Hana Financial Group
2025 Progress Report on Value Up Plan

July 2025

Hana Financial Group

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Clear goals and unwavering efforts to deliver Value Up Plan

Progress and goals

	Shareholder return ratio	CET1 ratio	ROE
2024 results	**38%** [YoY 5%p ↑]	**13.22%** [YoY unchanged]	**9.12%** [YoY 0.17%p ↑]
Implemented actions	▪ Enhanced shareholder return ratio by **Increasing proportion of share buybacks and cancellations** ▪ **Improved dividend policy:** Adopted equal quarterly dividends and fixed annual dividend amount	▪ **Maintain the CET1 ratio within the targeted range** through effective RWA management amid challenging market conditions including FX volatility	▪ **Improved ROE** through enhanced profitability of non-banking subsidiaries, yet hovered below the target
Goals	A phased increase up to **50%** by 2027	Management at **13.0~13.5%** target range	Achieve **10%** or higher
2025 action plans	Increase shareholder return ratio by expanding share buybacks and cancellations	Manage RWA growth in line with nominal GDP growth rate	Enhance RoRWA through rebalancing business portfolio and management KPI

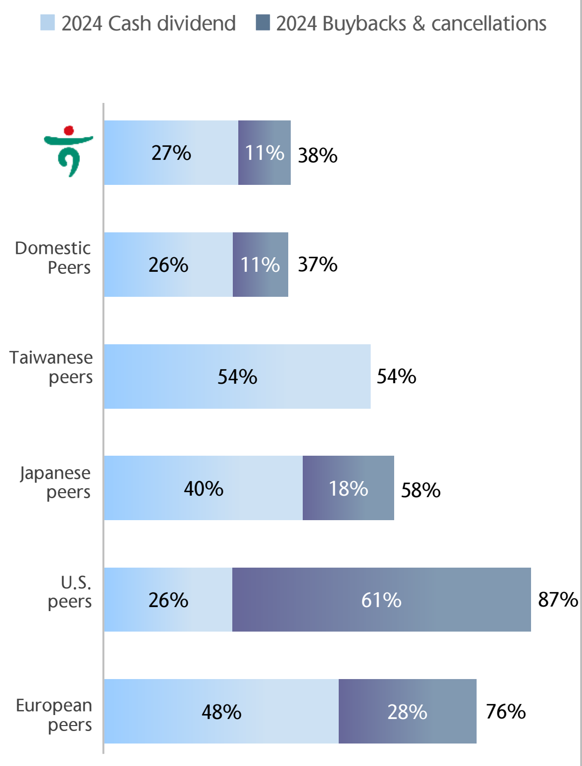
These goals are subject to change based on factors including but not limited to any restrictions under applicable laws and regulations or enforcement of supervisory authorities, or drastic changes in business environment or managerial necessity. In the event of any change in these goals, HFG plans to fully communicate with the market regarding such change.

Note) CET 1: Common equity tier 1, ROE: Return on Equity, RWA: Risk Weighted Asset, nominal GDP = real GDP x GDP deflator, KPI: Key Performance Indicator, RoRWA: Return on Risk Weighted Assets

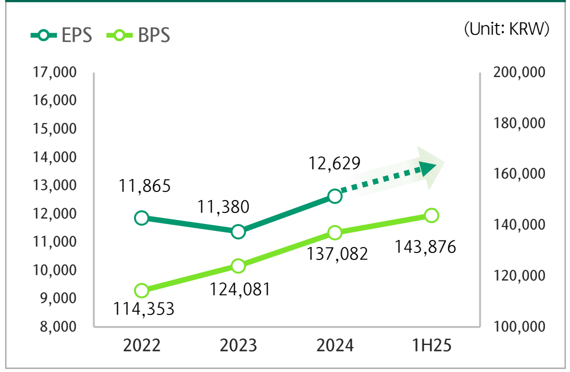
Sustained efforts to increase shareholder returns

