

(Updated Information) (14th March)

Subsequent to the Board's decision to recommend Mr. Young-joo Ham as the new Group CEO, on March 14, 2022, the court of first instance ruled against the plaintiff and denied the plaintiff's request to cancel the disciplinary measure imposed on Mr. Ham by the Financial Supervisory Service for the failure to establish adequate internal control standards.

Mr. Ham intends to appeal the court's decision, and the stay order previously issued by the court suspending the disciplinary measure imposed on him remains effective until 30 days from the date of the ruling by the court of first instance. Accordingly, the court's ruling on March 14, 2022 does not create any legal impediment to Mr. Ham's ability to serve as the Group CEO.

(Updated Information) (11th March)

Subsequent to the Board's decision to recommend Mr. Young-joo Ham as the new Group CEO, on March 11, 2022, the court of first instance **acquitted** Mr. Ham of the alleged charges against him - business interference in the hiring process and violation of the Equal Employment Opportunity Law.

On the alleged business interference charge, the court found that Mr. Ham did not order the particular individuals to be hired and was not actively involved in the hiring process in question.

With regard to alleged violation of the Equal Employment Opportunity Law, the court found that (1) Mr. Ham was not made aware of the hiring practices in question which existed for approximately 10 years and (2) there is insufficient evidence to conclude that Mr. Ham directed such hiring practices.

Letter to Shareholders

Dear Shareholders of Hana Financial Group,

We express our gratitude for your continued support and trust in Hana Financial Group (the “Group” or the “Company”) despite the ongoing global pandemic caused by COVID-19.

In 2021, the Group posted a record net profit of KRW 3,526.1 billion and its share price increased by 21.9%, which substantially outperformed the KOSPI market index that increased by 3.6%.

In the midst of global turmoil, the Group has posted a record net profit of KRW 3,526.1 billion in 2021. The Group was able to achieve such profit growth through the increased high-quality assets and efforts to improve net interest margin resulting in increased interest income, the growth of non-banking business areas which led to the increased non-interest income, and reduction of credit costs through proactive risk management. The Group believes that these efforts will enable it to consistently achieve an annual return on equity of at least 10%.

Despite the ongoing COVID-19 pandemic, the Company has been declaring interim dividends every year since its establishment, and the Company and its Board of Directors (the “Board”) have decided to declare record level dividends (KRW 3,100 per share inclusive of interim dividends of KRW 700) for this year. The Company plans to continuously increase the dividend payout ratio, so that more dividends could be paid to shareholders. Also, the Company plans to continuously implement various policies aimed to promote the interest of shareholders such as share buy-back, cancellation of shares and quarterly dividends.

The Group has established the objectives ‘2030 & 60’ and ‘ZERO & ZERO’ to respond to climate change and is continuously pursuing transparent and fair corporate governance structure.

In response to climate and environmental changes, the Group has established and is pursuing two objectives, ‘2030 & 60’ and ‘ZERO & ZERO’. ‘2030 & 60’ consists of a goal to invest at least KRW 60 trillion in the environmental and sustainable industry by 2030. The aim of ‘ZERO & ZERO’ is to reduce (1) the carbon emissions generated by the Group’s workplaces to zero and (2) the outstanding balance of the Group’s project financing loans for coal power projects to zero, in each case by 2050.

The Board is fully aware of the importance of a sound corporate governance structure for its long-term development, and therefore is continuously taking improvement measures to make its corporate governance procedures and public disclosure systems more transparent and fairer. The Board is also conducting a thorough monitoring and supervision to ensure that the Company’s business strategies are executed in compliance with such procedures and systems. In addition, the Company provides full support to ensure that the process of recommending director candidates by the Board and the nomination committees of the Board takes place in a transparent and fair manner. The Company strongly believes that all such procedures and actions will help it achieve its strategic objectives, thereby ultimately contributing to the interest of the shareholders.

The Board recommends the current Group Vice Chairman Young-joo Ham (the “Group CEO Candidate”) as the next Group CEO.

The Board is extremely grateful to the current Executive Director and Group CEO Jung-tai Kim for his sacrifices and efforts during the 10-year term. In light of the scheduled expiry of Jung-tai Kim’s term of office, the Board, on March 7, 2022, formally recommended Young-joo Ham (currently Group Vice Chairman) as the Group’s new executive director and as the new Group CEO for the following reasons.

