

Hana Financial Group

2017 Business Result

February 2018

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Section 1

2017 Financial Highlights

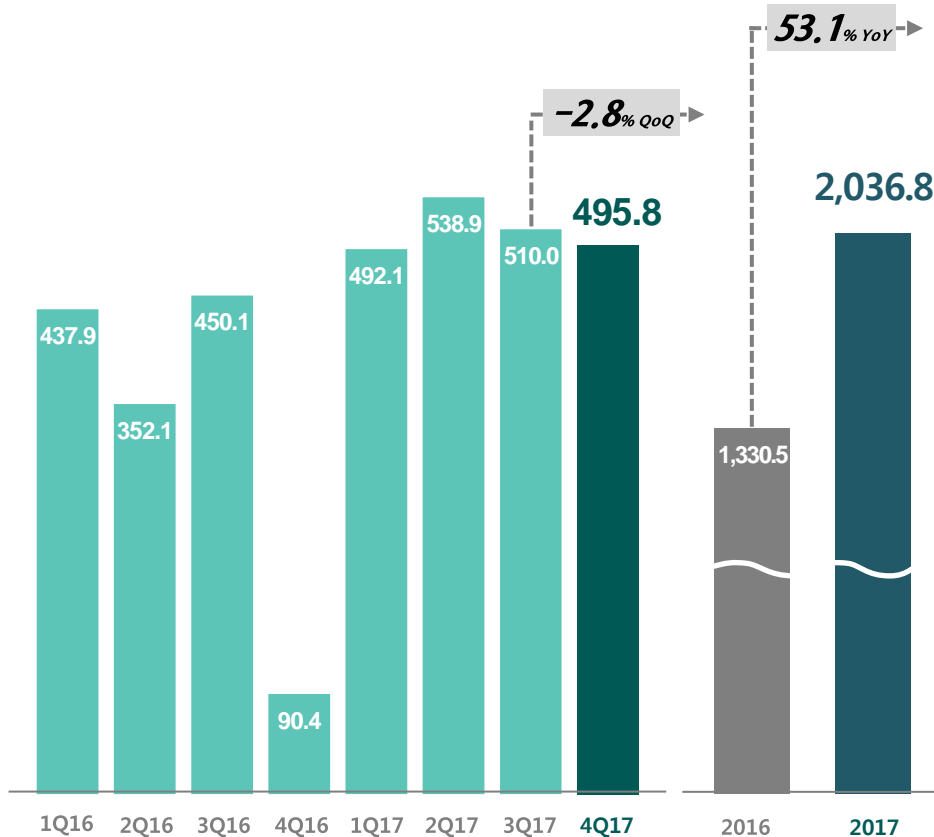
2017 Financial Highlights (1)

2017 Financial Highlights (2)

2017 Financial Highlights (3)

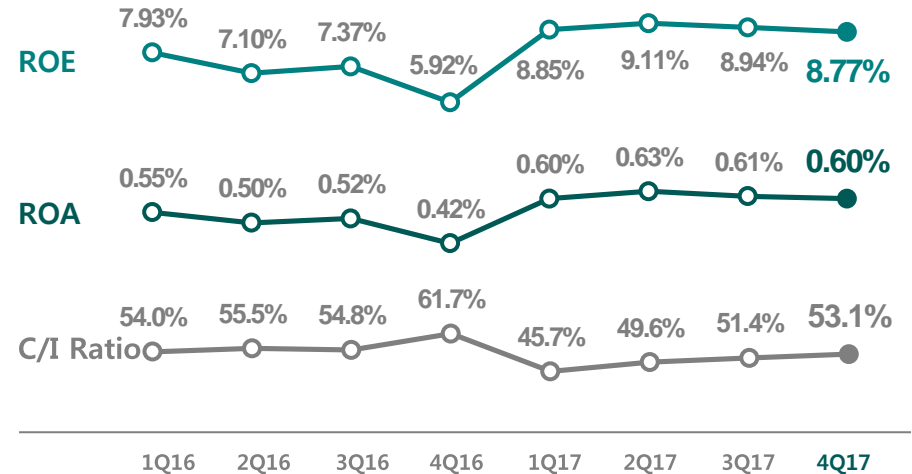
2017 Financial Highlights (1)

Group Net Income (Unit: Wbn)



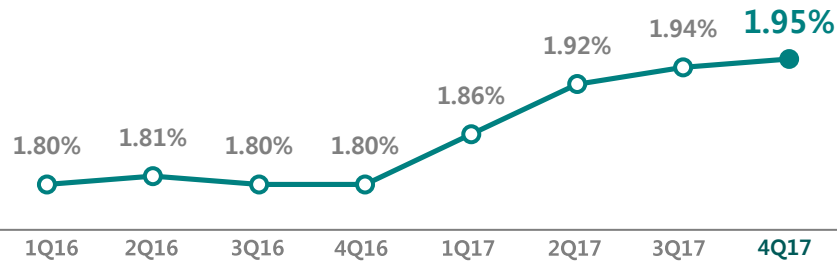
- Group's FY2017 net income surged to 2.036 trillion, record annual earnings since the establishment of the holding company in 2005, on the back of strong core earnings and continued downward trend in normalized SG&A and provisioning costs
- Reported solid 4Q17 earnings of KRW 495.8 billion, despite the recognition of one-offs in SG&A and provisioning
- Sharp increase of group's profitability indicators such as ROE and ROA, with notable improvement in C/I ratio, down 8.5%p YoY, thanks to group-wide cost stabilization

Group Major Indices (Cumulative)

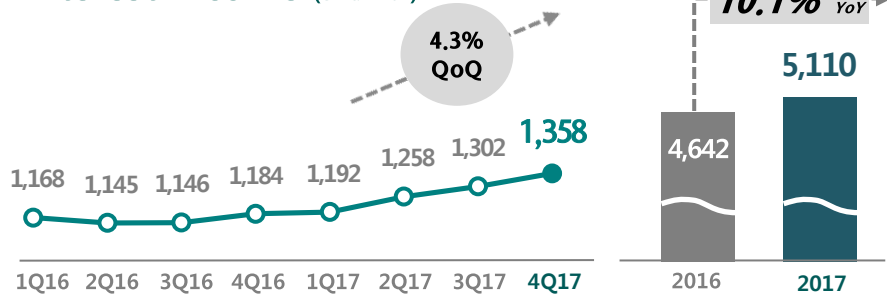


2017 Financial Highlights (2)

NIM



Interest Income (Unit: Wbn)

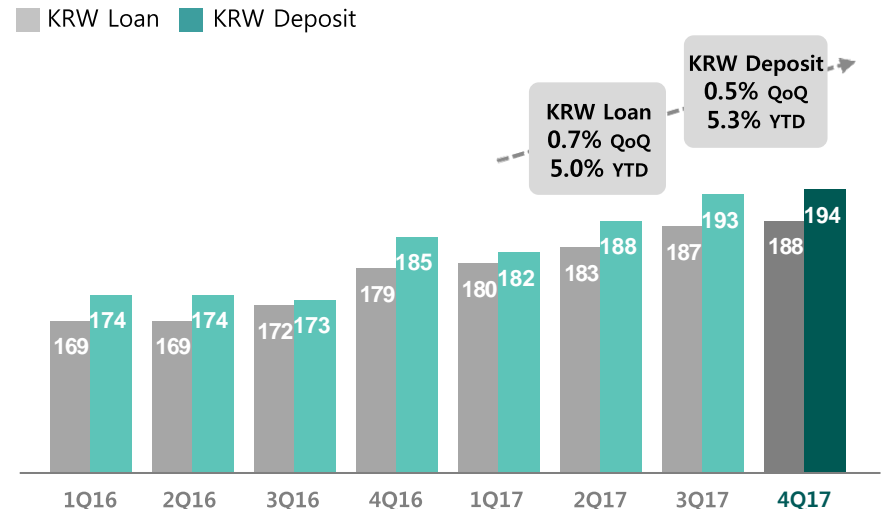


Fee Income (Unit: Wbn)



