

Hana Financial Group 2015 Business Results



Important Management Notice

September 1st, 2015

The Launch of KEB Hana Bank

- The financial data under “(formerly) Hana Bank + (formerly) KEB”, provided for convenience in comparison, is the simple sum of (formerly) Hana Bank and (formerly) Korea Exchange Bank’s performance data before/after the two banks’ integration.
- The financial data under “KEB Hana Bank” is a sum of 1) the cumulative performance of KEB (surviving entity) from January 2015 to August 2015 and 2) four months (from September 2015 to December 2015) performance of KEB Hana Bank. The financial data under “KEB Hana Bank” before the integration is the performance of (formerly) KEB.



 **KEB Hana Bank**

September 1st, 2015

Hana Daetoo Securities renamed as Hana Financial Investment

 **Hana Financial Investment**



December 1st, 2014

The Launch of KEB Hana Card

- The financial data under “(formerly) Hana SK Card + (formerly) KEB Card”, provided for convenience in comparison, is the simple sum of (formerly) Hana SK Card and (formerly) KEB Card’s performance data before/after the two card companies’ integration.



 **KEB Hana Card**

contents

2015 Financial Highlights

Profitability

Total Lending & Funding

Asset Quality & Capital Adequacy

Appendix

DISCLAIMER

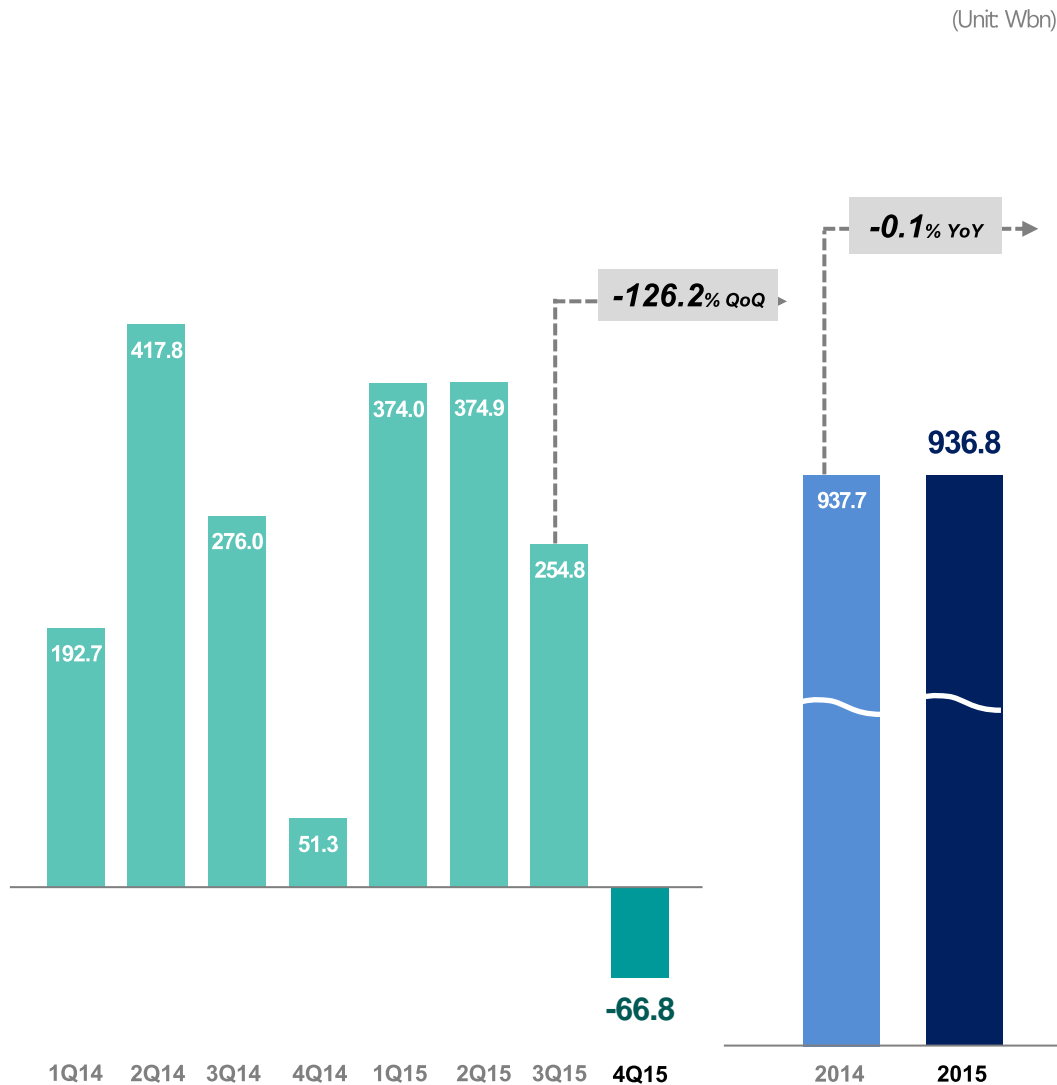
The financial information regarding business results of Hana Financial Group Inc. contained herein has been prepared in accordance with the Korean International Financial Reporting Standards ("K-IFRS").

This presentation material is provided for the convenience of investors in advance, prior to being reviewed by external auditors. Therefore, it is subject to change based on final review by external auditors.

2015 Financial Highlights

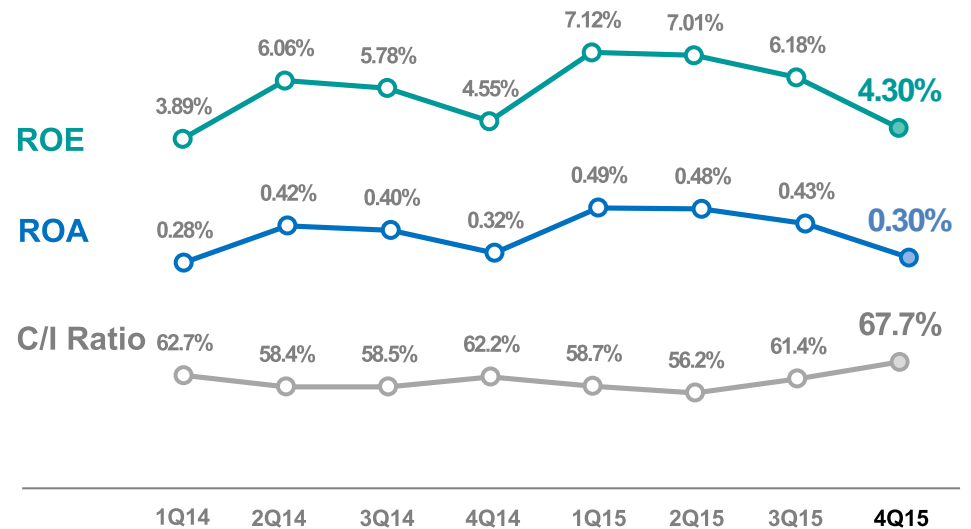
2015 Financial Highlights (1)

Group Net Income



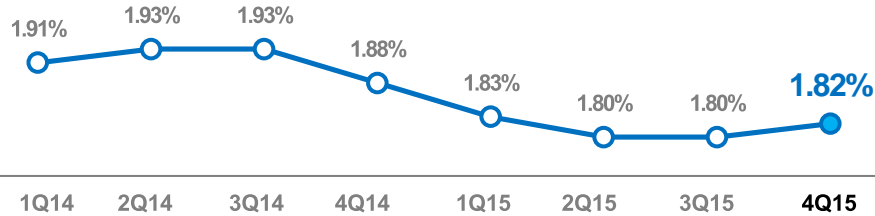
- Group's cumulative net income of KRW 936.8 billion in 2015, in line with previous year
- Group's higher operating income and lower credit loss provision in 2015 were offset by one-off SG&A expenses, notably from integration cost and early retirement program of KEB Hana Bank
- The temporal increase in C/I ratio to 67.7%, due to aforementioned one-off SG&A expenses (increased 15.1% YoY), is expected to normalize in 2016 with dissipated KEB Hana Bank integration cost

Group Major Indices (Cumulative)