- **Given his current role as the Group's Vice Chairman, the role which he assumed in 2016, the Group CEO Candidate has unmatched understanding of the Group's mid to long term strategic objectives and its subsidiaries and is capable and ready to lead the Group.** In his role as the current Group CEO Jung-tai Kim's deputy, the Group CEO Candidate led major initiatives such as creation of synergy amongst affiliates of the Group, establishment and implementation of mid to long term growth strategies and digitalization of the Group. Also, **he, being in charge of the Group's ESG management strategies, is making various efforts to create sustainable society. He is currently leading the projects to build 100 daycare centers for children with the aim to resolve low birth-rates, support social enterprises which promote job creation, and support single mothers and disabled persons to resolve social inequalities, among others.**
- **As the first CEO of KEB Hana Bank upon the merger between Hana Bank and Korea Exchange Bank for a period of three years and seven months, he was instrumental in successfully integrating the two banks and promoting growth of the combined entity.** During such period, KEB Hana Bank's net income grew by more than twofold (amounting to an average annual growth of 28%) and the synergies from the merger were maximized through the integration of IT, labor union and Human Resources functions under his inclusive leadership.
- The Group CEO Candidate is **a manager with hands-on experiences and deep understanding of the clients.** He has **excellent understanding of the market and financial industry gained from spending the majority of his 35 years of career in the frontline of financial market.** He also has extremely high level of understanding of the clients' needs in different areas of the Group's businesses such as retail banking, wealth management, corporate finance, investment banking and credit cards. Young-joo Ham has exhibited outstanding management skills in his role as the CEO of KEB Hana Bank and later as the Group Vice Chairman and also has strong support and respect from the employees, which would enable him to proactively lead the Group in the future.

The Group CEO Candidate is involved in an ongoing court proceeding for alleged business interference with the hiring process while serving as the CEO of KEB Hana Bank, and the court of first instance is scheduled to issue its decision on March 11, 2022.¹ In addition, (1) there is an ongoing administrative proceeding in connection with the disciplinary measure that was imposed on him by the Financial Supervisory Service (the "FSS") for the failure to establish adequate internal control standards and (2) the court of first instance is scheduled to issue its decision on March 14, 2022.² The Board and the Group CEO Nomination Committee of the Board (the "Committee") have thoroughly examined these

¹ Based on the Group's discussion with the largest external legal counsel in Korea, the decision by the court of first instance will be further reviewed by an appellate court and then subsequently by the Supreme Court of Korea, after which the decision will become final. The Group CEO Candidate is presumed innocent until these court proceedings are concluded under the Korean Constitutional Law. Accordingly, **the scheduled decision is less likely to create legal impediments to the Group CEO Candidate's ability to serve as the Group CEO.** In a similar case, Chairman Yong-byeon Cho of Shinhan Financial Group was tried before the court for the same allegation of business interference with the hiring process and had received a suspended sentence from the court of first instance. **However, there was no legal impediment to Chairman Cho's ability to perform his duties as the Chairman. In addition, Chairman Cho was subsequently re-elected as the Chairman at the shareholders' meeting in 2020, and the appellate court overturned the guilty verdict issued against him by the court of first instance.**

² Based on the Group's discussion with the legal counsel, notwithstanding the imposition of disciplinary sanction by the FSS, the court has accepted a request for preliminary injunction, suspending the disciplinary sanction imposed on the Group CEO Candidate. **Therefore, there is less likelihood of legal impediments to the Group CEO Candidate's ability to perform his duties as the Group CEO.** In a similar case involving Chairman Tae-seung Son of Woori Financial Group, despite the imposition of a disciplinary sanction by the FSS on the same ground (i.e., failure to establish adequate internal control standards), **there were no legal impediments to his ability to serve as the Chairman because of the court's decision to suspend the effectiveness of the FSS's disciplinary sanction. In addition, Chairman Son was re-elected as the Chairman at the shareholders' meeting in 2020, and the court of first instance later issued a decision cancelling the disciplinary sanction imposed on him by the FSS.**

ongoing proceedings in connection with its recommendation of the Group CEO Candidate. In the course of examining the Group CEO Candidate's qualifications through six rounds of meetings, the Board and the Committee closely reviewed all aspects involving the ongoing legal proceedings of the Group CEO Candidate in order to assess the potential risk to the Company. The qualification review also entailed evaluating whether the nomination of the Group CEO Candidate may constitute a breach of law or regulation in light of Korean legal and regulatory framework and risk management objectives.

