

Major Initiatives and Activities of the Board of Directors

Feb. 2024

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Hana Financial Group

I . Board of Directors Introduction

1. BoD Composition

- Focus on securing diversified professional backgrounds of independent directors to deliver business objectives, enhance shareholder value and monitor governance
- The priority of the Board is to set governance standards for the Group to meet shareholder expectations
- To strengthen the Board's independence and oversight function, the Chairman of the Board has been separated from the CEO since 2010, and the Chairman is selected from the pool of independent directors.

Director	Role	Independence	Gender	Date of Appointment	Audit Committee	Risk Management Committee	Group CEO Nomination Committee	Independent Director and Auditor Nomination Committee	Management Development and Compensation Committee	Sustainable Management Committee	Consumer Risk Management Committee
Kim, Hong-jin	Non-executive Director (Chair)	Independent	M	23 Mar 2018	-	O	Chair	Chair	O	-	O
Yang, Dong-hoon	Non-executive Director	Independent	M	23 Mar 2018	Chair	-	O	O	-	O	-
Heo, Yoon	Non-executive Director	Independent	M	23 Mar 2018	O	-	O	O	-	O	-
Lee, Jung-won	Non-executive Director	Independent	M	22 Mar 2019	-	Chair	O	-	O	-	O
Park, Dong-moon	Non-executive Director	Independent	M	26 Mar 2021	-	O	O	-	Chair	-	O
Lee, Kang-won	Non-executive Director	Independent	M	25 Mar 2022	-	O	O	-	-	-	Chair
Won, Sook-yeon	Non-executive Director	Independent	F	24 Mar 2023(New)	O	-	O	O	-	Chair	-
Yi, June-suh	Non-executive Director	Independent	M	24 Mar 2023(New)	O	-	O	O	-	O	-
Ham, Young-joo	CEO	Non-Independent	M	25 Mar 2022	-	-	-	-	-	O	-
Lee, Seung-lyul	Non-Executive Director	Non-Independent	M	24 Mar 2023(New)	-	-	-	-	-	-	O
Remark		80% Independent	10% Female		100% Independent	100% Independent	100% Independent	100% Independent	100% Independent		

2. BoD Expertise and Professional Experience

- The directors have sufficient practical experience and expertise in various fields, including finance, management, economics, accounting, law, ESG, etc.

Director	Expertise	Career in Finance	Previous Roles/Experiences
Kim, Hong-jin	Finance Services, Economics	Korea Securities Depository / Korea Financial Intelligence Unit	Government Official
Yang, Dong-hoon	Finance Services, Accounting	Bank of Korea	Professor / AICPA
Heo, Yoon	Finance Services, Economics	The World Bank (Consultant)	Professor
Lee, Jung-won	Finance Services, Executive Leadership, IT	Shinhan Bank	CEO
Park, Dong-moon	Executive Leadership	–	CEO
Lee, Kang-won	Legal	–	Judge / Lawyer
Won, Sook-yeon	ESG	–	Professor
Yi, June-suh	Finance	–	Professor
Ham, Young-joo	Finance Services, Executive Leadership	Hana Bank	CEO
Lee, Seung-lyul	Finance Services, Executive Leadership, Finance	Hana Bank / Hana Life	CEO

- Focus on ensuring the board members to possess a diverse range of professional expertise and work experiences to increase stakeholder value and promote the Group's long-term development
- Each board member showed 100% attendance in every committee meeting held in 2023

Hana Financial Group

II. Board Activities and Achievements in Driving Sustainable Growth and Enhancing Shareholder Value

1. Summary of Board Meetings and Major Resolutions in 2023 (1)

- Playing a key role in steering and overseeing the Group
- As HFG's highest decision-making body, BoD held **11 meetings** to review and make decision on various strategic initiatives reaching **98 cases as of Dec.2023**.

Key Resolutions/Discussions

BoD Sessions	Resolution/Report Title	Content
1st (2023-02-09)	· Amendment of articles	Providing shareholders with regular cash flow and dividend visibility by implementing quarterly dividends
	· Share buyback and cancellation	Acquisition and cancellation of treasury stocks amounting to 150 billion Won for diversifying shareholder-return policies
	· Group capital management and shareholder return policy	New capital management and shareholder return policy : Establishing principles for CET1 targets and utilizing excess capital as a source for shareholder returns
3rd (2023-03-22)	· Group digital strategy	Discussion on Group's digital strategy, direction, and implementation roadmap
5th (2023-04-27)	· 1Q23 quarterly dividend	Resolution for quarterly dividend of 173.4 billion won in total (DPS 600 won)
	· Donations for 'Hana Power On Program' · Donations for 'Hana Child Care Program'	1) Approval of a donation of 19 billion won for 'Hana Power On Program,' which is aimed at job creation, digital talent development, and support for the vulnerable 2) Approval of 30 billion won donation for 'Hana Child Care Program' as a follow-up to '100 Kindergarten Project'
6th (2023-07-27)	· 2Q23 quarterly dividend	Resolution for quarterly dividend of 172.8 billion won in total (DPS 600 won)
	· Amendment of regulations on governance · Amendment of BoD regulations · Amendment of Risk Management Committee regulations	Amendment of internal regulations for enhancing group-level risk management by clarifying the roles and resolutions/discussions/reporting matters of the Risk Management Committee
	· Report on inclusion of Hana UBS Asset Management into sub-subsidiaries	Discussion on procedures and progress of the incorporation as a sub-subsidiary, as well as future operational plans

1. Summary of Board Meetings and Major Resolutions in 2023 (2)

Key Resolutions/Discussions (Continued)

BoD Sessions	Resolution/Report Title	Content
7th (2023-09-19)	<ul style="list-style-type: none"> • Donations to Hana Financial Welfare Foundation • Donations to Stump Foundation for Youth 	Approval of donations to tackle low birth rate and aging population issues and to foster the younger generation, as part of practicing social responsibility as a financial institution
8th (2023-10-27)	<ul style="list-style-type: none"> • 3Q23 quarterly dividend • Report on major issues of Private Equity Fund 	Resolution for quarterly dividend of 172.8 billion won in total (DPS 600 won) Inspection on private equity funds' sales status, major progress, status of follow-up measures, etc.
9th (2023-11-24)	<ul style="list-style-type: none"> • Participation to '2024 Hope Campaign' from Social Welfare Community Association • Report on implementation status after capital increase to subsidiaries 	Approval of 15 billion won of donations for '2024 Hope Campaign' for socially vulnerable group Review of implementation status after capital increase to Hana Capital and Hana F&I
11th (2023-12-26)	<ul style="list-style-type: none"> • Donations to '2024 Hana Power on Program' 	Approval of 19 billion won donations for '2024 Hana Power on Program' to support socially vulnerable group, to create jobs and to train younger generation specially in digital talent

※ **Resolutions of the Sustainable Management Committee (6th and 7th):** Joining 2023 ESG Global Initiative, Amending of Sustainable Finance Framework, etc.