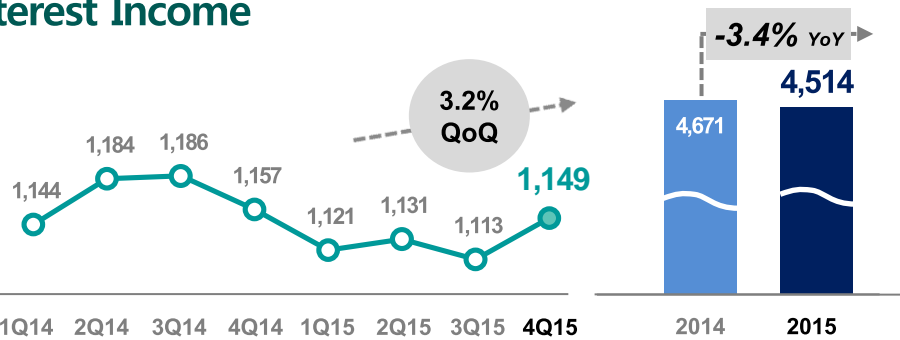
2015 Financial Highlights (2)

NIM



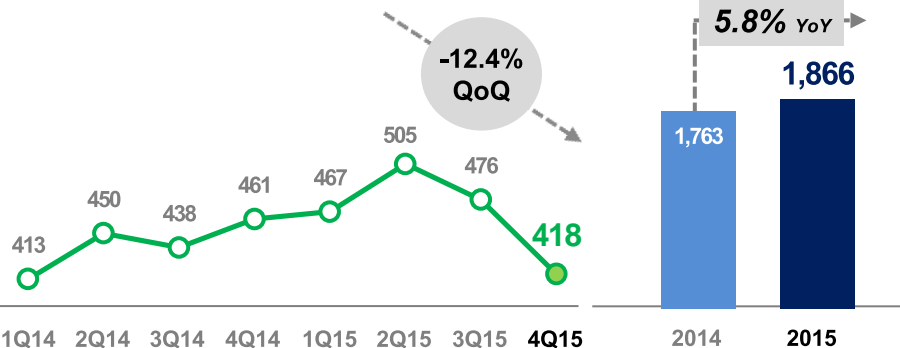
Interest Income

(Unit: Wbn)



Fee Income

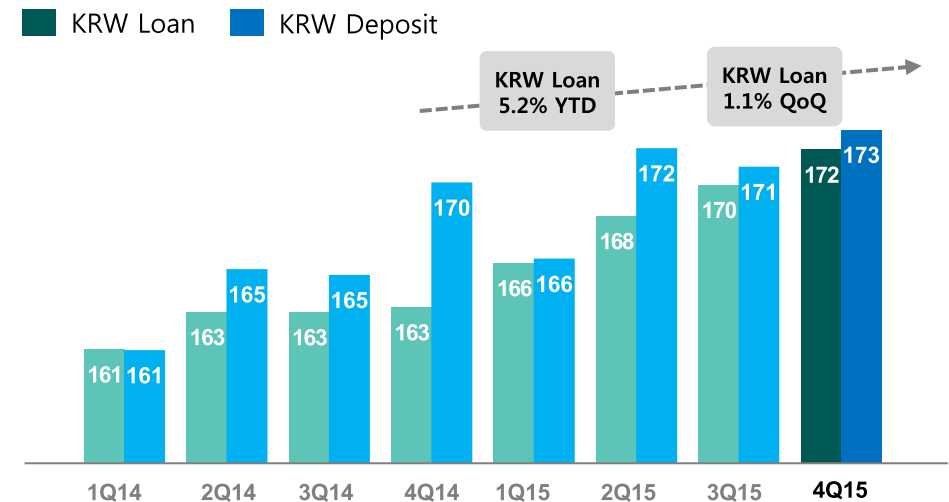
(Unit: Wbn)



- Group's NIM of 4Q15 stood at 1.82%, improved 2bp compared to 3Q15
- The decrease in cumulative NII of 2015, by 3.4% YoY, was mostly offset by 5.8% YoY increase in broad based fee income
- KEB Hana Bank's KRW loan in 2015 increased by 5.2% YoY and 1.1% QoQ maintaining profit-oriented growth, driven by loan portfolio rebalancing focused on swapping soured large corporate exposure with healthy SME exposure

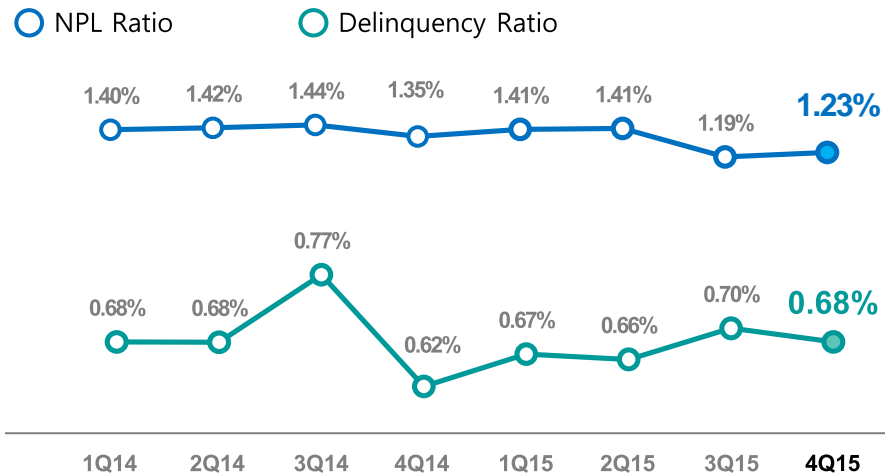
KRW Loan & KRW Deposit

(Unit: Wtn)



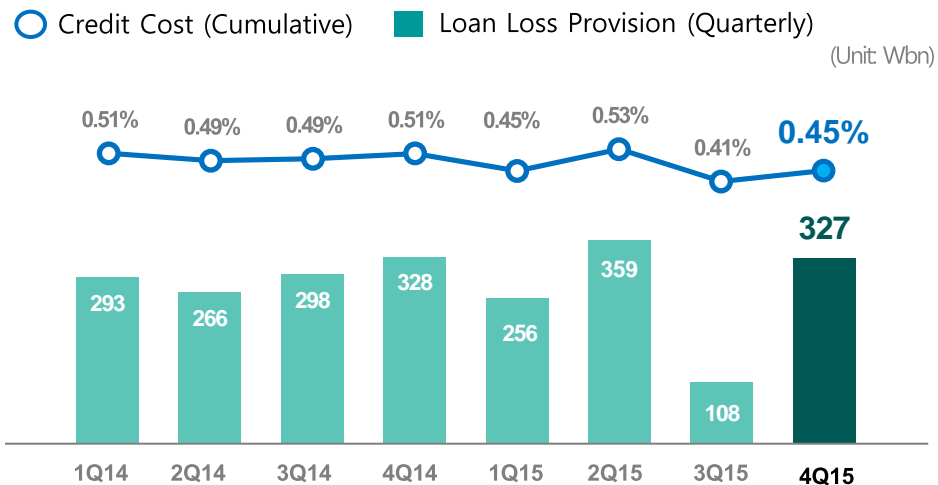
2015 Financial Highlights (3)

Group NPL Ratio & Delinquency Ratio

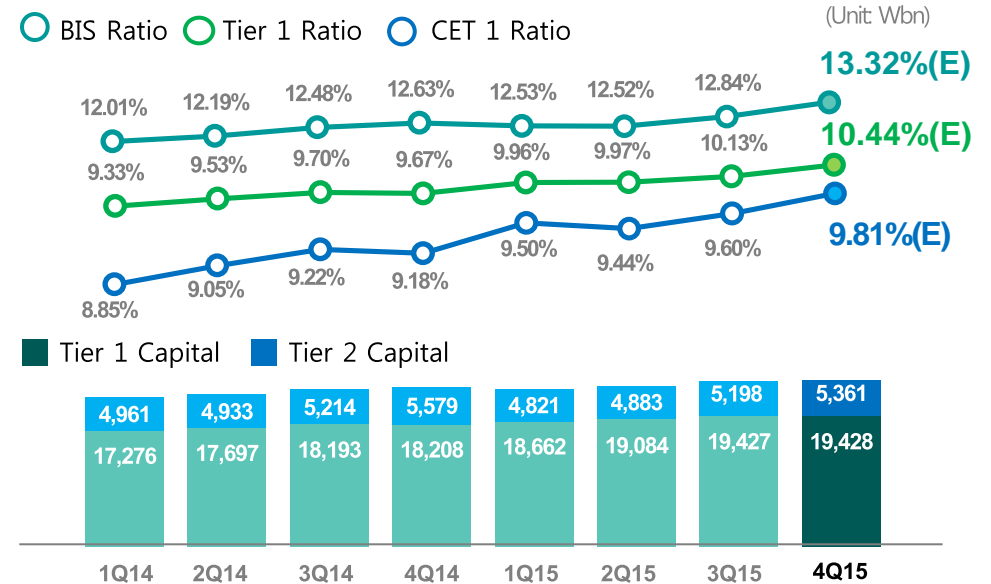


- Group's NPL ratio of 2015 was stable versus 2014, down 12bp YoY, despite 4bp increase in 4Q15
- Group's cumulative credit cost of 0.45% in 2015, down 6bp YoY. The mild quarterly increase of credit cost contributes primarily to dissipation of write-back occurred in 3Q15 and large corporate credit evaluation held in last December
- Group's CET1 ratio expected to increase 21bp QoQ to 9.81% due to efficient RWA management

