

# IMPORTANT NOTICE

## NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

**IMPORTANT: YOU MUST READ THE FOLLOWING DISCLAIMER BEFORE CONTINUING.** The following disclaimer applies to the Prospectus attached to this e-mail. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** You have accessed the attached document on the basis that you have confirmed to Crédit Agricole Corporate and Investment Bank, BNP Paribas and Nomura Singapore Limited (together, the “Dealers”) that (1) you are not in the United States, you are not a resident in the United States nor a U.S. Person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”), nor acting on behalf of a U.S. Person and, to the extent you purchase the securities described in the attached prospectus (the “Prospectus”), you will be doing so pursuant to Regulation S under the Securities Act and (2) that you consent to delivery of the attached Prospectus by electronic transmission.

You have accessed the attached document on the basis that you understand that the materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Dealer or any affiliate of that Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or such affiliate on behalf of Hana Financial Investment Co., Ltd. (the “Company”) in such jurisdiction. The Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 (the “FSMA”) does not apply.

The attached Prospectus has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Company, the Dealers nor any of their respective affiliates accept any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version.

**Restrictions:** The attached document is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein. You are reminded that the information in the attached document is not complete and may be changed. Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Company of the securities or the Dealers to subscribe or purchase any of the securities described therein and access has been limited so that it shall not constitute directed selling efforts (as such term is defined in Regulation S under the Securities Act) in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein. Any securities to be issued will not be registered under the Securities Act and may not be offered or sold in the United States (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from such registration.

**MiFID II product governance / target market**—The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR product governance / target market**—The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**IMPORTANT—EEA RETAIL INVESTORS**—If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT—UK RETAIL INVESTORS**—If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

You are reminded that you have accessed the attached Prospectus on the basis that you are a person into whose possession the attached Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

**YOU ARE NOT AUTHORIZED AND YOU MAY NOT DELIVER THE ATTACHED PROSPECTUS, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON.**

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Prospectus dated 10 December 2021



## HANA FINANCIAL INVESTMENT CO., LTD.

*(incorporated with limited liability under the laws of the Republic of Korea)*

### U.S.\$2,000,000,000 Medium Term Notes Programme

Under this U.S.\$2,000,000,000 Medium Term Note Programme (the “Programme”), Hana Financial Investment Co., Ltd. (the “Company” or the “Issuer”) may from time to time issue notes in bearer and/or registered form (respectively, “Bearer Notes” and “Registered Notes” and, together, the “Notes” which expression shall include Senior Notes (each as defined herein)) denominated in any currency agreed between the Company and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes may be issued on a continuing basis to one or more of the dealers specified under “Summary of the Programme” and any additional dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “Dealer” and together the “Dealers”). References in this Prospectus to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in connection with the Programme and application will be made for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted for listing and quotation on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each tranche of Notes will be set out in a pricing supplement (the “Pricing Supplement”) which, with respect to Notes to be listed on the SGX-ST, will be submitted to the SGX-ST before the date of listing of the Notes of such tranche.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)) except pursuant to an exemption from the registration requirements of the Securities Act. Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder (the “Code”)). For a description of these and other restrictions on transfer, see “Subscription and Sale and Selling Restrictions.”

The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

In addition, if the Pricing Supplement (as defined in the Prospectus) in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Company may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

See “Risk Factors” beginning on page 7 for a discussion of certain factors to be considered in connection with an investment in the Notes.

Arranger  
**Crédit Agricole CIB**  
Dealers

**Crédit Agricole CIB**

**BNP PARIBAS**

**Nomura Singapore Limited**

---

The Company confirms that it has taken all reasonable care to ensure that all information contained in this Prospectus with regard to the Company and the Notes is in every material respect true and accurate and not misleading and to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus misleading in any material respect in the context of the issue and sale of the Notes. The Company accepts responsibility accordingly.

Neither the Arranger nor the Dealers has separately verified all of the information (financial, legal or otherwise) contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Company in connection with the Programme. Nothing contained in this Prospectus is or shall be relied upon as a promise or representation by the Arranger or the Dealers or their respective affiliates or advisers.

No person is or has been authorised to give any information or to make any representation which is not contained in, or which is not consistent with, this Prospectus or any other information supplied by or on behalf of the Company in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, the Arranger or the Dealers. This Prospectus does not constitute an offer to sell or the solicitation of any offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Neither this Prospectus nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Company that any recipient of this Prospectus should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Company is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Company during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and are subject to U.S. tax law requirements. The Notes have not been registered under the Securities Act and are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see “*Subscription and Sale.*”**

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Company, the Arranger nor the Dealers represents that this Prospectus may be lawfully distributed or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Company, the Arranger or the Dealers which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose

---

is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. There are restrictions on the offer, sale and resale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including, without limitation, the United States, the European Economic Area and the United Kingdom, Hong Kong, Singapore, Japan, Switzerland, Republic of Italy and Korea, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Prospectus, see “*Subscription and Sale.*”

**Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)**—Unless otherwise stated in the Pricing Supplement in respect of any Notes, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

None of the Dealers or the Company makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Each person receiving this Prospectus acknowledges that such person has not relied on the Arranger or the Dealers or any person affiliated with the Arranger or the Dealers in connection with investigation of the accuracy of such information or its investment decision.



---

## ENFORCEMENT OF CIVIL LIABILITIES

The Company is a corporation with limited liability organised under the laws of Korea. All of the officers and directors named herein reside in Korea and all or a substantial portion of the assets of the Company and of such officers and directors are located in Korea. As a result, it may not be possible for investors to enforce judgments against them obtained in courts outside Korea predicated upon civil liabilities of the Company or such directors and officers under laws other than Korean law, including any judgment predicated upon United States federal securities laws. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Issuer maintains its financial books and records and prepares its financial statements in Won in accordance with Korean International Financial Reporting Standards (“K-IFRS”). Unless otherwise stated, the financial data of the Issuer contained in this Prospectus as of and for the years ended 31 December 2019 and 2020 are derived from the Issuer’s audited consolidated financial statements included in this Prospectus, which have been prepared in accordance with K-IFRS and the financial data of the Issuer contained in this Prospectus as of 10 December 2021 and for the nine months ended 30 September 2020 and 2021 are derived from the Issuer’s unaudited interim condensed consolidated financial statements included in this Prospectus, which have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

Unless otherwise specified or the context requires, all financial and other information in the Prospectus regarding the Company’s activities, financial condition and results of operations are presented on a consolidated basis.

All references to the “**Issuer**”, the “**Company**”, “**we**”, “**us**” and “**our**” in this Prospectus are references to Hana Financial Investment Co., Ltd., and, if the context so requires, our consolidated subsidiaries. All references to the “**Group**” are references to the Issuer and its consolidated subsidiaries collectively. All references to “**Holders**” are references to the holders of the Notes from time to time.

All references to “**Korea**” contained in this Prospectus are references to The Republic of Korea. All references to the “**Government**” are references to the government of Korea. All references to “**U.S.**” and the “**United States**” are references to the United States of America. All references to “**Singapore**” are references to the Republic of Singapore. In this Prospectus, all references to “**KRW**”, “**Won**” or “**₩**” are to the lawful currency of Korea, all references to “**U.S. dollar**” or “**U.S.\$**” are to the lawful currency of the United States, all references to “**Euro**” are to the lawful currency of the European Union, all references to “**Japanese yen**” are to the lawful currency of Japan. For the reader’s convenience, certain Won amounts in this Prospectus have been translated into U.S. dollars at the market average exchange rate, announced by Seoul Money Brokerage Services, Ltd. in Seoul, between Won and dollars, rounded to the nearest tenth of one Won (the “**Market Average Exchange Rate**”). Unless otherwise stated, the translations of Won into U.S. dollars have been made at the Market Average Exchange Rate in effect on 30 September 2021, which was Won 1,184.90 to U.S.\$1.00. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all. For historical information regarding the rate of exchange between the Won and the U.S. dollar, see “*Exchange Rates*.” In this Prospectus, where information has been prepared in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, actual numbers may differ from those contained herein due to rounding. All discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

## FORWARD LOOKING STATEMENTS

Certain statements in this Prospectus constitute “**forward-looking statements**,” including statements regarding the Company’s expectations and projections for future operating performance and business prospects. The words “**believe**,” “**expect**,” “**anticipate**,” “**estimate**,” “**project**,” “**will**,” “**aim**,” “**will likely result**,” “**will continue**,” “**intend**,” “**plan**,” “**contemplate**,” “**seek to**,” “**future**,” “**objective**,” “**goal**,” “**should**,” “**will pursue**” and similar expressions or variations of these expressions identify

---

forward- looking statements. In addition, all statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the Company’s financial position and results, business strategy, plans and objectives of management for future operations, including development plans and objectives relating to the Company’s products and services, are forward-looking statements. Such forward-looking statements and any other projections contained in this Prospectus (whether made by the Company or any third party) involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by forward-looking statements. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. Additional factors that could cause the Company’s actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*.” Any forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. Each of the Company, the Arranger and the Dealers expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any such statement was based.

In connection with the issue of the Notes, the Arranger or the Dealers (if any) named as the stabilising manager(s) (or persons acting on behalf of the stabilising manager(s)) (each a “**Stabilising Manager**”) may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilising Manager(s) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

---

## TABLE OF CONTENTS

---

	<u>Page</u>		<u>Page</u>
DOCUMENTS INCORPORATED BY REFERENCE .....	1	SELECTED CONSOLIDATED FINANCIAL DATA .....	67
SUMMARY .....	2	THE KOREAN SECURITIES INDUSTRY .....	70
SUMMARY OF THE PROGRAMME ...	3	DESCRIPTION OF THE COMPANY ....	75
RISK FACTORS .....	7	DIRECTORS .....	92
FORM OF THE NOTES .....	26	EXCHANGE RATES .....	97
FORM OF THE PRICING SUPPLEMENT .....	29	TAXATION .....	98
USE OF PROCEEDS .....	37	CLEARANCE AND SETTLEMENT .....	102
TERMS AND CONDITIONS OF THE NOTES .....	38	SUBSCRIPTION AND SALE .....	103
CAPITALISATION .....	66	GENERAL INFORMATION .....	110
		INDEX OF FINANCIAL STATEMENTS .....	F-1

---

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) the publicly available audited consolidated and audited separate annual financial statements and the publicly available unaudited interim condensed consolidated and unaudited interim condensed separate financial statements of the Company for the most recent financial period; and
- (b) all supplements or amendments to this Prospectus circulated by the Company from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Company will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the written request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed to the Company at its registered offices set out at the end of this Prospectus. In addition, such documents will be available for inspection, free of charge at the specified office of Citicorp International Limited upon prior written notice and satisfactory proof of holding.

The Company will, in connection with the listing and quotation of the Notes on the SGX-ST, so long as the rules of the SGX-ST so require, in the event of any material change in the information contained in this Prospectus, prepare a further supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of the Notes to be listed on the SGX-ST.

If the terms of the Programme are modified or amended in a manner which would make this Prospectus, as supplemented, materially inaccurate or misleading, a new prospectus will be prepared.



# SUMMARY

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.*

## **The Company**

### **Overview**

Hana Financial Investment (the “**Company**”) is one of Korea’s leading financial institutions that has provided client-centric comprehensive financial solutions since it began providing securities investment trust services in 1970. Since then, the Company has remained at the forefront of the domestic capital market, providing award-winning services to its clients as the asset management arm of Hana Financial Group.

The Company’s headquarter is located in Korea. As of the date of this Prospectus, the Company carried out its business activities through its global network comprising 49 domestic branches, 8 specialty sales centers, 1 representative office (in Shenzhen) and 1 overseas subsidiary (in Shenzhen) and had approximately 1,885 domestic employees. The Company’s global operations span 2 countries, including China with approximately 1,886 employees engaged in wealth management, wholesale, investment banking and sales & trading.

As of 30 September 2021, the Company generated its revenue primarily through the following 4 reportable segments and prepared its segment reporting information accordingly for the purposes of resource allocation and assessment of each segment’s performance:

*Wealth Management:* providing total financial services for high-income households and private or general investors (sale of asset management products, asset rebalancing, total financial services such as real estate, tax, consignment and brokerage of stock, futures, options, etc.);

*Wholesale:* providing brokerage services of domestic stocks and derivatives for institutional investors;

*Investment Banking:* operating corporate financing and providing services relating to corporate funding and M&A; and

*Sales & Trading:* providing bonds, derivatives and operating hedge transactions and equity investment.

For the financial year ended 31 December 2020, the Company’s consolidated operating revenue was Won 9,006.6 billion and operating income was Won 481.3 billion on a consolidated basis, compared to Won 5,446.9 billion and Won 349.5 billion for the financial year ended 31 December 2019, an increase of 65.4 per cent. and 37.7 per cent., respectively. For the nine months ended 30 September 2021, the Company’s consolidated operating revenue was Won 6,803.7 billion and consolidated operating income was Won 401.3 billion, compared to Won 6,554.4 billion and Won 346.9 billion for the nine months ended 30 September 2020, an increase of 3.8 per cent. and 15.7 per cent., respectively.

Hana Financial Group Inc. (“**HFG**”) is the Company’s sole shareholder. The major shareholder of HFG as of 30 September 2021, was National Pension Service with 9.94 per cent. interest in HFG.

## SUMMARY OF THE PROGRAMME

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this summary.*

<b>Issuer</b> .....	Hana Financial Investment Co., Ltd.
<b>Description</b> .....	Medium Term Note Programme
<b>Arranger</b> .....	Crédit Agricole Corporate and Investment Bank
<b>Dealers</b> .....	Crédit Agricole Corporate and Investment Bank, BNP Paribas and Nomura Singapore Limited
<b>Certain Restrictions</b> .....	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Prospectus.
<b>Fiscal Agent</b> .....	Citicorp International Limited
<b>Registrar, Calculation Agent, Paying Agent and Transfer Agent</b> .....	Citibank, N.A., London Branch
<b>Programme Size</b> .....	Up to U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described under “ <i>General Description of the Programme</i> ”) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution</b> .....	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies</b> .....	Subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
<b>Maturities</b> .....	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price</b> .....	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes</b> .....	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes.</i> ” Registered Notes will not be exchangeable for Bearer Notes and vice versa.

**Fixed Rate Notes** . . . . . Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Dealer.

**Floating Rate Notes** . . . . . Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series);
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each series of Floating Rate Notes.

**Index Linked Notes** . . . . . Payments of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree (as indicated in the applicable Pricing Supplement).

**Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes** . . . . . Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

**Dual Currency Notes** . . . . . Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

**Zero Coupon Notes** . . . . . Zero Coupon Notes will be offered and sold at a discount to their nominal amount, or offered and sold at their nominal amount and be redeemed at a premium, and will not bear interest.

**Redemption** . . . . . The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or pursuant to a winding-up of the Issuer following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or

dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “*Certain Restrictions—Notes having a maturity of less than one year*” above.

**Denomination of Notes** . . . . . Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions*” above.

**Taxation** . . . . . All payments of principal and interest in respect of the Notes, Receipts and Coupons will be made without deduction for or on account of withholding taxes imposed by Korea. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

**Negative Pledge** . . . . . The terms of the Notes will contain a negative pledge provision as further described in Condition 4(a).

**Events of Default** . . . . . Events of default for the Notes are set out in Condition 10.

**Cross Default** . . . . . The terms of the Notes will contain a cross default provision as further described in Condition 10(A)(c).

**Status of the Senior Notes** . . . . . The Senior Notes (being those Notes that specify their status as Senior) and the Receipts and Coupons relating to them constitute (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

**Status of the Subordinated Notes** . . . . The Subordinated Notes (being those Notes that specify their status as Subordinated) and any relative Receipts and Coupons constitute direct, general, subordinated (as described in Condition 3(c)) and unsecured obligations of the Issuer which will at all times rank (x) junior to the Senior Indebtedness of the Issuer (as defined in Condition 3(c)), (y) *pari passu* with and rateably without any preference among themselves and all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the Subordinated Notes (collectively, the “**Subordinated Obligations**”).

**Rating** ..... Notes issued under the Programme may be rated or unrated, as specified in the Pricing Supplement. Where a tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Listing** ..... Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made for the listing and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted for listing and quotation on the SGX-ST. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies).

Unlisted Notes may also be issued.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

**Governing Law** ..... The Notes will be governed by, and construed in accordance with, English law, except that in the case of Subordinated Notes, Conditions 3(b) and 3(c) are governed by, and shall be construed in accordance with, Korean law.

**Selling Restrictions** ..... There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Switzerland, Republic of Italy and Korea and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “*Subscription and Sale.*”

**United States Selling Restrictions** .... Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

**Clearing Systems** ..... Clearstream, Euroclear and/or any other clearing system as specified in the applicable Pricing Supplement, see “*Form of the Notes.*”

---

## RISK FACTORS

*Investing in the Notes involves risks and uncertainties. Prospective purchasers of the Notes are advised to review carefully all of the information contained elsewhere in this Prospectus and should consider, in particular, the following risk factors before purchasing the Notes. The risks described below are not the only ones that may be relevant to the Company or the Notes.*

### **Risks Relating to the Company's Business**

***Unless the Company has sufficient positive cash flow from operations or other financial resources it may not be able to meet ongoing repayment obligations under existing and new debt, including the Notes.***

The Company will be reliant on generating sufficient cash flows from operations to service its debt obligations (including the Notes), unless it has access to other sources of funding, including shareholder support (see “*Risk Factors—Risks Relating to the Company's Business—Limitations on access to liquidity and capital resources could adversely affect the ability to implement the Company's expansion plans and the execution of its business strategy*”). There can be no assurance that the cash flows generated by the Company's operations will increase and therefore be sufficient to enable it to repay its debt obligations in a timely manner or at all. High gearing will require the Company to dedicate a significant proportion of its cash flows towards servicing and repayment of its existing debt, which will reduce the availability of cash flows to fund working capital, capital expenditures, acquisitions and other general corporate requirements. For the nine months ended 30 September 2021, the Company had a positive cash flow from operating activities of Won 279.4 billion and for the nine months ended 30 September 2020, the Company had a negative cash flow from operating activities of Won 3,993.3 billion. For the year ended 31 December 2020, the Company had a negative cash flow from operating activities of Won 3,015.3 billion and for the year ended 31 December 2019, it had a negative cash flow from operating activities of Won 1,216.0 billion.

The Company's businesses are developing, and the Company's growth strategy is subject to a wide range of economic, market and operational risks. As a result, the return on the Company's investment of the proceeds of its debt issues may not achieve the anticipated levels of return or may be subject to delay.

In the absence of internal financial resources or further support from its shareholders, in order to repay its debt (including the Notes) the Company will need to refinance the principal amount of the Notes or raise further equity and there can be no assurance that the Company will be able to refinance or obtain credit for refinancing to repay the principal amount of the Notes. The Company's ability to obtain refinancing on commercially acceptable terms will depend on its relationship banks', lenders' and other potential investors' views on the financial health and prospects of the Company, and an assessment of leverage, asset support and cash flows may impact these views.

Failure to repay its debt obligations in a timely manner and failure to refinance to repay the principal amount of any securities will cause the Company to default under its obligations under the Notes, which will in turn have an adverse effect on the Company's business, results of operations and financial condition.

***Limitations on access to liquidity and capital resources could adversely affect the ability to implement the Company's expansion plans and the execution of its business strategy.***

The ability of the Company to access funding sources on acceptable commercial terms over the longer-term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. Over the past three years, global credit markets have tightened significantly with the failure and/or the nationalisation of a number of large financial institutions in Europe, the United States and other countries. Cautious lending policies implemented by financial institutions may result in increased financing costs through increased interest rates and more limited availability of financing. Access to funding will also depend, in part, on the Company's ability to demonstrate to banks, other lenders and investors, that it is a stable and growing business with a robust current financial position and healthy financial outlook and that it is able to



## RISK FACTORS

---

develop across its business lines in accordance with its espoused strategy. There can be no assurance that the Company will be able to obtain credit on favourable terms or at all or that any additional funding will be provided by way of further shareholder loans. Failure to secure funding for operations or refinancing could adversely impact the Company's business, results of operation and financial condition.

***Continued deterioration of economic conditions could negatively impact the Company's business.***

The Company's business is sensitive to national, global and local economic conditions in the markets in which it operates, including GDP growth, inflation, interest rates, availability of and access to capital markets, consumer spending rates, and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the industries in which the Company operates in general which could materially and adversely affect the Company's financial results. Any significant turmoil in the major Korean stock markets, decline in the global prices of commodities, including oil, depreciation in the value of Korean Won, economic and political instability in various countries in the Middle East and Northern Africa, as well as increased uncertainty in the wake of a referendum in the United Kingdom in June 2016, in which the majority of voters voted in favour of an exit from the European Union ("Brexit"), have resulted in an increase in volatility in the global financial markets.

Disruptions and instability in credit and other financial markets and deterioration of national and global economic conditions, could, among other things:

- make it more difficult or costly for the Company to obtain financing for its operations or investments or to refinance debt;
- impair the financial condition of some of the Company's clients, thereby increasing client bad debts and demand for the Company's corporate insurance brokerage and risk solutions services; and
- increased market volatility which adversely affects the value of the Company's investments.

***The ongoing global pandemic of COVID-19 and any possible recurrence of other types of widespread infectious disease may adversely affect the Company's business, financial condition or results of operations.***

COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 that was first reported to have been transmitted to humans in late 2019 and has since spread globally over the course of 2020 to date, has materially and adversely affected the global economy and financial markets in recent months as well as disrupted the Company's business operations. The World Health Organisation declared the COVID-19 as a pandemic in March 2020.

Risks associated with a prolonged outbreak of COVID-19 or other types of widespread infectious diseases include:

- an increase in defaults on loan payments from the Company's customers who may not be able to meet payment obligations, which may lead to an increase in delinquency ratios and a deterioration in asset quality;
- depreciation of the Won against major foreign currencies, which in turn may increase the Company's cost in servicing its foreign currency denominated debt and result in foreign exchange losses;
- disruption in the normal operations of the Company's business resulting from contraction of infectious disease by the Company's employees, which may necessitate the Company's employees to be quarantined and/or the Company's offices to be temporarily shut down;
- disruption resulting from the necessity for social distancing, including, for example, temporary arrangements for employees to work remotely, which may lead to a reduction in labour productivity; and
- impairments in the fair value of the Company's investments in companies that may be adversely affected by the pandemic.

While the exact nature and magnitude of the impact of the COVID-19 pandemic on the Company's business, financial condition and results of operations are continuing to be assessed by the Company's

## RISK FACTORS

---

management, the Company believes that the COVID-19 pandemic has not had a negative impact on its results of operations for the nine months ended 30 September 2021.

It is not possible to predict the duration or the full magnitude of the overall harm that may result from COVID-19 in the long term. In the event that COVID-19 or other types of widespread infectious diseases cannot be effectively and timely contained, the Company's business, financial condition and results of operations will likely suffer.

### ***The Company operates in the highly competitive financial services industry.***

The financial services industry in Asia and Korea in particular, have a large number of participants and is highly competitive.

The Company competes on the basis of a number of factors, including price, products and services, innovation, transaction execution capability, reputation, experience and knowledge of staff and employee compensation. Apart from the multinational financial institutions including commercial banks and investment banks with global networks and a local presence in Korea and other Korea-based securities houses and asset management firms, the Company faces further competition from other financial services firms with similar target clients that offer a similar range of products and services including traditional and online brokerage services, asset management and capital markets and advisory businesses. These include competitors which have longer operating track records, a more extensive client base and/or greater financial and other resources than the Company does. Historically, competition in the asset management and traditional brokerage business has been fierce. Over the past decade, online securities brokerage and financial information portals have become prevalent, intensifying competition for online business revenues. In recent years, as the asset management and brokerage market in Korea has become more saturated, banks and brokerage firms have introduced low management fees, and prolonged commission-free concessions or extra-low fixed commissions as incentives to attract customers, thus further intensifying competition in this industry. The Company expects that competition in asset management and securities and insurance brokerage businesses, which form a part of the Company's core business operations, will continue to intensify. As a relatively new entrant to some of its markets, the Company's ability to compete with more established and larger competitors in some of its business lines has been dependent, along with its shareholder and related party support and client base, on offering attractive commissions and other incentives. Whilst it is important to make these investments at an early stage of the development of a business, the Company will need to capitalise on its client base, increasing its size and improving its reputation in order to move to a business model premised on lower commissions and other incentives in order to improve profitability.

There can be no assurance that the Company can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Company's business objectives become impractical and/or impossible. Under those circumstances, the Company's business and financial performance would be adversely affected.

The Company's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by downturns in the capital markets of Korea, which in turn may be affected by volatility and downturns in the global capital markets.

### ***The Company's businesses, including its wealth management, wholesale, investment banking and sales & trading businesses, are highly dependent on economic and market conditions in Korea. In addition, global market conditions may adversely affect market conditions in Korea.***

Volatility in the capital markets in the United States, Europe, Japan, the People's Republic of China (the "PRC") and other jurisdictions in recent years has had a corresponding effect on Asian financial markets and may continue to do so in the future.

Unfavourable financial or economic conditions, such as those caused in recent years by the global financial and economic crisis, including the European debt crisis, the potential withdrawal of countries from the Eurozone and volatility in the PRC stock market, have adversely affected investor confidence. Weakening investor confidence has resulted and could continue to result in significant declines in the

## RISK FACTORS

---

number and size of transactions in which the Company provides capital markets and advisory services. It may also impact the level of assets placed and transactions executed with the Company's wealth management business. Any decline in the number of capital markets transactions in Korea due to unfavourable financial or economic conditions would adversely affect the Company's capital markets and advisory business.

Market volatility and adverse financial or economic conditions may also adversely affect the Company's wealth management business. These conditions tend to reduce the value of the Company's clients' portfolios, discourage investor confidence and reduce investing activities, making it more difficult for the Company to maintain existing clients and attract new clients. These conditions may result in price fluctuation and a decline of the trading volumes, which in turn may adversely affect the Company's securities and brokerage services revenue.

Under adverse financial or economic conditions, the value of the Company's wealth management portfolio may be adversely affected and therefore reduce the management fees or performance fees the Company earns from its wealth management business, and the Company may face an influx of client redemptions in its wealth management portfolio, which, in turn, could also adversely affect the Company's wealth management business. To the extent that clients do not withdraw their funds, they may switch their funds to other investment products that generate less management fee revenue for the Company.

A reduction in the Company's income or a loss resulting from its wealth management, wholesale, investment banking and sales & trading businesses services could have a material adverse effect on its business, results of operations and financial condition. As a result of these risks, the Company's income and operating results may be exposed to significant fluctuations.

***The Company's investment business may fail to realise profits from its investments or lose some or all of the invested capital.***

Some of the investments made through the Company's investment business are in securities and structured products that are not publicly traded. The Company's ability to dispose of such unlisted securities is dependent on market conditions. In a depressed market, the Company may be forced to sell such investments at undesirable prices or to defer the sale, potentially for a substantial period of time, exposing the Company's investment returns to market risks during the intended disposition period. Additionally, the failure of the Company's portfolio companies to perform as expected could also impair its ability to exit investments for a favourable return or at all. In such event, the Company may lose a material part or all of such investments. The Company expects to continue to make investments in unlisted securities of portfolio companies as attractive opportunities arise and will continue to be subject to such liquidity issues.

In addition, the Company has no control nor significant influence over the operations of the portfolio companies that the Company invests in. The Company is subject to the risk that such companies may make business, financial or management decisions or otherwise act in a manner that does not serve its interests. If any of the foregoing occurs, the value of the Company's investments could decrease, which could adversely affect its results of operations and financial condition.

***The Company may not be successful in maintaining and increasing its client base and business volume in its wealth management business.***

Maintaining close and stable business relationships with the Company's major clients is crucial to its business and prospects. The wealth management business is highly competitive and the Company has to maintain its client base and attract new clients to achieve future success. Wealth management clients are sensitive to the costs of purchasing financial products and the quality of services and the breadth and relevance of information they receive in order to select the right financial products.

For the nine months ended 30 September 2020 and 2021, the income from the Company's Wealth Management segment which includes income from stocks, futures and options brokerage for individual customers, sales of wealth management products and financial consulting services amounted to Won 235.9 billion and Won 312.5 billion, respectively. For the years ended 31 December 2019 and

## RISK FACTORS

---

2020, the income from the Company's Wealth Management segment amounted to Won 217.2 billion and Won 330.1 billion, respectively. The Company cannot assure that it will be able to maintain the current volume of business with its existing clients at the desired levels, or at all, or to attract new clients and expand its business volume. The Company's ability to maintain and grow its wealth management business is dependent on various factors, including, but not limited to:

- its ability to source and propose products that meet the requirements and standards set by its existing and potential clients;
- its ability to offer competitive rates and to provide value-added service; and
- its ability to maintain and develop amicable client relationships.

Any failure of the above could result in a loss of clients or lead to a reduced business volume or revenue with such clients, as well as limit the Company's chances in engaging new clients. This would have a material adverse impact on the Company's business, financial condition, results of operation and future prospects.

In addition, other market factors may also affect the Company's performance, including but not limited to competitive pressures from other brokers, in particular, entry of new participants and consolidation of existing participants.

Such changes could result in reduced margins or loss of market share for the Company, which could adversely affect its business, financial condition, results of operation and future prospects.

***The Company's businesses are highly regulated in Korea and is subject to regulatory and litigation risks which could have a material adverse effect on the Company's business, results of operations and financial condition.***

### *Financial Services Regulation*

As a participant in the financial services industry, the Company is subject to extensive laws, regulations, rules, policies, guidance and codes of conduct of relevant regulatory authorities and faces the risk of significant intervention by regulatory authorities in Korea. Across the financial services industry, regulatory bodies have recently looked to strengthen regulation and take a rigorous approach to compliance, investigation and imposition of penalties. Key regulations in Korea governing the financial services industry include the Financial Investment Services and Capital Markets Act (the "FSCMA"), the Enforcement Decree of the FSCMA and the regulations thereunder. Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Company may change and, although the Company monitors developments, it cannot predict future initiatives or changes. A failure to comply with these rules and regulations may subject the Company to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines, censure, reprimand or even suspension of licences. If the Company fails to comply with any regulatory requirements in the future, the Company and its employees may become the subject of inquiries or investigations by the relevant regulatory authorities.

Where penalties are substantial or protracted litigation is involved, the Company's reputation and financial position may be jeopardised. In such cases, there may be a material and adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, there is risk that new laws or regulations or changes in enforcement or interpretations of existing laws or regulations applicable to the Company's businesses or those of its clients could be imposed on a limited subset of financial institutions (either based on size, activities or other criteria), which may adversely affect the Company's ability to compete effectively with other institutions that are not affected in the same way.

### *Regulatory Approval and Licensing*

Withdrawal or amendment of any regulatory approval or of any exemption from registration in respect of any part of the Company's activities in any jurisdiction might compel termination of a particular business or change the way in which it is conducted.

## RISK FACTORS

---

The Company may also have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance that the Company will be able to effectively respond to any such changes and this may affect the Company's operations and the conduct and success of its business in the relevant market. If the relevant market is a significant or important market to the Company, this may undermine the Company's expansion strategy and may have a material adverse effect upon the Company's business, results of operations and financial condition. Even if the Company could cope with such changes in legislation or regulations, this would invariably increase the compliance costs of the Company.

If the Company fails to comply with such rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines or restrictions on the Company's business activities. If results of any investigations or enquiries are proved to involve serious misconduct, the Company may become subject to penalties including censure, reprimand and fines. In extreme cases, the Company may be prevented from conducting business in a normal manner and some or all of the Company's operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, the Company's reputation and financial position may be damaged. In such cases, there may be a material and adverse impact on the Company's business, financial condition, results of operations and prospects.

***If the Company's financial condition deteriorates, there is no guarantee that the Company will be able to receive support from the government or the Korea Deposit Insurance Corporation ("KDIC").***

The Company, as an insured financial company under the Depositor Protection Act and a financial institution under the Act on the Structural Improvement of the Financial Industry, is eligible to receive supports from the government or the KDIC under such Acts if its financial condition deteriorates, see "*Regulatory Requirements and Compliance—Government Support.*"

On several occasions over the past years, the government provided public funds to prevent systemic risk of the failing securities company (now referred to as the Financial Investment Company under the FSCMA). In June 2000, the government in its attempt to save the failing companies provided Won 3 trillion to Korea Investment and Securities and subsequently provided additional Won 1,400 billion after the sale of Korea Investment and Securities to Dongwon Financial Holdings Co., Ltd. Similarly, in June 2000, the government provided Won 1.9 trillion to Daehan Investment Trust Securities Co., Ltd. (former name of the Company) and another Won 1.1 trillion in May 2005 after the sale of Daehan Investment Trust Securities Co., Ltd. to Hana Bank. In February 2004, the government also provided Won 2,500 billion to Hyundai Investment Trust Securities (now known as Hanhwa Investment & Securities Co., Ltd.), which was sold to Prudential Financial, Inc.

Despite the foregoing, there are a number of factors, such as degree of failing, possibility of rehabilitation and presence of acquirers, taken into consideration when making a decision for the government support, which makes such decision to be rendered on a case-by-case basis. Accordingly, it cannot be guaranteed that a similar type of support would be provided to the Company in the future.

***Fluctuations in stock markets could affect the Company's financial assets as well as its clients' appetite for its products and services.***

Fluctuations in stock markets could affect the Company's investments and financial assets and the level of client interest in certain of its products and services. There has been volatility in global stock markets recently. Any further significant falls or increased volatility may further impact global capital markets potentially making it more difficult for the Company to access financing or impacting the Company's clients' interest in products and services, as well as the health of their businesses generally. The market volatility may also negatively affect Korean consumer confidence and have an adverse impact on the wider Korean economy.

Poor market conditions could affect the value of its financial assets while favourable market conditions may not be sustainable. Lack of liquidity or price volatility could reduce the value of the financial assets that the Company invests in or manages which, in turn, may have a material adverse effect on its



## RISK FACTORS

---

business, growth prospects, net inflows of asset under management, fee income, results of operations and/or financial condition.

***The Company's revenue is adversely affected by reductions in its assets under management caused by market declines.***

The Company's revenue from its wealth management business includes asset management fees and performance fees, which are based on the amount and value of its assets under management. Consequently, investment performance affects the amount of the assets under the Company's management and is one of the most important factors in retaining clients and competing for new wealth management business. Poor investment performance could adversely affect the Company's revenue and business growth because:

- existing clients might withdraw funds from the Company's wealth management business in favour of better performing products provided by its competitors, which would result in a reduction of management fees for the Company;
- clients may require the Company to reduce its fees for wealth management services, particularly in an intensely competitive industry; and
- the Company's incentive fees (if any), which are based on a percentage of investment returns, would decline.

There can be no assurance that the Company would be able to keep or increase the assets under the Company's management. To the extent the Company may fail to keep or increase the assets under its management due to increasing competition from insurance companies, trust companies, banks and other competitors, its business, financial condition, results of operations and prospects would be adversely affected.

***The expansion of and changes to the Company's product and service range exposes it to various risks, and the Company may not succeed in the implementation of a new product or customer acquisition channel, of a new pricing or credit assessment method or analytical tools and data.***

The Company may seek to introduce new product or service groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. Expansion of and changes to the product and service range exposes the Company to a number of risks and challenges, including the following:

- competitors of the Company may have substantially greater experience and resources in relation to the business activities the Company wishes to commence, and the Company may not be able to attract customers to its services from competitors with existing relationships with those customers;
- the new products and services may not be accepted by the Company's customers or meet its expectations for profitability, and may require greater marketing and compliance costs than the Company's traditional services;
- the new products and services may give rise to potential disputes or claims from customers;
- the Company may need to hire additional qualified personnel but such personnel may not be readily available; and
- the Company may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services.

However, there can be no assurance that the Company will be able to achieve the administrative, systems-related and logistical improvements necessary to achieve its goals and other aspects of its growth effectively. In addition, competition for highly skilled business, technical and other personnel is high due to the increasing competition in the financial services industry.

Accordingly, the Company's personnel expenses may increase or it may have difficulty in recruiting and retaining properly qualified personnel. Furthermore, to the extent its business model and practices are



unfamiliar to regulators, the Company may encounter unexpected restrictions on its planned activities. If the Company is unable to achieve the intended results from the expansion of its range of products and services as a result of the unsuccessful execution of the conception, planning and/or implementation of its strategies and methods, the Company's business, results of operations and financial condition may be materially and adversely affected.

Further, the success of the Company's operations depends on, among other things, the proper timing on launching new businesses, products and services to clients. As a result of the Company's business operating in a highly competitive environment, any delay or failure to introduce new businesses in time or in response to market demand, or any failure of the Company's new products and services to gain timely market acceptance could adversely affect the overall businesses and financial performance of the Company.

***A reduction in brokerage commission rates or trading activities by the Company's clients may materially and adversely affect the Company's business, financial condition, results of operations and prospects.***

Revenue from the securities brokerage is primarily derived from the commissions the Company charges its clients for their trading activities. Accordingly, revenue from the Company's securities and brokerage services depends significantly on trading volume. Trading volume is influenced by market conditions in Korea and principal overseas financial markets, which may be adversely affected by events including the European debt crisis, the potential withdrawal of countries from the Eurozone and the recent significant volatility in the global stock market. In addition, the Company's securities and brokerage services could also be adversely affected by a reduction in brokerage commission rates as a result of increased competition in the Korean securities and brokerage markets. There can be no assurance that the Company's revenue derived from the securities and brokerage business can be sustained.

***The Company's operations are dependent upon the services of its executive directors and key management personnel.***

The Company's business lines are not backed by or dependent on significant levels of assets, and instead as a service business, the Company's primary assets are its employees and management. The Company relies upon the ability, expertise, judgment, discretion, integrity and good faith of its executive directors and senior management team. The Company's success is dependent upon its personnel and key consultants and its ability to recruit and retain high quality employees. The Company must continue to recruit, retain and motivate management and other employees sufficiently to maintain its current business. This recruitment and retention may have significant cost implications if market remuneration packages increase. In addition, if a member of the key management personnel joins a competitor or forms a competing company, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Company's business, financial condition or results of operations.

***The Company's investment consultants and professionals are critical to its ability to attract and retain customers.***

Hiring and retaining highly skilled professionals is critical to the Company's ability to attract and retain customers. The market for investment management and other professionals, including underwriting sponsors, research analysts, traders, marketing and customer support staff and information technology and other operations personnel in the Asia-Pacific region, is highly competitive and has grown more so recently as customers focus increasingly on investment performance and as employers such as investment banks and hedge funds increase their recruitment activity. As a result, movement of such individuals among different firms is frequent.

The Company endeavours to provide its employees with competitive compensation and benefits which, as a new business without an established brand name and with a smaller size, may need to be at the higher end of the market. However, it may not be successful in hiring or retaining key personnel. Failure to obtain or retain the services of key personnel may materially and adversely affect the performance of the Company's products, its ability to develop new products and the attractiveness of its services to potential and current customers.

***Damage to reputation or brand may materially and adversely affect the Company's business, financial condition, results of operations and prospects.***

The Company's operations across its principal business lines are dependent on customers' confidence in the Company's business and therefore its brand and reputation. This makes the Company vulnerable to negative publicity and market perceptions that may be difficult or impossible for it to control. The Company's reputation and brand are accordingly vital to the success of its business.

Brand or reputation can be negatively impacted by a large number of events both within and beyond the Company's control, including failure in information technology or data breach, an adverse claim being made against a member of the Company, whether successful or not, and including frivolous and vexatious claims, perceived deteriorations in financial strength, regulatory sanctions or incidents of fraud. If its reputation or brand is damaged, the Company could lose existing customers and find it difficult to cultivate new business. Each of these may have an adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company and its investment banking business are subject to macroeconomic, strategic, financial, operational and political risks.***

The Company and its investment banking business are subject to macroeconomic, strategic, financial, operational and political risks. Where assets held by the Company under its investment banking business devalue significantly and the Company's management considers that the devaluation is not temporary, significant impairment losses may be recognised and may have a material adverse impact on the Company's results of operations. General market or macroeconomic volatility may result in a decrease of the unrealised gains of investment assets and/or reduction in dividend income, which in turn may have a material adverse effect on the Company's financial condition and results of operations. In the event of a severe downturn in the economy, the asset quality of the Company's portfolio may further deteriorate materially.

In particular, the Company's investment portfolio is subject to investment, liquidity, market and concentration risks. Currently, the Company's portfolio chiefly includes direct investments, with new investments being focused on the technology and innovation sectors. As such, market conditions and other factors beyond the control of the Company can adversely affect the Company's investment portfolio and the Company's results of operation and financial condition. The Company's investment portfolio may also be concentrated in certain sectors, geographic regions, individual investments or types of securities which may or may not be listed. Any decline in the value of the Company's investment portfolio may adversely impact its business, results of operations and financial condition.

The Company's investment portfolio profile may change from time to time depending on various factors, including market conditions, investment opportunities, and the investments and divestments undertaken by the Company. In particular, a part of the Company's investment portfolio may consist of interests in unlisted companies, which may subject the Company to liquidity risk as the Company may not be able to sell or dispose of its interests readily and at the price as valued by the Company. Failure to dispose of these interests at the price of valuation, or at all, by the Company may in turn adversely impact the value of the Company's portfolio and result of operations. Additionally, a part of the Company's investment portfolio is pledged against its margin loan payables. Any significant decline in the value of the Company's investments that have been pledged against margin loan payables may trigger a margin call, which may subject the Company to liquidity risk as the Company may not be able to sell or dispose of its investments readily and at the price as valued by the Company or at all.

***The due diligence processes that the Company undertakes in connection with its investments may not reveal all facts that may be relevant in connection with an investment.***

Before making investments, the Company's relevant department(s) in charge of investment solutions business will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Company may be required to evaluate important and complex industry, business, financial, tax, accounting, environmental and legal issues. For example, the Company's investment solutions business is focused on investments in the technology and innovative space sectors—identifying, analysing and managing such investments

## RISK FACTORS

---

requires a certain degree of experience and knowledge of the relevant industries. In certain cases, outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. The due diligence investigation carried out may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

***The Company may not have day-to-day control over the companies in which it invests.***

The Company may not control the day-to-day management of its investments, which exposes it to additional risks relating to their operational and financial performance. As the Company may not be in a position to control the routine operations of its investment companies, this may prevent it from identifying key weaknesses in their operational and financial performance, which could have an adverse effect on the value of the Company's investment portfolio.

***The Company's revenues are subject to factors beyond its control.***

The Company's investment returns, and thus its revenue and profitability, may be adversely affected from time to time by conditions affecting its specific investments and, more generally, by market fluctuations as well as global general economic, market and political conditions. The value of specific investments and other assets may fluctuate substantially. Future movements in market interest rates, unfavourable conditions in the global securities markets or other factors may cause the Company's investment income to decrease significantly, and could have a material adverse effect on its business, financial condition and results of operations.

***The Company is exposed to the credit risk of their trade and financial counterparties.***

The Company operates and is expanding its business in both Korea and cross-border markets. This will increasingly expose the Company to the credit risk of their trade and financial counterparties normally associated with cross-border business transactions and activities, including those relating to delayed payments from customers or difficulties in the collection of receivables. There is no assurance that, even with the Company's experienced finance and accounting team, a customer will settle outstanding invoices on time. Failure to collect receivables could adversely affect the Company's cash flow and financial position.

***Misuse of, or failure to control properly, customers' personal or financial information could prove harmful to the Company.***

The Company is subject to data protection laws in the relevant jurisdiction (including, specifically in Korea, the Credit Information Use and Protection Act, the Act on Real Name Financial Transactions and Confidentiality and the Personal Information Protection Act) which regulates "data users" such as finance companies that use databases of personal information for their businesses and protects the privacy of individuals in relation to personal data. The Company acquires a large amount of personal and financial information relating to its customers. In addition, certain third-party vendors provide services to the Company using personal and financial information of the Company's customers that the Company provides to them. In particular, as the Company relies on third party encryption and authentication technology to transmit confidential information over public networks, the security of such confidential information may become jeopardised. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of the data protection laws and other applicable laws, harming the Company's reputation and business. The Company takes precautionary measures, including internal compliance procedures, to regulate the disclosure of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third-party vendors.

***Employee misconduct such as fraud could adversely affect the Company's business and reputation.***

Employee misconduct, which can include violations of laws or regulations concerning the offering and sale of the Company's financial products and fraudulent or otherwise improper activity, could result in regulatory violations and sanctions which could harm the Company's reputation and business,

particularly since many of the Company's employees are involved in direct dealing with customers. Common weaknesses that facilitate fraud include the failure to implement effectively a centralised management and supervision, inadequate segregation of duties, insufficient access controls and certain actions taken by employees which are not consistent with the Company's internal control policies. While the Company's compliance programmes are intended to reduce the risk of employee misconduct and outside parties' misconduct and fraud, the Company may not always be able to timely detect or prevent such misconduct, and this risk cannot be completely eliminated. Instances of employee misconduct in the future could have consequences that materially and adversely affect the Company's business, reputation and prospects.

***The Company's businesses and prospects may be materially and adversely affected if it fails to maintain its risk management and internal control systems or these systems are proved to be ineffective or inadequate.***

The Company has established risk management control systems and procedures. Certain areas within its risk management and internal control systems may require constant monitoring, maintenance and continual improvements by its senior management and staff. The Company's businesses and prospects may be materially and adversely affected if its efforts to maintain these systems are proved to be ineffective or inadequate.

Deficiencies in the Company's risk management and internal control systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact its ability to identify any reporting errors and non-compliance with rules and regulations.

For example, the Independent Auditor's Report on Review of the Unaudited Interim Condensed Consolidated Financial Statements of the Company as of 30 September 2021 and for the nine months ended 30 September 2021 and 2020 (the "3Q2021 Interim Consolidated Financial Statements") includes an 'emphasis of matter' paragraph regarding an understatement of total assets and liabilities of the Audited Annual Consolidated Financial Statements of the Company as of and for the years ended 31 December 2020 and 2019. The Company's auditors, Ernst & Young Han Young, have stated that this is due to a correction in how "receivable spot exchange" and "accounts payable" were accounted for, as these were previously erroneously categorized as derivatives.

The Company's internal control system may contain inherent limitations caused by misjudgement. As a result, there can be no assurance that its risk management and internal control systems are adequate or effective notwithstanding its efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being initiated against the Company or its employees, disruption to its risk management system. In such cases, there may be a material and adverse effect on the Company's business, financial condition, results of operations and prospects.

***System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption may occur and could result in additional administrative and remediation costs, loss of business and profits and/or cause reputational damage to the Company.***

The performance of the Company's businesses depends heavily on its ability to process transactions efficiently and accurately. The Company's ability to develop business intelligence systems, monitor and manage collections, maintain financial and operating controls, monitor and manage its risk exposures across the Company, keep accurate records, provide high-quality customer service and develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems (including its information technology system) and the successful development and implementation of new systems.

However, in common with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data, a failure to provide quality service to customers and could in limited instances cause incorrect trades to be executed. The Company's

## RISK FACTORS

---

information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language by its employees and contractors. These systems may also be subject to computer viruses, physical or electronic break-ins, sabotage, vandalism and similar misconduct. The same is true of third-party service providers and software providers on which the Company depend.

The Company routinely transmits and receives personal, confidential and proprietary information through the Internet, by email and other electronic means and may not be able to ensure that its clients, vendors, service providers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of the information. An interception or mishandling of personal, confidential or proprietary information being sent to or received from these third parties could result in legal liability, regulatory action and reputational harm, and the Company's efforts to ensure that these third parties have appropriate controls in place may not be successful.

If any of the above risks materialise, the interruption or failure of the Company's information technology and other systems could impair the Company's ability to provide its services effectively causing direct financial loss and may compromise the Company's strategic initiatives.

In addition, it could damage the Company's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Company's ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer and employee disputes and may increase the Company's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate, would have a material adverse effect on the Company's business, operations and financial situation and may damage its reputation and brand.

***Any business disruptions resulting from acts of God, acts of war, epidemics and other factors outside of the Company's control could affect the Company's business and might result in substantial costs.***

The Company's business is subject to general, social and political conditions. The Company's business would be adversely affected by any unexpected events, including but not limited to riots, fire, power, strikes, civil or social disruption, outages, natural disasters, terrorist activities, equipment or system failures, industrial action and environmental issues, which increase the cost of doing business or otherwise adversely affect the Company's operations or those of its customers or suppliers.

Natural disasters, epidemics, pandemics, health emergencies (or concerns over the possibility of one) acts of God and other disasters that are beyond the Company's control may materially and adversely affect the economy and infrastructure. The Company's business, financial condition and operating results may be materially and adversely affected as a result.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as their living and consumption patterns. The occurrence of an epidemic is beyond the Company's control, and there is no assurance that another outbreak of severe acute respiratory syndrome or H1N1 swine influenza will not happen. There is no assurance that an outbreak of this or any other disease will not become an epidemic or pandemic. Any epidemic or pandemic occurring in Korea may materially and adversely affect the business, financial condition and operating results of the Company.

Acts of war and terrorism may cause damage or disruption to the Company or its employees, facilities, markets, suppliers or customers, any of which may materially and adversely impact the Company's revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause the Company's business to suffer in ways that cannot be accurately predicted.



***The Company may not be able to identify money laundering activities or other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and adversely affect its business.***

The Company is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in Korea and any other jurisdictions in which it operates. These laws and regulations require the Company, among other things, to adopt and enforce “know your customer” policies and procedures and to report suspicious transactions to the applicable regulatory authorities in different jurisdictions. While the Company has adopted policies and procedures aimed at detecting and preventing the use of its networks for money-laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where its networks may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. To the extent the Company may fail to comply fully with applicable laws and regulations, the relevant government agencies to which the Company reports have the power and authority to impose fines and other penalties on the Company, which may adversely affect its business.

***The Company may be subject to claims of mis-selling.***

The Company offers a number of financial products to corporate and institutional investors and to private investors directly or through intermediaries or distributors. If these investors suffer losses on such financial products, they or their advisers may seek compensation from the Company on the basis of allegations that the financial products were mis-sold or that the prospectuses, offering circulars or other marketing materials contained erroneous information or failed to disclose material information the omission of which rendered the content therein misleading or that misleading marketing materials were provided to or supplied by intermediaries. Despite the policies enacted by the Company guiding employees on the appropriate selling procedures, it is possible that the Company has rogue or fraudulent employees who do not comply with such policies. Any potential legal action undertaken by investors for mis-selling may be successful and this could in turn adversely affect the business, financial condition, results of operations and/or prospects of the Company. Any claim for mis-selling may also result in regulatory investigation and censure and may damage the reputation of the Company.

***The risk of an unfavourable outcome to litigation against the Company could adversely affect the Company's business, financial condition, results of operations and prospects.***

The Company is exposed to litigation risk relating to the operations of its businesses on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have a material and adverse effect on the Company's business, financial condition, results of operations and prospects.

***Interest rate fluctuations may adversely affect the Company's businesses.***

The Company's business performance is affected by fluctuations in interest rates which could adversely affect financial markets conditions. For example, a decrease in interest rates, although decreases the Company's costs of capital, may also limit the Company's interest income from its margin financing and structured finance business, thus adversely affecting the Company's business and financial results. Interest rates volatility may also affect stock market performance and general market sentiment, hence causing indirect adverse impact on the Company's business performance.

**Risks Relating to Korea**

***If economic conditions in Korea deteriorate, the Company's current business and future growth could be materially and adversely affected.***

The Company is incorporated in Korea and a significant portion of its assets are located in Korea. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea, and the Company's performance and successful execution of its operational strategies are dependent on the overall Korean economy. The economic indicators in Korea in recent years have shown mixed signs of growth and uncertainty, and future growth of the Korean economy is subject to many factors beyond the Company's control, including developments in the global economy.



## RISK FACTORS

---

Developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending;
- the occurrence of severe health epidemics, such as the ongoing COVID-19 pandemic;
- adverse conditions or uncertainty in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of the ongoing COVID-19 pandemic, deteriorating relations between the United States and China and increased uncertainties resulting from the United Kingdom's exit from the European Union;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy (such as the removal of Korea from Japan's "white list" of preferred trading nations in August 2019 and the controversy between Korea and China regarding the deployment of a Terminal High Altitude Area Defense System in Korea by the United States in March 2017 and the ensuing economic and other retaliatory measures by China against Korea during the remainder of 2017);
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Government's policies to increase minimum wages and limit working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- social and labour unrest;
- substantial decreases in the market prices of Korean real estate;
- substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programmes, in particular in light of the Government's ongoing efforts to provide emergency relief payments to households and emergency loans to corporations in need of funding in light of COVID-19, which, together, would likely lead to a national budget deficit as well as an increase in the Government's debt;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities and corporate governance issues concerning certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geopolitical uncertainty and risk of further attacks by terrorist groups around the world;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil producing countries in the Middle East (including a potential escalation of hostilities between the United States and Iran) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners; and
- increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

### ***Escalations in tensions between Korea and North Korea could have an adverse effect on the Company.***

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programmes as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs, which are more powerful than plutonium bombs, and warheads that can be mounted on ballistic missiles. Over the years, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Kaesong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, most recently in December 2017 in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.
- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.
- In August 2015, two Korean soldiers were injured in a landmine explosion near the Korean demilitarised zone. Claiming that the landmines were set by North Koreans, the Korean army reinitiated its propaganda programme toward North Korea utilising loudspeakers near the demilitarised zone. In retaliation, the North Korean army fired artillery rounds on the loudspeakers, resulting in the highest level of military readiness for both Koreas.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea.

Although bilateral summit meetings were held between Korea and North Korea in April, May and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tension affecting the Korean peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, if high-level contacts between Korea or the United States and North Korea break down or if further military hostilities occur, could have a material adverse effect on the Korean economy and on the Company's business, financial condition and results of operations.

### ***There are special risks involved with investing in securities of Korean companies.***

As the Company is a Korean company and operates in a business and cultural environment that is different from that of other countries, there are risks associated with investing in its securities that are not typical for investments in securities of companies in other jurisdictions.

Under the Foreign Exchange Transactions Act of Korea and the Presidential Decree and regulations under that Act and Decree (collectively referred to as the "Foreign Exchange Transaction Laws"), if the Government deems that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilising the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction

such as requiring Korean or foreign investors to obtain prior approval from the Minister of the MOEF for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or other types of capital transactions. Moreover, if the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden changes in domestic or foreign economic circumstances or similar events or circumstances, the Minister of the MOEF may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit or sell any means of payment to the Bank of Korea or certain other governmental agencies or financial institutions.

In addition, the Company's audited and unaudited condensed consolidated financial statements included in this Prospectus are presented in accordance with K-IFRS and its future financial statements will be prepared in accordance with K-IFRS, which differ in certain respects from accounting principles applicable to companies in certain other countries. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial and other information contained in this Prospectus.

### ***Labour unrest in Korea may adversely affect the Company's operations.***

Economic difficulties in Korea or increases in corporate reorganisations and bankruptcies could result in layoffs and higher unemployment. Such developments could lead to social unrest and substantially increase government expenditures for unemployment compensation and other costs for social programmes. According to statistics from the Korea National Statistical Office, the unemployment rate, which remained at 3.8 per cent. in 2018 and 2019, increased to 4.0 per cent. in 2020. Further, increases in unemployment and any resulting labour unrest in the future could adversely affect the Company's operations, as well as the operations of many of the Company's customers and their ability to repay their loans, and could adversely affect the financial condition of Korean companies in general, depressing the price of their securities. These developments would likely have an adverse effect on the Company's financial condition and results of operations.

## **Risks Relating to the Notes**

### ***The Notes are unsecured obligations.***

As the Notes are unsecured obligations, their repayment may be compromised if:

- the Company enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Company's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Company's indebtedness.

If any of these events occurs, the Company's assets may not be sufficient to pay amounts due on the Notes. In addition, any secured indebtedness incurred by it would have priority over its unsecured indebtedness to the extent of the assets securing such indebtedness.

### ***Floating Rate Notes may be subject to reforms and changes to Benchmarks.***

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("LIBOR"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("Benchmarks"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

***The regulation and reform of “benchmark” rates of interest and indices may adversely affect the value of Notes linked to or referencing such “benchmarks.”***

Interest rates and indices which are deemed to be or used as “benchmarks” are the subject of recent international regulatory guidance and proposals for reform, particularly in the United Kingdom. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark. Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”) was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that apply from 30 June 2016 and 3 July 2016). The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

***The Notes that are Subordinated Notes are subordinated and have only limited rights of acceleration.***

The applicable Pricing Supplement may specify that the Notes will be Subordinated Notes (as defined in Condition 3(b) of the Terms and Conditions of the Notes), which will be subordinated obligations of the Company. Payments on the Subordinated Notes will be subordinated in right of payment to the prior payment in full of all deposits and other liabilities of the Company, except those liabilities which rank equally with or junior to the Subordinated Notes. As a consequence of these subordination provisions, if any of such events should occur, the holders of the Subordinated Notes may recover proportionately less than the holders of the Company’s deposit liabilities or the creditors with respect to its other unsubordinated liabilities.

Only those events described herein regarding the Company’s bankruptcy or insolvency will permit a holder of a Subordinated Note to accelerate payment of such Subordinated Notes. In such event, the only action the holder may take in Korea against the Company is certain actions to cause, or make a claim in, the Company’s liquidation or reorganisation. Furthermore, if the Company’s indebtedness were to be accelerated, its assets may be insufficient to repay in full borrowings under all such debt instruments, including the Subordinated Notes.

***The Notes are subject to transfer restrictions.***

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, to certain persons in offshore transactions in reliance on Regulation S, or pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws. For a further discussion of the transfer restrictions applicable to the Notes, see “*Subscription and Sale and Transfer and Selling Restrictions.*”

***The Notes may have limited liquidity.***

Any Notes issued under the Programme will constitute a new issue of securities for which there is no existing market. Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made for the listing and quotation of Notes that may be issued under the Programme and which are agreed, at or prior to the time of issue thereof, to be listed on the SGX-ST. The offer and sale of the Notes is not conditional on obtaining a listing of the Notes on the SGX-ST or any other exchange.

## RISK FACTORS

---

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;
- the Group's results of operations, financial condition and credit ratings;
- political and economic developments in and affecting Korea;
- the market conditions for similar securities; and
- the financial condition and stability of the Korean financial sector.

***The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s).***

Notes issued under the Programme may be represented by one or more global notes (the "Global Notes"). Such Global Notes will be deposited with a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream, Luxembourg ("Clearstream") (each of Euroclear and Clearstream, Luxembourg, a "Clearing System"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes, the Company will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Company has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

***Notes may not be a suitable investment for all investors.***

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

***The credit ratings assigned to the Notes may not reflect all risks.***

One or more independent credit rating agencies may assign credit ratings to an issue of the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be revised or withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. The Company has no obligation to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may adversely affect the market price of the Notes.



---

## FORM OF THE NOTES

*Capitalized terms used in this section and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Notes.”*

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached.

### **Bearer Notes**

Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of a temporary bearer global note (a “**Temporary Bearer Global Note**”) or, if so specified in the Pricing Supplement, a permanent bearer global note (a “**Permanent Bearer Global Note**,” together with any Temporary Bearer Global Note, the “**Bearer Global Notes**”) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the Common Depository) for, Euroclear and Clearstream.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream and (in the case of a Temporary Bearer Global Note delivered to a Common Depository for Euroclear and Clearstream) Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Fiscal Agent (as defined in “*Terms and Conditions of the Notes*”). On and after the date (the “**Exchange Date**”) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series or (b) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given, **provided that** the purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days’ written notice in the case of Notes held by a Common Depository for Euroclear and/or Clearstream, from Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Fiscal Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing or (ii) the Company has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Company will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, in the case of Notes held by a Common Depository for Euroclear and/or Clearstream, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in

such Permanent Bearer Global Note) may give notice to the Fiscal Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent.

The following legend will appear on all Bearer Notes where the TEFRA D Rules are applicable and which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream.

### **Registered Notes**

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States, will initially be represented by a global note in registered form (a “**Registered Global Note**,” together with any Bearer Global Note, the “**Global Notes**”). Prior to expiry of the distribution compliance period (as defined in Regulation S), if any, applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest or any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 1) as the registered holder of the Registered Global Notes. None of the Company, the Fiscal Agent, any Paying Agent, the Calculation Agent, any Transfer Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7(b)(ii)) immediately preceding the due date for payment in the manner provided in that Condition; provided that, when a Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, payment of principal, interest or any other amount in respect of such Notes will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the

occurrence of an Exchange Event. For these purposes, Exchange Event means that (i) an Event of Default has occurred and is continuing or (ii) the Company has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available. The Company will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, in each case to the extent applicable.

### **General**

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Fiscal Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act), if any, applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear and/or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Company and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purposes the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Company and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Company and the Fiscal Agent.

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6 (except Condition 6(c) or 6(d)), 7, 12 or 14 (insofar as such Notes are not listed or admitted to trade on any stock exchange), they will not necessitate the preparation of a supplement to this Prospectus. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Prospectus will be prepared, if appropriate.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes, the Company will appoint and maintain a paying agent in Singapore, where such definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

---

## FORM OF THE PRICING SUPPLEMENT

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.*

[Date]

**HANA FINANCIAL INVESTMENT CO., LTD.**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**under the U.S.\$2,000,000,000**  
**Medium Term Note Programme**

**MiFID II product governance/target market**—*[appropriate target market legend to be included]*

**[MiFID II product governance / Professional investors and ECPs only target market]**—Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

**UK MiFIR product governance / Professional investors and ECPs only target market**—Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Prospectus. Full information regarding the Company and the offer of the Notes is only available on the basis of the combination of the Pricing Supplement and the Prospectus.

The Notes may not be offered, delivered, or sold directly or indirectly in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Law of Korea and the rules and regulations promulgated thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Prospectus dated [●] 2021. This Pricing Supplement contains the final

## FORM OF THE PRICING SUPPLEMENT

---

terms of the Notes and must be read in conjunction with the Prospectus dated [*current date*], save in respect of the Conditions which are extracted from the Prospectus dated [●] 2021 and are attached hereto. Full information regarding the Company and the offer of the Notes is only available on the basis of the combination of the Pricing Supplement and the Prospectus.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]*

- |    |  |   |
|----|--|---|
| 1  | Issuer:  | Hana Financial Investment Co., Ltd.   |
| 2  | (i) Series Number:   | [●]   |
|    | (ii) Tranche Number:   | [●]   |
|    | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> |   |
| 3  | Specified Currency or Currencies:  | [●]   |
| 4  | Aggregate Nominal Amount:  |   |
|    | (i) Series:  | [●]   |
|    | (ii) Tranche:  | [●]   |
| 5  | (i) Issue Price:   | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] ( <i>in the case of fungible issues only, if applicable</i> )]   |
|    | [(ii) Net proceeds:  | [●] ( <i>Required only for listed issues</i> )]   |
| 6  | (i) Specified Denominations:   | [●]   |
|    | (ii) Calculation Amount:   | [●]   |
| 7  | (i) Issue Date:  | [●]   |
|    | (ii) Interest Commencement Date:   | [Specify/Issue date/Not Applicable]   |
| 8  | Maturity Date:   | [specify date ( <i>for Fixed Rate Notes</i> ) or ( <i>for Floating Rate Notes</i> ) <i>Interest Payment Date falling in or nearest to the relevant month and year</i> ]<br><br>[For Subordinated Notes, the Maturity Date must be 5 or more years from the Issue Date.] |
| 9  | Interest Basis:  | [[●] per cent. Fixed Rate]<br>[[LIBOR/EURIBOR/HIBOR/CNH HIBOR/specify reference rate] +/- [●] per cent. Floating Rate]<br>[Zero Coupon]<br>[Index Linked Interest]<br>[Other ( <i>specify</i> )]<br>(further particulars specified below)                               |
| 10 | Redemption/Payment Basis:  | [Redemption at par]<br>[Dual Currency]<br>[Partly Paid]<br>[Instalment]<br>[Other ( <i>specify</i> )]   |

- 11 Change of Interest Basis or Redemption/  
Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Put]  
[Call]  
[(further particulars specified below)]
- 13 (i) Status of the Notes: [Senior/Subordinated Notes]  
(ii) Date of corporate approval for issuance of Notes obtained: [[●]/None required]<sup>(1)</sup>  
(iii) Date of regulatory approval for issuance of Notes obtained: [[●]/None required]
- 14 Listing: [[●]/Singapore Exchange Securities Trading Limited/Other (*specify*)/None]
- 15 Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 16 Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate [(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/ quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with *specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount: [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]  
*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*
- (v) Day Count Fraction (Condition 5(m)): [30/360/Actual/Actual (ICMA/ISDA)/Other]  
*(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars)*
- (vi) Determination Date(s) (Condition 5(m)): [●] in each year. *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short, first or last coupon. Only relevant where Day Count Fraction is Actual/Actual (ICMA).]*
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]



17	Floating Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[●]
	(iii) Interest Period Date(s):	[Not Applicable/specify dates] <i>(Not applicable unless different from Interest Payment Date)</i>
	(iv) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i> ]
	(v) Business Centre(s) (Condition 5(m)):	[●]
	(vi) Manner in which the Rate(s) of Interest is/ are to be determined:	[Screen Rate Determination/ISDA Determination/ other <i>(give details)</i> ]
	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
	(viii) Screen Rate Determination (Condition 5(b)(iii)(B)):	
	– Reference Rate:	[●]
	– Interest Determination Date:	[●] <i>[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]</i>
	– Relevant Screen Page:	[●]
	(ix) ISDA Determination (Condition 5(b)(iii)(A)):	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	– ISDA Definitions (if different from those set out in the Conditions):	[2000/2006]
	(x) Margin(s):	[+/-] [●] per cent. per annum
	(xi) Minimum Rate of Interest:	[●] per cent. per annum
	(xii) Maximum Rate of Interest:	[●] per cent. per annum
	(xiii) Day Count Fraction (Condition 5(m)):	[●]
	(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
18	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Amortisation Yield (Condition 6(b)):	[●] per cent. per annum
	(ii) Day Count Fraction (Condition 5(m)):	[●]

- (iii) Any other formula/basis of determining amount payable: [●]
- 19 Index Linked Interest Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: [Give or annex details]
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [●]
- (iv) Interest Period(s): [●]
- (v) Specified Interest Payment Dates: [●]
- (vi) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (vii) Business Centre(s) (Condition 5(m)): [●]
- (viii) Minimum Rate of Interest: [●] per cent. per annum
- (ix) Maximum Rate of Interest: [●] per cent. per annum
- (x) Day Count Fraction (Condition 5(m)): [●]
- 20 Dual Currency Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction (Condition 5(m)): [●]

**PROVISIONS RELATING TO REDEMPTION**

- 21 Call Option [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/Early Redemption Amount]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount

- (iv) Notice period: [●]
- 22 Put Option [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/Early Redemption Amount]
- (iii) Notice period: [●]
- 23 Final Redemption Amount of each Note: [●] per Calculation Amount
- 24 Early Redemption Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c) or, when otherwise specified hereon, 6(d) or 6(e)) or Event of Default (Condition 10(A) or 10(B)) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 25 Form of Notes: [Bearer Notes/Registered Notes]  
*[Delete as appropriate]*
- [temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note] [temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/ at any time/in the limited circumstances specified in the permanent Global Note/ Certificate]<sup>(2)</sup>
- 26 Financial Centre(s) (Condition 7[(h)]) or other special provisions relating to payment dates: [Not Applicable/Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(v) and 19(vii) relate]
- 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- 28 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
- 29 Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s): [●]

## FORM OF THE PRICING SUPPLEMENT

---

- (ii) Instalment Date(s): [●]  
(iii) Minimum Instalment Amount: [●]  
(iv) Maximum Instalment Amount: [●]
- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
- 31 Details relating Subordinated Notes:
- (i) Bankruptcy Event [Not Applicable/give details]  
(ii) Foreign Event [Not Applicable/give details]  
(iii) Rehabilitation Event [Not Applicable/give details]  
(iv) Subordination Event [Not Applicable/give details]
- 32 Additional U.S. federal income tax considerations: [Not Applicable/give details] [The Notes are [not] subject to U.S. federal withholding tax under Section 871(m).]<sup>(3)</sup> [Additional information regarding the application of Section 871(m) to the Notes will be available at [●]]
- 33 Other terms or special conditions: [Not Applicable/give details]<sup>(4)</sup>

### DISTRIBUTION

- 34 (i) If syndicated, names of Managers: [Not Applicable/give names]  
(ii) Date of Subscription Agreement: [●]  
(iii) Stabilising Manager (if any): [Not Applicable/give name]
- 35 If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- 36 U.S. Selling Restrictions: [Reg. S Category 2; TEFRA D/TEFRA C/TEFRA Not Applicable]
- 37 Korean Selling Restrictions: [20% Rule / 20% Rule Not Applicable]
- 38 Additional selling restrictions: [Not Applicable/give details]
- 39 Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]  
(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)
- 40 Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]  
(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)

### OPERATIONAL INFORMATION

- 41 ISIN Code: [●]  
42 Common Code: [●]  
43 LEI: 549300EYQ6V322IGFP59  
44 Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

- 45 Delivery: Delivery [against/free of] payment  
46 Additional Paying Agents (if any): [●]  
47 Ratings [●]

### **[LISTING APPLICATION]**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$2,000,000,000 Medium Term Note Programme of Hana Financial Investment Co., Ltd.

