implemented an RPA system for policy funding, thus improving the accuracy of product matching and significantly reducing work processing time. In addition, our Corporate Consulting Team offered services that supported such essential financial transactions of companies throughout their lifecycle as making deposits and withdrawals, borrowing, FX, import/export finance, and even business succession.

Such win-win efforts also led the growth of corporate banking. KRW SME loans of Hana Bank in 2020 grew by KRW 10.0 trillion, or 11.4%, over the previous year, to KRW 98.0 trillion. The number of SME borrowers also grew, by 81,034 or 21.4% to 403,166, maintaining its growth pace. New SME clients in 2020 numbered 125,247, a 58,095 or 86.5% increase YoY. Also, on the back of a sales strategy to boost client transactions through acquiring key customer assets as collaterals, the collateral coverage ratio of SME loans reached 82.1% in 2020, an improvement of 2.7%p from 2018 and 1.5%p from 2019.

As a result of supplying loans to SMEs and small businesses in compliance with policy directives, Hana Bank’s loan assets reached a record high in 2020, accompanied by a proportional increase in risks.

Hana Bank will therefore continually increase profits based on qualitative growth rather than quantitative asset growth by operating an optimal asset/debt portfolio. In particular, in response to variables related to government policy and a slated Basel III implementation, we will create business opportunities and bolster preemptive risk management practices. By developing new revenue sources related to K-New Deal and ESG finance as well as growing quality assets in collaboration with guaranty organizations, we will take the lead in preparing for a post-COVID-19 era. In addition, we will increase business synergies between online and offline through a digital transformation of corporate banking.



SOHO Loans

SOHO loans rose KRW 5.4 trillion or around 12.0% over the course of 2020 to KRW 50.2 trillion. The increase of SOHO loans in 2020 is KRW 2.1 trillion more than the increase recorded in 2019, and thus has strengthened the foundation for improving net interest income. The number of new SOHO clients went up by 110 thousand, twice as many as that in 2019, and as result, total SOHO clients reached 340 thousand, a YoY rise of 30.0%. This is mainly attributable to the Bank’s support of various types of businesses facing COVID-induced difficulties, including wholesale and retail businesses engaged in food, lodging, and other related services.

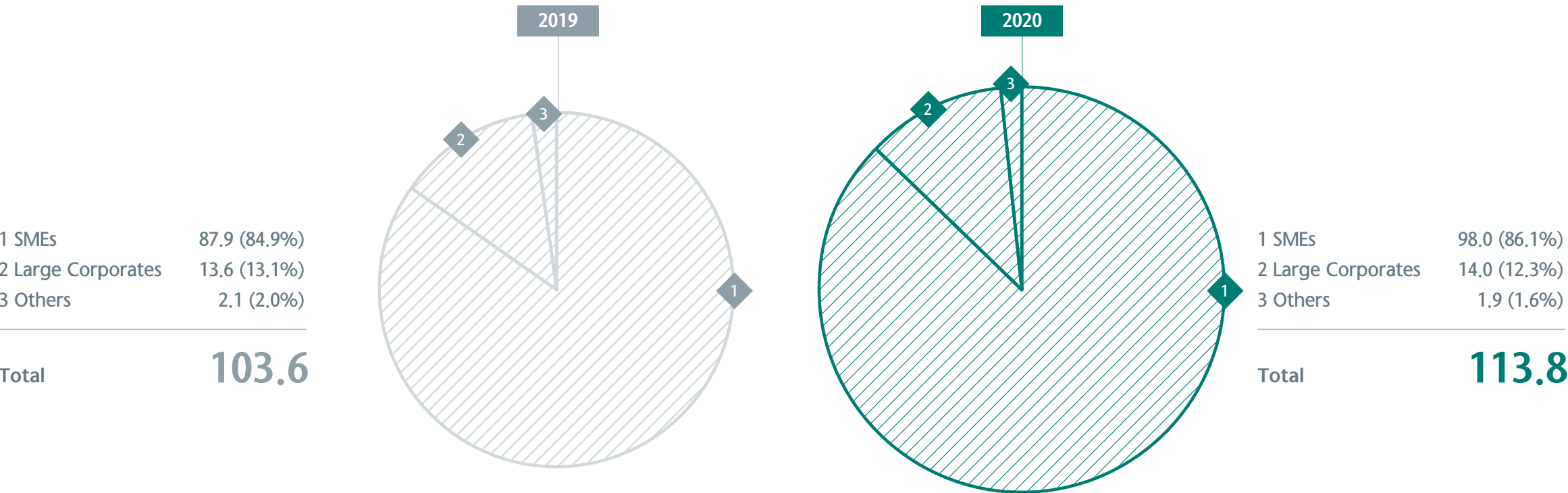
In particular, the Bank became the first commercial bank to cooperate with the Gyeonggi Credit Guarantee Foundation and Seoul Credit Guarantee Foundation to launch “Hana 1Q Guarantee Foundation Loan”, an online loan program backed by a guaranty institution, thus securing a position of advantage in the market. Hana 1Q Guarantee Foundation Loan is a loan product available only on non-face-to-face channels, offering practical benefits to small businesses in a convenient and efficient manner and contributing to Hana Bank’s expansion of the customer base in the emerging contactless era. On the strength of great response it has earned since its launch in July 2020, the product received some 5,500 qualified applications amounting to KRW 170.0 billion by the end of 2020.

In addition, Hana Bank provided distinctive support to small businesses through the “Small Business Onsite Support Center” and “Small Business Dream Center”. The former, which is separately run from Bank branches, provides consulting service in small business management as well as supporting services for SOHO-related loan. The support center has a network of 60 offices, including 35 centers in Seoul metropolitan area, strategically located across the nation, offering small businesses easy access to support measures the center develops and upgrades to the evolving characteristics of each of the areas it covers. The latter is a support center specializing in small businesses. The center is headed by a retired branch manager with an extensive SOHO-related experience, rehired to provide support to small businesses. Small Business Dream Centers No.1 and No.2 together provided small-business owners 80 cases of consulting service in 2020, of which finance-related counseling accounted for the highest percentage at around 60 cases. In addition to financial counseling, the Small Business Dream Center supports startups and small businesses in their efforts to get back on growth track as well as to connect with other consulting service providers.



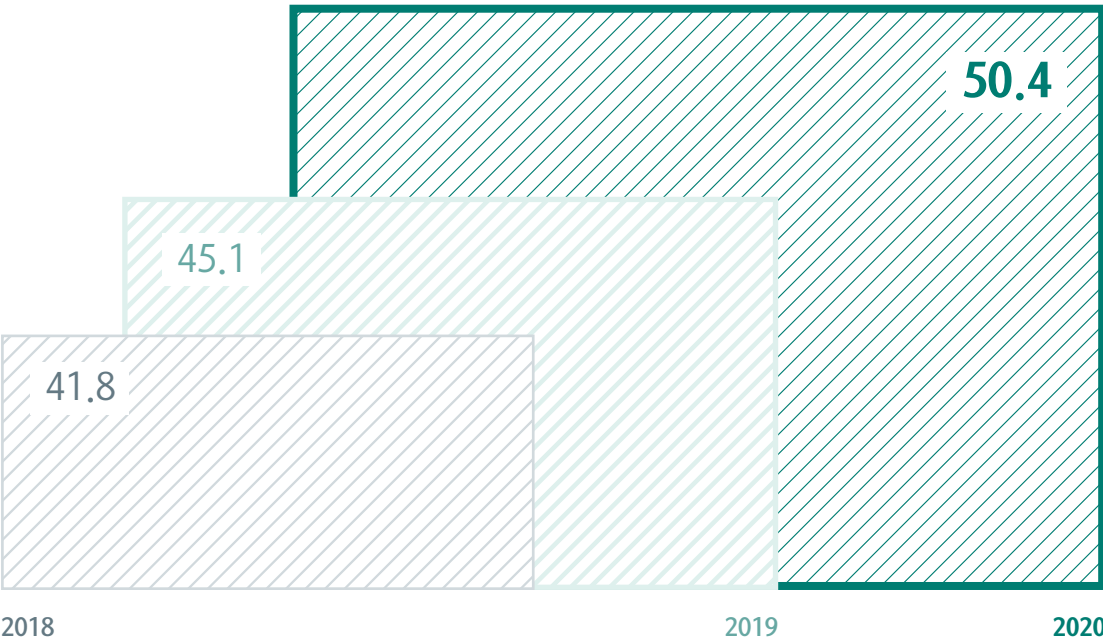
Loans to Corporate

(Unit: KRW trillion)



KRW SOHO Loans

(Unit: KRW trillion)







Commercial banks in Korea jointly launched loan facilities in 2020 on two occasions to support small businesses experiencing COVID-induced difficulties, with Hana Bank playing an active role. In particular, the Bank capped the interest rate of its second loan program at a maximum 2.9%, considerably lower than other commercial banks. The two loan facilities funneled KRW 490.0 billion and KRW 810.0 billion, respectively, leading industry-wide efforts to supply practical benefits to small businesses. As of early 2021, the first program has ended but the second one still remained available. To attract preferred SOHO clients in 2021, Hana Bank has applied to SOHO loans the machine learning (ML) model it had adopted for household loans in 2020.

Hana Bank will continue to support small businesses in 2021 and explore diverse ways to grow together in the long run. To this end, first of all, it will facilitate the contactless aspect of SOHO products. The Bank is developing a non-face-to-face process, ranging from a household-type SOHO loan application to the loan agreement, with a plan to increase the associability of small businesses by upgrading the loan extension process to enable a contactless extension of existing SOHO products.

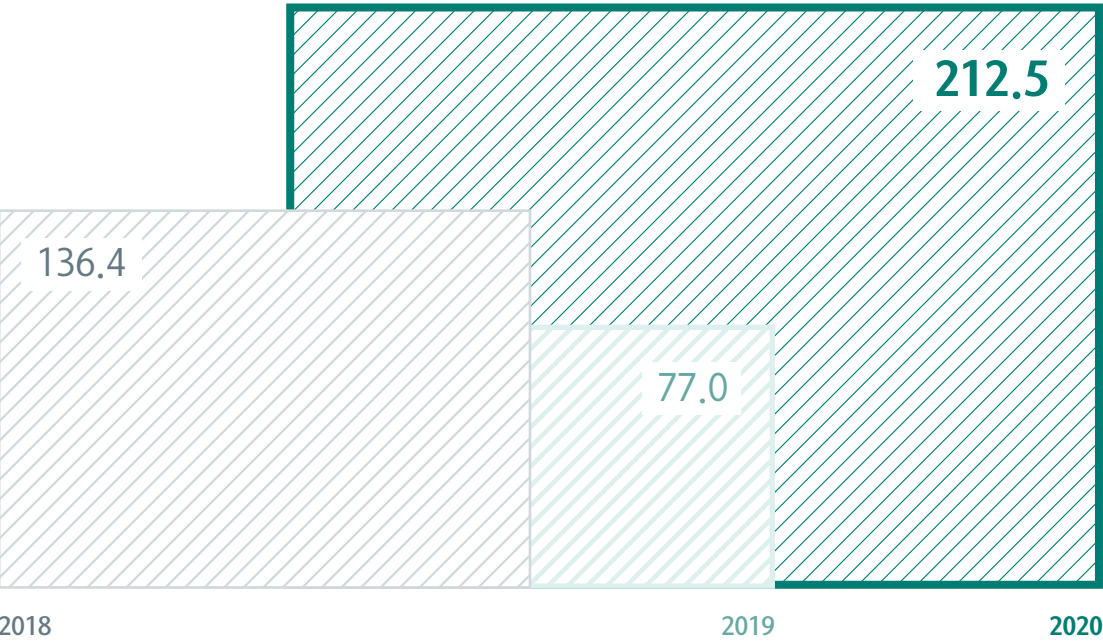
Second, it will increase matching contributions. By working together with local governments and private companies for the common goal of supporting small businesses and energizing local economies, Hana Bank will collectively make contributions to regional credit guaranty institutions and thus expand the coverage of guaranty loans. Third, the Bank will open additional Small Business Dream Centers as a part of ESG management. The last plan is to create education programs for the self-employed and small business and public interest programs, such as “Small Business Smile Project”.



# CREDIT CARD

KEB Hana Card is expediting its transformation into a payment leader, online and offline, while pursuing sustainable growth through ESG management.

Operating Income  
(Unit: KRW billion)



175.9%↑

Operating income grew 175.9% YoY in 2020 to reach KRW 212.5 billion

154.5  
KRW billion

Net income grew 174.4% YoY to KRW 154.5 billion, a record-high performance

4.3  
million

Digital customers<sup>1)</sup> rose to 4.3 million, a YoY increase of 63.0%

<sup>1)</sup> Individual customers of credit, check, and other card services

\* As of 2020 year-end

## 2020 Performance

Crises and opportunities co-existed in 2020. Due to travel restrictions induced by COVID-19, transactions at overseas merchants dropped 50.4% YoY. However, KEB Hana Card’s digital transformations led to tangible outcomes, including a YoY increase of 33.7% in individual usage of online businesses. Individual customers rose 170 thousand to 6.0 million despite offline sales difficulties due to COVID-19. The increase is mainly attributable to active participations the company took in eight regional currency programs<sup>1)</sup> run by local governments and an increase in digital subscription in proportion to the total of all sales channels. In addition, it strengthened all platforms, including “1Q Pay” and “Hana Members”, and fortified the foundation for mid-to long-term growth, while expanding the customer contact base through a strategic partnership with, and investment in, platform companies. Moreover, KEB Hana Card has been accelerating the pace of its digital innovation by transforming offline services into online benefits and through digital transformation of the entire value chain since the merchant fee reductions for small-scale businesses and SMEs in 2019.

As a result of these efforts, KEB Hana Card posted a record-high net income of KRW 154.5 billion in 2020, improving ROE by 5.6%p to 9.1%. On the back of improvements made through digital innovation in the fundamentals, credit card processing costs, including transaction approval, purchase, and third-party service fees, went down KRW 39.4 billion YoY. Card loan, cash service, and revolving-related interest incomes rose KRW 14.0 billion YoY due to increased loan assets, but asset quality improved thanks to stringent risk management. Accordingly, the loan loss provisions and unused commitment provision amounts decreased KRW 6.6 billion. Loan delinquency rate improved 0.44%p YoY to 1.02%, and credit cost ratio inched down from 2.94% to 2.93% over the previous year. In the meanwhile, KEB Hana Card had reserved proactively additional COVID-19 related loan loss provisions as a buffer to COVID-induced uncertainties, including economic and business contractions.

<sup>1)</sup> A payment made for the basic disaster fund





2021 Plans

KEB Hana Card seeks to respond to the rapid growth of global online markets and recovery of the offline market expected following the growing availability of COVID-19 vaccines. In the B2C sector, it will shift its sales focus from offline overseas merchants to phased marketing practices optimized to customer journey maps by offering flight, travel, overseas shopping, and overseas study-related services in a comprehensive manner through the expansion of G-Lab, a global marketing platform. In B2B, the company plans to offer small and mid-sized businesses engaging in global e-commerce a quick account and payment settlement service. To this end, it will cooperate with overseas purchase service platforms, VISA, and the Ministry of SMEs and Startups.

Running the existing card business based on the company’s own 1Q Pay, it will increase strategic alliances with and investment in outside platform companies, and thus expand customer contact points. In new business, the company plans to commence a card transaction business in the first half of 2021 through Toss Bank, as a follow-up to the auto finance and credit loan businesses unveiled in January 2021. As auto finance is anticipated to be the main growth engine in an economic recovery phase, KEB Hana Card will expand its business into the on/offline auto finance markets. Also planned for 2021 is a full launch of data-based business, including MyData and data distribution. As for mid- to long-term business expansions, it will acquire additional overseas purchasing licenses in Asia based on the Group’s global business network. In addition, the company will increase the number of overseas online merchants from current 140 to 200 to achieve economies of scale.

Through these and other efforts, KEB Hana Card will transform itself into a digital payment company, while also doing its utmost to realize ESG values by practicing sustainability management. The company will develop a financial platform through which small businesses and SMEs can manage their PR and sales, as part of its efforts to support SME growth, and by expanding the regional currency business, it will help revitalize regional economies. The company will also develop financial services for the underprivileged and increase alliances with and investment in startups and social enterprises to enhance social values. In addition, it will lead eco-friendly finance by focusing on increasing strategic alliances with companies that carry out eco-friendly businesses, including low carbon and electric vehicle, and also by developing a low-carbon business structure by moving toward online-only products, sales and billing.

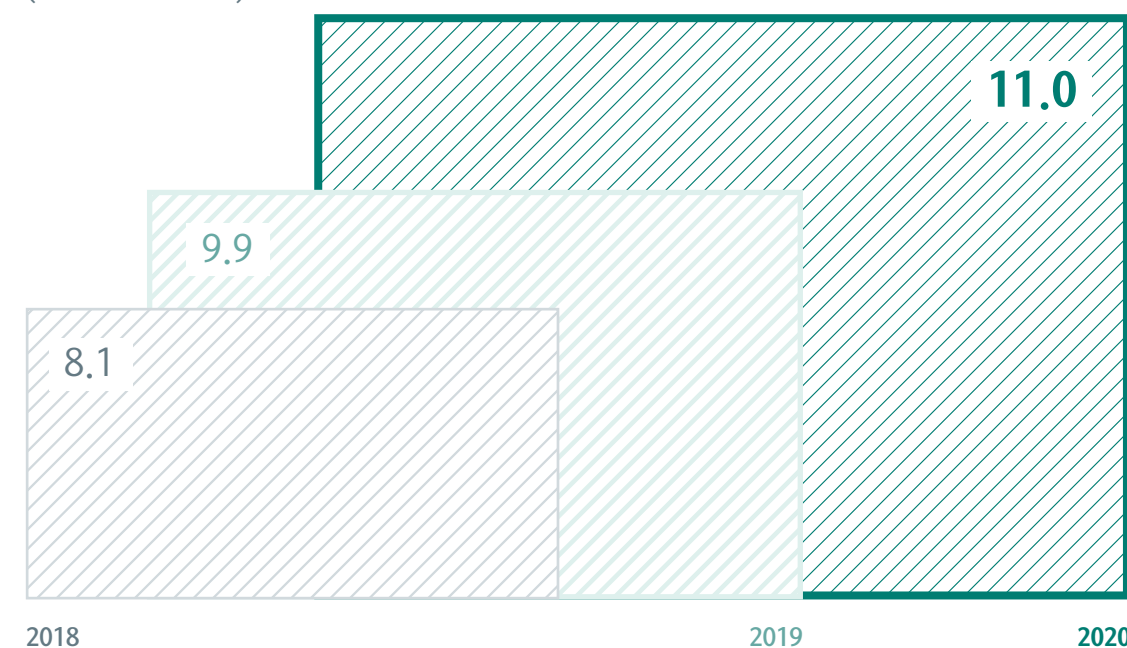


# IB & ASSET MANAGEMENT

We are facilitating collaboration and maximizing synergies among the Group affiliates, turning challenges into growth opportunities and strengthening the foundation for continued growth under the keynote of “One Company”.

## IB Assets

(Unit: KRW trillion)



\* IB performance of Hana Bank

## 52.0%↑

HFI posted an operating income of KRW 330.1 billion in WM, a YoY increase of 52.0%

## 13.0 KRW trillion

Hana Financial Group pledged KRW 13.0 trillion investments for the Korean New Deal

## No. 1

HFI ranked first in DLS/DLB market share

\* As of 2020 year-end

## Investment Banking

In light of a sluggish market environment due to COVID-19 which pervaded 2020, Hana Financial Group's “One IB” collaboration strategy shone brighter. The financing of Hahn & Company's acquisition of H-LINE SHIPPING is a prime example of the Group's One IB strategy. This KRW 1.75 trillion deal for a 100% stake in the target company has built a win-win model through a strategic partnership between Korea's top-tier private equity (PE) firm and Hana Financial Group. We provided the PE firm with an optimal M&A finance solution through the participation of Hana Financial Investment (HFI) as a co-general partner (Co-GP) and Hana Bank's senior loan. Besides, Hana Bank arranged such big deals as K-car acquisition finance and Yongsan Dragon City refinancing, built a solid track record in the real estate asset management and new & renewable energy sectors, and made other significant IB achievements.

COVID-19 had a more direct impact on global IB, causing the aviation industry to stagnate, increasing risks embedded in existing assets, and hampering site inspections, to name a few. Notwithstanding, Hana Bank arranged aircraft financing, one of its strengths, before the spread of COVID-19 took hold, and increased F/X incomes through derivatives trades, pouncing on hedging demands fueled by macro uncertainties. In addition, the Bank minimized losses by rebalancing the investment portfolio on such quality assets as data and logistics centers.

As a result of these efforts, Hana Bank's IB business recorded an operating income of KRW 316.1 billion in 2020, up KRW 9.7 billion from the previous year. The fact that the Bank's operating income increased YoY despite such unprecedented variables as COVID-19 illuminates Hana Bank's capability to effectively deal with whatever challenges that may lie in the market environment. The interest incomes from long-cumulated quality assets offset the combined effect of reductions in finance arrangements as well as in non-interest fee income, both caused by the market contraction, pointing to a future direction for the Bank to take. Fee income boosts from finance arrangements or other services should generate a greater synergy effect when are realized on the basis of long-term quality assets. Therefore, Hana Bank will double its efforts to invest more and secure more quality assets from a long-term perspective.



HFI also achieved a sharp increase in operating income in the face of limited investment opportunities due to COVID-19 pandemic on the strengths of sound business development and an investment focus on pandemic-friendly businesses, which resulted in a substantial increase in the quality as well as in the quantity of asset growth. The company posted an operating income of KRW 463.9 billion from its IB business, surpassing its 2019 record performance by KRW 149.2 billion or 47.4%. By adroitly shifting its focus to quality domestic deals and making other proactive responses to market changes amid a global pandemic, HFI was able to continue its growth. It also achieved a strong earnings performance by successfully completing many big deals, including large domestic development and eco-friendly infrastructure projects, as well as by implementing an efficient resource distribution strategy. KRW 10.0 billion+ big deals increased from KRW 48.2 billion in 2019 KRW 83.2 billion in 2020, while KRW 1.0 billion+ ones increased from 73 cases totaling KRW 230.9 billion in 2019 to 78 totaling KRW 295.0 billion in 2020.

As contactless, new-normal and other global economic trends accelerated their pace, HFI pursued new income sources, investing more in sectors with great growth potential such as smart complex logistics centers, new & renewable/eco-friendly infrastructure, and data centers. As a result, HFI solidified its leadership position in alternative investment, one of its forte. Also, the foundation for continued growth was reinforced through a reorganization of risk management units, and its competitiveness as a mega-sized investment bank was enhanced on the back of its superior performance in 2020.

Hana Financial Group is providing practical, tangible financial support for the successful implementation of the Korean New Deal, aiming to make KRW 13.0 trillion investments from 2021 to 2025. Hana Bank is participating, as a CIB member, in the “Korean New Deal Finance Team”, a control tower comprised of financial group representatives coordinating the participation of member affiliates in government-led projects. The team convenes once a month, assessing the progress of projects and sharing relevant opinions. Doing its part mostly in the form of loan, Hana Bank plans to participate in smart city and other digital infrastructure projects, in addition to PF support for photovoltaic/offshore wind/hydrogen fuel cell power as well as for data center projects. Similar investments have been underway, but the Bank has been expanding its investments in relevant industries since the government announced the Korean New Deal policy.

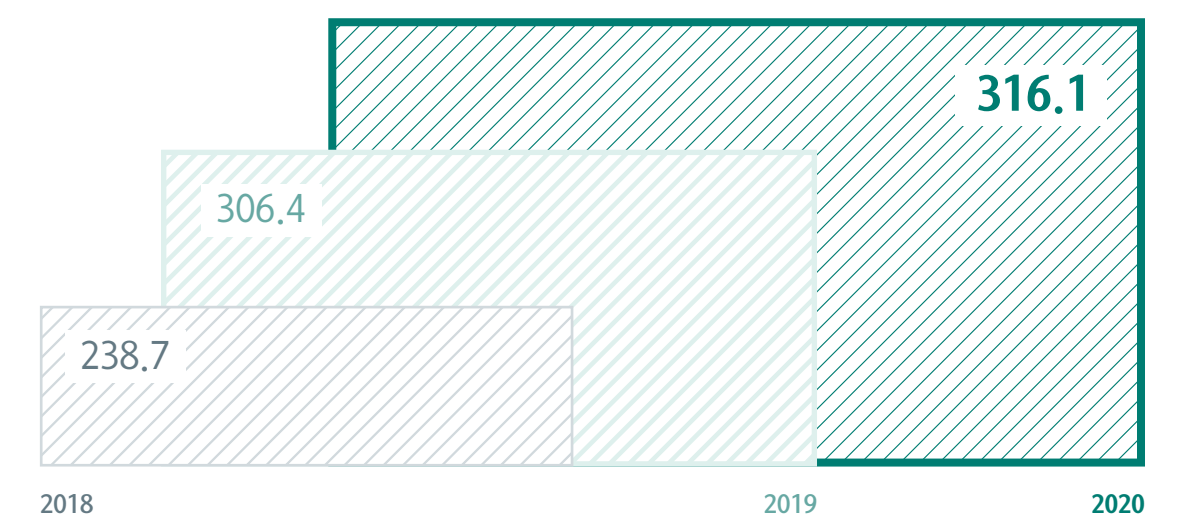
In addition, it is actively assessing the feasibility of equity investment in any of the projects as a form of support for initial project costs, thereby going beyond simple loans.

Competition among IBs is expected to further intensify in 2021 with a gradual recovery of the real economy and improving liquidity. In response, Hana Bank will first solidify its dominant presence in the M&A finance market, where mega-size securities are steadily increasing their market shares leveraging their existing PE network and ties among their affiliates. In addition to making strategic investments to secure arrangement rights, the Bank will build up the foundation for creating long-term and stable income source by facilitating PI.



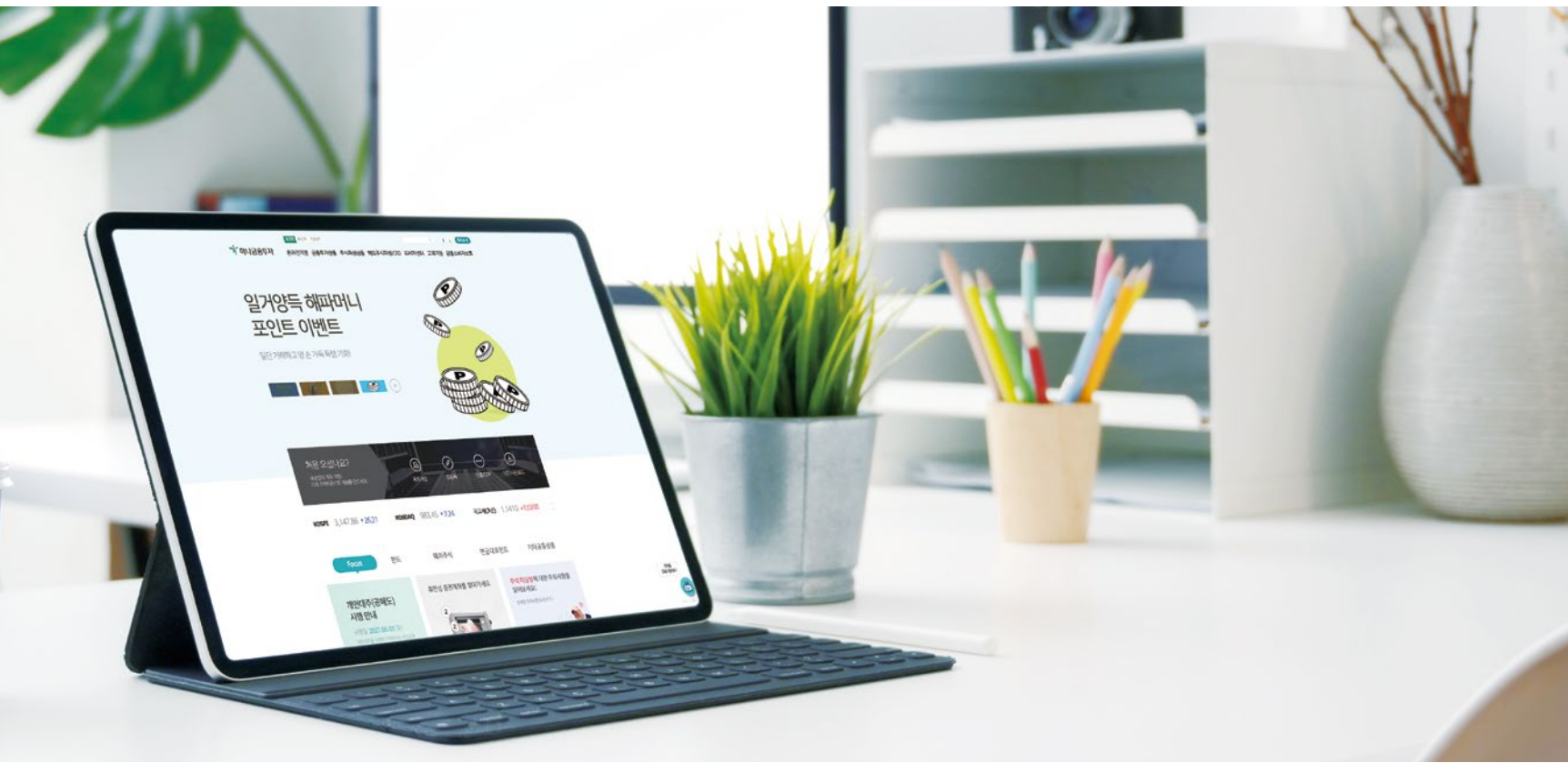
### IB Operating Income

(Unit: KRW billion)



\* IB performance of Hana Financial Investment

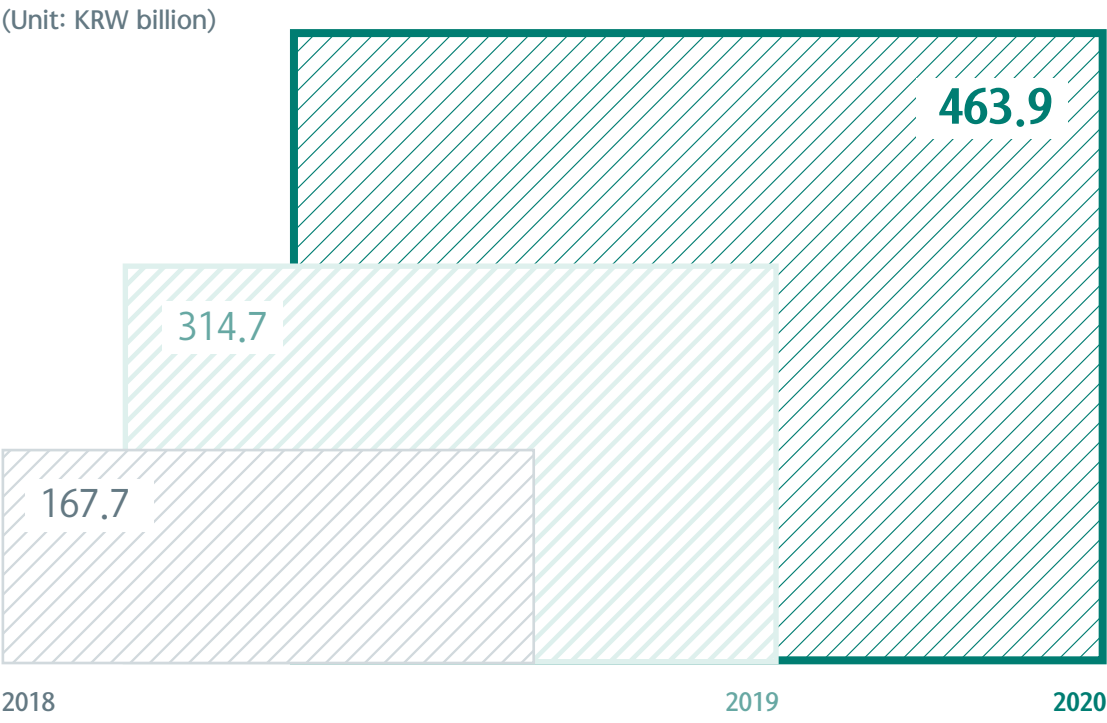




Second, Hana Bank will preoccupy quality assets by actively investing in Korean New Deal projects. In the green new deal area, inclusive of photovoltaic, offshore wind, and hydrogen energy, it will secure assets by implementing investment strategies each customized by product. In the digital new deal area, it will consistently invest in government-led digital infrastructure projects. Third and last is strengthening competitiveness in the global market. The Bank will bolster competitiveness, focusing marketing on global sponsors, hiring local talent, and diversifying asset and country portfolios. Prior to the normalization of the aviation industry, it will make a preemptive investment in the form of aircraft financing to gain a first-mover advantage.

The paradigm of the global financial environment is changing at a pace faster than we think, and this transition of ecosystem is being accelerated by global issues such as the COVID-19 crisis. Establishing a sustainable finance system, which includes green finance and ESG management, is gaining greater social importance. Accordingly, HFI has established strategic goals and is implementing action plans to lead new economic and industry trends. Further improving its capabilities on the pros of being a mega-size IB, HFI will invest in the direction of sustainability that will take the company beyond the environment and social aspects of ESG management and all the way to the essence of financial business.

IB Operating Income



\* IB performance of Hana Financial Investment

Big Deal Performance

Classification	2019	2020	YoY
More than KRW 10 billion	4 cases, KRW 48.2 billion	4 cases, KRW 83.2 billion	0 case, KRW 35.0 billion
KRW 1 billion - KRW 10 billion	73 cases, KRW 230.9 billion	78 cases, KRW 295.0 billion	5 cases, KRW 64.1 billion

\* Performance of Hana Financial Investment

Brokerage

In 2020, HFI garnered an operating income of KRW 330.1 billion from its WM business, a record performance in retail banking and a YoY increase of KRW 112.9 billion or 52.0%. Of the sum, brokerage fee income amounted to KRW 188.3 billion, over a two-fold increase from the previous year. This significant increase is mainly attributable to the low interest rate-based monetary policy aimed at increasing liquidity to create economic growth in many countries around the world and an unprecedented jump in the number of individual stock traders, although financial market uncertainties, including a drop in stock prices and concerns over an economic downturn, peaked due to the global spread of coronavirus in March 2020. Brokerage fee income accounted for 57.1% of HFI's operating income from retail business, up 17.6%p from the previous year.

Of brokerage fee income, income from overseas securities and derivatives brokerage operations amounted to KRW 23.0 billion, over a two-fold increase compared with the 2019 figure. In particular, brokerage fee incomes generated by on/offline channels reached KRW 24.3 billion, a YoY increase of 171% driven by digital-first policies and incentives implemented in 2020. Customer assets also rose KRW 19.8 trillion YoY to KRW 66.1 trillion on a substantial increase in stock prices and in new customers, of which deposit assets increased KRW 18.1 trillion YoY to KRW 47.1 trillion.

The real economy is expected to steadily recover in 2021 with the increasing availability of COVID-19 vaccines and a continuation of the loose monetary policy of countries around the world. The persistence of low interest rate trends and growing liquidity are expected to further fan the preference for stock investments.

HFI will make continuous efforts to recapture inactive customers aimed at increasing deposit assets, an income base, and keeping assets active, so that the 2020 increase in brokerage fee income does not go down a one-off but instead leads to bigger growth going forward.





To further expand global income, the company will focus on increasing the base assets of the overseas securities business, by bolstering referral sales involving Hana Bank's high net worth (HNW) customers and opening FX accounts in link with overseas securities; as well as on improving content competitiveness through fractional share trading and other system upgrades and collaboration with overseas securities specialists. In overseas derivatives, HFI will expand the customer base by enhancing system competitiveness, including the adoption of a new web trading system (WTS), and diversifying products.

In response to the growing importance of digital finance and other changes of the times, HFI will focus on expanding its customer base by upgrading mobile platform ecosystems and providing AI-based hyper-personalized financial services. Also planned are increasing customer contact points as well as new customers, diversifying digital content and expanding the partnership base with external digital platforms. To ensure a smooth implementation of these and other digital strategies, the company will continue securing digital talent and upgrading the infrastructure for digital finance.

### Sales & Trading

In the sales & trading (S&T) area, HFI recorded an operating income of KRW 138.6 billion in 2020, a YoY reduction of KRW 25.1 billion or 15.3%. ELS/ELB and DLS/DLB issued in 2020 amounted to around two thirds of 2019's, affected by a reduction in the total issuance of equity- and derivatives-related products in 2020 due to stringent regulations imposed on the market.

HFI issued some KRW 4.9 trillion worth of ELS/ELB and around KRW 3.8 trillion of DLS/DLB in 2020. In particular, it actively supplied non-complex products for low-risk investors and increased the supply of structured products based on fixed-income, currency, and commodity (FICC) by extending the supply line to diverse external companies and institutional investors. As a result, HFI expanded its DLS/DLB market share to 17.19%, the largest share.

In sales, HFI stayed focused on supplying principal-guaranteed/partial principal-guaranteed products through relevant sales channels in line with an increase in retail customer demand for non-complex and low-risk products. It also increased the supply of FICC structured products tailored to the risk appetite of institutional investors. HFI issued around KRW 4.9 trillion of ELS/ELB and KRW 3.8 trillion of DLS/DLB in 2020, the latter being the industry's largest, befitting its reputation as the de facto derivatives leader. In trading, profit/loss volatility soared in the early part of 2020 due to the COVID-19 crisis.

Nevertheless, HFI overhauled the market monitoring system, created an overseas fixed-income unit, and retooled risks management systems, all to significantly increase investment returns from diverse operations, including repurchase agreement, domestic fixed-income, global arbitrage, prop trading and PI. HFI's contract for difference (CFD) service, in particular, was launched in 2019 as a late comer but ranked third in terms of market share within a year.

The ELS/ELB and DLS/DLB market is expected to stay distressed in 2021 amid prolonged COVID-19 situation as the capital flight to the stock market is more than likely to continue, a trend started toward the end of 2020. In particular, the customer protection-centered legal and regulatory revisions slated for the first half are more than likely to further dampen the ELS/DLS issuance market.

Against this background, HFI, in order to diversify its income source, will reinforce its platform business, alternative investment and retirement pension management, while diversifying interest rate and credit hedges as well as expanding global macro trades and market arbitrages. In particular, the company plans to actively use the platform business to secure stable income sources. For instance, HFI aspires to become the leading provider of CFD services by growing assets and diversifying hedge structures, while also planning to develop and list a diverse range of exchange-traded notes (ETNs) tailored to different investor needs through active market research and analysis.

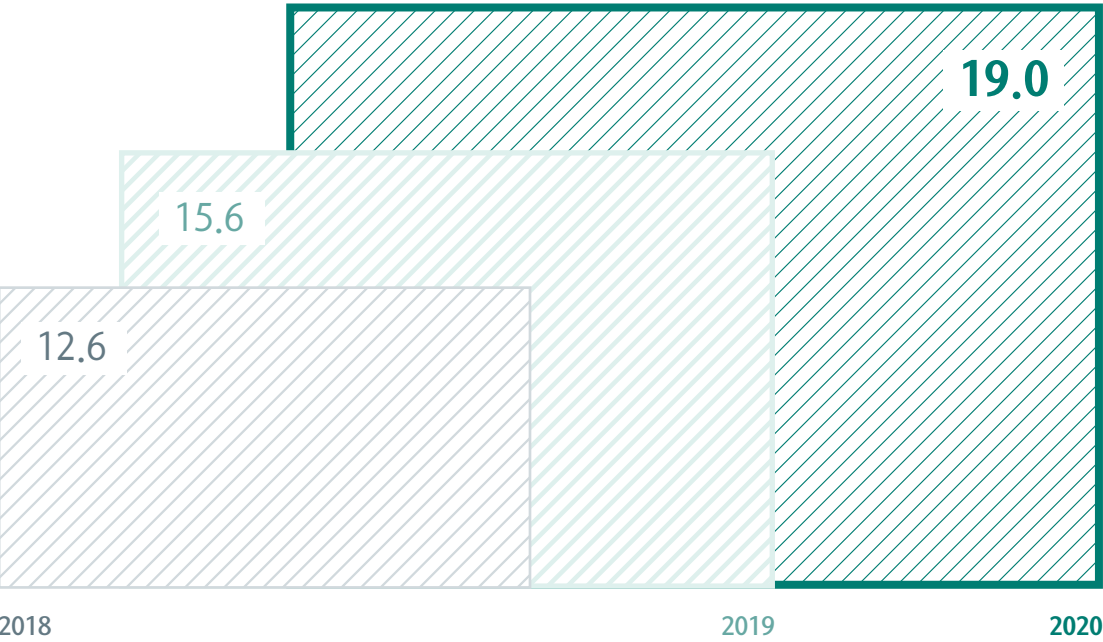


# PENSION & TRUST

Hana Financial Group will protect customer assets and maintain its growth by accurately reading market changes and providing services that foresee customer needs.

Balance of Retirement Pension Contributions

(Unit: KRW trillion)



21.5%↑

Balance of retirement pension contributions grew 21.5% or KRW 3.4 trillion YoY

155  
KRW trillion

AUM of fund management services grew KRW 3.0 trillion YoY

Top3

Retirement pension market share in Korea moved up one position to 3rd place in the banking industry

## Retirement Pension

The retirement pension market grew 15.5% YoY in 2020 to KRW 256.0 trillion. The 2020-end balance of retirement pension contributions of Hana Bank amounted to KRW 18.9 trillion, a YoY increase of KRW 3.4 trillion or 21.5%. To review contributions by type, IRP grew most by KRW 1.3 trillion, or 46.3%, followed by defined benefit (DB) and defined contribution (DC) by KRW 1.1 trillion and KRW 0.9 trillion, respectively.

Hana Financial Group created Pension & Trust Unit in early 2020 and facilitated organic collaborations between its banking and non-banking sectors for a stronger position in the retirement pension market, moving up from 4th to 3rd place in the banking industry market share. Hana Bank strengthened product competitiveness on the back of organic collaboration with other Group affiliates, such as launching installment savings-type IRP with Hana Savings Bank and free-style installment-type principal-guaranteed IRP products with Hana Life, an industry first for both. As part of the effort to improve the earnings performance of retirement pension funds, Hana Bank focused on selling target-date funds (TDF), a pension product aligned to the start of customer retirement. As a result, the Bank maintained its No. 1 position in TDF market share, became the industry’s top performer in rate of return (ROR) on DC-type non-principal-guaranteed products<sup>1)</sup>, and improved the earnings performance in other pension sectors. In strengthening the competitiveness of non-face-to-face sales channels for retirement pension funds, the Bank completed the digitalization of the processes for commencement/cancellation of pension payments and pension account transfers. Hana Bank also achieved such diverse outcomes through the digitalization of the retirement pension business as a system for verifying the ability of companies to honor their retirement-related obligations to retiring employees.

Most large corporations have already adopted retirement pension plans. In addition, the 2021 plan to raise the ratio of corporates’ retirement benefit funds, from 90% to 100%, managed by third-party pension managers was postponed to 2022 due to COVID-19. As such, the retirement pension market is expected to grow 11.0% to KRW 285.0 trillion in 2021, somewhat slower than in 2020. By type, DC and IRP are likely to grow at a rate higher than DB’s, and in response to interest rates remaining low and a booming stock market, market interest in rates of return on retirement pension products will likely reach all-time highs.

\* As of 2020 year-end

<sup>1)</sup> Refer to the Financial Supervisory Service’s Integrated Pension Portal for detail information



In line with these market forecasts, Hana Bank will expand the supply of products in collaboration with the Group affiliates and other financial companies, and develop high-margin products based on its diversified base assets. To this end, it will launch products reflecting the characteristics of each plan, and thus offer more choices to customers based on the product development strategy for responding to a greater diversity of needs. In addition, by expanding the online customer management center, the Bank will reduce unmanaged pension assets and steer customers towards rolling over their maturing investments, and by expanding the offline services of DC team, will increase team visits to corporate clients and their employees with a portfolio of new custom products.

Moreover, it will continue its efforts to improve ROR by establishing a ROR management system, in order to automate the offering of individually-customized product portfolios, and by developing an AI model portfolio exclusively for managing retirement pension investments through collaboration with the Hana Institute of Technology. Also to be improved are the usability of mobile services related to pension account management and online channels involving customer consents on retirement pension operations and education of new customers.



Breakdown of Retirement Pension Contribution

(Unit: KRW billion)

Hana Bank	2018			2019			2020		
		Change (Amount)	Change (%)		Change (Amount)	Change (%)		Change (Amount)	Change (%)
Total Contributions <sup>1)</sup>	12,629.6	1,916.6	17.9	15,631.5	3,001.9	23.8	18,994.6	3,363.1	21.5
DB	7,368.8	622.0	9.2	8,613.6	1,244.8	16.9	9,723.7	1,110.1	12.9
DC	3,268.5	634.2	24.1	4,095.3	826.8	23.6	4,949.7	854.4	20.9
Personal IRP	1,947.1	660.1	51.3	2,922.6	975.5	50.1	4,274.3	1,351.7	46.3

<sup>1)</sup> Including corporate IRP





## Trust

In managing entrusted assets, Hana Bank in 2020 enhanced product competitiveness and met customer needs by supplying a wide range of new products in line with market trends, thereby continuing its stable growth. As maintaining the growth rate became uncertain due to COVID-induced business challenges amid a consumer-centered regulatory environment, the Bank focused on launching new structured products such as partial guarantee equity-linked trust (ELT), shooting-up, and principal payment-type equity-linked bonds (ELBs) as well as on the supply of high-grade fixed-income products. To proactively respond to a fast-aging population and other demographic changes, Hana Bank launched “100 Years Living Trust Center” in July 2020 and released “100 Years Safe Trust I, II” and “Prior Bestowal Trust”. Through an IRP-linked care trust adopted in collaboration with Pension Business Support Section, the Bank established a means to manage pension assets and payments in a more stable manner for more financially secured post-retirement lives of customers.

The combined effect of these and other efforts put forward by the Bank in 2020 were overshadowed, however, by an industry-wide drop in demand for trust products and an ever-stringent regulatory environment. As a result, total trust sales and commissions decreased, albeit slightly, by KRW 70.5 trillion and KRW 147.4 billion, respectively.

However, the Bank maintained the second largest market share in trust sales by continually supplying new alternative products and simplifying financial bonds.

Hana Bank was re-selected as an alternative asset trustee for the National Pension Service in 2020 on the basis of its fund management expertise and distinctive services. As a result, the Bank will manage the investment assets of the world's third-largest public pension fund for the next three years. It also succeeded in winning an open bid to become a fund manager for Prudential Life Insurance, proving once again its capabilities.

Owing to these and other achievements, trustee & custodian business section recorded KRW 155.0 trillion in AUM in 2020, a YoY increase of KRW 3.0 trillion. Which is the outcome of a strategic focus it maintained on attracting new institutional investors and overseas investment fund assets in the face of difficult market circumstances, including COVID-19 and a sluggish fund market. Hana Bank plans to increase AUM by continually taking a proactive response to market environment and regulatory changes.

Trust section plans to actively respond to an uncertain market environment forecast for 2021. It will focus on increasing the supply

of fixed-income products with relatively high stability and profitability in anticipation of a further cut in interest rates and a continuation of COVID-induced economic uncertainties. By combining the strengths of trust with those of select investment products backed by collateralized loans, real estate development, accounts receivables, and other high-quality assets, trust section will supply stable fixed-income investment products, and actively respond to diverse customer demands. Also taking advantage of the growing popularity of video chats, it will further expand online transactions with a focus on establishing a customer-centered transaction environment. Through IT upgrades, it will get ahead of fintech and internet banks in the competition for customer contact points. It will also contribute to strengthening the Bank's role as a social safety net and enhancing social values by continually developing and supplying dementia/care products for the fast-aging population of Korea, strengthening pension product functions for the stability of post-retirement lives of many, expanding bequest management services, and promoting a donation culture.

Trustee & Custodian Business Section will increase AUM and focus more on internal controls and risk management with regard to fund management. By further digitalizing its fund operations, it will also build a digital base from which to better respond to the fast-changing market environment.



SUSTAINABILITY

PEOPLE

Our people are what drives Hana Financial Group to achieve its sustainable growth.

Embodying business ethics and possessing professional expertise of the highest order, all employees of Hana Financial Group pursue sustainable growth through finance. And as a responsible employer, the Group provides full support in diverse formats and builds the best workplace possible so that all employees can unlock their full potential.



Promoting Business Ethics

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 are composed in short sentences to facilitate clear understanding and help employees exercise their ethical responsibilities in their daily lives.

As a result of our efforts to instill ethical management in our corporate culture, in 2019 Hana Financial Group was able to acquire both the ISO 19600 and ISO 37001 certifications, international standards on compliance and anti-bribery management systems. This industry-first achievement has brought the attention of domestic and international business communities to our successful operations of compliance and anti-bribery management systems. In 2020, Hana Financial Group commenced a project standardizing internal controls across its operations with an eye toward strengthening all internal controls to a level where finance becomes synonymous with trust. Improving on compliance management, anti-corruption and internal controls, we will continue to be a new role model for Korea’s financial industry.

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.



Respecting Human Rights

Hana Financial Group had made its “Declaration of Human Rights” in December 2017, to meet international standards on human rights management and to further strengthen sustainability management. The declaration reflects our mission, “Growing Together, Sharing Happiness” and ethical standard “Code One” as well as the “UN Guiding Principles on Business and Human Rights” of United Nations Human Rights Council, and the “Guidelines for Human Rights Management and Checklist” of National Human Rights Commission of Korea. Practicing our “Declaration of Human Rights”, we will do our utmost to prevent any violations of the human rights of all stakeholders.

Empowering Our People

**ATTRACTING AND RETAINING THE BEST TALENT** Hana Financial Group considers dedicated employees as our most important asset and accordingly supports their efforts to grow into experts in their respective fields. We provide a systematic career development training to all employees, irrespective of their position, and are making such efforts at fostering them into leaders of the Fourth Industrial Revolution era as establishing a program roadmap for nurturing digital experts and offering training programs customized by job category.

Aiming to increase the share of overseas business income to 40% of total income by 2025, we overhauled existing human resources development (HRD) programs into a Group-wide system under the name of “Global Talent (GT)”. We then created two pools, GT1 and 2, of global talent separated by degrees of their overseas exposure and developed talent programs to the objectives and required traits of each pool. GT1 is comprised of employees possessing basic capabilities to conduct global business, and GT2 is a group of employees who can work overseas immediately or with minimum training. We provide GT1 talent with language and other types of training related to basic overseas work skills, and GT2 talent with programs designed to develop practical job skills, thus enhancing the level of their preparedness for working overseas. Through this system, we will foster future talent who can lead the implementation of the Group’s global strategies, thus preemptively and proactively responding to fast-developing changes in the global financial market.



ISO 19600 & ISO 37001

Acquired international certifications on both compliance and anti-bribery management systems for the first time in Korea’s financial industry



Code One

A set of 25 ethics guidelines which governs decisions and actions of all employees at Hana Financial Group

Core 7

The seven core principles of action for execution of Code One and promotion of ethical management

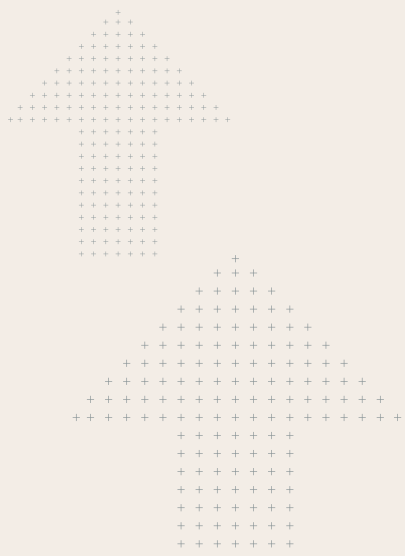
**CREATING A GREATER WORKPLACE** We support a happy and healthy workplace and encourage employees to balance their work and life. We also promote a corporate culture where employees communicate and cooperate with others based on our humanity-centered management philosophy, and as part of the efforts, we operate a two-way communication channel in the Group portal. In addition, by expanding and encouraging the use of a mobile electronic library, we induce employees to enjoy reading books online, and by offering knowledge trend reports through the Group newsletter, we support employee efforts to become creative, convergent talent in a digital era.

In addition, Hana Financial Group seeks to improve work efficiencies and thus help improve employees’ work-life balance. In 2020, we sought to establish a work environment where employees can readily balance their work and life by encouraging them to leave work on time, turning off PCs at specific hours, and having a monthly “Family Day”. We also supported employees’ work-life balancing, adopting a “Smart Lounge” system to reduce branch hours and expanded the application of robotic process automation (RPA) to other repetitive processes.

Hana Bank encouraged employees to adopt and address one another in English nicknames in order to promote proactive communication among generations and to thus facilitate cognitive flexibility, with the goal of creating a horizontal organizational structure. Also, to do away with the long-held conservative image and to instead highlight the autonomous and innovative sides of financial business, we adopted a casual dress code, enabling employees to serve customers in a more friendly and trust-inspiring manner.