- While favorable interest environment continues, group's NIM of 1.95% in 4Q17 continuing the upward trend in four consecutive quarters, driven by well-managed loan/deposit pricing and profit-oriented asset portfolio improvement
- Group's FY2017 core earnings surged 11.4%, with increase of interest income (+10.1%) & fee income (+15.1%), recording the highest result since the establishment of holding company
- Despite a seasonal decrease in large corporation loans, KRW loan in KEB Hana Bank further expanded in 4Q17, reflecting growth in SOHO and other SME loans

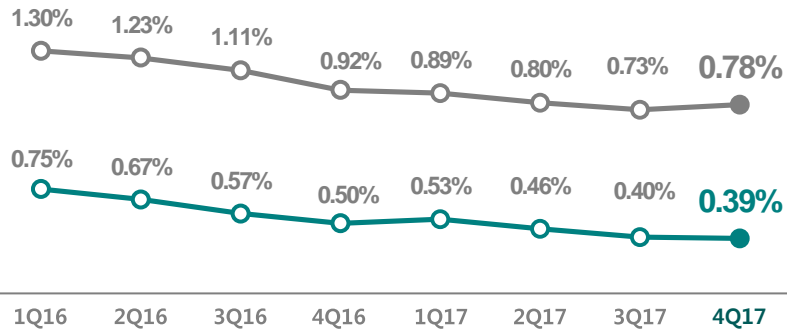
KRW Loan & KRW Deposit (Unit: Wtn)



2017 Financial Highlights (3)

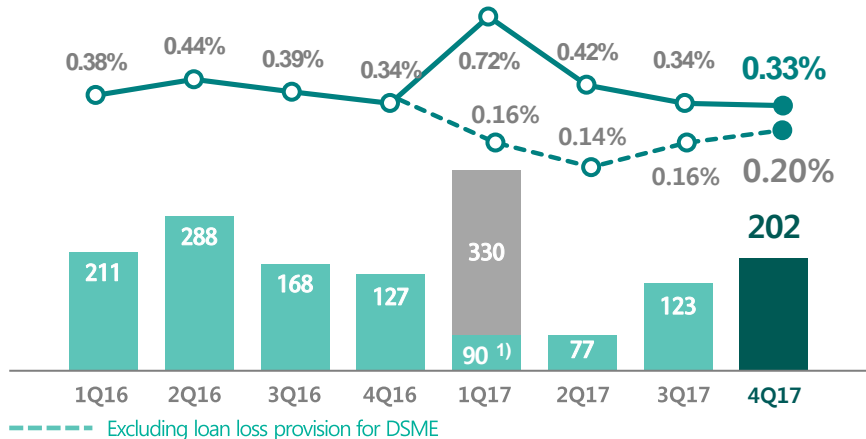
Group NPL Ratio & Delinquency Ratio

○ NPL Ratio ○ Delinquency Ratio



Group Provision (Unit: Wbn)

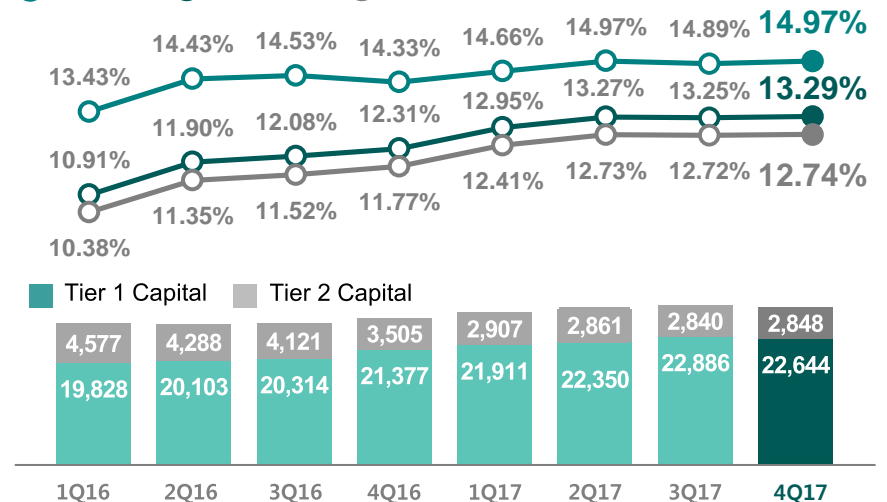
○ Credit Cost (Cumulative) ■ Loan Loss Provision (Quarterly)



- Group's NPL ratio temporarily increased 5bp in 4Q17 due to one-off effect, yet it decreased 14bp on a YoY basis maintaining stable level. Delinquency ratio further improved continuing the downtrend
- Despite one-offs in provisioning, group's FY2017 credit cost decreased 1bp YoY achieving the most stable level since the acquisition of KEB in 2012
- Group's capital ratio further improved mainly due to continued increase in earnings and RWA management

Group Capital Adequacy (Unit: Wbn)

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



Section 2

Profitability

Group Consolidated Earnings

Business Results of subsidiaries

NIM

SG&A Expenses

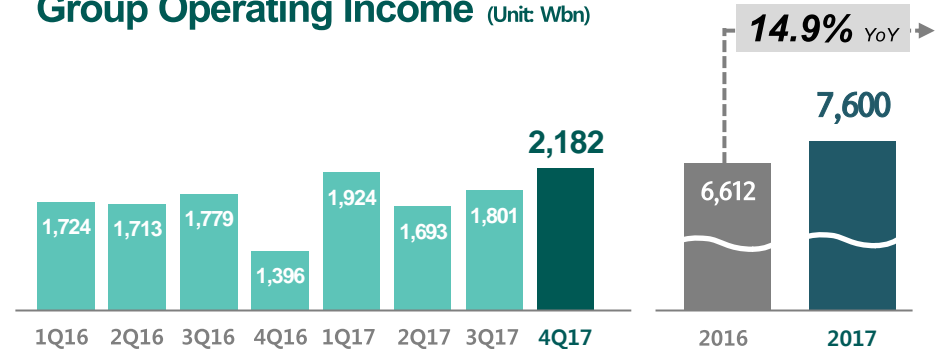
Group Consolidated Earnings

Group Consolidated Earnings

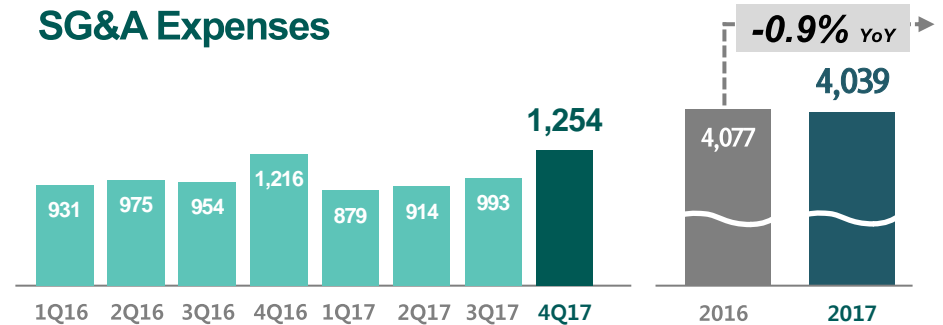
(Unit: Wbn)	FY2017	FY2016	YoY(%)	4Q17	3Q17	QoQ(%)
Gen. Operating Income	7,599.8	6,612.3	14.9%	2,181.6	1,801.2	21.1%
Int. Income	5,109.5	4,642.1	10.1%	1,358.0	1,301.7	4.3%
Fee Income	2,026.0	1,760.4	15.1%	523.4	517.2	1.2%
Disposition/ Valuation	1,017.9	690.6	47.4%	464.3	141.6	227.8%
Other Operating Income	(553.6)	(480.8)	N.A	(164.1)	(159.3)	N.A
SG&A Expenses	4,039.1	4,076.9	-0.9%	1,253.8	992.6	26.3%
PPOP	3,560.7	2,535.4	40.4%	927.8	808.6	14.7%
Credit Loss Provision	842.6	921.3	-8.5%	210.9	127.4	65.6%
Operating Income	2,718.1	1,614.1	68.4%	716.9	681.2	5.2%
Non Operating Income	80.5	205.9	-60.9%	(25.2)	18.7	N.A
Consolidated New Income¹⁾	2,036.8	1,330.5	53.1%	495.8	510.0	-2.8%

