

Hana Financial Group

2019. 1H Business Results

July 2019

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Section 1

2019. 1H Financial Highlights

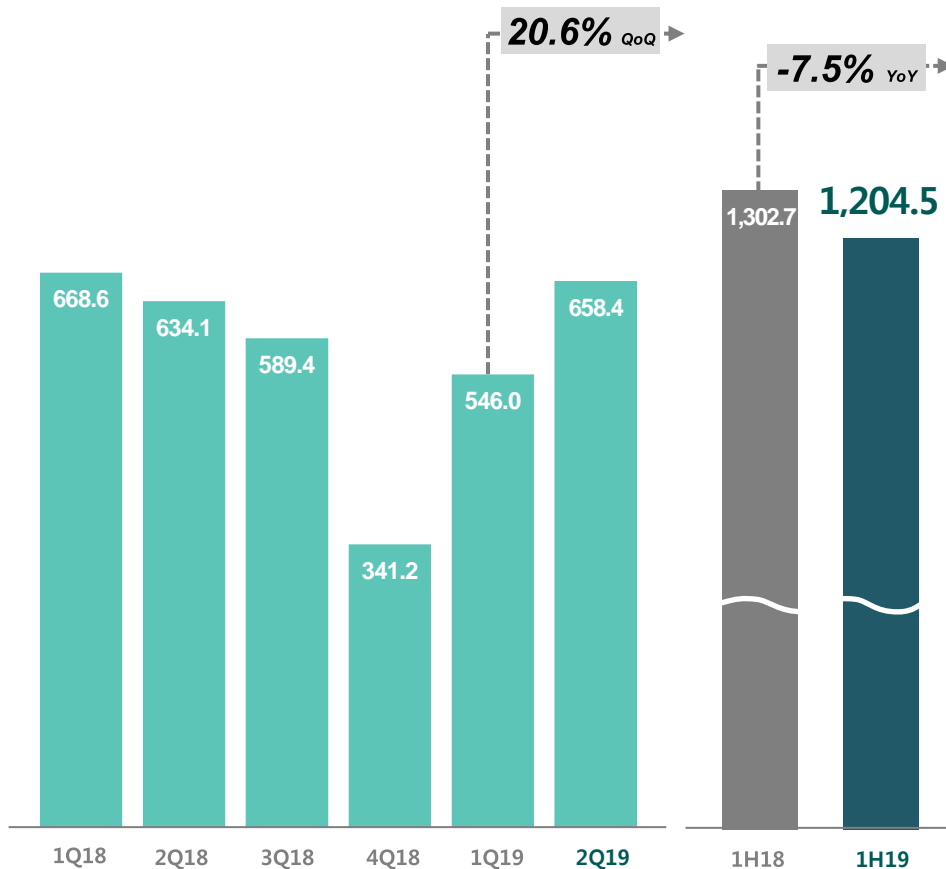
2019. 1H Financial Highlights (1)

2019. 1H Financial Highlights (2)

2019. 1H Financial Highlights (3)

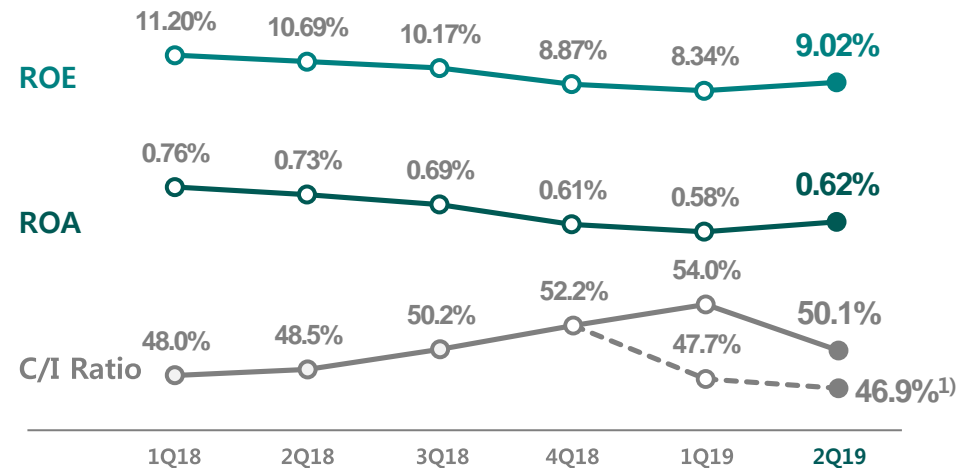
1H19 Financial Highlights (1)

Group Net Income (Unit: Wbn)



- Despite sizeable salary peak ERP in 1Q, Group's half-year earnings recorded 1.2 trillion, normalized half-year earnings continued to improve YoY
 - With growth in both NII and Fee income, Group's core earnings recorded the highest quarter and half-year earnings since the establishment of the holding company in 2005
 - Across the board enhancement in group's profitability indicators thanks to well-managed SG&A expenses and loan loss provisioning
- ※ 2Q19 One-offs: FX translation loss 36.6 billion, write-back from Hanjin Heavy Industries & Construction 71.0 billion, loan loss provisioning related to auto-components corp. 13.1 billion

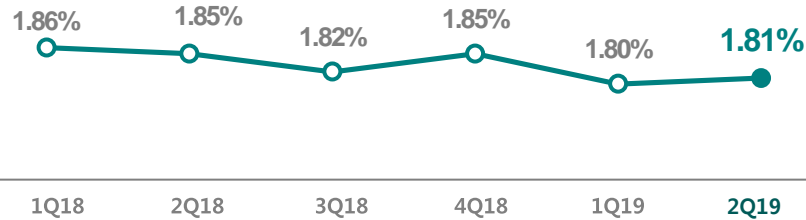
Group Major Indices (Cumulative)



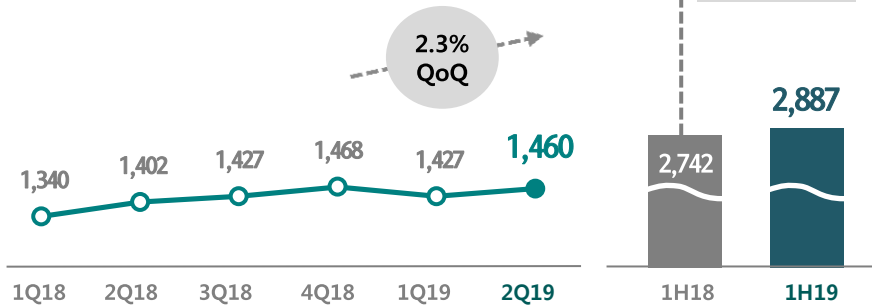
Note 1) Excluding peak salary ERP in 1Q

1H19 Financial Highlights (2)

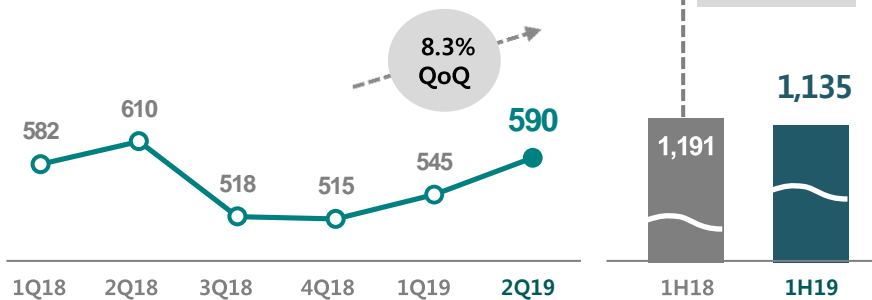
NIM



Interest Income (Unit: Wbn)