Group Provision



Group Capital Adequacy



Profitability

- Group Consolidated Earnings
- Business Results of Subsidiaries
- NIM
- Non-Interest Income / SG&A Expenses

Group Consolidated Earnings

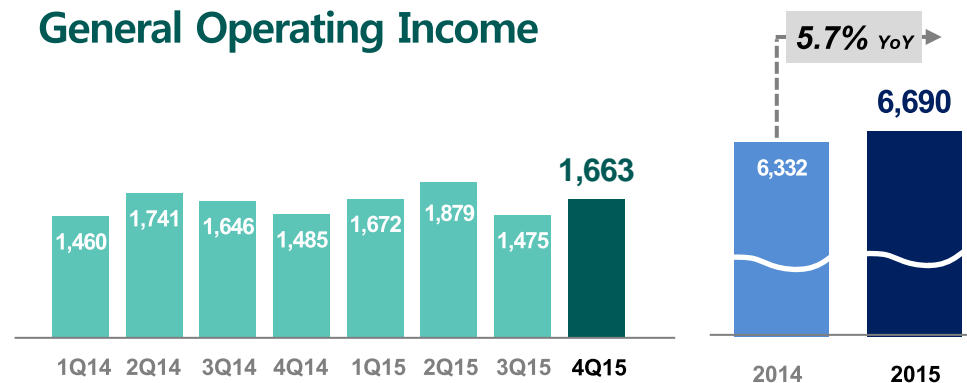
Group Consolidated Earnings

(Unit: Wbn)

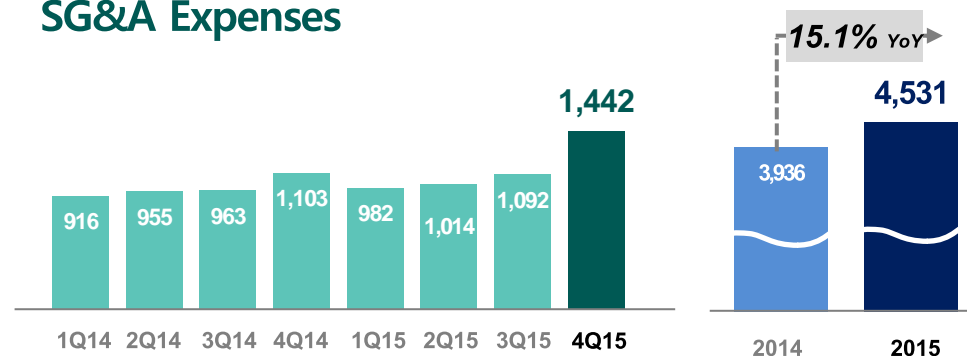
	FY2015	FY2014	YoY(%)	4Q15	3Q15	QoQ(%)
Gen. Operating Income	6,689.6	6,331.6	5.7%	1,663.1	1,475.3	12.7%
Int. Income	4,514.1	4,670.6	-3.4%	1,149.2	1,113.0	3.2%
Fee Income	1,865.6	1,762.5	5.8%	417.5	476.4	-12.4%
Disposition / Valuation	845.9	459.4	84.1%	236.8	20.2	1,071.0%
Other Operating Income	(535.9)	(560.9)	N.A	(140.4)	(134.3)	N.A
SG&A Expenses	4,531.0	3,936.2	15.1%	1,442.4	1,092.1	32.1%
PPOP	2,158.7	2,395.4	-9.9%	220.7	383.2	-42.4%
Credit Loss Provision	1,112.4	1,151.9	-3.4%	329.3	142.2	131.6%
Operating Income	1,046.2	1,243.4	-15.9%	(108.5)	241.0	-145.0%
Net Income	936.8	937.7	-0.1%	(66.8)	254.8	-126.2%

General Operating Income

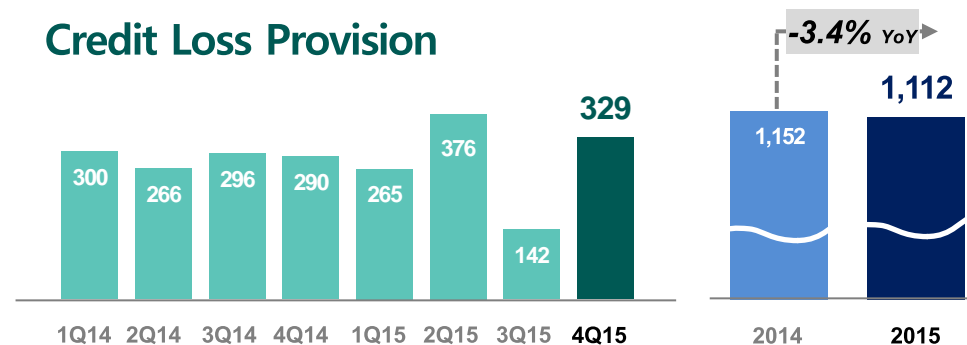
(Unit: Wbn)



SG&A Expenses



Credit Loss Provision



Business Results of Subsidiaries

Net Income of Subsidiaries (Consolidated)

(Unit: Wbn)

	2015	2014	YoY(%)	4Q15	3Q15	QoQ(%)	Ownership(%)
KEB Hana Bank	448.1	365.1	22.7%	(0.6)	217.4	-100.3%	100.00%
<i>※ (formerly)Hana Bank+(formerly)KEB¹⁾</i>	<i>997.0</i>	<i>1,239.5⁴⁾</i>	<i>-19.6%</i>	<i>26.1</i>	<i>228.1</i>	<i>-88.6%</i>	
Hana Financial Investment	129.8	96.3	34.8%	19.3	29.4	-34.4%	100.00%
KEB Hana Card	10.1	(11.2)	N.A	(15.3)	14.4	-206.3%	85.00%
<i>※ (formerly)Hana SK Card+(formerly)KEB Card²⁾</i>	<i>10.1</i>	<i>(0.9)</i>	<i>N.A</i>	<i>(15.3)</i>	<i>14.4</i>	<i>-206.3%</i>	
Hana Capital	65.1	50.4	29.2%	14.1	15.2	-7.2%	50.13%
Hana Life	22.4	2.9	672.4%	0.4	0.1	300.0%	100.00%
Hana Savings Bank	18.1	11.2	61.6%	0.3	4.0	-92.5%	100.00%
Other Subsidiaries & Consolidation Adjustment³⁾	243.2	423.0	-42.5%	(85.0)	(25.7)	N.A	-
Group Consolidated Net Income	936.8	937.7	-0.1%	(66.8)	254.8	N.A	-

Note1) Separate, the simple sum of (formerly) Hana Bank and (formerly) KEB's performance data before and after the two banks' integration.

Note2) The simple sum of (formerly) Hana SK card and (formerly) KEB card's performance data before and after the two card companies' integration.