The Board recommends five nominees for re-election as an independent director and one nominee for election as a new independent director.

The Board has recommended Tae-seung Paik, Hong-jin Kim, Dong-hoon Yang, Yoon Heo and Jung-won Lee for re-election as independent directors and Kang-won Lee for election as a new independent director at this year's general meeting of shareholders. All of the five independent director candidates for re-election are experts in the area of law, economics, finance/accounting, banking, and they have demonstrated performance of the highest standards and strong dedication to their work for the year 2021, as indicated by the results of annual independent director performance evaluation which is conducted pursuant to the Company's regulations relating to corporate governance. Kang-won Lee, candidate for the new independent director position, is nominated because of his expertise in legal issues pertaining to the Company. He is expected to play a key role in managing and supervising the Company's internal control standards, given his long years of service as a judge. While I will no longer be the Chairman of the Board because the term of my directorship is scheduled to expire soon in accordance with Korean corporate governance law, I believe that the Board, which is composed of experts in the areas of banking, management, economics, finance/accounting, law and IT with vast knowledge and experience, including the above independent director candidates, will add tremendous value to the Company and its shareholders.

The Board cordially invites you to attend the Group's general meeting of shareholders.

On behalf of the Board, I would like to invite you to attend the Group's general meeting of shareholders.

The Board believes that all of the proposed agendas for the upcoming general meeting of shareholders are in the best interest of the Company and all of its shareholders. Therefore, the Board respectfully requests that you vote "Affirmative" for all of the agendas to be proposed during the general meeting of shareholders.

The meeting of shareholders is an important opportunity for the Group's shareholders to meet with the Board and key management personnel and to learn about the Group's performance in detail. In addition, I hope it would also provide a valuable opportunity to obtain information on the Group's business strategies, direction and progress together with answers to the questions on future forecast.

Hana Financial Group vows to engage in financial business by seeking to grow and share the success together with its shareholders.

Yours faithfully,



On behalf of the Board of Directors
Won-koo Park
Chairman of the Board of Hana Financial Group

(Attachment 1) Summary of Agendas for HFG 17th General Shareholders' Meeting

1. Date: 10 a.m., March 25th, 2022

2. Venue: Hana Financial Group Auditorium on 4th floor, Euljiro 66, Jung-gu, Seoul, Korea

※ In case the above venue is closed due to COVID-19, it may be changed to the headquarter of Hana Bank or a nearby third location. Changes in location and time are entrusted to the chairman of the general meeting of shareholders.

3. Meeting Objectives

《Matters regarding Reports》

Audit report, Operations report, Transactions of largest stockholder and related parties, Internal accounting control system operating report, Appointment of external auditor

《Matters regarding Resolution》

Agenda 1: Approval of 17th (January 1st, 2021 ~ December 31st, 2021) Financial Statement (including statement of appropriations for retained earnings) and Consolidated Financial Statement

Agenda 2: Proposal for Amendment of the Articles of Incorporation

Agenda 3: Appointment of Directors

Agenda 3-1: (Independent Director) Tae-seung Paik

Agenda 3-2: (Independent Director) Hong-jin Kim

Agenda 3-3: (Independent Director) Yoon Heo

Agenda 3-4: (Independent Director) Jung-won Lee

Agenda 3-5: (Independent Director) Kang-won Lee

Agenda 3-6: (Executive Director) Young-joo Ham

Agenda 4: Appointment of an Independent Director for Audit Committee Member

Agenda 4: (Independent Director) Dong-hoon Yang

Agenda 5: Appointment of Audit Committee Members - Independent Directors

Agenda 5-1: (Independent Director) Tae-seung Paik

Agenda 5-2: (Independent Director) Jung-won Lee

Agenda 5-3: (Independent Director) Dong-moon Park

Agenda 6: Determination of the Compensation Ceiling for Directors

Agenda 6-1: Determination of the Compensation Ceiling for Directors

Agenda 6-2: Approval of Special Contribution Compensation

(Attachment 2) Processes for recommending a candidate for the Executive Director and Group CEO

The Group CEO Nomination Committee of the Board (comprised of all independent directors) recommends a candidate for the Executive Director and Group CEO in accordance with the following recommendation procedures.

