

Hana Financial Group Sustainability Report 2017 Growing Together Sharing Happiness

About This Report

Hana Financial Group(HFG) has been practicing sustainability management through communication with wide-ranging stakeholders to become a trusted premier global financial group. While KEB Hana Bank had published its own sustainability reports over the years, HFG decided to extend its scope and has published group-wide reports since 2011. HFG's 2017 Sustainability Report focuses on the six material issues aligned with the UN Sustainable Development Goals(SDGs) and outlines its sustainability management strategies, achievements and future plans.

Reporting Principles

GRI(Global Reporting Initiative) Standards

Reporting Boundary

Hana Financial Group, KEB Hana Bank, KEB Hana Card, Hana Financial Investment, Hana Capital, Hana Life, Hana Savings Bank, Hana Asset Trust, Hana Alternative Asset Management, Hana Investors Services, Hana F&I, Hana TI

* When the subject is Hana Financial Group, the following details concern the entire group. The name of the affiliate is used as the subject for the details of that company.

Reporting Scope

Economy(based on K-IFRS), society and the environment in general

Reporting Period

Jan, 1st of 2017 – Dec, 31st of 2017 (including some outcomes of the first half of 2018)

Reporting Cycle

Annually(the previous report was published in: May 2017)

Assurance

Independent third-party assurance

Contact

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Hana Financial Group Sustainability Report 2017



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Global Trends in the Financial Industry

The financial industry is highly sensitive to changing market or regulatory conditions. Since we play a crucial role in the efficient distribution of capital as a financial institution, we need to take on a stronger responsibility for the decisions that we make and identify opportunities which will have positive impact on society. In line with increasingly fierce competition, concerns over the environment & climate change, rapid advancements in information technology, & tightening regulations demand that businesses today pursue relentless innovation and change. Hana Financial Group(HFG) has built proven track records in accurately predicting trends in the fast-changing market landscape and overcoming challenges to turn them into opportunities. We at HFG will never fall into complacency but stay vigilant to take the lead in the global financial market under our business philosophy of 'Growing Together, Sharing Happiness'.



Global Economic Developments

Trend Analysis

Today's economic uncertainties pose both numerous risks and opportunities.

The changing political landscape across countries(e.g. Brexit) lead to a range of economic factors, including inflationary changes and currency fluctuations, although their intensity and impact varies by country and region. There are positive signs across the global economy: major advanced countries are recovering their economic growth while emerging economies are expected to continue their economic recovery. Still yet, we need to take heed of the economic impacts caused by unemployment, aging society and other social issues.



Opportunity

· Gradual recovery in consumption, investment and employment across major advanced economies

· Expectations of economic recovery in emerging countries



Challenge

- Need for agile countermeasures to respond to global financial crises and other abrupt changes
- · Political and policy challenges(e.g. increasing protectionist initiatives)



Trend Analysis

Information technology is growing its influence across all industrial sectors.

At the center of convergence between existing and emerging businesses lies the application of information technology. The Fourth Industrial Revolution is expected to intensify competition in the financial industry and highlight the consumerdriven perspective in the market. Financial institutions are prompted to use the massive amount of customer data built over the years as well as new information technologies such as block chain and big data in order to meet diverse customer needs while creating new business models,



Opportunity

· Meeting customer needs through in-depth analyses of customer data and developing new business models



Challeng

- Need for building new entry barriers and recruiting IT professionals
- Need for adding new value to existing services in line with growing preference over mobile and online channels



Environment and Climate

Trend Analysis

Climate change remains a critical issue in the environmental sector.

Responding to climate change through reducing GHG emissions and expanding renewable energy sources is recognized as a shared responsibility imposed on countries across the globe. Increasing global populations highlight the importance of water and power supply. As climate change and environmental issues represent the new and emerging trends that we have never experienced before, businesses believe that new opportunities may arise from responding to these issues.



Opportunity

Increasing financial instruments and environment-related investments as response to climate change



Challenge

- Intensifying regulations adopted by international conventions on the environment and GHG emissions
- · Tightening governmental regulations on GHG emissions



Regulatory Initiatives and Reputation

Trend Analysis

The financial industry has massive ripple effects across the economy compared to other industries.

Due to its distinctive public nature, this industry is subject to the relatively heavy supervision of financial authorities. Recently, governance is playing a crucial role in relation to protecting customer data and maintaining the integrity of financial instruments. Meeting the expectations of customers, governments and other stakeholders ultimately contributes to building corporate reputation and lays the basis for sustainable growth and development.



Opportunity

Building corporate reputation and differentiated competitiveness through proactive and strategic sustainability management



Challen

 Need for stronger governance to pre-emptively address compliance and regulatory issues 04 HANA FINANCIAL GROUP SUSTAINABILITY REPORT 2017

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Who We Are

At Hana Financial Group(HFG), we share growth outcomes with all our stakeholders from the long-term perspective and pursue happiness for members of our society by creating shared value through financing. As such, we defined our mission as well as vision looking into the next 10 years to clarify our identity as a financial group. Our mission embodies our commitment to proactively respond to the needs and changes of our time to fulfill our corporate social responsibility while our 2025 vision represents our firm determination to build solid trust with all stakeholders



Financial Highlights



Global Sustainability Evaluation Outcomes

Dow Jones In Collaboration with RobecoSAM 60

Sustainability Indices Dow Jones Sustainability Indices Asia Pacific 2017



Carbon Management Sector Honors 2017

CEO Message



We vow to do our utmost to bring happiness to our employees, customers and society as a whole.

Distinguished Stakeholders,

Thanks to your unwavering encouragement and support, we were able to present the 11th Sustainability Report of Hana Financial Group this year. For this, I'd like to extend my heartfelt gratitude to all our stakeholders

Looking back on the wonderful past year, we set a new record in business profits in the history of HFG in the face of economic uncertainties. This is attributable to the close cooperation demonstrated by all Hana Financial Group affiliates under the shared belief that we are all 'One Company'. Furthermore, we are broadening our presence as a truly global financial group through our fintech-driven digital strategy.

We at HFG endorse the principles of the UN Global Compact as a global corporate citizen. In 2017, we were recognized for our outstanding achievements in meeting the Sustainable Development Goals(SDGs) based on our varied endeavors to move towards the SDGs and transform our society to this end in conjunction with global business leaders, governments, and civil society.

This year's report specifically focuses on our six strategic directions of sustainability management to outline a range of initiatives undertaken for our sustainable growth. We transparently disclosed our information through self-initiated engagement in the Dow Jones Sustainability Indices(DJSI) and the Carbon Disclosure Project(CDP), and we were awarded with the 'Carbon Management Sector Honors' in the financial sector for two consecutive years thanks to our commitment to responding to climate change and reducing GHG emissions.

At HFG, we will strive to create a virtuous cycle: our respect and affection for humanity will drive our employees to find their own happiness and to bring happiness to customers in return, and this will help disseminate happiness throughout society in general. By realizing our mission of 'Growing Together, Sharing Happiness' through happiness-oriented management, we will surely pave the way for sustainability management.

We believe that HFG can evolve into a global top-notch financial player when we take an integrity driven and genuine approach in communicating with stakeholders and if all employees are aligned with the set strategic directions for sustainability management in the upcoming years.

In 2018, we will be fully committed to bring happiness to our employees, customers and society as a whole as well as pursuing our ultimate business goal of generating profits.

We look forward to your continued interest in and encouragement for our journey to share happiness through financing. Thank you.

Chairman, Hana Financial Group Kim, Jung-Tai





What We Do

Under the leadership of the holding company, Hana Financial Group (HFG) conducts business in a range of fields, including but not limited to banking, securities, credit card, life insurance, capital, and savings banking. As of the end of January 2018, HFG had 34 Subsidiaries,



Business Portfolio

At Hana Financial Group, business operations are driven by the three pillars of 'management strategy, 'distribution channel' and 'product development' to strengthen the core capacity of the holding company and group affiliates. This enables respective companies to generate the greatest possible synergy effects and will bring HFG a step closer to reaching its vision of becoming a reliable global financial group differentiated for its professional and integrated asset management system.

Company	Business Description	Ownership
Hana Financial Group	Group management strategy and financial management	_
KEB Hana Bank	Main distribution channel of HFG	100%
Hana Financial Investment	AM & IB ¹⁾	100%
KEB Hana Card	Global premier credit card service	85%
Hana Capital	Specialized products for the consumer finance market	50.13%
Hana Life	Optimized insurance products	100%
Hana Savings Bank	Financial channel focused on small-loan finance	100%
Hana Asset Trust	Real estate trust service	100%
Hana Alternative Asset Management	Asset management specialized in alternative investment	100%
Hana Investors Services	Professional administrative management service	100%
Hana TI	IT support for HFG	89.98%
Finnq	Daily financial platform service	51%
Hana F&I ²⁾	NPL(non-performing loan) investment management	99.58%



- 1) AM: Open architecture based fund sales channel IB: Delivery of IB specific products and services
- 2) Hana F&I's parent company is KEB Hana Bank

Creation of Stakeholder Value

(Unit: KRW billion)

Stakeholder	Description	2015	2016	2017
Customers	Interest payments ¹⁾	4,499	3,740	3,823
Shareholders	Dividends	192	311	459
Employees	Wages, etc. ²⁾	2,693	2,482	2,502
Governments	Taxes ³⁾	471	552	818
Local Communities/Associations	Donations, etc. ⁴⁾	39	27	107
Total		7,894	7,112	7,709

- 1) Sum of deposit liabilities/borrowings interests and debenture interests
- 2) Sum of wages, retirement/severance payments, welfare benefits, and the sum of stock-based executive's compensation expenses
- 3) Sum of income taxes, tax payments and utility payments
- 4) Sum of financial donations (made for social contribution), volunteer hours converted into monetary value, in-kind donations and business expenditures



Whom We Serve

Global Network

At Hana Financial Group(HFG), we utilize and expand our global presence to pursue stable growth while tapping into the global non-banking sector to explore profitable new markets.

(as of March 2018)

53 branches in 24 countries 140 branches of KEB Hana Bank 23 120 countries in Europe and the Middle East countries in Asia-Pacific countries in the Americas -United Arab Emirates 2 Canada 12 China 33 Germany 1 Indonesia 68 U.S. 8 Russia 1 Hong Kong 3 Brazil 1 UK 1 Panama Vietnam 3 Czech Republic 1 Janan 3 France 1 Singapore 1 Bahrain 1 India 1 Australia 1 Netherlands 1 Philippines 1 Myanmar 6



2017 Sustainable Value Creation Process

services and products

At Hana Financial Group(HFG), sustainability management starts from using diverse available resources in an effective and responsible manner. The following six types of capitals are invested and delivered to stakeholders through the business model aligned with HFG's core values and mid/long-term strategic goals.

*Based on KEB Hana Bank Definition **Business** Input Outcome of Capital Activities Market capitalization: KRW 14,7410 trillion Required to conduct business Operating income: KRW 2,7181 trillion Hana Financial Hana Financial Group's 2025 Strategic Goals and is secured by HFG (based on the closing price at the end of Capital · Earnings per share: KRW 681,7 billion · Dividends paid: KRW 458,8 billion **Group's Core Values** internally and externally · Total capital: KRW 24.8279 trillion · ROA: 0.60 % · Total funding: KRW 353,7619 trillion basis for stable profit generation while strengthening the customer base to elevate · Issued stocks: 296,003,062 shares our status as a bank - ROE: 8.77% BIS ratio(capital to risk-weighted assets ratio): EXPANDING TO GLOBAL(Global Business 40%) Significantly reinforce global business operations to build key growth drivers in order to go beyond the low-**PASSION** 2. Manufacturing Owned by HFG to conduct · Tangible base amount: KRW 3,0031 trillion · Depreciation of tangible assets: KRW 238 billion growth/low-margin domestic market Depreciation of investment property: KRW 42,6 billion
 Branches: 920 branches in Korea and business and required to · Investment property base amount: Capital STABLE PORTFOLIO(Non-Bank Profits 30%) Increase the ratio of non-bank deliver products and services KRW 748.5 billion operations to stabilize HFG's business portfolio and deliver truly integrated financial to customers · Number of ATMs: 5,017 units* services on the basis of the synergy effects generated by respective group affiliates 26 branches overseas · Subsidiaries: 34 · Global network: 153 locations in 24 countries · TRUSTED GROUP(Improving Brand Credibility) Reflect 'trust' as a key (branches and subsidiaries) **OPENNESS** distinguishing factor in strategic goals to create values for all stakeholders as well 3 Intellectual Includes knowledge · Intangible assets: KRW 1.0068 billion as to protect financial consumers, and improve HFG's brand image · Depreciation of intangible assets: KRW 287,4 billion Capital (including processes and · Software and system development procedures) required to expenditures: KRW 82.3 billion improve HFG's corporate Hana Institute of Finance: 58 persons · Digital Lab: 30 persons image and competitive edge, WITH intellectual assets and other **CUSTOMER** intangible assets Korean Government's 'Look South' Policy Generated by the skills. · Training for outside directors: 6 occasions 4 Human · No. of employees: 20,444 Capital capabilities and knowledge · Ratio of outside directors: 70% No. of locally-hired employees (excluding those Focus global financial capabilities on Southeast Asia with high growth working in Korea): 2,920 persons*
No. of employees with license qualifications: of human resources, and · Training hours per employee: 93 hours* potential in line with Korean government's 'Look South' policy includes group employees · Wages and benefits: KRW 2,5020 trillion Realign the existing global channels highly concentrated in Korea and expand **EXCELENCE** (individual investment channels in Southeast Asia Ratio of employees who worked for more than advisors and other Provide financial services by increasing infrastructure investments in alignment employees) 12 months after taking maternity/paternity with IB financing leave: 94,3% Provide total financial services and operate overseas investment support units for Korean businesses doing business in Southeast Asia 5.Social and Includes intangible assets · Social contribution expenses: such as HFG's corporate KRW 47.3 billion RESPECT **Five Strategic Business Priorities** Listed on the Dow Jones Sustainability Indices (DJSI) Asia Pacific 2017
HFG's list of awards for the year 2017(page 69) image, reputation, or · Employee volunteer hours: 41,436 hours Capital 1 Extend presence in both banking/non-banking operations and make strategic relationships with customers · Support for social enterprises: equity investments KRW 2.6 billion and other stakeholders 2 Strengthen financial support for IB to increase infrastructure investments 3 Provide total financial services for companies doing business in the region 4 Operate overseas investment support units for companies 6 Natural Includes processes, · Energy consumption: 1,359TJ* doing business in the region **INTEGRITY** Capital environmental resources - Fuel consumption: 154 TJ 5 Expand global social contribution initiatives - Electricity, Steam consumption: 1,206 TJ (renewable and other Honors 2017 • Greenhouse gas emissions: 67,942 tCO₂e (KEB Hana Bank HQ, sales branch, and affiliates types of resources), and others that contribute to the production of HFG's

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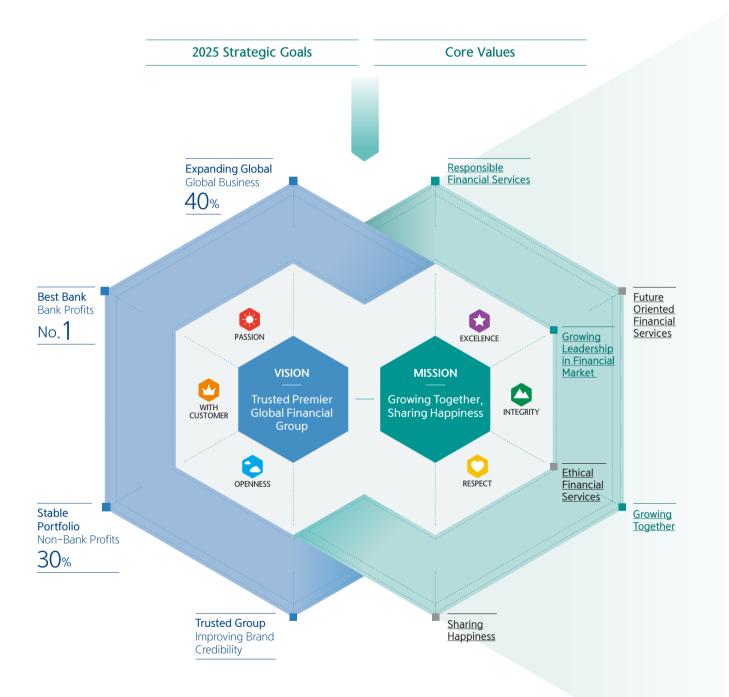
Output

in Myeong-dong building)

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Sustainability Management Strategy and KPIs

Hana Financial Group's mission and vision is centered around the balanced pursuit of business growth and social responsibility from the sustainability management viewpoint as well as solid trust-based relationships with stakeholders. HFG's sustainability management strategy is driven by the three themes that integrate financial/non-financial elements and its core values. HFG's sustainability management strategy aims to effectively respond to upcoming opportunities and challenges in order to move towards mid/long-term growth.



At HFG, we face a shifting business landscape both outside and inside the company in line with the increasing importance of financial leaders enabled by Fourth Industrial Revolution technology and the broadening scope of social financing. Since we set our sustainability management strategies for the year 2017, we have also redefined strategic terms to reflect changing business conditions and to set the course of action that we will ultimately take through respective strategies.

*Based on KEB Hana Bank

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Elabor Patrice Patricipation Patrice Patricipation Patrice Pat	Sustainability Management Theme	Sustainability Management Strategy	Way Forward	KPI	Unit	2015	2016	2017
Prinancial Service Leader Voice-phishing prevention cost* (RRW million 7,829 9,000 7,200				Repurchase ratio*	%	97.4	98.0	96.5
Financial Services Leader Financial Services Leader Figure Official Control of Services Cheater Financial Services Leader Figure Official Control of Services Cheater Services Leader Figure Official Control of Services Cheater Services Chea				KCSI(customer satisfaction)*	Points	1	1	1
Financial Service Leader Financial Service Leader Financial Services Financial Service		Pesnonsible	Listen to customers and fully reflect	Voice-phishing prevention cost*	KRW million	7,829	9,000	7,200
Participation of the Personal Information Protection Law Portable KEB Hana Bank.* No. of cases 77.593 73,287 93,228	Financial	<u>Financial</u>	happiness and to convert them into		No. of cases	146	196	260
Future Portable KEB Hana Bank* No. of cases 77,593 73,387 93,388 93,328	Service		recurring customers.		No. of cases	0	0	0
Coexisting Business Sharing Honginess Sharing Honginess Sharing Honginess Services Services owned by HFG in line with new CT-enabled financial industry tends to generate new synergy effects. HAI ROBO members* No. of persons N/A N/A 30,000 N/A 5 80 countries 10 Transfer application* Countries Training hours per employee No. of hours * 144 111 93 License qualifications per employee minimal problems of the support of	Leader			Portable KEB Hana Bank*	No. of cases	77,593	73,287	93,328
Coexisting Business Strowling Together Coexisting Business		<u>Future</u>	Use the human/intellectual/technological	Hana Members	No. of persons	1,802,135	7,714,656	12,237,110
Growing Leadership in Financial leaders with HFG's belief that business success is driven by competent employees. Reliable Company Reliable Services Growing Leadership in Financial leaders with HFG's belief that business success is driven by competent employees. Participation in job training* No. of persons 13,120 18,948 9,856 (hours that outsiness success is driven by competent employees. Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Strengthen employee ethics in line with HFG's Leader true header true he				HAI ROBO members*	No. of persons	N/A	N/A	30,000
Assist Hana People in becoming financial leaders with HFG's belief that business success is driven by competent employees. Reliable Company Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Reliable Company Reli				1Q Transfer application*		N/A	5	80
Assist Hana People in becoming financial leaders with HFG's belief to make the state of the business success is driven by competent employees. Participation in job training* No. of persons 13,120 18,948 9,856				Training hours per employee	No. of hours *	144	111	93
Leadership in Financial Market Reliable Company Reliable Reliable Company Reliable Reliable Reliable Company Reliable Reli		Growing	financial leaders with HFG's belief that business success is driven by		No. of licenses	5	5.2	5.5
Reliable Company Bethical Financial Services Strengthen employee ethics in line with HFG's Code of Ethics to stay businesse are sustainable. Participation in internal control training* No. of persons 1,471 1,737 1,545		<u>Leadership</u>		Participation in job training*	No. of persons	13,120	18,948	9,856
Company Ethical Financial Services Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Participation in ethics training* No. of persons 14,571 14,175 12,580				for more than one year after	%	81.3	97.5	94.3
Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Services Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Financial industry can only grow, when the strength of the national economy can give support, HFG will contribute to the national economy in order to promote shared growth between companies and country. Sharing Happiness Happiness Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Participation in anti-money laundering training* Participation in internal control Voloation of the Electric Financial Transactions Act Violation of the Fair Trade Act Violation of the Fair Trade Act No. of cases 0 0 0 0 0 SME business partners* 1,000 207 251 280 New Hope Seed Loans extended KRW billion 1,550 1,930 2,460 (on a cumulative basis)* Preferential Loan Services for Principal Small Businesses* Ferential Loan Services for Principal Small Businesses* Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility in a required to meet such	Reliable			Injury rates	%	0.04	0.01	0.02
Strengthen employee ethics in line with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Growing Together Financial industry can only grow, when the strength of the national economy can give support, HFG will contribute to the national economy in order to promote shared growth between companies and country. Coexisting Business Sharing Happiness Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility in addition to next such responsibility and required to meet such responsibility and required to meet such responsibility and required to meet such responsibility in addition to next such responsibility in addition to not the Electric Financial control No, of persons 1,471 1,737 1,545 1,545	Company			Participation in ethics training*	No. of persons	14,571	14,175	12,580
with HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. With HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. With HFG's Code of Ethics to stay true to the social norms that ethical businesses are sustainable. Wildiation of the Electric Financial Transactions Act Violation of the Fair Trade Act No. of cases O O O SME business partners* 1,000 207 251 280 No. of cases No.		Ethical	with HFG's Code of Ethics to stay true to the social norms that ethical		No. of persons	22,797	87,273	93,904
Growing Together Coexisting Business Sharing Happiness Happiness Coexisting Business Coe		<u>Financial</u>			No. of persons	1,471	1,737	1,545
Growing Together: Financial industry can only grow, when the strength of the national economy can give support, HFG will contribute to the national economy in order to promote shared growth between companies and country. Sharing Happiness Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility in addition to pursuinc height over profits.		<u>36171663</u>			No. of cases	0	0	0
Financial industry can only grow, when the strength of the national economy can give support, HFG will contribute to the national economy in order to promote shared growth between companies and country. Coexisting Business Coexisting Business Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility addition to pursuing their own profits. Financial industry can only grow, when the strength of the national economy can give when the strength of the national economy can give support, HFG will contribute to the national economy in order to promote shared growth between companies and country. New Hope Seed Loans extended KRW billion 1,550 1,930 2,460 (on a cumulative basis)* Preferential Loan Services for Principal Small Businesses * Growing Ladder Fund investments* Hana Tech Loan 1,2/TCB KRW trillion 1.5 1.8 2.6 Excellent Company Loan* Social contribution KRW billion 38 27 107 Volunteer hours per employee Beneficiaries of financial education* Beneficiaries of financial education*				Violation of the Fair Trade Act	No. of cases	0	0	0
Growing Together Coexisting Business Financial industry can only grow, when the strength of the national economy can give support, HFG will contribute to the national economy in order to promote shared growth between companies and country. Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility in addition to pursuing their own profits. Financial industry can only grow, when the strength of the national economy in their company Loan strength of the national economy. Fuffill Loan Services for Principal Small Businesses * Growing Ladder Fund investments* KRW billion 13.5 15.0 15.5 KRW trillion 1.5 1.8 2.6 KRW billion 38 27 107 Volunteer hours per employee Beneficiaries of financial education* Beneficiaries of financial education*				SME business partners*	1,000	207	251	280
Coexisting Business Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility addition to pursuing their own pricities. Coexisting Businesses Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility addition to pursuing their own pricities. Coexisting Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility to meet the problems and grievances since today's businesses are required to meet such responsibility to meet the problems and grievances since today's businesses are required to meet such responsibility to meet the problems and grievances since today's businesses are required to meet such responsibility to meet the problems and grievances since today's businesses are required to meet such responsibility to meet the problems and grievances are required to meet such responsibility to meet the problems and grievances are required to meet such responsibility to meet the problems and grievances are required to meet such responsibility to meet the problems and grievances are required to meet such responsibility to meet the problems and grievances are required to meet such responsibility to meet the problems and grievances are required to meet such responsibility to the problems and grievances are required to meet such responsibility to the problems and grievances are requ			the strength of the national economy can give support. HFG will contribute		KRW billion	1,550	1,930	2,460
to promote shared growth between companies and country. Coexisting Business Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility in addition to pursuing their own profits. Coexisting Business Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility in addition to pursuing their own profits. Growing Ladder Fund investments* KRW billion 13.5 15.0 15.5 KRW trillion 1.5 1.8 2.6 KRW billion 38 27 107 Volunteer hours per employee No. of hours 3.16 2.99 3.00 Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are education* Beneficiaries of financial education* No. of persons 72,122 111,911 46,631 Coexisting RRW billion 13.5 15.0 15.5 Coexisting Investments* Hana Tech Loan 1,2/TCB KRW trillion 1.5 1.8 2.6 Excellent Company Loan* No. of hours 3.16 2.99 3.00 Coexisting Investments* No. of persons 72,122 111,911 46,631 Coexisting Investments* Hana Tech Loan 1,2/TCB KRW trillion 1.5 1.8 2.6 Coexisting Investments* No. of hours 3.16 2.99 3.00 Coexisting Investments* No. of persons 72,122 111,911 46,631 Coexisting Investments* No. of persons 72,122 111,911 11,911 Coexistin					KRW billion	1,030	2,459	2,295
Business Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility addition to pursuing their own profits. Social contribution KRW billion 38 27 107		<u></u>	to promote shared growth between		KRW billion	13.5	15.0	15,5
Fulfill corporate social responsibility to help low-income/working-class individuals address their problems and grievances since today's businesses are required to meet such responsibility in addition to pursuing their own profits. Fulfill corporate social responsibility volunteer hours per who in the problems and employee. Volunteer hours per No. of hours 3.16 2.99 3.00 employee Employee Beneficiaries of financial No. of persons 72,122 111,911 46,631 education*				, , ,	KRW trillion	1.5	1.8	2.6
to help low-income/working-class Volunteer hours per individuals address their problems and grievances since today's businesses are required to meet such responsibility addition to pursuing their own profits.			Fulfill corporate social responsibility	Social contribution	KRW billion	38	27	107
required to meet such responsibility in education*			to help low-income/working-class		No. of hours	3.16	2.99	3.00
addition to pursuing their own profits. GHG emissions tCO_2e 77,179 74,513 67,942			required to meet such responsibility in		No. of persons	72,122	111,911	46,631
			addition to pursuing their own profits.	GHG emissions	tCO ₂ e	77,179	74,513	67,942

2018 Key Plans for Sustainability Management

At Hana Financial Group, we place customers first, highly regard employee happiness and pursue coexistence of the company and society. The followings are our strategy-specific initiatives to be undertaken in 2018 in line with our three key strategic priorities and six issues.