Note 1) Equity attributable to equity holders of the parent

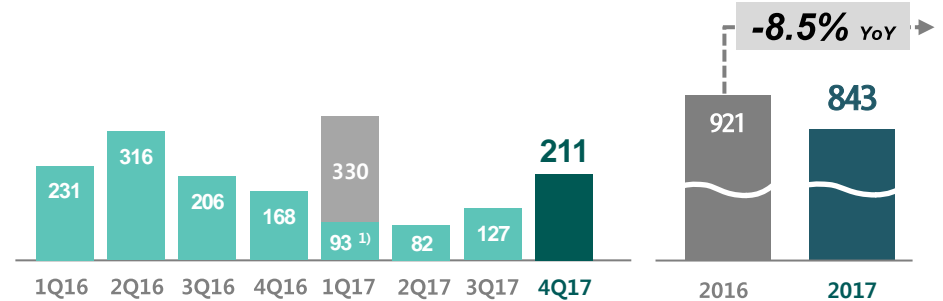
Group Operating Income (Unit: Wbn)



SG&A Expenses



Credit Loss Provision



Note 1) Excluding provisioning for DSME

Business Results of Subsidiaries

Net Income of Subsidiaries (Consolidated)

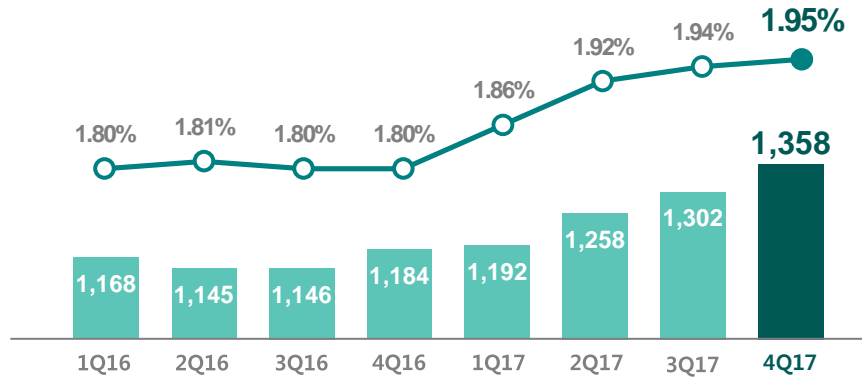
(Unit: Wbn)	2017	2016	YoY(%)	4Q17	3Q17	QoQ(%)	Ownership (%)
KEB Hana Bank	2,103.5	1,372.7	53.2%	590.3	514.4	14.7%	100.00%
Hana Financial Investment	146.3	86.6	68.8%	53.9	34.4	56.6%	100.00%
KEB Hana Card	106.4	75.6	40.7%	9.1	22.2	-59.1%	85.00%
Hana Capital	90.4	80.6	12.2%	21.4	17.4	22.9%	50.13%
Hana Life	13.8	16.6	-17.1%	1.8	2.2	-16.1%	100.00%
Hana Savings Bank	17.6	15.4	14.0%	2.2	3.2	-31.8%	100.00%
Other Subsidiaries & Consolidation Adjustment	(441.0)	(317.1)	N.A	(182.8)	(83.8)	N.A	-
Group Consolidated Net Income¹⁾	2,036.8	1,330.5	53.1%	495.8	510.0	-2.8%	-

Note 1) Equity attributable to equity holders of the parent

NIM (Unit: Wbn)

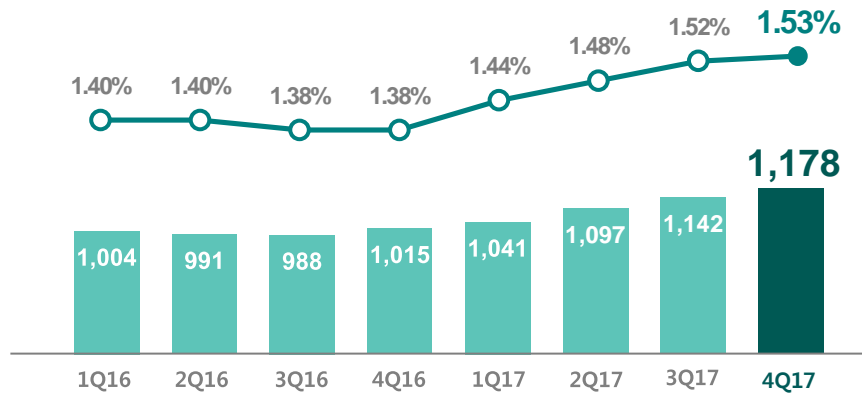
Group

○ NIM ■ Int. Income



KEB Hana Bank

○ NIM ■ Int. Income



NIS Trend

Group

(Unit: %)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Lending Rate	3.22	3.19	3.10	3.07	3.13	3.18	3.20	3.23
Funding Rate	1.48	1.43	1.35	1.33	1.33	1.31	1.31	1.34
NIS	1.74	1.76	1.75	1.74	1.80	1.87	1.89	1.89

KEB Hana Bank

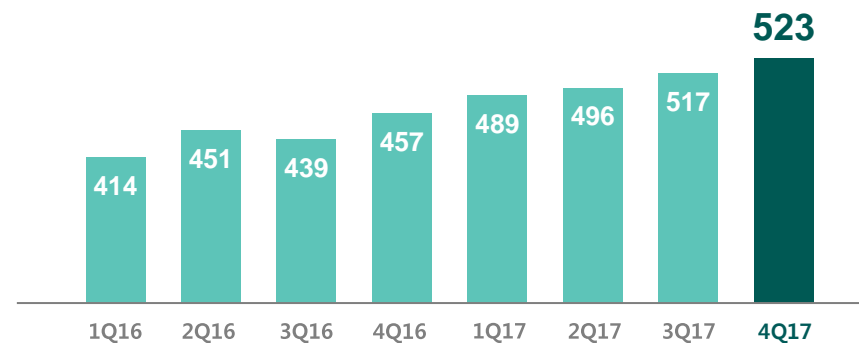
(Unit: %)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Lending Rate	2.81	2.76	2.67	2.64	2.70	2.74	2.76	2.80
Funding Rate	1.45	1.40	1.33	1.31	1.30	1.29	1.29	1.32
NIS	1.36	1.36	1.34	1.33	1.40	1.45	1.47	1.48