- **Increased shareholder return ratio progressively** to narrow the gap compared to global banks (from 27% in 2022 to 38% in 2024)
- **Improved per-share metrics and overall corporate value** by **increasing share buybacks and cancellations** and **enhancing dividend policies**, such as adopting equal quarterly dividends and fixing annual dividend amount
- Remain committed to steadily expanding shareholder returns with the aim of reaching **50% shareholder return ratio** by 2027

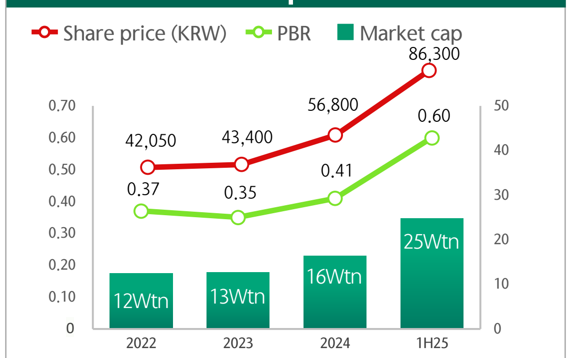
Shareholder return ratio comparison



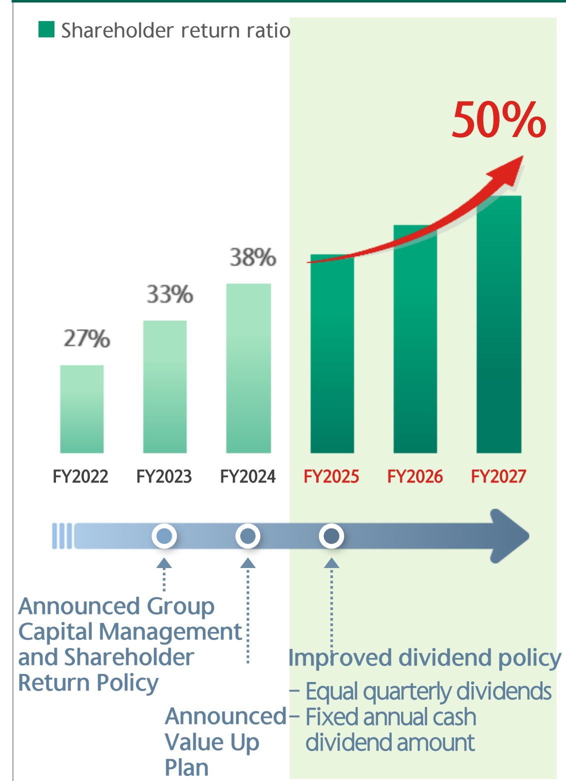
EPS and BPS



Market cap and PBR



Increasing shareholder return ratio



Source: Bloomberg, Investing.com

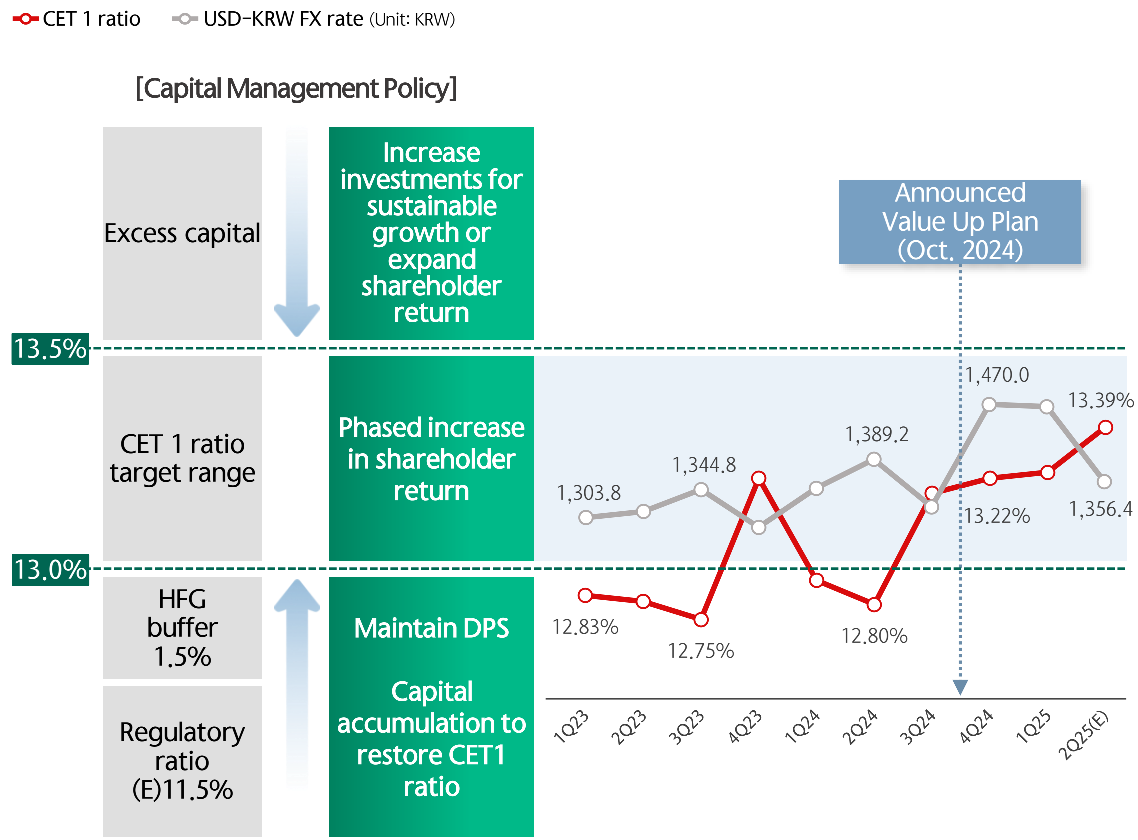