Financial Service Leader

Build a big data analysis platform for financial innovation

- · Deliver better customer service and fulfill social responsibility through financial innovation
- · Plan to create a big data analysis platform(10 action programs) to clearly identify customer behavior patterns and market trends
- 1 Advance the existing HAI Banking by making payments and checking balance by texting
- 2 Deliver personal assistant service(individualized/customized service) by analyzing with artificial intelligence
- 3 Provide customized product service by analyzing banking statements
- 4 Map out viral marketing strategies by estimating opinion leader customers through analyzing transaction networks
- 3 Build a system to pre-emptively detect, assess and address threats by analyzing wide-ranging social network and managing brand reputation
- 6 Detect and prevent transaction abnormalities by analyzing financing transaction patterns
- 1 Identify trends and issues in specific business districts by analyzing local/business district
- 8 Advance the risk rating system by using informal/external data
- 9 Identify customer loyalty and estimated contribution by analyzing retail customer profile/behavior data(for marketing purposes)
- Improve corporate risk management by analyzing media, corporate disclosure and financial information



Reliable Company

Create a great work place

- · Realize 'Work & Life Balance'
- Turn off all the office lights after 7 p.m., and ensure that employees who work overtime move to designated office floors
- Make in house announcements and inspections to encourage employees to leave on time, hosting idea generation competitions, awarding outstanding branches with records of making employees leave office on time
- Establish the Smart Work Center to enable employees to use the cloud PC environment to work without spatial and temporal limitations
- Ensure that employees can take leave as they wish
- · Provide 'Emotional Touch Program' to allow employees to pursue 'small but certain happiness' both in their work and family life
- Operate a counseling center for employees
- Introduce various programs to promote a fulfilling family life
- · Innovate corporate culture by declaring the 'Employee Happiness' Year



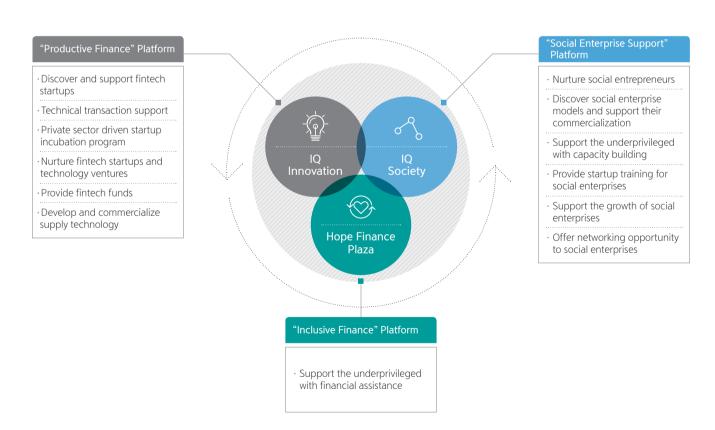
Coexisting Company

Pursue mutual benefits in society

· Pursue financing that values shared growth with society in line with the emerging global trend that highlights corporate social responsibility

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- · Set the following three goals to become a 'coexisting company': productive financing, inclusive financing, and support for social enterprises
- · Productive finance: Provide direct/indirect financial support to the SMEs, venture companies, and new growth drivers of the Fourth Industrial Revolution while at the same time providing infrastructure development support to create more jobs and achieve shared growth with the society
- · Inclusive finance: Provide financial support for the underprivileged to fulfill social responsibility as a banking institution and to 'grow together with customers' through financing
- · Support for social enterprises: Contribute to addressing the social divide by assisting social enterprises to become self-reliant while socially underprivileged individuals to improve their capacity

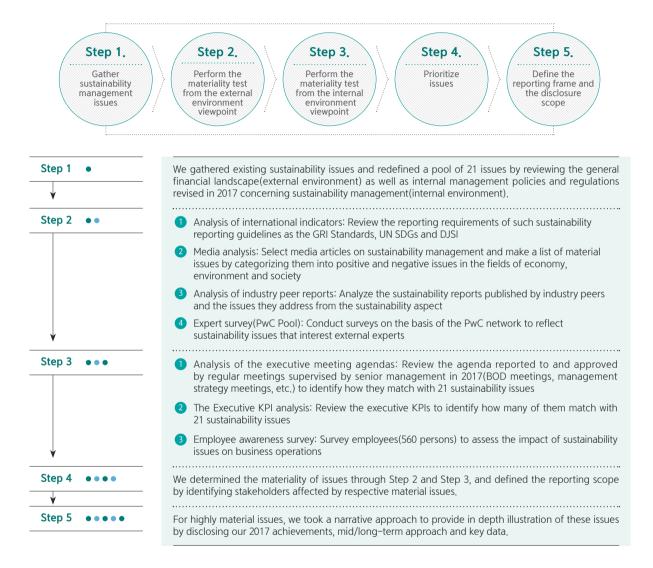


14 HANA FINANCIAL GROUP SUSTAINABILITY REPORT 2017

Power on Sustainable Business Power on Transparent Fundamentals Appendix

Materiality Test

Hana Financial Group(HFG) analyses sustainability issues that may have the greatest impact on the company and its stakeholders from the mid/long-term perspective, and uses the outcomes to set its sustainability management strategy. To this end, HFG performs the materiality analysis by taking into account social interest and business impact to prioritize sustainability issues and effectively respond to stakeholder needs. HFG categorizes its stakeholders into the following six groups of customers, shareholders, employees, governments, local communities/associations, and business partners.



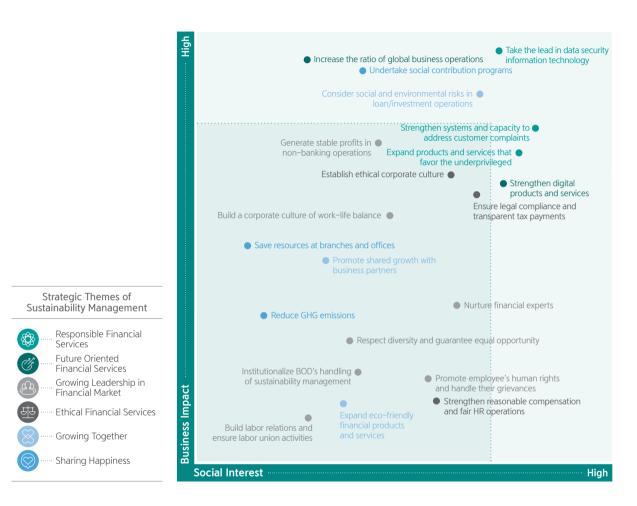
Stakeholder Engagement Channels



Materiality Test Outcomes

We categorized 21 sustainability issues in accordance with their business impact and social interest in order to create the following materiality issue matrix, and eventually identify seven material topics.

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Material Issues and Their Reporting Boundary

	nking Topic		nking				Reportin	ig Boundary		
Ranking				Reporting	Internal			External	External	
Kariking	Торіс		Business Impact	(Page)	Employees	Customers		Central·Local Governments	Share- holders· Investors	Local Commu- nities
1	Take the lead in data security information technology	2	1	34, 36, 41, 42		•				
2	Consider social and environmental risks in loan/investment operations	5	4	76					•	•
3	Strengthen systems and capacity to address customer complaints	1	5	35, 37	•	•				
4	Undertake social contribution programs	12	3	63~68				•		•
5	Expand products and services that favor the underprivileged	3	7	35, 59~61, 67		•				•
6	Increase the ratio of global business operations	17	2	42, 47			•		•	
7	Strengthen digital products and services	4	9	40~43, 47		•	•			



Power on Hana Network

Tiaria i iliariciai Group	'
KEB Hana Bank	1
KEB Hana Card	2
Hana Financial Investment	2
Hana Capital	2
Hana Life	2
Hana Savings Bank	2
Hana Asset Trust	2
Hana Alternative Asset Management	2
Hana Investors Services	2
Hana F&I	2
Hana TI	2

Hana Financial Group

Launched as Korea Investment & Finance Corporation back in 1971, we were converted into Hana Bank in 1991 and then emerged as a total financial service provider in 2005. Under the leadership of Hana Financial Group as the holding company, we are building our own value chain across the entire financial industry, ranging from banking, securities, credit card to life insurance, capital and savings banking. By merging Korea Exchange Bank in 2015, we further broadened our global network to establish our presence in 24 countries.



Kim, Jung-Tai

Company Overview (as of the end of 2017)

Date of Establishment	Dec. 1 st , 2005
No. of Employees	78
Phone	+82-2-2002-1110
Website	www.hanafn.com
Headquarters	66 Eulji-ro, Jung-gu Seoul, South Korea

"Growing Together, Sharing Happiness"

Hana Financial Group(HFG) declared its commitment to fully respond to the requirements and changes of our time to fulfill corporate social responsibility with its mission "Growing Together, Sharing Happiness" in mind. Our ultimate goal is to pursue the growth of all stakeholders for the betterment of our society and to meet our social responsibility in a balanced manner to promote 'healthy growth'. HFG will also provide financial services that are easy and safe to use in

order to create a flourishing society for all. To this end, we offer wide ranging financial opportunities to micro-sized businesses and low-income individuals who are socially underprivileged while financially supporting small and medium enterprises that drive our economic development.

Hana Power on Impact



Sharing Happiness

At HFG, we believe that sustainability management is the key to our competitive edge and strive to realize our mission of "Growing Together, Sharing Happiness". We make impact investments that aim to deliver social impact while generating financial profits in order to expand our support for social enterprises. In 2017, we supported the Hana Power on Impact program: this program enabled ten individuals with developmental disabilities to successfully land a job and served as a case in point in resolving social issues concerning job creation for the disabled.

All Hana Day



Sharing Happiness

HFG has operated the All Hana Day campaign for seven years since 2011: for two months from November 11th to January 11th of the following year(these dates solely consist of number 1 which is pronounced 'hana' in Korean), nearly 20,000 Hana employees extend their helping hand to the less fortunate in Korea and abroad in order to practice their spirit of volunteering and sharing. On the day of announcing the start of the campaign, employees including HFG Chairman Kim Jung-tai volunteered to make kimchi and donated 11,111 heads of kimchi to underprivileged individuals and multicultural families. Happy Sharing, a group-wide social contribution program, was also launched by 12 affiliates to sell donated items through a charity event and to offer the proceeds to help North Korean defector families.

Introducing the Corporate Culture Index for Group-wide Systemic Change Management



Growing Leadership in Financial Market

While building our own corporate culture to promote the sustainable growth of HFG, we performed organizational fitness assessments on nearly 9,000 employees to practice systemic change management, create a corporate culture that resonates with employees, and respond to the shifting business environment that demands change in corporate culture and leadership(Fourth Industrial Revolution). This was followed by workshops hosted to improve corporate culture to better suit different conditions of respective affiliates and identify measures of necessary changes. We believe that the sum of these solutions will drive group-wide transformation and that consistent management will help strengthen our common sense of purpose to ultimately build a sound organizational

KEB Hana Bank

KEB Hana Bank focuses on the traditional banking services of deposits & loans and is also involved in foreign exchange business(domestic and foreign exchange) and import/export business(issuance and negotiation of letters of credit). We also conduct a range of auxiliary business in relation to the Banking Act, including the sales of foreign currency-denominated derivatives, IB business, the collection of national revenues and the safe deposit of securities certificates.



President & CEO Ham, Young-Joo

Company Overview (as of the end of 2017)

Date of Establishment	Jan. 30 th , 1967	Growing Together
No. of Employees	13,770	To deliver productive financing service, we si a 'financial support agreement for the innov
Phone	+82-2-1588-1111	growth of SMEs and venture businesses' wit
Website	www.kebhana.com	Ministry of SMEs and Startups in order to assist and micro-sized businesses in creating jobs
Headquarters	35 Eulji-ro, Jung-gu, Seoul, South Korea	increasing fund investments to nurture startups

ps. Our 'Hope Finance Plaza' represents our endeavors

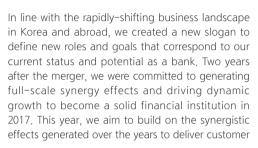
to promote inclusive finance: we offer tailor made service to customers and help them learn about the financial support programs designed for low-income individuals(e.g. counseling to help individuals with low credit ratings convert from high-interest to lower -interest loan products).

Multiple Channels



We provide the One Company One School financial literacy education program to help instill a solid set of financial values in teenagers and strengthen early financial literacy education. Implemented in conjunction with the Financial Supervisory Service (FSS), this program was honored with the FSS Governor Award for two consecutive years. We also offered a global financial experience program to allow teenagers to have hands-on experience in financial institutions, and a mobile financial literacy program to visit and teach students living in remote areas, coming from North Korean defector families, and multicultural families who have limited access to such education.

Employee Happiness. Customer Happiness



value through genuine understanding of humanity, serve customers to provide pleasant and happy experience, while creating a great work place where employees feel contented and achieve work-life

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Productive and Inclusive Finance



th the t SMEs

Financial Literacy Education Delivered through



Sharing Happiness

"Smart Office" Introduced for Work-Life Balance



Growing Leadership in Financial Market

Our new headoffice located in Eulji-ro, Seoul, introduced the Smart Office system to allow employees to work free from time or space limitations. This encouraged employees to unleash their creativity and innovative thinking to proactively respond to the rapidly-shifting business environment of the Fourth Industrial Revolution era while allowing for autonomous communication and collaboration beyond departmental and hierarchical barriers, while contributing to building a 'horizontally-aligned corporate culture'.

KEB Hana Card

Since its establishment as Korea's first credit card company in 1978, KEB Hana Card has written the history of the nation's credit card business, such as leading change and innovation by pioneering the mobile business model and launching Hana Members, the first-ever membership service introduced in the Korean financial industry.



President & CEO Jeona, Su-Jin

Date of

"Passion Connected, Prestigious Credit Card Company"

While the 2017 credit card market faced difficulties due to decreases in affiliate fee rates and other regulatory issues, we significantly broadened our operational base by expanding the customer panel system, improving business processes from the customer viewpoint, and realigning our customer management system. This, in turn, led to increases in transaction volume and profits and allowed us to dramatically improve our business performance. To effectively address the digital transformation

brought by the Fourth Industrial Revolution, we set our vision of becoming a 'Digital New Leader' and are digitizing our entire value chain. We vow to focus on our traditional and innovative capabilities. develop digital-enabled innovative services, and consistently serve customers from their perspective so that we reach our mission of 'Growing Together, Sharing Happiness".

Company Overview (as of the end of 2017)

Establishment	Sep. 1*, 2014
No. of Employees	729
Phone	+82-2-1800-1111
Website	www.hanacard.co.k
Headquarters	66 Eulji-ro, Jung-gu Seoul, South Korea

DT Hana Card Academy



As a digital trend setter that delivers the optimal services that meet the needs of the digital industrial revolution era, we created the 'DT Hana Card Academy' to primarily offer coding, mobile app creation, and other practical courses in conjunction with Korea Polytechnic College. In response to the emerging trend of coding education in the financial industry, we provide differentiated experiencebased coding education that uses 'Ozobot' and 'App Inventor' to ensure trainees can learn in a fun and easy-to-understand manner.

KEB Hana Card will expand and strengthen the programs designed to improve employees' digital awareness and expertise to pave the way for DT Hana Card.

Renovating Rest Areas for Street Cleaners and Making In-Kind Donations



Sharing Happiness

We helped renovate rest areas for street cleaners in Jung-gu, Seoul, and made in-kind donations. Myeong-dong and Da-dong in Jung-gu are occupied by numerous office buildings and visited by overseas tourists, which made the work of street cleaners even more challenging. This prompted us to transform the old building used by these cleaners as a rest area so that they could take sufficient

rest. As a company based in Jung-gu, we decided to completely renovate the rest area to pursue coexistence with our neighborhood communities: we helped decorate the outer walls of the building and improved its flooring, wall paper and power system. We also donated electronic appliances so that the rest area can truly serve the needs of its users. As such, we aim to faithfully fulfill our corporate social responsibility in the years ahead.

Financial Literacy Education for Foreigners



Responsible Financial Services

'Darin', the multicultural center established by Hana Financial Group, provides financial literacy education to foreigners. In addition to courses specialized in debit card or credit card use, the center offers comprehensive education on savings, money exchange, overseas remittance, insurance and the prevention of financial frauds. A multi-faceted approach is taken to cater to foreigners: conversation-driven courses are provided, questions and answers sessions are held to help them deal with daily financial issues, and training on common-sense financial knowledge is offered. We plan to strengthen our programs that protect financially-underprivileged and vulnerable individuals.

Hana Financial Investment



President & CEO Lee. Jin-Kook

We conduct business in the following five areas of Retail, Wealth Management(WM), Wholesale, Investment Banking(IB), and Sales & Trading(S&T). Our retail and WM business involves consignment sales & brokerage of securities, futures & options, sales of asset management products, and delivery of financial consulting service for individual & general investors, Our wholesale business targets institutional and corporate customers in selling financial instruments and we serve as a broker of domestic securities and derivatives for institutional customers through this business. Our IB business concerns the general corporate financing operations and serves companies concerning funding and M&A, Our S&T business involves the supply of bonds and exchangetraded/over-the-counter derivatives, hedge management, and principle investment.

A Company Beloved by Customers and Envied by Competitors While Giving a Sense of Pride to Employees



We deliver a range of financial services, from asset management to corporate finance. We offer customized asset management service for individual customers and serve financial institutions with diversified and advanced financial solutions through our differentiated research capabilities. In the face of business uncertainties, we create new value and strive to become a company that delivers contentment to both customers and employees and grows

hand in hand with society through our 3S(Speed, Simple and Spirit) philosophy and solid ethics awareness. We vow to do our utmost to become a 'company beloved by customers and envied by competitors while giving a sense of pride to employees'.

Company Overview (as of the end of 2017)

Date of Establishment	Jan. 18 th , 1977
No. of Employees	1,612
Phone	+82-2-1588-3111
Website	www.hanaw.com
Headquarters	82 Euisadang-dae-r Yeongdeungpo-gu, Seoul. South Korea

Social Contribution Initiatives



Sharing Happiness

Our social contribution initiatives target a wide array of beneficiaries, from sanitary and security workers at the headquarters to soldiers serving our nation. We forged sisterhood ties with the 20th Mechanized Infantry Division and visit soldiers every year to make financial donations and offer encouragement. While these infantry men strive to protect our nation. we at Hana Financial Investment do our utmost to build our national wealth, and our proactive interactions and donations surely promote mutual growth. Meanwhile, a charity event was hosted to sell the items donated by department heads and the proceeds went to buy and donate padded coats to janitor and security at the headquarters in Yeouido to appreciate the hard work of these hidden heroes.

Bringing Comprehensive Medical Services That Meet Pubic Purposes



Growing Together

We successfully brought the Chung-Ang University Hospital to Gwangmyeong City that lacked a general hospital and thus could not fully meet the medical needs of its citizens. In so doing, we assisted in offering comprehensive medical services that meet public purposes. While a previous attempt to attract a general hospital to the city failed, we presented

a creative idea of 'turning areas in the vicinity of the KTX Gwangmyeong Station into station impact areas' and eventually succeeded in engaging the university and attracting its general hospital to the city. This project is expected to generate KRW 920 billion in annual production inducement and create jobs for nearly 5,300 people, making significant contributions to the local economy. Once completed, the hospital will offer high-quality medical services to Gwangmyeong and then to such nearby cities as Anyang and Siheung.

Financial Education for Teenagers



Sharing Happiness

We provide the 'Dreaming Yeouido Economic Bus' program with the Financial Supervisory Service, Korea Exchange, Korea Financial Investment Association and Moneytoday to allow teenagers to tour around financial institutions in Yeouido and learn up-to-date financial and economic knowledge. Since 2011, this program has been attended by nearly 11,800 teens, including 990 in 2017. We will continue to help these teenagers build healthy financial habits, protect financial consumers and disseminate the right investment culture through our financial education program for teenagers.

Hana Capital

Since our foundation in February 1987 as Kolon Financial, we have primarily offered credit financial services, including installment financing(housing, used cars and other durable goods) and other auxiliary business in accordance with the Credit Financial Industry Act. In August 2004, we added equipment rental and lease financing to our business portfolio to diversify our revenue sources and stabilize our business operations. Driven by our solid business portfolio, we are making sustained strides in business performance, improving our expertise in respective business areas for the balanced growth of our asset portfolio, strengthening our sales channels, and tapping into the global market to find new growth engines.



President & CFO Yoon, Kyu-Seon

Company Overview (as of the end of 2017)

Date of Establishment	Feb. 13 th , 1987
No. of Employees	262
Phone	+82-2-1800-1111
Website	www.hanacapital.co.k
	127, Teheran-ro,

Headquarters Gangnam-gu, Seoul,

Rising Afresh through Change! Emerging Stronger through Innovation

Providing credit financial services through installment financing, lease financing and other loan business, we have consistently endeavored to deliver the financial products and services that our customers need. Today, we strive even further to reinforce our digital financing for customer convenience and pre-emptively respond to the Fourth Industrial Revolution in order to lead the market, All our employees comply with ethics standards in business

conduct with their sense of morality and responsibility and we promote transparent and reasonable business practices by operating the in house whistle-blowing channel 'Voice of Integrity' (Healthy Voice) and thoroughly managing our internal control system. We at Hana Capital will be fully committed to sustainability management and social value creation.

Inclusive and Productive Finance



Growing Together

We believe that mid-range interest rate loans best present the purpose of 'inclusive Finance' in that they provide much-needed funds to customers at appropriate interest rates. Thus, we have expanded our mid-tier rate loan products as a way to fulfill our corporate social responsibility, and such endeavors have been driven by the 'Humanity Management' philosophy of Hana Financial Group. In November 2017, we made business registration as a new technology project financing company to advance productive financing. At the end of 2017, we created Future Planning&Support Team through organizational restructuring to discover, partner with and invest in startups and venture businesses that show potential but lack up-front capital.

Employee Families Volunteering



Sharing Happiness

We are engaged in a range of social contribution programs to reach the group-level mission of 'Growing Together, Sharing Happiness'. In 2017, our employee families volunteered weekends every month to visit children centers and multicultural centers to help improve their environment and make foods from countries across the globe. In the second half of 2017, our employees painted murals and made Happy Boxes as part of the group-wide 'All Hana Day' initiative to fulfill our corporate social responsibility,

Response to the Fourth Industrial Revolution



Growing Together

We have partnered with promising companies that will lead the Fourth Industrial Revolution era. In July 2017, we signed a strategic partnership agreement with Kolon Auto Platform to facilitate the sales of eco-friendly electric vehicles and became the first financial institution to launch a drone financial instrument through our partnership with the drone distributor HelSel in December that year. We also signed an installment financing partnership agreement with Recon Hightech, a local electric bike manufacturer.

We at Hana Capital will constantly endeavor to expand our business to meet the everyday needs of our financial consumers in preparation for tomorrow's financial landscape of the Fourth Industrial Revolution represented by drones, 3D printers, electric vehicles, and Internet of Things.

Hana Life

As a member of Korea's leading financial institution Hana Financial Group, we leverage the combination of our nation-wide operational channels and advanced insurance technology to emerge as a reliable and cutting edge insurance provider. Our ultimate goal is to deliver optimized financial plans and follow-up services through solid insurance products in order to maximize customer satisfaction and happiness. We believe that this can be done when we faithfully fulfill our promise with customers and gain trust from them through ethics management.

Sharing Happiness and Love



President & CFO Joo, Jae-Jung

Company Overview (as of the end of 2017)

Establishment	Nov. 29 th , 1991
No. of Employees	160
Phone	+82-2-1577-1112
Website	www.hanalife.co.kr
-leadquarters	66 Eulji-ro, Jung-gu Seoul, South Korea

We provide optimal financial plans and rigorous follow -up services to pursue customer satisfaction and happiness. We will sincerely keep our promise with customers through ethics management, continue with volunteer programs to along with the underprivileged

in society, and stay true to our mission as an insurance company by practicing the spirit of mutual cooperation and love for humanity.

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'Hana Forest to Share Happiness' Created in Noeul Park



Sharing Happiness

We planted trees in Noeul Park with a local civil society. Since 2016 when the Hana Forest to Share Happiness was created, our employees have expanded the forest by planting and cultivating trees every year. In addition to our current recycling campaign and other indirect environmental protection programs, we aim to take a more proactive and direct approach to preserve our environment through tree planting.

Gaining Exclusive Rights to Sell the Annuity Savings Insurance That Allows for Early Withdrawal



Responsible Financial Services

We became the first insurance provider to develop (non-participatory) 'Happiness Knowhow Plus Annuity Savings' insurance that allows for early withdrawals, and gained six-month exclusive rights to sell this product from the Korea Life Insurance Association. As a type of patent rights granted to unique financial instruments, such exclusive rights ensure that other insurance companies are prohibited from launching similar products for six months. While conventional annuity savings insurance products did not allow early withdrawals and policy holders had no option but to terminate their contract and suffer losses when they need emergency funds, we added the early withdrawal option to this product that is also entitled to tax deduction.

Company-wide Communication Workshop



Growing Leadership in Financial Market

As part of our employee communication project, we hosted a company-wide workshop in spring, 2017. This workshop consisted of a mini sports event, a value exchange activity and the communication café to facilitate cross-functional communication: the mini

sports event promoted the enthusiasm of all participating employees and the value exchange activity helped solidify mutual understanding and teamwork through communication while the communication café allowed them to freely take notes and exchange views on corporate culture, self development, capacity improvement and other varied topics.

Opening the Mobile Business Channel



Future Oriented Financial Services

We opened our mobile business channel to enable customers accustomed to the mobile environment to manage their own insurance contracts in an easy and convenient manner. We chose only essential features from those already available through the existing online channel from the customer viewpoint and added an intuitive and simple interface to the mobile channel. To minimize any inconvenience on the part of customers, our mobile channel does not require the installation of a dedicated application and customers can simply search our website on their internet browser and visit the website to make policy inquiries, modify personal information, make payments, take insurance loans, and submit claims. Through simplified handling procedures, customers can file accident insurance claims via the mobile channel if they are valued at KRW 1 million or less without physical visits or documents. We also eliminated the use of security or OTP cards to enable customers to take insurance loans more conve-

Hana Savings Bank

We support low-income individuals through financial instruments under the goal of promoting financing health for happiness and deliver high-quality service and differentiated financial products by leveraging Hana Financial Group's varied and advanced know-how and external competitive edge. All our employees strengthen sound management thorough risk management with integrity in mind and are consistently committed to protecting financial consumers via damage prevention and relief, education and campaigns to ensure that customers can safely use financial products and services without suffering any disadvantage. We concentrate on our mission as a savings bank to maintain order in the financial credit market and maximize synergy effects through marketing alignment with other group affiliates to build sustainable growth drivers.