Non-Interest Income

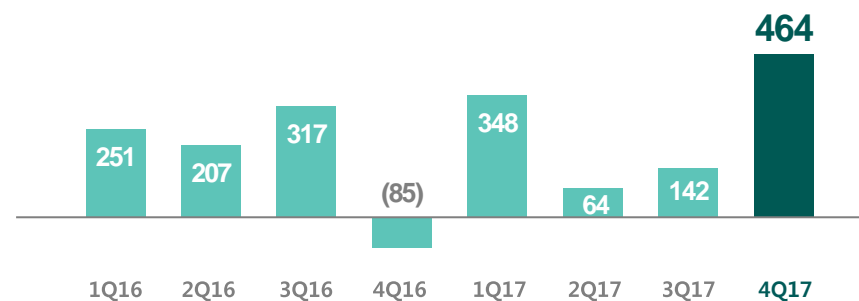
Non-Interest Income

(Unit: Wbn)	FY2017	FY2016	YoY(%)	4Q17	3Q17	QoQ(%)
Fee Income	2,026.0	1,760.4	15.1%	523.4	517.2	1.2%
Credit Card	806.3	730.1	10.4%	211.4	201.6	4.9%
Banking Fee	452.9	438.8	3.2%	100.0	123.3	-18.9%
Gurantee	68.5	74.9	-8.5%	15.8	18.1	-12.9%
Loan & Other	172.4	175.3	-1.6%	28.5	51.4	-44.5%
FX	184.5	174.1	5.9%	47.8	46.5	2.7%
Operating Leases	27.4	14.4	90.5%	7.9	7.3	9.1%
Asset Mgmt. Fee	593.2	468.7	26.5%	175.1	146.0	19.9%
Beneficiary Cert. Sales	135.4	116.4	16.3%	38.0	33.8	12.6%
Wrap & Operation	59.4	35.1	69.1%	30.7	11.1	176.2%
Brokerage	125.9	120.9	4.1%	35.3	31.9	10.7%
Trust	230.9	157.7	46.4%	62.4	59.9	4.3%
Bancassurance	41.6	38.6	7.8%	8.7	9.4	-7.1%
M&A Advisory	92.0	49.7	85.3%	32.1	23.6	36.0%
Other	81.6	73.1	11.7%	4.8	22.7	-78.9%
Disposition / Valuation	1,017.9	690.6	47.4%	464.3	141.6	227.8%
Other Operating Income	(553.6)	(480.8)	N.A	(164.1)	(159.3)	N.A
Total	2,490.3	1,970.2	26.4%	823.6	499.5	64.9%

Group Fee Income Trend (Unit: Wbn)



Group Disposition / Valuation Gain Trend (Unit: Wbn)



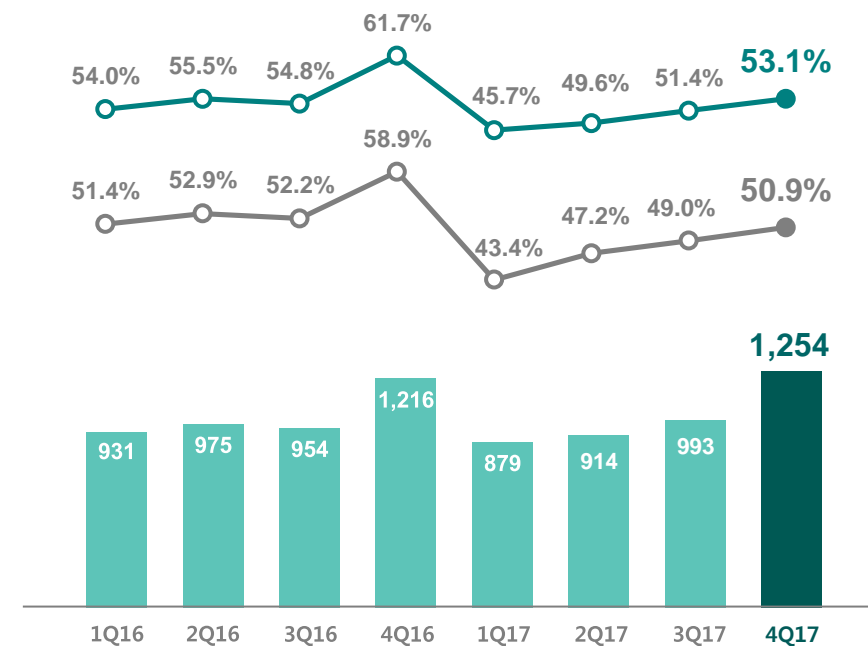
SG&A Expenses

SG&A Expenses

(Unit: Wbn)	FY2017	FY2016	YoY(%)	4Q17	3Q17	QoQ(%)
Salary & Benefits	2,020.3	1,864.5	8.4%	637.2	495.3	28.6%
Retirement Benefits	295.3	453.2	-34.8%	140.8	62.3	126.1%
Admin. Expenses	1,149.9	1,189.0	-3.3%	330.9	295.1	12.2%
Taxes / Depreciation	573.5	570.2	0.6%	144.9	140.0	3.5%
Total	4,039.1	4,076.9	-0.9%	1,253.8	992.6	26.3%

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

○ Including NGW ○ Excluding NGW ■ SG&A Expenses



Section 3

Total Lending & Funding

Group Total Assets / Total Liabilities & Equity

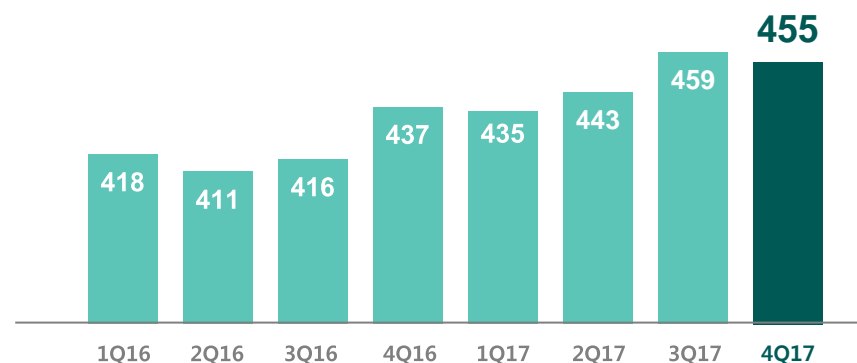
KEB Hana Bank KRW Loan / Deposit

Group Total Assets / Total Liabilities & Equity

Group Total Assets ¹⁾

(Unit: Wbn)	2017	2016	YTD(%)	3Q17	QoQ(%)
Cash & Deposits	21,851	29,226	-25.2%	21,964	-0.5%
Securities	71,071	61,719	15.2%	70,400	1.0%
Loan Receivables	238,943	228,607	4.5%	239,440	-0.2%
KRW Loan	194,242	183,324	6.0%	192,615	0.8%
Tangible Asset	2,652	3,003	-11.7%	2,883	-8.0%
Other Asset	25,573	25,621	-0.2%	28,634	-10.7%
Group Asset	360,089	348,177	3.4%	363,321	-0.9%
+ Trust Asset	95,312	88,633	7.5%	95,586	-0.3%
Group Total Asset	455,402	436,810	4.3%	458,907	-0.8%

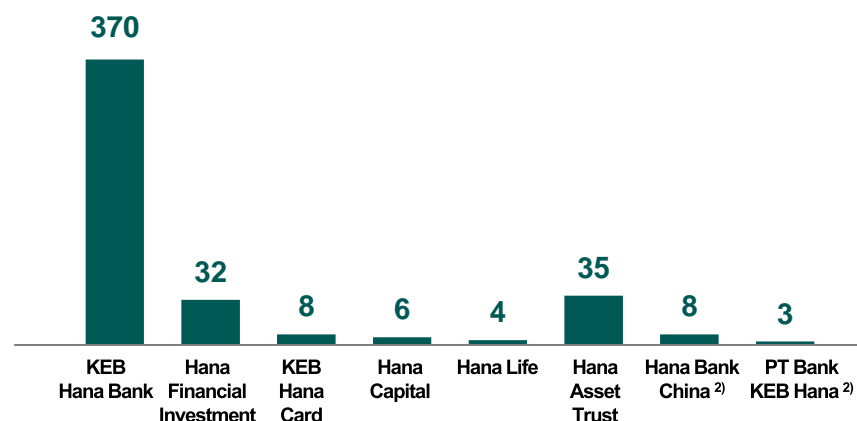
Group Total Assets ¹⁾ Trends (Unit: Wtn)



Group Total Liabilities & Equity

(Unit: Wbn)	2017	2016	YTD(%)	3Q17	QoQ(%)
Deposits	232,166	222,413	4.4%	229,481	1.2%
Borrowings	55,236	52,337	5.5%	58,131	-5.0%
Debt	11,450	12,433	-7.9%	14,871	-23.0%
Debentures	36,444	32,306	12.8%	36,099	1.0%
RP, Call Money, etc.	7,342	7,599	-3.4%	7,161	2.5%
Other Liabilities	47,859	50,037	-4.4%	50,993	-6.1%
Total Liabilities	335,261	324,787	3.2%	338,605	-1.0%
Total Equity	24,828	23,390	6.1%	24,716	0.5%
Liabilities & Equity	360,089	348,177	3.4%	363,321	-0.9%