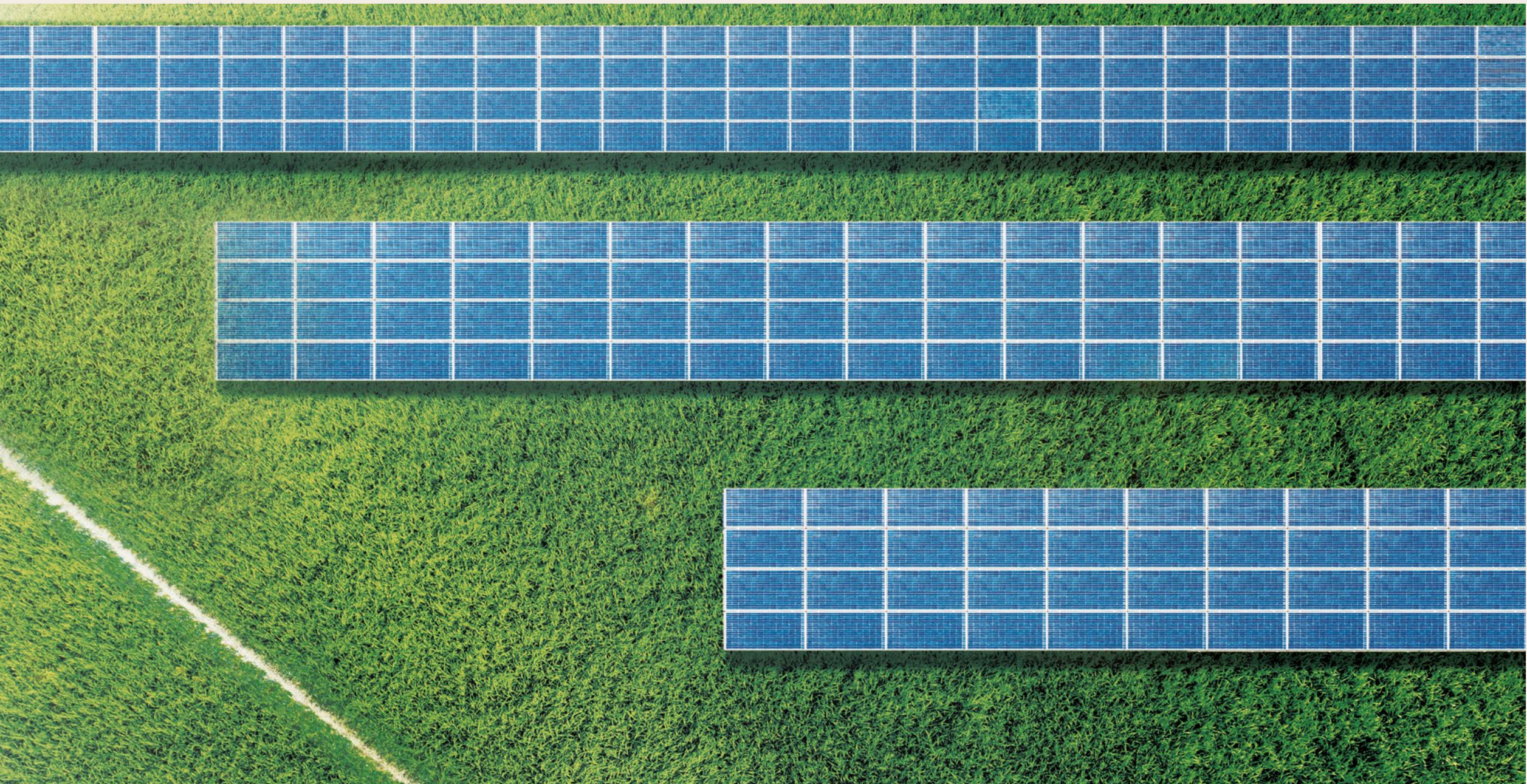


# PLANET



Pristine nature is a precious asset that we should do our best to preserve and protect.

Hana Financial Group is therefore implementing diverse efforts to reduce greenhouse gas (GHG) emissions at the Group level, supporting related global initiatives, and fulfilling its role as an eco-friendly financial institution supported by all of its employees proactively practicing environmental management in daily life, all in the interest of green growth.



## Green Growth for All

**BIG STEP FOR TOMORROW** Hana Financial Group declared its mid- to long-term ESG vision, “Big Step for Tomorrow”, promoting the maximization of value for all stakeholders in accordance with its “NEXT 2030 Management Principle” and practicing its mission of “Growing Together, Sharing Happiness”. In addition, we have set “2030 & 60” and “Zero & Zero” as two strategic goals to reach on our journey of realizing the vision. The former represents our intention to supply KRW 60.0 trillion through ESG finance by 2030, and the latter is our resolve to reduce the financing of coal-related project to zero and to leave no carbon footprint throughout our operations by 2050.

To achieve “2030 & 60”, we have established “Hana-Taxonomy”, a system for sustainable finance, and environmental/social risk management systems, thereby setting standards in ESG finance. Based on these standards, we are improving relevant processes in order to transparently disclose the progress we make toward the strategic goal. In implementing “Zero & Zero”, we seek to actively take part in the Korean government’s “2050 carbon neutrality” goal, and to lead the transition toward a low-carbon economy through contribution to the expansion of the new and renewable energy market. Most significantly, we have declared our intention to no longer finance or underwrite any coal power generation projects at home and abroad. Also, conducting nine tasks we have identified as crucial to achieving the two objectives, we will increase our social contributions through finance, enhance the transparency in ESG management, and facilitate the transition to a low-carbon economy.

Moreover, we created the Sustainable Management Committee within the Board of Directors, with an aim to strengthen ESG Management, which is authorized and responsible for making decisions on matters related to ESG in Group operations, including strategy and policy formulation. Through the Committee, we will proactively respond to global ESG issues and establish effective ESG strategies for implementing the Group’s three strategic direction - platform-based, globally-oriented, and socially-responsible finance.





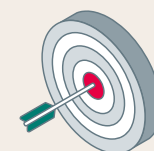
**SUPPORTING GLOBAL INITIATIVES** Hana Financial Group is committed to green management, minimizing GHG emissions as part of its response to climate change. Based on the international standard environmental management system of ISO 14001 adopted in 2018 by the holding company and Hana Bank, we have been systematically managing environmental indicators and improving energy efficiencies. We are also striving to minimize GHG emissions and meet annual reduction goals, thereby taking an active part in global initiatives to reduce GHG emissions.

For these and other efforts, Hana Financial Group won “Leadership A”, the top grade recognition in climate change leadership from Carbon Disclosure Project (CDP). CDP supports thousands of companies to measure and manage their risks and opportunities on climate change, water security and deforestation, at the request of their investors, customers and stakeholders. Through CDP, more than 9,600 companies around the world disclose information on their environmental responses; and some 270 companies, including seven in Korea, are in the A-List of the climate change response category. Since our first participation in the CDP program in 2016, we have made the “CDP Korea Carbon Management Sector Honors” list in the financial category; and for the first time in 2020, we received the top grade, gaining worthy recognition for our excellence in climate change response-related governance, risk management, business strategy, and management of GHG reduction goals and performances.



#### MID- TO LONG-TERM ESG VISION

## BIG STEP FOR TOMORROW



#### STRATEGIC GOALS

**2030 & 60**

Supplying KRW 60.0 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

As a follow-up to our responses to climate change risks, detailed in the 2019 Sustainability Report, in line with the “Task Force on Climate-related Financial Disclosures (TCFD)”, we plan to publish a TCFD report in 2021. Moreover, we will actively take part in the government’s “2050 carbon neutrality” goal and to lead the transition toward a low-carbon economy. To this end, we will seek to play a pivotal role as an intermediary, one of the fundamental roles of a financial institution, in the virtuous cycle of capital reallocation which in turn leads to sustainability. Furthermore, in our efforts to help establish climate finance in Korea, we will support collaborations among supervisory institutions, the new and renewable energy market, and local communities, and in order to lay the base, we are looking into ways to develop an ESG product classification system that incorporates global taxonomy.



# PROSPERITY

## Hana Financial Group strives for a happy financial life of all stakeholders.

In pursuit of our mission of “Growing Together, Sharing Happiness”, we make continuous and utmost efforts to enhance “Happiness for All”. In particular, we are faithfully fulfilling our responsibilities as a member of society by steadying the direction of our social contributions toward resolving issues facing our societies and satisfying practical needs.



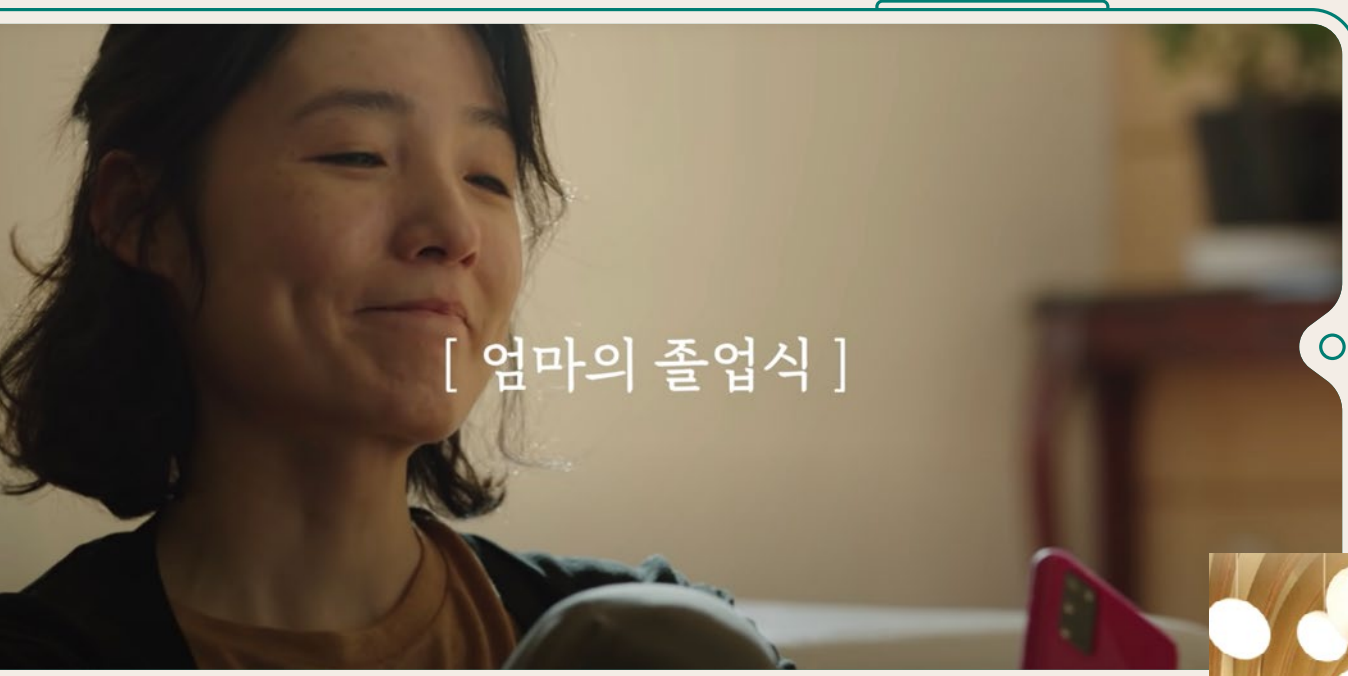
### Happiness for All

Hana Financial Group declared its “NEXT 2030 Management Principle” in 2019, publicly expressing its resolve to enhance social values for all of its stakeholders, including customers, employees, shareholders, and society. In 2020, following up on the declaration of the new management principle, we sought to significantly increase value creation through social contributions, focusing on six major areas – supporting childcare, preparing for Korean reunification, social finance, supporting the disadvantaged, global social contribution, and social responsibility.

In addition, as a corporate citizen of the global community, we support the 10 principles of the UN Global Compact (UNGC). In connection with the UN Sustainable Development Goals (SDGs), we practice the Principles for Responsible Banking (PRB) established by the United Nations Environment Program Finance Initiative (UNEP FI), fulfilling our responsibilities as an enactor and signatory of the PRB. In particular, we continue to contribute to such social values as job creation, talent development, and cultural well-being through diverse avenues; and to ponder the development of crowdfunding platforms using innovative technologies as a way to practice inclusive finance. Going forward, we will work toward building a healthy society where all stakeholders can live together in harmony through the support of sports as well as culture and art.

We are pushing forward a project supporting the construction and operation of public daycare centers as part of our social contribution to resolving low birth rate, aging population, and other related social issues facing Korea as well as to lessen working mothers’ childcare burden. Since the launch of the project in 2018 with the goal of establishing 100 public and workplace daycare facilities, 69 facilities have been either built or are under construction, including one in the Cheongna company building that, once complete, can accommodate 300 children, the most advanced daycare facility in Korea.

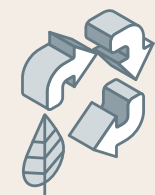




#Hana Power on Impact



In the area of social finance, we are supporting the growth of social enterprises and social ventures through “Hana Power on Impact”, “Hana Power on Challenge”, and “Hana Social Venture Academy”. Hana Power on Impact, commenced in 2017 as one of our social value creation programs developed to support the vitalization of the social economy, focuses on helping people with developmental disabilities find employment and become financially independent. Hana Power on Challenge connects young designers and women with professional experiences whose careers have been put on hold due to childcare and other reasons with social innovators as a way to support design and marketing capabilities which are essential to the growth of social innovation companies. In 2020, when many social innovation companies experienced difficulties due to COVID-19, Hana Financial Group continued to provide diverse forms of support for the growth of social enterprises and social ventures and the creation of quality jobs.



DJSI

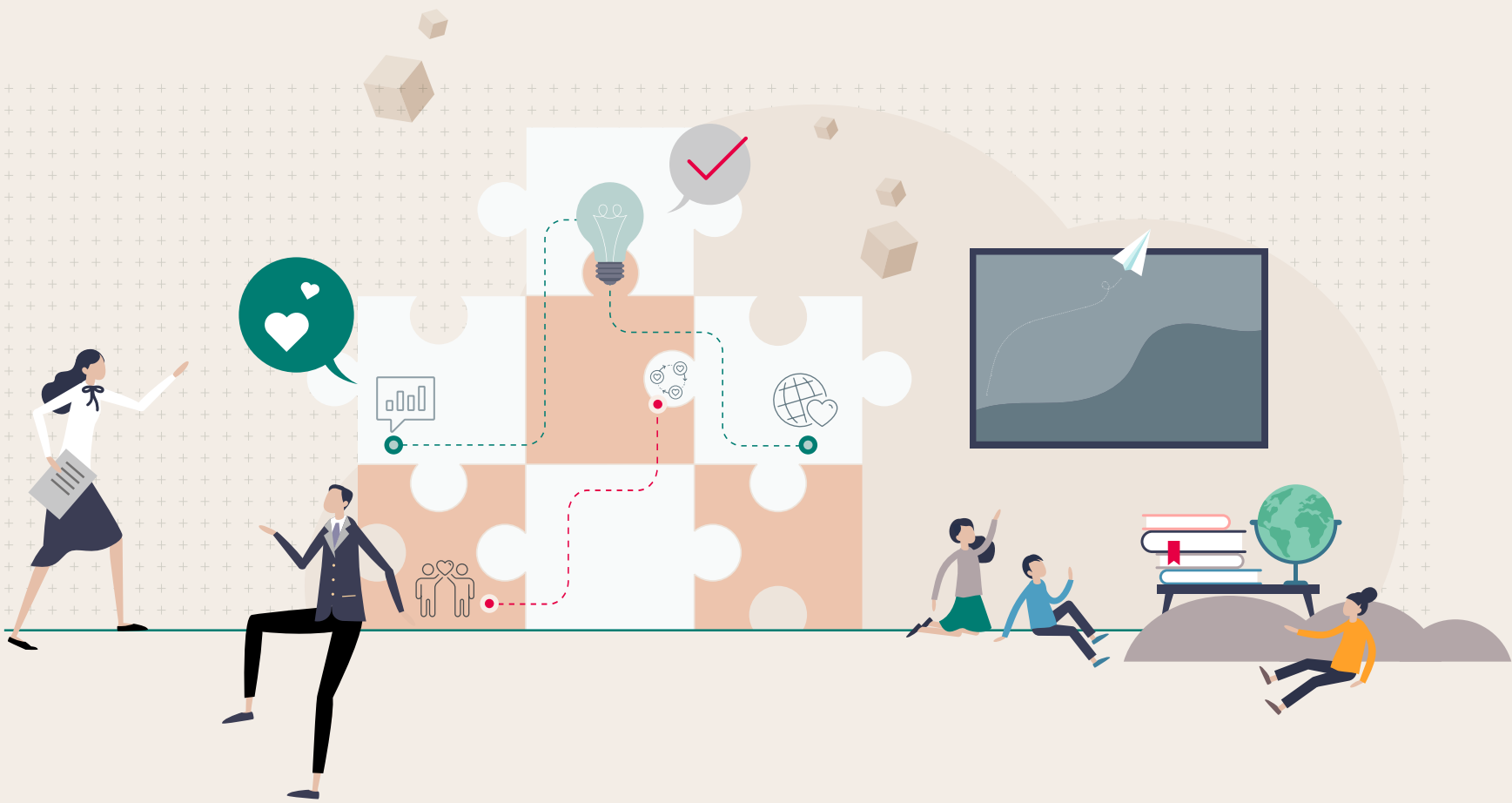
Included in the DJSI Asia Pacific Index and Korea Index

# PRB of the UNEP FI

Supporting the PRB as an enactor and signatory

## Adoption of the Korea Stewardship Code

5 Group affiliates – Hana Bank, Hana Financial Investment, Hana Life, Hana Alternative Asset Management, and Hana Ventures



In support of these Group-level efforts, each affiliate is focusing on social value creation as well. Hana Bank, Hana Financial Investment, Hana Life, Hana Alternative Asset Management, and Hana Ventures adopted the Korea Stewardship Code in 2019 to expand sustainable growth and promote business transparency. Each of them established its own principles of fiduciary responsibilities to execute detail principles, and published them on the Korea Stewardship Code website and its own, with the goal of improving customer interests and enhancing the mid- to long-term corporate value of investment targets. By complying with and practicing the stewardship code in a transparent manner, we will enhance shareholder value and contribute to the spread of social value.

In recognition of these efforts, in 2020 Hana Financial Group was included in the DJSI Asia Pacific Index and Korea Index, an improvement from its 2019 inclusion in the Korea Index. We also scored an “A” in an ESG evaluation conducted by Korea Corporate Governance Service (KCGS).





# FINANCIAL REVIEW

060	Management's Discussion and Analysis
087	Independent Auditor's Report
089	Consolidated Financial Statements
	– 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
097	Notes to the Consolidated Financial Statements



# Management’s Discussion and Analysis

## HANA FINANCIAL GROUP

### I. OVERVIEW

Due to the COVID-19 pandemic which began in early 2020, economic conditions in Korea and abroad deteriorated throughout the year. The uncertainties caused by the pandemic permeated across all societies, bringing the visibility of anything forward to a near zero. Hana Financial Group was also affected, being forced to close some branches, albeit temporally, due to confirmed cases. Facing an ever-present threat of contagion, however, all employees of Hana Financial Group strived to deliver seamless customer experiences.

As a result, we made another record performance in 2020. Growth was achieved evenly across all sectors, leading to a stable income portfolio balanced by the strong growth of the non-banking sector, which exceeded its target of 30% of the Group income, and by the steady growth of the global business. In addition, Hana Insurance joined us as a subsidiary, reinforcing our position as a comprehensive financial group in the true sense of the word.

Hana Financial Group posted a consolidated net income of at KRW 2,637.2 billion in 2020, the highest in its history. Net interest margin (NIM) contracted 16bp YoY to 1.60%, mainly due to lower market interest rates, but the contraction was more than compensated by the sound growth in non-banking and global operations. The net income figure represents an increase of KRW 245.7 billion YoY, driven by a solid performance in the IB sector, increases in securities brokerage fees, and gains on sales of bonds. As a result, return on equity (ROE) increased 24bp over the year to 8.96%, and cost to income (C/I) ratio improved by 5.24%p YoY to 45.33%.

Total assets grew 9.2%, led mostly by SME and household loans. Total revenue went up 7.1% on the strength of 8.2% and 1.0% increases in deposits and beneficiary certificate sales, respectively.

Asset quality also improved over the year. Non-performing loan (NPL) contracted 0.07%p to 0.40%; NPL coverage ratio increased by 31.27%p to 143.78%; and delinquency rate decreased to 0.26%, all attesting to the sound quality of the Group’s assets.

The Group’s BIS ratio and common equity Tier 1 ratio reached 14.20% and 12.04%, respectively, both well above regulatory guidelines set by financial authorities.

In 2021, Hana Financial Group will restructure its business toward platform-based finance, internalize its global DNA across all operations, put socially-responsible finance into practice, and complete the customer-centric “O.N.E Company” project. In addition to solid earnings, we will continue to increase shareholder value, maximize customer satisfaction, and improve the level of happiness for all.

Consolidated Net Income  
(Unit: KRW billion)

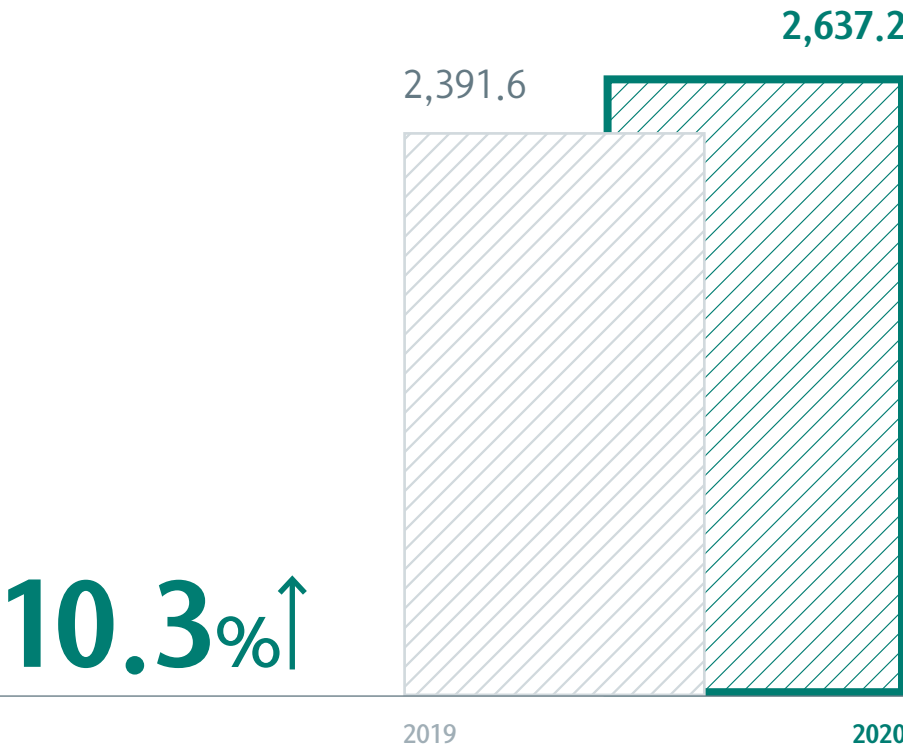




TABLE 1. SUMMARIZED FINANCIAL INFORMATION

(Unit: KRW billion)

	2020	2019	YoY	%
Profitability				
General Operating Income	8,642.7	8,121.5	521.2	6.4%
Operating Income	3,836.4	3,258.7	577.7	17.7%
Consolidated Net Income	2,637.2	2,391.6	245.7	10.3%
Return on Assets (ROA)	0.61%	0.60%	0.01%p	-
Return on Equity (ROE)	8.96%	8.72%	0.24%p	-
EPS (KRW)	8,858	7,898	960	12.2%
Cost to Income Ratio	45.33%	50.57%	-5.24%p	-
Business Volume				
Total Assets <sup>1)</sup>	460,313.3	421,467.1	38,846.2	9.2%
Total Sales	346,170.1	323,163.4	23,006.7	7.1%
Total Deposits <sup>1)</sup>	295,834.9	273,331.6	22,503.3	8.2%
Sale of Beneficiary Certificates	50,335.2	49,831.8	503.4	1.0%
Asset Soundness				
Substandard & Below (NPL) Ratio	0.40%	0.48%	-0.07%p	-
Substandard & Below (NPL) Coverage Ratio <sup>2)</sup>	143.78%	112.51%	31.27%p	-
Delinquency Ratio	0.26%	0.30%	-0.04%p	-
BPS	98,455	92,192	6,262	6.8%
Capital Adequacy <sup>3)</sup>				
BIS CAR – Group	14.20%	13.95%	0.25%p	-
Tier 1 Ratio – Group	13.03%	12.67%	0.36%p	-
Common Equity Tier 1 Ratio – Group	12.04%	11.96%	0.08%p	-
BIS CAR – Hana Bank	14.73%	16.11%	-1.38%p	-
Tier 1 Ratio – Hana Bank	12.83%	13.87%	-1.04%p	-
Common Equity Tier 1 Ratio – Hana Bank	12.78%	13.79%	-1.01%p	-
Net Capital Ratio – Hana Financial Investment	1,214.63%	1,021.73%	192.90%p	-
Adjusted Equity Capital Ratio – KEB Hana Card	22.84%	20.80%	2.04%p	-
Solvency Margin Ratio – Hana Life	185.13%	201.33%	-16.20%p	-
Adjusted Equity Capital Ratio – Hana Capital	12.50%	14.08%	-1.58%p	-

Note 1) Total assets exclusive of trust assets  
Note 2) NPL coverage ratio in accordance with the Regulation on Supervision of Banking Business revised on December 14, 2016  
Note 3) Based on Basel III standards

II. SUMMARY OF BUSINESS PERFORMANCE

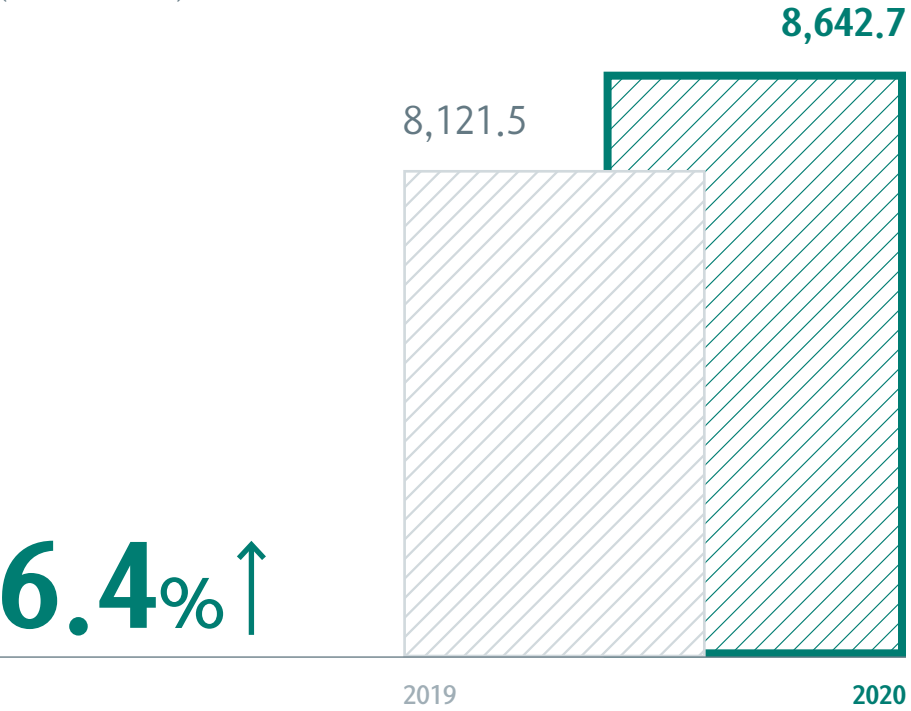
Hana Financial Group’s consolidated net income for 2020 amounted to KRW 2,637.2 billion, up KRW 245.7 billion from the previous year. The increase can be attributed mainly to the rapid growth of the non-banking sector and the continued growth of the global business.

TABLE 2-1. COMPREHENSIVE INCOME STATEMENT (CONSOLIDATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General Operating Income	8,642.7	8,121.5	521.2	6.4%
Net Interest Income	5,814.3	5,773.7	40.6	0.7%
Net Fee and Commission Income	2,255.7	2,150.9	104.8	4.9%
Gains on Disposition & Valuation	1,171.8	797.1	374.7	47.0%
Other Operating Income	-599.2	-600.2	1.0	-
General & Administrative Expenses	3,917.7	4,107.0	-189.4	-
Pre-Provisioning Operating Profit (PPOP)	4,725.0	4,014.5	710.5	17.7%
Provision	888.6	755.8	132.8	17.6%
Operating Income	3,836.4	3,258.7	577.7	17.7%
Non-Operating Income	-107.2	149.5	-256.7	-
Net Income before Income Tax	3,729.2	3,408.1	321.1	9.4%
Income Tax Expense	1,044.4	982.5	61.8	6.3%
Net Income	2,684.9	2,425.6	259.3	10.7%
Attributed to Non-Controlling Interests	47.6	34.0	13.6	39.9%
Net Income Attributable to Controlling Interests	2,637.2	2,391.6	245.7	10.3%

General Operating Income  
(Unit: KRW billion)





Interest income rose by KRW 40.6 billion YoY despite a contraction in NIM. Fee and commission income also improved, led by IB-related underwriting and advisory fees and brokerage commissions. General operating income rose by KRW 521.2 billion YoY to KRW 8,642.7 billion on the strength of fixed-income trading timed to interest rate fluctuations and FX translation gains following exchange rate drops. Details on fee and commission income, disposition and valuation gains, and other operating income will be described in the Table 3. Non-Interest Income.

The Group’s general and administrative expenses decreased by KRW 189.4 billion YoY on the back of a relatively smaller early retirement program, profit sharing cost reductions, and Group-wide cost-cutting efforts. Provisions rose by KRW 132.8 billion to KRW 888.6 billion, mainly due to a preemptive provisioning made in response to business difficulties caused by COVID-19.

As a result of these factors, the Group’s operating income increased by KRW 577.7 billion over the course of 2020 to KRW 3,836.4 billion.

TABLE 2-2. COMPREHENSIVE INCOME STATEMENT BY SUBSIDIARIES (SEPARATED)

(Unit: KRW billion)

	Hana Bank	Hana Financial Investment	KEB Hana Card <sup>1)</sup>	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	6,013.5	1,001.1	667.9	348.4	148.4	44.3	74.8	61.7	6.3	8.6	39.3	51.7
Net Interest Income	4,941.2	251.0	-116.9	272.2	8.0	0.6	67.3	59.4	-7.4	0.3	47.5	6.0
Net Fee and Commission Income	713.3	660.4	745.0	60.4	135.2	39.9	34.1	2.7	0.0	2.7	-7.7	0.0
Gains on Disposition & Valuation	899.4	-11.0	18.1	14.4	0.1	-0.6	20.7	-0.2	-0.3	5.7	-0.6	-3.0
Other Operating Income	-540.4	100.7	21.6	1.4	5.1	4.5	-47.3	-0.2	14.0	0.0	0.0	48.6
General & Administrative Expenses	2,761.3	471.7	226.9	62.6	40.1	19.0	40.9	27.3	5.6	4.4	7.8	54.7
Pre-Provisioning Operating Profit (PPOP)	3,252.2	529.4	441.0	285.8	108.3	25.4	33.8	34.4	0.7	4.3	31.5	-3.0
Provision	512.1	35.5	228.5	51.5	-0.4	0.3	0.5	10.5	0.0	0.0	11.3	1.8
Operating Income	2,740.1	493.9	212.5	234.3	108.7	25.0	33.3	23.8	0.7	4.3	20.2	-4.8
Non-Operating Income	-213.1	42.7	-1.7	-1.9	-0.4	0.0	12.4	0.6	0.2	-0.4	-0.1	1.2
Net Income before Income Tax	2,527.0	536.6	210.8	232.3	108.3	25.1	45.7	24.5	0.9	3.9	20.1	-3.6
Income Tax Expense	660.4	134.0	56.4	59.2	27.5	6.4	10.5	6.5	0.7	1.0	4.5	1.5
Net Income	1,866.6	402.6	154.5	173.1	80.8	18.6	35.2	18.0	0.2	2.9	15.6	-5.2

Note 1) Consolidated



To review the 2020 performance by subsidiary, Hana Bank recorded a net income of KRW 1,866.6 billion, KRW 217.8 billion lower than in the previous year. Interest income fell by KRW 79.1 billion as a result of contracted interest margins. Fee and commission income declined by KRW 149.9 billion due to sluggish ELT and beneficiary certificate sales. On the other hand, gains on disposition and valuation rose by KRW 231.0 billion on the back of gains from fixed-income transactions timed to market interest rate movements and FX translation gains materialized by drops in exchange rates. As a result, general operating income stood at KRW 6,013.5 billion, not much changed from the previous year. The Bank’s general and administrative expenses decreased by KRW 308.3 billion YoY to KRW 2,761.3 billion, largely owing to a relatively smaller early retirement program and company-wide cost-cutting efforts conducted in 2020. Provisions increased by KRW 168.2 billion to KRW 512.1 billion, mainly due to a preemptive provisioning made as a buffer against economic uncertainties caused by COVID-19.

Hana Financial Investment (HFI) generated KRW 402.6 billion in net income in 2020, a YoY increase of KRW 126.0 billion. Securities brokerage commissions increased significantly over the year on the back of a robust stock market. HFI also boosted its IB capabilities with a KRW 500.0 billion capital increase at the beginning of the year, steadily increasing underwriting and advisory fees. Moreover, C/I ratio improved by an increase in general operating income and relatively slight increase in general and administrative expenses led by cost saving efforts.

KEB Hana Card’s fee and commission income rose by KRW 132.6 billion YoY to KRW 745.0 billion on the strength of an increase in payment-related fees and commissions, and improved efficiencies following the digitalization of transaction approval, purchase and third-party transaction processes. Meanwhile, general and administrative expenses inched down by KRW 4.0 billion to KRW 226.9 billion. As a result, despite a sharp drop in overseas transactions caused by the COVID-19 pandemic, KEB Hana Card achieved a record profit of KRW 154.5 billion.

Hana Capital generated a net income of KRW 173.1 billion, the largest among credit financing companies affiliated with financial groups. Contributing factors include an increase in interest income following quality retail asset growth and portfolio diversifications, such as an expansion of investment vehicles. Leases and installment assets also rose by KRW 666.0 billion YoY to KRW 4,034.6 billion. Loan loss provision and NPL ratios and other asset quality indicators considerably improved over the year on the back of proactive risk management.

Hana Life generated KRW 35.2 billion in net income, a YoY increase of KRW 10.9 billion, by rebalancing its product portfolio with protection-type and variable insurance products and also by increasing dividend income and gains on disposals with a focus on prime investment assets.

Hana Savings Bank’s net income amounted to KRW 18.0 billion, a YoY increase of KRW 1.9 billion, mainly driven by an increase in interest income following portfolio rebalances comprised of corporate loans and retail business expansions.

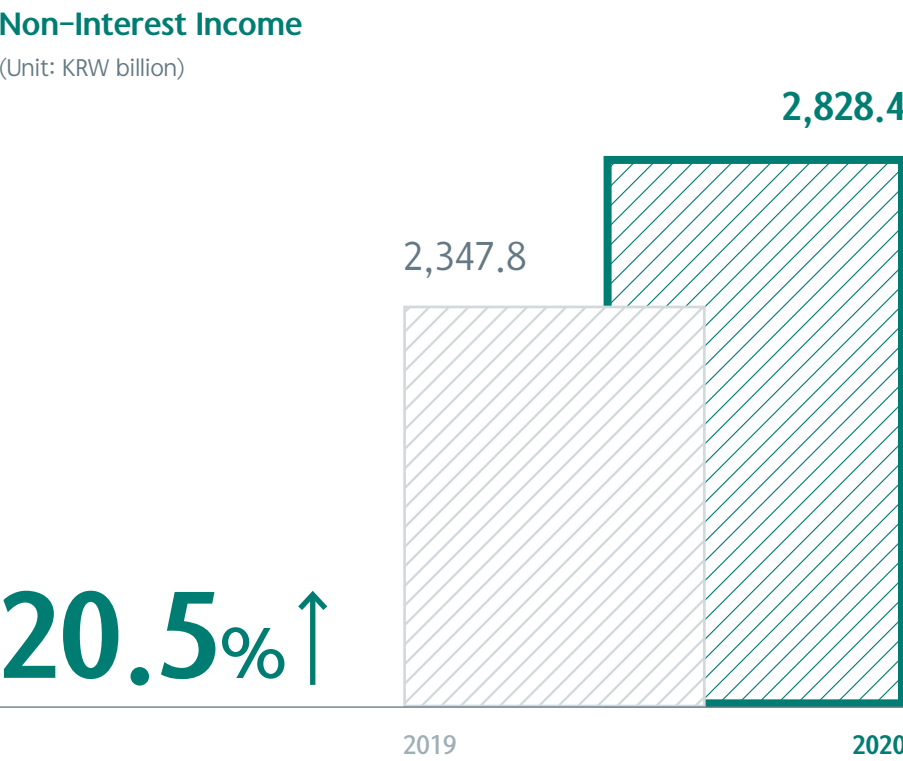
Hana Asset Trust recorded a net income of KRW 80.8 billion, a YoY increase of KRW 15.1 billion, attributable to an expansion in collaborations among the Group affiliates and an increase in responsible completion guarantees and land management trusts.

Hana Insurance, having joined the Group in May 2020, successfully increased its capital by KRW 126.0 billion in July and started to transform its business from auto insurance to a digital-based insurance platform covering a wide spectrum of daily life.

TABLE 3. NON-INTEREST INCOME (CONSOLIDATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Net Fee & Commission Income	2,255.7	2,150.9	104.8	4.9%
Credit Card	794.9	685.0	109.9	16.0%
Loan and FX-related	490.5	537.8	-47.3	-8.8%
Asset Management	693.5	667.8	25.7	3.9%
Beneficiary Certificates	112.7	142.8	-30.1	-21.1%
Brokerage	213.1	104.4	108.7	104.1%
Trust Fees	275.1	337.3	-62.2	-18.4%
Bancassurance	33.2	37.4	-4.3	-11.4%
M&A Advisory	259.6	210.3	49.3	23.4%
Others	17.3	50.0	-32.7	-65.5%
Gains on Disposition & Valuation	1,171.8	797.1	374.7	47.0%
Other Operating Income	-599.2	-600.2	1.0	-0.2%
Dividend Income	305.6	224.0	81.6	36.4%
Contribution to the Credit Guaranteed Fund	-310.5	-310.0	-0.5	0.2%
Deposit Insurance Fee	-402.8	-353.5	-49.3	13.9%
Others	-191.4	-160.7	-30.7	19.1%
Total	2,828.4	2,347.8	480.6	20.5%





Hana Financial Group’s non-interest income increased by 20.5% YoY to KRW 2,828.4 billion in 2020 as fee and commission income, gains on disposition and valuation, and other operating income all rose.

To compare the 2020 non-interest income performance with 2019’s by segment, fee and commission income increased thanks to growth of credit card, securities brokerage, and M&A advisory fee and commission income, despite a drop in ELT and beneficiary certificate sales. The increase was the outcome of the Group affiliates’ agile responses to such rapid changes in the business environment as card companies improving their business fundamentals, large-scale inflows into the stock market, and the continued growth of IB.

Gains on disposition and valuation rose by KRW 374.7 billion YoY to KRW 1,171.8 billion, mostly led by exchange rate drops and an active realization of gains on the sale of bonds in response to the market environment.

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 81.6 billion YoY to KRW 305.6 billion, while contributions to the credit guarantee fund and deposit insurance fees amounted to KRW 310.5 billion and KRW 402.8 billion, respectively.

General and administrative expenses decreased by 4.6% to YoY KRW 3,917.7 billion on the back of such one-off factors as a relatively small-scale early retirement program and a drop in performance-based bonuses at Hana Bank.

To review expenses in detail, salaries and employee benefits lowered by KRW 73.2 billion YoY to KRW 1,935.5 billion. Severance and retirement benefits amounted to KRW 395.7 billion, a KRW 116.2 billion decrease reflective of the reduced scale of the Bank’s early retirement program. Despite a substantial sum of investment made in platform, digital transformation and other key projects in 2020, administrative expenses and depreciation and amortization remained unchanged over the year, at KRW 1,445.8 billion, on the strength of relentless cost efficiency improvements realized across the Group.

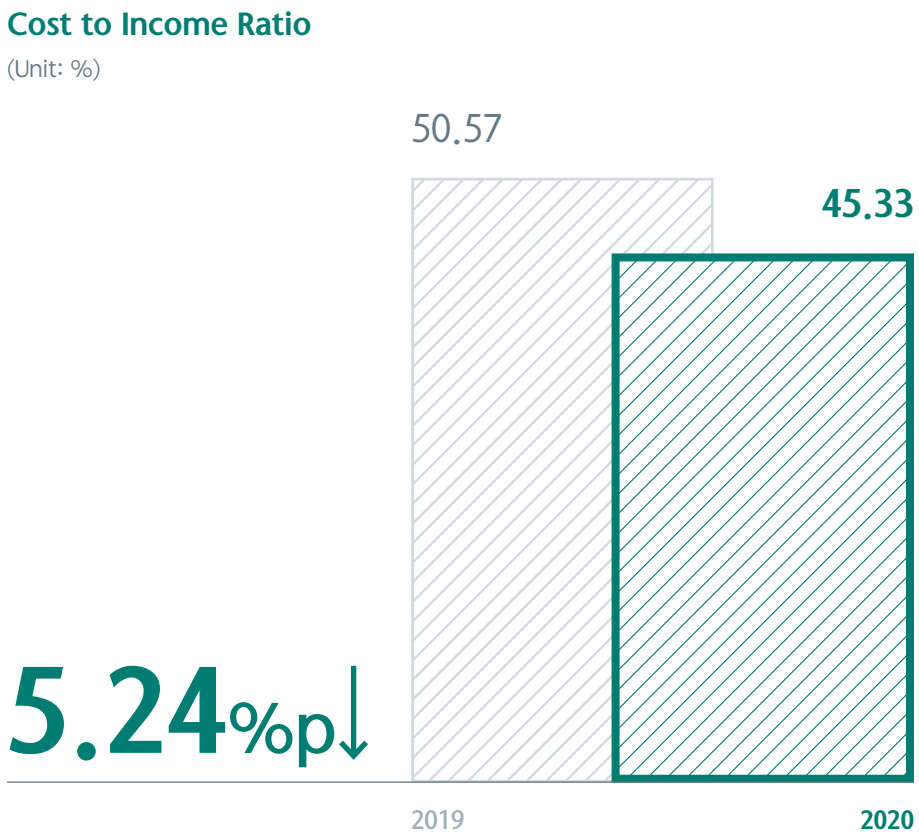
The year-end C/I ratio stood at 45.33%, a 5.24%p improvement attesting to the success of the cost-cutting endeavors made in 2020.

Going forward, Hana Financial Group will continue its focus on cost efficiencies to better manage general and administrative expenses.

TABLE 4. GENERAL AND ADMINISTRATIVE EXPENSES (CONSOLIDATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General & Administrative Expenses	3,917.7	4,107.0	-189.4	-4.6%
Salaries and Employment Benefits	1,935.5	2,008.7	-73.2	-3.6%
Severance and Retirement Benefits	395.7	511.9	-116.2	-22.7%
Administrative Expenses	874.6	888.7	-14.1	-1.6%
Depreciation and Amortization	571.2	553.8	17.4	3.1%
Taxes and Dues	140.7	143.9	-3.3	-2.3%
Cost to Income Ratio	45.33%	50.57%	-5.24%p	-10.4%





III. SUMMARIZED GROUP FINANCIAL POSITION

TABLE 5. CONDENSED BALANCE SHEETS (CONSOLIDATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Interest Earning Assets	397,134.0	364,066.0	33,068.0	9.1%
Due from Banks	15,128.2	11,159.5	3,968.7	35.6%
Securities	71,721.8	69,797.1	1,924.8	2.8%
Loans	310,283.9	283,109.4	27,174.5	9.6%
Other Revenue Earning Assets	15,426.3	13,322.6	2,103.7	15.8%
Non-Revenue Earning Assets	47,753.1	44,078.5	3,674.6	8.3%
Total Assets	460,313.3	421,467.1	38,846.2	9.2%
Interest Bearing Liabilities	390,648.7	357,638.9	33,009.8	9.2%
Deposits	295,834.9	273,331.6	22,503.3	8.2%
Borrowings	26,494.3	20,757.4	5,736.9	27.6%
Debentures	48,761.8	43,661.2	5,100.7	11.7%
Policy Reserve	4,076.5	3,340.2	736.3	22.0%
Borrowings from Trust Accounts	6,003.8	5,570.5	433.2	7.8%
Non-Interest Bearing Liabilities	38,064.3	34,843.4	3,220.9	9.2%
Total Liabilities	428,713.0	392,482.3	36,230.7	9.2%
Shareholders' Equity	31,600.3	28,984.8	2,615.5	9.0%
Total Liabilities & Shareholders' Equity	460,313.3	421,467.1	38,846.2	9.2%

Hana Financial Group reported assets of KRW 460.3 trillion at the end of 2020, a 9.2%, increase mainly due to robust growth realized in the global and non-banking sectors. As always, we pursue both qualitative and quantitative growth through continued management of asset portfolios and associated risks. As a result, both NPL ratio and delinquency rate improved 0.07%p to 0.40% and 0.04%p to 0.26%, respectively, and other indicators of asset quality also remained within reassuring ranges.

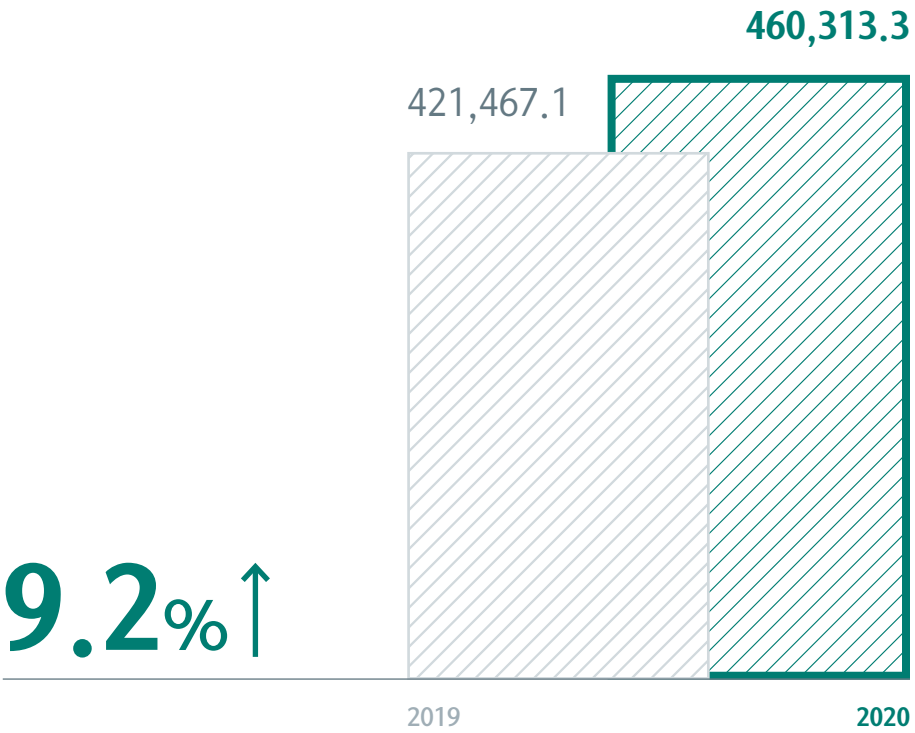
To review asset growth by segment, loans, which account for the biggest share of interest earning assets, increased by 9.6% YoY to KRW 310,283.9 billion. KRW loans in particular rose by 11.1% to reach KRW 251.4 trillion, mainly led by SME and household loans. Foreign currency loans also rose by 4.1% to KRW 24,226.2 billion.

Total liabilities increased 9.2% YoY to KRW 428.7 trillion. The year-end balance of deposits amounted to KRW 295.8 trillion, an 8.2% increase from the previous year, while borrowings increased by 27.6% to KRW 26,494.3 billion.

Shareholders' equity reached KRW 31.6 trillion by the year-end, a 9.0% increase applicable to a rise in retained earnings from the strong performance of consolidated net income and an issuance of hybrid securities.

Total Assets

(Unit: KRW billion)





IV. ASSET QUALITY

TABLE 6. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2020	2019	YoY	%
Total Credit	314,338.7	286,479.8	27,858.9	9.7%
Normal	310,495.0	282,687.8	27,807.1	9.8%
Precautionary	2,581.6	2,428.7	152.9	6.3%
Substandard	622.4	708.0	-85.6	-12.1%
Doubtful	391.2	395.8	-4.6	-1.2%
Estimated Loss	248.5	259.5	-10.9	-4.2%
Precautionary & Below				
Amount	3,843.7	3,792.0	51.8	1.4%
Ratio	1.22%	1.32%	-0.10%p	-7.6%
Substandard & Below (NPL)				
Amount	1,262.2	1,363.3	-101.1	-7.4%
Ratio	0.40%	0.48%	-0.08%p	-15.6%
Loan Loss Allowance	3,939.9	3,612.5	327.4	9.1%
Loan Loss Reserve	1,814.7	1,533.7	281.0	18.3%
Credit Loss Reserve	2,125.2	2,078.8	46.4	2.2%
Substandard & Below (NPL) Coverage Ratio <sup>1)</sup>	143.78%	112.51%	31.27%p	27.8%

Note 1) NPL coverage ratio in accordance with the Regulation on Supervision of Banking Business revised on December 14, 2016

Total credit increased by 9.7% YoY to KRW 314.3 trillion, of which NPLs amounted to KRW 1,262.2 billion. NPL and Precautionary and below ratios improved over the year to 0.40% and 1.22%, respectively, reflecting improvements made in asset quality. The additional provisioning made in 2020 was a preemptive response to the potential macro slowdown under the COVID-19 pandemic. NPL coverage ratio therefore increased by 31.27%p to 143.78% despite the asset growth.

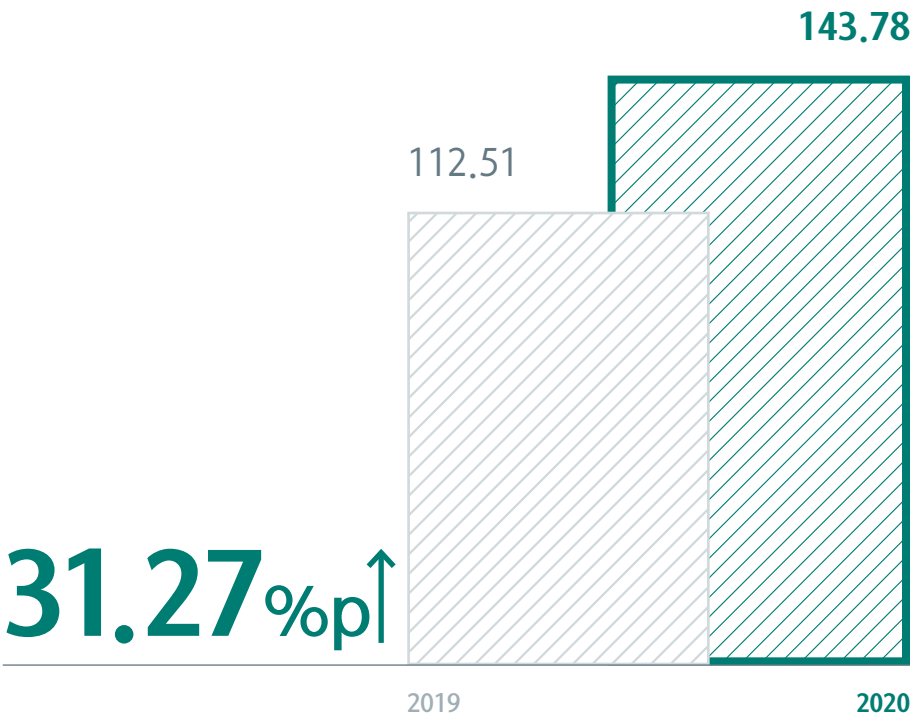
Hana Bank, the Group’s major subsidiary, continued to expand its loan portfolio in 2020, increasing household, SOHO, and SME loans by KRW 11.4 trillion, KRW 5.7 trillion and KRW 4.3 trillion, respectively (based on total credits). The Bank reduced the proportion of large corporate loans from 16.0% at the end of 2019 to 15.1% at the end of 2020.

Hana Bank regularly reviews its credit exposure to large corporate borrowers, updating the list of major clients to watch 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.

We regularly update our list of industries at risk, and closely monitor such industries in order to be able to preemptively respond to risks that can be inflamed by either US-China trade disputes or COVID-19-induced economic downturns. Specifically, we are monitoring industries that are particularly vulnerable to economic fluctuations, including shipbuilding, construction, steel, shipping, and hospitality. For corporate clients with large outstanding loans, our sales, credit evaluation, and risk management divisions closely work with one another to thoroughly analyze the business status and risk factors of such companies.

Substandard & Below (NPL) Coverage Ratio

(Unit: %)





V. CAPITAL ADEQUACY

TABLE 7. BIS CAPITAL AND RATIO

(Unit: KRW billion)

	2020	2019	YoY	%
Common Equity Tier 1 Capital	27,236.7	25,131.9	2,104.7	8.4%
Additional Tier 1 Capital	2,222.3	1,491.6	730.7	49.0%
Tier 2 Capital	2,642.3	2,675.8	-33.5	-
Total BIS Capital	32,101.2	29,299.2	2,802.0	9.6%
Risk Weighted Assets	226,138.6	210,067.3	16,071.3	7.7%
BIS Capital Adequacy Ratio <sup>1)</sup>	14.20%	13.95%	0.25%p	1.81%
Tier 1 Ratio	13.03%	12.67%	0.36%p	2.81%
Common Equity Tier 1 Ratio	12.04%	11.96%	0.08%p	0.64%

Note 1) Based on Basel III standards

The Group’s total BIS capital stood at KRW 32.1 trillion at the end of 2020, up 9.6% compared to the previous year. Risk weighted assets (RWA) rose 7.7% over the course of 2020 to KRW 226.1 trillion. As a result, BIS ratio increased by 0.25%p to 14.20%.