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Programme or the Notes.]

### **RESPONSIBILITY**

The Company accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of the Company:

By: \_\_\_\_\_  
*Duly authorised*

Notes:

- (1) Only relevant where corporate (or similar) authorisation is required for the particular tranche of Notes.
- (2) If the temporary Global Note is exchangeable for definitives at the option of the holder, the Notes shall be tradeable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in paragraph 6 and multiples thereof.
- (3) The Notes should not be subject to U.S. federal withholding tax under Section 871(m), if they (i) do not reference any U.S. equity or any index that contains any U.S. equity (ii) reference indices considered to be “qualified indices” for purposes of Section 871(m) or (iii) are Non-Delta Notes and are issued prior 1 January 2017 or Non-Delta-One Notes issued on or after 1 January 2018 that reference a U.S. equity or index that contains any U.S. equity are subject to additional testing on a trade-by-trade basis to determine whether they are Section 871(m) Notes.
- (4) If full terms and conditions are to be used, please add the following here:  
“The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Prospectus for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary.”  
The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the Pricing Supplement.

---

## USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Company for general corporate purposes or as may otherwise be disclosed in the applicable Pricing Supplement.



---

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued pursuant to an Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 10 December 2021 between Hana Financial Investment Co., Ltd. (the “**Issuer**”), Citicorp International Limited as fiscal agent, Citibank, N.A., London Branch as paying agent, registrar and transfer agent and calculation agent (and the other agents named in it and with the benefit of a Deed of Covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 10 December 2021 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. The Noteholders (as defined in Condition 1), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (the “**Conditions**”), “**Tranche**” means Notes which are identical in all respects.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during usual business hours upon prior written request and proof of satisfaction of holding at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

### **1 Form, Denomination and Title**

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Instalment Note, a Senior Note, a Subordinated Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be, and may be treated as, its absolute owner for all

purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate), and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes, the expression “**Senior Noteholder**” shall be construed accordingly in relation to Senior Notes and the expression “**Subordinated Noteholder**” shall be construed accordingly in relation to Subordinated Notes.

## **2 No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available during usual business hours by the Registrar to any Noteholder upon prior written request and proof of satisfaction of holding.

Transfers of interests in the Notes evidenced by Global Certificates will be effected in accordance with the rules of the relevant clearing systems.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfer Free of Charge:** Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### 3 Status

- (a) **Status of the Senior Notes:** The Senior Notes (being those Notes that specify their status as Senior) and the Receipts and Coupons relating to them constitute (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
- (b) **Status of the Subordinated Notes:** The Subordinated Notes (being those Notes that specify their status as Subordinated) and any relative Receipts and Coupons constitute direct, general, subordinated (as described in Condition 3(c)) and unsecured obligations of the Issuer which will at all times rank (x) junior to the Senior Indebtedness of the Issuer (as defined in Condition 3(c)), (y) *pari passu* with and rateably without any preference among themselves and all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the Subordinated Notes (collectively, the “**Subordinated Obligations**”).
- (c) **Subordination**

This Condition 3(c) applies only to Subordinated Notes.

- (i) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under any Subordinated Notes, a Bankruptcy Event (as defined below) occurs and so long as it continues, any amounts which become due then or thereafter under the Subordinated Notes (including overdue amounts) shall not be payable unless and until the total amount of any and all Senior Indebtedness of the Issuer which is listed on the distribution list (as amended, if such be the case) for final distribution submitted to the court in the bankruptcy proceedings is paid in full or provided to be paid in full in such bankruptcy proceedings.
- (ii) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under any Subordinated Notes, a Rehabilitation Event (as defined below) occurs and so long as it continues, any amounts which become due then or thereafter under the Subordinated Notes (including overdue amounts) shall not be payable unless and until the total amount of any and all Senior Indebtedness of the Issuer which is listed on the rehabilitation plan of the Issuer at the time when the court’s approval of such plan becomes final and conclusive shall have been paid in full in the rehabilitation proceedings to the extent of the original amount thereof (without regard to any adjustment of such amount in the approved rehabilitation plan).
- (iii) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under any Subordinated Notes, a Foreign Event (as defined below) occurs and so long as it continues, any amounts which become due then or thereafter under the Subordinated Notes (including overdue amounts) shall only become payable upon conditions equivalent to those enumerated in paragraphs (i) and (ii) having been fulfilled, provided that notwithstanding any provision herein to the contrary if the imposition of any such conditions is not allowed under such proceedings, any amounts which become due under the Subordinated Notes shall become payable in accordance with the terms herein provided and not subject to such conditions.
- (iv) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under any Subordinated Notes, the Net Capital Ratio of the Issuer falls below 0 per cent upon

any payment of principal or interest in respect of the Subordinated Notes, such payment shall not be made to the holders thereof.

- (v) A holder of a Subordinated Note by its acceptance thereof or its interest therein, shall thereby agree that (i) if any payment in respect of such Note is made to such holder after the occurrence of a Subordination Event and the amount of such payment shall exceed the amount, if any, that should have been paid to such holder upon the proper application of these subordination provisions, the payment of such excess amount shall be deemed null and void and such holder (without the Registrar or any Paying Agent having any obligation or liability with respect thereto, save to the extent that the Registrar or such Paying Agent shall return to the Issuer any such excess amount which remains held by it at the time of the notice next referred to) shall be obliged to return the amount of the excess payment within ten days of receiving notice from the Issuer of the excess payment and (ii) upon the occurrence of a Subordination Event and so long as such Subordination Event continues, such holder shall not exercise any right to set off any liabilities of the Issuer under such Note which become so payable on or after the date on which the Subordination Event occurs against any liabilities of such holder owed to the Issuer unless, until and only in such amount as the liabilities of the Issuer under such Note become payable pursuant to the proper application of these subordination provisions.
- (vi) There shall be no terms and conditions for collateral or pledge to the Subordinated Notes by which the nature of subordination of the Subordinated Notes may be prejudiced in any respect.
- (vii) The Issuer may not redeem the Subordinated Notes at the option of a holder thereof prior to the Maturity Date.

In these Conditions:

“**Bankruptcy Event**” shall mean a court of competent jurisdiction in Korea having adjudicated the Issuer to be bankrupt pursuant to the provisions of the Act on Debtor Rehabilitation and Bankruptcy or any successor legislation thereto;

“**Foreign Event**” shall mean in any jurisdiction other than Korea, the Issuer having become subject to bankruptcy, corporate reorganisation or other equivalent proceedings pursuant to any applicable law of any jurisdiction other than Korea;

“**Net Capital Ratio**” means a ratio of net capital to the required capital, expressed as a percentage, as defined in the Article 3-6, paragraph 3 of the Regulation on Financial Investment Business of Korea;

“**Rehabilitation Event**” shall mean a court of competent jurisdiction in Korea having adjudicated the Issuer to be subject to the rehabilitation proceedings pursuant to the provisions of the Act on Debtor Rehabilitation and Bankruptcy or any successor legislation thereto;

“**Senior Indebtedness of the Issuer**” shall mean all deposits and other liabilities of the Issuer (other than the Subordinated Obligations); and

“**Subordination Event**” shall mean any Bankruptcy Event, Rehabilitation Event, Foreign Event or the event set forth in paragraph (vi) above.

#### **4 Certain Covenants**

(a) *Applicable to Senior Notes only*

**Negative Pledge:** So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement) the Issuer will not, and will ensure that none of its Principal Subsidiaries will, create, or have outstanding any Security Interest, other than any Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

- (b) **Consolidation, Merger and Sale of Assets:** The Issuer, without the consent of the Noteholders, may consolidate with, or merge into, or sell, transfer, lease or convey its assets as an entirety or

substantially as an entirety to any corporation; provided that (i) any successor corporation expressly assumes the applicable obligations of the Issuer under the Notes and the Agency Agreement, including by entering into a deed of covenant and a supplemental agency agreement, as the case may be, (ii) after giving effect to the transaction, with respect to the Issuer or any such successor corporation, no Event of Default (except for any Event of Default that may arise due to compliance with the terms of this Condition 4(b)) and no event which, after notice or lapse of time or both, would become an Event of Default (except for any Event of Default that may arise due to compliance with the terms of this Condition 4(b)), shall have occurred and be continuing and (iii) the Issuer has delivered to the Fiscal Agent a certificate executed by a duly authorised officer of the Issuer and an opinion of counsel as to matters of law stating that such consolidation, merger, sale, transfer, lease or conveyance and, if a supplemental agency agreement is required in connection with such transaction, such supplemental agency agreement comply with the Agency Agreement and the Notes and that all conditions precedent herein provided for relating to such transaction have been complied with. The Fiscal Agent shall accept and conclusively rely on a certificate and opinion of counsel as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Noteholders. The Fiscal Agent will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion of counsel. The Fiscal Agent is not obligated to investigate or verify any information in such certificate and opinion of counsel.

In this Condition 4:

- (i) **“Permitted Security Interest”** means: (1) any Security Interest existing as of the Issue Date, (2) any Security Interest existing on any assets or property prior to the acquisition thereof by the Issuer or any of its Principal Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition; (3) any Security Interest on any assets or property securing Relevant Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Security Interest attaches to such assets or property concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof; (4) any Security Interest existing on any assets or property of any Principal Subsidiary prior to the time such Principal Subsidiary becomes a Subsidiary of the Issuer or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof; (5) any Security Interest securing Relevant Indebtedness owing to the Issuer or to a Subsidiary; and (6) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Security Interest permitted by any of the foregoing paragraphs, provided that such Relevant Indebtedness is not increased and is not secured by any additional property;
- (ii) **“Relevant Indebtedness”** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (but excluding for the avoidance of doubt, instruments commonly referred to as transferable loan certificates) which (a) are by their terms payable, or confer a right to receive payment, in any currency other than Korean Won; (b) for the time being are, or are intended to be quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market outside the Republic of Korea (“Korea”) and (c) are not (i) securities issued in accordance with a securitisation plan pursuant to the Act on Asset-Backed Securitisation Act of Korea (or other similar laws of Korea); (ii) securities or instruments serviced primarily by the cash flows of a discrete pool of receivables or other financial assets, either fixed or revolving, that by their terms convert into cash within a finite period and which are commonly regarded as asset-backed securities; (iii) derivatives linked securities as defined in the Financial Investment Services and Capital Markets Act of Korea; or (iv) any indebtedness arising out of derivatives transactions (including, but not limited to, over-the counter derivatives transactions and exchange traded derivatives transactions), lending and borrowing of securities such as stocks or bonds (including, but not limited to, customized transactions), repurchase agreement transactions and overdraft transactions regarding derivatives trading accounts;



- (iii) “**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;
- (iv) “**Subsidiary**” means, at any particular time, a company which is then directly or indirectly controlled, or more than 50 per cent of whose issued equity share capital (or equivalent) is then beneficially owned, by the Issuer and/or one or more of its Subsidiaries; provided that any collective investment scheme (as defined in the Financial Investment Services and Capital Markets Act of Korea) and/or any special purpose company in an asset-backed securitisation transaction, whether being established onshore or offshore, shall not constitute a Subsidiary. For a company to be “**controlled**” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company; and
- (v) “**Principal Subsidiary**” means any Subsidiary: (i) whose net sales, as shown by its latest audited financial statements (consolidated in the case of a Subsidiary which itself has subsidiaries and which consolidates its accounts), are at least 10 per cent. of the consolidated net sales of the Issuer and its consolidated subsidiaries, as shown by its latest audited consolidated financial statements; or (ii) whose gross assets, as shown by its latest audited financial statements (consolidated as aforesaid), are at least 10 per cent. of the consolidated gross assets of the Issuer and its consolidated subsidiaries, as shown by its latest audited consolidated financial statements.

## 5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g).
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**
  - (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
  - (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.



“**Business Day**” means:

1. in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
  2. in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
  3. in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the calculation agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the calculation agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Euro-zone**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time, in the case of EURIBOR, on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Issuer determines that the absence of quotations is due to the discontinuation of the Relevant Screen Page Rate, then the Reference Rate will be determined in accordance with; (i) Condition 5(b)(iii)(B)(y) below if the Reference Rate in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR and (ii) Condition 5(b)(v) below if the Reference Rate in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being LIBOR.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) Benchmark Discontinuation if the Reference Rate in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR:

(i) Independent Adviser: If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(b)(iii)(B)(y)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with 5(b)(iii)(B)(y)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(b)(iii)(B)(y) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, or the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 5(b)(iii)(B)(y).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(b)(iii)(B)(y)(i) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to Floating Rate Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(b)(iii)(B)(y)(i).

(ii) Successor Rate or Alternative Rate: If the Independent Adviser, determines that:

- a. there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on Floating Rate Notes (subject to the operation of this Condition 5(b)(iii)(B)(y)); or
- b. there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on Floating Rate Notes (subject to the operation of this Condition 5(b)(iii)(B)(y)).

(iii) Adjustment Spread: The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

- (iv) **Benchmark Amendments:** If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(b)(iii)(B)(y) and the Independent Adviser, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(b)(iii)(B)(y)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(b)(iii)(B)(y), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(b)(iii)(B)(y) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 5(b)(iii)(B)(y)(iv), the Issuer shall comply with the rules of any stock exchange on which the Floating Rate Notes are for the time being listed or admitted to trading.

- (v) **Notices, etc.:** Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(b)(iii)(B)(y) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Fiscal Agent, the Calculation Agent and the Paying Agents a certificate signed by two directors of the Issuer:

- a. confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(b)(iii)(B)(y); and
- b. certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Fiscal Agent, the Calculation Agent and the Paying Agents a certificate signed by two directors of the Issuer:

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent’s or the Calculation Agent’s or the Paying Agents’ ability to rely on such certificate as

aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5(b)(iii)(B)(y), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(b)(iii)(B)(y), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

(vi) **Survival of Original Reference Rate:** Without prejudice to the obligations of the Issuer under Condition 5(b)(iii)(B)(y)(i), Condition 5(b)(iii)(B)(y)(ii), Condition 5(b)(iii)(B)(y)(iii) and Condition 5(b)(iii)(B)(y)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii)(B)(x) will continue to apply unless and until a Benchmark Event has occurred.

(vii) **Definitions:** As used in this Condition 5(b)(iii)(B)(y):

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- a. (in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- b. the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
- c. the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(b)(iii)(B)(y)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Floating Rate Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 5(b)(iii)(B)(y)(iv).

“**Benchmark Event**” means :

- a. the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- b. a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor

- administrator has been appointed that will continue publication of the Original Reference Rate); or
- c. a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
  - d. a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Floating Rate Notes; or
  - e. the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
  - f. it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (B) and (C) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (D) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (E) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(b)(iii)(B)(y)(i).

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Floating Rate Notes.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- a. the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- b. any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.



(C) Linear Interpolation: Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Issuer (acting in good faith and in a commercially reasonable manner, and in consultation with an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer) shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(v) *If the Reference Rate in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being LIBOR:*

(A) Benchmark Replacement: If the Issuer or its designee determines that a Benchmark Transition Event (as defined herein) and its related Benchmark Replacement Date (as defined herein) have occurred prior to the Reference Time (as defined herein) in respect of any determination of the Benchmark (as defined herein) on any date, the Benchmark Replacement (as defined herein) will replace the then-current Benchmark for all purposes relating to the applicable Note in respect of such determination on such date and all determinations on all subsequent dates.

(B) Benchmark Replacement Conforming Changes: In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes (as defined herein) from time to time.

(C) Decisions and Determinations: Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(b)(v), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee’s sole discretion, and, notwithstanding anything to the contrary in these Conditions or the Agency Agreement, shall become effective with respect to the applicable Notes without consent from any other party.

(D) Certain Defined Terms: As used in this Condition 5(b)(v):

“**Benchmark**” means, initially, LIBOR (if LIBOR is specified as the Reference Rate in the applicable Pricing Supplement); provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Benchmark, then “**Benchmark**” means the applicable Benchmark Replacement.

“**Benchmark Replacement**” means the Interpolated Benchmark; provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then “**Benchmark Replacement**” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(A) the sum of: (1) Term SOFR and (2) the Benchmark Replacement Adjustment;

(B) the sum of: (1) Compounded SOFR and (b) the Benchmark Replacement Adjustment;



- (C) the sum of: (1) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (2) the Benchmark Replacement Adjustment;
- (D) the sum of: (1) the ISDA Fallback Rate and (2) the Benchmark Replacement Adjustment;
- (E) the sum of: (1) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (2) the Benchmark Replacement Adjustment.

“**Benchmark Replacement Adjustment**” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

“**Benchmark Replacement Conforming Changes**” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “**Interest Accrual Period**,” timing and frequency of determining rates and making payments of interest, changes to the definition of “**Corresponding Tenor**” solely when such tenor is longer than the Interest Accrual Period and other administrative matters) with respect to these Conditions, the Agency Agreement or otherwise that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary).

“**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (A) in the case of clause (A) or (B) of the definition of “**Benchmark Transition Event**,” the later of (1) the date of the public statement or publication of information referenced therein and (2) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (B) in the case of clause (C) of the definition of “**Benchmark Transition Event**,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (A) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

“**Compounded SOFR**” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Accrual Period) being established by the Issuer or its designee in accordance with:

- (A) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that:
- (B) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR cannot be determined in accordance with clause (A) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar-denominated floating rate notes at such time.

“**Corresponding Tenor**” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

“**Federal Reserve Bank of New York’s Web site**” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“**Interpolated Benchmark**” with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (A) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (B) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

“**ISDA Definitions**” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

“**ISDA Fallback Adjustment**” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

“**Reference Time**” with respect to any determination of the Benchmark means (A) if the Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination, and (B) if the Benchmark is not LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes.

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“**SOFR**” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Web site.

“**Term SOFR**” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“**Unadjusted Benchmark Replacement**” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

In these Terms and Conditions, “**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual—ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

- (viii) if “Actual/Actual-ICMA” is specified hereon,

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the

number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

**“Determination Period”** means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

**“Determination Date”** means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

**“Euro-zone”** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

**“Interest Accrual Period”** means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date.

**“Interest Amount”** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified hereon.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**“Interest Period”** means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified hereon.

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected and appointed by the Issuer and notify to the Calculation Agent or as specified hereon.

“**Reference Rate**” means the rate specified as such hereon.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- a. the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- b. any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.
- (f) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
  - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to paragraph (ii) below.
  - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to



the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

- (g) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (h) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (i) **Determination and Publication of Rates of Interest and Interest Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or

any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **6 Redemption, Purchase and Options**

### **(a) Redemption by Instalments and Final Redemption:**

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

### **(b) Early Redemption:**

#### *(i) Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10(A) (if the Note is a Senior Note) or Condition 10(B) (if the note is a Subordinated Note) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10(A) (if the Note is a Senior Note) or Condition 10(B) (if the note is a Subordinated Note) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10(A) (if the Note is a Senior Note) or Condition 10(B) (if the note is a Subordinated Note), shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index

Linked Interest Note) or, at any time, (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Republic of Korea ("Korea") (in the case of payment by the Issuer) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due; provided, however, that in the case of Subordinated Notes, such redemption may not occur within five years of the Issue Date. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date; provided, however, that in the case of Subordinated Notes, such redemption may not occur within five years of the Issue Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unexpired Receipts and Coupons and unexpired Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

- (g) **Purchases:** The Issuer and its Subsidiaries as defined in the Agency Agreement may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Issuer may not purchase Subordinated Notes.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## **7 Payments and Talons**

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(6)) or Coupons (in the case of interest, save as specified in Condition 7(f)(6)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
  - (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
  - (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed

below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- 1 Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Interest Notes), those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- 2 Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Interest Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- 3 Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- 4 Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- 5 Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- 6 If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).



- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
- 1 (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
  - 2 (in the case of a payment in euro) which is a TARGET Business Day.

## 8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Korea or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Korea other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or
- (c) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

Notwithstanding any other provision contained herein, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a “**FATCA Withholding Tax**”), and neither the Issuer nor any other person will be required to pay additional amounts on account of any FATCA Withholding Tax.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any



amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

## 9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10 Events of Default

(A) *Applicable to Senior Notes only*

If any of the following events (“**Events of Default**”) occurs, the holder of any Senior Note may give written notice to the Fiscal Agent at its specified office that such Senior Note is immediately repayable, whereupon the Early Redemption Amount of such Senior Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

- (a) **Non-Payment:** default is made for more than 14 days (in the case of interest) or 7 days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Senior Notes; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Senior Notes which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (c) **Cross-Default:** (A) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries (as defined in Condition 4) for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds U.S.\$20,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (d) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; or
- (e) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Subsidiaries, or the Issuer or any of its Principal Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or

- (f) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Senior Notes; or
  - (g) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.
- (B) *Applicable to Subordinated Notes only*
- (a) Subject to the provisions in Condition 3(c), if any Bankruptcy Event or the liquidation of the Issuer shall occur and be continuing, then, in any such event, the holder of any Subordinated Note may by written notice to the Issuer declare such Note to be forthwith due and payable upon receipt of such notice by the Issuer whereupon such Note shall become due and repayable at its principal amount plus accrued interest (if any).
  - (b) Except as expressly provided in this Condition 10(B), no holder of any Subordinated Note shall have any right to accelerate any payment of principal or interest in respect of the Subordinated Notes.
  - (c) The only action the holder of a Subordinated Note may take against the Issuer on acceleration of the Subordinated Notes is to prove claims in the liquidation or other applicable proceedings in respect of the Issuer in Korea.

## 11 Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) in the case where the Note is a Subordinated Note, to modify the provisions concerning Subordination referred to in Condition 3(b) or 3(c) or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.*

- (b) **Modification of Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency

Agreement, if to do so would not be materially prejudicial to the interests of the Noteholders. Any determination as to material prejudice applying to the interests of the Noteholders pursuant to these Conditions (including this Condition 11(b)) shall be made by the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination. Any modification shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

## **12 Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **13 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

## **14 Notices**

Notices required to be given to the holders of Registered Notes pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to the holders of Bearer Notes pursuant to the Conditions shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). So long as the Notes are listed and/or admitted to trading, notices required to be given to the holders of the Notes pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are listed/and or admitted to trading. If any such publication is not practicable, notice required to be given pursuant to the Conditions shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **15 Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is

not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

#### **16 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

#### **17 Governing Law and Jurisdiction**

- (a) **Governing Law:** The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that in the case of Subordinated Notes, Conditions 3(b) and 3(c) are governed by, and shall be construed in accordance with, Korean law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).+
- (c) **Service of Process:** The Issuer irrevocably appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

## CAPITALISATION

The following table sets out the Group's capitalisation, consisting of debt and equity, as of 30 September 2021. This information has been derived from the unaudited interim condensed consolidated statements of financial position as of 30 September 2021 included elsewhere in this Prospectus.

The table below should be read in conjunction with the Company's financial statements, including the notes thereto, included elsewhere in this Prospectus.

	<b>As of 30 September 2021</b>	
	<b>(in billions of Won and millions of U.S. dollars)<sup>(1)</sup></b>	
<b>Debt:</b>		
Borrowings .....	₩9,307.5	U.S.\$7,855.1
<b>Equity</b>		
Capital stock .....	372.8	314.6
Capital surplus .....	3,011.9	2,541.9
Accumulated other comprehensive income .....	68.2	57.6
Retained earnings .....	1,734.0	1,463.4
Sub-total .....	5,187.0	4,377.5
Non-controlling interests .....	25.2	21.3
<b>Total equity</b> .....	5,212.1	4,398.8
<b>Total capitalisation<sup>(2)</sup></b> .....	<b>₩14,519.6</b>	<b>U.S.\$12,253.9</b>

Notes:

(1) Won amounts have been converted into U.S. dollars solely for the convenience of the readers at the Market Average Exchange Rate of ₩1,184.90 to U.S.\$1.00 on 30 September 2021.

(2) Total capitalisation is defined as total borrowings plus total equity.

## SELECTED CONSOLIDATED FINANCIAL DATA

The selected financial and other information set forth below should be read in conjunction with the Company's consolidated financial statements and related notes included elsewhere in this Prospectus. The selected consolidated financial information set forth below as of and for the years ended 31 December 2019 and 2020 have been derived from the Company's audited consolidated financial statements and related notes, which have been prepared in accordance with K-IFRS. The selected consolidated financial information set forth below as of 30 September 2021 and for the nine months ended 30 September 2020 and 2021 have been derived from the Company's unaudited interim condensed consolidated financial statements and related notes which have been prepared in accordance with K-IFRS 1034 Interim Financial Reporting.

### Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the years ended 31 December		For the nine months ended 30 September	
	2019 <sup>(1)</sup>	2020 <sup>(1)</sup>	2020	2021
	(in billions of Won)			
<b>Operating revenues</b>				
Interest income	500.2	530.1	366.3	424.2
Fee and commission income	488.4	633.3	467.1	527.8
Gain on financial assets and liabilities measured at fair value through profit or loss	4,096.1	6,480.8	4,569.6	4,924.9
Gain on financial assets and liabilities measured at fair value through other comprehensive income	3.4	56.5	53.7	8.2
Gain on foreign currency translation and transactions	340.5	1,284.0	1,081.1	878.8
Reversal of impairment loss on financial assets	0.5	0.5	0.3	5.0
Other operating income	17.8	21.6	16.5	34.8
	<u>5,446.9</u>	<u>9,006.6</u>	<u>6,554.4</u>	<u>6,803.7</u>
<b>Operating expenses</b>				
Interest expenses	280.5	285.9	202.0	211.9
Fee and commission expenses	92.8	117.2	85.3	81.4
Loss on financial assets and liabilities measured at fair value through profit or loss	4,004.9	5,942.6	4,514.0	4,974.2
Loss on financial assets and liabilities measured at fair value through other comprehensive income	0	0.6	0.6	1.5
Loss on financial assets at amortized cost	0.7	—	—	—
Loss on foreign currency translation and transactions	271.9	1,503.3	1,038.3	662.2
Impairment loss on financial assets	4.7	37.6	3.6	4.2
Salaries	246.9	294.8	211.2	259.6
General and administrative expenses	186.7	202.7	146.5	174.0
Other operating expenses	8.3	140.6	6.0	33.4
	<u>5,097.4</u>	<u>8,525.3</u>	<u>6,207.5</u>	<u>6,402.4</u>
<b>Operating income</b>				
<b>Non-operating income:</b>				
Net gain (loss) on valuation of equity method investments	11.8	(0)	3.0	(2.0)
Other non-operating income	87.6	233.3	129.5	340.3
Other non-operating expenses	69.8	140.0	93.0	198.4
	<u>29.5</u>	<u>93.6</u>	<u>39.5</u>	<u>139.9</u>
<b>Income before income tax</b>	379.0	574.9	386.5	541.2
<b>Income tax expense</b>	99.1	164.8	100.3	131.5
<b>Net income</b>	<u>279.9</u>	<u>410.0</u>	<u>286.2</u>	<u>409.8</u>



SELECTED CONSOLIDATED FINANCIAL DATA

	For the years ended 31 December		For the nine months ended 30 September	
	2019 <sup>(1)</sup>	2020 <sup>(1)</sup>	2020	2021
	(in billions of Won)			
Net income attributable to:				
Owners of the parent company . . . . .	280.3	410.9	286.3	410.0
(Adjusted net income after reflecting regulatory reserve for bad debts: For the year ended 31 December 2020: Won 423.7 billion For the year ended 31 December 2019: Won 265.2 billion)				
Non-controlling interests . . . . .	<u>(0.4)</u>	<u>(0.9)</u>	<u>(0.2)</u>	<u>(0.3)</u>
<b>Other comprehensive income</b>				
<i>Items that might be reclassified subsequently to the profit or loss:</i>				
Gain (loss) on valuation of debt securities measured at fair value through other comprehensive income . . . . .	0.2	6.9	7.9	(21.8)
Change in unrealized gain on valuation of equity method investments . . . . .	0.4	16.5	6.5	6.6
Exchange differences on translation of foreign operations . . . . .	<u>0.2</u>	<u>0.6</u>	<u>0.9</u>	<u>0.5</u>
	<u>0.8</u>	<u>23.9</u>	<u>15.3</u>	<u>(14.8)</u>
<i>Items that will not be reclassified subsequently to the profit or loss:</i>				
Remeasurements of defined benefit plan . . . . .	(3.1)	(0.2)	0.1	(0.3)
Gain on valuation of equity securities measured at fair value through other comprehensive income . . .	5.7	18.9	11.0	11.8
Effect of changes in credit risk of financial liabilities designated as measured at fair value through profit or loss . . . . .	<u>(12.2)</u>	<u>(5.4)</u>	<u>2.5</u>	<u>(5.9)</u>
	<u>(9.7)</u>	<u>13.2</u>	<u>13.5</u>	<u>5.6</u>
<b>Total comprehensive income . . . . .</b>	<u>271.1</u>	<u>447.2</u>	<u>315.0</u>	<u>400.6</u>
Total comprehensive income attributable to:				
Owners of the parent company . . . . .	271.5	448.0	315.1	400.9
Non-controlling interests . . . . .	<u>(0.4)</u>	<u>(0.8)</u>	<u>(0.1)</u>	<u>(0.3)</u>

Note:

(1) The Independent Auditor's Report on Review of the 3Q2021 Interim Consolidated Financial Statements includes an 'emphasis of matter' paragraph regarding an understatement of total assets and liabilities of the Audited Annual Consolidated Financial Statements of the Company as of and for the years ended 31 December 2020 and 2019. The Company's auditors, Ernst & Young Han Young, have stated that this is due to a correction in how "receivable spot exchange" and "accounts payable" were accounted for, as these were previously erroneously categorized as derivatives. See note 49 to the 3Q2021 Interim Consolidated Financial Statements.

**Consolidated Statements of Financial Position**

	As of 31 December		As of
	2019 <sup>(1)</sup>	2020 <sup>(1)</sup>	30 September 2021
	(in billions of Won)		
<b>Assets</b>			
Cash and deposits	3,337.9	2,218.0	3,031.0
Financial assets measured at fair value through profit or loss	20,215.8	25,101.0	22,142.7
Financial assets measured at fair value through other comprehensive income	1,242.3	1,828.2	2,635.1
Loans receivable, net	1,553.9	4,047.7	4,452.7
Investments in associates	214.5	380.0	418.2
Investment properties, net	35.0	44.0	43.4
Property and equipment, net	75.6	138.6	121.7
Intangible assets, net	63.1	60.5	51.9
Current tax assets	3.5	7.6	8.1
Other assets, net	1,422.7	1,970.9	5,063.7
<b>Total assets</b>	<u>28,164.3</u>	<u>35,796.5</u>	<u>37,968.5</u>
<b>Liabilities</b>			
Financial liabilities measured at fair value through profit or loss	1,763.4	2,850.5	3,064.6
Financial liabilities designated as measured at fair value through profit or loss	11,036.0	9,477.4	7,770.4
Deposits received	1,621.3	3,381.2	3,485.2
Borrowings	5,270.9	8,678.9	9,307.5
Debentures	2,931.6	4,118.5	3,776.0
Net defined benefit liabilities	8.9	6.4	16.0
Provisions	7.0	6.8	11.3
Current tax liabilities	34.6	119.5	35.4
Deferred tax liabilities	25.9	39.2	44.3
Other liabilities	1,989.6	2,689.0	5,245.7
<b>Total liabilities</b>	<u>24,689.2</u>	<u>31,367.6</u>	<u>32,756.3</u>
<b>Equity</b>			
Capital stock	293.2	335.5	372.8
Capital surplus	2,093.0	2,549.5	3,011.9
Capital adjustments	(0.7)	—	—
Accumulated other comprehensive income	40.2	77.4	68.2
Retained earnings	1,043.6	1,454.0	1,734.0
Regulatory reserve for bad debts	(22.7)	(37.8)	(25.0)
Planned (provision for) reversal of bad debts	(15.1)	12.8	(7.3)
<b>Equity attributable to owners of the Parent company</b>	<u>3,469.3</u>	<u>4,416.4</u>	<u>5,187.0</u>
<b>Non-controlling interests</b>	<u>5.8</u>	<u>12.6</u>	<u>25.2</u>
<b>Total equity</b>	<u>3,475.1</u>	<u>4,429.0</u>	<u>5,212.1</u>
<b>Total liabilities and equity</b>	<u>28,164.3</u>	<u>35,796.5</u>	<u>37,968.5</u>

## Note:

(1) The Independent Auditor's Report on Review of the 3Q2021 Interim Consolidated Financial Statements includes an 'emphasis of matter' paragraph regarding an understatement of total assets and liabilities of the Audited Annual Consolidated Financial Statements of the Company as of and for the years ended 31 December 2020 and 2019. The Company's auditors, Ernst & Young Han Young, have stated that this is due to a correction in how "receivable spot exchange" and "accounts payable" were accounted for, as these were previously erroneously categorized as derivatives. See note 49 to the 3Q2021 Interim Consolidated Financial Statements.

# THE KOREAN SECURITIES INDUSTRY

The following overview of the securities industry in Korea has been provided for background purposes only. The information presented in this section is derived from various government and private publications. Neither we nor any of our affiliates or advisers, nor the Dealers or any of their affiliates or advisers, have independently verified the information presented in this section or make any representation as to the accuracy or completeness of the information.

## Overview of the Korean Securities Industry

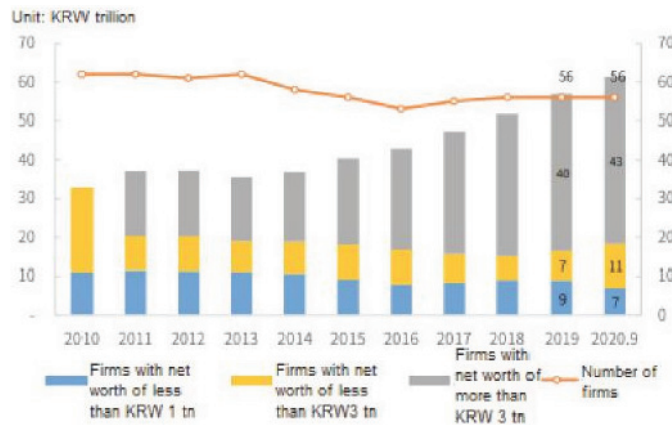
As of September 2020, there were 56 Korean securities companies. It was the seventh consecutive year with fewer than 60 securities companies in existence in Korea, after a string of four straight years of over 60 securities companies from 31 December 2010 to 31 December 2013. Total net worth of the Korean securities industry is on the rise and has surpassed Won 61 trillion in September 2020.

### Changes in the number of Korean securities firms' branches and employees



Source: KCMI, FSS, KOPIA

### Changes in net worth of Korean securities firms



Note:

Foreign securities firms are not included in this table.

Source: KCMI, FSS, KOPIA

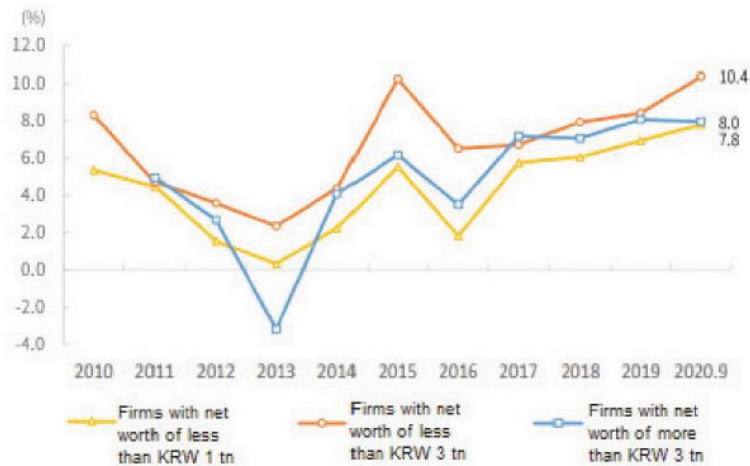
Return on equity (“ROE”) of the securities industry has continued to increase since 2016. ROE of Korean securities industry was 8.69 per cent. in 2020.<sup>(1)</sup> ROE of medium-sized securities companies was 10.4 per cent.

The securities industry’s price-to-earnings ratio (“PER”) was 7 and the dividend rate was 3.1 per cent.

Note:

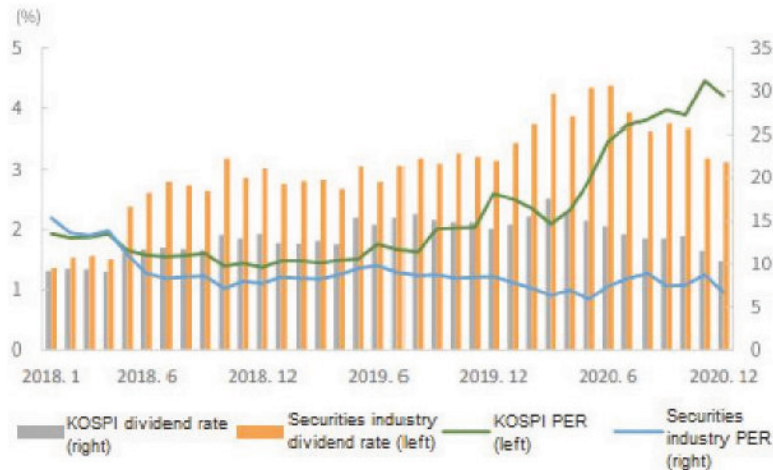
(1) 2020 performance was calculated based on the period from October 2019 to September 2020 for comparison purpose.

**ROE Changes of the Korean securities firms**



Source: KCMI

**Dividend rate and PER change of the Korean securities industry**



Source: KCMI, Korea Exchange

**Trends in the Korean Securities Industry**

Since the introduction of the Comprehensive Financial Investment Business Entities system in 2013, the securities industry has experienced an increase in size of companies within the industry, especially among those companies with a focus on the investment banking sub-sector, one of the sectors that has experienced an increase in activity partly due to the highly competitive nature of the brokerage sub-sector. The increasing gap in financial strength of companies in the industry may lead to a shift in the competition structure as new business opportunities arise for large-sized firms and competition increases among the small and medium-sized companies. In 2020, large-sized firms with net worth of Won 3 trillion or more accounted for 70 per cent. of the total net worth, a 20 per cent. increase from 2011.

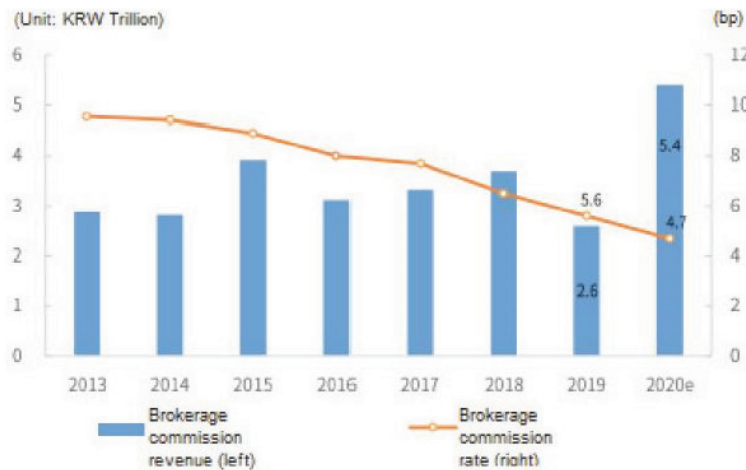
In 2020, securities firms also streamlined their organisational operations by reducing their branches from 1,026 in 2019 to 986 in 2020. Although the total number of employees increased to around 37,000 from 36,000 in 2019, increasing usage of mobile and digital platforms decreased the need for securities firms to establish and maintain traditional brick-and-mortar branches.

Performance by Sectors

Brokerage

In 2020, active stock trading accounts increased 21.9 per cent. from 29.4 million to 35.5 million due to the increase in mobile and digital account openings. Although increased competition in mobile and digital platforms had a negative impact on brokerage commission rate, brokerage commission revenue increased from Won 2.6 trillion in 2019 to Won 5.4 trillion (estimated) in 2020.

Changes in brokerage commission revenue and commission rate



Note:

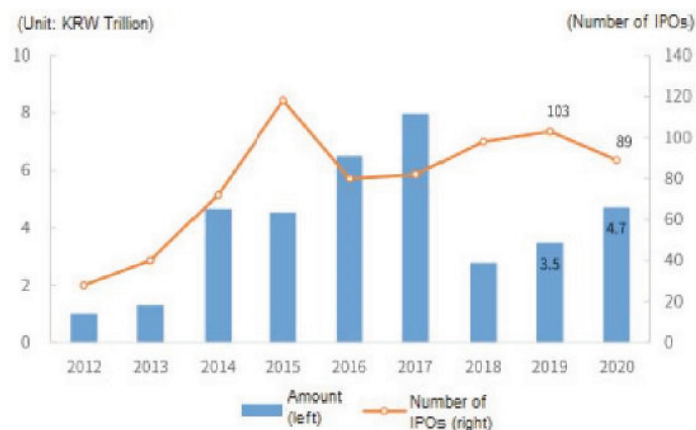
Tentative figure for 2020 was calculated by estimating performance from 1 October 2020 to 31 December 2020 by considering quarterly revenue and transaction amount from 1 January 2020 to 31 September 2020.

Source: KCMI, Korea Exchange

Initial Public Offerings

The IPO market in 2017 was the most active in Korea since 2010 due to favourable market conditions. The IPO market in 2018 amounted to Won 2.8 trillion, which was a 65 per cent. decrease from that of 2017. This decrease was due to, among other things, uncertainties in the stock market, issues arising in accounting supervision, and the general absence of IPOs by large conglomerates. In 2019 and 2020, both the number of IPOs and transaction amount continued to increase slightly.

Changes in the domestic IPO market



Source: KCMI, KIND, FSS

*Mergers & Acquisitions*

In 2020, there were 791 M&A transactions totalling Won 91 billion. Although the total number of M&A transactions decreased compared to 2019, the number of M&A transactions is set to increase in 2021 as the economy recovers from COVID-19.

**Changes in domestic M&A market**



*Note:*

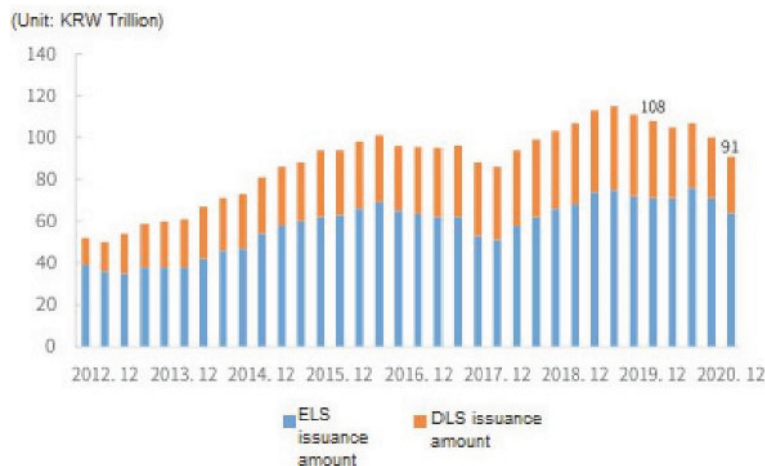
(1) Above data is based on completed transactions.

*Source:* KCMI, Bloomberg

*Sale of Securities*

In 2020, the total amount of equity-linked securities (“ELS”) and derivatives-linked securities (“DLS”) issuances was Won 91 trillion, a 15.7 per cent. decrease from Won 108 trillion in 2019. Due to increased regulations on complex financial products, as well as an increase in direct investments from retail investors, the sale of private equity funds has decreased in 2020 and is projected to continue decreasing in 2021. Sale of exchange traded funds (“ETF”), on the other hand, is set to continue increasing in 2021.

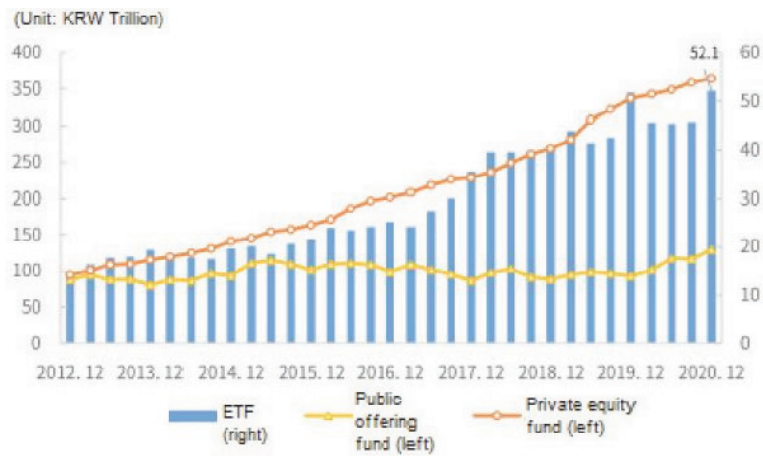
**Changes in ELS and DLS issuance amount**



*Source:* KCMI, KOFIA



**Changes in the domestic IPO market**



Source: KCMI, KOFIA

---

## DESCRIPTION OF THE COMPANY

### Overview

Hana Financial Investment (the “Company”) is one of Korea’s leading financial institutions that has provided client-centric comprehensive financial solutions since it began providing securities investment trust services in 1970. Since then, the Company has remained at the forefront of the domestic capital market, providing award-winning services to its clients as the asset management arm of Hana Financial Group.

The Company’s headquarter is located in Korea. As of the date of this Prospectus, the Company carried out its business activities through its global network comprising 49 domestic branches, 8 specialty sales centers, 1 representative office (in Shenzhen) and 1 overseas subsidiary (in Shenzhen) and had approximately 1,885 domestic employees. The Company’s global operations span 2 countries, including China with approximately 1,886 employees engaged in wealth management, wholesale, investment banking and sales & trading.

As of 30 September 2021, the Company generated its revenue primarily through the following 4 reportable segments and prepared its segment reporting information accordingly for the purposes of resource allocation and assessment of each segment’s performance:

*Wealth Management:* providing total financial services for high-income households and private or general investors (sale of asset management products, asset rebalancing, total financial services such as real estate, tax, consignment and brokerage of stock, futures, options, etc.);

*Wholesale:* providing brokerage services of domestic stocks and derivatives for institutional investors;

*Investment Banking:* operating corporate financing and providing services relating to corporate funding and M&A; and

*Sales & Trading:* providing bonds, derivatives and operating hedge transactions and equity investment.

For the financial year ended 31 December 2020, the Company’s consolidated operating revenue was Won 9,006.6 billion and operating income was Won 481.3 billion on a consolidated basis, compared to Won 5,446.9 billion and Won 349.5 billion for the financial year ended 31 December 2019, an increase of 65.4 per cent. and 37.7 per cent., respectively. For the nine months ended 30 September 2021, the Company’s consolidated operating revenue was Won 6,803.7 billion and consolidated operating income was Won 401.3 billion, compared to Won 6,554.4 billion and Won 346.9 billion for the nine months ended 30 September 2020, an increase of 3.8 per cent. and 15.7 per cent., respectively.

Hana Financial Group Inc. (“HFG”) is the Company’s sole shareholder. The major shareholder of HFG as of 30 September 2021, was National Pension Service with 9.94 per cent. interest in HFG.

### History of the Company

Set out below is a summary of the history of the Company:

- 1968 Established Korea Investment Corporation
- 1970 Began securities investment trust services at Korea Investment Corporation
- 1977 Restructured and established as Daehan Investment Trust
- 2000 Transformed to a securities firm and founded as Daehan Investment Trust Securities
- 2005 Incorporated as a subsidiary company into Hana Financial Group
- 2007 Merged with 25 retail branches of Hana Securities  
Renamed as Hana Daetoo Securities
- 2008 Hana Daetoo securities merged with Hana Investment Bank
- 2011 Hana Global Investment Consulting (Beijing) authorised and started business
- 2012 Acquired QFII (Qualified Foreign Institutional Investor) quota in China
- 2014 Acquired RQFII (Renminbi QFII) status in China
- 2015 Renamed as Hana Financial Investment

## DESCRIPTION OF THE COMPANY

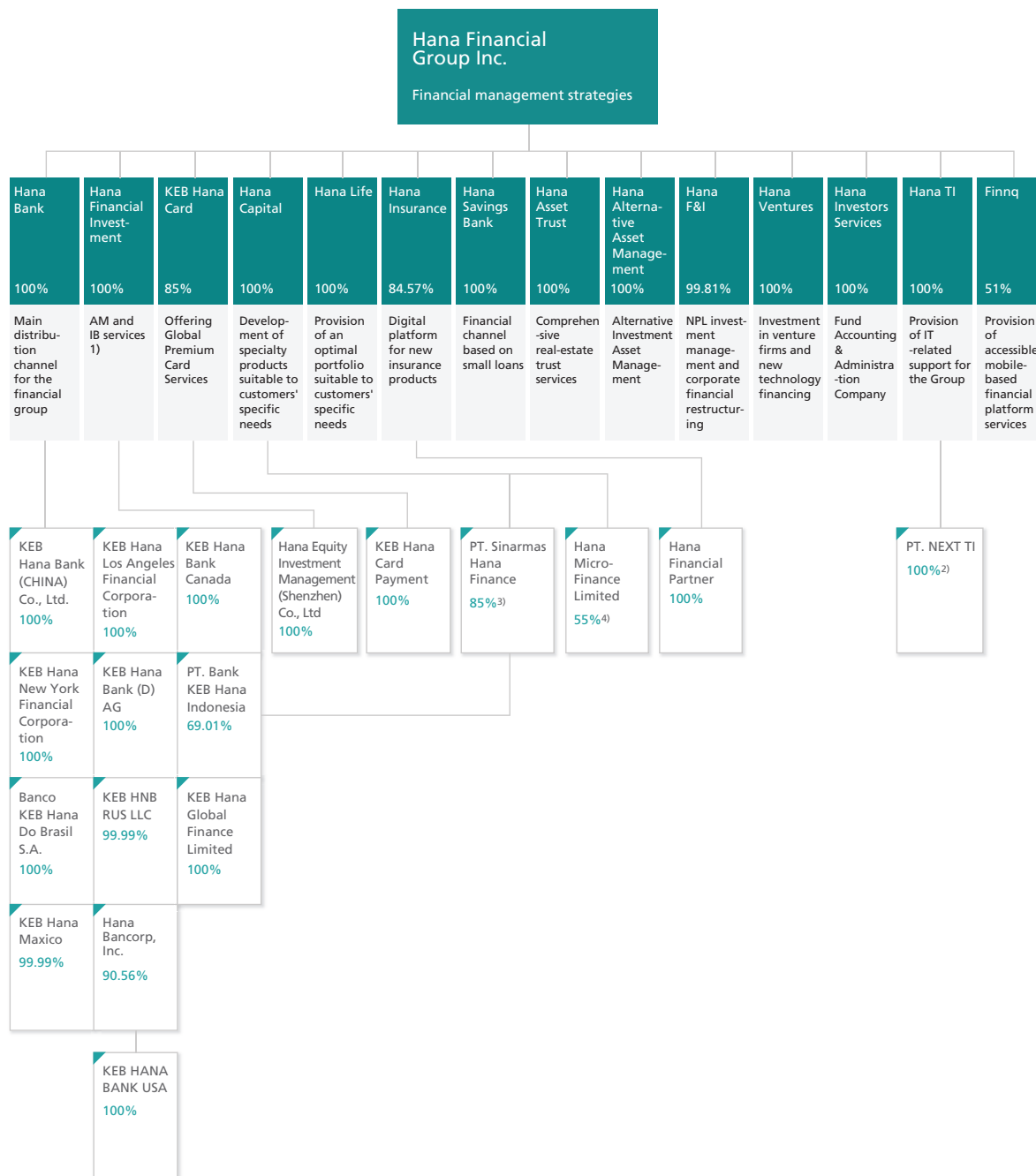
---

- 2016 Hana Financial Investment merged with Hana Futures
- 2017 Registration of new technology venture capital business
- 2018 Executed paid-in capital increase of Won 700 billion  
Acquired S&P A- international credit rating  
Executed paid-in capital increase of Won 498 billion
- 2019 Designated as a comprehensive financial investment business entity
- 2020 Executed paid-in capital increase of Won 500 billion
- 2021 Executed paid-in capital increase of Won 500 billion

**Corporate Structure**

The following is a diagrammatic illustration of the shareholding and the corporate structure of HFG incorporating the Company as of 30 September 2021:

**Ownership structure of the Company's group (domestic)**



- 1) AM: Fund sales department store with an open architecture / IB: IB specialized products and services
- 2) Shareholding of PT. Next INS indonesia: Hana TI 95.1%, Hana Capital 4.9%
- 3) Shareholding of PT. Sinarmas Hana Finance: Hana Capital 55%, PT. Bank KEB Hana Indonesia 30%
- 4) Hana Micro-Finance Limited: Hana Capital 75%, Hana Bank 25%

**Subsidiaries of the Company**

An overview of the Company's subsidiary is set out below:

*Hana Equity Investment Management (Shenzhen) Co., Ltd.* was incorporated in Beijing on 14 October 2011 and moved to Shenzhen on 16 April 2020. Hana Equity Investment Management (Shenzhen) Co.,

## DESCRIPTION OF THE COMPANY

Ltd. primarily engages in advisory services on issuing bonds, listing Chinese companies on the Korea stock market, cross-border M&A transactions and others. The issued capital was Won 3.5 billion as of 31 December 2020.

### Business Activities

As of 30 September 2021, the Company generates its revenue primarily through four segments: (1) wealth management segment, (2) wholesale segment, (3) investment banking segment and (4) sales & trading segment.

To support the existing business segments, the Company has established finance, internal audit, legal, compliance and dealing and operations teams. The following tables set forth the breakdown of the Company's income by business segments and their respective percentages of contribution to total income of the Company for the years ended 31 December 2019 and 2020 and for the nine months ended 30 September 2020 and 2021:

	For the year ended 31 December 2019		For the year ended 31 December 2020	
	Amount	Percentage	Amount	Percentage
	(in billions of Won)	(%)	(in billions of Won)	(%)
Wealth Management segment	217.2	27.5	330.1	32.5
Wholesale segment	39.0	4.9	43.7	4.3
Investment Banking segment	314.7	39.9	463.9	45.7
Sales & Trading segment	163.7	20.7	138.6	13.7
Others	78.1	9.9	57.3	5.6
Subsidiaries	0.4	0.05	168.2	16.6
Adjustments	(24.0)	(3.0)	(186.5)	(18.4)
<b>Total income</b>	<b>789.1</b>	<b>100.0</b>	<b>1,015.3</b>	<b>100.0</b>

	For the nine months ended 30 September 2020		For the nine months ended 30 September 2021	
	Amount	Percentage	Amount	Percentage
	(in billions of Won)	(%)	(in billions of Won)	(%)
Wealth Management segment	235.9	33.5	312.5	37.4
Wholesale segment	30.5	4.3	40.8	4.9
Investment Banking segment	318.0	45.1	439.5	52.6
Sales & Trading segment	82.4	11.7	188.7	22.6
Others	45.8	6.5	38.2	4.6
Subsidiaries	30.1	4.3	(47.3)	(5.6)
Adjustments	(38.2)	(5.4)	(137.4)	(16.5)
<b>Total income</b>	<b>704.6</b>	<b>100.0</b>	<b>834.9</b>	<b>100.0</b>

### The Wealth Management segment

The Wealth Management segment is one of the key income sources at the Company and generates a steady stream of income. The Wealth Management segment's income stems mostly from providing total financial services for high-income households and private or general investors (sale of asset management products, asset rebalancing, total financial services such as real estate, tax, consignment and brokerage of stock, futures, options, etc.).

## DESCRIPTION OF THE COMPANY

The tables below set forth highlights of the Wealth Management segment's operating results for the years ended 31 December 2019 and 2020 and for the nine months ended 30 September 2020 and 2021:

	For the year ended 31 December	
	2019	2020
	(in billions of Won)	
Net operating income	217.2	330.1
Selling and administrative expenses	205.4	247.2
Provisions for allowance	—	—
Non-operating income (loss)	—	—
Income before income tax expenses	11.8	82.8
Income tax expenses (benefit)	—	—
Net income	11.8	82.8
	For the nine months ended 30 September	
	2020	2021
	(in billions of Won)	
Net operating income (loss)	235.9	312.5
Selling and administrative expenses	179.0	188.4
Provisions for allowance	—	0.7
Non-operating income (loss)	—	(0.2)
Income (loss) before income tax expenses	56.9	123.3
Income tax expenses (benefit)	—	—
Net income (loss)	56.9	123.3

Income contribution of the Wealth Management segment for the years ended 31 December 2019 and 2020 were Won 217.2 billion and Won 330.1 billion, respectively. Income contribution of the Wealth Management segment for the nine months ended 30 September 2020 and 2021 were Won 235.9 billion and Won 312.5 billion, respectively.

The Wealth Management segment contributed 27.5 per cent. of the income for the year ended 31 December 2019 and 32.5 per cent. of the income for the year ended 31 December 2020. The Wealth Management segment contributed 33.5 per cent. of the income for the nine months ended 30 September 2020 and 37.4 per cent. of the income for the nine months ended 30 September 2021.

### The Wholesale segment

The Wholesale segment plays a pivotal role in the business portfolio of the Company. Income is generated from providing brokerage services of domestic stocks and derivatives for institutional investors.

The tables below set forth highlights of the Wholesale segment's operating results for the years ended 31 December 2019 and 2020 and for the nine months ended 30 September 2020 and 2021:

	For the year ended 31 December	
	2019	2020
	(in billions of Won)	
Net operating income	39.0	43.7
Selling and administrative expenses	26.3	25.2
Provisions for allowance	—	—
Non-operating income (loss)	—	—
Income before income tax expenses	12.7	18.6
Income tax expenses (benefit)	—	—
Net income	12.7	18.6



## DESCRIPTION OF THE COMPANY

	For the nine months ended 30 September	
	2020	2021
	(in billions of Won)	
Net operating income (loss) .....	30.5	40.8
Selling and administrative expenses .....	18.7	14.4
Provisions for allowance .....	—	—
Non-operating income (loss) .....	—	(0)
Income (loss) before income tax expenses .....	11.8	26.3
Income tax expenses (benefit) .....	—	—
Net income (loss) .....	11.8	26.3

Income contribution of the Wholesale segment for the years ended 31 December 2019 and 2020 were Won 39.0 billion and Won 43.7 billion, respectively. Income contribution of the Wholesale segment for the nine months ended 30 September 2020 and 2021 were Won 30.5 billion and Won 40.8 billion, respectively.

The Wholesale segment contributed 4.9 per cent. of the income for the year ended 31 December 2019 and 4.3 per cent. of the income for the year ended 31 December 2020. The Wholesale segment contributed 4.3 per cent. of the income for the nine months ended 30 September 2020 and 4.9 per cent. of the income for the nine months ended 30 September 2021.

### The Investment Banking segment

The Investment Banking segment income includes the incomes generated from operating corporate financing and providing services relating to corporate funding and M&A.

The tables below set forth highlights of the Investment Banking segment's operating results for the years ended 31 December 2019 and 2020 and for the nine months ended 30 September 2020 and 2021:

	For the year ended 31 December	
	2019	2020
	(in billions of Won)	
Net operating income .....	314.7	463.9
Selling and administrative expenses .....	74.6	114.9
Provisions for allowance .....	—	—
Non-operating income (loss) .....	—	—
Income before income tax expenses .....	240.1	349.0
Income tax expenses (benefit) .....	—	—
Net income .....	240.1	349.0

	For the nine months ended 30 September	
	2020	2021
	(in billions of Won)	
Net operating income (loss) .....	318.0	439.5
Selling and administrative expenses .....	60.8	47.4
Provisions for allowance .....	—	0.4
Non-operating income (loss) .....	—	0
Income (loss) before income tax expenses .....	257.1	391.7
Income tax expenses (benefit) .....	—	—
Net income (loss) .....	257.1	391.7

Income contribution of the Investment Banking segment for the years ended 31 December 2019 and 2020 were Won 314.7 billion and Won 463.9 billion, respectively. Income contribution of the Investment Banking segment for the nine months ended 30 September 2020 and 2021 were Won 318.0 billion and Won 439.5 billion, respectively.

## DESCRIPTION OF THE COMPANY

The Investment Banking segment contributed 39.9 per cent. of the income for the year ended 31 December 2019 and 45.7 per cent. of the income for the year ended 31 December 2020. The Investment Banking segment contributed 45.1 per cent. of the income for the nine months ended 30 September 2020 and 52.6 per cent. of the income for the nine months ended 30 September 2021.

### The Sales & Trading segment

Income from the Sales & Trading segment consists of incomes generated from providing bonds, derivatives and operating hedge transactions and equity investment.

The tables below set forth highlights of the Sales & Trading segment's operating results for the years ended 31 December 2019 and 2020 and for the nine months ended 30 September 2020 and 2021:

	For the year ended 31 December	
	2019	2020
	(in billions of Won)	
Net operating income	163.7	138.6
Selling and administrative expenses	35.0	39.3
Provisions for allowance	—	—
Non-operating income (loss)	—	—
Income before income tax expenses	128.7	99.2
Income tax expenses (benefit)	—	—
Net income	128.7	99.2
	For the nine months ended 30 September	
	2020	2021
	(in billions of Won)	
Net operating income (loss)	82.4	188.7
Selling and administrative expenses	29.1	24.8
Provisions for allowance	—	0.9
Non-operating income (loss)	—	(0)
Income (loss) before income tax expenses	53.4	162.9
Income tax expenses (benefit)	—	—
Net income (loss)	53.4	162.9

Income contribution of the Sales & Trading segment for the years ended 31 December 2019 and 2020 were Won 163.7 billion and Won 138.6 billion, respectively. Income contribution of the Sales & Trading segment for the nine months ended 30 September 2020 and 2021 were Won 82.4 billion and Won 188.7 billion, respectively.

The Sales & Trading segment contributed 20.7 per cent. of the income for the year ended 31 December 2019 and 13.7 per cent. of the income for the year ended 31 December 2020. The Sales & Trading segment contributed 11.7 per cent. of the income for the nine months ended 30 September 2020 and 22.6 per cent. of the income for the nine months ended 30 September 2021.

### Competition

The Company competes principally with other nationwide securities companies in Korea. The Company also competes with other types of financial institutions in Korea, including nationwide commercial banks, regional banks, development banks, specialised banks, branches of foreign banks, savings institutions (such as mutual savings and finance companies and credit unions and credit cooperatives), investment institutions (such as merchant banking corporations), life insurance companies, non-life insurance companies and other financial investment companies.

The securities and finance industry in Korea is highly competitive, with 59 securities companies in operation in Korea as of 30 September 2021, with the nine largest managing over 3 trillion won of capital. Competition in the domestic securities industry is generally based on sectors including brokerage, wealth management, investment banking and trading. The primary competitors of the Company include Korea Investment & Securities Co., Ltd., Mirae Asset Securities Co., Ltd., Samsung Securities Co., Ltd., KB Securities Co., Ltd. and NH Investment & Securities Co., Ltd.

In addition, general regulatory reforms in the Korean financial industry have increased competition among securities companies and other financial institutions in Korea. As the reform of the financial sector continues, foreign financial institutions, some with greater resources and industry knowhow than the Company, have entered, and may continue to enter, the Korean market either by themselves or in partnership with existing Korean financial institutions and compete with the Company in providing financial and related services.

### **Regulatory Requirements and Compliance**

#### ***Principal Regulations Applicable to Financial Investment Companies in Korea***

##### *General*

The FSCMA which became effective in February 2009 regulates and governs the financial investment business in Korea. The entities that regulate and supervise financial investment companies are the Financial Services Commission (the “FSC”), the Financial Supervisory Service and the Securities and Futures Commission.

To comprehensively regulate the financial business (other than banks and insurance companies), which used to be governed by different laws prior to the implementation of the FSCMA, the FSCMA categorises capital markets-related businesses into six different functions:

- dealing—trading and underwriting of financial investment products;
- brokerage—brokerage of financial investment products;
- collective investment—establishment of collective investment schemes and the management thereof;
- investment advisory;
- discretionary investment management; and
- trusts (collectively, the “**Financial Investment Businesses**”).

##### *License and Registration*

Under the FSCMA, a company must obtain a license from the FSC to commence brokerage business, dealing business (including underwriting business), collective investment business or trust business, or register with the FSC to commence investment advisory business or discretionary investment management business by satisfying certain conditions required thereunder. In doing so, the company must also choose the category of the Financial Investment Business and the financial investment products and the type of investors, with which it plans to deal. And only after completing such license or registration requirement, the company may engage in the Financial Investment Business as a “**Financial Investment Company**.” The Issuer has obtained licenses for dealing, brokerage and trusts, and registered for investment advisory and discretionary investment management, for almost every category of financial investment products and type of investors.

On the other hand, the FSC may designate a Financial Investment Company holding equity capital of no less than Won 3 trillion and engaging in dealing and brokerage business as a “**Comprehensive Financial Investment Business Entity**.” A Comprehensive Financial Investment Business Entity may engage in businesses such as prime brokerage business, providing loans and discount of bills, etc. The Issuer was designated as a Comprehensive Financial Investment Business Entity in 2013.

##### *Concurrent Business and Incidental Business*

Pursuant to the FSCMA and regulations thereunder, a Financial Investment Company may engage in concurrent business including, but not limited to, foreign exchange business under the Foreign Exchange Transactions Law and small and medium enterprise business investments under the Support for Small and Medium Enterprise Establishment Act (the “SME Act”), upon filing of the prior report to the FSC. A Financial Investment Company may also engage in business incidental to the Financial Investment Businesses upon filing of the prior report to the FSC. The FSCMA has been revised so that as of May 20, 2021, if a Financial Investment Company wishes to engage in any concurrent or incidental business, a filing of a prior report is no longer necessary but a simple report to the FSC within two weeks from engaging in such business is required.

## DESCRIPTION OF THE COMPANY

---

The Issuer is engaged in incidental businesses, such as brokerage for mergers and acquisition of corporations, evaluation of securities and leasing of real property, that are incidental to the Financial Investment Business.

### *Regulation on Safety and Soundness*

To maintain soundness in their business management, FSCMA requires the Financial Investment Companies to comply with guidelines for capital adequacy ratio, soundness of assets and liquidity. If a Financial Investment Company is found to be non-compliant with such guidelines, the FSC may impose sanctions and/or issue corrective actions against such Financial Investment Company. For instance, if a net capital ratio (the “NCR”) of an Issuer as an investment broker/dealer is below 100 per cent. or 50 per cent., the FSC may issue a management improvement recommendation or a management improvement requirement, respectively, against such Issuer. Further, if the Issuer has an NCR of below 0 per cent. or falls within the definition of “insolvent financial institutions” under the Act on the Structural Improvement of the Financial Industry, the FSC may issue a management improvement order against the Issuer. The following table sets forth the actions which can be taken by the FSC in each case:

<b>Management Improvement Recommendation</b>	<b>Management Improvement Requirement</b>	<b>Management Improvement Order</b>
Improvement of human resources and organizational management	In addition to the actions which can be taken under the management improvement recommendation)	(In addition to the actions which can be taken under the management improvement requirement)
Reduction of expenditures	Restriction on holding high-risk assets and disposal of assets	Cancellation of all or part of shares
Management efficiency of branches	Closing or consolidating of branches or restrictions on opening of branches	Suspension of executive duties and appointment of administrator
Disposal of distressed assets	Downsizing organization	Merger or becoming subsidiary of financial holding company
Restriction on activities decreasing the net operating capita	Reorganization of subsidiaries	Transfer of all or part of business
Restriction on new business	Replacement of executives	Acquisition of financial investment business by third party
Capital increases or reductions	Partial suspension of business	Suspension of business for up to six (6) months
Establishment of bad debt reserve	Establishment of plans on merger, third party acquisition, transfer of all or part of business or becoming a subsidiary of a financial holding company	Transfer of all or part of agreements

Further specific guidelines and formula for calculation of the net capital are prescribed in the Regulations on Financial Investment Business.