Total Assets ¹⁾ of Subsidiaries (Consolidated (Unit: Wtn)



Note 1) Total Assets = Group Asset + Trust Asset

Note 2) Separate

KEB Hana Bank KRW Loan / Deposit

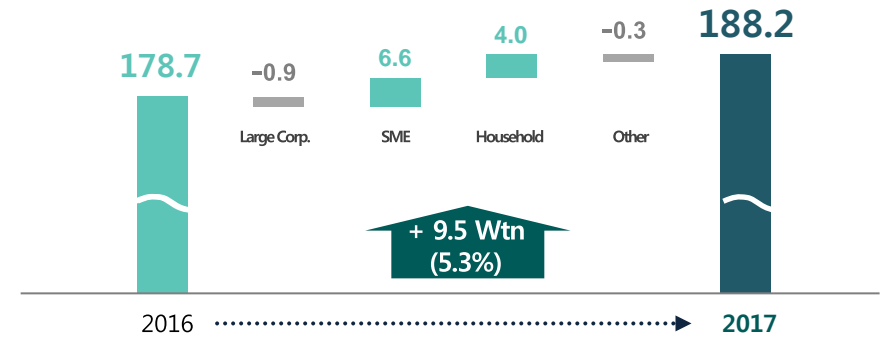
KRW Loan

(Unit: Wbn)	4Q17	2016	YTD(%)	3Q17	QoQ(%)
Corporate Loan	89,075	83,641	6.5%	89,074	0.0%
Large Corp.	14,360	15,258	-5.9%	15,292	-6.1%
SME	73,042	66,447	9.9%	71,999	1.4%
(SOHO)	38,255	33,095	15.6%	37,454	2.1%
Other	1,673	1,935	-13.5%	1,783	-6.2%
Household Loan	99,084	95,068	4.2%	98,154	0.9%
Secured	84,525	80,911	4.5%	83,928	0.7%
(Mortgage)	70,169	66,939	4.8%	69,909	0.4%
Unsecured	14,558	14,156	2.8%	14,226	2.3%
Total	188,159	178,709	5.3%	187,229	0.5%

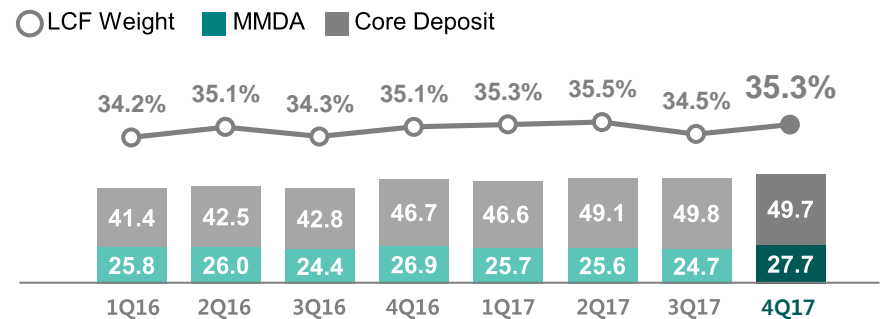
Deposit (Ending. Balance)

(Unit: Wbn)	4Q17	2016	YTD(%)	3Q17	QoQ(%)
KRW Deposit	194,108	184,864	5.0%	192,685	0.7%
Core Deposit	49,655	46,686	6.4%	49,837	-0.4%
MMDA	27,694	26,871	3.1%	24,684	12.2%
Time Deposit	105,103	100,752	4.3%	107,074	-1.8%
Installment Deposit	8,217	8,542	-3.8%	7,977	3.0%
Marketable Securities	3,439	2,013	70.9%	3,113	10.5%
FC Deposit	24,851	24,715	0.6%	23,385	6.3%
Total	218,959	209,579	4.5%	216,070	1.3%

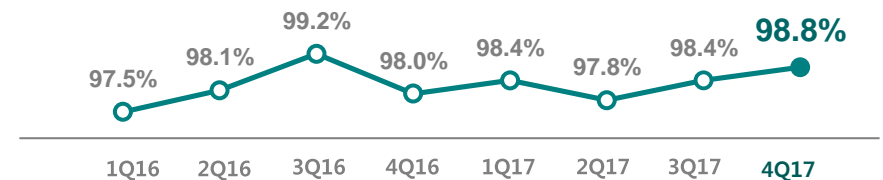
KRW Loan Growth(YTD) (Unit: Wtn)



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



Loan to Deposit Ratio ¹⁾ (LDR)



Note 1) Excluding Policy Loan

Section 4

Asset Quality & Capital Adequacy

Group Asset Quality

KEB Hana Bank Asset Quality

Provision Analysis

Capital Adequacy

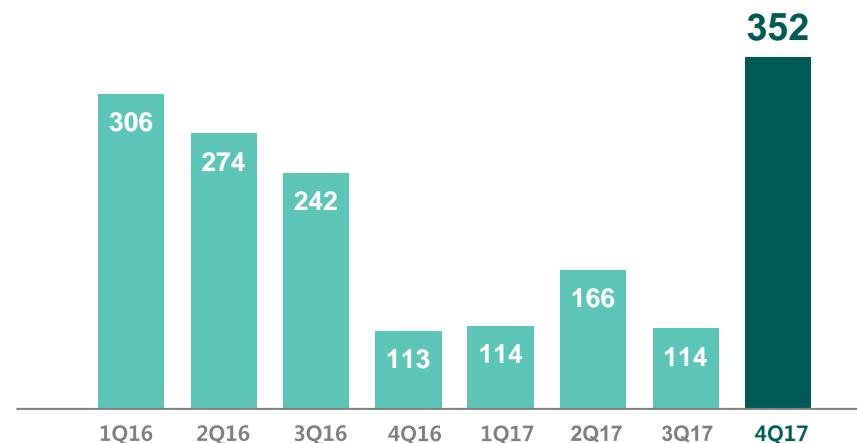
Group Asset Quality

Group

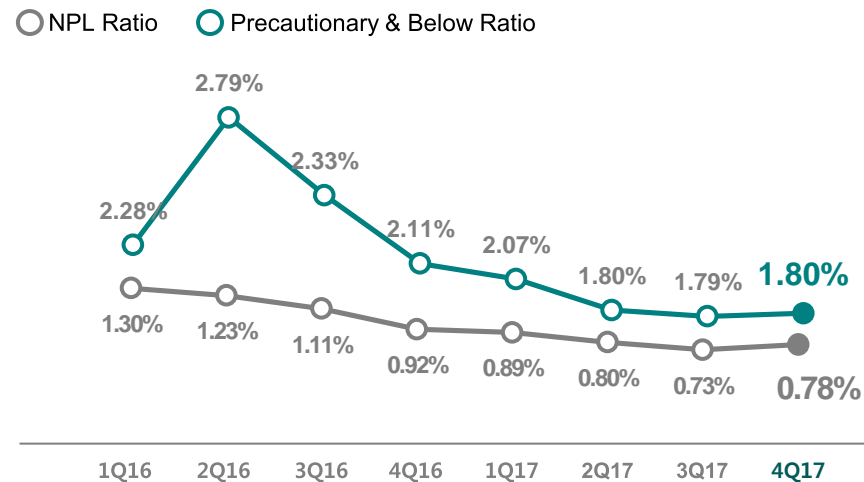
(Unit: Wbn)	2017	2016	YTD (%)	3Q17	QoQ (%)
Total Credit	245,847	236,700	3.9%	247,274	-0.6%
Normal	241,422	231,716	4.2%	242,849	-0.6%
Precautionary	2,512	2,814	-10.7%	2,624	-4.3%
Substandard	882	1,100	-19.9%	882	0.0%
Doubtful	736	574	28.3%	624	18.0%
Estimated Loss	295	496	-40.5%	296	-0.1%
NPL Amount	1,913	2,170	-11.9%	1,801	6.2%
NPL Ratio	0.78%	0.92%	-0.14%p	0.73%	0.05%p
(New) NPL Coverage Ratio ¹⁾	87.4%	82.4%	5.0%p	89.4%	-2.1%p
(Old) NPL Coverage Ratio	181.3%	162.4%	18.9%p	189.5%	-8.3%p
Loan Loss Allowance	3,468	3,524	-1.6%	3,413	1.6%
Loan Loss Reserve	1,671	1,788	-6.6%	1,610	3.8%
Credit Loss Reserve	1,797	1,736	3.5%	1,803	-0.4%