Key Strategic Goals

Shareholder value enhancement and sustainable growth based on risk management are top priorities of BoD



• Enhancing Shareholder Value

- Increasing and diversifying shareholder return
- Enhancing visibility regarding capital policy



• Pursuing Targeted Growth Strategy

- (non-banking and global sectors) focusing on risk management and capital efficiency



• Preemptive Risk Examination and Management



• Strengthening ESG Management

- Enhancing climate change adaptation
- Expanding ESG Investments
- Practicing social responsibility
- Promoting diversity and inclusion



• Efficient Capital Allocation and Cost Management

2. Board Initiatives to Enhance Shareholder Value (1)

- Boards place great importance on delivering long-term sustainable shareholder returns
- In Feb. 2023, the board has resolved and announced a new **capital management and shareholder return policy** to enhance dividend predictability and bolster shareholder value

Capital Management Plan

- CET-1 Target 13~13.5%**
 (Minimum capital requirement 8%) + (Counter cyclical buffer 2.5%) + (Macro buffer 2.5% + FX buffer 0.5%)
 Current regulatory requirement Additional regulatory requirement Macro uncertainty-related internal buffer

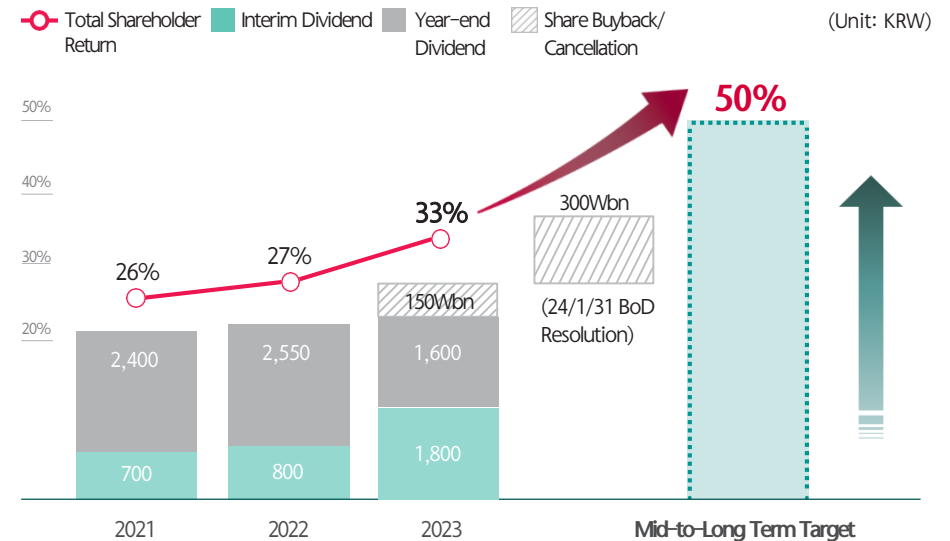
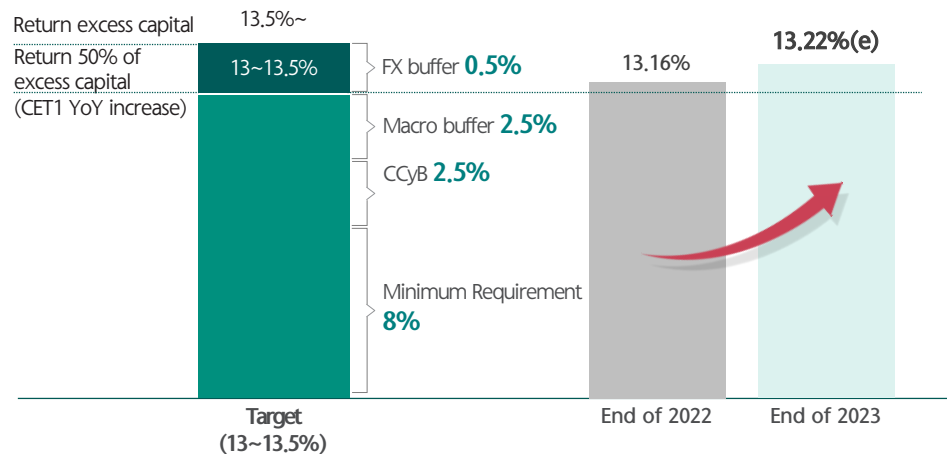
Shareholder Return Plan

- CET-1 13~13.5% range: Return 50% of excess capital (CET-1 YoY increase equivalent)
- CET-1 13.5% and above: Return excess capital
- Mid to long-term shareholder return target 50%
 – Plan to deliver progressive increase to reach the target

* The shareholder return policy is subject to change according to various factors such as limitations by laws and regulations, supervision by financial authorities, drastic change surrounding the operating environment, management purpose, etc.

Social Responsibility

- Contributing to system stability by maintaining sound loss absorption capacity
 - Performing primary roles (liquidity provider, etc.) as a key financial institution
 - Improving the value of stakeholders such as strengthening financial consumer protection
- Set aside preemptive provision of 370.9 Wbn and declared support for self-employed individuals and small business owners with a total of 355.7 Wbn



2. Board Initiatives to Enhance Shareholder Value (2)

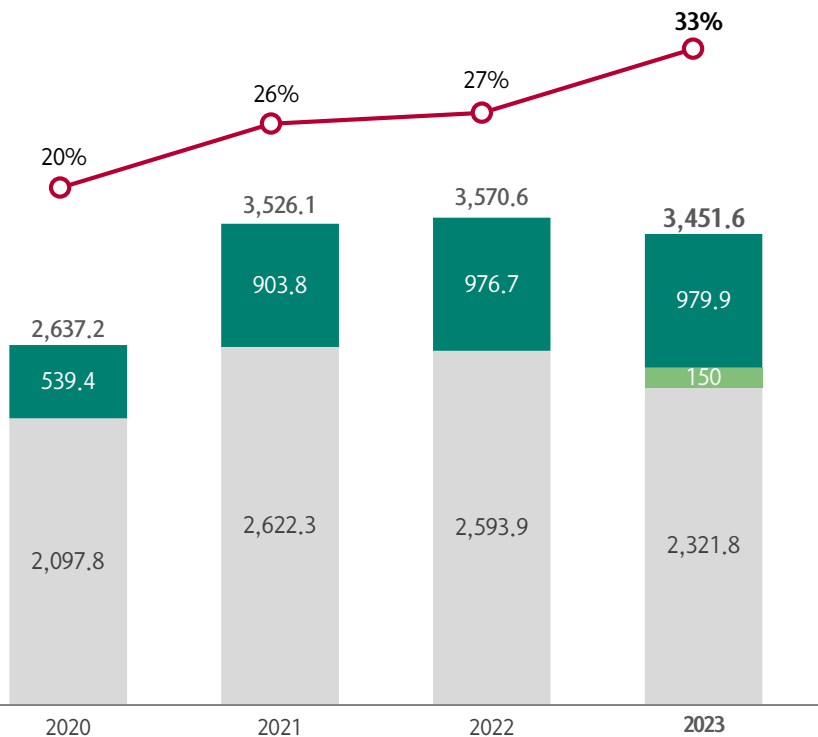
- Prioritizing the predictability and sustainability in the shareholder return policy
- **Implementing active shareholder-friendly measures such as share buyback and cancellation while targeting to increase total shareholder returns YoY**

Increased Total Shareholder Return despite net profit decline

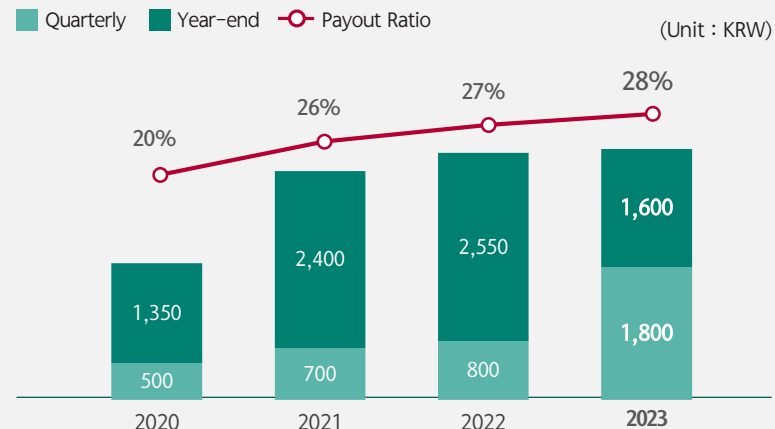
(Unit: Wbn)