### *Public Disclosure*

A Financial Investment Company shall prepare quarterly business reports from the commencement date of each business year and submit to the FSC. Upon occurrence of an event that is likely to have an effect on the business management status of a Financial Investment Company, such as occurrence of massive financial scandal or non-performing receivables, the Financial Investment Company shall report it to the FSC and disclose it to the public through its website and etc.

### *Investor Protection*

With respect to any conflicts of interest between Financial Investment Companies and investors, the FSCMA expressly requires (i) disclosure of any conflict of interest to investors and (ii) mitigation of conflicts of interest to a comfortable level or abstention from the relevant transaction. Other investor protection mechanism imposed on Financial Investment Companies dealing in financial investment products are stipulated under the Financial Consumer Protection Act (the “FCPA”), which became effective as of March 25, 2021.

### *Other Regulations; Regulations by Each Financial Investment Business*

Further to the regulations above, the FSCMA provides regulations on building a “Chinese wall” between the business units within the Financial Investment Company or its affiliates. In addition, there are restrictions for the Financial Investment Companies on ownership of any shares issued by the major shareholders or providing loans and other credit offering services to the major shareholders. The FSCMA also provides detailed regulations on certain business activities prohibited under each Financial Investment Business.

### **The Financial Consumer Protection Act**

The FCPA which became effective as of 25 March 2021, imposes a rigorous investor-protection mechanism on financial product sellers, which includes Financial Investment Companies dealing in financial investment products. The FCPA was enacted to provide universal regulation of financial product sales by consolidating various consumer protection provisions from separate statutes into a single comprehensive statute, and therefore, strengthen consumer protection. Pursuant to the FCPA, regarding sales of financial products, financial product sellers should abide by six principles which are (a) principle of suitability, (b) principle of appropriateness, (c) duty to explain, (d) prohibition of unfair business practices, (e) prohibition of improper solicitation and (f) prohibition of false and exaggerated advertisement. Also, the FCPA provides for strengthened consumer protection rights such as the right to a cooling-off period, the right to nullify a financial product agreement in breach of the above six sales principles. Monetary sanction for violation of sales principles (c) through (f) may amount to a penalty of up to 50% of the gains earned from the contract.

### **The Act on the Corporate Governance of Financial Companies**

The Act on the Corporate Governance of Financial Companies, which became effective on 1 August 2016, was enacted to address the need for strengthened regulations on corporate governance of financial institutions and to serve as a uniform set of regulations on corporate governance matters applicable to financial institutions across a variety of industry sectors. It contains several key measures, including (i) eligibility requirements for officers of financial institutions and standards for determining whether officers of financial institutions may hold concurrent positions in other companies; (ii) standards for composition and operation of the board of directors of financial institutions; (iii) standards for establishment, composition and operation of various committees of the board of directors of financial institutions; (iv) regulations on internal control and risk management; (v) requirements and procedures for the approval of a change of major shareholders; and (vi) special regulations to protect the rights of minority shareholders of financial institutions. The Act on the Corporate Governance of Financial Companies applies to the Issuer.

### **Government Support**

The Depositor Protection Act provides for a regulatory framework under which financial companies can be protected against a situation in which they are unable to pay back deposits or other equivalent debts due to reasons such as bankruptcy. Money deposited in the Issuer, an insured financial company, by customers for the purposes of trading or other transactions of securities (the “Investor’s Deposit”) is subject to the protections under the Depositor Protection Act.

In addition, if (a) it becomes apparent that the Issuer will encounter difficulties in normal management because its liabilities exceed its assets, (b) payment of claims, such as deposits, or repayment of loans from other financial companies is under suspension or (c) paying claims, such as deposits, or repayment of loans becomes difficult without receiving financing from outside sources or extra loans, then the KDIC

may provide financing to the Issuer as long as any one of the following is true: (x) where the Issuer has filed an application for financing or the KDIC deems it necessary to provide financing to implement the merger of the Issuer; (y) where the KDIC deems the improvement of financial condition of the Issuer necessary for the protection of depositors and the stability of credit order; or (z) where the FSC makes a request.

Further to the foregoing, under the Act on the Structural Improvement of the Financial Industry, the government may, where it deems necessary to facilitate a self-regulatory merger by the Issuer, make investments in or give support to the financial institutions newly established as a result of a merger by way of purchasing the securities or in-kind contribution of government owned properties.

### **Risk Management**

#### **Group Risk Management**

In accordance to the Financial Holding Companies Act, Hana Financial Group, which is a financial holding company thereunder, oversees risk management of all its affiliates, including the Company, and makes significant decisions including setting risk limits of each affiliate. The Group has established and operates an advanced risk governance system that comprehensively and systemically manages all possible risks. The Group's Board of Directors has set in place the environment and systems to manage risks in accordance with guidelines set for the Group's business strategies, and delegates a portion of its risk management authority and responsibilities to the Risk Management Committee.

The Group's risk management system is as follows:

#### ***Risk Management Committee***

Risk Management Committee is the Board of Directors committee responsible for effectively managing risks in line with business strategies of the Group and the Group affiliates in accordance with regulations set by Board of Directors. As the Group's highest decision-making body on risk matters, the Committee establishes, approves, and manages policies and master plans for managing various risks inherent in the Group's business. Consisting of experts in accounting, economics, finance and other relevant areas, the committee manages Group-wide risks on the basis of the top-down system between the holding company and the Group affiliates, making efforts to ensure a smooth communication and, when needed, seeks opinions from internal and external experts.

#### ***Risk Management Sub-Committee***

Risk Management Sub-committee sets detailed limits on matters delegated by Risk Management Committee, and accordingly monitors and manages risk management practices being conducted across the Group operations. It also deliberates on pending risk issues and control measures of the Group affiliates and coordinates the implementation of the Group's risk management policies at the affiliate level.

#### ***Chief Risk Officer ("CRO")***

Chief Risk Officer supervises and manages all risk management-related organisations in accordance with rules set by the Risk Management Committee. The Group appoints a CRO with qualifications pursuant to Article 28, Paragraph 3 of the Act on Corporate Governance of Financial Companies and relevant internal regulations.

#### ***Holding Company's Risk Management Units***

The holding company's risk management units – Risk Management Team and Risk Model Team – are independently run under the supervision of CRO. They report risk management-related issues directly to the Risk Management Committee, Risk Management Sub-committee, top management, and CRO, and assist the bodies in their deliberation of the issues. They also examine the Group affiliates' day-to-day risk management practices and the adequacy of their risk measurement models.

#### ***Risk Management Committees, Officers and Teams at the Group Affiliates***

The Group affiliates implement the holding company's risk policies and strategies, and in line with these, establish and execute detailed risk policies and strategies of their own and subsidiaries.



## **Group Risk Management Strategy**

### ***Credit Risk Management***

The Group has established an in-house credit rating system and an independent risk management organisation, as well as an early warning and other monitoring systems, in its efforts to ensure comprehensive management of credit risks. The Group also operates such risk management systems as credit rating and pricing models each differed by type of asset – retail or corporate – to measure the likelihood of counterparty defaults. Meanwhile, responding to new risk factors emerging in tandem with growing COVID-19-induced uncertainties, the Group is minimising potential credit risks associated with counterparty defaults by fine-tuning systems managing credit limits. To this end, the Group has set different credit limits by type of borrowers while also setting credit limits by industry based on industrial credit ratings as well as by country and region.

### ***Market Risk Management***

The Group has set limits on exposure, value at risk (“VaR”), loss and other various market risks by product, division or other units to pre-emptively manage market risks. The Group measures and monitors the level of market risks on a daily basis and then report the results on a regular basis, so that the overall level of market risk is under control at all times. In addition, the Group closely tracks a number of early warning indicators and internal management indicators on a real time basis, in order to prepare for the possibility of another crisis originating from financial market volatility. By doing so, the Group has set in place a system to detect signs of a crisis, and also has established stage-by-stage response procedures to effectively minimise any potential losses through pre-emptive countermeasure application.

### ***Liquidity Risk Management***

The Group not only sets limits on major liquidity risk management indicators, but also has an early warning system to identify a potential liquidity risk issue arising in the financial market. In addition, potential liquidity issues are constantly monitored through application of various liquidity stress scenarios, statistical analysis and capital amount simulations. Contingency plans are also in place for various types of liquidity crisis.

### ***Operational Risk Management***

The Group regularly measures the level of operational risks following changes in the business environment or the level of internal control, with the goal of maintaining and controlling operational risks at a manageable level at all times. Each of the Group affiliates calculates the level of operational risks by using a methodology that is in compliance with the guidelines set forth by its respective industry authorities. The calculated levels are then reported to the Group’s Risk Management Committee and Risk Management Sub-committee on a monthly and quarterly basis. The Group affiliates which are not regulated by industry guidelines on operational risks also report the results of their monitoring of operational risk-related losses and IT system disruptions to the holding company on a regular basis.

### ***Cyber Risk Management***

The Group effectively manage all cyber risks through the cybersecurity department of each Group affiliate and by operating managerial, physical and technological prevention systems against cyberattacks. As for managerial measures, the Group identifies and monitors risks at all times in accordance with response regulations established in compliance with relevant laws, and have in place an on-demand process of reporting cybersecurity issues overseen by the Information Protection Committee. As for physical measures, the Group operates the industry’s largest IT center. Access to the center is controlled by such latest technologies as biometric authentication and near field communication (NFC). Also, the Group has an Information Security Management System (ISMS) certificate, a state-approved security certification program. Regarding the technological aspect, the Group minimises cyber risks through network separation, smart office adoption, and operation of information protection systems for network security, PC security, DB security, server security and other areas.

As for protecting personal information, the Group has in place systems that block unauthorised attempts to store or transmit data. Whenever personal information needs to be stored or transmitted, encryption is

required of all data in order to render harmless any data leaked, intentionally or not. In addition, the Group Integrated Security Control Center operates 24/7 to detect and frustrate all suspicious entry attempts. As part of the effort to pre-empt cyberattacks, simulation training is held at least once a year, and all cybersecurity systems go through a rigorous examination to identify possible vulnerabilities at least twice a year.

### **Company Risk Management**

The Company is exposed to credit risk, liquidity risk, market risk and operational risk of its financial instruments. Risk management is the basic activities to use the Company's limited capital effectively under the rapidly changing financial circumstances. The ultimate goal of risk management is to maximise the Company's shareholder value by minimising the sudden fluctuation of its income through a proper balance between risks and returns.

The basic policies for managing the risk are as follows:

- (i) Set the limits and comply with them for each risk and strike a balance between risk and return.
- (ii) When a conflict exists between risk and return, the Company should seek to increase return without exceeding the risk limits.
- (iii) Spread the risks to prevent them from being concentrated in specific areas.
- (iv) Analyse the effect of various market fluctuations on parts of or entire portfolio on a regular basis.
- (v) Separate risk management segment, operating segment, and segment that deals with trade confirmation and payments to maintain independence from one another.

The Company's risk management system is as follows:

#### **Board of Directors**

- Establishes and approves the Company's risk management policies

#### **Risk Management Committee**

- Top decision-making body within the Board of Directors for risk management
- Sets maximum permissible limits for each risk
- Establishes the control system of risk management from top management to operating segment

#### **Risk Management Conference**

- Subordinate committee for risk management
- Practices risk management by the business unit in detail

#### **Risk Management Center**

- Consists of risk management department (manages market risk, interest rate risk/liquidity, operational risk and internal capital), credit risk management department and OTC derivatives management department
- Deals with risk monitoring, risk measurement, identifications of assets exposed to risk, risk prediction and other tasks

### **Credit Risk**

Credit risk is a risk incurred due to a loss at the Company because its customers or counterparties fail to discharge their contractual obligations. Credit risk arises from on-balance and off-balance accounts including loans, financial guarantees, securities and derivatives. The purpose to manage credit risk is to control the relevant losses upon counterparties' default, for a certain period, within the allowable range.

## DESCRIPTION OF THE COMPANY

---

Credit risk management is performed by risk management committee, risk management conference and credit risk management department which is a subordinate organization of risk management center.

Risk management committee establishes a risk management strategy through the periodical report on asset management and portfolio construction. Risk management conference is delegated to deal with all the matters concerning credit risk by risk management committee. Credit risk management department, which is separated from operating segments, manages the overall credit risk of the Company and operates the credit risk management system.

### **Credit Risk Management**

#### *(i) Managing credit limits and distribution*

Annually performing a comprehensive analysis on economic environments and changes, the Company reduces credit concentration by setting credit limits on same personnel, group, ranks, and financial instruments to ensure asset quality. In addition, the Company sets and allocates risk limits by corporate financial sector, asset management division, sub-headquarters, and departments, and manages compliance status through regular measurement.

#### *(ii) Risk Monitoring and early warning system*

The Company measures and manages risk indicators of each operating segment. Also, the Company uses an early warning system and regularly examines the companies whose credit ratings are likely to be degraded.

#### *(iii) Credit risk evaluation system*

As for the corporate financing segment, the Company operates a detailed credit risk evaluation model which subdivides the companies into two groups depending on whether the statutory audit is compulsory or not to separately consider the characteristics of borrowers. As for the asset management segment, the Company subdivides the credit information provided by NICE Information Service and others according to customer-specific characteristics.

#### *(iv) Credit offering evaluation*

For large-scale credit offerings, the Company operates a subsequent management process that regularly checks the credit status of the borrower and the appropriateness of the credit evaluation after approval of the credit offering. In addition, the Company conducts intensive reviews of industries or specific groups with increasing credit risk as a result of risk index analysis and conducts a sample review of small credit offerings.

### **Liquidity Risk**

The Company defines liquidity risk as the possibility of incurring losses due to a temporary shortage in funds caused by a maturity mismatch or an unexpected capital outlay. Liquidity risk soars when funding rates rise, assets are sold below a normal price, or a good investment opportunity is missed. The purpose to manage the liquidity risk is to early identify the potential risk factors upon raising and operating the Company's funds and to obtain a stable revenue base maintaining an appropriate level of the Company's liquidity by systematically managing the risk.

The targets of the liquidity risk management are all assets and liabilities outstanding in the Company's consolidated statement of financial position.

The Company's principles of the liquidity risk management are as follows:

- Set up and comply with tolerable limits to liquidity risk
- Prepare beforehand for insufficient liquidity by regularly forecasting cash requirements
- Establish an emergency plan against a liquidity crisis to prepare an unexpected liquidity risk
- Evaluate and manage the effect of a large amount of money that is loaned out, invested, or procured on liquidity risks

## **Market Risk**

Market risk is a risk incurred when the fair value or future cash flows of financial instruments fluctuates due to the changes in market variables such as interest rates, equity prices, and exchange ratios in the market and so on.

The purpose of market risk management is to maintain the loss of assets and liabilities incurred due to changes in market variables such as interest rates, foreign exchanges and equity prices within the allowable limits in order to ensure profitability and stability. Market risk management targets include marketable securities, foreign currency net positions, derivatives and other assets and liabilities with embedded market risks, and in case of the Company, the short-term trading securities of its own accounts are included in the targets. Significant risks exposed to the Company as of the reporting date are interest rate risk, currency risk and equity price risk.

For market risk management, the Company measures and monitors the relevant risk exposures on a regular basis. The Company also establishes and complies with market risk limits, whereby it can manage the exposures arising from changes of market variables within an adequate level.

### **Market Risk Management**

#### *(i) Trading positions*

The trading positions include positions of interest rate, equity price, commodity and foreign exchange held for trading purpose:

- (i) Financial instruments for the purpose of acquiring the differences incurred due to short-term trading or price fluctuations
- (ii) Financial instruments for the purpose of hedging risks
- (iii) Financial instruments for the purpose of acquiring arbitrages
- (iv) Financial instruments for the purpose of acquisition, brokerage and market-making

The Company's principles to manage the market risk of its trading positions are to measure its market risk status on a regular basis and to establish and comply with the various market risk limits. The Company analyses whether the return against risk are appropriate by reviewing its profit and risk on a regular basis.

#### *(ii) Value at Risk*

Value at Risk (VaR) is a primary method that manages and measures the degree of market risks of the trading portfolio subject to exposure, which estimates the potential loss of the trading portfolio that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The Company calculates VaR for a standard 10 days in the 99% confidence level. In addition, to account for the method's limited use, a stress test is performed in order to measure the extent of the loss in extreme cases.

#### *(iii) Interest rate risk*

Interest rate risk of non-trading position is defined as the loss arising when the interest rate fluctuation is unfavourable to interest-sensitive assets and liabilities, resulting from the discrepancies between the maturity structure of assets and liabilities and interest revision period. The Company measures interest rate risk of the following financial instruments:

- **Interest-earning assets:** loans, deposits, bonds and others
- **Interest expense liabilities:** deposits received, borrowings and others
- **Interest sensitive derivatives:** interest rate swaps and others

The purpose of managing interest rate risk of non-trading position is to obtain the net interest income and to ensure the net asset stability which may vary depending on the interest rate.

To manage interest rate risk, the Company mainly monitors the interest rate gap and VaR, and establishes the relevant limits in advance. The interest rate VaR is an estimated maximum loss of net asset due to adverse changes of the interest rate.

*(iv) Currency risk concentration*

Currency risk is a risk incurred when the value of a financial instrument or future cash flows fluctuates due to changes in foreign exchange rates. Currency risk arises in financial instruments expressed in currencies other than the functional currency. Currency risk does not arise in financial instruments expressed in the functional currency or in non-monetary items measured using historical foreign exchange rates. In order to establish stop loss and limits, the Company manages the foreign exchange net exposure amount of the trading and non-trading portfolios by each currency.

**Operational Risk**

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. Risks related to strategy or damaged reputation are excluded but legal or regulatory implications are identified as operational risks. Operational risk includes non-financial risks related to losses due to internal operational problems and due to externalities such as natural disasters and terrorist attacks. Unlike credit risk or market risk, operational risk does not have a direct correlation with income and the Company needs to mitigate such risk through internal controls and insurance.

The Company measures and monitors its operational risk on a regular basis and complies with the predetermined risk limits, whereby the Company manages and controls its operational risk arising from changes of its operation environments and internal controls within an appropriate level. The Company measures the operational risk exposures using the approaches suitable to the Financial Investment Industry Regulations.

**Employees**

The Company had approximately 1,886 employees as of the date of this Prospectus. The Company has maintained good working relationships with its employees and does not foresee any difficulties in the recruitment and retention of experienced staff. The Company undertakes to ensure its remuneration package remains competitive and on par with its competitors. The Company also offers education benefits to its eligible employees.

**Property**

The principal place of business of the Company is located at 82, Uisadang-daero, Yeongdeungpo-Gu, Seoul 07321. This premise is leased by the Company and occupies a total area of approximately 34,270m<sup>2</sup>. Properties owned by the Company in which its business is conducted is as follows:

Address	Land Area (sq. m.)	Building Area (sq. m.)	Residual Value (in millions of Won)
268, Bangbae-ro, Seocho-gu, Seoul, Republic of Korea, 06574 . . . . .	582 m <sup>2</sup>	1,142 m <sup>2</sup>	2,800
229, Paldal-ro, Wansan-gu, Jeonju-si, Jeollabuk-do, Republic of Korea, 54999 . . . . .	1,113 m <sup>2</sup>	3,254 m <sup>2</sup>	3,988
11-4, Sajik-daero 350beon-gil, Sangdang-gu, Cheongju-si, Chungcheongbuk-do, Republic of Korea, 28525 . . . . .	1,361 m <sup>2</sup>	3,580 m <sup>2</sup>	7,418
724, Jungang-daero, Busanjin-gu, Busan, Republic of Korea, 47291 . . .	878 m <sup>2</sup>	6,954 m <sup>2</sup>	6,525

**Information Technology**

The Company's IT department is responsible for delivering secure, reliable and high-quality systems to support the business operations of the Company and the provision of the necessary information technology infrastructure based on the business needs and development of the Company.

The Company's IT systems consist of three key components: front office, middle office and back office systems that generally cover transaction management, customer service and risk management, investment and accounting. Over its operating history, the Company has focused on allocating financial and human resources towards upgrading its IT systems with the goal of achieving higher operational efficiency, enhancing user access and customer service, providing flexibility for future business needs, responding to developing market trends and increasing its competitiveness in the local and global markets.

**Insurance**

The Company maintains standard insurance in relation to its risk exposure arising from the nature of its business, such as office premise and property damage insurance, employee compensation insurance, personal injury insurance life and personal accident insurance, critical illness insurance and medical, dental and travel insurance. The Company's insurance coverage is provided by reputable companies with commercially reasonable limits and deductibles on coverage and complies with the statutory requirements in Korea.

The Company believes that its insurance coverage is sufficient for its present purposes and is consistent with coverage for its competitors in Korea. The Company periodically reviews its insurance coverage to ensure that it has adequate coverage for its business.

**Legal Proceedings**

The Company is not a party to any legal or administrative proceedings and no proceedings are known by the Issuer to be contemplated by governmental authorities or third parties, which, if adversely determined, may have a material adverse effect on the Company's financial condition or results of operations.



---

## DIRECTORS

As of 30 September 2021, the members of the Board of Directors and senior management of the Company are as follows:

### Board of Directors

Name (Surname, Given Name)	Date of Birth	Position
Lee, Eun-hyung . . . . .	Nov 1974	Managing Director, Chairman
Shin, Dong-gyu . . . . .	Jan 1951	Outside Director
Kwon, Hae-sang. . . . .	June 1958	Outside Director
Jeon, Young-soon . . . . .	Feb 1961	Outside Director
Jang, Jung-joo . . . . .	Feb 1967	Outside Director
Sung, Min-sup . . . . .	July 1958	Outside Director
Nam, Gi-myung . . . . .	Nov 1952	Outside Director
Ahn, Sun-jeong . . . . .	Mar 1968	Other Non-standing Director

**Mr. Lee, Eun-hyung** is the Managing Director and Chairman of the Company. Mr. Lee graduated from Korea University College of Education with a bachelor's degree in Teaching and Jilin University with a master's degree and a Ph.D. in Economics.

**Mr. Shin, Dong-gyu** is an Outside Director of the Company. Mr. Shin graduated from Seoul National University with a bachelor's degree in Economics, Wales University with a master's degree in Financial Economics and Kyunghee University with a Ph.D. in Economics.

**Mr. Kwon, Hae-sang** is an Outside Director of the Company. Mr. Kwon graduated from Pusan National University with a bachelor's degree in Economics and Birmingham University with a master's degree in Economics.

**Ms. Jeon, Young-soon** is an Outside Director of the Company. Ms. Jeon graduated from Chung-ang University with a bachelor's degree in Management and Georgia University with a Ph.D. in Accounting.

**Mr. Jang, Jung-joo** is an Outside Director of the Company. Mr. Jang graduated from Seoul National University with a bachelor's degree in Business Administration and Wisconsin University with a Ph.D. in Business Administration.

**Mr. Sung, Min-sup** is an Outside Director of the Company. Mr. Sung graduated from Seoul National University with a bachelor's degree in Law.

**Mr. Nam, Gi-myung** is an Outside Director of the Company. Mr. Nam graduated from Chungnam National University with a bachelor's degree in Law.

**Mr. Ahn, Sun-jeong** is an Other Non-standing Director of the Company. Mr. Ahn graduated from Yeonsei University with a bachelor's degree in Business Administration.

### Senior Management

Name (Surname, Given Name)	Date of Birth	Position
Park, Jong Moo . . . . .	April 1967	Director of Business Management Group
Kim, Ki Seok . . . . .	July 1964	Director of Wealth Management Group
Park, Ji Hwan . . . . .	June 1961	Director of Investment Banking Group
Pyun, Choong Hyun . . . . .	May 1969	Investment Finance Division
Hong, Yong Jae . . . . .	Sept 1967	Director of S&T Group

## DIRECTORS

Name (Surname, Given Name)	Date of Birth	Position
Kang, Min Sun	Jan 1964	Director of Overall Wealth Management Division
Chun, Byung Kook	July 1967	Director of Club1WM Center
Lee, Sang Woo	June 1959	Director of Real Estate Finance Division
Ko, Young Hwan	Nov 1965	Director of General Finance Division
Cha, Kee Hyun	May 1967	Director of Securities Division
Choi, Moon Suk	June 1967	Director of Bonds Division
Chung, Seung Hwa	Jan 1963	Risk Management Officer and Director of Risk Management Division
Lee, Kee Young	Jan 1963	Director of General Audit
Lim, Sang Soo	Nov 1967	Director of Financial Product Promotion Division
Ki, On Chang	Jan 1962	Director of IPS Division
Han, Sang Young	June 1968	Director of Pension Trust Division
Park, Byung Ki	June 1966	Director of Corporate Finance Division
Shin, Myoung-Chul	Sept 1973	Director of Infrastructure Finance Division
Chung, Jung Wook	March 1972	Director of Real Finance Division
Kang, Jae Sung	Sept 1965	Director of IB Promotion Division
Jin, Hyung Joo	April 1973	Director of Alternative Investment Division
Choi, Youngsoo	May 1976	Director of PE Division
Song, In Bum	Jan 1970	Director of Management Support Division
Lee, Chul Ho	May 1974	Compliance Officer
Lee, Byung Chul	March 1970	Director of Wealth Management Promotion Division / Director of Pension Business Division
Chung, Do Young	March 1981	Director of New Deal Business Unit
Lee, Dong Koo	May 1963	CIO
Nam, Hyuk Ki	Feb 1966	CISO
Lee, Jong Soung	April 1966	Director of Global Group
Hwang, Seung Taek	Nov 1969	Director of Research Center
Sung, Poug Ki	Jan 1973	CCO & CCRO

**Mr. Jong Moo Park** is Director of Business Management Division of the Company. Mr. Park graduated from Yonsei University with a bachelor's degree in Administration and from Korea Advanced Institute of Science and Technology (KAIST) with a Master of Business Administration (MBA). Prior to assuming his current position, Mr. Park served as the Director of Hana Bank Chulsan Branch.

**Mr. Kim, Ki Seok** is Director of Wealth Management Group of the Company. Mr. Kim graduated from Sungkyunkwan University with a bachelor's degree in German Literature. Prior to assuming his current position, Mr. Kim served as the Director of Wealth Management Group at Hana Bank.

**Mr. Ji Hwan Park** is Director of Investment Banking Group of the Company. Mr. Park graduated from Chungbuk National University with a bachelor's degree in Accounting. Prior to assuming his current position, Mr. Park served as the Director of IB Division at Hana Financial Group.

## DIRECTORS

---

**Mr. Choong Hyun Pyun** is Director of Investment Finance Division of the Company. Mr. Pyun graduated from Korea University with a bachelor's degree in Business Administration. Prior to assuming his current position, Mr. Pyun served as the Director of Structured Finance Division at the Company.

**Mr. Yong Jae Hong** is Director of S&T Group of the Company. Mr. Hong graduated from Sogang University with a bachelor's degree in Business Administration and from Case Western Reserve University with a Master of Business Administration (MBA). Prior to assuming his current position, Mr. Hong served as the Director of Securities Division at the Company.

**Mr. Min Sun Kang** is Director of Overall Wealth Management Division of the Company. Mr. Kang graduated from Seoul National University with a bachelor's degree in Business Administration. Prior to assuming his current position, Mr. Kang served as the Director of Wholesale Division at the Company.

**Mr. Byung Kook Chun** is Director of the Company's Club1 WM Center. Mr. Chun graduated from Sogang University with a bachelor's degree in Business Administration and studied at Yonsei University's Graduate School of Journalism & Mass Communication. Prior to assuming his current position, Mr. Chun served as the Director of Club1 at the Company.

**Mr. Sang Woo Lee** is Director of Real Estate Finance Division of the Company. Mr. Lee graduated from the Chung-Ang University with a bachelor's degree in English Education and completed graduate coursework in Commerce and Trade at Hankuk University of Foreign Studies. Prior to joining the Company, Mr. Lee served as Director at Dongyun Heungsan Inc.

**Mr. Young Hwan Ko** is Director of General Finance Division of the Company. Mr. Ko graduated from Hankuk University of Foreign Studies with a bachelor's degree in English and from Carnegie Mellon University with a Master of Business Administration (MBA); he also completed coursework in international commerce at University of California at Berkeley. Prior to assuming his current position, Mr. Ko served as the Director of Global Business at the Company.

**Mr. Kee Hyun Cha** is Director of Securities Division of the Company. Mr. Cha graduated from Seoul National University with bachelor's and master's degrees in Mathematics and from Pohang University of Science and Technology with master's and doctoral degrees in Mathematics. Prior to assuming his current position, Mr. Cha served as Director of Equity Derivatives Division at NH Investment & Securities.

**Mr. Moon Suk Choi** is Director of Bonds Division of the Company. Mr. Choi graduated from Yonsei University with bachelor's and master's degrees in Business Administration. Prior to assuming his current position, Mr. Choi served as the Director of S&T Division at KB Securities.

**Mr. Seung Hwa Chung** is Risk Management Officer and Director of Risk Management Division of the Company. Mr. Chung graduated from Dong-A University with a bachelor's degree in Accounting and from Pusan National University with a master's degree in Business Administration. Prior to assuming his current position, Mr. Chung served as the Director of Risk Division at Hana Bank.

**Mr. Kee Young Lee** is Director of General Audit of the Company. Mr. Lee graduated from Yonsei University with a bachelor's degree in Business Administration. Prior to assuming his current position, Mr. Lee served as the Director of Accounting Investigation Bureau at Financial Supervisory Service.

**Mr. Sang Soo Lim** is Director of Financial Product Promotion Division of the Company. Mr. Lim graduated from Chonnam National University with a bachelor's degree in Public Law. Prior to assuming his current position, Mr. Lim served as Financial Products Manager at the Company.

**Mr. On Chang Ki** is Director of IPS Division of the Company. Mr. Ki graduated from Kyung Hee University with bachelor's and master's degrees in Economics. Prior to assuming his current position, Mr. Ki served as the Director of Product Strategy Division at the Company.

**Mr. Sang Young Han** is Director of Pension Trust Division of the Company. Mr. Han graduated from Yeungnam University with a bachelor's degree in Economics. Prior to assuming his current position, Mr. Han served as the Director of Hana Bank Gangnamdae-ro Branch.

## DIRECTORS

---

**Mr. Byung Ki Park** is Director of Corporate Finance Division of the Company. Mr. Park graduated from Sogang University with a bachelor's degree in Business Administration. Prior to assuming his current position, Mr. Park served as the Director of IPO Business Unit at the Company.

**Mr. Myoung-Chul Shin** is Director of Infrastructure Finance Division of the Company. Mr. Shin graduated from Michigan State University with a bachelor's degree in Business Administration. Prior to assuming his current position, Mr. Kang served as a SOC Manager at the Company.

**Mr. Jung Wook Chung** is Director of Real Finance Division of the Company. Mr. Chung graduated from Hanyang University with a bachelor's degree in Public Administration and from Yonsei Graduate School of Business with a master's degree. Prior to assuming his current position, Mr. Chung served as Director of Real Investment Finance Division at the Company.

**Mr. Jae Sung Kang** is Director of IB Promotion Division of the Company. Mr. Kang graduated from Osaka University with a bachelor's degree in Business Administration. Prior to assuming his current position, Mr. Kang served as the Director of IB Sales Promotion Department at the Company.

**Mr. Hyung Joo Jin** is Director of Alternative Investment Division of the Company. Mr. Jin graduated from University of California at Berkeley with a bachelor's degree in Economics and from Korea Advanced Institute of Science and Technology (KAIST) with a Techno Master of Business Administration (Techno MBA) (concentration in Financial/Business Analysis).

**Mr. Youngsoo Choi** is Director of PE Division of the Company. Mr. Choi graduated from Korea University with a bachelor's degree in English Education and from Korea University Graduate School of Management of Technology with a Master of Business Administration. Prior to assuming his current position, Mr. Choi served as the Manager of Global Real Estate Financing Team at Hana Bank.

**Mr. In Bum Song** is Director of Management Support Division of the Company. Mr. Song graduated from Hanyang University with a bachelor's degree in Law. Prior to assuming his current position, Mr. Song served as Human Resources Manager at the Company.

**Mr. Chul Ho Lee** is Compliance Officer of the Company. Mr. Lee graduated from Seoul National University with a bachelor's degree in Economics. Prior to assuming his current position, Mr. Lee served as the Manager of Legal Team at the Company.

**Mr. Byung Chul Lee** is Director of WM Promotion Division / Director of Pension Business Division of the Company. Mr. Lee graduated from Sungkyunkwan University with a bachelor's degree in Commerce and Trade. Prior to assuming his current position, Mr. Lee served as BK Promotion Manager at the Company.

**Mr. Do Young Chung** is Director of New Deal Business Unit of the Company. Mr. Chung graduated from Hanyang University with a bachelor's degree in Urban Engineering. Prior to assuming his current position, Mr. Chung served as Manager of Global Investment Finance at the Company.

**Mr. Dong Koo Lee** is CIO of the Company. Mr. Lee graduated from Jeonbuk National University with a bachelor's degree in Business Administration. Prior to assuming his current position, Mr. Lee served as Director of Customer Care Center at the Company.

**Mr. Hyuk Ki Nam** is CISO of the Company. Mr. Nam graduated from Sungkyunkwan University with a bachelor's degree in Law. Prior to assuming his current position, Mr. Nam served as Information Security Manager at the Company.

**Mr. Jong Soung Lee** is the Director of Global Group of the Company. Mr. Lee graduated from Hanyang University with a bachelor's degree in Economics. Prior to assuming his current position, Mr. Lee served as the Director of Asia Sales Division at Hana Bank.

**Mr. Seung Taek Hwang** is the Director of the Research Center of the Company. Mr. Hwang graduated from KAIST with bachelor's and master's degree in Computer Science. Prior to assuming his current position, Mr. Hwang served as Manager of Global Research Team at the Company's Research Center.

## DIRECTORS

---

**Mr. Pong Ki Sung** is the CCO and CCRO of the Company. Mr. Sung graduated from Dong-A University with a bachelor's degree in Law. Prior to assuming his current position, Mr. Sung served as the Manager of Legal Team at the Company.

## EXCHANGE RATES

The table below sets forth, for the periods and dates indicated, information concerning the Market Average Exchange Rate. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

	Year Ended 31 December			
	At End of Period	Average Rate <sup>(1)</sup>	High	Low
		<b>(Won per U.S.\$1.00)</b>		
2014 .....	1,099.2	1,053.2	1,118.3	1,008.9
2015 .....	1,172.0	1,131.5	1,203.1	1,068.1
2016 .....	1,208.5	1,160.5	1,240.9	1,093.2
2017 .....	1,071.4	1,130.8	1,208.5	1,071.4
2018 .....	1,118.1	1,100.3	1,142.5	1,057.6
2019 .....	1,157.8	1,165.7	1,218.9	1,111.6
2020 .....	1,088.0	1,180.1	1,280.1	1,082.7
2021 (through 9 December) .....	1,129.9	1,117.6	1,141.1	1,083.1
January .....	1,114.6	1,097.5	1,114.6	1,083.1
February .....	1,108.4	1,111.7	1,124.0	1,099.7
March .....	1,133.5	1,131.0	1,141.1	1,121.3
April .....	1,107.4	1,119.4	1,132.6	1,107.4
May .....	1,116.0	1,123.3	1,133.1	1,109.6
June .....	1,130.0	1,121.3	1,135.8	1,107.0
July .....	1,147.4	1,121.7	1,154.8	1,083.1
August .....	1,164.4	1,160.3	1,176.7	1,142.3
September .....	1,184.9	1,169.5	1,184.9	1,156.4
October .....	1,171.7	1,182.8	1,199.1	1,166.3
November .....	1,193.4	1,182.9	1,193.4	1,169.6
December (through 9 December) .....	1,176.4	1,180.7	1,187.7	1,176.4

*Note:*

(1) The average rate for each year is calculated as the average of the Market Average Exchange Rates on each business day during the relevant year (or portion thereof). The average rate for a month is calculated as the average of the Market Average Exchange Rates on each business day during the relevant month (or portion thereof).

*Source: Seoul Money Brokerage Services, Ltd*



---

# TAXATION

## **Korean Taxation**

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

The taxation of non-resident individuals and non-resident corporations (“**Non-Residents**”) depends on whether they have a “permanent establishment” (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in Korea are taxed in the manner described below. Non-Residents with permanent establishments in Korea are taxed in accordance with different rules.

## **Tax on Interest**

Interest on the Notes paid to Non-Residents, being foreign currency denominated notes issued outside of Korea, is exempt from individual and corporate income tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the “**STTCL**”), subject to the tax consequences with respect to Index Linked Interest Notes set out in the applicable Pricing Supplement.

If the tax exemption under the STTCL referred to above were to cease to be in effect, the rate of income tax or corporation tax applicable to interest on the Notes, for a Non-Resident without a permanent establishment in Korea, would be 14 per cent. of income. In addition, a tax surcharge called a local income tax would be imposed at the rate of 10 per cent. of the income or corporation tax (raising the total tax rate to 15.4 per cent.).

The tax rates may be reduced by an applicable tax treaty, convention or agreement between Korea and the country of the recipient of the income.

In order to obtain the benefit of a reduced rate available under applicable tax treaties, a Non-Resident holder must submit an application for reduced rate to the party liable for the withholding before the receipt of the relevant interest payment (if there is no change in the contents of such application, it is not required to submit such application again within 3 years thereafter), together with a certificate of the Non-Resident holder’s tax residence issued by a competent authority of the Non-Resident’s resident country. If the Non-Resident holder was unable to receive the benefit of a reduced rate due to his or her failure to timely submit the aforementioned application, the Non-Resident holder may still receive a tax treaty benefit by submitting evidentiary documents to the relevant tax office within 5 years thereafter. If interest is paid to an overseas investment vehicle, the overseas investment vehicle (subject to certain exceptions) must submit a report of overseas investment vehicle and a schedule of beneficial owners. The foregoing matter is discussed in more detail below.

## **Index Linked Interest Notes**

A detailed description of the tax considerations relevant to Index Linked Interest Notes will be provided in the applicable Pricing Supplement.

## **Tax on Capital Gains**

Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident without a permanent establishment in Korea from the sale of the Notes to other Non-Residents (other than to their permanent establishments in Korea). In addition, capital gains earned by Non-Residents from the transfer of the Notes taking place outside Korea are currently exempt from taxation by virtue of the STTCL, provided that the issuance of the Notes is deemed to be an overseas issuance and is denominated in a foreign currency under the STTCL.

If the exclusion or exemption from Korean taxation referred to above were to cease to be in effect, in the absence of an applicable treaty reducing or eliminating tax on capital gains, the applicable rate of tax

would be the lower of 11 per cent. (including local income tax) of the gross realisation proceeds or (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Note) 22 per cent. (including local income tax) of the realised gain (i.e., the excess of the gross realisation proceeds over the acquisition cost and certain direct transaction costs) made. If such evidence shows that no gain (or a loss) was made on the sale, no Korean tax is payable. There is no provision under relevant Korean tax law to allow offsetting of gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of Notes issued by Korean companies.

The purchaser or any other designated withholding agent of Notes is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from tax under an applicable tax treaty and on the failure of the seller to produce satisfactory evidence of his acquisition cost and certain direct transaction costs in relation to the Notes being sold, the purchaser or such withholding agent must withhold an amount equal to 11 per cent. (including local income tax) of the gross realisation proceeds. The purchaser or withholding agent must pay any withholding tax to the competent Korean tax office no later than the tenth day of the month following the month in which the payment for the purchase of the relevant Notes occurred. Failure to transmit the withheld tax to the Korean tax authorities in time subjects the purchaser or such withholding agent to penalties under Korean tax laws. The Korean tax authorities may attempt to collect such tax from a Non-Resident who is liable for payment of any Korean tax on gains, as a purchaser or withholding agent who is obliged to withhold such tax, through proceedings against payments due to the Non-Resident from its Korean investments and the assets or revenues of any of the Non-Resident's branch or representative offices in Korea.

### **Inheritance Tax and Gift Tax**

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was a Korean resident and (b) all property located in Korea that passes on death (irrespective of the residence of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10 per cent. to 50 per cent. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under Korean inheritance and gift tax laws, notes issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned, and, consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Notes by inheritance or gift. Prospective purchasers should consult their personal tax advisors regarding the consequences of the imposition of the Korean inheritance or gift tax.

### **Stamp Duty and Securities Transaction Tax**

No stamp, issue or registration duties will be payable in Korea by the Holders in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by the Company. No securities transaction tax will be imposed upon the transfer of the Notes.

### **Tax Treaties**

At the date of this Prospectus, Korea has tax treaties with, inter alia, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America, under which the rate of withholding tax on interest is reduced, generally to between 5 and 16.5 per cent. (including local income tax), and the tax on capital gains is often eliminated.

A special withholding tax system took effect on 1 July 2006. Under the system, there is a special procedure to apply the Korea-Malaysia tax treaty on certain Korean source income. Payments made to the residents of Labuan, Malaysia will be subject to the default Korean withholding tax rates (generally 15.4 per cent. for interest and the lower of 11 per cent. of gross realisation proceeds or 22 per cent. of

capital gains (including local income tax)) rather than the reduced or exempted rate available under the Korea Malaysia tax treaty. A Labuan taxpayer, however, will be given an opportunity to obtain a refund by proving that it is entitled to the tax treaty benefits as a beneficial owner of the income and is an actual resident of Labuan, Malaysia. A Labuan taxpayer may also file an application with the National Tax Service (the “NTS”) for confirmation that it is entitled to the tax treaty benefits and obtain an advance confirmation from the NTS prior to receiving Korean source income.

In order for a Non-Resident to obtain the benefit of a tax exemption on certain Korean source incomes, such as interest and capital gains, under an applicable tax treaty, Korean tax law requires such Non-Resident (or its agents) to submit to the payer of such Korean source income an application for tax exemption under a tax treaty along with a certificate of tax residency of such Non-Resident issued by a competent authority of the Non-Resident’s country of tax residence, subject to certain exceptions. The payer of such Korean source income, in turn, is required to submit such application to the relevant district tax office by the ninth day of the month following the date of the first payment of such income. An application for tax exemption submitted by a Non-Resident remains effective for three years from submission, and if any material changes occur with respect to information provided in the application, an application reflecting such change must be newly submitted.

If the Korean source incomes are paid to Non-Residents through an overseas investment vehicle, such investment vehicle must obtain an application for tax exemption from each Non-Resident, who are the beneficial owners of the Korean source income and submit to the payer of such Korean source income an overseas investment vehicle report, together with the applications for tax exemption prepared by the Non-Resident beneficial owners. An overseas investment vehicle means an organisation established outside of Korea that manages funds collected through investment solicitation by way of acquiring, disposing of, or otherwise investing in investment targets and distributes the outcome of such management to investors.

However, this requirement does not apply to exemptions under Korean tax law.

At present, Korea has not entered into any tax treaties regarding its inheritance or gift tax.

### **Withholding and Gross Up**

As mentioned above, interest on the Notes is exempt from any withholding or deduction on account of income tax or corporation tax pursuant to the STTCL. However, in the event that the payer or the Company is required by law to make any withholding or deduction for or on account of any Korean taxes (as more fully described in “*Terms and Conditions of the Notes—Taxation and Gross-Up*”) the Company has agreed to pay (subject to the customary exceptions as set out in “*Terms and Conditions of the Notes—Taxation and Gross-Up*”) such Additional Amounts as may be necessary in order that the net amounts received by the holder of any Note after such withholding or deduction shall equal the respective amounts which would have been received by such holder in the absence of such withholding or deduction.

### **The Proposed Financial Transactions Tax (“FTT”)**

The European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “Participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State.

A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT remains subject to negotiation between Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Korea) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, under proposed U.S. Treasury Regulations, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

---

## CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, any Arranger or Dealer or any Agent takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### **The Clearing Systems**

#### ***Euroclear and Clearstream***

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream participants are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

---

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement, such programme agreement as modified and/or supplemented and/ or restated from time to time (the “**Programme Agreement**”), agreed with the Company a basis upon which they or any of them may from time to time agree to purchase or procure purchasers for Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes.*” In the Programme Agreement, the Company has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may to the extent permitted by applicable laws and regulations engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Company. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilisation activities are subject to certain prescribed time limits in certain jurisdictions.

The Dealers and certain affiliates of the Dealers may have performed banking and advisory services (which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities) for the Company from time to time for which they have received customary fees and expenses. The Dealers and certain of their affiliates may, from time to time, engage in transactions with and perform services for the Company in the ordinary course of their business. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Company.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution. The Dealers and/or their affiliates may purchase Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes, and/or other securities of the Company or its respective subsidiaries or associates at the same time as the offer and sale of the Notes, or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Prospectus relates (notwithstanding that such selected counterparties may also be purchasers of the Notes.

In addition, in the ordinary course of their business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company or its affiliates. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views with respect to such securities or financial instruments and may hold, or recommend, to clients that they acquire long and/or short positions in such securities and instruments.



If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer or any affiliate of the Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Company in such jurisdiction.

## **Selling Restrictions**

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

If a jurisdiction requires that any offering of Notes under the Programme be made by a licensed broker or dealer and any Dealer or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

### **United States**

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether U.S. Treasury regulation section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for the purposes of section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)) (the “TEFRA C Rules”) or U.S. Treasury regulation section 1.163 5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for the purposes of section 4701 of the Code) (the “TEFRA D Rules”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Notes which are also Index Linked Interest Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

**Public Offer Selling Restriction under the Prospectus Regulation**

Unless the Final Terms (or Pricing Supplement, as the case may be) in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms (or Pricing Supplement, as the case may be) in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” in relation to each Member State of the European Economic Area (each, a “Relevant State”), each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the pricing supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Company has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Company for any such offer; or
- (iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Company or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

### **United Kingdom**

Unless the Final Terms (or the Pricing Supplement, as the case may be) in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Japan**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Notes have not been and will not be registered under the Financial Instruments

and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### **Switzerland**

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

### **Republic of Italy**

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “**Financial Services Act**”) and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Issuers Regulation**”), all as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”) and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Investors should note that, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and the Issuers Regulation. Furthermore, where no exemption from the rules on public offerings applies, the Notes which are initially offered and placed in Italy or abroad to professional investors only but in the

following year are “systematically” distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Issuers Regulation. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the purchasers of Notes who are acting outside of the course of their business or profession.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

### **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;



- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

**Notification under Section 309B(1)(c) of the SFA** – Unless otherwise stated in the Pricing Supplement in respect of any Notes, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Korea**

The Notes have not been and will not be registered under the Financial Investment Services and the Capital Markets Act of Korea.

Accordingly, each Dealer severally but not jointly has represented and agreed, and each further Dealer appointed under the Programme will be required to severally but not jointly represent and agree that:

- (i) in respect of the Notes in reliance on the 20% Rule, as specified in the applicable Pricing Supplement, during the first year after the issuance of the Notes, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined under the Foreign Exchange Transaction Law of Korea and the regulations thereunder) other than a “qualified institutional buyer” (a “**Korean QIB**,” as defined in the Regulation on Issuance of Securities, Public Disclosure, Etc. of Korea) who is registered with the Korea Financial Investment Association (the “**KOFIA**”) as a Korean QIB, provided that (a) the Notes are denominated, and the principal and interest payments thereunder are made, in a currency other than Korean won, (b) the amount of the Notes acquired by such Korean QIBs who are residents of Korea in the primary market is limited to no more than 20% of the aggregate issue amount of the Notes, (c) the Notes are listed on one of the major overseas securities markets designated by the Financial Supervisory Service of Korea, or certain procedures, such as registration or report with a foreign financial investment regulator, have been completed for offering of the Notes in a major overseas securities market, (d) the one-year restriction on offering, delivering or selling of Notes to a Korean resident other than a Korean QIB is expressly stated in the Notes, the relevant purchase agreement and offering circular and (e) the Company and the Dealers shall individually or collectively keep the evidence of fulfilment of conditions (a) through (d) above after having taken necessary actions therefor, except as otherwise permitted by applicable Korean laws and regulations; and
- (ii) in respect of the Notes in reliance on the 20% Rule Not Applicable, as specified in the applicable Pricing Supplement, during the first year after the issuance of the Notes, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations.

Each Dealer severally but not jointly has undertaken, and each further Dealer appointed under the Programme will be severally but not jointly required to undertake, to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.



---

## GENERAL INFORMATION

### Authorisation

Each issue of Notes under the Programme will be authorised by the Board of Directors of the Company at the time of issue or at a meeting held annually to approve the issue of Notes to be issued in the following fiscal year.

### Listing of Notes on the SGX-ST

Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted for listing and quotation on the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies).

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes, the Company will appoint and maintain a paying agent in Singapore, where such definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

### Documents Available

Copies of the following documents will be available for inspection and, in the case of the documents referred to in paragraphs (ii) and (iii) below, copies may be obtained during normal business hours at the registered office of the Company for so long as the Notes are capable of being issued under the Programme:

- (i) the constitutional documents (or equivalent) of the Company;
- (ii) each of the documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”);
- (iii) the Programme Agreement, the Agency Agreement, the Deed of Covenant and the forms of the Global Notes; and
- (iv) a copy of this Prospectus, together with any supplement to the Prospectus.

### Clearing Systems

The Notes may be accepted for clearance through Euroclear and Clearstream. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

### Independent Auditors

With respect to the unaudited interim condensed consolidated financial statements as of 30 September 2021 and for the nine-month periods ended 30 September 2021 and 2020, included in this prospectus, Ernst & Young Han Young have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in this prospectus states that they did not audit and they do not express an opinion on such interim financial information. Their report also includes an emphasis of matter paragraph regarding an understatement of total assets and liabilities of the consolidated financial statements of the reporting period ended 31 December 2020. Please see Note 49 of the unaudited interim condensed consolidated financial

## GENERAL INFORMATION

---

statements as of 30 September 2021 and for the nine-month periods ended 30 September 2021 and 2020 included in this prospectus. Accordingly, the degree of reliance on their separate report on such information should be restricted in light of the limited nature of the review procedures applied.

The Company's consolidated financial statements as of and for the years ended 31 December 2020 and 2019 included in this prospectus have been audited by Ernst & Young Han Young, independent auditors, as stated in their report appearing herein, which contains an emphasis of matter paragraph regarding estimation uncertainty due to the COVID-19 pandemic on the Company's consolidated financial statements and an emphasis of matter paragraph regarding the restatement of financial statements as referred to above regarding an understatement of total assets and liabilities of the consolidated financial statement of the reporting period ended 31 December 2020.

---

## INDEX OF FINANCIAL STATEMENTS

---

	<u>Page(s)</u>
<b>Unaudited Interim Condensed Consolidated Financial Statements of the Issuer as of 30 September 2021 and for the nine months ended 30 September 2021 and 2020</b>	
Independent Auditor’s Report on Review of Interim Condensed Consolidated Financial Statements .....	F-2
Interim Condensed Consolidated Statements of Financial Position as of 30 September 2021 .....	F-5
Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the three-month and nine-month periods ended 30 September 2021 and 2020 .....	F-7
Interim Condensed Consolidated Statements of Changes in Equity for the nine-month periods ended 30 September 2021 and 2020 .....	F-9
Interim Condensed Consolidated Statements of Cash Flows for the nine-month periods ended 30 September 2021 and 2020 .....	F-11
Notes to the Interim Condensed Consolidated Financial Statements .....	F-13
 <b>Audited Annual Consolidated Financial Statements of the Issuer as of and for the years ended 31 December 2020 and 2019</b>	
Independent Auditor’s Report .....	F-143
Consolidated Statements of Financial Position as of 31 December 2020 and 2019 .....	F-149
Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended 31 December 2020 and 2019 .....	F-151
Consolidated Statements of Changes in Equity for the years ended 31 December 2020 and 2019 .....	F-153
Consolidated Statements of Cash Flows for the years ended 31 December 2020 and 2019 .....	F-155
Notes to the Consolidated Financial Statements .....	F-157

## Report on review of interim condensed consolidated financial statements

The Shareholders and Board of Directors  
Hana Financial Investment Co., Ltd

We have reviewed the accompanying interim condensed consolidated financial statements of Hana Financial Investment Co., Ltd. ("H&FI") and its subsidiaries (collectively referred to as the "Group") which comprise the interim condensed consolidated statement of financial position as of September 30, 2021, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2021 and 2020, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Korean International Financial Reporting Standard ("KIFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of the interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Review Responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the review standards for interim

financial statements in the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Auditing Standards ("KGAAS"). Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

### **Emphasis of Matter**

Without modifying our review conclusion, we draw attention to Note 49 to the interim condensed consolidated financial statements. As described in Note 49, the total assets and liabilities of the consolidated financial statements of the reporting period ended December 31, 2020 were understated by ₩814,197 million, respectively. In addition, operating revenues and expenses for the nine-month period ended September 30, 2020 were understated by ₩1 million, respectively. There is no impact on operating income and net income due to the restatement of these financial statements. The accompanying consolidated financial statements have been restated to reflect these corrections.

### **Other Matter**

We have reviewed the accompanying interim condensed consolidated financial statements which comprise the interim consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2020, interim consolidated statements of changes in equity and interim consolidated statements of cash flows for the nine-month period

ended September 30, 2020, prepared in accordance with KIFRS 1034 *Interim Financial Reporting*. The review report dated November 16, 2020 expressed an unqualified review conclusion.

The interim condensed consolidated financial statements attached to the review report dated November 16, 2020 are those before reflection of the restatements described in Note 49, and the accompanying interim condensed consolidated financial statements for the nine-month period ended September 30, 2020 presented for comparative purpose are those after reflection of the restatements.

Moreover, we have audited the consolidated statement of financial position of the Group as of December 31, 2020, and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended (not presented here in) in accordance with KGAAS, and our report dated March 10, 2021 expressed an unqualified opinion thereon. The consolidated financial statements in the audit report, which expressed an unqualified opinion thereon, are those before reflection of the restatements described in Note 49, and the accompanying consolidated statement of financial position as of December 31, 2020 presented for comparative purpose are those after reflection of the restatements.

November 15, 2021



This review report is effective as of November 15, 2021, the review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report to the time this report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modifications to this review report.



## Interim Condensed Consolidated Statements of Financial Position

as of September 30, 2021 and December 31, 2020

Hana Financial Investment Co., Ltd. and its subsidiaries

(Korean won)

Accounts	September 30, 2021 (Unaudited)	December 31, 2020
<b>Assets</b>		
I. Cash and deposits (Note 17, 38, 40, 41, 42, 43, 45, 46, 47)	3,031,003,772,116	2,218,045,281,275
II. Financial assets measured at FVTPL (Note 18, 21, 40, 42, 43, 44, 45, 46, 47)	22,142,730,967,949	25,100,960,574,090
III. Financial assets measured at FVOCI (Note 19, 40, 43, 45, 46, 47)	2,635,142,532,887	1,828,196,216,120
IV. Loans receivable, net (Note 5, 20, 42, 43, 45, 46, 47)	4,452,721,819,507	4,047,695,316,560
V. Investments in associates (Note 22, 42)	418,179,483,555	379,960,163,447
VI. Investment properties, net (Note 23)	43,388,852,863	44,006,620,587
VII. Property and equipment, net (Note 24, 38, 42)	121,683,634,251	138,642,536,231
VIII. Intangible assets, net (Note 25)	51,859,276,511	60,542,834,049
IX. Current tax assets (Note 16)	8,083,653,980	7,575,068,767
X. Other assets, net (Note 26, 42, 43, 45, 46, 47)	5,063,663,656,780	1,970,893,199,404
Total assets	37,968,457,650,399	35,796,517,810,530
<b>Liabilities</b>		
I. Financial liabilities measured at FVTPL (Note 21, 27, 42, 43, 44, 45, 46, 47)	3,064,551,141,073	2,850,511,583,121
II. Financial liabilities designated as at FVTPL (Note 21, 28, 43, 44, 45, 46, 47)	7,770,379,231,167	9,477,443,113,164
III. Deposits received (Note 29, 42, 43, 45, 46, 47)	3,485,162,689,772	3,381,181,220,422
IV. Borrowings (Note 30, 38, 42, 43, 45, 46, 47)	9,307,456,816,075	8,678,930,875,728
V. Debentures (Note 31, 38, 43, 45, 46, 47)	3,775,987,849,079	4,118,545,021,051
VI. Net defined benefit liabilities (Note 32)	16,045,469,494	6,434,130,820
VII. Provisions (Note 33)	11,273,097,191	6,757,383,985
VIII. Current tax liabilities (Note 16)	35,436,634,909	119,539,229,296
IX. Deferred tax liabilities (Note 16)	44,340,671,811	39,178,662,884
X. Other liabilities (Note 34, 38, 39, 42, 43, 45, 46, 47)	5,245,691,716,959	2,689,040,052,539
Total liabilities	32,756,325,317,530	31,367,561,273,010
<b>Equity</b>		
I. Equity attributable to owners of the parent company	5,186,950,291,418	4,416,394,289,029
1. Capital stock (Note 35)	372,787,475,000	335,537,475,000

Accounts	September 30, 2021 (Unaudited)	December 31, 2020
2. Capital surplus (Note 37, 39)	3,011,912,611,054	2,549,473,160,954
3. Accumulated other comprehensive income (Note 37)	68,221,199,525	77,382,269,342
4. Retained earnings (Note 36)	1,734,029,005,839	1,454,001,383,733
Regulatory reserve for bad debts (Note 5)	(25,017,476,599)	(37,839,749,724)
Planned (provision for) reversal of bad debts (Note 5)	(7,337,405,999)	12,822,273,125
II. Non-controlling interests	25,182,041,451	12,562,248,491
Total equity	5,212,132,332,869	4,428,956,537,520
Total liabilities and equity	37,968,457,650,399	35,796,517,810,530

"The accompanying notes are an integral part of the interim condensed consolidated financial statements."

## Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three-month and nine-month periods ended September 30, 2021 and 2020

Hana Financial Investment Co., Ltd. and its subsidiaries

(Korean won)

Accounts	September 30, 2021		September 30, 2020	
	For three-month period ended (Unaudited)	For nine-month period ended (Unaudited)	For three-month period ended (Unaudited)	For nine-month period ended (Unaudited)
I. Operating revenues	2,317,663,192,699	6,803,684,357,069	860,220,359,729	6,554,441,338,809
1. Interest income (Note 7, 42)	148,123,755,639	424,221,096,272	124,166,109,621	366,292,060,558
2. Fee and commission income (Note 8, 42)	187,237,794,476	527,804,568,638	210,069,385,746	467,054,999,497
3. Gain on financial assets and liabilities measured at FVTPL (Note 9, 42)	1,610,815,931,667	4,924,896,733,160	359,188,118,134	4,569,569,055,762
4. Gain on financial assets and liabilities measured at FVOCI (Note 10)	959,797,123	8,167,897,242	8,244,519,796	53,662,057,564
5. Gain on foreign currency translation and transactions (Note 11)	341,854,454,315	878,799,829,554	154,495,705,344	1,081,069,373,307
6. Reversal of impairment loss on financial assets (Note 12)	378,183,935	5,016,060,270	129,578,050	310,951,022
7. Other operating income (Note 14)	28,291,275,544	34,778,231,933	3,926,943,038	16,482,821,099
II. Operating expenses	2,213,464,271,644	6,402,405,395,466	724,405,720,487	6,207,491,570,054
1. Interest expenses (Note 7)	72,570,001,956	211,883,990,961	53,260,646,134	202,007,460,480
2. Fee and commission expenses (Note 8)	27,707,230,863	81,384,399,309	35,737,895,465	85,301,056,392
3. Loss on financial assets and liabilities measured at FVTPL (Note 9)	1,701,198,177,326	4,974,160,909,616	309,783,779,784	4,513,972,524,214
4. Loss on financial assets and liabilities measured at FVOCI (Note 10)	262,845,135	1,493,318,784	402,375,292	583,022,621
5. Loss on foreign currency translation and transactions (Note 11)	221,162,755,722	662,216,129,779	195,822,396,741	1,038,317,838,554
6. Impairment loss on financial assets (Note 12)	355,027,877	4,235,036,693	(731,545,553)	3,587,103,991
7. Salaries (Note 13)	101,400,606,778	259,623,025,420	80,156,995,698	211,222,687,321
8. General and administrative expenses (Note 13, 42)	61,331,355,585	174,034,005,862	50,939,300,067	146,469,588,722
9. Other operating expenses (Note 14)	27,476,270,402	33,374,589,042	(966,123,161)	6,030,317,759
III. Operating income	104,198,921,055	401,278,961,603	135,814,639,242	346,949,768,755
IV. Non-operating income : (Note 15, 42)	49,257,199,339	139,938,595,206	19,727,819,577	39,531,719,424
1. Net gain (loss) on valuation of equity method investments	6,351,684,165	(2,002,679,206)	391,035,798	3,022,263,271
2. Other non-operating income	122,751,236,002	340,344,495,048	58,368,649,933	129,530,563,771
3. Other non-operating expenses	79,845,779,828	198,403,220,634	39,032,057,154	93,021,107,618
V. Income before income tax expenses	153,456,120,394	541,217,556,809	155,542,458,819	366,481,488,179
VI. Income tax expenses (Note 16)	19,520,670,265	131,451,626,139	41,791,553,865	100,307,416,267
VII. Net income	133,935,450,129	409,765,930,670	113,750,894,954	266,174,071,912
1. Attributable to owners of the parent company	133,999,065,147	410,027,622,107	113,826,182,453	266,341,527,338

Accounts	September 30, 2021		September 30, 2020	
	For three-month period ended (Unaudited)	For nine-month period ended (Unaudited)	For three-month period ended (Unaudited)	For nine-month period ended (Unaudited)
(Adjusted net income after reflecting regulatory reserve for bad debts (Note 5) September 30, 2021: W 402,690,216,108 September 30, 2020: W 275,438,672,912.)				
2. Attributable to non-controlling interests	(63,615,018)	(261,691,437)		(167,455,426)
VIII. Other comprehensive income	312,849,044	(9,188,620,023)		28,793,032,816
1. Items that might be reclassified subsequently to the profit or loss	(2,491,209,611)	(14,783,550,558)	(3,921,482,033)	15,281,518,697
a. Gain (loss) on valuation of debt securities measured at FVOCI	(11,402,828,543)	(21,833,838,508)	(4,529,375,011)	7,876,477,681
b. Changes in unrealized gain on valuation of equity method investments	8,642,014,158	6,589,536,732	341,971,153	6,501,727,295
c. Exchange differences on transaction of foreign operations	269,604,774	450,751,218	265,921,825	903,313,721
2. Items that will not be reclassified subsequently to the profit or loss:	2,804,058,655	5,614,930,535	1,869,954,624	13,511,514,119
a. Remeasurements of defined benefit plan	(59,093,496)	(255,565,585)	(6,666,360)	82,778,333
b. Gain on valuation of equity securities measured at FVOCI	3,036,240,199	11,738,989,680	1,290,049,884	10,954,611,648
c. Effect of changes in credit risk of financial liabilities designated as measured at FVTPL	(173,088,048)	(5,928,493,560)	586,571,100	2,474,124,138
IX. Total comprehensive income	134,248,299,173	400,597,310,647	111,699,367,545	314,967,104,728
1. Attributable to owners of the parent company	134,311,914,191	400,666,552,290	111,774,655,044	315,083,111,052
2. Attributable to non-controlling interests	(63,615,018)	(289,241,643)	(75,287,499)	(126,006,324)
X. Earnings per share				
Basic and diluted earnings per share attributable to owners of parent company	1,797	5,743	1,696	4,445

\*The accompanying notes are an integral part of the interim condensed consolidated financial statements.

## Interim Condensed Consolidated Statements of Changes in Equity

For the nine-month periods ended September 30, 2021 and 2020

Hana Financial Investment Co., Ltd. and its subsidiaries

(Korean won)

Accounts	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Equity attributable to equity holder of the parent company	Non-controlling interests	Total
As of January 1, 2020:	293,187,475,000	2,092,961,006,954	(651,180,000)	40,246,815,290	1,043,550,546,012	3,469,294,663,256	5,783,488,673	3,475,078,151,929
<b>Investment in associates</b>	-	-	-	-	(459,475,410)	(459,475,410)	-	(459,475,410)
Total comprehensive income:	-	-	-	-	286,341,527,338	286,341,527,338	(167,455,426)	286,174,071,912
Net income	-	-	-	-	286,341,527,338	286,341,527,338	(167,455,426)	286,174,071,912
Other comprehensive income:	-	-	-	-	-	-	-	-
Gain on valuation of financial assets measured at FVOCI	-	-	-	18,831,089,329	-	18,831,089,329	-	18,831,089,329
Changes in capital from valuation of equity method for investments in associates	-	-	-	6,501,727,295	-	6,501,727,295	-	6,501,727,295
Effect of changes in credit risk of financial liabilities designated as measured at FVTPL	-	-	-	2,474,124,138	-	2,474,124,138	-	2,474,124,138
Gain on translation of foreign operations	-	-	-	903,313,721	-	903,313,721	-	903,313,721
Remeasurement of defined benefit obligations (Note 32)	-	-	-	41,329,231	-	41,329,231	41,449,102	82,778,333
Total	-	-	-	28,751,583,714	286,341,527,338	315,093,111,052	(126,005,324)	314,967,104,728
Transactions with stockholders recognized directly to equity	-	-	-	-	-	-	-	-
Stock option (Note 39)	-	(651,180,000)	651,180,000	-	-	-	-	-
Increase in paid-in capital (Note 35)	42,350,000,000	457,163,334,000	-	-	-	499,513,334,000	-	499,513,334,000
Changes in equity of subsidiaries	-	-	-	-	-	-	7,498,876,645	7,498,876,645
As of September 30, 2020(Unaudited):	335,537,475,000	2,549,473,160,954	-	68,998,399,004	1,329,432,597,940	4,283,441,632,898	13,156,358,994	4,296,597,991,892

Accounts	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Equity attributable to equity holder of the parent company	Non-controlling interests	Total
As of January 1, 2021:	335,537,475,000	2,549,473,160,954	-	77,382,269,342	1,454,001,383,733	4,416,394,289,029	12,562,248,491	4,428,956,537,520
Total comprehensive income:								
Net income	-	-	-	-	410,027,622,107	410,027,622,107	(261,691,437)	409,765,930,670
Other comprehensive income (Note 37):								
Loss on valuation of financial assets measured at FVOCI	-	-	-	(10,034,848,828)	-	(10,034,848,828)	-	(10,034,848,828)
Changes in capital from valuation of equity method for investments in associates	-	-	-	6,599,536,732	-	6,599,536,732	-	6,599,536,732
Effect of changes in credit risk of financial liabilities designated as measured at FVTPL	-	-	-	(5,928,493,560)	-	(5,928,493,560)	-	(5,928,493,560)
Gain on translation of foreign operations	-	-	-	450,751,218	-	450,751,218	-	450,751,218
Remeasurement of defined benefit obligations (Note 32)	-	-	-	(248,015,379)	-	(248,015,379)	(7,550,206)	(255,565,585)
Total	-	-	-	(9,161,069,817)	410,027,622,107	400,866,552,290	(269,241,643)	400,597,310,647
Transactions with stockholders recognized directly to equity								
Increase in paid-in capital (Note 35)	37,250,000,000	462,439,450,100	-	-	-	499,689,450,100	-	499,689,450,100
Changes in equity of subsidiaries	-	-	-	-	-	-	12,889,034,603	12,889,034,603
Cash dividends	-	-	-	-	(130,000,000,000)	(130,000,000,000)	-	(130,000,000,000)
As of September 30, 2021(Unaudited):	372,787,475,000	3,011,912,611,054	-	68,221,199,525	1,794,029,005,840	5,186,950,291,419	25,182,041,451	5,212,132,332,870

"The accompanying notes are an integral part of the interim condensed consolidated financial statements."