Note) Figures are averages of: Domestic peers (Hana, KB, Shinhan, Woori) / Taiwanese peers (Fubon, Cathay, CTBC, Mega) / Japanese peers (MUFG, SMFG, Mizuho) / U.S. peers (JPM, BoA, Wells Fargo) / European peers (HSBC, Santander, BNP Paribas, ING, Deutsche Bank)

Note) EPS: Earnings per share, BPS: Book-value per share, PBR: Price-to-book ratio

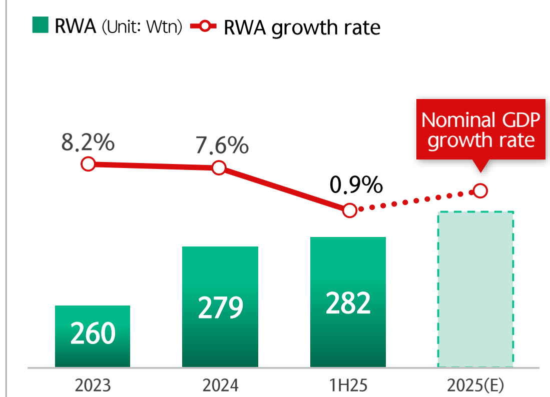
Enhanced capital efficiency to drive shareholder return expansion

- Revised the CET1 ratio target from a fixed level (13.5%) to a range (13.0~13.5%) and has **maintained the ratio within the target range at each quarter-end**
- Successfully preserved the CET1 ratio within the target range through **disciplined RWA management**, despite a sharp increase in the USD/KRW exchange rate in Q4 2024
- Committed to managing RWA growth in line with **nominal GDP growth** to secure stable CET1 ratio and shareholder return capacity