Common Equity Tier 1 capital increased by KRW 2.1 trillion, mainly led by the growth of net income. Additional Tier 1 capital increased by KRW 730.7 billion, while Tier 2 capital decreased by KRW 33.5 billion YoY.

RWAs increased by KRW 16.1 trillion over the year, of which credit RWA, market RWA and operational RWA amounted to KRW 15.1 trillion, KRW 220.5 billion and KRW 746.5 billion, respectively. Within credit RWA, corporate RWA increased KRW 5,805.6 billion reflecting a KRW 8.0 trillion rise in corporate exposure, while retail RWA increased KRW 3,314.5 billion mirroring a KRW 17.0 trillion rise in retail exposure. In addition, securitization, securities, overseas, and other exposures all increased, contributing to the growth of credit RWA.

VI. LIQUIDITY & CAPITAL MANAGEMENT

TABLE 8. CAPITAL MANAGEMENT

(Unit: KRW billion)

	2020	2019	YoY	%
Management				
Cash and Deposits	541.7	389.3	152.4	39.1%
Subsidiary Investment Securities	21,001.2	20,164.4	836.8	4.1%
Loans	314.3	314.4	0.0	0.0%
Tangible Assets	3.5	3.9	-0.4	-9.5%
Others	380.8	365.5	15.4	4.2%
Management Total	22,241.6	21,237.5	1,004.1	4.7%
Funding				
Borrowings	59.2	0.0	59.2	-
Corporate Bonds	5,141.8	4,527.8	614.0	13.6%
Other Liabilities	406.8	359.0	47.8	13.3%
Shareholders’ Equity	16,633.7	16,350.6	283.1	1.7%
Funding Total	22,241.6	21,237.5	1,004.1	4.7%

In 2020, Hana Financial Group raised funds by issuing corporate bonds totaling KRW 1,247.3 billion and hybrid securities KRW 998.7 billion, as well as receiving KRW 514.0 billion in dividend. Major matters of capital management conducted in the year include KRW 810.0 billion corporate bond redemptions, KRW 235.0 billion hybrid securities redemptions (call options exercised), KRW 699.8 billion acquisitions of equities in subsidiaries, and KRW 678.7 billion dividend payouts (including hybrid securities dividends).



# HANA BANK

## I. OVERVIEW

In 2020, as COVID-19 gripped the real economy, interest rates remained low, market volatility soared, and the default risk increased of borrowers who are particularly sensitive to economic downturns. Amid fast-spreading contactless trends, the traditional boundaries separating the financial sector from other industries continued to disintegrate, fueling the competition between banks and non-financial companies for contactless products and services and causing the banking industry a host of difficulties.

Amid such a challenging environment, Hana Bank focused on minimizing the impact of COVID-19 and defended its growth based on quality assets. Diminishing core earnings were offset by timely disposals of marketable securities and improved management efficiencies. The Bank also focused on digital innovation by expanding the adoption of the robotic process automation (RPA) and by bolstering core product line-ups and strengthening services using the Hana 1Q platform.

While a rapid recovery from the grip of COVID-19 seems unlikely in 2021, the competition from non-financial companies is sure to intensify for non-face-to-face products and services. In addition, with environmental, social, and governance (ESG) management is growing in importance, calls for banks to play a bigger social role are expected to grow louder.

In response, Hana Bank will restructure its financial operations to be more “platform-based” and “globally-oriented” in 2021, in an effort to offer more customer-centric services and to diversify income sources. By also focusing on “socially-responsible finance”, the Bank will lay the foundation for its new leap forward planned for the coming decade.

## II. SUMMARY OF BUSINESS PERFORMANCE

TABLE 1. COMPREHENSIVE INCOME STATEMENT (SEPARATED)

	2020	2019	YoY	%
General Operating Income	6,013.5	6,013.6	-0.1	0.0%
Net Interest Income	4,941.2	5,020.3	-79.0	-1.6%
Net Fee and Commission Income	713.3	863.2	-150.0	-17.4%
Gains on Disposition & Valuation	899.4	668.4	231.0	34.6%
Other Operating Income	-540.4	-538.2	-2.2	0.4%
General & Administrative Expenses	2,761.3	3,069.6	-308.3	-10.0%
Pre-Provisioning Operating Profit (PPOP)	3,252.2	2,944.0	308.1	10.5%
Credit Loss Provision	512.1	343.9	168.2	48.9%
Operating Income	2,740.1	2,600.2	139.9	5.4%
Non-Operating Income	-213.1	228.3	-441.4	-193.4%
Net Income before Income Tax	2,527.0	2,828.4	-301.5	-10.7%
Income Tax Expense	660.4	744.0	-83.7	-11.2%
Net Income	1,866.6	2,084.4	-217.8	-10.4%
Cost to Income Ratio	45.92%	51.04%	-5.13%p	-

In 2020, Hana Bank achieved a net income of KRW 1,866.6 billion thanks to increased income from marketable securities, as a result of making positive use of volatility in financial markets, and in the strength of effective cost-cutting efforts conducted throughout the year. The net income performance become all the more impressive in light of the base effect of the 2019 sale of a HQ building and additional provisions set aside in response to the challenging economic conditions of 2020.

Interest income inched down 1.6% YoY to KRW 4,941.2 billion. NIM contracted with BOK base rate cuts, but the Bank minimized the contraction by increasing interest-earning loan assets (KRW 22.6 trillion) and attracting more core deposits (KRW 14.7 trillion).

Fee and commission income fell by KRW 150.0 billion YoY, reflecting a drop in asset management fees triggered by COVID-related uncertainties in domestic and overseas financial markets, tighter fee and commission-related regulations, and a weakened private equity fund market. Fee income from such long-term savings-type products as retirement pensions increased, however, as did that from IB, limiting the overall decline of fee and commission income.



Gains on disposition and valuation increased by 34.6% YoY to KRW 899.4 billion. Gains from marketable securities rose considerably on the management of marketable securities well-timed to interest rate drops and market volatility upswings. Another contributing factor is FX translation gains from exchange rate declines.

General and administrative expenses decreased by KRW 308.3 billion YoY to KRW 2,761.3 billion on the back of the efficient management of salaries and administrative expenses as well as relatively small-scale early retirement program.

Credit loss provision rose by 48.9% YoY to KRW 512.1 billion. Though COVID-induced insolvencies were yet to fully surface on the account of government support for maturity extensions and payment deferrals on interest and principal, the Bank strengthened its ability to absorb losses through a preemptive provisioning against the prospect of greater market volatility.

TABLE 2. NON-INTEREST INCOME (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Fee & Commission Income	713.3	863.2	-150.0	-17.4%
Credit Card	0.1	0.2	-0.1	-42.0%
Loan & FX-related	442.8	486.7	-43.9	-9.0%
Fees in Acceptances and Guarantees	68.0	62.8	5.2	8.4%
Fees Related to Loans	218.8	254.2	-35.4	-13.9%
Fees in Foreign Currencies	156.0	169.7	-13.7	-8.1%
Asset Management	270.4	376.5	-106.1	-28.2%
Sales of Beneficiary Certificate	76.8	102.5	-25.8	-25.1%
Bancassurance	46.4	50.8	-4.5	-8.8%
Trust Fees	147.3	223.2	-75.9	-34.0%
Gains on Disposition & Valuation	899.4	668.4	231.0	34.6%
Other Operating Income	-540.4	-538.2	-2.2	0.4%
Dividend Income	73.9	69.8	4.1	5.9%
Deposit Insurance Fee	-386.3	-336.5	-49.8	14.8%
Contribution to the Credit Guarantee Fund	-310.5	-309.6	-0.9	0.3%
Others	82.4	38.0	44.4	116.8%

Fee and commission income fell by 17.4% to KRW 713.3 billion. Gains on disposition and valuation grew by 34.6% to KRW 899.4 billion, and other operating income fell by KRW 2.2 billion to record a loss of KRW 540.4 billion.

Fee and commissions income declined KRW by 150.0 billion owing to a decrease in new ELT sales led by COVID-related uncertainties in domestic and overseas markets, and to tighter regulations on fee and commission. As a result, trust fees fell by KRW 75.9 billion or 34.0%, and sales of beneficiary certificate declined by KRW 25.8 billion or 25.1% as the private equity fund market remained sluggish.

Gains on disposition and valuation amounted to KRW 899.4 billion, a significant increase of 34.6% compared with 2019's. Income from marketable securities soared KRW 292.5 billion or 533.8%, the result of the management of marketable securities timed to interest rate drops and market volatility spikes. Another contributing factor is FX translation gains from exchange rate declines.

In other operating income, deposit insurance fee rose by KRW 49.8 billion as the average deposit balance increased, but income from merchant banking account and gains from the sale of loans increased by KRW 10.1 billion and KRW 9.7 billion, respectively, together reducing losses by KRW 2.2 billion.

TABLE 3. GENERAL AND ADMINISTRATIVE EXPENSES (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General & Administrative Expenses	2,761.3	3,069.6	-308.3	-10.0%
Salaries and Employee Benefits	1,279.8	1,445.8	-166.1	-11.5%
Severance and Retirement Benefits	349.5	465.7	-116.2	-25.0%
Administrative Expenses	627.4	659.7	-32.4	-4.9%
Depreciation and Amortization	410.1	392.7	17.3	4.4%
Taxes and Dues	94.6	105.6	-10.9	-10.3%
Cost to Income Ratio	45.92%	51.04%	-5.13%p	-

General and administrative expenses fell by KRW 308.3 billion YoY to KRW 2,761.3 billion.

Salaries and employee benefits decreased by KRW 166.1 billion reflective of a reduction of employees following an early peak wage system implemented in 2020 and a partial write-back of performance-linked bonuses. Severance and retirement benefits decreased by KRW 116.2 billion to KRW 349.5 billion, mainly due to a smaller early retirement program in 2020.

Administrative expenses decreased by KRW 32.4 billion from fewer corporate events and more cost-cutting efforts made in 2020. Cost to income (C/I) ratio therefore improved significantly, declining as much as 5.1%p YoY.



III. SUMMARIZED FINANCIAL POSITION

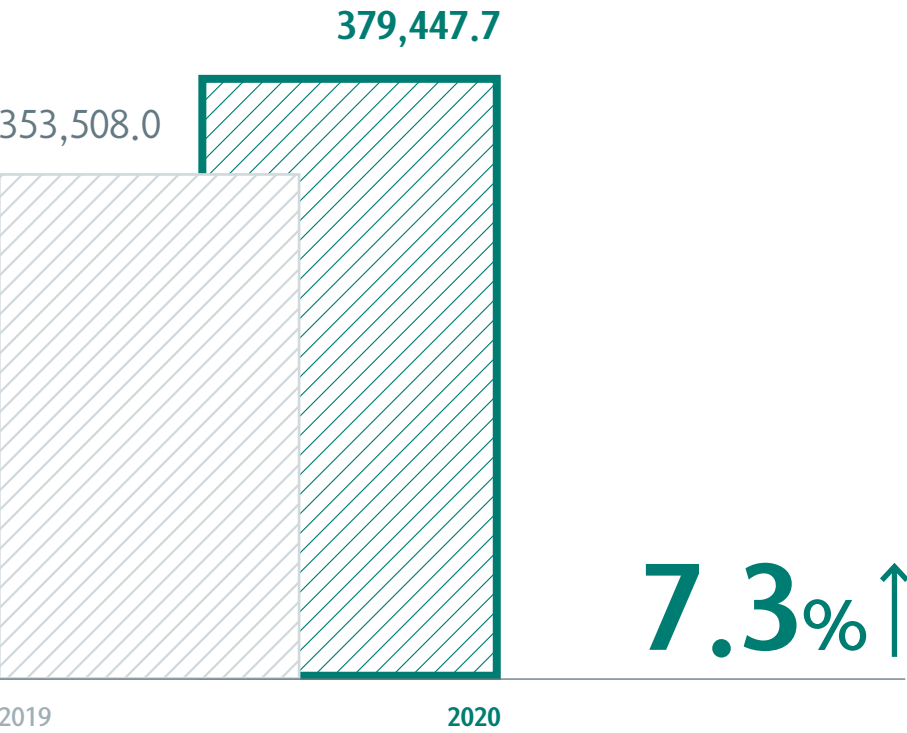
TABLE 4. CONDENSED BALANCE SHEETS (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Interest Earning Assets	331,011.9	307,722.7	23,289.3	7.6%
Due from Banks	10,131.7	4,763.3	5,368.4	112.7%
Fixed Income Securities	47,138.4	48,667.8	-1,529.5	-3.1%
Loans	273,741.8	254,291.5	19,450.3	7.6%
Other Revenue Earning Assets	9,371.9	8,274.2	1,097.7	13.3%
Stocks and Others	9,371.9	8,274.2	1,097.7	13.3%
Non-Revenue Earning Assets	39,063.9	37,511.2	1,552.8	4.1%
Total Assets	379,447.7	353,508.0	25,939.7	7.3%
Interest Bearing Liabilities	324,219.3	300,813.5	23,405.8	7.8%
Deposits	277,902.7	257,945.3	19,957.4	7.7%
Borrowings	15,858.7	13,823.8	2,034.8	14.7%
Debentures	24,252.4	23,274.3	978.1	4.2%
Borrowings from Trust Accounts	6,205.5	5,770.1	435.4	7.5%
Non-Interest Bearing Liabilities	29,140.7	27,944.9	1,195.8	4.3%
Total Liabilities	353,360.0	328,758.4	24,601.6	7.5%
Shareholders' Equity	26,087.7	24,749.6	1,338.1	5.4%
Total Liabilities & Shareholders' Equity	379,447.7	353,508.0	25,939.7	7.3%

Total Assets

(Unit: KRW billion)



In 2020, total assets of Hana Bank rose by KRW 25,939.7 billion YoY to KRW 379,447.7 billion. This was the result of increases in interest earning assets, such as dues from banks and loans, other income revenue earning assets, such as stocks and others, and non-revenue earning assets.

Interest earning assets totaled KRW 331,011.9 billion, a KRW 23,289.3 billion increase from a year earlier. Corporate Loans rose by KRW 10,216.2 billion, comprised mostly of low risk-weighted assets (RWAs) of SME loans. Loans to household rose by KRW 10,582.7 billion, led by an increase in *Jeonse* and online credit loans. As a result, total KRW loans also rose by KRW 20,798.9 billion. Dues from banks increased by KRW 5,368.4 billion owing to a temporary increase in short-term assets such as foreign currency demand deposits.

Interest bearing liabilities, comprising mainly deposits, increased by KRW 23,405.8 billion YoY.

Shareholders' equity increased by KRW 1,338.1 billion YoY on the back of a net income of KRW 1,866.6 billion realized in 2020, despite the year-end dividend payout of KRW 714.7 billion.

TABLE 5. KRW LOANS & DEPOSITS

(Unit: KRW billion)

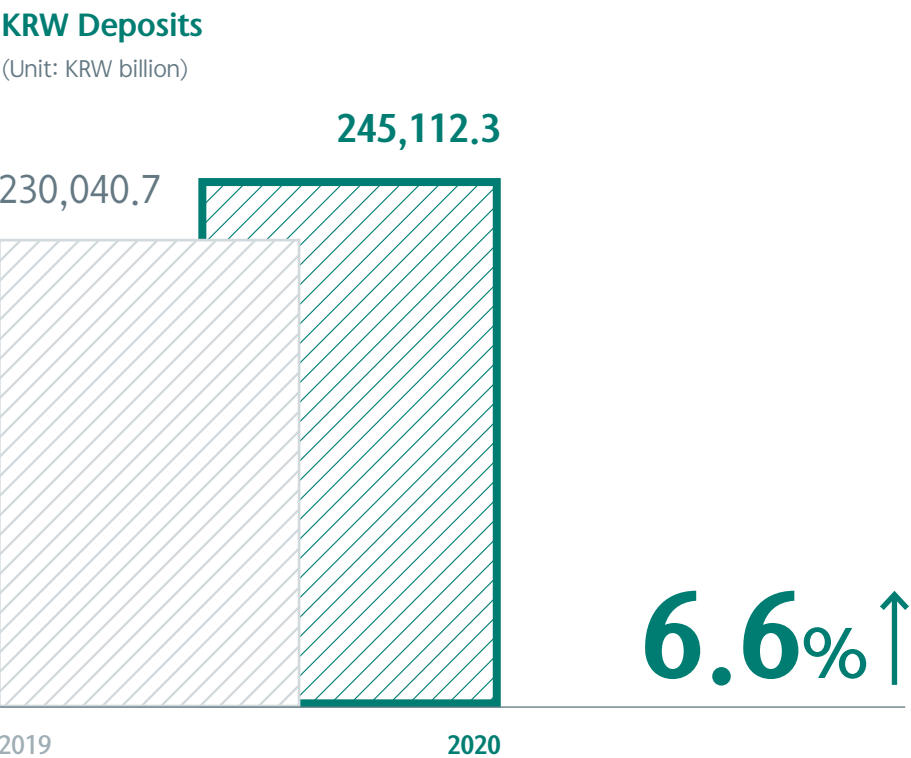
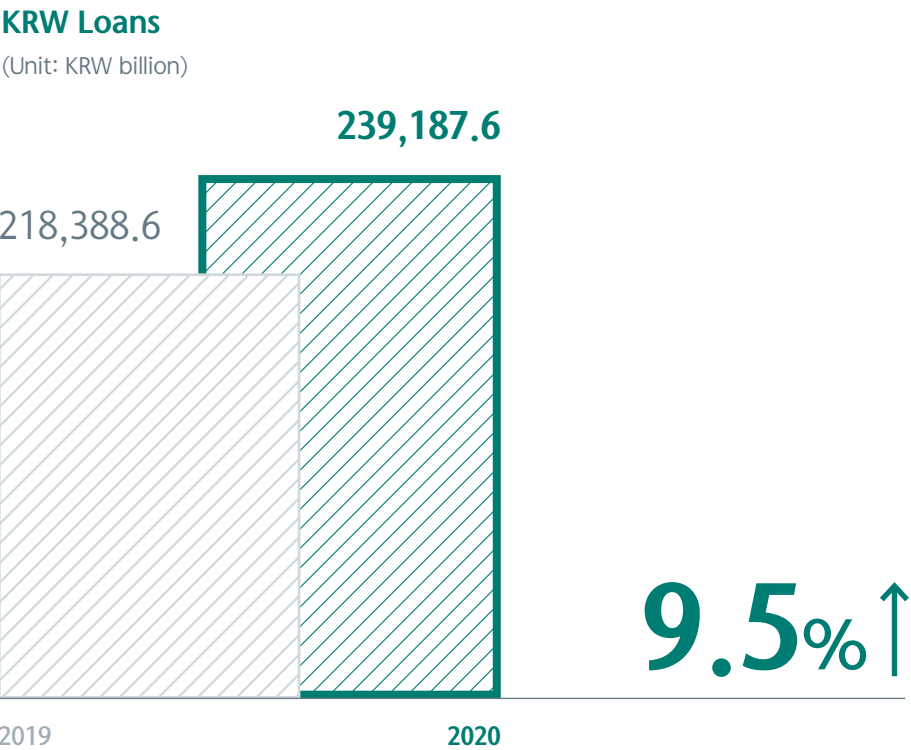
	2020	2019	YoY	%
KRW Loans	239,187.6	218,388.6	20,798.9	9.5%
Loans to Corporate	113,836.5	103,620.3	10,216.2	9.9%
SME	97,963.1	87,933.3	10,029.8	11.4%
SOHO	50,443.5	45,067.4	5,376.2	11.9%
Large Corporate	14,016.3	13,621.7	394.6	2.9%
Others	1,857.0	2,065.3	-208.3	-10.1%
Loans to Households	125,351.1	114,768.4	10,582.7	9.2%
KRW Deposits <sup>1)</sup>	245,112.3	230,040.7	15,071.6	6.6%
Low Cost Funding	108,431.5	86,754.7	21,676.8	25.0%
Core Deposits	75,019.7	59,620.0	15,399.7	25.8%
Money Market Deposit Account (MMDA)	33,411.8	27,134.8	6,277.1	23.1%
Time Deposits	126,965.4	133,367.4	-6,402.0	-4.8%
Installment Deposits	9,533.1	7,021.8	2,511.3	35.8%
Core Deposits & Others	182.4	2,896.8	-2,714.4	-93.7%

Note 1) Excluding foreign currency and trust deposits



KRW loans totaled KRW 239,187.6 billion, a YoY increase of KRW 20,798.9 billion. Loans to corporate rose by KRW 10,216.2 billion, of which large corporate loans amounted to KRW 394.6 billion and SME loans to KRW 10,029.8 billion. Loans to households increased by KRW 10,582.7 billion, the outcome of strong demand for *Jeonse* loans, pre-registration loans, and Hana 1Q Credit Loan.

KRW deposits increased by KRW 15,071.6 billion to KRW 245,112.3 billion on the back of continued efforts to increase low cost funding, despite a KRW 6,402 billion decline in time deposits spurred by interest rate drops. Core deposits and MMDA rose by KRW 15,399.7 billion and KRW 6,277.1 billion, respectively.



IV. ASSET QUALITY

TABLE 6. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2020	2019	YoY	%
Total Credit	270,712.3	249,280.9	21,431.5	8.6%
Normal	268,237.0	246,719.7	21,517.3	8.7%
Precautionary	1,553.2	1,578.0	-24.8	-1.6%
Substandard	551.7	616.3	-64.6	-10.5%
Doubtful	235.4	253.6	-18.3	-7.2%
Estimated Loss	135.1	113.2	21.9	19.3%
Precautionary & Below				
Amount	2,475.3	2,561.2	-85.8	-3.4%
Ratio	0.91%	1.03%	-0.11%p	-
Substandard & Below (NPL)				
Amount	922.1	983.2	-61.0	-6.2%
Ratio	0.34%	0.39%	-0.05%p	-
Credit Loss Reserves	1,199.6	925.5	274.1	29.6%
Substandard & Below (NPL) Coverage Ratio <sup>1)</sup>	130.10%	94.13%	35.97%p	-

Note 1) Excluding loan loss reserves

At the end of 2020, total credit stood at KRW 270,712.3 billion, up KRW 21,431.5 billion compared to the previous year. The increase was comprised mainly of loans classified as normal. Precautionary and substandard loans decreased by KRW 24.8 billion and KRW 64.6 billion, respectively.

Precautionary & below and NPL ratios improved by 0.11%p and 0.05%p, respectively, to 0.91% and 0.34%, which reflect continued efforts made in managing distressed loans and credit risks. NPL coverage ratio rose by 35.97%p YoY to 130.10%, attributable to a preemptive provisioning made in response to volatile economic conditions in 2020.

V. CAPITAL ADEQUACY

TABLE 7. BIS CAPITAL AND RATIO

(Unit: KRW billion)

	2020	2019	YoY	%
<b>Tier 1 Capital</b>	<b>25,186.6</b>	23,937.6	1,248.9	5.2%
Common Equity Tier 1 Capital	<b>25,085.1</b>	23,791.6	1,293.4	5.4%
Additional Tier 1 Capital	<b>101.5</b>	146.0	-44.5	-30.5%
<b>Tier 2 Capital</b>	<b>3,739.1</b>	3,870.9	-131.8	-3.4%
Loan Loss Reserve	<b>167.7</b>	151.4	16.3	10.8%
Subordinated Bonds	<b>3,548.7</b>	3,694.2	-145.4	-3.9%
Others	<b>22.7</b>	25.3	-2.6	-10.4%
<b>Total BIS Capital</b>	<b>28,925.7</b>	27,808.5	1,117.2	4.0%
<b>Risk Weighted Assets</b>	<b>196,316.2</b>	172,566.4	23,749.8	13.8%
<b>BIS Capital Adequacy Ratio <sup>1)</sup></b>				
Common Equity Tier 1 Ratio	<b>12.78%</b>	13.79%	-1.01%p	-
Tier 1 Ratio	<b>12.83%</b>	13.87%	-1.04%p	-
Tier 2 Ratio	<b>14.73%</b>	16.11%	-1.38%p	-

Note 1) Based on Basel III standards

Hana Bank continued to bolster its capital base in 2020, issuing subordinated bonds totaling KRW 690.0 billion and increasing reserves through earnings improvements.

BIS ratio inched down to 14.73%, led by an increase in RWAs following asset and market volatility increases, despite an expansion in Tier 2 capital. This ratio, however, is still well above regulatory guidelines. The Bank expects a significant improvement in capital adequacy following an early adoption of Basel III in 2021.

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.

HANA FINANCIAL INVESTMENT

I. OVERVIEW

The Korean stock market boomed throughout 2020 on the back of a bold investment sentiment fueled by rising volatility and liquidity both induced by the COVID-19 pandemic.

In response, Hana Financial Investment (HFI) significantly increased its retail business, and rapidly retooled its IB business structure to be more domestic-focused. In global deals, it generated a stable income focusing on proven quality deals and continued solid growth through strict deal management.

As a result, HFI’s general operating income increased 25.6% over the course of 2020 to KRW 1,001.1 billion, and net income rose by 45.6% to KRW 402.6 billion. ROE and C/I ratio improved, ending the year at 9.88% and 47.1%, respectively, both breaking their record performances of 2019.

TABLE 1. SUMMARIZED FINANCIAL INFORMATION (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
<b>Business Volume</b>				
Total Assets	<b>31,910.6</b>	25,077.1	6,833.5	27.2%
Shareholders’ Equity	<b>4,405.1</b>	3,483.0	922.1	26.5%
<b>Profitability</b>				
General Operating Income	<b>1,001.1</b>	796.8	204.3	25.6%
Operating Income	<b>493.9</b>	373.8	120.1	32.1%
Net Income	<b>402.6</b>	276.5	126.1	45.6%
Return on Assets (ROA)	<b>1.36%</b>	1.15%	0.21%p	-
Return on Equity (ROE)	<b>9.88%</b>	8.23%	1.65%p	-
Cost to Income Ratio	<b>47.12%</b>	52.23%	-5.11%p	-
<b>Capital Adequacy</b>				
Net Capital Ratio <sup>1)</sup>	<b>1,214.63%</b>	1,021.73%	192.90%p	-

Note 1) Based on consolidated figures



II. SUMMARY OF BUSINESS PERFORMANCE

TABLE 2. COMPREHENSIVE INCOME STATEMENT (SEPARATED)

(Unit: KRW billion)

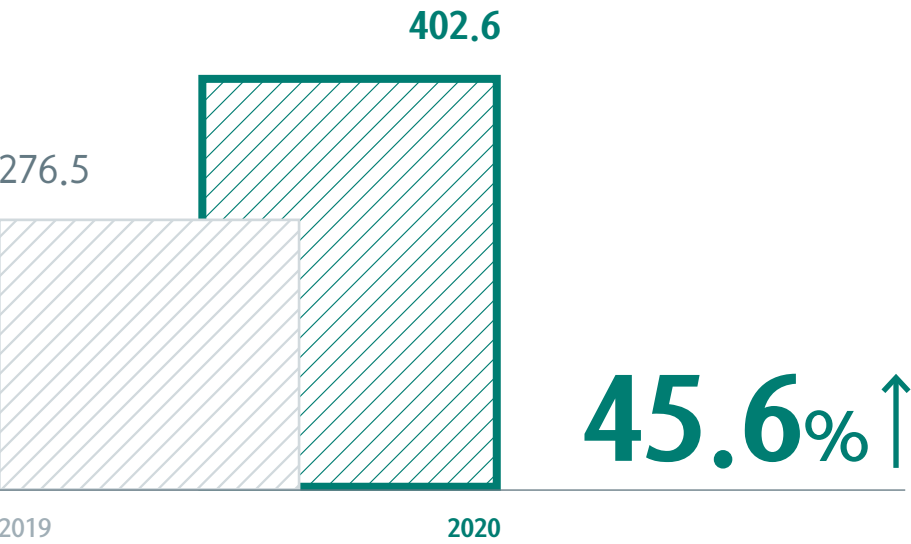
	2020	2019	YoY	%
General Operating Income	1,001.1	796.8	204.3	25.6%
Net Interest Income	251.0	248.0	3.0	1.2%
Net Fee and Commission Income	660.4	470.9	189.5	40.2%
Gains on Disposition & Valuation	-11.0	-4.8	-6.2	127.2%
Other Operating Income	100.7	82.7	18.0	21.7%
General & Administrative Expenses	471.7	416.1	55.6	13.4%
Pre-Provisioning Operating Profit (PPOP)	529.4	380.6	148.7	39.1%
Credit Loss Provision	35.5	6.9	28.6	417.5%
Operating Income	493.9	373.8	120.1	32.1%
Non-Operating Income	42.7	6.2	36.5	592.8%
Income before Income Tax	536.6	379.9	156.6	41.2%
Income Tax Expense	134.0	103.4	30.6	29.6%
Net Income	402.6	276.5	126.0	45.6%

In 2020, HFI’s net income increased by KRW 126.0 billion to KRW 402.6 billion on the strength of the IB unit posting a positive performance for the second consecutive year and retail operations riding high the market boom.

General operating income increased by 25.6% YoY to KRW 1,001.1 billion. To review the income performance in detail, net fee and commission income rose substantially to reach KRW 660.4 billion, a YoY increase of KRW 189.5 billion, led by stock brokerage and IB fees.

Net Income

(Unit: KRW billion)



Income other than fee and commission grew by KRW 14.8 billion YoY to KRW 340.7 billion – interest income increased by KRW 3.0 billion YoY to KRW 251.0 billion, and other operating income grew KRW 18.0 billion while gains on disposition and valuation declined by KRW 6.2 billion, YoY.

General and administrative expenses increased by KRW 55.6 billion YoY to KRW 471.7 billion on the back of an increase in sales personnel leading to more performance-linked bonuses, higher salaries and expanded employee benefits.

Credit loss provision amounted to KRW 35.5 billion, and non-operating income rose by KRW 36.5 billion YoY to KRW 42.7 billion.

As a result, net income rose substantially, reaching KRW 402.6 billion, a 45.6% or KRW 126.0 billion increase from 2019.

TABLE 3. FEE & COMMISSION INCOME (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Fee & Commission Income	660.4	470.9	189.5	40.2%
Brokerage Commission	213.1	104.6	108.5	103.7%
Management Fee on Wrap Account and Asset Management	79.0	78.4	0.6	0.8%
Underwriting Commission	125.1	138.9	-13.8	-9.9%
Commission on Mergers & Acquisitions	177.6	115.9	61.7	53.3%
Others	65.6	33.2	32.4	97.8%

Fee and commission income grew by 40.2% YoY to KRW 660.4 billion, with brokerage commissions increasing with the ascendancy of the stock market and IB fee income remaining strong for the second consecutive year.

Brokerage commissions rose significantly, increasing by 103.7% or KRW 108.5 billion YoY to KRW 213.1 billion, on the back of a booming stock market fueled by volatile market conditions. Management fee on wrap account and asset management rose by KRW 0.6 billion to KRW 79.0 billion. Despite challenging business conditions overseas, HFI made active inroads into the U.S., European, Australian and Japanese markets, increasing global IB incomes. HFI also improved its income performance evenly across all areas of IB in close collaboration with Hana Bank under the banner of “One IB”. As a result, IB and other fee and commission income rose by KRW 80.4 billion YoY to KRW 368.3 billion.

TABLE 4. GENERAL AND ADMINISTRATIVE EXPENSES (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General & Administrative Expenses	471.7	416.1	55.6	13.4%
Salaries and Employee Benefits	292.7	250.4	42.3	16.9%
Severance and Retirement Benefits	15.6	13.1	2.5	18.6%
Administrative Expenses	108.2	100.4	7.8	7.7%
Depreciation and Amortization	39.6	38.0	1.5	4.1%
Taxes and Dues	15.7	14.2	1.5	10.8%
Cost to Income Ratio	47.12%	52.23%	-5.11%p	-

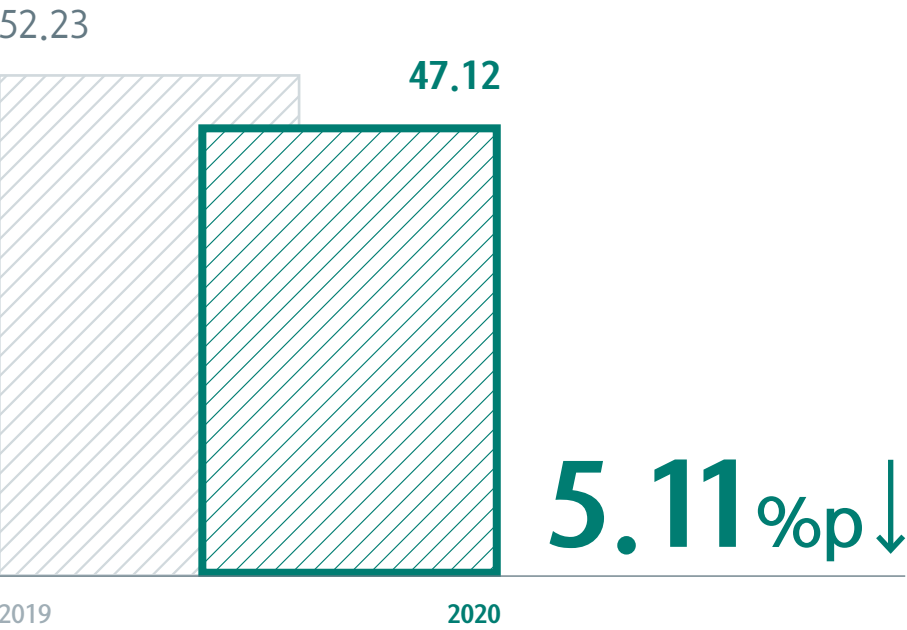
General and administrative expenses increased by KRW 55.6 billion to KRW 471.7 billion. Incomes from retail and IB operations rose significantly, while cost-cutting measures maintained throughout the year brought C/I ratio down to 47.12%, a YoY improvement of 5.11%p.

Salaries and employee benefits rose by KRW 42.3 billion YoY to KRW 292.7 billion, reflecting an increase in the number of sales personnel, which in turn raised bonus payments following operating income improvements in WM and IB. Reserves for severance and retirement benefits rose by KRW 2.5 billion YoY to KRW 15.6 billion.

Administrative expenses increased by KRW 7.8 billion YoY to KRW 108.2 billion mainly due to an increase in IT management/communications expenses outlaid in response to a sharp rise in network traffic following mounting transaction volumes. Advertising expenses was another contributing factor. Depreciation and amortization rose by KRW 1.5 billion to KRW 39.6 billion with the development of sales-related systems. Taxes and dues increased by KRW 1.5 billion YoY to KRW 15.7 billion.

Cost to Income Ratio

(Unit: %)



III. KEY FIGURES

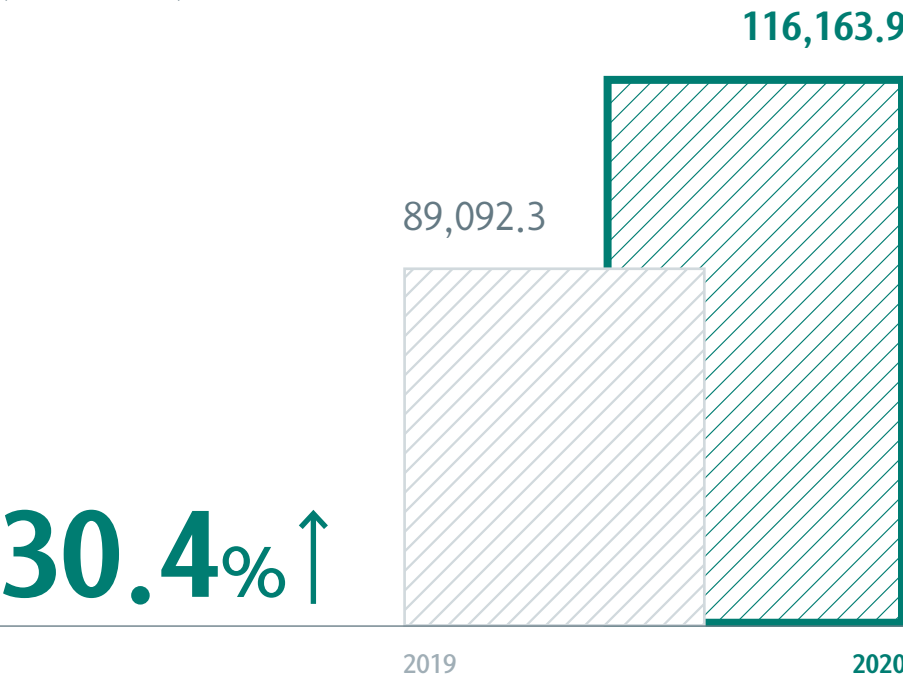
TABLE 5. AUM BREAKDOWN

(Unit: KRW billion)

	2020	2019	YoY	%
Customer Assets of HFI (AUM)	116,163.9	89,092.3	27,071.5	30.4%
Beneficiary Certificates	28,295.7	25,274.4	3,021.3	12.0%
Equity (Hybrid) Type	2,962.6	3,022.8	-60.3	-2.0%
Fixed-Income (Hybrid) Type	4,801.4	4,323.5	477.9	11.1%
Money Market Fund	5,243.3	3,761.5	1,481.8	39.4%
Others	15,288.5	14,166.6	1,121.9	7.9%
Financial Products	37,941.3	33,547.6	4,393.6	13.1%
Trust	20,192.9	16,110.6	4,082.2	25.3%
Repurchase Agreement	3,732.1	2,896.2	835.9	28.9%
Fixed-Income/Certificate of Deposit/Commercial Paper	11,194.7	12,295.5	-1,100.8	-9.0%
Others	2,821.6	2,245.3	576.2	25.7%
Entrusted Assets	49,926.8	30,270.3	19,656.5	64.9%
Market	691,806.7	649,629.0	42,177.7	6.5%
Market Share	4.09%	3.89%	0.20%p	-

Customer Assets of HFI (AUM)

(Unit: KRW billion)





The stock market as a whole in 2020 fluctuated upward in the first quarter of 2020 after an initial downswing reaction to COVID-19 as retail investors began to rush in and the government turned on the spigot of market liquidity in response to a pandemic-induced economic downturn.

HFI actively responded to such a market environment through product development and extensive marketing. As a result, assets under management (AUM) increased by KRW 27.1 trillion to KRW 116.2 trillion, pushing its market share of beneficiary certificates to 4.09%, a 0.20%p increase YoY.

Going forward, HFI will maintain a stable customer ROI by offering a wide range of investment products and constantly rebalancing the portfolio.

TABLE 6. ACQUISITION AND ISSUANCE

(Unit: KRW billion)

	2020	2019	YoY	%
IPO & Capital Increase (Lead-managed)	192.4	217.7	-25.3	-11.6%
ELS/DLS Issued (ELB/DLB included)	8,740.5	11,540.2	-2,799.7	-24.3%

HFI lead-managed eight IPOs in 2020, fundraising a total of KRW 192.4 billion, and thus ranking 10th in the related league table.

ELS/DLS issuance fell by 24.3% YoY to KRW 8.7 trillion comprised of KRW 4.9 trillion for ELS and KRW 3.8 trillion for DLS. The drop is a direct result of unstable market conditions and tighter sales regulations. In the league table, however, HFI maintained its 5th place in overall OTC and 1st place in DLS.

HFI will continue to fine-tune its analysis of the S&T market, develop derivatives products in tune with customer needs, and offer products in which customers can invest with a strong sense of trust.

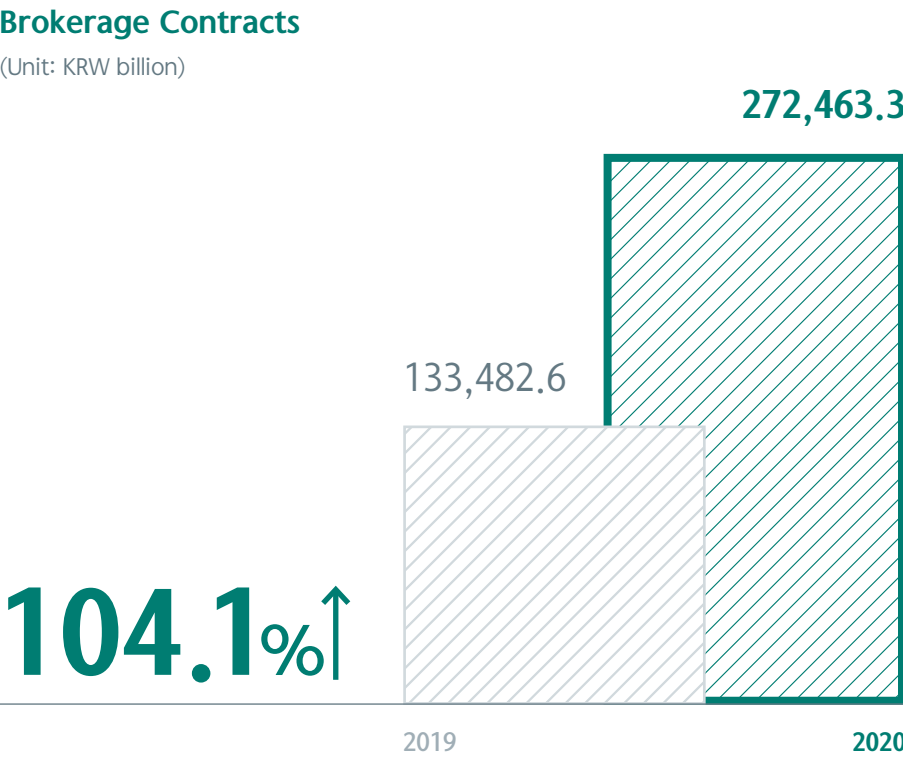
TABLE 7. BROKERAGE CONTRACTS

(Unit: KRW billion)

	2020	2019	YoY	%
Brokerage Contracts	272,463.3	133,482.6	138,981	104.1%
Off	47,190.2	37,747.1	9,443	25.0%
On	225,273.1	95,735.5	129,538	135.3%
Market	13,400,628.8	5,288,748.3	8,111,881	153.4%
Market Share	2.03%	2.52%	-0.49%p	-

The stock market, after an initial shock of COVID-19, made a sharp turnaround, recovering to 2019-end levels in four months, maintaining its ascendancy through the remaining months, and ending the year at an all-time high. The booming market attracted large flows of funds, leading to an abundant supply of liquidity. Growing transaction volumes were further boosted by mammoth IPOs, including SK Biopharmaceuticals.

As a result, HFI’s brokerage contracts increased by 104.1% YoY to KRW 272,463.3 billion, recording 2.03% in market share. HFI will increase the market share by strengthening its digital-based platform finance and undertaking extensive marketing.



IV. ASSET QUALITY

TABLE 8. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2020	2019	YoY	%
Total Credit	9,362.6	6,618.7	2,743.9	41.5%
Normal	9,297.6	6,603.9	2,693.6	40.8%
Precautionary	15.0	-	15.0	-
Substandard	5.2	0.5	4.7	1,024.4%
Doubtful	38.2	6.9	31.3	455.3%
Estimated Loss	6.7	7.4	-0.7	-9.8%
Precautionary & Below				
Amount	65.0	14.7	50.3	341.3%
Ratio	0.69%	0.22%	0.47%p	-
Substandard & Below (NPL)				
Amount	50.0	14.7	35.3	239.5%
Ratio	0.53%	0.22%	0.31%p	-
Loan Loss Reserve	54.2	21.0	33.2	157.9%
Normal	7.2	6.8	0.4	5.7%
Precautionary	2.2	-	2.2	-
Substandard	-	-	0.0	-
Doubtful	38.1	6.8	31.3	457.9%
Estimated Loss	6.7	7.4	-0.7	-9.8%
Precautionary & Below				
Loan Loss Reserve	47.0	14.2	32.8	230.5%
Coverage Ratio	83.39%	142.70%	-59.30%p	-
Substandard & Below (NPL)				
Loan Loss Reserve	44.8	14.2	30.6	214.8%
Coverage Ratio	108.41%	142.70%	-34.29%p	-

Total credit rose from KRW 6,618.7 billion in 2019 to KRW 9,362.6 billion in 2020. Key factors for this substantial rise include a KRW 1,700.6 billion increase in loans (including repurchase agreements); a KRW 488.6 billion increase in brokerage loans; a KRW 1.1 billion decline in advances; a KRW 563.1 billion rise in accounts receivable and accrued revenue; and a KRW 6.9 billion reduction in debt guarantees. A bad debt expense of KRW 1.3 billion was also incurred.

NPL ratio deteriorated by 0.31%p YoY, while loan loss reserve increased by KRW 33.2 billion, reflecting an additional loan loss reserve set aside to cover the reduced chances of recovering certain IB assets.

NPL coverage ratio went down 34.29%p to 108.41%. The loan loss reserve at the end of 2020 was at a level deemed appropriate to enable the recovery of individual assets without incurring further losses.

V. CAPITAL ADEQUACY

TABLE 9. NET CAPITAL RATIO

(Unit: KRW billion)

	2020	2019	YoY	%
Net Capital	3,966.5	3,231.4	735.1	22.7%
(+) Shareholders' Equity on Balance Sheet	4,425.6	3,476.9	948.7	27.3%
(+) Allowances for Currency Assets	68.4	61.1	7.3	11.9%
(+) Subordinated Debentures	590.0	300.0	290.0	96.7%
(-) Fixed Assets	160.5	88.3	72.2	81.7%
(-) Prepaid Expenses	26.4	30.6	-4.2	-13.8%
(-) Unsecured Loans (over 3 Months)	745.5	269.3	476.2	176.8%
(-) Others	185.2	218.3	-33.2	-15.2%
Gross Risk Amount	2,336.1	1,860.0	476.2	25.6%
Market Risk	1,463.0	1,095.5	367.5	33.5%
Counter Party Risk	688.6	623.1	65.5	10.5%
Credit Concentration Risk	39.9	39.5	0.4	0.9%
Operational Risk	144.7	101.9	42.8	42.0%
Indirect Investment Risk	0.0	0.0	0.0	-
Net Capital Ratio	1,214.63%	1,021.73%	192.90%p	-

Net capital ratio increased 192.90%p to 1,214.63%, well above regulatory guidelines (100%) set the Financial Supervisory Service and the more stringent target (200%) set by the company's Risk Management Committee.

Shareholders' equity on the 2020 balance sheet amounted to KRW 4,425.6 billion, up KRW 948.7 billion YoY, while net capital rose KRW 735.1 billion to KRW 3,966.5 billion. Net capital went up as a result of a rise in shareholders' equity following a paid-in capital increase of KRW 500.0 billion and the issuance of subordinated debentures worth KRW 350.0 billion.

Gross risk amount rose by KRW 476.2 billion YoY, mainly attributable to an increase in IB-related assets.



# KEB HANA CARD

## I. OVERVIEW

TABLE 1. SUMMARIZED FINANCIAL INFORMATION (CONSOLIDATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Profitability				
General Operating Income	667.9	545.3	122.6	22.5%
Operating Income	212.5	77.0	135.5	175.9%
Net Income	154.5	56.3	98.2	174.4%
Return on Assets (ROA)	1.87%	0.70%	1.17%p	-
Return on Equity (ROE)	9.11%	3.48%	5.63%p	-
Cost to Income Ratio	33.97%	42.35%	-8.37%p	-
Business Volume <sup>1)</sup>	66,922.5	67,075.5	-153.0	-0.2%
Lump-sum	53,547.9	54,166.4	-618.6	-1.1%
Installment	5,415.6	5,375.5	40.2	0.7%
Cash Advance	3,350.3	3,856.1	-505.8	-13.1%
Card Loans	4,608.7	3,677.5	931.2	25.3%

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

In 2020, KEB Hana Card generated KRW 66.9 trillion in transaction volume, KRW 212.5 billion in operating income, and KRW 154.5 billion in net income. Transaction volume decreased 0.2% over the course of 2020 due to the impact of COVID-19, but net income reached a record high on the strength of digital innovations made in card processes, including transaction approval, purchase, and third-party service fees. Asset growth slowed with the reduction of transaction volumes, but credit losses decreased on improvements made in asset soundness, despite a preemptive COVID-19 provisioning.

Entering 2021, KEB Hana Card is getting ready to embrace the rapid development of the global online market and a recovery of the offline market following the growing availability of COVID-19 vaccines. With an eye on this end, the company is diversifying its business portfolio through expansion of global marketing platforms, building up global financial services, securing additional overseas purchasing licenses, and entering auto finance business including installment loan.

## II. SUMMARY OF BUSINESS PERFORMANCE

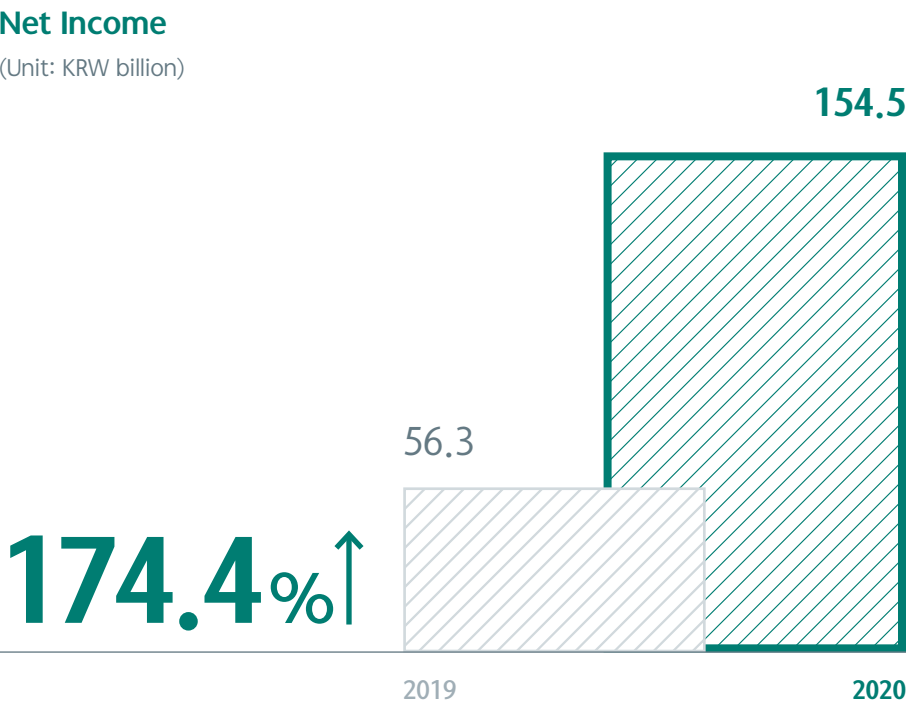
TABLE 2. COMPREHENSIVE INCOME STATEMENT (CONSOLIDATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General Operating Income	667.9	545.3	122.6	22.5%
Net Interest Income	-116.9	-123.1	6.2	-5.0%
Net Fee & Commission Income	745.0	612.4	132.6	21.7%
Gains on Disposition & Valuation	18.1	38.5	-20.4	-52.9%
Other Operating Income <sup>1)</sup>	21.6	17.5	4.2	23.8%
General & Administrative Expense	226.9	230.9	-4.0	-1.7%
Pre-Provisioning Operating Profit (PPOP)	441.0	314.4	126.6	40.3%
Credit Loss Provision	228.5	237.3	-8.9	-3.7%
Operating Income	212.5	77.0	135.5	175.9%
Non-Operating Income	-1.7	-2.7	1.0	-36.2%
Net Income before Income Tax	210.8	74.3	136.5	183.6%
Income Tax Expense	56.4	18.1	38.3	212.1%
Net Income	154.5	56.3	98.2	174.4%

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

Net interest income rose by KRW 6.2 billion YoY mainly due to a decline in funding interest rates. Fee and commission income increased by KRW 132.6 billion on the strength of digital innovations which have helped improve the business fundamentals and lower processing costs. Gains on disposition and valuation declined by KRW 20.4 billion as foreign exchange profits were cut by a drop in overseas transaction volume, while other operating income rose by KRW 4.2 billion as a result of higher gains on the loan sales.



General and administrative expenses decreased by KRW 4.0 billion as depreciation of credit card system investments made in 2015 ended. Credit loss provision decreased by KRW 8.9 billion on the back of improvements in asset quality, despite a preemptive provisioning made against the prospect of a prolonging economic downturn initiated by COVID-19. As a result, KEB Hana Card’s net income increased by KRW 98.2 billion YoY to KRW 154.5 billion, a record high.

TABLE 3. FEE STRUCTURE (CONSOLIDATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Fee Revenue	1,271.3	1,275.2	-3.9	-0.3%
Credit Card Receivables in KRW	474.4	431.6	42.8	9.9%
Cash Advance	73.4	87.8	-14.4	-16.4%
Card Loan	343.3	316.1	27.3	8.6%
Others	380.2	439.7	-59.6	-13.5%
Fee Expenses	526.3	662.8	-136.5	-20.6%
Fee Income	745.0	612.4	132.6	21.7%

Fee revenue inched down KRW 3.9 billion to KRW 1,271.3 billion. Credit card receivables and fee revenue from card loans increased KRW 42.8 billion and KRW 27.3 billion, respectively. However, income from interest on cash advances and overseas card purchases and secondary business income decreased by KRW 14.4 billion and KRW 59.6 billion, respectively.