Note 1) New NPL Coverage Ratio excludes Credit Loss Reserve

Group New NPL Formation Trend (Unit: Wbn)



Group NPL / Precautionary & Below Ratio



KEB Hana Bank Asset Quality

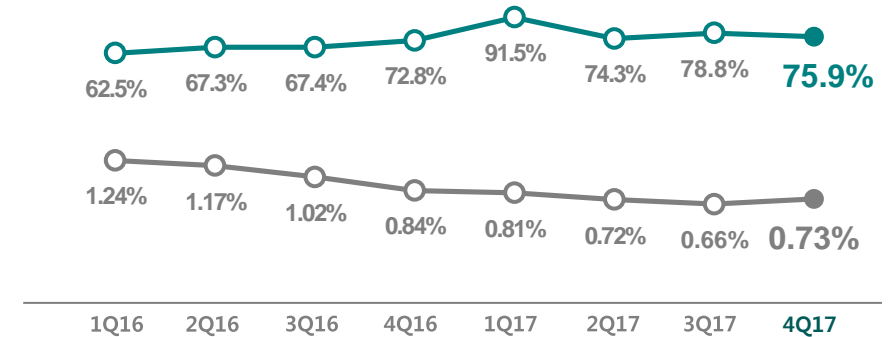
KEB Hana Bank

(Unit: Wbn)	2017	2016	YTD (%)	3Q17	QoQ (%)
Total Credit	217,257	210,760	3.1%	219,953	-1.2%
Normal	214,028	207,111	3.3%	216,751	-1.3%
Precautionary	1,646	1,883	-12.6%	1,759	-6.4%
Substandard	799	988	-19.2%	792	0.9%
Doubtful	621	435	42.9%	492	26.2%
Estimated Loss	163	343	-52.6%	160	1.9%
NPL Amount	1,583	1,766	-10.4%	1,444	9.6%
NPL Ratio	0.73%	0.84%	-0.11%p	0.66%	0.07%p
(New) NPL Coverage Ratio ¹⁾	75.9%	72.8%	3.1%p	78.8%	-2.9%p
(Old) NPL Coverage Ratio	179.6%	166.1%	13.5%p	193.2%	-13.6%p
Loan Loss Allowance	2,842	2,934	-3.1%	2,789	1.9%
Loan Loss Reserve	1,202	1,285	-6.5%	1,137	5.7%
Credit Loss Reserve	1,641	1,649	-0.5%	1,652	-0.7%

Note 1) New NPL Coverage Ratio excludes Credit Loss Reserve

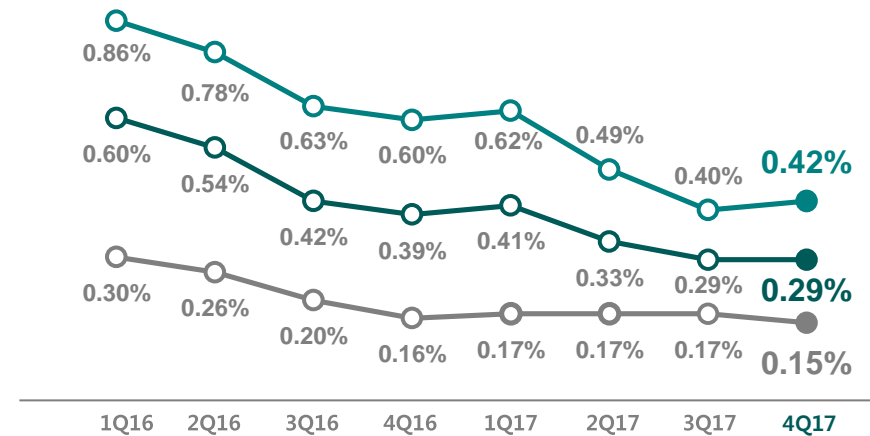
NPL / NPL Coverage Ratio Trend

○ NPL Ratio ○ NPL Coverage Ratio



Delinquency Ratio Trend

○ Total ○ Corporate ○ Household

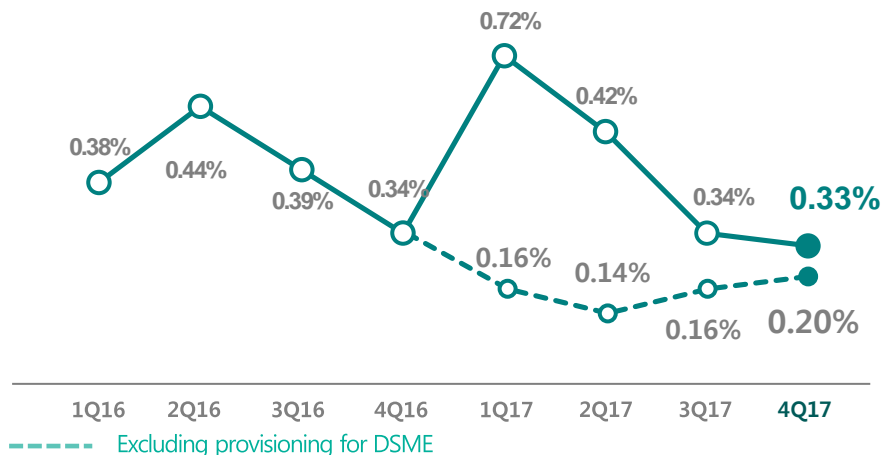


Provision Analysis

Group Provision Overview

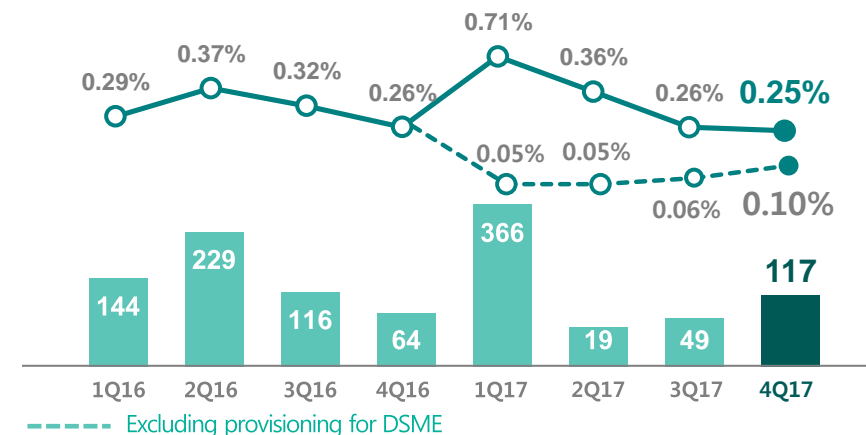
Group

○ Credit Cost (Cumulative)



KEB Hana Bank (Separate) (Unit: Wbn)

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



Group (Unit: Wbn)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Credit Loss Provision	230.9	316.0	206.3	168.1	422.6	81.7	127.4	210.9
Loan Loss Provision	210.5	288.0	168.1	126.5	420.1	76.7	123.3	202.4
Unused Commitments Provision	(0.4)	7.2	(3.5)	7.3	(2.1)	(9.5)	(5.0)	2.0
Other Provision	20.8	20.8	41.7	34.3	4.6	14.5	9.1	6.6