Oh, Hwa-Kyung

Emerging as a 'Reliable Leader in the Savings Bank Sector'

Hana Financial Group declared its commitment to proactively responding to the needs of our time and fulfilling corporate social responsibility, guided by its mission of 'Growing Together Sharing Happiness'. Its ultimate goal is to promote the growth of all stakeholders for the betterment of society and to seek 'healthy growth' to meet its social responsibility in a balanced manner. The group also aims to deliver easy-to-use and safe financial services and create a flourishing society for all by offering wide-ranging

financial opportunities to socially-underserved micro-sized businesses and low-income individuals, in addition to financially supporting SMEs that drive the development of our economy.

Company Overview

(as of the end of 2017)

Date of Establishment	Feb. 8 th , 2012	
No. of Employees		
Phone	+82-2-1899-1122	
Website	www.hanasavings.co	
Headquarters	127, Teheran-ro, Gangnam-gu, Seou South Korea	

'Reliable Financial Partner for Low-Income Individuals'



As a financial partner for financially-underserved and low-income individuals, we are expanding our mid-range interest rate loan products to promote inclusive financing. Our policy loan product 'Sunshine Loan' rose by KRW 61.5 billion from KRW 35.6 billion at the end of 2016 to KRW 97.1 billion at the end of 2017 in terms of balance. The 'Hana Members Loan' launched as a group-wide mid-tier rate credit loan product in May 2017 has reached KRW 8.7 billion in granted value as of the end of 2017 to help stabilize our operation as a financial institution serving the needs of low-income individuals and allow these individuals to choose from a wider range of financial instruments. On February 27th of 2018, we were honored with the Minister of Health and Welfare Award in the social contribution sector for our endeavors to disseminate the culture of growing together and sharing happiness and to support inclusive financing for the financially-marginalized at the "Happiness Social Contribution Campaign" hosted by the Korea Employers' Federation and the Association of Korean Journalists.

Sharing Love with Neighbors



Sharing Happiness

Since 2013, we have held the 'Sharing Rice of Love' event three to four times per year: our employees purchase rice and donate it to seniors living alone

and the socially-marginalized while engaging in heartfelt conversations with them. Along with the All Hana Day initiative of Hana Financial Group, our employees also volunteer through diverse programs, from taking photos of seniors to wish their longevity and framing these photos to providing hair cut service, protecting cultural heritage and offering free meals in conjunction with individuals willing to donate their talented skills. In so doing, we continue to promote happiness through financing.

Work-Life Balance



Growing Leadership in Financial Market

Since 2014, we have maintained our 'family-friendly enterprise' certification from the Ministry of Gender Equality and Family. To build a corporate culture that promotes work-life balance, we designated every Wednesday as 'Day of Family Love' and encourage our employees to leave office on time. Year-round workshops are hosted on the topic of "communication" by job level to establish and improve a communication-focused culture, ranging from offering compliments and building communication skills to promoting middle manager leadership. In hosting corporate cultural events(musical performances), we also invite employee families to help them better understand our work environment.

Hana Asset Trust

As a real estate asset trust company, we provide one-stop service on real estate development and financing. Our comprehensive product offerings, from trust to real estate financing, allow us to meet customer needs, and we constantly increase synergy effects with other group affiliates along the Hana Financial Group value chain.



President & CEO Lee, Chang-Hee

Endeavors to Realize the Dream of Our Customers

We are emerging as a total real estate service provider by reinforcing our business expertise and earning customer trust. We keep a close watch on our business management to proactively respond to risks that may occur due to increasing uncertainties and develop new and profitable business models including REITs and maintenance business. Such endeavors enabled us to set a new record in our business outcomes and be awarded at the Korea Real Estate Awards in 2017. However, we will not be complacent and be

fully committed to become Korea's leading total real estate service company. Furthermore, we will practice the Right Way management that values basics and principles to build a healthy corporate culture and contribute to "sharing happiness" as stipulated by Hana Financial Group's business philosophy by providing high-quality rental houses.

Company Overview

(as of the end of 2017)		
Date of Establishment	Jun. 15 th , 1996	
No. of Employees	131	
Phone +82-2-3452-010		
\A/elecite	boooto et com	

Website www.hanatrust.com 127, Teheran-ro. Headquarters Gangnam-gu, Seoul,

Contributing to Housing Welfare through the Supply of Rental Housing



Growing Together

We are continuously focused on improving the residential environment through the supply of rental houses and are conducting related business. In 2014, we supplied rental houses by developing the site owned by the Road Traffic Authority in Shindangdong, Seoul. In 2017, we undertook a rental housing development project in Sinseo Innovation City, Daegu (signed the business agreement), and another rental housing development project in Hakseong-dong, Ulsan(signed the strategic partnership agreement with Shinsegye Group).

Going forward, we will use our expertise in the real estate market and deliver high-quality rental houses to emerge as a total real estate service provider that contributes to housing welfare.

Ethics Management and Customer Satisfaction



Ethical Financial Services

We perform quarterly customer satisfaction surveys to improve customer satisfaction and advance ethics management. The customer feedback gathered accordingly is fully reflected in identifying major issues and making necessary improvements, and all our employees receive annual training on our code of ethics. We also operate an internal whistleblowing channel to ensure transparent and reasonable business conduct and to reinforce our organizational integrity.

Sustained Social Contribution Programs



Sharing Happiness

Our employees extend their helping hand to the socially-underprivileged in our local community. The Hana Sarang Volunteer Team led by our mutual aid group visits a restaurant for seniors located at the Suseo Myeonghwa Welfare Center on a monthly basis to help with distributing lunch meals, delivering food and washing the dishes. In December 2017, our employees donated kimchi to the families of children taken care of by the local children center in Gwanakgu, Seoul, as part of the All Hana Day initiative.

Hana **Alternative Asset** Management

As a professional asset management company operating real estate and special asset(M&A financing, infrastructure, etc.) funds, we have KRW 5.9 trillion in AUM and a total of 117 funds, including overseas real estate public offering funds as well as domestic private equity funds, are under our management. Our assets under management consist of real estate assets and special assets valued at KRW 4.4 trillion and KRW 1.5 trillion respectively, and their geographical composition is 53% in Korea and 47% overseas. We will diversify our portfolio by increasing the portion of blind funds, special asset funds and overseas funds in order to pave the way for sustainable growth.



President & CEO Cha. Moon-Hvun

Pioneering the Global Market as an Alternative Investment Leader

Since our establishment as Korea's first dedicated real estate asset management company in 2006, we have made consistent strides, broadening our investment portfolio into special asset funds. In March 2010, we joined Hana Financial Group and has focused on our management philosophy of 'HARMONY' on the basis of integrity, morality and humility to reach our group-wide mission of "Growing Together, Sharing Happiness" and to advance sustainability management as a financial institution trusted and respected by employees and customers. In line with growing interest in alternative

investment as a promising investment solution to respond to sustained low interest rates, we are building a comprehensive portfolio that includes both domestic and overseas assets as well as real estate and special assets to offer outstanding investment products. In 2017, we increased our overseas investment and revitalized our public offering fund management to broaden the window of alternative investment. We will do our utmost to emerge as 'Korea's leading alternative investment asset management company' to produce optimal outcomes as a reliable investment partner.

Company Overview (as of the end of 2017)

Date of Establishment	Apr. 14 th , 2006	
No. of Employees	63	
Phone	+82-2-2190-6500	
Website	www.hana-aamc.com	
Headquarters	21 st Fl. 66 Eulji-ro, Jung-gu, Seoul, South Korea	

Leading the Public Offering Fund Market

Responsible Financial Services

We have taken a proactive approach in investing in real estate and special assets to improve financial accessibility for our customers through varied product offerings. This allowed us to lead the real estate public offering fund market by reaping success in setting the NASA Office funds and DreamWorks Office funds in the U.S. in 2017. This is particularly significant in that opportunities to invest in overseas real estate funds, previously dominated by institutional investors, became available even for individual investors. Our endeavors to pioneer the public offering fund market were recognized as we were honored with the Best Fund Award at the Newspim Capital Market Awards hosted earlier this year as well as the Special Award at the Maeil Business Newspaper Securities Awards.

Horizontal Organizational Culture and Talent Management



Growing Leadership in Financial Market

We maintain interactive communication to embed sustainable management into our organizational culture. Discussions are held by job level on a regular basis to allow employees to freely discuss and exchange their ideas. Workshops are also hosted constantly to help build a sense of solidarity among employees. As such, we are taking the lead in building a horizontal corporate culture through these communication initiatives.

We also expand our assistance and programs to help

employees with capacity building: we assist employees in attending global training programs and forums and provide outsourcing job training courses(e.g., foreign exchange expert training).

Building Global Investment Capacity



Future Oriented Financial Services

We were focused on expanding our overseas investment to offer profitable investment products to customers to help them address the sustained low growth and low interest rates of Korea. This led us to increase our overseas fund AUM by KRW 2 trillion over the past two years and diversify our investment destinations by creating funds concerning the European Parliament in Brussels, Belgium, the Metropole Hotel in Vietnam and residential real estate funds in Japan. In addition to real estate, we are proactively diversifying our portfolio by focusing specifically on energy infrastructure. We will move beyond the domestic market to discover varied investment opportunities globally to offer profitable investment products to customers.

Hana Investors Services

We offer total solutions that support the entire spectrum of asset management, from back office and middle office to front office. We calculate standard prices on a daily basis that serve as the reference point for fund transactions through the fund accounting system, and provide an order management system that supports the efficient operation of asset management companies. Our information system also contributes to maximizing the business efficiency of wide-ranging customers, including asset managers, insurance providers and pension funds



President & CEO Oh, Sang-Young

Wholly Dedicated to Only One Goal of Promoting Happiness of Our Customers through Reliable Infrastructure in the Capital Market

Since our spin-off from KEB Hana Bank(formerly Korea Exchange Bank) in 2003, we have emerged as Korea's leading office management service provider thanks to the unsparing support of our customers and the dedication of all our employees. We joined Hana Financial Group in 2012 and this served as another turning point to further upgrade

the quality and width of our service offerings through cooperation and assistance among group affiliates. We aim to continue with our investment and innovation to deliver top-notch services that meet global standards in order to earn trust from customers and become a partner who grows together and shares happiness.

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Company Overview (as of the end of 2017)

Establishment	Apr. 1 st , 2013	
No. of Employees	137	
Phone	+82-2-6714-4600	
Website	www.hanais.co.kr	
Headquarters	66 Eulji-ro, Jung-gu,	

Completing the Development of a **Next Generation System**



Responsible Financial Services

In line with the fast-changing financial and IT environment, we completed the development of our next generation system(HINTs) in February 2017 to continuously provide optimal customer services, and are gradually launching the system in consideration of individual customer needs. Through the stable operation of this system, we will bring significant improvements to customers' work efficiency and build a rigorous infrastructure that strengthens trust in the entire asset management market so that we grow together and share happiness with our customers.

Support for Social Enterprises



Growing Together

We assist social enterprises in any way we can through the web accessibility quality certification examinations performed on our website, making business cards and providing wreaths for family events. As a member of Hana Financial Group, we will remain focused and strive to promote the coexistence and contentment of wide-ranging communities.

All Hana Day



Sharing Happiness

As part of the All Hana Day initiative, we joined the Hana Sarang Volunteer Team in conjunction with KEB Hana Bank, Hana Alternative Asset Management and other group affiliates, and delivered nearly 1,400 pieces of briquettes to help low-income individuals stay warm and happy during the cold winter season. Amid the cold weather and hard work, our employees were able to take a great pride in joining hands with all Hana Financial Group members and sharing happiness with neighbors in need of their helping hand.

Hana F&I

As an NPL(non-performing loan) investor, we created an asset securitization company in accordance with the Asset-Backed Securitization Act to buy NPLs in the banking and non-banking sectors and are making NPL investments by investing in the asset-backed securities issued by the company. Serving as an asset manager in conformity with the above act, we also collect and manage the NPLs owned by asset securitization companies,



President & CEO Chung, Kyung-Sun

"Market-Leading NPL Investment and Management Company"

Since we converted our business focus into NPL investment and management in December 2013, we initiated our NPL portfolio investments, starting with secured bonds in the banking sector and expanding into individual rehabilitation loans and secured bonds in the non-banking sector to emerge as a NPL investment company in a short period of

time. In 2016, we launched our asset management business to broaden our business scope as an NPL management company, Leveraging our agility and adaptability in the rapidly-shifting financial landscape, we will stay focused on becoming a leader in the NPL investment and management sector.

Company Overview

(as of the end of 2017)

Date of Establishment	Sep. 11 th , 1986 29	
No. of Employees		
Phone	+82-2-3708-2114	
Website	www.hanafni.com	
Headquarters	66 Eulji-ro, Jung-gu, Seoul, South Korea	

Continuous Warm-Hearted Sharing



Sharing Happiness

As part of the All Hana Day initiative, our employees have been assisting the House of Raphayel which accommodates children with severe disabilities for the past seven years, sharing their warmth by making financial and in-kind donations. In conjunction with Nanoom Korea, we are also engaged in various programs to care for underprivileged and vulnerable individuals in our society. Moreover, we will pursue to take a more proactive approach to improve the quality of our sharing initiatives. We plan to continue with our current sponsorships while diversifying our volunteer and sharing programs. At the same time, wewill fully participate in the volunteer work performed by Hana Financial Group.

Healthy Corporate Culture



Growing Leadership in Financial Market

We conducted organizational fitness assessments to share issues which need to be improved and discuss our corporate culture as a way to build a healthy organizational culture. This served as an opportunity to build a sense of solidarity among employees and help them better understand one another. Following these assessments, we promote communication among employees on a monthly basis to establish a healthy corporate culture.

Support for Social Enterprises



Growing Together

As a way to pursue social value, we assist social enterprises in conducting our business, including the purchase of office supplies, and seek community development and public benefits driven by the spirit of coexistence and cooperation.

Ethics Management



터 Ethical Financial Services

We are fully aware of Hana Financial Group's Charter of Ethics and Code of Ethics and act on them accordingly to ensure transparent business operations. We also use diverse channels to allow our employees and customers to file their reports on any regulatory violations and unfair business practices so that we handle such cases in a fair and expedient manner.

Hana TI

In addition to offering differentiated IT service to Hana Financial Group affiliates, we strive to build our own ITenabled solutions and new technology capabilities. We lead the 'Digital Transformation' to provide exceptional digital financial services and are expanding our global presence through the IT subsidiary established in Indonesia in 2017.



President & CFO Park, Sung-Ho

Date of

"Improving Yourself, Improving the Future"

Technology in the Fourth Industrial Revolution era is completely changing the paradigm of the financial industry. Amid such shifting business conditions, we renamed our company 'Transform IT, Hana TI' and redefined our vision, with the completion of Hana Financial Group's integrated data center in Cheongna and relocated its previous data center to this new building in 2017. Leading HFG's

'Digital Transformation', we will build such core technologies of the future as artificial intelligence, big data, blockchain, and cloud while nurturing talent with financial IT expertise and emerging as global top-tier IT company, Furthermore, we will deliver novel and value-added digital financial services for customers and society to reach HFG's mission of 'Growing Together, Sharing Happiness'.

Company Overview (as of the end of 2017)

Date of Establishment	Aug. 30 th , 1990	
No. of Employees	651	
Phone	+82-2-2151-6400	
Website	www.hanati.co.kr	
Headquarters	181, Eco-ro, Seo-gu, Incheon, South Korea	

Completion of the HFG Integrated Data Center in Cheongna



We completed the construction of and relocation into the integrated data center in Cheongna in June 2017. Building on this eco-friendly and high-efficiency data center that integrates Hana Financial Group's human and physical IT infrastructure, we will provide reliable financial IT services and contribute to the growth and development of the local community in Cheongna, Incheon.

Creating 'DT Lab' as a Dedicated Digital Innovation Technology Unit



Future Oriented Financial Services

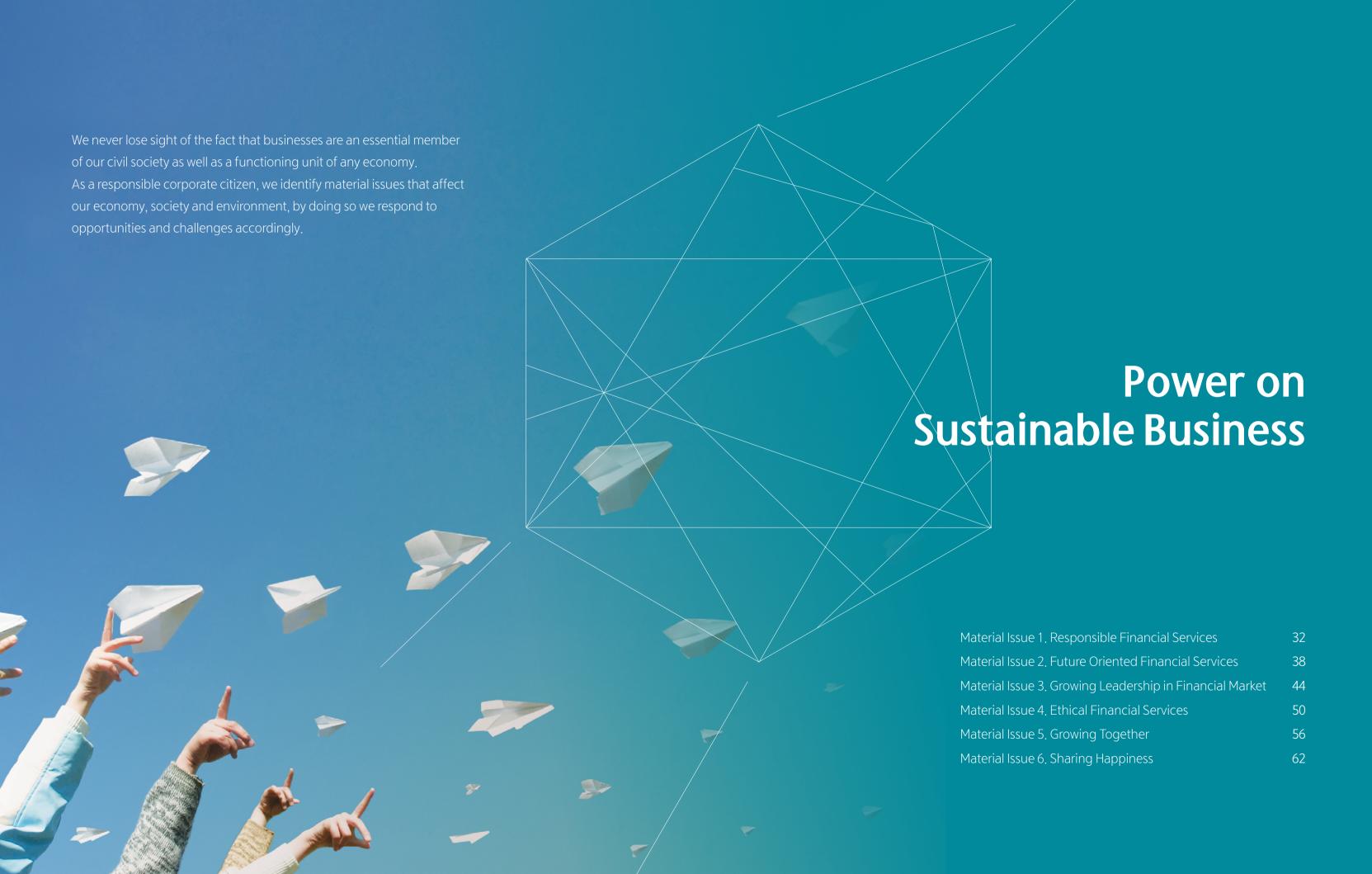
We created 'DT Lab' as a catalyst for fundamental digital transformation within Hana Financial Group and increased our recruitment of external experts. We expect this lab to allow for convergence and collaboration between financial and IT experts to upgrade the standards of customer financial services and to realize proactive open innovation by building R&D capacity in the financial IT sector and promoting trans-boundary and industry-academia cooperation.

Social Contribution Made with Local Communities



Sharing Happiness

We constantly undertake social contribution programs attended by employees and their families. Specifically after our relocation to Cheongna, we have been engaged in wide-ranging social contribution programs to promote mutual growth and development with the local community in Incheon, including the Mecenat program implemented with the Incheon Foundation for Arts & Culture to support local artists and the 'Hana Financial Coding Camp' provided for elementary and middle school students in Seo-qu. Incheon to teach them IT coding.



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RESPONSIBLE FINANCIAL SERVICES







Why Do Responsible Financial Services Matter?

A company's value of existence lies in its customers. Today, we witness transformative changes along with technology advancement across the financial landscape. If we stick to our conventional approach and simply focus on short-term business gains, this will not guarantee our competitive edge in today's rapidly-changing and highly-competitive business environment. Customer data protection and security constitutes an obligation that any financial institution must bear in line with evolving technology. This highlights the need to be aware of our responsibility as a financial service provider and make endeavors accordingly to listen to customers and deliver tailor-made services that bring customer happiness. Through responsible financial services, we should focus on the inherent value of 'satisfactory customer services' and provide 'safe-to-use services' so that we ultimately 'deliver happiness to customers through the financial service that we offer'. Responsible financial services are the very source of our mid/long-term competitive edge.



Hana Financial Group's Approach to Responsible Financial Services

At Hana Financial Group, we strive to bolster our information security to protect the invaluable assets and data of customers. We have established an advanced data security system by strengthening our customer data protection system, adopting new online security technology and obtaining domestic and overseas data security certificates, In addition, we operate a range of programs to collect customer feedback and reflect it in our service offerings while upgrading our customer feedback collection channels to assist the financially-underserved in accessing financial services. On the basis of HFG's foundation philosophy 'Wholly Dedicated to Only One Goal-the Happiness of Our Customers', we are fully dedicated to delivering 'responsible financial services that bring happiness to customers'.

KPI(Key Performance Index)





Portable KEB Hana Bank* (No. of cases)



Customer/Service Satisfaction Outcomes in 2017

Korea Sales Satisfaction Index(KSSI) Ranked first in the banking (loan) sector (4 consecutive years) Supervised by the Korea Management Association Consulting

Korea Service Quality Index(KSQI) Ranked first in the customer contact sector (2 consecutive years) Supervised by the Korea Management Associa-

Ranked first in banking customer satisfaction Supervised by the Korea Management Association Consulting

SDGs(Sustainable Development Goals)



tion Consulting

8.10 - Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all

INTERVIEW

KEB Hana Bank's Response to Voice Phishing Attacks

It was a usual day at our Shinsa Branch, KEB Hana Bank, but then I saw a customer who was obviously in panic. Wearing a cap and a mask, this female customer in her 20's wanted to withdraw KRW 17 million, saying that this was for her 'rental deposit'. It was guite a lot of money given her age and she had just deposited the money 30 minutes ago, which prompted me to intuitively speculate that she was exposed to voice phishing attacks, and I deliberately delayed the withdrawal. Making excuses that the printer ink needed to be replaced, I called for help of our Financial Fraud Prevention Team and asked the team to check on voice phishing accounts. Eventually, it turned out that she was threatened by a voice phishing scam, and I tried to keep her talking with me to ensure that police officers could come to address the situation. This finally enabled us to prevent the financial fraud.

Voice phishing scams are increasing that specifically target weak-hearted females in their 20's. Attackers falsely represent themselves as working for financial institutions or investigation agencies and threaten victims saying "You will be arrested" or "Investigation is underway". I have always been interested in voice phishing crimes through the awareness campaign launched by police authorities, and I will continue to endeavor to help prevent any such crimes.

"



Shinsa Branch, KEB Hana Bank Hwang, Hae-Kyoung

1.1

Financial Service Protecting Customer Information

2017 DJSI Evaluation Results

Information Security & Cyber Security



Personal (Credit) Information Security System and Activity

KEB Hana Bank

We set our vision on credit information management and protection to become 'Korea's Best Bank Protecting Customer Information' and are operating the Information Protection Committee chaired by the Chief Information Security Officer(CISO). The committee develops and deliberates on annual IT security strategies and plans while reporting deliberation outcomes to the CEO. We provide credit information protection training to subcontractor employees and loan agencies as well as our own employees to improve awareness on credit information protection. Furthermore, our contract department and information protection department perform joint inspections on subcontractors handling customer information more than once every year to review their performance in protecting personal information.

All HFG departments observe 'Day of Personal (credit) Information Protection' twice a year to promote employees' personal(credit) information management: checklists are used to perform self-administered reviews on the status of personal information file management and the adequacy of handling resident registration number data while latest case studies of violating personal data regulations are disseminated. Thanks to such endeavors, there was no single violation of information security regulations in 2017.

Obtaining the PCI DSS Certification

KEB Hana Card

Information protection is always our top priority at KEB Hana Card and we ensure that our customers and transaction partners perform transactions while trusting each other. In 2017, we obtained the Payment Card Industry Data Security Standard(PCI DSS) certification. As a globally-recognized credit card data security standard jointly developed by five global brand card issuers, this standard aims to strengthen cardholder security and conduct consistent data security assessments. As part of the certification process, we received comprehensive assessments on 415 items in a total of 12 categories concerning customer data(e.g. card numbers) storage, transmission and processing as well as payment process information protection.

Following the Information Security Management System (ISMS) certification that we acquired in 2016, we also became a PCI DSS-certified card company, externally demonstrating the excellence of our payment system and general information protection system.

1.2 Financial Services Taking a Step Further to Customers

2017 DJSI Evaluation Results Financial Inclusion



Operating the 'Happy Companion Counter'

*KEB Hana Bank

To correspond to our core objective of placing the value and interest of wide-ranging customers first. we have improved service accessibility for financially -underserved groups such as seniors and people with disabilities. In 2017, we installed and operated the Happy Companion Financial Counter across 745 branches to cater to the elderly and the disabled. Employees who fully understand how to properly respond to these customers were assigned and customer response manuals were developed and distributed. Our call center also operates an automatic response system(ARS) that slows down the pace of speech to help seniors listen and understand ARS instructions. As part of our specialized senior services, dedicated financial counselors address these customers using easy-to-understand terms and reconfirm the details of counseling.

Furthermore, we provide the ARS that shows information on the phone screen for the hearing-impaired and text-to-speech services for the visually-impaired while placing braille on ATM keypads and security cards to help financially-underprivileged individuals better access financial services,

Improving Financial Service Accessibility for Foreign Workers

*KEB Hana Bank

Our easy-one foreign currency remittance service was launched in 2007 to help foreign workers who are often financially underserved with wiring money back to their home country in a safe and convenient manner. By simply depositing remittance money to a dedicated account, the sender ensures that the money is automatically transferred to its overseas receiver, which dramatically improves financial accessibility, safety and customer convenience. In addition to our easy-one service, we improve financial access for foreign workers through our ATM multi-language service(17 languages available), mobile banking service exclusively for foreigners.

and counseling service provided in eight languages by dedicated marketers. In 2017, we assisted foreign workers in visiting their home country to celebrate the 10th anniversary of our easy-one service. We will continuously develop and support differentiated financial services that cater to the need of the financially-underprivileged.