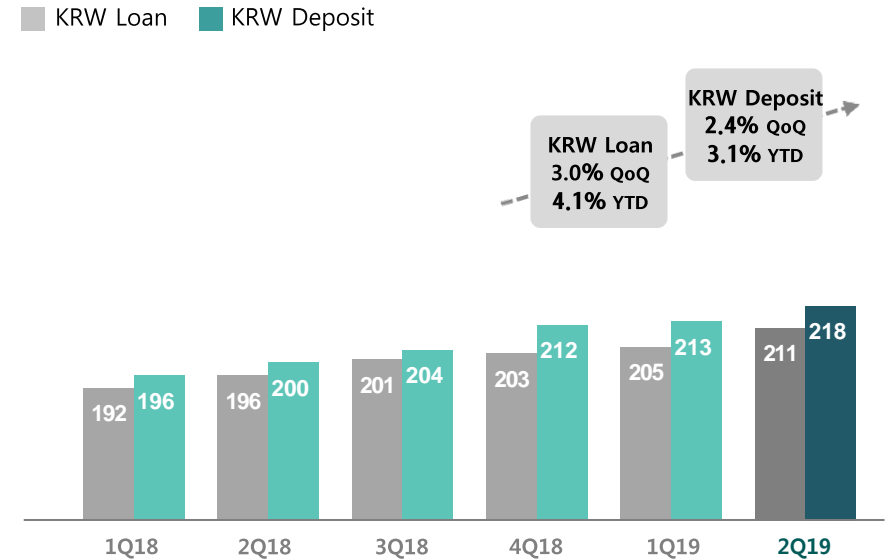


Fee Income (Unit: Wbn)



- Despite a decrease in bank's NIM due to drops of market rate, Group's NIM increased 1bp QoQ thanks to improvement in credit card's margin led by reduction on interest-free installment assets
- Group's core earnings increased 2.2% YoY with growth in NII and fee income, recording the highest result since the establishment of holding company
- KRW loan in KEB Hana Bank increased by 4.1% YTD, reflecting growth in SME and household loans

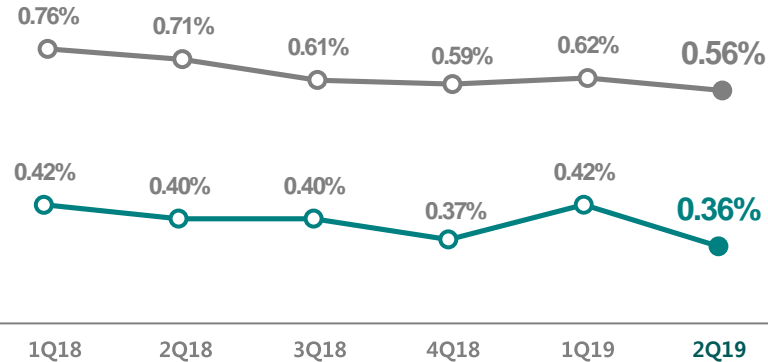
KRW Loan & KRW Deposit (Unit: Wtn)



1H19 Financial Highlights (3)

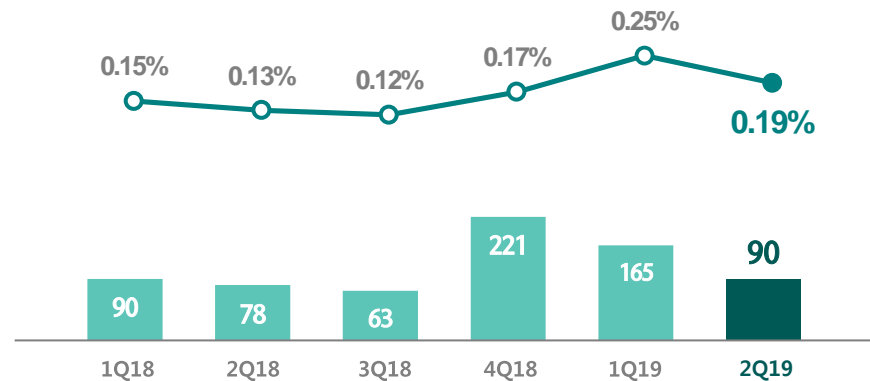
Group NPL Ratio & Delinquency Ratio

○ NPL Ratio ○ Delinquency Ratio



Group Provision (Unit: Wbn)

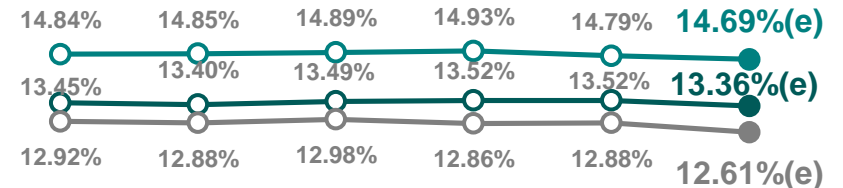
○ Credit Cost (Cumulative) ■ Loan Loss Provision (Quarterly)



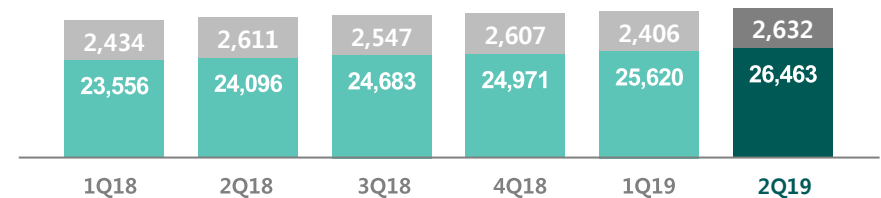
- Group's credit cost scored 19bps on a cumulative basis on the back of proactive group-wide risk management as well as the shipbuilder related one-off write-back
- Group's asset quality indicator further improved; both NPL ratio and delinquency ratio decreased by 6bp QoQ
- Group's CET1 ratio maintained at a stable level well above regulatory hurdle in spite of interim dividend payout and asset growth in KEB Hana Bank and HFI

Group Capital Adequacy (Unit: Wbn)