- Cash Dividend: 979.9 Wbn
- Retained Earnings Increase: 2,321.8 Wbn
- Buyback/Cancellation: 150 Wbn

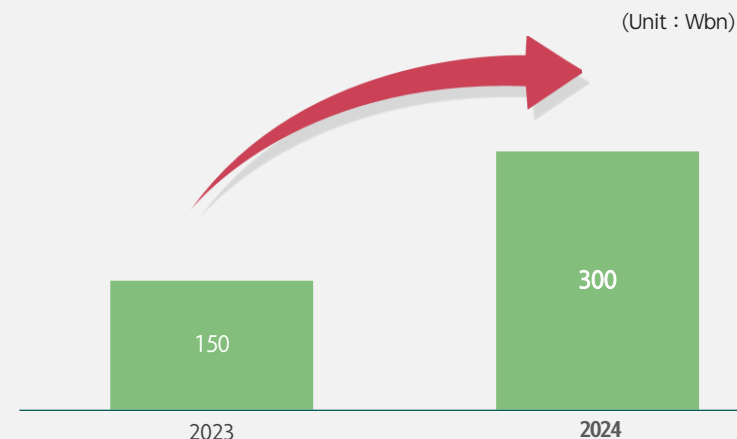
Retained Earnings Increase Share buyback / Cancellation Cash Dividend Total Shareholder Return



Cash Dividend



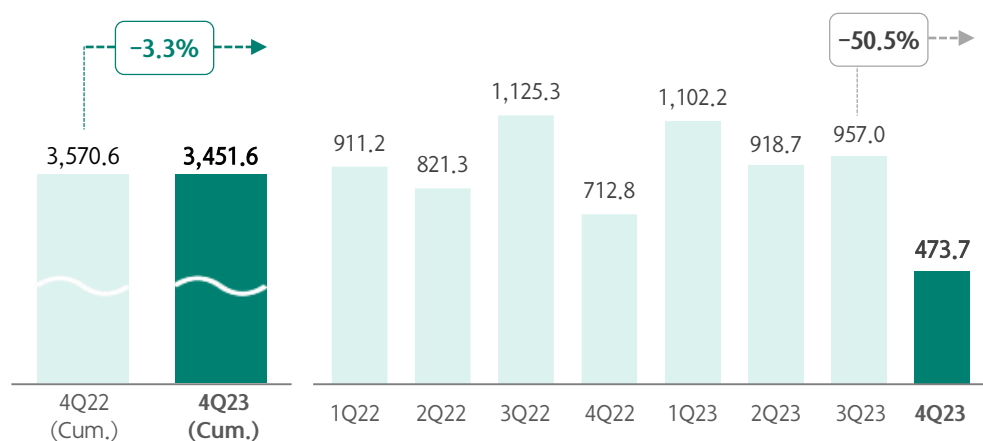
Buyback / Cancellation



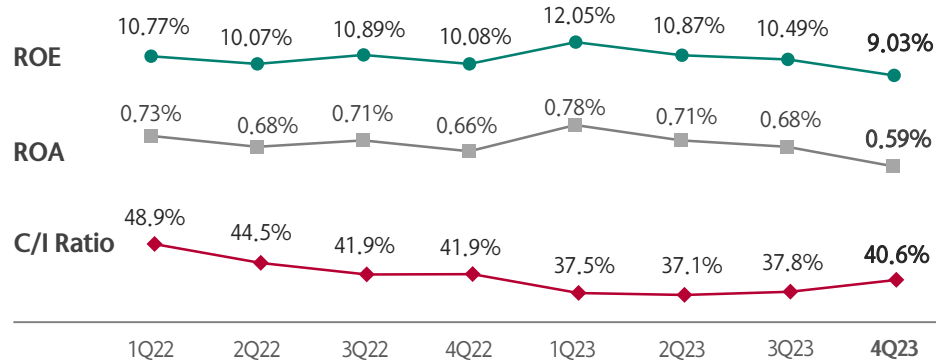
3. Management and Supervision of Company Operations

- As of 2023, the Group posted a record cumulative net profit of KRW 3,451.6 billion

Group Net Income (Unit: Wbn)



Group Major Indices (Cumulative)



Highlights

Net Income

3,451.6 billion
(-3.3% YoY)

Despite solid general operating income, net income declined due to the recognition of one-off costs such as preemptive provisions, IB related-losses and social contribution program

Non-interest Income

1,907.0 billion
(+65.3% YoY)

Improvement of accumulative fee income and fixed income investment profits contributed to YoY increase in non-interest income which led to improved profitability

C/I Ratio

40.6% (-1.3%p YoY)

Thanks to strong cost discipline, C/I ratio has improved for 8 consecutive years despite two rounds of ERP in Jan. & Dec.

Shareholder Return

KRW1,600/300 Wbn
(Year-end DPS) (Buyback)

To enhance the shareholder value, BoD resolved year-end DPS along with share buyback/cancellation in accordance with the shareholder return plan announced in early 2023

4. Enhancing Risk Assessment and Crisis Management Systems in Preparation for Increased Financial Market Volatility (1)

- **Major Discussions from Risk Management Committee**

- Risk Management Committee, which is the highest decision-making body, formulates, approves, and manages group-wide policies and management plans for various risks that may arise in business operations
- Starting from 2H22, Risk Management Committee has proactively reviewed risks and response measures related to increased financial market volatility, while examining individual risk factors such as liquidity crisis, PF finance, and commercial real estates in US and Europe
- BoD resolved to amend the regulations to clarify roles and responsibilities of Risk Management Committee
- Risk Management Committee has requested the strengthening of RWA Management to ensure an appropriate CET-1 ratio at year-end

- **Key Risk Management Theme**



4. Enhancing Risk Assessment and Crisis Management Systems in Preparation for Increased Financial Market Volatility (2)

- Risk Management Committee, which is the highest decision-making body, formulates, approves, and manages group-wide policies and management plans for various risks that may arise in business operations
- Starting from 2H22, Risk Management Committee has proactively reviewed risks and response measures related to increased financial market volatility, while examining individual risk factors such as liquidity crisis, PF finance, and commercial real estates in US and Europe
- BoD resolved to amend the regulations to clarify roles and responsibilities of Risk Management Committee

1) Proactive Risk Management for Increased Financial Market Volatility

- **Discussed risk assessment for heightened financial market volatility** ('22.10.05)
 - : Reviewed market trends, impact of exchange and interest rate, capital adequacy, and credit/liquidity/market risk
- Evaluated regulatory capital adequacy, internal capital, credit exposure, asset quality, delinquency rate, etc ('22.10.05, '22.10.18, '23.02.09, '23.04.21, '23.07.24)
- Reviewed funding and interest rate risk of affiliated companies in response to rising market interest rates ('22.11.25)
- Assessed liquidity risk management (liquidity requirements, contingency plan, etc.) ('23.02.09, '23.04.21)
- Evaluated exposures to SVB and Credit Suisse, and **emphasized timely reporting on potential risks** ('23.04.21)
- Review of key risk issues for affiliates → Emphasis on delinquency management for non-bank Affiliates ('23.09.18)
- **CET1 management review**: Stringent instructions for reinforcing RWA Mgt. to Achieve a CET1 ratio of 13% ('23.10.26)