## Interim Condensed Consolidated Statements of Cash Flows

For the nine-month periods September 30, 2021 and 2020

Hana Financial Investment Co., Ltd. and its subsidiaries

(Korean won)

Accounts	For the nine-month period ended September 30, 2021(Unaudited)	For nine-month period ended September 30, 2020(Unaudited)
I. Net cash flows provided by (used in) operating activities	279,386,316,441	(3,993,329,229,170)
1. Income before income taxes	541,217,556,809	386,481,488,179
2. Adjustments to income:	(323,878,327,256)	(489,438,862,665)
Interest income	(424,221,096,272)	(366,292,080,558)
Interest expense	211,883,980,961	202,007,460,480
Dividend income	(23,457,678,102)	(26,219,572,784)
Gain on valuation of financial assets and liabilities measured at FVTPL	(1,812,855,366,811)	(1,728,205,904,094)
Loss on valuation of financial assets and liabilities measured at FVTPL	1,997,737,222,826	1,488,134,841,696
Gain on disposal of financial assets and liabilities measured at FVTPL	(3,441,382,888)	(11,156,092,044)
Gain on disposal of financial assets measured at FVOCI	(3,223,660,243)	(50,640,171,553)
Provisions for allowance for expected credit loss on financial assets measured at FVOCI	11,015,111	361,161,908
Loss (gain) on valuation of equity method investments	2,002,679,208	(3,022,263,271)
Gain on disposal of investment in associates	(119,271,653,531)	(13,925,166,938)
Post-employment benefits	9,370,037,655	9,087,983,705
Share based payment expenses	1,706,034,782	514,675,000
Depreciation	25,194,800,586	21,240,124,496
Amortization of intangible assets	12,896,198,654	11,189,179,056
Impairment loss on Intangible assets	60,000,000	-
Gain on foreign currency translation	(217,279,694,129)	(25,043,446,306)
Loss (gain) on disposal of property and equipment	(966,135,121)	74,545,880
Loss (gain) on disposal of intangible assets	(14,116,026)	2,005,340
Provision (reversal) of allowance for credit losses	(792,038,688)	2,914,991,061
Gain on valuation of emission rights	(4,900,940,288)	-
Gain on disposal of emission rights	(702,703,565)	-
Transfer of other provisions (reversal), net	2,088,776,680	(461,133,739)
Other non-operating loss (loss from adjustment of non-controlling liabilities)	24,297,391,945	-
3. Changes in operating assets and liabilities:	13,365,475,855	(3,981,851,286,510)
Decrease (increase) in due from banks	(415,665,680,420)	547,649,564,788
Decrease (increase) in financial assets measured at FVTPL	2,471,847,853,497	(4,122,340,395,199)
Increase in loan receivables	(319,544,434,891)	(1,100,413,959,369)
Increase in other assets	(3,098,968,605,281)	(1,674,349,531,659)
Increase in emission rights	(5,775,296,147)	-
Increase in deposits received	103,981,469,350	801,934,108,913
Increase in financial liabilities measured at FVTPL	218,217,745,663	877,305,611,695
Decrease in financial liabilities designated as measured at FVTPL	(1,670,825,909,949)	(811,002,351,941)
Increase in other liabilities	2,730,098,334,033	1,499,365,666,262
4. Interest received	436,578,025,296	345,776,899,778
5. Interest paid	(204,770,809,897)	(197,516,166,146)
6. Dividends received	25,049,918,918	31,535,014,347

Accounts	For the nine-month period ended September 30, 2021(Unaudited)	For nine-month period ended September 30, 2020(Unaudited)
7. Income taxes paid	(208,175,523,284)	(88,316,316,153)
II. Net cash flows provided by (used in) investing activities		259,232,111,265
Proceeds from disposal of financial investments measured at FVTPL	1,367,804,684,247	2,481,605,390,905
Proceeds from disposal of financial investments measured at FVOCI	863,362,637,869	456,018,827,016
Proceeds from disposal of investments in associates	159,358,664,417	70,086,718,747
Proceeds from disposal of property and equipment	4,200,736,456	9,405,196
Proceeds from disposal of intangible assets	90,523,656	135,688,943
Purchase of financial investments measured at FVTPL	(711,053,256,706)	(1,744,839,495,014)
Purchase of financial investments measured at FVOCI	(1,666,833,559,281)	(650,320,623,881)
Purchase of investments in associates	(177,965,532,043)	(69,655,037,120)
Acquisition of property and equipment	(13,992,020,401)	(13,649,749,049)
Acquisition of intangible assets	(1,226,303,970)	(1,241,294,017)
Net increase (decrease) in guarantee deposits	671,083,337	(1,062,000,130)
Cash inflow from business combination	-	3,211,337,784
Changes in non-controlling liabilities from loss of control of subsidiaries	(69,234,065,309)	-
Change in scope of consolidation	168,763,952,667	(271,067,058,115)
III. Net cash flows provided by financing activities	179,062,654,300	3,729,772,647,549
Increase in borrowings, net	811,877,088,941	855,825,860,905
Decrease in debentures, net	(649,825,116,991)	(436,488,568,048)
Increase (decrease) in bonds sold under repurchase agreements, net	(205,912,586,599)	2,823,953,008,912
Repayment of lease liabilities	(12,638,014,774)	(13,030,988,220)
Decrease in non-controlling liabilities (disposal, etc.)	(134,128,166,377)	-
Increase in paid-in capital	499,689,450,100	499,513,334,000
Payment of dividends	(130,000,000,000)	-
IV. Effect of exchange rate changes on cash and cash equivalents	2,281,949,643	427,229,443
V. Net increase (decrease) in cash and cash equivalents	384,678,465,323	(3,897,240,913)
VI. Cash and cash equivalents at the beginning of the period	475,397,565,487	391,792,216,532
VII. Cash and cash equivalents at the end of the period (Note 38)	860,076,030,810	387,894,975,619

"The accompanying notes are an integral part of the condensed consolidated financial statements."

## Notes to the interim condensed consolidated financial statements

September 30, 2021 and 2020

Hana Financial Investment Co., Ltd. and its subsidiaries

### 1. Company information

Hana Financial Investment Co., Ltd. ("H&FI") was incorporated on January 18, 1977 originally as Daehan Investment Trust Co., Ltd. under *the Financial Investment Services and Capital Markets Act* (formerly, the *Securities Investment Trust Business Act*) of the Republic of Korea, and commenced its business operations on February 14, 1977. H&FI's former name was renamed as Daehan Investment Trust Securities Co., Ltd. on June 4, 2000 and renamed again as Daehan Investment Securities on June 3, 2003. H&FI became a wholly owned subsidiary of Hana Financial Group Inc. ("HFG") on December 1, 2005 and changed its name to Hana Daetoo Securities ("H&DS") on June 29, 2007. H&FI acquired Hana IB Securities Co., Ltd. on December 1, 2008 and was renamed as its current form on September 1, 2015. On August 1, 2016, H&FI merged Hana Futures Co., Ltd. In addition, H&FI was designated as a Comprehensive Financial Investment Business Entity on July 10, 2019 and thus can operate services such as credit and other commitment.

In accordance with *the Financial Investment Services and Capital Markets Act*, H&FI primarily engages in offering financial services including investment brokerage and securities trading, as well as other business services related or incidental to its core business. As of September 30, 2021, H&FI operates 56 domestic service branches including 8 specialty sales centers and 1 overseas office.

H&FI prepared the consolidated financial statements of H&FI and its subsidiaries (see Note 2) (collectively referred to as the "Group") in accordance with KIFRS 1110 *Consolidated Financial Statements*. UBS Hana Asset Management Co., Ltd.

("UHAM") and other investments (see Note 22) are accounted for using the equity method in the consolidated financial statements.

## 2. Scope of consolidation

### 2-1. Subsidiaries

The Company's equity ownership in its consolidated subsidiaries as of the reporting date is summarized as follows:

Investing Company	Classification	Country	Major business	September 30, 2021 (Unaudited)	
				In shares	Ownership (%)
H&F	Hana the First Private Equity Fund (*1)	Korea	Private equity fund	-	18.93%
	Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 (*1)	Korea	Financial business	-	100.00%
	Hana Equity Investment Management (Shenzhen) Co., Ltd (*1,3)	China	Investment consulting	-	100.00%
	Hana Land Chip Houston Real Estate Private Fund 59 (*1)	Korea	Financial business	-	100.00%
	Hana Formula-E Private Special Asset Fund 114 (*1)	Korea	Financial business	-	99.38%
	KB Spain Solar Energy Private Special Asset Fund(SOC-FOF S) (*1)	Korea	Financial business	-	96.81%
	KB BONACCORD PRIVATE FUND(FOFS (*1))	Korea	Financial business	-	99.94%
	KB MOBILITY SOLUTION PRIVATE SPECIAL ASSET FUND 1(FO FS) (*1)	Korea	Financial business	-	99.93%
	AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2 (*1)	Korea	Financial business	-	98.01%
	Hana Private Real Estate Investment Trust No.130 (*1)	Korea	Financial business	-	100.00%
	DS Networks Private Alternative Investment Trust II (*1)	Korea	Financial business	-	100.00%
	HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2 (*1)	Korea	Financial business	-	99.80%
	Hana Private Real Estate Investment Trust No.137 (*1)	Korea	Financial business	-	99.99%
	Shinhan AIM Infrastructure Fund No.6-2 (*1)	Korea	Financial business	-	100.00%
	STIC Logistics Specialized Private Real Estate Investment Trust No.3 (Formerly, K-Reits Specialized Private Investment Trust No.23) (*1,5)	Korea	Financial business	-	98.24%
	Shinhan AIM Infrastructure Fund No.6-A (*1)	Korea	Financial business	-	100.00%
	KAIM Global Value Specialized Private Investment Trust No.1 (*1)	Korea	Financial business	-	99.90%
	AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4 (*1)	Korea	Financial business	-	99.90%
	Hana Alternative Investment Shipping Specialized Private Equity Fund NO.1 (*1)	Korea	Financial business	-	99.90%
	Darby Hana New York Hotel Specialized Private Investment Trust No.1 (*1)	Korea	Financial business	-	99.99%
	Shinhan AIM Real Estate Fund No.22-B (*1)	Korea	Financial business	-	99.98%
	Shinhan AIM infrastructure Fund No.7-1	Korea	Financial business	-	100.00%
	AIP Environment Infrastructure Specialized Privately Placed Fund Trust #1 (*1)	Korea	Financial business	-	99.91%
	IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 417-1 (*1)	Korea	Financial business	-	100.00%
	Hana the Third Private Equity Fund (*1)	Korea	Private equity fund	-	25.00%
	Hana New Technology Fund No.1 (*1)	Korea	Private equity fund	-	50.00%
	Hana Trust Global Reit One Co., Ltd	Korea	Real estate management	1,000,000	100.00%
Hana Global New Technology Fund No.1 (*1)	Korea	Private equity fund	-	66.67%	
Hana Charlemont Exchange (*2)	Korea	Other financial business	-	0%	
Hana Ocean 1st (*2)	Korea	Other financial business	-	0%	
Madrid First Co., Ltd. (*2)	Korea	Other financial business	-	0%	

Investing Company	Classification	Country	Major business	September 30, 2021 (Unaudited)	
				In shares	Ownership (%)
	YDL 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	YDL 3rd Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana AIC 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Peach Shine 2nd Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Yellow Balloon 3rd Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Yellow Balloon 2nd Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Citizenryu 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hanalogs No.1 Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Areca 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Centaur First Co., Ltd. (*2)	Korea	Other financial business	-	0%
	San Jose Real 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF Rocinante Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF Boomerang Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF Sowol-ro Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana US Emerging Office Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Runway Co., Ltd. (*2)	Korea	Other financial business	-	0%
	JLB Squire Co., Ltd. (*2)	Korea	Other financial business	-	0%
	US Smile 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	US Smile 2nd Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Portfolio 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Broadway 1st Co. Ltd (*2)	Korea	Other financial business	-	0%
	HANA MC ONE Co., Ltd (*2)	Korea	Other financial business	-	0%
	Hana-Sinjang 1st Co., Ltd (*2)	Korea	Other financial business	-	0%
	Hana Solar 1st Co., Ltd (*2)	Korea	Other financial business	-	0%
	YK Ho 1st., Co., Ltd (*2)	Korea	Other financial business	-	0%
	YK Ho 2nd., Co., Ltd (*2)	Korea	Other financial business	-	0%
	Hana S-Energy Co., Ltd. (*2)	Korea	Other financial business	-	0%

Investing Company	Classification	Country	Major business	September 30, 2021 (Unaudited)	
				In shares	Ownership (%)
	Hana Datacenter 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Anseong KL 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Achenhaim Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Eco Clover Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana 5-geori 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana-Ulsan Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Port 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	HF Caribbean Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana YJDL Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GMHB 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana In Chungmu 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Penta 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hangdong West 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Unju 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Wonderful GM 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Magic Town 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF Olympus Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GS Solution 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Sewoon 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Zero To One 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Heaven 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana 1Q Logis B Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Bukjincheon 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Seattle Prime Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Tree Unique 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Ernest Hyun 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF MD Co., Ltd. (*2)	Korea	Other financial business	-	0%



Investing Company	Classification	Country	Major business	September 30, 2021 (Unaudited)	
				In shares	Ownership (%)
	Tree Yard 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Tree Axion 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Planet Seocho Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Easy Tree 6th., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hans Y-Energy Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hans K-Energy Co., Ltd. (*2)	Korea	Other financial business	-	0%
	JA 8th., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Joon Dragon Fairness 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana HQ 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Recycle 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Recycle 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Asan Baebang 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Zeronine 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana AI 5th Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Highyield Stone Co., Ltd. (*2)	Korea	Other financial business	-	0%
	The 1st GM 23th Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana JH 2nd Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Gamsam 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	JEY Complex Co., Ltd. (*2)	Korea	Other financial business	-	0%
	JHY Complex Co., Ltd. (*2)	Korea	Other financial business	-	0%
Hana the 3rd PEF:	Titan 1 SPC LLC (*1)	Korea	SPC	-	100.00%
	Venus 1 SPC Co., Ltd. (*1)	Korea	SPC	-	100.00%
	Bareun Food Factory Co., Ltd. (*1, 4)	Korea	SPC	-	100.00%
	HIT 1 SPC LLC (*1)	Korea	SPC	-	100.00%
Bareun Food Factory Co., Ltd.:	Dduksim Co., Ltd.	Korea	Korean traditional food business	750,000	81.80%
	Keumho Trading Co., Ltd.	Korea	Seafood processing business	2,507,598	67.43%
Dduksim	Seojewon Co., Ltd	Korea	Franchise business	700,000	70.00%
Keumho FnB	Keumho seafood.Co., Ltd.	Korea	Seafood processing business	513,000	100.00%

Investing Company	Classification	Country	Major business	September 30, 2021 (Unaudited)	
				In shares	Ownership (%)
	designmeal co., Ltd	Korea	Seafood processing business	500,000	100.00%

(\*1) It was established in the form of investment, and the number of shares invested was not indicated.

(\*2) The investee has been included in the scope of consolidation as H&FI provides credit and other commitments, etc.

(\*3) In 2020, Hana Global Investment Consulting Co., Ltd was renamed to Hana Equity Investment Management (Shenzhen) Co., Ltd.

(\*4) In 2020, Rea 1 SPC Co., Ltd. was renamed to Bareun Food Factory Co., Ltd.

(\*5) In 2021, K-Reits Specialized Private Investment Trust No.23 was renamed to STIC Logistics Specialized Private Real Estate Investment Trust No.3.

2-2. Condensed financial information of consolidated subsidiaries is as follows

(Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Hana the First Private Equity Fund	2,216,440	3,462	2,212,978	5,349	(2,195)	(2,195)
Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 (*1)	4,943,440	275,811	4,667,629	1,407	115,387	115,387
Hana Equity Investment Management (Shenzhen) Co., Ltd (Formerly, Hana Global Investment Consulting Co., Ltd) (*1).	20,636,016	6,141	20,629,875	204,067	(581,513)	(231,454)
Hana Land Chip Houston Real Estate Private Fund (*1)	9,159,282	944,416	8,214,866	752,768	(450,195)	(450,195)
Hana Formula-E Private Special Asset Fund 114 (*1)	16,028,151	191,919	15,836,231	55	(121,113)	(121,113)
KB Spain Solar Energy Private Special Asset Fund (SOC-FOFS) (*1)	109,893,481	2,062,533	107,830,948	14,766,180	8,429,947	8,429,947
KB BONACCORD PRIVATE FUND(FOFS) (*1)	189,955,440	6,103,576	183,851,864	33,143,270	752,282	752,282
KB MOBILITY SOLUTION PRIVATE SPECIAL ASSET FUND 1 (FOFS) (*1)	126,966,491	3,053,822	123,912,668	5,730,965	1,073,234	1,073,234
AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2 (*1)	6,135,989	7,765	6,128,224	524,906	127,692	127,692
Hana Private Real Estate Investment Trust No.130 (*1)	148,974,136	21,823,130	127,151,006	8,286,022	586,017	586,017
DS Networks Private Alternative Investment Trust No.2 (*1)	138,836,811	11,575,613	127,261,198	6,376,744	711,272	711,272
HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2(*1)	60,749,361	36,053	60,713,308	9,900,287	9,729,362	9,830,055
Hana Private Real Estate Investment Trust No.137 (*1)	61,234,636	8,751,591	52,483,045	7,820,246	2,421,861	2,421,861
Shinhan AIM infrastructure Fund No.6-2 (*1)	26,959,141	538,101	26,421,040	4,607,751	1,173,751	1,173,751
STIC Logistics Specialized Private Real Estate Investment Trust No.3 (Formerly, K-Reits Specialized Private Investment Trust No.23 (*1)	61,677,679	1,976	61,675,703	135	(417,528)	(417,528)
Shinhan AIM Infrastructure Fund No.6-A (*1)	133,574,949	2,765,398	130,809,550	21,814,035	7,924,478	7,924,478
KAIM Global Value Specialized Private Investment Trust No.1 (*1)	141,255,402	12,057,348	129,198,054	16,227,625	7,463,037	7,463,037
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4 (*1)	114,841,999	114,242	114,727,758	4,579,468	(5,574,194)	(5,574,194)
Hana Alternative Investment Shipping Specialized Private Equity Fund NO.1 (*1)	161,980,531	7,856,937	154,123,594	2,659,787	(13,519,861)	(13,519,861)
Darby Hana New York Hotel Specialized Private Investment Trust No.1 (*1)	71,975,541	3,071,528	68,904,013	7,310,979	4,037,215	4,037,215
Shinhan AIM Real Estate Fund No.22-B (*1)	10,600,279	341,975	10,258,304	311,076	(720,510)	(720,510)
Shinhan AIM infrastructure Fund No.7-1 (*1)	111,990,989	5,918,922	106,072,067	11,582,943	1,111,349	1,111,349
AIP Environment Infrastructure Specialized Privately Placed Fund Trust #1 (*1)	26,053,959	16,426	26,037,534	210	(1,395,918)	(1,395,918)
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 417-1 (*1)	36,606,371	605,490	36,000,882	756,289	(959,234)	(959,234)
Hana the Third Private Equity Fund	164,115,122	28,759,454	135,355,668	39,150,455	72,146,228	78,647,956
Hana New Technology Fund No.1 (*1)	1,863,432	-	1,863,432	62	(30,494)	(30,494)
Hana Trust Global Reit One Co., Ltd (*1)	14,013,632	501,094	13,512,538	663,361	520,807	520,807
Hana Global New Technology Fund No.1 (*1)	12,371,109	-	12,371,109	958,138	338,896	338,896
Hana Charlemont Exchange(*1)	11,017,729	9,786,073	1,231,655	981,761	850,976	850,976
Hana Ocean 1st (*1)	94,415	-	94,415	718,697	(616,795)	(616,795)
Madrid First Co., Ltd. (*1)	247,701	-	247,701	4,768,678	(2,916,778)	(2,916,778)
YDL 1st Co., Ltd. (*1)	209,714	-	209,714	1,121,051	188,782	188,782
YDL 3rd Co., Ltd. (*1)	170,606	400,845	(230,239)	941,192	(356,184)	(356,184)
Hana AIC 1st Co., Ltd. (*1)	215,898,133	214,507,014	1,391,119	9,585,850	1,273,540	1,273,540
Peach Shine 2nd Co., Ltd. (*1)	30,093,961	30,812,539	(718,579)	873,649	211,036	211,036

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Yellow Balloon 3rd Co., Ltd. (*1)	117,233,426	138,000,000	(20,766,574)	5,218,062	(21,838,499)	(21,838,499)
Yellow Balloon 2nd Co., Ltd. (*1)	750,969	750,991	(22)	4,156,316	(1,812,418)	(1,812,418)
Citizenryu 1st Co., Ltd. (*1)	112,758,355	117,900,000	(5,141,645)	186	(1,194,282)	(1,194,282)
Hanalogs No.1 Co., Ltd. (*1)	83,067,939	86,503,527	(3,435,589)	7,350,743	4,546,418	4,546,418
Areca 1st Co., Ltd. (*1)	22,843,653	19,500,000	3,343,653	3,808,359	2,127,451	2,127,451
Centaur First Co., Ltd. (*1)	26,098,494	27,566,248	(1,467,754)	1,320,025	(710,251)	(710,251)
San Jose Real 1st Co., Ltd. (*1)	21,703	30,000	(8,297)	216,278	(266,418)	(266,418)
GIF Rocinante Co., Ltd. (*1)	1,440,446	1,450,000	(9,554)	8,692,849	3,287,686	3,287,686
GIF Boomerang Co., Ltd. (*1)	11,484,585	11,928,365	(443,780)	2,315,458	(193,921)	(193,921)
GIF Sowol-ro Co., Ltd. (*1)	13,136	15,000	(1,864)	1,432,445	52,660	52,660
Hana US Emerging Office Co., Ltd. (*1)	13,763,206	14,464,290	(701,084)	1,027,557	111,631	111,631
Hana Runway Co., Ltd. (*1)	107,030,618	108,200,000	(1,169,382)	2,004,296	(711,892)	(711,892)
JLB Squire Co., Ltd. (*1)	127,206,398	128,400,000	(1,193,602)	2,381,060	(857,728)	(857,728)
US Smile 1st Co., Ltd. (*1)	11,557	-	11,557	155,258	(61,551)	(61,551)
US Smile 2nd Co., Ltd. (*1)	7,518	35,000	(27,482)	1,065,875	(308,126)	(308,126)
Portfolio 1st Co., Ltd. (*1)	14,774,501	14,601,600	172,901	956,601	(99,175)	(99,175)
Broadway 1st Co. Ltd (*1)	5,000,077	8,482,532	(3,482,455)	90	(199,232)	(199,232)
HANA MC ONE Co., Ltd (*1)	132,273	193,023	(60,751)	636,301	(59,129)	(59,129)
Hana-Sinjang 1st Co., Ltd (*1)	4,053,047	4,087,686	(34,640)	196,202	(34,570)	(34,570)
Hana Solar 1st Co., Ltd (*1)	233,488	579,371	(345,882)	1,084,270	(1,115,403)	(1,115,403)
YK Ho 1st., Co., Ltd (*1)	7,600,081	7,580,916	19,165	250,581	(205,984)	(205,984)
YK Ho 2nd., Co., Ltd (*1)	7,600,106	7,702,213	(102,107)	250,544	(327,258)	(327,258)
Hana S-Energy Co., Ltd. (*1)	448,625	721,722	(273,097)	2,853,056	85,243	85,243
Hana Datacenter 1st., Co., Ltd. (*1)	306,368	306,414	(46)	4,156	(46)	(46)
Anseong KL 1st., Co., Ltd. (*1)	23,840,408	23,939,949	(99,541)	383,176	(100,461)	(100,461)
Achenhaim Co., Ltd. (*1)	106,464,952	101,000,000	5,464,952	8,392,190	4,156,089	4,156,089
Eco Clover Co., Ltd. (*1)	127,028,731	127,345,634	(316,903)	2,311,494	277,557	277,557
Hana 5-geori 1st., Co., Ltd. (*1)	68,599	141,483	(72,884)	498,616	(72,785)	(72,785)
Hana-Ulsan Co., Ltd (*1)	20,433,118	20,682,618	(249,501)	906,937	(35,357)	(35,357)
Hana Port 1st., Co., Ltd. (*1)	134,218,596	136,955,103	(2,736,507)	9,548,681	7,456,497	7,456,497
HF Caribbean Co., Ltd. (*1)	108,543,315	111,703,009	(3,159,693)	7,616,001	(3,477,104)	(3,477,104)
Hana YJDL Co., Ltd. (*1)	30,156,526	30,330,800	(174,274)	911,208	(102,065)	(102,065)
GMIHB 2nd., Co., Ltd. (*1)	45,463,134	45,836,774	(373,640)	2,448,784	101,531	101,531
Hana In Chungmu 1st., Co., Ltd. (*1)	10,937,667	10,937,617	50	336,401	15	15
Hana Penta 1st., Co., Ltd. (*1)	54,105	54,104	1	294,203	-	-
Hangdong West 2nd., Co., Ltd. (*1)	26,283,295	26,577,665	(294,371)	268,960	(237,404)	(237,404)
Hana Unju 1st., Co., Ltd. (*1)	63,640	64,094	(455)	885,757	-	-
Wonderful GM 1st., Co., Ltd. (*1)	7,018,751	7,024,385	(5,634)	274,667	(5,634)	(5,634)
Magic Town 1st., Co., Ltd. (*1)	24,878,372	24,915,000	(36,628)	878,986	(21,432)	(21,432)
GIF Olympus Co., Ltd. (*1)	20,821,591	21,123,748	(302,157)	690,822	197,926	197,926
GS Solution 1st., Co., Ltd. (*1)	96,947	377,180	(280,233)	457,699	(1,322,992)	(1,322,992)
Hana Sewoon 1st., Co., Ltd. (*1)	20,187,616	20,187,785	(168)	822,768	(168)	(168)
Zero To One 1st., Co., Ltd. (*1)	67,869,540	68,072,327	(202,787)	2,881,627	521,629	521,629
Hana Heaven 1st., Co., Ltd. (*1)	17,328,461	17,328,460	1	1,446,841	-	-
Hana 1Q Logis B Co., Ltd. (*1)	16,758,191	16,769,440	(11,250)	868,184	(9,591)	(9,591)
Hana Bukjincheon 2nd., Co., Ltd. (*1)	5,194,489	5,308,790	(114,301)	650,997	99,074	99,074
Hana Seattle Prime Co., Ltd. (*1)	1,370,443	2,111,679	(741,237)	1,327,487	(640,806)	(640,806)
Tree Unique 1st., Co., Ltd. (*1)	6,068,313	6,068,327	(15)	430,666	46,300	46,300
Ernest Hyun 1st., Co., Ltd. (*1)	562,720	562,719	1	3,638,859	35,245	35,245
GIF MD Co., Ltd. (*1)	12,008,135	12,900,000	(891,865)	673,726	(733,710)	(733,710)

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Tree Yard 1st. Co., Ltd. (*1)	152,954	152,954	1	924,214	-	-
Tree Axion 1st. Co., Ltd. (*1)	5,075,023	5,075,028	(5)	234,528	(5)	(5)
Planet Seocho Co., Ltd. (*1)	34,466,447	35,238,843	(772,396)	1,630,965	(772,446)	(772,446)
Easy Tree 1st. Co., Ltd. (*1)	6,776,370	6,776,369	1	358,255	-	-
Hans Y-Energy Co., Ltd. (*1)	419,978	420,000	(22)	108,335	(22)	(22)
Hans K-Energy Co., Ltd. (*1)	53,582,426	54,000,000	(417,574)	2,596	(417,574)	(417,574)
JA 8th., Co., Ltd. (*1)	5,364,454	5,364,453	1	333,366	-	-
Joon Dragon Fairness 2nd., Co., Ltd. (*1)	30,409,076	30,409,076	-	1,361,937	-	-
Hana HQ 1st., Co., Ltd. (*1)	55,038,504	54,000,000	1,038,504	4,609,810	1,038,503	1,038,503
Hana Recycle 1st., Co., Ltd. (*1)	7,904,768	7,905,000	(232)	119,647	(232)	(232)
Hana Recycle 2nd., Co., Ltd. (*1)	9,903,581	9,905,000	(1,419)	119,636	(1,419)	(1,419)
Hana Asan Baebang 1st Co., Ltd. (*1)	13,109,100	13,109,099	1	141,235	-	-
Zeronine 1st Co., Ltd. (*1)	25,093,921	25,274,702	(180,781)	743,378	(180,782)	(180,782)
Hana AI 5th Co., Ltd. (*1)	10,676,268	10,800,000	(123,732)	-	(123,734)	(123,734)
Highyield Stone Co., Ltd. (*1)	11,737,499	12,000,000	(262,501)	206	(262,501)	(262,501)
The 1st GM 23th Co., Ltd. (*1)	11,179,425	10,043,373	1,136,052	1,182,116	1,136,052	1,136,052
Hana JH 2nd Co., Ltd. (*1)	12,194,291	12,194,291	-	194,461	-	-
Hana Gamsam 1st Co., Ltd. (*1)	33,191,050	33,191,050	-	486,164	486,164	486,164
JEY Complex Co., Ltd. (*1)	1	-	1	-	-	-
JHY Complex Co., Ltd. (*1)	1	-	1	-	-	-

(\*1) Unreviewed financial statements are used.

<December 31, 2020>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Hana the First Private Equity Fund	2,223,734	8,561	2,215,173	10,338	(23,792)	(23,792)
Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 (*1)	5,084,550	297,975	4,786,575	3,029	(1,417,330)	(1,417,330)
Hana Equity Investment Management (Shenzhen) Co., Ltd (Previously, Hana Global Investment Consulting Co., Ltd) (*1).	2,708,707	-	2,708,707	68,641	(694,412)	(655,587)
Hana Land Chip Houston Real Estate Private Fund (*1)	8,680,616	15,554	8,665,062	1,044,448	(5,796,266)	(5,796,266)
Hana Formula-E Private Special Asset Fund 114 (*1)	16,028,170	70,826	15,957,344	46	(193,762)	(193,762)
KB Spain Solar Energy Private Special Asset Fund (SOC-FOFS) (*1)	109,849,010	181,199	109,667,811	17,718,260	12,846,499	12,846,499
KB BONACCORD PRIVATE FUND(FOFS) (*1)	154,716,678	96,270	154,620,408	33,550,098	5,168,545	5,168,545
KB MOBILITY SOLUTION PRIVATE SPECIAL ASSET FUND 1 (FOFS) (*1)	120,221,125	120,999	120,100,126	15,638,663	(4,593,339)	(4,593,339)
Darby Hana Europe Renewable Energy Private Investment Fund (FOFS) (*1)	5,330,852	172,650	5,158,202	395,378	(56,035)	(56,035)
AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2 (*1)	4,957,289	5,571	4,951,718	1,090,778	424,427	424,427
Hana Private Real Estate Investment Trust No.130 (*1)	137,202,318	18,494,627	118,707,691	21,636,723	6,516,922	6,516,922
DS Networks Private Alternative Investment Trust No.2 (*1)	135,239,950	6,121,570	129,118,381	11,511,582	6,460,818	6,460,818
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54B (*1)	29,973,644	434,227	29,539,417	4,215,836	(2,568,843)	(2,568,843)
HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2(*1)	55,729,566	33,074	55,696,491	5,883,158	1,166,151	1,711,839
Hana Private Real Estate Investment Trust No.137 (*1)	59,454,080	10,351,644	49,102,437	15,576,272	2,373,896	2,373,896
Hana Alternative US California BESS Special Asset No. 6 (*1)	44,059,069	66,541	43,992,528	12,296,759	2,730,760	2,730,760
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 350 (*1)	83,375,397	53,059	83,322,338	14,503,901	704,015	704,015
Shinhan AIM infrastructure Fund No.6-2 (*1)	23,027,718	10,450	23,017,268	3,920,556	466,618	466,618
K-Reits Specialized Private Investment Trust No.23 (*1)	5,851,627	58,396	5,793,231	-	(11,206,769)	(11,206,769)
Shinhan AIM Infrastructure Fund No.6-A (*1)	115,254,748	84,323	115,170,424	11,579,864	(4,076,118)	(4,076,118)
KAIM Global Value Specialized Private Investment Trust No.1 (*1)	125,325,419	3,719,093	121,606,325	5,213,179	10,089,605	10,089,605
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4 (*1)	116,017,974	235,617	115,782,357	20,576,630	15,186,138	15,186,138
Hana Alternative Investment Shipping Specialized Private Equity Fund NO.1 (*1)	162,137,187	31,657	162,105,530	4,244,442	169,955	169,955
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1 (*1)	74,408,301	74,900	74,333,401	2,777,167	(4,060,455)	(4,060,455)
Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 153-2 (*1)	130,728,771	1,432,002	129,296,770	1,182,350	(6,667,565)	(6,667,565)
Ramda Global Specialized Private Placement Real Estate Investment Trust (*1)	47,445,450	4,221	47,441,229	786,192	(2,555,093)	(2,555,093)
Darby Hana New York Hotel Specialized Private Investment Trust No.1 (*1)	11,070,759	243	11,070,516	1,813	(30,430)	(30,430)



Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Hana the Third Private Equity Fund	320,167,749	68,307,174	251,860,575	114,953,101	97,977,709	104,479,436
Hana New Technology Fund No.1 (*1)	1,893,925	-	1,893,925	150	(42,050)	(42,050)
Hana Semiconductor New Technology Fund (*1)	111,660,773	-	111,660,773	70,303,031	69,272,405	69,272,405
Hana Trust Global Reit One Co., Ltd (*1)	13,987,896	495,165	13,492,731	863,343	1,966,809	1,966,809
Hana Global New Technology Fund No.1 (*1)	12,032,213	-	12,032,213	1,444	(1,467,787)	(1,467,787)
Hana Charlemont Exchange(*1)	10,169,530	9,788,851	380,680	1,401,405	645,399	645,399
Hana Ocean 1st (*1)	4,839,911	4,128,701	711,210	776,331	416,781	416,781
Madrid First Co., Ltd. (*1)	121,374,888	118,210,410	3,164,479	9,278,900	1,975,901	1,975,901
YDL 1st Co., Ltd. (*1)	11,300,827	11,500,000	(199,173)	2,813,777	847,515	847,515
YDL 3rd Co., Ltd. (*1)	12,870,945	12,745,000	125,945	1,685,112	80,630	80,630
Hana AIC 1st Co., Ltd. (*1)	212,394,403	212,276,824	117,579	11,207,521	262,491	262,491
Peach Shine 2nd Co., Ltd. (*1)	29,863,900	30,793,514	(929,614)	1,338,180	(823,699)	(823,699)
GYD 1st Co., Ltd. (*1)	15,217,085	15,216,846	239	730,346	104	104
Yellow Balloon 3rd Co., Ltd. (*1)	139,071,925	138,000,000	1,071,925	10,765,442	(15,930)	(15,930)
Yellow Balloon 2nd Co., Ltd. (*1)	69,056,979	67,244,582	1,812,396	4,108,349	(1,097,455)	(1,097,455)
Citizenfyu 1st Co., Ltd. (*1)	112,752,638	116,700,000	(3,947,362)	921,876	(4,829,077)	(4,829,077)
Hanalogis No.1 Co., Ltd. (*1)	78,517,993	86,500,000	(7,982,007)	7,518,343	(7,764,103)	(7,764,103)
Areca 1st Co., Ltd. (*1)	23,816,203	22,600,000	1,216,203	8,206,061	5,403,574	5,403,574
Centaur First Co., Ltd. (*1)	26,636,997	27,394,500	(757,503)	336,069	(140,065)	(140,065)
San Jose Real 1st Co., Ltd. (*1)	4,488,122	4,230,000	258,122	803,441	178,634	178,634
GIF Rocinante Co., Ltd. (*1)	103,902,760	107,200,000	(3,297,240)	177	(444,894)	(444,894)
GIF Boomerang Co., Ltd. (*1)	51,478,661	51,728,520	(249,859)	4,415,452	730,554	730,554
GIF Sowol-ro Co., Ltd. (*1)	10,545,476	10,600,000	(54,524)	4,422,415	80,844	80,844
Hana US Emerging Office Co., Ltd. (*1)	54,082,408	54,895,123	(812,715)	1,769,544	(519,423)	(519,423)
Hana Runway Co., Ltd. (*1)	107,342,510	107,800,000	(457,490)	5,815,446	(55,267)	(55,267)
JLB Squire Co., Ltd. (*1)	127,564,127	127,900,000	(335,873)	6,208,529	66,354	66,354
US Smile 1st Co., Ltd. (*1)	2,773,108	2,700,000	73,108	356,164	87,333	87,333
US Smile 2nd Co., Ltd. (*1)	17,280,644	17,000,000	280,644	1,493,809	983,795	983,795
Portfolio 1st Co., Ltd. (*1)	20,272,076	20,000,000	272,076	2,906,556	432,260	432,260
Broadway 1st Co. Ltd (*1)	5,117,841	8,401,063	(3,283,222)	759	(3,283,224)	(3,283,224)
HANA MC ONE Co., Ltd (*1)	25,187,958	25,189,580	(1,622)	1,496,845	(1,622)	(1,622)
Hana-Sinjang 1st Co., Ltd (*1)	4,075,791	4,075,861	(70)	295,835	(71)	(71)
Hana Solar 1st Co., Ltd (*1)	12,109,521	11,340,000	769,521	1,963,995	769,521	769,521
YK Ho 1st., Co., Ltd (*1)	7,816,070	7,590,921	225,149	438,518	225,139	225,139
YK Ho 2nd., Co., Ltd (*1)	7,816,071	7,590,920	225,151	438,518	225,141	225,141
Hana S-Energy Co., Ltd. (*1)	30,741,660	31,100,000	(358,340)	447,690	(358,340)	(358,340)
GIF Gwacheon8 2nd., Co., Ltd. (*1)	30,485,263	30,486,593	(1,330)	883,146	(1,331)	(1,331)
Hana Datacenter 1st., Co., Ltd. (*1)	49,285,567	49,285,566	-	1,099,759	-	-
Anseong KL 1st., Co., Ltd. (*1)	10,079,869	10,078,949	920	196,494	919	919
Achenheim Co., Ltd. (*1)	120,108,863	118,800,000	1,308,863	2,756,825	1,308,862	1,308,862
Eco Clover Co., Ltd. (*1)	126,165,603	126,760,063	(594,460)	601	(594,461)	(594,461)
Hana 5-geori 1st., Co., Ltd. (*1)	11,100,778	11,100,877	(99)	435,718	(99)	(99)

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Hana-Ulsan Co., Ltd. (*1)	20,141,588	20,355,731	(214,144)	309,092	(214,145)	(214,145)
Hana Port 1st., Co., Ltd. (*1)	121,723,687	126,552,377	(4,828,691)	24,480,579	(4,828,692)	(4,828,692)
HF Caribbean Co., Ltd. (*1)	166,096,185	165,778,774	317,411	21,474,761	317,410	317,410
Hana YJDL Co., Ltd. (*1)	11,160,975	11,233,184	(72,209)	520,725	(72,210)	(72,210)
GMHB 2nd., Co., Ltd. (*1)	70,083,592	70,558,762	(475,170)	1,920,073	(475,171)	(475,171)
Hana In Chungmu 1st., Co., Ltd. (*1)	10,886,633	10,886,597	35	123,031	35	35
Hana Penta 1st., Co., Ltd. (*1)	7,110,453	7,110,452	1	430,127	-	-
Hangdong West 2nd., Co., Ltd. (*1)	3,195,464	3,252,431	(56,967)	660,321	(56,967)	(56,967)
Hana Unju 1st., Co., Ltd. (*1)	30,221,925	30,222,379	(455)	473,642	(456)	(456)
Wonderful GM 1st., Co., Ltd. (*1)	11,865,280	11,865,280	-	737,512	-	-
Magic Town 1st., Co., Ltd. (*1)	24,254,805	24,270,000	(15,195)	1,178,498	(15,196)	(15,196)
GIF Olympus Co., Ltd. (*1)	20,621,077	21,121,160	(500,083)	228,861	(500,084)	(500,084)
GS Solution 1st., Co., Ltd. (*1)	31,039,430	29,996,671	1,042,759	1,820	1,042,758	1,042,758
Hana Sewoon 1st., Co., Ltd. (*1)	20,044,584	20,044,583	-	277,264	-	-
Zero To One 1st., Co., Ltd. (*1)	67,615,241	68,339,656	(724,416)	498,819	(724,426)	(724,426)
Hana Heaven 1st., Co., Ltd. (*1)	23,199,420	23,199,419	1	139,611	-	-
Hanalogis No.2 Co., Ltd. (*1)	564,114	500,000	64,114	3,407,399	64,112	64,112
Hana 1Q Logis B Co., Ltd. (*1)	14,397,918	14,399,578	(1,659)	87,279	(1,659)	(1,659)
Hana Bukjincheon 1st., Co., Ltd. (*1)	5,194,082	5,232,373	(38,291)	586,494	(38,293)	(38,293)
Hana Bukjincheon 2nd., Co., Ltd. (*1)	15,058,469	15,271,844	(213,375)	578,230	(213,377)	(213,377)
Hana Seattle Prime Co., Ltd. (*1)	127,099,569	127,200,000	(100,431)	17	(100,433)	(100,433)
Tree Unique 1st., Co., Ltd. (*1)	5,950,052	5,996,367	(46,315)	20,656	(46,316)	(46,316)
PIS 2nd., Co., Ltd. (*1)	6,400,626	6,434,101	(33,476)	18,923	(33,477)	(33,477)
ErnestHyun 1st., Co., Ltd. (*1)	3,734	38,978	(35,244)	-	(35,245)	(35,245)
Hmidan 2nd., Co., Ltd. (*1)	17,967,486	17,984,466	(16,980)	25,026	(16,981)	(16,981)
GIF MD Co., Ltd. (*1)	23,109,589	23,267,744	(158,155)	-	(158,156)	(158,156)

(\*1) Unreviewed financial statements are used.

## 2-2-1. Hana the First Private Equity Fund

Hana the First Private Equity Fund (Hana the First PEF) was established on December 22, 2009 as a joint-stock company under *the Financial Investment Services and Capital Markets Act* for the purpose of distributing to the partners of Hana the First PEF the profits generated from participating in control, improving financial, business and governance structures of invested companies. Issued capital of Hana the First Private Equity Fund amounts to ₩70,972,877 thousand as of September 30, 2021. The Company controls this entity because the Company is exposed, or has rights, to variable returns from its involvement

with this entity and has the ability to affect those returns through its power over this entity in accordance with KIFRS 1110 *Consolidated Financial Statements*.

#### 2-2-2. Hana Daol Land Chip Heungdeok Real Estate Private Fund 35

Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 was incorporated on September 19, 2011 in accordance with *the Financial Investment Services and Capital Markets Act*. It manages Knowledge Industrial Center (apartment-type factory), Heungdeok IT Valley which was built in the Heungdeok Housing Site Development District G1 Block. The collective investment company, the asset manager, is Hana Asset Management Co., Ltd. while the trustee is National Agricultural Cooperative Federation. Issued capital of Hana Daol Land Chip Heungdeok Real Estate Private Fund amounts to ₩7,130,332 thousand as of September 30, 2021

#### 2-2-3. Hana Equity Investment Management (Shenzhen) Co., Ltd. (Previously, Hana Global Investment Consulting Co., Ltd.)

Hana Equity Investment Management (Shenzhen) Co., Ltd. was incorporated in Beijing on October 14, 2011 and moved to Shenzhen on April 16, 2020. Hana Equity Investment Management (Shenzhen) Co., Ltd. primarily engages in advisory services on issuing bonds, listing Chinese companies on the Korea stock market, cross-border M&A transactions and others. The issued capital was ₩3,479,700 thousand as of September 30, 2021.

#### 2-2-4. Hana Land Chip Houston Private Equity Real Estate Investment Trust No.59

Hana land Chip Houston Private Equity Real Estate Investment Trust No.59, which was established on October 30, 2014 by *the Financial Investment Services and Capital Markets Act*, manages common stock of REITs (FG US Holdings 2LLC), which was established to acquire the preferred stocks of 3000 Post Oak Blvd., in Houston, USA, as an item transferred to fund. A collective investment company (asset management company) was UBS Hana Asset Management Co., Ltd., and a trustor was NAFC (National Agricultural

Cooperative Federation). As of September 30, 2021, its issued capital was ₩14,119,170 thousand.

#### 2-2-5. Hana the Third Private Equity Fund

Hana the Third Private Equity Fund (Hana the Third PEF) was established on July 29, 2016 as a joint-stock company under *the Financial Investment Services and Capital Markets Act* for the purpose of distributing the profits to the partners of Hana the Third PEF generated from participating in business control, restructuring, improving financial structures, business model and company governance of invested companies. Issued capital of Hana the Third Private Equity Fund amounts to ₩80,554,976 thousand as of September 30, 2021.

In accordance with KIFRS 1110 *Consolidated Financial Statements*, Hana the Third PEF is in the scope of consolidation since H&FI has power to direct its relevant activity and is exposed to variable returns from its involvement with this entity and has the ability to affect those returns through its power over this entity.

#### 2-2-6. Hana New Technology Fund No.1

Hana New Technology Fund No.1 was incorporated on May 28, 2018 under *the enforcement rules of the Specialized Credit Finance Business Act and other related regulations*, to primarily engage in investing and operating the fund and distribute profits to the members.

#### 2-2-7. Hana Trust Global Reit one Co., Ltd

Hana Trust Global Reit one co., Ltd was established on September 20, 2019 for the purpose of allocating profits to members by investing and operating them in accordance with *the Real Estate Investment Company Act, the Enforcement Decree of the same Act*, the Enforcement Rules and the related statutes.

#### 2-2-8. Hana Global New Technology Fund No.1

Hana Global New Technology Fund No.1 was established on July 8, 2020 under *the enforcement rules of the Specialized Credit Finance Business Act and*

*other related regulations*, to primarily engage in investing and operating the fund and distribute profits to the members.

#### 2-2-9. Special Purpose Entities that Provided Beneficiary Certificates and Purchase Agreements Beneficiary

Certificates and purchase agreements provided by special purpose entities have been included in the scope of consolidation. The Group holds a control of them because it has power to govern the related activities, and it is exposed, or has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over them in accordance with KIFRS 1110 *Consolidated Financial Statements*.

2-3. Changes in the scope of consolidation for the nine-month period ended September 30, 2021(Unaudited) are as follows:

Name of subsidiaries	Rationale
Included in scope of consolidation:	
Midas Global Qualified Investors Private Real Estate Fund Investment Trust no.8	Acquisition of control
JR Global Qualified Investors Private Real Estate Fund Investment Trust no.28	Acquisition of control
Shinhan AIM Real Estate Fund No.22-B	Acquisition of control
Shinhan AIM infrastructure Fund No.7-1	Acquisition of control
AIP Environment Infrastructure Specialized Privately Placed Fund Trust #2	Acquisition of control
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 417-1	Acquisition of control
Genesis Environment Energy No.4 Private Equity Fund	Acquisition of control
Tree Yard 1st., Co., Ltd.	Credit facility
Tree Axion 1st., Co., Ltd.	Credit facility
Planet Seocho Co., Ltd.	Credit facility
Easy Tree 6th., Co., Ltd.	Credit facility
Hans Y-Energy Co., Ltd.	Credit facility
Hans K-Energy Co., Ltd.	Credit facility
JA 8th., Co., Ltd.	Credit facility
Joon Dragon Fairness 2nd., Co., Ltd.	Credit facility
Hana HQ 1st., Co., Ltd.	Credit facility
Hana Recycle 1st., Co., Ltd.	Credit facility
Hana Recycle 2nd., Co., Ltd.	Credit facility
Hana Asan Baebang 1st Co., Ltd.	Credit facility
Zeronine 1st Co., Ltd.	Credit facility
Hana AI 5th Co., Ltd.	Credit facility
Highyield Stone Co., Ltd.	Credit facility
The 1st GM 23th Co., Ltd.	Credit facility
Hana JH 2nd Co., Ltd.	Credit facility
Hana Gamsam 1st Co., Ltd.	Credit facility
JEY Complex Co., Ltd.	Credit facility
JHY Complex Co., Ltd.	Credit facility
Excluded in scope of consolidation:	
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1	Loss of control due to disposal
Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 153-2	Loss of control due to disposal
Ramda Global Specialized Private Placement Real Estate Investment Trust	Loss of control due to disposal
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54B	Loss of control due to disposal
Hana Alternative US California BESS Special Asset No. 6	Loss of control due to disposal
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 350	Loss of control due to disposal
Midas Global Qualified Investors Private Real Estate Fund Investment Trust no.8	Loss of control due to disposal
Darby Hana Europe Renewable Energy Private Investment Fund	Loss of control due to disposal
JR Global Qualified Investors Private Real Estate Fund Investment Trust no.28	Loss of control due to disposal
Genesis Environment Energy No.4 Private Equity Fund	Loss of control due to disposal
Sejoong Co., Ltd.	Loss of control due to disposal

Name of subsidiaries	Rationale
Siwon Co., Ltd.	Loss of control due to disposal
Hana Semiconductor New Technology Fund	Loss of control due to disposal
GIF Gwacheon8 2nd., Co., Ltd.	Termination of credit facility
GYD 1st Co., Ltd	Termination of credit facility
Hmidan 2nd., Co., Ltd.	Termination of credit facility
Hana Bukjincheon 2nd., Co., Ltd.	Termination of credit facility
PIS 2nd., Co., Ltd.	Termination of credit facility
Hanalogis No.2 Co., Ltd.	Termination of credit facility



### 3. Summary of significant accounting policies

#### 3-1. Basis of preparation

The Group prepares statutory interim condensed consolidated financial statements in the Korean language in accordance with Korean International Financial Reporting Standards ("KIFRS") 1034 *Interim Financial Reporting* enacted by *the Act on External Audit of Stock Companies, etc.*

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2020.

The accompanying interim condensed consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

#### 3-2. Basis of consolidation

##### 3-2-1. Subsidiaries

Subsidiaries are referred all entities that the Group has the power to govern the financial and operating policies of an entity. It includes special purpose entities and generally, it is considered as a subsidiary when there is majority voting rights. The Group considers the existence and influence of exercisable or transferrable voting rights when evaluating its subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are no longer consolidated from the date on which the Group loses control over them.

All significant intercompany transactions, account balances, unrealized gains or losses among consolidated companies are eliminated from consolidation. The accounting policies of subsidiaries are applied after revising, if necessary, for consistent application with the Group's accounting policies.

### 3-2-2. Non-controlling interests

Non-controlling interests must be presented within equity, separately from the equity of the owners of the parent company in the consolidated statement of financial position. Total comprehensive income must be attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Some puttable financial instruments or some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation are not accounted as the residual equity in the consolidated financial statement, therefore, the non-controlling interests are classified as financial liabilities in the consolidated financial statement.

### 3-2-3. Investment in an associate

An associate is referred when the Group has significant influence without the control over the entity and owns 20% to 50% of voting rights. Investments in entities are accounted for using the equity method. Under the equity method of accounting, the Group's initial investment in an associate is recorded at acquisition cost. The amount of investment in associates of the Group includes goodwill (accumulated impairment losses deducted) recognized at the time of acquisition.

Subsequently, the carrying amount of the investment is adjusted to reflect the Group's share of income or loss of the associate in the consolidated statement of comprehensive income and share of changes in equity that have been recognized directly in the equity of the associate in the related equity account of the Group on the consolidated statement of financial position. If the Group's share of losses of the associate equals or exceeds its interest in the associate, it

suspends recognizing its share of further losses. However, if the Group has other long-term interests in the associate, it continues recognizing its share of further losses to the extent of the carrying amount of such long-term interests.

The Group's share in the associate's unrealized profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the interest in the associate. Unrealized losses are also eliminated unless there is evidence that the transferred assets have been impaired. The accounting policies of associates are applied after revising, if necessary, for consistent application with the Group's accounting policies.

### 3-2-4. Unconsolidated structured entities

#### 3-2-4-1. Characteristics of shares of unconsolidated structured entities

Details of the nature of the Group's interests in unconsolidated structured entities as of September 30, 2021(Unaudited) are as follows (Korean won in thousands):

Classification	Purpose	Financing arrangement	Total assets
Asset Securitization Special Purpose Company	Return on investment	Investment, borrowings	450,351,604
Shipping and M&A Refinancing	Ship building or purchase, NPL purchase, M&A	Investment, borrowings	380,001,167
Investment fund and trust	Indirect investment on unlisted equity	Investment, government bonds, notes, etc.	74,573,958,023

### 3-2-4-2. Risks of unconsolidated structured entities

Details of the Group's maximum exposure to loss from its interests in unconsolidated structured entities as of September 30, 2021(Unaudited) are as follows (Korean won in thousands):

Classification	Special Purpose Company	Investment fund and trust
Assets:		
Loans receivables	–	–
Securities	–	2,263,899,962
Net asset	–	2,263,899,962
Maximum exposure to loss:		
Financial assets	–	2,263,899,962
Credit and other commitment	511,100,000	449,130,860

### 3-3. Impact of new standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards and interpretations effective as of January 1, 2021.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Changes in accounting policies in accordance with the adoption of new standards and interpretations for the current reporting period are as follows.

#### 3-3-1 Amendments to KIFRS 1109, KIFRS 1039, KIFRS 1107, KIFRS 1104 and KIFRS 1116: Interest Rate Benchmark Reform – Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

The details of financial instruments that have not completed the transition to alternative indicator interest rates as of the September 30, 2021(Unaudited) is as follows (Korean won in thousands):

Classification	Book value (*)		Financial instruments that have not completed the transition to alternative indicator interest rates	
	Assets	Liabilities	Assets	Liabilities
USD LIBOR Exposure derivative assets and derivative liabilities				
Derivative instruments	318,913,879	500,799,969	287,620,244	472,063,002
USD LIBOR Total exposure derivative assets and derivative liabilities	318,913,879	500,799,969	287,620,244	472,063,002

(\*) Includes financial instruments that will be extinguished before switching to alternative indicator interest rates

#### 4. Significant judgments and accounting estimates

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The assumptions and estimates are based on other factors that are considered to be related to historical experience. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant accounting estimates and underlying assumptions used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Group's annual consolidated financial statements for the year ended December 31, 2020, except Note 3 above.

## 5. Regulatory reserve for bad debts

In accordance with the Regulation on Financial Investment Services, when provisions assessed under KIFRS are deemed insufficient for regulatory purposes, the Group recognizes the differences, if any, as a regulatory reserve for bad debts in retained earnings.

### 5-1. Balances of regulatory reserve for bad debts

Balances of regulatory reserve for bad debts as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Beginning balance	25,017,476	37,839,749
Planned provisions for (reversal of) bad debt reserve	7,337,406	(12,822,273)
Ending balance	32,354,882	25,017,476

### 5-2. Provisions for the bad debt reserve and adjusted income

Provisions for the bad debt reserve and income adjusted for the equity attributable to owners of the parent company for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
Net income attributable to owners of the parent company before deducting provisions for bad debt	410,027,622	286,341,527
Reversal of (Provisions for) bad debt reserve	(7,337,406)	(10,902,854)
Adjusted income after deducting provisions for bad debt	402,690,216	275,438,673
Earnings per share on adjustment after reflecting reserve for bad debt (Korean won)	5,641	4,276



## 6. Operating segment information

### 6-1. General information

The Group is organized into 6 operating segments based on their products and services and details are presented below:

Wealth Management (WM)	Providing consignment and brokerage services of stock, futures, options, etc., financial consulting and selling asset management products to high-income households and private or general investors
Wholesale	Providing brokerage services of domestic stocks and derivatives for institutional investors and selling financial products to institution or corporation
Investment Bank (IB)	Operating corporate financing and providing services relating to corporate funding and M&A
Sales & Trading	Providing bonds, derivatives and operating hedge transactions and equity investment
Common operation	Operating other supporting and operating activities
Subsidiaries	Subsidiaries in scope of consolidation

### 6-2. Financial information of the operating segments

The financial information of the operating segments for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

〈For the nine-month period ended September 30, 2021(Unaudited)〉

Classification(*1)	WM	Wholesale	IB	Sales & Trading	Others	Subsidiaries	Adjustments	Total
Country	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea, China		
Net operating income (loss)	312,532,902	40,771,561	439,526,031	188,665,235	38,204,818	(47,334,667)	(137,429,887)	834,935,993
Selling and administrative expenses	188,351,166	14,429,201	47,396,385	24,815,112	128,058,682	30,606,486	(1)	433,657,031
Provisions for allowance	741,063	-	406,560	915,994	91,644	-	(2,155,261)	0
Non-operating income	(157,435)	(9)	9,074	(25,000)	(16,371,849)	123,859,261	32,624,553	139,938,595
Income(loss) before income tax expenses	123,283,238	26,342,351	391,732,160	162,909,129	(106,317,357)	45,918,108	(102,650,072)	541,217,557
Income tax expenses	-	-	-	-	156,804,661	(24,312,145)	(1,040,890)	131,451,626
Net income (loss)	123,283,238	26,342,351	391,732,160	162,909,129	(263,122,018)	70,230,253	(101,609,182)	409,765,931

〈For the nine-month period ended September 30, 2020(Unaudited)〉

Classification(*1)	WM	Wholesale	IB	Sales & Trading	Others	Subsidiaries	Adjustments	Total
Country	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea, China		
Net operating income (loss)	235,947,290	30,475,692	317,962,228	82,439,990	45,844,258	30,127,997	(38,155,440)	704,642,015
Selling and administrative expenses	179,039,245	18,710,465	60,815,199	29,072,810	52,463,089	17,515,938	75,500	357,692,246
Provisions for allowance	-	-	-	-	3,526,726	-	(3,526,726)	-
Non-operating income	-	-	-	-	7,246,074	21,656,859	10,628,786	39,531,719
Income(loss) before income tax expenses	56,908,045	11,765,227	257,147,029	53,367,180	(2,899,483)	34,268,918	(24,075,428)	386,481,488
Income tax expenses	-	-	-	-	94,658,940	338,777	5,309,699	100,307,416
Net income (loss)	56,908,045	11,765,227	257,147,029	53,367,180	(97,558,423)	33,930,141	(29,385,127)	286,174,072

(\*1) The amount in each segment is the measurement reported to the chief

operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

## 7. Net interest income

Net interest income for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)		For the nine-month period ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Interest income:				
Interest income on cash and deposits	5,932,250	15,799,926	8,258,065	32,838,039
Interest income on financial assets measured at FVTPL	63,588,053	193,126,851	69,384,195	213,858,209
Interest income on financial assets measured at FVOCI	9,554,655	21,070,930	7,291,658	20,306,913
Interest income on loans receivable	68,095,033	191,560,898	38,095,713	96,022,477
Others	955,765	2,662,491	1,136,479	3,266,443
Subtotal	148,125,756	424,221,096	124,166,110	366,292,081
Interest expenses:				
Interest expenses on deposit liabilities	1,344,435	3,806,774	1,153,047	5,617,452
Interest expenses on financial liabilities designated as measured at FVTPL	27,833,231	85,387,576	14,212,894	67,038,677
Interest expenses on debentures	19,422,356	60,442,371	15,428,809	54,446,350
Interest expenses on borrowings	20,400,489	54,014,153	20,103,014	65,688,500
Interest expenses on non-controlling investors' liabilities	2,879,989	6,264,213	1,424,726	4,924,042
Interest expenses on lease liabilities	424,334	1,238,122	173,657	491,306
Others	265,168	730,772	764,499	3,801,133
Subtotal	72,570,002	211,883,981	53,260,646	202,007,460
Net interest income	75,555,754	212,337,115	70,905,464	164,284,621

## 8. Net fee and commission income

Net fee and commission income for the three-months and the nine-month period ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)		For the nine-month period ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Fee and commission income:				
Brokerage commissions	58,588,273	205,059,541	72,156,886	177,274,192
Underwriting commissions	37,103,794	65,460,642	32,838,089	59,873,721
Brokerage commissions on collective investment securities	11,120,729	35,044,573	10,062,058	27,501,900
Finance commissions	42,198,072	111,365,077	55,631,347	106,686,190
Management fee on wrap account and asset management	11,097,309	32,957,754	7,882,831	21,383,968
Others	27,129,617	77,916,982	31,498,175	74,335,028
Subtotal	187,237,794	527,804,569	210,069,386	467,054,999
Fee and commission expenses:				
Trading commissions	4,074,918	13,956,972	5,880,285	18,159,184
Investment consultant fees and advisory fees	122,402	329,674	49,819	144,050
Fixed-rate membership dues	2,607,820	8,446,745	2,430,506	7,090,318
Bank commissions	2,305,322	5,644,298	1,119,989	2,591,559
Others	18,596,769	53,006,710	26,257,296	57,315,945
Subtotal	27,707,231	81,384,399	35,737,895	85,301,056
Net fee and commission income	159,530,563	446,420,170	174,331,491	381,753,943

The Group provides services on customer deposits, investment trusts, business management, investment management, and management support including investment decisions on trading securities. These trust assets are not included in the Group's consolidated financial statements.

9. Gain (loss) on financial instruments measured at FVTPL

Gain (loss) on financial assets and liabilities measured at FVTPL for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-months ended September 30, 2021 (Unaudited)		For the nine-months ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Gain on financial instruments measured at FVTPL:				
Gain on valuation	142,345,361	361,477,463	(208,517,677)	770,173,305
Gain on disposal	80,396,437	197,702,781	59,701,447	202,217,196
Gain on redemption	8,311,812	31,173,065	46,353,990	188,243,299
Dividend income	4,909,264	12,600,883	8,038,213	19,498,915
Dividend from debt securities	34,889,397	104,186,486	35,352,735	113,354,671
Gain on exchange-traded derivatives	104,528,156	485,575,684	152,549,246	771,616,014
Gain on over the counter ("OTC") derivatives	1,217,649,995	3,620,358,387	229,865,403	2,432,102,671
Amortization of deferred day 1 profit or loss	17,785,510	111,821,984	35,844,761	72,362,985
Subtotal	1,610,815,932	4,924,896,733	359,188,118	4,569,569,056
Loss on financial instruments measured at FVTPL:				
Loss on valuation	101,820,360	401,800,480	(23,066,732)	282,501,778
Loss on disposal	54,236,704	174,777,978	35,643,874	184,544,734
Loss on redemption	45,311,121	303,502,814	98,700,382	155,314,920
Loss on exchange-traded derivatives	153,659,538	479,047,977	75,612,994	976,975,852
Loss on OTC derivatives	1,341,982,949	3,574,087,571	112,108,820	2,885,303,273
Amortization of deferred day 1 profit or loss	4,187,505	40,944,090	10,784,442	29,331,967
Subtotal	1,701,198,177	4,974,160,910	309,783,780	4,513,972,524
Net gain(loss) on financial instruments measured at FVTPL	(90,382,245)	(49,264,177)	49,404,338	55,596,532

10. Gain (loss) on financial assets measured at FVOCI

Gain (loss) on financial instruments measured at FVOCI except for impairment loss and reversal of impairment loss for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)		For the nine-month period ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Gain on financial instruments measured at FVOCI:				
Gain on disposal of debt securities	959,804	4,716,979	8,223,940	51,223,195
Dividend income	(7)	3,450,858	20,580	2,438,863
Subtotal	959,797	8,167,837	8,244,520	53,662,058
Loss on financial instruments measured at FVOCI:				
Loss on disposal of debt securities	262,845	1,493,319	402,375	583,023
Net gain on financial instruments measured at FVOCI	696,952	6,674,518	7,842,145	53,079,035

11. Gain (loss) on foreign exchange translation and transactions

Gain (loss) on foreign exchange translation and transactions for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)		For the nine-month period ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Gain on foreign exchange transactions	195,512,570	600,916,476	185,221,437	997,396,561
Gain on foreign exchange translation	146,341,884	277,883,354	(30,725,732)	83,672,812
Subtotal	341,854,454	878,799,830	154,495,705	1,081,069,373
Loss on foreign exchange transactions	185,240,054	601,612,470	176,943,650	979,688,472
Loss on foreign exchange translation	35,922,702	60,603,660	18,878,746	58,629,367
Subtotal	221,162,756	662,216,130	195,822,396	1,038,317,839
Net gain on foreign exchange translation and transactions	120,691,698	216,583,700	(41,326,691)	42,751,534

## 12. (Reversal of) Impairment loss on financial assets

(Reversal of) Impairment loss on financial assets for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)		For the nine-month period ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Financial assets measured at FVOCI:				
Provision for expected credit losses	1,782	11,015	261,558	361,162
Loans:				
Provision for possible loan losses	168,350	3,821,031	(973,978)	2,895,562
Reversal of allowance for doubtful accounts	(367,360)	(4,929,780)	(117,674)	(213,596)
Other assets:				
Provision for possible other assets losses	184,896	402,991	(19,126)	330,380
Reversal of allowance for doubtful accounts	(10,824)	(86,281)	(11,904)	(97,355)
Total	(23,156)	(781,024)	(861,124)	3,276,153

## 13. General and administrative expenses

13-1. Employee benefit expenses for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows

(Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)		For the nine-month period ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Salaries and employee benefits	96,054,462	245,323,069	75,595,496	198,973,888
Post-employment benefits	4,399,533	11,840,955	3,335,125	10,133,528
Voluntary retirement benefit	946,612	2,459,001	1,226,375	2,115,271
Total	101,400,607	259,623,025	80,156,996	211,222,687

13-2. General and administrative expenses for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)		For the nine-month period ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Fringe benefits	6,450,587	15,672,010	5,037,337	13,825,417
Electronic data processing expenses	4,253,921	13,112,545	3,833,353	11,229,772
Rental expenses	820,419	2,407,246	773,530	2,254,645
Entertainment expenses	1,761,761	5,635,523	1,807,516	5,100,748
Advertising expenses	5,298,398	13,713,507	3,197,494	8,724,442
Depreciation	8,492,824	24,679,553	7,284,877	21,039,990
Amortization	4,350,696	12,896,199	3,811,525	11,189,179
Taxes and dues	5,972,910	17,448,278	4,794,977	15,740,890
Insurance premium	4,645,692	13,530,270	3,742,609	10,663,478
Servicing expenses	9,419,412	27,083,787	8,256,230	23,454,657
Vehicles maintenance expenses	845,915	2,694,561	927,525	2,652,429
Communication expenses	1,967,235	5,693,156	1,737,166	4,511,168
Others	7,051,586	19,467,371	5,735,161	16,082,744
Total	61,331,356	174,034,006	50,939,300	146,469,559

#### 14. Other operating income (expense)

Other operating income (expense) for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)		For the nine-month period ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Other operating income:				
Trust fees	14,944,216	25,445,913	5,572,104	13,407,345
Reversal of other provisions	299,016	3,325,075	(52,909)	2,845,542
Others	13,048,044	6,007,244	(1,592,252)	229,934
Subtotal	28,291,276	34,778,232	3,926,943	16,482,821
Other operating expenses:				
Insurance fee on deposit	698,438	2,096,586	991,504	991,504
Transfer of other provision	2,090,419	5,413,852	952	2,384,408
Others	24,687,413	25,864,151	(1,958,579)	2,654,406
Subtotal	27,476,270	33,374,589	(966,123)	6,030,318
Net other operation income	815,006	1,403,643	4,893,066	10,452,503



## 15. Non-operating income (expense)

Non-operating income (expense) for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows

(Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)		For the nine-month period ended September 30, 2020 (Unaudited)	
	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)	Three-month period ended (Unaudited)	Nine-month period ended (Unaudited)
Non-operating income:				
Gain on valuation of equity method investments	14,977,978	20,135,591	2,112,187	8,951,860
Rental fee income	724,563	2,018,055	1,002,565	2,936,074
Reversal of Impairment loss on investments in associates	-	-	-	54,835
Gain on disposal of investments in associates	34,851,047	121,904,225	13,089,830	14,225,119
Gain of disposal of property, plant and equipment	(253,499)	1,074,483	324	1,374
Gain on disposal of intangible assets	5,116	14,116	-	635
Others	87,424,068	215,333,617	44,276,122	112,312,527
Subtotal	137,729,273	360,480,087	60,481,028	138,482,424
Non-operating expenses:				
Loss on valuation of equity method investments	8,626,294	22,138,271	1,721,151	5,929,597
Donations	3,252,179	5,164,892	2,316,708	3,413,372
Loss on disposal of investments in associates	2,601,612	2,632,572	14,703	299,952
Loss on disposal of property, plant and equipment	66,240	108,348	2,832	75,920
Loss on disposal of intangible assets	-	-	-	2,640
Impairment loss on intangible assets	-	60,000	-	-
Others	73,925,749	190,437,409	36,697,814	89,229,224
Subtotal	88,472,074	220,541,492	40,753,208	98,950,705
Net non-operation income (expense)	49,257,199	139,938,595	19,727,820	39,531,719

## 16. Income taxes

The major components of income tax expense for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
Current income taxes:		
Income taxes	124,426,011	70,599,947
Adjustments recognized for the current period in relation to the current tax of prior periods	(863,200)	(1,441,362)
Change in deferred income taxes due to temporary differences	5,162,009	37,606,340
Current and deferred income taxes recognized directly to equity	2,541,403	(8,716,832)
Tax increase due to the consolidated tax returns	(851,567)	2,053,193
Others	1,036,970	206,130
Income tax expense	131,451,626	100,307,416

## 17. Cash and deposits

17-1 Cash and deposits as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	Counterparty	Interest rate (%)	September 30, 2021 (Unaudited)	December 31, 2020
Cash and cash equivalents:				
Cash			91,072	66,334
Cash equivalents	Hana Bank and others	0.15 ~ 0.60	859,984,959	475,331,231
Subtotal			860,076,031	475,397,565
Deposits :				
Reserve for claims of customers' deposits	Korea Securities Finance Corporation ("KSFC")	0.00 ~ 0.74	383,902,555	343,765,158
Long-term deposits	Kyongnam Bank and others	0.77 ~ 1.90	335,028,000	570,744,000
Other deposits	KSFC and others	0.00 ~ 1.24	325,465,924	71,312,249
Subtotal			1,044,396,479	985,821,407
Deposits in foreign currencies:				
Other deposits in foreign currencies	Hana Bank and others	-	1,126,531,262	756,826,309
Total			3,031,003,772	2,218,045,281

17-2. Restricted deposits as of September 30, 2021 and December 31, 2020 are summarized as follows (Korean won in thousands):

Classification	Counterparty	September 30, 2021 (Unaudited)	December 31, 2020	Remark
Reserve of customers' deposits	KSFC and others	387,902,555	346,765,158	Reserve for claims of customers' deposits (*1)
Transaction deposits for trading futures and options (brokerage)	Hana Bank and others	504,666,260	401,533,435	Trading account deposits
Guarantee deposits for trading futures and options (brokerage)	Societe Generale("SG")	387,916	363,608	Trading account guarantee deposits
Transaction deposits for OTC derivatives	Citigroup Global Inc. and others.	133,213,358	102,678,070	Trading account deposits
Long-term deposits	Hana Bank and others	70,000,000	279,000,000	Pledged collateral for payment and financial derivatives
Restricted due from financial institutions	Hana Bank and others	20,000	20,000	Deposits for checking accounts
Other deposits	Hana Bank and others	753,227,307	251,977,087	Establishment of a pledge right, etc.
Total		1,849,417,396	1,382,337,358	

(\*1) Reserve for the return of investor's deposits is a deposit deposited in a foreign exchange bank in connection with Korea Securities Finance and derivative transactions. According to the Financial Investment Services and Capital Market Act and the Regulation on Financial Investment Services, the Group is required to distinguish investor's deposit from its asset and recalculate an amount exceeding the sum of conditional deposits, deposits related to exchange-traded derivatives, and deposits received from trustors, savers, and investors in collective investment securities, less entrustment guarantee money in cash, on a daily basis, and deposit in KSFC. Such deposits are restricted for use and cannot be pledged as collateral, and nobody can offset or distrain them.