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



■ Tier 1 Capital ■ Tier 2 Capital



Section 2

Profitability

Group Consolidated Earnings

Business Results of Subsidiaries

NIM

Non-Interest Income / SG&A Expenses

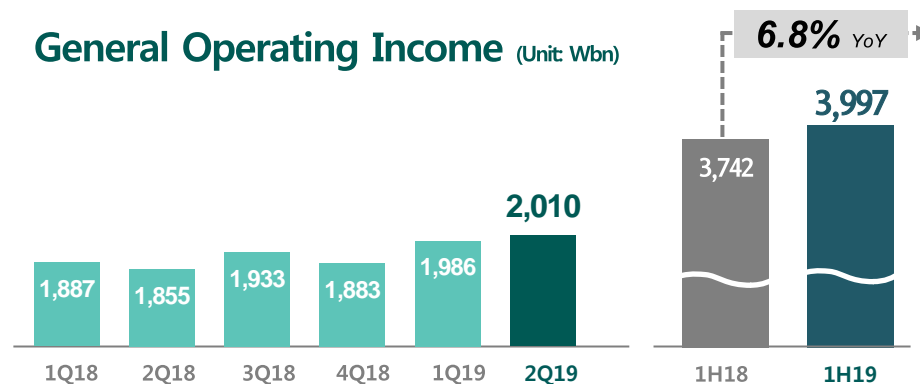
Group Consolidated Earnings

Group Consolidated Earnings

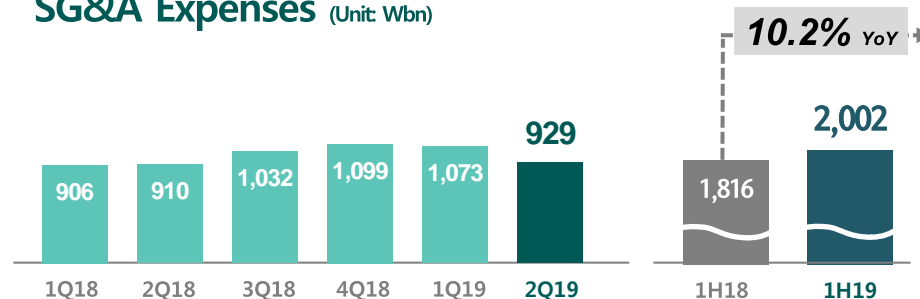
(Unit: Wbn)	1H19	1H18	YoY(%)	2Q19	1Q19	QoQ(%)
Gen. Operating Income	3,996.6	3,742.5	6.8%	2,010.2	1,986.4	1.2%
Int. Income	2,886.6	2,742.0	5.3%	1,460.0	1,426.6	2.3%
Fee Income	1,134.9	1,191.4	-4.7%	590.0	544.9	8.3%
Disposition/ Valuation	256.3	157.8	62.4%	88.0	168.4	-47.8%
Other Operating Income	(281.2)	(348.7)	N.A	(127.7)	(153.4)	N.A
SG&A Expenses	2,001.7	1,816.5	10.2%	928.9	1,072.8	-13.4%
PPOP	1,995.0	1,926.0	3.6%	1,081.4	913.6	18.4%
Credit Loss Provision	265.0	121.2	118.7%	100.6	164.4	-38.8%
Operating Income	1,729.9	1,804.8	-4.2%	980.7	749.2	30.9%
Non Operating Income	(50.7)	33.5	N.A	(63.6)	12.9	N.A
Consolidated Net Income¹⁾	1,204.5	1,302.7	-7.5%	658.4	546.0	20.6%

Note 1) Equity attributable to equity holders of the parent

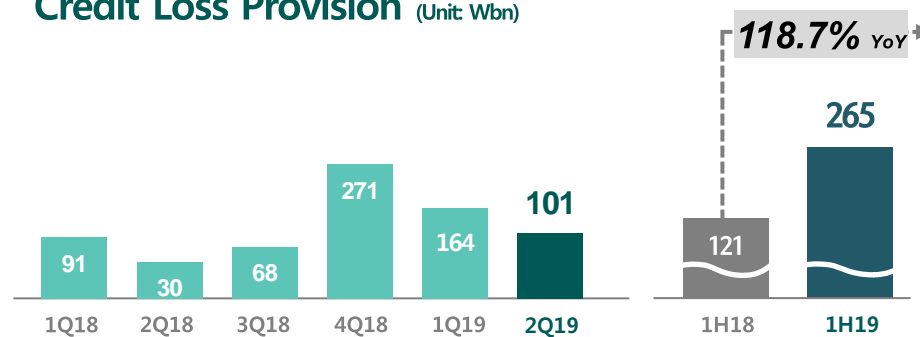
General Operating Income (Unit: Wbn)



SG&A Expenses (Unit: Wbn)



Credit Loss Provision (Unit: Wbn)



Business Results of Subsidiaries

Net Income of Subsidiaries (Consolidated)

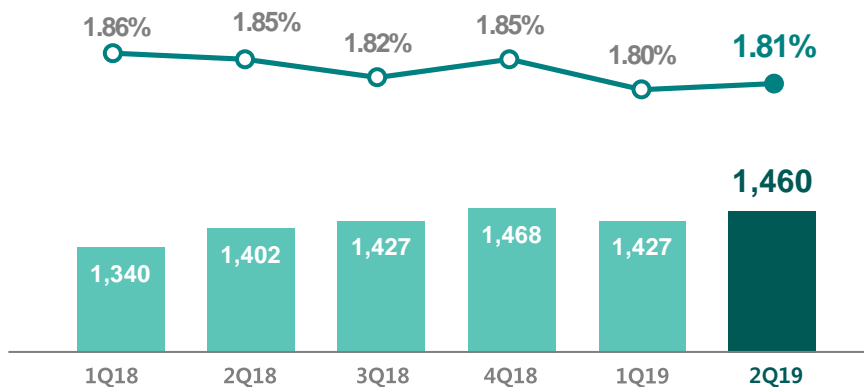
(Unit: Wbn)	1H19	1H18	YoY(%)	2Q19	1Q19	QoQ(%)	Ownership (%)
KEB Hana Bank	1,033.8	1,192.1	-13.3%	554.0	479.9	15.4%	100.00%
Hana Financial Investment	152.8	106.5	43.5%	90.3	62.5	44.6%	100.00%
KEB Hana Card	33.7	51.6	-34.7%	15.4	18.2	-15.3%	85.00%
Hana Capital	47.1	56.1	-16.1%	32.6	14.4	125.8%	100.00%
Hana Life	12.8	8.9	43.9%	5.8	7.0	-16.3%	100.00%
Hana Savings Bank	9.0	9.2	-1.4%	4.9	4.1	20.4%	100.00%
Other Subsidiaries & Consolidation Adjustment	(84.7)	(121.7)	N.A	(44.7)	(40.0)	N.A	-
Group Consolidated Net Income 1)	1,204.5	1,302.7	-7.5%	658.4	546.0	20.6%	-

Note 1) Equity attributable to equity holders of the parent

NIM (Unit: Wbn)

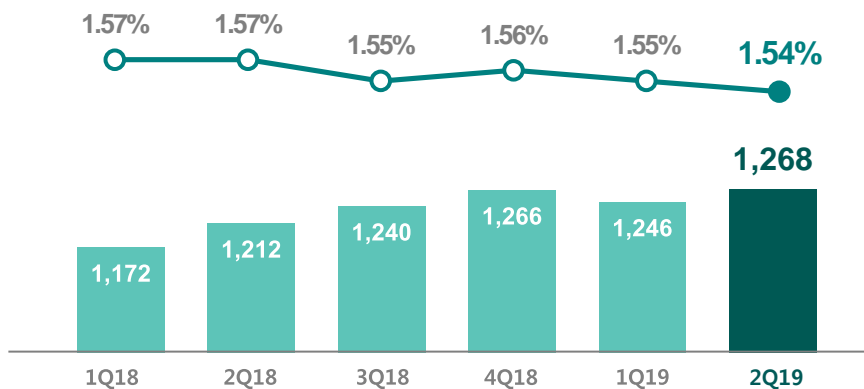
Group

○ NIM ■ Int. Income



KEB Hana Bank (Separate)

○ NIM ■ Int. Income



NIS Trend

Group

(Unit: %)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Lending Rate	3.22	3.31	3.33	3.41	3.43	3.42
Funding Rate	1.42	1.52	1.58	1.63	1.70	1.68
NIS	1.80	1.79	1.75	1.78	1.73	1.74

KEB Hana Bank

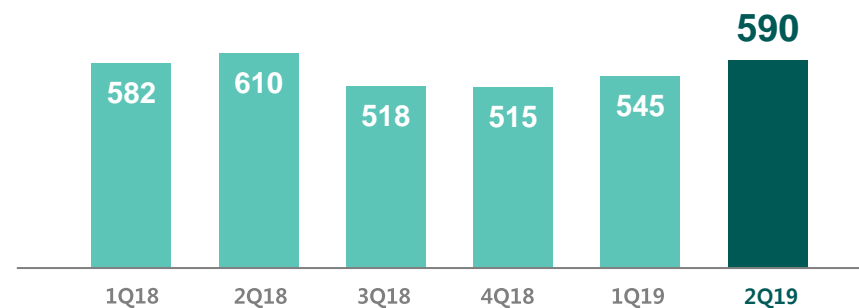
(Unit: %)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Lending Rate	2.93	3.02	3.06	3.11	3.17	3.16
Funding Rate	1.41	1.50	1.56	1.61	1.68	1.67
NIS	1.52	1.52	1.50	1.50	1.49	1.49