Assisting North Korean Defectors in Making Reliable Financial Transactions

KEB Hana Bank

In preparation for the upcoming unification of the nation, we assist nearly 30,000 North Korean defectors settling in South Korea, Since March 2017, we have exempted them from paying fees for a range of financial services that we offer. In so doing, we help North Korean defectors ease their financial burden and inconvenience they may suffer in adapting to the unfamiliar financial environment of South Korea. We also serve as a consignment contractor for the Ministry of Unification in offering 'Tomorrow's Happiness Bankbook' service to support North Korean defectors in building their financial assets. Our support for North Korean defectors will continue so that they better understand our society and ultimately take a great pride in becoming a responsible member of our society.



KEB Hana Bank, operating the 'Happy Companion Financial Counter'

Obtained the PCI DSS certification



등 KEBULER 탈북 새디민 금융서비스 금융거래 수수료 면제 보지되는 아메시아 사무하기기만을 방사되장 이대행복통장 정부 미대행복지원금 제공

KEB Hana Bank, offering financial assistance to North Korean defectors

KEB Hana Bank

easy-one foreign currency remittance service

- ATM service offered in 17 languages
- Marketers handling foreign customers in eight languages



1.3 **Financial** Services **Protecting Customer Assets**

Preventing Financial Frauds of KRW 7,2 Billion

*KEB Hana Bank

We have endeavored across the board to prevent financial frauds by building an anti-voice phishing system, cooperating closely with police authorities, and offering relevant training to employees. In 2015, we created the Financial Fraud Prevention Team and established a well-organized collaboration system between the headquarters and branches as well as the bank and police authorities to root out financial frauds. Such endeavors reaped success when the ratio of fraudulent bankbooks fell down to 0,008% as of the end of December 2017. This achievement is particularly significant given that the ratio amounted to 0.26% at the end of December 2014 and plummeted by 97%(0.252%p) in just three years.

We continuously train our employees on the prevention of fraudulent bankbooks and individuals vulnerable to financial frauds on damage prevention. We also share details on the types of financial frauds and preventive measures to minimize their damage in advance. As a result, we protected KRW 5.7 billion and KRW 7.2 billion in 2016 and 2017 respectively from turning into losses caused by financial frauds while cooperating with investigation agencies in arresting 26 and 24 fraudsters in 2016 and 2017 respectively. Our commitment to protecting financial consumers and upholding their rights and to eliminating financial frauds was recognized as we were honored with the Financial Services Commission Chairman Award at the 2017 Financial Consumer Protection Awards and the Financial Supervisory Service Governor Award at the 2017 FSS Awards.

Operating the Counterfeiting Monitoring Center to Detect Counterfeit Bills

*KEB Hana Bank

We are the sole banking institution that operates the Counterfeiting Monitoring Center to deliver safe-touse bills to each and every customer. We perform total inspections on all bills that we handle so that our customers can be reassured about the authenticity of the bills they use in doing business with us. Our counterfeiting experts directly visit branches to provide customized training to branch tellers as a way to strengthen our counterfeit bill detection capacity, and expert training courses are provided for in-depth training

Our endeavors proudly allowed us to become the world's first to detect a new type of high quality counterfeit bills(supernotes) that were not even reported to the Interpol(International Police) in December 2017. We served as a witness to the Seoul District Court in relation to the counterfeit bills presumed to be manufactured in North Korea and found in circulation in South Korea in addition to Beijing and Dandong in China. Our evaluation opinions produced through our cutting edge detection equipment were adopted as evidence at the court. KEB Hana Bank detected more than 70% of the counterfeit bills denominated in foreign currencies and found in Korea over the past three years, and we uncovered a total of 469 counterfeit bills(translated into US\$ 57,056) in 2017. On the basis of our close cooperation with law enforcement agencies(prosecutors, police officers and customs offices) and the Bank of Korea, we faithfully fulfill our social responsibility as a financial institution that exerts positive influence in the market.



KEB Hana Bank, operating the Counterfeiting Monitoring Center

KEB Hana Bank

Preventing KRW 7.2 billion from falling into financial frauds



with Customers

KEB Hana Bank's

Satisfaction Initiatives

satisfaction program

196

2015 2016 2017

589

Hana Echo Postcards received

(cases)

235

tomer Committee

meetings held

Customer

Customer

(cases)

improvement

1.4 **Financial** Services Communicating

KEB Hana 1Q Advisory Group

*KEB Hana Bank

Our Consumer Protection Council meetings are held every guarter and led by the heads of major departments to review and coordinate current issues while the Customer Committee plays a leading role in communicating with customers. In 2016, we introduced the 'KEB Hana 10 Advisory Group', an online customer panel group, to comprehensively gather customer feedback: the group uses online channels to collect customer complaints, compliments, suggestions and recommendations and then chooses specific customers when deemed appropriate to reward them with an opportunity and incentives to attend the group as a way to identify necessary improvements.

Customer Panel System

KEB Hana Card

We directly gather customer feedback and reflect such feedback in our products, services and policies to put customers at the center of our business conduct. As part of our first Customer Panel session in 2017, a total of 10 regular and one ad-hoc discussions were hosted and this allowed us to improve 94 processes from the customer viewpoint. Notably, 60 priorities related to our digital customer contact points were chosen, including our website, app, and 1Q PAY, and customer needs were fully integrated in making necessary improvements. As a result, both 1Q PAY and KEB Hana Card app ranked first in customer satisfaction(based on the Play Store/ Apple Store rankings in January 2018) and our corporate website was honored with the UI/UX Innovation Grand Prize at the Web Award Korea 2017, In 2018, we will appropriately reflect customer feedback in our business operations to pursue qualitative growth.

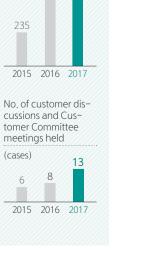
Next Generation Counseling Quality Management System

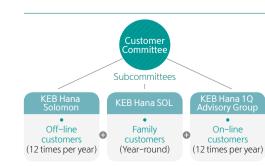
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THana Capital

We recognized the need to establish systematic standards on the quality of counseling calls to improve customer convenience. This prompted us to adopt a counseling quality management system dubbed 'Emo-Ray' in October 2016 to elevate the level of our counseling operations and we became the first capital service provider to adopt such system. Our quality managers analyze the calls selected for causing customer complaints in accordance with the counseling quality management system, identify their problems, offer counseling again if deemed appropriate, and then retrain counselors. Based on real time feedback on counseling, we are capable of detecting customer complaints early on and pre-emptively address them through our happy call service. In addition, this allowed for real time monitoring and training on the entire counseling conversations to ultimately improve the quality of our counseling service.

In September 2016 right after the adoption of this system, the number of counseling complaints amounted to 12 per day but the number of customer complaints detected through our system has continued to drop since April 2017 and finally fell to two per day in December 2017. This system also enabled us to monitor customer calls that are excessively stressful for our counselors and make proactive countermeasures to significantly improve their working conditions. We plan to consistently operate and upgrade our counseling quality management system to provide a better work environment to our counselors who directly interact with customers and thus are engaged in 'emotional work'.





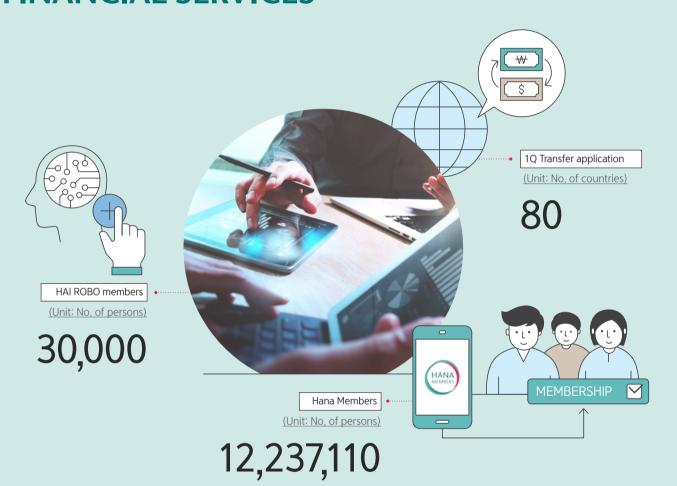
Hana Capital

Counseling complaints dropped by 83% (against Sep. 2016)



02. FUTURE ORIENTED FINANCIAL SERVICES







Why Do Future Oriented Financial Service Matter?

Today's financial market is experiencing a paradigm shift: companies capable of delivering customized services and flexibly satisfying the needs of individual customers are driving traditional strong market leaders out of the market. Non face to face transactions are increasing through online and mobile channels while diverse customer groups demand non–financial services and their needs are also diversifying. Amid such rapidly shifting financial landscape, a financial institution's competitive edge will be determined by its capability in merging new technologies of the 4th Industrial Revolution – artificial intelligence and big data above all – with conventional financial services and in creating synergy effects and staying ahead of the competition in meeting customer needs.



Hana Financial Group's Approach to Future Oriented Financial Services

At Hana Financial Group, we strive to maximize the potential synergy effects that we have in order to compete successfully in the upcoming new era. Leveraging our Group Synergy Marketing Council and integrated computing system, we closely align respective group affiliates in developing and selling products. We also create new services by pursuing IT convergence through AI, augmented reality, and speech recognition and by building a mobile platform in order to approach our customers more effectively. We bring flexibility to our organization and branch systems to better respond to changing market trends while using our next generation system to build an integrated product management system in order to deliver optimal financial services. Presently, we are undertaking an organizational reform project to strengthen our preparedness for the future and laying the basis to promote convergence between financial expertise and IT capability.

KPI(Key Performance Index)

1Q Transfer application*

2017

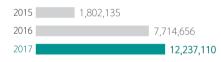
80 countries

HAI ROBO members* (No. of persons)

2017

30,000 persons

Hana Members (No. of persons)



SDGs(Sustainable Development Goals)



8.2– Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour–intensive sectors



9.5 – Enhance scientific research upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending

INTERVIEW

Hana Financial Group's Integrated Data Center

As the first step to create the 'Hana Financial Town' in Cheongna International City, Incheon, we completed the construction of our integrated data center in June 2017 and hosted its completion ceremony on June 20th, 2017. As the first ever integrated data center established in the Korean financial industry, this center will gather together all the human and physical IT infrastructure and technology of the entire group affiliates for their integrated operation. The construction process was led by the group affiliate Hana TI,

Our integrated data center currently has nearly 1,800 employees working in relation to IT operations and serves as the IT hub of Hana Financial Group and as a base for our integrated data management system. The center enabled HFG to improve the efficiency of data management and application and to reduce relevant costs. Furthermore, the center helps facilitate exchange among IT staff and effectively develop new core technologies in such diverse areas as mobile, fintech, and security.

The center features optimal information security designs to prevent the loss or leak of information. Its sophisticated seismic design allows the building to withstand earthquakes of magnitude 8.0 or lower and its mechanic facilities adopted a dualization system in order to prevent information losses caused by physical damage. Introducing rotary UPS technology and parallel connections further beefed up its back–up system. Its construction was performed with Crime Prevention through Environmental Design(CPTED) principles in mind, and a separate visitor–only space was created to minimize any possibility of data loss.

HFG's integrated data center will surely serve as the group-wide outpost to expand efficient communication and synergy among its IT staff in the integrated work environment and to develop and adopt new technologies that will drive the innovation of financial services. We also expect this center to standardize and improve the quality of IT services and broaden opportunities to redistribute resources among group affiliates and to build on Cheongna's infrastructure to serve as the hub and the think-tank in our advancement into the global IT market,

On the basis of the synergy effects to be created in conjunction with Hana Global Talent Development Center whose construction will be completed within 2018 in the Hana Financial Town, the integrated data center aims to widen its external collaboration, including global technology scouting and startup acceleration, through partnerships formed with fintech companies and global players, in addition to nurturing financial and IT talent.

Furthermore, our integrated data center is engaged in a range of social contribution programs in Cheongna to pursue mutual growth with the local community: the center provides IT coding and IT job experience courses for elementary and middle school students in Seo-gu, Incheon, through its 'Hana Financial Coding Camp' program while working with local cultural and arts organizations to operate the Mecenat program that sponsors local media artists and cultural partnership programs. In so doing, the center is fully committed to communicating and growing with the local community where it is based

We believe that our integrated data center will enable Hana TI to emerge as a top-tier financial IT company by training financial IT experts and supporting domestic financial IT technology to become globally competitive.

*Based on KEB Hana Bank

40 HANA FINANCIAL GROUP SUSTAINABILITY REPORT 2017

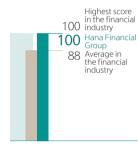
Power on Sustainable Way Power on Transparent Fundamentals Appendix

2.1

Cooperation among HFG and Its Affiliates

2017 DJSI Evaluation Results

Financial Stability and Systemic Risk



Organic Alignment of Financial Product Development and Sales

As today's customers prefer to choose the right financial service for themselves, we are building an integrated One Company platform to proactively respond to this emerging market trend. Group affiliates are organically aligned in developing and selling products through our synergy mechanism to strengthen their own expert capacity while optimal products and services are delivered through one–stop solutions to cater to customer needs.

Group Synergy Marketing Council

At Hana Financial Group, our financial synergy effects are generated through the Group Synergy Marketing Council. Chaired by the head of the Management Planning Unit, the council consists of six committees – Retail Committee, PIC Committee, CIB Committee, Startup–Venture Investment Committee, Real Estate Finance Committee, and Collaboration Support Committee responsible for collaboration in the non–sales sector. From 2018 onwards, the Retail Committee and PIB Committee will be integrated into the Retail Business Committee. The council serves as a venue for group–wide discussions to drive the synergistic collaboration of comprehensive customer financial services, ranging from improving cooperation capacity within the group and facilitating

auto financing to strengthening collaboration between banking and financial investment through organization, evaluation and compensation and promoting group-wide real estate collaboration management and support.

Organizational Reform to Develop New Growth Engine Financial Services

We fully reflect the increasing trend of financial consumer protection into our business conduct and endeavor to reinforce our big data and digital financing capabilities. In December 2017, we initiated the '2018 Organizational Reform' to disseminate our digital strategy and DNA in preparation for the Fourth Industrial Revolution and to identify the financial services that will serve as our new growth drivers. Specifically, we created the 'Digital Marketing Department' and 'Corporate Digital Business Department' and efficiently assigned IT development staff in order to strengthen our capacity to offer digital products and services to individual and corporate customers. Furthermore, the 'Future Banking R&D Division' was established to develop and manage our Digital Transformation and future digital financing strategy while developing new businesses in relation to augmented reality, blockchain, IoT, and big data in order to generate digital innovation synergy.



- ${}^*\operatorname{PIB}(\operatorname{Private Investment Banking}): \operatorname{Financial services that combine asset management and corporate financing}$
- * CIB(Corporate&Investment Banking): Financial services that connect corporate financing and IB business
- * PCIB(PIB+CIB) : General financial services for all individual and corporate customers



KEB Hana Bank, integrated data center

Hana Financial Group

Operating six committees under the Group Synergy Marketing Council



2.2 Merging IT with Financial Services

Augmented Reality(AR) enabled Financial Service 'Hana Money GO'

We added 'Hana Money GO' to the Hana Membership app so that our customers can have fun in their daily financial life. As an augmented reality service enabled by smartphone location tracking, 'Hana Money GO' allows Hana Members to receive coupons when they are near the branches of KEB Hana Bank, Hana Financial Investment, and KEB Hana Card or partner stores, Following Hana Talk, Hana Money GO is recognized as another innovative financial service launched by Hana Financial Group and demonstrates our commitment to delivering both fun and valuable customer experience.

Al (Artificial Intelligence) based Financial Service 'HAI ROBO'

*KEB Hana Bank

To promote responsible financial services, we launched our Al-based financial service brand 'HAI' as well as 'HAI ROBO' as its first robo advisor service in 2017. HAI ROBO is capable of sufficiently briefing customers on our products while reducing the time taken from portfolio design to product purchase to 10 minutes or less and creating a tailored portfolio for customers via deep learning Al algorithms, HAI ROBO enables our customers to access a range of convenient features including 'My Asset Diagnosis' reports and the Fund Mall available around the clock. Furthermore, HAI ROBO operates a hybrid sales process that combines the best of both on/offline worlds: our artificial intelligence PB presents an investment portfolio to customers who then learn about the portfolio and make purchases with the help of human PBs. Within just six months after its release, HAI ROBO reached 30,000 in subscribers, KRW 400 billion in subscription value, and 120,000 in the number of subscription fund accounts, and

nearly 100,000 customers had an opportunity to experience the service. Furthermore, its 'asset allocation alpha algorithm' successfully passed the algorithm operation and system safety examinations conducted as part of the 2nd Robo Advisor Testbed Examinations supervised by the Financial Services Commission in 2017.

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In 2018, we plan to launch 'HAI ROBO Season 2' with strengthened asset management services, and to continually offer service upgrades to bring contentment and convenience to our customers.

Launching Speech Recognition Text Banking

KEB Hana Bank

By adopting 'Bixby', the intelligent interface technology developed by Samsung Electronics, to our 'Text Banking' service launched in November 2016, we unveiled 'Speech Recognition Text Banking' in June 2017 to enable our customers to conduct financial transactions conveniently through voice recognition. If customers register their account under its nickname, they can swiftly wire money to their account and complete the authentication process in an easy and expedient manner through such biometrics as iris or fingerprints. The service also allows customers to check exchange rates, balance and transaction details and still maintains an option to directly input account numbers in wiring money. We expect this service to lay the basis for the conversational Al platform that we aim to establish in the upcoming years.



Hana Financial Group, augmented reality service Hana Money GO

KEB Hana Bank

Launching Speech Recognition Text Banking



Extending the Scope of '1Q Transfer'

*KEB Hana Bank

In February 2016, we launched an easy to use overseas remittance service '10 Transfer'. This cutting edge fintech service allows senders to wire money to their overseas recipients through their mobile phone numbers without time or space limitations. In 2017. we extended the scope of 10 Transfer to include 80 countries across the globe: 15 countries including Uzbekistan, Nepal, Russia, Myanmar, Bangladesh, Pakistan, India, Kazakhstan, Kenya, and Ghana were added in the first half and then 65 more countries were added including China, Japan, and those in Europe and Latin America, In so doing, we ensure that our customers in 80 countries can make remittance in a more convenient and cost-efficient way. Our Future Financial Business Division will continue to broaden the coverage of 1Q Transfer.

Validating the Application of Blockchain Technology

KEB Hana Bank

In December 2017, we successfully validated the application of blockchain technology to our trade financing process, including the purchase of export bonds through Open Account Transaction(OAT). In so doing, we became the sole Korean bank that completed such validation in the trial application phase as a member of the 'shipping and logistics blockchain consortium'. We will adopt blockchain technology across the entire trade operations to fundamentally prohibit export/import document forgery and minimize the publication of paper documents.

Officially Launching 'Finnq' as the Daily Financial Platform for Consumers in Their 20's and 30's

Finnq

Finng, a joint venture established in 2016 via ioint investments made by Hana Financial Group and SK Telecom, officially launched 'Finng' as the daily financial platform created through the combination of financial services and information and communications technology to serve consumers in their 20's and 30's, Finng is essentially an Al-enabled money trainer service that assists customers in building solid assets and healthy consumption habits. Notably, the service performs tailored assessments on customers in their 20's and 30's who would readily open their wallets while relatively lacking financial information, and supports them in solving their financial problems to deliver innovative financial value. Finng's innovative services include the Al-based financial chatbot 'Fingo'. the spending analysis and cash flow management service 'SEE ME', and 'FIT ME' that provides financial products in alignment with group affiliates. We will leverage Finng to broaden our overseas remittance service and P2P loan business based on our internal credit modeling while developing a financial service platform for seniors who are often left behind in the

Building an Integrated Online Mobile Test Center

🅇 Hana TI

In 2017, we became Korea's first financial institution to build an integrated online mobile test center. This enabled our customers to access all mobile devices within the center 24 hours a day and 365 days a year by simply making online connections to perform a range of mobile web and app tests on group affiliates. We believe that this integrated test center will bring dramatic savings in human resources, time, and cost and address productivity and efficiency losses



KEB Hana Bank, operating 1Q Transfer

Building an online

Hana TI

mobile test center
(Korea's first financial institution to do so)



2.3 Mobile Platform Application

Opening the Global Mobile Platform 'Digital Lounge'

KEB Hana Bank

Our global mobile platform 'Digital Lounge' was launched to assist our overseas customers in overcoming their limited access to financial service and information. Digital Lounge offers tailored banking product information according to customer variables such as age and hobby through social media, and its mobile website provides a range of information on our banking operations, exchange rates and fees. This platform is available in English, French, Chinese and Japanese across 17 overseas branches in 15 countries, We aim to support more languages in operating Digital Lounge and add mobile leaflets and other services to eventually extend the scope of the platform across our entire overseas network.

Expanding the 'Mobile Branch' Service

*KEB Hana Bank

In March 2017, we launched our 'Mobile Branch' service to enable customers to make banking transactions even without app installation, membership or certificates to improve customer convenience. Our customers can make household loan/credit card applications and open their bank account on a non face to face basis through our Mobile Branch, Since December 2017, in order to improve the service, functions such as house mortgage loan application and household loan contract application were added. When our branch staff offer the URL address or OR code of their branch to customers, even first time customers can apply for loans without joining our membership program, and customers can use their smartphone to photograph and submit the complicated documentary evidence required for loan qualification, which enhanced customer convenience and work efficiency. We will upgrade the utility of our product offerings through continued communication with customers and adopt cutting edge information technology to ensure that our non face to face financial service channels are as good as face to face channels.

KEB Hana Bank

Launching the global mobile platform 'Digital Lounge' in 17 countries

Launching the Mobile Marketing Platform '1Q Pay'

KEB Hana Card

We endeavor to combine big data and other new technology with financial services to deliver differentiated customer experience. In 2017, we became the first financial institution to launch the marketing platform '1Q Pay': we divided our nationwide network into 300 areas and allowed our customers to receive real-time information on the benefits available in nearby business districts and franchises located in each of these areas. We will leverage big data analysis to offer more diverse services to customers in chosen regions and industries while extending the scope of this platform to include overseas duty-free shops and major tourist destinations.

Opening a Mobile Insurance Counter

THANA Life

To respond to increasing non face to face transactions, we opened a mobile insurance counter to allow customers to use their smartphone to conveniently handle insurance contract management. We selected those functionalities considered highly essential from the customer viewpoint from the existing online cyber counter and added them to the mobile counter while creating a more intuitive and simple interface. Furthermore, customer convenience was improved by eliminating the installation of a separate app and the use of security or OTP cards and by adopting simpler procedures.

Launching the Mobile Branch 'Hana 1Q Family'

THana Capital

Our mobile branch service 'Hana 1Q Family' was designed to provide one-stop service in the field and accelerate our internal approval process. On top of the services already available through the existing sales support app, Hana 1Q Family added car lease/rental quotation, the online registration of documentary evidence, electronic signature and other readily-available services. Furthermore, Hana 1Q Family Talk(mobile chatting service) and product inspection service were added to assist employees in handing their business expediently in the field as well as at office. We believe that Hana 1Q Family will serve as a link connecting our sales channels with digital financing.

03. GROWING LEADERSHIP IN FINANCIAL MARKET







Why Does Growing Leadership in the Financial Market Matter?

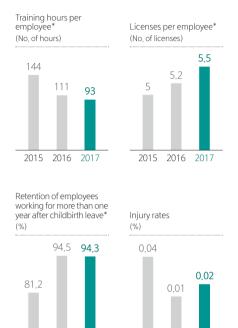
The responsible financial services that we pursue at Hana Financial Group start with 'Hana People', our employees. HFG believes that our employees can bring customer happiness when they find their own happiness and value in their work life. When each and every Hana employee feels valued as an essential member of the organization and recognizes the actual benefits they offer to customers, this will add another layer of competitive edge at Hana Financial Group. As 'work-life balance' is emerging as a critical issue in our society, its importance warrants our consideration as a critical element for our employees in creating a sustainable and efficient work environment as well as in taking sufficient rest and recharging their energy.



Hana Financial Group's Approach to Growing Leadership in the Financial Market

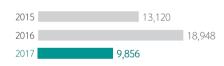
By assisting our employees to become 'Wholly Dedicated to Only One Goal – the Happiness of Our Customers', we ensure that they truly feel the value they bring to work and take the ownership of their work. We support HR systems and training programs to encourage all our employees to shift from sales practices that focus on short–term results to serving as financial consultants over the long haul. We also realign our organizational system in line with shifting business conditions, and our senior management and employees jointly formulate future strategy to improve organizational stability and risk response capability. Notably, we endeavor to create a family-friendly work environment to help employees achieve work–life balance and properly address their work–related stress.

KPI(Key Performance Index)



Participation in job training* (No. of persons)

2015 2016 2017



SDGs(Sustainable Development Goals)



4.4 - By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

INTERVIEW

Corporate Culture that Brings Customer Satisfaction Through Employee Satisfaction

At Hana Financial Group, we firmly believe that customer satisfaction comes from employee satisfaction. This is why our corporate culture stresses the value of employee satisfaction. To ensure that our corporate culture contributes to employee satisfaction, we endeavor to create a workplace that allows employees to strike the right work–life balance, access opportunities to develop into experts, and take pride in what they do.

We make sure that our employee leave office on time for their work-life balance. We improved our work process so that the time that was unnecessarily wasted is given back to employees to help them focus on their work and self development. We strive to improve our system to enable our employees to leave work on time so that they can enjoy their personal and family life and are satisfied with their work life.

Moreover, provide numerous opportunities to employees to help them develop expertise: MBA courses and weekend courses are offered to build financial expertise. We believe that we can elevate customer satisfaction when they are served by employees with the right financial expertise. Our employees will also find satisfaction in developing their career accordingly.

Most of all, we value employee engagement from the 'process' perspective. No system or program would be meaningful if employees do not agree on their purpose or participate in them. It is through employees' own decision to engage themselves that they feel a sense of pride and belonging. As such, we ensure that employees feel satisfied in the process of engagement.

Employee satisfaction leads to customer satisfaction, and the financial expertise brought by employees can guarantee customer satisfaction with our service. Customer satisfaction contributes to building a stable profit base, improving the distribution of business outcomes, and eventually building a strong sense of pride and satisfaction among employees. We will endeavor to create this virtuous cycle of employee satisfaction leading to customer satisfaction.

The Analects of Confucius say that "if you ensure that those who are near are pleased, then those who are far way are attracted". This implies that we need to ensure employee satisfaction first if we are to deliver customer satisfaction. We vow to become a financial service provider that delivers employee satisfaction in order to satisfy our customers and to share happiness with the society in so doing.

Employee Satisfaction
Respect for life
Provision of growth
opportunity

Workplace Satisfaction
Stable profit base
Increased distribution of outcomes



Top-Tier Financial Service
Top-notch pride
Top-notch financial expert

Customer Satisfaction
Increase in asset value
Convenient service



Head of Division,
Change Promotion Division,
KEB Hana Bank
Seo, II—Reom

*Based on KEB Hana Bank

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3.1 Strengthening Financial Expertise

2017 DJSI Evaluation Results

Human Capital Development



Career Development Program

We develop employee's vision and expertise through our systematized career development program. This program is categorized into core human resources, specialized personnel and global workforce: core human resources are evaluated in accordance with the Right People for HFG principle and trained as our next generation leaders; professional personnel receive intensive specialized capacity building training by job category; global workforce is further grouped into expatriates, employees with overseas experience, and locally-hired employees. They are given systemic support to take the leadership in expanding our global network.