2) Strengthening Crisis Management for Economic Downturn

- Assessed machine learning risk management system for effective delinquency rate management in retail loans ('22.12.15)
- **Requested establishment of risk control and management system at Group level related to risk management and lending processes for overseas subsidiaries/branches** ('23.02.09)
- Requested to report important matters discussed in subsidiary's risk management committee to the Group's committee as well ('23.09.18)

4. Enhancing Risk Assessment and Crisis Management Systems in Preparation for Increased Financial Market Volatility (3)

3) Risk Management and Response for Project Financing

- Conducted examination of high-risk PF dimensions within the Group and those of subsidiaries ('22.10.05)
- Deliberated strategies to enhance risk management for high-risk PF in subsidiaries ('22.10.18)
- Evaluated distressed PF: proactively identifying high-risk PF and examining implementation of new guidelines ('22.12.15)
- Examined strategies to address increasing delinquencies in PF → Deliberated normalization plans ('23.04.21)
- Checked management of PF exposure with related risks and discussed measures to control each subsidiary's total exposure to bridge loans ('23.07.24)
- Reviewed real estate project financing Management: Strengthening of new handling criteria for 'Bridge Loans' and Others ('23.10.26)

4) Strengthening Global Business Risk Management

- Requested stringent risk management for global business → Instructed close monitoring for global business operations ('22.10.05)
- Reviewed management status for overseas branches in key countries ('23.02.09)
- Discussed plans to expand deployment of overseas screening teams and to establish screening teams in local hubs ('23.02.09)

5) Risk Management for Overseas Commercial Real Estate and Alternative Investments

- Urged thorough examination of risks associated with overseas alternative investments ('22.10.18)
- Requested report on alternative investments in the United States ('23.04.21) → Discussed response measures ('23.07.24)
- Directed to establish group-wide organization ('23.07.24) → Received report on establishment of Overseas Alternative Investment Evaluation Committee' ('23.12.11)

5. Sustainable management and Key ESG Performances (1)

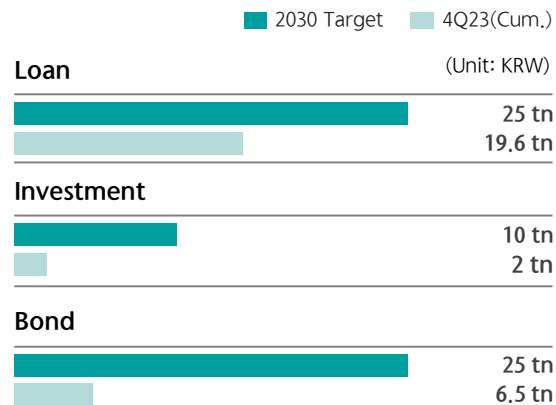
• Pathways to a low-carbon economy

Hana Financial Group defined three goals for achieving key environmental tasks: low-carbon/eco-friendly business sites, ESG financing, and low-carbon portfolio. To realize these goals, the Group will progressively expand the scope of ESG financing and accomplish specific targets such as reducing carbon emissions from business sites and portfolio. Ultimately, the Group aims to lead the transition to a low-carbon society.

Goal 1

2030 & 60 (4Q23 cumulative)

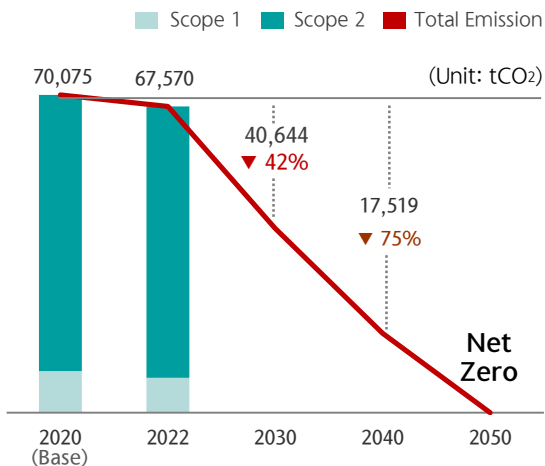
60 Wtn in ESG financing by 2030



Goal 2

Zero & Zero

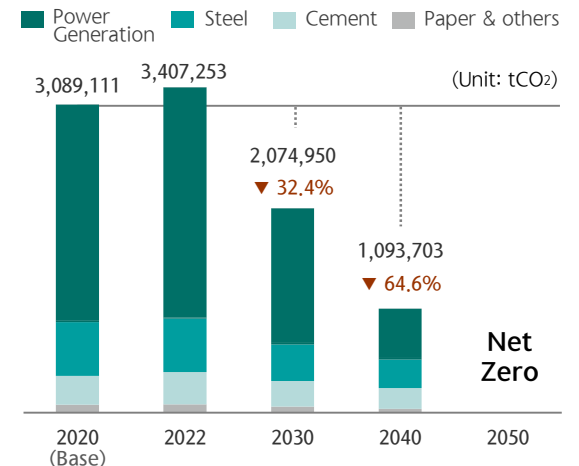
Carbon neutrality at business sites & divest from coal PF by 2050



Goal 3

Carbon Reduction

GHG reduction in Group's portfolio(SDA)



* SDA(Sectoral Decarbonization Approach) : Applicable to industries with high GHG emissions such as power generation, steel, cement, aluminum, paper and commercial real estate (as of 2022)

• Enhancing Climate Risk Management for Achieving 2050 Carbon Neutrality



Expansion of scope for calculating financial emissions for total assets (loans, bonds, etc) and establishment of standards for affiliates



Derivation of stress test results based on 3 scenarios provided by FSS → Analysis of RWA variations for each scenario → Establishment of framework for financial impact analysis

5. Sustainable management and Key ESG Performances (2)

• Social contributions through finance

1. **“Hana Power On” Program:** The Group has been working to eliminate the blind spots and create social value centered on various projects such as Hana Power On Challenge, Power On Care, and Power On Community while supporting innovative companies and the socially vulnerable.

(FY 2022 ▶ FY 2023)

Hana Power On Challenge	Hana Power On Care	Hana Power On Community
Creating new jobs including youth internship and support for start-ups	Supporting the vulnerable group to resolve social inequality	Revitalizing local economy through digital channel and sports teams
Young local entrepreneurs 502 ▶ 1,500	Single mothers under self-sufficiency program 169 ▶ 308	Leveraging sports teams and digital channels for community contribution and financial education
Internship participants 205 ▶ 230	Beneficiaries of Abused child care program 1,200 ▶ 1,700	Group Smart Ambassadors (cumulative) 914 ▶ 963
Investment in social innovation businesses 2 Wbn (7 Com.) ▶ 2.65 wbn (14 Com.)	Support for small sized businesses (subsidies and education) 960 ▶ 2,700	Number of subscribers to the Group's official Youtube Channel 0.5 Mil. ▶ 0.6 Mil.
Reemployment support beneficiaries 160		

2. **Hana Life Journey Support Project:** Addressing the low birthrate issue, and implementing a variety of support programs tailored to life stages

Free Rental for Hana Grand Hall	Support for Infertility	Opening of Hana Mom Care Center	Hana Daycare Center 365 Days a Year
Improving low birthrate and marriage by free support for wedding venues	Strategic agreement with specialized medical institution for infertility	Establishment of rest areas for pregnant women by utilizing Group's Facilities	Supporting to contributing to the creation of a high-quality childcare environment
For whom Multicultural/multi-child/single-parent families, small business owners etc.	For whom HFG female employees	For whom All females	For whom Parents in occupations requiring overnight or shift (police, firefighters, etc.)
Venue Remodeling Six Spaces of Hana Financial Group Affiliates for Free Rental	Support Area Support for fertility checkups assistance with oocyte cryopreservation	Venue Utilizing unused spaces within branches for stroller storage, breastfeeding rooms, diaper changing, etc	Bus. hour 365 Open Daycare: 24 hours a day, from 00:00 to 24:00 Weekend Daycare: from 09:00 to 18:00
Cum. 7 th sessions implemented (2023.10~2024.5)	Cum. 70 th sessions implemented (2023.5~2023.12)	Cum. 5 th centers opened	Plans Establishment of 50 daycare centers, totaling KRW 30 billion, as a 5-year plan
Expansion of target audience	Expansion of support for male employees	Considering the utilization of additional unused spaces	