Capital Management Policy and CET1 ratio



RWA Growth



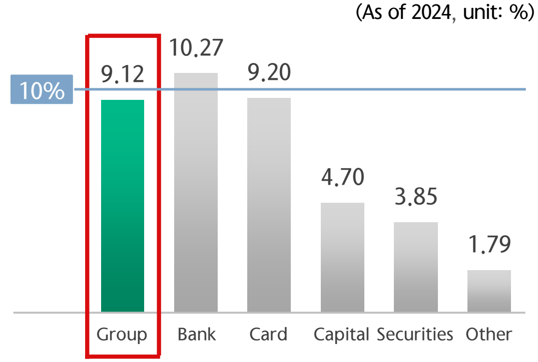
RWA management framework

- RoRWA-based growth: Established a business portfolio focused on RoRWA to prioritize qualitative growth over quantitative expansion
- Efficient capital allocation: Set RWA targets for each subsidiary and strengthened RWA monitoring
- Embedding the Value Up Plan: Increased the weight of RoRWA metrics within management KPIs

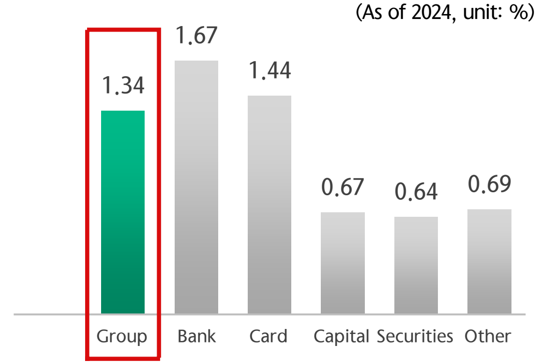
Building a sustainable revenue base with a RoRWA-focused strategy

- In 2024, ROE increased but remained below the target; enhancing profitability of non-banking is critical to reaching the 10% goal
- **Strengthening core business competitiveness of non-banking subsidiaries**: Improve RoRWA through optimizing business portfolio, expanding profit base, and streamlining management KPIs
- **Securing new growth drivers**: Strengthen the competitiveness in products and services to capture markets with high growth potential, including seniors, foreign, and SOHO customers, while advancing digital finance capabilities

Key subsidiaries' ROE

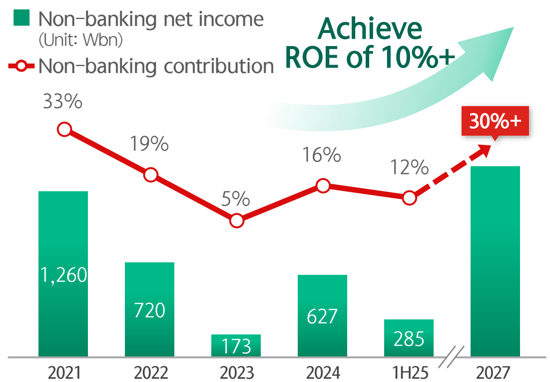


Key subsidiaries' RoRWA



Strategies to enhance non-banking

Increase revenue from non-banking



- Increase non-banking contribution to 30%+ by 2027
- Improve RoRWA by expanding profit base and streamlining management KPIs
- Seek balanced growth to achieve ROE of 10%+

Key business strategies

Hana Asset Management	• Expand market presence by converting the company to a first-tier subsidiary • Enhance product capabilities while driving AUM through group-wide collaboration
Hana Securities	• Rebalance assets and improve traditional IB business • Restructure operation for product excellence and market expansion
Hana Card	• Strengthen Travlog and FX platforms • Drive quality asset growth, expand business domains and partnerships
Hana Capital	• Solidify core operations (leasing, installment) to build a stable foundation • Pioneer new business opportunities and expand global market penetration
Hana Life, Hana Insurance	• Build business resilience through talent and system developments • Maximize synergy by delivering tailored solutions for senior customers

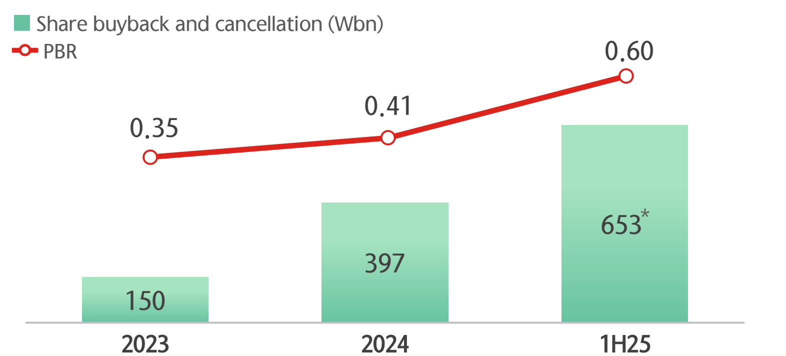
Securing growth drivers

- Capture senior market
- Expand foreign customers base
- Strengthen competitive edge in SOHO
- Advance digital finance