Fee expenses were lowered by KRW 136.5 billion, attributable to the restructuring of high-cost products leading to savings in card service expenses, the digitalization of credit card value chain slashing processing costs, and the reduction in overseas transaction costs.

TABLE 4. GENERAL AND ADMINISTRATIVE EXPENSES (CONSOLIDATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General & Administrative Expenses	226.9	230.9	-4.0	-1.7%
Salaries and Employee Benefits	85.1	77.1	8.0	10.3%
Severance and Retirement Benefits	15.6	20.9	-5.3	-25.2%
Administrative Expenses	78.0	78.3	-0.3	-0.4%
Depreciation and Amortization	36.6	42.4	-5.7	-13.5%
Taxes and Dues	11.5	12.3	-0.7	-5.9%
Cost to Income Ratio	33.97%	42.35%	-8.37%p	-

General and administrative expenses fell by KRW 4.0 billion, as depreciation of 2015 investments made in credit card systems came to an end. C/I ratio decreased by 8.37%p YoY to 33.97%, reflecting improvements in cost efficiency across the company.

III. KEY FIGURES

TABLE 5. EARNING ASSET PORTFOLIO

(Unit: KRW billion)

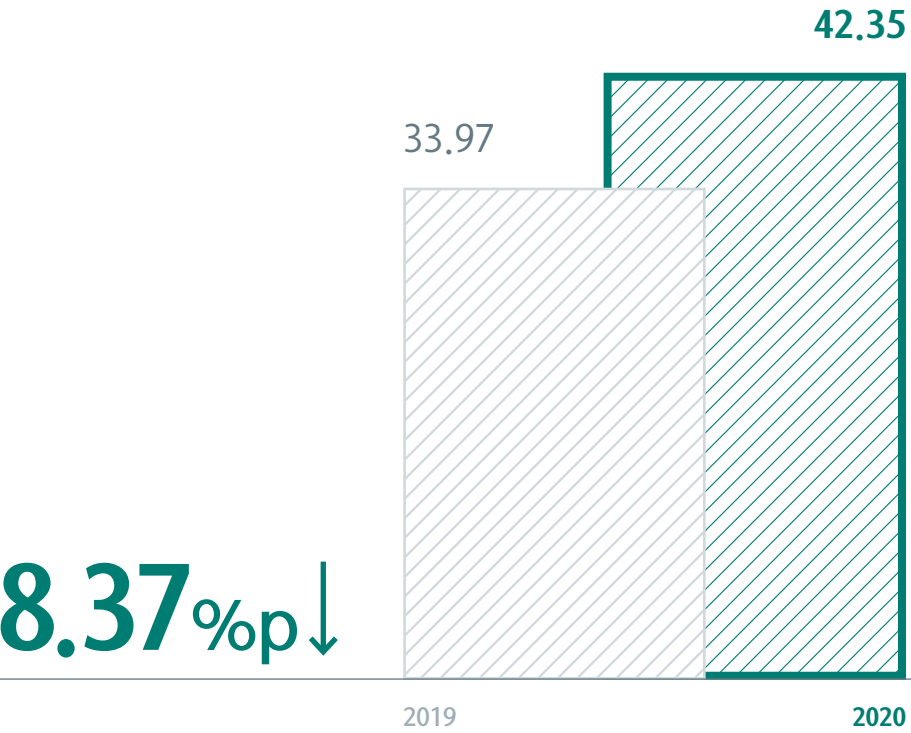
	2020	2019	YoY	%
Earning Assets (Managed) <sup>1)</sup>	7,509.6	7,674.7	-165.1	-2.2%
Credit Purchase	3,214.8	3,644.7	-429.9	-11.8%
Cash Advance	380.1	470.2	-90.1	-19.2%
Card Loan	2,689.7	2,432.7	257.0	10.6%
Re-aged Loan	99.3	122.0	-22.7	-18.6%
Installment Finance	-	-	0.0	-
Lease	-	-	0.0	-
Others	1,225.1	1,127.1	98.0	8.7%

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

Earning assets decreased by KRW 165.1 billion YoY to KRW 7,509.6 billion, mainly attributable to a KRW 429.9 billion decline in credit purchase as overseas transaction volume fell due to COVID-19, and the impact of a KRW 90.1 billion reduction in cash advances with high insolvency risks. Card loans, however, rose by KRW 257.0 billion, most of which was extended to creditworthy customers in compliance with asset growth regulations and guidelines set by financial authorities.

Cost to Income Ratio

(Unit: %)





IV. ASSET QUALITY

TABLE 6. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2020	2019	YoY	%
Total Credit	7,623.3	7,808.1	-184.7	-2.4%
Normal	7,308.4	7,402.6	-94.2	-1.3%
Precautionary	212.5	267.0	-54.5	-20.4%
Substandard	2.0	0.6	1.3	208.9%
Doubtful	77.6	76.5	1.1	1.5%
Estimated Loss	22.8	61.3	-38.5	-62.8%
Precautionary & Below				
Amount	314.9	405.5	-90.6	-22.3%
Ratio	4.13%	5.19%	-1.06%p	-
Substandard & Below (NPL)				
Amount	102.4	138.5	-36.1	-26.0%
Ratio	1.34%	1.77%	-0.43%p	-
Loan Loss Reserves	263.5	285.9	-22.4	-7.8%
Normal	131.3	115.2	16.1	14.0%
Precautionary	55.1	71.7	-16.6	-23.2%
Substandard	1.2	0.0	1.2	2375.8%
Doubtful	58.5	53.7	4.8	8.9%
Estimated Loss	17.3	45.2	-27.9	-61.7%
Coverage Ratio	0	0		
Substandard & Below (NPL) Coverage	257.32%	206.51%	50.81%p	-
Precautionary & Below	83.66%	70.51%	13.15%p	-

Note 1) NPL ratio inclusive of factoring

Total credit at the end of 2020 amounted to KRW 7,623.3 billion, a YoY decline of KRW 184.7 billion, and NPL ratio improved by 43bp from 1.77% to 1.34%. Precautionary and below ratio also improved from 5.19% to 4.13%.

V. CAPITAL ADEQUACY

TABLE 7. ADJUSTED EQUITY CAPITAL RATIO AND LEVERAGE RATIO

(Unit: KRW billion)

	2020	2019	YoY	%
Adjusted Equity Capital	1,755.2	1,555.7	199.5	12.8%
Adjusted Total Asset	7,685.1	7,480.1	205.0	2.7%
Adjusted Equity Capital Ratio (%)	22.84%	20.80%	2.04%p	-
Total Equity Capital	1,780.0	1,628.8	151.2	9.3%
Total Assets	8,209.0	8,186.8	22.2	0.3%
Leverage Ratio (Multiples)	4.61	5.03	-0.41	-8.25%

Adjusted equity capital ratio improved by 2.04%p from the previous year’s 20.80% to 22.84% which illuminates the sound management of capital requirements during the year. Leverage ratio decreased from 5.03 at the end of 2019 to 4.61 at the end of 2020, well below the regulatory guideline of 8.0.

# HANA CAPITAL

## I. OVERVIEW

The year 2020 was a difficult period for the credit financing industry as interest rates fell, competition intensified in the new car finance market, and COVID-19 set off a great deal of uncertainty at home and abroad.

Despite such challenging market conditions, Hana Capital improved work efficiencies and maximized sales by continuing to digitalizing business processes and distribution channels. Through an ESG bond issuance, the company promoted joint progress among corporations, societies and the financial industry in practicing sustainable management. In addition, through expansion of financial investment vehicles, it diversified the investment portfolio and thereby stabilized the profit base; and through the acquisition of Hana Microfinance in Myanmar, increased global income sources. As a result, in 2020 Hana Capital posted a record high net income in its history and among credit financing companies affiliated with financial groups in Korea.

In 2021, Hana Capital will continue to strengthen its digital platform, expand global business, and undertake ESG management, all in its efforts to fulfill its role as a leading credit financing company.

TABLE 1. SUMMARIZED FINANCIAL INFORMATION (CONSOLIDATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Profitability				
General Operating Income	378.0	289.6	88.4	30.5%
Operating Income	248.6	160.9	87.8	54.6%
Net Income	177.2	107.8	69.5	64.5%
Return on Assets (ROA)	1.90%	1.44%	0.45%p	-
Return on Equity (ROE)	14.85%	10.61%	4.24%p	-
Cost to Income Ratio	19.09%	18.78%	0.31%p	-
Financial Assets				
Lease	2,857.8	2,616.0	241.8	9.2%
Installment	1,176.9	752.7	424.2	56.4%

## II. SUMMARY OF BUSINESS PERFORMANCE

TABLE 2. COMPREHENSIVE INCOME STATEMENT (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General Operating Income	348.4	290.0	58.4	20.2%
Net Interest Income	272.2	242.5	29.7	12.2%
Net Fee and Commission Income	60.4	62.2	-1.8	-2.9%
Gains on Disposition & Valuation	14.4	0.5	13.8	2700.2%
Other Operating Income	1.4	-15.3	16.7	-109.4%
General & Administrative Expenses	62.6	54.4	8.2	15.1%
Pre-Provisioning Operating Profit (PPOP)	285.8	235.6	50.2	21.3%
Credit Loss Provision	51.5	74.3	-22.8	-30.7%
Operating Income	234.3	161.3	73.0	45.3%
Non-Operating Income	-1.9	-0.7	-1.3	192.5%
Net Income before Income Tax	232.3	160.6	71.7	44.7%
Income Tax Expense	59.2	52.5	6.7	12.7%
Net Income	173.1	108.1	65.1	60.2%

General operating income increased by KRW 58.4 billion or 20.2% YoY to KRW 348.4 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 65.1 billion, or 60.2%, to KRW 173.1 billion, a record high in its history.

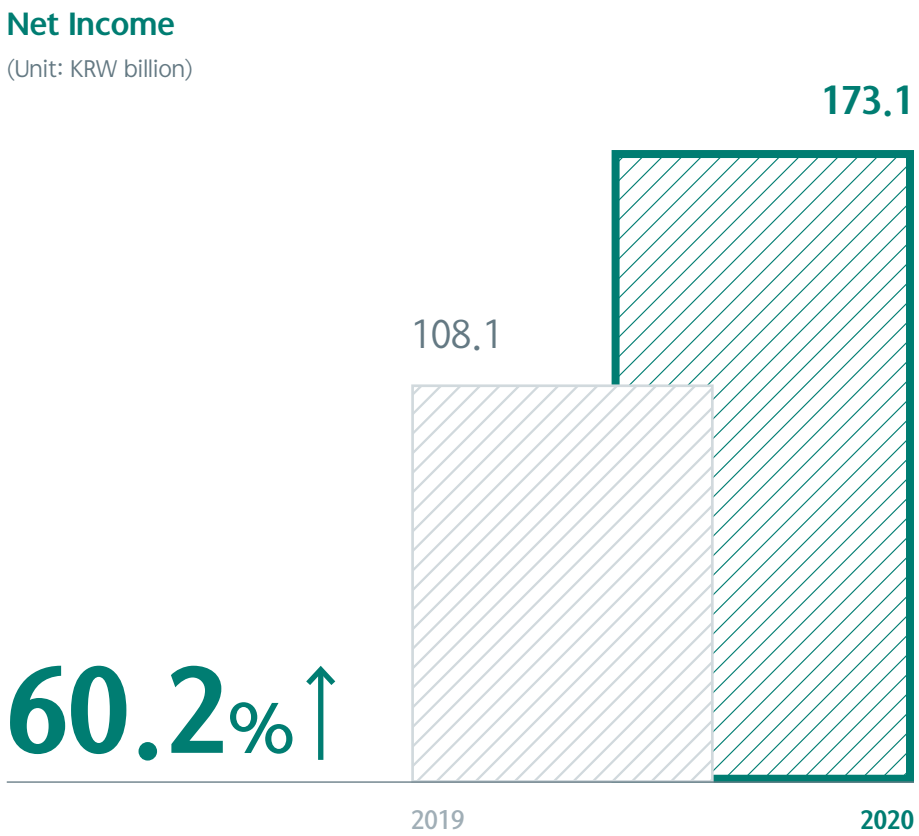




TABLE 3. GENERAL AND ADMINISTRATIVE EXPENSES (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General & Administrative Expenses	62.6	54.4	8.2	15.1%
Salaries and Employee Benefits	32.0	27.2	4.8	17.8%
Severance and Retirement Benefits	2.3	2.1	0.2	11.5%
Administrative Expenses	18.6	16.3	2.3	14.0%
Depreciation and Amortization	6.5	5.8	0.7	11.4%
Taxes and Dues	3.2	3.0	0.2	7.0%
Cost to Income Ratio	17.97%	18.76%	-0.78%p	-

General and administrative expenses increased by KRW 8.2 billion YoY to KRW 62.6 billion. Salaries and employee benefits and administrative expenses rose by KRW 4.8 billion and KRW 2.3 billion, respectively, to KRW 32.0 billion and KRW 18.6 billion. C/I ratio improved by 0.78%p YoY to 17.97%.

III. FINANCIAL ASSETS

TABLE 4. LEASE/INSTALLMENT

(Unit: KRW billion)

	2020	2019	YoY	%
Lease	2,857.8	2,616.0	241.8	9.2%
Auto	2,608.8	2,391.7	217.2	9.1%
General	248.9	224.3	24.6	11.0%
Installment	1,176.9	752.7	424.2	56.4%
Durable Goods	159.9	118.2	41.6	35.2%
Auto	991.9	607.6	384.3	63.2%
General	25.2	26.9	-1.7	-6.3%
Total	4,034.6	3,368.7	666.0	19.8%

Lease and installment finance assets grew KRW 666.0 billion to KRW 4,034.6 billion. Lease assets rose by KRW 241.8 billion YoY to KRW 2,857.8 billion, while installment finance assets increased KRW 424.2 billion to KRW 1,176.9 billion. Of lease and installment finance assets, auto finance assets accounted for 89.2%, a 0.2%p increase from a year earlier.

IV. ASSET QUALITY

TABLE 5. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2020	2019	YoY	%
Total Credit	9,540.1	7,577.5	1,962.6	25.9%
Normal	9,428.0	7,365.6	2,062.3	28.0%
Precautionary	49.1	106.5	-57.4	-53.9%
Substandard	28.9	55.7	-26.7	-48.0%
Doubtful	28.7	47.5	-18.8	-39.7%
Estimated Loss	5.4	2.1	3.3	156.8%
Precautionary & Below				
Amount	112.1	211.8	-99.7	-47.1%
Ratio	1.17%	2.80%	-1.62%p	-
Substandard & Below (NPL)				
Amount	63.0	105.3	-42.3	-40.1%
Ratio	0.66%	1.39%	-0.73%p	-
Loan Loss Reserve	82.4	93.9	-11.5	-12.2%
Normal	47.6	46.8	0.8	1.8%
Precautionary	9.4	14.9	-5.5	-37.0%
Substandard	4.8	22.8	-18.0	-79.0%
Doubtful	15.4	7.7	7.7	100.0%
Estimated Loss	5.3	1.7	3.5	202.6%
Precautionary & Below				
Loan Loss Reserve	34.8	47.1	-12.3	-26.1%
Coverage Ratio	73.53%	44.33%	29.20%p	-
Substandard & Below (NPL)				
Loan Loss Reserve	25.4	32.2	-6.8	-21.1%
Coverage Ratio	130.77%	89.17%	41.60%p	-

Total credit at the end of 2020 stood at KRW 9,540.1 billion, a KRW 1,962.6 billion increase from the previous year. NPLs declined by KRW 42.3 billion YoY to KRW 63.0 billion, improving NPL ratio by 0.73%p to 0.66%. Loan loss reserve decreased by KRW 11.5 billion to KRW 82.4 billion, while NPL coverage ratio increased by 41.60%p to 130.77%.

V. CAPITAL ADEQUACY

TABLE 6. ADJUSTED EQUITY CAPITAL RATIO

(Unit: KRW billion)

	2020	2019	YoY	%
Adjusted Equity Capital	1,312.0	1,144.2	167.7	14.7%
Tier 1 Capital	1,104.9	948.1	156.8	16.5%
Shareholders' Equity	1,104.9	948.1	156.8	16.5%
Tier 2 Capital	219.9	206.5	13.4	6.5%
Subordinate Debt	149.6	149.6	0.0	0.0%
Loan Loss Reserve	70.3	56.9	13.5	23.7%
(-) Deduction	12.8	10.4	2.4	23.6%
Adjusted Total Assets	10,492.1	8,125.4	2,366.7	29.1%
Total Assets on Balance Sheet	10,868.9	8,208.6	2,660.3	32.4%
(-) Deduction	376.8	83.2	293.6	352.9%
Adjusted Equity Capital Ratio	12.50%	14.08%	-1.58%p	-

Adjusted equity capital ratio reached 12.50%, well above the 7% guideline set by financial authorities.

HANA LIFE

I. OVERVIEW

Amid a lowering birth rate, a fast-aging society, and sluggish economic growth, the domestic life insurance industry has been shifting its business focus from savings-type to protection-type and variable insurance products, all in an effort to respond to such regulatory changes as reduced tax-exemption benefits and revised accounting requirements. Meeting new capital adequacy requirement is now the most important business requirement facing Korean life insurance companies as IFRS 17 and K-ICS are scheduled to take effect in 2023. Accordingly, domestic players are exploring diverse options of raising capital. Moreover, the digital insurance market is on the rise as face-to-face insurance sales have all but fallen out of favor with customers in an era of virtual interactions.

Hana Life undertook a major digital transformation in 2020 under the slogan, “Advanced Insurance, Customized Insurance, Digital Hana!” It increased customer convenience by adopting digital processes in all areas of its business and focused on developing digital talent and bolstering business competencies. In addition, the company sought to increase the sales of protection-type and variable insurance products, and to improve profitability through cost reduction. It also sought to increase ROI through management of quality assets in collaboration with other Group affiliates, and to improve its fundamentals through strengthening of risk management.

Hana Life will continue to increase sales by generating synergy with other Hana Financial Group affiliates. It will also form new alliances and thus expand channels for distributing bancassurance products, and generate new incomes by increasing sales through digital platforms. The company will strive to become a customer-oriented life insurance company offering insurance products that meet as many as diverse customer’s needs as possible.



II. SUMMARY OF BUSINESS PERFORMANCE

TABLE 1. MAIN PERFORMANCE INDICATORS (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Monthly Converged Premiums (MCP)	10.1	10.0	0.1	1.0%
Annuity	1.2	1.2	0.0	-1.3%
Saving	0.0	0.0	0.0	-
Protection	7.0	4.7	2.3	48.8%
Variable	1.9	4.1	-2.2	-53.2%
Premium Income	405.8	400.4	5.4	1.4%
Investment Income	173.2	155.1	18.1	11.7%
Investment Income Ratio	3.90%	3.44%	0.46%p	-
Net Income	35.2	24.3	10.9	44.7%
Return on Assets (ROA)	0.71%	0.52%	0.19%p	-
Return on Equity (ROE)	9.75%	7.29%	2.46%p	-
Cost to Income Ratio	54.77%	54.06%	0.71%p	-

Hana Life’s monthly coverage premium (MCP), a key index for insurance business, amounted to KRW 10.1 billion at the end of 2020. The main contributing factor is an expansion centered on protection-type and variable insurance products. Sales of protection-type insurance products rose by KRW 2.3 billion YoY to KRW 7.0 billion, accounting for 69% of the product portfolio, an indication of its continued growth. In the investment sector, return on working capital increased by 0.46%p YoY, as a result of increased loans and alternative investments, and thus the company generated a KRW 173.2 billion of investment income.

Monthly Converged Premiums (MCP)  
(Unit: KRW billion)

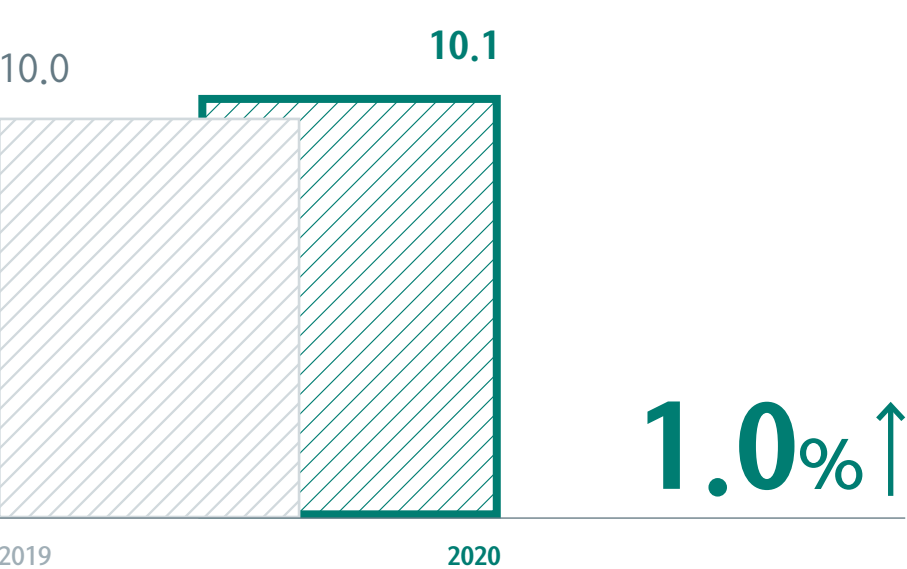


TABLE 2. COMPREHENSIVE INCOME STATEMENT (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Net Insurance Business Income	-256.8	-223.6	-33.2	14.8%
Insurance Income	415.9	410.2	5.7	1.4%
Premium Income	405.8	400.4	5.4	1.4%
Reinsurance Income	10.1	9.9	0.2	2.3%
Insurance Expense	672.7	633.8	38.8	6.1%
Benefit & Payments	596.9	567.1	29.8	5.3%
Reinsurance Expense	10.9	10.6	0.3	2.8%
General & Administrative Expense	66.1	58.0	8.0	13.8%
Decrease (Increase) of Deferred Acquisition Cost	-5.1	-2.0	-3.1	153.5%
Discount	3.9	0.1	3.8	3,118.1%
Net Investment Business Income	144.6	124.9	19.7	15.8%
Investment Income	173.2	155.1	18.1	11.7%
Investment Expense	28.6	30.2	-1.6	-5.4%
Increase of Policy Reserve	-129.9	-92.6	-37.2	40.2%
Operating Income	17.7	-6.1	23.8	-388.9%
Non-Operating Income	28.0	37.1	-9.1	-24.5%
Net Income before Income Tax	45.7	31.0	14.7	47.4%
Income Tax Expense	10.5	6.7	3.8	57.1%
Net Income	35.2	24.3	10.9	44.7%

Hana Life generated a net income of KRW 35.2 billion in 2020, a YoY rise of KRW 10.9 billion. The sum includes expenses incurred from digital transformations as well as platform alliance-related expenses. Net investment business income rose by 15.8% YoY to KRW 144.6 billion on the back of an increase in dividend income and gain on sales.

Net Income  
(Unit: KRW billion)

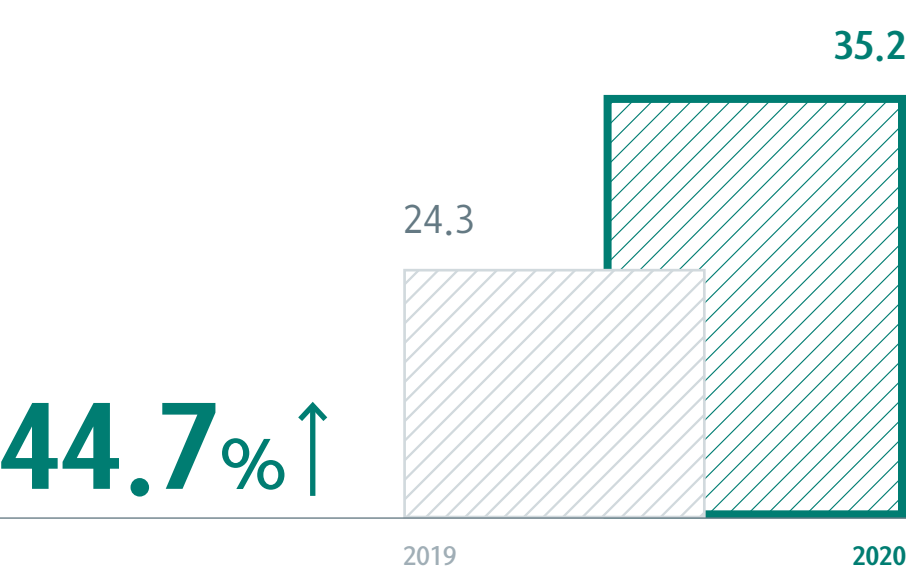


TABLE 3. GENERAL AND ADMINISTRATIVE EXPENSES (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General & Administrative Expenses	40.9	36.3	4.6	12.8%
Salaries and Employee Benefits	14.8	13.9	0.9	6.2%
Severance and Retirement Benefits	1.7	1.8	-0.1	-5.0%
Administrative Expenses	17.3	15.2	2.1	13.5%
Depreciation and Amortization	6.0	4.3	1.8	41.3%
Taxes and Dues	1.1	1.1	0.0	3.5%
Cost to Income Ratio	54.77%	54.06%	0.71%p	-

General and administrative expenses totaled KRW 40.9 billion in 2020, up KRW 4.6 billion compared with that of 2019. The increase is attributable mainly to expenses related to digital transformations, including the building of an advanced mobile platform and the automation of work processes. Also contributed is a rise in depreciation expense related to preparations made to meet the requirements of IFRS 17.

III. CAPITAL ADEQUACY

TABLE 4. SOLVENCY MARGIN RATIO

(Unit: KRW billion)

	2020	2019	YoY	%
Solvency Margin	335.2	346.5	-11.3	-3.3%
Shareholders' Equity	331.1	322.0	9.2	2.8%
Loan Loss Reserve	4.9	4.3	0.6	13.6%
Subordinated Debts	20.0	30.0	-10.0	-33.3%
Net Premium Reserve in Excess	42.2	34.8	7.4	21.2%
(-)Deduction	63.1	44.6	18.4	41.4%
Standard Amount of Solvency Margin	181.0	172.1	9.0	5.2%
Solvency Margin Ratio	185.1%	201.3%	-16.2%p	-

RBC ratio stood at 185.1% at the end of 2020, down 16.2%p compared with the previous year. Solvency margin decreased by KRW 11.3 billion YoY to KRW 335.2 billion on the account of a KRW 23.8 billion increase in retained earnings, a KRW 14.6 billion decrease in accumulated other comprehensive income, a KRW 10.0 billion reduction in subordinated debt recognized as Tier 2 capital, and a KRW 18.4 billion increase in other deduction items including deferred tax asset.

Interest rate risk declined KRW 9.6 billion reflecting lower debt exposure and higher interest rates, but credit risk rose KRW 15.3 billion on an increase in assets under management. Standard amount of solvency margin therefore increased KRW 9.0 billion to KRW 181.0 billion.

HANA SAVINGS BANK

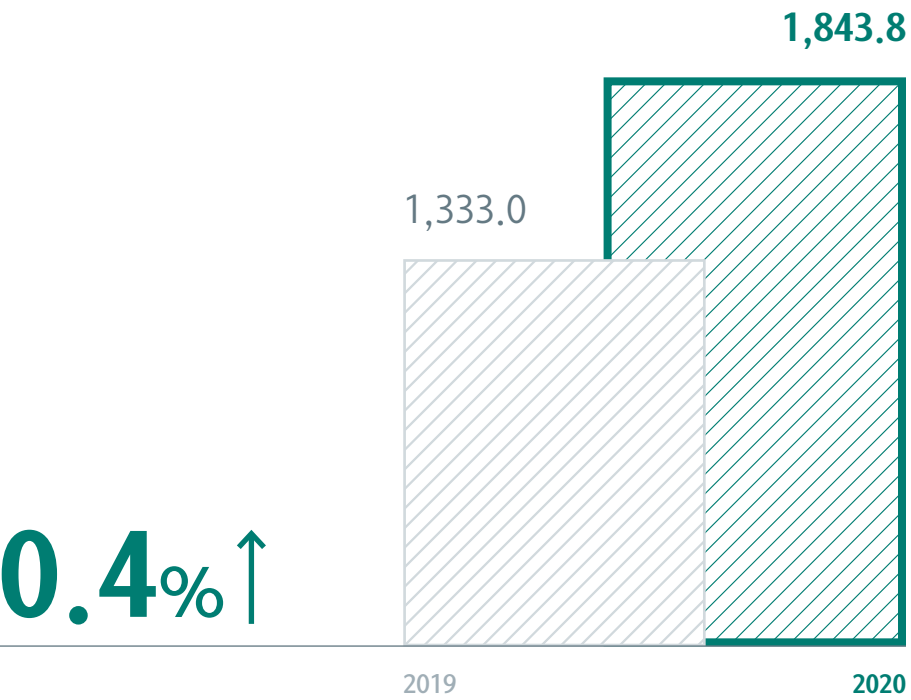
I. OVERVIEW

In Korea, savings banks are considered community financial institutions, created for the purpose of supplying credit to the underprivileged, SMEs, and the financially marginalized and of promoting savings through the provision of easy-to-use banking services. Hana Savings Bank aims to improve profitability and asset quality by putting into practice relationship banking and implementing stable growth strategies as part of Hana Financial Group’s One Company policy. Drawing on its strong capital position relative to other savings banks, Hana Savings Bank has earned a degree of trust usually enjoyed by larger financial institutions. It also seeks to enhance profitability by linking loan products to the business network of Hana Bank and by increasing sales in collaboration with other Group subsidiaries. In addition, Hana Savings Bank launched a non-face-to-face channel in November 2020 in a bid to diversify income sources through digital transformation.

Hana Savings Bank was named “Outstanding Family-Friendly Company” and received a commendation from the Minister of Gender Equality and Family in 2014. It won the Grand Prize in the trusted management category at the 2014 Aju Business Daily Finance and Securities Awards, and also won Korea’s Best Banker Award from the Maeil Business Newspaper in 2016. In 2018, Hana Savings Bank won the Minister of Health and Welfare Award in the social contribution category of the Greater Happiness Social Contribution Campaign, and also received the Financial Services Commission Chairman’s Award in the sustainable finance category at the National Sustainability Management Awards. In 2019, the Bank won an award in the socially responsible contribution category of the Greater Happiness Social Contribution Campaign, for the second consecutive year.

Total Assets

(Unit: KRW billion)





II. SUMMARY OF BUSINESS PERFORMANCE

TABLE 1. COMPREHENSIVE INCOME STATEMENT (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
General Operating Income	61.8	44.2	17.6	40.0%
Net Interest Income	59.4	45.0	14.4	32.0%
Net Fee and Commission Income	2.7	1.7	1.0	54.4%
Gains on Disposition & Valuation	-0.2	0.1	-0.2	-
Other Operating Income (Expenses)	-0.1	-2.6	2.5	-
General & Administrative Expenses	27.3	24.7	2.6	10.5%
Pre-Provisioning Operating Income (PPOP)	34.5	20.3	14.2	70.2%
Credit Loss Provision	10.7	-1.0	11.7	-
Operating Income	23.8	21.3	2.5	11.9%
Non-Operating Income	0.6	0.9	-0.2	-
Net Income before Income Tax	24.5	22.2	2.3	10.4%
Income Tax Expense	6.5	6.1	0.4	6.3%
Net Income	18.0	16.1	1.9	11.9%

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 2019 was KRW 16.1 billion, and in 2020 the Bank reported KRW 18.0 billion in net income. In 2020, credit loss provision substantially increased due to a reduction in write-back and a net increase in new loan. Nevertheless, Hana Savings Bank was able to rebalance the loan portfolio by expanding corporate loans and extending retail loans, thus increasing interest incomes.

Ten years into operation, the Bank has been making a profit every year, growing normal loans and building a stable income structure through qualitative growth and value management.

TABLE 2. GENERAL AND ADMINISTRATIVE EXPENSES

(Unit: KRW billion)

	2020	2019	YoY	%
General & Administrative Expenses	27.3	24.7	2.6	10.5%
Salaries and Employee Benefits	11.4	10.4	1.0	9.7%
Severance and Retirement Benefits	0.7	0.8	-0.1	-11.3%
Administrative Expenses	9.1	7.4	1.7	22.9%
Depreciation and Amortization	4.0	3.9	0.2	4.7%
Taxes and Dues	2.2	2.4	-0.2	-8.3%
Cost to Income Ratio	44.28%	54.74%	-10.46%p	-

General and administrative expenses increased slightly in 2020 by KRW 2.6 billion - salaries and employee benefits increased by KRW 1.0 billion as employees grew to support the expansion of the retail business; costs for developing a new platform for the new non-face-to-face business grew KRW 0.7 billion; and an additional expense of KRW 0.3 billion was incurred by IT projects. On the other hand, the increase in general operating income improved C/I ratio by 10.46%p.

III. SUMMARY OF FINANCIAL CONDITION

TABLE 3. CONDENSED BALANCE SHEETS (SEPARATED)

(Unit: KRW billion)

	2020	2019	YoY	%
Interest Earning Assets	1,738.0	1,235.4	502.6	40.7%
Due from Banks	149.6	142.7	6.9	4.8%
Fixed Income Securities	0	0	0	-
Loans	1,617.2	1,117.6	499.6	44.7%
Loan Loss Allowance	-28.7	-24.9	-3.8	-
Other Revenue Earning Assets	18.4	23.4	-5.0	-21.5%
Stocks and Others	14.0	18.5	-4.5	-24.1%
Lease	4.3	4.9	-0.6	-11.5%
Trust Account Assets	0	0	0	-
Domestic Exchange Settlement	0	0	0	-
Non-Revenue Earning Assets	87.4	74.2	13.1	17.7%
Total Assets	1,843.8	1,333.0	510.7	38.3%
Interest Bearing Liabilities	1,552.3	1,074.8	477.5	44.4%
Deposits	1,548.7	1,070.1	478.6	44.7%
Borrowings	0	0	0	-
Debentures	0	0	0	-
Policy Reserve	0	0	0	-
Borrowings from Trust Accounts	0	0	0	-
Trust Account Liabilities	0	0	0	-
Domestic Exchange Settlement	3.6	4.7	-1.1	-23.1%
Non-Interest Bearing Liabilities	52.9	37.5	15.4	41.0%
Total Liabilities	1,605.2	1,112.3	492.9	44.3%
Shareholders' Equity	238.5	220.7	17.8	8.1%
Total Liabilities & Shareholders' Equity	1,843.8	1,333.0	510.7	38.3%

At the 2020 year-end, Hana Savings Bank operates three branches, two sub-branches, and Strategic Sales Division and Retail Finance Division at its headquarters. It has KRW 1,843.8 billion in assets, KRW 1,605.2 billion of liabilities, and KRW 238.5 billion in shareholders' equity. In 2020, Hana Savings Bank's total assets increased by KRW 510.7 billion mainly attributable to a KRW 499.6 billion increase in loan following continued sales efforts.

IV. ASSET QUALITY

TABLE 4. ASSET QUALITY AND LOAN LOSS PROVISION

(Unit: KRW billion)

	2020	2019	YoY	%
Total Credit	1,617.0	1,117.7	499.4	44.7%
Normal	1,400.0	895.5	504.5	56.3%
Precautionary	188.5	191.4	-2.9	-1.5%
Substandard	10.7	14.0	-3.3	-23.5%
Doubtful	5.2	5.0	0.1	2.4%
Estimated Loss	12.6	11.7	0.9	8.1%
Precautionary & Below				
Amount	217.0	222.2	-5.2	-2.3%
Ratio	13.42%	19.88%	-6.46%p	-
Substandard & Below (NPL)				
Amount	28.5	30.7	-2.2	-7.2%
Ratio	1.76%	2.75%	-0.99%p	
Loan Loss Reserve	39.9	31.6	8.3	26.2%
Normal	18.8	10.7	8.1	75.8%
Precautionary	4.3	4.3	0.0	1.0%
Substandard	2.9	3.7	-0.8	-20.5%
Doubtful	3.2	2.8	0.4	13.0%
Estimated Loss	10.6	10.1	0.5	5.2%
Precautionary & Below				
Loan Loss Reserve	21.1	20.9	0.2	0.8%
Coverage Ratio	18.39%	14.23%	4.16%p	-
Substandard & Below (NPL)				
Loan Loss Reserve	16.8	16.6	0.1	0.8%
Coverage Ratio	139.95%	102.86%	37.08%p	-;

Total credit, including provisional payments of credit, increased by KRW 499.4 billion YoY to KRW 1,617.0 billion. Hana Savings Bank has been making continuous efforts to improve its risk management by liquidating troubled assets, and, as a result, NPLs declined by KRW 2.2 billion over the year to KRW 28.5 billion at the end of 2020. In addition, NPL ratio improved by 0.99%p YoY to 1.76% on the strength of portfolio diversifications and an increase in quality loan. The Bank endeavors to increase loans with a focus on improving the quality of assets on the books.

V. CAPITAL ADEQUACY

TABLE 5. BIS CAPITAL AND RATIO

(Unit: KRW billion)

	2020	2019	YoY	%
Tier 1 Capital	181.4	167.7	13.7	8.2%
Common Equity Capital	181.4	167.7	13.7	8.2%
Capital Stock	75.0	75.0	0.0	0.0%
Capital Surplus	108.3	108.5	-0.1	-0.2%
Retained Earnings	37.1	22.2	14.9	67.4%
Others	-39.0	-38.0	-1.1	-
Hybrid Bonds	0	0	0	-
Tier 2 Capital	18.9	13.1	5.8	44.5%
Loan Loss Reserve	18.8	13.0	5.8	44.8%
Subordinated Bonds	0	0	0	-
Others	0	0	0	-
Total BIS Capital	200.2	180.7	19.5	10.8%
Risk Weighted Assets	1,479.2	1,017.5	461.7	45.4%
BIS Capital Adequacy Ratio	13.54%	17.76%	-4.22%p	-
Tier 1 Ratio	12.26%	16.48%	-4.22%p	-
Tier 2 Ratio	1.28%	1.28%	0.00%p	-

BIS capital adequacy ratio declined by 4.22%p in 2020 to 13.54%, but remains well above the regulatory guideline of 8% as stipulated in the Savings Bank Act. The decline is attributable to an increase of KRW 500.0 billion in loan asset, the outcome of efficient asset management. Hana Savings Bank will maintain a stable capital structure by continuously growing assets and thus increasing net incomes as well as Tier 1 capital.



# Independent Auditor’s Report



## THE SHAREHOLDERS AND BOARD OF DIRECTORS HANA FINANCIAL GROUP INC.

### Opinion

We have audited the accompanying 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, 2020 and 2019, 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 the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, 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. We draw attention to Note 31–8 of the consolidated financial statements, which describes the economic and social disruption the Group as a result of worldwide to prevent including movement restrictions the spread of COVID-19 which is impacting global economy. The Company 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.

### Other Matter

We draw attention to Note 3–37 on consolidated financial statements, the comparative consolidated financial statements as of and for the year ended December 31, 2019 that were restated to reflect adjustments to the presentation of derivative offsetting and the related impact on the consolidated financial statements as of and for the year ended December 31, 2018 has been disclosed.

### 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 ₩308,791,815 million and ₩1,770,473 million, respectively, as of December 31, 2020. Our audit procedures performed for management’s assertion on the measurement of loss allowances on loan receivables measured at amortized cost are as follows:

- 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 inquires, 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, derivative assets used for hedging, financial liabilities measured at FVTPL (including derivative liabilities held for trading) and financial liabilities designated as measured at FVTPL categorized at Level 3 of the fair value hierarchy amount to ₩10,301,418 million, ₩810,710 million, ₩152 million, ₩1,165,337 million, and ₩8,079,634 million, respectively, as of December 31, 2020. 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.
- 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 *Tae-gu Kang*.

March 11, 2021

*Ernst & Young Han Young*

This audit report is effective as of March 11, 2021, 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, 2020 and 2019

Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Notes	December 31, 2020	December 31, 2019(Restated)
Assets			
I. Cash and due from banks	5, 6, 7, 9, 11, 56	₩ 27,529,815	₩ 23,719,300
II. Financial assets measured at FVTPL	5, 6, 7, 9, 12,15	43,134,045	32,359,657
III. Financial assets measured at FVOCI	5, 6, 7, 9, 13, 15, 17	36,165,388	37,980,060
IV. Securities measured at amortized cost	5, 6, 7, 9, 14, 15, 17	18,376,657	16,854,622
V. Loans measured at amortized cost	5, 6, 7, 9, 16	308,791,815	282,305,770
VI. Derivative assets used for hedging	5, 6, 7, 9, 17	141,463	68,125
VII. Investments in associates and joint ventures	18	2,731,378	2,440,127
VIII. Property and equipment	19, 15, 21	3,304,736	3,629,387
IX. Investment properties	20	899,346	1,222,582
X. Intangible assets	22	739,138	655,234
XI. Deferred tax assets	52	161,523	168,830
XII. Current income tax assets		29,898	20,606
XIII. Non-current assets held for sale	23	82,506	57,736
XIV. Other assets	5, 6, 7, 9, 24	18,225,594	19,985,063
Total assets		460,313,302	421,467,099
Liabilities			
I. Financial liabilities measured at FVTPL	5, 6, 7, 9, 17, 25	10,860,230	5,437,389
II. Financial liabilities designated as measured at FVTPL	5, 6, 7, 9, 26	9,802,701	11,573,281
III. Deposits	5, 6, 7, 9, 27	295,509,614	272,794,314
IV. Borrowings	5, 6, 7, 9, 28	26,494,316	20,699,402
V. Debentures	5, 6, 7, 9, 29	48,761,838	43,661,177
VI. Derivative liabilities used for hedging	5, 6, 7, 9, 17	34,737	27,515
VII. Net defined benefit liabilities	30	325,169	362,936
VIII. Provisions	31	555,239	577,366
IX. Deferred tax liabilities	52	175,938	207,857
X. Current income tax liabilities		542,277	575,301
XI. Other liabilities	5, 6, 7, 9, 32	35,650,955	36,565,788
Total liabilities		₩ 428,713,014	₩ 392,482,326

# Consolidated Statements of Financial Position

As of December 31, 2020 and 2019

Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Notes	December 31, 2020	December 31, 2019 (Restated)
Equity			
I. Issued capital	33	₩ 1,501,210	₩ 1,501,210
II. Hybrid equity securities	33	2,007,927	1,244,603
III. Capital surplus	33	10,579,945	10,582,183
IV. Capital adjustment	34	(315,030)	(315,030)
V. Accumulated other comprehensive income	35	1,001,953)	(853,546)
VI. Retained earnings	36	17,941,584	15,965,055
Equity attributable to equity holder of the parent		30,713,683	28,124,475
VII. Non-controlling shareholder' equit	1	886,605	860,298
Total equity		31,600,288	28,984,773
Total liabilities and equity		₩ 460,313,302	₩ 421,467,099

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 ended December 31, 2020 and 2019

Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Notes	2020		2019 (Restated)	
I. Net interest income	38, 39	₩	5,814,291	₩	5,773,706
1. Interest income			10,079,609		11,118,155
2. Interest expense			(4,265,318)		(5,344,449)
II. Net fees and commission income	38, 40		2,159,770		1,991,469
1. Fees and commission income			3,222,532		3,015,061
2. Fees and commission expense			(1,062,762)		(1,023,592)
III. Net gain (loss) on financial instruments measured at FVTPL	38, 41		565,179		1,485,129
IV. Net gain (loss) on financial instruments designated as measured at FVTPL	38, 42		224,095		(861,489)
V. Net gain on financial instruments measured at FVOCI	38, 43		358,076		65,773
VI. Gain on disposal of financial assets measured at amortized cost	38, 44		70,168		55,520
VII. Gain (loss) on derivative assets used for hedging	38, 45		25,767		(7,731)
VIII. Gain on foreign currencies transactions	38		317,473		355,460
IX. Total operating income			9,534,819		8,857,837
X. Impairment loss on financial assets	38, 46		(870,939)		(540,812)
XI. Net operating income			8,663,880		8,317,025
XII. General and administrative expenses	38, 47		(3,917,656)		(4,107,021)
XIII. Other operating income	38, 48		1,179,797		896,514
XIV. Other operating expenses	38, 49		(2,089,599)		(1,847,838)
XV. Operating income			3,836,422		3,258,680
XVI. Non-operating income (loss)			(107,188)		149,467
1. Net gain (loss) on valuation of investments in associates and joint ventures	18		45,668		(22,447)
2. Other non-operating income	50		357,532		581,201
3. Other non-operating expenses	51		(510,388)		(409,287)
XVII. Net income before income tax expense			3,729,234		3,408,147
XVIII. Income tax expenses	52	₩	(1,044,356)	₩	(982,525)

# Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2020 and 2019

Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Notes	2020		2019 (Restated)	
<b>XIX. Net income for the year</b>		₩	2,684,878	₩	2,425,622
Equity holders of the parent			2,637,242		2,391,584
Non-controlling interests	1		47,636		34,038
<b>XX. Other comprehensive income (loss)</b>			(156,181)		(6,227)
1. Items that may be reclassified subsequently to profit or loss:			(145,949)		303,269
Gain on valuation of debt securities measured at FVOCI			3,009		207,399
Exchange differences on translation of foreign operations, net			(144,057)		101,653
Changes in capital from valuation of equity method for investments in associates			(37,134)		15,343
Gain (loss) on valuation of net investment in hedges			26,546		(18,816)
Gain (loss) on valuation of cash flow hedges			(3,814)		23
Gain (loss) on valuation of fair value hedges			10,121		(2,335)
Other comprehensive income (loss) on separate accounts			(620)		2
2. Items that will not be reclassified subsequently to profit or loss:			(10,232)		(309,496)
Gain (loss) on valuation of equity securities measured at FVOCI			19,730		(123,491)
Effect of changes in the credit risk of financial liabilities designated at FVTPL			(5,436)		(12,242)
Remeasurements of the defined benefit plan			(24,526)		(173,763)
<b>Total comprehensive income for the year</b>			2,528,697		2,419,395
<b>XXI. Total comprehensive income for the year attributable to:</b>					
Equity holder of the parent			2,495,247		2,377,125
Non-controlling interests			33,450		42,270
<b>XXII. Earnings per share</b>	54				
Basic earnings per share (Korean won)			8,858		7,898
Diluted earnings per share (Korean won)		₩	8,858	₩	7,877

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



# Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	Issued capital	Hybrid equity securities	Capital surplus	Capital adjustments	Accumulated other com- prehensive income	Retained earnings	Equity attributable to equity holder of the parent	Non-controlling shareholders' equity	Total
As of January 1, 2019	₩ 1,501,210	980,304	10,602,594	(15,049)	(863,890)	14,224,003	26,429,172	679,288	27,108,460
Annual Dividends	-	-	-	-	-	(450,363)	(450,363)	-	(450,363)
Interim Dividends	-	-	-	-	-	(149,996)	(149,996)	-	(149,996)
Issuance of hybrid equity securities	-	264,299	-	-	-	-	264,299	-	264,299
Paid-in capital increases of subsidiaries	-	-	(14,502)	-	24,702	-	10,200	165,745	175,945
Purchase of common shares of subsidiaries	-	-	(6,002)	-	-	-	(6,002)	(6,180)	(12,182)
Dividends on hybrid equity securities	-	-	-	-	-	(47,748)	(47,748)	(20,824)	(68,572)
Purchase of treasury stock	-	-	-	(299,996)	-	-	(299,996)	-	(299,996)
Reclassification of equity securities measured at FVOCI	-	-	-	-	101	(101)	-	-	-
Others	-	-	93	15	-	(2,324)	(2,216)	(1)	(2,217)
Subtotal	1,501,210	1,244,603	10,582,183	(315,030)	(839,087)	13,573,471	25,747,350	818,028	26,565,378
Net income for the year	-	-	-	-	-	2,391,584	2,391,584	34,038	2,425,622
Gain on valuation of financial assets measured at FVOCI	-	-	-	-	82,403	-	82,403	1,505	83,908
Exchange differences on translation of foreign operations	-	-	-	-	94,368	-	94,368	7,285	101,653
Changes in capital from valuation of equity method for investments in associates	-	-	-	-	15,382	-	15,382	(39)	15,343
Loss on valuation of net investment hedges	-	-	-	-	(18,816)	-	(18,816)	-	(18,816)
Loss on valuation of cash flow hedges	-	-	-	-	19	-	19	4	23
Loss on valuation of fair value hedges	-	-	-	-	(2,335)	-	(2,335)	-	(2,335)
Special account other comprehensive incom	-	-	-	-	2	-	2	-	2
Effect of changes in credit risk on financial liabilities designated as measured at FVTPL	-	-	-	-	(12,242)	-	(12,242)	-	(12,242)
Remeasurement of the net defined benefit plan	-	-	-	-	(173,240)	-	(173,240)	(523)	(173,763)
Total comprehensive income for the year	-	-	-	-	(14,459)	2,391,584	2,377,125	42,270	2,419,395
As of December 31, 2019 (Restated)	₩ 1,501,210	1,244,603	10,582,183	(315,030)	(853,546)	15,965,055	28,124,475	860,298	28,984,773

# Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

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 shareholders' 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)
Purchase of common 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 (loss) 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 income (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 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

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



# Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	2020		2019 (Restated)	
I. Net cash flows provided by (used in) operating activities	₩	(7,716,525)	₩	6,529,925
1. Net income before income tax expenses	3,729,234		3,408,147	
2. Adjustments to reconcile net income before income tax expense to net cash flows provided by (used in operating activities):	2,937,590		735,379	
Net interest expense (income)	(254,919)		125,286	
Net gain on valuation of financial instruments measured at FVTPL	(586,700)		(633,835)	
Net gain on disposal of financial instruments measured at FVTPL	(31,694)		(28,909)	
Net loss (gain) on valuation of financial instruments designated at FVTPL	(200,796)		191,204	
Net gain on transaction of financial instruments measured at FVOCI	(349,746)		(57,683)	
Provision for credit losses on financial assets measured at amortized cost	7,341		1,771	
Net loss (gain) on derivative assets used for hedging	(29,729)		93	
Transfer of credit losses on financial assets measured at FVOCI	3,589		382	
Net loss (gain) on foreign currencies transactions	2,630,421		(352,455)	
Provision for allowance	860,009		538,659	
Depreciation and amortization	760,800		741,406	
Share-based compensation expenses	17,243		13,646	
Provision for post-employment benefit obligations	203,736		196,596	
Net loss (gain) on valuation of investments in associates and joint ventures	(45,668)		22,447	
Other loss (gain) relating to property and equipment and intangible assets	(45,879)		31,516	
Net gain on disposal of assets held for sale asset	-		(488,996)	
Others	(418)		434,251	
3. Changes in operating assets and liabilities:	(13,278,473)		3,141,259	
Due from banks	(3,631,457)		1,828,780	
Financial assets measured at FVTPL (held-for-trading)	(10,173,574)		(1,813,891)	
Loans measured at amortized cost	(25,945,511)		(20,361,504)	
Derivative assets used for hedging	(20,824)		14,601	
Investments in associates and joint ventures	32,868		10,614	
Other assets	1,881,023		(3,829,545)	
Financial liabilities measured at FVTPL	5,377,580		781,564	
Financial liabilities designated as measured at FVTPL	(1,591,242)		(602,391)	
Deposits	21,341,406		23,042,468	
Derivative liabilities used for hedging	24,908		(40,511)	
Net defined benefit liabilities	(274,876)		(243,539)	
Net provisions	(39,842)		(28,878)	
Other liabilities	(258,932)		4,383,491	
4. Payment of income tax	₩	(1,104,876)	₩	(754,860)

# Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

Hana Financial Group Inc. and its subsidiaries

(Korean won in millions)

Accounts	2020		2019 (Restated)	
II. Net cash flows provided by (used in) investing activities	₩	482,813	₩	(6,623,344)
Net cash flows used in acquisition of subsidiary	(233,358)		(891,490)	
Purchase of financial assets measured at FVTPL (other than held-fortrading)	(9,765,768)		(9,552,148)	
Proceeds from disposal of financial assets measured at FVTPL (other than held-for-trading)	9,855,389		8,019,560	
Purchase of financial assets measured at FVOCI	(33,429,603)		(20,696,885)	
Proceeds from disposal of financial assets measured at FVOCI	35,647,659		19,898,347	
Purchase of financial assets measured at amortized cost	(5,882,068)		(3,080,514)	
Proceeds from disposal of financial assets measured at amortized cost	4,404,982		1,087,793	
Acquisition of investment in associates	(545,899)		(1,194,884)	
Proceeds from disposal of investment in subsidiaries	268,827		54,223	
Purchase of property and equipment	(382,497)		(570,557)	
Proceeds from disposal of property and equipment	226,908		132,666	
Purchase of investment properties	(19,577)		(518,903)	
Proceeds from disposal of investment properties	461,245		42,127	
Acquisition of intangible assets	(214,949)		(139,066)	
Proceeds from disposal of intangible assets	2,316		2,151	
Decrease in non-current assets held for sale, net	11,807		797,569	
Increase (decrease) in in guarantee deposit, net	77,399		(13,333)	
III. Net cash flows provided by (used in) by financing activities		8,474,770		1,355,611
Increase of borrowings, net	5,339,390		1,142,824	
Issuance of debentures	26,956,209		30,481,802	
Redemption of debentures	(23,660,633)		(29,515,123)	
Payment of lease liabilities	(249,866)		(227,122)	
Increase of treasury stock	-		(299,996)	
Dividends payment	(612,284)		(600,359)	
Issuance of hybrid equity securities	997,654		264,299	
Dividends on hybrid equity securities	(60,933)		(45,934)	
Redemption of hybrid equity securities	(235,000)		-	
Decrease (Increase) in non-controlling shareholders' equity, net	(16,995)		155,220	
Others	17,228		-	
IV. Effect of exchange rate changes on cash and cash equivalents		(393,391)		(9,350)
V. Net decrease in cash and cash equivalents		847,667		1,252,842
VI. Cash and cash equivalents as of January 1		6,509,574		5,256,732
VII. Cash and cash equivalents as of December 31 (Notes No. 56)	₩	7,357,241	₩	6,509,574

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



# Notes to the Consolidated Financial Statements

December 31, 2020 and 2019  
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 comon shares
August 10, 2007	Hana HSBC Life Insurance Co., Ltd. (“Hana HSBC Life Insurance”)	Acquired by the purchase of comon 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 comon 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 comon shares
August 30, 2013	Hana Bancorp, Inc.	Acquired by the purchase of comon 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 comon shares held by Hana Bank
March 28, 2016	Hana Bancorp, Inc.	Sold comon shares to KEB Hana Bank
May 26, 2016	Hana Asset Management Co., Ltd.	Acquired by the purchase of comon 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)
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 comon shares held by Hana Bank
May 27, 2020	Hana Insurance, Co., Ltd (Formerly, The KInsurance, Co., Ltd)	Acquired by the purchase of comon shares

The capital stock amounted to ₩ 1,021,281 million at the time of establishment. As of December 31, 2020, 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 an d the Group’s authorized common shares are 800,000,000 shares as at Decemb er 31, 2020.