18. Financial assets measured at FVTPL

Financial assets measured at FVTPL as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	Details	September 30, 2021 (Unaudited)	December 31, 2020
Financial assets measured at FVTPL:			
Equity securities	Samsung Electronics Co., Ltd. and others	182,408,875	164,747,160
Stock warrants	VG Private investment, etc.	218,615,895	162,167,199
Government and municipal bonds (*1)	Government bonds	1,860,616,259	2,141,684,720
	Housing bonds	86,282,644	179,058,770
	Others	80,373,826	96,140,368
	Subtotal	2,027,272,729	2,416,883,858
Financial bonds (*1)	Monetary stabilization bonds	218,771,105	691,895,350
	Commercial bank bonds	2,621,433,022	2,893,977,289
	Small & medium enterprise finance bonds	52,484,789	32,772,470
	Industrial financial debenture	124,788,580	218,019,437
	Export-Import financial debenture	-	20,032,480
	Others	2,464,475,756	3,080,847,278
	Subtotal	5,481,953,252	6,937,544,304
Corporate bonds (*1)	General corporate bonds	2,469,845,857	2,765,813,581
	Government corporate bonds	348,767,216	334,308,687
	Subtotal	2,818,613,073	3,100,122,268
Collective investment securities	Samsung KODEX 200 and others	2,364,089,003	2,642,537,882
Other securities in Korean won	Equity securities	20,595	110,000
	Debt securities	1,076,020,260	858,162,128
	Subtotal	1,076,040,855	858,272,128
Securities in foreign currency	Stocks in foreign currencies	543,656,094	760,749,327
	Bonds in foreign currencies	2,003,833,742	1,887,985,615
	Collective investment securities in foreign currencies	389,967,698	450,842,142
	Other securities in foreign currencies	149,004,777	174,712,330
	Subtotal	3,086,462,311	3,274,289,414
Derivative linked securities	HSBC DLS and others	332,743,380	312,396,559
Derivatives assets held for trading purpose	Exchange-traded derivatives	142,571,052	85,337,675
	OTC derivatives	1,246,253,998	2,196,344,458
	Deferred day 1 profit or loss	21,141,367	30,516,447
	Subtotal	1,409,966,417	2,312,198,580
Loans	Hyundai Motor Company TRS and others	1,293,932,308	1,234,504,319
Other securities	Reserve for customers' deposits (*2)	1,814,955,066	1,655,302,343
	Joint funding and others	35,677,804	29,994,560
	Subtotal	1,850,632,870	1,685,296,903
Total		22,142,730,968	25,100,960,574

(\*1) Fair value of government bonds, public bonds, financial institution bonds and corporate bonds are measured based on the average of yield rate provided by Korea Investors Service Inc. ("KIS"), Korea Asset Pricing, Co. ("KAP") and NICE Investors Services Co., Ltd. ("NICE").

(\*2) Other securities consist of deposit such as time deposits and etc., and reserve for customers' deposits in trust accounts. Reserve for customers' deposits is restricted for use.

19. Financial assets measured at FVOCI

19-1. Financial assets measured at FVOCI as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Equity securities	180,010,343	163,730,794
Debt securities	1,967,439,292	1,185,759,524
Investments in partnerships	125,000	125,000
Debt securities in foreign currency	487,567,898	478,580,898
Total	2,635,142,533	1,828,196,216

19-2. Details of shares (including shares in foreign currencies) included in financial assets measured at FVOCI as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Counterparty	September 30, 2021 (Unaudited)		December 31, 2020	
	Book value	Fair value	Book value	Fair value
KRX	148,641,576	148,641,576	134,052,275	134,052,275
Korea Securities Depository ("KSD")	5,630,850	5,630,850	5,668,405	5,668,405
Korea Money Broker Corp.	2,303,460	2,303,460	2,189,520	2,189,520
Korea Securities Finance Corporation ("KSFC")	20,150,752	20,150,752	18,939,874	18,939,874
Channel A Corporation	2,435,200	2,435,200	1,976,800	1,976,800
Consus Asset Management Corp.	205,997	205,997	266,492	266,492
Koscom Fund Services Corp.	243,075	243,075	243,075	243,075
DOORESEENING Corp. and others	524,432	524,432	519,352	519,352
Total	180,135,342	180,135,342	163,855,793	163,855,793

The Group has designated financial assets measured at FVOCI for equity instruments held for the purposes of financial investment business, business alliances, and employees' welfare, but not for trading purposes.

19-3. There are no disposals of shares (including shares in foreign currencies) included in financial assets measured at FVOCI for the nine-month period ended September 30, 2021 and 2020

19-4. Dividends recognized from financial assets measured at FVOCI for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
Dividends recognized from financial assets held as of the end of the reporting period:		
Equity securities in Korean won	3,450,858	2,438,863

19-5. Changes in the loss allowance in relation to financial assets measured at FVOCI for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	496,417	-	-	496,417
Provision for loss allowance	6,629	-	-	6,629
New financial assets exercised or purchased	435,388	-	-	435,388
Financial assets derecognized	(431,002)	-	-	(431,002)
Exchange rate fluctuation and others	(3,029)	-	-	(3,029)
Ending balance	504,403	-	-	504,403

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	180,643	-	-	180,643
Provision for loss allowance	14,811	-	-	14,811
New financial assets exercised or purchased	418,150	-	-	418,150
Financial assets derecognized	(71,799)	-	-	(71,799)
Exchange rate fluctuation and others	(99,319)	-	-	(99,319)
Ending balance	442,486	-	-	442,486



20. Loans and receivables

20-1. Total loans and receivables as of September 30, 2021 and December 31, 2020 consist of the following (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Broker's loans:		
Margin to customers	876,561,874	572,442,701
Loans secured by securities	1,697,014,053	1,203,975,988
Loans secured by beneficiary certificates	37,514,469	42,171,527
Loans secured by MMF	177,451	133,172
Loans secured by securities finance (wrap account)	338,917	27,798
Subtotal	2,611,606,764	1,818,751,186
Other loans:		
Call loans	10,500,000	—
Loans	987,192,477	1,050,821,811
Loans to employees	5,210,663	5,990,735
Private placement bonds	31,969,010	—
Advance for customers	3,054,439	2,980,095
Others	1,000,000	4,269,124
Bonds purchased under repurchase agreements	848,600,000	1,208,600,000
Subtotal	1,887,526,589	2,272,661,765
Total	4,499,133,353	4,091,412,951
Less:		
Allowance for possible loan losses	(40,699,406)	(43,088,384)
Loan origination cost	(5,712,127)	(629,250)
Total	4,452,721,820	4,047,695,317

## 20-2. Broker's loans and receivables

The Group accounts margin loans as the amount of stock purchase with internal funds to customers, and it carries an annual interest rate of 6.5% to 10.5% with a maximum maturity of 90 days. Margin loans which are not fully repaid by the settlement date is recognized as unredeemed loans and charged an annual interest rate of 10~12% on the outstanding portion. On the other hand, cash and/or securities equivalent to 140%~160% of such margin loan are provided as collateral for margin transactions.

The Group provides secured loans of 50%~65% of the latest closing price of collateral securities. As of September 30, 2021, interest rate of such secured loans is 6.9% to 10.5% per annum with a maturity date of six months. Collateral constituting cash and/or securities equivalent to 140%~160% of such secured loan are maintained. When the value of collateral falls below the maintenance requirement rate of the corresponding loan or the settlement date is overdue, the Group collectsthe loan principal and accrued interest through liquidation of security collaterals.

20-3. Changes in allowance for possible loan losses for the nine-month period ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period September 30, 2021(Unaudited)>

Classification	12-month expected credit loss	Lifetime expected credit losses		Total
		Loans with unimpaired credit	Credit-impaired loans	
Beginning balance	14,609,013	-	28,479,371	43,088,384
Provision (reversal of) for allowance	(8,465,475)	-	7,356,727	(1,108,748)
Write-offs	-	-	(1,280,230)	(1,280,230)
Ending balance	6,143,538	-	34,555,868	40,699,406

<For the nine-month period September 30, 2020(Unaudited)>

Classification	12-month expected credit loss	Lifetime expected credit losses		Total
		Loans with unimpaired credit	Credit-impaired loans	
Beginning balance	1,471,800	-	6,185,070	7,656,870
Provision for allowance	396,939	223,747	2,061,280	2,681,966
Write-offs	-	-	(1,100,000)	(1,100,000)
Ending balance	1,868,739	223,747	7,146,350	9,238,836

20-4. Changes in amounts of loans for the nine-month period ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	12-month expected credit loss	Lifetime expected credit losses		Total
		Loans with unimpaired credit	Credit-impaired loans	
Beginning balance	4,057,840,258	-	33,572,693	4,091,412,951
New financial assets exercised or purchased	405,790,766	-	3,209,867	409,000,633
Write-offs	-	-	(1,280,231)	(1,280,231)
Ending balance	4,463,631,024	-	35,502,329	4,499,133,353

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	12-month expected credit loss	Lifetime expected credit losses		Total
		Loans with unimpaired credit	Credit-impaired loans	
Beginning balance	1,555,014,815	-	6,548,921	1,561,563,736
Transfer to Credit-unimpaired loans	(167,000,000)	167,000,000	-	-
Transfer to Credit-impaired loans	(4,594,897)	-	4,594,897	-
New financial assets exercised or purchased	1,637,925,838	-	-	1,637,925,838
Write-offs	-	-	(1,100,000)	(1,100,000)
Financial assets derecognized	-	-	(952,720)	(952,720)
Ending balance	3,021,345,756	167,000,000	9,091,098	3,197,436,854

## 21. Derivative instruments

The Group uses interest rate swaps to exchange interest rate risk, currency swaps to hedge against exchange rate risk and cash flow risk, and stock index options or stock index futures with specific rights and obligation based on consistent exercise price to generate profit.

21-1. Notional amount outstanding of derivatives as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Derivative instruments	September 30, 2021 (Unaudited)	December 31, 2020
Interest:		
Futures	4,113,971,587	4,431,330,761
Swaps	57,522,920,744	59,704,881,020
Options	50,000,000	50,000,000
Subtotal	61,686,892,331	64,186,211,781
Currency:		
Forwards	26,311,936,502	27,948,722,454
Futures	192,146,547	439,751,740
Swaps	11,968,274,999	10,971,089,923
Subtotal	38,472,358,048	39,359,564,117
Stock:		
Futures	627,408,316	568,711,351
Options	5,490,952,473	8,282,019,258
Swaps	3,307,520,659	4,461,906,333
Subtotal	9,425,881,448	13,312,636,942
Commodity:		
Futures	1,544,477,461	490,780,244
Options	–	70,240,192
Subtotal	1,544,477,461	561,020,436
Credit:		
Credit default swaps (CDS)	14,831,023,862	14,998,964,713
Total return swaps (TRS)	1,030,648,357	936,946,318
Subtotal	15,861,672,219	15,935,911,031

Derivative instruments	September 30, 2021 (Unaudited)	December 31, 2020
Others:		
Swaps	3,444,554,975	1,469,087,953
Options	1,165,011,289	383,996,169
Subtotal	4,609,566,264	1,853,084,122
Total	131,600,847,771	135,208,428,429

21-2. Gain (loss) on valuation of derivative financial instruments for the nine-month period ended September 30, 2021 and 2020 and derivative assets and derivative liabilities as of September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	Net valuation gain	Net valuation loss	Assets	Liabilities
Interest:				
Futures	8,321,920	4,641,633	8,321,920	4,641,633
Swaps	190,258,804	179,770,965	231,982,047	247,276,354
Options	182,877	655,373	53,009,989	-
Subtotal	198,763,601	185,067,971	293,313,956	251,917,987
Currency:				
Futures	1,569,696	308,818	1,569,696	308,818
Forwards	671,546,310	715,366,805	481,008,722	533,127,433
Swaps	298,237,931	299,394,549	154,585,725	141,668,658
Subtotal	971,353,937	1,015,070,172	637,164,143	675,104,909
Stock:				
Futures	11,140,073	2,068,022	11,140,073	2,068,022
Swaps	45,505,054	153,261,884	82,381,783	785,440,103
Options purchased	38,152,989	24,015,578	72,869,254	-
Options sold	15,891,797	44,303,294	-	166,333,072
Subtotal	110,689,913	223,648,778	166,391,110	953,841,197
Credit:				
Credit default swaps (CDS)	25,351,931	41,017,131	107,777,010	125,252,375
Total return swaps (TRS)	22,832,593	23,257,679	40,704,478	35,141,101
Subtotal	48,184,524	64,274,810	148,481,488	160,393,476
Others:				

Classification	Net valuation gain	Net valuation loss	Assets	Liabilities
Commodity futures	68,544,978	41,684,044	68,544,978	41,684,044
Other swaps	12,073,704	6,238,635	33,858,428	80,407,575
Other options purchased	41,767,011	60,294,461	41,789,057	–
Other options sold	–	–	–	60,906,742
Subtotal	122,385,693	108,217,140	144,192,463	182,998,361
Credit Valuation Adjustment	201,231	–	(718,111)	–
Deferred day 1 profit or loss	–	–	21,141,367	35,616,977
Total	1,451,578,899	1,596,278,871	1,409,966,416	2,259,872,907

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	Net valuation gain	Net valuation loss	Assets	Liabilities
Interest:				
Futures	307,306	926,546	307,306	926,546
Swaps	383,170,716	394,685,640	486,082,408	543,688,717
Options	2,401,201	–	54,081,737	–
Subtotal	385,879,223	395,612,186	540,471,451	544,615,263
Currency:				
Futures	1,103,266	–	1,103,266	–
Forwards	228,770,107	221,791,126	223,483,001	210,303,028
Swaps	72,018,221	72,994,164	137,956,590	122,679,789
Subtotal	301,891,594	294,785,290	362,542,856	332,982,817
Stock:				
Futures	1,458,451	2,180,675	1,458,451	2,180,675
Swaps	62,408,647	259,270,982	433,599,630	964,306,288
Options purchased	46,066,656	43,574,855	124,690,752	–
Options sold	59,137,397	39,152,007	–	261,048,692
Subtotal	169,071,151	344,178,519	559,748,833	1,227,535,655
Credit:				
Credit default swaps (CDS)	34,385,280	44,993,046	129,019,420	132,499,734
Total return swaps (TRS)	8,498,909	1,694,210	9,078,195	4,540,753
Subtotal	42,884,189	46,687,256	138,097,615	137,040,487
Others:				
Commodity futures	16,813,376	14,042,170	16,813,376	14,042,170
Other swaps	27,761,844	95,139,748	102,690,569	156,912,989
Other options purchased	13,522,226	15,165,598	13,579,781	–

Classification	Net valuation gain	Net valuation loss	Assets	Liabilities
Other options sold	186,997	22,297	–	15,525,616
Subtotal	58,284,443	124,369,813	133,083,726	186,480,775
Credit Valuation Adjustment	134,410	–	(664,756)	–
Deferred day 1 profit or loss	–	–	34,790,376	67,321,093
Total	958,145,010	1,205,633,064	1,768,070,101	2,495,976,090

## 22. Investments in associates

22-1. Details of investments in associates as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands and shares):

<September 30, 2021(Unaudited)>

Classification	Country	Number of shares	Ownership	Acquisition cost	Net assets value	Book value
Owned by the H&F:						
UBS Hana Asset Management Co., Ltd. (UHAM) (*1)	Korea	4,410,000	49.00%	29,956,557	34,546,518	34,546,518
Hana development of Infrastructure No.1 Private Equity Fund (*2,3)	Korea	–	7.00%	21,000,000	19,966,795	19,966,795
KOCREF No. 30 consigned administration real estate investment company (*2)	Korea	400,000	19.14%	20,000,000	21,642,086	36,002,832
Gunsan Bio Energy Co., Ltd. (*2,4)	Korea	200,000	18.87%	1,000,000	(3,814,210)	–
Synergy-Incurs No.1 New Technology Business Investment Association (*3)	Korea	–	21.98%	1,912,088	1,082,433	215
GMHB Co., Ltd. (*2,4)	Korea	199,000	19.90%	995,000	3,688,605	8,526,424
Lotte Ventures Corp. (Formerly, LOTTE Accelerator Corp.) (*2)	Korea	999,800	19.98%	4,999,000	3,800,411	5,174,740
Axis Bio Fund (*3)	Korea	–	31.25%	1,000,000	854,329	854,329
DA Value up Fund No. 2 (*3)	Korea	–	33.33%	1,000,000	948,530	948,530
Smart Score Co. Ltd (*2)	Korea	150,000	5.66%	1,500,000	4,290,354	5,116,028
2018 Hana-Magna Start-up Fund (*2,3)	Korea	–	15.63%	5,000,000	4,885,546	4,885,546
Gwacheon Jisan Octa PFV Co., Ltd. (*2)	Korea	192,000	19.20%	960,000	7,342,118	1,255,101
Petra 6th Alpha Private Equity Fund (*3)	Korea	–	55.69%	200	585,846	585,846
DangсандongPFV Co., Ltd. (*2)	Korea	50,000	5.00%	250,000	123,754	294,219
World HansSang Dream Island (*2)	Korea	1,400,000	10.17%	7,000,000	6,701,445	6,856,595
Dream Island Leisure (*2)	Korea	1,194,000	19.90%	5,970,000	5,491,532	5,491,532
EBEST Hitech Fund No.1 (*3)	Korea	–	36.63%	1,000,000	959,652	959,652
UBI-HBIC Fund No.2 (*3)	Korea	–	27.03%	870,000	1,825,013	1,825,013
UNION Proptech Fund I (*3)	Korea	–	22.06%	3,000,000	2,894,553	2,894,553
Daegu MBC development PFV Co. Ltd. (*2)	Korea	302,000	15.10%	1,510,000	44,651	613,677
Genesis Environment No.1 Private Equity Fund (*3)	Korea	–	29.70%	4,900,992	4,716,981	4,716,981
YH Leisure Development Co., Ltd. (*2)	Korea	2,000,000	12.82%	10,000,000	10,283,593	10,283,593
Changjo Innovation CO., Ltd. (*2, 4)	Korea	4,000	7.27%	40,000	(190,392)	–
SIVIKCENTER PFV Co., Ltd. (*2)	Korea	1,560,000	19.50%	7,800,000	7,416,097	8,323,136
Hana Bio New Technology Fund No.1 (*3)	Korea	–	57.97%	1,000,000	976,362	976,362
Down Asset development Co., Ltd. (*2)	Korea	124,200	19.90%	1,242,000	(5,758,556)	1,242,000
HORIZON PRIVATE EQUITY FUND (*3)	Korea	–	0.03%	77,875	81,332	81,332
Curious Solution N0.1 Corporate Recovery Private Equity Fund (*3)	Korea	–	32.72%	16,000,000	15,916,503	15,916,503
MERITZ-KCLAVIS Fund No.1 (*3)	Korea	–	22.08%	1,000,000	988,072	988,072
Hana Must Seven Special Purpose Acquisition Company (*2)	Korea	4,000	0.09%	4,000	7,134	7,134
Hana Must Sixth Special Purpose Acquisition Company (*2)	Korea	40,000	0.87%	86,000	72,817	72,817
Hana Financial Fourteen Special Purpose Acquisition Company (*2)	Korea	10,000	0.23%	20,750	18,787	18,787



Classification	Country	Number of shares	Ownership	Acquisition cost	Net assets value	Book value
Hana Financial Fifteenth Special Purpose Acquisition Company (*2)	Korea	10,000	0.21%	20,850	19,515	19,515
Hana Financial Sixteenth Special Purpose Acquisition Company (*2)	Korea	10,000	0.25%	20,800	18,403	18,403
Hana Financial Seventeen Special Purpose Acquisition Company (*2)	Korea	10,000	0.15%	10,000	18,595	18,595
DGH Fund No.1 (*3)	Korea	-	23.26%	1,000,000	989,841	989,841
Hana_EverBest Private Equity Fund (*3, 4)	Korea	-	20.08%	740,932	535,882	535,882
K-1 13th Real Estate Investment Trust	Korea	300,000	30.00%	4,500,000	4,708,262	4,708,262
Hana Bio New Technology Fund No.2 (*3)	Korea	-	30.67%	1,000,000	991,125	991,125
Hana Bio New Technology Fund No.3 (*3)	Korea	-	44.07%	1,000,000	990,632	990,632
Genesis Environment Energy No.3 Private Equity Fund (*3)	Korea	-	44.75%	8,100,000	7,682,863	7,682,863
Forest Suseong (*2, 4)	Korea	1,100,000	10.00%	110,000	(2,344,884)	-
Gwangju Numun Miraeasset PFV Co., Ltd. (*2)	Korea	99,500	19.90%	358,581	995,000	995,000
BM Ventures Fund 1 (*3)	Korea	-	23.15%	995,000	1,497,272	1,497,272
MC SEA Private Equity Fund #1 (*3)	Korea	-	24.76%	1,500,000	900,848	900,848
Hana Huichuang no.1(Shenzhen) Venture Capital Fund(Limited Partnership) (*3)	Korea	-	59.50%	916,000	111,179	111,179
Hana Financial Nineteen Special Purpose Acquisition Company (*2)	Korea	5,000	0.62%	5,000	5,667	5,667
Genesis Environment Energy No.6 Private Equity Fund (*3)	Korea	-	79.77%	28,000,000	26,768,316	26,768,316
Hana Bio New Technology Fund No.1-1 (*3)	Korea	-	61.26%	2,000,000	1,994,630	1,994,630
Hana-Capstone AI Platform Fund (*3)	Korea	-	31.70%	5,000,000	4,960,331	4,960,331
Smart Hana-K& Green New Deal No.1 Fund (*3)	Korea	-	26.67%	1,200,000	1,194,238	1,194,238
Hana Smart Logistics New Technology Fund (*3)	Korea	-	22.84%	2,000,000	1,992,730	1,992,730
Cornerstone Mutual Growth VI Fund (*3)	Korea	-	25.00%	1,000,000	998,106	998,106
People Korea Two (*2,4)	Korea	4,500	13.00%	45,000	(301)	-
Hana Financial Twentieth Special Purpose (*2)	Korea	1,000	2.00%	1,000	2,302	2,302
C47 Investment-Contents Wawe Original Contents I Startup and Venture Private Equity Fund (*3)	Korea	-	20.53%	1,000,000	1,000,032	1,000,032
New Deal Extension New Technology Fund No.1 (*3)	Korea	-	30.00%	3,000,000	2,979,205	2,979,205
Subtotal				214,617,625	211,398,480	240,779,836
Owned by the H&FI's subsidiary:						
Odin 2 L.C. (*4)	Korea	13,990,992	26.68%	66,833,400	40,762,445	-
Fresheasy Co., Ltd.(*2)	Korea	248,467	14.61%	21,927,045	3,188,804	14,833,055
HORIZON PRIVATE EQUITY FUND (*3)	Korea	-	48.54%	135,001,875	140,995,494	140,995,494
Hana Huichuang no.1(Shenzhen) Venture Capital Fund(Limited Partnership) (*3)	China	-	0.50%	3,013	934	934
Genesis Environment Energy No.4 (*3)	Korea	-	21.42%	11,641,200	-	10,970,165
GFI ESG the 1st Private Equity Fund (*2,3)	Korea	-	14.95%	10,600,000	-	10,600,000
Subtotal				246,006,533	184,947,677	177,399,648
Total				460,624,158	396,346,157	418,179,484

(\*1) UHAM stocks are subject to share transfer restrictions, such as prior approval from resolution of the Board of Directors of UHAM, prior consent of the other shareholder-UBS AG, etc.

(\*2) The H&FI holds equity interest of less than 20%. However, the H&FI has significant influence over the entity in substance by participating in decision making of financial and major operational policies and therefore has applied the equity method in its consolidated financial statements.

(\*3) It was established in the form of investment, and the number of shares

invested was not indicated.

(\*4) The amount of unrecognized changes in equity and accumulated changes in equity which are not recognized as the Group ceased to apply the equity method for the nine-month period ended September 30, 2021(Unaudited) are as follows (Korean won in thousands):

Classification	Unrecognized changes in equity	Accumulated unrecognized changes in equity
Gunsan Bio Energy Co., Ltd.	(376,126)	(3,814,210)
Odin 2 L.C	17,299,296	(40,762,445)
Changjo Innovation CO., Ltd.	(190,392)	(190,392)
Forest Suseong	(2,344,884)	(2,344,884)
People Korea Two	(301)	(301)

<December 31, 2020>

Classification	Country	Number of shares	Ownership	Acquisition cost	Net assets value	Book value
Owned by the H&F:						
UBS Hana Asset Management Co., Ltd. (UHAM) (*1)	Korea	4,410,000	49.00%	29,956,557	35,232,698	35,106,695
Hana development of Infrastructure No.1 Private Equity Fund (*2, 3)	Korea	-	7.00%	21,000,000	22,468,519	22,468,519
KOCREF No. 30 consigned administration real estate investment company (*2)	Korea	400,000	19.14%	20,000,000	22,247,769	36,608,515
Gunsan Bio Energy Co., Ltd. (*2, 4)	Korea	200,000	18.87%	1,000,000	(3,581,546)	-
Synergy-Incurs No.1 New Technology Business Investment Association (*3)	Korea	-	21.98%	1,912,088	1,082,511	215
GMHB Co., Ltd. (*2, 4)	Korea	199,000	19.90%	995,000	(31,131,411)	-
LOTTE Accelerator Corp. (*2)	Korea	999,800	19.98%	4,999,000	3,854,301	5,228,631
Kiwoom Securities-Friend 1 New Technology Business Investment Fund (*3)	Korea	-	20.69%	852,000	1,166,881	1,166,881
Axis Bio Fund (*3)	Korea	-	31.25%	1,000,000	963,162	963,162
DA Value up Fund No. 2 (*3)	Korea	-	33.33%	1,000,000	960,145	960,145
Smart Score Co. Ltd (*2)	Korea	150,000	6.19%	1,500,000	1,523,130	2,344,315
2018 Hana-Magna Start-up Fund (*2, 3)	Korea	-	15.63%	5,000,000	4,725,935	4,725,935
Gwacheon Jisan Octa PFV., Ltd (*2)	Korea	192,000	19.20%	960,000	(952,293)	1,183,299
Petra 6th Alpha Private Equity Fund (*3)	Korea	-	55.69%	14,272,600	14,503,367	14,503,367
Hana Financial Strategic the 1st Private Equity Fund (*2,3)	Korea	-	4.93%	1,000,000	517,114	517,114
DangsandongPFV Co., Ltd. (*2)	Korea	50,000	5.00%	250,000	40,234	283,000
World HansSang Dream Island Co., Ltd. (*2)	Korea	1,400,000	10.17%	7,000,000	6,755,167	6,910,317
Dream Island Leisure Co., Ltd. (*2)	Korea	199	9.95%	995	1,682	1,682
EBEST Hitech Fund No.1 (*3)	Korea	-	36.63%	1,000,000	968,676	968,676
UBI-HBIC Fund No.2 (*3)	Korea	-	27.03%	870,000	1,544,349	1,544,349
UNION Proptech Fund I (*3)	Korea	-	22.06%	3,000,000	2,931,298	2,931,298
NPTK Emerging Asia Fund1 PEF (*3)	Korea	-	20.59%	1,000,000	983,855	983,855
Daegu MBC development PFV Co. Ltd.	Korea	700,000	15.10%	1,510,000	387,290	575,532
Genesis Environment No.1 Private Equity Fund (*3)	Korea	-	29.70%	4,900,992	4,774,396	4,358,555
YH Leisure Development Co., Ltd.(*2)	Korea	2,000,000	12.82%	10,000,000	9,955,654	9,955,654
Changjo Innovation CO., Ltd.(*2)	Korea	4,000	7.27%	40,000	3,636	40,000
SIMKCENTER PFV Co., Ltd.(*2)	Korea	1,560,000	19.50%	7,800,000	7,416,097	7,973,096
Hana Bio New Technology Fund No.1(*3)	Korea	-	57.97%	1,000,000	992,204	992,204
Down Asset development Co., Ltd.(*2)	Korea	124,200	19.90%	1,242,000	(6,061,102)	1,242,000
HORIZON PRIVATE EQUITY FUND	Korea	144,420,000	57.77%	160,667,250	155,401,595	155,396,215
Curious Solution NO.1 Corporate Recovery Private Equity Fund	Korea	16,000,000,000	32.72%	16,000,000	15,995,063	15,995,063
MERITZ-KCLAVIS Fund No.1	Korea	1,000,000,000	22.08%	1,000,000	999,589	999,589
Hana Must Seven Special Purpose Acquisition Company (*2)	Korea	800	0.08%	4,000	702	4,000
Hana Must Sixth Special Purpose Acquisition Company (*2)	Korea	40,000	0.87%	86,000	72,744	86,000
Hana Financial Fourteen Special Purpose Acquisition Company (*2)	Korea	10,000	0.23%	20,750	18,807	20,750
Hana Financial Fifteenth Special Purpose Acquisition Company (*2)	Korea	10,000	0.21%	20,850	19,489	20,850
Hana Financial Sixteenth Special Purpose Acquisition Company (*2)	Korea	10,000	0.25%	20,800	18,414	20,800
Hana Financial Seventeen Special Purpose Acquisition Company (*2)	Korea	10,000	0.15%	10,000	10,996	10,000
Subtotal				322,890,882	276,811,117	337,090,278
Owned by the H&F's subsidiary:						
Odin 2 L.C (*4).	Korea	13,990,992	26.68%	66,833,400	(60,621,555)	-
MyungShin industrial Co., Ltd.(*2)	Korea	3,996,739	9.07%	19,999,986	12,628,614	22,058,771
Fresheasy Co., Ltd.(*2)	Korea	248,467	16.87%	21,927,045	9,250,752	20,811,114
Subtotal				108,760,431	(38,742,189)	42,869,885
Total				431,651,313	238,068,928	379,960,163

(\* 1) UHAM stocks are subject to share transfer restrictions, such as prior

approval from resolution of the Board of Directors of UHAM, prior consent of the other shareholder-UBS AG, etc.

(\*2) The H&FI holds equity interest of less than 20%. However, the H&FI has significant influence over the entity in substance by participating in decision making of financial and major operational policies and therefore has applied the equity method in its consolidated financial statements.

(\*3) It was established in the form of investment, and the number of shares invested was not indicated.

(\*4) The amount of unrecognized changes in equity and accumulated changes in equity which are not recognized as the Group ceased to apply the equity method for the year ended December 31, 2020 is as follows (Korean won in thousands):

Classification	Unrecognized changes in equity	Accumulated unrecognized changes in equity
GMHB Co., Ltd.	41,623,865	(3,286,994)
Gunsan Bio Energy Co., Ltd.	(146,008)	(3,438,084)
Odin 2 Co., Ltd.	-	(58,061,740)

22-2. Condensed financial statements of associates as of September 30, 2021 and 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Date of the financial statements used	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Comprehensive income (loss)
UBS Hana Asset Management (UHAM)	September 30	118,531,782	48,028,684	70,503,098	21,556,769	6,302,604	6,512,369
Hana development of Infrastructure No.1 Private Equity Fund	September 30	285,853,379	613,447	285,239,932	8,402,480	(29,200,930)	(29,200,930)
KOCREF No. 30 consigned administration real estate investment company Co., Ltd. (*1)	September 30	520,503,716	407,423,816	113,079,900	6,127,968	826,272	826,272
Gunsan Bio-energy Co., Ltd. (*1)	September 30	8,624,571	28,839,886	(20,215,314)	-	(1,233,123)	(1,233,123)
Synergy-Incurs No.1 New Technology Business Investment Association (*1, 5)	December 31	4,925,069	-	4,925,069	1,546	(30,230)	(30,230)
GMIH Co., Ltd.(*1, 2)	June 30	351,676,535	333,140,831	18,535,703	133,102,056	13,535,703	13,535,703
Lotte Ventures Corp. (Formerly, LOTTE Accelerator Corp.) (*1)	September 30	19,804,688	783,613	19,021,075	2,753,732	1,035,398	(269,723)
Axis Bio Fund (*1)	September 30	2,734,474	621	2,733,853	23	(348,885)	(348,885)
DA Value up Fund No. 2 (*1)	September 30	2,868,090	22,500	2,845,590	36	(34,847)	(34,847)
Srrart Score Co. Ltd (*1, 2)	June 30	94,220,966	18,459,848	75,761,138	17,022,948	(257,416)	(257,416)
2018 Hana-Magna Start-up Fund (*1)	September 30	32,325,216	1,057,719	31,267,497	1,763,651	1,159,202	1,159,202
Gwacheon Jsan Octa PFV., Ltd (*1, 2)	June 30	159,228,631	120,988,432	38,240,200	104,153,516	43,104,515	43,104,515
Petra 6's Alpha Private Equity Fund (*1)	September 30	1,077,928	25,923	1,052,005	75,241,363	637,259	637,259
DangsandongPFV Co., Ltd. (*1, 2)	June 30	93,410,820	90,935,744	2,475,075	-	(1,302,962)	(1,302,962)
World HansSang Dream Island (*1, 4)	July 31	210,119,075	144,247,550	65,871,525	-	(585,741)	(585,741)
Dream Island Leisure (*1,2)	June 30	27,769,814	174,173	27,595,641	-	531,881	531,881
EBEST Htech Fund No.1 (*1, 2)	June 30	2,619,850	-	2,619,850	-	(24,635)	(24,635)
UBI+HIC Fund No.2 (*1)	September 30	6,752,549	-	6,752,549	1,069	(47,498)	1,038,459
UNION Proptech Fund I (*1)	September 30	13,121,974	-	13,121,974	654	(166,578)	(166,578)
Daegu MBC development PFV Co. Ltd. (*1, 3)	August 31	49,420,519	49,124,819	295,700	-	(1,715,183)	(1,715,183)
Genesis Environment No.1 Private Equity Fund (*1)	September 30	15,944,750	64,255	15,880,495	108	(195,635)	(195,635)
YH Leisure Development Co., Ltd. (*1, 2)	June 30	200,537,595	120,325,569	80,212,025	9,565,760	4,233,511	4,233,511
Changjo Innovation CO., Ltd. (*1, 5)	December 31	138,236,382	140,854,269	(2,617,886)	596,537	(3,167,886)	(3,167,886)
SIMKCENTER PFV Co., Ltd. (*1, 5)	December 31	38,036,766	5,500	38,031,266	-	-	-
Hana Bio New Technology Fund No.1 (*1)	September 30	1,684,225	-	1,684,225	119	(27,327)	(27,327)
Dowon Asset development Co., Ltd.(*1, 5)	December 31	227,122,942	256,064,090	(28,941,148)	-	(35,183,148)	(35,183,148)
HORIZON PRIVATE EQUITY FUND (*1)	September 30	292,590,837	2,118,044	290,472,793	(548)	(2,372,498)	23,122,114
Curious Solution No.1 Corporate Recovery Private Equity Fund (*1)	September 30	48,818,179	173,369	48,644,811	2,292,053	1,769,901	1,769,901
MERITZ-KCLAVIS Fund No.1 (*1)	September 30	4,528,649	52,685	4,475,965	83	(52,173)	(52,173)
Hana Must Seven Special Purpose Acquisition Company (*2)	June 30	8,422,783	746,450	7,676,333	-	(6,882)	(6,882)
Hana Must Sixth Special Purpose Acquisition Company (*2)	June 30	9,105,663	749,934	8,355,729	-	(8,703)	(8,703)
Hana Financial Fourteen Special Purpose Acquisition Company (*2)	June 30	9,443,805	1,158,638	8,285,167	-	(9,094)	(9,094)
Hana Financial Fifteenth Special Purpose Acquisition Company (*2)	June 30	10,731,964	1,540,420	9,191,544	-	(4,352)	(4,352)
Hana Financial Sixteenth Special Purpose Acquisition Company (*2)	June 30	8,320,880	941,279	7,379,600	-	(6,466)	(6,466)
Hana Financial Seventeen Special Purpose Acquisition Company (*2)	June 30	14,592,248	1,928,893	12,663,355	-	(16,981)	(16,981)

Classification	Date of the financial statements used	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Comprehensive income (loss)
DGH Fund No.1 (*1)	September 30	4,256,316	-	4,256,316	302	(43,684)	(43,684)
Hana_EverBest Private Equity Fund (*1)	September 30	3,000,000	330,856	2,669,144	6	(1,014,201)	(1,014,201)
K-1 13th Real Estate Investment Trust (*1, 3)	August 31	41,379,380	25,685,174	15,694,206	1,475,331	724,944	724,944
Hana Bio New Technology Fund No.2 (*1)	September 30	3,232,059	-	3,232,059	188	(28,941)	(28,941)
Hana Bio New Technology Fund No.3 (*1)	September 30	2,247,745	-	2,247,745	130	(21,255)	(21,255)
Genesis Environment Energy No.3 Private Equity Fund (*1)	September 30	17,169,345	1,466	17,167,879	200	(932,121)	(932,121)
Forest Suseong (*1, 5)	December 31	145,429,509	168,878,344	(23,448,835)	1,727,818	(24,541,456)	(24,541,456)
Gwangju Numun Miraeasset PFV Co., Ltd. (*1)	May 31	5,000,000	-	5,000,000	-	-	-
BM Ventures Fund 1 (*1, 6)	September 30	6,468,213	-	6,468,213	916	(11,787)	(11,787)
MC SEA Private Equity Fund #1 (*1)	September 30	3,638,797	-	3,638,797	-	(61,203)	(61,203)
Hana Huichuang no.1(Shenzhen) Venture Capital Fund (Limited Partnership) (*1)	September 30	186,855	-	186,855	-	(419,546)	(415,803)
Hana Financial Nineteen Special Purpose Acquisition Company (*1, 2)	June 30	2,692,187	1,774,152	918,035	-	(7,272)	(7,272)
Genesis Environment Energy No.6 Private Equity Fund (*1)	September 30	33,557,900	1,904	33,555,996	448	(1,544,004)	(1,544,004)
Hana Bio New Technology Fund No.1-1 (*1)	September 30	3,256,234	-	3,256,234	74	(8,766)	(8,766)
Hana-Capstone AI Platform Fund (*1)	September 30	15,775,339	125,493	15,649,846	2,074	(125,154)	(125,154)
Smart Hana-T& Green New Deal No.1 Fund (*1)	September 30	4,478,393	-	4,478,393	1,245	(21,607)	(21,607)
Hana Smart Logistics New Technology Fund (*1)	September 30	8,724,171	-	8,724,171	563	(31,829)	(31,829)
Cornerstone Mutual Growth VI Fund (*1)	September 30	3,992,696	270	3,992,426	367	(7,574)	(7,574)
People Korea Two (*1,5)	December 31	238,108	240,425	(2,317)	-	(3,317)	(3,317)
Hana Financial Twentieth Special Purpose (*1,3)	August 31	1,000,000	884,911	115,089	-	-	-
C47 Investment-Contents Wawe Original Contents I Startup and Venture Private Equity Fund (*1)	September 30	4,870,154	-	4,870,154	154	154	154
New Deal Extension New Technology Fund No.1 (*1)	September 30	9,930,685	-	9,930,685	-	(69,315)	(69,315)
Odin 2 L.C (*1, 5).	December 31	380,001,167	227,218,390	152,782,776	-	-	-
Fresheasy Co., Ltd.(*1, 2)	June 30	128,447,785	106,621,755	21,826,010	84,034,625	(22,025,917)	(22,025,917)
Genesis Environment Energy No.4 (*1)	September 30	51,219,223	4,634	51,214,589	624	(4,825,411)	(4,825,411)
GFI ESG the 1st Private Equity Fund (*1)	September 30	70,903,010	-	70,903,010	-	-	-

(\*1) Unreviewed financial statements are used.

(\*2) The financial statements were not available at the end of the current term and thus, the financial statements from three months before were used.

Adjustments are made based on the effects of significant transactions or events that occurred within the last three months.

(\*3) The financial statements were not available at the end of the current term and thus, the financial statements from one month before were used.

Adjustments are made based on the effects of significant transactions or events that occurred within the last month.

(\*4) The financial statements were not available at the end of the current term and thus, the financial statements from two months before were used.

Adjustments are made based on the effects of significant transactions or events

that occurred within the last two months.

(\*5) The financial statements were not available at the end of the current term and thus, the financial statements from nine months before were used.

Adjustments are made based on the effects of significant transactions or events that occurred within the last nine months.

(\*6) Since the company is before the initial account closing, therefore the Group only posted the investment status.

<September 30, 2020(Unaudited)>

Classification	Date of the financial statements used	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Comprehensive income (loss)
UBS Hana Asset Management Co., Ltd. (UHAM)	September 30	120,554,374	51,137,387	69,416,987	20,891,113	5,671,497	5,664,494
Hana development of Infrastructure No.1 Private Equity Fund	September 30	333,035,518	611,771	332,423,747	21,602,791	19,881,373	19,881,373
KOCREF No. 30 consigned administration real estate investment company (*1)	September 30	428,194,025	255,895,890	172,298,135	21,062,844	8,733,106	8,733,106
Gunsan Bio Energy Co., Ltd. (*1)	June 30	10,250,530	28,472,376	(18,221,846)	-	(741,086)	(741,086)
Hana Lantern Energy Factory Private Equity Fund	September 30	204,784	-	204,784	177	1,936,563	1,936,563
Synergy-Incurs No.1 New Technology Business Investment Association (*1)	September 30	4,925,427	-	4,925,427	1,317	(184,600)	(184,600)
GMHB Co., Ltd. (*3)	June 30	253,139,611	260,285,250	(7,145,639)	81,216,748	13,638,914	13,638,914
LOTTE Accelerator Corp. (*1)	September 30	19,993,756	634,870	19,358,886	1,793,656	(669,666)	(577,942)
Kiwoom Securities-Friend 1 New Technology Business Investment Fund (*1)	September 30	5,694,913	54,987	5,639,926	2,107,479	1,938,371	1,938,371
Axis Bio Fund (*1)	September 30	2,897,188	12,751	2,884,437	132	(230,785)	(230,785)
DA Value up Fund No. 2 (*1)	September 30	2,905,178	11,250	2,893,928	336	(34,549)	(34,549)
Smart Score Co., Ltd (*1, 2)	June 30	34,994,352	14,337,035	20,657,317	7,394,438	324,072	324,072
2018 Hana-Magna Start-up Fund (*1)	September 30	30,479,569	199,000	30,280,569	1,098	(628,947)	(628,947)
Gwachon Jisan Octa PFV Co., Ltd (*1, 2)	June 30	14,412,876	14,530,092	(117,216)	-	(4,631,761)	(4,631,761)
Petra 6th Alpha Private Equity Fund (*1)	September 30	26,527,158	357,229	26,169,929	902,034	183,106	183,106
Hana Financial Strategic the 1st Private Equity Fund (*1)	September 30	10,666,259	227,671	10,438,588	489,568	(4,017,664)	(4,961,075)
DangsandongPFV Co., Ltd. (*1, 2)	June 30	74,294,610	73,489,924	804,686	-	(3,123,433)	(3,123,433)
Hana Cybernaut International Limited (*1)	September 30	112	-	112	-	-	-
World HansSang Dream Island (*1, 3)	September 30	127,537,464	61,137,879	66,399,585	-	864,161	864,161
Dream Island Leisure Co., Ltd. (*1, 3)	December 31	20,163,808	20,146,900	16,908	-	6,908	6,908
EBEST Hitech Fund No.1 (*1)	September 30	2,664,755	-	2,664,755	132	(44,831)	(44,831)
UBI-HBIC Fund No.2 (*1)	September 30	6,198,163	31,167	6,166,996	166,240	109,917	2,995,106
UNON Proptech Fund I (*1)	September 30	13,399,378	54,400	13,344,978	2,298	(164,955)	(164,955)
NPTK Emerging Asia Fund1 PEF (*1, 2)	June 30	4,778,921	-	4,778,921	-	(110)	(110)
Daegu MBC development PFV Co.Ltd.	June 30	49,585,246	47,000,000	2,585,246	-	(1,946,174)	(1,946,174)
Genesis Environment Energy No.1 Private Equity Fund (*1,4)	-	16,500,000	-	16,500,000	-	-	-
YH Leisure Development Co., Ltd. (*1, 4)	-	78,000,000	-	78,000,000	-	-	-
Changjo Innovation CO., Ltd. (*1, 4)	-	550,000	-	550,000	-	-	-

Classification	Date of the financial statements used	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Comprehensive income (loss)
SIMIKCENTER PFV Co., Ltd. (*1, 4)	–	40,000,000	–	40,000,000	–	–	–
Hana Bio New Technology Fund No.1 (*1, 4)	–	1,725,000	–	1,725,000	–	–	–
Genesis Environment Energy No.2 Private Equity Fund (*1,4)	–	43,800,000	–	43,800,000	–	–	–
Odin 2 L.C. (*1, 3).	December 31	1,166	217,623,881	(217,622,715)	–	–	–
MyungShin industrial Co., Ltd. (*1, 2)	June 30	401,458,365	263,155,732	138,302,633	66,489,715	13,406,638	14,993,219
Fresheasy Co., Ltd. (*1, 2)	June 30	146,477,965	80,732,312	65,745,653	60,734,335	(15,203,985)	(15,203,985)

(\*1) Unreviewed financial statements are used.

(\*2) Since the financial statements as of September 30, 2020 were not available, the most recent financial statements available within three months were used. Adjustments are made based on the effects of significant transactions or events that occurred within the last three months.

(\*3) Since the financial statements as of September 30, 2020 were not available, the financial statements from nine months before were used. Adjustments are made based on the effects of significant transactions or events that occurred within the last nine months.

(\*4) Since the company is before the initial account closing, therefore the Group only posted the investment status.



### 23. Investment properties

Details of investment properties for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	Beginning balance	Depreciation	Transfer (*1)	Ending balance
Land	27,052,455	-	(236,586)	26,815,869
Buildings	16,954,166	(285,730)	(95,452)	16,572,984
Total	44,006,621	(285,730)	(332,038)	43,388,853

(\*1) Transfers from property and equipment to investment properties or transfer from investment properties to equipment properties due to changes in ratio of leased area.

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	Beginning balance	Depreciation	Transfer (*1)	Ending balance
Land	21,645,938	-	3,625,362	25,271,300
Buildings	13,332,903	(264,145)	2,296,424	15,365,182
Total	34,978,841	(264,145)	5,921,786	40,636,482

(\*1) Transfers from property and equipment to investment properties or transfer from investment properties to equipment properties due to changes in ratio of leased area.

## 24. Property, plant and equipment

24-1. Changes in the right-of-use assets for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	Beginning balance	Increase	Decrease	Depreciation	Changes in scope of consolidation	Ending balance
Real estate	69,718,749	13,964,649	(2,882,361)	(13,914,111)	(403,528)	66,483,398
Vehicles	2,132,923	1,050,470	(1,881,310)	(554,187)	(90,450)	657,446
Others	25,808	-	(3,471)	(4,870)	-	17,467
Total	71,877,480	15,015,119	(4,767,142)	(14,473,168)	(493,978)	67,158,311

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	Beginning balance	Increase	Decrease	Depreciation	Increase from business combination	Ending balance
Real estate	22,532,929	11,296,070	(161,954)	(12,818,278)	6,443	20,855,210
Vehicles	1,700,978	1,471,940	(324,381)	(670,010)	96,511	2,275,038
Others	34,377	-	-	(6,415)	-	27,962
Total	24,268,284	12,768,010	(486,335)	(13,494,703)	102,954	23,158,210

24-2. Changes in property, plant and equipment except for the right-of-use assets for the nine-month periods ended September 30, 2021 and 2020 are as follows

(Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	Beginning balance	Addition	Disposal	Depreciation	Transfer (*1)	Changes in scope of consolidation	Ending balance
Land	26,343,242	43,466	(1,750,496)	-	236,586	(5,298,420)	19,574,378
Buildings	20,172,704	37,848	(927,737)	(456,146)	133,771	(5,557,015)	13,403,425
Vehicles	147,252	119,086	(6)	(71,177)	12,174	(123,252)	84,077
Office equipment	5,423,640	2,667,973	(171,948)	(2,126,511)	74,600	(1,979,441)	3,888,313
Electronic equipment	4,998,723	4,843,161	(285,156)	(3,006,671)	-	-	6,550,057
Construction in progress	109,857	669,605	(44,942)	-	(125,093)	(16,720)	592,707
Others	9,569,638	5,667,723	(29,601)	(4,775,396)	-	-	10,432,364
Total	66,765,056	14,048,862	(3,209,886)	(10,435,901)	332,038	(12,974,848)	54,525,321

(\*1) Transfers from property and equipment to investment properties or transfer from investment properties to equipment properties due to changes in ratio of leased area or transfers from construction in process to properties.

<For the nine-month period September 30, 2020(Unaudited)>

Classification	Beginning balance	Addition	Disposal	Depreciation	Transfer (*1)	Other	Increase from business combination(*2)	Ending balance
Land	26,468,541	233,072	-	-	(3,625,362)	-	2,926,243	26,002,494
Buildings	9,672,097	1,250,986	-	(275,295)	2,977,578	-	6,033,841	19,659,207
Vehicles	59,333	50,318	-	(35,228)	-	-	93,865	168,288
Office equipment	3,334,041	1,736,081	(11,796)	(1,422,147)	402,056	-	458,476	4,496,711
Electronic equipment	4,193,305	3,987,083	(12,153)	(2,664,816)	-	-	-	5,503,419
Construction in progress	979,848	4,766,741	-	-	(5,676,057)	(238,370)	277,695	109,857
Others	6,609,081	4,298,100	(60,002)	(3,083,791)	-	-	-	7,763,388
Total	51,316,246	16,322,381	(83,951)	(7,481,277)	(5,921,785)	(238,370)	9,790,120	63,703,364

(\*1) Transfers from property and equipment to investment properties or transfer from investment properties to equipment properties due to changes in ratio of leased area or transfers from construction in process to properties.

(\*2) There has been additional recognition due to the business combination for the nine-month period ended September 30, 2020.

## 25. Intangible assets

Changes in intangible assets for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

◁For the nine-month period ended September 30, 2021(Unaudited)▷

Classification	Beginning balance	Addition	Disposal	Amortization	Impairment loss	Changes in scope of consolidation	Ending balance
Membership	6,648,655	34,033	(54,500)	-	-	-	6,628,188
Development costs	20,086,332	4,212,777	-	(9,579,395)	-	-	14,719,714
Software	6,992,395	2,586,468	(21,908)	(2,501,388)	-	(10,175)	7,045,392
Others	21,247,824	50,848	-	(815,414)	(60,000)	(1,388,693)	19,034,565
Goodwill	5,567,628	-	-	-	-	(1,136,210)	4,431,418
Total	60,542,834	6,884,126	(76,408)	(12,896,197)	(60,000)	(2,535,078)	51,859,277

◁For the nine-month period ended September 30, 2020(Unaudited)▷

Classification	Beginning balance	Addition	Disposal	Amortization	Others	Increase from business combination (*1)	Ending balance
Membership	6,771,295	-	(122,640)	-	-	-	6,648,655
Development costs	22,677,870	3,005,701	(4,640)	(8,282,758)	-	-	17,396,173
Software	6,919,156	1,972,897	(10,414)	(2,120,727)	-	43,824	6,804,736
Others	21,317,009	12,855	-	(785,694)	2	692,691	21,236,863
Goodwill	5,396,293	-	-	-	184	1,514,155	6,910,632
Total	63,081,623	4,991,453	(137,694)	(11,189,179)	186	2,250,670	58,997,059

(\* 1) Additional goodwill is recognized from a business combination for the nine-month period ended September 30, 2020, which includes goodwill arising from the difference between consideration transferred and fair value of net assets acquired from business combination of ₩971,949 thousand.

## 26. Other assets

26-1. Other assets as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Guarantee deposits	48,964,801	49,846,675
Accounts receivable	4,603,622,020	1,666,493,293
Accrued income	160,220,415	122,940,551
Prepaid expenses	16,309,522	21,698,481
Advanced payments	17,128,368	19,159,937
Others	228,318,065	101,976,675
Subtotal	5,074,563,191	1,982,115,612
Less: Allowance for possible losses	(7,994,604)	(8,027,994)
Less: Present value discount	(2,904,930)	(3,194,418)
Total	5,063,663,657	1,970,893,200

26-2. Changes in the allowance for possible losses of other assets for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	Beginning Balance	Provision for (reversal of) allowance	Write-off	Ending balance
Accounts receivable-securities	2,406,619	39,161	(308,804)	2,136,976
Other receivables	2,889,331	(2,946)	-	2,886,385
Subtotal	5,295,950	36,215	(308,804)	5,023,361
Accrued interest on bond	2,948	(1,087)	-	1,861
Other accrued income	2,729,096	281,581	(41,295)	2,969,382
Subtotal	2,732,044	280,494	(41,295)	2,971,243
Total	8,027,994	316,709	(350,099)	7,994,604

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	Beginning Balance	Provision for (reversal of) allowance	Write-off	Ending balance
Accounts receivable-securities	2,223,639	207,603	-	2,431,242
Other receivables	3,159,214	(8,650)	(249,785)	2,900,779
Subtotal	5,382,853	198,953	(249,785)	5,332,021
Accrued interest on bond	705	27,304	-	28,009
Other accrued income	2,705,600	6,768	-	2,712,368
Subtotal	2,706,305	34,072	-	2,740,377
Total	8,089,158	233,025	(249,785)	8,072,398

26-3. Changes and book values on emission rights held to obtain profits from short-term sales for the nine-month period ended September 30, 2021 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)	
	Emission rights (ton)	Book value
Beginning balance	-	-
Net purchase	373,080	6,478,000
Gain on valuation	-	4,900,940
Ending balance	373,080	11,378,940

27. Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Exchange-traded derivatives	209,745,690	105,269,693
OTC Derivatives	2,014,510,240	2,562,271,889
Securities sold	804,678,234	124,746,879
Deferred day 1 profit or loss	35,616,977	58,223,122
Total	3,064,551,141	2,850,511,583

28. Financial liabilities designated as measured at FVTPL

28-1. Financial liabilities designated as measured at FVTPL as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Notional amount	Issuance price	Book value
ELS (public offering)	54,051,000	54,051,000	47,451,297
ELS (private offering)	2,333,325,948	2,300,847,424	2,112,306,259
RP in foreign currencies	308,074,000	297,581,000	308,215,133
Other linked contracts	5,345,450,968	5,315,760,446	5,217,479,330
Deferred day 1 profit or loss	-	-	84,927,212
Total	8,040,901,916	7,968,239,870	7,770,379,231

<December 31, 2020>

Classification	Notional amount	Issuance price	Book value
ELS (public offering)	81,267,000	81,267,000	80,774,487
ELS (private offering)	3,618,188,335	3,616,087,416	3,579,258,140
Other linked contracts	5,956,423,856	6,045,597,898	5,728,342,695
Deferred day 1 profit or loss	-	-	89,067,791
Total	9,655,879,191	9,742,952,314	9,477,443,113

The Group designated the ELS sold and embedded derivatives sold at FVTPL without separating the main contract and embedded derivatives.

28-2. Credit risk of financial liabilities designated as measured at FVTPL as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Financial liabilities designated as measured at FVTPL	7,770,379,231	9,477,443,113
Change in fair value for the period due to changes in credit risk	(8,177,232)	(7,497,914)
Accumulated changes in fair value for the period due to changes in credit risk	(29,981,053)	(25,137,177)
Amounts presented in other comprehensive income realized by elimination	(27,380,391)	(24,047,035)

28-3. Difference between book value and maturity repayment value of financial liabilities designated as measured at FVTPL as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Book value	7,770,379,231	9,477,443,113
Maturity repayment value	8,040,901,916	9,655,879,191
Difference	270,522,685	178,436,078

## 29. Deposit received

Deposit received as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Customers' deposits for collective investment securities	379,602,959	339,974,154
Customers' deposits for brokerage	2,642,293,986	2,675,146,714
Customers' deposits exchange traded derivatives trading	383,419,978	358,514,186
Customers' deposits for savings	6,462,423	7,372,152
Customers' deposits for subscriptions	73,210,623	—
Customers' deposit trust	172,721	174,014
Total	3,485,162,690	3,381,181,220

All customers' deposits above, except for small deposits, are the floating interest rate liabilities.



### 30. Borrowings

Borrowings as of September 30, 2021 and December 31, 2020 are as follows

(Korean won in thousands):

Type	Lender	Interest rate (%)	September 30, 2021 (Unaudited)	December 31, 2020
CP borrowings	Kyobo Investment & Securities and others	0.92 ~ 1.78	3,178,139,372	2,491,161,750
Borrowings from banks	Kookmin Bank and others	1.19 ~ 2.96	10,373,303	20,719,050
Bonds sold under repurchase agreements	Industrial Bank of Korea and others	0.30 ~ 0.88	5,991,241,012	6,164,562,596
Other borrowing	Sinsudongmuseoerag Regional Association, etc.	0.00 ~ 8.10	127,703,129	2,487,480
Total			9,307,456,816	8,678,930,876

### 31. Bonds

Bonds as of September 30, 2021 and December 31, 2020 are as follows

(Korean won in thousands):

Classification	Issuance date	Maturity	Interest rate (%)	September 30, 2021 (Unaudited)	December 31, 2020
Non-guaranteed bond 2-1	June 01, 2018	June 01, 2021	2.72	-	200,000,000
Non-guaranteed bond 2-2	June 01, 2018	June 01, 2023	3.00	100,000,000	100,000,000
Non-guaranteed bond 4-1	January 30, 2020	January 28, 2022	1.67	60,000,000	60,000,000
Non-guaranteed bond 4-2	January 30, 2020	January 30, 2023	1.69	200,000,000	200,000,000
Non-guaranteed bond 4-3	January 30, 2020	January 30, 2025	1.80	190,000,000	190,000,000
Non-guaranteed bond 4-4	January 30, 2020	January 30, 2027	1.92	50,000,000	50,000,000
Non-guaranteed bond 5-1	September 01, 2020	September 01, 2022	1.34	100,000,000	100,000,000
Non-guaranteed bond 5-2	September 01, 2020	September 01, 2023	1.52	250,000,000	250,000,000
Non-guaranteed bond 5-3	September 01, 2020	September 01, 2025	1.73	90,000,000	90,000,000
Non-guaranteed bond 5-4	September 01, 2020	September 01, 2027	1.84	60,000,000	60,000,000
Non-guaranteed bond 7-1	August 03, 2021	August 02, 2024	1.89	230,000,000	-
Non-guaranteed bond 7-2	August 03, 2021	August 03, 2026	2.11	170,000,000	-
3rd Subordinated bonds	October 28, 2019	April 28, 2025	2.76	300,000,000	300,000,000
6th Subordinated bonds	October 27, 2020	April 27, 2026	3.00	350,000,000	350,000,000
Private placement bonds	March 02, 2020 ~ July 29, 2023		1.50 ~ 6.40	258,824,407	30,032,100
Short-term bonds	July 07, 2021 ~ December 29, 2021		1.25 ~ 2.00	1,371,692,500	2,143,173,953
Discount on bonds				(4,529,058)	(4,661,032)
Total				3,775,987,849	4,118,545,021

### 32. Net defined benefit liabilities

32-1. Details of post-employment benefit liabilities as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Present value of defined benefit obligation	62,759,415	57,588,421
Fair value of plan assets	(46,713,946)	(51,154,290)
Total	16,045,469	6,434,131

32-2. The total expenses recognized in profit (loss) for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
Service cost	9,192,793	8,961,835
Interest cost on the defined benefit obligation	699,477	684,113
Interest income on plan assets	(624,700)	(558,781)
Total	9,267,570	9,087,167

32-3. Reconciliations of opening and closing balances of the present value of the defined benefit obligation for the nine-month periods September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
Beginning balance	57,588,421	49,917,636
Service cost	9,192,793	8,961,835
Interest cost on the defined benefit obligation	699,477	684,113
Remeasurements	26,615	(137,326)
Benefits paid	(5,321,526)	(4,138,684)
Others (Amount transferred to associates)	573,635	81,487
Ending balance	62,759,415	55,369,061

32-4. Plan assets as of September 30, 2021 and December 31, 2020 consist of the following (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Time deposits	46,684,497	51,138,717
Others	29,449	15,573
Total	46,713,946	51,154,290

32-5.Reconciliations of the opening and closing balances of the fair value of plan assets for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
Beginning balance	51,154,290	41,010,995
Contributions	13,876	9,631
Interest income on plan assets	624,700	558,781
Remeasurements	(317,435)	(80,801)
Benefits paid	(5,232,653)	(3,679,918)
Others(Amount transferred to related company)	471,168	2,338
Total	46,713,946	37,821,026

### 33. Provisions

33-1. Details of provisions as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Provision of restoration(*1)	4,793,499	4,654,193
Provision for financial guarantee(*2)	5,703,414	2,103,191
Provision for Others	776,184	-
Total	11,273,097	6,757,384

(\*1) The Group recognizes present value of the future cash outflows to restore the leasehold improvements at the end of lease contracts as provision of restoration.

(\*2) Financial guarantee includes the expected credit loss of commitment (purchase guarantees, etc.) that has credit exposure.

33-2. Changes in provision for financial guarantee for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired financial assets	Credit-impaired financial assets	
Beginning balance	2,103,191	-	-	2,103,191
Provisions for financial guarantee	1,978,592	-	-	1,978,592
Others	1,621,631	-	-	1,621,631
Ending balance	5,703,414	-	-	5,703,414

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired fi nancial assets	Credit-impaired financial assets	
Beginning balance	3,321,514	-	-	3,321,514
Transfer to financial asset with unimpaired credit	(26,111)	26,111	-	-
Provisions for financial guarantee	(512,763)	(26,111)	-	(538,874)
Ending balance	2,782,640	-	-	2,782,640

### 34. Other liabilities

34-1. Details of other liabilities as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Accounts payables	4,479,660,088	1,683,552,311
Accrued expense	184,726,846	176,907,661
Unearned income	12,130,331	24,394,555
Deposits for rent	6,339,388	6,282,948
Lease liabilities	71,215,364	74,321,525
Non-controlling interests	108,896,936	281,661,261
Others	388,325,595	448,336,839
Subtotal	5,251,294,548	2,695,457,100
Less: Present value discount	(5,602,831)	(6,417,047)
Total	5,245,691,717	2,689,040,053

34-2. Changes in lease liabilities for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021>

Classification	January 1, 2021	Increase	Amortization	Payment	Decrease	Changes in scope of consolidation	September 30, 2021 (Unaudited)
Real-estate	65,922,411	13,134,967	1,209,477	(12,052,907)	(2,717,604)	(423,476)	65,072,868
Vehicles	2,155,769	1,035,580	28,345	(580,104)	(1,891,806)	(86,661)	661,123
Others	26,041	-	299	(5,004)	(3,469)	-	17,867
Total	68,104,221	14,170,547	1,238,121	(12,638,015)	(4,612,879)	(510,137)	65,751,858

<For the nine-month period ended September 30, 2020>

Classification	January 1, 2020	Increase	Amortization	Payment	Decrease	September 30, 2020 (Unaudited)
Real-estate	19,972,691	10,540,007	451,882	(12,369,208)	(35,048)	18,560,324
Vehicles	1,729,466	1,442,679	38,964	(654,981)	(263,815)	2,292,313
Others	34,512	-	460	(6,798)	-	28,174
Total	21,736,669	11,982,686	491,306	(13,030,987)	(298,863)	20,880,811

34-3. Details of contractual cash flows before discounting the lease liabilities by remaining maturity as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Not more than 3 months	3,235,330	3,989,437
Not more than 1 year	13,596,966	11,754,058
Not more than 5 year	54,383,069	58,578,030
Total	71,215,365	74,321,525

34-4. Details of non-controlling interests as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	Date of control obtained	Ownership interest	September 30, 2021 (Unaudited)	December 31, 2020
Hana the First Private Equity Fund	December 22, 2009	81.07%	1,794,117	1,795,897
Hana the Third Private Equity Fund	July 29, 2016	75.00%	96,244,687	179,473,745
Hana New Technology Fund No.1	June 27, 2018	50.00%	931,716	946,963
Hana Semiconductor New Technology Fund	July 4, 2019	-	-	90,792,733
Hana Global New Technology Fund No.1	July 17, 2020	33.33%	4,123,703	4,010,738
Hana Formula-E Private Special Asset Fund 114	July 25, 2019	0.62%	97,813	98,561
KB Spain Solar Energy Private Special Asset Fund (SOC-FOFS)	March 26, 2019	3.19%	3,561,516	3,557,134
KB BONACCORD PRIVATE FUND(FOFS)	May 13, 2019	0.05%	97,465	97,438
KB MOBILITY SOLUTION PRIVATE SPECIAL ASSET FUND 1	September 2, 2019	0.07%	91,879	91,083
Darby Hana Europe Renewable Energy Private Investment Fund	October 31, 2019	-	-	41,666
AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2	October 18, 2019	1.73%	105,833	102,771
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54B	November 7, 2019	-	-	90,732
HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2	November 13, 2019	0.20%	119,889	109,982
Hana Alternative Special Investment Private Trust No.137	March 31, 2020	0.01%	5,301	4,960
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 350	March 31, 2020	-	-	434
K-Reits Specialized Private Investment Trust No.23	August 7, 2020	0.41%	252,424	102,233
KAM Global Value Specialized Private Investment Trust No.1	September 30, 2020	0.22%	283,051	127,537
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4	September 30, 2020	0.10%	109,144	114,710
Darby Hana Newyork Hotel Fund	October 29, 2020	0.01%	7,238	1,163
Hana Alternative Investment Shipping Specialized Private Equity Fund NO.1	November 19, 2020	0.10%	153,474	100,103
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1	December 31, 2020	-	-	230
Shinhan AIM Infrastructure Fund No.6-A	December 31, 2020	0.67%	881,384	448
Shinhan AIM Real Estate Fund No.22-B	May 6, 2021	0.02%	2,214	-
AIP Environment Infrastructure Specialized Privately Placed Fund Trust #1	June 28, 2021	0.09%	22,641	-
IGIS U.S. Specialized Private Placemrent Real Estate Investment Trust NO. 417-1	July 21, 2021	0.03%	11,447	-
Total			108,896,936	281,661,261

### 35. Capital stock

35-1. Details of capital stock as of September 30, 2021 and December 31, 2020 are as follows (Korean won and shares):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Number of shares authorized	1,000,000,000	1,000,000,000
Par value per share	5,000	5,000
Number of shares issued	74,557,495	67,107,495
Capital stock of ordinary shares	372,787,475,000	335,537,475,000

35-2. Details of paid-in capital for the nine-month period ended September 30, 2021 is as follows (Korean won in thousands and shares):

Classification	Capital stock	Paid-in capital in excess of par value	Total
Beginning	335,537,475	2,540,474,640	2,876,012,115
Paid-in capital	37,250,000	462,439,450	499,689,450
As of September 30, 2021 (Unaudited)	372,787,475	3,002,914,090	3,375,701,565



### 36. Retained earnings

Retained earnings as of September 30, 2021 and December 31, 2020 consist of the following (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Legal reserve (*1)	94,601,791	84,601,791
Regulatory reserve for bad debts	25,017,477	37,839,750
Unappropriated retained earnings	1,614,409,738	1,331,559,843
Total	1,734,029,006	1,454,001,384

(\*1) In accordance with the Commercial Law, whenever dividends are paid, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve amount equals 50% of the aggregate par value of common stock. The legal reserve may not be utilized for cash dividends but may only be used to offset a deficit, if any, or be transferred to capital.