Assessing the case for higher cash dividend allocation

- Corporate value has improved by expanding share buybacks and cancellations, which are particularly effective in enhancing per-share metrics when PBR is below 1
- Meanwhile, higher PBR reduces the benefit of share buybacks on per-share metrics, gradually increasing investor preference toward cash dividends that provide regular cash flows
- The proposed amendment to the Income Tax Act, when enacted, is expected to introduce a separate taxation of dividend income, thereby improving after-tax dividend yields for retail investors and potentially attracting more retail investors to invest in stocks of companies with high dividend payout ratios
- In this context, tailored policies that appeal to retail investors, such as increasing dividend payout ratios, would expand the retail investor base (currently around 7%), creating more demand and diversifying the shareholder mix

Share buybacks and cancellations and PBR



* Included share buyback and cancellation announcement in July 2025 (200 Wbn)

Impact of share buybacks by valuation level

High PBR

Discretionary allocation between buybacks and dividends

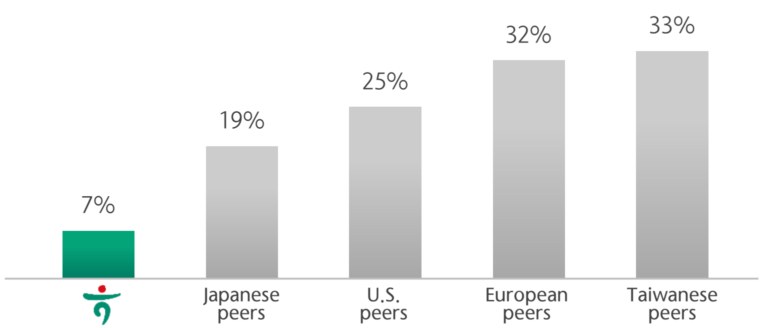
- Shares trade at a premium to their book value
- The effect of buybacks on per-share metrics is reduced
- Investor preference for cash dividends that provide regular cash flows increases

Low PBR

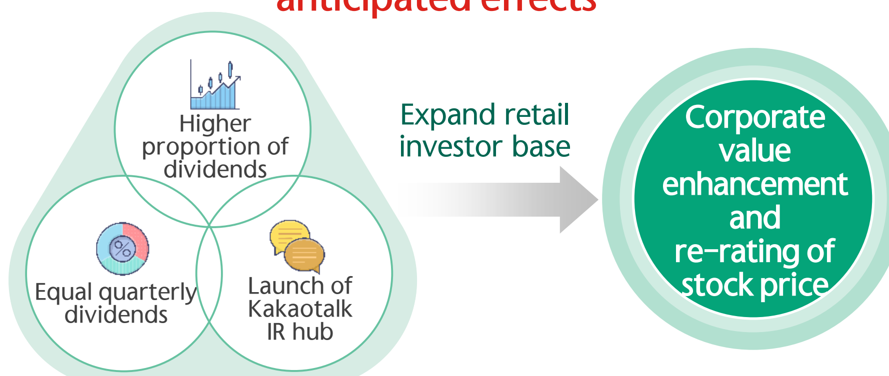
Shareholder returns focused on share buybacks

- Shares trade at a discount to its book value
- Buybacks have a stronger impact on per-share metric
- Buybacks are effective in addressing undervaluation