### 1-2 Scope of consolidation

Details of subsidiaries in scope of consolidation as of the December 31, 2020 are as follows.

Classification	Country	Major business	Number of shares	Ownership (%)(*5)	Reporting date
Subsidiaries of HFG:					
Hana Bank	Korea	Banking	1,071,915,717	100.0	December 31, 2020
HFI	Korea	Financial investments	67,107,495	100.0	December 31, 2020
KEB Hana Card	Korea	Credit card business	226,113,162	85.0	December 31, 2020
Hana Capital	Korea	Installment credit financing	21,478,377	100.0	December 31, 2020
Hana Asset Trust	Korea	Real estate trust	10,000,000	100.0	December 31, 2020
Hana TI	Korea	Systemdevelopment service	20,670,290	100.0	December 31, 2020
Hana Savings Bank	Korea	Mutual savings banking	15,000,000	100.0	December 31, 2020
Hana Life Insurance	Korea	Life insurance	33,710,200	100.0	December 31, 2020
Hana Insurance, Co., Ltd.	Korea	Non-Life insurance	52,626,000	84.6	December 31, 2020
HIS	Korea	Transfer agent	510,000	100.0	December 31, 2020
Hana Alternative Asset Management	Korea	Asset management	3,471,450	100.0	December 31, 2020
Hana Ventures	Korea	New Technology Financial business	20,000,000	100.0	December 31, 2020
Hana F&I, Inc..	Korea	Investment and management service for NPL assets backed securities	34,975,341	99.7	December 31, 2020
HANA ASSET MANAGEMENT ASIA	Singapore	Asset management	250,000	100.0	December 31, 2020
Hana Professional Investment Type Private Equity Real Estate 68-1 (*1)	Korea	Private investment trust company	-	40.0	December 31, 2020
Hana Alternative BlackRock QIP Trust No.73(*1)	Korea	Private investment trust company	-	33.3	December 31, 2020
Hana Alternative Special Investment Private Trust No.90 (*1)	Korea	Private investment trust company	-	67.5	December 31, 2020
Hana Alternative UK Government Office Professional Investors’ Private Real Estate Investment Feeder Trust No.1 (*1)	Korea	Private investment trust company	-	50.1	December 31, 2020
Hana Alternative Infra Special Investment Private Trust No.3-1 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Hana Alternative Infra Special Investment Private Trust No.3-2(*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Hana Alternative Infra Special Investment Private Trust No.3-3 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Hana Alternative Special Investment Private Trust No.100 (*1)	Korea	Private investment trust company	-	50.0	December 31, 2020
Hana Alternative Special Investment Private Trust No.102 (*1)	Korea	Private investment trust company	-	44.0	December 31, 2020
Hana Alternative Special Investment Private Trust No.108 (*1)	Korea	Private investment trust company	-	83.3	December 31, 2020

Classification	Country	Major business	Number of shares	Ownership (%)(*5)	Reporting date
Hana Alternative Special Investment Private Trust No.123-1 (USD) (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Hana Alternative Houston Private Investment Trust No.121 (*1)	Korea	Private investment trust company	-	77.9	December 31, 2020
Hana Alternative Special Asset Private Trust No.123-2 (*1)	Korea	Private investment trust company	-	50.3	December 31, 2020
Hana Alternative Special Asset Private Trust No.126 (*1)	Korea	Private investment trust company	-	30.3	December 31, 2020
Hana Alternative Special Investment Private Trust No.116 (*1)	Korea	Private investment trust company	-	89.2	December 31, 2020
Hana Ventures New Technology Investment Association No.4 (*1)	Korea	New Technology Financial business	-	100.0	December 31, 2020
Hana Ventures New Technology Investment Association No.6 (*1)	Korea	New Technology Financial business	-	73.8	December 31, 2020
Hana Ventures New Technology Investment Association No.7 (*1)	Korea	New Technology Financial business	-	100.0	December 31, 2020
Specified Money Trust (*1) (*2)	Korea	Specified money trust	-	-	December 31, 2020
<b>Subsidiaries of Hana Bank:</b>					
Hana Bank (China) Co., Ltd. (*1)	China	Financial business	-	100.0	December 31, 2020
KEB Hana Bank Canada	Canada	Financial business	834,000	100.0	December 31, 2020
KEB Hana Bank Germany	Germany	Financial business	45,000	100.0	December 31, 2020
PT Bank KEB Hana	Indonesia	Financial business	2,180,624,663	69.0	December 31, 2020
Banco KEB Hana do Brasil S. A.	Brazil	Financial business	69,726,415	100.0	December 31, 2020
KEB Hana NY Financial Corp.	U.S.	Financial business	100	100.0	December 31, 2020
KEB Hana LA Financial Corp.	U.S.	Financial business	200	100.0	December 31, 2020
KEB Hana Global Finance	Hong Kong	Financial business	50,000,000	100.0	December 31, 2020
KEB Hana Russia (*1)	Russia	Financial business	-	99.9	December 31, 2020
KEB Hana Mexico	Mexico	Financial business	1,666,827,999	99.9	December 31, 2020
Hana Bancorp, Inc.	U.S.	Financial business	22,413,529	90.6	December 31, 2020
UBS Hana Power Private equity investment trust 21 [Bond] (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Hyundai Trust PEF Invest 16 [Bond] (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Kyobo Axa Tomorrow Private Equity KH-1 [Bond] (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
DGB Leading Solution Private Bond 143 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Sevenstar Co., Ltd. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
Marine Solution Co., Ltd. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
Chungangstar Co., Ltd. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
Antakya Co., Ltd. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Display First Ltd. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Indonesia Green Forest Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Bulls Hana 1st Co., Ltd. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
Ocean Betts The First Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana H in the holdings 1st LLC (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
Hanafuturelives 1st, Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020

Classification	Country	Major business	Number of shares	Ownership (%)(*5)	Reporting date
Bestoneq 1st, L.L.C. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
H-Plus 1st, L.L.C. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
HanaGreen, 1st L.L.C. (*3)	Korea	Other financial business	-	-	December 31, 2020
YDPP 1st Co.,Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hanack 1st Co.,Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Netoneq 1st L.L.C. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
DongamTower 1st Co., LTD. (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
Hana H in the holdings 1st LLC (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
H on 1st L.L.C (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
DYONEQ1st, LLC (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
PIOTOWER1st, LLC (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
KSPARTNERSHIP 1st 2020, INC (*1)(*3)	Korea	Other financial business	-	-	December 31, 2020
Trust Agreement to Guarantee Principal and Profit (*1)	Korea	Trust Account	-	-	December 31, 2020
<b>Subsidiaries of Hana Bancorp. Inc:</b>					
KEB Hana Bank USA	U.S.	Banking	500,100	100.0	December 31, 2020
<b>Subsidiaries of HFI :</b>					
Hana the First Private Equity Fund (*1)	Korea	Private equity fund	-	48.9	December 31, 2020
Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Hana Equity Investment Management (Shenzhen) Co., Ltd (Formerly, Hana Global Investment Consulting Co.,Ltd) (*1)	China	Investment consulting	-	100.0	December 31, 2020
Hana Land Chip Houston Real Estate Private Fund 59 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Hana the Third Private Equity Fund (*1)	Korea	Private equity fund	-	35.0	December 31, 2020
Hana New Technology Fund No.1 (*1)	Korea	Private equity fund	-	50.0	December 31, 2020
Yellow Balloon 2nd Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Citizenfyu 1st Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Portfolio 1st Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Yellow Balloon 3rd Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
YDL 1st Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Areca 1st Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Charlemont Exchange (*3)	Korea	Other financial business	-	-	December 31, 2020
YDL 3rd Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GYD 1st Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Centaur First Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GYD 1st Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Centaur First Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Ocean 1st (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Formula-E Private Special Asset Fund 114 (*1)	Korea	Private investment trust company	-	99.4	December 31, 2020
KB Spain Solar Energy Private Special Asset Fund (*1)	Korea	Private investment trust company	-	96.8	December 31, 2020



Classification	Country	Major business	Number of shares	Ownership (%)(*5)	Reporting date
KB Bonaccord Private Fund(FOFS) (*1)	Korea	Private investment trust company	-	99.9	December 31, 2020
KB Mobility Solution Private Special Asset Fund 1 (*1)	Korea	Private investment trust company	-	99.9	December 31, 2020
Hana Semiconductor New Technology Fund (*1)	Korea	Private equity fund	-	28.0	December 31, 2020
San Jose Real 1st Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GIF Rocinante Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana US Emerging Office Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Darby Hana Europe Renewable Energy Private Investment Fund (FOFS) (*1)	Korea	Private investment trust company	-	99.2	December 31, 2020
AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2 (*1)	Korea	Private investment trust company	-	98.0	December 31, 2020
Hana Private Real Estate Investment Trust No.130 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
DS Networks Private Alternative Investment Trust 2 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Vestas Qualified Investors Private Real Estate Fund Investment Trust No.54B (*1)	Korea	Private investment trust company	-	99.7	December 31, 2020
HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2 (USD) (*1)	Korea	Private investment trust company	-	99.8	December 31, 2020
Hana Alternative US California BESS Special Asset No. 6 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 350 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
Shinhan AIM Infrastructure Fund No.6-2 (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
K-Reits Specialized Private Investment Trust No.23 (*1)	Korea	Private investment trust company	-	98.2	December 31, 2020
Shinhan AIM Infrastructure Fund No.6-A (*1)	Korea	Private investment trust company	-	100.0	December 31, 2020
KAIM Global Value Specialized Private Investment Trust No.1 (*1)	Korea	Private investment trust company	-	99.9	December 31, 2020
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4 (*1)	Korea	Private investment trust company	-	99.9	December 31, 2020
Hana Trust Global Reit One Co., Ltd	Korea	Real estate management	1,000,000	100.0	December 31, 2020
Hana Global New Technology Fund No.1 (*1)	Korea	Private equity fund	-	100.0	December 31, 2020
Madrid First Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana AIC 1st Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Peach Shine 2nd Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hanalogis No.1 Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GIF Boomerang Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GIF Sowol-ro Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Runway Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
JLB Squire Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
US Smile 1st Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
US Smile 2nd Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Private Real Estate Investment Trust No.137 (*1)	Korea	Private investment trust company	-	99.9	December 31, 2020

Classification	Country	Major business	Number of shares	Ownership (%)(*5)	Reporting date
Broadway 1st Co. Ltd (*3)	Korea	Other financial business	-	-	December 31, 2020
HANA MC ONE Co.,Ltd (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana-Sinjang 1st Co.,Ltd (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Solar 1st Co., Ltd (*3)	Korea	Other financial business	-	-	December 31, 2020
YK Ho 1st., Co., Ltd (*3)	Korea	Other financial business	-	-	December 31, 2020
YK Ho 2nd., Co., Ltd (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana S-Energy Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GIF Gwacheon8 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Datacenter 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Anseong KL 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
AchenhaimCo., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Eco Clover Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana 5-geori 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana-Ulsan Co., Ltd (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Port 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
HF Carib ean Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana YJDL Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GMHB 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana In Chungmu 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Penta 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hangdong West 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Unju 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Wonderful GM 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Magic Town 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GIF Olympus Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GS Solution 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Sewoon 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Zero To One 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Heaven 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hanalogis No.2 Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana 1Q Logis B Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Bukjincheon 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Bukjincheon 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Seattle Prime Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Tree Unique 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
PIS 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Ernest Hyun 1st., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hmidan 2nd., Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
GIF MD Co., Ltd. (*3)	Korea	Other financial business	-	-	December 31, 2020
Hana Alternative Investment Shipping Specialized Private Equity Fund NO. 1 (*1)	Korea	Financial business	-	99.9	December 31, 2020

Classification	Country	Major business	Number of shares	Ownership (%)(*5)	Reporting date
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1 (*1)	Korea	Financial business	-	100.0	December 31, 2020
Hana Alternative Specialized Private Placement Real Estate Investment Tru st No. 153-2 (*1)	Korea	Financial business	-	100.0	December 31, 2020
Ramda Global Specialized Private Placement Real Estate Investment Trust (*1)	Korea	Financial business	-	100.0	December 31, 2020
Darby Hana New York Hotel Specialized Private Investment Trust No.1 (*1)	Korea	Financial business	-	99.9	December 31, 2020
Subsidiaries of Hana the 3rd PEF:					
Venus 1 SPC Co., Ltd. (*1)	Korea	SPC	-	100.0	December 31, 2020
Bareun Food Factory Co.,Ltd. (*1)	Korea	SPC	-	100.0	December 31, 2020
Titan 1 SPC LLC (*1)	Korea	SPC	-	100.0	December 31, 2020
HIT 1 SPC LLC (*1)	Korea	SPC	-	100.0	December 31, 2020
Subsidiaries of Bareun Food Factory Co.,Ltd.:					
DduksimCo., Ltd.(*4)	Korea	Korean traditional food business	750,000	81.8	September 30, 2020
Sejoong Co., Ltd. (*4)	Korea	Meat wholesale	3,560,023	70.9	September 30, 2020
Keumho Trading Co., Ltd. (*4)	Korea	Seafood processing business	2,507,598	67.4	September 30, 2020
Subsidiaries of Dduksim:					
Seojewon Co.,Ltd (*4)	Korea	Franchise business	700,000	70.0	September 30, 2020
Subsidiaries of Sejoong:					
Sejoong Co., Ltd. (*4)		Meat wholesale	100,000	100.0	September 30, 2020
Subsidiaries of Keumho fnb:					
Keumho seafood.Co., Ltd. (*4)	Korea	Seafood processing business	513,000	100.0	September 30, 2020
designmeal co.,Ltd (*4)	Korea	Seafood processing business	500,000	100.0	September 30, 2020
Subsidiaries of Hana Card:					
Hana Card Payment	Japan	Other financial support service	1	100.0	December 31, 2020
Hana Card 2019-1 Asset Securitization Specialty. Co., Ltd.	Korea	Asset securitization	1	0.5	December 31, 2020
Hana Card 2020-1 Asset Securitization Specialty. Co., Ltd.	Korea	Asset securitization	1	0.5	December 31, 2020
Specified Money Trust (*1) (*2)	Korea	Specified money trust	-	-	December 31, 2020
Subsidiaries of Hana TI:					
PT Next Transformtech Indonesia	Indonesia	Systemdevelopment service	25,000	100.0	December 31, 2020
Subsidiaries of Hana F&I, Inc:					
KEB The Left co., Ltd. (*3)	Korea	Asset securitization	-	-	December 31, 2020
HFT Second Securitization Specialty (*3)	Korea	Asset securitization	10	5.0	December 31, 2020
Hana SH First Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	28	14.0	December 31, 2020
HFS Second Securitization Specialty (*3)	Korea	Asset securitization	28	14.0	December 31, 2020
Hana K First Securitization Specialty (*3)	Korea	Asset securitization	28	14.0	December 31, 2020
HFD First Securitization Specialty (*3)	Korea	Asset securitization	28	14.0	December 31, 2020

Classification	Country	Major business	Number of shares	Ownership (%)(*5)	Reporting date
HFS 73A Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFS 73B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFW 73 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFK 74 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFSCN81 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFB81 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
Fine Fifth Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	180	9.0	December 31, 2020
HFS 82 Securitization Specialty Co Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFF 82 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFN 82 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFI 83 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFS 84 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFF 84 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFFN 91 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFI 91 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFS 92A Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFS 92B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFB 92 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFN 92B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFI 93 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFB 93 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFF 93 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFF94 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFF95 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	200	100.0	December 31, 2020
HFI01B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFI01C Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFH02 Inc. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFI02A Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFV02 ABS Ltd. (*3)	Korea	Asset securitization	-	-	December 31, 2020
HFD02 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFN02 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFK02 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFC03 Inc. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFK 84 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFI 03B Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFB 03 Securitization Specialty Co., Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFG 03 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFD 03 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFG 04 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
HFI 04 Securitization Specialty Co.,Ltd. (*3)	Korea	Asset securitization	18	9.0	December 31, 2020
Specified Money Trust (*1)(*2)	Korea	Specified money trust	-	-	December 31, 2020



Classification	Country	Major business	Number of shares	Ownership (%)(*5)	Reporting date
Subsidiaries of Hana Alternative UK Government Office Professional Investors' Private Real Estate Investment Feeder Trust No.1:					
VICTORY LIMITED PARTNERSHIP (*1)	U.K	SPC	-	100.0	December 31, 2020
VICTORY Investment Company Limited (*1)	U.K	SPC	-	100.0	December 31, 2020
VICTORY GP(Jersey) LIMITED (*1)	U.K	SPC	-	100.0	December 31, 2020
Subsidiary of Hana Alternative Special Investment Private Trust No.90:					
H&H investment (*3)	Korea	SPC	-	-	December 31, 2020
Subsidiary of Hana Alternative Special Investment Private Trust No.116:					
H&H investment 2 (*3)	Korea	SPC	-	-	December 31, 2020
Subsidiary of Hana Alternative Special investment private Trust No.123-1(USD):					
Dragon one investment Limited (*1)	Hong Kong	SPC	-	100.0	December 31, 2020
Subsidiaries of Dragon One Investment Limited:					
QFLP (*1)	China	SPC	-	100.0	December 31, 2020
Subsidiaries of QFLP:					
Beijing Shunhe Enterprise Management Co.,Ltd. (*1)	China	SPC	-	100.0	December 31, 2020
Subsidiary of Beijing Shunhe Enterprise Management Co.,Ltd.:					
Beijing Jianhao Hongji Real Estate Development Co.,Ltd. PFV (*1)	China	SPC	-	99.9	December 31, 2020
Subsidiary of Hana Alternative Special Asset Private Trust No.126:					
K-REIT LLC (*1)(*4)	U.S.	SPC	-	100.0	November 30, 202

(\*1) It was established in the form of investment, and the number of shares inves ted was not indicated.  
(\*2) Specified money trust accounts consist of different accounts, but the numbe r 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, 2020.  
(\*5) The ownership percentage was calculated based on the shareholding of the ultimate parent company.

The financial information of subsidiaries as of December 31, 2020 and 2019 is as follows (Korean won in millions):

<December 31, 2020>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other com- pre hensive income (loss)	Comprehen- sive 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)	34,982,321	30,553,364	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)
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	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

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other com- pre hensive income (loss)	Comprehen- sive income
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)
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

<December 31, 2019>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other com- prehensive income (loss)	Comprehensive income
KEB Hana Bank (*1)	369,498,804	344,032,357	25,466,447	29,965,615	2,150,497	9,316	2,159,813
HFI (*1)	27,283,211	23,808,133	3,475,078	5,466,113	279,932	(8,843)	271,089
KEB Hana Card (*1)	8,187,106	6,557,951	1,629,155	1,285,664	56,281	(3,486)	52,795
Hana Capital (*1)	8,209,509	7,100,409	1,109,100	695,593	107,770	(63)	107,707
Hana Asset Trust	423,114	144,171	278,943	131,753	65,701	-	65,701
Hana TI (*1)	464,242	354,314	109,928	205,004	620	(732)	(112)
Hana Savings Bank	1,333,021	1,112,305	220,716	76,803	16,091	(301)	15,790
Hana Life Insurance (*1)	4,949,559	4,610,234	339,325	783,542	23,650	6,349	29,999
HIS	43,304	8,488	34,816	25,043	2,908	(67)	2,841
Hana Alternative Asset Management Co., Ltd.(*1)	117,468	11,402	106,066	35,263	11,332	15	11,347
Hana Ventures, Ltd.	98,665	1,724	96,941	1,682	(1,436)	-	(1,436)
Hana F&I, Inc.(*3)	1,001,214	825,202	176,012	-	-	-	-
Hana Professional Investment Type Private Equity Real Estate 28	12,054	4	12,050	756	702	-	702
Hana Japan Residence Professional Investment Type Private Equ ity Real Estate 47	1,534	-	1,534	3,845	1,996	-	1,996
Hana Private Real Estate Investment Trust No. 68~1	36,573	1,354	35,219	6,086	475	-	475
Hana Alternative BlackRock QIP Trust No.73	51,640	1,252	50,388	6,854	3,162	-	3,162
Hana Professional Investment Type Private Equity 90	19,275	3,599	15,676	3,624	(2,670)	-	(2,670)
Hana Alternative UK Government Office Professional Investors' Private Real Estate Investment Feeder Trust No.1	446,673	286,707	159,966	25,146	1,726	5	1,731

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other com- prehensive income (loss)	Comprehensive income
Hana Alternative Infra Special Investment Private Trust No.3~1 (*3)	71	-	71	1	1	-	1
Hana Alternative Infra Special Investment Private Trust No.3~2 (*3)	1,398	-	1,398	61	(96)	68	(28)
Hana Alternative Infra Special Investment Private Trust No.3~3 (*3)	716	1	715	37	(3)	-	(3)
Hana Alternative Special Investment Private Trust No.100 (*3)	12,868	9	12,859	527	264	-	264
Hana Alternative Special Investment Private Trust No.101 (*2)(*3)	-	-	-	6,266	2,395	-	2,395
Hana Alternative Special Investment Private Trust No.102 (*3)	76,893	496	76,397	6,424	1,533	-	1,533
Hana Alternative Special Investment Private Trust No.108 (*3)	6,345	43	6,302	255	155	-	155
Hana Alternative US Power Special Asset (*2)(*3)	-	-	-	536	138	-	138
Hana Alternative Special Investment Private Trust No.123~1 (*3)	192,283	59,264	133,019	64	(730)	(2,235)	(2,965)
Hana Alternative Houston Private Investment Trust No.121 (*3)	35,606	23	35,583	1,807	(617)	-	(617)
Hana Alternative Special Asset Private Trust No.123~2 (*3)	40,009	369	39,640	1,434	(560)	-	(560)
Alternative Special Asset Private Trust No.126 (*3)	125,969	74	125,895	2,647	(1,967)	(4,138)	(6,105)
Hana Alternative Special Investment Private Trust No.116 (*3)	53,145	442	52,703	1,547	(387)	-	(387)

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

(\*2) Excluded from the consolidation scope during the year ended December 31, 2019.

(\*3) Included as a subsidiary during the year ended December 31, 2019, and gains and losses are gains and losses after inclusion as a subsidiary.

Changes in scope of consolidation for the year ended December 31, 2020 are as follows:

Name of subsidiaries	Rationale
Included in scope of consolidation:	
Hana Ventures No.4 Investment Fund	Holds power as a general partner and exposed to significant variable returns
IBK Global Renewable Energy Private Fund 2	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Private Real Estate Investment Trust No.137	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Broadway 1st Co. Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HANA MC ONE Co.,Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana-Sinjang 1st Co.,Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFHALCYON 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 Solar 1st Co., Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
YK Ho 1st., Co., Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
YK Ho 2nd., Co., Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Card 2020–1 Asset Securitization Specialty. Co., Ltd.	Exposed to variable returns as a structured company for asset securitization
HFI01B Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFI01C Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Dongam Tower 1st Co., LTD.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFH02 Inc.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFI02A Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFV02 ABS Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFD02 Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFN02 Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFK02 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 Investment Trust No.142	Obtained majority of shares with voting rights
Hana Insurance	Obtained majority of shares with voting rights
Hana Alternative US California BESS Special Asset No. 6	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 350	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Samchully Renewable Energy Private Equity Trust II (Special Assets)	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Shinhan AIM Infrastructure Fund No.6–1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Shinhan AIM Infrastructure Fund No.6–2	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Capstone US Specialized Private Investment Trust No.11	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana S–Energy Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
DS Namcheongra Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
GIFMARS 1st Co., Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Keumho Trading CO., LTD.	Obtained majority of shares with voting rights
Keumhoseafood.CO., LTD.	Obtained majority of shares with voting rights

Name of subsidiaries	Rationale
Hana H in the holdings 2nd L,L,C	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
H on 1st L,L,C	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Nineteen Dahlia S.A.R.L.	Obtained majority of shares with voting rights
HANA ASSET MANAGEMENT ASIA	Obtained majority of shares with voting rights
HFC03 Inc.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFI 03B Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFB 03 Securitization Specialty Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFG 03 Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
K–Reits Specialized Private Investment Trust No.23	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Shinhan AIM Infrastructure Fund No.6–A	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
KAIM Global Value Specialized Private Investment Trust No.1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Hana Global New Technology Fund No.1	Holds power as a general partner and exposure to significant variable returns
GIF Gwacheon8 2nd,. Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Datacenter 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Anseong KL 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Achenhaim Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Eco Clover Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Seojewon Co.,Ltd	Obtained majority of shares with voting rights
Hana 5–geori 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana–Ulsan Co., Ltd	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Ventures No.6 Investment Fund	Holds power as a general partner and exposure to significant variable returns
Hana Ventures No.7 Investment Fund	Holds power as a general partner and exposure to significant variable returns
HFD 03 Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFG 04 Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
HFI 04 Securitization Specialty Co.,Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Port 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
HF Caribbean Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana YJDL Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
GMHB 2nd., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana In Chungmu 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Penta 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hangdong West 2nd., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Unju 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Wonderful GM 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Magic Town 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
GIF Olympus Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
GS Solution 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Sewoon 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Zero To One 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Heaven 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hanalogis No.2 Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana 1Q Logis B Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Bukjincheon 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Bukjincheon 2nd., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hana Seattle Prime Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Tree Unique 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
PIS 2nd., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Ernest Hyun 1st., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
Hmidan 2nd., Co., Ltd.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
GIF MD 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 Alternative Investment Shipping Specialized Private Equity Fund NO.1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1	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. 153-2	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Ramda Global Specialized Private Placement Real Estate Investment Trust	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
Darby Hana New York Hotel Specialized Private Investment Trust No.1	Holds power as an actual beneficiary of a private equity fund, and exposed to variable returns.
designmeal co.,Ltd	Obtained majority of shares with voting rights
Sprott US NOTUS Professional Private Trust No.1	Obtained majority of shares with voting rights
DYONEQ1st, LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
PIOTOWER1st, LLC	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements
KSPARTNERSHIP 1st 2020, Inc.	Holds power as an asset manager and exposed to variable returns based on credit facility or purchase arrangements

Name of subsidiaries	Name of subsidiaries
Excluded in scope of consolidation:	
Hana Professional Investment Type Private Equity Real Estate 28	Excluded due to the liquidation
Vestas Qualified Investors Private Real Estate Fund Investment Trust Nno.51-1	Loss of control due to disposal
Oort First Co., Ltd.	Termination of credit facility
Hana Japan Residence Professional Investment Type Private Equity Real Estate 47	Loss of control due to disposal
IBK Global Renewable Energy Private Fund 2	Loss of control due to disposal
Uno Stellar 1st Co., Ltd.	Termination of credit facility
HFHALCYON Co., Ltd	Termination of credit facility
KB Europe Renewable Private Special Asset Fund 1 (SOC-FOFS)	Loss of control due to disposal
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54A	Loss of control due to disposal
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.51-2	Loss of control due to disposal
Shinhan AIM Infrastructure Fund No.6	Loss of control due to disposal
Capstone US Fund 11	Loss of control due to disposal
YDJ 2nd Co.,Ltd.	Loss of control due to disposal (Termination of credit facility)
Hope Town First Co., Ltd.	Loss of control due to disposal (Termination of credit facility)
HFB First Co., Ltd.	Loss of control due to disposal (Termination of credit facility)
GIFMARS 1st Co., Ltd.	Loss of control due to disposal (Termination of credit facility)
Speedygel 1st LLC	Loss of control due to disposal (Termination of credit facility)
Racia the Third Co., Ltd.	Loss of control due to disposal (Termination of credit facility)



Name of subsidiaries	Name of subsidiaries
Racia the fourth Co., Ltd.	Loss of control due to disposal (Termination of credit facility)
Hana AI the 3rd Co., Ltd.	Loss of control due to the liquidation
Hana Alternative Private Investment Trust No.142	Loss of control due to the liquidation
KEBI First Securitization Specialty Co., Ltd.	Loss of control due to the liquidation
KEBT First Securitization Specialty Co., Ltd.	Loss of control due to the liquidation
HFS First Securitization Specialty	Loss of control due to the liquidation
Hanastone Second Inc.	Loss of control due to the liquidation
Fine Sixth Securitization Specialty Co., Ltd.	Loss of control due to the liquidation
Hana sinji First Co., Ltd.	Excluded due to the disposal
DS Namcheongra Co., Ltd.	Loss of control due to disposal (Termination of credit facility)
Samchully Renewable Energy Private Equity Trust II (Special Assets)	Loss of control due to disposal
Hyochangfood Co., Ltd	Loss of control due to disposal
Sprott US NOTUS Professional Private Trust No.1	Loss of control due to disposal
Greenline The First, Ltd.	Loss of control due to disposal (Termination of credit facility)

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 to provide a wide range of security investment trust services for its customers. H&DS combined with Hana IB as a business combination under common control (wholly-owned by HFG) on December 1, 2008, and changed its name to HFI on September 3, 2015. HFI merged with Hana Futures Co., Ltd. on August 1, 2016.

1-2-3 KEB Hana Card

Hana SK Card was merged into KEB Card on December 1, 2014 and KEB Card changed its name to KEB Hana Card. The common shares were exchanged at a ratio of 1 common share of Hana SK Card for 1.1731316 common shares of KEB Card.

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. 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 interest in Hana Daol Trust for the year ended December 31, 2013 and incorporated Hana Asset Trust (formerly, Hana Daol Trust) as its wholly owned subsidiary as of December 31, 2013.

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 interest (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 as sumption 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 Jeil-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(99.7%) 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 Ventures New Technology Fund No. 4 and No.6 and No.7

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.

1-2-15 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.

1-2-16 Subsidiaries of KEB Hana Bank

1-2-16-1 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.

1-2-16-2 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.

1-2-16-3 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.

1-2-16-4 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.

1-2-16-5 Banco KEB do Brasil 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

1-2-16-6 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.

1-2-16-7 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.

1-2-16-8 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

1-2-16-9 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.



1-2-16-10 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.

1-2-16-11 Hyundai Trust PEF Invest 16 [Bond] and other 3 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, Hyundai Trust PEF Invest 16 [Bond] and 3 private equity investment vehicles have been included in the consolidation scope.

1-2-16-12 Sevenstar Co., and other 21 Special Purpose Entities

In accordance with the KIFRS 1110 Consolidated Financial Statements, the Group consolidated Sevenstar Co., Ltd. and other 21 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

1-2-16-13 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.

1-2-16-14 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.

1-2-17 Subsidiaries of HFI

1-2-17-1 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.

1-2-17-2 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.

1-2-17-3 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.

1-2-17-4 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 3000Post 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 atrustor was NAFC (National Agricultural Cooperative Federation).

1-2-17-5 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 Sejoong Co., Ltd. and Keumho Trading Co., Ltd. as subsidiaries. Dduksim Co., Ltd. and Sejoong Co., Ltd. and Keumho Trading Co., Ltd. have Seojewon Co., Ltd and Siwon Co., Ltd. and Keumhoseafood.Co., Ltd. & designmeal co.,Ltd as a subsidiary, respectively.

1-2-17-6 Madrid First Co., Ltd. and 62 others

Madrid First Co., Ltd. and 62 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.

1-2-17-7 Hana Formula-E Private Special Asset Fund 114 and 22 others

Hana Formula-E Private Special Asset Fund 114 and 22 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.

1-2-17-8 Hana New Technology Fund No.1 and 2 others

Hana New Technology Fund No.1 and 2 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.

1-2-17-9 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.

1-2-18 Subsidiaries of KEB Hana Card

1-2-18-1 Hana Card Payment

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

1-2-18-2 Hana Card 2019-1 Asset Securitisation Specialty Co., Ltd. and 1 others

Hana Card 2019-1 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.

1-2-18-3 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.

1–2–19 Subsidiaries of Hana Capital

1–2–19–1 Hana Ventures New Technology Fund No. 2 and No.3

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 No.3 are included in the consolidated scope of Hana Capital.

1–2–19–2 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.

1–2–20 Subsidiaries of Hana Life Insurance

1–2–20–1 Hana Land Chip Real Estate Private Equity Fund 68

Hana Land Chip Real Estate Private Equity Fund 68 was incorporated in accordance with the Financial Investment Services and Capital Markets Act. It manages a building located in Gangnam-gu for occupancy by subsidiaries of HFG. The collective investment company (operator), an asset management company, is Hana Asset Management Co., Ltd. and the trustor is NongHyup Bank.

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 informati on 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.111 and 1 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.111 and 1 others are included in the consolidated scope of Hana A lternative Asset Management.

1–2–23 Subsidiaries of Hana F&I

1–2–23–1 KEB The Left co., Ltd and other 45 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 Left co., Ltd and other 45 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.

1–3 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, 2020 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
Antakya Co., Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from Antakya Co., Ltd.	Credit facility
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
Hanafuturelifes 1st, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from Hanafuturelifes 1st, Ltd.	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
HanaGreen, 1st L.L.C.	The Group committed acceptances and guarantees of ₩ 13.5 billion for HanaGreen, 1st L.L.C	Credit facility
YDPP 1st Co.,Ltd.	The Group partially purchased ABCP (purchase commitment of ₩71 billion) from YDPP 1st Co.,Ltd.	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 ₩13.4 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
H on 1st L.L.C	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from H on 1st L.L.C	Credit facility
DYONEQ1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from H on 1st L.L.C	Credit facility
PIOTOWER1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩60 billion) from H on 1st L.L.C	Credit facility
KSPARTNERSHIP 1st 2020, INC	The Group partially purchased ABCP (purchase commitment of ₩50 billion) from H on 1st L.L.C	Credit facility
Hana Unju 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩30 billion.	Credit facility
Yellow Balloon 2nd Co.,	The Group is obligated to acquire privately-placed bonds up to ₩37 billion.	Credit facility
Citizenryu 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩118.5 billion.	Credit facility
Portfolio 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility



Entity	The Characteristics and Purposes	Intention
Yellow Balloon 3rd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩142.5 billion.	Credit facility
YDL 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩11.5 billion.	Credit facility
Areca 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩26.2 billion.	Credit facility
Hana Charlemont Exchange	The Group is obligated to acquire privately-placed bonds up to ₩11.6 billion.	Credit facility
YDL 3rd Co. Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩12.5 billion.	Credit facility
Hana YJDL Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩40.0 billion.	Credit facility
Centaur First Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩29.0 billion.	Credit facility
Hana In Chungmu 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩16.8 billion.	Credit facility
Hana Ocean 1st	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
Wonderful GM 1st., Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩11.7 billion.	Credit facility
HF Caribbean Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩166 billion.	Credit facility
Magic Town 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩24 billion.	Credit facility
Hana US Emerging Office Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩550 billion.	Credit facility
San Jose Real 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩5 billion.	Credit facility
GMHB 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩70 billion.	Credit facility
Hana Port 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩46 billion.	Credit facility
GIF Rocinante Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩111.1 billion.	Credit facility
Madrid First Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩128.9 billion.	Credit facility
US Smile 1st Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩3 billion.	Credit facility
US Smile 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩17.2 billion.	Credit facility
Hana Runway Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩115 billion.	Credit facility
JLB Squaire Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩135 billion.	Credit facility
GIF Boomerang Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩62.5 billion.	Credit facility
Hana Penta 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩7 billion.	Credit facility
Hana AIC 1st Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩217 billion.	Credit facility
Hanalogis No.1 Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩89.8 billion.	Credit facility
GIF Sowol-ro Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩15 billion.	Credit facility
GIF Olympus Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩10 billion.	Credit facility
Peach Shine 2nd Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩37 billion.	Credit facility
Hangdong West 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩30 billion.	Credit facility
Hana Solar 1st Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩12 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-Sinjang 1st Co.,Ltd	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
HANA MC ONE Co.,Ltd	The Group is obligated to acquire privately-placed bonds up to ₩25 billion.	Credit facility
Hana S-Energy Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩32.5 billion.	Credit facility
GIF Gwacheon8 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩10 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 ₩125.6 billion.	Credit facility
Anseong KL 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩23.5 billion.	Credit facility
Eco Clover Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩129.7 billion.	Credit facility
Hana 5-geori 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩11 billion.	Credit facility

Entity	The Characteristics and Purposes	Intention
Hana-Ulsan Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
Hana Sewoon 1st., Co., Ltd	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
GS Solution 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩102 billion.	Credit facility
Hana Heaven 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩32 billion.	Credit facility
Hana Bukjincheon 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩45 billion.	Credit facility
Hana Bukjincheon 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩15 billion.	Credit facility
Hanalogis No.2 Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩0.5 billion.	Credit facility
Zero To One 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩67 billion.	Credit facility
Hana 1Q Logis B Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩20 billion.	Credit facility
GIF MD Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩26 billion.	Credit facility
PYS 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩18.2 billion.	Credit facility
Tree Unique 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩6 billion.	Credit facility
Hana Seattle Prime Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩147 billion.	Credit facility
Ernest Hyun 1st., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩78.5 billion.	Credit facility
Hmidan 2nd., Co., Ltd.	The Group is obligated to acquire privately-placed bonds up to ₩78.5 billion.	Credit facility
KB Bonnacord Private Fund(FOFS)	The Group committed to increase investment up to ₩62.2 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 ₩7.1 billion on its asset.	Investment commitment
Darby Hana Europe Renewable Energy Private Investment Fund	The Group committed to increase investment up to ₩8.4 billion on its asset.	Investment commitment
Hana Formula-E Private Special Asset Fund 114	The Group committed to increase investment up to ₩3.9 billion on its asset.	Investment commitment
K-Reits Specialized Private Investment Trust No.23	The Group committed to increase investment up to ₩56.3 billion on its asset.	Investment commitment
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1	The Group committed to increase investment up to ₩53 billion on its asset.	Investment commitment
Darby Hana New York Hotel Specialized Private Investment Trust No.1	The Group committed to increase investment up to ₩67.2 billion on its asset.	Investment commitment
Hana Alternative Energy Infra Special Asset No.3-1/3-2/3-3	The Group committed to increase investment up to ₩100 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 Alternative Infra Special Investment Private Trust	The Group committed to increase investment up to ₩100 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, 2020 and 2019 are as follows:

Classification	December 31, 2020	December 31, 2019
Hana Bank (*1)	179,737	179,737
KEB Hana Card	270,667	252,114
Hana Capital (*1)	149,578	149,617
Hana F&I, Inc. (*1)	29,835	29,835
Hana F&I, Inc.	477	436
PT Bank KEB Hana	239,876	238,145
Hana Bancorp	3,873	4,632
Others (*2)	12,562	5,782
Total	886,605	860,298

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

(\*2) The carrying amounts of non-controlling interest of Dduksim Co., Ltd., Sejoong 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, 2020 and 2019 are as follows:

Classification	2020	2019
Hana Bank (*1)	8,000	9,814
KEB Hana Card	19,453	4,727
Hana Capital (*1)	4,969	9,000
Hana F&I, Inc. (*1)	1,759	2,010
Hana F&I, Inc.	41	41
Hana TI	-	128
PT Bank KEB Hana	14,735	9,291
Hana Bancorp	(447)	(604)
Others (*2)	(874)	(369)
Total	47,636	34,038

(\*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, 2020 and 2019 are as follows (Korean won in millions):

Classification	Purpose	Financing arrangement	Total assets	
			December 31, 2020	December 31, 2019
Special purpose company	Financing through asset liquidation and securitization	Issuing ABL/ABCP and others	9,398,854	12,395,795
Real estate finance	Operation for real estate (including SOC) development	Investment and borrowing	27,258,324	20,718,801
Shipping finance and primary market finance	Financing to purchase ships, NPL and ownership	Investment and borrowing	18,954,245	33,280,607
Investment fund	Managing investment fund and trust	Issuing beneficiary certificates	180,489,761	137,429,566

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

<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	13,490,176
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

<December 31, 2019>

Classification	Special purpose company	Real estate finance	Shipping finance and primary market finance	Investment fund
Assets:				
Loans receivable (A)	761,059	1,444,895	917,956	1,039,377
Securities (B)	1	79,929	-	9,876,413
Derivatives (C)	13,976	11,670	8,868	53
Others (D)	1,517	2,935	3,838	95,054
Liabilities:				
Derivatives	390	2,133	435	-
Provision	437	1,443	325	21
Others	182	30	41	1



Classification	Special purpose company	Real estate finance	Shipping finance and primary market finance	Investment fund
Net asset	775,544	1,535,823	929,861	11,010,875
Maximum exposure to loss				
Financial assets (A+B+C+D)	776,553	1,539,429	930,662	11,010,897
Credit and other commitment	3,182,870	470,102	259,729	342,470

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 Offsetting investment account against equity account

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

3-2-3 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).

3-2-4 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.

3-2-5 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.

3-2-6 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.

3-2-7 Non-controlling interests

The Group recognizes equity in a subsidiary not attributable to a parent as non-controlling 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.

3-2-8 Business combinations

3-2-8-1 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 in struments 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.

3-2-8-2 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 bar gain 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 non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when again 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 short-term 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 of 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 in dependent 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 meas urement 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 off setting 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 a ccounting 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 away 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 fo reign 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 recognize s 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 anet 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 cashadvance 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 accumulateddepreciation. 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 non-operating 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	7
Client membership	Straight-line method	10
Others	Straight-line method	1 to 27

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 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.

3-22 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.

3-23 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.

3-24 Insurance contracts

Hana Life Insurance’ s significant accounting policies relating to insurance contracts are as follows.

3-24-1 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.

3-24-2 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.

3-24-3 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.

3-24-4 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.

3-25 Equity

3-25-1 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.

3-25-2 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.

3-25-3 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.

3-25-4 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.

3-26 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.

3-27 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.

3-28 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

3-29 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:

3-29-1 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.

3-29-2 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.

3-30 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 recoverability of the assets subsequently increases.

3-31 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 Dividend income

Dividend income is recognized when the Group’s right to receive the payment is established.

3-33 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).

3-34 New and amended standards and interpretations

The nature and the impact of each new and amended standards and interpretations are described below:

3-34-1 Amendments to KIFRS 1107, KIFRS 1109 and KIFRS 1039 Interest Rate Benchmark Reform

The amendments to KIFRS 1109 and KIFRS 1039 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no material impact on the consolidated financial statements of the Group.

3-34-2 KIFRS 1103 Definition of a business

The amendment to KIFRS 1103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no material impact on the consolidated financial statements of the Group.

3-34-3 Amendments to KIFRS 1001 and KIFRS 1008 Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no material impact on the consolidated financial statements of the Group.

3-34-4 Conceptual Framework for Financial Reporting(2018)

The Conceptual Framework is not a standard, and none of the concepts therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the Accounting Standards Board in enacting and amending KIFRS, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some importantconcepts. These amendments had no material impact on the consolidated financial statements of the Group.



3-34-5 Amendments to KIFRS 1116 Covid-19 Related Rent Concessions

The amendments provide relief to lessees from applying KIFRS 1116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under KIFRS 1116 if the change were not a lease modification. This amendment had no material impact on the consolidated financial statements of the Group.

3-35 Standards issued but not yet effective are as follow:

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.

3-35-1 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.

3-35-2 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.

3-35-3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to KIFRS 1016

The amendments prohibits 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.

3-35-4 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 amend ments 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.

3-35-5 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(1) 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(1) of KIFRS 1101. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

3-35-6 KIFRS 1109 Financial Instruments? Fees in the ‘10 per cent’ test for derecognition of financial liabilities

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.

3-35-7 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 Consolidated Comprehensive Income Statement Account Reclassification

The Group reclassified general and administrative expenses and other operating income and losses, that had been recognized as of December 31, 2019, as commission income and expense. The consolidated statements of comprehensive income for comparative purpose of the Group as of December 31, 2019 were restated an d there was no impact on the net assets or net income of the Group as of December 31, 2019. Details of the impact on comprehensive income as of December 31, 2019 due to account reclassification is as follows (Korean won in millions):

Classification	Amount before restatement	Amount changes	Amount after restatement
Net Income	2,097,147	(105,678)	1,991,469
Fees and commission – income	3,034,355	(19,294)	3,015,061
Fees and commission – expense	(937,208)	(86,384)	(1,023,592)
General administration fee	(4,174,417)	67,396	(4,107,021)
Other operating income	900,607	(4,093)	896,514
Other operating expense	(1,890,213)	42,375	(1,847,838)
Operating Income	3,258,680	-	3,258,680

3–37 Correction of prior period errors

Upon early settlement of currency forwards the Group presented the gross amount of original transactions and counter-transactions until the maturity of the original contract, however the Group restated its comparative consolidated financial statements to show the net amount. The impact of the change in presentation of the currency forwards on the consolidated financial statements for 2019 and 2018 are as follows:

<December 31, 2019>

Description	Before Restatement	After Restatement (*)	Restated Amount
Financial assets measured at FVPL	32,398,705	32,359,657	(39,048)
Derivative assets held-for-trading	5,560,562	5,521,514	(39,048)
Total Assets	421,506,147	421,467,099	(39,048)
Financial liabilities measured at FVPL	5,476,437	5,437,389	(39,048)
Derivative liabilities held-for-trading	4,955,365	4,916,317	(39,048)
Total Liabilities	392,521,374	392,482,326	(39,048)
Total liabilities and equity	421,506,147	421,467,099	(39,048)
Gains on financial instruments at FVPL	18,896,104	18,650,852	(245,252)
Loss on financial instruments at FVPL	17,410,975	17,165,723	(245,252)

(\*) The amendments do not affect consolidated net income and consolidated other comprehensive income and consolidated cash flows.

<December 31, 2018>

Description	Before Restatement	After Restatement (*)	Restated Amount
Financial assets measured at FVPL	26,149,112	26,103,298	(45,814)
Derivative assets held-for-trading	4,342,755	4,296,941	(45,814)
Total Assets	385,008,620	384,962,806	(45,814)
Financial liabilities measured at FVPL	4,693,618	4,647,804	(45,814)
Derivative liabilities held-for-trading	4,443,002	4,397,188	(45,814)
Total Liabilities	357,900,160	357,854,346	(45,814)
Total liabilities and equity	385,008,620	384,962,806	(45,814)
Gains on financial instruments at FVPL	13,861,856	13,698,497	(163,359)
Loss on financial instruments at FVPL	13,601,928	13,438,569	(163,359)

(\*) The amendments do not affect consolidated profit or loss and other comprehensive income and consolidated cash flows.

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 credit-impaired 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

Different taxation laws that the Group’s foreign subsidiaries are exposed to require judgment in determining the amount of tax expenses that can be recognized. In addition, there has been various transactions and tax accounting methods which have made computing the final tax expenses for the period uncertain. 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.



5. Significant judgments and accounting estimates

The following standards are applied in measuring the fair value of financial assetsand financial liabilities

- a. 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.
- b. 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.
- c. 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.
- d. 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, 2020 and December 31, 2019 are as follows (Korean won in millions):

<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	1,178,769	1,466,443
Derivative assets held-for-trading	85,338	10,057,915	646,350	10,789,603
Loans	-	-	1,492,111	1,492,111
Others	-	-	1,685,296	1,685,296
Subtotal	4,431,473	28,401,154	10,301,418	43,134,045
Financial assets designated at FVOCI:				
Debt securities	10,601,136	24,282,196	-	34,883,332
Equity securities	471,346	-	810,710	1,282,056
Subtotal	11,072,482	24,282,196	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	15,503,955	56,289,967	11,112,280	82,906,202

Classification	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Financial liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities held-for-trading	105,270	9,423,962	1,165,337	10,694,569
Securities sold	165,661	-	-	165,661
Subtotal	270,931	9,423,962	1,165,337	10,860,230
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	10,973,756	9,244,971	20,697,668

<December 31, 2019>

Classification	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Financial assets held-for-trading				
Debt securities	3,724,700	15,467,847	4,866,007	24,058,554
Equity securities	117,195	23,591	878,956	1,019,742
Derivative assets held-for-trading	65,631	4,865,139	590,744	5,521,514
Loans	-	-	803,661	803,661
Others	-	-	956,186	956,186
Subtotal	3,907,526	20,356,577	8,095,554	32,359,657
Financial assets designated at FVOCI:				
Debt securities	15,818,539	20,962,946	-	36,781,485
Equity securities	378,466	-	820,109	1,198,575
Subtotal	16,197,005	20,962,946	820,109	37,980,060
Derivative assets used for hedging	-	66,893	1,232	68,125
Merchant banking accounts asset	-	3,255,106	-	3,255,106
Total	20,104,531	44,641,522	8,916,895	73,662,948
Financial liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities held-for-trading	103,776	4,227,386	585,155	4,916,317
Securities sold	330,086	190,986	-	521,072
Subtotal	433,862	4,418,372	585,155	5,437,389
Financial liabilities designated as measured at FTVPL	231,750	2,580,851	8,760,680	11,573,281
Derivative liabilities used for hedging	-	26,987	528	27,515
Total	665,612	7,026,210	9,346,363	17,038,185

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- a. Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities
- b. Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- c. 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, 2020 and 2019 are as follows (Korean won in millions):

<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 factor 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,s	Discount rate, etc.
Derivative assets held-for-trading	10,057,915	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	28,401,154		
Financial assets measured at FVOCI			
Debt securities	24,282,196	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	56,289,967		
Financial liabilities:			
Financial liabilities measured at FVTPL			
Derivative liabilities held-for-trading	9,423,962	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	10,973,756		

<December 31, 2019>

Classification	Fair value	Valuation method	Input variable
Financial assets:			
Financial assets measured at FVTPL			
Debt securities	15,467,847	Black-Scholes model, Hull-White 1 factor 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	23,591	Hull & White Monte Carlo Simulation	Discount rate, etc.
Derivative assets held-for-trading	4,865,139	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	20,356,577		
Financial assets measured at FVOCI			
Debt securities	20,962,946	DCF model.	Discount rate, etc.
Derivative assets used for hedging	66,893	Hull-White 1 factor model.	Exchange rate, yield curve of swap, volatility of swaption, yield curve of currency,
Merchant banking account asset	3,255,106	Net asset method.	Price of underlying asset such as bond, stock, etc.
Total	44,641,522		
Financial liabilities:			
Financial liabilities measured at FVTPL			
Derivative liabilities held-for-trading	4,227,386	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.
Securities sold	190,986	DCF model.	Discount rate etc.
Subtotal	4,418,372		
Financial liabilities designated as measured at FVTPL	2,580,851	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	26,987	Hull-White 1 factor model.	Exchange rate, discount rate, yield curve of swap, yield curve of currency
Total	7,026,210		



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, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

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, Guassian 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 : Positive (Negative in some cases) Discount rate: Negative Liquidating value: Positive Fair value volatility increases when price of underlying assets volatility increases
Equity securities	1,178,769	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-fortrading	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	1,685,296	DCF model, etc.	Discount rate, etc.	Discount rate, etc.		
Subtotal	10,301,418					
Financial assets measured at FVOCI						
Equity securities	810,710	DCF model, utilization of market price, Asset approach, Income approach Binominal 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

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
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-fortrading	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 yieldcurve, 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					

<December 31, 2019>

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	4,866,007	DCF model, Net asset value model, Binominal Model, Dividend discount model, Black-scholes model, Hull-White 1 factor model, Guassian 1 factor model,etc.	Volatility, exchange rate, interest rate, CDS premium, correlation, discount rate, price and volatility of underlying assets, stock price, liquidating value.	Volatility, correlation, liquidating value, etc.	Volatility: 0~100% Correlation: -1~+1 Liquidating value: 0	Volatility of underlying assets: Positive Correlation: Positive (Negative in some cases) Liquidating value: Positive
Equity securities	878,957	DCF model, Similar model Comparison method, Dividend discount model, Binominal Model, Monte Carlo Simulation model, Hull-White 1 factor model etc.	Growth rate, discount rate, stock price, striking price, interest rate, liquidating value price and volatility of underlying assets, etc.	Volatility, Growth rate, Discount rate, liquidating value, etc.	Volatility: 1~35% Discount rate: 3.82~18.34% Growth rate: 0~1% Liquidating value: 0	Volatility: 1~35% Discount rate: 3.82~18.34% Growth rate:0~1% Liquidating value: 0

Classification	Fair value	Valuation method	Input variable	Significant un observable inputs used in the fair value measurement	Range	The effect of changes in unobservable inputs on fair value
Derivative assets held-fortrading	590,744	Black-Scholes model, Hull-White 1 factor model, Hull-White 2 factor model, DCF model, Gaussian 1 factor model, etc.	Exchange rate, yield curve of swap, volatility of swap, correlation between valuation models, discount rate, stock price, CDS premium, correlation, etc.	Volatility, correlation.	Volatility: 0~100% Correlation:-1~+1	Volatility: Positive Correlation: Positive (Negative in some cases)
Loans	803,661	Binominal model, DCF model, etc.	Volatility and price of underlying asset, discount rate, etc.	Price of underlying asset, Volatility of underlying asset, Discount rate, etc.	Volatility: 13.14~46.36% Discount rate: 1.32~1.47%	Volatility: Positive Discount rate: Negative
Others	956,185	DCF model, etc.	Discount rate, etc.	Discount rate, etc.		
Subtotal	8,095,554					
Financial assets measured at FVOCI						
Equity securities	820,109	DCF model, comparison with similar business, Dividend discount model, Binominal model, Net asset value model, utilization of market price.	Growth rate, liquidating value, Volatility and price of underlying asset, discount rate, etc.	Growth rate, liquidating value, discount rate, Volatility of underlying asset.	Growth rate: 0~3% Liquidating value: 0 Discount rate: 6.79~19.21% Volatility of underlying asset: 20.14~20.97%	Growth rate: Positive Liquidating value: Positive Discount rate: Negative Volatility of underlying asset: Positve
Derivative assets used for hedging	1,232	Hull-White 2 factor model.	Exchange rate, Swap yield curve, volatility of swaption, yield curve of each currency, correlation between valuation models, etc.	Correlation between Dollar IRS rates.	80	Volatility of correlation because of products and market condition is positive or negative
Total	8,916,895					
Financial liabilities:						
Financial liabilities measured at FVTPL						
Derivative liabilities held-fortrading	585,155	Black-Scholes model, Hull-White 1 factor model, Hull-White 2 factor model, DCF model, Gaussian 1 factor model, etc.	Exchange rate, Swap yield curve, volatility of swaption, currency yield curve, correlation between valuation models, discount rate, stock price, CDS premium, correlation, etc.	Volatility, correlation.	Volatility: 0~100% Correlation: -1~+1	Volatility: Positive Correlation: Positive (negative in some cases)
Financial liabilities designated as measured at FVTPL	8,760,680	DCF model, Black-Scholes model, Hull-White 1 factor model, Gaussian 1 fact or 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)

Classification	Fair value	Valuation method	Input variable	Significant un observable inputs used in the fair value measurement	Range	The effect of changes in unobservable inputs on fair value
Derivative liabilities used for hedging	528	Hull-White 2 factor model	Exchange rate, Swap yield curve, volatility of swaption, currency yield curve, correlation between valuation models, etc.	Correlation between Won IRS rates.	92.00~99.00	Volatility of correlation because of products and market condition is positive or negative
Total	9,346,363					

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, 2020 and 2019 are as follows (Korean won in millions):

<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	1,145,293	1,627,616	6,145,146	-	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	1,178,769	1,492,111	1,685,296	-	810,710	8,079,634	(518,987)	152

<December 31, 2019>

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, 2019	3,068,173	277,870	520,029	883,079	4,615	769,191	8,683,309	(262,150)	(16,215)
Increase due to business combination(*)	1,346,942	343,877	72,014	-	-	-	-	-	-
Net income	(40,180)	24,699	(3,786)	16,744	1,206	-	837,440	607,939	16,919
Other comprehensive income	-	-	-	-	(821)	(42,703)	(11,008)	-	-
Buy / Issue	2,769,771	1,010,211	1,377,853	3,516,394	-	97,251	6,043,942	1,680	-
Sell / Settlement	(2,231,204)	(772,134)	(1,162,449)	(3,460,031)	(5,000)	(3,630)	(6,793,003)	(341,880)	-



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
Others	(47,495)	(5,566)	-	-	-	-	-	-	-
December 31, 2019	4,866,007	878,957	803,661	956,186	-	820,109	8,760,680	5,589	704

(\*) 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, 2020 and 2019 are as follows (Korean won in millions):

<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	(137,357)	(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	40,654	128,159

<December 31, 2019>

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	605,416	24,553
Net gain or loss related to financial instruments designated as measured at FVTPL	(837,440)	(112,713)
Net gain or loss related to derivative instruments used for hedging	16,919	9,984
Net gain or loss related to financial instruments measured at FVOCI	1,206	-
Total	(213,899)	(78,176)

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, 2020 and 2019.