Non-Interest Income

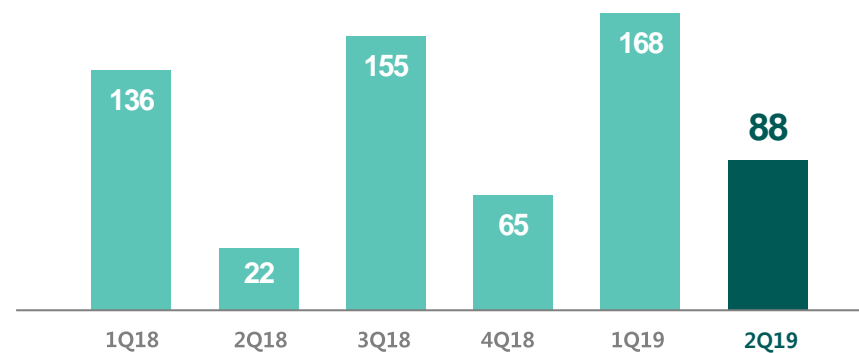
Non-Interest Income

(Unit: Wbn)	1H19	1H18	YoY(%)	2Q19	1Q19	QoQ(%)
Fee Income	1,134.9	1,191.4	-4.7%	590.0	544.9	8.3%
Credit Card	395.3	406.9	-2.8%	198.3	197.0	0.7%
Banking Fee	260.1	246.4	5.5%	138.5	121.6	13.9%
Guarantee	35.3	35.4	-0.1%	17.8	17.5	1.7%
Loan & Other	102.5	99.7	2.8%	53.4	49.2	8.6%
FX	94.8	91.2	3.9%	53.1	41.6	27.5%
Operating Leases	27.4	20.1	36.5%	14.2	13.2	7.3%
Asset Mgmt. Fee	344.2	362.5	-5.0%	182.0	162.2	12.2%
Beneficiary Cert. Sales	80.5	78.9	2.1%	40.5	40.1	1.0%
Wrap & Operation	20.6	28.9	-28.9%	10.2	10.3	-0.6%
Brokerage	55.2	88.5	-37.6%	28.0	27.2	2.7%
Trust	168.3	150.2	12.1%	93.1	75.3	23.6%
Bancassurance	19.6	16.0	22.0%	10.2	9.3	9.3%
M&A Advisory	110.1	86.3	27.5%	57.1	53.0	7.7%
Other	25.2	89.3	-71.7%	14.2	11.0	28.7%
Disposition / Valuation	256.3	157.8	62.4%	88.0	168.4	-47.8%
Other Operating Income	(281.2)	(348.7)	N.A	(127.7)	(153.4)	N.A
Total	1,110.0	1,000.5	10.9%	550.3	559.8	-1.7%

Group Fee Income Trend (Unit: Wbn)



Group Disposition / Valuation Gain Trend (Unit: Wbn)

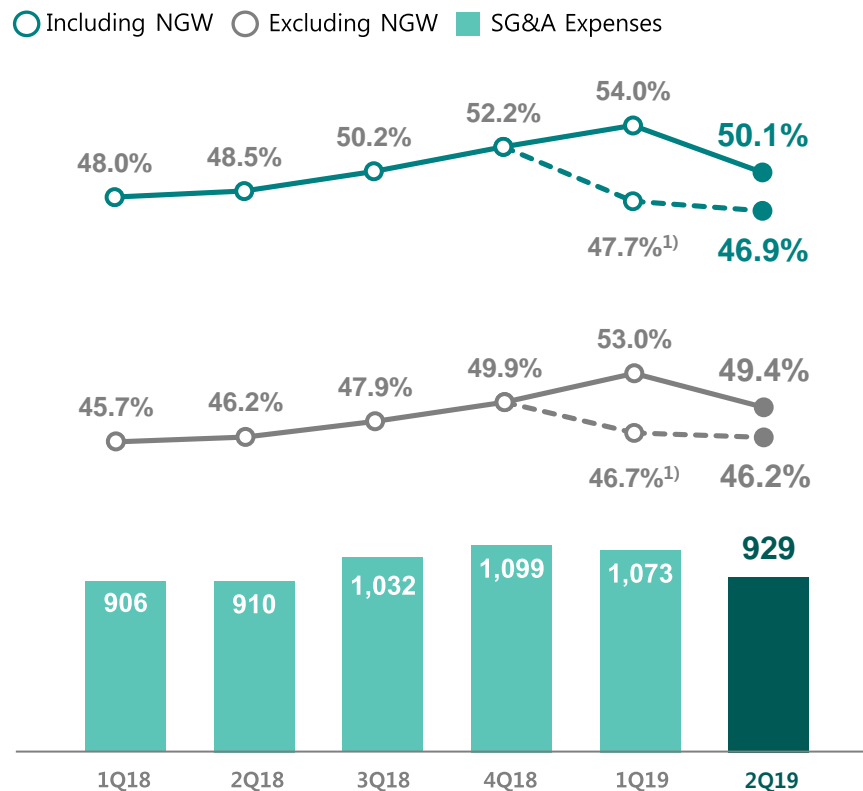


SG&A Expenses

SG&A Expenses

(Unit: Wbn)	1H19	1H18	YoY(%)	2Q19	1Q19	QoQ(%)
Salary & Benefits	998.7	937.2	6.6%	485.5	513.3	-5.4%
Retirement Benefits	221.7	82.1	170.0%	44.7	177.0	-74.7%
Admin. Expenses	427.2	504.7	-15.4%	218.6	208.5	4.8%
Taxes / Depreciation	354.1	292.5	21.1%	180.1	174.0	3.5%
Total	2,001.7	1,816.5	10.2%	928.9	1,072.8	-13.4%

Group Cost Income Ratio (Cumulative) (Unit: Wbn)



Note 1) Excluding peak salary ERP in 1Q

Section 3

Total Lending & Funding

Group Total Assets / Total Liabilities & Equity

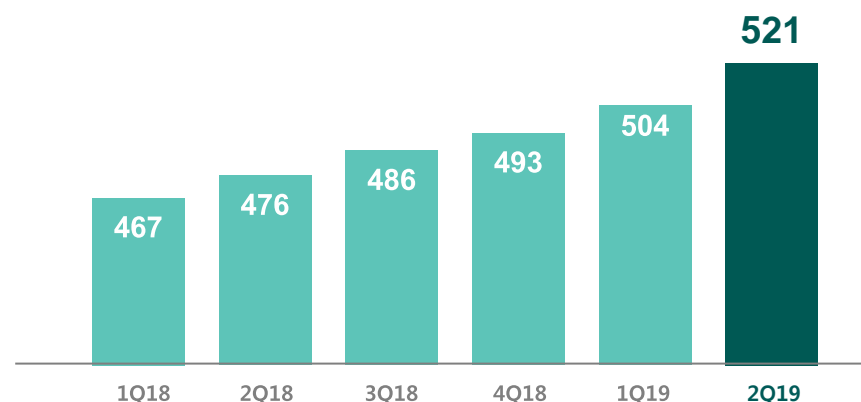
KEB Hana Bank KRW Loan / Deposit

Group Total Assets / Total Liabilities & Equity

Group Total Assets ¹⁾

(Unit: Wbn)	2Q19	2018	YTD(%)	1Q19	QoQ(%)
Cash & Deposits	23,506	24,307	-3.3%	17,894	31.4%
Securities	77,379	73,182	5.7%	78,402	-1.3%
Loan Receivables	268,107	260,664	2.9%	262,865	2.0%
KRW Loan	217,993	209,583	4.0%	211,691	3.0%
Tangible Asset	3,632	3,036	19.6%	3,593	1.1%
Other Asset	32,993	23,820	38.5%	30,776	7.2%
Group Asset	405,616	385,009	5.4%	393,529	3.1%
+ Trust Asset	115,206	107,871	6.8%	110,353	4.4%
Group Total Asset	520,823	492,880	5.7%	503,883	3.4%