Proportion of retail investors



Policies for retail investors and anticipated effects



Note) For Hana, the proportion is as of 2024. For overseas firms, the proportions are estimations based on public information (Japanese: MUFG, SMFG, Mizuho / U.S.: JPM, BoA, Wells Fargo / European: HSBC, Santander, BNP Paribas, ING, Deutsche Bank/ Taiwanese: Fubon, Cathay, CTBC, Mega)

III. Corporate governance and ESG finance

Enhancing transparency and accountability of corporate governance

- Held 2025 General Shareholder's Meeting(GSM) on a date **other than "concentrated dates"** to protect minority shareholder rights
- Improved gender **diversity** and **expertise** of the Board
- Expanded the frequency of meetings between external auditors and the board without management present, and expanded the scope of information disclosure

Adjusting the date of GSM for shareholder rights

- Concentrated dates announced by Korea Listed Companies Association: Mar.21, 27, 28, 2025
- Hana Financial Group's GSM: Mar. 25, 2025

Enhancing Board diversity and expertise

- Increasing female board representation to improve diversity

	2023	2024	2025
No. of directors	10	12	12
No. of female directors	1	2	3
Proportion	10.0%	16.7%	25.0%

- Enhanced expertise of the Board
  - Appointed more independent directors with financial and global expertise
  - Introduced external expert assessments to ensure fairness and objectivity in board evaluations

Revising internal regulations on the frequency of meetings with external auditors

- Increased the frequency of meetings with external auditors without management present (2 or more times → 4 or more times a year)

Expanding scope of disclosure

- Disclosed CEO compensation and key KPIs on the Group website → improved foreign investors' access to information

Advancing stakeholder-oriented finance through ESG

- Promoted the transition to a low-carbon economy through expansion of green finance
- Fulfilled social responsibility through tangible support that benefits local communities
- Practiced sustainable finance based on transparent disclosures and a robust ESG management framework

Environment

Transition to a low-carbon economy

- Targeting KRW 60 trillion in ESG finance by 2030: KRW 36.1 trillion achieved by 2024
- Supporting initiatives to achieve net-zero emissions at business sites and zero coal financing by 2050 through energy efficiency, renewables, and carbon reduction projects
- Reducing financed emissions by increasing investments in eco-friendly and low-carbon companies while scaling back exposure to carbon-intensive sectors

Social

Social contribution through finance

- Expanding consumer protection and financial inclusion via systems that prevent damages from financial incidents
- Creating social value by supporting local small businesses and providing ESG consulting and trade finance to SMEs
- Identifying and investing in startups that address social challenges and generate positive social impacts

Governance

Responsible decision-making based on transparency

- Introduced ESG Information Disclosure System to manage and report the Group's ESG achievements in a consistent and transparent manner
- Established a dedicated organization to advance sustainable management including social contribution, financial consumer protection, and information security
- Operating an Environmental and Social Risk Management System (ESRM) to effectively manage environmental and social risks when making lending or investment decisions

Strengthening investor communication and engagement

- **Launched an IR hub on Kakaotalk,** a popular social media and messaging platform, to improve accessibility and broaden communication with retail investors
- Proactively expanded investor engagement by the Board and the management to collect market insights and feedback

Launch of an IR hub to facilitate seamless communication

Expected benefits of IR hub on Kakaotalk

- Enables direct and convenient Q&A with retail investors
- Offers real-time access to FAQs (e.g., dividend amount, record date) and key information (e.g., Group earnings highlights)
- Provides research reports from Hana Institute of Finance and Hana Securities

▶ Broaden investor outreach and improve accessibility via multiple communication channels

Outreach efforts by the Board and management

☑ Independent directors

- Expanded investor engagement by hosting a virtual Roundtable to accommodate participants in the North American time zone
- Held four investor engagement sessions in 2024, including two regular Roundtables

☑ CEO

- Released the first "Fireside Chat with the CEO" video among Korean financial groups to articulate the Value Up Plan and demonstrate management's commitment
- Strengthened investor engagement by diversifying communication channels and expanding regional coverage
- Increased the number of investor engagement events to 10 in 2024, including overseas non-deal roadshows, Roundtables, and an industry-wide joint IR session

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