5. Sustainable management and Key ESG Performances (3)

• Social contributions through finance

3. “Hana 100th Daycare Center” Project: The project is about creating social value by expanding daycare centers nationwide to address the low birthrate, support work-family balance for working families and reduce inequalities among local facilities. The Group has completed the construction of **82 daycare centers as of Dec. 2023** and aims to build 100th daycare center by 2024

Building childcare centers that reflect diverse issues and characteristics

No. of Public daycare centers(90 locations)

	General Daycare	32		Daycare for rural communities	30
	Daycare for the Disabled	18		Multi-functional Daycare	10

No. of Workplace daycare centers(10 locations)

	In-house type	5		Sharing type	5
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Also available for the companies outside the Group



As of Dec.2023

Construction Status (As of Dec.2023)

Category	Unit	Public	Workplace	Total
Completed	Place	72	10	82
Under construction	Place	18	0	18

Expected number of new jobs & children who receive the care(based on the completion of 100th center)

Category	Unit	Public	Workplace	Total
Daycare staffs	Persons	1,788	195	1,983
Children	Persons	8,383	783	9,166

4. Financial education for children and adolescents in collaboration with the 'Youth Financial Education Council': To foster financial literacy in future generations, operating financial education programs including one-on-one sessions, economic musicals, global financial experiences, and independent youth preparation education. Especially, in addition to the traditional face-to-face education format, a hybrid approach, combining both online and offline formats, has been newly adopted

Programs	Contents	Number of students	
		2022	2023
One-on-One Tutoring Programs	Forming partnerships with elementary, middle, and high schools, as well as FSS, providing customized financial education to students	17,208	17,187
Financial Musicals	Providing performances in the form of musicals that focus on cultivating proper economic habits through financial education	3,502	7,682
Financial Experiences	Offering experiential opportunities such as visits to currency museums, dealing room tours, and meetings with banknote examiners, etc.	281	642

5. Sustainable management and Key ESG Performances (4)

- **Expanding diversity and inclusivity from both internal & external perspectives as leading financial institution**
 - Resolved to establish 'Hana Financial Group Diversity and Inclusion Policy' in July 2023
 - Aiming to provide fair and equal opportunity to employees and contributing to creating just and inclusive society through collaboration with government agencies and local community

Charting a Mid-to Long-term Roadmap for Diversity and Inclusion

- Increasing gender diversity within the BoD
- Achieving mid- to long-term target for diversity and inclusion by 2030

Enhancing the Board diversity

(By 2025, the Board aims to increase share of female directors to 25%+ among independent directors)

“HFG Diversity & Inclusion Principles

- Increasing share of female general managers to 30% and share of female executives to 15% by 2030
- Expanding diversity ratio of hiring to 15%+ covering the disabled, veterans and multicultural families

Women's Talent Development Program

- Operating distinct programs to cultivate diverse female talents, with an aim of enhancing women's capabilities and promoting gender equality

Hana Financial Group

- Launched Hana Waves, a program to foster the Group's next generation of female leaders
- General manager-level employees in the Group participated: 34 in Round 1, 36 in Round 2

Hana Bank

- Corporate Finance Academy for Retail Managers (approx. 60 participants for expanding the scope of male-dominated roles)
- Managing customers for all (approx. 560 participants for enhancing competencies in jobs where women have strengths)

Hana Savings Bank

- Women's leadership course for female leaders (26 participants in total) carried out in June 2022 for 23 female leaders
- Percentage of female managers increased from 7.6% in 2021 to 12% in 2022

Hana Securities

- Conducted external training (forum) for female managers (department head participation)

Hana Capital

- Leadership training for female employees with different ranks (planned for 2024)

5. Sustainable management and Key ESG Performances (5)

• Internalization of ESG Finance

1) Establishment of Internal Systems for ESG Finance

- Establishing systems for K-Taxonomy → Development of criteria for expanding eco-friendly finance
- Commencing ESG consulting for SMEs (Collaboration with FSS/Incheon City) and Launch of 'Hana ESG Sustainable Loan' Product

2) Participation in Global Initiatives and ESG Internalization

- Participating in TNFD and PBAF to address biodiversity issues
- Conducting ESG Education for employees across the Group and establishing a monthly sustainability management practices discussion forum

3) Key Domestic and International ESG Achievements

- Inclusion in the DJSI World Index for two consecutive years, MSCI AA (2023), and KCGS A Grade (2023)
- Publication of sustainability management report, TCFD Report, and Impact (Social Value Measurement) Report

Key Achievements

SBTi Approval (2022.10.)



- 1st in banking industry (2022)
- Included for two consecutive years (2023)

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

AA rating (2023)



Leadership A/A+ grade for 4 straight years (2019-2022)



Included in BGEI for 2 straight years (2023-2023)



Six consecutive years with an A Grade (2018-2023), A+ Grade in Environmental and Social categories and an A Grade in Governance in 2023



6. Response to Legal Issues (Personnel Hiring, DLF) and Formulation of Preventive Measures (1)

• Update on Legal Proceedings

DLF Scandal – Administrative Suit

BACKGROUND

Administrative suit was filed against FSS to cancel reprimand imposed on group CEO over Hana Bank's establishment of internal control standard regarding sales of high-risk DLF

UPDATE

Seoul Administrative Court ruled against case in Mar 2022 but it agreed to temporarily suspend enforcement of regulatory measure and the appellate judgment is still pending (The decision is expected to come in 29.Feb. 2024)

CASE

Woori Financial Group

In Dec.2022, Supreme Court **ruled in favor of** former CEO of Woori Financial Group, **revoking regulatory sanctions imposed by FSS**

Criminal Charges on Hiring Practices

BACKGROUND

In 2018, Group CEO Mr. Ham was prosecuted on charges of 'influence-peddling & violation' of the Equal Employment Act during his tenure as CEO of Hana Bank in 2015 and 2016

UPDATE

Lower court acquitted him of all charges in Mar 2022, after which the prosecution appealed to the higher court. On 23 November 2023, the higher court overturned the lower court's ruling

CASE

Shinhan Financial Group

Former CEO of Shinhan Financial Group was **acquitted of all charges in June 2022 in the Supreme Court**

BoD Discussions

- Monitored potential risks associated with legal issues that could undermine corporate governance
- Putting in best efforts to minimize risks and ensure managerial continuity for the sake of enhancing shareholder value and protecting interests of stakeholders
- Positive outcome is expected based on the analysis of other companies' cases and advises from external experts
- **Instructed to prepare preventive measures and monitored their implementation**