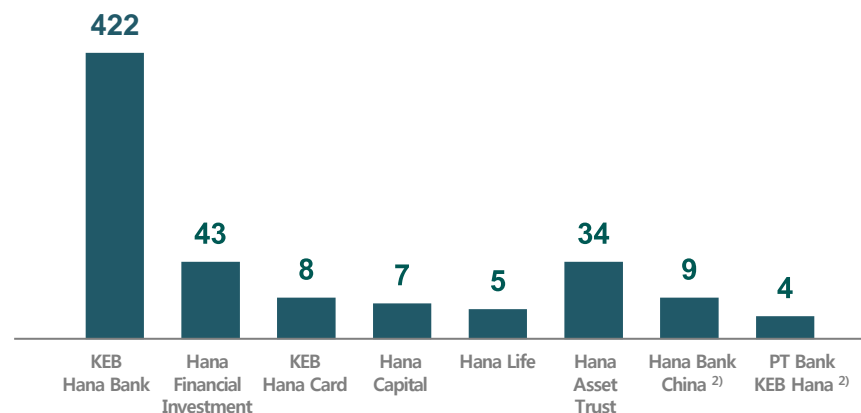
Group Total Assets ¹⁾ Trend (Unit: Wtn)



Group Total Liabilities & Equity

(Unit: Wbn)	2Q19	2018	YTD(%)	1Q19	QoQ(%)
Deposits	257,400	248,559	3.6%	249,802	3.0%
Borrowings	61,869	60,200	2.8%	60,700	1.9%
Debt	14,093	14,445	-2.4%	13,678	3.0%
Debentures	41,671	41,018	1.6%	41,044	1.5%
RP, Call Money, etc	6,105	4,737	28.9%	5,979	2.1%
Other Liabilities	57,780	49,140	17.6%	55,656	3.8%
Total Liabilities	377,049	357,900	5.4%	366,158	3.0%
Total Equity	28,567	27,108	5.4%	27,371	4.4%
Liabilities & Equity	405,617	385,009	5.4%	393,529	3.1%

Total Assets of Subsidiaries (Consolidated) (Unit: Wtn)



Note 1) Total Assets = Group Asset + Trust Asset

Note 2) Separate

KEB Hana Bank KRW Loan / Deposit

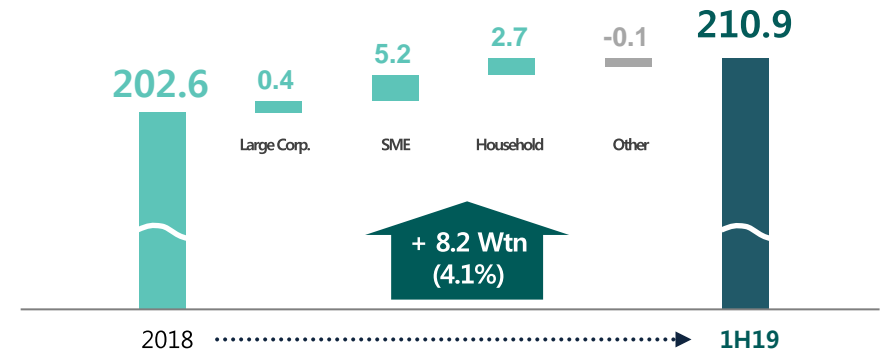
KRW Loan

(Unit: Wbn)	2Q19	2018	YTD(%)	1Q19	QoQ(%)
Corporate Loan	101,707	96,185	5.7%	98,351	3.4%
Large Corp.	15,002	14,566	3.0%	15,062	-0.4%
SME	84,841	79,690	6.5%	81,415	4.2%
(SOHO)	43,720	41,766	4.7%	42,542	2.8%
Other	1,865	1,928	-3.3%	1,874	-0.5%
Household Loan	109,153	106,447	2.5%	106,271	2.7%
Secured	93,732	90,974	3.0%	91,207	2.8%
(Mortgage)	78,633	75,282	4.5%	75,879	3.6%
Unsecured	15,421	15,473	-0.3%	15,064	2.4%
Total	210,861	202,632	4.1%	204,622	3.0%

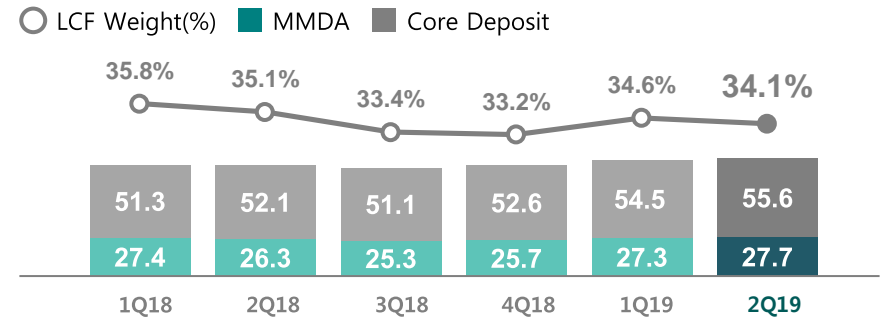
Deposit (Ending Balance)

(Unit: Wbn)	2Q19	2018	YTD(%)	1Q19	QoQ(%)
KRW Deposit	218,325	211,701	3.1%	213,309	2.4%
Core Deposit	55,600	52,620	5.7%	54,474	2.1%
MMDA	27,713	25,655	8.0%	27,306	1.5%
Time Deposit	122,229	119,921	1.9%	119,261	2.5%
Installment Deposit	7,094	7,422	-4.4%	7,194	-1.4%
Marketable Securities	5,689	6,083	-6.5%	5,074	12.1%
FC Deposit	25,665	23,833	7.7%	22,926	11.9%
Total	243,990	235,534	3.6%	236,235	3.3%

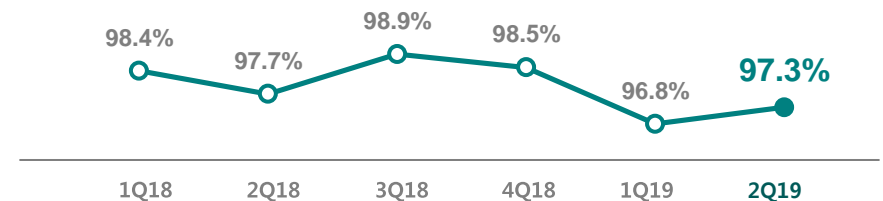
KRW Loan Growth (YTD) (Unit: Wtn)



Low Cost Funding Trend (Core Deposit + MMDA) (Unit: Wtn)



Loan to Deposit Ratio ¹⁾ (LDR)