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, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Classification	Favorable changes	Unfavorable changes
Financial assets:		
Financial instruments measured at FVTPL		
Debt securities (*3)	38,025	(37,710)

Classification	Favorable changes	Unfavorable changes
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)
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)

<December 31, 2019>

Classification	Favorable changes	Unfavorable changes
Financial assets:		
Financial instruments measured at FVTPL		
Debt securities (*3)	37,530	(37,033)
Equity securities (*2)	7,801	(6,948)
Derivative assets held-for-trading (*1)	2,673	(2,746)
Loans (*4)	5,527	(5,164)
Subtotal	53,531	(51,891)
Financial assets measured at FVOCI		
Equity securities (*2)	123,160	(47,052)
Derivative assets used for hedging (*1)	78	(133)
Total	176,769	(99,076)
Financial liabilities:		
Financial liabilities measured at FVPL		
Derivative liabilities held-for-trading (*1)	3,013	(2,936)
Financial liabilities designated as measured at FVTPL	6,863	(6,863)
Subtotal	9,876	(9,799)
Derivative liabilities used for hedging (*1)	464	(1,656)
Total	10,340	(11,455)

(\*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, 2020 and 2019 are as follows (Korean won in millions):

<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	-	-	12,892,923	12,892,923
Total	5,550,121	40,594,306	321,819,663	367,964,090
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	-	-	26,778,970	26,778,970
Total	-	94,534,420	307,062,235	401,596,655

<December 31, 2019>

Classification	Levels of the fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Cash and due from banks	2,342,687	21,376,613	-	23,719,300
Securities measured at amortized cost	2,295,199	14,758,218	6,328	17,059,745
Loans measured at amortized cost	-	-	283,031,997	283,031,997
Others	-	-	15,306,333	15,306,333
Total	4,637,886	36,134,831	298,344,658	339,117,375
Financial liabilities:				
Deposits	-	32,838,506	241,133,789	273,972,295
Borrowings	-	6,252,317	14,441,918	20,694,235
Debentures	-	41,431,802	2,801,883	44,233,685
Merchant banking account liabilities	-	-	2,088,517	2,088,517
Others	-	-	28,812,253	28,812,253
Total	-	80,522,625	289,278,360	369,800,985

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, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Cash and due from banks	25,319,172	DCF model, etc.	Discount rate, credit and other spread, etc.
Securities measured at amortized cost	15,290,556	DCF model, etc.	Discount rate
Total	40,609,728		
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		

<December 31, 2019>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Cash and due from banks	21,376,613	DCF model, etc.	Discount rate, credit and other spread, etc.
Securities measured at amortized cost	14,758,218	DCF model, etc.	Discount rate
Total	36,134,831		
Financial liabilities:			
Deposits	32,838,506	DCF model, etc.	Discount rate
Borrowings	6,252,317	DCF model, etc.	Discount rate, other spread
Debentures	41,431,802	DCF model, etc.	Discount rate, other spread, rate of inheritance bankruptcy
Total	80,522,625		



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, 2020 and 2019 are as follows (Korean won in millions):

<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	12,892,923	DCF model etc.	Discount rate, etc.
Total	321,819,663		
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 inherence bankruptcy, Discount rate, etc.
Merchant banking account liabilities	2,246,273	(*)	
Others	26,778,970	DCF model etc.	Discount rate, etc.
Total	307,062,235		

(\*) 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, 20190>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Securities measured at	6,328	DCF model	Discount rate
Amortized cost Loans measured at Amortized cost	283,031,997	DCF model etc.	Credit and other spread, rate of advanced redemption, discount rate, etc.
Others	15,306,333	DCF model etc.	Discount rate, etc.
Total	298,344,658		
Financial liabilities:			
Deposits	241,133,789	DCF model etc.	Other spread,rate of advanced redemption, discount rate
Borrowings	14,441,918	DCF model etc.	Other spread, discount rate
Debentures	2,801,883	DCF model etc.	Other spread, rate of inherence bankruptcy, Discount rate, etc.
Merchant banking account liabilities	2,088,517	(*)	
Others	28,812,253	DCF model etc.	Discount rate, etc.
Total	289,278,360		

(\*) 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, 2020 and 2019 are summarized as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Beginning balance	(49,192)	(37,689)
Increase(decrease)	(136,343)	(75,851)
Profit or loss	77,717	64,348
Ending balance	(107,818)	(49,192)

5-8 Details of transferred financial assets that are not derecognized in entirety as ofat December 31, 2020 and 2019 are as follows (Korean won in millions):

<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.

<December 31, 2019>

Classification	Book value	Fair value
Assets:		
Financial assets measured at FVTPL	3,761,403	3,761,403
Financial assets measured at FVOCI (*)	896,465	896,465
Securities measured at amortized cost (*)	183,742	187,918
Liabilities:		
Securities sold under repurchase agreements	4,182,414	4,181,092

(\*) The leased financial assets at FVOCI and leased securities measured at amortized cost, of which related liabilities are not recognized, amounting to ₩423,964 million and ₩9,534 million, respectively, as of December 31, 2019, are included.

6. Fair value of financial instruments

Details of carrying amount and fair value of financial instruments as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020		December 31, 2019	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Cash and due from banks	27,529,815	27,529,815	23,719,300	23,719,300
Financial assets measured at FVTPL	43,134,045	43,134,045	32,359,657	32,359,657
Financial assets measured at FVOCI	36,165,388	36,165,388	37,980,060	37,980,060
Securities measured at amortized cost	18,376,657	18,614,612	16,854,622	17,059,745
Loans measured at amortized cost	308,791,815	308,926,740	282,305,770	283,031,997
Derivative assets used for hedging	141,463	141,463	68,125	68,125
Merchant banking account asset	3,465,306	3,465,306	3,255,106	3,255,106
Others	12,893,069	12,892,923	15,305,417	15,306,333
Total	450,497,558	450,870,292	411,848,057	412,780,323
Financial liabilities:				
Financial liabilities measured at FVTPL	10,860,230	10,860,230	5,437,389	5,437,389
Financial liabilities designated as measured at FVTPL	9,802,701	9,802,701	11,573,281	11,573,281
Deposits	295,509,614	296,597,959	272,794,314	273,972,295
Borrowings	26,494,316	26,465,355	20,699,402	20,694,235
Debentures	48,761,838	49,508,098	43,661,177	44,233,685
Derivative liabilities used for hedging	34,737	34,737	27,515	27,515
Merchant banking account liabilities	2,246,273	2,246,273	2,088,517	2,088,517
Others	26,777,313	26,778,970	28,826,794	28,812,253
Total	420,487,022	422,294,323	385,108,389	386,839,170

The following standards are applied in measuring the fair value of financial instruments

- a. 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 termmaturity (less than three months), it is assumed that the carrying amounts approximate to their fair value.
- b. 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.
- c. 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, 2020 and2019 are as follows (Korean won in millions):

<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	43,134,045	-	-	-	43,134,045
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	-	-	12,893,069	-	12,893,069
Total	46,599,351	36,165,388	367,591,356	141,463	450,497,558

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	10,860,230	-	-	-	10,860,230
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	-	-	26,777,313	-	26,777,313
Total	10,860,230	9,802,701	399,789,354	34,737	420,487,022



<December 31, 2019>

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	-	-	23,719,300	-	23,719,300
Financial assets measured at FVTPL	32,359,657	-	-	-	32,359,657
Financial assets measured at FVOCI	-	37,980,060	-	-	37,980,060
Securities measured at amortized cost	-	-	16,854,622	-	16,854,622
Loans measured at amortized cost	-	-	282,305,770	-	282,305,770
Derivative assets used for hedging	-	-	-	68,125	68,125
Merchant banking account asset	3,255,106	-	-	-	3,255,106
Others	-	-	15,305,417	-	15,305,417
Total	35,614,763	37,980,060	338,185,109	68,125	411,848,057

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	5,437,389	-	-	-	5,437,389
Financial liabilities designated as measured at FVTPL	-	11,573,281	-	-	11,573,281
Deposits	-	-	272,794,314	-	272,794,314
Borrowings	-	-	20,699,402	-	20,699,402
Debentures	-	-	43,661,177	-	43,661,177
Derivative liabilities used for hedging	-	-	-	27,515	27,515
Merchant banking account liabilities	-	-	2,088,517	-	2,088,517
Others	-	-	28,826,794	-	28,826,794
Total	5,437,389	11,573,281	368,070,204	27,515	385,108,389

8. Offsetting financial assets and liabilities

8-1 Details of financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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	10,949,704	(135,661)	10,814,043	(8,364,658)	(1,218,095)	1,231,290
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

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	
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	58,461,390	(24,327,274)	34,134,116	(28,146,563)	(1,218,095)	4,769,458

<December 31, 2019>

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	5,520,778	(39,048)	5,481,730	(3,851,203)	(373,477)	1,257,050
Securities lent	433,498	-	433,498	(433,498)	-	-
Bonds purchased under resale agreement	11,837,603	-	11,837,603	(11,837,603)	-	-
Unsettled spot exchanges	9,656,526	-	9,656,526	(9,647,044)	-	9,482
Domestic exchange settlement debts	23,037,691	(21,407,571)	1,630,120	-	-	1,630,120
Other accounts receivable	462,118	(233,801)	228,317	-	-	228,317
Total	50,948,214	(21,680,420)	29,267,794	25,769,348	(373,477)	3,124,969

(\*) 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, 2020 and 2019 are as follows (Korean won in millions):

<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	Related amounts not off set in the statement of financial position		Net amount
				Financial instruments(*)	Cash collateral	
Derivatives	10,614,633	(135,661)	10,478,972	(8,527,670)	(431,956)	1,519,346
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	53,310,085	(24,327,274)	28,982,811	(26,281,193)	(431,956)	2,269,662

<December 31, 2019>

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	4,758,558	(39,048)	4,719,510	(3,977,089)	(70,563)	671,858
Bonds sold under repurchase agreements	4,182,414	-	4,182,414	(4,182,414)	-	-
Unsettled spot exchanges	9,651,691	-	9,651,691	(9,647,085)	-	4,606
Domestic exchange settlement credit	25,036,660	(21,407,571)	3,629,089	(3,624,430)	-	4,659
Other accounts payable	457,785	(233,801)	223,984	-	-	223,984
Securities lent	521,072	-	521,072	(521,072)	-	-
Total	44,608,180	(21,680,420)	22,927,760	(21,952,090)	(70,563)	905,107

(\*) 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 working-level 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, within 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 potentialvolatility 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, 2020 and 2019 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, 2020	December 31, 2019
On-balance-sheet items		
Due from banks	25,330,834	21,438,353
Financial assets measured at FVTPL		
Debt securities	18,471,744	16,160,946
Derivative assets measured at FVTPL	10,789,603	5,521,514
Loans	1,492,111	803,661
Others	1,685,297	956,186
Subtotal	32,438,755	23,442,307
Financial assets measured at FVOCI	34,883,332	36,781,485
Securities measured at amortized cost	18,376,657	16,854,622
Derivative assets used for hedging	141,463	68,125
Loans measured at amortized cost	308,791,815	282,305,770
Merchant banking account asset	3,465,306	3,255,106
Others	12,893,069	15,305,417
Total	436,321,231	399,451,185
Off-balance-sheet items		
Financial guarantees	2,156,627	2,791,478
Guarantee contracts	13,698,873	16,827,269
Commitment	116,526,573	116,288,162
Commitment to merchant banking account	950,000	955,000
Total	133,332,073	136,861,909



9-1-3 Collateral management and credit risk mitigation

Details of collateral management and credit risk mitigation as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<December 31, 2019>

Classification	Impaired loan		Total
	Individual assessment	Collective assessment	
Guarantees	17,375	92,448	109,823
Deposit	2,465	5,180	7,645
Real estate	328,689	209,167	537,856
Securities	-	78	78
Movables and others	11,526	12,834	24,360
Total	360,055	319,707	679,762

9-1-3-1 As of December 31, 2020 and 2019, financial assets that have collateral and do not recognize a loss allowance are ₩420,415 million and ₩1,022,413 million, respectively.

9-1-4 Credit risk exposure

9-1-4-1 Loans

As of December 31, 2020 and 2019 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, 2020>

Classification	12-month expected credit loss	Lifetime expected credit losses		Subject to the application of credit-impaired approach	Total
		Non credit-impaired loans	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 losses		Subject to the application of credit-impaired approach	Total
		Non credit-impaired loans	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	826,794	1,362,101	4,368,579
Unrated (*)	264,578	-	11,239	-	275,817
Subtotal	156,272,464	10,461,300	838,033	1,362,101	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	1,299,523	1,362,101	310,158,096

<December 31, 2019>

Classification	12-month expected credit loss	Lifetime expected credit losses		Subject to the application of credit-impaired approach	Total
		Non credit-impaired loans	Credit-impaired loans		
Household loans					
Grade 1	92,270,987	19,394,142	-	-	111,665,129
Grade 2	5,225,136	2,250,346	-	-	7,475,482
Grade 3	86,768	191,592	280,454	-	558,814
Unrated (*)	1,165,801	-	3,344	-	1,169,145
Subtotal	98,748,692	21,836,080	283,798	-	120,868,570
Corporate loans					
Grade 1	89,823,589	3,250,480	-	-	93,074,069
Grade 2	52,159,969	5,980,577	-	-	58,140,546
Grade 3	38,204	1,781,158	1,077,131	851,956	3,748,449
Unrated (*)	66,571	-	3,205	-	69,776
Subtotal	142,088,333	11,012,215	1,080,336	851,956	155,032,840
Credit Card loans					
Grade 1	3,147,532	217,994	-	-	3,365,526
Grade 2	3,604,901	407,568	-	-	4,012,469
Grade 3	2,905	58,870	208,319	-	270,094
Subtotal	6,755,338	684,432	208,319	-	7,648,089
Total	247,592,363	33,532,727	1,572,453	851,956	283,549,499

(\*) 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 is as follows for the years ended December 31, 2020 and 2019.

<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

<December 31, 2019>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less or equal to 0.88% of PD	Less or equal to 0.57% of PD	Less or equal to 1.56% of PD
Grade 2	Less or equal to 20.34% of PD	Less or equal to 12.88% of PD	Less or equal to 19.62% of PD
Grade 3	From 20.34% to 100% of PD	From 12.88% to 100% of PD	From 19.62% to 100% of PD

9-1-4-2 Off-balance-sheet items

As of December 31, 2020 and 2019, exposures of off-balance-sheet items by internal credit rating in accordance with the loss allowance measurement method areas follows (Korean won in millions):

<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

<December 31, 2019>

Classification	12-month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired loans	Credit-impaired loans	
Financial guarantees				
Grade 1	1,914,183	112,082	-	2,026,265
Grade 2	728,453	36,580	-	765,033
Grade 3	-	180	-	180
Subtotal	2,642,636	148,842	-	2,791,478
Guarantee contracts				
Grade 1	12,173,238	702,454	-	12,875,692
Grade 2	2,792,550	811,468	-	3,604,018
Grade 3	5,683	283,938	57,938	347,559
Subtotal	14,971,471	1,797,860	57,938	16,827,269
Commitment				
Grade 1	92,354,880	7,054,934	-	99,409,814
Grade 2	12,528,911	3,379,729	-	15,908,640
Grade 3	3,227	333,045	84,457	420,729
Unrated (*)	547,821	1,158	-	548,979
Subtotal	105,434,839	10,768,866	84,457	116,288,162
Total	123,048,946	12,715,568	142,395	135,906,909

(\*) 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, 2020 and 2019.

<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

<December 31, 2019>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less or equal to 0.88% of PD	Less or equal to 0.57% of PD	Less or equal to 1.56% of PD
Grade 2	Less or equal to 20.34% of PD	Less or equal to 12.88% of PD	Less or equal to 19.62% of PD
Grade 3	From 20.34% to 100% of PD	From 12.88% to 100% of PD	From 19.62% to 100% of PD



9-1-5 Internal credit rating of debt securities

9-1-5-1 As of December 31, 2020 and 2019, the carrying amounts of debt securities by internal credit rating in accordance with the loss allowance measurementmethod are as follows (Korean won in millions):

<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

<December 31, 2019>

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	36,781,485	-	-	36,781,485
Subtotal	36,781,485	-	-	36,781,485
Financial assets measured at amortized cost				
Grade 1	16,852,433	-	-	16,852,433
Grade 2	6,200	-	-	6,200
Subtotal	16,858,633	-	-	16,858,633
Total	53,640,118	-	-	53,640,118

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 ~ A-	Aaa ~ Baa2	AAA ~ BBB
Grade 2	B1 ~ B6	BBB+ ~ BB	Baa3 ~ B3	BBB- ~ B-
Grade 3	C1 ~ C3	BB- ~ B-	Caa1 ~ Caa3	CCC+ ~ CCC-

9-1-6 Credit risk concentration

9-1-6-1 Credit risk concentration in each major industry as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	Industry	December 31, 2020		December 31, 2019	
		Amounts	Ratio(%)	Amounts	Ratio(%)
On-balance-sheet items					
Due from banks	Financial services	25,330,834	100.0	21,438,353	100.0
Financial assets measured at FVTPL (*)	Financial services	10,625,681	53.2	8,640,878	50.9
	Manufacturing	1,865,222	9.3	2,082,357	12.3
	Public administration	4,120,474	20.6	3,597,827	21.2
	Construction	163,965	0.8	84,232	0.5
	Wholesale & retail	270,581	1.4	326,659	1.9
	Others	2,917,932	14.7	2,232,654	13.2
	Subtotal	19,963,855	100.0	16,964,607	100.0
	Financial assets measured at FVOCI	Financial services	16,615,268	47.6	15,945,324
Manufacturing		136,413	0.4	243,385	0.7
Public administration		14,662,927	42.0	18,073,293	49.1
Construction		284,603	0.8	235,700	0.6
Wholesale & retail		43,101	0.1	26,463	0.1
Others		3,141,019	9.1	2,257,320	6.1
Subtotal		34,883,331	100.0	36,781,485	100.0
Securities measured at amortized cost		Financial services	9,121,248	49.6	9,363,839
	Manufacturing	34,546	0.2	46,351	0.3
	Public administration	5,103,812	27.8	3,923,302	23.3
	Construction	250,018	1.4	319,995	1.9
	Others	3,877,123	21.1	3,205,146	18.9
	Subtotal	18,386,747	100.1	16,858,633	100.0
	Allowance for credit loss	(10,090)	(0.1)	(4,011)	-
	Total	18,376,657	100.0	16,854,622	100.0
Loans measured at amortized cost	Household loans	133,933,246	43.4	120,868,570	42.8
	Credit card loans	7,468,094	2.4	7,648,089	2.7
	Corporate loans				
	Manufacturing	42,112,572	13.6	38,886,662	13.8
	Construction	3,595,727	1.2	3,615,878	1.3
	Wholesale & retail	18,997,088	6.2	17,415,816	6.2
	Financial services	21,879,009	7.1	23,911,270	8.5
	Real estate rental	38,768,504	12.6	37,422,613	13.3
	Others	43,403,856	13.9	33,780,601	11.8
	Subtotal	310,158,096	100.4	283,549,499	100.4
	Deferred loan fees	407,149	0.1	370,514	0.1
	Present value discount	(2,957)	-	(4,709)	-
	Provision for loss	(1,770,473)	(0.5)	(1,609,534)	(0.5)
	Subtotal	(1,366,281)	(0.4)	(1,243,729)	(0.4)
	Total	308,791,815	100.0	282,305,770	100.0

Classification	Industry	December 31, 2020		December 31, 2019	
		Amounts	Ratio(%)	Amounts	Ratio(%)
Merchant banking account	Financial services	991,046	28.6	1,259,136	38.7
	Manufacturing	49,903	1.4	262,366	8.1
	Wholesale & retail	-	-	19,928	0.6
	Real estate rental	829,705	23.9	489,496	15.0
	Others	1,594,652	46.1	1,224,180	37.6
	Subtotal	3,465,306	100.0	3,255,106	100.0
Total		410,811,798		377,599,943	
Off-balance-sheet items					
Financial guarantees	Manufacturing	237,531	11.0	183,242	6.6
	Construction	47,538	2.2	7,351	0.3
	Wholesale & retail	66,786	3.1	84,663	3.0
	Financial services	394,237	18.3	420,915	15.1
	Real estate rental	153,688	7.1	429,006	15.4
	Others	1,256,847	58.3	1,666,301	59.6
	Subtotal	2,156,627	100.0	2,791,478	100.0
Guarantee contracts	Household loans	57,352	0.4	57,504	0.3
	Manufacturing	7,911,867	57.8	8,621,432	51.2
	Construction	1,411,452	10.3	1,495,536	8.9
	Wholesale & retail	1,062,535	7.8	2,657,283	15.8
	Financial services	1,543,619	11.3	1,390,648	8.3
	Real estate rental	111,833	0.8	142,156	0.8
	Others	1,600,215	11.6	2,462,710	14.7
	Subtotal	13,698,873	100.0	16,827,269	100.0
Commitment	Household loans	53,212,610	45.7	50,137,089	43.1
	Manufacturing	25,645,138	22.0	29,169,631	25.1
	Construction	2,493,568	2.1	2,648,532	2.3
	Wholesale & retail	7,654,699	6.6	8,765,997	7.5
	Financial services	8,533,170	7.3	8,496,445	7.3
	Real estate rental	3,311,379	2.8	2,644,773	2.3
	Others	15,676,009	13.5	14,425,695	12.4
	Subtotal	116,526,573	100.0	116,288,162	100.0
Merchant banking account	Financial services	510,000	53.7	510,000	53.4
	Manufacturing	80,000	8.4	45,000	4.7
	Wholesale & retail	260,000	27.4	250,000	26.2
	Real estate rental	60,000	6.3	100,000	10.5
	Others	40,000	4.2	50,000	5.2
	Subtotal	950,000	100.0	955,000	100.0
Total		133,332,073		136,861,909	

(\*) 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, 2020 and 2019 are as follows (Korean won in millions):

Classification	Country	December 31, 2020		December 31, 2019	
		Amounts	Ratio(%)	Amounts	Ratio(%)
On balance accounts:					
Due from banks	Korea	17,538,691	69.2	15,568,704	72.6
	U.S	1,910,954	7.5	1,423,659	6.6
	China	1,123,704	4.4	1,761,165	8.2
	Japan	359,361	1.4	415,675	1.9
	Singapore	369,493	1.5	195,931	0.9
	Hong Kong	154,960	0.6	88,513	0.4
	Others	3,873,671	15.4	1,984,706	9.4
	Subtotal	25,330,834	100.0	21,438,353	100.0
Financial assets measured at FVTPL (*)	Korea	18,528,621	92.8	15,798,654	93.1
	U.S	578,269	2.9	292,352	1.7
	China	25,872	0.1	69,970	0.4
	Japan	146,149	0.7	189,712	1.1
	Singapore	17,443	0.1	126,126	0.7
	Hong Kong	13,681	0.1	48,592	0.3
	Others	653,820	3.3	439,201	2.7
	Subtotal	19,963,855	100.0	16,964,607	100.0
Financial assets measured at FVOCI	Korea	29,491,427	84.5	31,983,240	87.0
	U.S	269,774	0.8	831,790	2.3
	China	2,333,428	6.7	1,834,454	5.0
	Japan	48,639	0.1	165,596	0.5
	Hong Kong	138,822	0.4	59,039	0.2
	Others	2,601,241	7.5	1,907,366	5.0
	Subtotal	34,883,331	100.0	36,781,485	100.0
Securities measured at amortized cost	Korea	17,438,440	94.9	15,940,563	94.6
	U.S	103,830	0.6	127,344	0.8
	China	113,084	0.6	356,247	2.1
	Others	731,393	4.0	434,479	2.5
	Subtotal	18,386,747	100.1	16,858,633	100.0
	Allowance for credit loss	(10,090)	(0.100)	(4,011)	-
	Total	18,376,657	100.0	16,854,622	100.0



Classification	Country	December 31, 2020		December 31, 2019	
		Amounts	Ratio(%)	Amounts	Ratio(%)
Loans measured at amortized cost	Korea	286,368,036	92.7	259,714,688	92.0
	U.S	3,180,983	1.0	3,063,857	1.1
	China	4,707,307	1.5	3,702,376	1.3
	Japan	1,774,538	0.6	1,554,909	0.6
	Hong Kong	2,253,697	0.7	2,688,247	1.0
	Others	11,873,535	3.9	12,825,422	4.4
	Subtotal	310,158,096	100.4	283,549,499	100.4
	Deferred loan fees and expenses	407,149	0.1	370,514	0.1
	Present value discount	(2,957)	-	(4,709)	-
	Allowance for possible loan losses	(1,770,473)	(0.5)	(1,609,534)	(0.5)
	Subtotal	(1,366,281)	(0.4)	(1,243,729)	(0.4)
	Total	308,791,815	100.0	282,305,770	100.0
Merchant banking accounts asset	Korea	3,465,306	100.0	3,255,106	100.0
Total		410,811,798		377,599,943	
Off-balance accounts:					
Financial guarantees	Korea	2,156,627	100.0	2,791,478	100.0
Guarantee contracts	Korea	9,819,333	71.7	12,712,195	75.5
	U.S	69,885	0.5	76,017	0.5
	China	2,193,753	16.0	2,487,191	14.8
	Japan	26,743	0.2	29,750	0.2
	Others	1,589,159	11.6	1,522,116	9.0
	Subtotal	13,698,873	100.0	16,827,269	100.0
Commitment	Korea	111,397,974	95.6	111,451,307	95.8
	U.S	416,905	0.4	570,201	0.5
	China	2,415,127	2.1	1,761,027	1.5
	Japan	265,269	0.2	157,182	0.1
	Others	2,031,298	1.7	2,348,445	2.1
	Subtotal	116,526,573	100.0	116,288,162	100.0
Merchant banking accounts	Korea	950,000	100.0	955,000	100.0
Total		133,332,073		136,861,909	

(\*) 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, 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, 2020>

Industry	Financial assets at FVPL	Financial assets at FVOC	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, basedon 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, 2020 and 2019 is summarized as follows (Korean won in millions):

<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	10,860,230	-	-	-	-	-	10,860,230
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	8,091,321	15,177,589	135,005	281,507	846,923	264,901	24,797,246
Total	174,405,915	45,484,130	36,618,403	105,478,663	49,152,496	10,451,700	421,591,307
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

<December 31, 2019>

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	5,437,389	-	-	-	-	-	5,437,389
Financial liabilities designated as measured at FVTPL	-	112,301	544,822	839,342	6,772,666	3,486,651	11,755,782
Deposits	116,940,594	23,517,984	28,785,491	90,271,792	13,766,006	2,296,509	275,578,376
Borrowings	4,894,698	4,328,058	2,075,224	5,924,082	3,123,857	461,667	20,807,586
Debentures	349	2,018,636	3,666,084	8,353,858	26,778,506	4,253,610	45,071,043
Derivative liabilities used for hedging	-	787	2,043	6,196	32,575	(188,530)	(146,929)

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
Merchant banking account liabilities	893,191	1,195,050	-	-	-	-	2,088,241
Others	6,902,191	18,181,346	132,038	332,944	757,294	273,916	26,579,729
Total	135,068,412	49,354,162	35,205,702	105,728,214	51,230,904	10,583,823	387,171,217
Off balance accounts:							
Financial guarantees	2,791,478	-	-	-	-	-	2,791,478
Acceptances and guarantees	16,827,269	-	-	-	-	-	16,827,269
Commitment	116,288,162	-	-	-	-	-	116,288,162
Commitment to merchant banking account	955,000	-	-	-	-	-	955,000
Total	136,861,909	-	-	-	-	-	136,861,909

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:

- a. Financial instruments for the purpose of acquiring the differences incurred due to short-term trading or price fluctuations.
- b. Financial instruments for the purpose of hedging risks
- c. Financial instruments for the purpose of acquiring arbitrages
- d. 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, 2020 and 2019 are summarized as follows(Korean won in millions):

Classification	December 31, 2020	Average	Min	Max	December 31, 2019
Interest rates risk	84,666	78,009	36,577	121,752	42,112
Foreign ex change rates risk	378,562	353,422	240,068	413,634	277,741
Stock price risk	56,273	43,061	17,506	96,542	32,604
Total risk(*)	391,341	383,257	261,607	463,678	299,453

(\*) 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.

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 as set 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 △EVE as of December 31, 2020 and interest rate VaR of the Group as of December 31, 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
△EVE	276,409	420,719

9–3–2–2 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, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Classification	20% decline	10% decline	10% rise	20% rise
Equity price risk	(119,479)	(59,740)	59,740	119,479

<December 31, 2019>

Classification	20% decline	10% decline	10% rise	20% rise
Equity price risk	(88,230)	(44,115)	44,115	88,230

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, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Classification	USD	JPY	EUR	CNY	IDR	기타	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	4,708,681	191,405	865,801	77,483	195,715	345,473	6,384,558
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
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	4,036,697	288,152	209,216	291,439	39,001	497,285	5,361,790
Total	41,333,474	3,091,485	6,956,278	9,048,765	2,142,234	7,362,041	69,934,277
Liabilities							
Financial liabilities measured at FVTPL	1,489,002	79,432	63,760	3,431	876	105,024	1,741,525
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	4,938,884	189,698	711,998	431,569	16,941	361,922	6,651,012
Total	46,173,788	2,657,319	5,862,022	8,424,362	1,426,293	5,815,725	70,359,509

<December 31, 2019>

Classification	USD	JPY	EUR	CNY	IDR	기타	Total
Assets							
Cash and due from bank	4,061,685	594,735	629,326	1,624,487	139,149	1,300,417	8,349,799
Financial assets measured at FVTPL	3,624,312	79,659	653,569	457,950	1,796	104,728	4,922,014
Financial assets measured at FVOCI	4,901,525	-	-	1,781,899	340,813	777,666	7,801,903
Securities measured at amortized cost	1,077,255	-	46,151	355,483	134,222	190,383	1,803,494
Loans measured at amortized cost	20,543,440	1,524,469	3,848,959	4,117,614	1,796,749	2,773,152	34,604,383
Derivative assets used for hedging	57,729	-	-	-	-	-	57,729
Others	4,304,083	1,339,116	174,028	490,240	28,327	586,179	6,921,973
Total	38,570,029	3,537,979	5,352,033	8,827,673	2,441,056	5,732,525	64,461,295
Liabilities							
Financial liabilities measured at FVTPL	550,272	42,777	56,983	1,608	365	58,614	710,619
Financial liabilities designated as measured at FVTPL	2,642,130	436	53,491	-	-	-	2,696,057
Deposits	21,603,807	1,973,079	4,142,106	7,082,370	1,572,954	3,551,956	39,926,272
Borrowings	7,618,956	116,212	903,115	37,244	139,662	783,023	9,598,212
Debentures	5,402,880	-	152,346	215,281	84,286	472,563	6,327,356
Derivative liabilities used for hedging	7,277	-	-	-	-	-	7,277
Others	7,442,164	243,504	256,534	675,470	18,409	429,456	9,065,537
Total	45,267,486	2,376,008	5,564,575	8,011,973	1,815,676	5,295,612	68,331,330

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 group-integrated 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, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Common Equity Tier 1 capital	27,236,650	25,131,916
Additional Tier 1 capital	2,222,295	1,491,552
Subtotal(Tier 1 Capital)	29,458,945	26,623,468
Tier 2 capital	2,642,271	2,675,756
Total(Total Capital)	32,101,216	29,299,224
Risk-weighted assets:		
Credit risk-weighted assets	199,177,817	184,073,580
Market risk-weighted assets	11,583,065	11,362,555
Operational risk-weighted assets	15,377,702	14,631,160
Total	226,138,584	210,067,295
BIS capital ratio:		
Common Equity Tier 1 ratio	12.04%	11.96%
Additional Tier 1 capital ratio	13.03%	12.67%
Total capital ratio	14.20%	13.95%



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 (“Tier1”) 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 end of the year December 31, 2020 and 2019 are as follows (Korean won in millions):

<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	(116,878)	384,250	5,819,353	(5,062)	5,814,291
Interest income	8,816,550	530,062	6,469	747,246	10,100,327	(20,718)	10,079,609
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	745,040	332,536	2,168,570	(8,800)	2,159,770
Fee and commission income	812,576	633,268	1,225,462	631,418	3,302,724	(80,192)	3,222,532
Fee and commission expense	(237,678)	(117,172)	(480,422)	(298,882)	(1,134,154)	71,392	(1,062,762)
Others	1,070,189	374,762	39,728	160,391	1,645,070	(84,312)	1,560,758
Total Operating income(loss)	6,952,877	1,135,049	667,890	877,177	9,632,993	(98,174)	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	796,515	8,761,856	(97,976)	8,663,880
General and administrative expenses	(2,973,870)	(497,568)	(226,902)	(350,334)	(4,048,674)	131,018	(3,917,656)

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
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	297,688	3,919,526	(83,104)	3,836,422
Net other non-operating income(loss)	(181,884)	93,562	(1,719)	507,305	417,264	(524,452)	(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	34,982,321	8,211,042	45,634,565	485,015,490	(24,702,188)	460,313,302
Total liabilities(*)	369,376,033	30,553,364	6,433,428	24,801,118	431,163,943	(2,450,929)	428,713,014

<2019>

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
Operating segment Income and loss(*):							
Net interest income(loss)	5,414,012	219,715	(123,058)	273,343	5,784,012	(10,306)	5,773,706
Interest income	10,053,972	500,212	10,778	577,083	11,142,045	(23,890)	11,118,155
Interest expense	(4,639,960)	(280,497)	(133,836)	(303,740)	(5,358,033)	13,584	(5,344,449)
Net fee and commission income(loss)	675,321	395,602	612,395	319,481	2,002,799	(11,330)	1,991,469
Fee and commission income	882,305	488,377	1,207,456	556,179	3,134,317	(119,256)	3,015,061
Fee and commission expense	(206,984)	(92,775)	(595,061)	(236,698)	(1,131,518)	107,926	(1,023,592)
Others	784,027	162,545	55,925	95,320	1,097,817	(5,155)	1,092,662
Total Operating income(loss)	6,873,360	777,862	545,262	688,144	8,884,628	(26,791)	8,857,837
Impairment loss on financial assets	(228,031)	(4,174)	(229,373)	(79,995)	(541,573)	761	(540,812)
Net operating income(loss)	6,645,329	773,688	315,889	608,149	8,343,055	(26,030)	8,317,025
General and administrative expenses	(3,311,402)	(433,573)	(230,906)	(245,210)	(4,221,091)	114,070	(4,107,021)
Net other operating income (loss)	(618,018)	9,409	(7,948)	(200,819)	(817,376)	(133,948)	(951,324)
Operating income(loss)	2,715,909	349,524	77,035	162,120	3,304,588	(45,908)	3,258,680
Net other non-operating income(loss)	215,387	29,515	(2,693)	1,325,427	1,567,636	(1,418,169)	149,467
Income tax expenses	(780,799)	(99,107)	(18,061)	(94,638)	(992,605)	10,080	(982,525)
Net income(loss)	2,150,497	279,932	56,281	1,392,909	3,879,619	(1,453,997)	2,425,622
Total assets(*)	369,498,804	27,283,211	8,187,106	39,612,172	444,581,293	(23,114,194)	421,467,099
Total liabilities(*)	344,032,357	23,808,133	6,557,951	19,802,842	394,201,283	(1,718,957)	392,482,326

(\*) 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, 2020 and 2019 are as follows (Koreanwon in millions):

<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)	97,832	98,174	(98,174)	-
Total	6,952,877	1,135,049	667,890	877,177	9,632,993	(98,174)	9,534,819

<2019>

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
Revenue (expense) from external customers	6,805,560	761,209	621,247	669,822	8,857,838	-	8,857,838
Revenue (expense) from internal transactions	67,800	16,653	(75,985)	18,323	26,791	(26,791)	-
Total	6,873,360	777,862	545,262	688,145	8,884,629	(26,791)	8,857,838

10-2-3 Significant non-cash transactions included in income of operating segments for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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)

<2019>

Classification	Hana Bank	HFI	KEB Hana Card	Others	Subtotal	Adjustments	Total
Gain(loss) on equity method	(27,414)	11,765	271	204	(15,174)	(7,273)	(22,447)
Depreciation and amortization	(430,751)	(42,471)	(42,350)	(215,776)	(731,348)	(10,058)	(741,406)

10-3 Information about regions

Revenue by region from the external customers for the years ended December 31, 2020 and 2019 and non-current assets by region as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	Revenue from external customers		Non-current assets	
	2020	2019	December 31, 2020	December 31, 2019
Domestic	8,882,579	8,176,088	4,869,505	5,056,177
Foreign:				
Hong Kong	64,552	78,043	6,748	9,780
Singapore	33,984	29,835	1,095	2,143
U.S	45,706	41,833	7,256	6,421
Japan	36,168	30,885	4,979	6,966
China	202,709	168,355	202,641	192,413

Classification	Revenue from external customers		Non-current assets	
	2020	2019	December 31, 2020	December 31, 2019
Indonesia	180,894	147,563	65,193	99,696
U.K	22,489	29,453	3,346	5,152
Canada	29,324	36,510	10,299	12,949
Others	134,588	146,064	8,519	11,725
Subtotal	750,414	708,541	310,076	347,245
Adjustments	(98,174)	(26,791)	(236,362)	103,781
Total	9,534,819	8,857,838	4,943,219	5,507,203

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, 2020 and 2019 are as follows(Korean won in millions):

Classification	Counterparty	December 31, 2020	December 31, 2019
Cash		2,198,981	2,280,946
Due from banks in Korean won			
Reserve deposits with BOK, etc.	Bank of Korea (“BOK”), etc.	11,038,294	10,319,182
Time deposits, etc.	Other banks	702,753	2,251,791
Other deposits	Other financial institutions	1,274,985	1,222,348
Subtotal		13,016,032	13,793,321
Due from banks in foreign currencies			
Due from banks on demand	BOK, etc.	7,408,869	4,403,034
Time deposits	Bayern LB and Others	1,385,988	1,019,004
Other deposits	Other financial Institutions	3,519,945	2,222,995
Subtotal		12,314,802	7,645,033
Total		27,529,815	23,719,300

11-2 Restricted balances in due from banks as of December 31, 2020 and 2019 are summarized as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019	Restrictions
Due from banks in Korean won			
Reserve deposits with BOK, etc.	11,038,294	10,319,182	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	234	Margin for trading account
Reserve for claims of customers’ deposits	343,199	271,753	Capital market law, regulation on brokerage business of securities company, etc.
Other deposits	315,125	1,017,790	For the right of pledge, etc.
Subtotal	11,696,982	11,608,959	



Classification	December 31, 2020	December 31, 2019	Restrictions
Due from banks in foreign currencies			
Deposits in foreign currencies in other branches	5,993,187	2,266,281	Reserve for payment of deposits from the Banking Act and the Bank of Korea Act
Other deposits	1,580,111	1,304,434	OTC derivative contracts, etc.
Subtotal	7,573,298	3,570,715	
Total	19,270,280	15,179,674	

12. Financial assets measured at FVPL

Financial assets measured at FVTPL as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Stocks	377,249	220,754
Investments in partnerships	357,781	329,821
Government and public bonds	3,530,704	3,079,606
Financial bonds	7,473,379	5,525,279
Corporate bonds and others	5,202,047	4,630,759
Beneficiary certificates	7,479,753	6,040,064
Other securities denominated in Korean won	174,193	209,198
Securities denominated in foreign currencies	4,259,531	4,678,369
Derivative linked securities	312,397	364,446
Derivative assets held for trading (*)	10,789,603	5,521,514
Loans	1,492,111	803,661
Others	1,685,297	956,186
Total	43,134,045	32,359,657

(\*) 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, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Stocks	1,114,110	927,894
Investments in partnerships	786	793
Government and public bonds	11,007,981	15,094,023
Financial bonds	10,128,914	9,012,844
Corporate bonds	6,113,830	4,872,716
Other securities denominated in Korean won	105,871	96,589
Securities denominated in foreign currencies	7,693,896	7,975,201
Total	36,165,388	37,980,060

13-2 Details of shares (including shares in foreign currencies) included in financial assets measured at FVOCI as of December 31, 2020 and 2019 are as follows

<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
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 & Trust	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	162,841
Total	1,282,056

<December 31, 2019>

Counterparty	Book value (Fair value)
Daewoo Shipbuilding & Marine Engineering Co., Ltd. etc.	251,083
CM International	167,649
Consumer Credit Assistant Fund Co., Ltd.	129,364
UAMCO., Ltd.	122,850
Korea Exchange	109,311
The Korea Securities Finance Corporation	85,645
Taihan Electric Wire Co., Ltd.	26,107
STX Engine	16,295
Korea Asset Management Corporation	15,737
Dongbu Steel Co., Ltd.	15,385

Counterparty	Book value (Fair value)
ChinHung international, Inc.	14,182
Hyundai Merchant Marine Co., Ltd.	14,174
Korea Enterprise Data	11,227
BC Card Co., Ltd.	11,051
Koramco REITs & Trust	10,655
Kumho Tire Co., Inc.	10,183
Kumho Electric, Inc.	2,715
Others	184,962
Total	1,198,575

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 shares (including shares in foreign currencies) included in financial assets measured at FVOCI as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Counterparty	Book value	Cumulative valuation gain (loss) (*)	Reason for disposal
NHIN 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	

<December 31, 2019>

Counterparty	Book value	Cumulative valuation gain (loss) (*)	Reason for disposal
Daiyang Metal Co., Ltd.	6,237	(381)	Decision on the Board of Bond Financial Institutions for debt-for-equity swap securities
Zyle Motoer Sales Co.	1,392	107	Sale to board
Ajin P&P Co., Ltd.	618	28	Exercise the right to stock sale by Board of Directors
KSP	255	215	Sale of the debt equity swap stock
Taihan Electric Wire Co., Ltd.	128	(265)	Decision of the Board of Directors
Daehan i.m	105	105	Sale of the debt equity swap stock
Microfinance & Badbank Harmony Co., Ltd.	62	62	Capital reduction
Others	32	12	
Total	8,829	(117)	

(\*) Cumulative gain or loss is replaced with retained earnings.

13-4 Dividends recognized from financial assets measured at FVOCI during the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Dividends recognized from equity instruments held as of December 31 2020 and 2019	8,296	8,090
Dividends recognized from equity instruments derecognized	34	-
Total	8,330	8,090

13-5 Changes in the loss allowance in relation to financial assets measured at FVOCI during the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<2019>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	7,009	-	-	7,009
Provision (reversal) for possible loan losses	3,046	-	-	3,046
New financial assets executed or purchased	316	-	-	316
Disposal financial assets	(2,981)	-	-	(2,981)
Exchange rate fluctuation and others	68	-	-	68
Ending balance	7,458	-	-	7,458



13-6 Changes in the carrying amount in relation to financial assets measured at FVOCI during the years ended December31, 2020 and 2019 are as follows (Korean won in millions):

<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	(225,446)	-	-	(225,446)
Ending balance	34,883,332	-	-	34,883,332

<2019>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	35,582,350	-	-	35,582,350
New financial assets executed or purchased	21,670,780	-	-	21,670,780
Disposed financial assets	(20,359,875)	-	-	(20,359,875)
Exchange rate fluctuation and others	(111,770)	-	-	(111,770)
Ending balance	36,781,485	-	-	36,781,485

14. Securities measured at amortized cost

14-1 Details of securities measured at amortized cost as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Government and public bonds	4,031,947	2,676,805
Financial bonds	2,146,316	3,215,657
Corporate bonds and others	10,174,991	9,161,622
Securities denominated in foreign currencies	2,033,493	1,804,549
Allowance for credit losses	(10,090)	(4,011)
Total	18,376,657	16,854,622

14-2 There is no income or loss due to the disposal of securities measured at amortized cost during the years ended December 31, 2020 and 2019.