Global Talent Training Program

Our definition of talent training is to accurately identify the current and necessary capabilities of individual employees by job level - from working-level employees to executives – and nurture next generation leaders from the mid/long-term perspective. Based on this definition, we have established an employee career development organization since 2007 to build our human resources. HFG's 'global talent training program' plays a pivotal role in training our next generation leaders. We categorize human resources into 'executives in head of division or higher level positions', 'departmental managers', and 'employees in assistant team manager or below positions', and we either directly develop training courses or cooperate with globally-renowned training organizations to ensure that the training program is optimized for respective job levels.

To assist employees in pioneering our overseas business, we offer training programs that meet specific local needs and set the right condition to build their own local human network. Our employees with expertise on local specificities play an essential role in strengthening our global business at Hana Financial Group.

Opening the IT Campus

Our IT Campus aims to train convergence–focused talent to cope with fast–changing business conditions in the IT and financial industry. The IT Campus provides a range of programs on new technology, latest security trends, startups and entrepreneurship to help employees receive mandatory IT training that is practical and immediately applicable to their daily work. The IT Campus opening ceremony hosted in September at HFG's integrated data center served to allow IT executives and working–level staff to reach consensus on the importance of capacity building and to share their ideas on campus operation. HFG plans to fully support employees for their learning and development and to utilize IT training to pursue collaboration and synergy among group affiliates.

Initiating the Construction of Hana Global Talent Development Center

Hana Financial Group is committed to improving employees' financial capacity and revitalizing the local community where it is based. In 2017, HFG hosted the ground-breaking ceremony for 'Hana Global Talent Development Center' as part of its Hana Financial Town project. We expect Hana Global Talent Development Center to serve as an outpost in building employees' global financial capacity across all group affiliates. In addition, buildings within the Hana Financial Town, including Global Talent Development Center, will be used to offer a range of programs for people in Incheon as a way to undertake social contribution initiatives for local communities.



HFG, operating the IT Campus

KEB Hana Bank

903 employees attended the global expert training program in 2017

Talent Attraction & Retention



2017 DJSI Evaluation Results

Opening DT Lab

🕇 Hana TI

Hana TI, an IT business arm of HFG, created Digital Transformation Lab(DT Lab) as an independent entity, DT Lab is different from conventional financial organizations in that it is solely responsible for digital technology innovation. This will enable HFG to secure future core technology – Al. big data, blockchain, IoT. and cloud - and pursue collaboration with group affiliates and convergence between financing and IT. We at HFG plan to develop AI modeling through the use of internal data, build innovative financial services based on humanities in alignment with external organizations, and offer employee training to disseminate Digital Transformation mindset across the board. In so doing, we aim to raise the bar on our service offerings and commercialize such services for our customers. The newly-created DT Lab will position itself as a key growth driver for our group-wide open innovation by forming partnerships with overseas financial institutions and fintech businesses.

Launching Capacity–Building Programs for Digital Financial Talent

KEB Hana Bank KEB Hana Card Hana TI

In July 2017, we recruited 22 'Digital Stars' who will serve as our next generation talent to lead digital financial innovation culture in order to assist our employees in building capacity to deliver the innovative value of digital financing. These 22 Digital Stars attended the Digital Innovation Forum, monthly training on eight information and communication technologies and relevant case studies, the Open the Future digital financing lecture, and coding training designed to develop creative computing thinking. This was followed by the dissemination of digital financing culture to nearly 550 employees on a total of 18 sessions in the first half of 2017 in a

lignment with our sales organization and Community of Practice(CoP). Some of our Digital Stars are participating in our future financing projects – HAI banking, Open API, non face to face account opening, and Global Loyalty Network – and are fulfilling their intended roles. In 2018, we aim to double the number of Digital Stars and strengthen our support system in respective sales divisions in line with KEB Hana Bank's Digital Transformation strategy to further advance the dissemination of digital culture. Digital Stars can suggest their ideas on digital financing innovation products and services and are given an opportunity to participate in relevant projects if their ideas are

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KEB Hana Bank's Future Financial Business Division and Hana TI launched the 'Future Financial Coding Camp' in October to assist employees in strengthening their IT–related capabilities. Hana TI employees served as lecturers and nearly 70 employees from the Future Financial Business Division attended as trainees to share basic coding principles and discuss how to organize ideas in a structured and logical way from the IT perspective.

Opening the Jilin Financial Research Center

At Hana Financial Group, we aim to build our global leadership through shared growth with our global partners. As such, our Hana Institute of Finance established the Jilin Financial Research Center in Changchun, Jilin Province, China, in conjunction with the Bank of Jilin and Jilin University. The center will serve as the think tank of the Bank of Jilin to conduct management strategy research in diverse sectors to drive the bank's growth into a total financial service provider. The Hana Institute of Finance plans to offer research advice to the center.



KEB Hana Bank, recruiting Digital Stars

Hana TI

Opening DT (Digital Transformation) Lab



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3,2 **Great Work Place**

Family-Friendly Management

At Hana Financial Group, we implement multifaceted policies to ensure the work-life balance of our employees as part of our family-friendly management. We operate daycare centers to help reduce employees' childcare burden and pay educational expenses for their children, Notably, KEB Hana Bank has been certified as the family-friendly enterprise by the Ministry of Gender Equality and Family since 2013 and is widely recognized for its exceptional achievement in improving employee satisfaction through childcare leave, reduced working hours, and pre-maternity and postnatal leave. Furthermore, we designate weekly Family Day to encourage employees to leave office on time and operate PC-off Day and Family Relationship Improvement Programs so that our employees can spend quality time with their family, taking rest and feeling contented.

Employee Wellbeing Center

KEB Hana Bank

In 2016, KEB Hana Bank opened the Employee Wellbeing Center to operate the 'Cyder Talk Talk' program, a door-to-door counseling program, and a stress reduction program. As a way to handle employee grievances, we offer mental counseling, mental testing, mobile sales branch service, stress management lectures and support for credit recovery while hosting communication events attended by the CEO, healing concerts and mental fitness lectures to improve employee healing and contentment. To help employees strengthen their family ties, we provide gifts on family anniversaries(birthday, wedding anniversary, children's school admission, etc.), hold briefing sessions on university admission as well events attended by employee families. Managers are trained to help their employees effectively cope with stress, and separate counseling and legal service are provided to employees suffering from excessive debts for their individual rehabilitation.

Healing Programs for Counselors

KEB Hana Card

Since call center counselors are the first point of contact with customers and directly interact with customers by listening to their feedback and communicating with them, we consider counselors 'emotionally-engaged' workers and value their importance as a determining factor of our customer satisfaction. This is why we fully support their stress management: the 'Healing Program for Call Center Counselors in KEB Hana Card' was launched in February 2016, and 40 counselors were invited monthly in 2017 to attend this stress management program. In December, 30 top-performing counselors were given an overseas training opportunity in Italy. Included in our wide-ranging healing programs are lectures offered by famed experts, cooking classes, picnics, musical performances, cruiseship excursions, King of Mask Singer, and Challenge! Golden Bell. Furthermore, mental therapy programs - one-onone professional counseling therapy, counseling on job-related grievances - are provided to counselors year-round.

Work Environment Improvement Workshop

THana Asset Trust

Hana Asset Trust hosted an organizational fitness improvement workshop in the HFG office building. This workshop was planned based on the outcomes of the Organizational Health Index(OHI) survey and interview conducted on employees at the beginning of the year and aimed to explore practical improvement measures and strengthen organizational execution to enhance organizational health. As part of the workshop, organizational issues were evaluated and improvement plans were identified from the working-level staff viewpoint while these evaluation and discussion outcomes were reviewed and detailed action plans were discussed from the manager perspective. Going forward, Hana Asset Trust will assist employees in driving organizational change in their respective position through healthy communication so as to strengthen its organizational competitive edge.

Hana TI

Employees working for more than one year following their reinstatement from childcare/maternity leave
Male 91.67%,
Female 94.36%

KEB Hana Card

Operating the monthly call center counselor healing program for 40 counselors



3.3 Facilitating Organizational Culture and

Communication

2017 DJSI Evaluation Results

Human Capital Development



Healing Camp

KEB Hana Bank

KEB Hana Bank hosted the 'Empathy and Companion - Healing Camp' program designed to allow employees to take a short break from their busy life to reflect on themselves and boost their motivation through communication with colleagues, expanded internal communication, and the dissemination of positive energy. This program was attended by nearly 600 employees chosen for their outstanding performance across the nation. Serving as an opportunity to encourage top-performing employees and inspire their self-confidence, the program enabled attendees to communicate with their senior and junior members in a free and open manner, make a list of 'Dos and Don'ts' on such topics as 'communication, collaboration, role modeling, and compliment', and discuss how they can take the initiative in creating a fun, exciting and pleasant work environment. In so doing, our employees were able to understand and relate to new corporate culture.

Communication Leader Meeting

Thana Financial Investment

We hosted 'communication leader meetings' to encourage interactive communication both horizontally and vertically. In selecting leaders who will preside over these meetings, we identified employees in assistant manager or higher positions nominated by department heads for their exceptional communication skills. The first such meeting was attended by 114 employees: senior management and employees exchanged views on pending issues and ways to facilitate internal communication. In so doing, we intend to disseminate a culture of interactive communication and become a 'company beloved by customers and envied by competitors while giving a sense of pride to employees'.

Event for Top Performing Locally Hired Employees

*KEB Hana Bank

Hana Financial Group facilitates communication with locally-hired employees across the globe to elevate their sense of solidarity and build our global leadership. In June, KEB Hana Bank invited top-performing local hires and their spouses from its branch located in Hana Bank China to an event designed to recognize their achievements. This served as a venue to share ideas on challenges and accomplishments in localizing our business in China and on our future ways forward, instilling these locally-hired employees a solid sense of belonging as Hana People. As part of this event, a corporate culture training program was held to disseminate the vision and value of Hana Financial Group among these employees. HFG aims to continue its communication with local recruits to localize and stabilize the operation of its branch in Hana Bank China.

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Play 1(Hana) Event

KEB Hana Card

We hosted the Play 1(Hana) event at the prestigious club M2 as a festival for mutual communication and harmony: 700 employees gathered at the venue to celebrate the unification of labor unions and HR systems. We celebrated our 'triple crown'(recruitment, volume handled, net income) outcomes in Q1 of 2017, and the integration of our HR, wage, job rank and welfare systems, which was made possible through labor–management consultations.



KEB Hana Bank, operating the Healing Camp program



Hana Financial Investment, hosting a communication leader meeting

04. **ETHICAL FINANCIAL SERVICES**







Why Do Ethical Financial Services Matter?

Ethics management is subject to social norms in accordance with relevant laws and regulations and has direct impact on corporate sustainability. The advancement of social media increases customers' exposure to the ethics management practices undertaken by businesses, and it is highly likely that the quality of their reputation determines whether customers remain loyal or turn away from them. Recently, there are increasing legal and social demands for fair society, and companies can improve their corporate value and sustainability as well as managing risks by implementing ethics management systems and embedding ethics management into their corporate culture.

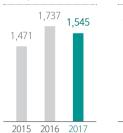


Hana Financial Group's Approach to Ethical Financial Services

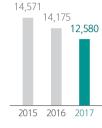
Since 2009, Hana Financial Group has established codes of ethics in respective affiliates to elevate ethics awareness across the group and recognizes ethics management as the source of its sustained competitive edge over the mid-to-long term. In 2016, HFG set forth Code One as the group-wide common Code of Ethics by integrating feedback from all Hana People, In early 2017, HFG also established 'Core 7' that embodies the seven principles of ethical conduct to further integrate ethics management in its business operations. HFG assists all Hana People in making ethical decisions by defining a clear set of ethics standards while reinforcing its whistleblowing system and introducing an evaluation system to manage ethics management risks at all group levels. Furthermore, HFG offers a range of training and workshop programs to help employees clearly understand the ethics standards defined by the group and awards the best practices of ethics management to encourage employees to abide by the set ethics standards.

KPI(Key Performance Index)





Participation in ethics management training* (No. of persons)



Violation of Electric Financial Transactions Act* (No. of cases)

2015 - 2016 - 2017

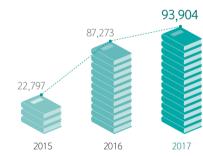
Zero

Violation of the Fair Trade Act* (No of cases)

2015 - 2016 - 2017

Zero

Participation in anti-money laundering training* (No. of persons)



SDGs(Sustainable Development Goals)



16.3 - Promote the rule of law at the national and international levels, and ensure equal access to justice

16.5 - Substantially reduce corruption and bribery in all its forms

16.6 - Develop effective accountable, and transparent institutions at all levels

INTERVIEW

HFG's Human Rights Declaration

At Hana Financial Group, we aim to faithfully fulfill our corporate social responsibility and pursue the healthy growth of all stakeholders in accordance with our group-wide mission of 'Growing Together, Sharing Happiness'. This mission statement serves as the foundation for 'Code One(HFG's code of ethics)' that defines the standards and action principles that should be abided by in making ethical decisions as a way to advance human rights management. Furthermore, we endorse the principles of human rights proposed by the UN in its 'Universal Declaration of Human Rights' and 'Guiding Principles on Business and Human Rights'. Going forward, we at HFG will strive to protect the human rights of all our stakeholders and prevent the violation of human rights, as outlined

Human Rights of Employees

- · We respect diversity and prohibit any form of discrimination on the basis of gender, education, disabilities, religion, race or place of origin, etc.
- We evaluate and compensate employees based on fair standards and provide them with appropriate opportunities for self-development to improve their performance
- · We establish and maintain a safe and clean work environment to protect and promote the health of our employees.
- · We consistently improve working conditions to ensure that our employees are able to achieve work-life balance and reach their full potential.

Human Rights of Customers

- · We protect the human rights of financially-underprivileged groups, including seniors and people with disabilities, by increasing their accessibility to financial
- · We do not provide financial services that discriminate against customers on the basis of gender, age, or religion, etc.
- · We collect only the minimum amount of personal information necessary to provide our customers with financial services and manage their personal information in a safe and secure manner.
- · We strive to develop and provide products and services of the highest quality in order to satisfy customer needs and earn their trust.

Human Rights of Shareholders/Investors

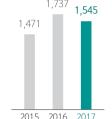
- · We provide necessary information to our shareholders and investors in a timely, accurate and fair manner in accordance with relevant laws and
- · By disclosing accurate accounting data, we maintain management transparency and earn the trust of our shareholders and investors.
- · We raise the value of our shareholders and investors by making reasonable decisions and conducting business transparently.

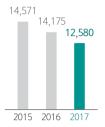
Human Rights of Business Partners

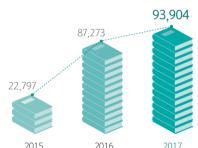
- · We pursue mutual growth and co-existence with business partners by ensuring that all our transactions with them are fair and transparent.
- We do not use our superior status to force our business partners to make unfair or fraudulent transactions.
- · We communicate with business partners on ethics and human rights management and support them in adopting relevant practices.

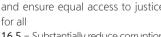
Human Rights of Local Communities

- · We take a precautionary approach not to infringe upon the human rights of members of local communities in the course of conducting business.
- · We actively engage in social contribution initiatives, including support for underprivileged groups in local communities.
- · We seek to increase social transparency and security by preventing financial crimes, including illegal money laundering, terrorism financing, etc.









*Based on KEB Hana Bank

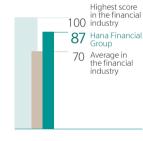
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4.1 Clear Ethics Principles

2017 DJSI Evaluation Results

Codes of Business Conduct



Establishing the Group-wide Code of Ethics

While we at HFG have established the code of ethics by group affiliate since 2009 to improve awareness on ethics management, we also recognized the need to create a unified code of ethics across the group in line with its new mission and vision. By integrating and supplementing the codes of ethics of respective affiliates and reflecting employee feedback, we declared the group—wide Code of Ethics 'Code One' in January 2016. Code One represents the 'single' unwavering set of standards that we all abide by and embodies the most fundamental, fair and integrated principles. Code One consists of the Ethics Charter, Questions for Ethical Decisions, and 25 Detailed Codes of Ethics.

Establishing Core 7 as the Core Principle of Ethical Conduct

We defined 'dissemination of ethics management' as one of our top priorities in 2017 and established 'Core 7' as the seven core principle of conduct. By reflecting the feedback collected through the Survey on Employees' Awareness of Ethics Management' performed on 9,800 employees at the end of 2016 as well as the outcomes of our internal analyses conducted on key ethical issues and by using both spoken and authoritative language, Core 7 was worded in a way to allow employees to easily remember and act on it in their daily work. We strongly encourage all our employees to comply with 'Core 7' to integrate ethics management into our daily business conduct,

Code One

Ethics Charte

Principles that all employees should bear in mind and voluntarily observe in making decisions and taking actions

uestions for Ethical Decisions

Questions that guide employees in independently making decisions and taking actions

Detailed Code of Ethics

Consisting of the three chapters of Employees' Attitudes, Attitudes towards Employees, and Attitudes towards Stakeholders and outlining 25 core ethical values to guide employees' behaviors

Core 7 Principles of Conduct

1. Do not request special consideration for a job position

(Fair performance evaluation and management is the foundation for any healthy organization)

Do not discriminate against people on the basis of birth, gender, etc.

 Discrimination and cliques are misconducts.

(Discrimination and cliques are misconducts that undermine the organization)

Do not sexually harass others
 (Sexual harassment break trust and weakens the work environment)

4. Do not receive financial/material benefits or favors (The receipt of excessive treats, financial/material benefits, and usury are crimes)

5. Communicate with each other and be considerate to others

(Communication is the basis of good teamwork, and everyone needs empathy and careful consideration)

6. Do not mix business with pleasure

(Do not mix business with pleasure when handling corporate budgets, items, authorities, time and information)

7. Maintain a desirable culture of alcohol consumption

(A desirable culture of alcohol consumption builds healthy organizations and individuals)

Establishing the group-wide Code of Ethics 'Code One' in 2016



Establishing the core principles of conduct 'Core 7' in 2017

 7 principles of conduct
 Reflected feedback from 9,800 employees



4.2 Compliance and Ethics Manage-

ment Systems

Reports Handled by Voice of Integrity(Healthy Voice)

Violation of relevant laws or internal regulations, and unfair business practices

2

Sexual harassment, sexual discrimination, or non-compliance with HFG's HR regulations

Illegal acts, unfair instructions and violation of the Code of Ethics committed by superiors

Cover-ups and delays in reporting incidents, or other cases suggesting an incident has occurred

Strengthening the Whistleblowing System

At HFG, we operate the internal whistleblowing system 'Voice of Integrity' (Healthy Voice) to prevent and swiftly handle any regulatory violations, unfair behaviors or sexual harassment committed by our employees. In 2016, we facilitated the operation of this system by internally and externally reviewing its implementation status based on the adoption of the system by affiliate, accessibility and system safety. Whistleblowers can report anonymously to protect their identity and directly report to our Chief Compliance Officer to ensure confidentiality. Our 'Regulations for Whistleblower Protection and Case Handling Procedures' stipulate that whistleblowers do not suffer any disadvantages and are entitled to protection offered by Chief Compliance Officer in the case they were or could be disadvantaged due to whistleblowing. If whistleblowers report their own wrongful act, they can be exempted from disciplinary measures or their circumstances are taken into account. When reports lead to the prevention of corporate losses or significant contribution to business profits, the whistleblowers are rewarded and given other advantages concerning HR operations. In 2017, we developed and modified the reward system of all HFG affiliates and raised the limit to KRW 1 billion(KEB Hana Bank).

'Voice of Integrity' (Healthy Voice) constitutes the core of our ethics management programs that aim to encourage the reporting of unfair employee behaviors to compliance departments in order to prevent such behaviors from leading to greater consequences and build a healthy business environment. Reports handled through Voice of Integrity(Healthy Voice) concern ①violation of relevant laws or internal regulations, and unfair business practices, ②sexual harassment, sexual discrimination, or non-compliance with HFG's HR regulations, 3illegal acts, unfair instructions and violation of the Code of Ethics committed by superiors, and @cover-ups and delays in reporting incidents, or other cases suggesting an incident has occurred.

Developing a Whistleblowing System for the Hana Financial Hub

In May 2017, HFG established an internal whistleblowing system for the Hana Financial Hub to 'eliminate unfair instructions' and 'facilitate whistleblowing' as the top two priorities of ethics management for 2017. This system was developed based on our group-wide mobile channel 'Hana Financial Hub' to improve user convenience and anonymity, and its distinctive features include confidentiality(reports are encrypted and are accessed by responsible staff only), anonymity (information other than report contents and whistleblower's organization is deleted by design). and multiple reporting channels (whistleblowers can choose either their own organization or HFG to report). Following the creation of this reporting system, we launched publicity events through diverse channels, including HFG's portal pop-ups, the webtoon titled Hana People's Corporate Ethics. and ethics management guiz, in order to make reporting easy and convenient.

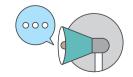
Introducing the Upward Appraisal System to Eliminate Unfair Work Practices

HFG requested that its affiliates review the addition of items related to unfair instructions imposed by superiors to their upward appraisal program with an aim to eliminate unreasonable work instructions. Through the consultations made between compliance and HR departments at respective affiliates, reviews were performed on the introduction of an upward appraisal system and the addition of items that evaluate unfair work instructions. In the second half of 2017, Hana Financial Investment and Hana Investors Services completed the modification of their upward appraisal system to include such items. KEB Hana Bank and Hana TI plan to follow suit in the first half of 2018, and other affiliates are making considerations from the long-term perspective. HFG will share the best practices generated by affiliates that perform upward appraisals with affiliates that have not adopted such practices yet so that this program extends its scope across the entire affiliates and is implemented continuously.

님의 기쁨! 그 하나를 위하여

HFG, declaring Core 7

Operating the internal whistleblowing system 'Voice of Integrity' (Healthy Voice)



4.3 Acting on Ethics Standards

Undertaking the Top Two Ethics Management Priorities and Offering Training

Hana Financial Group provided a range of training courses to 'eliminate unfair instructions' and 'facilitate whistleblowing' as the top two priorities of ethics management. Command letters were sent with the signature of the CEOs of group affiliates and compliance officers on them to highlight the significance of these priorities while ethics management training was included to all major training sessions and meetings, from compliance officer training, department head meetings, department and branch monitoring to Day of Financial Audit. The group-wide online training curriculum also added these two priorities as mandatory courses and all employees from 11 affiliates fully completed these courses.

In addition, HFG's portal pop-ups were used to promote these top two priorities while efforts were made through the pop-ups of 'Hana People's Corporate Ethics Webtoon', making comments on the 'Empathy [Ethics 3.0]' bulletin board(six occasions in total), and ethics management quiz in order to elevate employees' ethics awareness,

Ethics Management Workshops Hosted for Sustainable Management

In February 2017, HFG selected 35 ethics management leaders from 12 affiliates and hosted a workshop. The workshop consisted of lectures provided by external experts and HFG's compliance support team and served to brief attendees on 'Core 7' established as HFG's core principles of conduct by reflecting the outcomes of the '2016 Survey on Employees' Awareness of Ethics Management'. Furthermore, activities were undertaken to raise employees' ethics management, with a focus on 'HFG's vision and value system' and 'corporate ethics and moral dilemmas in the fintech era'. Lectures and small–group discussions were held to explore HFG's promising business opportunities and share ideas on improving ethics awareness.

Hosting the RegTech Adoption and Facilitation Seminar

KEB Hana Bank

At KEB Hana Bank, we aim to improve consumer trust and compliance while reducing compliance costs in the financial industry. We attended the 'RegTech Adoption and Facilitation' Seminar co-hosted by the Financial Services Commission and the Korea Institute of Finance under the Financial Supervisory Service in October 2017 to present on the topic of 'Why Should Fintech Companies Adopt RegTech?'. 'RegTech' created through the marriage of regulation and technology refers to the use of new technology to facilitate the delivery of regulatory requirements in the increasingly complicated regulatory environment resulting from the rapidlyshifting financial landscape. Adopting RegTech allows financial institutions to shift from their dependence on human resources for regulatory compliance towards preventive and automated compliance operations to reduce labor costs. Meanwhile, fintech companies can reduce expenditures on the construction of computer systems while utilizing anti-money laundering and anti-terrorism systems. Going forward, we will proactively use RegTech in line with the current Korean administration's RegTech industry promotion policy so that we efficiently operate our fintech and other innovative business models and faithfully comply with regulations.

지속가능 경영을 위한 윤리경영 WORKSHOP

HFG, hosting an ethics management workshop

Selecting 35 ethics management leaders

Attending and presenting at the 'RegTech Adoption and Facilitation' Seminar



Awarding Best Practices on Ethics Management

KEB Hana Bank

We at KEB Hana Bank believe that 'Right Way Management based on Ethics, Honesty, and Trust' significantly affects our sustainability as a company and our ability in attracting new customers. As such. we collected and shared best practices on ethics management in 2017 so that our employees could refer to them in making ethical decisions under varying circumstances. Out of the 75 cases submitted during the one-month period, we identified practices that were in accordance with HFG's Code of Ethics and resonated with employees. These cases were then evaluated by the Compliance Department Evaluation Group and the Internal Control Council to finalize top nine best practices. We awarded and encouraged these best practices in order to establish ethics management as an essential component of our corporate culture.

Reinforcing the Anti-Money Laundering System

KEB Hana Bank

The international society is calling for countermeasures to prevent money laundering and anti-money laundering regulations are increasingly tightening in the rapidly-shifting financial environment. This prompted us at KEB Hana Bank to build anti-money laundering systems that reflect such changing market conditions, including the Risk Based Approach(RBA) required by the Financial Action Task Force(FATF) to ensure that our anti-money laundering reporting criteria and customer confirmation system meet global top-tier standards. In addition, we continue to provide employee training so that our anti-money laundering operations fully comply with relevant regulations and we are committed to fostering experts in the antimoney laundering sector. Our endeavors in so doing were widely recognized as we were awarded with the citation of the Chairman of the Financial Services Commission on Anti-Money Laundering Day in 2016.