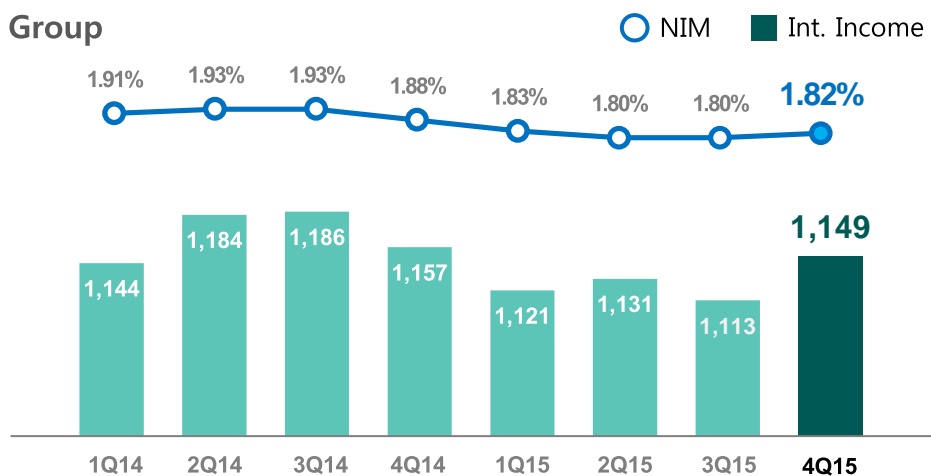
Note3) Including net income of (formerly) Hana Bank

Note4) Excluding credit card business

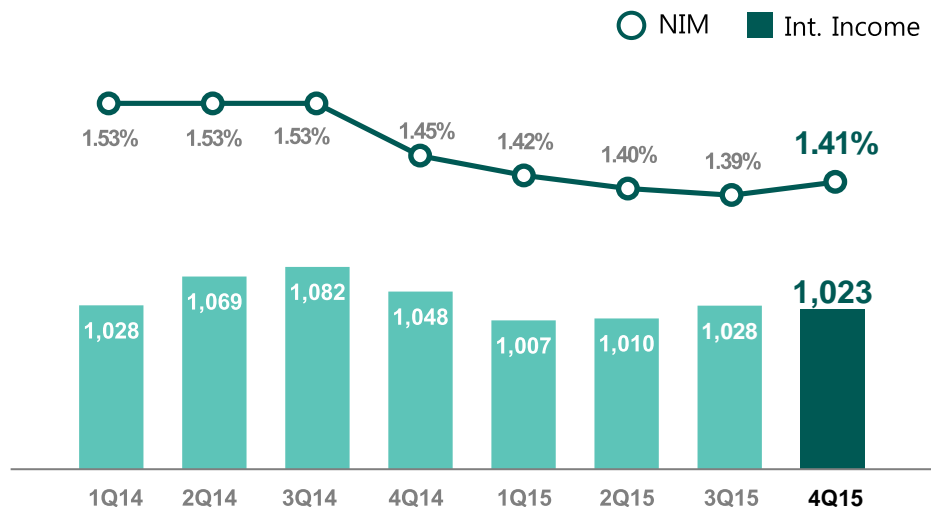
NIM

(Unit: Wbn)

Group



KEB Hana Bank ¹⁾



Note1) The figures, prior to the integration, represent the simple sum of (formerly) Hana Bank and (formerly) KEB's performance.

NIS Trend

Group

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Lending Rate	4.12%	4.06%	3.98%	3.81%	3.65%	3.46%	3.31%	3.23%
Funding Rate	2.31%	2.24%	2.15%	2.03%	1.91%	1.73%	1.59%	1.48%
NIS	1.81%	1.82%	1.83%	1.78%	1.74%	1.73%	1.72%	1.75%

KEB Hana Bank ¹⁾

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Lending Rate	3.71%	3.64%	3.56%	3.37%	3.22%	3.03%	2.89%	2.80%
Funding Rate	2.27%	2.20%	2.12%	2.00%	1.87%	1.70%	1.55%	1.45%
NIS	1.44%	1.44%	1.44%	1.37%	1.35%	1.33%	1.33%	1.35%

Non-Int. Income / SG&A Expenses

Non-Int. Income

(Unit: Wbn)

	FY2015	FY2014	YoY(%)	4Q15	3Q15	QoQ(%)
Fee Income	1,865.6	1,762.5	5.8%	417.5	476.4	-12.4%
Credit Card	762.5	783.9	-2.7%	181.6	186.5	-2.6%
Banking Fee	458.5	453.0	1.2%	79.5	135.6	-41.4%
Guarantee	81.3	84.4	-3.7%	19.4	19.5	-0.5%
Loan & Other	191.6	173.4	10.5%	18.3	67.0	-72.7%
FX	182.1	195.3	-6.8%	40.0	47.9	-16.5%
Operating Leases	3.6	-0.1	NA	1.7	1.2	41.7%
Asset Mgmt. Fee	550.6	472.5	16.5%	123.7	138.0	-10.4%
Beneficiary Cert. Salaes	123.3	126.2	-2.3%	27.5	31.9	-13.8%
Wrap & Operation	43.1	26.3	63.9%	15.3	10.2	50.0%
Brokerage	149.0	106.7	39.6%	31.5	39.7	-20.7%
Trust	179.7	147.5	21.8%	38.0	43.6	-12.8%
Bancassurance	55.4	65.6	-15.5%	11.3	12.5	-9.6%
M&A Advisory	61.7	34.1	80.9%	26.5	12.2	117.2%
Other	32.2	19.1	68.6%	6.3	4.1	53.7%
Disposition / Valuation	845.9	459.4	84.1%	236.8	20.2	1072.3%
Other Operating Income	(535.9)	(560.9)	N.A	(140.4)	(134.3)	N.A
Total	2,175.5	1,661.0	31.0%	513.9	362.3	41.8%

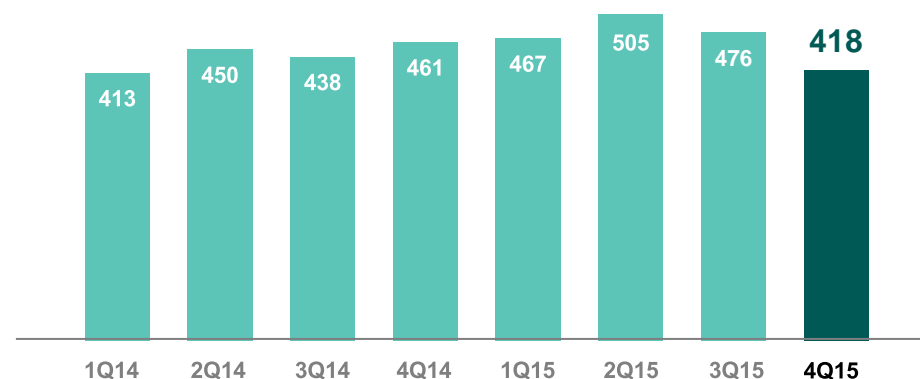
SG&A Expenses

(Unit: Wbn)

	FY2015	FY2014	YoY(%)	4Q15	3Q15	QoQ(%)
Salary & Benefits	2,008.6	1,812.5	10.8%	502.9	556.6	-9.6%
Retirement Benefits	510.7	274.3	86.2%	338.6	53.1	537.7%
Admin. Expenses	1,322.7	1,247.4	6.0%	380.9	318.9	19.4%
Taxes / Depreciation	689.0	602.1	14.4%	220.0	163.6	34.5%
Total	4,531.0	3,936.2	15.1%	1,442.4	1,092.1	32.1%

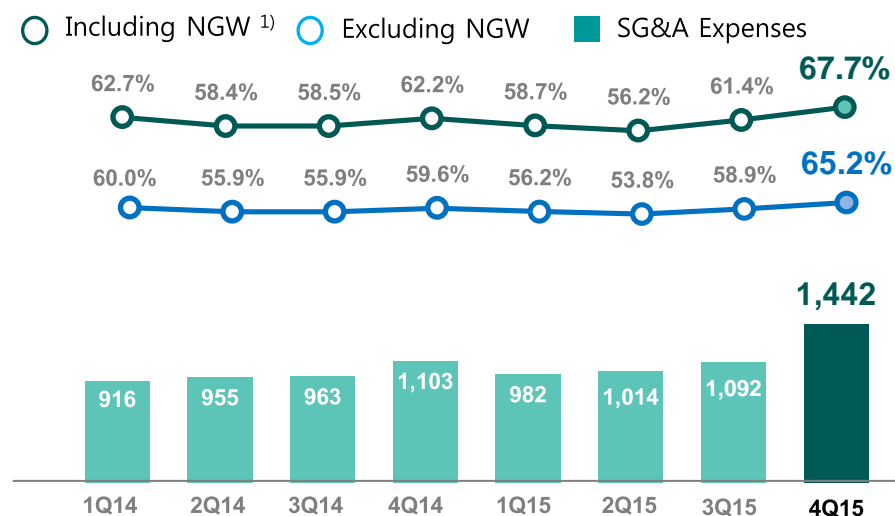
Group Fee Income Trend

(Unit: Wbn)



Group Cost Income Ratio (Cumulative)

(Unit: Wbn)



Note1) Negative Goodwill

Total Lending & Funding

- Group Total Assets / Total Liabilities & Equity
- KEB Hana Bank KRW Loan / Deposit