### 37. Other equity

Other equity as of September 30, 2021 and December 31, 2020 consist of the following (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Capital surplus:		
Additional paid-in capital	3,002,914,090	2,540,474,640
Gain on capital reduction	5,624,022	5,624,022
Other capital surplus	3,374,499	3,374,499
Subtotal	3,011,912,611	2,549,473,161
Accumulated other comprehensive income:		
Gain on valuation of financial assets measured at FVOCI	92,892,119	102,934,954
Provisions for expected credit loss on debt securities measured at FVOCI	504,403	496,417
Changes in equity of investment in associates	23,639,591	17,040,054
Gain on foreign currency translation	828,442	377,689
Own credit risk of financial liabilities designated as measured at FVTPL	(43,459,923)	(37,531,429)
Remeasurements of defined benefit obligations	(6,183,432)	(5,935,416)
Subtotal	68,221,200	77,382,269
Total	3,080,133,811	2,626,855,430

### 38. Cash flow information

38-1. Cash and cash equivalents as of September 30, 2021 and December 31, 2020 are summarized as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Cash	91,072	66,334
Cash equivalents in Korean won	611,470,972	312,689,059
Cash equivalents in foreign currencies	248,513,987	162,642,172
Total	860,076,031	475,397,565

38-2. Significant non-cash transactions for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Classification	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
Increase (decrease) in property and equipment due to leasehold to changes in ratio of leased area	332,038	(5,921,785)
Stock options	1,706,035	514,675
Transfer from advanced payments to property and equipment, and intangible assets	5,714,665	6,422,792
Transfer from financial assets measured at FVTPL to investments in associates	22,932,627	11,752,554
Transfer to provisions for others	9,553,800	–
Increase in provision for restoration	270,684	200,612
Decrease in loans due to write off	1,280,230	1,100,000
Decrease in receivables due to write off and others	350,100	249,784
Increase in right-of-use assets due to new contract of lease	14,380,243	11,982,686
Increase in lease liabilities due to new contract of lease	(14,380,243)	(11,982,686)

38-3. Changes in liabilities from financing activities for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	Beginning balance	Cash flows from financing activities	Changes in exchange rate	Changes in scope of consolidation	Others	Ending Balance
CP borrowings and others	2,493,649,230	812,193,272	-	-	-	3,305,842,502
Bank borrowings	20,719,050	(316,183)	-	(10,029,564)	-	10,373,303
Bonds sold under repurchase agreements	6,164,562,596	(205,912,587)	32,591,002	-	-	5,991,241,011
Lease liabilities	68,104,221	(12,638,015)	-	-	10,285,652	65,751,858
Non-controlling liabilities	281,661,261	(134,128,166)	-	36,303	(38,672,460)	108,896,938
Bonds	4,118,545,020	(649,825,117)	-	307,673,706	(405,761)	3,775,987,848
Total	13,147,241,378	(190,626,796)	32,591,002	297,680,445	(28,792,569)	13,258,093,460

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	Beginning balance	Cash flows from financing activities	Changes in exchange rate	Cash flows from a business combination	Changes in scope of consolidation	Others	Ending Balance
CP borrowings and others	1,600,112,728	849,287,272	-	-	11,387,037	-	2,460,787,037
Bank borrowings	4,754,300	6,538,589	-	18,899,433	-	-	30,192,322
Bonds sold under repurchase agreements	3,666,054,169	2,823,953,009	(10,286,551)	-	-	-	6,479,720,627
Lease liabilities	21,736,669	(13,030,987)	-	-	-	12,175,129	20,880,811
Bonds	2,931,573,296	(436,488,568)	-	-	584,541,966	733,737	3,080,360,431
Total	8,224,231,162	3,230,259,315	(10,286,551)	18,899,433	595,929,003	12,908,866	12,071,941,228

### 39. Share-based payment

39-1. Details of stock granted in accordance with achievement of performance target by the Group are summarized as follows:

Classification	Details			
	2018.01.01	2019.01.01	2020.01.01	2021.01.01
Grant date				
Settlement method	Cash settlement	Cash settlement	Cash settlement	Cash settlement
Grant period (appraisal period)	2018.01.01 ~ 2020.12.31	2019.01.01 ~ 2021.12.31	2020.01.01 ~ 2022.12.31	2021.1.1 ~ 2023.12.31
Payment date	2020.12.31	2021.12.31	2022.12.31	2023.12.31
Estimated vested shares as of December 31, 2020 (*1)	32,310 shares	27,400 shares	18,290 shares	10,188 shares

(\*1) The maximum number of shares to be compensated is pre-determined before the grant date, and vested shares are determined by performance measures. The performance assessment consists of the group performance assessment (relative shareholder return) constituting 40%, the business unit performance assessment (unit ROE, target net income achievement rate) constituting 55% and quality assessment constituting 5% of the total performance scorecard.

39-2. The amounts recognized concerning share-based payment transactions are as follows (Korean won in thousands):

Classification	As of/for the nine-month period ended September 30, 2021 (Unaudited)	As of December 31, 2020/ for the nine-month period ended September 30, 2020 (Unaudited)
Accrued expenses	3,637,412	3,543,254
Other capital surplus	3,374,499	3,374,499
Share-based payment expenses (granted by H&FI)	1,706,035	514,675

#### 40. Assets pledged or collateral and collateral assets provided

40-1. As of September 30, 2021, debt securities with the aggregate carrying value of ₩4,496,457,700 thousand, which consists of ₩351,544,659 thousand in government bonds, ₩699,338,162 thousand in special purpose bonds and ₩3,445,574,879 thousand in corporate bonds, are pledged as collateral with respect to the bonds sold under the repurchase agreements.

40-2. Details of securities pledged as collateral for operating activities including futures trading as of September 30, 2021(Unaudited) are as follows (Korean won in thousands and USD in thousands and EUR in thousands):

Description of pledged asset	Items	Pledged amount (*1)	Pledged to	Description
Others	Ordinary deposit	16,000,000	Ebest Investment & Securities Co., Ltd.	Ordinary deposit
	Kukdong 12CB (Private/Conversion/Put) and others	7,725,950	Mirae Asset Daewoo Co., Ltd.	Bonds
	Treasury Bond 04000-3112 (11-7) and others	534,487,770	Shinhan Investment Corp	Bonds (lending and borrowing)
	SKENER 4.125 07/13/23	USD 36,075	ING(Seoul)	Bonds in foreign currency
CCP	Treasury Bond 02000-2209 (17-4) and others	43,668,215	KRX	Bonds
Trading futures and options	Jeonbuk Bank Contingent Capital Securities 20-03 and others	394,349,970	KRX	Bonds
Margin loan	Currency stabilization bond 00890-2212-02	4,980,895	KSFC	Bonds
Settlement fund	Currency stabilization bond 00890-2212-02	996,179	KSD	Bonds
Pledged collateral for payment and settlement	Hana Bank Long-Term Stable Deposit	5,000,000	KEB HANA bank	Time deposit
	Beneficiary certificates	65,000,000	KEB HANA bank	Beneficiary certificates
Interagency REPO collateral	Woori Bank Coupon bond 23-04 and others	1,832,003,114	KIDB	Bonds
	Treasury Bond 03500-2403 (14-2)	317,386,460	KSD	Bonds (lending and borrowing)
	Ordinary deposits in foreign currency	USD 1,540	Societe Generale	Ordinary deposits in foreign currency

	KAMTR 3 04/25/23 and others	USD 364,804	MUFG and Others	Bonds in foreign currency
Loan transactions	Mirae asset TIGER 30 index investment- linked trust securities (Stocks) and others	74,581,900	KSD	Stock
	Samsung Electronics Co., Ltd. (Common stock) and others	22,619,400	KSD	Bonds (lending and borrowing)
	Hyundai Motor Company 316 and others	370,722,426	KSD	Bonds
	Hyundai Card 20201014-364-35 and others	50,000,000	KSD	CP
	Meritz securities 20200917-364-1 and others	390,000,000	KSFC	CP
	Korea Aerospace Industries, Ltd. (Common stock)	156,124,023	KSFC	Stock
	LOTTE rental co., ltd 45-2 and others	3,567,659,223	KSFC	Bonds
	Hyundai capital services, Inc 1637-1	50,176,650	KSFC	Bonds (lending and borrowing)
	National ALM department 20201202-365-1 and others	250,000,000	KSFC and others	CD
	Kyongnam Bank Time deposits and others	40,000,000	KSFC	Time deposit
	Woori Bank 4.75 04/30/24 and others	USD 269,793	KSFC	Bonds in foreign currency
Derivatives and others	Jeonbuk Bank Time deposits and others	25,000,000	ECFC	Time deposit
	Treasury Bond 03500-2403 (14-2) and others	955,801,003	KBIZ and others	Bonds
	Treasury Bond 03500-2403 (14-2) and others	2,416,520,399	Mirae Asset Daewoo Co., Ltd. and others	Bonds (lending and borrowing)
	Ordinary deposits in foreign currency	USD 91,715	Mizuho Securities and others	Ordinary deposits in foreign currency
	EIBKOR 2.375 04/21/27 and others	USD 1,132,095	Korea Investment & Securities (trust) and others	Bonds in foreign currency
	BAC 0.808 05/09/26 and others	EUR 8,138	Standard chartered Bank and others	Bonds in foreign currency
Total		11,590,803,577		
		USD 1,896,022		
		EUR 8,138		

(\*1) Pledged amount is measured at market value of bonds and others. Par values are ₩10,323,693,699 thousand, USD 1,684,767 thousand and EUR 8,000 thousand.

40-3. As of September 30, 2021, the maximum bond amount for the right to collateral security related to the leasehold deposit is ₩523 million.

40-4. Assets received as collateral

The Group has been provided with 120 collaterals with respect to OTC derivatives transactions, 21 collaterals with respect to trade loans and 40 collaterals with respect to REPO transactions and 1 collateral with respect to corporate loan as of September 30, 2021.

#### 41. Payment guarantees, commitments and contingencies

41-1. The Group has the following agreements with several banks as of September 30, 2021(Unaudited) (Korean won in thousands and USD in thousands):

Agreement type	Bank	Maximum limit	Maturity date
Bank overdraft	KEB Hana Bank	130,000,000	2022-07-29
	KSFC	200,000,000	2022-04-01
	SC Bank	40,000,000	2022-03-09
	Woori Bank	10,000,000	2022-07-29
Subtotal		380,000,000	
Short-term note trading at discount (trust)	KSFC	In deposits received	2022-08-06
Short-term note trading at discount (owned)	KSFC	100,000,000	2022-08-06
Margin loan	KSFC	200,000,000	2023-03-05
Securities collateral loans	KSFC	300,000,000	2022-04-30
Institution operating fund (owned)	KSFC	500,000,000	2022-10-31
Import L/C	IBK	USD 3,000	2022-05-22
	Shinhan Bank	USD 1,000	2021-11-30
Subtotal		USD 4,000	
Loans for Equipments	Shinhan Bank	1,000,000	2022-02-16
	Shinhan Bank	1,600,000	2025-07-04
Subtotal		2,600,000	

41-2. The Group has the following lawsuits as a plaintiff and a defendant as of September 30, 2021(Unaudited) (Korean won in thousands):

Lawsuits type	Defendant/Plaintiff	Litigation amount	Description
Lawsuits as a defendant:			
Compensation for damages	H&B D&C and 1 other	5,005,250	
	Ji**	200,000	
	UA industrial development., Ltd	440,000	
	Jung**	131,477	
	Park** and 1 other	165,000	
	Ham**	50,000	
	Kim**	10,605	
	KTRS, Inc and 1 other	244,100	
	Kim**	3,500	
Confirmation of invalidity of disciplinary action	Park**	50,000	

Lawsuits type	Defendant/Plaintiff	Litigation amount	Description
Handover of shares certificate	The deceased Choi**'s executor	81,440	
Subtotal		6,381,372	Total 11 lawsuits
Lawsuits as a plaintiff:			
Repayment of Loan	Duryu holdings, Inc and 3 others	3,263,053	
Revocation of disposition of income tax	Chief of Yeongdeungpo Tax Office and 5 others	25,818	
Compensation for damages	SK Securities Co., Ltd. and 1 other case	5,000,000	
	Deloitte Anjin LLC, Daewoo Shipbuilding & Marine Engineering Co., Ltd	300,000	
Claim for reimbursement	KTB Asset Management Co., Ltd	8,390,000	
Claim for service fees	Sunshine I Co., Ltd.	165,000	
Subtotal		17,143,871	Total 6 lawsuits

The Group recognizes a provision based on the best estimate of the expenditure to settle the lawsuit obligation at the end of the reporting period. The outcome of a lawsuit cannot be reasonably predicted.

41-3. The Group has the following borrowed securities as of September 30, 2021 and December 31, 2020 (Korean won in thousands):

Item	Borrowed from	September 30, 2021 (Unaudited)	December 31, 2020
Celltrion and others	KSD	450,430,163	400,308,526
Treasury bond and others	KSFC	3,374,811,981	3,081,387,523
Total		3,825,242,144	3,481,696,049

The Group engages in securities lending transactions and records borrowing of securities from Korea Securities Deposit in the memorandum account of borrowed securities. The Group recognizes selling of the borrowed securities as financial liabilities measured at FVTPL.



41-4. The Group has the following lent securities as of September 30, 2021 and December 31, 2020 (Korean won in thousands):

Item	Lent from	September 30, 2021 (Unaudited)	December 31, 2020
Celltrion and others	KSD	259,886,081	317,683,945
Treasury bond and others	KSFC	319,501,275	224,188,518
Total		579,387,356	541,872,463

41-5. The Group has the following securities received as of September 30, 2021 and December 31, 2020 (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
Securities in consigned	73,105,432,765	62,910,317,898
Securities in saved	34,542,544	33,792,767
Beneficiary securities	28,319,619,877	28,916,250,656
Total	101,459,595,186	91,860,361,321

41-6. Purchase agreement

As of September 30, 2021, H&FI entered into an agreement to purchase private placement bonds of ₩37,800,000 thousand. As of September 30, 2021, the private placement bonds held by H&FI are ₩37,635,000 thousand in par value. The unexercised amounts as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Item	Provided to	September 30, 2021 (Unaudited)	December 31, 2020
Agreement to purchase private placement bonds	Hridan 1st., Co., Ltd. and others	707,975,000	764,843,730
Agreement to purchase beneficiary certificates	KB BONACCORD PRIVATE FUND(FOFS) and others	1,304,397,040	650,357,382
Agreement to purchase other stocks	Hana Digital Transformation Fund	46,294,572	5,824,075
Agreement for loan	GO & S PFV Co., Ltd. and others	446,220,704	277,786,451
Payment guarantees	Gerra, Inc and others	64,652,823	-
Total		2,569,540,139	1,698,811,638

#### 41-7. Shareholders agreement with UBS AG

The Group, as a shareholder of UBS Hana Asset Management (UHAM), entered into a joint agreement with UBS AG in May, 2007 under which the Group may exercise the buy-out option to purchase all the shares of UHAM held by UBS AG after 10 years from the agreement date. Accordingly, the Group acquired all the shares of UHAM from UBS AG and the disclosure was made as of September 8, 2017. Currently, UHAM is undergoing the process of changing its largest shareholder in accordance with the relevant laws and regulations.

#### 41-8. Supplementary funding agreements for foreign exchange hedge

The Group has entered into agreements to provide supplementary funds in case investment trusts, such as the Darby Hana Silicon Valley Private Real Estate Trust Fund, etc., were unable to fulfill their obligations under currency forward contracts. The Group is the first to be reimbursed upon liquidation of the investment trust.

#### 41-9. COVID-19 impact

Due to the spread of COVID-19 in 2021, the major economic factors are expected to deteriorate due to domestic and overseas economic slowdown and instability. The economic forecast scenario used to estimate the expected credit losses of financial instruments has been remeasured by considering the possibility of entering a global recession due to the COVID-19 pandemic. As of September 30, 2021, the Group has remeasured forward-looking information by using macro variables and default rates estimated based on the scenario. The Group will continue to regularly monitor forward-looking information, taking into consideration the aspect and duration of the impact of COVID-19 on the economy as a whole, to actively respond to the situation.

Details of the Group's financial instruments by industry that may be affected by the spread of COVID-19 as of September 30, 2021(Unaudited) are as follows. The effect on other industries may vary significantly based on future economic conditions (Korean won in thousands).

industry	Financial assets measured at FVTPL	Loans at amortized cost	Off-balance sheet items	Total
Air transportation	83,473,479	-	-	83,473,479
Lodging	226,689,556	29,348,965	247,170,675	503,209,196
Food	22,669,156	-	-	22,669,156
Automobile	447,709,637	-	-	447,709,637
Petroleum refining	183,305,130	-	-	183,305,130
Travel	109,452	-	-	109,452
Total	963,956,410	29,348,965	247,170,675	1,240,476,050

#### 41-10. Guarantee provided

The Group has been provided with guarantees of ₩71 million (₩361 million as of December 31, 2020) from Seoul Guarantee Insurance Co., Ltd. in connection with performance guarantees and others as of September 30, 2021(Unaudited).

#### 42. Related party disclosure

42-1. HFG is the parent company of the Company (Percentage of shares : 100%) as of September 30, 2021

42-2. Significant transactions with related parties for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

Company	Relationship	Transaction	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
HFG	Parent Company	Other non-operating income	7,720	14,798
UBS Hana Asset Management Co., Ltd.	Associate	Commission income	685,040	369,715
Hana Development of Infrastructure No.1 Private Equity Fund	Associate	Commission income	1,774,485	1,776,119
Hana Lantern Energy Factory Private Equity Fund	Associate	Commission income	-	430,729
KOCREF No. 30 Consigned Administration Real Estate investment Company	Associate	Interest income	141,500	-
		Administrative expenses	4,126,057	3,916,444
		Interest expense on lease liabilities	551,789	68,101
		Depreciation expense on the right-of-use assets	6,517,740	6,070,117
Smartscore Co., Ltd.	Associate	Interest income	52,148	-
2018 Hana-Magna Start-up Fund	Associate	Commission income	294,127	298,500
Gwacheon Jisan Octa PFV., Ltd.	Associate	Commission income	-	4,080,812
H&F Strategy No. 1 Private Equity Investment Company	Associate	Commission income	91,462	-
DangsandongPFV Co., Ltd.	Associate	Commission income	-	690,000
World HansSang Dream Island	Associate	Commission income	270,411	393,772
Dream Island Leisure	Associate	Commission income	300,000	-

Company	Relationship	Transaction	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
Downon development Co., Ltd.	Associate	Commission income	-	24,863
YH Leisure Development Co., Ltd.	Associate	Commission income	-	1,200,000
Changjo Innovation CO., Ltd.	Associate	Commission income	2,550,000	8,850,000
		Interest income	958,904	499,726
Hana Bio New Technology Fund No.1	Associate	Commission income	15,525	-
Hana Bio New Technology Fund No.2	Associate	Commission income	17,270	-
Hana Bio New Technology Fund No.3	Associate	Commission income	12,091	-
Hana Bio New Technology Fund No.1-1	Associate	Commission income	5,305	-
HORIZON PRIVATE EQUITY FUND	Associate	Commission income	2,048,190	-
Hana Must seventh Special Purpose	Associate	Commission income	150,000	-
Hana Financial Seventeenth Special Purpose	Associate	Commission income	180,000	-
Hana Financial Nineteenth Special Purpose	Associate	Commission income	165,000	-
Hana_EverBest Private Equity Fund	Associate	Commission income	491,970	-
Daegu MBC development PFV Co. Ltd.	Associate	Commission income	12,500,000	-
K-1 13th Real Estate Investment Trust	Associate	Commission income	735,000	-
Forest Suseong	Associate	Commission income	1,485,000	-
		Interest income	604,110	-
Smart Hana-K&Green New Deal No.1 Fund	Associate	Commission income	5,104	-
Hana Smart Logistics New Technology Fund	Associate	Commission income	10,195	-
New Deal Extension New Technology Fund No.1	Associate	Commission income	34,658	-
People Korea Two	Associate	Commission income	7,000,000	-
Myounghsin Co., Ltd.	Associate	Interest income	44,384	186,398
Fresheasy Co., Ltd	Associate	Interest income	135,000	135,000
KEB Hana Bank	Entity under common control	Interest income	464,540	623,440
		Interest expenses	96,692	164,367
		Commission expense	152,350	162,486
		Interest expense on lease liabilities	48,694	32,591
		Depreciation expense on the right-of-use assets	1,512,284	1,059,978
		Gain on derivative	181,774,190	141,159,570
		Loss on derivative	233,731,521	103,479,624
		Other service expense	87,812	62,747
		Other non-operating income	44,089	58,477
		Gain on foreign currency	112,738,595	31,517,682
Loss on foreign currency	81,900,315	62,453,120		
Hana TI	Entity under common control	Interest expenses	29,028	81,729
		IT expenses	6,649,333	5,949,202
		communication expense	850,130	784,179
		utilities expenses	227,951	219,359
		Other service expense	11,780,509	11,272,945
		Interest expense on lease liabilities	236,882	18,050
		Depreciation expense on the right-of-use assets	1,027,355	604,735
		Other non-operating income	887	2,142
Hana Capital	Entity under common control	Group advertisement fee	7,807	4,861
		Interest expense on lease liabilities	1,556	1,046
		Depreciation expense on the right-of-use assets	28,656	15,885

Company	Relationship	Transaction	For the nine-month period ended September 30, 2021 (Unaudited)	For the nine-month period ended September 30, 2020 (Unaudited)
		Rental income	30,233	41,628
		Other non-operating income	1,677	228
KEB Hana Card	Entity under common control	Commission income	58,507	116,441
		Rental income	23,163	35,575
		Group advertisement fee	160,546	91,972
		Other non-operating income	394,562	164,804
		Commission expense	31,371	33,515
		Interest expenses	1,691	2,120
Hana Life Insurance	Entity under common control	Commission income	13,726	18,966
		Insurance expenses	97,020	72,514
		Other non-operating income	2,199	5,948
Hana Investors Services Co., Ltd.	Entity under common control	IT expense	6,300	6,300
		Commission expense	17,556	29,782
		Other non-operating income	907	4,697
Hana Insurance Co., Ltd	Entity under common control	Insurance expenses	759	-
		Other non-operating income	611	-
Hana Land Chip Houston Real Estate Private Fund 68	Entity under common control	Commission income	11,163	11,204
Specified money trust (HFG)	Entity under common control	Other operating income	504,100	327,253
Hana Alternative Investment Specialty Real Estate Investment Trust 68-1	Entity under common control	Commission income	2,166	2,758
Hana Alternative Energy Infra No.3-1	Entity under common control	Commission income	560	423
Hana Alternative Energy Infra No.3-2	Entity under common control	Commission income	1,034	845
Hana Alternative Energy Infra No.3-3	Entity under common control	Commission income	413	214
Hana Private Real Estate Investment Trust No.123-1	Entity under common control	Commission income	191,737	204,304
Hana Private Real Estate Investment Trust No.123-2	Entity under common control	Commission income	120,269	120,710
Hana Alternative Houston Private Investment Trust No.121	Entity under common control	Commission income	3,920	3,990
Hana Private Real Estate Investment Trust No.163-1	Entity under common control	Commission income	86,580	-
Hana Alternative Investment Specialty Private Investment Trust No.165	Entity under common control	Commission income	2,653	-
Hana Alternative Investment Specialty Private Investment Trust No.166	Entity under common control	Commission income	237	-
HANA Alternative Wando Geum-il Wind Power Infra Special Asset No. 1	Entity under common control	Commission income	2,098	-
Hana Asset Trust	Entity under common control	Other non-operating income	3,327	3,164
		Commission paid	67,629	37,500
Hana Alternative Asset Management	Entity under common control	Commission paid	1,362,439	752,841
		Other operating income	-	3,521
		Other non-operating income	3,559	6,876
Hana Savings Bank	Entity under common control	Other non-operating income	3,003	612
Hana Ventures Inc.	Entity under common control	Other non-operating income	51	-
KEB Hana Bank (China) Co., Ltd.	Others	Interest income	-	321
Banco KEB Hana Do Brasil S.A. (KEBB)	Others	Commission paid	36,297	45,563
Ocean Betts The First Co., Ltd.	Others	Commission income	5,025	1,500
Korea Credit Bureau	Others	Commission paid	-	3,220
F&U credit information Co., Ltd.	Others	Advertising expense	-	3,781
Mirae Credit Information Co., Ltd.	Others	Other service expense	1,965	1,617
Templeton Hana Asset Management Co., Ltd.	Others	Commission income	3,090,960	-

#### 42-3. Outstanding balances with related parties as of September 30, 2021 and

December 31, 2020 are summarized as follows (Korean won in thousands):

Company	Relationship	Transaction	September 30, 2021 (Unaudited)	December 31, 2020
HFG	Parent company	Accounts payable	34,809,595	1,062,138
UBS Hana Asset Management Co., Ltd.	Associate	Accrued income	231,691	151,248
Hana Development of Infrastructure No.1 Private Equity Fund	Associate	Accrued income	597,995	596,361
KOCREF No. 30 Consigned Administration Real Estate investment Company	Associate	Right-of-use assets	39,116,864	43,562,995
		Leasehold deposits provided	10,412,017	10,412,017
		Lease liabilities	38,097,464	41,167,290
		Loans	-	10,000,000
Gunsan Bio Energy Co., Ltd.	Associate	Accrued income (*2)	2,617,065	2,617,065
Smartscore Co., Ltd.	Associate	Financial assets measured at FVTPL	1,699,993	1,999,990
		Accrued income	359,781	307,634
2018 Hana-Magna Start-up Fund	Associate	Accrued income	53,691	-
Gwacheon Jisan Octa PFV., Ltd.	Associate	Unearned income	-	8,243
Hana Financial Strategic the 1st Private Equity Fund	Associate	Accrued income	-	472,000
		Unearned income	-	161,731
World HansSang Dream Island	Associate	Unearned income	254,589	122,280
Changjo Innovation CO., Ltd.	Associate	Loans	-	40,000,000
		Unearned income	-	38,356
Dowon Asset development Co., Ltd.	Associate	Accrued income	3,685,000	3,685,000
HORIZON PRIVATE EQUITY FUND	Associate	Accrued income	2,048,190	-
Hana Must Seventh Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	796,000	796,000
Hana Must Sixth Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	760,000	760,000
Hana Financial Fourteenth Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	990,000	990,000
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	1,390,000	1,390,000
Hana Financial Sixteenth Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	990,000	990,000
Hana Financial Seventeenth Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	990,000	990,000
Hana Financial Nineteenth Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	1,595,000	-
Hana_EverBest Private Equity Fund	Associate	Accrued income	166,079	-
Daegu MBC development PFV Co. Ltd.	Associate	Accrued income	13,750,000	-
Smart Hana-K&Green New Deal No.1 Fund	Associate	Accrued income	5,104	-
MyungShin industrial Co., Ltd.	Associate	Financial assets measured at FVTPL	-	9,000,000
		Accrued income	-	6,904
Fresheasy Co., Ltd.	Associate	Financial assets measured at FVTPL	18,000,000	18,000,000
		Accrued income	30,000	30,000
KEB Hana Bank	Entity under common control	Sundry deposit	318,825,474	397,293,670
		Deposits	254,265,384	222,070,774
		Leasehold deposits provided	9,708,713	9,635,407
		Leasehold deposits received	4,319,214	4,346,930
		Derivatives assets (*1)	26,662,727	82,661,996
		Derivatives liabilities (*1)	32,840,140	29,725,517
		Accrued income	7,512	14,096
Right-of-use assets	4,852,751	2,720,186		

Company	Relationship	Transaction	September 30, 2021 (Unaudited)	December 31, 2020
		Lease liabilities	4,341,898	3,455,294
		Accounts receivables	356,682,888	90,304,000
		Accounts payables	356,670,189	90,304,000
Hana TI Company Ltd	Entity under common control	Right-of-use assets	9,783,202	1,898,057
		Lease liabilities	10,427,427	1,923,729
		Bonds sold under repurchase agreements	5,614,120	15,056,702
		Accrued expense payables	3,622,525	2,570,626
Hana Card	Entity under common control	Accrued income	-	72,430
		Accounts receivable	13,299	30,052
		Accrued expense payables	1,907,645	2,766,539
		Leasehold deposits received	149,671	150,546
		Withholdings	1,053,923	529,710
		Accrued payables	46,523	37,490
Hana Life Insurance	Entity under common control	Prepaid expenses	97,020	97,020
		Accrued income	1,463	1,778
Hana Capital	Entity under common control	Deposits	2,309,266	4,808,819
		Leasehold deposits received	231,902	490,520
		Right-of-use assets	22,356	165,170
		Lease liabilities	22,692	167,297
Hana Alternative Asset Management Co., Ltd	Entity under common control	Accrued expense payables	381,425	174,975
Hana Investors Services Co., Ltd.	Entity under common control	Accrued expense payables	3,838	-
Specified money trust (HFG)	Entity under common control	Accrued income	285,912	210,859
Hana Land Chip Private Real Estate Investment Trust No. 68.	Entity under common control	Accrued income	7,483	3,762
Hana Alternative Investment Specialty Real Estate Investment Trust 68-1	Entity under common control	Accrued income	-	931
Hana Alternative Energy Infra No.3-1.	Entity under common control	Accrued income	205	361
Hana Alternative Energy Infra No.3-2	Entity under common control	Accrued income	139	996
Hana Alternative Energy Infra No.3-3.	Entity under common control	Accrued income	121	276
Hana Private Real Estate Investment Trust No.123-1	Entity under common control	Accrued income	114,785	43,916
Hana Alternative Houston Private Investment Trust No.121	Entity under common control	Accrued income	1,318	1,324
Hana Private Real Estate Investment Trust No.123-2	Entity under common control	Accrued income	71,809	31,719
Hana Private Real Estate Investment Trust No.163-1	Entity under common control	Accrued income	58,559	-
Hana Alternative Investment Specialty Private Investment Trust No.165	Entity under common control	Accrued income	818	-
Hana Alternative Investment Specialty Private Investment Trust No.166	Entity under common control	Accrued income	73	-
HANA Alternative Wando Geum-il Wind Power Infra Special Asset No. 1	Entity under common control	Accrued income	434	-
KEB Hana Bank (China) Co., Ltd.	Others	Sundry deposits	19,189,928	3,479
Ocean Betts The First Co., Ltd.	Others	Unearned income	4,975	-

(\* 1) The outstanding commitments for derivative transactions with related parties as of September 30, 2021 and 2020 are ₩1,798,519,794 thousand and ₩2,875,544,089 thousand, respectively.

(\* 2) As of September 30, 2021, the Group has set a allowance for 100% doubtful accounts for accrued income of associate, Gunsan bio-energy Corp.

42-4. Details of significant capital transactions to related parties for the nine

months ended September 30, 2021 and 2020 are as follows.

42-4-1. Details of significant borrowings to related parties for the nine-month periods ended September 30, 2021 and 2020 are as follows

(Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Investment company	Company	Relationship	Loan in cash		
			Increase	Decrease	Net increase (decrease)
The Group	KOCREF No. 30 consigned administration real estate investment company	Associate	-	(10,000,000)	(10,000,000)
	Changjo Innovation CO., Ltd.	Associate	-	(40,000,000)	(40,000,000)
	Smartscore Co., Ltd.	Associate	-	(299,997)	(299,997)
	Hana Financial Nineteen Special Purpose Acquisition Company	Associate	1,595,000	-	1,595,000

<For the nine-month period ended September 30, 2020(Unaudited)>

Investment company	Company	Relationship	Loan in cash		
			Increase	Decrease	Net increase (decrease)
The Group	Changjo Innovation CO., Ltd.	Associate	50,000,000	-	50,000,000



42-4-2. Details of significant investment in cash with related parties for the nine-month periods ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Investment company	Company	Relationship	Investment in cash		
			Increase	Decrease	Net increase (decrease)
The Group	Forest Suseong	Associate	110,000	-	110,000
	Hana Financial Nineteenth Special Purpose	Associate	5,000	-	5,000
	K-1 13th Real Estate Investment Trust	Associate	4,500,000	-	4,500,000
	Gwangju Nurmun Miraeasset PFV Co., Ltd.	Associate	995,000	-	995,000
	Dream Island Leisure	Associate	5,969,005	-	5,969,005
	People Korea Two	Associate	45,000	-	45,000
	Hana Financial Twentieth Special Purpose	Associate	1,000	-	1,000
	DGH Fund No.1	Associate	1,000,000	-	1,000,000
	Kwom Securities-Friend 1 New Technology Business Investment Fund	Associate	-	(1,424,342)	(1,424,342)
	Hana_EverBest Private Equity Fund	Associate	740,932	-	740,932
	Hana Huichuang no.1(Shenzhen) Venture Capital Fund (Limited Partnership)	Associate	361,595	-	361,595
	Hana Financial Strategic the 1st Private Equity Fund	Associate	-	(1,061,016)	(1,061,016)
	Hana Bio New Technology Fund No.3	Associate	1,000,000	-	1,000,000
	Hana Bio New Technology Fund No.2	Associate	1,000,000	-	1,000,000
	Genesis Environment No.3 Private Equity Fund	Associate	17,100,000	-	17,100,000
	BM Ventures Fund 1	Associate	1,500,000	-	1,500,000
	MC SEA Private Equity Fund #1	Associate	916,000	-	916,000
	Genesis Environment No.6 Private Equity Fund	Associate	28,000,000	-	28,000,000
	Eugene Tor Private Equity Fund	Associate	33,630,000	-	33,630,000
	Petra 6th Alpha Private Equity Fund	Associate	-	(47,921,736)	(47,921,736)
	Hana Bio New Technology Fund No.1-1	Associate	2,000,000	-	2,000,000
	Hana-Capstone AI Platform Fund	Associate	5,000,000	-	5,000,000
	Smart Hana-K&Green New Deal No.1 Fund	Associate	1,200,000	-	1,200,000
	Hana Smart Logistics New Technology Fund	Associate	2,000,000	-	2,000,000
	Cornerstone Mutual Growth VI Fund	Associate	1,000,000	-	1,000,000
	C47 Investment-Contents Wawe Original Contents I Startup and Venture Private Equity Fund	Associate	1,000,000	-	1,000,000
	New Deal Extension New Technology Fund No.1	Associate	3,000,000	-	3,000,000
	Genesis Environment No.4 Private Equity Fund	Associate	55,402,000	-	55,402,000
	GFI ESG the 1st Private Equity Fund	Associate	10,600,000	-	10,600,000
	UBS Hana Asset Management (UHAM)	Associate	-	(3,523,100)	(3,523,100)
	KOCREF No. 30 consigned administration real estate investment company	Associate	-	(1,035,852)	(1,035,852)
	Curious Solution NO.1 Corporate Recovery Private Equity Fund	Associate	-	(657,669)	(657,669)
Beijing Lancy Hana Asset Management Co., Ltd.	Others	-	(937,583)	(937,583)	
Apollon Private Equity Fund	Others	-	(931,654)	(931,654)	
The Lakebridge Growth Fund 1	Others	-	(5,518)	(5,518)	
Hana Digital Transformation Fund	Others	-	(1,239,233)	(1,239,233)	

<For the nine-month period ended September 30, 2020(Unaudited)>

Investment company	Company	Relationship	Investment in cash		
			Increase	Decrease	Net increase (decrease)
The Group	Hana Lantern Energy Factory PEF	Associate	-	(415,834)	(415,834)
	Synergy-Incus Venture Business Fund No.1	Associate	-	(22,088)	(22,088)
	Kiwoom Securities - Friend 1 New Technology Business Investment Fund	Associate	-	(2,148,000)	(2,148,000)
	Petra 6th Alpha Private Equity Fund	Associate	-	(31,920,650)	(31,920,650)
	UBI+HIC New Technology Investment Partnership II	Associate	-	(130,000)	(130,000)
	Sprott Global Renewable Private Equity Fund II	Associate	-	(10,000,001)	(10,000,001)
	Genesis Environment Energy No.1 Private Equity Fund	Associate	8,168,320	-	8,168,320
	YH Leisure Development Co., Ltd.	Associate	10,000,000	-	10,000,000
	Changjo Innovation CO., Ltd.	Associate	50,000	-	50,000
	SIVIKCENTER PFV Co., Ltd.	Associate	7,800,000	-	7,800,000
	Hana Bio New Technology Fund No.1	Associate	1,000,000	-	1,000,000
	Genesis Environment Energy No.2 Private Equity Fund	Associate	28,487,805	-	28,487,805

42-4-3. Shenzhen Zhijiguangdao Investment Co.,Ltd. was classified as a related party of the Group as it acquired convertible bonds amounting to RMB 99,800 thousand issued by Hana Equity Investment Management (Shenzhen) Co., Ltd, a subsidiary, during the three-month period ended September 30, 2021.

42-5. Commitments provided between the Group and the related parties as of September 30, 2021(Unaudited) are summarized as follows (Korean won in thousands):

Related parties		Transactions	Amounts	Maturity date
Benefactor	Beneficiary			
KEB Hana Bank	H&FI	Intra-day overdraft	130,000,000	2022-07-29
Hana Card	H&FI	Unused credit line	18,238,840	-
KEB Hana Bank	Keumho Trading Co., Ltd.	Issuing an import credit memo	292,637	-
KEB Hana Bank	Keumho Trading Co., Ltd.	Guarantee in Acceptance of Imported Goods	744,698	-
KEB Hana Bank	Keumho Trading Co., Ltd.	Unused limit (Guarantees in Foreign Currencies)	485,841	-
H&FI	Fresheasy Co., Ltd.	Unused limit (Loans in Korean Won)	114,008	-
H&FI	Hana Digital Transformation Fund	Other securities purchase contract	400,000	2027-06-27
H&FI	Heat Private Equity Fund	Other securities purchase contract	297,436	2022-09-18
H&FI	Genesis Environment Energy No.1 Private Equity Fund	Other securities purchase contract	1,099,008	2025-07-27
H&FI	Hana_EverBest Private Equity Fund	Other securities purchase contract	25,359,068	2025-12-30
	Genesis Environment Energy No.3		900,000	2026-03-29

Related parties		Transactions	Amounts	Maturity date
Benefactor	Beneficiary			
H&F	Private Equity Fund	Other securities purchase contract		
H&F	Hana Huichuang no.1 (Shenzhen) Venture Capital Fund (Limited Partnership)	Other securities purchase contract	20,494,979	2031-03-03
H&F	Hana-Capstone AI Platform Fund	Other securities purchase contract	15,000,000	2028-08-18
H&F	GMHB CO., Ltd.	Private bond purchase contract	45,000,000	2022-10-30

The Group provides Hana Bank, a swap bank of investment trusts in which the Group participates as a private bond purchaser, with additional investment or supplementation obligations for futures or currency swaps of investment trusts.

The Group provides beneficiary certificates and time deposits of ₩65,000 million and ₩5,000 million, respectively, to Hana Bank as collateral.

The plan assets deposited to the Hana Bank as of September 30, 2021 and December 31, 2020 are ₩46,684 million and ₩51,139 million, respectively.

42-6. Details of key management personnel compensation for the nine-month periods ended September 30, 2021 and 2020 are summarized as follows

(Korean won in thousands and number of people in units):

<For the nine-month period ended September 30, 2021(Unaudited)>

Registered directors	Unregistered directors	Employee benefits	Retirement benefits	Share-based payment expenses	Total
34	36	4,962,997	1,421,506	1,706,035	8,090,538

<For the nine-month period ended September 30, 2020(Unaudited)>

Registered directors	Unregistered directors	Employee benefits	Retirement benefits	Share-based payment expenses	Total
21	23	3,885,162	111,037	514,675	4,510,874

#### 43. Fair value of financial assets and liabilities

43-1. Details of carrying amount and fair value of financial instruments as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Book value	Fair value
Financial assets:		
Cash and due from banks	3,031,003,772	3,031,003,772
Financial assets measured at FVTPL		
Debt securities	16,762,185,672	16,762,185,672
Equity securities	826,013,702	826,013,702
Loans	1,293,932,308	1,293,932,308
Others	1,850,632,870	1,850,632,870
Derivative assets held for trading purpose	1,409,966,416	1,409,966,416
Financial assets measured at FVOCI		
Debt securities	2,455,007,190	2,455,007,190
Equity securities	180,135,343	180,135,343
Loans	4,452,721,820	4,452,989,021
Others	4,801,907,703	4,801,907,703
Total	37,063,506,796	37,063,773,997

Classification	Book value	Fair value
Financial liabilities:		
Financial liabilities measured at FVTPL	3,064,551,141	3,064,551,141
Financial liabilities designated as measured at FVTPL	7,770,379,231	7,770,379,231
Deposits	3,485,162,690	3,485,162,690
Borrowings	9,307,456,816	9,304,716,077
Bonds	3,775,987,849	3,776,749,276
Others	4,931,026,874	4,931,026,874
Total	32,334,564,601	32,332,585,289

<December 31, 2020>

Classification	Book value	Fair value
Financial assets:		
Cash and due from banks	2,218,045,281	2,218,045,281
Financial assets measured at FVTPL		
Debt securities	18,784,670,258	18,784,670,258
Equity securities	1,084,290,514	1,084,290,514
Loans	1,234,504,319	1,234,504,319
Others	1,685,296,904	1,685,296,904
Derivative assets held for trading purpose	2,312,198,580	2,312,198,580
Financial assets measured at FVOCI		
Debt securities	1,664,340,422	1,664,340,422
Equity securities	163,855,794	163,855,794
Loans	4,047,695,317	4,047,903,905
Others	1,828,058,107	1,828,058,107
Total	35,022,955,496	35,023,164,084
Financial liabilities:		
Financial liabilities measured at FVTPL	2,850,511,583	2,850,511,583
Financial liabilities designated as measured at FVTPL	9,477,443,113	9,477,443,113
Deposits	3,381,181,220	3,381,181,220
Borrowings	8,678,930,876	8,676,836,793
Bonds	4,118,545,021	4,177,384,211
Others	2,498,251,887	2,498,251,887
Total	31,004,863,700	31,061,608,807

The following standards are applied in measuring the fair value of financial assets and financial liabilities.

- a) Financial assets and financial liabilities traded in active markets at the reporting date are based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.
- b) For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, compared to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. These techniques incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments. Valuation techniques which provide reliable estimates on mark-to-market prices are applied.
- c) When determining fair value by the use of valuation techniques, comparison of current market transaction of another instrument that is substantially the same as the financial instrument needs to be objectively substantiated or inclusion of variables in the marketable data must be performed. Not all the significant market variables are observable and therefore in determining fair value, reasonable estimates or assumptions are required.
- d) Securities at amortized cost: Market prices provided by external credit assessment institute are used. The fair value is calculated by subtracting accrued interest since the last interest payment from the market price.
- e) Loans and receivable: Expected cash flows, current market interest rates and discount rates including borrowers' credit risks are factors used when calculating the fair value of loans and receivables. For lines of credit and loans that have a short term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value.
- f) Depository liabilities: For demand deposits, deposits that have a short term maturity (less than three months), and deposits with a floating rate readjustment period of less than three months, it is assumed that the carrying amounts approximate to their fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.
- g) Borrowing liabilities: For borrowings on demand, borrowings that have a short term maturity (less than three months) and borrowings with a floating rate readjustment period of less than three months, it is assumed that the carrying amounts approximate to their fair value. The estimated fair value of fixed interest bearing borrowings is based on the discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.
- h) Corporate bonds: Subordinated bonds are measured at fair value by the discounted cash flow method that utilizes rates of return on bonds issued by the Group. The maturity of electronic short-term debenture is less than 3 months, so the book value of the electronic short-term debenture is regarded as fair value.
- i) Other financial assets and other financial liabilities: Other financial instruments are temporary accounts derived from various transactions, with maturity not fixed or short. Therefore, the Group does not apply DCF method to calculate fair value and discloses book value as fair value

43-2. The fair value hierarchy of financial instruments as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Debt securities	2,212,474,380	11,430,765,877	3,118,945,415	16,762,185,672
Equity securities	139,631,587	-	686,382,115	826,013,702
Loans	-	-	1,293,932,308	1,293,932,308
Others	-	-	1,850,632,870	1,850,632,870
Derivative assets held for trading purpose	142,571,051	1,052,721,808	214,673,557	1,409,966,416
Financial assets measured at FVOCI				
Debt securities	-	2,455,007,190	-	2,455,007,190
Equity securities	-	-	180,135,343	180,135,343
Total	2,494,677,018	14,938,494,875	7,344,701,608	24,777,873,501
Financial liabilities:				
Financial liabilities measured at FVTPL	944,135,034	1,247,993,020	872,423,087	3,064,551,141
Financial liabilities designated as measured at FVTPL	222,680,000	1,602,282,245	5,945,416,986	7,770,379,231
Total	1,166,815,034	2,850,275,265	6,817,840,073	10,834,930,372



<December 31, 2020>

Classification	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Debt securities	2,595,253,122	12,775,663,807	3,413,753,329	18,784,670,258
Equity securities	142,857,728	–	941,432,786	1,084,290,514
Loans	–	–	1,234,504,319	1,234,504,319
Others	–	–	1,685,296,904	1,685,296,904
Derivative assets held for trading purpose	85,337,675	1,584,865,834	641,995,071	2,312,198,580
Financial assets measured at FVOCI				
Debt securities	–	1,664,340,422	–	1,664,340,422
Equity securities	–	–	163,855,794	163,855,794
Total	2,823,448,525	16,024,870,063	8,080,838,203	26,929,156,791
Financial liabilities:				
Financial liabilities measured at FVTPL	230,016,572	1,460,703,522	1,159,791,489	2,850,511,583
Financial liabilities designated as measured at FVTPL	208,010,000	1,189,798,944	8,079,634,169	9,477,443,113
Total	438,026,572	2,650,502,466	9,239,425,658	12,327,954,696

The Group classifies fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities (i.e. Marketable equity securities, Exchange-traded derivatives, Government bonds)
- Level 2: Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, (i.e. Bonds in Korean won, Bonds in foreign currencies, Swaps, Forwards, Options); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (i.e. Non-marketable equity securities, OTC derivatives)

43-3. Fair value, valuation method, and input variables used to measure fair value of financial instruments classified as fair value hierarchy Level 2 as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Financial assets measured at FVTPL:			
Debt securities	11,430,765,877	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Derivative assets held for trading purpose	1,052,721,808	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Financial assets measured at FVOCI:			
Debt securities	2,455,007,190	DCF model, etc.	Discount rate, etc.
Total	14,938,494,875		
Financial liabilities:			
Financial liabilities measured at FVTPL	1,247,993,020	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Financial liabilities designated as measured at FVTPL	1,602,282,245	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Total	2,850,275,265		

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Financial assets measured at FVTPL:			
Debt securities	12,775,663,807	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Derivative assets held for trading purpose	1,584,865,834	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Financial assets measured at FVOCI:			
Debt securities	1,664,340,422	DCF model, etc.	Discount rate, etc.
Total	16,024,870,063		
Financial liabilities:			
Financial liabilities measured at FVTPL	1,460,703,522	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Financial liabilities designated as measured at FVTPL	1,189,798,944	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Total	2,650,502,466		

43-4. Fair value, valuation method, input variables and significant unobservable input variables information used to measure fair value of financial instruments classified as fair value hierarchy Level 3 are as follows (Korean won in thousands):  
<September 30, 2021(Unaudited)>

Classification	Fair value	Valuation method	Input variables	Input variables, which are significant but unobservable in measurement of fair value	Range	The fair value impact of input variables, which are unobservable in measurement of fair value
Financial assets:						
Financial assets measured at FVTPL						
Debt securities	3,118,945,415	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value change increases. If a correlation increases, fair value increases. In some opposite cases, an inverse phenomenon is found.
Equity securities	686,382,115	Monte Carlo Simulation model, Hull-White 1 factor model, DCF	Stock price, interest rates, exercise price, growth rate, liquidation rate discount rate, etc.	Volatility, growth rate, liquidation rate discount rate, etc.	Volatility : 1 ~ 25% discount rate: 9.90 ~ 18.52% liquidation rate: -1 ~ 1% growth rate : -1 ~ 1%	If volatility increases, fair value change increases.. If a growth rate or liquidation rate increases, fair value increases. If a discount rate increases, fair value decreases.
Loans	1,293,932,308	DCF model, etc.	Discount rate, etc.	Discount rate, etc.	Discount rate : 3.84 ~ 7.52%	If a discount rate increases, fair value decreases.
Others	1,850,632,870	DCF model, etc.	Discount rate, etc.	Discount rate, etc.		
Derivative assets held for trading purpose	214,673,557	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model, etc	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value change increases. If a correlation increases, fair value increases. In some opposite cases, an inverse phenomenon is found.
Financial assets measured at FVOCI:						
Equity securities	180,135,343	DCF model, market value approach	Growth rate, discount rate, etc.	Growth rate, discount rate, etc.	Growth rate : 0.0 ~ 2.0% Discount rate : 9.9 ~ 16.8%	If a growth rate increases, fair value increases. If a discount rate decreases, fair value increases
Total	7,344,701,608					
Financial liabilities:						
Financial liabilities measured at FVTPL	872,423,067	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value change increases. If a correlation increases, fair value decreases. In some opposite cases, an inverse phenomenon is found.
Financial liabilities designated as measured at FVTPL	5,945,416,966	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model, etc.	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value change increases. If a correlation increases, fair value decreases. In some opposite cases, an inverse phenomenon is found.
Total	6,817,840,073					

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables	Input variables, which are significant but unobservable in measurement of fair value	Range	The fair value impact of input variables, which are unobservable in measurement of fair value
Financial assets:						
Financial assets measured at FVTPL						
Debt securities	3,413,753,329	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value change increases. If a correlation increases, fair value increases. In some opposite cases, an inverse phenomenon is found.
Equity securities	941,432,786	Monte Carlo Simulation model, Hull-White 1 factor model, DCF	Stock price, interest rates, exercise price, growth rate, liquidation rate, discount rate, etc.	Volatility, growth rate, liquidation rate, discount rate, etc.	Volatility : 1 ~ 25% growth rate : -1 ~ +1% discount rate : 9.41 ~ 18.06% liquidation rate : -1 ~ +1%	If volatility increases, fair value change increases.. If a growth rate or liquidation rate increases, fair value increases. If a discount rate increases, fair value decreases.
Loans	1,234,504,319	DCF model, etc.	Discount rate, etc.	Discount rate, etc.	Discount rate: 3.11 ~ 9.63%	If a discount rate increases, fair value decreases.
Others	1,665,236,904	DCF model, etc.	Discount rate, etc.	Discount rate, etc.		
Derivative assets held for trading purpose	641,995,071	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value change increases. If a correlation increases, fair value increases. In some opposite cases, an inverse phenomenon is found.
Financial assets measured at FVOCI:						
Equity securities	163,855,794	DCF model, market value approach	Growth rate, discount rate, etc.	Growth rate, discount rate, etc.	Growth rate : 0 ~ 2% Discount rate: 9.6% ~ 17.07%	If a growth rate increases, fair value increases. If a discount rate decreases, fair value increases.
Total	8,080,838,203					
Financial liabilities:						
Financial liabilities measured at FVTPL	1,159,791,489	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value change increases. If a correlation increases, fair value decreases. In some opposite cases, an inverse phenomenon is found.
Financial liabilities designated as measured at FVTPL	8,079,634,169	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value change increases. If a correlation increases, fair value decreases. In some opposite cases, an inverse phenomenon is found.
Total	9,239,425,658					

43-5. Changes in the fair value of Level 3 financial instruments for the nine months ended September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	Beginning balance	Profit (loss)	Other comprehensive income (loss)	Purchased /issued	Sales /repayment	Transfer	Ending balance
Financial assets:							
Financial assets measured at FVTPL							
Debt securities	3,413,753,329	(38,210,660)	-	1,892,847,398	(2,265,093,067)	115,648,415	3,118,945,415
Equity Securities	941,432,786	1,359,301	-	603,124,461	(891,150,866)	31,616,433	686,382,115
Loans	1,234,504,319	50,103,841	-	1,282,548,676	(1,273,224,528)	-	1,293,932,308
Others	1,685,296,904	10,120,040	-	9,600,989,025	(9,445,773,099)	-	1,850,632,870
Derivative assets held for trading purpose	641,995,071	48,404,240	-	102,656,132	(578,381,886)	-	214,673,557
Financial assets measured at FVOCI							
Equity securities	163,855,794	-	16,274,469	5,080	-	-	180,135,343
Financial liabilities:							
Financial liabilities measured at FVTPL	1,159,791,489	(164,292,526)	-	520,334,450	(643,410,326)	-	872,423,087
Financial liabilities designated as measured at FVTPL	8,079,634,169	347,411,456	(5,981,847)	3,490,709,903	(5,966,356,695)	-	5,945,416,986

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	Beginning balance	Profit (loss)	Other comprehensive income	Purchased /issued	Sales /repayment	Transfer	Increase from business combination (*1)	Ending balance
Financial assets:								
Financial assets measured at FVTPL								
Debt securities	3,828,958,686	65,956,169	-	2,140,680,280	(2,918,324,002)	22,504,555	231,482,405	3,371,258,093
Equity Securities	614,871,704	38,750,404	-	750,348,180	(637,400,486)	(27,536,688)	-	739,033,114
Loans	435,079,026	3,096,219	-	1,165,595,253	(637,964,334)	-	300,982,150	1,266,788,314
Others	956,185,673	10,242,983	-	3,856,496,125	(3,254,285,192)	-	-	1,568,639,589
Derivative assets held for trading purpose	583,601,316	76,945,855	-	417,347,060	(339,174,911)	-	-	738,719,320
Financial assets measured at FVOCI								
Equity securities	131,250,642	-	15,109,809	-	-	-	-	146,360,451
Financial liabilities:								
Financial liabilities measured at FVTPL	578,641,304	566,676,258	-	665,024,198	(373,785,310)	-	-	1,436,556,450
Financial liabilities designated as measured at FVTPL	8,760,679,690	(502,811,914)	1,028,787	4,239,339,280	(4,175,867,257)	-	-	8,322,368,586

(\* 1) Changes in entities consolidated from purchase commitment are included.

43-6. Total gains or losses recognized in profit or loss of changes in the fair value hierarchy Level 3, and the line item in profit or loss in which those gains or losses are recognized for the nine-month periods September 30, 2021 and 2020 are as follows (Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	Income or loss recognized during the reporting period	Income or loss recognized related to financial instruments held at the end of the reporting period
Gain on financial instruments measured at FVTPL	236,069,288	(67,234,767)
Loss on financial assets designated as measured at FVTPL	(347,411,456)	46,933,290
Ending balance	(111,342,168)	(20,301,477)

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	Income or loss recognized during the reporting period	Income or loss recognized related to financial instruments held at the end of the reporting period
Loss on financial instruments measured at FVTPL	(371,684,627)	(274,373,769)
Gain on financial assets designated as measured at FVTPL	502,811,914	412,519,509
Ending balance	131,127,287	138,145,740

#### 43-7. Transfer among the levels of a hierarchy

There were no significant transfers among the levels of a fair value hierarchy for the nine-month periods ended September 30, 2021 and 2020. The Group recognizes a transfer when an event or a circumstance causing the transfer among the levels of the fair value hierarchy is incurred.

#### 43-8. Sensitivity analysis

Changes in significant unobservable input variables are subject of a sensitivity analysis, which measures the impact on the fair value of financial instruments classified as Level 3. The amount of impact reported as favorable and unfavorable changes as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Favorable	Unfavorable
Financial assets:		
Financial assets measured at FVTPL:		
Debt securities (*1)	35,166,243	(35,667,331)
Equity securities (*2)	8,745,895	(7,987,032)
Loan receivables (*3)	8,073,761	(8,002,207)
Derivative assets held for trading purpose (*4)	1,254,335	(1,254,335)
Financial assets measured at FVOCI (*5)	11,105,933	(7,649,199)
Total	64,346,167	(60,560,104)
Financial liabilities:		
Financial liabilities measured at FVTPL (*4)	2,318,943	(2,318,943)
Financial liabilities designated as measured at FVTPL(*4)	8,494,328	(8,494,328)
Total	10,813,271	(10,813,271)

<December 31, 2020>

Classification	Favorable	Unfavorable
Financial assets:		
Financial assets measured at FVTPL:		
Debt securities (*1)	36,655,320	(36,437,658)
Equity securities (*2)	13,272,214	(12,331,306)
Loan receivables (*3)	10,612,407	(10,565,851)
Derivative assets held for trading purpose (*4)	1,935,498	(1,935,498)
Financial assets measured at FVOCI (*5)	9,030,234	(6,165,125)
Total	71,505,673	(67,435,438)
Financial liabilities:		
Financial liabilities measured at FVTPL (*4)	4,840,104	(4,840,104)
Financial liabilities designated as measured at FVTPL (*4)	5,159,456	(5,159,456)
Total	9,999,560	(9,999,560)

(\*1) Changes in fair value of debt securities are calculated by increasing or decreasing the growth rate (-1.0~1.0%) and discount rate, which are main unobservable inputs. For convertible private placement bonds, favorable and unfavorable changes in fair value are calculated by increasing or decreasing the price (-10.0~10.0%) and variability (-10.0~10.0%) of underlying assets which

are the main unobservable input variables.

(\*2) Changes in the fair value of equity securities are calculated by increasing or decreasing the growth rate (-1.0~1.0%), discount rate (9.80% ~ 18.52%), variability (1~25%) and liquidation rate (-1.0~1.0%) which are the main unobservable input variables.

(\*3) Favorable or unfavorable changes in fair value of loan receivables are calculated by increasing or decreasing discount rate (3.84~7.52%) which are the main unobservable input variables.

(\*4) ① Changes in fair value of derivatives and financial instruments measured at FVTPL are calculated by increasing (favorable change) or decreasing (unfavorable change) 1%pt of variability of an underlying asset, the main unobservable input variables. ② Positions with reciprocal risk hedging effects were excluded.

(\*5) Changes in fair value of equity securities are calculated by increasing or decreasing the growth rate (0.0~2.0%) and discount rate (9.9~16.8%) which are the main unobservable input variables.

43-9. Valuation processes of fair values of financial instruments classified as level 3

When measuring the fair values of financial instruments, the Group uses prices assessed by outside appraisers or internally calculated prices. Valuation methods were decided by its risk management committee. When internally evaluating financial products classified as level 3, the Group receives a valuation module from an outside appraiser and calculates the theoretical values of the financial products. Input variables used in measuring fair values were determined by discussion and verification of asset management department and risk management department, and the appropriateness of the variables were reviewed at ordinary times.

43-10. The fair value hierarchy of financial instruments not measured at fair value in the consolidated statements of financial position but disclosed at the fair value as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):



<September 30, 2021(Unaudited)>

Classification	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	91,072	3,030,912,700	–	3,031,003,772
Loan receivables	–	–	4,452,989,021	4,452,989,021
Others	–	–	4,801,907,703	4,801,907,703
Total	91,072	3,030,912,700	9,254,896,724	12,285,900,496
Financial liabilities:				
Deposit liabilities	–	–	3,485,162,690	3,485,162,690
Borrowings	–	8,838,500,273	466,215,804	9,304,716,077
Debentures	–	2,147,280,156	1,629,469,120	3,776,749,276
Others	–	–	4,931,026,874	4,931,026,874
Total	–	10,985,780,429	10,511,874,488	21,497,654,917

<December 31, 2020>

Classification	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	66,334	2,217,978,947	–	2,218,045,281
Loan receivables	–	–	4,047,903,905	4,047,903,905
Others	–	–	1,828,058,107	1,828,058,107
Total	66,334	2,217,978,947	5,875,962,012	8,094,007,293
Financial liabilities:				
Deposit liabilities	–	–	3,381,181,220	3,381,181,220
Borrowings	–	8,112,468,513	564,368,280	8,676,836,793
Debentures	–	2,005,687,882	2,171,696,329	4,177,384,211
Others	–	–	2,498,251,887	2,498,251,887
Total	–	10,118,156,395	8,615,497,716	18,733,654,111

43-11. The fair value, valuation method and input variables for financial instruments recognized at fair value hierarchy level 2, not measured at fair value in the consolidated statement of financial position but disclosed at fair value as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Cash and due from banks	3,030,912,700	DCF model, etc.	Credit spreads, other spreads, etc.
Financial liabilities:			
Borrowings	8,838,500,273	DCF model, etc.	Other spreads
Bonds	2,147,280,156	DCF model, etc.	Other spreads, implied default rates
Total	10,985,780,429		

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Cash and due from banks	2,217,978,947	DCF model, etc.	Credit spreads, other spreads, etc.
Financial liabilities:			
Borrowings	8,112,468,513	DCF model, etc.	Other spreads
Bonds	2,005,687,882	DCF model, etc.	Other spreads, implied default rates
Total	10,118,156,395		

43-12. The fair value, valuation method and input variables for financial instruments recognized at fair value hierarchy level 3, not measured at fair value in the consolidated statement of financial position but disclosed at fair value as of September 30, 2021 and December 31, 2020 are as follows. (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Loans receivable	4,452,989,021	DCF model, etc.	Credit spreads, other spreads, early repayment ratio etc.
Others	4,801,907,703	(*1)	
Total	9,254,896,724		
Financial liabilities:			
Deposits	3,485,162,690	(*1)	
Borrowings	466,215,804	DCF model, etc.	
Bonds	1,629,469,120	DCF model, etc.	
Others	4,931,026,874	(*1)	
Total	10,511,874,488		

(\*1) The carrying amount is considered fair value without applying the DCF method because it is derived from various transactions and has a relatively short or no maturity.

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Loans receivable	4,047,903,905	DCF model, etc.	Credit spreads, other spreads, early repayment ratio etc.
Others	1,828,058,107	(*1)	
Total	5,875,962,012		
Financial liabilities:			
Deposits	3,381,181,220	(*1)	
Borrowings	564,368,280	DCF model, etc.	
Bonds	2,171,696,329	DCF model, etc.	
Others	2,498,251,887	(*1)	
Total	8,615,497,716		

(\*1) The carrying amount is considered fair value without applying the DCF method because it is derived from various transactions and has a relatively short or no maturity.

44. Changes in deferred day 1 profit or loss

Changes in deferred day 1 profit or loss for the nine-month periods ended September 30, 2021 and 2020 are summarized as follows

(Korean won in thousands):

<For the nine-month period ended September 30, 2021(Unaudited)>

Classification	Assets	Liabilities
Beginning balance	39,620,988	147,290,914
Increase	28,858,772	85,075,260
Amortization	(36,145,175)	(26,453,553)
Repayment	(4,798,914)	(85,368,432)
Ending balance	27,535,671	120,544,189

<For the nine-month period ended September 30, 2020(Unaudited)>

Classification	Assets	Liabilities
Beginning balance	41,606,914	90,638,220
Increase	27,325,318	140,457,879
Amortization	(17,312,609)	(41,828,362)
Repayment	(12,019,358)	(30,534,623)
Ending balance	39,600,265	158,733,114

#### 45. Categories of financial assets and financial liabilities

45-1. The carrying amounts of each category of financial assets as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Financial assets mandatorily measured at FVTPL under KIFRS 1109	Financial assets measured at FVOCI under KIFRS 1109	Equity securities designated as measured at FVOCI	Financial assets at amortized cost	Total
Financial assets:					
Cash and due from banks	-	-	-	3,031,003,772	3,031,003,772
Financial assets measured at FVTPL	22,142,730,968	-	-	-	22,142,730,968
Financial assets measured at FVOCI	-	2,455,007,190	180,135,343	-	2,635,142,533
Loans	-	-	-	4,452,721,820	4,452,721,820
Others	-	-	-	4,801,907,703	4,801,907,703
Total	22,142,730,968	2,455,007,190	180,135,343	12,285,633,295	37,063,506,796

<December 31, 2020>

Classification	Financial assets mandatorily measured at FVTPL under KIFRS 1109	Financial assets measured at FVOCI under KIFRS 1109	Equity securities designated as measured at FVOCI	Financial assets at amortized cost	Total
Financial assets:					
Cash and due from banks	-	-	-	2,218,045,281	2,218,045,281
Financial assets measured at FVTPL	25,100,960,575	-	-	-	25,100,960,575
Financial assets measured at FVOCI	-	1,664,340,422	163,855,794	-	1,828,196,216
Loans	-	-	-	4,047,695,317	4,047,695,317
Others	-	-	-	1,828,058,107	1,828,058,107
Total	25,100,960,575	1,664,340,422	163,855,794	8,093,798,705	35,022,955,496

45-2. The carrying amounts of each category of financial liabilities as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Financial liabilities measured at FVTPL	Financial liabilities designated as measured at FVTPL	Financial liabilities at amortized cost	Total
Financial liabilities:				
Financial liabilities measured at FVTPL	3,064,551,141	–	–	3,064,551,141
Financial liabilities designated as measured at FVTPL	–	7,770,379,231	–	7,770,379,231
Deposits	–	–	3,485,162,690	3,485,162,690
Borrowings	–	–	9,307,456,816	9,307,456,816
Bonds	–	–	3,775,987,849	3,775,987,849
Others	–	–	4,931,026,874	4,931,026,874
Total	3,064,551,141	7,770,379,231	21,499,634,229	32,334,564,601

<December 31, 2020>

Classification	Financial liabilities measured at FVTPL	Financial liabilities designated as measured at FVTPL	Financial liabilities at amortized cost	Total
Financial liabilities:				
Financial liabilities measured at FVTPL	2,850,511,583	–	–	2,850,511,583
Financial liabilities designated as measured at FVTPL	–	9,477,443,113	–	9,477,443,113
Deposits	–	–	3,381,181,220	3,381,181,220
Borrowings	–	–	8,678,930,876	8,678,930,876
Bonds	–	–	4,118,545,021	4,118,545,021
Others	–	–	2,498,251,887	2,498,251,887
Total	2,850,511,583	9,477,443,113	18,676,909,004	31,004,863,700

#### 46. Offsetting financial assets and liabilities

##### 46-1. Financial assets that are not fully derecognized

Bonds sold under repurchase agreements which do not meet the derecognition criteria for financial assets since the Group has sold the securities subject to an agreement to buy it back at a fixed price as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification		September 30, 2021 (Unaudited)	December 31, 2020
Transferred assets	Financial assets measured at FVTPL	5,786,825,452	5,613,827,883
	Financial assets measured at FVOCI	1,219,285,515	915,924,247
	Total	7,006,110,967	6,529,752,130
Related liabilities	Bonds sold under repurchase agreements	5,991,241,012	6,164,562,596

46-2. Details of financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Gross amounts of financial assets recognized	Gross amounts of financial liabilities recognized and set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related non-offset amounts in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral received	
Derivative assets	1,246,972,109	-	1,246,972,109	(1,097,940,318)	(20,790,325)	128,241,466
bonds purchased under repurchase agreements	848,600,000	-	848,600,000	(848,600,000)	-	-
Other accounts receivable (*1)	915,288,372	(476,963,933)	438,324,439	-	-	438,324,439
Total	3,010,860,481	(476,963,933)	2,533,896,548	(1,946,540,318)	(20,790,325)	566,565,905

(\*1) Accounts receivable on the Korea Exchange related to the brokerage and self-account transaction is included.