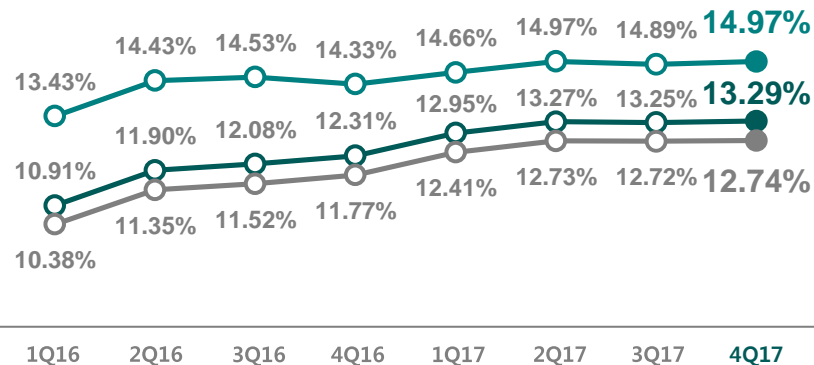
Capital Adequacy

Group

(Unit: Wbn)	2017	2016	YTD(%)	3Q17	QoQ(%)
RWAs	170,332	173,654	-1.9%	172,723	-1.4%
BIS Capital	25,492	24,882	2.5%	25,726	-0.9%
Tier 1 Capital	22,644	21,377	5.9%	22,886	-1.1%
CET 1 Capital	21,708	20,437	6.2%	21,962	-1.2%
BIS Ratio	14.97%	14.33%	0.64%p	14.89%	0.08%p
Tier 1 Ratio	13.29%	12.31%	0.98%p	13.25%	0.04%p
CET 1 Ratio	12.74%	11.77%	0.97%p	12.72%	0.02%p

Group

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio

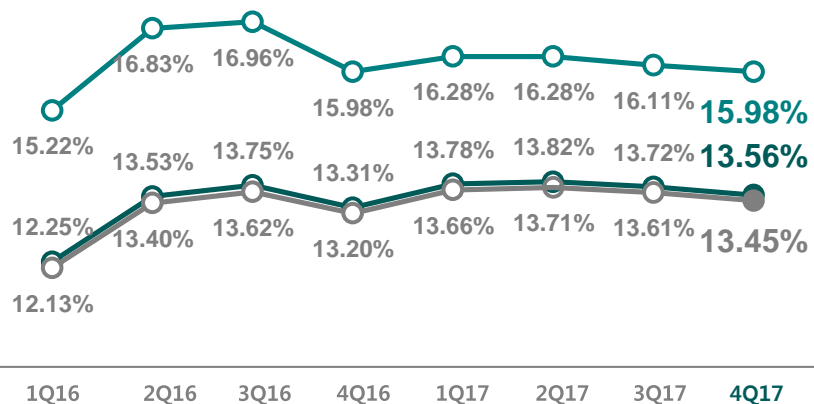


KEB Hana Bank

(Unit: Wbn)	2017	2016	YTD(%)	3Q17	QoQ(%)
RWAs	159,063	157,081	1.3%	163,430	-2.7%
BIS Capital	25,416	25,096	1.3%	26,330	-3.5%
Tier 1 Capital	21,575	20,915	3.2%	22,430	-3.8%
CET 1 Capital	21,389	20,730	3.2%	22,244	-3.8%
BIS Ratio	15.98%	15.98%	0.00%p	16.11%	-0.13%p
Tier 1 Ratio	13.56%	13.31%	0.25%p	13.72%	-0.16%p
CET 1 Ratio	13.45%	13.20%	0.25%p	13.61%	-0.16%p

KEB Hana Bank

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



Section 5

Appendix

Net Income Contribution by Subsidiaries

Provision Analysis by Subsidiaries

Dividend

Major Indices

Net Income Contribution by Subsidiaries

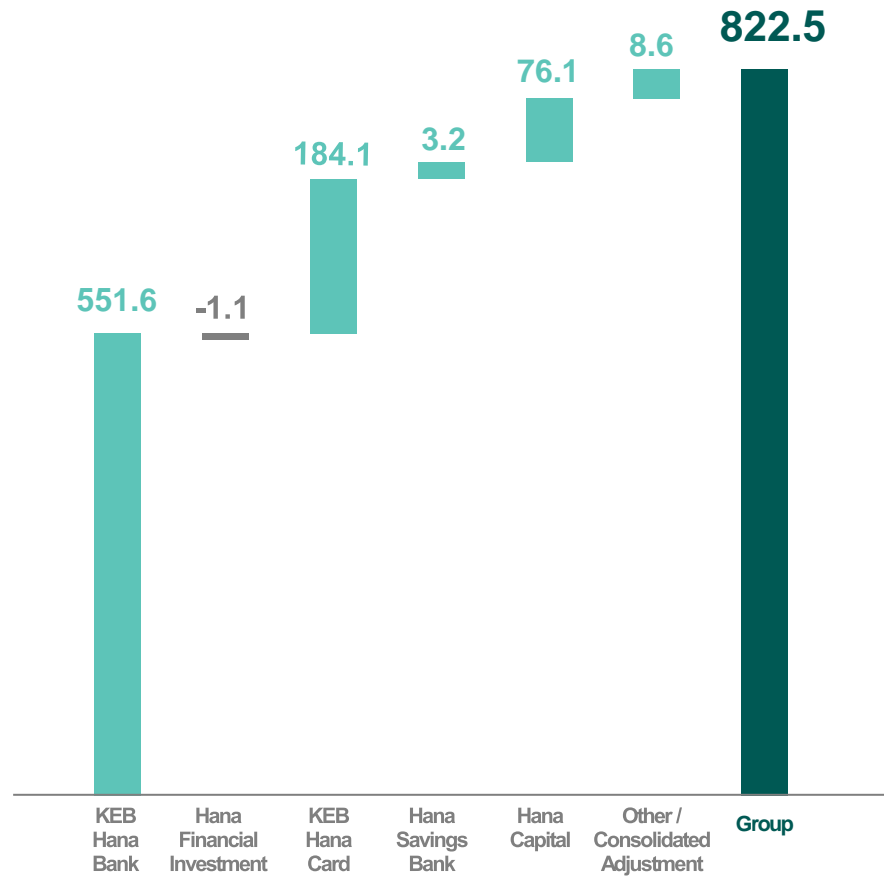
Statements of Comprehensive Income (2017 Cumulative, Consolidated)

(Unit: Wbn)	Group (Consolidated)	KEB Hana Bank	Hana Financial Investment	KEB Hana Card	Hana Capital	Hana Life	Hana Savings Bank	Others / Consolidation Adjustment	Hana Bank (China) ¹⁾	PT Bank KEB Hana Indonesia ¹⁾
Gen. Operating Income	7,599.8	6,302.2	512.2	676.4	242.2	42.5	50.3	(226.0)	139.7	140.8
Int. Income	5,109.5	4,814.2	191.9	(107.1)	219.7	71.8	39.5	(120.4)	133.6	113.3
Fee Income	2,026.0	803.5	287.3	706.0	34.5	86.7	2.2	105.6	12.1	11.7
Disposition / Valuation	1,017.9	1,093.7	(6.4)	34.2	0.0	10.3	0.4	(114.3)	(5.9)	19.7
Other Operating Income	(553.6)	(409.2)	39.3	43.3	(12.1)	(126.2)	8.1	(96.9)	(0.0)	(3.8)
SG&A Expenses	4,039.1	3,091.8	335.8	324.3	59.8	34.4	25.8	167.2	87.0	56.8
PPOP	3,560.7	3,210.4	176.4	352.1	182.3	8.1	24.5	(393.2)	52.7	84.1
Credit Loss Provision	842.6	534.8	(1.0)	214.9	76.1	(0.1)	3.6	14.3	0.8	4.0
Operating Income	2,718.1	2,675.6	177.4	137.2	106.3	8.2	21.0	(407.5)	51.9	80.0
Non Operating Income	80.5	77.4	5.8	3.7	7.1	8.7	0.4	(22.7)	(1.7)	2.7
Net Income	2,036.8	2,103.5	146.3	106.4	90.4	13.8	17.6	(441.0)	37.3	63.4