Note 1) Excluding Policy Loan

Section 4

Asset Quality & Capital Adequacy

Group Asset Quality

KEB Hana Bank Asset Quality

Provision Analysis

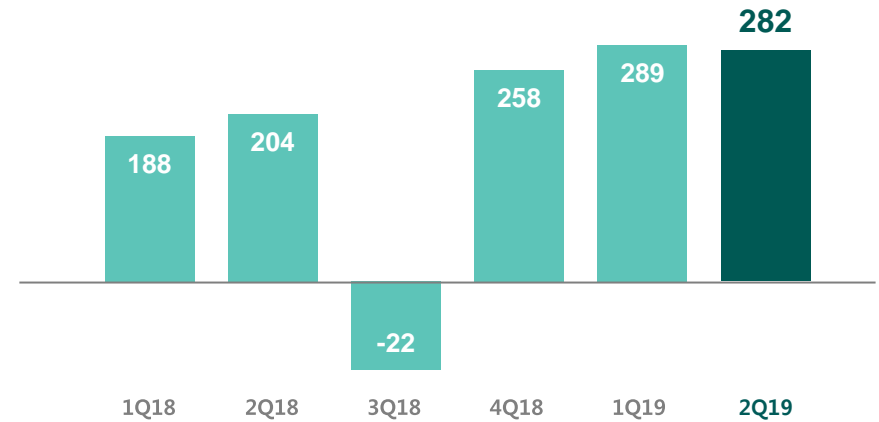
Capital Adequacy

Group Asset Quality

Group

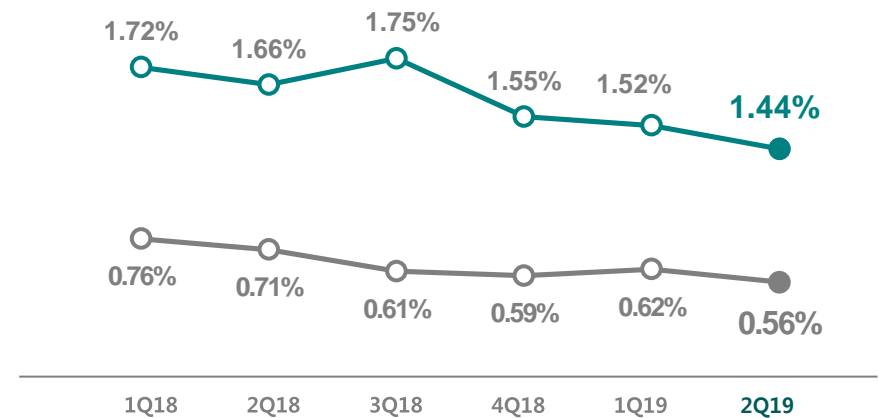
(Unit: Wbn)	2Q19	2018	YTD(%)	1Q19	QoQ(%)
Total Credit	276,709	263,892	4.9%	266,628	3.8%
Normal	272,724	259,790	5.0%	262,569	3.9%
Precautionary	2,443	2,545	-4.0%	2,413	1.2%
Substandard	806	765	5.3%	866	-7.0%
Doubtful	447	477	-6.3%	478	-6.6%
Estimated Loss	290	315	-8.1%	302	-4.1%
NPL Amount	1,542	1,557	-1.0%	1,646	-6.3%
NPL Ratio	0.56%	0.59%	-0.03%p	0.62%	-0.06%p
NPL Coverage Ratio	106.4%	107.0%	-0.6%p	101.9%	4.5%p
Loan Loss Allowance	3,623	3,588	1.0%	3,603	0.5%
Loan Loss Reserve	1,642	1,666	-1.5%	1,678	-2.2%
Credit Loss Reserve	1,981	1,922	3.1%	1,925	2.9%

Group New NPL Formation Trend (Unit: Wbn)



Group NPL / Precautionary & Below Ratio

○ NPL Ratio ○ Precautionary & Below Ratio



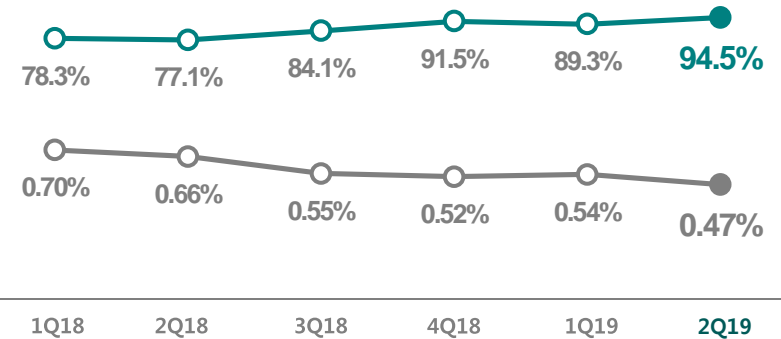
KEB Hana Bank Asset Quality

KEB Hana Bank

(Unit: Wbn)	2Q19	2018	YTD(%)	1Q19	QoQ(%)
Total Credit	241,468	231,989	4.1%	233,466	3.4%
Normal	238,631	229,053	4.2%	230,549	3.5%
Precautionary	1,693	1,718	-1.5%	1,657	2.2%
Substandard	714	690	3.5%	772	-7.6%
Doubtful	287	356	-19.5%	345	-16.9%
Estimated Loss	143	171	-16.6%	143	-0.2%
NPL Amount	1,143	1,217	-6.1%	1,261	-9.3%
NPL Ratio	0.47%	0.52%	-0.05%p	0.54%	-0.07%p
NPL Coverage Ratio	94.5%	91.5%	2.9%p	89.3%	5.2%p
Loan Loss Allowance	2,900	2,885	0.5%	2,894	0.2%
Loan Loss Reserve	1,080	1,114	-3.1%	1,126	-4.1%
Credit Loss Reserve	1,820	1,771	2.8%	1,768	2.9%

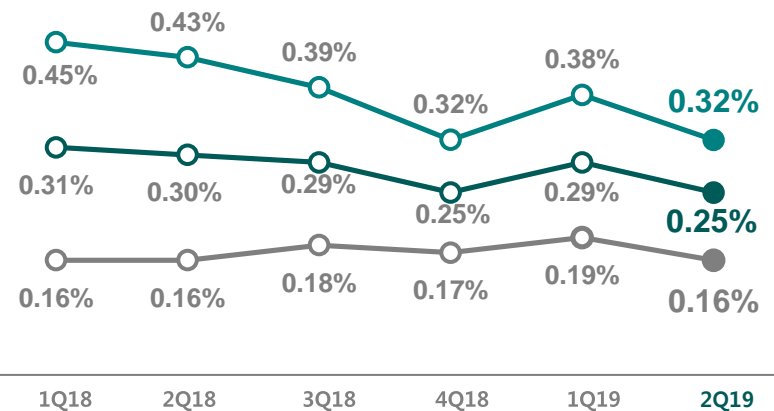
NPL / NPL Coverage Ratio Trend

○ NPL Ratio ○ NPL Coverage Ratio



Delinquency Ratio Trend

○ Total ○ Corporate ○ Household

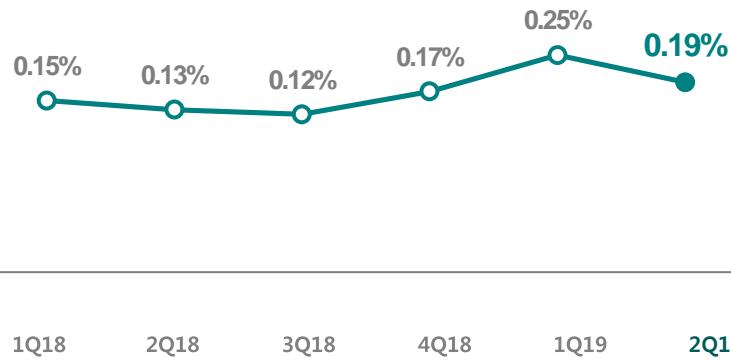


Provision Analysis

Group Provision Overview

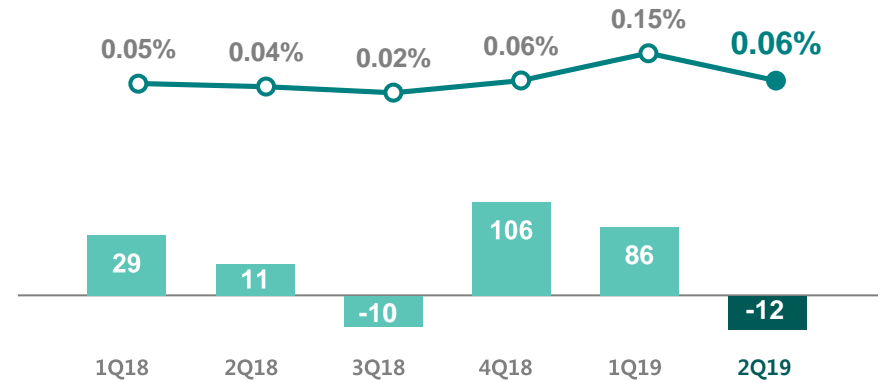
Group

○ Credit Cost (Cumulative)



KEB Hana Bank(Separate) (Unit: Wbn)

○ Credit Cost (Cumulative) ■ Loan Loss Provision (Quarterly)



Group (Unit: Wbn)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Credit Loss Provision	91.3	29.8	67.6	270.5	164.4	100.6
Loan Loss Provision	90.2	78.0	62.5	220.7	164.7	90.5
Unused Commitments Provision	(7.8)	(5.9)	(4.0)	6.8	(3.0)	0.6
Other Provision	8.9	(42.2)	9.1	43.1	2.7	9.6