<December 31, 2020>

Classification	Gross amounts of financial assets recognized	Gross amounts of financial liabilities recognized and set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related non-offset amounts in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral received	
Derivative assets	2,195,582,101	-	2,195,582,101	(1,279,281,903)	(57,363,552)	858,936,646
bonds purchased under repurchase agreements	1,208,600,000	-	1,208,600,000	(1,208,600,000)	-	-
Other accounts receivable (*1)	1,365,120,265	(624,172,316)	740,947,949	-	-	740,947,949
Total	4,769,302,366	(624,172,316)	4,145,130,050	(2,487,881,903)	(57,363,552)	1,599,884,595

(\*1) Accounts receivable on the Korea Exchange related to the brokerage and self-account transaction is included.

46-3. Details of financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Gross amounts of financial assets recognized	Gross amounts of financial assets recognized and set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related non-offset amounts in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral received	
Derivative assets	1,919,679,829	-	1,919,679,829	(1,633,348,890)	(1,119,771)	285,211,168
bonds purchased under repurchase agreements	5,991,241,012	-	5,991,241,012	(5,991,241,012)	-	-
Securities sold	804,678,234	-	804,678,234	(804,678,234)	-	-
Other accounts payable (*1)	898,445,498	(476,963,933)	421,481,565	-	-	421,481,565
Total	9,614,044,573	(476,963,933)	9,137,080,640	(8,429,268,136)	(1,119,771)	706,692,733

(\*1) Accounts receivable on the Korea Exchange related to the brokerage and self-account transaction is included.



<December 31, 2020>

Classification	Gross amounts of financial assets recognized	Gross amounts of financial assets recognized and set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related non-offset amounts in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral received	
Derivative assets	2,475,430,519	-	2,475,430,519	(1,993,309,581)	(4,132,398)	477,988,540
bonds purchased under repurchase agreements	6,164,562,596	-	6,164,562,596	(6,164,562,596)	-	-
Securities sold	124,746,879	-	124,746,879	(124,746,879)	-	-
Other accounts payable (*1)	1,362,062,166	(624,172,316)	737,889,850	-	-	737,889,850
Total	10,126,802,160	(624,172,316)	9,502,629,844	(8,282,619,056)	(4,132,398)	1,215,878,390

(\*1) Accounts receivable on the Korea Exchange related to the brokerage and self-account transaction is included.

#### 47. Risk management

The Group is exposed to credit risk, liquidity risk, market risk and operational risk of its financial instruments. Risk management is the basic activities to use the Group's limited capital effectively under the rapidly changing financial circumstances. The ultimate goal of risk management is to maximize the Group's shareholder value by minimizing the sudden fluctuation of its income through a proper balance between risks and returns.

The basic policies for managing the risk are as follows:

- (i) Set the limits and comply with them for each risk, and strike a balance between risk and return.
- (ii) When a conflict exists between risk and return, the Group should seek to increase return without exceeding the risk limits.
- (iii) Spread the risks to prevent them from being concentrated in specific areas.
- (iv) Analyze the effect of various market fluctuations on parts of or entire portfolio on a regular basis
- (v) Separate risk management segment, operating segment, and segment that deals with trade confirmation and payments to maintain independence from one another.

Risk management committee is responsible for setting maximum permissible limits for each risk, and the risk management conference is responsible for checking compliance with the limit and the risk levels on a monthly basis.

Risk management committee is the top decision-making body within the Board of Directors for risk management. Through risk management committee, the Group establishes the control system of risk management from top management to operating segment. Risk management conference is a subordinate committee for risk management and practices risk management by the business unit in detail.

Risk management center consists of risk management department (manages market risk, interest rate risk/liquidity, operational risk and internal capital), credit risk management department and OTC derivatives management department. Risk management center deals with risk monitoring, risk measurement, identifications of assets exposed to risk, risk prediction and other tasks.

#### 47-1. Credit risk

Credit risk is a risk incurred due to a loss at the Group because its customers or counterparties fail to discharge their contractual obligations. Credit risk arises from on-balance and off-balance accounts including loans, financial guarantees, securities and derivatives. The purpose to manage credit risk is to control the relevant losses upon counterparties' default, for a certain period, within the allowable range.

Credit risk management is performed by risk management committee, risk management conference and credit risk management department which is a subordinate organization of risk management center.

Risk management committee establishes a risk management strategy through the periodical report on asset management and portfolio construction. Risk management conference is delegated to deal with all the matters concerning credit risk by risk management committee. Credit risk management department, which is separated from operating segments, manages the overall credit risk of the Group and operates the credit risk management system.

#### 47-1-1. Credit risk management

The Group's credit risk management is as follows:

##### 47-1-1-1. Loans receivable

###### 47-1-1-1-1. Managing credit limits and distribution

Annually performing a comprehensive analysis on economic environments and changes, the Group reduces credit concentration by setting credit limits on same personnel, group, ranks, and financial instruments to ensure asset quality. In addition, the Group sets and allocates risk limits by corporate financial sector, asset management division, sub-headquarters, and departments, and manages compliance status through regular measurement.

###### 47-1-1-1-2. Risk Monitoring and early warning system

The Group measures and manages risk indicators of each operating segment. Also, the Group uses an early warning system and regularly examines the companies whose credit ratings are likely to be degraded.

###### 47-1-1-1-3. Credit risk evaluation system

As for the corporate financing segment, the Group operates a detailed credit risk evaluation model which subdivides the companies into two groups depending on whether the statutory audit is compulsory or not to separately consider the characteristics of borrowers. As for the asset management segment, the Group subdivides the credit information provided by NICE Information Service and others according to customer-specific characteristics.

###### 47-1-1-1-4. Credit offering evaluation

For large-scale credit offerings, the Group operates a subsequent management process that regularly checks the credit status of the borrower and the appropriateness of the credit evaluation after approval of the credit offering. In addition, the Group conducts intensive reviews of industries or specific groups with increasing credit risk as a result of risk index analysis, and conducts a sample

review of small credit offerings.

#### 47-1-1-2. Debt securities

The Group controls credit exposure of debt securities by either the ratings of credit worthiness by credit rating agencies or its own rating. The debt securities are held as a means of maintaining resources in order to keep a high credit rating as well as to meet the demands of financing.

## 47-1-2. Risk reduction policy

### 47-1-2-1. Collateral

The Group manages various policies and practices so as to reduce credit risks. Acquisition of collateral on loans is the conventional method to reduce credit, and collaterals for secured loans are mainly deposits and financial instruments such as debt securities or equity securities. Collaterals on financial assets other than loans are decided by the attributes of the financial instruments. Debt securities are usually unsecured; asset backed securities or other similar instruments are secured by financial instrument portfolio.

### 47-1-2-2. Derivatives

The Group maintains a strict limit on both the amounts and the periods for the net open position (the difference between total open long and open short positions) of the derivative contracts. Considering the notional exposure, the amount exposed to credit risk remains within small limits. Credit exposure is managed and controlled through limiting the counterparty risks such as latent exposure to market fluctuations. For the derivatives, the Group does not usually acquire collaterals except for the cases when demanding guarantee trading deposits from the counterparties. Payment risks occur in all cases in which the Group pays by cash or securities and receives cash or securities in return.

### 47-1-2-3. Master netting arrangement

The Group limits credit exposure by entering into a 'master netting agreement' with the counterparties in high volume trading. Generally such an agreement is settled by gross, and therefore assets and liabilities related to it are not offset in the consolidated statement of financial position. However, in case the remaining contracts are settled net at the end because default occurs, credit risk related to profitable contracts decreases. Due to the impact of individual trades, total credit exposure can vary substantially in the short term.

47-1-3. Maximum exposure to credit risk

The Group does not consider risk reduction obtained by collaterals or other, but takes impairment losses and offsets into accounts in the table below. Equity securities in the financial assets measured at FVTPL and financial assets measured at FVOCI are excluded. The maximum exposure to credit risk as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
On balance accounts:		
Cash equivalents and Due from banks	3,030,912,700	2,217,978,947
Financial assets measured at FVTPL	18,294,968,031	20,745,094,534
Financial assets measured at FVOCI	2,455,007,190	1,664,340,422
Loans	4,452,721,820	4,047,695,317
Others	4,801,907,703	1,828,058,107
Total	33,035,517,444	30,503,167,327
Off balance accounts:		
Payment guarantees and purchase commitments	2,569,540,140	1,698,811,638

47-1-4. Carrying amounts of loans by internal credit rating

Carrying amounts of loans by internal credit rating in accordance with the loss allowance measurement method as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Household loans				
Grade 1	-	-	-	-
Grade 2	-	-	-	-
Grade 3	-	-	-	-
Others (*)	2,368,796,509	-	5,333,302	2,374,129,811
Subtotal	2,368,796,509	-	5,333,302	2,374,129,811
Corporate loans				
Grade 1	1,761,888,361	-	-	1,761,888,361
Grade 2	89,486,676	-	-	89,486,676
Grade 3	-	-	30,169,027	30,169,027
Others (*)	243,459,478	-	-	243,459,478
Subtotal	2,094,834,515	-	30,169,027	2,125,003,542
Total	4,463,631,024	-	35,502,329	4,499,133,353

(\*) Borrowers that are not graded internally are classified as others.

<December 31, 2020>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Household loans				
Grade 1	-	-	-	-
Grade 2	-	-	-	-
Grade 3	-	-	-	-
Others (*)	1,553,231,079	-	6,939,591	1,560,170,670
Subtotal	1,553,231,079	-	6,939,591	1,560,170,670
Corporate loans				
Grade 1	1,657,499,327	-	-	1,657,499,327
Grade 2	562,590,027	-	-	562,590,027
Grade 3	19,942,000	-	26,633,102	46,575,102
Others (*)	264,577,825	-	-	264,577,825
Subtotal	2,504,609,179	-	26,633,102	2,531,242,281
Total	4,057,840,258	-	33,572,693	4,091,412,951

(\*) Borrowers that are not graded internally are classified as others.

The Group classifies the grade of loan in accordance with the credit rating chart below, based on the credit worthiness of borrowers.

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less or equal to 1.55% of PD rate applied	Less or equal to 1.07% of PD rate applied	Less or equal to 1.28% of PD applied
Grade 2	Less or equal to 16.52% of PD rate applied	Less or equal to 12.58% of PD rate applied	Less or equal to 14.30% of PD applied
Grade 3	From 16.52% to 100% of PD rate applied	From 12.58% to 100% of PD rate applied	From 14.30% to 100% of PD applied

#### 47-1-5. Carrying amounts of debt securities by internal credit rating

Carrying amounts of loans of financial assets measured at FVOCI by internal credit rating in accordance with the loss allowance measurement method as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Financial assets measured at FVOCI:				
Grade 1	2,455,007,190	-	-	2,455,007,190
Grade 2	-	-	-	-
Grade 3	-	-	-	-
Total	2,455,007,190	-	-	2,455,007,190

<December 31, 2020>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Financial assets measured at FVOCI:				
Grade 1	1,664,340,422	-	-	1,664,340,422
Grade 2	-	-	-	-
Grade 3	-	-	-	-
Total	1,664,340,422	-	-	1,664,340,422



The credit ratings of debt securities based on the internal rating used by the Group and credit ratings by external credit rating agencies are as follows:

Classification	Internal credit rating (Corp)	Domestic rating agencies	Overseas rating agencies		
			Moody's	S&P	Fitch
Grade 1	A1 ~ A7	AAA ~ A-	Aaa ~ Baa2	AAA ~ BBB	AAA ~ BBB
Grade 2	B1 ~ B6	BBB+ ~ BB	Baa3 ~ B3	BBB- ~ B-	BBB- ~ B-
Grade 3	C1 ~ C3	BB- ~ B-	Caa1 ~ Caa3	CCC+ ~ CCC-	CCC+ ~ CCC-

#### 47-1-6. Off-balance-sheet items

Exposures of off-balance-sheet items by internal credit rating in accordance with the loss allowance measurement method as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Off balance accounts:				
Grade 1	2,056,381,977	-	-	2,056,381,977
Grade 2	513,158,163	-	-	513,158,163
Grade 3	-	-	-	-
Total	2,569,540,140	-	-	2,569,540,140

<December 31, 2020>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Off balance accounts:				
Grade 1	1,358,608,838	-	-	1,358,608,838
Grade 2	335,204,821	-	-	335,204,821
Grade 3	4,997,979	-	-	4,997,979
Total	1,698,811,638	-	-	1,698,811,638

The credit ratings of off-balance-sheet items based on the internal rating used by the Group and credit ratings by external credit rating agencies are as follows

Classification	Internal credit rating (Corp)	Domestic rating agencies	Overseas rating agencies		
			Moody's	S&P	Fitch
Grade 1	A1 ~ A7	AAA ~ A-	Aaa ~ Baa2	AAA ~ BBB	AAA ~ BBB
Grade 2	B1 ~ B6	BBB+ ~ BB	Baa3 ~ B3	BBB- ~ B-	BBB- ~ B-
Grade 3	C1 ~ C3	BB- ~ B-	Caa1 ~ Caa3	CCC+ ~ CCC-	CCC+ ~ CCC-

#### 47-1-7. Credit risk concentration

47-1-7-1. Credit risk concentration of cash equivalents and debt securities, loans receivable, commitment in each major industry as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Industry	Korean won	Foreign currency	Total	
				Amount	Ratio (%)
On balance accounts:					
Cash equivalents and deposit	Financial services	1,651,964,896	1,378,947,804	3,030,912,700	100.0
Financial assets measured at FVTPL	Financial services	6,196,013,809	1,082,453,331	7,278,467,140	48.4
	Manufacturing	1,291,025,112	470,254,332	1,761,279,444	11.7
	Public administration	2,505,967,188	287,327,687	2,793,294,875	18.6
	Construction	33,837,297	91,712,084	125,549,381	0.8
	Wholesale & retail	158,333,534	-	158,333,534	1.1
	Others	2,241,639,321	675,805,050	2,917,444,371	19.4
	Subtotal	12,426,816,261	2,607,552,484	15,034,368,745	100.0
Financial assets measured at FVOCI	Financial services	1,176,638,157	353,734,019	1,530,372,176	62.3
	Manufacturing	19,784,948	19,928,834	39,713,782	1.6
	Public administration	701,784,870	86,980,665	788,765,535	32.1
	Others	69,231,317	26,924,380	96,155,697	4.0
	Subtotal	1,967,439,292	487,567,898	2,455,007,190	100.0
Loans receivable:					
Household loans		2,374,129,811	-	2,374,129,811	53.3
Corporate loans	Financial services	998,152,559	-	998,152,559	22.4
	Construction	1,000,000	-	1,000,000	-
	Others	876,625,948	249,225,035	1,125,850,983	25.3
	Subtotal	1,875,778,507	249,225,035	2,125,003,542	47.7
Deferred loan fees		(5,712,127)	-	(5,712,127)	(0.1)
Loss allowance		(38,568,424)	(2,130,982)	(40,699,406)	(0.9)

Classification	Industry	Korean won	Foreign currency	Total	
				Amount	Ratio (%)
Subtotal		4,205,627,767	247,094,053	4,452,721,820	100.0
Total		20,251,848,216	4,721,162,239	24,973,010,455	
Off-balance accounts:					
Payment guarantees and commitment		2,569,540,140	-	2,569,540,140	100.0

<December 31, 2020>

Classification	Industry	Korean won	Foreign currency	Total	
				Amount	Ratio (%)
On balance accounts:					
Cash equivalents and deposit	Financial services	1,294,745,308	923,233,639	2,217,978,947	100.0
Financial assets measured at FVTPL	Financial services	7,679,011,453	1,333,647,985	9,012,659,438	53.8
	Manufacturing	1,524,895,762	124,183,469	1,649,079,231	9.8
	Public administration	2,751,192,546	235,036,258	2,986,228,804	17.8
	Construction	87,640,667	66,520,897	154,161,564	0.9
	Wholesale & retail	208,284,741	-	208,284,741	1.2
	Others	2,076,794,150	660,391,124	2,737,185,274	16.5
	Subtotal	14,327,819,319	2,419,779,733	16,747,599,052	100.0
Financial assets measured at FVOCI	Financial services	876,947,104	419,228,492	1,296,175,596	77.9
	Manufacturing	50,787,996	59,352,405	110,140,401	6.6
	Public administration	258,024,425	-	258,024,425	15.5
	Subtotal	1,185,759,525	478,580,897	1,664,340,422	100.0
Loans receivable:					
Household loans		1,560,170,670	-	1,560,170,670	38.5
Corporate loans	Financial services	1,330,737,177	-	1,330,737,177	32.9
	Construction	3,380,679	-	3,380,679	0.1
	Others	1,061,124,425	136,000,000	1,197,124,425	29.6
	Subtotal	2,395,242,281	136,000,000	2,531,242,281	62.6
Deferred loan fees		(629,250)	-	(629,250)	0.0
Loss allowance		(42,914,576)	(173,808)	(43,088,384)	(1.1)
Subtotal		3,911,869,125	135,826,192	4,047,695,317	100.0
Total		20,720,193,277	3,957,420,461	24,677,613,738	
Off-balance accounts:					
Payment guarantees and commitment		1,698,811,638	-	1,698,811,638	100.0

47-1-7-2. Credit risk concentration of cash equivalents and debt securities, loans receivable, commitment in each country as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	Country	Korean won	Foreign currency	Total	
				Amount	Ratio (%)
On balance accounts:					
Cash equivalents and deposit	Korea	1,651,964,896	549,367,234	2,201,332,130	72.6
	U.S.A	-	102,383,016	102,383,016	3.4
	China	-	78,369,791	78,369,791	2.6
	Japan	-	117,359,472	117,359,472	3.9
	Singapore	-	256,634,224	256,634,224	8.5
	Hong Kong	-	183,307,137	183,307,137	6.0
	United Kingdom	-	46,836,387	46,836,387	1.5
	Others	-	44,690,543	44,690,543	1.5
	Subtotal	1,651,964,896	1,378,947,804	3,030,912,700	100.0
Financial assets measured at FVTPL	Korea	12,426,816,261	1,111,893,340	13,538,709,601	90.1
	U.S.A	-	738,009,869	738,009,869	4.9
	China	-	25,136,985	25,136,985	0.2
	Japan	-	33,650,462	33,650,462	0.2
	Singapore	-	12,431,759	12,431,759	0.1
	Hong Kong	-	37,334,174	37,334,174	0.2
	United Kingdom	-	235,287,278	235,287,278	1.6
	Others	-	413,808,617	413,808,617	2.7
	Subtotal	12,426,816,261	2,607,552,484	15,034,368,745	100.0
Financial assets measured at FVOCI	Korea	1,967,439,292	121,954,095	2,089,393,387	85.1
	Hong Kong	-	35,058,851	35,058,851	1.4
	France	-	57,503,340	57,503,340	2.3
	Switzerland	-	14,077,849	14,077,849	0.6
	U.S.A	-	223,135,066	223,135,066	9.1
	Australia	-	35,838,697	35,838,697	1.5
	Subtotal	1,967,439,292	487,567,898	2,455,007,190	100.0
Loans receivable	Korea	4,466,164,344	-	4,466,164,344	100.3
	Others	1,000,000	31,969,009	32,969,009	0.7
	Subtotal	4,467,164,344	31,969,009	4,499,133,353	101.0
Deferred loan fees		(5,712,127)	-	(5,712,127)	(0.1)
Loss allowance		(38,568,424)	(2,130,982)	(40,699,406)	(0.9)
Subtotal		4,422,883,793	29,838,027	4,452,721,820	100.0
Total		20,469,104,242	4,503,906,213	24,973,010,455	
Off-balance accounts:					
Payment guarantees and					

Classification	Country	Korean won	Foreign currency	Total	
				Amount	Ratio (%)
purchase commitment	Korea	2,569,540,140	-	2,569,540,140	100.0

<December 31, 2020>

Classification	Country	Korean won	Foreign currency	Total	
				Amount	Ratio (%)
On balance accounts:					
Cash equivalents and deposit	Korea	1,294,745,308	445,414,378	1,740,159,686	78.5
	U.S.A	-	26,134,763	26,134,763	1.2
	China	-	29,425,208	29,425,208	1.3
	Japan	-	104,106,746	104,106,746	4.7
	Singapore	-	225,540,332	225,540,332	10.2
	Hong Kong	-	26,076,487	26,076,487	1.2
	United Kingdom	-	64,344,397	64,344,397	2.8
	Others	-	2,191,328	2,191,328	0.1
	Subtotal	1,294,745,308	923,233,639	2,217,978,947	100.0
Financial assets measured at FVTPL	Korea	14,327,819,318	1,037,449,632	15,365,268,950	91.7
	U.S.A	-	530,153,963	530,153,963	3.2
	China	-	25,872,034	25,872,034	0.2
	Japan	-	146,149,123	146,149,123	0.9
	Singapore	-	12,653,376	12,653,376	0.1
	Hong Kong	-	13,680,609	13,680,609	0.1
	United Kingdom	-	210,766,790	210,766,790	1.3
	Others	-	443,054,207	443,054,207	2.5
	Subtotal	14,327,819,318	2,419,779,734	16,747,599,052	100.0
Financial assets measured at FVOCI	Korea	1,185,759,524	321,825,472	1,507,584,996	90.6
	Hong Kong	-	79,273,228	79,273,228	4.8
	France	-	77,482,198	77,482,198	4.6
	Subtotal	1,185,759,524	478,580,898	1,664,340,422	100.0
Loans receivable	Korea	3,921,485,286	-	3,921,485,286	96.9
	Others	33,927,665	136,000,000	169,927,665	4.2
	Subtotal	3,955,412,951	136,000,000	4,091,412,951	101.1
Deferred loan fees		(629,250)	-	(629,250)	-
Loss allowance		(42,914,576)	(173,808)	(43,088,384)	(1.1)
Subtotal		3,911,869,125	135,826,192	4,047,695,317	100.0
Total		20,720,193,275	3,957,420,463	24,677,613,738	
Off-balance accounts:					
Payment guarantees and purchase commitment	Korea	1,698,811,638	-	1,698,811,638	100.0

#### 47-2. Liquidity risk

The Group defines liquidity risk as the possibility of incurring losses due to a temporary shortage in funds caused by a maturity mismatch or an unexpected capital outlay. Liquidity risk soars when funding rates rise, assets are sold below a normal price, or a good investment opportunity is missed. The purpose to manage the liquidity risk is to early identify the potential risk factors upon raising and operating the Group's funds and to obtain a stable revenue base maintaining an appropriate level of the Group's liquidity by systematically managing the risk.

The targets of the liquidity risk management are all assets and liabilities outstanding in the Group's consolidated statement of financial position.

The Group's principles of the liquidity risk management are as follows:

- A. Set up and comply with tolerable limits to liquidity risk.
- B. Prepare beforehand for insufficient liquidity by regularly forecasting cash requirements.
- C. Establish an emergency plan against a liquidity crisis to prepare an unexpected liquidity risk.
- D. Evaluate and manage the effect of a large amount of money that is loaned out, invested, or procured on liquidity risks.

### 47-3. Market risk

Market risk is a risk incurred when the fair value or future cash flows of financial instruments fluctuates due to the changes in market variables such as interest rates, equity prices, and exchange ratios in the market and so on.

The purpose of market risk management is to maintain the loss of assets and liabilities incurred due to changes in market variables such as interest rates, foreign exchanges and equity prices within the allowable limits in order to ensure profitability and stability. Market risk management targets include marketable securities, foreign currency net positions, derivatives and other assets and liabilities with embedded market risks, and in case of the Group, the short-term trading securities of its own accounts are included in the targets. Significant risks exposed to the Group as of the reporting date are interest rate risk, currency risk and equity price risk.

For market risk management, the Group measures and monitors the relevant risk exposures on a regular basis. The Group also establishes and complies with market risk limits, whereby it can manage the exposures arising from changes of market variables within an adequate level.

#### 47-3-1. Trading positions

The trading positions include positions of interest rate, equity price, commodity and foreign exchange held for trading purpose:

- (i) Financial instruments for the purpose of acquiring the differences incurred due to short-term trading or price fluctuations
- (ii) Financial instruments for the purpose of hedging risks
- (iii) Financial instruments for the purpose of acquiring arbitrages
- (iv) Financial instruments for the purpose of acquisition, brokerage, and market-making

The Group's principles to manage the market risk of its trading positions are to measure its market risk status on a regular basis and to establish and comply with the various market risk limits. The Group analyzes whether the return against risk are appropriate by reviewing its profit and risk on a regular basis.

#### 47-3-2. Value at Risk (VaR)

Value at Risk (VaR) is a primary method that manages and measures the degree of market risks of the trading portfolio subject to exposure, which estimates the potential loss of the trading portfolio that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The Group calculates VaR for a standard 10 days in the 99% confidence level. In addition, to account for the method's limited use, a stress test is performed in order to measure the extent of the loss in extreme cases.

#### 47-3-3. Risk type of VaR

Risk type of VaR as of September 30, 2021 and December 31, 2020 are summarized as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	Average	Min	Max	December 31, 2020
Interest rates risk	15,366,828	17,604,484	8,821,034	27,694,626	23,438,457
Foreign exchange rates risk	20,896,828	12,088,471	3,075,521	33,048,045	2,622,398
Stock price risk	19,182,899	12,743,698	2,773,444	27,840,944	16,636,841
Total risk	25,047,738	19,868,457	11,118,330	34,963,203	28,885,168

The calculation of the total risk VaR takes into consideration the correlation and diversification effects between each risk factor and therefore, is not the same as the arithmetic additions of all the VaRs.



#### 47-3-3-1. Interest rate risk

Interest rate risk of non-trading position is defined as the loss arising when the interest rate fluctuation is unfavorable to interest-sensitive assets and liabilities, resulting from the discrepancies between the maturity structure of assets and liabilities and interest revision period. The Group measures interest rate risk of the following financial instruments:

- A. Interest-earning assets: loans, deposits, bonds and others.
- B. Interest expense liabilities: deposits received, borrowings and others.
- C. Interest sensitive derivatives: interest rate swaps and others.

The purpose of managing interest rate risk of non-trading position is to obtain the net interest income and to ensure the net asset stability which may vary depending on the interest rate.

To manage interest rate risk, the Group mainly monitors the interest rate gap and EVE, and establishes the relevant limits in advance. The interest rate EVE is an estimated maximum loss of net asset due to adverse changes of the interest rate.

Details of interest rate EVE of the Group as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

Classification	September 30, 2021 (Unaudited)	December 31, 2020
△EVE	51,511,301	39,213,215

#### 47-3-3-2. Share price risk

Shares in the non-trading position are financial assets measured at FVOCI, and equity price risk is a risk incurred when the fair value of equities results in changes in the level of related revenue and capital. Effects on capital due to fluctuations in the equity price risk as of September 30, 2021 and December 31,

2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	20% decrease	10% decrease	10% increase	20% increase
Share price risk	(11,551,037)	(5,775,518)	5,775,518	11,551,037

<December 31, 2020>

Classification	20% decrease	10% decrease	10% increase	20% increase
Share price risk	(4,485,608)	(2,242,804)	2,242,804	4,485,608

#### 47-3-3-3. Currency risk concentration

Currency risk is a risk incurred when the value of a financial instrument or future cash flows fluctuates due to changes in foreign exchange rates. Currency risk arises in financial instruments expressed in currencies other than the functional currency. Currency risk does not arise in financial instruments expressed in the functional currency or in non-monetary items measured using historical foreign exchange rates. In order to establish stop loss and limits, the Group manages the foreign exchange net exposure amount of the trading and non-trading portfolios by each currency.

In order to indicate the degree of concentration, net exposure amount for each currency is recorded at the exchange rate ruling at the date of the transaction. Currency risk concentration of financial assets and financial liabilities as of September 30, 2021 and December 31, 2020 are as follows (Korean won in thousands):

<September 30, 2021(Unaudited)>

Classification	USD	JPY	CNY	HKD	EUR	Others	Total
Concentration of currency risk	991,964,161	68,670,183	159,807,809	696,170,823	(5,676,082)	194,347,507	2,105,284,401

<December 31, 2020>

Classification	USD	JPY	CNY	HKD	EUR	Others	Total
Concentration of currency risk	946,973,090	140,339,784	71,484,644	1,011,224,379	108,541,085	188,527,612	2,467,090,594

#### 47-4. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. Risks related to strategy or damaged reputation are excluded but legal or regulatory implications are identified as operational risks. Operational risk includes non-financial risks related to losses due to internal operational problems and due to externalities such as natural disasters and terrorist attacks. Unlike credit risk or market risk, operational risk does not have a direct correlation with income and the Group needs to mitigate such risk through internal controls and insurance.

The Group measures and monitors its operational risk on a regular basis and complies with the predetermined risk limits, whereby the Group manages and controls its operational risk arising from changes of its operation environments and internal controls within an appropriate level. The Group measures the operational risk exposures using the approaches suitable to the Financial Investment Industry Regulations.

#### 47-5. Capital management

The Group evaluates the internal capital adequacy by calculating the net capital ratio (NCR) in accordance with the Regulation on Financial Investment Services and detailed enforcement regulations in order to have adequate capital and comply with supervisory regulation.

##### 47-5-1. Net capital ratio

The equity capital of financial investors is regulated under the Regulation on Financial Investment Services by which the Group should manage its net capital ratio above 100%. The Group reports the compliance of net capital ratio to Financial Supervisory Service on a quarterly basis.

#### 48. Trust accounts

Details of the financial information in relation to trust accounts as of September 30, 2021(Unaudited) are as follows (Korean won in thousands):

Classification	Specific money trust	Pension trust	Securities trust	Money bond trust	Total
Cash and due from banks	12,079,875,053	317,733,500	64,385	-	12,397,672,938
Securities	10,483,317,542	394,784,135	30,809,727	-	10,908,911,404
Other assets	382,460,022	4,031,393	50,627,696	352,305,858	789,424,969
Total assets	22,945,652,617	716,549,028	81,501,808	352,305,858	24,096,009,311
Other liabilities	324,346,571	35,708,244	19,864,940	-	379,919,755
Total liabilities	324,346,571	35,708,244	19,864,940	-	379,919,755
Trust principal	22,621,306,046	680,840,784	61,636,868	352,305,858	23,716,089,556
Total equity	22,621,306,046	680,840,784	61,636,868	352,305,858	23,716,089,556
Total liabilities and equity	22,945,652,617	716,549,028	81,501,808	352,305,858	24,096,009,311

#### 49. Restatement of the consolidated financial statements

The Group revised and restated the consolidated financial statements presented for comparative purposes due to errors in spot exchange receivables and payables during the nine-month period ended September 30, 2020 and year ended December 31, 2020 reporting periods.

Before the restatement, the Group understated accounts receivables and payables by accounting for spot exchange transactions as derivatives and gain and loss on foreign exchange transactions were recognized as gain and loss on financial instruments measured at FVTPL. The Group has restated the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income by correcting the understatement of accounts receivables and payables and the misclassification of gain and loss on foreign exchange transactions.

There is no change in net income, net assets, and earnings per share due to the restatement of the consolidated financial statements, and the revised amount for each item in the consolidated statement of profit or loss and other comprehensive income is as follows (Korean won in millions):

Classification	December 31, 2020		
	Before revised	After revised	Net increase (decrease)
Total assets	34,982,321	35,796,518	814,197
Financial assets measured at FVTPL	25,101,444	25,100,961	(483)
Other assets	1,156,213	1,970,893	814,680
Total liabilities	30,553,364	31,367,561	814,197
Financial liabilities measured at FVTPL	2,851,079	2,850,512	(567)
Other liabilities	1,874,276	2,689,040	814,764
Total equity	4,428,957	4,428,957	–

Classification	For the nine-month period ended September 30, 2020(Unaudited)		
	Before revised	After revised	Net increase (decrease)
Operating revenues	6,554,441	6,554,442	1
Gain on financial assets and liabilities measured at FVTPL	5,246,584	4,569,570	(677,014)
Gain on foreign currency translation and transactions	404,054	1,081,069	677,015
Operating expenses	6,207,491	6,207,492	1
Loss on financial assets and liabilities measured at FVTPL	5,234,870	4,513,972	(720,898)
Loss on foreign currency translation and transactions	317,419	1,038,318	720,899
Operating income	346,950	346,950	–
Income before income tax expenses	386,481	386,481	–
Net income	286,174	286,174	–

## Independent auditor's report

The Shareholder and Board of Directors  
Hana Financial Investment Co., Ltd.

### Opinion

We have audited the consolidated financial statements of Hana Financial investment Co., Ltd and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("KIFRS").

### Basis for opinion

We conducted our audits in accordance with Korean Auditing Standards ("KGAAS"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

opinion.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KGAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KGAAS, we exercise professional judgment

t and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction,



supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Emphasis of matter**

#### Uncertainty of COVID-19

We draw attention to Note 43-9 to the consolidated financial statements, which describes the uncertainties concerning the impact of COVID-19 on the Group's financial position and operating performance. The Group has prepared the consolidated financial statements by reasonably estimating the impact of COVID-19 on the consolidated financial statements for the year ended December 31, 2020. However, the Group cannot reasonably predict the ultimate impact of the future spread of COVID-19 on the Group's consolidated financial position, consolidated financial performance and consolidated cash flows as of the independent auditor's report date.

#### Restatement of financial statements

Without modifying our audit opinion, we draw attention to Note 54 to the consolidated financial statements. As described in Note 54, the total assets and liabilities of the consolidated financial statements of the reporting period ended December 31, 2020 were understated by ₩814,197 million, respectively. In addition, the total assets and liabilities of the consolidated financial statements of the reporting period ended December 31, 2019 were understated by ₩881,099 million, respectively, and operating revenues and expenses for the period ended December 31, 2019 were overstated by ₩4,536 million, respectively. There is no impact on operating income and net income due to the restatement of these financial statements. The accompanying consolidated financial statements

for the periods ended December 31, 2019 and 2020 have been restated to reflect these corrections.

#### **Other matter.**

We audited the previously issued consolidated financial statements for the years ended December 31, 2020 and 2019 on which we issued an audit report dated March 10, 2021. As described in the Emphasis of matter section of our report, the Group revised and restated the consolidated financial statements that accompanied the previously issued audit report. The parent company's board of directors approved the restated consolidated financial statements on October 20, 2021, and we have reissued our audit report.

Accordingly, the accompanying consolidated financial statements differ to the consolidated financial statements that were approved at the parent company's general shareholders' meeting on March 24, 2021 and March 18, 2020.

We have performed additional audit procedures for the restatements. The previously issued audit report dated March 10, 2021 is no longer valid because the consolidated financial statements of the Group have been restated and the audit report has been reissued. Therefore, the previously issued audit report may no longer be used in connection with consolidated financial statements for the year ended December 31, 2020 and December 31, 2019.

*Ernst & Young Han Young*

March 10, 2021

(Except for note 54)

November 12, 2021

(Date of completion of audit procedures restricted to the modifications described  
in note 54)

This audit report is effective as of March 10, 2021, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

## Consolidated statements of financial position

As of December 31, 2020 and 2019

Hana Financial Investment Co., Ltd. and its subsidiaries

(Korean won)

Accounts	December 31, 2020 (Restated)	December 31, 2019 (Restated)
<b>Assets</b>		
I. Cash and deposits (Notes 19, 40, 42, 44, 45, 46, 48, 50)	2,218,045,281,275	3,337,945,917,933
II. Financial assets measured at FVTPL (Notes 20, 23, 42, 44, 45, 46, 47, 48, 49, 50)	25,100,960,574,090	20,215,779,611,793
III. Financial assets measured at FVOCI (Notes 21, 42, 44, 46, 48, 49, 50)	1,828,196,216,120	1,242,348,954,409
IV. Loan receivables, net (Notes 5, 22, 44, 46, 48, 49, 50)	4,047,695,316,560	1,553,906,865,913
V. Investments in associates (Note 24)	379,960,163,447	214,524,611,362
VI. Investment properties, net (Note 25)	44,006,620,587	34,978,840,895
VII. Property and equipment, net (Notes 3, 26)	138,642,536,231	75,584,530,303
VIII. Intangible assets, net (Note 27)	60,542,834,049	63,081,623,207
IX. Current tax assets	7,575,068,767	3,466,667,213
X. Other assets, net (Notes 28, 44, 45, 46, 48, 49, 50)	1,970,893,199,404	1,422,691,913,056
Total assets	35,796,517,810,530	28,164,309,536,084
<b>Liabilities</b>		
I. Financial liabilities measured at FVTPL (Notes 23, 29, 44, 45, 46, 47, 48, 49, 50)	2,850,511,583,121	1,763,373,030,100
II. Financial liabilities designated as at FVTPL (Notes 30, 44, 46, 47, 48, 49, 50)	9,477,443,113,164	11,036,027,503,442
III. Deposits received (Notes 31, 44, 45, 46, 48, 49, 50)	3,381,181,220,422	1,621,335,428,411
IV. Borrowings (Notes 32, 40, 44, 46, 48, 49, 50)	8,678,930,875,728	5,270,921,197,214
V. Debentures (Notes 33, 40, 46, 48, 49, 50)	4,118,545,021,051	2,931,573,295,859
VI. Net defined benefit liabilities (Note 34)	6,434,130,820	8,906,640,846
VII. Provisions (Note 35)	6,757,383,985	6,976,726,006
VIII. Current tax liabilities	119,539,229,296	34,628,434,702
IX. Deferred tax liabilities (Note 17)	39,178,662,884	25,875,417,365
X. Other liabilities (Notes 36, 44, 45, 46, 48, 49, 50)	2,689,040,052,539	1,989,613,710,210
Total liabilities	31,367,561,273,010	24,689,231,384,155
<b>Equity</b>		
I. Equity attributable to owners of the parent company	4,416,394,289,029	3,469,294,663,256
1. Capital stock (Note 37)	335,537,475,000	293,187,475,000
2. Capital surplus (Notes 39, 41)	2,549,473,160,954	2,092,961,006,954
3. Capital adjustments (Notes 39, 41)	-	(651,180,000)
4. Accumulated other comprehensive income (Note 39)	77,382,269,342	40,246,815,290
5. Retained earnings (Note 38)	1,454,001,383,733	1,043,550,546,012
Regulatory reserve for bad debts (Note 5)	(37,839,749,724)	(22,706,056,598)
Planned (provision for) reversal of bad debts (Note 5)	12,822,273,125	(15,133,693,126)
II. Non-controlling interests	12,562,248,491	5,783,488,673

Accounts	December 31, 2020 (Restated)	December 31, 2019 (Restated)
Total equity	4,428,956,537,520	3,475,078,151,929
Total liabilities and equity	35,796,517,810,530	28,164,309,536,084

"The accompanying notes are an integral part of the consolidated financial statements."

## Consolidated statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2020 and 2019

Hana Financial Investment Co., Ltd. and its subsidiaries

(Korean won)

Accounts	2020 (Restated)		2019 (Restated)	
I. Operating revenues		9,006,623,469,762		5,446,946,603,215
1. Interest income (Note 7)	530,061,580,932		500,212,137,919	
2. Fee and commission income (Note 8)	633,267,528,876		488,377,199,629	
3. Gain on financial assets and liabilities measured at FVTPL (Note 10)	6,480,762,276,334		4,096,058,909,346	
4. Gain on financial assets and liabilities measured at FVOCI (Note 11)	56,456,720,732		3,445,437,449	
5. Gain on foreign currency translation and transactions (Note 12)	1,283,969,095,125		340,499,895,477	
6. Reversal of impairment loss on financial assets (Note 13)	477,742,256		543,980,536	
7. Other operating income (Note 15)	21,628,525,507		17,809,042,859	
II. Operating expenses		8,525,306,291,632		5,097,422,478,007
1. Interest expenses (Note 7)	285,871,030,560		280,496,771,320	
2. Fee and commission expenses (Note 8)	117,171,129,921		92,775,237,293	
3. Loss on financial assets and liabilities measured at FVTPL (Note 10)	5,942,564,002,011		4,004,874,517,091	
4. Loss on financial assets and liabilities measured at FVOCI (Note 11)	583,022,621		27,653	
5. Loss on financial assets at amortized costs	-		720,000,000	
6. Loss on foreign currency translation and transactions (Note 12)	1,503,279,443,218		271,936,603,816	
7. Impairment loss on financial assets (Note 13)	37,633,427,901		4,717,977,298	
8. Salaries (Note 14)	294,829,239,222		246,897,913,987	
9. General and administrative expenses (Note 14)	202,739,175,425		186,675,170,697	
10. Other operating expenses (Note 15)	140,635,820,753		8,328,258,852	
III. Operating income		481,317,178,130		349,524,125,208
IV. Non-operating income: (Note 16)		93,561,876,412		29,515,293,451
1. Net gain (loss) on valuation of equity method investments	(4,777,214)		11,765,062,309	
2. Other non-operating income	233,336,686,689		87,599,735,902	
3. Other non-operating expenses	139,770,033,063		69,849,504,760	
V. Income before income tax expenses		574,879,054,542		379,039,418,659
VI. Income tax expenses (Note 17)		164,842,693,418		99,107,450,172
VII. Net income		410,036,361,124		279,931,968,487
1. Attributable to owners of the parent company		410,910,253,670		280,300,733,864
(Adjusted net income after reflecting regulatory reserve for bad debts (Note 5) December 31, 2020: ₩ 423,732,526,795 December 31, 2019: ₩ 265,167,040,738)				
2. Attributable to non-controlling interests		(873,892,546)		(368,765,377)
VIII. Other comprehensive income		37,165,213,944		(8,842,648,095)
1. Items that might be reclassified subsequently to profit or loss		23,919,029,385		814,014,529
a. Gain on valuation of debt securities measured at FVOCI	6,863,142,891		201,664,164	
b. Changes in unrealized gain on valuation of equity method investments	16,471,373,426		399,667,892	
c. Exchange differences on transaction of foreign operations	584,513,068		212,682,473	
2. Items that will not be reclassified subsequently to profit or loss:		13,246,184,559		(9,656,662,624)
a. Remeasurements of defined benefit plan	(180,889,567)		(3,079,299,792)	
b. Gain on valuation of equity securities measured at FVOCI	18,863,061,464		5,665,072,731	
c. Effect of changes in credit risk of financial liabilities designated at measured FVTPL	(5,435,987,338)		(12,242,435,563)	
IX. Total comprehensive income		447,201,575,068		271,089,320,392
1. Attributable to owners of the parent company		448,045,707,722		271,469,638,078

Accounts	2020 (Restated)		2019 (Restated)	
2. Attributable to non-controlling interests		(844,132,654)		(380,317,686)
X. Earnings per share (Note18)				
Basic and diluted earnings per share attributable to owners of parent company		6,313		4,780

"The accompanying notes are an integral part of the consolidated financial statements."

### Consolidated statements of changes in equity

For the years ended December 31, 2020 and 2019

Hana Financial Investment Co., Ltd. and its subsidiaries

(Korean won)

Accounts	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total
As of January 1, 2019:	293,187,475,000	2,093,630,288,954	(1,332,180,000)	49,077,911,076	763,708,014,888	3,199,271,509,918	1,706,260,379	3,199,977,770,297
Retained earnings of equity method investments	-	-	-	-	(488,202,740)	(488,202,740)	-	(488,202,740)
Total comprehensive income:								
Net income	-	-	-	-	280,300,733,864	280,300,733,864	(368,765,377)	279,931,968,487
Other comprehensive income:								
Gain on valuation of financial assets at FVOCI	-	-	-	5,866,736,895	-	5,866,736,895	-	5,866,736,895
Changes in equity of investments in associates	-	-	-	399,667,892	-	399,667,892	-	399,667,892
Effect of changes in credit risk of financial liabilities designated as measured at FVTPL	-	-	-	(12,242,435,563)	-	(12,242,435,563)	-	(12,242,435,563)
Gain on translation of foreign operations	-	-	-	212,682,473	-	212,682,473	-	212,682,473
Remeasurement of defined benefit plan (Note 34)	-	-	-	(3,067,747,483)	-	(3,067,747,483)	(11,552,309)	(3,079,299,792)
Total	-	-	-	(8,831,095,786)	280,300,733,864	271,469,638,078	(360,317,686)	271,069,320,392
Transactions with stockholders recognized directly to equity								
Stock option (Note 41)	-	(669,282,000)	681,000,000	-	-	11,718,000	-	11,718,000
Changes in equity of subsidiaries	-	-	-	-	-	-	4,457,545,960	4,457,545,960
As of December 31, 2019:	293,187,475,000	2,092,961,006,954	(651,180,000)	40,246,815,290	1,043,550,546,012	3,469,294,663,256	5,783,488,673	3,475,078,151,929



Accounts	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total
As of January 1, 2020:	293,187,475,000	2,092,961,006,954	(651,180,000)	40,246,815,290	1,043,550,546,012	3,469,294,663,256	5,783,488,673	3,475,078,151,929
Retained earnings of equity method investments	-	-	-	-	(459,475,410)	(459,475,410)	-	(459,475,410)
Total comprehensive income:	-	-	-	-	410,910,253,670	410,910,253,670	(873,892,546)	410,036,361,124
Net income	-	-	-	-	-	-	-	-
Other comprehensive income:	-	-	-	-	-	-	-	-
Gain on valuation of financial assets at FVOCI	-	-	-	25,726,204,355	-	25,726,204,355	-	25,726,204,355
Changes in equity of investments in associates	-	-	-	16,471,373,426	-	16,471,373,426	-	16,471,373,426
Effect of changes in credit risk of financial liabilities designated as measured at FVTPL	-	-	-	(5,435,987,338)	-	(5,435,987,338)	-	(5,435,987,338)
Gain on translation of foreign operations	-	-	-	584,513,068	-	584,513,068	-	584,513,068
Remeasurement of defined benefit plan (Note 34)	-	-	-	(210,649,459)	-	(210,649,459)	29,759,892	(180,889,567)
Others	-	-	-	-	59,461	59,461	(59,461)	-
Total	-	-	-	37,135,454,052	410,910,313,131	448,045,767,183	(844,192,115)	447,201,575,068
Transactions with stockholders recognized directly to equity	-	-	-	-	-	-	-	-
Stock option (Note 41)	-	(651,180,000)	651,180,000	-	-	-	-	-
Increase in paid-in capital	42,350,000,000	457,163,334,000	-	-	-	469,513,334,000	-	469,513,334,000
Changes in equity of subsidiaries	-	-	-	-	-	-	7,622,951,933	7,622,951,933
As of December 31, 2020:	335,537,475,000	2,549,473,160,954	-	77,382,269,342	1,454,001,383,733	4,416,394,289,029	12,562,248,491	4,428,956,537,520

"The accompanying notes are an integral part of the consolidated financial statements."

## Consolidated statements of cash flows

For the years December 31, 2020 and 2019

Hana Financial Investment Co., Ltd. and its subsidiaries

(Korean won)

Accounts	2020 (Restated)		2019 (Restated)	
I. Net cash flows used in operating activities		(3,015,335,651,288)		(1,215,979,019,450)
1. Income before income tax expenses	574,879,054,542		379,039,418,659	
2. Adjustments to income:	(364,512,646,972)		(242,984,085,764)	
Interest Income	(530,061,580,932)		(500,212,137,919)	
Interest expense	285,871,030,560		280,496,771,320	
Dividend income	(33,348,197,728)		(27,265,992,385)	
Gain on valuation of financial instruments measured at FVTPL	(2,480,175,952,820)		(1,373,864,404,466)	
Loss on valuation of financial instruments measured at FVTPL	2,067,617,934,979		1,361,871,182,269	
Gain on disposal of financial instruments measured at FVTPL	(26,576,381,250)		(16,086,190,420)	
Gain on disposal of financial assets measured at FVOCI	(53,434,834,721)		(1,331,270,397)	
Provision (reversal) of allowance for expected credit loss on financial assets measured at FVOCI	435,550,619		(2,595,879)	
Share of profit of associates	4,777,214		(11,765,062,309)	
Gain on disposal of investments in associates	(40,616,087,234)		(5,738,468,937)	
Impairment loss on investments in associates	-		1,177,918,060	
Reversal of impairment loss on investments in associates	(54,835,165)		-	
Retirement benefits	12,012,260,059		10,395,105,191	
Share based payment expenses	1,062,137,500		1,251,468,000	
Depreciation	28,765,330,772		28,329,298,990	
Amortization of intangible assets	15,320,114,365		14,141,472,290	
Loss (gain) on foreign currency translation	222,551,069,346		(10,461,097,794)	
Impairment loss on investment properties	1,526,056,084		-	
Loss on disposal of property and equipment	78,725,564		89,115,672	
Loss on disposal of intangible assets	2,005,340		-	
Bad debt expenses, etc.	36,720,135,026		4,176,592,641	
Increase in (reversal of) other provisions, net	(720,811,606)		1,814,210,309	
Other non-operating loss (loss from adjustment of non-controlling liabilities)	128,508,907,056		-	
3. Changes in operating assets and liabilities:	(3,481,522,438,918)		(1,536,880,508,742)	
Decrease (increase) in due from banks	1,188,713,740,089		(10,068,517,481)	
Increase in financial assets measured at FVTPL	(4,846,647,742,424)		(1,366,485,288,566)	
Increase in loan receivables	(1,244,992,540,098)		(49,415,432,307)	
Increase in other assets	(538,778,733,532)		(553,624,944,156)	
Increase in deposits received	1,759,845,792,011		103,683,455,355	
Increase in financial liabilities measured at FVTPL	1,074,092,772,343		160,529,086,877	
Decrease in financial liabilities designated at FVTPL	(1,370,409,163,392)		(636,314,145,699)	
Increase in other liabilities	496,653,436,085		814,815,277,235	
4. Interest received	541,068,789,961		495,895,145,300	
5. Interest paid	(279,718,559,190)		(280,788,675,901)	
6. Dividends received	73,761,686,325		34,431,865,492	
7. Income taxes paid	(79,291,537,036)		(64,692,178,494)	
II. Net cash flows used in investing activities		(515,867,621,554)		(1,010,043,608,624)
Proceeds from disposal of financial assets measured at FVTPL	2,928,927,470,920		2,421,429,209,735	
Proceeds from disposal of financial assets measured at FVOCI	579,216,236,762		589,098,093,798	
Disposal of investments in associates	115,680,494,721		46,330,495,056	

Accounts	2020 (Restated)		2019 (Restated)	
Disposal of property and equipment	780,577,749		150,562,974	
Disposal of intangible assets	1,385,838,091		-	
Purchase of financial assets measured at FVTPL	(2,509,883,872,430)		(2,714,973,149,576)	
Purchase of financial assets measured at FVOCI	(1,126,211,748,940)		(876,646,867,798)	
Purchase of investments in associates	(268,564,287,120)		(47,520,268,218)	
Acquisition of investment in properties	(5,000,000,000)		-	
Acquisition of property and equipment	(18,569,773,797)		(12,271,572,355)	
Acquisition of intangible assets	(2,320,572,520)		(3,944,654,319)	
Net decrease (increase) in guarantee deposits	(2,197,624,015)		202,352,238	
Cash inflow (outflow) from business combination	3,211,337,784		(1,203,832,087)	
Changes in non-controlling liabilities from loss of control of subsidiaries	(291,908,425)		-	
Changes in scope of consolidation	(212,029,790,334)		(410,693,978,072)	
III. Net cash flows provided by financing activities		3,615,428,674,341		1,803,986,331,418
Increase in borrowings, net	767,556,756,083		1,592,777,642,644	
Increase (decrease) in debentures, net	(159,156,450,615)		185,095,829,450	
Increase in bonds sold under repurchase agreements, net	2,523,877,729,726		42,461,821,454	
Repayment of lease liabilities	(17,498,476,736)		(16,348,962,130)	
Increase in non-controlling liabilities (increase in paid-in capital, etc.)	35,005,781,883		-	
Decrease in non-controlling liabilities (disposal, etc.)	(33,870,000,000)		-	
Increase in paid-in capital	499,513,334,000		-	
IV. Effect of exchange rate changes on cash and cash equivalents		(620,052,544)		3,933,517,590
V. Net increase (decrease) in cash and cash equivalents		83,605,348,955		(418,102,779,066)
VI. Cash and cash equivalents at the beginning of the year (Note 40)		391,792,216,532		809,894,995,598
VII. Cash and cash equivalents at the end of the year (Note 40)		475,397,565,487		391,792,216,532

"The accompanying notes are an integral part of the consolidated financial statements."

# Notes to the consolidated financial statements

December 31, 2020 and 2019

Hana Financial Investment Co., Ltd. and its subsidiaries

## 1. Company information

Hana Financial Investment Co., Ltd. ("H&FI") was incorporated on January 18, 1977 originally as Daehan Investment Trust Co., Ltd. under the Financial Investment Services and Capital Markets Act (formerly, the *Securities Investment Trust Business Act*) of the Republic of Korea, and commenced its business operations on February 14, 1977. H&FI's former name was renamed as Daehan Investment Trust Securities Co., Ltd. on June 4, 2000 and renamed again as Daehan Investment Securities on June 3, 2003. H&FI became a wholly owned subsidiary of Hana Financial Group Inc. (" HFG" ) on December 1, 2005 and changed its name to Hana Daetoo Securities (" H&DS" ) on June 29, 2007. H&FI acquired Hana IB Securities Co., Ltd. on December 1, 2008 and was renamed as its current form on September 1, 2015. On August 1, 2016, H&FI merged Hana Futures Co., Ltd. In addition, H&FI was designated as a Comprehensive Financial Investment Business Entity on July 10, 2019 and thus can operate services such as credit and other commitment.

In accordance with *the Financial Investment Services and Capital Markets Act*, H&FI primarily engages in offering financial services including investment brokerage and securities trading, as well as other business services related or incidental to its core business. As of December 31, 2020, H&FI operates 57 domestic service branches including 8 specialty sales centers and 1 overseas office.

H&FI prepared the consolidated financial statements of H&FI and its subsidiaries (see Note 2) (collectively referred to as the " Group" ) in accordance with KIFRS

1110 Consolidated Financial Statements. UBS Hana Asset Management Co., Ltd. ("UHAM") and other investments (see Note 24) are accounted for using the equity method in the consolidated financial statements.

## 2. Scope of consolidation

### 2-1. Subsidiaries

The Company's equity ownership in its consolidated subsidiaries as of the reporting date is summarized as follows:

Investing Company	Classification	Country	Major business	Number of shares	Ownership (%)
HFI	Hana the First Private Equity Fund (*1)	Korea	Private equity fund	-	18.93%
	Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 (*1)	Korea	Private investment trust company	-	100.00%
	Hana Equity Investment Management (Shenzhen) Co., Ltd (Formerly, Hana Global Investment Consulting Co.,Ltd) (*1,3)	China	Investment consulting	-	100.00%
	Hana Land Chip Houston Real Estate Private Fund 59 (*1)	Korea	Private investment trust company	-	100.00%
	Hana Formula-E Private Special Asset Fund 114 (*1)	Korea	Private investment trust company	-	99.38%
	KB Spain Solar Energy Private Special Asset Fund(SOC-FOF S) (*1)	Korea	Private investment trust company	-	96.81%
	KB BONACCORD PRIVATE FUND(FOFS) (*1)	Korea	Private investment trust company	-	99.94%
	KB MOBILITY SOLUTION PRIVATE SPECIAL ASSET FUND 1(FOFS) (*1)	Korea	Private investment trust company	-	99.93%
	Darby Hana Europe Renewable Energy Private Investment Fund (*1)	Korea	Private investment trust company	-	99.19%
	AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2 (*1)	Korea	Private investment trust company	-	98.01%
	Hana Private Real Estate Investment Trust No.130 (*1)	Korea	Private investment trust company	-	100.00%
	DS Networks Private Alternative Investment Trust II (*1)	Korea	Private investment trust company	-	100.00%
	Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54B (*1)	Korea	Private investment trust company	-	99.70%
	HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2 (*1)	Korea	Private investment trust company	-	99.80%
	Hana Private Real Estate Investment Trust No.137 (*1)	Korea	Private investment trust company	-	99.99%
	Hana Alternative US California BESS Special Asset No. 6 (*1)	Korea	Private investment trust company	-	100.00%
	IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 350 (*1)	Korea	Private investment trust company	-	100.00%
	Shinhan AIM Infrastructure Fund No.6-2 (*1)	Korea	Private investment trust company	-	100.00%
	K-Reits Specialized Private Investment Trust No.23 (*1)	Korea	Private investment trust company	-	98.24%
Shinhan AIM Infrastructure Fund No.6-A (*1)	Korea	Private investment trust company	-	100.00%	

Investing Company	Classification	Country	Major business	Number of shares	Ownership (%)
	KAIM Global Value Specialized Private Investment Trust No.1 (*1)	Korea	Private investment trust company	-	99.90%
	AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4 (*1)	Korea	Private investment trust company	-	99.90%
	Hana Alternative Investment Shipping Specialized Private Equity Fund NO.1 (*1)	Korea	Financial business	-	99.95%
	IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1 (*1)	Korea	Financial business	-	100.00%
	Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 153-2 (*1)	Korea	Financial business	-	100.00%
	Ramda Global Specialized Private Placement Real Estate Investment Trust (*1)	Korea	Financial business	-	100.00%
	Darby Hana New York Hotel Specialized Private Investment Trust No.1 (*1)	Korea	Financial business	-	99.99%
	Hana the Third Private Equity Fund (*1)	Korea	Private equity fund	-	25.00%
	Hana New Technology Fund No.1 (*1)	Korea	Private equity fund	-	50.00%
	Hana Semiconductor New Technology Fund (*1)	Korea	Private equity fund	-	18.69%
	Hana Trust Global Reit One Co., Ltd	Korea	Real estate management	1,000,000	100.00%
	Hana Global New Technology Fund No.1 (*1)	Korea	Private equity fund	-	66.67%
	Hana Charlemont Exchange (*2)	Korea	Other financial business	-	0%
	Hana Ocean 1st (*2)	Korea	Other financial business	-	0%
	Madrid First Co., Ltd. (*2)	Korea	Other financial business	-	0%
	YDL 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	YDL 3rd Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana AIC 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Peach Shine 2nd Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GYD 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Yellow Balloon 3rd Co., Ltd. (*2)	Korea	Other financial business	-	-
	Yellow Balloon 2nd Co., Ltd. (*2)	Korea	Other financial business	-	-
	Citizenfyu 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hanalogis No.1 Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Areca 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Centaur First Co., Ltd. (*2)	Korea	Other financial business	-	0%
	San Jose Real 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF Rocinante Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF Boomerang Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF Sowl-ro Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana US Emerging Office Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Runway Co., Ltd. (*2)	Korea	Other financial business	-	0%

Investing Company	Classification	Country	Major business	Number of shares	Ownership (%)
	JLB Squire Co., Ltd. (*2)	Korea	Other financial business	-	0%
	US Smile 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	US Smile 2nd Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Portfolio 1st Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Broadway 1st Co. Ltd (*2)	Korea	Other financial business	-	0%
	HANA MC ONE Co.,Ltd (*2)	Korea	Other financial business	-	0%
	Hana-Sinjang 1st Co.,Ltd (*2)	Korea	Other financial business	-	0%
	Hana Solar 1st Co., Ltd (*2)	Korea	Other financial business	-	0%
	YKHo 1st., Co., Ltd (*2)	Korea	Other financial business	-	0%
	YKHo 2nd., Co., Ltd (*2)	Korea	Other financial business	-	0%
	Hana S-Energy Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF Gwacheon8 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Datacenter 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Anseong KL 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Achenhaim Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Eco Clover Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana 5-geori 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana-Ulsan Co., Ltd (*2)	Korea	Other financial business	-	0%
	Hana Port 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	HF Caribbean Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana YJDL Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GMHB 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana In Chungmu 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Penta 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hangdong West 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Unju 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Wonderful GM 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Magic Town 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%

Investing Company	Classification	Country	Major business	Number of shares	Ownership (%)
	GIF Olympus Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GS Solution 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Sewoon 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Zero To One 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Heaven 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hanalogis No.2 Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana 1Q Logis B Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Bukjincheon 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Bukjincheon 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hana Seattle Prime Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Tree Unique 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	PIS 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Ernest Hyun 1st., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	Hmidan 2nd., Co., Ltd. (*2)	Korea	Other financial business	-	0%
	GIF MD Co., Ltd. (*2)	Korea	Other financial business	-	0%
Hana the 3rd PEF:	Titan 1 SPC LLC (*1)	Korea	SPC	-	100.00%
	Venus 1 SPC Co., Ltd. (*1)	Korea	SPC	-	100.00%
	Bareun Food Factory Co.,Ltd. (*1)	Korea	SPC	-	100.00%
	HIT 1 SPC LLC (*1)	Korea	SPC	-	100.00%
Bareun Food Factory Co.,Ltd.:	Dduksim Co., Ltd.	Korea	Korean traditional food business	750,000	81.80%
	Sejoong Co., Ltd.	Korea	Meat wholesale	3,560,023	70.87%
	Keumho Trading Co., Ltd.	Korea	Seafood processing business	2,507,598	67.43%
Dduksim	Seojewon Co.,Ltd	Korea	Franchise business	700,000	70.00%
Sejoong	Siwon Co., Ltd.	Korea	Meat wholesale	100,000	100.00%
Keumho FnB	Keumho seafood.Co., Ltd.	Korea	Seafood processing business	513,000	100.00%
	designmeal co.,Ltd	Korea	Seafood processing business	500,000	100.00%

(\* 1) It was established in the form of investment, and the number of shares invested was not indicated.

(\* 2) The investee has been included in the scope of consolidation as H&FI



provides credit and other commitments, etc.

(\*3) The investee changed its name from Hana Global Investment Consulting Co., Ltd. to Hana Equity Investment Management (Shenzhen) Co., Ltd. for the year ended December 31, 2020.

(\*4) The investee changed its name from Rea 1 SPC Co., Ltd. to Bareun Food Factory Co., Ltd. for the year ended December 31, 2020.