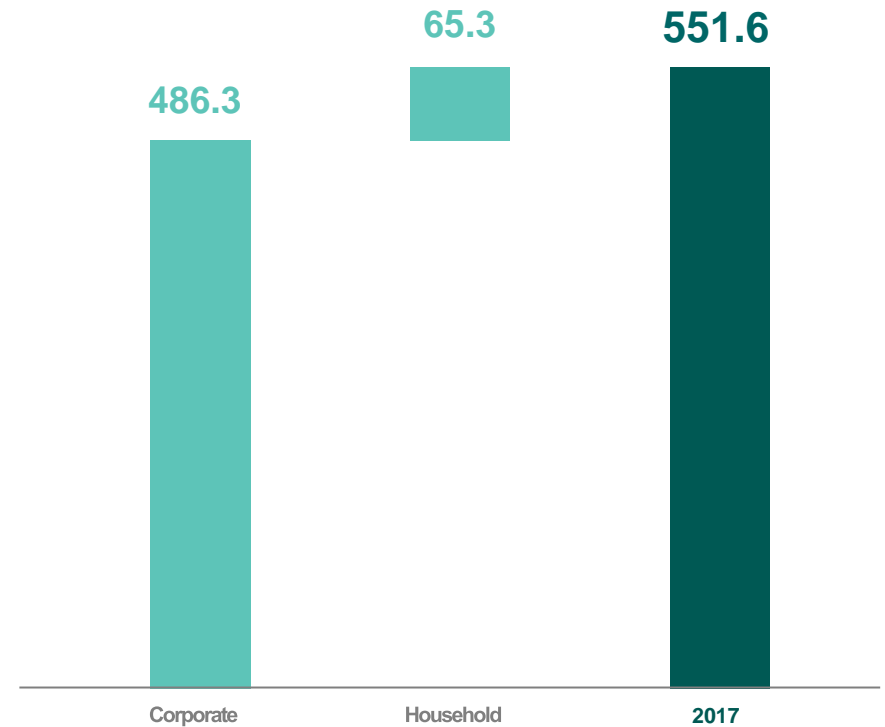
Note 1) Separate

Provision Analysis by Subsidiaries

Subsidiaries' Provision Overview (2017) (Unit: Wbn)



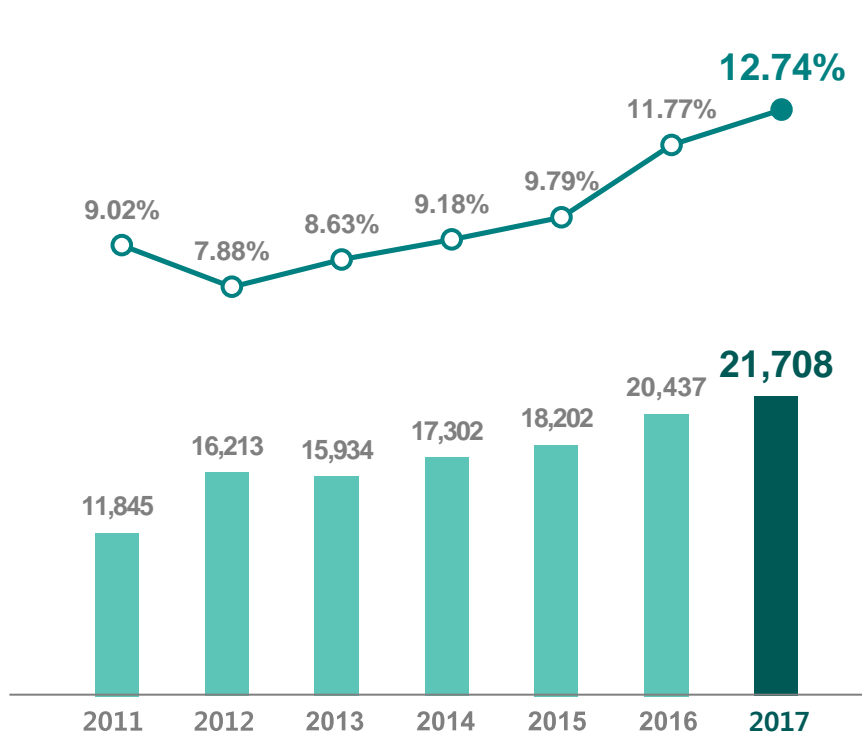
KEB Hana Bank Provision Break-down (Unit: Wbn)



Dividend

Group Capital Position ¹⁾ (Unit: Wbn)

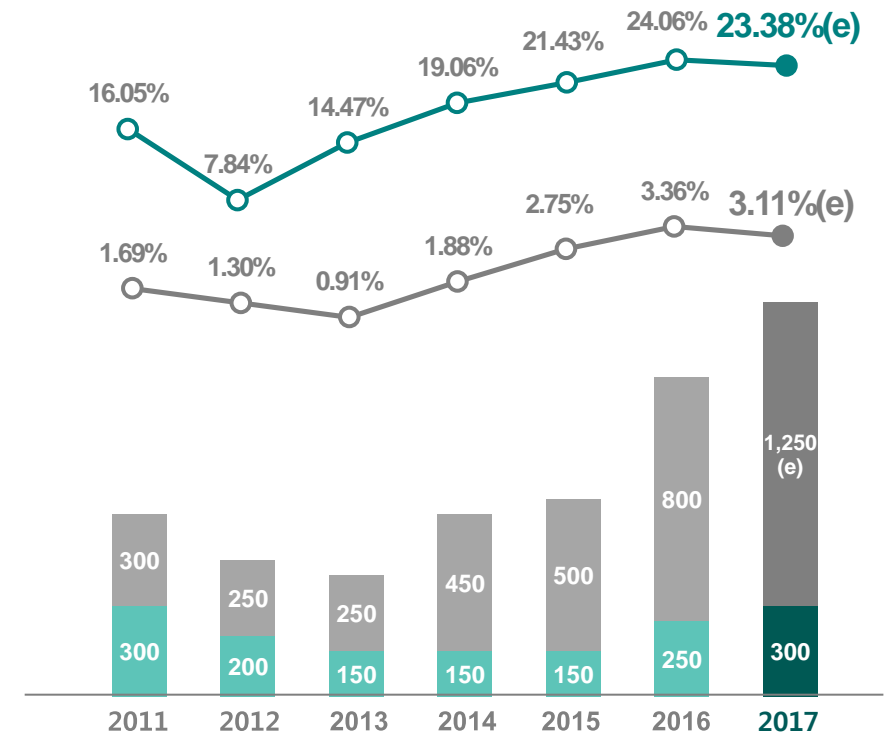
■ CET 1 Capital ○ CET 1 Ratio



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

Group Capital Return (Unit: Won)

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



Note 1) To be confirmed upon voting result of the regular shareholders' meeting

Major Indices

Group (Consolidated)

Cumulative (Unit: Won)	FY2017	3Q17	FY2016
ROA	0.60%	0.61%	0.42%
ROE	8.77%	8.94%	5.92%
EPS(KRW)	6,817	5,158	4,421
BPS(KRW)	79,154	78,801	74,472
C/I Ratio	53.1%	51.4%	61.7%
Debt to Equity Ratio	37.35%	32.12%	31.15%
Double Leverage Ratio	124.69%	124.77%	126.74%

KEB Hana Bank (Consolidated)

Cumulative (Unit: Won)	FY2017	3Q17	FY2016
ROA	0.67%	0.65%	0.46%
ROE	9.35%	9.06%	6.27%
EPS(KRW)	1,953	1,405	1,271
BPS(KRW)	21,429	21,295	20,379
C/I Ratio	49.1%	47.8%	58.8%

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