Capital Adequacy

Group

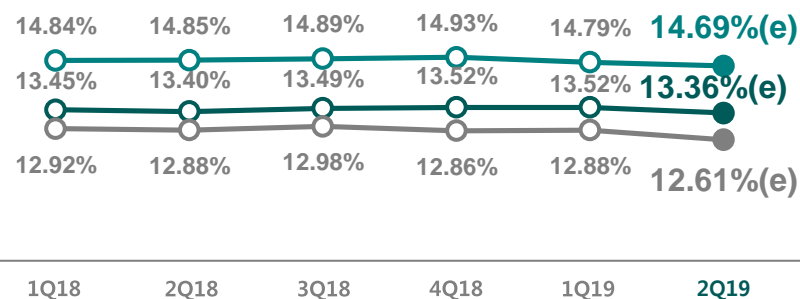
(Unit: Wbn)	2Q19(e)	2018	YTD(%)	1Q19	QoQ(%)
RWAs	198,110	184,661	7.3%	189,522	4.5%
BIS Capital	29,095	27,578	5.5%	28,026	3.8%
Tier 1 Capital	26,463	24,971	6.0%	25,620	3.3%
CET 1 Capital	24,981	23,743	5.2%	24,417	2.3%
BIS Ratio	14.69%	14.93%	-0.24%p	14.79%	-0.10%p
Tier 1 Ratio	13.36%	13.52%	-0.16%p	13.52%	-0.16%p
CET 1 Ratio	12.61%	12.86%	-0.25%p	12.88%	-0.27%p

KEB Hana Bank

(Unit: Wbn)	2Q19(e)	2018	YTD(%)	1Q19	QoQ(%)
RWAs	172,796	164,192	5.2%	168,389	2.6%
BIS Capital	27,377	26,684	2.6%	26,842	2.0%
Tier 1 Capital	23,589	22,820	3.4%	23,361	1.0%
CET 1 Capital	23,443	22,643	3.5%	23,226	0.9%
BIS Ratio	15.84%	16.25%	-0.41%p	15.94%	-0.10%p
Tier 1 Ratio	13.65%	13.90%	-0.25%p	13.87%	-0.22%p
CET 1 Ratio	13.57%	13.79%	-0.22%p	13.79%	-0.22%p

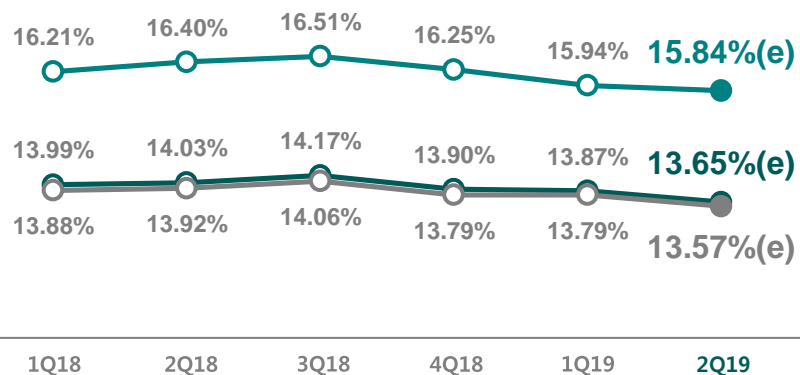
Group

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



KEB Hana Bank

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



Section 5

Appendix

Net Income Contribution by Subsidiaries

Provision Analysis by Subsidiaries

Dividend

Major Indices

Net Income Contribution by Subsidiaries

Statements of Comprehensive Income (1H19, Consolidated)

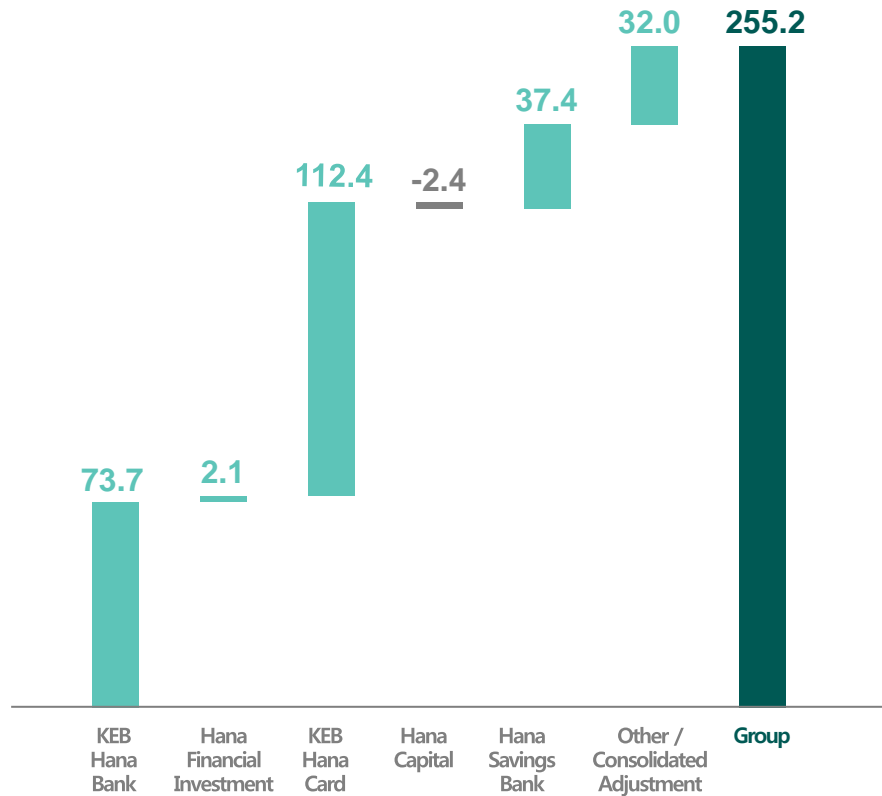
(Unit: Wbn)	Group (Consolidated)	KEB Hana Bank	Hana Financial Investment	KEB Hana Card	Hana Capital	Hana Life	Hana Savings Bank	Others / Consolidation Adjustment	Hana Bank (China) ¹⁾	PT Bank KEB Hana Indonesia ¹⁾
Gen. Operating Income	3,996.6	3,104.7	412.1	309.8	143.1	33.5	22.4	(29.1)	83.7	65.9
Int. Income	2,886.6	2,705.6	109.0	(62.0)	121.8	39.2	23.0	(50.1)	68.5	60.7
Fee Income	1,134.9	453.4	213.4	344.5	31.8	22.6	0.4	68.8	8.3	3.8
Disposition / Valuation	256.3	202.6	19.3	19.8	1.0	12.1	(0.0)	1.5	6.7	3.7
Other Operating Income	(281.2)	(257.0)	70.5	7.5	(11.6)	(40.3)	(1.0)	(49.3)	0.1	(2.2)
SG&A Expenses	2,001.7	1,572.5	218.8	144.4	26.7	19.4	11.9	8.0	44.9	33.3
PPOP	1,995.0	1,532.2	193.4	165.4	116.4	14.1	10.6	(37.1)	38.8	32.6
Credit Loss Provision	265.0	91.9	2.0	121.4	37.4	(0.2)	(1.9)	14.5	18.3	5.4
Operating Income	1,729.9	1,440.3	191.4	44.0	79.0	14.3	12.5	(51.6)	20.5	27.2
Non Operating Income	(50.7)	(52.4)	13.8	0.1	(0.3)	3.1	(0.2)	(14.8)	(1.1)	(1.6)
Net Income	1,204.5	1,033.8	152.8	33.7	47.1	12.8	9.0	(84.7)	14.4	18.6