Group Total Assets / Total Liabilities & Equity

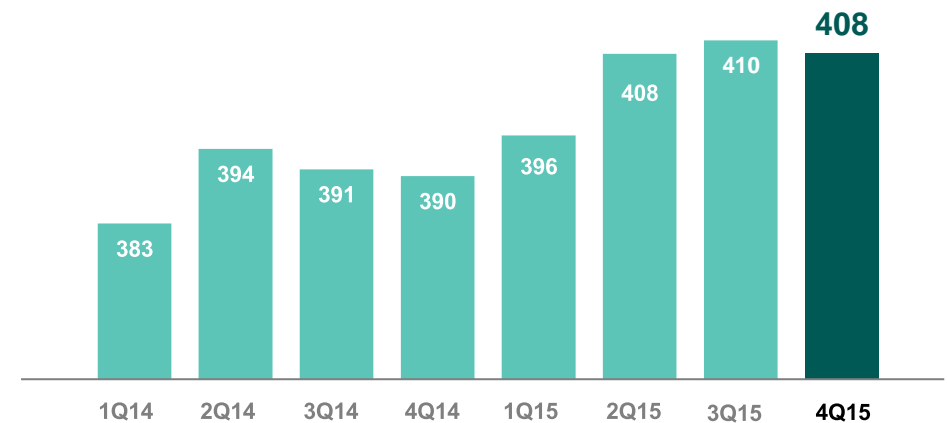
Group Total Assets¹⁾

(Unit: Wbn)

	2015	2014	YTD(%)	3Q15	QoQ(%)
Cash & Deposits	19,746	22,258	-11.3%	21,452	-8.0%
Securities	58,677	53,468	9.7%	55,068	6.6%
Loan Receivables	221,370	213,963	3.5%	220,152	0.6%
KRW Loan	175,598	165,574	6.1%	173,408	1.3%
Tangible Asset	2,874	2,759	4.2%	2,803	2.5%
Other Asset	24,271	23,100	5.1%	35,172	-31.0%
Group Asset	326,938	315,548	3.6%	334,647	-2.3%
+ Trust Asset	81,254	74,939	8.4%	75,632	7.4%
Group Total Asset	408,192	390,487	4.5%	410,279	-0.5%

Group Total Assets¹⁾ Trend

(Unit: Wtn)



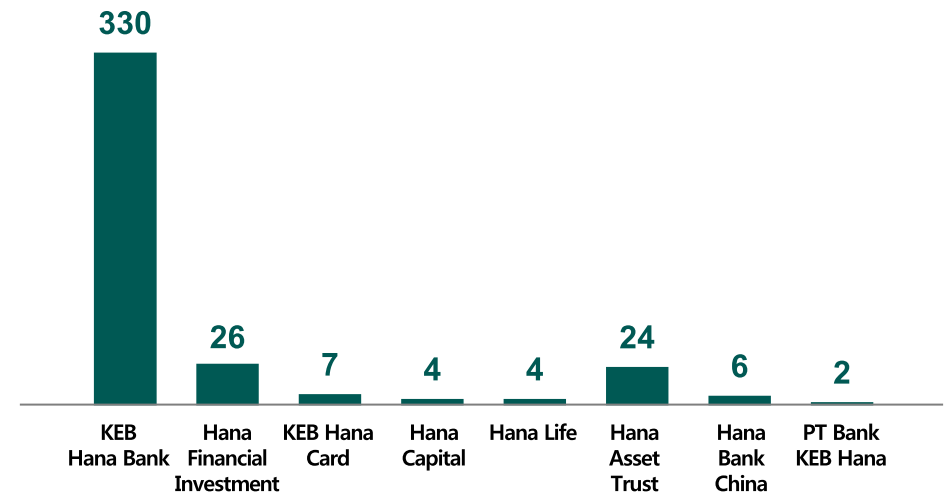
Group Total Liabilities & Equity

(Unit: Wbn)

	2015	2014	YTD(%)	3Q15	QoQ(%)
Deposits	206,810	201,897	2.4%	204,678	1.0%
Borrowings	52,211	52,572	-0.7%	52,875	-1.3%
Debt	15,363	16,833	-8.7%	17,062	-10.0%
Debentures	30,008	29,308	2.4%	29,714	1.0%
RP, Call Money, etc	6,839	6,431	6.3%	6,099	12.1%
Other Liabilities	44,918	39,186	14.6%	54,035	-16.9%
Total Liabilities	303,939	293,655	3.5%	311,588	-2.5%
Total Equity	22,999	21,894	5.0%	23,058	-0.3%
Liabilities & Equity	326,938	315,548	3.6%	334,647	-2.3%

Total Assets¹⁾²⁾ of Subsidiaries

(Unit: Wtn)



Note1) Total Assets = Group Asset + Trust Asset

Note2) Separate

KEB Hana Bank KRW Loan / Deposit

KRW Loan ¹⁾

(Unit: Wbn)

	4Q15	2014	YTD(%)	3Q15	QoQ(%)
Corporate Loan	84,236	84,414	-0.2%	85,026	-0.9%
Large Corp.	20,020	25,753	-22.3%	21,967	-8.9%
SME	62,441	56,485	10.5%	61,197	2.0%
(SOHO)	28,561	22,595	26.4%	26,758	6.7%
Other	1,775	2,176	-18.4%	1,862	-4.7%
Household Loan	87,691	79,012	11.0%	84,999	3.2%
Secured	71,051	62,424	13.8%	68,504	3.7%
(Mortgage)	59,196	50,131	18.1%	56,513	4.7%
Unsecured	16,640	16,588	0.3%	16,495	0.9%
Total	171,926	163,426	5.2%	170,026	1.1%

Deposit (Ending. Balance) ¹⁾

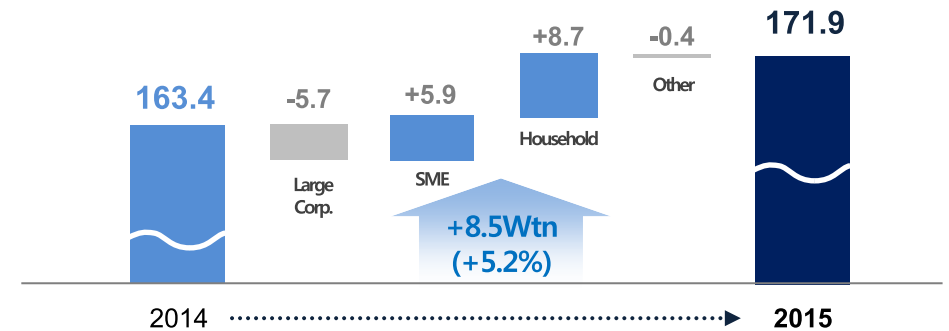
(Unit: Wbn)

	4Q15	2014	YTD(%)	3Q15	QoQ(%)
KRW Deposit	173,310	170,154	1.9%	170,744	1.5%
Core Deposit	40,567	33,348	21.6%	37,970	6.8%
MMDA	26,853	24,984	7.5%	30,283	-11.3%
Time Deposit	94,419	101,155	-6.7%	92,421	2.2%
Installment Deposit	9,080	9,400	-3.4%	9,262	-2.0%
Marketable Securities	2,391	1,266	88.9%	808	195.9%
FC Deposit	23,279	20,093	15.9%	23,258	0.1%
Total	196,589	190,247	3.3%	194,003	1.3%

Note1) The figures, prior to the integration, represent the simple sum of (formerly) Hana Bank and (formerly) KEB's balance.

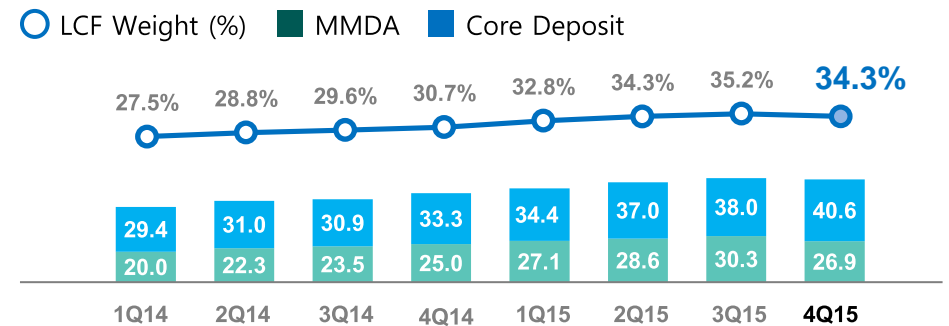
KRW Loan Growth (YTD)

(Unit: Wtn)