14-3 Changes in provision for possible loan losses in relation to securities measured at amortized cost during the years ended December 31, 2020 and 2019 are asfollows (Korean won in millions):

<2020>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit- Total impaired loans	Credit-impaired loans	
Beginning balance	4,011	-	-	4,011
Increase due to business combination	29	-	-	29
Provision (reversal) 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

<2019>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit- Total impaired loans	Credit-impaired loans	
Beginning balance	3,190	-	-	3,190
Provision (reversal) for possible loan losses	1,940	-	-	1,940
New financial assets executed or purchased	20	-	-	20
Disposed financial assets	(189)	-	-	(189)
Exchange rate fluctuation and others	(950)	-	-	(950)
Ending balance	4,011	-	-	4,011

14-4 Changes in the carrying amount in relation to securities measured at amortized cost during years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<2019>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit- impaired loans	Credit-impaired loans	
Beginning balance	14,785,856	-	-	14,785,856
New financial assets executed or purchased	3,120,514	-	-	3,120,514
Disposed financial assets	(1,100,676)	-	-	(1,100,676)
Exchange rate fluctuation and others	52,938	-	-	52,938
Ending balance	16,858,632	-	-	16,858,632

15. Pledged asset

15-1 The details of assets provided as collateral as of the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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
	Borrowings from BOK	1,207,402
	Others	575,390
	Subtotal	7,354,027
	Foreign currency borrowing	491,286
Securities measured at amortized cost	Establishment of a pledge right	10,242
	Futures	298,597
	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
	Subtotal	6,205,256
Property and equipment	Rental deposit	763
Total		25,090,017

<December 31, 2019>

Classification	Details	Book Value
Financial assets measured at FVTPL	Pledged securities	4,133,303
	Derivative instruments	1,726,033
	KRX, etc.	227,551
	Client RP	3,826,020
	Others	240,777
	Subtotal	10,153,684
Financial assets measured at FVOCI	Futures	79,552
	Daylight credit	617,090
	Client RP	89,831
	Foreign currency	347,854
	Pledged securities	422,258
	Borrowings	991,175
	BOK payment	3,208,211
	Others	236,554
	Subtotal	5,992,525
	Foreign currency borrowing	173,914
Securities measured at amortized cost	Establishment of a pledge right	20,287
	Futures	290,393
	BOK payment	1,020,615
	Daylight credit	55,617
	Borrowings	981,225
	Client RP	294
	Securities paid	4,935
	Others	73,838
	Subtotal	2,621,118
Property and equipment	Rental deposit	763
Total		18,768,090

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, 2020>

Classification	Fair value of collateral	Fair value of collateral sold or re-pledged
Securities	13,818,912	1,081,816
Deposits	350,047	-



<December 31, 2019>

Classification	Fair value of collateral	Fair value of collateral sold or re-pledged
Securities	15,593,244	1,303,649

16. Loans and receivables measured at amortized cost

16-1 Details of loans and receivables measured at amortized cost as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Loans and receivables:		
Loans in Korean won	251,403,242	226,328,349
Loans in foreign currencies	24,226,188	23,280,577
Domestic import usance	2,756,392	3,411,632
Call loans	946,689	1,246,055
Bills purchased in Korean won	37,026	318,479
Bills purchased in foreign currencies	5,936,779	5,005,813
Advance payments on acceptances and guarantees	10,182	35,345
Credit card loans	7,468,094	7,648,089
Bonds purchased under resale agreement	12,369,466	11,837,603
Installment receivables purchased	496,441	682,387
Privately-placed corporate bonds	2,368,818	1,925,036
Lease receivables	2,138,779	1,830,134
Subtotal	310,158,096	283,549,499
Plus (less):		
Deferred loan fees	407,149	370,514
Present value discount	(2,957)	(4,709)
Allowance for loan losses	(1,770,473)	(1,609,534)
Total	308,791,815	282,305,770

16-2 Loans measured at amortized cost to customer as of December 31, 2020 and 2019 are listed as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Corporate loans:		
Large business	36,535,621	34,477,962
Small and medium business	109,120,077	96,993,144
Public sector and others	23,278,200	23,561,734
Subtotal	168,933,898	155,032,840

Classification	December 31, 2020	December 31, 2019
Household loans	133,756,104	120,868,570
Credit card loans	7,468,094	7,648,089
Subtotal	310,158,096	283,549,499
Plus (less):		
Deferred loan fees	407,149	370,514
Present value discount	(2,957)	(4,709)
Allowance for loan losses	(1,770,473)	(1,609,534)
Total	308,791,815	282,305,770

16-3 Changes in allowance for possible loan losses for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<2020>

Classification	12 month expected credit	Lifetime expected credit losses		Credit impairment model	Total
		Non credit-impaired loans	Credit-impaired loans		
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	358,085	10,704	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	630,323	21,340	1,770,473

<2019>

Classification	12 month expected credit	Lifetime expected credit losses		Credit impairment model	Total
		Non credit-impaired loans	Credit-impaired loans		
As of January 1, 2019	418,327	485,088	814,285	9,861	1,727,561
Transfer to 12 month expected credit loss	40,118	(36,251)	(3,867)	-	-
Transfer to non credit-impaired financial assets	(26,444)	71,223	(44,779)	-	-
Transfer to credit-impaired loan	(102,105)	(95,012)	197,063	54	-
Provisions of allowance of possible loan losses	168,534	(6,651)	360,968	7,286	530,137
Write-offs	(27)	(605)	(675,899)	-	(676,531)
Collection of loans written-off	-	-	190,620	-	190,620
Disposal of non performing loans	-	(553)	(44,020)	(4,125)	(48,698)
Changes in exchange rate, etc.	(20,686)	984	(93,853)	-	(113,555)
As of December 31, 2019	477,717	418,223	700,518	13,076	1,609,534

16-4 Changes in the carrying amounts of allowance for possible loan losses for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<2020>

Classification	12 month expected credit	Lifetime expected credit losses		Credit impairment model	Total
		Non credit-impaired loans	Credit-impaired loans		
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)	1,348,170	(2,922)	-
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	1,299,523	1,362,101	310,158,096

<2019>

Classification	12 month expected credit	Lifetime expected credit losses		Credit impairment model	Total
		Non credit-impaired loans	Credit-impaired loans		
As of January 1, 2019	216,366,200	43,104,583	1,813,290	777,180	262,061,253
Transfer to 12 month expected credit loss	5,198,952	(5,158,587)	(40,365)	-	-
Transfer to non credit-impaired financial assets	(6,305,081)	6,471,138	(166,057)	-	-
Transfer to credit-impaired loan	(758,803)	(622,389)	1,376,543	4,649	-
Write-offs	(26)	(606)	(674,173)	(1,726)	(676,531)
Net increase and decrease	33,091,121	(10,259,809)	(369,350)	75,978	22,537,940
Disposal of non-performing loans	-	(1,603)	(367,435)	(4,125)	(373,163)
As of December 31, 2019	247,592,363	33,532,727	1,572,453	851,956	283,549,499

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, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Amortized cost before change	140,093	208,027
Net gain or loss due to change	20,918	526

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 no loans as of December 31, 2020 and December 31, 2019, 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 ₩ 4,920,853 million and ₩ 4,960,930 as of December 31, 2020, and 2019 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, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Classification	Notional amounts	Net valuation gain	Net valuation loss	Assets	Liabilities
Currency:					
Forward	204,879,584	5,735,343	6,037,009	5,867,571	6,052,314
Swap	83,303,438	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	290,656,507	8,795,763	8,579,771	8,828,791	8,452,004
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
	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	644	-	11,449
Subtotal	2,414,104	66,549	88,090	135,359	213,213
Total	496,046,689	9,685,142	9,463,316	10,789,603	10,694,569

<December 31, 2019>

Classification	Notional amounts	Net valuation gain	Net valuation loss	Assets	Liabilities
Currency:					
Forward	241,676,294	2,722,610	2,248,643	2,750,537	2,296,294
Swap	86,120,142	977,179	1,110,776	1,105,771	1,076,835
Call option	625,814	2,085	-	4,330	-
Put option	628,551	-	1,726	-	5,277
Future	1,612,358	47	104	47	104
Subtotal	330,663,159	3,701,921	3,361,249	3,860,685	3,378,510
Interest:					
Swap	156,740,245	590,600	551,787	965,544	844,613
Call option	566,957	2,960	-	58,265	-
Put option	1,497,730	-	11,752	-	44,028
Future	5,907,478	4,718	520	4,718	519
Subtotal	164,712,410	598,278	564,059	1,028,527	889,160
Stock:					
Swap	3,266,859	136,644	28,832	271,832	264,571
Call option	1,955,815	57,512	14,790	74,384	-
Put option	3,937,689	51,421	33,550	-	106,991
Future	412,635	2,710	726	2,710	726
Subtotal	9,572,998	248,287	77,898	348,926	372,288
Credit:					
Swap(CDS)	16,427,324	101,915	118,119	137,635	135,611
Total revenue swap (TRS)	333,869	46	6,704	1,454	4,355
	16,761,193	101,961	124,823	139,089	139,966
Others:					
Credit risk valuation adjustment	-	235	1,336	(10,974)	-
Profit or loss on the trade date (unamortized)	-	-	-	35,461	33,419
Other Derivatives	2,776,411	87,435	58,468	119,800	102,974
Subtotal	2,776,411	87,670	59,804	144,287	136,393
Total	524,486,171	4,738,117	4,187,833	5,521,514	4,916,317

17-2 Unsettled derivative contracts held for hedging purpose as of December 31, 2020and 2019 are as follows (Korean won in millions):

<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

<December 31, 2019>

Classification	Notional amounts	Net valuation gain	Net valuation loss	Assets	Liabilities
Fair value hedge					
Currency forward	61,045	1,537	-	1,537	-
Currency swap	611,636	4,674	5,827	7,599	8,200
Interest swap	3,732,922	118,916	11,357	58,897	19,103
Subtotal	4,405,603	125,127	17,184	68,033	27,303
Cash flow hedge					
Interest swap	150,000	92	90	92	212
Total	4,555,603	125,219	17,274	68,125	27,515

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 aderivative 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, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020		December 31, 2019	
	Book value	Net valuation gain or loss	Book value	Net valuation gain or loss
Fair value hedge accounting:				
Foreign currency loans	217,600	(13,960)	231,560	(7,940)
Net investment in foreign operations hedge accounting:				
Foreign currency loans	732,885	36,615	657,192	(25,953)

17-2-1 Details of fair value hedge as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<December 31, 2019>

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	227,468	-	11,426	-	6,806	-
Foreign currency risk	Securities measured at amortized cost	13,085	-	(402)	-	(402)	-
Interest rate risk	Depository liabilities in Korean won	-	762,732	-	(7,299)	-	(879)
Interest rate risk	Depository liabilities in foreign currency	-	533,659	-	1,071	-	33,974
Interest rate risk	Financial debentures in Korean won	-	76,644	-	(3,356)	-	(3,356)
Interest rate risk	Financial debentures in foreign currency	-	2,399,169	-	48,835	-	77,572
Interest rate and Foreign currency risk	Financial debentures in foreign currency	-	620,269	-	8,633	-	725
Total		240,553	4,392,473	11,024	47,884	6,404	108,036

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, 2020 and 2019 are as follows (Korean won in millions):

<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)	-



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
Financial debentures in foreign currency	Interest swap	(54,562)	54,448	(114)
Financial debentures in foreign currency	Currency swap	(1,028)	27,719	26,691
Total		(76,290)	103,672	27,382

<December 31, 2019>

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	7,940	(7,940)	-
Securities measured at FVOCI	Currency forwards	(1,134)	1,134	-
Securities measured at amortized cost	Currency forwards	(402)	402	-
Depository liabilities in Korean won	Interest swap	879	(882)	(3)
Depository liabilities in foreign currency	Interest swap	(33,974)	33,974	-
Financial debentures in Korean won	Interest swap	3,356	(3,356)	-
Financial debentures in foreign currency	Interest swap	(77,572)	77,823	251
Financial debentures in foreign currency	Currency swap	(725)	(1,152)	(1,877)
Total		(101,632)	100,003	(1,629)

17-2-3 Details of items subject to cash flow hedge as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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)

<December 31, 2019>

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	-	150,000	-	(121)	-	2

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, 2020 and 2019 are as follows (Korean won in millions):

<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)	-

<December 31, 2019>

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	Interest swap	(2)	2	-

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, 2020 and 2019 are as follows (Korean won in millions):

<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	-

<December 31, 2019>

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	25,953	(25,953)	-

17-3 Details of the average hedging ratio of future cash flow as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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%

Classification	1 year	2 years	3 years	4 years	5 years	After 5 years	Total
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%
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%

<December 31, 2019>

Classification	1 year	2 years	3 years	4 years	5 years	After 5 years	Total
Fair value hedge:							
Nominal value of hedged items	185,024	987,925	347,340	445,552	1,042,020	1,638,882	4,646,743
Nominal value of hedging instrument	187,507	987,925	347,340	445,552	1,042,020	1,638,882	4,649,226
Rate of average hedging	98.70%	99.70%	100.00%	99.65%	99.16%	99.99%	99.83%
Cash flow hedge:							
Nominal value of cash flow hedge	70,000	-	80,000	-	-	-	150,000
Nominal value of hedging instrument	70,000	-	80,000	-	-	-	150,000
Rate of average hedging	100.00%	-	100.00%	-	-	-	100.00%
Net investment hedges of foreign operations:							
Nominal value of hedged items	-	-	-	-	-	657,192	657,192
Nominal value of hedging instrument	-	-	-	-	-	657,192	657,192
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, 2020 is as follows. The USD LIBOR interest rate will be replaced by a Secure Overnight Financing Rate (SOFR) based on actual transactions starting in 2022. In this hedging relationship, the Group assumed that the spread changed on a SOFR basis in 2022 would be similar to that included in the interest rate swap used as a hedging instrument, and no other changes were assumed. It also excluded exposure to interest rate index reform that would expire before the transition to SOFR.

<December 31, 2020>

Interest index	Currency	Book value of nonderivative financial liabilities	Nominal value of hedging instruments
KRW 91 CD	KRW	670,000	590,000
USD 1M LIBOR	USD	326,400	326,400
USD 3M LIBOR	USD	1,749,298	1,642,880
CHF 3M LIBOR	CHF	127,905	123,433
CNY 3M LIBOR	CNY	37,829	36,731
HKD 3M LIBOR	HKD	57,943	54,737

17-4-2 The nominal amount and weighted average maturity of derivatives that will be affected by the IBOR reform as financial instruments analyzed on an interest rate basis are converted to a SOFR basis as of December 31, 2020:

<December 31, 2020>

Interest index	Currency	Nominal value of derivatives	Weighted average of remaining life
KRW 91 CD	KRW	590,000	15.87
USD 1M LIBOR	USD	326,400	2.07
USD 3M LIBOR	USD	1,642,880	4.65
CHF 3M LIBOR	CHF	123,433	2.75
CNY 3M LIBOR	CNY	36,731	2.67
HKD 3M LIBOR	HKD	54,737	2.67

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, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Classification	Type	Country	Number of shares	Ownership (%)	Book value
Bank of Jilin (*1)	Associates	China	1,200,000,000	12.7	758,816
Korea Credit Bureau (*1)	Associates	Korea	180,000	9.0	7,819
CM International Financing Leases	Associates	China	1,125,000,000	25.0	2,777
Beijing Langa Asset Management Co., Ltd.	Associates	China	395,500,000	21.9	82,176
Company KStartup Winwin Fund	Associates	Korea	10,000	23.8	5,487
KEB Hana-KVIC Unicorn Fund of Funds (*3)(*5)	Associates	Korea	-	90.9	55,812
Ourcrowd International Invest Co., Ltd. (*2)(*3)	Associates	Virgin Island	-	22.2	13,970
Bank for Investment and Development of Vietnam (*1)	Associates	Vietnam	603,302,706	15.0	1,194,183
PT. SINARMAS HANA FINANCE (*4)	Joint ventures	Indonesia	2,375	85.0	20,213
Hana UBS Asset Management	Associates	Korea	4,410,000	49.0	35,107
Hana Power Infra 1st Private Equity Fund (*1)(*3)	Associates	Korea	-	7.0	22,469
KOCREF REIT 30 (*1)	Associates	Korea	400,000	19.1	36,609
Lotte Accelerator	Associates	Korea	999,800	20.0	5,229
Petra 6’ s Alpa Private Equity Fund (*3)(*5)	Associates	Korea	-	55.7	14,503
Myounghsin Co., Ltd. (*1)(*2)	Associates	Korea	3,996,739	9.1	22,059
2018 HANA-MAGNA start-up fund (*3)	Associates	Korea	-	21.9	6,616
Dream Island (*1)(*2)	Associates	Korea	1,400,000	10.2	6,910
Fresheasy Co., Ltd. (*1)(*2)	Associates	Korea	248,467	16.9	20,811
Hana Digital Transformation Fund (*3)(*5)	Associates	Korea	-	57.9	52,880
Mirae Credit Information Services Corp	Associates	Korea	186,000	31.0	10,072
Finnq Co., Ltd. (*4)	Joint ventures	Korea	6,630,000	51.0	13,716
Lakebridge The Growth Capital PEF1 (*3)	Associates	Korea	-	23.5	5,949



Classification	Type	Country	Number of shares	Ownership (%)	Book value
All Together Korea Fund5 (*3)(*5)	Associates	Korea	-	100.0	10,023
HORIZON PRIVATE EQUITY FUND (*5)	Associates	Korea	144,420,000	80.2	215,652
Others	Associates				111,520
Total					2,731,378

<December 31, 2019>

Classification	Type	Country	Number of shares	Ownership (%)	Book value
Bank of Jilin (*1)	Associates	China	1,200,000,000	14.0	731,457
Korea Credit Bureau (*1)	Associates	Korea	180,000	9.0	6,657
CM International Financing Leases	Associates	China	1,125,000,000	25.0	6,429
Beijing Langa Asset Management Co., Ltd. (*2)	Associates	China	395,500,000	23.1	77,084
Company KStartup Winwin Fund	Associates	Korea	10,000	23.8	5,621
PT. SINARMAS Hana Finance (*4)	Joint ventures	Indonesia	1,275	85.0	8,975
Ourcrowd International Invest Co., Ltd. (*2)(*3)	Associates	Virgin Island	-	22.2	14,971
Bank for Investment and Development of Vietnam (*1)	Associates	Vietnam	603,302,706	15.0	1,272,969
Hana UBS Asset Management	Associates	Korea	4,410,000	49.0	35,477
Hana Power Infra 1st Private Equity Fund (*1)(*3)	Associates	Korea	-	7.0	22,337
KOCREF REIT 30 (*1)	Associates	Korea	400,000	10.9	19,285
Lotte Accelerator	Associates	Korea	999,800	20.0	5,358
Petra 6’ s Alpa Private Equity Fund (*3)(*5)	Associates	Korea	-	87.1	46,406
Myoungshin Co., Ltd. (*1)(*2)	Associates	Korea	596,107	16.8	25,851
2018 HANA–MAGNA start–up fund (*3)	Associates	Korea	-	21.9	6,761
Dream Island (*1)(*2)	Associates	Korea	1,400,000	10.2	6,822
Fresheasy Co., Ltd. (*1)(*2)	Associates	Korea	128,615	18.8	10,928
Sprott Global Renewable Private Equity Fund II (*3)	Associates	Korea	-	21.9	19,407
Mirae Credit Information Services Corp	Associates	Korea	186,000	31.0	9,591
Hana Digital Transformation Fund (*3)(*5)	Associates	Korea	-	57.9	34,135
Finnq Co., Ltd. (*4)	Joint ventures	Korea	6,630,000	51.0	23,683
Others					49,923
Total					2,440,127

(\*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) The Group does not own shares in the investees as they were incorporated as either a private equity investment vehicle or others.  
(\*4) 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.  
(\*5) 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, 2020 and unrecognized accumulated amount of changes in equity for the prior year ended December 31, 2019 are as follows (Korean won in millions):

Classification	Number of shares	Ownership (%)	Unrecognized changes in equity as of December 31, 2020	Unrecognized accumulated changes in equity as of December 31, 2019
Somesevit Co., Ltd.	165,000	1.9	(419)	(927)
Midan City Development Co.,	387,800	2.2	-	(523)
GMHB Co., Ltd. (*)	199,000	46.0	41,624	(44,911)
Gunsan Bio Energy Co., Ltd.	200,000	18.9	(146)	(3,292)
Odin 2 LLC	13,990,992	26.7	-	(58,062)

(\*) The stake is 19.9% but the profit share is 46.0%.

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, 2020 and 2019 is as follows (Korean won in millions):

<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 Accelerator	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
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)

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
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)

<December 31, 2019>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
Bank of Jilin	60,301,995	55,164,821	5,137,174	6,416,462	207,496	(2,528)	204,968
Korea Credit Bureau	96,855	30,289	66,566	91,200	1,480	-	1,480
CM International Financing Leases	3,148,490	2,577,430	571,060	168,690	(101,214)	(1,017)	(102,231)
Beijing Langa Asset Management Co., Ltd.	379,934	45,318	334,616	34,779	14,257	(436)	13,821
Company KStartup Winwin Fund	24,126	518	23,608	1,236	672	(1,934)	(1,262)
PT. SINARMAS Hana Finance	75,554	65,049	10,505	12,318	(434)	190	(244)
Ourcrowd International Invest Co., Ltd.	68,603	1,136	67,467	(2,803)	(3,420)	5,141	1,721
Bank for Investment and Development of Vietnam	74,505,238	70,616,924	3,888,314	6,059,114	434,111	-	434,111
Hana UBS Asset Management	118,972	46,570	72,402	29,026	9,531	(2)	9,529
Hana Power Infra 1st Private Equity Fund	319,712	606	319,106	9,532	7,053	-	7,053
KOCREF REIT 30	433,578	256,155	177,423	26,751	10,722	-	10,722
Lotte Accelerator	20,245	309	19,936	1,692	(1,075)	1,024	(51)
Petra 6th Alpa Private Equity Fund	54,277	983	53,294	1,865	632	-	632
Myoungshin Co., Ltd.	451,574	368,447	83,127	551,136	37,168	(396)	36,772
2018 HANA-MAGNA start-up fund	30,910	-	30,910	41	(779)	-	(779)
Dream Island	96,739	31,203	65,536	-	(1,556)	-	(1,556)
Fresheasy Co., Ltd.	95,588	47,739	47,849	48,192	(7,423)	-	(7,423)
Sprott Global Renewable Private Equity Fund II	88,489	3	88,486	1,233	934	-	934
Mirae Credit Information Services Corp	42,337	11,399	30,938	69,292	1,308	-	1,308
Hana Digital Transformation Fund	59,406	401	59,005	104	(995)	-	(995)
Finnq Co., Ltd.	54,382	7,944	46,438	1,968	(17,318)	(289)	(17,607)

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, 2020 and 2019 are as follows (Korean won in millions):

<2020>

Classification	Owner-ship(%)	Initial book value	Purchase	Replace-ment	Dividend	Book value before valuation	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 Unicom 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 Accelerator	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 Fund5	100.0	-	100,000	-	-	100,000	23	-	(90,000)	-	10,023
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



<2019>

Classification	Owner-ship(%)	Initial book value	Purchase	Replace-ment	Dividend	Book value before valuation	Valuation of equity method		Disposal	Impair-ment loss	Book Value
							Gain or loss	Changes in equity			
Bank of Jilin	14.0	694,609	-	-	-	694,609	31,859	12,519	(7,530)	-	731,457
Korea Credit Bureau	9.0	6,606	-	-	(135)	6,471	186	-	-	-	6,657
CM International Financing Leases	25.0	202,173	-	-	-	202,173	(64,223)	4,815	-	(136,336)	6,429
Beijing Langa Asset Management Co., Ltd.	23.1	46,258	31,778	-	(1,674)	76,362	3,407	994	(3,679)	-	77,084
Company KStartup Winwin Fund	23.8	6,931	-	-	-	6,931	161	(461)	(1,010)	-	5,621
PT. SINARMAS Hana Finance	85.0	8,776	-	-	-	8,776	(510)	709	-	-	8,975
OurCrowd International Invest	22.2	14,049	-	-	-	14,049	-	922	-	-	14,971
Bank for Investment and Development of Vietnam	15.0	-	1,272,969	-	-	1,272,969	-	-	-	-	1,272,969
Hana UBS Asset Management	49.0	35,600	-	-	(4,792)	30,808	4,670	(1)	-	-	35,477
Hana Power Infra 1st Private Equity Fund	7.0	22,302	-	-	-	22,302	493	(458)	-	-	22,337
KOCREF REIT 30	10.9	19,567	-	-	(1,447)	18,120	1,165	-	-	-	19,285
Lotte Accelerator	20.0	5,368	-	-	-	5,368	(214)	204	-	-	5,358
Petra 6th Alpa Private Equity Fund	87.1	76,825	-	-	-	76,825	464	-	(30,883)	-	46,406
Myoungshin Co., Ltd.	16.8	20,000	-	-	(400)	19,600	7,450	294	(1,493)	-	25,851
2018 HANA-MAGNA start-up fund	21.9	2,032	4,900	-	-	6,932	(171)	-	-	-	6,761
Dream Island	10.2	-	7,000	-	-	7,000	(159)	(19)	-	-	6,822
Fresheasy Co., Ltd.	18.8	-	7,927	-	-	7,927	(1,197)	-	4,198	-	10,928
Sprott Global Renewable Private Equity Fund II	21.9	-	19,443	-	(241)	19,202	205	-	-	-	19,407
Mirae Credit Information Services Corp	31.0	9,372	-	-	(186)	9,186	405	-	-	-	9,591
Hana Digital Transformation Fund	57.9	-	34,710	-	-	34,710	(575)	-	-	-	34,135
Finnq Co., Ltd.	51.0	7,533	25,500	-	-	33,033	(8,832)	(518)	-	-	23,683
Others		46,882	19,250	(622)	(1,739)	63,771	2,969	(413)	(15,226)	(1,178)	49,923
Total		1,224,883	1,423,477	(622)	(10,614)	2,637,124	(22,447)	18,587	(55,623)	(137,514)	2,440,127

18-4 The details of net assets of related companies as of December 31, 2020 and 2019 are as follows (Korean won in million):

<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	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 Accelerator	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

<December 31, 2019>

Classification	Net assets	Ownership (%)	Interest in net assets	Goodwill and others	Book value
Bank of Jilin	5,137,174	14.0	719,578	11,879	731,457
Korea Credit Bureau	66,566	9.0	5,991	666	6,657
CM International Financing Leases	571,060	25.0	142,765	(136,336)	6,429
Beijing Langa Asset Management Co., Ltd.	334,615	23.1	77,257	2,845	80,102
Company KStartup Winwin Fund	23,607	23.8	5,621	-	5,621
PT. SINARMAS Hana Finance	10,505	85.0	8,929	46	8,975
Our Crowd International Invest III	67,467	22.2	14,971	-	14,971
Bank for Investment and Development of Vietnam	3,888,314	15.0	583,247	689,722	1,272,969
Hana UBS Asset Management	72,402	49.0	35,477	-	35,477
Hana Power Infra 1st Private Equity Fund	319,106	7.0	22,337	-	22,337
KOCREF REIT 30	177,423	10.9	19,285	-	19,285
Lotte Accelerator	19,937	20.0	3,983	1,375	5,358
Petra 6th Alpa Private Equity Fund	53,294	87.1	46,406	-	46,406
Myoung Shin Industrial Co.,Ltd.	83,127	16.8	13,944	11,907	25,851
2018 HANA-MAGNA start-up fund	30,910	21.9	6,761	-	6,761
Dream Island	65,535	10.2	6,667	155	6,822
Fresheasy Co., Ltd.	47,849	18.8	8,972	1,956	10,928
Sprott Global Renewable Private Equity Fund II	88,486	21.9	19,407	-	19,407
Mirae Credit Information Services Corp	30,938	31.0	9,591	-	9,591
Hana Digital Transformation Fund	59,005	57.9	34,135	-	34,135
Finnq Co., Ltd.	46,438	51.0	23,683	-	23,683
Others					46,905
Total					2,440,127

18-5 The details of marketable investment shares in related companies as of the end of the year December 31, 2020 and 2019 are as follows (Korean won in million, price per share in won):

<December 31, 2020>

Classification	Market price	Price per share
Bank for Investment and Development of Vietnam	1,361,105	2,256

<December 31, 2019>

Classification	Market price	Price per share
Bank for Investment and Development of Vietnam	1,392,121	2,308

19. Property and equipment

19-1 Details of property and equipment as of December31, 2020 and 2019 are as follows (Korean won in millions):

<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

<December 31, 2019>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Property and equipment				
Land	1,118,185	-	(6,454)	1,111,731
Buildings	1,049,714	(206,533)	(5,379)	837,802
Leasehold improvements	396,500	(314,569)	-	81,931
Vehicles, furniture and fixtures	1,100,508	(867,105)	-	233,403
Construction in progress	19,049	-	-	19,049
Operating lease assets	1,079,022	(312,457)	-	766,565
Subtotal	4,762,978	(1,700,664)	(11,833)	3,050,481
Right-of-use Assets				
Real estate for business	770,419	(208,830)	-	561,589
Vehicles	23,833	(7,497)	-	16,336
Others	1,533	(552)	-	981
Subtotal	795,785	(216,879)	-	578,906
Total	5,558,763	(1,917,543)	(11,833)	3,629,387



19-2 Changes in property and equipment for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<2019>

Classification	January 1	Due to business combination	Acquisition	Disposal	Depreciation	Impairment loss	Transfer in (out)	Others	December 31
Property and equipment									
Land	1,120,583	1,158	4,097	(11)	-	(2,896)	(11,303)	103	1,111,731
Buildings	885,771	521	17,095	(124)	(29,738)	(5,402)	(30,325)	4	837,802
Leasehold improvements	76,627	-	32,891	(2,318)	(29,678)	-	4,457	(48)	81,931
Vehicles, furniture and fixtures	233,921	559	86,504	(2,492)	(86,607)	-	1,516	2	233,403
Construction in progress	40,282	-	16,987	(349)	-	-	(37,873)	2	19,049
Operating lease assets	659,578	-	409,524	(127,505)	(175,031)	-	-	(1)	766,565
Subtotal	3,016,762	2,238	567,098	(132,799)	(321,054)	(8,298)	(73,528)	62	3,050,481
Right-of-use Assets									
Real estate for business	600,548	-	258,995	(89,714)	(216,046)	-	-	7,806	561,589
Vehicles	18,490	125	7,462	(1,511)	(8,539)	-	-	309	16,336
Others	728	-	778	-	(551)	-	-	26	981
Subtotal	619,766	125	267,235	(91,225)	(225,136)	-	-	8,141	578,906
Total	3,636,528	2,363	834,333	(224,024)	(546,190)	(8,298)	(73,528)	8,203	3,629,387

20. Investment properties

20-1 Details of investment properties as of December 31, 2020 and 2019 are summarized as follows (Korean won in millions):

<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

<December 31, 2019>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Land	621,637	-	(5,405)	616,232
Buildings	695,143	(85,954)	(2,839)	606,350
Total	1,316,780	(85,954)	(8,244)	1,222,582

20-2 Changes in investment properties for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<2019>

Classification	January 1	Acquisition	Disposal	Depreciation	Impairment loss	Transfer in (out)	Others	December 31
Land	511,563	132,578	(34,686)	-	(5,403)	12,180	-	616,232
Buildings	199,585	386,325	(19,169)	(15,780)	(2,809)	60,999	(2,801)	606,350
Total	711,148	518,903	(53,855)	(15,780)	(8,212)	73,179	(2,801)	1,222,582

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	2020	2019
Rental income	16,871	14,404
Operating expenses	6,931	4,023

20-4 Details and fair value, Valuation method, Input variables of investment properties for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<December 31, 2019>

Classification	Fair value(*)	Valuation method	Input variables
Land and Buildings	1,273,528	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.

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 asof December 31, 2020 and 2019 are as follows (Korean won in millions):

<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 year ~ 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

<December 31, 2019>

Description	Present value of minimum lease payments	Direct cost	Net investment in lease	Unrealized interest income	Total amount of investment
Within 1 year	420,774	1,773	422,547	83,148	505,695
After 1 year ~ but no later than 2 years	374,474	7,873	382,347	55,827	438,174
After 2 years ~ but no later than 3 years	859,135	18,063	877,198	32,520	909,718
After 3 year ~ but no later than 5 years	105,676	40,235	145,911	18,589	164,500
After 5 years	1,633	498	2,131	32	2,163
Total	1,761,692	68,442	1,830,134	190,116	2,020,250

21-2 The details of operating lease assets for each type of underlying asset as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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.

<December 31, 2019>

Classification	Real estate for business	Vehicles	Equipment	Other assets	Total
Operating lease assets(*)	-	1,079,022	-	-	1,079,022
Accumulated depreciation	-	(312,457)	-	-	(312,457)
Accumulated impairment loss	-	-	-	-	-
Total	-	766,565	-	-	766,565

(\*) The operating lease asset includes the direct cost of commencing the lease of ₩61,637 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, 2020 and 2019 are as follows (Korean won in millions):

<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



<December 31, 2019>

Classification	Real estate for business	Vehicles	Equipment	Other assets	Total
Manufacturing	-	198,199	-	-	198,199
Wholesale & retail, Lodging	-	197,558	-	-	197,558
Logistics, Storing	-	8,036	-	-	8,036
Private service	-	102,990	-	-	102,990
Others	-	572,240	-	-	572,240
Total	-	1,079,023	-	-	1,079,023

21-4 The details of changes in operating lease assets by type of underlying asset for the year ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<2019>

Classification	Beginning	Acquisition	Disposal	Depreciation	Impairment	Ending
Real estate for business	-	-	-	-	-	-
Vehicles	659,578	409,524	(127,505)	(175,031)	-	766,566
Equipment	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total	659,578	409,524	(127,505)	(175,031)	-	766,566

21-5 The annual lease collection plan for operating lease contracts executed as of Decmeber 31, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Classification	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 year ~ but no later than 5 years	-	36,775	-	-	36,775
After 5 years	-	11	-	-	11
Total	-	410,899	-	-	410,899

<December 31, 2019>

Classification	Real estate for business	Vehicles	Equipment	Other assets	Total
Within 1 year	-	191,563	-	-	191,563
After 1 year ~ but no later than 2 years	-	147,440	-	-	147,440
After 2 years ~ but no later than 3 years	-	92,053	-	-	92,053
After 3 year ~ but no later than 5 years	-	47,067	-	-	47,067
After 5 years	-	7	-	-	7
Total	-	478,130	-	-	478,130

22. Intangible assets

22-1 Details of intangible assets as of December 31, 2020 and 2019 are summarized as follows (Korean won in millions):

<December 31, 2020>

Classification	Acquisition cost	Accumulated amortization	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

<December 31, 2019>

Classification	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Goodwill	103,894	-	(18,722)	85,172
Industrial property	58,434	(57,747)	-	687
Core deposits	992,029	(985,915)	(3,116)	2,998
Client relationship	388,486	(272,426)	-	116,060
Software and system development	1,465,550	(1,175,993)	(368)	289,189
Membership	42,212	-	(6,534)	35,678
Others	250,313	(124,834)	(29)	125,450
Total	3,300,918	(2,616,915)	(28,769)	655,234

22-2 Details of goodwill as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<December 31, 2019>

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	5,396	-	5,396
KEB Hana Bank	892	-	892
Total	103,894	(18,722)	85,172

(\*1) Includes goodwill relating to Hana Alternative Asset Management Co., Ltd.

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, 2020 is as follows (Korean won in millions):

Classification	Hana Savings Bank	Hana Asset Trust	Hana Alternative Asset Management
Value in use (recoverable amount)	272,480	503,942	165,983
Carrying amount of net assets	237,363	377,266	127,052
Value in use which exceeds carrying amount of net assets	35,117	126,676	38,931
Discount rate (%)	13.11	12.06	12.06
Permanent growth rate (%)	1.00	0.50	0.50

The Group estimates future cash flows based on the assumption that cash flows will continue to grow at 0.5%~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, 2020 and 2019 are as follows:

<2020>

Classification	January 1	Due to business combination	Acquisition	Disposal	Amortization	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

<2019>

Classification	January 1	Due to business combination	Acquisition	Disposal	Amortization	Impairment loss	Reclassification	Others (*)	December 31
Goodwill	84,007	1,136	-	-	-	-	-	29	85,172
Industrial property	807	-	166	-	(286)	-	-	-	687
Core deposits	14,928	-	-	-	(12,164)	-	1	233	2,998
Client relationship	150,794	-	-	-	(34,734)	-	-	-	116,060
Software and system development	282,833	8	98,447	-	(110,343)	-	13,529	4,715	289,189
Membership	34,350	-	4,051	(1,794)	-	(435)	(511)	17	35,678
Others	117,997	2,307	42,025	(19)	(21,909)	-	(13,002)	(1,949)	125,450
Total	685,716	3,451	144,689	(1,813)	(179,436)	(435)	17	3,045	655,234

(\*) Includes the effect of exchange rate differences.



23. Non-current assets held for sale

23-1 Current status of non-current assets held for sale

Details of non-current assets held for sale as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Acquisition cost (*)	82,506	57,736
Accumulated impairment loss	-	-
Book value	82,506	57,736

(\*) The accumulated depreciation expense before the classification as non-current assets is excluded.

As of December 31, 2020, Non-current assets held for sale consist of 166 collateral acquired for credit repayment purposes. 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, 2020.

23-2. Fair value, valuation method, and input variables of non-current assets held for sale as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Classification	Fair value(*)	Valuation method	Input variables
Buildings and Land	90,309	Estimated value by cost method and Public land base method and Transaction case comparison method	Officially appraised land price and, Re-procurement cost

<December 31, 2019>

Classification	Fair value(*)	Valuation method	Input variables
Buildings and Land	90,093	Estimated value by cost method and Public land base method and Transaction case comparison method	Officially appraised land price and, Re-procurement cost

The fair market values of non-current assets held-for-sale are based on the valuation report of a qualified, independent appraisal and assessment institution, and all of them are classified as the level 3 in the fair value hierarchy described in Note 5-1.

24. Other assets

24-1 Other assets as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Guarantee deposits	834,126	902,824
Accounts receivable	8,106,966	11,393,005
Accrued income	1,069,599	1,268,004
Prepaid expenses	140,581	155,025
Advance payments	103,600	105,606
Reinsurance assets	25,895	3,427
Unamortized new contract	32,552	25,301
Separate account assets	1,270,056	998,834

Classification	December 31, 2020	December 31, 2019
Domestic exchange unsettlement debts	2,787,399	1,630,120
Merchant banking account assets	3,465,306	3,255,106
Others	421,000	280,737
Allowance for possible losses	(31,486)	(32,926)
Total	18,225,594	19,985,063

24-2 Details of merchant banking account assets as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification		December 31, 2020	December 31, 2019
On balance accounts:			
Financial assets measured at FVTPL-Loans		69,987	47,837
Financial assets measured at FVTPL-Debt securities		2,985,286	2,443,148
CMA asset	FVTPL debt instruments	410,033	764,121
Total		3,465,306	3,255,106
Off balance accounts:			
Commitment		950,000	955,000

24-3 Changes in the allowance for possible losses for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Beginning balance	32,926	28,395
Increase due to business combination	307	-
Write-offs	(3,552)	(5,628)
Debt-for-equity swap/dispose nonperforming loans	(375)	(255)
Provision for possible losses	(1,234)	8,522
Interest income from impaired assets	(19)	(30)
Others	3,433	1,922
Ending balance	31,486	32,926

24-4 Changes in reinsurance assets and unamortized new contract fee for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<2019>

Classification	January 1	Increase	Decrease	December 31
Reinsurance assets	2,855	1,075	(503)	3,427
Unamortized new contract fee	19,504	27,094	(21,297)	25,301
<b>Total</b>	22,359	28,169	(21,800)	28,728

25. Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Derivative liabilities held–fortrading (*)	<b>10,694,569</b>	4,916,317
Securities sold	<b>165,661</b>	521,072
<b>Total</b>	<b>10,860,230</b>	5,437,389

(\*) 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, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Derivatives linked securities sold	<b>9,388,375</b>	10,920,813
Deposits	<b>325,258</b>	537,253
Borrowings	<b>-</b>	57,995
Deferred day 1 profit or loss	<b>89,068</b>	57,220
<b>Total</b>	<b>9,802,701</b>	11,573,281

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 end of the year December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Book Value	<b>9,802,701</b>	11,573,281
Maturity repayment amount	<b>9,985,879</b>	11,631,421
Difference	<b>(183,178)</b>	(58,140)

26–3 Credit risk for the financial liabilities designated as measured at FVTPL as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Financial liabilities designated at FVTPL OCI:		
Changes in FV price from credit risk fluctuation	<b>(7,498)</b>	(15,335)
Changes in FV price from credit risk fluctuation (Accumulated)	<b>(25,137)</b>	(34,876)

27. Deposits

27–1 Details of deposits as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Demand deposits:		
Demand deposits in Korean won	<b>16,033,393</b>	11,470,844
Demand deposits in foreign currency	<b>29,772,610</b>	22,516,996
<b>Subtotal</b>	<b>45,806,003</b>	33,987,840
Time and saving deposits:		
Time and saving deposits in Korean won	<b>234,021,045</b>	218,534,223
Time and saving deposits in foreign currency	<b>15,534,007</b>	17,409,276
<b>Subtotal</b>	<b>249,555,052</b>	235,943,499
Certificate of deposits	<b>148,559</b>	2,862,975
<b>Total</b>	<b>295,509,614</b>	272,794,314

27–2 Allocations of deposits by customer as of December 31, 2020 and 2019 are listed as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Individuals	<b>105,403,829</b>	93,999,891
Corporations	<b>101,165,167</b>	92,155,856
Other banks	<b>19,593,678</b>	18,457,008
Public institutions	<b>9,291,447</b>	7,998,185
Other financial institutions	<b>34,337,061</b>	34,534,543
Government	<b>7,768,929</b>	7,351,665
Non–profit corporations	<b>11,102,641</b>	10,815,724
Foreign corporations	<b>2,016,383</b>	2,198,851
Others	<b>4,830,479</b>	5,282,591
<b>Total</b>	<b>295,509,614</b>	272,794,314



28. Borrowings

Borrowings as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Type	Lender	Interest rate (%)	December 31, 2020	December 31, 2019
Borrowings in Korean won:				
BOK borrowings	BOK	0~0.3	3,838,276	1,610,197
Government borrowings	Korea Development Bank, etc	0.5~2	1,597,040	1,502,220
Other borrowings	Korean Energy Management Corporation, etc.	0~4	6,401,150	4,548,368
Subtotal			11,836,466	7,660,785
Borrowings in foreign currencies:				
Bank overdrafts	Foreign bank, etc.	1.1~9.1	932,610	232,624
Other borrowings	JP Morgan, etc	-0.3~14.5	5,706,480	7,821,658
Subtotal			6,639,090	8,054,282
Call money:				
Call money in foreign currencies	Vietcombank, etc	-1.3~18.5	701,536	768,282
Subtotal			701,536	768,282
Bonds sold under repurchase agreements:				
Bonds sold under repurchase agreements in Korean won	General customers, etc	0~0.9	5,447,188	3,406,766
Bonds sold under repurchase agreements in foreign currencies	BBVA, etc	0.4~1.1	1,836,211	775,648
Subtotal			7,283,399	4,182,414
Other borrowings:				
Bills sold	General customers, etc	0~1.0	33,825	33,639
Total			26,494,316	20,699,402

29. Debentures

Debentures as of December 31, 2020 and December 31, 2019 are as follows (Korean won in millions):

Type of debentures	Lender	Interest rate (%)	December 31, 2020	December 31, 2019
Korean won:				
Debentures	Financial institutions, etc	0.7~3.1	36,849,706	31,469,600
Subordinated bonds	Financial institutions, etc	2.1~7.8	6,380,859	5,891,980
Net gain (loss) on fair value hedges (this term)			(796)	(3,356)
Net gain (loss) on fair value hedges (before the previous period)			(3,356)	-
Present value discount			(30,594)	(24,403)
Subtotal			43,195,819	37,333,821
Foreign currencies:				
Debentures	Financial institutions, etc	0.6~1.4	4,505,089	5,254,764
Subordinated bonds	Financial institutions, etc	2.0~10.0	956,960	1,028,942
Net gain on fair value hedges (this period)			55,590	78,297

Type of debentures	Lender	Interest rate (%)	December 31, 2020	December 31, 2019
Net gain (loss) on fair value hedges (before the previous period)			57,471	(20,828)
Present value discount			(9,091)	(13,819)
Subtotal			5,566,019	6,327,356
Total			48,761,838	43,661,177

30. Net defined benefit liabilities

30-1 Actuarial assumptions as of December 31, 2020 and 2019 are as follows:

Classification	December 31, 2020 (%)	December 31, 2019 (%)	Notes
Demographic assumptions:			
Mortality	0.0~0.1	0.0~0.1	Table from Korea insurance development institute, etc.
Rates of employee turnover	0.0~49.5	0.0~45.2	Table from Korea insurance development institute, etc.
Financial assumptions:			
Expected salary increase rate	0.0~9.3	0.0~13.5	The average of the past five years, etc.
Discount rate	1.7~2.3	1.9~2.3	Return on corporate bond with the same credit rating

30-2 Details of net defined benefit liabilities as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	2,328,212	2,175,101
Fair value of plan assets (-)	(2,003,043)	(1,812,165)
Net defined benefit liabilities	325,169	362,936

30-3 Changes in present value of defined benefit obligation for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Beginning balance	2,175,101	1,809,070
Acquired in business combination	28,731	270
Current service cost	194,364	182,260
Past service cost	-	7,989
Interest cost on benefit obligation	42,027	40,372
Remeasurements of the net defined benefit liability	34,030	234,285
Benefits paid	(145,917)	(99,527)
Others	(124)	382
Ending balance	2,328,212	2,175,101

30-4 Details of losses incurred from severance and retirement benefit plan for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Current service cost	194,364	182,260
Past service cost	-	7,989
Net interest on the net defined benefit liability	9,372	6,347
Subtotal	203,736	196,596
Benefits paid for the defined contribution plan	3,581	2,999
Long-term employee payment and others	(444)	216
Total	206,873	199,811

30-5 Plan assets for severance benefit as of December 31, 2020 and 2019 consist of the followings (Korean won in millions):

<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

<December 31, 2019>

Classification	Existence of active market price	Inexistence of active market price	Total
Time deposit	-	1,717,790	1,717,790
ELB	-	22,960	22,960
Others	-	71,415	71,415
Total	-	1,812,165	1,812,165

30-6 Changes in the fair value of plan assets for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Beginning balance of fair value of plan assets	1,812,165	1,638,808
Acquired in business combination	21,595	-
Employer contributions	243,758	236,656
Expected return on plan assets	32,655	34,025
Remeasurements of the plan assets	(688)	(4,330)
Benefits paid	(106,658)	(93,705)
Others	216	711
Ending balance of fair value of plan assets	2,003,043	1,812,165

30-7 Details of remeasurement accompanied by the application of actuarial assumptions for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Actual gains (losses):		
Changes in demographic assumptions	24,800	(113,839)
Changes in financial assumptions	(60,163)	(37,114)
Experience adjustments	1,333	(83,235)
Subtotal	(34,030)	(234,188)
Income on planned assets:		
Actual income on planned assets	33,987	32,268
Amounts included in net interest on the net defined benefit liability	34,675	36,598
Subtotal	(688)	(4,330)
Total	(34,718)	(238,518)

30-8 The quantitative sensitivity analysis for significant actuarial assumptions asof December 31, 2020 and 2019 is as follows (Korea won in millions):

30-8-1 Discount rate

<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

<December 31, 2019>

Classification	December 31, 2019	1% point increase	1% point decrease
Present value of defined benefit obligation	2,175,101	1,927,881	2,377,856

30-8-2 Expected rate of salary increase

<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

<December 31, 2019>

Classification	December 31, 2019	1% point increase	1% point decrease
Present value of defined benefit obligation	2,175,101	2,374,352	1,927,477

The sensitivity analyses above has been determined based on a method that extra polates 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, 2020 and 2019 are reasonably estimated to be ₩185,727 million and ₩188,577 million, respectively, and the average durations of the defined benefit plan obligation as of December 31, 2020 and 2019 are 6.42~11.26 years and 6.76~11.99 years, respectively.



31. Provisions and Commitments

31-1 Details of provisions as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Allowance for possible losses on acceptances and guarantees:		
Financial acceptances and guarantees (*)	2,310	3,505
Non-financial acceptances and guarantees	32,527	46,480
Bills endorsed	13	14
Subtotal	34,850	49,999
Allowances for unused commitments	131,001	114,014
Other allowance:		
Allowances for restoration cost	75,257	80,814
Allowances for reward points	1	121
Allowance for lawsuits	62,500	52,639
Others	251,630	279,779
Subtotal	389,388	413,353
Total	555,239	577,366

(\*) 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₩17,516 million and ₩19,986 million as of December 31, 2020 and2019 respectively andis categorized as financial guarantee contract liability.

31-2 Changes in allowances for unused commitments for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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
Exchange rate fluctuation	96	(12)	-	84
Ending balance	87,148	39,521	4,332	131,001

<2019>

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	64,511	33,427	14,041	111,979
Transfer to 12 month expected credit loss	6,399	(6,201)	(198)	-
Transfer to non credit-impaired financial assets	(2,185)	5,533	(3,348)	-
Transfer to credit-impaired financial assets	(344)	(220)	564	-
Provision (reversal)	3,040	1,362	(2,519)	1,883
Exchange rate fluctuation	148	4	-	152
Ending balance	71,569	33,905	8,540	114,014

31-3 Changes in provision for financial guarantees for the years ended December31, 2020 December 31, 2019 are as follows (Korean won in millions):

<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

<2019>

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	1,267	24	-	1,291
Transfer to 12 month expected credit loss	5	(5)	-	-
Transfer to non credit-impaired financial assets	(4)	4	-	-
Provision (reversal)	2,211	(6)	-	2,205
Exchange rate fluctuation	9	-	-	9
Ending balance	3,488	17	-	3,505

31-4 Changes in other provisions for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<2019>

Classification	January 1, 2019	Provision (reversal)	Allowance used	Others	December 31, 2019
Non-financial acceptances and guarantees	66,795	(22,234)	-	1,933	46,494
Other allowance:					
Allowances for restoration cost	71,122	(331)	(2,312)	12,335	80,814
Allowances for reward points	1,271	(1,097)	(53)	-	121
Allowance for lawsuits	9,473	43,232	(623)	557	52,639
Others	90,567	229,608	(40,713)	317	279,779
Subtotal	172,433	271,412	(43,701)	13,209	413,353
Total	239,228	249,178	(43,701)	15,142	459,847

31-5 Details of guarantees as of December 31, 2020 and December 31, 2019 are as follows (Korean won in millions):

Classification	Amount of guarantee	
	December 31, 2020	December 31, 2019
Financial acceptances and guarantees in Korean won:		
Private bond issue payment guarantee	45,000	50,700
Collateral for loans	122,229	96,622
Loans for purchase	302,218	262,892
Loan commitment	1,042,630	2,004,419
Commitment to acquire securities	641,667	376,845
Subtotal	2,153,744	2,791,478
Financial acceptances and guarantees in foreign currencies	2,883	-
Confirmed acceptances and guarantees in Korean won	1,620,210	1,532,188

Classification	Amount of guarantee	
	December 31, 2020	December 31, 2019
Confirmed acceptances and guarantees in foreign currencies:		
Acceptance on letter of credit	1,786,159	1,493,756
Acceptance on letter of guarantees	80,787	94,087
Others	6,500,509	9,280,037
Subtotal	8,367,455	10,867,880
Contingent acceptances and guarantees:		
Letters of credit	3,236,751	3,683,083
Others	558,248	731,864
Subtotal	3,794,999	4,414,947
Bills endorsed	8,735	12,254
Total	15,948,026	19,618,747

31-6 Unused commitments

Details of unused commitments as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	Unused commitments	
	December 31, 2020	December 31, 2019
Commitments on loans in Korean won	84,757,913	82,363,379
Commitments on loans in foreign currencies	22,060,087	25,556,946
Commitments on credit lines on asset-backed securities	279,496	661,352
Commitments on purchase of securities	9,428,533	7,705,906
Merchant banking account-commitment	950,000	955,000
Others	544	579
Total	117,476,573	117,243,162

31-7 As of December 31, 2020, the Group is involved in 1,106 lawsuits as a plaintiff and 445 lawsuits as a defendant. The aggregate amounts of claims as a plaintiff and a defendant are approximately ₩415,237 million and ₩455,722 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	
Hana Bank	PT *****	95,531	Some loss in a litigation	Won	In-progress	Compensation for damages
Hana Bank	Bankruptcy trustee(F*****)	36,549	Won	In-progress	-	Restitution of unjust enrichment
Hana Bank	**** Securities Co., Ltd	37,136	In-progress	-	-	Compensation for damages
Hana Bank	**** Investment Co., Ltd	16,798	In-progress	-	-	Compensation for damages
Hana Bank	PT *****	38,777	In-progress	-	-	Restitution of unjust enrichment
HFI	H***** , etc.	5,005	In-progress	-	-	Compensation for damages
Hana Alternative Asset Management	*** Korea Federation of Community Credit Cooperatives, etc.	5,498	Won	In-progress	-	Compensation for damages



31-8 COVID-19 impact

Due to the spread of COVID-19 in 2020, 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, 2020, the Group has remeasured forward-looking in formation 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, 2020. 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.

32. Other liabilities

32-1 Details of other liabilities as of December 31, 2020 and December31, 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Accounts payable	8,861,629	12,401,984
Accrued expense payables	1,741,694	2,252,384
Advances	163,967	164,295
Income in advance	664,182	388,528
Policy reserve	4,076,484	3,340,195
Separate account liabilities	1,314,178	1,027,062
Borrowing from trust accounts	6,003,766	5,570,526
Foreign exchanges settlement credits	555,514	432,992
Domestic exchange settlement credits	4,089,270	3,629,089
Deposits for letter of guarantees and others	1,883,286	1,106,148
Taxes withheld	197,776	170,641
Security deposits received	75,440	41,519
Accounts for agency businesses	289,447	367,060
Agency	2,012,854	2,021,069
Lease liabilities	416,477	583,007
Merchant banking account liabilities	2,246,273	2,088,517
Others	1,077,613	1,000,367
Present value discount	(18,895)	(19,595)
Total	35,650,955	36,565,788

32-2 Details of merchant banking account liabilities as as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Merchant banking account deposits	2,246,181	2,088,241
Merchant banking account others(*)	92	276
Total	2,246,273	2,088,517

(\*) Merchant banking account others consist of accrued expense payables.

32-3 Details of insurance liabilities as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Premium reserve	3,669,316	3,276,859
Prepaid premium reserve	208,455	1,390
Guaranteed reserve	5,122	4,909
Outstanding claim	193,591	57,037
Total	4,076,484	3,340,195

32-4 Changes in the policy reserve for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<2019>

Classification	January 1, 2019	Changes	December 31, 2019
Premium reserve	3,383,293	(106,434)	3,276,859
Prepaid premium reserve	1,097	293	1,390
Guaranteed reserve	5,132	(223)	4,909
Outstanding claim	43,307	13,730	57,037
Total	3,432,829	(92,634)	3,340,195

32-5 Details of lease liabilities as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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

<December 31, 2019>

Classification	Nominal value	Present value discount	Book value
Real-estate	601,227	(35,934)	565,293
Vehicles	17,204	(464)	16,740
Others	1,016	(42)	974
Total	619,447	(36,440)	583,007

32-6 Changes in lease liabilities as of December 31, 2020 and 2019 are as follows(Korea won in millions):

<2020>

Classification	January 1, 2020	Increase due to business combination	Increase	Amortization	Payment (*)	Other	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.

<2019>

Classification	January 1, 2019	Increase	Amortization	Payment (*)	Other	December 31, 2019
Real-estate	545,586	218,515	10,991	(217,446)	7,647	565,293
Vehicles	18,490	7,280	380	(9,550)	140	16,740
Others	728	778	13	(460)	(85)	974
Total	564,804	226,573	11,384	(227,456)	7,702	583,007

(\*) The total cash outflow related to lease liabilities for the year ended December 31, 2019 is ₩ 227,122 million.

32-7 The details of the composition by maturity of the contractual cash flows before discounting the lease liability as of December 31, 2020 and 2019 are as follows:

<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

<December 31, 2019>

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	17,299	34,987	49,907	95,139	268,514	135,381	601,227
Vehicles	710	1,373	1,958	3,648	9,088	427	17,204
Others	39	77	116	232	552	-	1,016
Total	18,048	36,437	51,981	99,019	278,154	135,808	619,447

32-8 Assessment of the adequacy of liabilities

32-8-1 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
Hana Insurance Co., Ltd.	Business expense rate	<div>- Long-term insurance 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.</div> <div>- General insurance: General insurance is assessed based on the “large classification criteria set forth in &lt;Appendix 2. Types of Insurance&gt; in the standard business method of [Attachment 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.</div> <div>- Automobile insurance 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.</div>
Hana Insurance Co., Ltd.	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.
Hana Insurance Co., Ltd.	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.	Loss ratio	<div>- General insurance: General insurance is assessed based on the “large classification criteria set forth in &lt;Appendix 2. Types of Insurance&gt; 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.</div> <div>- Automobile insurance Automobile insurance is assessed based on each collateral (personal, property, descendant, vehicle, uninsured, etc.), as the evaluation unit, and the loss ratio as sumption 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.</div>
Hana Insurance Co., Ltd.	Loss investigation ratio	<div>- General insurance : General insurance is assessed based on the “large classification criteria set forth in &lt;Appendix 2. Types of Insurance&gt; 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.</div> <div>- 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.</div>

32-8-2 The result of LAT as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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.

<December 31, 2019>

Classification		Reserve for test	LAT base (*1)	Premium surplus (loss) (*2)
Non- participating	Interest rate-linked	2,704,473	2,673,136	31,337
	Interest rate-fixed	445,057	411,350	33,707
	Variable life insurance	(9,671)	(49,806)	40,135
Total (*3)		3,139,859	3,034,680	105,179

(\*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, 2019.