4.4 Ethics Management Program

2017 DJSI Evaluation Results

Highest score in the financial industry

89 Hana Financial Group

73 Average in the financial

Anti-crime Policy

& Measures

Empathy [Ethics 3.0]	Post 'Code One(Code of Ethics)' and 'Core 7(key principles of conduct)' on the group portal and offer training and publicity programs
A survey on awareness of ethics management	Performed annually on all HFG employees to review their level of ethics awareness and its results are reflected in major ethics management policies
Voice of Integrity (Healthy Voice)	Designed as a whistleblowing program to receive reports on the illegal acts, unfair behaviors and sexual harassments committed by group employees to prevent such incidents from leading to greater losses, and its features include identity protection, confidentiality, exemption and rewards
Pledge of compliance with Ethics Charter	'Ethics Management Resolution Ceremony' hosted and 'Pledge of Compliance with the Ethics Charter' signed at the beginning of the year to improve employees' ethics awareness and establish aculture of ethics
Self-diagnosis of compliance with ethics regulations and laws	Self-initiated assessments on compliance with ethics regulations performed on a half-yearly basis through the survey system of the internal compliance support system, and employees' participation within the set period is reflected in management evaluation(conducted every March and October)
Contest of excellent cases of ethical management	Gather best practices on ethics management from employees on an annual basis, and best practices are rewarded to elevate interest in ethics management and a guidebook is published to present chosen cases
Group education on ethics	Provided to employees in need of advanced ethics training, including compliance managers, new recruits and reinstated employees
Online ethics/ compliance training	Provided to all employees every year on ethics compliance, anti-money laundering, protection of financial consumers, protection of consumer information, information security and anti-sexual harassment, and employees' participation is reflected in management evaluation.
Ethics/Compliance Newsletter	Post the performance produced and achievements made by the compliance support team on the group portal bulletin board to disseminate ethics management across the board
Pop-up posts of ethics management cases	Uploaded when the computer boots up to improve employees' awareness on ethics management and compliance on a quarterly basis



HFG, declaring the Code of Ethics

Awarding best practices on ethics management

Building an anti-money laundering system

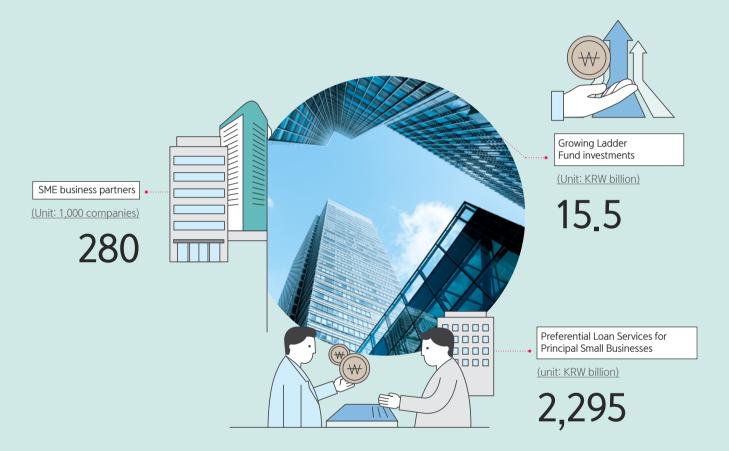


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05. GROWING TOGETHER







Why Does Growing Together Matter?

The financial industry can grow when the national economy develops and customers can afford to use financial services. If the household economy deteriorates, this poses risks to businesses, and financial institutions need to be able to address such risks to promote the growth of businesses. While Korea had depended heavily on large businesses for its rapid economic development, it is essential now that we pursue co-existence with SMEs and micro-sized businesses for stable economic growth. Our top priority is to identify promising enterprises and offer funding support and invest in them. Taking a step further, we should also help bring stability to our society and provide much-needed financial support for the under-privileged to ensure that every one of us in society can develop our full potential and pursue co-prosperity. When all members of society lead a fulfilling and flourishing life, this will boost demand for financial services. When social-giving investments are actively made, this creates the optimal investment environment where society and financial institutions can pursue win-win partnership.

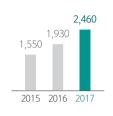


Hana Financial Group's Approach to Growing Together

To realize our mission of 'Growing Together, Sharing Happiness', we at HFG created three pillars of financial support in undertaking social support programs: productive financing that supports investment/loan/growth infrastructure for startups, SMEs and venture businesses, inclusive financing that assists socially–underprivileged individuals in developing financial capacity, and support for social enterprises that aims to develop programs and offer financial support for social enterprises. Our aim is to build a support network and develop this network into a small ecosystem so that our success story can spread across other financial institutions and companies in other industries and that we contribute to creating social and economic value across the nation.

KPI(Key Performance Index)

New Hope Seed Loans extended* (on a cumulative basis)(KRW billion) Preferential Loan Services for Principal Small Businesses* (KRW billion)





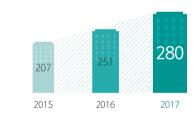
Growing Ladder Fund investments* (KRW billion)

Hana Tech Loan 1,2/TCB Excellent Company Loan* (KRW trillion)





SME business partners* (1,000 companies)



SDGs(Sustainable Development Goals)



1.5 - By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate– related extreme events and other economic, social and environmental shocks and disasters



7.2 - By 2030, increase substantially the share of renewable energy in the global energy mix



8,3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

8.10 – Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial spaces for all



9.1 - Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

INTERVIEW

Hana Power on Impact 2017

Hana Power on Impact is our social value incubating program that aims to provide 'decent jobs' to people with developmental disabilities to address one of the greatest challenges these people face in their life through multidisciplinary cooperation among social ventures, governments, private sector players and civil society. Coffee Jia is one of the seven companies chosen by HFG's 'Hana Power on Impact' program and assists people with disabilities in landing a job as coffee bean Q-graders.

Q: Please tell us briefly about your company Coffee Jia,

A: Coffee Jia is a social enterprise that helps vulnerable groups in our society through coffee business. We operate a coffee roasting shop and a small café, and we employ the talent of autistic individuals to produce coffee. These challenged people with autism can really focus on their work and are hard-working once they learn how to perform a specific job, What we do at Coffee Jia is to use their outstanding talent in selecting high-quality coffee beans. We do appreciate the value of their talent and will increase our recruitment of people with developmental disabilities.

Q: How did you learn about the Hana Power on Impact program?

A: We were looking for ways to recruit more employees with developmental disabilities, and then learned about the program through MYSC and decided to join this program.

Q: How does this program help your company?

A: Hana Power on Impact gave us an opportunity to further segment the jobs that can be performed by people with developmental disabilities and realign our training program accordingly. Thanks to Hana Power on Impact, our interns received basic training and then were immediately assigned to actual job positions, which helped them improve their practical job capabilities and boost their interest in and focus on the work. Furthermore, it allowed us to reorganize the indicators used to evaluate interns with developmental disabilities so that we could objectively assess their performance and develop a one-on-one coaching program to cater to individual needs and help interns address their shortcomings. This ultimately assisted our interns in successfully landing a job and enabled us to proudly recruit nearly 75% of our interns as regular employees.



*Based on KEB Hana Bank

5.1 Productive Finance

Signing the Project Financing Contract for the Gunsan Bio Power Generation Project

Thana Financial Investment

Hana Financial Investment signed a project financing contract with Korea Midland Power and Gunsan Bio Energy. This project is differentiated from other general projects in that it combines the best of each other's advantages and pursues mutual harmony by forming a partnership between the financial institution and the public power generator. The aim of this project is to build a 200MW-capacity dedicated biomass-fueled power plant by investing KRW 585.3 billion in the No. 2 Gunsan National Industrial Complex. Hana Financial Investment intends to create new financial services through this partnership with its public sector partner and is endeavoring to facilitate relevant industries as an investor in line with the growing importance of ecofriendly energy.

Launching '1Q Agile Lab' for Productive Financing

*KEB Hana Bank

Guided by our mission of 'Growing Together, Sharing Happiness', we at HFG pursue mutually-beneficial financing and extend the scope of our commitment to venture businesses and SMEs. Notably, KEB Hana Bank opened its fintech startup mentoring center '1Q Lab' to provide startup infrastructure and know-how. As of December 2017, 1Q Lab celebrated its 5th class and identified and incubated 31 companies during the course of 2.5 years, Included in its success stories are the application of natural language processing technology to the conversational financial platform 'HAI Banking' (MINDs Lab, CEO: Yoo, Tae-joon), collaboration in auto loan business(Naedam Networks. CEO: Ahn. Nam- Hoon), and the development of an innovative financial UX(Enkino, CEO: Seong, Ki-Beom). In 2018, 1Q Lab was rebranded '1Q Agile Lab' to generate even stronger collaboration synergy and was relocated to our office building in Myeongdong, Seoul, to enjoy its pleasant and spacious

office environment, 1Q Agile Lab provides start-up businesses with such infrastructure facilities as partitionless open office spaces, lounge-type spaces that allow for casual conversation and rest, meeting rooms for making presentations, dedicated work spaces, rest areas, computers and other work-related facilities. Furthermore, the lab also shares intellectual know-how, including management consulting, tax consulting and investment inducement advice, that is necessary for startup companies.

Expanding the Distribution of Electronic Vehicles and Bikes

THana Capital

In response to the accelerating distribution of ecofriendly electric vehicles across the world and their rapid rise to prominence as a key future industry, Hana Capital signed a strategic business agreement with Kolon Auto Platform in July to deliver financial products and services that will facilitate the sales of EVs. Through this partnership, Hana Capital plans to undertake joint programs with Kolon Auto Platform which purchased the domestic distribution rights from BYD, the world's largest EV maker based in China. to time with BYD's entry into the Korean market. To ensure success in distributing electric forklifts that are introduced in the Korean market for the first time. Hana Capital will offer differentiated financial products and services, including low-interest rate deferred installment as well as rental and lease programs. Furthermore, Hana Capital signed another strategic business agreement with Recon Hightech, a local Korean e-bike maker that owns independent technology and design capabilities, to fully support the company in order to increase the distribution of e-bikes in the upcoming years.



HFG, operating '1Q Agile Lab'

Expanding the distribution of eco-friendly EVs

 Securing domestic distribution rights from BYD

 Signing a business agreement with Kolon Auto Platform



5.2 Inclusive Finance

At Hana Financial Group, we are dedicated to deliver inclusive and responsible financing. We converted high-interest rate loans to mid-tier rate loans to help financially-underserved individuals reduce their burden and improve financial accessibility for these people with low credit scores. We also eased criteria in extending loans for applicants who find it difficult to prove their income while working hard to earn their living. Furthermore, we elevated the convenience and benefits of policy loans intended for low-income people even beyond legally-required

standards in order to assist the government in offering policy support for financially-underprivileged individuals. Meanwhile, we provide win-win cooperation support products to pursue shared growth between large businesses and SMEs. By using resources available from large companies, we offer reduced interest rates to their SME suppliers who are financially strapped due to economic downturn and we extended the scope of our secured loan offerings to include 4th-tier suppliers to assist SMEs in improving their cash flow.

Inclusive Financial Products

Туре	Product Name	Description	Amount
Support for the financially– underprivileged	KEB Hana Miso Drim Savings	Installment savings that support the creation of financial assets for those who faithfully repaid their Smile Microcredit loans	KRW 400 million
	New Hope Seed	Credit loans for self-employed people or wage earners who meet the set criteria as well as credit loans extended to those who faithfully repaid their loans for more than one year to meet their emergency funding needs	KRW 5.3 billion
	Change Your Dream Loan	Secured loans extended to help convert high-interest rate loans into lower-rate products through the credit guarantee issued by the National Happiness Trust	KRW 90 million
	Youth Sunshine Loan	Secured loans to support young people or undergraduate students in paying for living expenses and shifting from high to lower interest rate loans through the credit guarantee issued by the Credit Counseling and Recovery Service	KRW 6,8 billion
	Easy Save Loan	Loans extended to customers who have received earned income, business income or annuity income for more than three months as of the date of loan application	KRW 2,5 billion
	Hope Growth Savings Account I, II	Deposits available for wage earners or near–poverty individuals whose real name was approved by the Ministry of Health and Welfare to offer earned income grants and Tomorrow Growth grants that match the amount deposited made by these individuals	VDW 202 (
	Tomorrow Growth Savings Account	Deposits available for low-income individuals who participate in the government-led self-support work program, under the condition that their real name was approved by the Ministry of Health and Welfare, to offer Tomorrow Growth grants or proceeds that match the amount deposited by these individuals	KRW 202.6 billion
Support for mutual cooper- ation with busi- ness partners	Win-Win Cooperation Loan	Loans that offer reduced interest rates to suppliers based on the deposits made by their large business partners who do business with KEB Hana Bank with an aim to lay the basis for shared growth between large businesses and their SME partners	KRW 18,1 billion
	Shared Growth Loan	Loans secured against electronic credit sales bonds to extend the credit offering granted by large businesses to 1st to 4th-tier suppliers to help these SME suppliers improve their cash flow	KRW 6.6 billion
Green loan	Hana Solar Loan	Loans extended to photovoltaic power generators who meet the set criteria in order to facilitate PV power generation	KRW 20.2 billion

Providing financial products that support shared growth between large businesses and their SME partners



Signing a project financing contract to build a 200MW-capacity biomass power plant



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5.3 **Support for**

Social Enterprises

Hana Power on Impact

Our motivation in initiating 'Hana Power on Impact' was to create a social value incubating program that addresses social issues that are barely resolved with conventional welfare benefit systems. The first class of this program was focused on developing jobs tailored for people with developmental disabilities and promoting their transition from training to employment. In 2017, this program identified seven job categories considered appropriate for people with disabilities, ranging from data managers and media content editors to creative painting artists and fleshy plant gardeners. A total of 35 people - five in respective categories - with developmental disabilities landed a job that best suit their aptitude and talent and are developing expertise in their chosen field. We also created publicity materials that introduce these seven job categories as a way to improve awareness on employing people with developmental disabilities while developing and disseminating inclusive work guidelines that both employees supporting these people and able-bodied employees should be clearly aware of. In 2018, the second class of Hana Power on Impact plans to identify jobs for women from multicultural families. At Hana Financial Group, we aim to consistently increase the recruitment of these challenged people and to build necessary infrastructure by networking with the Community Chest of Korea, LINC+ Project Team of Hanyang University, MYSC(social innovation consulting and investment company) and many other organizations.

Investing in PE Funds to Support Social Enterprises

*KEB Hana Bank

KEB Hana Bank invested KRW 1 billion in the private equity funds that invest in social enterprises with an aim to revitalize social economy. In so doing, the bank became the first–ever private sector investor to invest in funds that support social enterprises, and we expect that this will serve as a turning point in

assisting social enterprises in securing much-needed funds. KEB Hana Bank will proactively take on its role as a financial institution in identifying and nurturing social enterprises to stimulate social economy, expanding financial support for social enterprises, and providing sales and publicity support to social enterprises.

Buy Social Market in Myeong-dong

KEB Hana Bank

At KEB Hana Bank, we endeavor to share with local communities and neighbors to promote 'happy financing'. Between May and October of 2017, we created a marketplace dubbed 'Buy Social Market in Myeong-dong' for social enterprises every second and fourth Fridays and Saturdays at KEB Hana Plaza located behind our headquarters in the area. Provided in conjunction with the Korea Central Council of Social Enterprise, the marketplace was attended by nearly 20 social enterprises that ethically produce organically-grown/pesticide-free agricultural products and processed foods, cultural items and daily necessities for local communities. Participating companies were given access to spaces to directly sell their products and promote the purpose of social enterprises as well as to subsidiary facilities.



KEB Hana Bank, 'Buy Social Market in Myeong-dong'

Investing KRW 1 billion in the private equity funds that invest in social enterprises

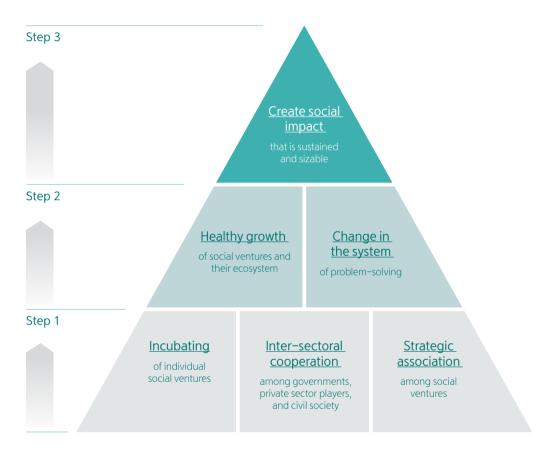


Goals of Hana Power on Impact

Hana Power on Impact set detailed step-wise targets to create sizable social impact over the long haul. The Hana Power on Impact program intends to address the issues of people with developmental disabilities through the Collective Impact approach. This approach refers to a problem-solving method

based on teamwork: organizations from diverse sectors who wish to address a common issue gather together to share each other's resources and expertise and resolve the issue as a team from setting a common goal to creating impact,

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Step 1]

Create seven working groups on the development of jobs tailored for people with developmental disabilities, training & internship, and networking of key stakeholders(governmental agencies, businesses, and people with developmental disabilities) to increase their employment by job category

Step 2]

Develop a recruitment website tailored for people with developmental disabilities, develop the work guidelines that embrace the needs of people with developmental disabilities, host lunchbag seminars to raise awareness of people with developmental disabilities and share their final outcomes, use media and social networks to improve awareness, and distribute program storybooks

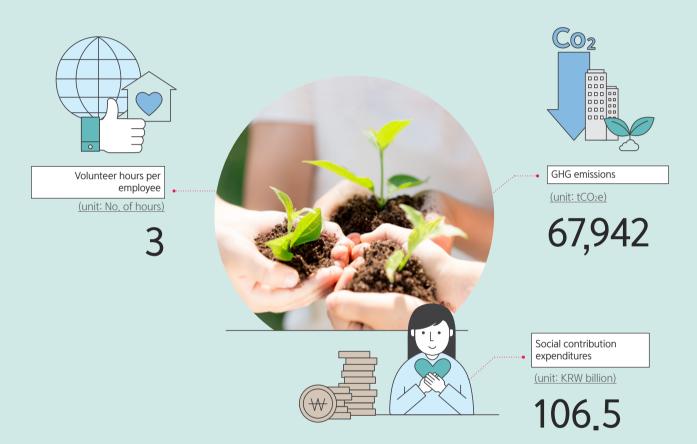
Step 3]

Create social impact that is sustained and sizable

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06. SHARING HAPPINESS







Why Does Sharing Happiness Matter?

In line with changing global trends, businesses today face increasing expectations of and interest in their fulfillment of corporate social responsibility. There is widespread awareness that sustainable business operations are driven by shared growth strategy that pursues co-existence with society in addition to profit-making strategy. Our society demands and stresses that businesses should be engaged in addressing a range of social issues. The financial industry is also required to meet its social responsibility concerning the profits generated based on its social infrastructure, and financial institutions are undertaking varying social support programs as a way to fulfill their social responsibility. By conducting business in a socially-responsible way, businesses can not only build a positive image but also help resolve social issues, give back to society while generating profits, and share happiness in so doing.



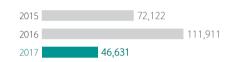
Hana Financial Group's Approach to Sharing Happiness

At Hana Financial Group, we provide a range of support programs to share the problems and grievances of low-income and middle-class people and to create a more flourishing society. In preparation for the unification of two Koreas, we strive to create shared value with society through our assistance for teenagers from North Korean defector families and for youth and the underprivileged, global social contribution programs, and Adult Guardianship Trust. We encourage our employees to fully engage in such endeavors and are disseminating a culture of sharing.

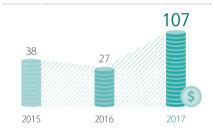
KPI(Key Performance Index)



Beneficiaries of financial education* (No. of persons)



Social contribution expenditures (KRW billion)



SDGs(Sustainable Development Goals)



- 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
- 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
- 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters



4.4 - By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship



13,1 - Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



16,3 – Promote the rule of law at the national and international levels and ensure equal access to justice for all

*Based on KEB Hana Bank **KEB Hana Bank HQ, sales branch, and affiliates in Myeong-dong building

INTERVIEW

HFG Disseminating the Value of Happiness

Every Friday, I volunteer to distribute 'Cup-Bap', a cup of rice served with seasoning, to homeless people near my office building in Myeong-dong, Seoul, '1982 Cup-Bap', a cup-bap vendor doing business in the underground shopping district of the Eulji-ro 1-ga Station, prepares the meal while I bring beverages. When I saw homeless people during my commute, I thought that I wish to provide them with decent breakfast meals and then learned about our company volunteer program to do just this and decided to join, From 11:30 a.m. to 12:30 p.m., I walk from the Eulji-ro 1-ga Station to the Jonggak Station while offering cup-bap and beverages to the homeless, This experience helped me get rid of my prejudice against homeless people, feel proud of myself being a person who gives back to society, and change my view of the world.



Manager, Financial Consumer Protection Department, KEB Hana Bank Kim. Yeon—Tai

For sales people, lunch time can be more valuable even than gold since they can use this time to make business appointments. Kim Ho–Kyun, however, is sparing his lunch time to help children learn about economics, His company is operating a program to allow students, from elementary school upper graders to high school students, to ride their bus to visit financial institutions, and he is teaching these students every Friday. By donating his talent this way, he helps students dream about their future and takes a great pride in contributing to the future of his nation.



Senior Manager, Hana Financial Investment Kim, Ho–Kyun

I manage to spare more than four hours per week to volunteer as a neighborhood lawyer working for Sooyoo 3-dong, Seoul, every third Friday to provide community people with legal counseling, I also volunteer as a pro-bono lawyer for Seoul City, offering online counseling while representing the associations or delegations of reconstruction/redevelopment projects on a pro-bono basis to attend meetings and prepare reports. While this started as an obligation since all lawyers in Korea are required to serve as pro-bono lawyers for more than 20 hours per year, I've come to realize the value of 'shared growth' and to engage more in diverse volunteer activities to practice 'respect and care' that constitutes HFG's core values.



Team Head, Audit Department, Hana Asset Trust Oh, Sang-Min

6.1 HFG's Social Contribution **System**

Driven by our group-wide mission of 'Growing Together, Sharing Happiness', we at HFG undertake a range of social contribution programs to grow hand in hand with society as a responsible corporate citizen. In 2018, we added 'environment & reputation management' to our social contribution focus areas. and aim to expand our social financing initiatives, including developing business to assist youth entrepreneurs, so that we utilize our capabilities as a financial institution to take the lead to giving back to society.

6.2 Preparation for the Unification of Korea

Hana Unification Expedition

At HFG, one of the key objectives in undertaking social contribution initiatives is to 'prepare for the unification of two Korea's. As such, we have assisted young North Korean defectors in landing a job and settling in South Korea over the years and launched the 'Hana Unification Expedition' that engages these young people in diverse programs, including a choir performance held in Germany to wish for unification. In July, expedition members joined the 5th 'Great Journey for DMZ Peaceful Unification' designed to promote the peaceful unification of two Koreas. Walking a total of 350km through this journey, our expedition members donated KRW 100 per kilometer to financially support unification projects.



KEB Hana Bank, launching the Hana Unification Expedition

ategic Social Contribution for Sustainable Grow

Preparation for the unification of Korea

- Nurture talent for Address social issues future unification · Assist North Korean defectors in settling
 - Create shared value · Support social enterprises

Introduction of

social finance

Support for the youth

Support youth · Hana Happy Class

in South Korea

new market

· Prepare to tap into the

 SMART ambassadors Support international · Education through culture and arts

Support for the underprivileged

- Respect cultural diversity
- · Volunteer to share happiness with local communities
- Support multicultural

Global social contribution

Glocalize Support advancing into overseas markets · Nurture global talent

relief projects

Environment & reputation management

- · Further reduce GHG · Obtain the ISO 14001 certification Improve access to
- renewable energy

Mentoring Program for the Employment of Young North Korean Defectors

HFG operates a mentoring program to assist young North Korean defectors in landing a job so that they better understand South Korean society and interact with other young people to become a responsible member of our society. In 2017, we planned a project named 'Hana Hari Project', which means 'you will be happy if you're together with Hana financing', targeting 20 young North Korean defectors and 20 other undergraduate students, and provided wide-ranging programs(employment support) for nearly six months, Notably, 'Talk Concert for Young North Korean Defectors' hosted as part of the mentoring program invited Kim, Chang-Ohk, a renowned communication expert, to send inspiring messages to these young job seekers and presented performances and recreational activities to cheer them up.

Recruited five young North Korean defectors since 2015



6.3 Support for

the Youth

SMART Ambassadors

HFG nurtures 'SMART Ambassadors' as a messenger who spreads the value of its management slogan 'Happy Financing'. Launched back in 2012, this program hosted the disbanding ceremony of the 9th Class in September 2017 and inaugurated the 10th Class in November that year, SMART Ambassadors are given an opportunity to experience financial business across multiple domains within the group, join conversations with the CEO and the mentoring program led by employees, and volunteer through our social contribution initiatives. The 9th Class ambassadors conducted research on HFG's future development plans in relation to the facilitation of Hana Members, the expansion of HFG's global business, and the improvement of HFG's brand awareness. In August, they visited a school in a remote area of Cambodia to open 'Hana Happy Class' equipped with computers and to engage in wide-ranging volunteer activities, from ensuring in-campus safety and repairing sanitary facilities to providing football and music lessons. Ambassadors with top performance were awarded with scholarships and are given precedence in the recruitment process of group affiliates as well as in joining our internship program.

One Company One School Financial Literacy Education

KEB Hana Bank

KEB Hana Bank provides the One Company One School program with the Financial Supervisory Service to help teenagers build the right set of financial values and develop their financial literacy early on in their lives. Our branches forge ties with 511 schools across the nation and approximately 30 former employees serve as lecturers to effectively deliver financial knowledge and our own financial knowhow from the teenager's perspective. Mobile financial educational sessions are also provided to visit and teach students living in remote areas or coming from North Korean defector families or multicultural families who have relatively limited access to such education.

Economic Musical Performance for Children

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KEB Hana Bank

We at KEB Hana Bank operate a range of programs to help children and teenagers, who will lead our society in the future, develop the right set of economic values and healthy consumption habits. Marking its 10th anniversary this year, our 'economic musical performance for children' program combines dancing, singing, and economic education to deliver hard-to-understand economic concepts in an easy and fun way.

KEB Hana Scholarship Offered in 2017

THana Nanum Foundation

As Korea's leading bank with global presence, we proudly assist underdeveloped countries in improving their educational environment. As the first public foundation established in the banking industry, our Hana Nanum Foundation provided '2017 KEB Hana Scholarships' valued at US\$ 130,000(KRW 150 million) to top-performing students from lowincome families in Vietnam, the Philippines, and Indonesia on three occasions in November 2017, A total of 250 undergraduate students were chosen -140 by our Hanoi and Ho Chi Minh branches, 30 by our Manila branch, and 80 by our local subsidiary in Indonesia - to receive scholarships. Celebrating its 12th anniversary this year, the KEB Hana Scholarship program is making significant contributions to help teenagers in underdeveloped nations grow into responsible global leaders.



HFG, operating the 'SMART Ambassadors' program

Undertaking the 'One Company One School' project to help teens develop a healthy set of financial values

- Consisting of 511 schools across the nation, branches and 30 retirees

6.4 Support for the Underprivileged

Employee Volunteering

'Hana Sarang Volunteer Team' is our group-wide in house volunteer organization and nearly 100 volunteer groups are working under its leadership. Our employees and their families come forward to extend their helping hand and 13,812 corps members volunteered for approximately 50,000 hours in 2017 to practice the spirit of sharing for their neighbors in need. 'Family Sarang Volunteer Team' is led by employees' spouses and 33 volunteer teams are currently under operation in 16 areas across the nation. Last but not least, 'Community Happiness Sharing' consists of our employees who are willing to support underprivileged people in the vicinity of their branch(KEB Hana Bank) across the nation and to make contributions to their local community. In 2017, a total of 7,542 employees raised and donated nearly KRW 400 million.