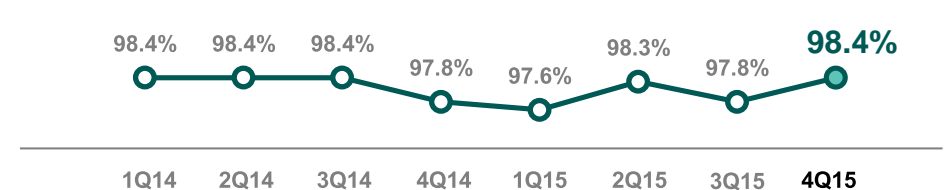


Low Cost Funding Trend ¹⁾ (Core Deposit + MMDA)

(Unit: Wtn)



Loan to Deposit Ratio (LDR) ²⁾



Note2) Excluding Policy Loan since 1Q15

Asset Quality / Capital Adequacy

- Group Asset Quality
- KEB Hana Bank Asset Quality
- Provision Analysis
- Capital Adequacy

Group Asset Quality



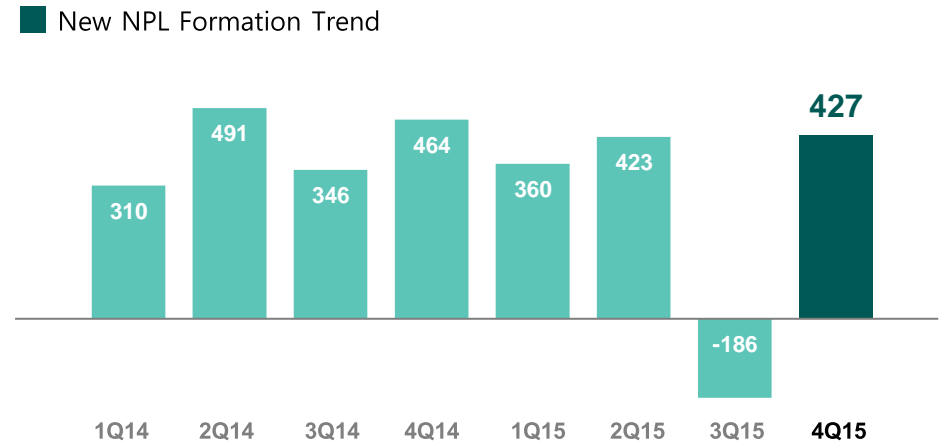
Group

(Unit: Wbn)

	2015	2014	YTD (%)	3Q15	QoQ (%)
Total Credit	233,079	230,819	1.0%	236,206	-1.3%
Normal	227,887	225,147	1.2%	230,866	-1.3%
Precautionary	2,332	2,553	-8.7%	2,527	-7.7%
Substandard	1,741	2,005	-13.2%	1,545	12.7%
Doubtful	540	575	-6.1%	653	-17.3%
Estimated Loss	579	538	7.6%	615	-5.9%
NPL Amount	2,860	3,119	-8.3%	2,812	1.7%
NPL Ratio	1.23%	1.35%	-0.12%p	1.19%	0.04%p
NPL Coverage Ratio	134.9%	123.3%	11.6%p	137.6%	-2.7%p
Loan Loss Allowance	3,857	3,845	0.3%	3,870	-0.3%
Loan Loss Reserve	2,194	2,134	2.8%	2,173	1.0%
Credit Loss Reserve	1,663	1,711	-2.8%	1,696	-1.9%

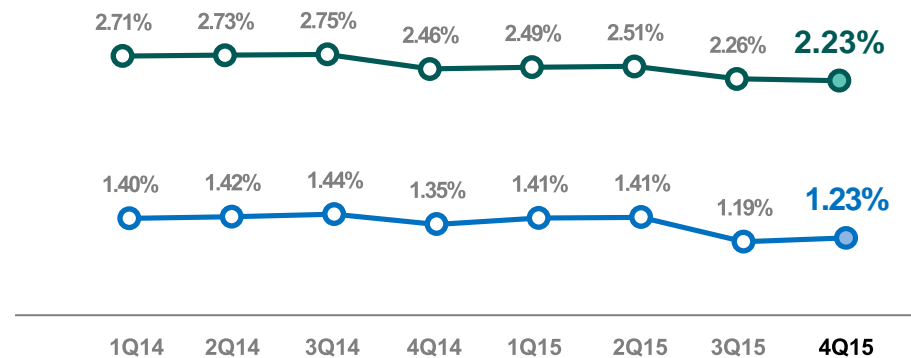
Group New NPL Formation Trend

(Unit: Wbn)



Group NPL / Precautionary & Below Ratio

○ NPL Ratio ○ Precautionary & Below Ratio



KEB Hana Bank Asset Quality



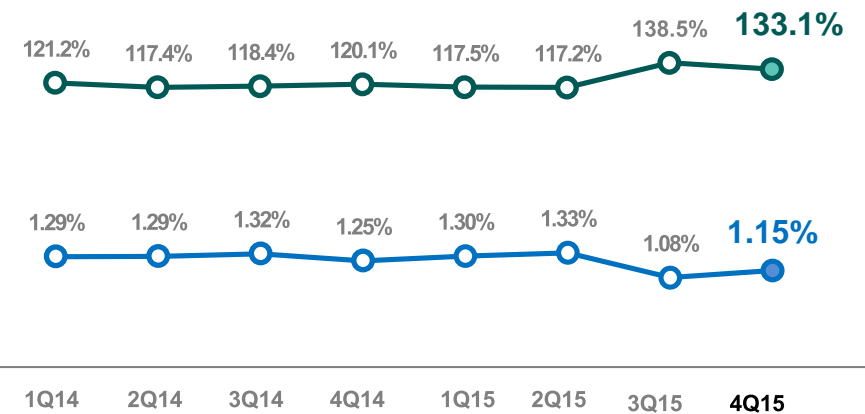
KEB Hana Bank ¹⁾

(Unit: Wbn)

	2015	2014	YTD (%)	3Q15	QoQ (%)
Total Credit	209,304	208,481	0.4%	211,821	-1.2%
Normal	205,449	204,379	0.5%	207,851	-1.2%
Precautionary	1,441	1,498	-3.8%	1,677	-14.1%
Substandard	1,608	1,810	-11.2%	1,388	15.9%
Doubtful	375	411	-8.8%	492	-23.8%
Estimated Loss	431	382	12.8%	414	4.1%
NPL Amount	2,414	2,604	-7.3%	2,294	5.2%
NPL Ratio	1.15%	1.25%	-0.10%p	1.08%	0.07%p
NPL Coverage Ratio	133.1%	120.1%	13.0%p	138.5%	-5.4%p
Loan Loss Allowance	3,212	3,126	2.8%	3,177	1.1%
Loan Loss Reserve	1,654	1,544	7.1%	1,591	4.0%
Credit Loss Reserve	1,558	1,582	-1.5%	1,586	-1.8%