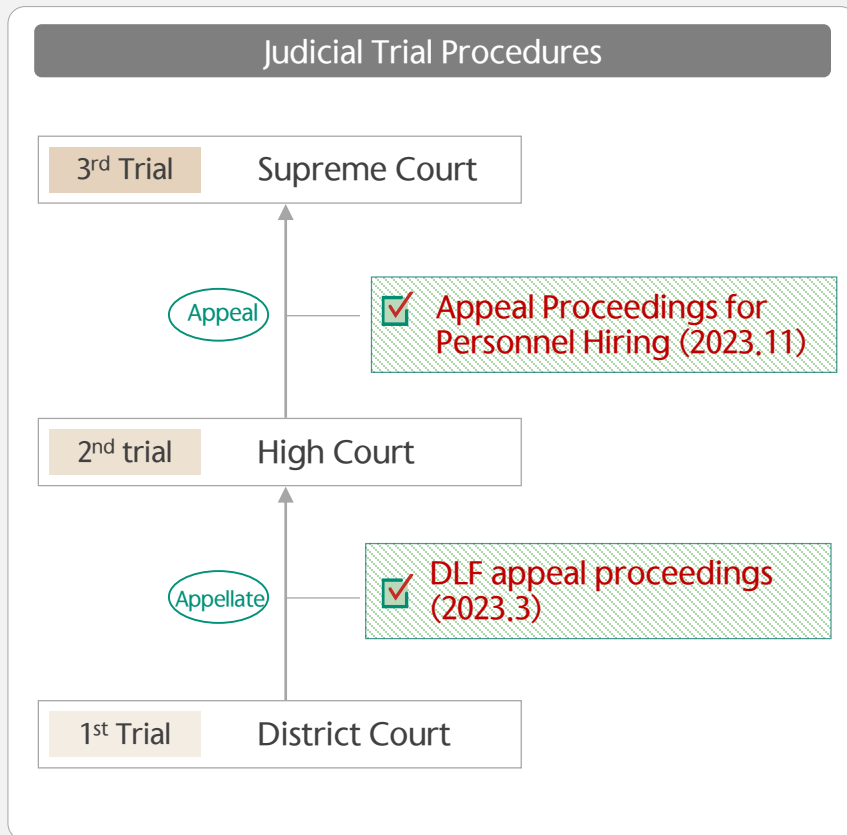
Recent BoD Activities

- Monitored the legal case progression and related risks (May 2022, December 2022, December 2023, etc.)
- Reviewed the results from legal cases in other financial holding companies and external legal advises (May 2022, December 2022, November 2023, December 2023 etc.)
- Developed and appraised CEO candidates to mitigate operational deficiencies during emergencies (May 2022, April 2023, etc.)
- Discussed impact and countermeasures for the litigation outcome(Group CEO Nomination Committee, December 2023)

6. Response to Legal Issues (Personnel Hiring, DLF) and Formulation of Preventive Measures (2)

- Overview of the Legal System in South Korea: Three Trial System
- Following the presumption of innocence principle, the effects of previous judgments do not take place until the final decision is made by the highest court

Three Trial System



- In Korea, multiple opportunities are provided in the judicial process to minimize unjust situations
- The three-trial system: allowing a legal case to be tried in three stages
- First at the District Court, then at the High Court through an appeal if dissatisfied with the verdict from the first instance
- In cases where there are significant legal disputes, an appeal can be made to the Supreme Court for a final judgment
- In criminal cases, the effects of a court decision do not take place until the final decision is made by the Supreme Court. In administrative cases, at each level, the execution of disciplinary actions can be temporarily suspended through an application for a stay of execution



Until the final verdict, the principle of presumption of innocence applies, and it is possible to suspend the effect of disciplinary actions

6. Response to Legal Issues(Personnel Hiring, DLF) and Formulation of Preventive Measures (3)

- **Recent Legal Issue Analysis and Emergency Management Succession Plan**

1. Legal Issues Analysis

- Appeal court ruling on personnel recruitment-related criminal lawsuit, guilty verdict (2023.11.23) → Supreme Court appeal completed (2023.11.27) → CEO can perform duties until Supreme Court ruling is confirmed
- Immediately after the verdict (2023.11.24), discussion on the impact and countermeasures based on the outcome of the lawsuit among the Group CEO Nomination Committee
- In December 2023, the Group CEO Nomination Committee reviews the future outlook, impact, and emergency management succession plan

2. Emergency Management Succession Plan

- Internalizing emergency management succession plan procedure
- Acting CEO: According to AOI, the order of acting as CEO when the CEO is dismissed is resolved by BoD (March 2022)
 - Daily authority and responsibility of the CEO are generally retained, but significant matters as stipulated in Article 408 of the Commercial Act, are brought to the BoD for discussion
- Recommendation of a candidate for the successor
 - If resignation, dismissal, or dismissal of the CEO occurs during the CEO's term, the Group CEO Nomination committee convenes within 7 business days to initiate the management succession process
 - Unless there are unavoidable reasons, the Group CEO Nomination Committee recommends a candidate for the new CEO within 30 days
 - The emergency management succession process is concluded if the proposal is approved through AGM

6. Response to Legal Issues(Personnel Hiring, DLF) and Formulation of Preventive Measures (4)

- **Hana Bank Hiring Process Improvement: Striving to select candidates with professional competence and leadership based on a fair recruitment process**

According to 'Banking Industry Hiring Process Best Practices (June 18, 2018)', organized by the Korea Federation of Banks, the Group established the fundamental principles for recruiting new employees

- **Enhancing the fairness and transparency of the recruitment process through ongoing system improvements**

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Recruitment Process

- Blind recruitment, External organizations participation
- Inspection by internal control
- Prohibition of discrimination based on gender, place of origin, etc.
- Prohibition of adjusting recruitment size based on gender
- Application of structured interview methods
- Pre-training for interviewers on prohibition of gender discrimination, etc.

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Fairness in Doc. Screening

- External agency conducts initial assessments: Filtering out personal info. unrelated to competency evaluation
- AI-based evaluation: Aimed at excluding subjective evaluation, errors, and etc.

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External Advisory Committee

- Validation of the fairness of the hiring → Additional verification before final selection
- Unanimous decision-making by committee members

Competency-Based Evaluation System



- Abolishing Executive Recommendation System
- Conducting Structured Interviews
- Excluding evaluations related to areas unrelated to job performance

Ensuring Fairness and Transparency



- External Organizations: creation and grading of assessments and participation in interviews
- Open Selection: Public announcements of criteria, methods, etc.
- Continuous internal control by compliance department

Blind Hiring



- Prohibition of scoring personal information based on gender, age, etc.
- Prohibition of providing irrelevant personal information during interviews
- Prohibition of gender adjustment and age restrictions

6. Response to Legal Issues(DLF, Personnel Hiring) and Formulation of Preventive Measures (5)

• Hiring Procedures of Hana Bank

Contents	Improvements
Hiring process	<ul style="list-style-type: none">• Open competitive selection process is conducted, and the employee recommendation system is not utilized
Job Posting	<ul style="list-style-type: none">• Job openings are made public on the bank's website and other online platforms accessible to job seekers• The announcement includes a statement about the consequences of bribery or unethical solicitation
Selection Process	<ul style="list-style-type: none">• Involving multiple stages, including document screening, written exams, and interviews. Before posting job openings, relevant departments and organizations conduct inspections<ol style="list-style-type: none">1) Document Screening: Evaluation criteria are established, excluding items unrelated to the applicant's capabilities,2) Written Exam: creation of tests and scoring is outsourced to an external institution to ensure reliability and fairness3) Interview:<ul style="list-style-type: none">– Evaluation elements, scoring criteria, and interview formats are standardized, including structured interviews– Only limited, blinded information is provided to the interviewers based on the interview type– Interviewers relevant to applied departments (job category) are recruited to conduct interviews– Pre-education on basic principles of fair recruitment, including prohibition of discrimination– A pledge is obtained from interviewers, including commitments to fairness, confidentiality, and etc.
Hiring Management	<ul style="list-style-type: none">• Assessors do not provide personal information unrelated to the competence of the applicant in front of the interviewers• Documents are retained by legal standards, and they are destroyed after the expiration of the retention period• If interviewers have a personal or special relationship with the applicant, they are excluded from the interview