Hope 2018 Sharing Campaign

KEB Hana Bank Hana Life

HFG donated KRW 5 billion to low-income and underprivileged individuals and to social welfare facilities through its 'Hope 2018 Sharing Campaign' in December, 2017. The year-end donation consisted of KRW 1.5 billion raised by KEB Hana Bank as social contribution funds to help low-income people build their assets and KRW 3.5 billion donated by the bank to support less fortunate people in its local community. HFG vows to explore ways to support challenged and underprivileged people and local communities in order to fulfill its social responsibility. HFG also chose 'Growing Together, Sharing Happiness' as its top priority for 2018 and will focus on creating social value and supporting youth and social enterprises.

Donations Made by the Hana Nanum Foundation

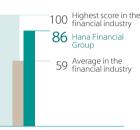
HFG is fully dedicated to diverse social contribution programs that aim to improve welfare for people with disabilities. The Hana Nanum Foundation donated a vehicle and two large-size washing machines to the Holt Ilsan Center for the safety and convenience of its residents in September. Since the mid-size van owned by the facility was old and raised concerns over safety, the foundation donated one premium van to provide safe and convenient rides to people with disabilities. The foundation also donated two large-size washers to replace the old one used by the center for 20 years and thus could pose serious hygiene issues. The van and the washers donated by the foundation will surely assist nearly 250 people with disabilities living in the facility to benefit from safe mobility and a pleasant living environment.

6.6 **Global Social** Contribution

6.5 Introduction of Social Finance

2017 DJSI Evaluation Results

Corporate Citizenship and Philanthropy



Opening 'Hana Happy Class' in Cambodia

Support Trust' in the second half of 2017.

Signing the First Adult Guardianship Trust

KEB Hana Bank strives for the betterment of our

society by creating shared value under the group-wide

mission of 'Growing Together, Sharing Happiness'.

In January 2017, we became the first financial

institution to conclude the first contract of 'Adult

Guardian Support Trust' and signed a business

agreement with the Korea Adult Guardian Support

Center to facilitate guardian and trust programs in

May 2017, 'Adult Guardian Support Trust' refers to

services through which a bank serves as the financial

guardian for adults who were given a court ruling to

initiate adult quardianship due to their psychological

limitations in order to pay for their monthly living

expenses and manage their key assets transparently

and safely. Our endeavors to faithfully fulfill our social

role as a financial institution were recognized by the

Korea Finance Consumer Federation that awarded

the 'Financial Product/Service Consumer Quality

Certificate' to 'KFB Hana Adult(Minor) Guardian

Contract

KEB Hana Bank

Befitting our vision of becoming a 'Trusted Premier Global Financial Group', we at HFG move beyond Korea to reach the international community in undertaking social contribution initiatives. As part of such endeavors, we opened 'Hana Happy Class' in Banteay Meanchey, a poverty-ridden area in Cambodia in February 2017. This program was joined by 20 customers chosen through a Hana Members sharing event and by the international relief agency Good Neighbors, Through this program, we created a better learning environment for teenagers in the region that lacked proper school facilities and contributed to laying the basis for their

511 42 schools with sisterhood performances ties across the nation 32.615 13,420 persons in performance



self-reliance. As our leading social-giving initiative launched back in 2011, Hana Happy Class aims to improve the educational environment for teens in such less-developed nations as Myanmar, Vietnam and Sri Lanka and will extend its scope to Africa in

the upcoming years.

Twinkle Together Project(Support Multicultural Families to Visit their Home Country)

Under our group-wide mission of 'Growing Together. Sharing Happiness', we at HFG support multicultural families in diverse ways, Our 'Twinkle Together Project' was initiated in September 2017 in conjunction with the Community Chest of Korea and the Korea Foundation for Women to assist multicultural families with ties with Cambodia to visit the country. The aim of this project is to enable members of multicultural families to deepen their understanding of each other and strengthen family relationships. HFG plans to continue with its multicultural family support programs to respect cultural diversity in our society, including the operation of the multicultural center Darin.

·Making snacks for children from lowincome families ·Sharing the Briguettes of Love, a volunteer program joined by the CEO 8th Class ·Hosting a sharing event for senior welfare Kev Social

centers to celebrate the first full moon of the year by the lunar calendar ·Making Happy Sharing Boxes for children

·Hana Happy Class in China

9th Class

Key Social

Contribution

Programs

·Making snacks for children from low-·Making Happy Sharing Boxes for children in Cambodia

·Making school bags as part of the volunteer program in Cambodia ·Solar-powered stand

·Making care bags for kids ·Hana Happy Class in Cambodia

HFG, operating 'Hana Happy Class

Becoming the first financial institution to conclude the first 'Adult Guardian Support Trust' contract





HFG, volunteering under the 'Community Happiness Sharing' initiative

Donating KRW 5 billion to low-income and underprivileged people through the 'Hope 2018 Sharing Campaign'

Employee volunteering (a total of 13,812 employees volunteered for nearly 50,000 hours in 2017)



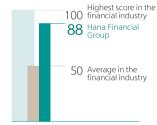
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6.7Environment& ReputationManagement

2017 DJSI Evaluation Results

Climate Strategy



Introducing Smart Office

As part of our group-wide 'Let's Work Smart' initiative, we are operating a 'Go Paperless' program to improve work efficiency. The use of electronic documents was added to our internal policy and paper documents are allowed for designated purposes only while the Paperless Action Plan was developed to dramatically reduce our paper consumption. Our goal is to reduce our annual per-capita paper consumption by more than 80% by undertaking the computer-based Smart Office and Smart Work initiatives. KEB Hana Bank's head office building, which is currently under construction, created a designated document archive and introduced flexible seating with an aim to realize 'paperless desks'

GHG Emissions Reduction Agreement

*KEB Hana Bank

In January 2016, KEB Hana Bank became Korea's first bank to sign an agreement to reduce GHG emissions with the Ministry of Environment and the Korea Climate & Environment Networks. This agreement allows us to voluntarily join the campaign undertaken by the Ministry to 'cut down on GHG emissions', reduce our GHG emissions that are considered the cause of global warming, and use the budget savings secured in so doing to invest in climate change adaptation funds.

Love for Nature Art Contest

KEB Hana Bank

We have held the Love for Nature Art Contest for children to help them develop their love for nature and learn about the importance of environmental protection. Marking its 25th anniversary, the contest is attended by nearly 20,000 children each year: 200 paintings are chosen through the preliminary screening and finalists are determined through the final screening held at Hana Academy Seoul.

Listed on the 'Dow Jones Sustainability Index Asia–Pacific' for Two Consecutive Years

HFG is building a sustainable business environment and reinforcing its risk management. Such endeavors were recognized when HFG was listed on the Dow Jones Sustainability Index Asia–Pacific in November 2017 for two consecutive years. As the globally-renowned sustainability management index, the DJSI evaluates global top 2,500 companies(based on market capitalization) for their general business activities to select top–performers in the sustainability management sector each year. HFG vows to deliver social values through fair trade and shared growth and constantly improve its business fundamentals.

Awarded the 2017 CDP 'Carbon Management Sector Honors'

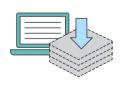
At HFG, we set a goal of promoting systemic environmental management and sustainable growth while undertaking a range of eco-friendly financial initiatives accordingly. In October 2017, we were honored with the 'Carbon Management Sector Honors' for two consecutive years, which is attributed to our exceptional achievements in responding to climate change in the financial sector, at the 2017 CDP Climate Change Awards which ranks global financial institutions based on their integration and disclosure of information on major businesses and urban environments in their financial activities. In addition to CDP, HFG also endorses the climate change adaptation targets suggested by the UN Global Compact and the Sustainable Development Goals(SDGs) to fulfill its role as a green financial service



 $\ensuremath{\mathsf{KEB}}$ Hana Bank, hosting the Love for Nature Art Contest

Introducing Smart Office Reducing annual paper consumption per capita by

80%



6.8 **2017 Awards**

Date	Affiliate	Award	Organization	Note
Dec. 19 th	HFG	Grand Prize, the Korea Football Contribution Awards	Korea Football Association	Awarded to Chairman Kim Jung-tai for contribution to the development of football
Dec. 18 th	KEB Hana Bank	Consumer Quality Certification, financial products and services, H2 of 2017	Korea Finance Consumer Federation	Certification
Nov. 29 th	KEB Hana Bank	2017 Bank of the Year in Korea	The Banker	4 th award in total
Nov. 15 th	KEB Hana Card	Payment Card Industry Data Security Standard (PCI DSS) certification	Five international brand card companies, including Visa and Master	International security standards certification
Nov. 2 nd	KEB Hana Bank	Ranked first in the banking(loan) sector, 2017 Korea Sales Satisfaction Service	Korea Management Association Consulting	4 consecutive years
Oct. 27 th	HFG	Carbon Management Sector Honors in the financial sector	Carbon Disclosure Project	Sustainability indicators
Oct. 26 th	KEB Hana Bank	Best Private Bank in Korea	The Banker, Professional Wealth Management	4 th award in total
Oct. 26 th	KEB Hana Bank	Excellent Financial Education Program Award	Financial Supervisory Service	2 consecutive years
Oct. 24 th	HFG	Grand Prize in the Corporate Sector, Securities Market, 2017 Korea IR Awards (Financial Services Commission Chairman Award)	Korea Investor Relations Service	Sole financial institution among corporate awardees
Oct. 18 th	KEB Hana Bank	Best Foreign Exchange Provider in Korea	Global Finance	16 consecutive years
Oct. 18 th	KEB Hana Bank	Best Sub-Custodian Bank in Korea	Global Finance	7 consecutive years
Oct. 13 th	KEB Hana Bank	Outstanding Wealth Management Service for the Affluent	PBI, a UK-based financial industry magazine	Six consecutive years at the Global Wealth Summit and Awards
Sep. 27 th	KEB Hana Bank	Ranked first in the large bank group, technology financing performance evaluation in the banking sector, H1 of 2017	PBI, a UK-based financial industry magazine	
Sep. 18 th	HFG	Listed on the Dow Jones Sustainability Index Asia Pacific	Dow Jones, RobecoSAM	2 consecutive years
Jul. 17 th	KEB Hana Bank	Ranked first in the banking customer contact sector, 2017 Korea Service Quality Index	Korea Management Association Consulting	2 consecutive years
Jul. 13 th	KEB Hana Bank	Asia's Best Bank Transformation 2017 Best Private Bank in Korea	Euromoney, a financial industry magazine	First Korean bank to receive the region-based award
Feb. 22 nd	KEB Hana Bank	World's Best Private Bank in Digital Client Solutions	Euromoney, a financial industry magazine	10 times out of the 14 occasions
Feb. 7 th	KEB Hana Bank	Ranked first in the general banking consumer satisfaction sector	Global Finance	First Korean financial institution to receive the award for 2 consecutive years
Feb. 7 th	KEB Hana Bank	Ranked first in the general banking consumer satisfaction sector	Korea Consumer Agency	First-ever bank satisfaction survey conducted by the agency
Jan. 18 th	KEB Hana Bank	Korea's Best Trade Finance Provider in 2017	Global Finance	16 th award in total



HFG, honored with the 'Carbon Management Sector Honors'

Listed on the DJSI Asia Pacific for 2 consecutive years



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All Hana Day

THana Financial Group

HFG employees are constantly engaged in volunteering and make financial donations to practice the value of sharing. As part of the All Hana Day initiative, HFG employees joined the 'Happy Sharing' event to make in–kind donations. In March 2018, they hosted a charity event in alignment with social enterprises and donated the proceeds to help North Korean defector families. On December 7th of 2017, 50 HFG employees volunteered at local children contars.

*KEB Hana Bank

KEB Hana Bank undertook a relay volunteering program attended by 27 business divisions in preparation for the All Hana Day initiative. A total of 1,389 employees volunteered to make nearly 2,000 Happy Boxes and donated them to 10 organizations. Furthermore, KEB Hana Bank was fully engaged in the 'Hana Happy Class' program implemented overseas. The bank selected volunteers and helped open Happy Class to improve the educational environment for teenagers in poverty–stricken countries.

KEB Hana Card

KEB Hana Card makes donations to practice the spirit of sharing and fulfill its responsibility as a member of society. Its employees voluntarily donate a small portion of their monthly wage to the Hana Love Funds on a regular basis. In so doing, they raised social interest in underprivileged individuals and assisted them in becoming self-reliant. The company also joins Salvation Army's donation pot campaign to help revitalize the economic life of low-income people and improve the livelihood of less-fortunate people at the end of December every year. In addition, KEB Hana Card donated 1,000 used PCs to Good People to help marginalized individuals in Korea.

☆ Hana Life

Hana Life joined the 'Happy Box' program designed to make Happy Boxes to donate them to underprivileged individuals. 160 employees attended this program to make 200 Happy Boxes and donate them to seniors living alone in local communities, Hana Life employees also set aside a portion of their monthly income and make financial donations accordingly. In January 2018, the company joined the 'Hat Knitting Campaign' to donate hats to newborns suffering hypothermia and high mortality rates in underdeveloped nations.

THana Asset Trust

Hana Asset Trust employees launched the 'Sharing Kimchi of Love' program in December 2017. The program was joined by 40 employees to make kimchi and donate them to all local children centers in Gwanak-gu, Seoul.

Thana Alternative Asset Management

Hana Alternative Asset Management fulfills its social responsibility through sharing programs and works in diverse ways to bring happiness to local communities. The company made donations through the 'Happy Sharing' program. In January 2017, 30 employees volunteered for the 'Sharing Briquettes of Love' program to practice the value of sharing.

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Thana Financial Investment

Hana Financial Investment encourages employees to volunteer and make donations on a continuous basis. Its employees pay regular visits to the facilities that the company formed sisterhood ties with through its research center and volunteer group. Notably, the company donated KRW 2 million to Dream Nest, a facility with sisterhood relationships with its research center, and encouraged employee volunteering on the occasion of All Hana Day. As part of the All Hana Day initiative, the company also hosted the blood donation campaign 'Roll Up Your Sleeves' on December 3rd of 2017 to practice the value of sharing in response to the decreasing number of blood donors.

∵ Hana Ti

Hana TI's 303 employees attended a charity event for Shinawon, an organization that accommodates people with intellectual disabilities, and donated the entire proceeds as well as donated items to the organization. On November 18th of 2017, 100 employees and their family members volunteered for the Happy Bag program designed for children overseas and made kits to be donated to children in Pao Pian, the Philippines, a village occupied by displaced people who were forced to move due to natural disasters. On December 16th of 2017, nearly 100 employees and their family members volunteered to make Christmas kits that included Christmas trees and cakes and donated them to 20 local children centers in Seo-gu, Incheon. In addition, the company implemented a Mecenat program with the Incheon Foundation for Arts & Culture to sponsor media artists to create works and exhibit them in the Media Art Gallery located in HFG's integrated data center since August 2017.

THana Capital

Hana Capital undertook diverse volunteer programs to engage all its employees on the occasion of All Hana Day. On November 23rd of 2017, 45 employees from the headquarters volunteered to paint murals in Younglim Elementary School located near the Guro Digital Complex and they donated KRW 3.5 million to the school, Wide-ranging volunteer programs were implemented at respective branches between November 11th of 2017 and January 11th of 2018: 16 employees at the Gwangju branch volunteered at a local shelter for newborns and donated KRW 480,000 while a total of 317 employees offered their helping hand to make Happy Boxes and donated KRW 9.51 million, Hana Capital launches monthly volunteer programs that engage employee families, and these programs were joined by 34 people in December 2017.

₩ Hana F&I

Hana F&I has disseminated the value of sharing through wide-ranging social-giving programs. The company makes financial and in-kind donations to facilities that accommodate children with visual impairments or severe disabilities every year, Its employees visited the House of Raphayel to make financial and in-kind donations in December 2017, Between December 2017 and January 2018, the company planned a book donation program with Nanum Korea and made donations to those in need of such books in local communities.

THana Investors Services

Hana Investors Services donated nearly KRW 6 million through the Hana Nanum Foundation in December of 2017. On January 13th of 2018, 10 employees volunteered for a briquette delivery program aligned with HFG's social contribution initiative, which demonstrated their sincere commitment to reaching HFG's mission of sharing with society.

Hana Savings Bank

Hana Savings Bank volunteers for less-privileged groups to pursue sustainable growth together with society. The bank launched a 'Sharing Rice of Love' program on the occasion of All Hana Day. This program was designed to donate rice to the less-fortunate in alignment with community service centers and senior welfare centers: 75 employees volunteered, nearly KRW 7.5 million was donated, and seniors living alone were provided with an opportunity to take a photo to wish for their longevity and have haircuts as part of the year-end volunteering initiatives.

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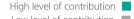
6.9 HFG and the **SDGs**

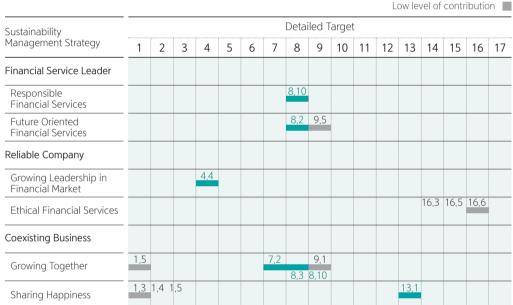
We place our vision of 'Growing Together, Sharing Happiness' as our top priority in business conduct, and are fully aligned with the goals and directions of the SDGs.

We chose four SDGs as our top priorities(quality education, affordable and clean energy, decent work and economic growth, and climate action), and made sure that our group-wide six strategic

directions are aligned with these goals in their purposes and directions. We set our strategic directions to have positive impact on other SDGs and they are summarized as below. At HFG, we firmly believe that our sincere endeavors to reach SDGs will not only strengthen our sustainable value as a company but also generate positive impact in building trust-based relationships with stakeholders and bringing stability to our society and market.

Detailed Actions to be Taken in accordance with HFG's Strategic Directions and Their Direct Contributions to SDGs





What are the Sustainable Development Goals(SDGs)?

In September 2016, the United Nations adopted the Sustainable Development Goals(SDGs) to be met by all member countries towards sustainable society between 2016 and 2030. The SDGs consist of 17 Goals and 169 Targets.





Good health and



ecent work and

ndustry, innovation

Sustainable cities and



eace justice and



artnerships for

SUSTAINABLE GOALS
DEVELOPMENT GOALS



Reduced



Goals to Which We Can Make Significant Contributions Goal 4. Ouality education

HFG's Sustainability Management Initiatives in 2017

• Mentoring program for young North Korean Assist North Korean defectors in settling in Korea ·Hana Happy Class Expand educational facilities to provide quality education to children in less-developed countries

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·Um Hong-Gil Human School Provide quality education to children who lack access to such education due to substandard conditions

•Renewable energy investment Invest in a range of renewable energy projects, including a biomass power plant in Gwangyang, a wind power plant in Cheonsa, and the highway solar power project undertaken with Korea East-West Power Corporation, to increase the ratio of renewable energy by 2030 •Promotion of the use of green energy Participate in the construction of liquefaction terminals in consideration of increases in demand for eco-friendly LNG and production of shale gas in the U.S • Sponsorship for the World Gas Conference Sponsor the international conference that aims to share information to develop green infrastructure and technology by reflecting latest trends and to improve energy efficiency

Goal 8. Decent work and economic growth

Goal 7.

Affordable and

clean energy

·Customer feedback collection programs Listen to and gather customer feedback to provide better services

·HAI ROBO Develop IT solutions that support customers from portfolio design to product purchase through the use of deep learning AI algorithms(AI-enabled robo advisor)

Goal 13. Climate action ·Business agreement to reduce GHG emissions KEB Hana Bank became the first bank to sign a business agreement with the Ministry of Environment and the Korea Climate & Environment Networks • Growing Seoul Forest Project HFG employees and their families participate in the Growing Seoul Forest Project designed to plant seedlings and trim off dead branches to improve our climate

Interview

HFG as a Contributor to Society and the Environment

Our Investment Banking Division at Hana Financial Investment is engaged in traditional/non-traditional investment banking business. We employ Korea's top-notch M&A and IB experts and our main investment destinations include real estate, ships, and power plants. We have abundant overseas investment experience compared to other Korean investment companies. Leveraging our accumulated experience and capacity, we choose the right investment targets and make timely investments to contribute to our society and environment in addition to generating profits through our optimized investment operations.

We at Hana Financial Investment are investing in eco-friendly energy sources that will replace conventional energy sources that may pose harmful impact on the environment. In 2017, we signed a financial agreement to undertake a biomass power plant project with Korea Midland Power, Our goal is to invest KRW 585.3billion in the No. 2 Gunsan National Industrial Complex to build a 200MW-capacity dedicated biomass-fueled power plant. We plan to constantly review investment projects in the renewable energy sector to boost such eco-friendly

energy sources in Korea. Building on our experience in investing in a 200MW-capacity biomass project in the U.K. and a solar power energy project in California, the U.S., we plan to invest in photovoltaics and wind power generation in Korea. In line with the renewable energy promotion plans adopted under the 8th Long-Term Power Supply Plan announced by the Korean government, we will generate profits in relevant fields while contributing to our society and environment.



Head of Division, Investment Banking Division, Hana Financial Investment

Pyeon, Chung-Hyun

Hana Financial Group believes that it is the transparent decision making system that serves as the backbone of sustainability management.

Governance 75

Risk Management Committee 7

Happiness Sharing Committee 79



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Governance

Hana Financial Group created a holding company structure back in 2005 to generate the greatest possible synergy effects through collaboration among group affiliates. At HFG, our definition of a healthy governance is to promote transparent and sound decision making to enhance management stability and to contribute to the development of Korea's financial industry. To this end, we ensure that our Board of Directors is professional as well as independent.

2017 DJSI Evaluation Results

Governance evaluation results



BOD Composition

Corporate Governance

As the top decision making body, our Board of Directors(BOD) consists of eight directors - seven outside directors(including four auditors) and one inside director - as of March 2018, Our BOD is obliged to have three or more outside directors as stipulated in Article 5 of the Governance Policy (concerning BOD Composition), and ensures that outside directors constitute more than half of the total BOD members. To promote the diversity of BOD. members, directors are appointed in consideration of their expertise, age, gender, education, nationality, race, ethnicity, and birthplace. We have consistently appointed females to outside director positions since 2010 to strike the right gender balance and have even appointed a foreign national outside director. Our outside directors bring with them not only a high level of moral/work ethics and integrity but also a wealth of expertise and experience in the fields of financing, economics, business management and financial & legal affairs to perform their duty while serving as a fair representative for the rights of all stakeholders including shareholders.

BOD Operation

Our BOD holds regular meetings as well as ad-hoc meetings when deemed necessary to discuss pending business issues. In 2017, our BOD had in-depth discussions and made strategic decisions on such important management issues as the approval of 12th-term financial statements and their annexed specifications, non-consolidated financial statements, consolidated financial statements, business reports, the integration of KEB Hana Card's Japanese local subsidiary(to be established) into HFG as subsidiary, the approval of bond issuance plans, and HFG management plans(draft) for the fiscal year 2018.

BOD Subcommittees

Under the BOD are eight subcommittees: Steering Committee, Audit Committee, Risk Management Committee, Management Development & Compensation Committee, Nomination Committee, Outside Director Nomination Committee, Auditor Nomination Committee and Group CEO Nomination Committee.

Independence of the BOD

At HFG, we appoint outside directors in accordance with the independence criteria stipulated in Article 6 and Article 8 of the 'Act on the Governance of Financial Institutions', and all our outside directors fully satisfy such independence criteria. Specifically, we have separated BOD chairmanship from the company CEO since 2010 to maintain the independence of our BOD, and the BOD Chairman is appointed among outside directors as stipulated in Article 6 of the Governance Policy(concerning the BOD Chairman). Furthermore, we created the Outside Director Nomination Committee in conformity with Article 15 of the policy(concerning BOD Subcommittees): the composition and operation of this committee follow a separate set of regulations, and the committee is responsible for verifying whether outside director candidates meet independence criteria.

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Expertise of BOD Members

At HFG, we ensure that our outside directors have sufficient work experience and expertise on financing, economics, business management, accounting, law and other relevant areas so that they can duly perform their responsibility as a member of the BOD in accordance with Article 7 of the Governance Policy (concerning director qualifications). Furthermore, we operate a BOD support unit to assist the BOD and its subcommittees in conducting their duties and to facilitate operational support for outside directors. The support unit offered training on HFG's investment strategy in Asia and other topics on six occasions in 2017 to help outside directors build their expertise,

BOD Compensation

Our Management Development & Compensation Committee is responsible for establishing, managing and supervising our compensation and performance evaluation systems for group executives. The committee consists of five or less outside directors as a way to strengthen its independence, and ensures that at least one of these directors brings a wealth of knowledge and experience in financing and financial affairs to maintain its expertise. Our BOD performance evaluations are conducted on such quantitative indicators as ROE, shareholder value(relative shareholder return), C/I ratio, and soundness(NPL ratio, RORWA) as well as such qualitative indicators as key priorities that are set in consideration of HFG's mid/long-term strategy. Our key priorities for 2017 included emerging as a global financial group through innovation and strengthening the group-wide foundation for sustainability management, Directors' performance pay is determined within the boundary of 0-100% of their base pay in accordance with the outcomes of the comprehensive evaluations conducted on both quantitative and qualitative indicators. The compensation package of our outside directors consists of base pay as well as bonus pay that is aligned with their BOD activities. Our executives except for outside directors receive base pay and performance pay. At HFG, performance pay is designed in a way to promote a performance-driven culture and is categorized into short-term pay for the previous year and long-term pay for the past three years. Meanwhile, compliance officers, risk management officers and auditors are subject to a separate evaluation system to ensure the independence of their work,

Stock and Shareholder Data

As of December 31st of 2017, the total number of shares issued by HFG1) amounted to 296,003,062, and the largest shareholder was the National Pension Service²⁾ under the Ministry of Health and Welfare that owned 28.451.652 shares or 9.61% of the total. No one among the promoters registered in HFG's Articles of Association or their families owns more than 5% of HFG's total shares. HFG makes it mandatory through its regulations that the group CEO and senior management own HFG shares beyond the pre-determined limits in order to increase shareholder and corporate value through long-term performance instead of focusing on short-term performance. In accordance with Article 29 of the Governance Policy(concerning the share ownership of executives), the group CEO, standing directors, and outside directors & non-standing directors are obliged, within six months following their appointment, to own 20,000 shares, 5,000 shares, and 1,000 shares respectively. When translated into base pay-to-mandatory stock ownership ratios, our CEO Kim Jung-tai³⁾ should own HFG shares that are at least 1.26 times his base pay [(KRW 49,800(2017 closing price)×20,000(mandatory share ownership limit)/KRW 790 million(2017 base pay)] as of 2017, and his actual pay-to-mandatory stock ownership ratio is 3.22(51,100 shares). Regarding Vice Chairman Kim Byeong-ho⁴⁾, his base pay-to-mandatory stock ownership ratio is 0.45 [(KRW 49,800(2017 closing price)×5,000 (mandatory share ownership limit)/KRW 550 million (2017 base pay)], and his actual ratio amounts to 0.99(10.948 shares)

HFG BOD Composition(as of Mar. 2018)

Director	Name	Initial Date of Appointment	Gender
	Yoon, Sung-Bock	Mar. 27 th , 2015	Male
	Park, Won-Koo	Mar. 25 th , 2016	Male
	Chah, Eun-Young	Mar. 17 th , 2017	Female
Outside Director	Paik, Tae-Seung	Mar. 23 rd , 2018	Male
	Kim, Hong-Jin	Mar. 23 rd , 2018	Male
	Yang, Dong-Hoon	Mar. 23 rd , 2018	Male
	Heo, Yoon	Mar. 23 rd , 2018	Male
Inside Director	Kim, Jung-Tai	Mar. 23 rd , 2007	Male

- * As of May 2018, HFG's Board of Directors has eight directors, and the ratio of female directors is 12.5%.
- * All outside directors are prohibited from serving as an outside director for other companies except HFG to ensure that they duly fulfill their responsibility.
- * In 2017, the BOD met eight times in total, and the average attendance of directors amounted to 100%.(Outside directors for the year 2017: Yun Jong-Nam, Park Moon-Kyu, Song Ki-Jin, Kim In-Bae, Yoon Sung-Bock, Yang Won-Keun, Park Won-Koo, Chah Eun-Young)



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①Paik, Tae-Seung
②Yoon, Sung-Bock
③Yang, Dong-Hoon
④Kim, Jung-Tai
⑤Park, Won-Koo
⑦Chah, Eun-Young
③Kim, Hong-Jin



As of March 6th of 2018, the total number of shares issued was modified to 300,242,062 due to the paid-in capital increase.