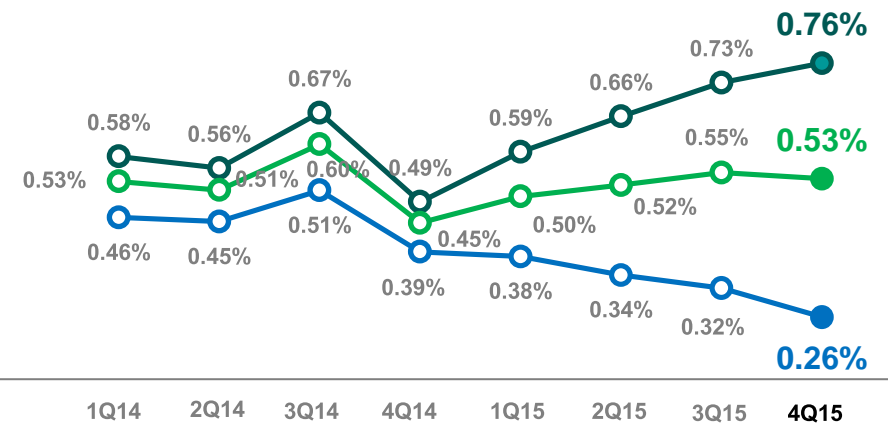
NPL / NPL Coverage Ratio Trend ¹⁾

○ NPL Ratio ○ NPL Coverage Ratio



Delinquency Ratio Trend ¹⁾

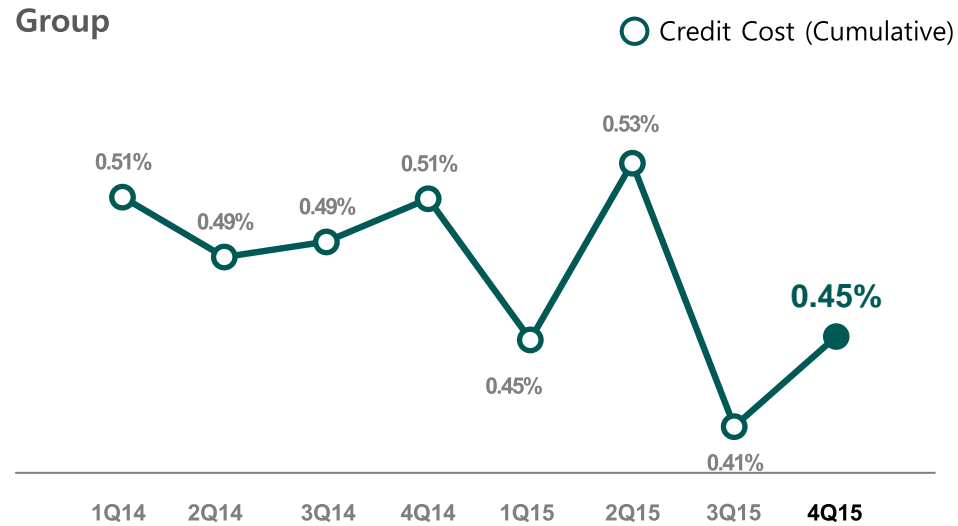
○ Total ○ Corporate ○ Household



Provision Analysis

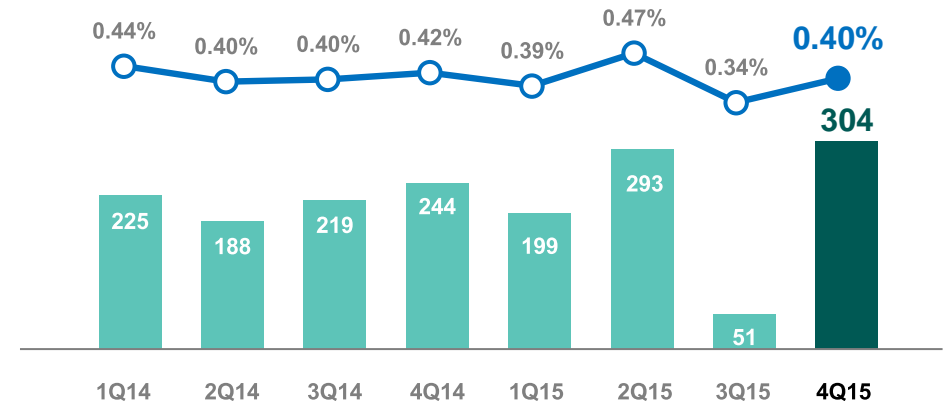
Group Provision Overview

(Unit: Wbn)



KEB Hana Bank(Separate) ¹⁾

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



Note1) Credit Cost and Loan Loss Provision, prior to the integration, represent the simple sum of (formerly)Hana Bank and (formerly) KEB's provision data.

(Unit: Wbn)

Group	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Credit Loss Provision	300.2	265.9	295.7	290.1	264.7	376.3	142.2	329.3
Loan Loss Provision	292.7	265.9	298.2	328.5	255.7	359.0	107.9	326.8
Unused Commitments Provision	-2.4	0.0	-0.3	-1.5	-0.8	4.4	-20.4	1.8
Other Provision	9.9	0.1	-2.1	-36.9	9.8	13.0	54.7	0.6

Capital Adequacy



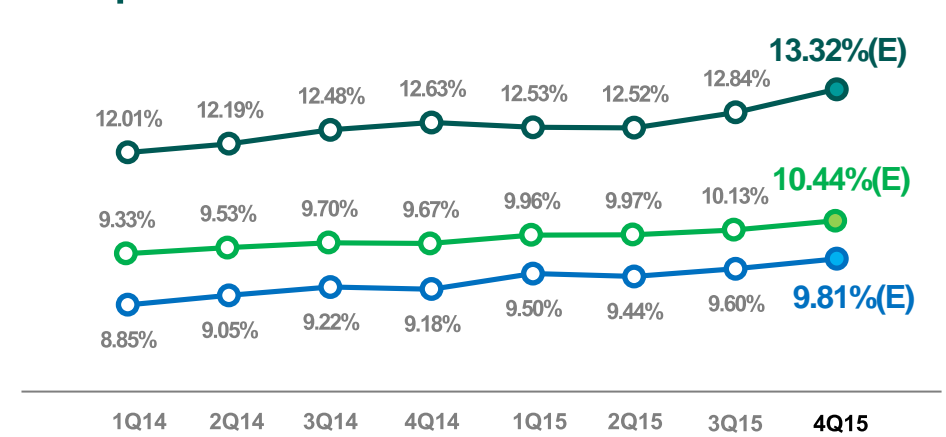
Group

(Unit:Wbn)

	2015	2014	YTD(%)	3Q15	QoQ(%)
RWAs	186,061	188,381	-1.2%	191,806	-3.0%
BIS Capital	24,789	23,787	4.2%	24,626	0.7%
Tier 1 Capital	19,428	18,208	6.8%	19,427	0.0%
CET 1 Capital	18,247	17,302	5.5%	18,417	-0.9%
BIS Ratio	13.32%	12.63%	0.69%p	12.84%	0.48%p
Tier 1 Ratio	10.44%	9.67%	0.77%p	10.13%	0.31%p
CET 1 Ratio	9.81%	9.18%	0.63%p	9.60%	0.21%p

Group

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



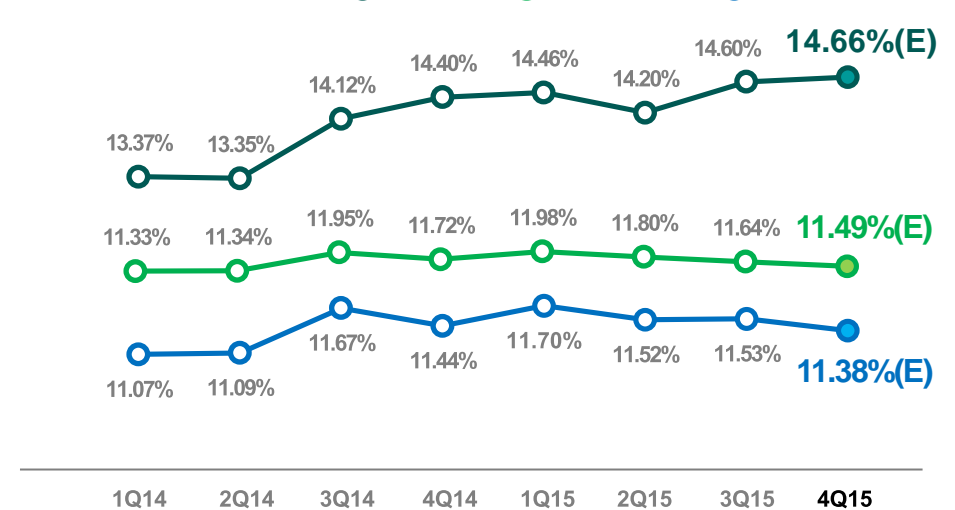
KEB Hana Bank¹⁾

(Unit:Wbn)

	2015	2014	YTD(%)	3Q15	QoQ(%)
RWAs	166,057	68,782	141.4%	168,732	-1.6%
BIS Capital	24,337	9,904	145.7%	24,632	-1.2%
Tier 1 Capital	19,080	8,063	136.6%	19,642	-2.9%
CET 1 Capital	18,895	7,870	140.1%	19,458	-2.9%
BIS Ratio	14.66%	14.40%	0.26%p	14.60%	0.06%p
Tier 1 Ratio	11.49%	11.72%	-0.23%p	11.64%	-0.15%p
CET 1 Ratio	11.38%	11.44%	-0.06%p	11.53%	-0.15%p

KEB Hana Bank¹⁾

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



Note 1) RWAs and Capital ratio of KEB Hana Bank prior to Sept. 1st 2015, represent (formerly) KEB's capital adequacy data..