6. Response to Legal Issues(DLF, Personnel Hiring) and Formulation of Preventive Measures (6)

• Response and Preventive Measures for DLF and Other Private Equity Fund Issues

1. Response of BOD

- BoD recognized severity of DLF issues at its meeting held in Oct 2019. It instructed to resolve the issue while improving fund sales processes and internal control procedures as well as establishing preventive measures
- Internal control regulations were revised to formalize roles and responsibilities of BoD and executives on internal control (Apr 2020)
- Established Consumer Risk Management Committee in Mar 2021 to reinforce the management and monitoring of risks associated with customer assets, within BoD, marking first of its kind among domestic financial institutions
- **Received a comprehensive report on Hana Bank's private equity fund issues and monitored the progress in process improvements, including internal control, and the status of post-management (Oct 2023)**

2. Compensation Process

- Following the results from FSS's Dispute Mediation Committee and recommendation from FSS, Hana Bank proceeded with voluntary compensation including investors who had not filed for dispute mediation on their losses from DLF
- Compensation process was fully completed at the end of 2021

3. Strengthening Internal Controls

- Enhancement of subsidiary management and supervision: A standardized, group-wide, internal control management system was established to ensure compliance with regulations and enhance consumer protection in subsidiaries. In 2H20, external expert consultants were engaged to conduct diagnostics, and from 2021 onwards, a phased approach was taken to assess and implement these controls within subsidiaries, ultimately establishing overarching management system for the entire group
- To strengthen internal control roles and responsibilities of executives in the holding company and subsidiaries for their respective organizations and tasks, new internal control Key Performance Indicators were established and implemented from 2021

6. Response to Legal Issues(DLF, Personnel Hiring) and Formulation of Preventive Measures (7)

• Response and Preventive Measures for DLF and Other Private Equity Fund Issues

4. Improvements at each stage of product sales processes at Hana Bank

(1) Stringent review during initial product evaluation stage

(3) Preventing mismatches between consumer risk profiles and products during the sales process

(2) Checking soundness of product providers

(4) Thorough post-sale management to mitigate investment risk

Introduction and Review Stages

Investment Product Review Committee was newly established in 2020: specializing in evaluation of new financial products

Investment Product Committee was expanded to Non-Deposit Product Committee in 2021 to enhance internal control and risk management functions

Procedures and regulations have been revised to tighten prospectus review

Investment Product Pre-discussion Committee gathers in-depth reviews of new products so that Non-Deposit Product Committee can refer to them during the product evaluation stage

Sales Stage

Instructional videos for consumers have been introduced and AI-based handwriting recognition model have been developed to prevent omissions or errors in essential handwritten entries by consumer

Computerized process has been established where documents for new fund applications, completed by consumers, are rechecked by responsible personnel on same day

Product sales process has been revised by starting to confirm customer risk profile through phone calls and strengthening post-management procedures in branches that lag behind in terms of customer protection

Post-sale Management Stage

Public Offering Fund

- Implementation of Red-Flag system that encourages redemption and suspends sales for lowest-rated funds
- Establishment of sales limits for asset management companies and revision of evaluation criteria for asset managers

Private Equity Fund (PEF)

- Establishment of post-management rules & consumer protection measures
- Appointment of multiple responsible persons for post-management
- Inspection of PEFs to examine risks
- Stricter rule on distribution of asset management report

6. Response to Legal Issues(DLF, Personnel Hiring) and Formulation of Preventive Measures (8)

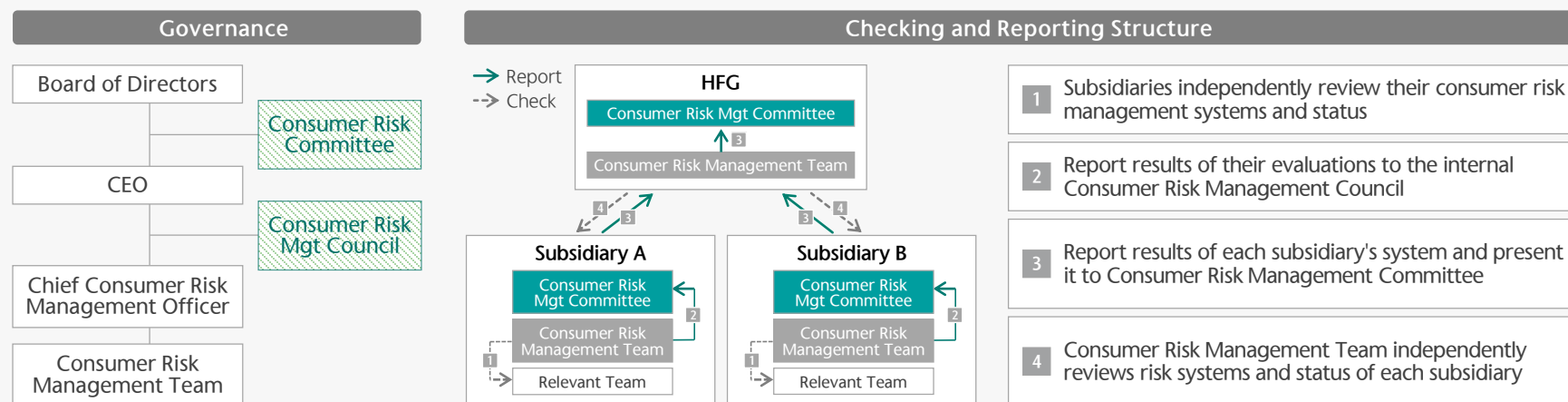
- Establishment of the Consumer Risk Management Committee, the first move in the financial industry

1. Background

- Despite efforts to prevent PEF incident with stronger internal control, **similar cases continued to occur** in the financial sector
- Hana Financial Group's BoD and the management decided that new approaches and perspectives were needed
- Introduced concepts to manage risks associated with consumer assets from a consumer's point of view, a step forward from the traditional risk management system of financial companies
- In March 2021, BoD resolved to establish the Consumer Risk Management Committee (the first in the financial industry)**
- Hana Bank (July 2021) and Hana Securities (October 2021) each established the Consumer Risk Management Committee and set up operational teams

2. Roles and Governance Structure of Committees

- Establish proactive risk management policies and systems to minimize risks that may arise for consumers
- Formulate consumer risk management policies and disseminates them to subsidiaries to support management activities
- Review and receive reports semi-annually from subsidiaries to ensure effective risk management



6. Response to Legal Issues(DLF, Personnel Hiring) and Formulation of Preventive Measures (9)

- Establishment of the Consumer Risk Management Committee, the first move in the financial industry

3. Major Activities and Accomplishments

(1) Development of key performance indicators(KPIs) and monitoring system for effective consumer risk management

- Building consumer-centric risk management system **requires systematic measurement and analysis of risk factors**
 - Developing indicators and thresholds for measuring risk on consumer, product, provide, and sales channel basis
- (Hana Bank) operating computer system that allows for real-time monitoring of risk factors, and it enables swift responses in case of any warning signs
 - **Preemptive Selection of Risky Products:** Identifying unsuitable fund managers, securities & insurance companies early and reviewing the structure and risks of products from a consumers' perspective
 - **Supporting Customers' Decision-Making:** Providing financial asset analysis reports that include risk management contents¹⁾
 - **Providing Risk Management Reports:** Conducting risk assessment and providing monthly reports²⁾ proactive management
 - **Establishing Crisis Response System:** Utilizing economic indicators and warnings to identify risks in real-time to respond crisis³⁾