(\*2) Surplus= Reserve for test – LAT base((-) is loss, (+) is surplus)

(\*3) 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 December31, 2020 and December 31, 2019 areas follows (Korean won):

Classification	December 31, 2020	December 31, 2019
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, 2020 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, 2020 and 2019 are as follows(Korean won in millions):

Classification	Issuance date	Maturity	Interest rate (%)	Amount	
				December 31, 2020	December 31, 2019
The 1-1st hybrid debentures (*3)	May. 29, 2015	May. 29, 2045	3.95	-	80,000
The 1-2nd hybrid debentures (*2)	May. 29, 2015	May. 29, 2045	4.445	190,000	190,000
The 2-1st hybrid debentures (*3)	Nov. 6, 2015	Nov. 6, 2045	4.238	-	155,000
The 2-2nd hybrid debentures (*2)	Nov. 6, 2015	Nov. 6, 2045	4.612	20,000	20,000
The 3-1st hybrid debentures (*1)	Mar. 9, 2018	-	4.225	192,000	192,000
The 3-2nd hybrid debentures (*2)	Mar. 9, 2018	-	4.680	50,000	50,000
The 4 hybrid debentures (*1)	Nov. 8, 2018	-	4.040	296,000	296,000
The 5 hybrid debentures (*1)	April 15, 2019	-	3.340	265,000	265,000
The 6-1st hybrid debentures (*1)	May 28, 2020	-	3.200	450,000	-
The 6-2st hybrid debentures (*2)	May 28, 2020	-	3.500	50,000	-
The 7-1st hybrid debentures (*1)	August 28, 2020	-	3.200	410,000	-
The 7-2st hybrid debentures (*2)	August 28, 2020	-	3.550	90,000	-
Subtotal				2,013,000	1,248,000
Issuance cost				(5,073)	(3,397)
Total				2,007,927	1,244,603

(\*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.

(\*3) This financial instrument was redeemed during the current term because it met the mid-term repayment requirement with Hybrid bond, which has been five years since the date of issuance.

33-4 Capital surplus as of December 31 2020 and 2019 consists of the followings (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
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	2,204,057	2,206,295
Total	10,579,945	10,582,183

34. Capital adjustment

34-1 Details of capital adjustment as of December 31, 2020 and 2019 are summarized as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Treasury stock	(299,996)	(299,996)
Other capital adjustment	(15,034)	(15,034)
Total	(315,030)	(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 sharesin unit):

<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

<2019>

Classification	January 1, 2019	Acquisition : Treasury stock	Disposal : Treasury stock	December 31, 2019
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, 2020 and 2019 are as follows (Korean won in millions):

<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	Remea-surement 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 in vestment 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)

<2019>

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	Remea-surement of the net defined benefit plan	Total
January 1, 2019	(73,342)	3,763	(61,631)	(336,170)	1,383	(6,772)	-	(19,853)	(371,268)	(863,890)
Changes in gain (loss) on valuation of financial assets measured at FVOCI	119,753	-	-	-	-	-	-	-	-	119,753
Reclassified from financial debt security measured at FVOCI to financial assets measured at FVPL	(5,003)	-	-	-	-	-	-	-	-	(5,003)
Reclassified from financial debt security measured at FVOCI to retained gain	140	-	-	-	-	-	-	-	-	140
Credit risk fluctuation of financial debt security measured at FVOCI	(27)	-	-	-	-	-	-	-	-	(27)
Changes in exchange differences on translation of foreign operations	-	(25,953)	-	-	-	-	-	-	-	(25,953)
Changes in unrealized gain on valuation of equity method investments	-	-	21,289	-	-	-	-	-	-	21,289
Changes in loss on valuation of net in vestment hedges of foreign operations	-	-	-	90,193	-	-	-	-	-	90,193
Changes in loss on cash flow hedge	-	-	-	-	(2)	-	-	-	-	(2)
Changes in loss on valuation of fair value hedges	-	-	-	-	-	(3,220)	-	-	-	(3,220)
Changes in special account other comprehensive income	-	-	-	-	-	-	2	-	-	2
Changes in credit risk fluctuation effect of financial liabilities designated at FVPL	-	-	-	-	-	-	-	(16,886)	-	(16,886)
Remeasurements of the net defined benefit liabilities (assets)	-	-	-	-	-	-	-	-	(238,412)	(238,412)
Tax effect	(31,724)	7,137	(5,907)	28,393	21	885	-	4,644	65,021	68,470
December 31, 2019	9,797	(15,053)	(46,249)	(217,584)	1,402	(9,107)	2	(32,095)	(544,659)	(853,546)

36. Retained earnings

36-1 Retained earnings as of December 31, 2020 and 2019 consist of the following (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Legal reserve (*)	781,200	665,100
compensation for damages	2,000	2,000
Voluntary reserve	3,653,670	3,652,488
Unappropriated retained earnings	13,504,714	11,645,467
Total	17,941,584	15,965,055

(\*) 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, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Beginning balance	15,965,055	14,224,003
Net income attributable to equity holders of the parent	2,637,242	2,391,584
Dividends	(612,284)	(600,359)
Dividends on hybrid equitysecurities	(54,598)	(47,748)
Reclassification of gain on valuation of FVOCI securities	6,412	(101)
Others	(243)	(2,324)
Ending balance	17,941,584	15,965,055

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, 2020 and December 31, 2019 is as follows (Korean won in million):

Classification	December 31, 2020	December 31, 2019
Beginning balance	2,717,618	2,478,505
Additional planned reserve for bad debts	49,997	239,113
Ending balance	2,767,615	2,717,618
Attributable to equity holders of the parent	2,719,169	2,660,133
Attributable to non-controlling interests	48,446	57,485

37-2 Provisions for bad debt reserve and income adjusted for deductions of provisions for bad debt for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions and per share amounts in units):

Classification	2020	2019
Net income attributable to equity holders of the parent before deducting provisions for bad debt reserve	2,637,242	2,391,584
Provision of bad debt reserve	59,036	230,848
Adjusted income after deducting provisions for bad debt reserve	2,578,206	2,160,736
Basic earnings per share on adjustment (Korean won)	₩8,655	₩7,120
Diluted earnings per share on adjustment (Korean won)	₩8,655	₩7,101

38. Operating income and expenses

38-1 Total operating income for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Interest income	10,079,609	11,118,155
Fee and commission income	3,222,532	3,015,061
Gains on financial instruments at FVPL	26,746,603	18,650,852
Gains on financial instruments designated at FVPL	644,351	391,170
Gains on financial instruments measured at FVOCI	367,604	67,458
Gains on disposal on securities measured at amortized cost	82,426	61,692
Gain on derivative instruments used for hedging	105,647	171,228
Gain on foreign currency transactions	5,786,059	4,009,374
Recovery of impairment loss on financial assets	1,234	-
Other operating income	1,179,797	896,514
Total	48,215,862	38,381,504

38-2 Total operating expense for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Interest expense	4,265,318	5,344,449
Fee and commission expense	1,062,762	1,023,592
Loss on financial instruments at FVTPL	26,181,424	17,165,723
Loss on financial instruments designated as measured at FVTPL	420,256	1,252,659
Loss on financial instruments measured at FVOCI	9,528	1,685
Loss on disposal on securities measured at amortized cost	12,258	6,172
Loss on derivative instruments used for hedging purpose	79,880	178,959
Loss on foreign currency transactions	5,468,586	3,653,914
Impairment loss on financial assets	872,173	540,812
General and administrative expense	3,917,656	4,107,021
Other operating expense	2,089,599	1,847,838
Total	44,379,440	35,122,824



39. Net interest income

39-1 Interest income for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Interest income on due from banks	125,245	214,411
Interest income on financial assets measured at FVOCI	621,717	708,852
Interest income on financial assets measured at amortized cost	388,569	376,465
Interest income on loans receivable	8,542,995	9,320,949
Subtotal	9,678,526	10,620,677
Interest income on financial assets measured at FVTPL	341,856	420,431
Others	59,227	77,047
Total	10,079,609	11,118,155

39-2 Interest expense for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Interest expense on deposit liabilities	2,782,659	3,603,366
Interest expense on borrowings	274,374	350,111
Interest expense on debentures	983,085	1,099,502
Subtotal	4,040,118	5,052,979
Interest income on financial assets held-fortrading	103,219	151,064
Others	121,981	140,406
Total	4,265,318	5,344,449

40. Net fee and commission income

40-1 Fee and commission income for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Fee and commission received from loans and others	1,692,599	1,483,775
Fee and commission received on credit card	1,224,746	1,206,096
Fee and commission received on guarantee	78,837	74,294
Fee and commission received from redemption before maturity	2,462	2,910
Fee and commission related foreign exchange	223,888	247,986
Total	3,222,532	3,015,061

40-2 Fee and commission expense for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Commission paid borrowings and others	593,554	459,037
Commission paid on credit card	429,650	521,092
Commission related foreign exchange	39,480	43,390
Commission paid trust	78	73
Total	1,062,762	1,023,592

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, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Gain on financial instruments measured at FVTPL:		
Securities measured at FVTPL:		
Gain on valuation	544,258	200,273
Gain on disposal	346,145	307,640
Gain on redemption	17,591	1,783
Others	297,245	215,931
Subtotal	1,205,239	725,627
Loans measured at FVTPL:	23,419	28,530
Derivatives-linked securities	3,953	23,664
Derivatives held for trading:		
Gain on valuation of derivatives:		
Currency related derivatives	8,795,763	3,701,921
Interest related derivatives	544,399	598,278
Stock related derivatives	220,700	248,287
Credit related derivatives	57,731	101,961
Others related derivatives	66,549	87,670
Subtotal	9,685,142	4,738,117
Gain on transactions of derivatives:		
Currency related derivatives	11,870,513	9,592,176
Interest related derivatives	2,412,832	2,033,893
Stock related derivatives	1,109,571	1,225,757
Credit related derivatives	170,162	64,114
Others related derivatives	238,203	189,237
Subtotal	15,801,281	13,105,177
Gain on securities sold	14,241	13,516
Gain on other financial instruments measured at FVTPL	13,328	16,221
Total	26,746,603	18,650,852
Loss on financial instruments measured at FVTPL:		
Securities measured at FVTPL:		
Loss on valuation	168,697	125,280
Loss on disposal	285,566	195,294
Loss on redemption	8,420	4,486
Transaction cost	141	228
Subtotal	462,824	325,288
Loans measured at FVTPL:	7,937	27,801
Derivatives-linked securities	36,165	19,707

Classification	2020	2019
Derivatives held for trading:		
Loss on valuation of derivatives:		
Currency related derivatives	8,579,771	3,361,249
Interest related derivatives	493,092	564,059
Stock related derivatives	224,440	77,898
Credit related derivatives	77,923	124,823
Others related derivatives	88,090	59,804
Subtotal	9,463,316	4,187,833
Loss on transactions of derivatives:		
Currency related derivatives	11,928,824	9,775,780
Interest related derivatives	2,842,074	2,216,192
Stock related derivatives	1,070,139	389,144
Credit related derivatives	101,845	46,049
Others related derivatives	244,769	168,088
Subtotal	16,187,651	12,595,253
Loss on securities sold	23,531	9,841
Total	26,181,424	17,165,723
Net amount	565,179	1,485,129

42. Gain (loss) on financial instruments designated as measured at FVPL

Gain (loss) on financial assets and liabilities designated as measured at FVPL forthe years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Gain on financial instruments designated as measured at FVTPL:		
Deposits:		
Gain(loss) on valuation	5,135	2,190
Gain on redemption	101	-
Borrowings:		
Gain on redemption	112	316
Derivatives linked securities sold:		
Gain on valuation	360,007	212,693
Gain on redemption	278,996	175,971
Total	644,351	391,170

Classification	2020	2019
Loss on financial instruments designated as measured at FVTPL:		
Deposits:		
Loss on valuation	12	6,392
Loss on redemption	3,228	2,358
Borrowings:		
Loss on valuation	-	105
Loss on redemption	-	6
Derivatives linked securities sold:		
Loss on valuation	164,334	399,590
Loss on redemption	252,682	844,208
Total	420,256	1,252,659
Net amount	224,095	(861,489)

43. Gain (loss) on financial assets measured at FVOCI

Gain (loss) on financial assets measured at FVOCI for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Gain on financial assets measured at FVOCI		
Gain on disposal	359,274	59,368
Dividend income	8,330	8,090
Total	367,604	67,458
Loss on financial assets measured at FVOCI		
Loss on disposal	9,501	1,685
Loss on redemption	27	-
Total	9,528	1,685
Net amount	358,076	65,773

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, 2020 December 31, 2019 are as follows (Korean won in millions):

Classification	2020	2019
Gain on disposal of financial assets measured at amortized cost:		
Loans measured at amortized cost:		
Gain on disposal	82,426	61,692
Loss on disposal of financial assets measured at amortized cost:		
Loans measured at amortized cost:		
Loss on disposal	12,258	6,172
Net amount	70,168	55,520



45. Gains (losses) on derivative instruments used for hedging

Gain (loss) on derivative instruments used for hedging purpose for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Gain on derivative instruments used for hedging purposes:		
Hedged item:		
Gain on valuation of hedged item:		
Debentures	3,322	4,541
Deposits	473	7,998
Subtotal	3,795	12,539
Gain on disposal of hedged item:		
Debentures	866	6,989
Deposits	2,192	727
Subtotal	3,058	7,716
Derivative instruments used for hedging purposes:		
Gain on valuation of derivatives:		
Currency related derivatives	30,871	6,211
Interest related derivatives	60,929	118,916
Subtotal	91,800	125,127
Gain on settlement of derivatives:		
Currency related derivatives	726	3,398
Interest related derivatives	6,268	22,448
Subtotal	6,994	25,846
Total	105,647	171,228
Loss on derivative instruments used for hedging purposes:		
Hedged item:		
Loss on valuation of hedged item:		
Debentures	58,116	79,482
Deposits	5,662	41,093
Subtotal	63,778	120,575
Loss on disposal of hedged item:		
Debentures	869	14,632
Deposits	5,396	6,953
Subtotal	6,265	21,585
Derivative instruments used for hedging purposes:		
Loss on valuation of derivatives:		
Currency related derivatives	-	5,827
Interest related derivatives	2,088	11,357
Subtotal	2,088	17,184
Loss on settlement of derivatives:		
Currency related derivatives	5,526	18,687
Interest related derivatives	2,223	928
Subtotal	7,749	19,615
Total	79,880	178,959
Net amount	25,767	(7,731)

46. Impairment losses of financial instruments

Impairment loss on financial instruments for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Provision(reversal) of credit loss on debt securities measured at FVOCI	3,589	382
Provision for loan losses on debt securities measured at amortized cost	7,341	1,771
Provision of allowances for possible loan losses for loans	861,243	530,137
Provision(reversal) of allowances for possible loan losses for other assets	(1,234)	8,522
Total	870,939	540,812

47. General and administrative expenses

General and administrative expenses for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Salaries	1,935,492	2,008,705
Provision for severance and retirement benefits	201,712	195,509
Provision for severance (defined contributions)	4,725	5,421
Provision for severance (defined benefits)	196,987	190,088
Termination benefits	193,987	316,366
Employee benefits	112,331	124,044
Rental expenses(*)	75,304	77,846
Entertainment expenses	29,538	30,932
Depreciation on property and equipment	145,092	142,785
Depreciation on investment property	10,949	9,445
Amortization	186,489	177,483
Depreciation for right-of-use assets	228,683	224,115
Taxes and dues	154,689	156,774
Advertising expenses	148,140	139,396
Servicing expenses	228,396	224,471
Supplies expense	10,691	9,354
Others	256,163	269,796
Total	3,917,656	4,107,021

(\*) It includes ₩2,113 million and ₩2,008 million of small lease expenses for the year ended December 31, 2020 and 2019.

48. Other operating income

Other operating income for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Reversal of allowance for possible losses on acceptances and guarantees	12,738	20,029
Reversal of allowance for restoration cost	219	331
Reversal of allowances for mileage points	119	1,098
Trust commissions	272,654	334,413
Gain on conversion	-	2,561
Insurance profit	728,924	407,964
Non-controlling interest	22,813	5,920
Merchant banking accounts profit	54,644	69,732
Others	87,686	54,466
Total	1,179,797	896,514

49. Other operating expense

Other operating expenses for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Transfer of unused provisions for provisions	16,891	1,884
Provision of allowance for lawsuits	10,141	43,232
Provision of other allowance	3,693	191,327
Contribution to guarantee fund	207,911	189,489
Insurance fee on deposit	402,810	353,536
Contribution to housing credit guarantee fund	102,560	120,475
Debenture repayment loss	-	55
Insurance cost	847,821	578,965
Provision for (Reversal of) policy reserves	(83,867)	(92,635)
Non-controlling liability adjustment loss	134,892	10,087
Non-controlling Interest Debt Repayment Loss	-	599
Merchant banking accounts expense	20,535	45,756
Others	426,212	405,068
Total	2,089,599	1,847,838

50. Other non-operating income

Other non-operating income for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Rental fee income	17,992	12,689
Gains of disposal of property, equipment and intangible assets	26,072	2,002
Gains of disposal of investment property	36,663	3,317
Gains on disposal of investment in associates	41,498	10,551
Reversal of impairment loss on investments in associates	55	-
Gains on disposal of non-current assets held for sale	-	447,680
Others	235,252	104,962
Total	357,532	581,201

51. Other non-operating expenses

Other non-operating expenses for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Disposal of property, equipment and intangible assets	2,850	2,017
Disposal of investment property	7,097	15,045
Disposal of investment in associates	8,334	11,951
Contribution	87,153	125,212
Impairment loss on property, equipment and intangible assets	572	8,733
Impairment loss on stock of related parties	3,652	137,514
Commissions received on collection of special bond	7,285	6,187
Others	393,445	102,628
Total	510,388	409,287

52. Income taxes

52-1 The major components of income tax expense for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Tax burden		
Current income taxes	1,077,536	1,012,449
Additional refund of prior year's income tax	(27,004)	(18,092)
Changes of deferred income taxes due to the tax effect of temporary differences	(24,612)	(70,439)
Current and deferred income taxes recognized directly to equity	18,436	58,607
Income tax expense	1,044,356	982,525



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, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Income before income tax	3,729,234	3,408,147
Tax at domestic statutory income tax rate of 27.5%	961,744	894,700
Tax exempt income	(191,009)	(25,012)
Expenses not deductible for tax purposes	223,099	64,394
Tax deduction	(23,096)	(20,635)
Deduction of tax loss carryforwards	656	-
Income tax expense of foreign branches and subsidiaries	51,664	56,304
Tax effect of consolidated tax return	7,559	978
Additional refund of prior year's income tax	(28,957)	(10,403)
Others	42,696	22,199
Income tax expense	1,044,356	982,525
Effective income tax rate (%)	28.0	28.8

52-3 Temporary differences and deferred income tax assets (liabilities) as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<December 31, 2020>

Classification	Deductible (taxable) temporary differences	Deferred income tax assets (liabilities)
Loss on valuation of securities	340,960	116,234
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)	(182,683)
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
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

Classification	Deductible (taxable) temporary differences	Deferred income tax assets (liabilities)
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)

The Group did not recognize deductible(add up) temporary differences of ₩41,226 million as deferred income tax ssets(liability) as of December 31, 2020 due to uncertainty in realization.

<December 31, 2019>

Classification	Deductible (taxable) temporary differences	Deferred income tax assets (liabilities)
Loss on valuation of securities	446,076	122,270
Impairment loss on securities	71,772	18,485
Gain on valuation of investments in subsidiaries	(588,604)	(161,866)
Gain on valuation of derivatives	(673,316)	(185,166)
Deemed dividends	156,585	43,061
Deferred loan fees and expenses	(490,089)	(134,774)
Accrued income	(465,265)	(127,948)
Accrued expenses	230,845	62,047
Allowance for acceptance guarantees	43,993	12,098
Plan assets for severance benefit	(1,794,974)	(490,530)
Defined benefit obligation	2,120,718	579,602
Allowance for other losses	384,558	104,251
Bad debt expenses	734,879	200,862
Depreciation	15,169	4,133
Fair value valuation resulting from merger	11,838	3,255
Dormant deposits	32,830	9,028
Advanced depreciation provision	(180,315)	(49,587)
Deemed cost for property and equipment	(741,037)	(203,785)
Securities measured at FVOCI	(53,652)	(14,754)
Tax loss carryforwards	69,962	15,732
Investment in kind	18,479	5,082
Financial acceptances and guarantees	2,706	744
Deferred point income	202,676	49,053
Fair value differences due to the business combination	(126,005)	(31,704)
Others	594,067	158,983

Classification	Deductible (taxable) temporary differences	Deferred income tax assets (liabilities)
Total	23,896	(11,428)
Domestic deferred income tax assets		129,235
Domestic deferred income tax liabilities		(140,663)
Foreign deferred income tax assets (*)		39,595
Foreign deferred income tax liabilities (*)		(67,194)
Deferred income tax assets		(39,027)

The Group did not recognize deductible(add up) temporary differences of ₩(-)17,585 million as deferred income tax assets(liability) as of December 31, 2019 due to uncertainty in realization.

(\*) 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 Details of deferred income taxes charged (credited) directly to equity as of December 31, 2020 and 2019 are as follows (Korean won in millions):

<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)

<December 31, 2019>

Classification	Before tax amounts	Deferred income tax assets (liabilities)
Gain (loss) on valuation of financial assets measured at FVOCI	586,485	(156,019)
Changes in valuation of equity method investments	(63,394)	17,272
Gain(loss) on fair value hedge	-	(1)
Profit or loss on hedge valuation of net investment in overseas operations	17	(2)
Gain (loss) on valuation of cash flow hedges	(121)	51
Changes in credit risk of financial liabilities designated as measured at FVTPL	(34,876)	9,591
Exchange differences on translation of foreign operations	(27,440)	7,546
Remeasurements of the net defined benefit liability (asset)	(31,277)	7,956
Others	(1,080)	263
Total	428,314	(113,343)

53. Dividends

53-1 Details of the Group’s dividend including interim dividend for the years ended December 31, 2020 and 2019 are as follows (Korean won):

<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

<2019>

Type of dividend	Number of shares	Dividend per share	Share ratio (%)	Dividends (Korea won in millions)
Cash dividend (interim)	299,992,062	500	10.0	149,996
Cash dividend (annual)	291,563,476	1,600	32.0	466,502
Total				616,498

53-2 Details of dividends on hybrid equity securities for the years ended December 31, 2020 and 2019 are summarized as follows (Korean won in millions):

Classification	2020	2019
Average balance of hybrid equity securities	1,125,552	1,172,493
Weighted-average interest rate	3.88%	4.08%
Total dividends	54,597	47,748



54. Earning per share

54-1 Weighted-average numbers of common shares for the years ended December 31, 2020 and 2019 are calculated as follows (shares in units):

Classification	2020	2019
Beginning	291,563,476	300,242,062
Acquisition of treasury shares	-	(3,466,273)
Weighted-average number of shares of common stocks outstanding	291,563,476	296,775,789

54-2 The Group’s basic earnings per share for the years ended December 31, 2020 and 2019 are calculated as follows (Korean won in millions and per share amounts in units):

Classification	2020	2019
Net income attributable to equity holders of the parent	2,637,242	2,391,584
Dividends on hybrid equity securities	(54,598)	(47,748)
Net income attributable to common stock	2,582,644	2,343,836
Weighted-average number of shares of common stocks outstanding	291,563,476	296,775,789
Basic earnings per share (Korean won in units)	8,858	7,898

54-3 Weighted-average numbers of common shares adjusted for the effect of dilution for the years ended December 31, 2020 and 2019 are calculated as follows (shares in units):

Classification	2020	2019
Weighted-average number of common shares of outstanding for basic earnings per share	291,563,476	296,775,789
Dilution effect due to:		
Stock grants	-	788,440
Weighted-average number of common shares (diluted)	291,563,476	297,564,229

54-4 The Group’s diluted earnings per share for the years ended December 31, 2020 and 2019 are computed as follows (Korean won in millions and number of shares in units):

Classification	2020	2019
Net income attributable to common stock holders	2,582,644	2,343,836
Weighted-average number of shares of common stocks outstanding (Diluted)	291,563,476	297,564,229
Diluted earnings per share (Korean won in units)	8,858	7,877

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, 2019 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, 2020
Grant in 2017(*1)	2017. 1. 1	Cash settlement	2017. 1. 1 ~ 2019. 12. 31	2019. 12. 31	574,375
Grant in 2018(*1)	2018. 1. 1	Cash settlement	2018. 1. 1 ~ 2020. 12. 31	2020. 12. 31	308,712
Grant in 2019(*1)	2019. 1. 1	Cash settlement	2019. 1. 1 ~ 2021. 12. 31	2021. 12. 31	336,097
Grant in 2020(*1)	2020. 1. 1	Cash settlement	2020. 1. 1 ~ 2022. 12. 31	2022. 12. 31	162,720

(\*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 ₩49,748 million and ₩61,754 million as of December 31, 2020 and 2019, 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, 2020 and 2019 are as follows (Korean won in millions):

<2020>

Classification	HFG	Subsidiary	Total
Compensation cost	2,555	14,688	17,243

<2019>

Classification	HFG	Subsidiary	Total
Compensation cost	1,594	12,080	13,674

56. Cash flow information

56-1 Cash and cash equivalents on hand as of December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	December 31, 2020	December 31, 2019
Cash	2,198,981	2,280,946
Due from banks in Korean won	13,016,032	13,793,321
Due from banks in foreign currencies	12,314,802	7,645,033
Total	27,529,815	23,719,300
Restricted balances	19,270,280	15,179,674
Due from banks with original maturities exceeding three months from the date of acquisition	902,294	2,030,052
Total	20,172,574	17,209,726
Cash and cash equivalents	7,357,241	6,509,574

56-2 Significant non-cash transactions for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Description	2020	2019
Changes in gain on valuation of financial assets measured at FVOCI, net	20,185	114,863
Debt-to-equity swap	3,811	24,066
Replacement from loan, etc. to non-current assets held for sale	39,094	-
Replacement from current assets to non-current assets held for sale	-	135,226
Replacement from current assets to investment properties	76,633	73,179
Replacement from properties to prepaid assets	13,686	5,032
Recognition of right-of-use assets and lease liability	-	564,804
Replacement from prepaid expenses to right-of-use assets	-	35,298
Changes in right-of-use assets	156,587	40,860
Changes in lease liability	81,484	245,658
Gain(loss) on conversion of overseas operations	153,753	106,196

56-3 Cash flows from interest and dividend for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Description	2020	2019
Interest receipts	10,356,005	11,172,447
Interest payments	(4,796,632)	(5,273,455)
Dividend receipts	146,995	56,457

56-4 Changes in liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

<2020>

Classification	January 1, 2020	Cash flows	Foreign exchange movement	Changes in fair values	Other	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

<2019>

Classification	January 1, 2019	Cash flows	Foreign exchange movement	Changes in fair values	Other	December 31, 2019
Borrowings	19,182,273	1,142,824	369,670	-	4,635	20,699,402
Debentures	41,018,021	966,679	95,477	104,114	1,476,886	43,661,177
Lease liability	564,804	(227,122)	-	-	245,325	583,007
Total	60,765,098	1,882,381	465,147	104,114	1,726,846	64,943,586

57. Related party transactions

57-1 Details of significant transactions with related parties for the years ended December 31, 2020 and 2019 are summarized as follows (Korean won in millions):

<2020>

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	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	-	-	-	-	-	-	-
Somesevit 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	-	-	-	-
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	-	-	-	-	-	-	-
All Together Korea Fund5	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 Accelerator	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	-	-	-	-	-	-	-



Related party	Type	Income			Provisions (reversals) of allow- ance for possible loan losses	Expenses		
		Interest income	Fee and commission income	Other income		Interest expenses	Fee and commission expenses	Other expenses
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	-	-	-	-	-
DangsandongPFV 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	-	-	-	-	-	-	-
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	-	-	-	-	-
SIVKCENTER 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	-	-	-	-	-

Related party	Type	Income			Provisions (reversals) of allow- ance for possible loan losses	Expenses		
		Interest income	Fee and commission income	Other income		Interest expenses	Fee and commission expenses	Other expenses
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.2 Investment Fund	Associate	-	25	18	-	1	-	-
Hana Innovation Venture Scale-up Fund	Associate	-	331	-	-	5	-	-
Synergy-Incus Venture Business Fund No.1	Associate	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-
CMI International Financing Leases	Related party's associate	-	-	-	-	-	-	-
Alan (Hong Kong) Investment Management Limited	Related party's associate	-	-	-	-	-	6	-
Hana Power Package LC	Related party's associate	565	60	-	(98)	11	-	-
SIMWON DEVELOPMENT CO., LTD.	Related party's associate	24	-	-	9	-	-	-
Wellfood Co., Ltd.	Related party's associate	-	-	-	-	-	-	-
MCKAYSON Co., Ltd.	Related party's associate	-	-	-	-	-	-	-
Key management personnel		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.

<2019>

Related party	Type	Income			Provisions (reversals) of allow- ance 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	162	1	7	-	-	-	49
CM International Financing Leases	Associate	6,024	-	-	38,635	1	-	-
Beijing Langa Asset Management Co., Ltd.	Associate	1,014	282	32	(149)	9	-	(3)
PT. SINARMAS Hana Finance	Joint venture	2,006	3	233	40	65	-	2
Fidelis-2 private equity joint venture	Associate	-	-	246	-	-	-	-
Company KStartup Winwin fund	Associate	-	-	-	-	4	-	-
Korea Credit Bureau	Associate	-	31	-	-	78	2,975	2
KEB Hana-KVIC Unicorn Fund of Funds	Associate	-	-	-	-	13	-	-
Darby-Hana Infrastructure Fund Management	Associate	-	1,354	1	-	280	-	-
Finqq Co., Ltd.	Joint venture	-	653	56	8	10	65	-
Mirae Credit Information Services Corp.	Associate	77	11	92	-	32	7,686	407
2010 KIF-Tube IT Professional Investment Partnership	Associate	-	-	841	-	-	-	-
KOCREF REIT 30	Associate	-	-	-	-	-	-	14,846
Gunsan BIO Energy Co., Ltd.	Associate	-	-	-	-	17	-	-
GMHB Co., Ltd.	Associate	1,653	5,645	31	486	-	-	-
Lotte Accelerator	Associate	-	-	-	-	36	-	-
Hana Lantern Energy Factory PEF	Associate	-	124	-	-	-	-	-
Hana Power Infra 1st Private Equity Fund	Associate	-	2,372	-	-	-	-	-
Hana UBS Asset Management	Associate	-	2,490	121	-	158	1	-
Smartscore Co., Ltd.	Associate	-	-	-	-	1	-	-
2018 Hana- Magna Startup Fund	Associate	-	398	-	-	-	-	-
DangsandongPFV Co., Ltd.	Associate	-	61	-	-	1	-	-
Fresheasy Co., Ltd.	Associate	387	-	-	101	8	-	-
World HansSang Dream Island	Associate	3	3,622	-	17	-	-	-
Dowon development Co., Ltd.	Associate	69	25,702	5	68	-	-	-
Daegu MBC development PFV Co. Ltd.	Associate	-	1,155	-	-	-	-	-
Sprott Global Renewable Private Equity Fund II	Associate	-	969	-	-	-	-	-
Myoungshin Co., Ltd.	Associate	401	-	-	-	-	-	-
Hana Qualified Investor Private Real Estate Investment Trust No.41-2	Associate	-	7	-	-	-	-	-
F&U Credit Information	Associate	-	754	-	(1)	8	8,096	9,508
Hana Ventures No.1 Investment Fund	Associate	-	-	27	-	-	-	-
Hana Digital Transformation Fund	Associate	-	-	1,022	-	-	-	-
B&P Asset Development (formerly, HN housing Co., Ltd. (*))	Associate	115	1	-	-	-	-	-
Hanon Private Investment Co.,Ltd. (*)	Associate	-	-	-	-	2	-	-
Masan Marine New Town Co.,Ltd. (*)	Associate	89	-	-	(2)	4	-	-

Related party	Type	Income			Provisions (reversals) of allow- ance for possible loan losses	Expenses		
		Interest income	Fee and commission income	Other income		Interest expenses	Fee and commission expenses	Other expenses
Alan (Hong Kong) Investment Management Limited	Related party's associate	-	-	-	-	61	-	-
Hana Power Package LC	Related party's associate	659	60	-	(250)	62	-	-
Key management personnel		196	26	204	3	164	2	-
Total		12,855	45,721	2,918	38,956	1,014	18,825	24,811

(\*) It is excluded from the related party for the year ended December 31, 2019.

57-2 Outstanding balances with related parties arising from the below significant transactions as of December 31, 2020 and December 31, 2019 are summarized as follows (Korean won in millions):

<December 31, 2020>

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 Associati on	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
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	-	-	-	-	-	-



Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
Heat Private Equity Fund	Associate	-	-	-	1	-	-
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 Accelerator	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	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	-	-	-	2	-	21
NPTK Emerging Asia Fund1 PEF	Associate	-	-	-	1,302	-	-
Genesis Environment No.1 Private Equity Fund	Associate	-	-	-	-	-	-
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	-	-	1,015	-	9
HORIZON PRIVATE EQUITY FUND	Associate	-	3,685	-	-	-	-
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	-	-	-	-

Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
Hana Financial Fourteen Special Purpose Acquisition Company	Associate	-	990	-	-	-	-
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	-	1,390	-	-	-	-
Hana Financial Sixteenth Special Purpose Acquisition Company	Associate	-	990	-	-	-	-
Hana Financial Seventeen Special Purpose Acquisition Company	Associate	-	1,790	-	-	-	-
Odin 2 LLC	Associate	-	-	-	-	-	-
Myounghshin 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	-	-	-	-
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	Related party’s associate	-	-	-	-	-	-
Alan (Hong Kong) Investment Management Limited	Related party’s associate	-	-	-	9	-	-
Hana Power Package LC	Related party’s associate	14,186	-	343	16,742	-	-
SIMWON DEVERLOPMENT CO., LTD.	Related party’s associate	1,000	-	9	40	-	-
Wellfood Co., Ltd.	Related party’s associate	-	-	-	-	-	-
Key management personnel		12,155	-	-	-	-	3
Total		419,987	104,515	28,449	175,118	48,513	43,136

Related party	Type	Assets		Allowance for possible loan losses	Liabilities		
		Loans receivables	Other receivables		Deposits	Borrowings	Other payables
Bank of Jilin	Associate	3,400	-	-	3,236	-	-
CM International Financing Leases	Associate	81,014	-	39,194	16	-	-
Beijing Langa Asset Management Co., Ltd.	Associate	29,278	-	62	31,621	-	77
PT. SINARMAS Hana Finance	Joint venture	30,582	53	64	906	-	-
Fidelis-2 private equity joint venture	Associate	-	-	-	55	-	-
MIDAN City Development Co., Ltd.	Associate	-	-	-	2	-	-
Korea Credit Bureau	Associate	3	1	-	153	-	30
KEB Hana-KVIC Unicorn Fund of Funds	Associate	-	-	-	957	-	-
Darby-Hana Infrastructure Fund Management	Associate	-	-	-	17,463	-	-
Bank for Investment and Development of Vietnam	Associate	11,578	2,504	-	3,380	-	-
Finqq Co., Ltd.	Joint venture	63	18	9	39,653	-	28
Mirae Credit Information Services Corp.	Associate	2,214	4	2	2,021	-	95
2010 KIF-Tube IT Professional Investment Partnership	Associate	-	855	-	-	-	-
KOCREF REIT 30	Associate	-	20,705	-	-	-	9,166
Gunsan BIO Energy Co., Ltd.	Associate	7	2,617	-	2,047	-	-
GMHB Co., Ltd.	Associate	49,000	127	406	100	-	222
Lotte Accelerator	Associate	-	-	-	3,274	-	-
Hana Lantern Energy Factory PEF	Associate	-	62	-	3	-	-
Hana Power Infra 1st Private Equity Fund	Associate	-	598	-	-	-	-
Hana UBS Asset Management	Associate	22	2,210	-	9,347	-	-
Smartscore Co., Ltd.	Associate	-	-	-	135	-	-
Hana Financial Strategic the 1st Private Equity Fund	Associate	-	33	-	-	-	-
DangsandongPFV Co., Ltd.	Associate	-	-	-	76	-	8
Fresheasy Co., Ltd.	Associate	10,278	18,030	101	1,501	-	-
World HansSang Dream Island	Associate	250	-	17	3	-	123
Dowon development Co., Ltd.	Associate	15,315	-	68	2	-	400
Daegu MBC development PFV Co. Ltd.	Associate	-	1	-	-	-	-
NPTK Emerging Asia Fund1 PEF	Associate	-	-	-	3	-	-
Myoungshin Co., Ltd.	Associate	-	20,015	-	-	-	-
Hana Qualified Investor Private Real Estate Investment Trust No.41-2	Associate	-	1	-	-	-	-
F&U Credit Information	Associate	194	-	1	519	-	814
Alan (Hong Kong) Investment Management Limited	Related party's associate	-	-	-	1,135	-	-
Eco 1 Co., Ltd.	Related party's associate	-	-	-	5	-	-
Hana Power Package LC	Related party's associate	15,349	-	441	26,765	-	-

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, 2020 and 2019 are as follows (Korean won in millions).

[illegible]





Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
Hana Power Package LC	Related party's associate	-	(1,163)	(1,163)	-	-	-	-	-	-
SIMWON DEVELOPMENT CO., LTD.	Related party's associate	1,000	-	1,000	40	-	40	-	-	-
Wellfood Co., Ltd.	Related party's 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.

<2019>

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	255,621	(253,421)	2,200	-	-	-	-	(7,530)	(7,530)
CM International Financing Leases	Associate	-	(50,219)	(50,219)	-	-	-	-	-	-
Beijing Langa Asset Management Co., Ltd.	Associate	16,022	(1,657)	14,365	-	-	-	-	(3,679)	(3,679)
PT. SINARMAS Hana Finance	Joint venture	20,161	(8,652)	11,509	-	-	-	-	-	-
BSK 6 Patent Technology Investment Partnership	Associate	-	-	-	-	-	-	1,200	-	1,200
Fidelis-2 private equity joint venture	Associate	-	-	-	-	-	-	-	(600)	(600)
Company KStartup Winwin fund	Associate	-	-	-	3,000	(3,000)	-	-	(1,010)	(1,010)
Korea Credit Bureau	Associate	42	(41)	1	-	(11,000)	(11,000)	-	-	-
KEB Hana-KVIC Unicorn Fund of Funds	Associate	-	-	-	-	-	-	5,200	-	5,200
Darby-Hana Infrastructure Fund Management	Associate	-	-	-	14,500	(12,000)	2,500	-	-	-
Bank for Investment and Development of Vietnam	Associate	11,578	-	11,578	-	-	-	1,272,969	-	1,272,969
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	Associate	-	-	-	-	-	-	3,000	-	3,000
Fingq Co., Ltd.	Joint venture	717	(702)	15	-	-	-	25,500	-	25,500
Mirae Credit Information Services Corp.	Associate	1,415	(1,372)	43	-	-	-	-	-	-
2010 KIF-Tube IT Professional Investment Partnership	Associate	-	-	-	-	-	-	-	697	697
Synergy-Incus Venture Business Fund No.1	Associate	-	-	-	-	-	-	-	(88)	(88)
Gunsan BIO Energy Co., Ltd.	Associate	63	(62)	1	-	-	-	-	-	-

Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
GMHB Co., Ltd.	Associate	49,000	-	49,000	100	-	100	-	-	-
Lotte Accelerator	Associate	-	-	-	6,500	(6,500)	-	-	-	-
Hana Lantern Energy Factory PEF	Associate	-	-	-	-	-	-	-	(416)	(416)
Hana UBS Asset Management	Associate	340	(339)	1	38,500	(29,500)	9,000	-	-	-
Smartscore Co., Ltd.	Associate	3	(3)	-	-	(30)	(30)	-	-	-
2018 Hana- Magna Startup Fund	Associate	-	-	-	-	-	-	4,900	-	4,900
Petra 6 Alph Private Equity Fund	Associate	-	-	-	-	-	-	-	(26,007)	(26,007)
Dangsandong PFV Co., Ltd.	Associate	-	-	-	-	-	-	250	-	250
Fresheasy Co., Ltd.	Associate	11,340	(1,062)	10,278	-	-	-	7,927	-	7,927
World HansSang Dream Island	Associate	250	-	250	-	-	-	7,000	-	7,000
Dream Island Leisure	Associate	-	-	-	-	-	-	1	-	1
Dowon development Co., Ltd.	Associate	15,373	(58)	15,315	-	-	-	149	-	149
EBEST Hitech Fund No.1	Associate	-	-	-	-	-	-	1,000	-	1,000
UBI-HBIC New Technology Investment Partnership II	Associate	-	-	-	-	-	-	1,000	-	1,000
UNION Proptech Fund I	Associate	-	-	-	-	-	-	3,000	-	3,000
Daegu MBC development PFV Co. Ltd.	Associate	-	-	-	-	-	-	3,500	-	3,500
NPTK Emerging Asia Fund1 PEF	Associate	-	-	-	-	-	-	1,000	-	1,000
Sprott Global Renewable Private Equity Fund II	Associate	-	-	-	-	-	-	19,443	-	19,443
Odin 2 LLC	Associate	-	(2,237)	(2,237)	-	-	-	-	-	-
Myoungshin Co., Ltd.	Associate	-	(184)	(184)	-	-	-	-	-	-
F&U Credit Information	Associate	1,061	(1,196)	(135)	500	(500)	-	-	-	-
Hana Ventures No.1 Investment Fund	Associate	-	-	-	-	-	-	200	-	200
Hana Digital Transformation Fund	Associate	-	-	-	-	-	-	34,710	-	34,710
Tigris-Aurum Fund 1 (*2)	Associate	-	-	-	-	-	-	-	(1,500)	(1,500)
IBKC-History 2018-2 Bio Fund (*2)	Associate	-	-	-	-	-	-	-	(1,000)	(1,000)
B&P Asset Development (formerly, HN housing Co., Ltd.) (*2)	Associate	-	(30)	(30)	-	(10)	(10)	-	-	-
Hanon Private Investment Co.,Ltd.(*2)	Associate	-	-	-	230	(230)	-	-	(10,000)	(10,000)
Masan Marine New Town Co.,Ltd.(*2)	Associate	-	(1,513)	(1,513)	-	-	-	-	(100)	(100)
Hana Power Package LC	Related party's associate	-	(1,163)	(1,163)	-	-	-	-	-	-



Related party	Type	Loans Receivables(*1)			Deposits(*1) and Borrowings			Capital Contribution		
		Lend	Collect	Difference	Increase	Decrease	Difference	Increase	Decrease	Difference
Wellfood Co., Ltd.	Related party's associate	3	(3)	-	-	-	-	-	-	-
Key management personnel (*3)		-	(140)	(140)		(288)	(288)	-	-	-
Total		382,989	(324,054)	58,935	63,330	(63,058)	272	1,391,949	(51,233)	1,340,716

(\*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, 2019.

(\*3) Financing transactions with key management personnel are shown as net amounts.

57-4 Significant guarantee contracts, Commitment and collateral provided between related parties as of December 31, 2020 and 2019 are summarized as follows (Korean won in millions):

<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

Related parties		Transactions	Amounts
Benefactor	Beneficiary		
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
Hana Ventures	Hana Innovation Venture Scale-up Fund	Securities purchase contract	8,960
Total			1,193,166

<December 31, 2019>

Related parties		Transactions	Amounts
Benefactor	Beneficiary		
KEB Hana Bank	GMHB Co., Ltd.	Unused limit (Loans in Korean won)	34,000
KEB Hana Bank	Dowon Development Co., Ltd.	Unused limit (Loans in Korean won)	4,700
KEB Hana Bank	Freasheasy	Unused limit (Loans in Korean won)	8,792
KEB Hana Bank	Myounghsin Co., Ltd.	Unused limit (Loans in Korean won)	223
KEB Hana Bank	BSK-6 Patent Technology Investment	Securitie purchase contract	900
KEB Hana Bank	KEB Hana-KVIC Unicorn Fund of Funds	Securitie purchase contract	93,800
KEB Hana Bank	Hana Digital Transformation Fund	Securitie purchase contract	8,000
KEB Hana Bank	Langa Asset Management CO., Ltd.	Foreign currency Payment Guarantee	21,542
PT Bank KEB Hana	PT. SINARMAS HANA FINANCE	Unused limit (Loan in foreign currency)	996
Bank of Jilin	KEB Hana Bank	Foreign currency Payment Guarantee	29,828
HFI	GMHB Co., Ltd.	Commitments to purchase private equity	70,000
HFI	Hana Digital Transformation Fund	Securitie purchase contract	3,200
KEB Hana Card	Gunsan BIO Energy Co., Ltd.	Unused limit(Credit card)	23
KEB Hana Card	Dowon development Co., Ltd.	Unused limit(Credit card)	5
KEB Hana Card	Mirae Credit Information Services Corp.	Unused limit(Credit card)	336
KEB Hana Card	Smart score Co., Ltd.	Unused limit(Credit card)	7
KEB Hana Card	F&U Credit Information	Unused limit(Credit card)	796
KEB Hana Card	Wellfood Co., Ltd.	Unused limit(Credit card)	1
KEB Hana Card	Korea Credit Bureau	Unused limit(Credit card)	197
KEB Hana Card	Fresheasy Co., Ltd.	Unused limit(Credit card)	171
KEB Hana Card	Finqq Co., Ltd.	Unused limit(Credit card)	137
Hana Capital	Hana Digital Transformation Fund	Securitie purchase contract	2,000
KEB Hana Card	Hana UBS Asset Management	Unused limit(Credit card)	478
Hana Savings Bank	World HansSang Dream Island	Unused limit	4,750

Related parties		Transactions	Amounts
Benefactor	Beneficiary		
Hana Savings Bank	Hana Digital Transformation	Securitie purchase contract	1,600
Hana Asset Trust	Hana Digital Transformation	Securitie purchase contract	800
KEB Hana Card	Hana Digital Transformation	Securitie purchase contract	2,000
Hana Capital	PT. SINARMAS HANA FINANCE	Foreign currency Payment Guarantee	16,620
Hana Life Insurance	Hana Digital Transformation Fund	Securitie purchase contract	1,200
Hana Alternative Asset Management	Hana Digital Transformation Fund	Securitie purchase contract	1,200
Hana Ventures	Hana Digital Transformation Fund	Securitie purchase contract	3,140
Total			311,442

57-5 Details of compensation paid to key management personnel for the years ended December 31, 2020 and 2019 are summarized as follows (Korean won in millions):

Classification	2020	2019
Employee payment	36,674	39,135
Severance payment	4,896	2,575
Share-based compensation expenses	7,921	9,208
Total	49,491	50,918

57-6 The defined benefit plans between entities belonging to the Group as of December 31, 2020 and 2019 are as follows:

Classification	December 31, 2020	December 31, 2019	Description
KEB Hana Bank	161,728	138,163	Trust account
HFI	119,766	89,407	Trust account
Total	281,494	227,570	

58. Business combination

58-1 Summary

The Group was approved to incorporated Hana Insurance Co., Ltd. as a subsidiary from the Financial Services Commission on April 29, 2020, and acquired 22,400,000 common stocks (70% equity ratio) of Hana Insurance Co., Ltd. from the Korea Teachers' Credit Union on May 27, 2020. The purpose of the acquisition is expand its business as a comprehensive financial group based on entry into the non-life insurance industry.

58-2 The consideration transferred in connection with the acquisition of shares in Hana Insurance, assets and liabilities acquired on the acquisition date, and non-controlling interests on the acquisition date of the Group are as follows (Korean won in millions):

Classification	Amount	
Transfer consideration		72,930
Cash and cash equivalent	72,930	
Fair value of acquired assets (*1)		
Cash and deposit	48,697	
Financial assets measured at FVPL	365,436	
Securities measured at FVOCI	228,401	
Securities measured at Amortized cost	81,928	
Loan receivables measured at amortized cost (*2)	52,715	
Property, plant and equipment	50,388	
Investment property	29,722	
Intangible assets (*3)	44,512	
Others	76,502	
Total		978,301
Fair value of acquired liabilities (*1)		
Insurance contract liability	824,880	
Derivative liabilities used for hedging	1,824	
Others	29,155	
Total		855,859
Fair value of identifiable net assets		122,442
Non-controlling interest (*4)		36,733
Gain from bargain purchase (*5)		(12,779)

(\*1) The Group measured the identifiable assets and liabilities of the investee at fair value as of the acquisition date in order to allocate consideration for the acquisition.  
(\*2) Details of acquired loan receivables are as follows (Korean won in millions):



Classification	Amount
Fair value of loan receivables	52,715
Total contractual amount of loan receivables	66,210
Best estimate as of the acquisition date for contractual cashflows not expected to be recovered	(13,495)

(\*3) VOBA (Value Of Business Acquired), which was separately measured, was adjusted by applying an indirect method based on intrinsic value to evaluate the fair value of the insurance contract and the details of software, development costs, membership rights, etc., that Hana Insurance already owned.

(\*4) Non-controlling interests are measured as proportionate interests of non-controlling interests among the recognized amount of identifiable net assets of the a cquiree.

(\*5) A gain from bargain purchase occurred as a result of the business combination, and the Group recognized this as other operating income in the consolidated statement of comprehensive income.

**58-3 In connection with the business combination, the Group incurred legal fees and due diligence fees of ₩938 million, and these are recognized in operating expenses in the consolidated statement of profit or loss and other comprehensive income.**

**58-4 Operating income and profit or loss for Hana Insurance Co., Ltd after the acquisition date included in the Group’s consolidated statement of profit or loss and other comprehensive income are as follows:**

Classification	Operating income	Net income
Amount recorded in the consolidated statement of profit or loss and other comprehensive income	335,642	(5,168)

**58-5 Assuming that Hana Insurance Co., Ltd's acquisition date is January 1,2020, the Group’s operating income and profit or loss are as follows:.**

Classification	Operating income	Net income
Amount recorded in the consolidated statement of comprehensive income	584,878	(1,606)

**58-6 Net cash outflow due to business combination**

Net cash outflows from business combinations during the current term are as follows:

Classification	Amount
Total acquisition consideration paid in cash	72,930
Cash and cash equivalents acquired	(48,697)
Net cash outflow	24,233

**59. Approval of the consolidated financial statements**

The Group’s consolidated financial statements for the year ended December 31, 2020 were approved by the Board of Directors on February 5, 2021, and will receive final approval at the shareholders' meeting to be held on March 26, 2021.

# Corporate Information

## Hana Financial Group Inc.

 [www.hanafn.com](http://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 1 third-tier subsidiary.

CONTACT INFORMATION

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

## Hana Bank

 [www.kebhana.com](http://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 Financial Investment

 [www.hanaw.com](http://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) after two paid-in capital increases, in 2018 and 2020, bringing capital up to KRW 4.0 trillion, 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

## KEB Hana Card

 [www.hanacard.co.kr](http://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 Capital

 [www.hanacapital.co.kr](http://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 consumers. 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

- 17/F-20/F, Hana Financial Group Gangnam Office, 127, Teheran-ro, Gangnam-gu, Seoul, 06133
- Tel. +82-2-1800-1110

## Hana Life

 [www.hanalife.co.kr](http://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



## Hana Insurance

 [www.educar.co.kr](http://www.educar.co.kr)

Hana Insurance, founded in 2003 as an auto insurance company which in 2014 began to expand into other indemnity sectors, joined Hana Financial Group in May 2020. Engineering diverse financial synergies with other Group affiliates, it is fast growing into a digital insurance company, offering comprehensive financial services and guaranteeing a daily life more enjoyable than ever before.

### CONTACT INFORMATION

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

## Hana Savings Bank

 [www.hanasavings.com](http://www.hanasavings.com)

Launched in 2012, Hana Savings Bank adds diversity to Hana Financial Group’s services with a product line-up that meets the diverse needs and propensities of customers, and by differentiating itself through deposit/loan interest policies that stand apart. Furthermore, it stays true to its given role as a savings bank by offering a wide range of financial services to the financially underprivileged.

### CONTACT INFORMATION

- 16/F, Hana Financial Group Gangnam Office, 127, Teheran-ro, Gangnam-gu, Seoul, 06133
- Tel. +82-2-1899-1122

## Hana Asset Trust

 [www.hanatrust.com](http://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

- 15/F, Hana Financial Group Gangnam Office, 127, Teheran-ro, Gangnam-gu, Seoul, 06133
- Tel. +82-2-3452-0100

## Hana Alternative Asset Management

 [www.hana-aamc.com](http://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 F&I

 [www.hanafni.com](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 Ventures

 [www.hanaventures.co.kr](http://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

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

## Hana Investors Services



[www.hanais.co.kr](http://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 TI



[www.hanati.co.kr](http://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

- 181, Eco-ro, Seo-gu, Inchoen, 22742
- Tel. +82-2-2151-6400

## Finnq



[www.finnq.com](http://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 consumers’ daily lives such as mobile wealth management and account-based services as well as recommendation on customized financial services.

### CONTACT INFORMATION

- 20/F, 100, Eulji-ro, Jung-gu, Seoul, 04551
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## Hana Bank (China) Co., Ltd.



[www.hanabank.cn](http://www.hanabank.cn)

### CONTACT INFORMATION

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- Tel. +86-10-6658-1111

## PT. Bank KEB Hana Indonesia



[www.myhana.co.id](http://www.myhana.co.id)

### CONTACT INFORMATION

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- Tel. +62-21-522-0222

### FORWARD LOOKING STATEMENTS

Some of the information in this report constitute “forward looking statements” which reflect Hana Financial Group’s current intentions, plans, forecasts, expectations, assumptions and beliefs about future events or results and are subject to risks, uncertainties and other factors. These statements may be identified by words such as “aim,” “believe,” “estimate,” “expect,” “plan,” “seek,” “target,” “will,” or words of similar meaning. These statements are not guaranteeing future results or performance, and involve certain risks, uncertainties and assumptions that are difficult to predict and often are beyond the Hana Financial Group’s control. Actual outcomes and results may differ materially from those expressed in, or implied by, the Hana Financial Group’s forward-looking statements.