Appendix

- Net Income Contribution by Subsidiaries
- Provision Analysis by Subsidiaries
- Major Indices

Net Income Contribution by Subsidiaries

Statements of Comprehensive Income (2015 Cumulative, Consolidated)

(Unit: Wbn)

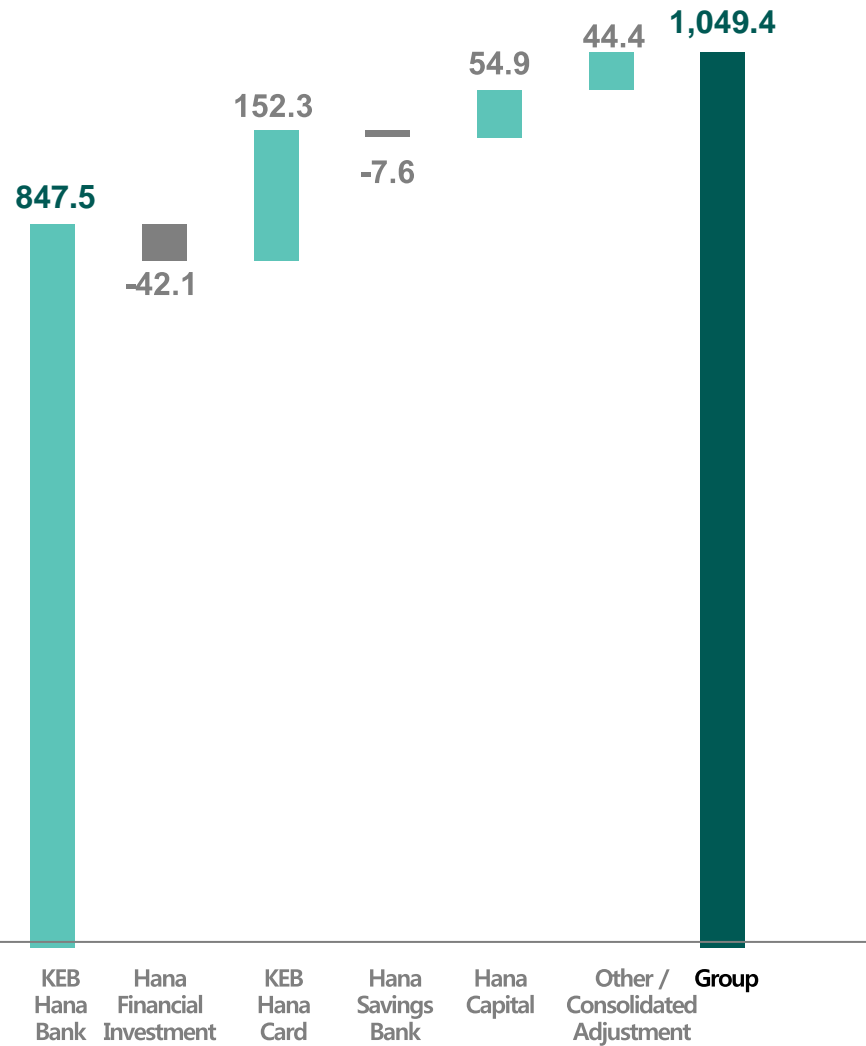
	Group (Consolidated)	KEB Hana Bank ¹⁾	Hana Financial Investment	KEB Hana Card	Hana Capital	Hana Life	Hana Savings Bank	Others / Consolidation Adjustment	Hana Bank (China) ²⁾	PT Bank KEB Hana Indonesia ²⁾
Gen. Operating Income	6,689.6	3,476.4	408.2	551.5	189.2	58.8	42.7	1,962.8	141.7	84.8
Int. Income	4,514.1	2,632.3	115.3	(137.0)	180.1	67.3	42.5	1,613.5	122.8	72.3
Fee Income	1,865.6	543.8	279.4	664.7	10.9	25.5	1.5	339.7	10.3	7.2
Disposition / Valuation	845.9	543.2	(4.6)	16.8	1.4	33.0	1.5	254.6	19.6	7.4
Other Operating Income	(535.9)	(243.0)	18.0	7.0	(3.3)	(67.0)	(2.8)	(245.0)	(11.1)	(2.2)
SG&A Expenses	4,531.0	2,424.0	344.9	361.1	51.6	31.3	26.0	1,292.2	91.5	34.2
PPOP	2,158.7	1,052.4	63.3	190.5	137.6	27.5	16.7	670.7	50.2	50.5
Credit Loss Provision	1,112.4	634.9	(44.6)	179.0	54.9	0.8	(7.5)	294.9	22.3	1.0
Operating Income	1,046.2	417.5	108.0	11.4	82.7	26.7	24.1	375.7	27.9	49.6
Net Income	936.8	448.1	129.8	10.1	65.1	22.4	18.1	243.2	20.5	35.8

Note1) The sum of 1) the cumulative performance of KEB(surviving entity) from January 2015 to August 2015 and 2) four months(from Sept.2015 to Dec 2015) performance of KEB Hana Bank.

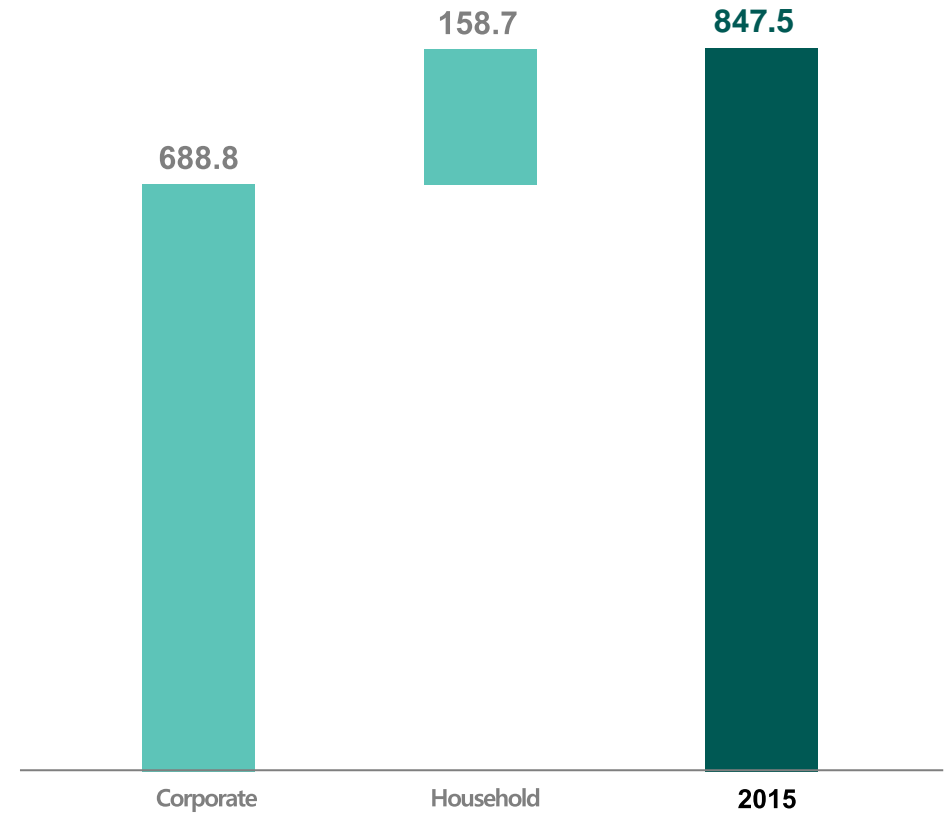
Note2) Separate

Provision Analysis by Subsidiaries

Subsidiaries' Provision Overview (2015) (Unit: Wbn)



KEB Hana Bank Provision Break-down (Unit: Wbn)



Major Indices

Group(Consolidated)

(Unit: KRW)

(Cumulative)	FY2015	3Q15	FY2014
ROA	0.30%	0.43%	0.32%
ROE	4.30%	6.18%	4.55%
EPS(KRW)	3,093	3,357	3,177
BPS(KRW)	72,411	73,211	71,848
C/I Ratio	67.7%	61.4%	62.2%
Debt to Equity Ratio	31.31%	25.96%	30.15%
Double Leverage Ratio	123.77%	124.45%	127.61%

KEB Hana Bank(Consolidated)¹⁾

(Unit: KRW)

(Cumulative)	FY2015	3Q15	FY2014
ROA	0.24%	0.38%	0.33%
ROE	3.21%	4.96%	3.95%
EPS(KRW)	624	764	583
BPS(KRW)	19,916	20,081	16,875
C/I Ratio	69.8%	61.2%	58.1%

(formerly)Hana Bank+(formerly)KEB (Separated)²⁾

(Unit: KRW)

(Cumulative)	FY2015	3Q15	FY2014
ROA	0.35%	0.46%	0.46%
ROE	4.72%	6.17%	5.94%
EPS(KRW)	921	899	1,137
BPS(KRW)	19,796	19,898	19,272
C/I Ratio	63.0%	56.1%	56.1%

Note1) Major indices prior to Sept.2015 represent that of (formerly) KEB.

Note2) Major indices prior to Sept 2015 represent the simple sum of (formerly) Hana Bank and (formerly) KEB's performance.