²⁾ In Korea, state-owned enterprises and public organizations are engaged in securities investment, bond purchase, and bank deposit to operate their surplus funds in order to promote the stable increase of their organizational assets in accordance with relevant laws and regulations.

³⁾ As of April 6th of 2018, his stock ownership increased to 52,600 shares.

⁴⁾ As of March 23rd of 2018, he retired due to the termination of his term.

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Risk Management Committee

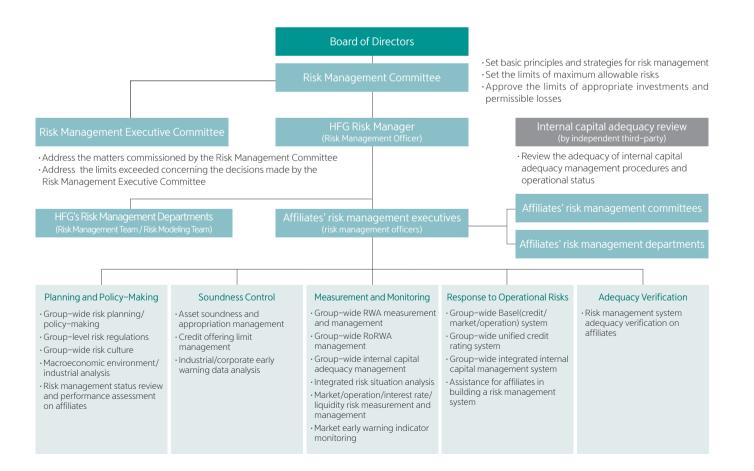
Risk Management System Operation at HFG

Serving as the basis for sustainability management. risk management enables us to protect the financial assets of customers and to pursue stable growth as a company. At HFG, we develop and operate a risk control system to manage possible risks in a comprehensive and systematic way, HFG's Board of Directors is building a risk management system and infrastructure aligned with the group-wide management strategy, and partially delegates the Risk Management Committee to take roles and responsibilities for risk management. As the top decision making body for HFG's risk management. the committee sets and approves group-wide risk management policies and management plans while making close consultations on the pending risk issues and control measures of respective affiliates through monthly Risk Management Executive Committee meetings. In so doing, our risk management governance is operated in a way that facilitates interactive communication with group affiliates.

Key Outcomes of Risk Management

In 2017, the Risk Management Committee met five times in total to address 28 agenda items and specifically focused on building an efficient capital adequacy management system, optimizing the business portfolio, and advancing the risk management system with the goal of 'becoming Korea's top-tier financial institution in asset soundness and capital adequacy'. Notably, we adjusted our high-risk business areas to consistently reduce our NPL ratios and improve delinquency indicators while maintaining exceptional performance in asset soundness and capital adequacy through portfolio optimization and risk management system improvement. We are fully committed to establishing a culture of risk management with a focus on actual sales operations, and are building an occupational early warning system to pre-emptively respond to any occupational risks so as to significantly improve our risk response capability.

Risk Management System



Happiness Sharing Committee

Operation of the Happiness Sharing Committee

While our economy is experiencing sustained low growth following the financial crisis, consumers today are clearly aware of the importance of corporate social responsibility. Notably, financial institutions are taking a competitive approach in fulfilling their social responsibility by selecting specific issues and making intensive investments. At HFG, we strive to reinforce our CSR organizational system and strategically respond to CSR issues, Our Happiness Sharing Committee, serving as the sustainability management committee under the direct leadership of our group CEO, sets the direction of our sustainability management and develops our business plans accordingly. In so doing, we build awareness among employees that we make long-term investment for our sustainable growth by conducting business in a responsible manner.

Composition of the Happiness Sharing Committee

The composition of our Happiness Sharing Committee was extended to include senior management – management support unit head, the CEOs of group affiliates, etc. – as well as our group CEO. In so doing, we aimed to establish our CSR governance to advance our socially responsible management with a focus on earning trust from customers and local communities so as to emerge as a global premier financial group and to ultimately achieve sustainability management. The committee expanded its members and integrated the operation of the committee which was previously distributed among affiliates to ensure the expedient execution of the decisions made and improve the efficiency of

the decision making process. As the decision making body of matters related to socially responsible management, the committee will further assist HFG in fulfilling its social responsibility.

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Setting CSR Strategy & Policy and Progress Review

Led by the group CEO and the executives of respective affiliates, the committee sets our sector–specific CSR strategy and policy and develops annual/quarterly business plans in order to review the progress made in advancing socially responsible management in respective sectors and to decide on necessary improvement measures.

Revision of Hana Financial Group's Social Contribution Action Strategy

Hana Financial Group convened a Happiness Sharing Committee meeting in December 2017 to review its social contribution strategy for the past year. Under the strategic CSR goal of 'sustainable growth', we at HFG aimed to pursue both financial and social value by transforming the nature of our social contribution programs to highlight shared value. Specifically, we built upon our differentiated corporate image concerning 'preparation for the unification of two Koreas' to develop strategic social contribution initiatives to become the first mover tapping into new markets in Northeast Asia while developing fintech and other platforms that can be aligned with our core financial business to maximize the publicity effects of our CSR programs.

Focus Areas of Social Contribution



Group training on internal control * Based on KEB Hana Bank

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Data Center

Consolidated Financial Statement in Summa	ary		(Unit: KRW million)
Item	2015	2016	2017
Total assets	326,912,708	348,177,491	360,089,349
Total liabilities	303,940,964	324,787,453	335,261,405
Total equity	22,971,744	23,390,038	24,827,944
Total liabilities and capital	326,912,708	348,177,491	360,089,349
Consolidated Income Statement in Summar	у		(Unit: KRW million)
	2015	2016	2017
Gross operating income	7,309,136	7,246,421	8,409,070
Net operating income	6,186,492	6,438,820	7,461,574
Operating income	1,010,515	1,614,107	2,718,137
Net income before income tax	1,196,390	1,819,995	2,798,665
Consolidated net income	954,281	1,399,744	2,116,622
Consolidated comprehensive income	695,821	947,555	1,804,806
Credit Rating			(Unit: Rating)
Rating Agency	2015	2016	2017
NICE	AAA	AAA	AAA
KIS	AAA	AAA	AAA
KR	AAA	AAA	AAA
Income Tax Data Item	2016	2017	(Unit: KRW million, %)
EBT -	2,798,665	1,819,995	2,309,330
Income tax	682,043	420,251	551,147
Income tax/EBT	24.4	23.1	23.7
Income tax expenses	356,947	180,880	268,914
Income tax expenses/EBT	12.8	9.9	11.3
Tax on Foreign Income			(Unit: KRW million)
lax on Foreign Income	2015	2016	
Item Total tax on foreign income	2015	2016	2017 34,058
	2015	2016	2017 34,058 5,213
Item Total tax on foreign income	2015	2016	2017 34,058 5,213
Total tax on foreign income U.S.	-	2016	2017 34,058 5,213 4,952
Total tax on foreign income U.S. China	-	2016	(Unit: KRW million) 2017 34,058 5,213 4,952 3,207 20,686
Item Total tax on foreign income U.S. China Indonesia Others	- - - - -	2016	2017 34,058 5,213 4,952 3,207 20,686
Item Total tax on foreign income U.S. China Indonesia Others Ethics Management and Compliance Training	- - - - -	- - - - -	2017 34,058 5,213 4,952 3,207 20,686 (Unit: No. of persons)
Item Total tax on foreign income U.S. China Indonesia Others Ethics Management and Compliance Trainin Training	- - - - -	2016	2017 34,058 5,213 4,952 3,207 20,686 (Unit: No. of persons)
Item Total tax on foreign income U.S. China Indonesia Others Ethics Management and Compliance Trainin Training Group training on anti-money laundering		2016 73,098	2017 34,058 5,213 4,952 3,207 20,686 (Unit: No. of persons) 2017 68,136
Item Total tax on foreign income U.S. China Indonesia Others Ethics Management and Compliance Trainin Training	- - - - -	2016	2017 34,058 5,213 4,952 3,207

Employee Data			(Unit: No.	of persons, %)
Category		2015 2016		2017
Total employees		21,681	20,615	20,444
By position	Executives	207	201	224
	Managers(head of department/team)	2,296	2,231	2,271
	Assistant Team Managers	7,166	6,914	6,810
	Rank-and-file(tellers)	12,012	11,277	11,139
By employment type	Regular workers	19,820	18,705	18,576
(except executives)	Unlimited contract workers	234	248	278
	Contract workers	1,420	1,461	1,366
	Females —	11,498	9,517	9,228
Social minority groups	Females(in manager or higher positions)*			247
	People with disabilities	120	118	114
Ratio of unionized empl	oyees**	86.0	86.6	86.5

^{*} Added as new indicators and disclosed as such from 2017 onwards

Ratio of Female Employees*

Category	2015	2016	2017
Female employees	58.4	58.1	58.8
Female managers	8.1	10.2	11.9
Female middle-managers	42.2	42.7	45.2
Females in top management positions	4.2	4.7	3,1
Female managers in positions that generate	4,2	12.0	9.9

^{*} Based on KEB Hana Bank

Employee Remuneration

(Unit: KRW million, value)

(Unit: %)

Item	2015	2016	2017
Average wage*		103	117
Median wage*		105	119
Highest wage/average wage*		12.82	10.62
Highest wage/median wage*		12.58	10.44
Average base pay for executives(male/female)**		158/153	166/155
Average base pay for managers(male/female)**		105/90	107/94
Average wage for managers(base pay + bonus, etc.)(male/female)**		111/95	124/109
Average base pay for non-managers(male/female)		53/43	60/51

Employee Recruitment and Turnover

(Unit: No. of persons, %)

Category	2015	2016	2017
New recruits(male)*		010	505
New recruits(female)*		717	159
Employee turnover	1,718	2,004	1,306
Turnover rate**	7.9	9.7	6.4

Employees Reinstated after Childcare Leave and Their Continued Ser	vice*	(Unit: No. c	of persons, %)
Item	2015	2016	2017
Employees who took childcare/childbirth leave(male)	1	11	4
Employees who took childcare/childbirth leave(female)	1,050	1,016	1,064
Employees working after reinstatement(as of the end of the year)(total)	81.20	94.47	94.32
Employees working after reinstatement(as of the end of the year)(male)	50.00	94.74	91.67
Employees working after reinstatement(as of the end of the year)(female)	81.30	97.54	94.36

^{*} Based on KEB Hana Bank

Occupational Injury

(Unit: No. of persons, %)

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Item	2015	2016	2017
Injured employees	8	2	4
Injury rates	0.04	0.01	0.02

Locally-Hired Managers*

(Unit: No. of persons, %)

1,427	2,834	2,920
130	117	114
26	88	89
1,8	3.1	3.0
	130	130 117 26 88

^{*} Based on KEB Hana Bank

Employee Training*

(Unit: No. of persons, %)

Item	2015	2016	2017
Training hours per employee	144	111	93
Basic-level licenses obtained(redundancies counted)	57,459	54,271	53,947
Advanced-level licenses obtained(redundancies counted)	15,294	16,704	17,253
Professional licenses obtained(redundancies counted)	1,702	1,679	1,646
Employees who attended the global expert training program	385	633	903
Employee who attended job competency training programs	13,120	18,948	9,856
* Decedes KED Here Deal.			

^{*} Based on KEB Hana Bank

Energy Consumption

Energy Consumption			(Unit: TJ)
Item	2015	2016	2017
Fuel consumption	109	136	154
Electricity consumption	1,450	1,357	1,206
Total consumption	1,559	1,493	1,359

GHG Emissions*			(Unit: tCO₂e, km
Item	2015	2016	201
Direct emissions(Scope 1)	6,789	8,624	9,44
Indirect emissions(Scope 2)	70,390	65,909	58,50
Total emissions	77,179	74,513	67,94
Business travel by employees		1,759,254	2,728,13

^{*} KEB Hana Bank HQ, sales branch, and affiliates in Myeong-dong building

^{*} Data on new recruits is disclosed by gender from 2017 onwards
** Our 2015 turnover rate was miscalculated and thus was modified and disclosed as such

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External Customer Satisfaction Evaluation*		(Unit: Scores, Rankings)	
Item	2015	2016	2017
Korea Customer Satisfaction Index(Korea Productivity Center)	75.2	76	78.1
Korea Customer Satisfaction Index(Korea Productivity Center)	2	2	2
Korea Service Quality Index(Korea Management Association Consulting)	1	1	1
Korean Net Promoter Score(Korea Management Association Consulting)	54.2	59.9	63.1
Customer satisfaction ranking in the bank loan sector(Korea Management Association Consulting)	1	1	1
KS–Service Quality Index(Korean Standards Association)	74.5	73.6	74.8

^{*} Based on KEB Hana Bank

Social Contribution Data

Init: KRW	100 million	No	of persons	No	of hours)

Item	2015	2016	2017
Total social contribution investment	388	266	1,065
Employees who volunteered	17,435	15,920	13,812
Volunteer hours	55,137	47,636	41,436
Beneficiaries of the One Company One School financial literacy education program*	17,748	40,250	32,875
Employees who participated in the Economic Musical Performance for Children program*	530	440	420
Beneficiaries of the Economic Musical Performance for Children program*	16,493	15,641	13,420
Employees who attended employee volunteer programs*	5,365	11,884	13,812
Former employees who were recruited as lecturers for teenager financial literacy education*	30	30	30
Financial donations made*	298.3	179.5	192.3
Volunteer hours translated into monetary value(employees who volunteered during their work hours)*	4.9	4.7	1.2
In-kind donations made*	1.6	0.03	0.02
Project expenses(management cost)*	61.8	62.3	237.9

^{*} Based on KEB Hana Bank

Project/Deal Data*

Project/Deal Data* (Unit: No.			of cases, %)
Item	2015	2016	2017
Projects/deals reviewed	205	137	55
Ratio of projects/deals reviewed against total projects/deals	100	100	100
Projects/deals approved	117	64	32
Projects/deals approved under specific conditions		0	0
Projects/deals not approved	88	44	23

^{*} Based on KEB Hana Bank

Item Total

Contributions and Membership Fees*

 2015	2016	2017
2013	2010	2017
-	5,901	6,052
	2,814	2,892

(Unit: KRW million)

	- ,	-,
Korea Federation of Banks(Ranked 1st in 2017)	 2,814	2,892
Employee contributions to the Korea Institute of Finance(Ranked 2 nd in 2017)	 2,174	2,461
Korea Center for International Finance(Ranked 3 rd in 2017)	 334	346
Membership fees to the Korea Chamber of Commerce & Industry(Ranked 4th in 2017)	 97	91
Asia Financial Cooperation Association(Ranked 5 th in 2017)	 67	33

^{*} Based on Hana Financial Group

Key Environmental/Social Performance Indicator Outcomes and 2018 Targets*

Item	Unit	2014	2015	2016	2017	2018(T)
GHG emissions(Scope 1,2) intensity**	tCO ₂ e/Persons	3.80	5.05	5.30	5.71	5.59
Paper consumption intensity**	Box/Persons	2.68	3.81	5.36	5.74	5.62
Waste discharge intensity**(based on the garbage bags purchased)	Liter/Persons	61.55	29.38	36.27	72.49	71.77
Injury data***(as reported to the Ministry of Employment and Labor)	%	0.01	0.04	0.01	0.02	0.01
Participation in group training on internal control***	No. of persons	1,213	1,471	1,737	1,545	1,450
Social contribution investment***	KRW 100 million	517	388	266	1,065	1,492

^{*} Intensity criteria(No. of employees by year): 2014(20,682), 2015(21,681), 2016(20,615), 2017(20,444)

GRI Standards Universial Standards

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^{**} KEB Hana Bank HQ, sales branch, and affiliates in Myeong-dong building (HFG data coverage is 88.50%)

^{***} Hana Financial Group (Data coverage is 100%)

¹⁾ HFG cooperates with a range of business partners to build expertise and promote regulatory compliance through outsourcing concerning computer systems and IT security, procurement, professional counseling, external auditing, etc.

²⁾ The Hana Institute of Finance was liquidated(Its research function was incorporated into KEB Hana Bank).

³⁾ UN Global Compact, UNEP FI

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¹⁾ Given the inherent characteristics of the financial industry, HFG does not use any raw materials that have a grave impact on environmental pollution in delivering its products and services, and strives to reduce its consumption of paper used in the office environment.

GRI Standards Topic Specific

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		Other Issues from Materiality Test	
CDI 401: EI	401-1	New employee hires and employee turnover	82
GRI 401: Employment	401-3	Parental leave	45, 82
GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	872)
	403-1	Workers representation in formal joint management–worker health and safety committees	873)
GRI 403: Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work–related fatalities	82
	403-4	Health and safety topics covered in formal agreements with trade unions	874)
	404-1	Average hours of training per year per employee	45
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	46~47
Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	875)
GRI 405: Diversity and	405-1	Diversity of governance bodies and employees	81
Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	876)
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	87 ⁷⁾
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	878)
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	64~68

¹⁾ KEB Hana Bank was levied KRW 5 million in fines by the Financial Services Commission on December 2nd of 2017 due to its 'failure to report on illegal credit card issuance'.

²⁾ When any major change occurs in business conduct, relevant details are fully communicated to employees during the period set for prior consultations.

³⁾ Health and safety committees represent all employees, and changes concerning health and safety issues also apply to all employees.

Key health and safety issues are discussed through regular and ad-hoc Labor-Management Council meetings.

⁵⁾ All regular and unlimited contract workers receive annual assessments to periodically measure their performance and help them develop career.

There is no gender difference in average income.

⁷⁾ HFG endorses UN Global Compact's principle on the prohibition of child labor.

⁸⁾ HFG endorses UN Global Compact's principle on the prohibition of forced labor.

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Third Party's Assurance Statement

To the Readers of Hana Financial Group Sustainability Report 2017

Foreword

Korea Management Registrar Inc.(hereinafter "KMR") has been requested by of Hana Financial Group Sustainability Report 2017 to verify the contents of its 2017 Sustainability Report(hereinafter "the Report"). Hana Financial Group is responsible for the collection and presentation of information included in the Report, KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

Hana Financial Group describes its efforts and achievements of the corporate social responsibility activities in the Report, KMR performed a Type 2, moderate level of assurance using AA1000AS(2008) as an assurance standard. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standard indices as below, where professional judgment of the team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the 'Core Option' of GRI which covers the following.

- · GRI Reporting Principles
- · Universal Standards
- · Topic Specific Standards
- Management approach of Topic Specific Standards
- Economic Performance: 201-1, 201-2
- Market Presence: 202-2
- Indirect Economic Impacts: 203-1, 203-2
- Anti-Corruption: 205-2
- Anti-Competitive Behavior: 206-1
- Materials: 301-1
- Energy: 302-1
- Emissions: 305-1, 305-2
- Employment: 401-1, 401-3
- Labor/Management Relations: 402-1
- Occupational Health and Safety: 403-1, 403-2, 403-4
- Training and Education: 404-1, 404-2, 404-3
- Diversity and Equal Opportunity: 405-1, 405-2
- Child Labor: 408-1
- Forced or Compulsory Labor: 409-1
- Local Communities: 413-1
- Marketing and Labeling: 417-3
- Customer Privacy: 418-1

This Report excludes a data sand information of joint corporate, contractor etc. which is outside of the organization, i.e. Hana Financial Group, among report boundaries.

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- · Reviewed overall report
- · Reviewed materiality test process and methodology
- · Reviewed sustainability management strategies and targets
- · Reviewed stakeholder engagement activities
- · Interviewed people in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with Hana Financial Group on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

- · Inclusivity: Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability
- Hana Financial Group is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder Hana Financial Group left out during this procedure..
- Materiality: Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.
- Hana Financial Group is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process
- Responsiveness: Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.
- The assurance team could not find any evidence that Hana Financial Group's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI standard.

Recommendation for improvement

We hope the Report is actively used as a communication tool for stakeholders and recommendation for improvements.

• Through the report, Hana Financial Group has been able to communicate the latest achievements of sustainability management to its stakeholders. There is a strategy to identify the risks to recent issues related to sustainability management and to prevent them in advance. We recommend that Hana Financial Group share these strategies with internal stakeholders and reflect them in the evaluation of the achievements of internal stakeholders so that they can settle into the culture of Hana Financial Group.

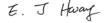
Our independence

With the exception of providing third party assurance services, KMR is not involved in any other Hana Financial Group's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

May, 15", 2018







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Power on Sustainable Way Power on Sustainable Business Power on Transparent Fundamentals Appendix

UN Global Compact

In 2007, Hana Financial Group joined the UN Global Compact(UNGC), a voluntary corporate initiative that urges and encourages businesses to fulfill their social responsibility and has been endorsing its 10 principles in the fields of human rights, labor, the environment and anti–corruption. We at HFG fully comply with these global social responsibility principles and transparently disclose our performance to the UNGC.

The Ten Principles of the UN Global Compact



Human Rights

Principle	Description
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	Make sure that they are not complicit in human rights abuses.

Labour

Principle	Description			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and			
Principle 2	Make sure that they are not complicit in human rights abuses,			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;			
Principle 4	The elimination of all forms of forced and compulsory labour;			
Principle 5	The effective abolition of child labour; and			
Principle 6	The elimination of discrimination in respect of employment and occupation.			

Environment

Principle	Description	
Principle 7	Businesses should support a precautionary approach to environmental challenges;	
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	

Anti-Corruption

Principle	Description	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	

UN Sustainable Development Goals

The United Nations Sustainable Development Goals(SDGs) represent the common goals that the UN and the international society should pursue as their top priorities between 2016 and 2030 to address global poverty and achieve sustainable development. The SDGs consist of 17 Goals and 169 Targets in the three fields of inclusive society, economic growth and sustainable environment, with a focus on 'human-centered' value. We at HFG aim to contribute to reaching these goals in alignment with our six key issues of sustainability management.

SDG					
1 ¹⁰ Herent J in † † † †	SDG-1	No Poverty	End poverty in all its forms everywhere		
2 2500 HANCES	SDG-2	Zero Hunger	End hunger, achieve food security and improve nutrition, and promote sustainable agriculture		
3 SOURHAINS	SDG-3	Good Health and Well-being	Ensure healthy lives and promote well-being for all ages		
4 quality	SDG-4	Quality Education	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all		
5 soce	SDG-5	Gender Equality	Achieve gender equality and empower all women and girls		
6 CLEANNITER AND SANTUNEN	SDG-6	Clean Water and Sanitation	Ensure availability and sustainable management of water and sanitation for all		
7 difference and clean death	SDG-7	Affordable and Clean Energy	Ensure access to affordable, reliable, sustainable, and modern energy for all		
8 SECRAT WICH AND EXCHANGE SECRETION	SDG-8	Decent Work and Economic Growth	Promotes sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all		
9 herestychocourtes Augustychocourtes	SDG-9	Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation		
10 requests	SDG-10	Reduce Inequalities	Reduce inequality within and among countries		
11 SUSTAINMEETIES AND COMMANDES	SDG-11	Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient, and sustainable		
12 RESPONDED CARSING PARTY. ACCOUNT.	SDG-12	Responsible Consumption and Production	Ensure sustainable consumption and production patterns		
13 CLIMATE ACTION	SDG-13	Climate Action	Take urgent action to combat climate change and its impacts		
14 LPE BELOWWATER	SDG-14	Life below Water	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development		
15 the contains	SDG-15	Life on Land	Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation, and halt biodiversity loss		
16 PEAGE AUSTREE AND THE AUSTRALIA DESTROYAGE AUSTROYAGE AUSTROYAGE AUSTROYAGE AUSTROYAGE AUSTREE AUST	SDG-16	Peace, Justice, and Strong Institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels		
17 PARTICESSIPS FOR THE COACS	SDG-17	Partnerships for the Goals	Strengthen the means of implementation and revitalize the global partnership for sustainable development		

Our Previous Sustainability Reports









2008









HANA

2012

2013

FINANCIAL GROUP



2015

2016

This Report was Prepared by

Hana Financial Group

Management Support Team, Global Strategy Team, Corporate Culture Team, Risk Management Team, Future Finance Planning & Support Team, Synergy Facilitation Team, Strategic HR Management Team, Financial Planning Team, Compliance Team, IR Team

KEB Hana Bank

Customer Management Support Department, Global Business Division, Customer Financial Protection Department, Corporate Business Department, Labor Relations Department, Digital Marketing Division, Retail Marketing Division, Retail Product Department, Secretary's Office, CSR Department, Business Process Improvement Division, Credit Loan Planning Division, HR Department, HR Development Department, Financial Planning Department, Information Protection Division, Compliance Department, VC Financing Division, Channel Strategy Department, General Affairs Department, Investment Financing Division, Project Finance Division

Hana Card HR Department	Hana Financial Investment PR Office	Hana Capital Management Planning Team	Hana Life Customer Protection Team
Hana Savings Bank Management Support Department	Hana Asset Trust Human Affairs Team	Hana Alternative Asset Management Management Support Team	Hana Investors Service Management Support Department
Hana F&Y////////////////////////////////////	Hana TV		

Management Support Department Strategy Planning Office

The Preparation of This Report Was Supervised by

CSR Team, Hana Financial Group

HFG's CSR Team is responsible for planning social contribution programs and offering operational support as well as for undertaking a range of programs that improve the sustainability of Hana Financial Group. The team also supervises the publication of HFG's sustainability reports as a main communication channel for stakeholders. HFG's sustainability reports are published through the review and approval of our group Chairman.