(2) Cultivating culture for consumer protection and risk management → introducing Key Performance Indicators (KPIs)

- Making efforts to continuously promote and provide systematic training to employees while introducing KPIs
- In particular, Hana Bank excluded the sales performance of the elderly (aged 80 and above) from KPI in 2H22, and the bank also included the reduction in number of customers exposed to high-risk products in the KPI in 1H23, to mitigate risk concentration
 - **Compared to end of 2022, number of customers holding high-risk portfolios and the balance of high-risk products decreased by 23.9% (approximately 2,064 customers) and 24.6% (KRW 477.5 billion), respectively, by the end of 2023**
- Hana Bank has included high-risk portfolio management-related items in its KPIs since 1H24

¹⁾ Comparative analysis information (customer groups of similar age, income/assets level, etc.), % of high-risk investments relative to total assets, etc

²⁾ Risk of selling to the elderly, risk of concentrated sale of high-risk products, etc

³⁾ Response to crisis depending on stage includes CEO reporting, convening relevant committees, and establishing dedicated response TF

6. Response to Legal Issues(DLF, Personnel Hiring) and Formulation of Preventive Measures (10)

- Establishment of the Consumer Risk Management Committee, the first move in the financial industry

3. Major Activities and Accomplishments

(3) Establishing comprehensive protection system across entire process of product introduction, sales, and post-management

- (Introduction) Gathering consumer feedback on new products from customer advisory panels
- (Development) Checking product structure and risk factors from consumer's perspective through various inspection criteria
- (Post-sales) Continuously monitoring risks through IT system, allowing prompt analysis and response in event of anomalies
- (Others) Collaborating with educational institutions for digital materials on finance education and bank app for teaching
- (Others) Providing financial fraud prevention education for the elderly and supporting on-site practices (ATM usage)

(4) Other major accomplishment

- Reduction in complaints in 2022:** number and proportion of fund-related complaints decreased compared to 2021
[Funds: 101 cases (9%) → 22 cases (3%), DLFs: 93 cases → 13 cases]
- Decrease in proportion of high-risk product holdings among the elderly** (2H22)

(Unit: WBn)

Contents	Very Elderly (aged 80 and above)			Elderly (aged 65 and above)		
	July, 2022	Dec, 2023	Change (%)	July, 2022	Dec, 2023	Change (%)
ELT	525.8	240.3	-285.5(-54.3%)	1,700.9	1,295.7	-405.2(-23.8%)
Fund (1 st & 2 nd)	263.1	229.9	-33.2(-12.6%)	1,057.0	968.5	-88.5(-8.4%)

Hana Financial Group

III. Future Direction and Priorities for Board Actions

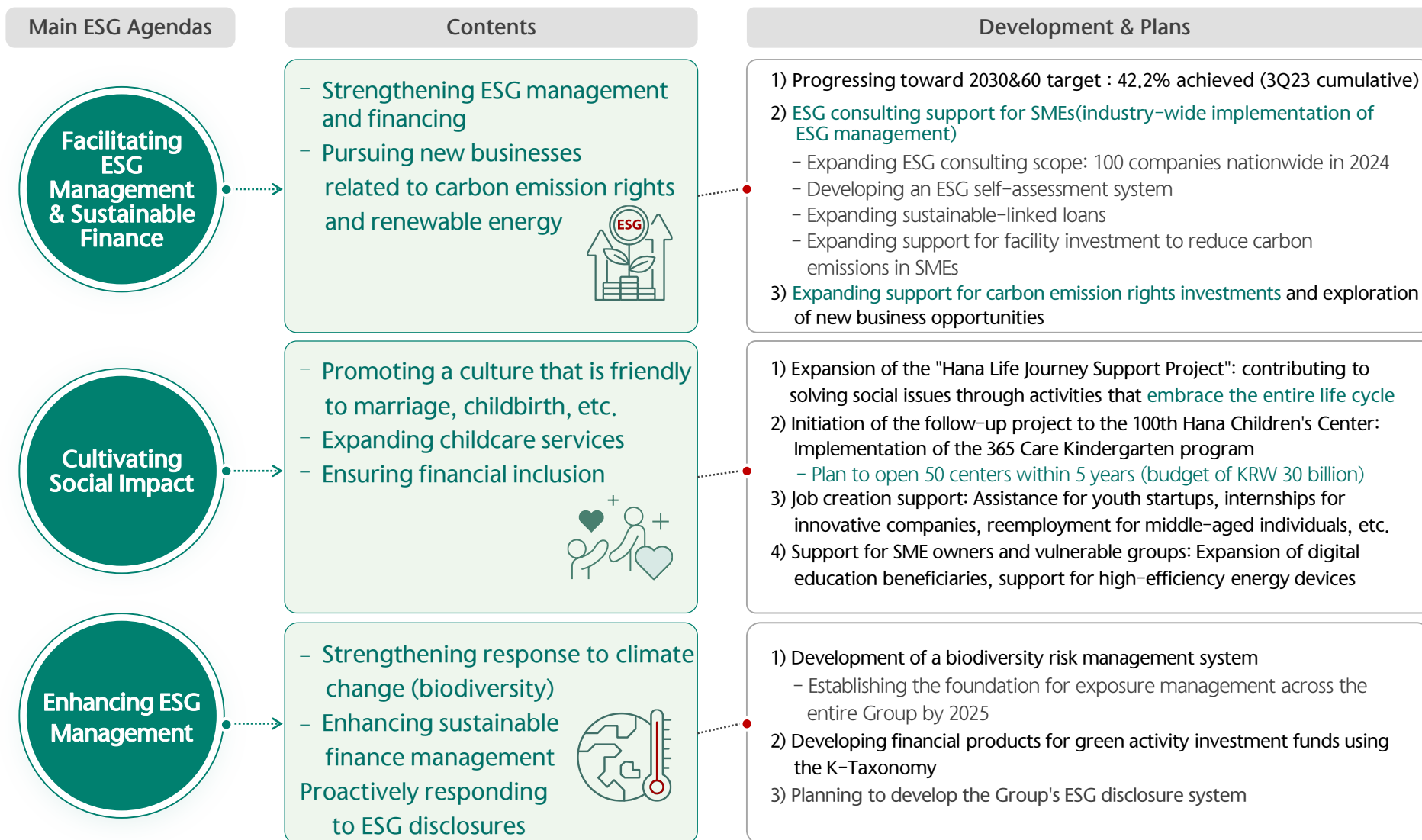
Plans for 2024 onward

- Targeting stable growth based on risk management and improvement in shareholder return ratio
- Planning to continue its key activities and achievements aimed at enhancing value for all stakeholders

Key Initiatives	Content
Strengthening Shareholder Return	<ul style="list-style-type: none">• Assessing implementation of capital management and shareholder returns plan announced at the beginning of 2023• Reviewing FY 2024 RWA management plan and capital adequacy ratio• Exploring strategies to enhance shareholder returns and address undervaluation
Enhancing Risk Management	<ul style="list-style-type: none">• Maintaining stable capital adequacy for sustainable growth• Proactive risk management in preparation for a complex economic crisis• Strengthening management of concentration risk for areas with growing concerns of deterioration
Expanding Shareholder Engagement	<ul style="list-style-type: none">• Expanding engagement by BoD and key executives with shareholders• Employing various engagement activities across online and offline channels
Enhancing ESG Management (See attached)	<ul style="list-style-type: none">• Practicing ESG management and strengthening sustainable finance• Creating social value: Enhancing social impact• Bolstering the ESG system

(Attachment) Key ESG objectives and plans for 2024 and beyond

- **Bolstering positive social influence for future generation through proactive ESG management**





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