Note 1) Separate

Provision Analysis by Subsidiaries

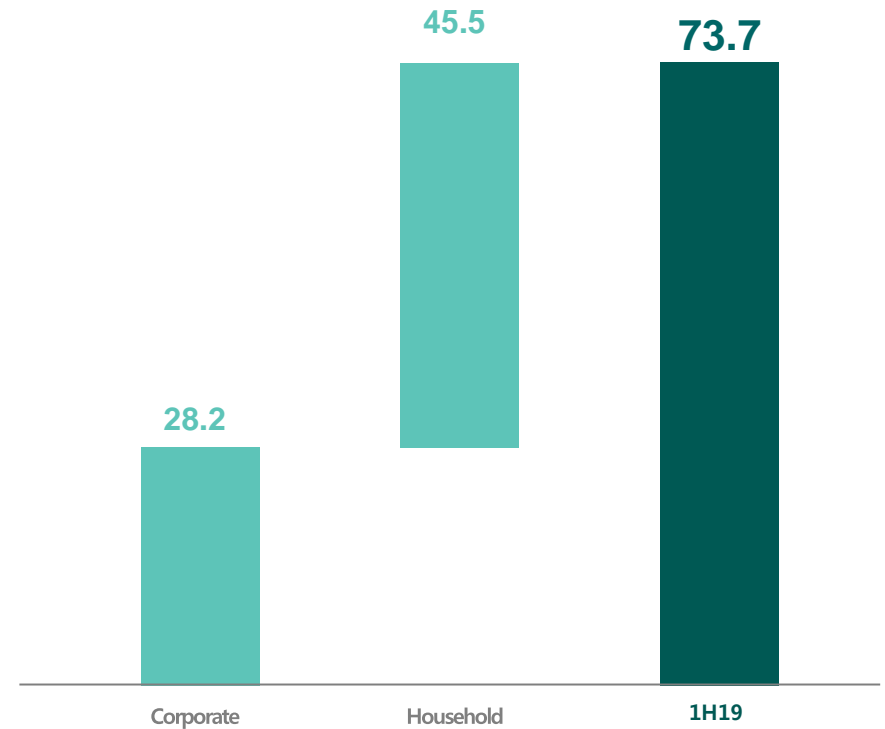
Subsidiaries' Provision Overview (1H19, Separate)

(Unit: Wbn)



KEB Hana Bank Provision Break-down (1H19, Separate)

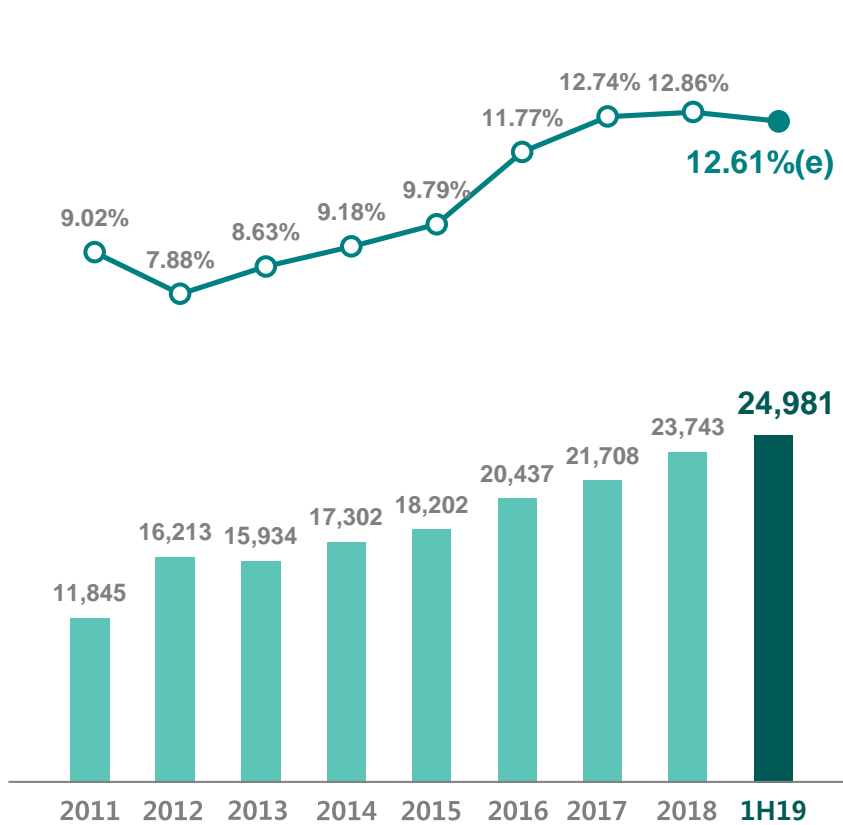
(Unit: Wbn)



Dividend

Group Capital Position ¹⁾ (Unit: Wbn)

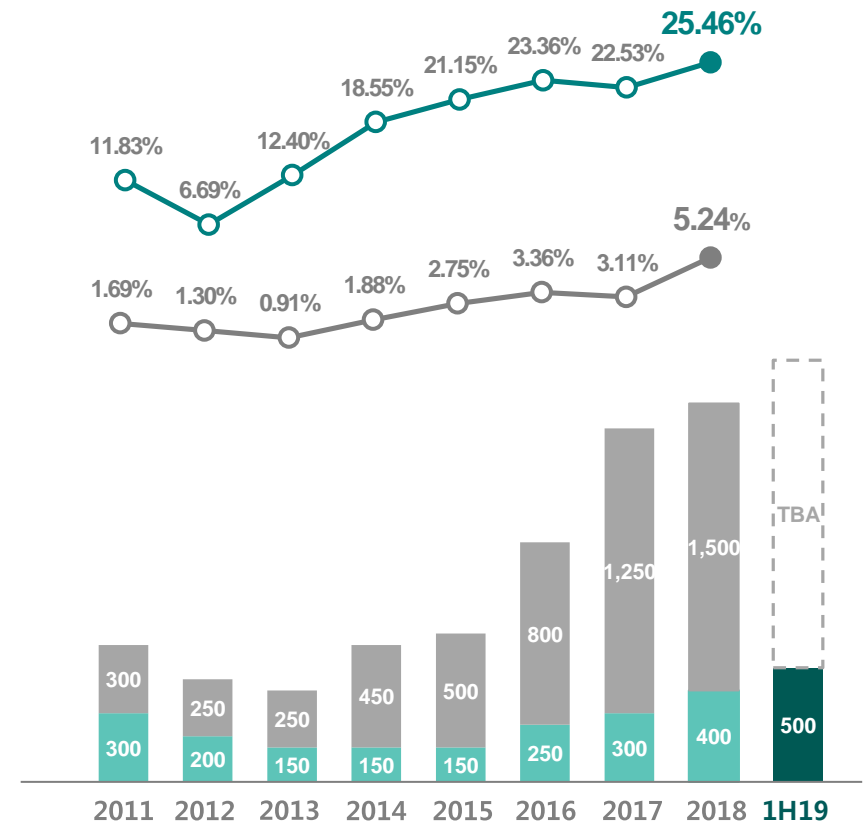
■ CET 1 Capital ○ CET 1 Ratio



Note 1) 2011, 2012 Core Tier 1 Capital and Core Tier 1 Ratio under Basel 1

Group Capital Return (Unit: Won)

○ Payout Ratio ○ Dividend Yield Ratio ■ Interim Dividend ■ Year-end Dividend



Major Indices

Group (Consolidated)

Cumulative (Unit: Won)	1H19	1Q19	FY2018
ROA	0.62%	0.58%	0.61%
ROE	9.02%	8.34%	8.87%
EPS(KRW)	3,937	1,784	7,360
BPS(KRW)	88,307	85,607	84,761
C/I Ratio	50.1%	54.0%	52.2%
Debt to Equity Ratio	28.95%	30.09%	30.36%
Double Leverage Ratio	122.69%	124.13%	125.61%

KEB Hana Bank (Consolidated)

Cumulative (Unit: Won)	1H19	1Q19	FY2018
ROA	0.60%	0.57%	0.63%
ROE	8.52%	8.01%	8.84%
EPS(KRW)	960	445	1,937
BPS(KRW)	23,002	22,380	22,614
C/I Ratio	50.6%	55.0%	50.2%

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