1. If there is any cause for commencement of business succession process such as expiration of the term of office of the current Executive Director and the Group CEO, the business succession process commences at least 30 days prior to the date of the notice of convening of the general meeting of shareholders.
2. During the first round of qualification review for the Executive Director and the Group CEO, the candidates' background in financial industry, past experiences and knowledge, age (not to exceed 70), compliance and ethical standards and satisfaction of legal eligibility requirements are examined. During the second round of qualification review, the candidates' entrepreneurship, expertise and experience, global mindset, vision, mid-to-long term management strategies and networking are examined.
3. The Group CEO Nomination Committee of the Board initially selects a long list of candidates from the candidate pool, using the review criteria for the first round of qualification review noted above, and upon further review selects short-listed candidates. Each short-listed candidate prepares and gives a presentation and is subject to thorough interviews, after which the final candidate is selected.
4. The final candidate recommended by the Group CEO Nomination Committee of the Board is approved by the Board and elected as an executive director at the general meeting of shareholders scheduled in March 2022 for the fiscal year 2021. Thereafter, the appointment of the Executive Director and Group CEO is approved during a subsequent Board meeting.

※ Composition of the Group CEO Nomination Committee of the Board (from the date of the general meeting of shareholders in March 2021 to the date of the general meeting of shareholders in March 2022)

Name of the Committee	Chairman	Members (all independent directors)
Group CEO Nomination Committee of the Board	Yoon Heo (Independent Director)	Won-koo Park Tae-seung Paik Hong-jin Kim Dong-hoon Yang Jung-won Lee Sook-kyo Kwon Dong-moon Park

(Attachment 3) Enhancement of Internal Control and Hiring Process

- Enhancement of Internal Control Process

In the aftermath of the mis-selling of derivatives linked funds and privately placed funds, Hana Financial Group recognized the need to systematically strengthen the internal control standards and accordingly adopted the 'Plan to Strengthen Group's Internal Control' as summarized below:

- (1) Expanded the oversight role of an existing Internal Control Committee at the Group level to receive reports from the executives of key subsidiaries on material ongoing matters and (2) **required the activities of the Internal Control Committee to be periodically reported to the Group's Audit Committee and the Board of Directors**
- **(1) Updated the Group's Internal Control Standards to reflect the internal control responsibilities of the Board of Directors and executive and (2) engaged outside experts to assess the internal control processes of each of the subsidiaries**

In line with social demand to strengthen consumer protection and sustainable management such as enactment of the Financial Consumer Protection Act, **Hana Financial Group became the first institution in the Korean financial industry to create the Consumer Risk Management Committee and supporting organizations during the first half of 2021.** Through the establishment of such new internal organizations, Hana Financial Group is making efforts to systemically strengthen consumer protection measures : proactively conducting a review of the risk of loss in advance and managing the suitability of different types of financial investment products.

In addition, Hana Bank has conducted a comprehensive review of the private fund sale business by thoroughly examining the product approval, sale and post-sale management processes. With the goal of preventing similar mis-selling incidents and protecting consumers, the investor protection processes are enhanced as follows:

- 1) **Reinforcing review and approval processes for investment products**
- 2) **Inspecting insolvency of the financial product provider**
- 3) **Preventing mismatch between the client's risk appetite and the investment products in the course of sale**
- 4) **Conducting thorough follow-up to effectively manage the potential losses of investment assets**
- 5) **Adopting compensation plan for customer losses**

- Enhancement of Hiring Process

Hana Financial Group is making continuous efforts to hire talented individuals with expertise and leadership through a fair recruitment process. It has established the hiring plan and engages in hiring practice in accordance with the 'Model Guideline for Hiring Process in Banking Industry' (issued by the Korea Federation of Banks on June 18, 2018) which stipulates basic principles of open recruitment. Specifically, Hana Financial Group utilizes blind hiring, invites outside experts to participate in interviews, and works with recruiting agencies as part of its recruitment tools. The internal control function (i.e., Compliance) periodically monitors to ensure that the hiring processes are being conducted in compliance with applicable internal procedures.

To enhance the monitoring of its open recruitment processes in addition to the existing monitoring conducted by Compliance function, Hana Financial Group in December 2021 established the Recruitment Advisory Committee consisting of outside members and strengthened the fairness of its hiring practice.