

Letter to Shareholders

Dear Shareholders,

I would like to express my sincere gratitude for your continued trust and support of Hana Financial Group (the “Group”).

On behalf of the Board of Directors of the Group (“the Board”), I would like to invite you to the General Shareholders’ Meeting scheduled on March 22, 2024.

Please refer to the presentation material for the detailed agendas of this General Shareholders’ Meeting. In this letter, I would like to touch upon a few key accomplishments and activities of the Board for enhanced shareholder value and sustainable growth.

Business Performance and Achievements in 2023

Despite the unsettling economic landscape, the Group’s general operating income increased by 6.8% compared to the previous year on the back of quality-driven loan growth and robust non-interest income. The Group’s C/I Ratio has also improved for the eighth consecutive years as a result of the Group-wide cost management efforts, down to historically the lowest level of 40.6%. On the other hand, the Group preemptively set aside a substantial amount of loan loss provision in preparation for any uncertainties and also duly participated in providing financial support for small business owners in the midst of increasing demand for social responsibility. Accordingly, the Group’s net income for 2023 slightly decreased by 4.2% YoY to KRW 3.4217 trillion, with an ROE of 8.95%.

Enhancing Shareholder Value through Increased Shareholder Return and Active Shareholder Engagement

After the announcement of the capital management and shareholder return plan in early 2023, the Board pledged to thoroughly examine the implementation of the plan and endeavor to increase the total shareholder return through efficient capital management. In response to the request from our esteemed shareholders, we have made significant progress on the shareholder return policy that resulted in the outperformance of the Group’s share price.

As of the end of 2023, the Group’s Common Equity Tier 1(CET-1) ratio stood at 13.22%, representing a 6-basis point increase YoY. Supported by the Board’s directive to manage Risk Weighted Assets (RWA), the Group was able to secure sufficient capital level by year-end.

Despite a decrease in the Group’s net income, we decided to increase the Dividend per Share (DPS) for FY2023 to ensure the predictability of the Group’s shareholder return policy. Furthermore, the Board approved a share buyback and cancellation of KRW 300 billion, marking the largest share buyback and cancellation since the Group's establishment. We will continue striving to manage RWA growth at a stable level and to achieve our mid to long-term targets for the total shareholder return of 50%.

To enhance our shareholder value, the Board has expanded its shareholder engagement. Consequently, the Board was able to facilitate meaningful discussions on major issues and incorporate valuable shareholder feedback into the Group's key strategic decisions.

Creating Social Value through Emphasis on ESG Management

The Group is actively pursuing value creation in ESG, aiming to be a trusted partner with all stakeholders in society. In our commitment to facilitating the transition to a low-carbon economy, we are expanding ESG financing and implementing K-Taxonomy into the loan application system to reduce carbon emissions in the Group's asset portfolio. To broaden our social impact through financing, we are increasingly involved in various activities for social value creation such as job creation, support for the socially underprivileged and the construction of childcare facilities. Moreover, in July 2023, the Sustainable Management Committee resolved to establish a "Diversity and Inclusion Policy," under which we aim to promote fairness both within and outside the Group by achieving a female manager ratio of 30% and a female executive ratio of 15% while expanding our workforce diversity ratio to at least 15% by 2030.

Composition of the Board

At this year's General Shareholders' Meeting, the Board plans to reappoint candidates Mr. Lee, Jung-won, Mr. Park, Dong-moon and Mr. Lee, Kang-Won as independent directors, and newly appoint candidates Mr. Joo, Yung-sup, Mr. Lee, Jae-sool, Ms. Yoon, Shim and Mr. Lee, Jae-min as independent directors, and candidates Mr. Lee, Seung-lyul and Mr. Kang, Sung-muk as executive directors.

As experts in finance, management, and law, the three candidates for reappointment as independent directors have diligently performed their duties to make significant contributions to the Group. Notably, as members of both the Risk Management Committee and the Consumer Risk Management Committee, these three candidates have played pivotal roles in risk management and establishment of risk policies for consumers. As such, we would like to ask for your support for their reappointment to ensure stable governance as well as the continuous improvement of internal control and sustainable risk management.

The new candidates for independent directors are also experts with outstanding experience and competence in their respective fields. They were recommended after fair and careful reviews to ensure their independence and expertise. In addition, in order to promote gender diversity at the Board level, we included in the agendas the appointment of a new female independent director, increasing the number of female directors to two members (17% representation) with the aim of achieving 25% gender diversity by 2025.

Legal Issues and Management Succession

The Board takes seriously the gravity of the DLF incident in 2019 and has been fully committed to the establishment of an internal control system to prevent mis-selling of financial products. Key performance indicators (KPIs) have been modified to strengthen the internal control responsibilities of the Group executives while a standardized system for the management of the internal control in subsidiaries has been

newly set up. Various measures have been also introduced and improved to prevent mis-selling throughout the entire sales process including product development, sales and post-sales management. Moreover, recognizing the need for a fundamental shift in perspective, the Consumer Risk Management Committee was established for the first time in the domestic financial industry and it has undertaken various proactive risk management activities from the consumer's perspectives. As a result, there have been palpable improvements, such as a notable decrease in the number of customer complaints and also in the balance of high-risk products held by the elderly.

The risks related to legal issues are getting resolved as an appellate court ruled in favor of the Group CEO on February 29, 2024, thereby nullifying the DLF-related sanctions against the CEO. Notwithstanding this court decision, we will continuously take initiatives to thoroughly review and improve the internal control systems.

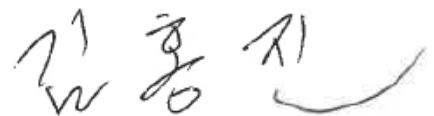
The Board will exert all possible efforts to minimize risks and protect managerial continuity so that the alignment between management and shareholder interests can continue to be reinforced. In preparation for contingencies, we have secured a long list of CEO candidates in the event of executing contingency succession plan. As a part of this effort, we have nominated two CEOs of major subsidiaries as candidates for executive directors at this General Shareholders' Meeting.

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We respectfully ask for your support of the agendas at the upcoming General Shareholders' Meeting so that the Board can achieve its objective of maximizing shareholder value. The Board promises to continue to heed the opinions and voices of all shareholders and make its best efforts for the Group's progress and success to be shared with our shareholders.

We kindly request your continued support and trust for the Group, and we wish all the best.

Yours Faithfully,

A handwritten signature in black ink, appearing to read '김홍진' (Kim Hong-jin), followed by a horizontal flourish line.

On behalf of the Board
Kim, Hong-jin
Chairman of the Board of Hana Financial Group