2-2. Condensed financial information of consolidated subsidiaries is as follows (Korean won in thousands):

<2020>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Hana the First Private Equity Fund	2,223,734	8,561	2,215,173	10,338	(23,792)	(23,792)
Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 (*1)	5,084,550	297,975	4,786,575	3,029	(1,417,330)	(1,417,330)
Hana Equity Investment Management (Shenzhen) Co., Ltd (Previously, Hana Global Investment Consulting Co.,Ltd) (*1).	2,708,707	-	2,708,707	68,641	(694,412)	(655,587)
Hana Land Chip Houston Real Estate Private Fund (*1)	8,680,616	15,554	8,665,062	1,044,448	(5,796,266)	(5,796,266)
Hana Formula-E Private Special Asset Fund 114 (*1)	16,028,170	70,826	15,957,344	46	(193,762)	(193,762)
KB Spain Solar Energy Private Special Asset Fund (SOC-FOFS) (*1)	109,849,010	181,199	109,667,811	17,718,260	12,846,499	12,846,499
KB BONACCORD PRIVATE FUND(FOFS) (*1)	154,716,678	96,270	154,620,408	33,550,098	5,168,545	5,168,545
KB MOBILITY SOLUTION PRIVATE SPECIAL ASSET FUND 1 (FOFS) (*1)	120,221,125	120,999	120,100,126	15,638,663	(4,593,339)	(4,593,339)
Darby Hana Europe Renewable Energy Private Investment Fund (FOFS) (*1)	5,330,852	172,650	5,158,202	395,378	(56,035)	(56,035)
AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2 (*1)	4,957,289	5,571	4,951,718	1,090,778	424,427	424,427
Hana Private Real Estate Investment Trust No.130 (*1)	137,202,318	18,494,627	118,707,691	21,636,723	6,516,922	6,516,922
DS Networks Private Alternative Investment Trust No.2 (*1)	135,239,950	6,121,570	129,118,381	11,511,582	6,460,818	6,460,818
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54B (*1)	29,973,644	434,227	29,539,417	4,215,836	(2,568,843)	(2,568,843)
HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2(*1)	55,729,566	33,074	55,696,491	5,883,158	1,166,151	1,711,839
Hana Private Real Estate Investment Trust No.137 (*1)	59,454,080	10,351,644	49,102,437	15,576,272	2,373,896	2,373,896
Hana Alternative US California BESS Special Asset No. 6 (*1)	44,059,069	66,541	43,992,528	12,296,759	2,730,760	2,730,760
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 350 (*1)	83,375,397	53,059	83,322,338	14,503,901	704,015	704,015
Shinhan AIM Infrastructure Fund No.6-2 (*1)	23,027,718	10,450	23,017,268	3,920,556	466,618	466,618
K-Reits Specialized Private Investment Trust No.23 (*1)	5,851,627	58,396	5,793,231	-	(11,206,769)	(11,206,769)

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Shinhan AIM Infrastructure Fund No.6-A (*1)	115,254,748	84,323	115,170,424	11,579,864	(4,076,118)	(4,076,118)
KAIM Global Value Specialized Private Investment Trust No.1 (*1)	125,325,419	3,719,093	121,606,325	5,213,179	10,089,605	10,089,605
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4 (*1)	116,017,974	235,617	115,782,357	20,576,630	15,186,138	15,186,138
Hana Alternative Investment Shipping Specialized Private Equity Fund NO.1 (*1)	162,137,187	31,657	162,105,530	4,244,442	169,955	169,955
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1 (*1)	74,408,301	74,900	74,333,401	2,777,167	(4,060,455)	(4,060,455)
Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 153-2 (*1)	130,728,771	1,432,002	129,296,770	1,182,350	(6,667,565)	(6,667,565)
Ramda Global Specialized Private Placement Real Estate Investment Trust (*1)	47,445,450	4,221	47,441,229	786,192	(2,555,093)	(2,555,093)
Darby Hana New York Hotel Specialized Private Investment Trust No.1 (*1)	11,070,759	243	11,070,516	1,813	(30,430)	(30,430)
Hana the Third Private Equity Fund	320,167,749	68,307,174	251,860,575	114,953,101	97,977,709	104,479,436
Hana New Technology Fund No.1 (*1)	1,893,925	-	1,893,925	150	(42,050)	(42,050)
Hana Semiconductor New Technology Fund (*1)	111,660,773	-	111,660,773	70,303,031	69,272,405	69,272,405
Hana Trust Global Reit One Co., Ltd (*1)	13,987,896	495,165	13,492,731	863,343	1,966,809	1,966,809
Hana Global New Technology Fund No.1 (*1)	12,032,213	-	12,032,213	1,444	(1,467,787)	(1,467,787)
Hana Charlemont Exchange(*1)	10,169,530	9,788,851	380,680	1,401,405	645,399	645,399
Hana Ocean 1st (*1)	4,839,911	4,128,701	711,210	776,331	416,781	416,781
Madrid First Co., Ltd. (*1)	121,374,888	118,210,410	3,164,479	9,278,900	1,975,901	1,975,901
YDL 1st Co., Ltd. (*1)	11,300,827	11,500,000	(199,173)	2,813,777	847,515	847,515
YDL 3rd Co., Ltd. (*1)	12,870,945	12,745,000	125,945	1,685,112	80,630	80,630
Hana AIC 1st Co., Ltd. (*1)	212,394,403	212,276,824	117,579	11,207,521	262,491	262,491
Peach Shine 2nd Co., Ltd. (*1)	29,863,900	30,793,514	(929,614)	1,338,180	(823,699)	(823,699)
GYD 1st Co., Ltd. (*1)	15,217,085	15,216,846	239	730,346	104	104
Yellow Balloon 3rd Co., Ltd. (*1)	139,071,925	138,000,000	1,071,925	10,765,442	(15,930)	(15,930)
Yellow Balloon 2nd Co., Ltd. (*1)	69,056,979	67,244,582	1,812,396	4,108,349	(1,097,455)	(1,097,455)
Citizenfyu 1st Co., Ltd. (*1)	112,752,638	116,700,000	(3,947,362)	921,876	(4,829,077)	(4,829,077)
Hanalogis No.1 Co., Ltd. (*1)	78,517,993	86,500,000	(7,982,007)	7,518,343	(7,764,103)	(7,764,103)
Areca 1st Co., Ltd. (*1)	23,816,203	22,600,000	1,216,203	8,206,061	5,403,574	5,403,574
Centaur First Co., Ltd. (*1)	26,636,997	27,394,500	(757,503)	336,069	(140,065)	(140,065)
San Jose Real 1st Co., Ltd. (*1)	4,488,122	4,230,000	258,122	803,441	178,634	178,634
GIF Rocinante Co., Ltd. (*1)	103,902,760	107,200,000	(3,297,240)	177	(444,894)	(444,894)
GIF Boomerang Co., Ltd. (*1)	51,478,661	51,728,520	(249,859)	4,415,452	730,554	730,554
GIF Sowol-ro Co., Ltd. (*1)	10,545,476	10,600,000	(54,524)	4,422,415	80,844	80,844
Hana US Emerging Office Co., Ltd. (*1)	54,082,408	54,895,123	(812,715)	1,769,544	(519,423)	(519,423)
Hana Runway Co., Ltd. (*1)	107,342,510	107,800,000	(457,490)	5,815,446	(55,267)	(55,267)
JLB Squire Co., Ltd. (*1)	127,564,127	127,900,000	(335,873)	6,208,529	66,354	66,354
US Smile 1st Co., Ltd. (*1)	2,773,108	2,700,000	73,108	356,164	87,333	87,333
US Smile 2nd Co., Ltd. (*1)	17,280,644	17,000,000	280,644	1,493,809	983,795	983,795
Portfolio 1st Co., Ltd. (*1)	20,272,076	20,000,000	272,076	2,906,556	432,260	432,260

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Broadway 1st Co. Ltd (*1)	5,117,841	8,401,063	(3,283,222)	759	(3,283,224)	(3,283,224)
HANA MC ONE Co.,Ltd (*1)	25,187,958	25,189,580	(1,622)	1,496,845	(1,622)	(1,622)
Hana-Sinjang 1st Co.,Ltd (*1)	4,075,791	4,075,861	(70)	295,835	(71)	(71)
Hana Solar 1st Co., Ltd (*1)	12,109,521	11,340,000	769,521	1,963,995	769,521	769,521
YK Ho 1st., Co., Ltd (*1)	7,816,070	7,590,921	225,149	438,518	225,139	225,139
YK Ho 2nd., Co., Ltd (*1)	7,816,071	7,590,920	225,151	438,518	225,141	225,141
Hana S-Energy Co., Ltd. (*1)	30,741,660	31,100,000	(358,340)	447,690	(358,340)	(358,340)
GIF Gwacheon8 2nd., Co., Ltd. (*1)	30,485,263	30,486,593	(1,330)	883,146	(1,331)	(1,331)
Hana Datacenter 1st., Co., Ltd. (*1)	49,285,567	49,285,566	-	1,099,759	-	-
Anseong KL 1st., Co., Ltd. (*1)	10,079,869	10,078,949	920	196,494	919	919
Achenhaim Co., Ltd. (*1)	120,108,863	118,800,000	1,308,863	2,756,825	1,308,862	1,308,862
Eco Clover Co., Ltd. (*1)	126,165,603	126,760,063	(594,460)	601	(594,461)	(594,461)
Hana 5-geori 1st., Co., Ltd. (*1)	11,100,778	11,100,877	(99)	435,718	(99)	(99)
Hana-Ulsan Co., Ltd (*1)	20,141,588	20,355,731	(214,144)	309,092	(214,145)	(214,145)
Hana Port 1st., Co., Ltd. (*1)	121,723,687	126,552,377	(4,828,691)	24,480,579	(4,828,692)	(4,828,692)
HF Caribbean Co., Ltd. (*1)	166,096,185	165,778,774	317,411	21,474,761	317,410	317,410
Hana YJDL Co., Ltd. (*1)	11,160,975	11,233,184	(72,209)	520,725	(72,210)	(72,210)
GMHB 2nd., Co., Ltd. (*1)	70,083,592	70,558,762	(475,170)	1,920,073	(475,171)	(475,171)
Hana In Chungmu 1st., Co., Ltd. (*1)	10,886,633	10,886,597	35	123,031	35	35
Hana Penta 1st., Co., Ltd. (*1)	7,110,453	7,110,452	1	430,127	-	-
Hangdong West 2nd., Co., Ltd. (*1)	3,195,464	3,252,431	(56,967)	660,321	(56,967)	(56,967)
Hana Unju 1st., Co., Ltd. (*1)	30,221,925	30,222,379	(455)	473,642	(456)	(456)
Wonderful GM 1st., Co., Ltd. (*1)	11,865,280	11,865,280	-	737,512	-	-
Magic Town 1st., Co., Ltd. (*1)	24,254,805	24,270,000	(15,195)	1,178,498	(15,196)	(15,196)
GIF Olympus Co., Ltd. (*1)	20,621,077	21,121,160	(500,083)	228,861	(500,084)	(500,084)
GS Solution 1st., Co., Ltd. (*1)	31,039,430	29,996,671	1,042,759	1,820	1,042,758	1,042,758
Hana Sewoon 1st., Co., Ltd. (*1)	20,044,584	20,044,583	-	277,264	-	-
Zero To One 1st., Co., Ltd. (*1)	67,615,241	68,339,656	(724,416)	498,819	(724,426)	(724,426)
Hana Heaven 1st., Co., Ltd. (*1)	23,199,420	23,199,419	1	139,611	-	-
Hanalogs No.2 Co., Ltd. (*1)	564,114	500,000	64,114	3,407,399	64,112	64,112
Hana 1Q Logis B Co., Ltd. (*1)	14,397,918	14,399,578	(1,659)	87,279	(1,659)	(1,659)
Hana Bukjincheon 1st., Co., Ltd. (*1)	5,194,082	5,232,373	(38,291)	586,494	(38,293)	(38,293)
Hana Bukjincheon 2nd., Co., Ltd. (*1)	15,058,469	15,271,844	(213,375)	578,230	(213,377)	(213,377)
Hana Seattle Prime Co., Ltd. (*1)	127,099,569	127,200,000	(100,431)	17	(100,433)	(100,433)
Tree Unique 1st., Co., Ltd. (*1)	5,950,052	5,996,367	(46,315)	20,656	(46,316)	(46,316)
PIS 2nd., Co., Ltd. (*1)	6,400,626	6,434,101	(33,476)	18,923	(33,477)	(33,477)
Ernest Hyun 1st., Co., Ltd. (*1)	3,734	38,978	(35,244)	-	(35,245)	(35,245)
Hmidan 2nd., Co., Ltd. (*1)	17,967,486	17,984,466	(16,980)	25,026	(16,981)	(16,981)
GIF MD Co., Ltd. (*1)	23,109,589	23,267,744	(158,155)	-	(158,156)	(158,156)

(\*1) The above financial information of the consolidated subsidiaries are based on unaudited figures.

<2019>

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Hana the First Private Equity Fund	2,252,776	13,811	2,238,965	1,220,841	(755,314)	(755,314)
Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 (*1)	6,729,495	298,090	6,431,405	8,820	(537,996)	(537,996)
Hana Global Investment Consulting Co.,Ltd (*1).	3,367,364	3,070	3,364,294	90,512	(331,171)	(254,962)
Hana Land Chip Houston Real Estate Private Fund (*1)	14,891,760	21,985	14,869,775	1,570,365	787,884	787,884
Hana Formula-E Private Special Asset Fund 114 (*1)	9,000,269	39,456	8,960,813	50,288	(39,188)	(39,188)
KB Spain Solar Energy Private Special Asset Fund (SOC-FOFS) (*1)	95,685,995	146,082	95,539,913	9,474,279	733,934	733,934
KB BONACCORD PRIVATE FUND(FOFS) (*1)	75,487,375	43,277	75,444,098	3,712,291	(4,183,354)	(4,183,354)
KB MOBILITY SOLUTION PRIVATE SPECIAL ASSET FUND 1 (*1)	131,779,969	149,447	131,630,522	10,755,711	(2,771,790)	(2,771,790)
KB Europe Renewable Private Special Asset Fund 1 (FoFs) (*1)	8,085,640	5,489	8,080,151	130,430	(745,360)	(745,360)
Darby Hana Europe Renewable Energy Private Investment Fund (*1)	1,241,384	310	1,241,074	15,930	(93,456)	(93,456)
AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2(*1)	4,211,700	10,501	4,201,199	551,478	181,757	181,757
Hana Private Real Estate Investment Trust No.130(*1)	129,348,950	32,128	129,316,822	830,976	(7,086,928)	(7,086,928)
DS Networks Private Alternative Investment Trust (*1)	131,133,010	1,776,840	129,356,170	429,312	(7,047,579)	(7,047,579)
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54A(*1)	21,924,476	31,536	21,892,940	254,876	24,939	24,939
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54B(*1)	10,235,349	13,554	10,221,795	110,375	11,795	11,795
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.51-1(*1)	13,052,070	-	13,052,070	-	(68,805)	(68,805)
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.51-2(*1)	7,831,242	-	7,831,242	-	(41,283)	(41,283)
HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2(*1)	35,528,234	18,856	35,509,378	585,841	118,855	255,329
Hana the Third Private Equity Fund	152,998,567	21,396,454	131,602,113	11,933,273	16,055,504	16,319,773
Hana New Technology Fund No.1 (*1)	1,935,975	-	1,935,975	249	(43,173)	(43,173)
Hana Semiconductor New Technology Fund (*1)	52,905,369	-	52,905,369	72,759	(594,631)	(594,631)
Hana Trust Global Reit One Co., Ltd (*1)	13,696,636	-	13,696,636	30	(1,367,093)	(1,367,093)
Hana Charlemont Exchange (*1)	9,524,127	9,788,846	(264,719)	447,913	(264,719)	(264,719)
Hana Ocean 1st Co., Ltd (*1)	4,358,814	4,064,385	294,429	1,968,529	294,428	294,428
Madrid First Co., Ltd. (*1)	177,188,578	176,000,000	1,188,578	1,988,143	1,188,578	1,188,578
Racia the Third Co., Ltd. (*1)	116,590,620	116,800,000	(209,380)	4,545,679	1,957,330	1,957,330
Racia the fourth Co., Ltd. (*1)	31,778,288	33,700,000	(1,921,712)	1,179,381	419,295	419,295
YDL 1st Co.,Ltd. (*1)	10,366,230	11,192,813	(826,583)	709,036	(298,553)	(298,553)
YDL 3rd Co., Ltd (*1)	11,845,315	11,800,000	45,315	362,891	45,315	45,315
Hana AIC 1st Co., Ltd. (*1)	65,697,765	65,842,678	(144,913)	272,017	(144,912)	(144,912)
Peach Shine 2nd Co., Ltd. (*1)	30,694,085	30,800,000	(105,915)	1	(105,916)	(105,916)

Classification	Assets	Liabilities	Equity	Revenue	Net income (loss)	Other comprehensive income (loss)
Uno Stellar 1st Co., Ltd. (*1)	88,101,023	86,000,000	2,101,023	2,184,590	2,101,023	2,101,023
GYD 1st Co., Ltd (*1)	5,166,885	5,166,750	135	192,126	56	56
Yellow Balloon 3rd Co.,Ltd. (*1)	136,087,855	135,000,000	1,087,855	5,392,895	1,674,189	1,674,189
Yellow Balloon 2nd Co.,Ltd. (*1)	70,163,672	67,253,820	2,909,852	8,103,609	2,511,101	2,511,101
Citizenryu 1st Co., Ltd. (*1)	116,881,714	116,000,000	881,714	6,431,433	802,022	802,022
Hanalogis No.1 Co., Ltd. (*1)	90,582,097	90,800,000	(217,903)	497	(217,905)	(217,905)
YDJ First Co., Ltd. (*1)	35,166,058	35,166,058	-	1,907,264	-	-
Areca 1st Co., Ltd. (*1)	17,912,628	22,100,000	(4,187,372)	2,435,358	121,176	121,176
Centaur First Co., Ltd (*1)	3,582,562	4,200,000	(617,438)	3,410,823	(617,439)	(617,439)
Oort First Co., Ltd (*1)	16,668,857	16,300,000	368,857	1,264,051	368,856	368,856
Hope Town First Co., Ltd (*1)	118,816,095	119,500,000	(683,905)	4,883,463	(683,906)	(683,906)
HFB First Co., Ltd. (*1)	93,708,872	91,450,000	2,258,872	3,307,356	2,258,871	2,258,871
San Jose Real 1st Co., Ltd. (*1)	19,390,944	19,311,456	79,488	587,089	79,487	79,487
GIF Rocinante Co., Ltd. (*1)	97,147,654	100,000,000	(2,852,346)	164	(2,852,347)	(2,852,347)
GIF Boomerang Co., Ltd. (*1)	159,319,587	160,300,000	(980,413)	7	(980,413)	(980,413)
GIF Sowol-ro Co., Ltd.	40,264,632	40,400,000	(135,368)	1	(135,369)	(135,369)
Hana US Emerging Office Co., ltd. (*1)	64,634,050	64,927,342	(293,292)	729,621	(293,294)	(293,294)
Hana Runway Co., Ltd.(*1)	126,997,777	127,400,000	(402,223)	21	(402,224)	(402,224)
JLB Squire Co., Ltd.(*1)	126,997,773	127,400,000	(402,227)	21	(402,228)	(402,228)
US Smile 1st Co., Ltd.(*1)	2,767,516	2,781,741	(14,225)	169,699	(14,225)	(14,225)
US Smile 2nd Co., Ltd.(*1)	34,302,890	35,006,040	(703,150)	564,193	(703,150)	(703,150)
Portfolio 1st Co.,Ltd. (*1)	129,839,816	130,000,000	(160,184)	5,879,996	404,495	404,495

(\*1) The above financial information of the consolidated subsidiaries are based on unaudited figures.

## 2-2-1. Hana the First Private Equity Fund

Hana the First Private Equity Fund (Hana the First PEF) was established on December 22, 2009 as a joint-stock company under *the Financial Investment Services and Capital Markets Act* for the purpose of distributing to the partners of Hana the First PEF the profits generated from participating in control, improving financial, business and governance structures of invested companies. Issued capital of Hana the First Private Equity Fund amounts to ₩ 70,972,877 thousand as of December 31, 2020. The Company controls this entity because the Company is exposed, or has rights, to variable returns from its involvement with this entity and has the ability to affect those returns through its power over this entity in accordance with KIFRS 1110 *Consolidated Financial Statements*.

2-2-2. Hana Daol Land Chip Heungdeok Real Estate Private Fund 35

Hana Daol Land Chip Heungdeok Real Estate Private Fund 35 was incorporated on September 19, 2011 in accordance with *the Financial Investment Services and Capital Markets Act*. It manages Knowledge Industrial Center (apartment-type factory), Heungdeok IT Valley which was built in the Heungdeok Housing Site Development District G1 Block. The collective investment company, the asset manager, is Hana Asset Management Co., Ltd. while the trustee is National Agricultural Cooperative Federation. Issued capital of Hana Daol Land Chip Heungdeok Real Estate Private Fund amounts to ₩7,130,332 thousand as of December 31, 2020.

2-2-3. Hana Equity Investment Management (Shenzhen) Co., Ltd. (Previously, Hana Global Investment Consulting Co., Ltd.)

Hana Equity Investment Management (Shenzhen) Co., Ltd. was incorporated in Beijing on October 14, 2011 and moved to Shenzhen on April 16, 2020. Hana Equity Investment Management (Shenzhen) Co., Ltd. primarily engages in advisory services on issuing bonds, listing Chinese companies on the Korea stock market, cross-border M&A transactions and others. The issued capital was ₩3,479,700 thousand as of December 31, 2020.

2-2-4. Hana Land Chip Houston Private Equity Real Estate Investment Trust No.59

Hana land Chip Houston Private Equity Real Estate Investment Trust No.59, which was established on October 30, 2014 by *the Financial Investment Services and Capital Markets Act*, manages common stock of REITs (FG US Holdings 2 LLC), which was established to acquire the preferred stocks of 3000 Post Oak Blvd., in Houston, USA, as an item transferred to fund. A collective investment company (asset management company) was UBS Hana Asset Management Co., Ltd., and a trustor was NAFC (National Agricultural Cooperative Federation). As of December 31, 2020, its issued capital was ₩14,119,170 thousand.

#### 2-2-5. Hana the Third Private Equity Fund

Hana the Third Private Equity Fund (Hana the Third PEF) was established on July 29, 2016 as a joint-stock company under *the Financial Investment Services and Capital Markets Act* for the purpose of distributing the profits to the partners of Hana the Third PEF generated from participating in business control, restructuring, improving financial structures, business model and company governance of invested companies. Issued capital of Hana the Third Private Equity Fund amounts to ₩139,397,535 thousand as of December 31, 2020. In accordance with KIFRS 1110 *Consolidated Financial Statements*, Hana the Third PEF is included in consolidation scope as H&FI has power over the investee to direct relevant activities of the investee and is exposed to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its return..

#### 2-2-6. Hana New Technology Fund No.1

Hana New Technology Fund No.1 was incorporated on May 28, 2018 under the *enforcement rules of the Specialized Credit Finance Business Act* and other related regulations, to primarily engage in investing and operating the fund and distribute profits to the members.

#### 2-2-7. Hana Semiconductor New Technology Fund

Hana Semiconductor New Technology Fund was established with the aim of distributing the profits to the members by investing and operating the fund in accordance with the *Enforcement Rules of the Specialized Credit Finance Business Act*, and related laws and regulations

#### 2-2-8. Hana Trust Global Reit one Co., Ltd

Hana Trust Global Reit one co., Ltd was established on September 20, 2019 for the purpose of allocating profits to members by investing and operating them in accordance with *the Real Estate Investment Company Act*, the Enforcement Decree of the same Act, the Enforcement Rules and the related statutes.

## 2-2-9. Hana Global New Technology Fund No.1

Hana Global New Technology Fund No.1 was established on July 8, 2020 under *the enforcement rules of the Specialized Credit Finance Business Act* and other relevant regulations, to primarily engage in the investing and operating of funds and distribute profits to the members.

## 2-2-10. Special Purpose Entities that Provided Beneficiary Certificates and Purchase Agreements

Beneficiary certificates and purchase agreements provided by special purpose entities have been included in the scope of consolidation. The Group holds a control of them because it has power to govern the related activities, and it is exposed, or has rights, to variable returns from its involvement with these entities and has the ability to affect those returns through its power over them in accordance with KIFRS 1110 *Consolidated Financial Statements*.

2-3. Changes in the scope of consolidation for the year ended December 31, 2020 are as follows:

Name of subsidiaries	Rationale
Included in scope of consolidation:	
IBK Global Renewable Energy Private Fund 2	Acquisition of control
Hana Private Real Estate Investment Trust No.137	Acquisition of control
Broadway 1st Co. Ltd	Credit facility
HANA MC ONE Co.,Ltd	Credit facility
Hana-Sinjang 1st Co.,Ltd	Credit facility
HFHALCYON Co., Ltd	Credit facility
Hana Solar 1st Co., Ltd	Credit facility
YK Ho 1st. Co., Ltd	Credit facility
YK Ho 2nd., Co., Ltd	Credit facility
Hana S-Energy Co., Ltd.	Credit facility
DS Namcheongra Co., Ltd.	Credit facility
GIFMARS 1st Co., Ltd	Credit facility
Hana Alternative US California BESS Special Asset No. 6	Acquisition of control
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 350	Acquisition of control
Samchully Renewable Energy Private Equity Trust II (Special Assets)	Acquisition of control
Shinhan AIM Infrastructure Fund No.6-1	Acquisition of control
Shinhan AIM Infrastructure Fund No.6-2	Acquisition of control
Capstone US Specialized Private Investment Trust No.11	Acquisition of control
Keumho Trading CO., LTD.	Acquisition of control



Name of subsidiaries	Rationale
Keumhoseafood.CO., LTD.	Acquisition of control
K-Reits Specialized Private Investment Trust No.23	Acquisition of control
Shinhan AIM Infrastructure Fund No.6-A	Acquisition of control
KAIM Global Value Specialized Private Investment Trust No.1	Acquisition of control
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4	Acquisition of control
Hana Global New Technology Fund No.1	Acquisition of control
Seojewon Co.,Ltd	Acquisition of control
GIF Gwacheon8 2nd., Co., Ltd.	Credit facility
Hana Datacenter 1st., Co., Ltd.	Credit facility
Anseong KL 1st., Co., Ltd.	Credit facility
Achenhaim Co., Ltd.	Credit facility
Eco Clover Co., Ltd.	Credit facility
Hana 5-geori 1st., Co., Ltd.	Credit facility
Hana-Ulsan Co., Ltd	Credit facility
Hana Port 1st., Co., Ltd.	Credit facility
HF Caribbean Co., Ltd.	Credit facility
Hana YJDL Co., Ltd.	Credit facility
GMHB 2nd., Co., Ltd.	Credit facility
Hana In Chungmu 1st., Co., Ltd.	Credit facility
Hana Penta 1st., Co., Ltd.	Credit facility
Hangdong West 2nd., Co., Ltd.	Credit facility
Hana Unju 1st., Co., Ltd.	Credit facility
Wonderful GM 1st., Co., Ltd.	Credit facility
Magic Town 1st., Co., Ltd.	Credit facility
GIF Olympus Co., Ltd.	Credit facility
GS Solution 1st., Co., Ltd.	Credit facility
Hana Sewoon 1st., Co., Ltd.	Credit facility
Zero To One 1st., Co., Ltd.	Credit facility
Hana Heaven 1st., Co., Ltd.	Credit facility
Hanalogis No.2 Co., Ltd.	Credit facility
Hana 1Q Logis B Co., Ltd.	Credit facility
Hana Bukjincheon 1st., Co., Ltd.	Credit facility
Hana Bukjincheon 2nd., Co., Ltd.	Credit facility
Hana Seattle Prime Co., Ltd.	Credit facility
Tree Unique 1st., Co., Ltd.	Credit facility
PIS 2nd., Co., Ltd.	Credit facility
Ernest Hyun 1st., Co., Ltd.	Credit facility
Hmidan 2nd., Co., Ltd.	Credit facility
GIF MD Co., Ltd.	Credit facility
Sprot US NOTUS Professional Private Trust No.1	Acquisition of control
Hana Alternative Investment Shipping Specialized Private Equity Fund NO.1	Acquisition of control
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1	Acquisition of control
Hana Alternative Specialized Private Placement Real Estate Investment Trust No. 153-2	Acquisition of control
Ramda Global Specialized Private Placement Real Estate Investment Trust	Acquisition of control

Name of subsidiaries	Rationale
Darby Hana New York Hotel Specialized Private Investment Trust No.1	Acquisition of control
Designmeal co.,Ltd	Acquisition of control
Excluded in scope of consolidation:	
Vestas Qualified Investors Private Real Estate Fund Investment Trust Nno.51-1	Loss of control due to disposal
Oort First Co., Ltd.	Termination of credit facility
IBK Global Renewable Energy Private Fund 2	Loss of control due to disposal
Uno Stellar 1st Co., Ltd.	Termination of credit facility
HFHALCYON Co., Ltd	Termination of credit facility
KB Europe Renewable Private Special Asset Fund 1 (SOC-FOFS)	Loss of control due to disposal
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54A	Loss of control due to disposal
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.51-2	Loss of control due to disposal
Shinhan AIM Infrastructure Fund No.6	Loss of control due to disposal
Capstone US Fund 11	Loss of control due to disposal
YDJ 2nd Co.,Ltd.	Termination of credit facility
Hope Town First Co., Ltd.	Termination of credit facility
HFB First Co., Ltd.	Termination of credit facility
GIFMARS 1st Co., Ltd.	Termination of credit facility
Racia the Third Co., Ltd.	Termination of credit facility
Racia the fourth Co., Ltd.	Termination of credit facility
Hana AI the 3rd Co., Ltd.	Loss of control due to the liquidation
DS Namcheongra Co., Ltd.	Termination of credit facility
Sprott US NOTUS Professional Private Trust No.1	Loss of control due to disposal
Samchully Renewable Energy Private Equity Trust II (Special Assets)	Loss of control due to disposal
Hyochangfood Co., Ltd	Loss of control due to disposal

### 3. Summary of significant accounting policies

#### 3-1. Basis of preparation

The Company prepares statutory consolidated financial statements in the Korean language in accordance with Korean International Financial Reporting Standards ("KIFRS") enacted by the *Act on External Audit of Stock Companies*.

#### 3-2. Principles of consolidation

##### 3-2-1. Subsidiaries

Subsidiaries are referred as all entities that the Group has the power to govern the financial and operating policies of an entity. It includes special purpose entities and generally, it is considered as a subsidiary when there is majority voting rights. The Group considers the existence and influence of exercisable or transferrable voting rights when evaluating its subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are no longer consolidated from the date on which the Group loses control over them.

All significant intercompany transactions, account balances, unrealized gains or losses among consolidated companies are eliminated from consolidation. The accounting policies of subsidiaries are applied after revising, if necessary, for consistent application with the Group's accounting policies.

##### 3-2-2. Non-controlling interests

Non-controlling interests must be presented within equity, separately from the equity of the owners of the parent company in the consolidated statement of financial position. Total comprehensive income must be attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Some puttable financial instruments or some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation are not accounted as the residual equity in the consolidated financial

statement, therefore, the non-controlling interests are classified as financial liabilities in the consolidated financial statement.

### 3-2-3. Investment in an associate

An associate is referred when the Group has significant influence without the control over the entity, and owns 20% to 50% of voting rights. Investments in entities are accounted for using the equity method. Under the equity method of accounting, the Group's initial investment in an associate is recorded at acquisition cost. The amount of investment in associates of the Group includes goodwill (accumulated impairment losses deducted) recognized at the time of acquisition.

Subsequently, the carrying amount of the investment is adjusted to reflect the Group's share of income or loss of the associate in the consolidated statement of comprehensive income and share of changes in equity that have been recognized directly in the equity of the associate in the related equity account of the Group on the consolidated statement of financial position. If the Group's share of losses of the associate equals or exceeds its interest in the associate, it suspends recognizing its share of further losses. However, if the Group has other long-term interests in the associate, it continues recognizing its share of further losses to the extent of the carrying amount of such long-term interests.

The Group's share in the associate's unrealized profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the interest in the associate. Unrealized losses are also eliminated unless there is evidence that the transferred assets have been impaired. The accounting policies of associates are applied after revising, if necessary, for consistent application with the Group's accounting policies.

### 3-2-4. Unconsolidated structured entities

#### 3-2-4-1. Characteristics of shares of unconsolidated structured entities

Details of the nature of the Group's interests in unconsolidated structured entities as of December 31, 2020 are as follows (Korean won in thousands):

Classification	Purpose	Financing arrangement	Total assets
Asset Securitization Special Purpose Company	Return on investment	Investment, borrowings	541,198,610
Shipping and M&A Refinancing	Ship building or purchase, NPL purchase, M&A	Investment, borrowings	1,167
Investment fund and trust	Indirect investment on unlisted equity	Investment, government bonds, notes, etc.	44,071,359,956

#### 3-2-4-2. Risks of unconsolidated structured entities

Classification	Special Purpose Company	Investment fund and trust
Assets:		
Loans receivables	–	–
Securities	–	2,159,573,132
Net asset	–	2,159,573,132
Maximum exposure to loss:		
Financial assets	–	2,159,573,132
Credit and other commitment	618,000,000	276,761,635

### 3-3. Operating segment reporting

Operating segments are disclosed in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing the performance of the operating segments.

### 3-4. Foreign currency transaction

#### 3-4-1. Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency

#### 3-4-2. Translation of foreign currency transactions and balances at the end of the reporting period

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date and the exchange difference is recognized as profit or loss. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rates at the end of reporting date. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

#### 3-5. Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise of cash at banks, and on hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents on the consolidated statements of cash flows refer to amounts after deducting overdraft from these cash and cash equivalents.

### 3-6. Financial assets

A financial instrument is any contract that allows a financial asset to be created for one of the parties to the transaction and a financial liability or equity instrument to be created for the counterparty. The Group classifies financial assets at subsequent initial recognition as financial assets at amortized cost, financial assets measured at FVOCI and financial assets measured at FVTPL.

The classification of a financial asset at initial recognition depends on the nature of the contractual cash flows of the financial asset and the business model of the Group to manage the financial asset. Except for trade receivables that do not contain significant financial elements or that are accounted for using the practical simplification method, the Group initially measures financial assets at fair value, and if not for financial assets measured at FVTPL – Increase or decrease cost.

To measure a financial asset at amortised cost or FVOCI, the cash flows must consist (SPPI) principal and interest. This assessment is called SPPI testing and is performed at the individual item level.

The Group's business model for the management of financial assets involves the management of financial assets to generate cash flows. The business model determines whether the source of the cash flows is the receipt, sale or both of the contractual cash flows of the financial asset.

Purchases or sales of financial assets (structured transactions) that are required to transfer financial assets within the time frame set by the market arrangement or regulation are recognized on the transaction date. That is, the date the Group agrees to buy or sell financial assets.

For subsequent measurement, financial assets are classified into the following four categories:

- Financial assets at amortized cost (Debt instrument)
- Financial assets measured at FVOCI recycled cumulative gain or loss to profit or loss (Debt instrument)
- Financial assets measured at FVOCI for which the cumulative gain or loss on removal is not recycled to profit or loss (Equity instrument)
- Financial assets measured at FVTPL

### 3-6-1. Financial assets at amortized cost (debt instrument)

The Group measures financial assets at amortized cost when all of the following conditions are met:

- Under a business model whose objective is to collect contractual cash flows, the contractual terms of the financial asset result in cash flows that are solely payments of principal and principal balances on a specified date.
- Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and recognize impairment. Gains and losses arising from the elimination, alteration or impairment of an asset are recognized in profit or loss

### 3-6-2. Financial assets at FVOCI (debt instrument)

The Group measures Financial assets at FVOCI when all of the following conditions are met:

- Company holds financial assets under a business model that serves both through receipt of contractual cash flows and sale of financial assets.
- Depending on the terms and conditions of the financial asset, there is a cash flow consisting solely of the payment of the principal at a certain date.

Debt instrument at FVOCI's interest income, foreign currency translation gains and losses, and impairment or reversals are recognized in profit or loss in the same manner as the Financial assets at amortized cost. The remaining portion of fair value changes is recognized in other comprehensive income. When a financial asset is derecognized, the cumulative change in fair value recognized in other comprehensive income is recycled to profit or loss. Debt instrument at FVOCI are included in debt instruments classified as non-current assets



### 3-6-3. Financial assets at FVOCI (equity instrument)

At initial recognition, the Group may make an irrevocable choice to meet the definition of an equity instrument in KIFRS 1032 Presentation of Financial Instruments and to measure equity instruments that are not held for trading at FVOCI.

The gain or loss on these financial assets is not recirculated to profit or loss. Dividends are recognized as other revenue in the consolidated statement of comprehensive income and are treated as profit or loss when the right to receive is established, except in the case of the Group. Equity instruments at FVOCI are not recognized for impairment.

The Group may make an irrevocable choice for unlisted equity instruments.

### 3-6-4. Financial assets measured at FVTPL

Financial assets measured at FVTPL include held for trading, financial assets designated at fair value through profit or loss at initial. Financial assets acquired for the purpose of selling or repurchasing within a short period of time are classified as held for trading. Derivatives, including separate embedded derivatives, are classified as short-term trading unless they are designated as effective hedging instruments. Financial assets for which the cash flow is not solely composed of principal payments are classified and measured as Financial assets at FVTPL, regardless of the business model. As described in the above paragraph, Although a debt instrument is classified as a financial assets at amortised cost or financial assets at FVOCI, a debt instrument can be at FVTPL if it can eliminate or significantly reduce an accounting mismatch.

Financial assets at FVTPL are presented at fair value in the consolidated statement of financial position, and net changes in fair value are recognized in

profit or loss in the consolidated statement of comprehensive income.

This category contains listed equity instruments that do not have an irrevocable choice to treat derivatives and changes in fair value in other comprehensive income. Dividends on listed equity instruments are recognized in profit or loss at the time the rights are established.

### 3-7. Derivative financial instruments and hedge accounting

Derivative instruments are initially recognized at fair value on the contract date and are subsequently revalued at their fair value. Derivative instruments are accounted differently depending on whether hedge accounting is applied, and therefore, are classified into trading purpose derivatives and hedging purpose derivatives. In a hedge relationship, when a hedge item is any asset, liability or unrecognized fixed contract, which is exposed at the possibility that its portion or entire fair value is fluctuated by the specified risks, fair value hedge accounting is applied. Also, when a hedge item is any asset, liability or expected highly probable transaction, which is exposed at the possibility that its cash flow is fluctuated by the specified risk, cash flow hedge accounting is applied. For trading purpose derivative transactions, changes in the fair value of derivatives are recognized in net income.

#### 3-7-1. Embedded derivatives

Derivatives embedded in a hybrid contract are treated as separate derivatives separately from the host contract if the economic characteristics and risks are not closely related to the host contract, a separate instrument with the same embedded derivative meets the definition of the derivative and the hybrid contract is not measured at fair value through profit or loss. Embedded derivative is measured at fair value and changes in fair value are recognized in profit or loss. Reassessment occurs only if there is a change in the terms of the contract that significantly changes the cash flows, or if it does not fall into the fair value through profit or loss measurement category.

An embedded derivative is not accounted for separately in a hybrid contract in which the host contract is a financial asset. Financial assets and embedded derivatives that are the main contracts are classified as financial assets at FVTPL.

#### 3-8. Deferred recognition of ' Day 1' profit or loss

When the transaction price is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognizes the differences between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'.

In case where fair value is determined using data which is not observable, the difference between the transaction price and model value is deferred and amortized over the life of the associated instrument using the straight-line method.

#### 3-9. Reflecting credit risks

When measuring derivatives at fair value, the liquidity adjustment and credit valuation adjustment are calculated to reflect the effectiveness of the adjustments for counterparties.

#### 3-10. Bonds purchased under resale agreements and bonds sold under repurchase agreements

Securities purchased under agreements to resell at a specified future date (reverse repos) are recorded as bonds purchased under repurchase agreements in the other loans in the consolidated statement of financial position. Conversely, securities sold under agreements to repurchase at a specified future date (repos) are recorded in the consolidated statement of financial position as bonds sold under repurchase agreements in other borrowing liabilities. Interest income and expense incurred from reverse repo and repo transactions are recorded as interest income on loans and interest expense on borrowings, respectively in the consolidated statement of comprehensive income.

### 3-11. Impairment of financial assets

Expected credit losses are recognized in two stages. For credit exposures that do not have a significant increase in credit risk since initial recognition, expected credit losses reflect credit losses arising from a potential default event within the next 12 months. For credit exposures with significant increases in credit risk since initial recognition, the loss allowance is required to measure expected credit losses (ie lifetime expected credit losses) for the remaining life of the exposure, regardless of when the default event occurs.

The Group's debt instruments at FVOCI consist of investment-grade bonds, which are considered investments with low credit risk. The Group makes a policy of measuring financial instruments based on 12-month expected credit losses. In all cases, the Group considers there to be a significant increase in credit risk if the contractual payment is more than 30 days overdue after the maturity date.

The Group considers a default to have occurred if the contractual payment is past 90 days. However, in certain circumstances, the Group may see a default event as a financial asset if it indicates that the group will not receive the entire principal of the contract until internal or external information considers all credit enhancements by the Group. Financial assets are derecognized when there is no reasonable expectation of recovering contractual cash flows.

### 3-12. Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when (i) the rights to receive cash flows from the asset have expired or, (ii) the Group has transferred substantially all the risks and rewards of the asset. If the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset, the Group recognizes the asset and the associated liability to the extent of the Group 's continuing involvement in the asset. If the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset and recognizes a collateralized

borrowing for the consideration received.

### 3-13. Property and equipment

An item of property and equipment is measured at its cost less any accumulated depreciation. The cost of an item of property and equipment includes any costs directly attributable to acquisition of an item.

Subsequent cost is recognized as an asset if, and only if it is probable that future economic benefits associated with the cost will follow to the Group and the cost can be measured reliably. The carrying amount of parts that are replaced is derecognized. The Group recognizes other repair and maintenance costs as profit or loss for the current period.

Land is not depreciated. For depreciation of other assets, amount of acquisition cost less residual value is calculated on a straight-line and declining balance basis over the following estimated useful life of the asset.

Classification	Years
Buildings	40 to 50
Office equipment	4
Electronic equipment	4
Others	4

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is immediately reduced to its recoverable amount. The residual value and economic useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for if necessary. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'other operating income' in the consolidated statement of comprehensive income in the year the asset is derecognized.

### 3-14. Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated using the cost model.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of derecognition, and transfers are made to or from investment property only when there is a change in use.

Land is not depreciated. Depreciation method to measure buildings which are classified as investment properties is the straight-line method with useful lives ranging from 40 to 50 years.

### 3-15. Intangible assets

An intangible asset is recognized only when its cost can be reliably measured and it is probable that the expected future economic benefits that are attributable to it will flow in to the Group. Intangible assets include industrial rights, softwares, development costs, memberships and others.

The Group accounts for separately acquired intangible assets at acquisition cost and for intangible assets acquired in business combinations at their fair value at acquisition date, directly reducing accumulated amortization and accumulated impairment losses after initial acquisition. On the other hand, internally developed intangible assets, excluding development costs, are included in profit or when incurred. Intangible assets are classified into intangible assets with useful life of indefinite and definite years . Accordingly, intangible assets with useful life are amortized over the useful life and are considered for impairment if the impairment sign is identified. In addition, the useful life and amortization method are reviewed at least at the end of each fiscal year, and if changes are needed due to changes in expected useful life or changes in expected pattern of consumption of economic benefits, these changes are accounted for as changes in accounting estimates. The costs of amortization of intangible assets are reflected in profit or loss as a cost, consistent with the function of that intangible asset.

On the other hand, intangible assets with indefinite useful life are not amortized, but are tested for impairment individually or as part of cash-generating units annually . In addition, the Group reviews whether it is appropriate to apply indefinite useful life to such intangible assets every year and applies any changes in useful life prospectively, if not appropriate.

An intangible asset is removed upon disposal (i.e., the day the new acquirer takes control of the asset) or when future economic benefits from use or disposal are not expected. The Group shall recognize any profit or loss due to difference between sales and carrying amount at the disposal of the asset.

### 3-16. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The impairment loss in the continuing business is reflected in profit or loss as an expense item consistent with the function of the impaired asset.

After recognition of the impairment of non-financial assets, if there is a change in the assumptions used to determine the asset's recoverable amount, a previously recognized impairment loss is reversed. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation had no impairment loss been recognized for the asset in prior years.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of comprehensive income.



### 3-17. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease considering if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### - Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

#### - Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the

lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term lease and leases of low-value assets

The Group applies the short-term lease recognition exemption to other equipment, etc. (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of other equipment that are considered of low value (i.e., below \$5,000 or ₩5,000 thousand). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

- Significant judgment in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

### 3-18. Net defined benefit liabilities

The Group operates both defined benefit plan (DB plan) and defined contribution plan (DC plan). Defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit plan defines an amount of retirement benefit that an employee will receive on retirement depending on one or more factors such as years of service and compensation.

The net defined liability recognized in the consolidated statement of financial position in respect to the defined benefit pension plan is the present value of the defined benefit obligation at the date of the consolidated statement of financial position less the fair value of plan assets. The defined benefit obligation is annually calculated using the projected unit credit method. The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

Remeasurements of the net defined benefit liability comprise of (a) actuarial gains and losses, (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability.

The Group shall recognize the components of defined benefit cost as follows:

- (a) service cost and net interest on the net defined benefit liability in profit or loss
- (b) remeasurements of the net defined benefit liability in other comprehensive income.

The Group has no further payment obligations once the contributions have been

paid. The contribution payable to a defined contribution plan are recognized as employee benefit expense when an employee has rendered service to the Group.

### 3-19. Income taxes

Income taxes comprise of current and deferred taxes. All items related to taxes, other than those recognized directly in equity, are accounted for in the consolidated statement of comprehensive income. Accordingly, current tax and deferred tax that relates to items that are recognized, are accounted for in the same or a different period:

- (a) in other comprehensive income, shall be recognized in other comprehensive income.
- (b) directly in equity, shall be recognized directly in equity

Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. If the applied tax laws require an interpretation, the Group calculates the income tax payable expected to be paid to the taxation authorities based on the opinion made when the taxes were reported.

Deferred tax is recognized, using the liability method, on temporary difference between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

A deferred tax asset or liability shall not be recognized for the initial recognition of an asset or liability in a transaction which:

- (a) is not a business combination; and
- (b) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on

tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The Group recognizes a deferred tax asset or liability for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that the following conditions are satisfied:

- (a) it is probable that the temporary difference will reverse in the future; and
- (b) taxable profit will be available against which the temporary difference can be utilized (for deferred tax asset).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and taxation authority.

### 3-20. Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, deposits, borrowings, and so forth, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The measurement of a financial liability shall be in accordance with the classification mentioned below.

#### 3-20-1. Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category also includes derivatives that are not designated as hedging instruments in a hedging relationship as defined in KIFRS 1109. In addition, separate embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments.

The gain or loss on a financial liability that is held for trading is recognized in profit or loss.

Financial liabilities designated at FVTPL are designated only at initial recognition if they meet the criteria in KIFRS 1109.

### 3-20-2. Deposits and borrowings

After initial recognition, interest bearing deposits, borrowings and bonds that are not classified as financial liabilities at FVTPL are subsequently at amortized cost using the EIR. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statement of comprehensive income.

### 3-20-3. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

### 3-21. Fair value of financial instruments

Financial assets and financial liabilities traded in active markets at each reporting date are determined by reference to quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. These techniques incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments. Valuation techniques which provide reliable estimates on mark-to-market prices are applied.

When determining fair value by the use of valuation techniques, comparison of current market transaction of another instrument that is substantially the same to the financial instrument needs to be objectively substantiated or inclusion of variables in the marketable data must be performed. Not all the significant market variables are observable and therefore in determining fair value, reasonable estimates or assumptions are required.

The Group uses the following hierarchy levels for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are either directly or indirectly observable.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Investments in equity instruments that do not have a quoted market price in an

active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which are measured at cost, are accounted for using the cost method.

### 3-22. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision is used only for expenditures for which the provision was originally recognized. If the effect of the time value of money is material, provisions are stated at present value.

### 3-23. Share-based payment transactions

HFG granted share options to the employees of the Group in the form of share-based payment transactions. For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be reliably estimated. If the Group cannot reliably estimate the fair value of the goods or services received, the Group is required to measure their value, and the corresponding increase in equity, indirectly, through the reference to the fair value of the equity instruments granted. For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group is required to remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognized in profit or loss for the period.

Also, in the case of share-based payment transactions in which the terms of the arrangement provide the employees with a choice between cash settlement and equity settlement, the Group accounts for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the Group has incurred a liability to settle in cash or other assets,



or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

### 3-24. Capital stock

Common stock issued is classified as capital stock in the consolidated statement of financial position and additional stock issuance costs or incremental costs related to the stock issuance are recorded as a deduction from issued capital net of tax effects.

The Group's own equity instruments acquired by the Group or any of its subsidiaries are deducted from its equity and recorded at acquisition cost, including transaction costs. Consideration received on the sale or issue of the Group's own equity instruments is recognized directly in equity.

### 3-25. Dividends payable

Dividends on common stock are deducted from the Group's equity and recognized as a liability when the shareholders' meeting of the Group approves the dividends.

### 3-26. Trust accounts

Assets held in an agency or trust management capacities are not included in the consolidated financial statements in accordance with the Capital Market and Financial Investment Business Act, as they are not owned by the Group. The Group recognizes trust fees earned from the trust accounts as income from trust operations.

### 3-27. Finance income and finance expenses

The Group recognizes interest income and interest expense using the EIR on an accrual basis. When a financial instrument bearing interest is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at its original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired bonds is recognized by the initial effective interest rate.

### 3-28. Fees and commissions income

The Group earns fees and commissions income from a diverse range of services it provides to its customers. Fees and commissions income from financial services are accounted for based on the related accounting standards of financial instruments and the purpose of such fees and commissions. Fees and commissions income are accounted for as follows:

- a) Fees earned for the provision of services over a period of time are accrued over that period using the straight line method.
- b) Fees arising from providing significant transaction services for a third party are recognized on the completion of the transaction services.
- c) Fees which are regarded as part of the interest of financial instruments are recognized using the EIR.

### 3-29. Dividend income

Dividend income is recognized when the Group's right to receive the payment is established.

### 3-30. Transactions under common control

The Group accounted for the transactions under common control based on book value. Therefore, the Group recognized (derecognized) asset, liability and capital as at the merger and spinoff date as book value and didn't recognize transaction gain (loss).

### 3-31. Adoption of the new and amended standards and interpretations

The Group first applied the standards and amendments to the fiscal year beginning on after January 1, 2020. The Group has not applied early adoption on any standards, interpretations or amendments that has not become effective yet.

#### 3-31-1. Amendments to KIFRS 1103: Definition of a Business

The amendment to KIFRS 1103 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

#### 3-31-2. Amendments to KIFRS 1107, KIFRS 1109 and KIFRS 1039: Interest Rate Benchmark Reform

The amendments to KIFRS 1109 and KIFRS 1039 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

#### 3-31-3. Amendments to KIFRS 1001 and KIFRS 1008: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial

information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

#### 3-31-4. Conceptual Framework for Financial Reporting (2018)

The Conceptual Framework is not a standard, and none of the concepts therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the Accounting Standards Board in enacting and amending KIFRS, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no material impact on the consolidated financial statements of the Group.

#### 3-31-5. Amendments to KIFRS 1116 COVID-19 Related Rent Concessions

The amendment to KIFRS 1116 provides lessees with a practical expedient to elect not to assess whether rent concessions arising as a direct consequence of the COVID-19 pandemic constitutes a lease modification. Lessees may apply the practical expedient only if all conditions of the practical expedient are met and lessees that makes this election accounts for any change in lease payments resulting from the rent concessions the same way it would account for the change applying this standard if the change were not a lease modification. The amendment may be retrospectively applied to annual reporting periods beginning on or after June 1, 2020 and earlier application is permitted. The amendment had no impact on the consolidated financial statements of the Group.

3-32. Standards issued but not yet effective are as follow:

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.

### **Amendments to KIFRS 1001: Classification of Liabilities as Current or Non-current**

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

### **Reference to the Conceptual Framework - Amendments to KIFRS 1103**

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. An exception to the recognition principle of KIFRS 1103 was also added to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 or KIFRS 2121 *Levies*, if incurred separately. At the same time, the Board decided to clarify existing guidance in KIFRS 1103 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The

amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

### **Property, Plant and Equipment: Proceeds before Intended Use - Amendments to KIFRS 1016**

The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

### **Onerous Contracts Costs of Fulfilling a Contract - Amendments to KIFRS 1037**

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

## Annual Improvements Cycle – 2018–2020

### **KIFRS 1101 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter**

The amendment permits a subsidiary that elects to apply paragraph D16(1) of KIFRS 1101 to measure cumulative translation differences using the amounts reported by the parent company, based on the parent's date of transition to KIFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(1) of KIFRS 1101. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

### **KIFRS 1109 *Financial Instruments* – Fees in the '10 % test' for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

### **KIFRS 1041 *Agriculture* – Taxation in fair value measurements**

The amendment removes the requirement in paragraph 22 of KIFRS 1041 that entities exclude cash flows for taxation when measuring the fair value of assets

within the scope of KIFRS 1041. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

#### 4. Significant judgments and accounting estimates

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The assumptions and estimates are based on other factors that are considered to be related to historical experience. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following judgments that have a significant effect on the amounts recognized in the consolidated financial statements.

##### 4-1. Loss allowance

The Group assesses, at each reporting date, whether there is objective evidence that a loan is impaired. Important financial difficulties of the debtor, the possibility of the debtor's bankruptcy or financial restructuring, default or delay in interest payments or principal repayments (over 90 days overdue) may be considered as signs that indicate the impairment. Loss allowance is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, discounted using the initial effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of comprehensive income.



Loan is classified into two categories, individual and collective assessment. Individual assessment is required for significant asset with impairment to calculate the loss allowance. On the other hands, for assets with no objective evidence of impairment or not significant in size, colleveive assessment is required to set the loss allowance.

The individual assessment is measured as the amount of the present value of the expected recoverable amount through operating or collateral cash flows. In collective assessments, the amount of the loss is statistically evaluated using the Group's historical loss data.

#### 4-2. Retirement benefits

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial assumptions were made for the discount rate, the overall expected rates of return on assets, and an increase in the future pay rate. Retirement benefits include significant uncertainties in the estimates due to the long duration of the period.

#### 4-3. Impairment of non-financial assets

The Group assesses at the end of the reporting period whether there is any indication that a non-financial assets may be impaired. The Group tests an intangible asset with an indefinite useful life for impairment annually or if any such indication exists. The Group tests an intangible asset with definite useful life for impairment if any such indication exists. Management estimates future cash flow associated with an asset or a cash-generating unit, and selects the adequate discount rate to compute present value of future cash flow.

#### 4-4. Income taxes

There has been various transactions and tax accounting methods which have made computing the final tax expenses for the period uncertain. The contingent liability from any future tax assessments is based on the estimates of the likelihood of

additional taxes imposed and has been included in the Group's consolidated financial statements for the current period. When the finalized tax expense assessments are different from the appropriated amounts, the differences are recognized in current deferred tax assets, liabilities, and expenses for the period.

#### 5. Regulatory reserve for bad debts

In accordance with the Regulation on Financial Investment Services, when provisions assessed under KIFRS are deemed insufficient for regulatory purposes, the Group recognizes the differences, if any, as a regulatory reserve for bad debts in retained earnings.

##### 5-1. Balances of regulatory reserve for bad debts

Balances of regulatory reserve for bad debts as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Beginning balance	37,839,749	22,706,056
Planned provisions for (reversal of) bad debt reserve	(12,822,273)	15,133,693
Ending balance	25,017,476	37,839,749

##### 5-2. Provisions for the bad debt reserve and adjusted income

Provisions for the bad debt reserve and income adjusted for the equity attributable to owners of the parent company for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Net income attributable to owners of the parent company before deducting provisions for bad debt	410,910,254	280,300,734
Reversal of (Provisions for) bad debt reserve	12,822,273	(15,133,693)
Adjusted income after deducting provisions for bad debt	423,732,527	265,167,041
Earnings per share on adjustment after reflecting reserve for bad debt (Korean won)	6,510	4,522

## 6. Operating segment information

### 6-1. General information

The Group is organized into 6 operating segments based on their products and services and details are presented below:

Wealth Management (WM)	Providing consignment and brokerage services of stock, futures, options, etc., financial consulting and selling asset management products to high-income households and private or general investors.
Wholesale	Providing brokerage services of domestic stocks and derivatives for institutional investors and selling financial products to institution or corporation
Investment Bank (IB)	Operating corporate financing and providing services relating to corporate funding and M&A
Sales & Trading	Providing bonds, derivatives and operating hedge transactions and equity investment
Common operation	Operating other supporting and operating activities
Subsidiaries	Subsidiaries in scope of consolidation

### 6-2. Financial information of the operating segments

The financial information of the operating segments for the years ended December 31, 2020 and 2019 is as follows (Korean won in thousands):

<2020>

Classification>(*1)	WM	Wholesale	IB	Sales & Trading	Others	Subsidiaries	Adjustments	Total
Country	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea, China		
Net operating income (loss)	330,054,096	43,742,433	463,898,469	138,573,907	57,306,595	168,222,717	(186,477,750)	1,015,320,467
Selling and administrative expenses	247,238,591	25,181,343	114,869,787	39,328,432	45,100,945	25,773,816	75,501	497,568,415
Provisions for allowance	-	-	-	-	35,476,733	-	958,141	36,434,874
Non-operating income	-	-	-	-	10,179,783	59,669,204	23,712,889	93,561,876
Income(loss) before income tax expenses	82,815,505	18,561,090	349,028,682	99,245,475	(13,091,300)	202,118,105	(163,798,503)	574,879,054
Income tax expenses	-	-	-	-	133,991,597	26,031,741	4,819,355	164,842,693
Net income (loss)	82,815,505	18,561,090	349,028,682	99,245,475	(147,082,897)	176,086,364	(168,617,858)	410,036,361

<2019>

Classification>(*1)	WM	Wholesale	IB	Sales & Trading	Others	Subsidiaries	Adjustments	Total
Country	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea	Republic of Korea, China		
Net operating income (loss)	217,182,548	39,003,029	314,689,255	163,702,332	78,085,598	418,304	(23,995,649)	789,085,417
Selling and administrative expenses	205,424,862	26,291,320	74,634,729	34,964,104	74,825,258	17,432,812	-	433,573,085
Provisions for allowance	-	-	-	-	6,854,777	-	(866,570)	5,988,207
Non-operating income	-	-	-	-	(9,732,629)	20,976,933	18,270,989	29,515,293
Income(loss) before income tax expenses	11,757,686	12,711,709	240,054,526	128,738,228	(13,327,066)	3,962,425	(4,858,090)	379,039,418
Income tax expenses	-	-	-	-	103,395,436	67,643	(4,355,629)	99,107,450
Net income (loss)	11,757,686	12,711,709	240,054,526	128,738,228	(116,722,502)	3,894,782	(502,461)	279,931,968

(\*1) The amount in each segment is the measurement reported to the chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

#### 7. Net interest income

Interest income for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Interest income:		
Interest income on cash and deposits	37,488,580	51,854,647
Interest income on financial assets measured at FVTPL	283,671,484	341,510,992
Interest income on financial assets measured at FVOCI	25,814,748	17,653,817
Interest income on loans receivable	178,981,706	84,765,275
Others	4,105,063	4,427,407
Subtotal	530,061,581	500,212,138
Interest expenses:		
Interest expenses on deposit liabilities	6,698,779	7,584,763
Interest expenses on financial liabilities designated as measured at FVTPL	96,273,212	137,123,350
Interest expenses on debentures	86,773,248	49,494,610
Interest expenses on borrowings	83,848,965	77,584,511
Interest expenses on non-controlling investors' liabilities	6,681,768	5,975,039
Interest expenses on lease liabilities	666,126	655,833
Others	4,928,933	2,078,665
Subtotal	285,871,031	280,496,771
Net interest income	244,190,550	219,715,367

## 8. Net fee and commission income

Fee and commission income for the years ended December 31, 2020 and 2019 are as follows (Korean won in millions):

Classification	2020	2019
Fee and commission income:		
Brokerage commissions	242,244,487	125,419,260
Underwriting commissions	88,600,824	123,129,865
Brokerage commissions on collective investment securities	36,409,469	40,392,796
Finance commissions	163,948,241	111,035,558
Management fee on wrap account and asset management	29,742,790	26,853,286
Others	72,321,718	61,546,435
Subtotal	633,267,529	488,377,200
Fee and commission expenses:		
Trading commissions	22,023,114	14,852,738
Investment consultant fees and advisory fees	209,303	362,419
Fixed-rate membership dues	7,162,715	5,984,985
Bank commissions	3,598,059	2,868,887
Others	84,177,939	68,706,208
Subtotal	117,171,130	92,775,237
Net fee and commission income	516,096,399	395,601,963

The Group provides services on customer deposits, investment trusts, business management, investment management, and management support including investment decisions on trading securities. These trust assets are not included in the Group's consolidated financial statements.

## 9. Dividend income

9-1. Dividend income for the years ended December 31, 2020 and 2019 is as follows (Korean won in thousands):

Classification	2020	2019
Financial assets measured at FVTPL	23,589,129	17,680,073
Financial assets measured at FVOCI	2,438,863	2,114,139
Total	26,027,992	19,794,212

9-2. Dividend distribution by assets for the years ended December 31, 2020 and 2019 is as follows (Korean won in thousands):

Classification	2020	2019
Financial assets measured at FVTPL	155,685,837	105,369,497

10. Gain(loss) on financial instruments measured at FVTPL

Gain (loss) on financial assets and liabilities measured at FVTPL for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Gain on financial instruments measured at FVTPL:		
Gain on valuation	783,398,167	379,482,923
Gain on disposal	277,133,507	270,392,873
Gain on redemption	208,997,430	112,983,176
Dividend income	23,589,129	17,680,073
Dividend from debt securities	155,685,837	105,369,497
Gain on exchange-traded derivatives	1,131,204,201	504,340,218
Gain on over the counter ("OTC") derivatives	3,787,166,517	2,606,638,916
Amortization of deferred day 1 profit or loss	113,587,489	99,171,233
Subtotal	6,480,762,277	4,096,058,909
Loss on financial instruments measured at FVTPL:		
Loss on valuation	322,410,415	499,232,632
Loss on disposal	245,593,461	178,415,099
Loss on redemption	253,072,470	845,915,449
Loss on exchange-traded derivatives	1,111,722,872	393,615,711
Loss on OTC derivatives	3,973,881,493	2,052,858,795
Amortization of deferred day 1 profit or loss	35,883,291	34,836,831
Subtotal	5,942,564,002	4,004,874,517
Net gain on financial instruments measured at FVTPL	538,198,275	91,184,392

11. Gain (loss) on financial assets measured at FVOCI

Gain (loss) on financial instruments at FVOCI except for impairment

loss and reversal of impairment loss for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Gain on financial instruments measured at FVOCI:		
Gain on disposal of debt securities	54,017,858	1,331,298
Dividend income	2,438,863	2,114,139
Subtotal	56,456,721	3,445,437
Loss on financial instruments measured at FVOCI:		
Loss on disposal of debt securities	583,023	28
Net gain on financial instruments measured at FVOCI	55,873,698	3,445,409

12. Gain (loss) on foreign exchange translation and transactions

Gain (loss) on foreign exchange translation and transactions for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Gain on foreign exchange transactions	1,215,677,033	282,638,497
Gain on foreign exchange translation	68,292,062	57,861,399
Subtotal	1,283,969,095	340,499,896
Loss on foreign exchange transactions	1,212,436,312	224,536,303
Loss on foreign exchange translation	290,843,132	47,400,301
Subtotal	1,503,279,444	271,936,604
Net gain on foreign exchange translation and transactions	(219,310,349)	68,563,292



13. (Reversal of) Impairment loss on financial assets

(Reversal of) Impairment loss on financial assets for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Financial assets measured at FVOCI:		
Provision for expected credit losses	435,551	–
Reversal of expected credit losses	–	(2,596)
Loans:		
Provision for possible loan losses	36,889,086	1,902,937
Reversal of allowance for doubtful accounts	(357,571)	(69,716)
Other assets:		
Provision for possible other assets losses	308,791	2,815,040
Reversal of allowance for doubtful accounts	(120,171)	(471,668)
Total	37,155,686	4,173,997

#### 14. General and administrative expenses

14-1. Employee benefit expenses for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Salaries and employee benefits	278,556,398	233,322,060
Retirement benefits	13,458,949	11,334,769
Voluntary retirement benefits	2,813,892	2,241,085
Total	294,829,239	246,897,914

14-2. General and administrative expenses for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Fringe benefits	18,028,304	17,299,537
Electronic data processing expenses	15,034,189	12,845,942
Rental expenses	3,117,418	3,088,932
Entertainment expenses	7,239,292	7,037,366
Advertising expenses	14,404,199	10,108,088
Depreciation	28,453,044	28,198,143
Amortization	15,320,114	14,141,472
Taxes and dues	20,844,609	18,720,639
Insurance premium	14,359,065	14,257,131
Servicing expenses	31,635,086	30,513,142
Vehicles maintenance expenses	3,560,051	3,523,176
Communication expenses	6,199,244	4,946,269
Others	24,544,560	21,995,334
Total	202,739,175	186,675,171

15. Other operating income (expense)

Other operating income (expense) for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Other operating income:		
Trust fees	18,447,630	15,752,691
Reversal of other provisions	3,180,397	1,967,504
Others	499	88,848
Subtotal	21,628,526	17,809,043
Other operating expenses:		
Insurance fee on deposit	1,561,961	2,283,989
Transfer of other provision	2,459,586	3,781,715
Others	136,614,274	2,262,555
Subtotal	140,635,821	8,328,259
Net other operation income	(119,007,295)	9,480,784

16. Non-operating income (expense)

Non-operating income (expense) for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Non-operating income:		
Share of profit of associates	10,610,112	15,252,749
Rental fee income	3,971,927	3,712,421
Reversal of Impairment loss on investments in associates	41,297,290	7,383,807
Gain on disposal of investments in associates	54,835	-
Gain of disposal of property and equipment	480	35,286
Gain on disposal of intangible assets	635	-
Others	188,011,520	76,468,222
Subtotal	243,946,799	102,852,485
Non-operating expenses:		
Share of loss of associates	10,614,889	3,487,687
Donations	3,654,062	7,996,029
Loss on disposal of investments in associates	681,202	1,645,338
Impairment loss on investments in associates	-	1,177,918
Loss on disposal of property and equipment	79,206	124,402
Loss on disposal of intangible assets	2,640	-
Others	135,352,924	58,905,818
Subtotal	150,384,923	73,337,192
Net non-operation income(expense)	93,561,876	29,515,293

## 17. Income taxes

17-1. The major components of income tax expense for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Current income taxes:		
Income taxes	160,914,188	92,181,325
Adjustments recognized for the current period in relation to the current tax of prior periods	4,004,559	(7,689,542)
Change in deferred taxes due to temporary differences	13,303,246	9,513,764
Current and deferred taxes recognized directly to equity	(11,934,567)	1,975,098
Tax increase due to the consolidated tax returns	(2,620,475)	3,181,714
Others	1,175,743	(54,909)
Income tax expense	164,842,694	99,107,450

17-2. Reconciliation of income tax expense and accounting profit for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Income before income tax expenses	574,879,055	379,039,419
Tax at the statutory tax rate (*1)	147,729,740	93,873,840
Tax exempt income	(2,706,771)	(3,746,379)
Expenses not deductible for tax purposes	2,299,779	2,237,603
Additional refund of prior year's income tax	2,051,579	-
Tax effect of consolidated tax return	(2,620,475)	3,181,714
Tax effects due to the loss on subsidiaries	19,812,946	(4,093,282)
Others	(1,724,104)	7,653,954
Income tax expense	164,842,694	99,107,450
Effective tax rate (%)	28.67%	26.15%

(\*1) Tax rate for the year ended December 31, 2020 and 2019 is 11% for under ₩200 million, 22% for ₩200 million to ₩20 billion, 24.2% for ₩20 billion to ₩300 billion and 27.5% for ₩300 billion and above

17-3. Temporary differences and deferred income tax assets (liabilities) as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Deductible (taxable) temporary differences			Deferred tax assets (liabilities)
	Total differences	Unrecognized differences	Recognized differences	
Deferred Day 1 profit or loss	107,669,925	-	107,669,925	29,609,229
Accrued income	(50,389,022)	-	(50,389,022)	(13,856,981)
Derivatives	(257,970,736)	-	(257,970,736)	(70,941,953)
Gain on valuation of stocks	(34,047,727)	-	(34,047,727)	(9,363,125)
Impairment loss on securities	33,876,095	-	33,876,095	9,315,926
Gain on valuation of beneficiary certificates	(99,560,689)	-	(99,560,689)	(27,379,190)
Loss on valuation of receivables	156,281,061	-	156,281,061	42,977,292
Provisions	62,053,140	-	62,053,140	17,064,614
Property and equipment, intangible assets and investment properties	(61,661,899)	(819,390)	(60,842,509)	(16,731,690)
Investments in subsidiaries and associates	(31,807,298)	(7,906,557)	(23,900,741)	(6,572,704)
Financial assets measured at FVOCI	(144,333,129)	-	(144,333,129)	(39,691,611)
Accrued expenses	124,142,431	-	124,142,431	34,139,169
Net defined benefit liabilities	4,119,534	-	4,119,534	1,132,872
Deferred loan fees, net of expenses	6,679,758	-	6,679,758	1,836,934
Dormant deposits	64,693	-	64,693	17,791
Others	33,690,050	-	33,690,050	9,264,764
Total	(151,193,813)	(8,725,947)	(142,467,866)	(39,178,663)

<December 31, 2019>

Classification	Deductible (taxable) temporary differences			Deferred tax assets (liabilities)
	Total differences	Unrecognized differences	Recognized differences	
Deferred Day 1 profit or loss	49,031,305	-	49,031,305	13,483,609
Accrued income	(47,856,748)	-	(47,856,748)	(13,160,606)
Derivatives	(131,301,897)	-	(131,301,897)	(36,108,022)
Gain on valuation of stocks	1,007,646	-	1,007,646	277,103
Impairment loss on securities	30,308,450	-	30,308,450	8,334,824
Gain on valuation of beneficiary certificates	13,773,538	-	13,773,538	3,787,723
Loss on valuation of receivables	(56,067,816)	-	(56,067,816)	(15,418,649)
Provisions	11,617,873	-	11,617,873	3,194,915
Property and equipment, intangible assets and investment properties	(15,286,811)	(221,281)	(15,065,530)	(4,143,021)
Investments in subsidiaries and associates	1,224,477	(7,906,557)	9,131,034	2,511,034
Financial assets measured at FVOCI	(120,700,054)	-	(120,700,054)	(33,192,515)
Accrued expenses	100,464,178	-	100,464,178	27,627,649
Net defined benefit liabilities	6,407,203	-	6,407,203	1,761,981
Deferred loan fees, net of expenses	1,884,372	-	1,884,372	518,202
Dormant deposits	64,693	-	64,693	17,791
Others	53,209,326	-	53,209,326	14,632,565
Total	(102,220,265)	(8,127,838)	(94,092,427)	(25,875,417)

17-4. Details of deferred taxes charged (credited) directly to equity for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Items that might be subsequently reclassified to the profit or loss:		
Gain (loss) on debt securities measured at FVOCI	(2,483,485)	(77,207)
Expected credit loss on debt securities measured at FVOCI	(119,776)	714
Changes in equity of investment in associates	(4,340,045)	(47,084)
Items that will not be reclassified subsequently to the profit or loss:		
Remeasurements of defined benefit plan	101,767	1,155,246
Gain (loss) on equity securities measured at FVOCI	(7,154,954)	(2,148,821)
Gain (loss) on financial liabilities – credit risk fluctuation effect	2,061,926	3,092,250
Total	(11,934,567)	1,975,098

## 18. Earnings per share

The Group presents basic earnings per share attributable to its ordinary equity holders in the consolidated statement of comprehensive income. Basic earnings per share is calculated by dividing net profit for the period attributable to common equity holders of the parent company by the weighted average number of common shares outstanding during the period.

18-1. Weighted-average number of ordinary shares outstanding for the years ended December 31, 2020 and 2019 are as follows.

Classification	Number of shares outstanding	Number of days	Weighted-average numbers of ordinary shares
2020	23,824,453,170	366	65,094,134
2019	21,402,685,675	365	58,637,495

18-2. Basic earnings per share amounts for the years ended December 31, 2020 and 2019 are as follows (Korean won):

Classification	2020	2019
Net income attributable to the owners of the parent company	410,910,253,670	280,300,733,864
Weighted-average number of ordinary shares outstanding	65,094,134	58,637,495
Basic earnings per share	6,313	4,780

18-3. Because the Group does not have dilutive potential ordinary stock, basic earnings per share is the same as diluted earnings per share



## 19. Cash and deposits

19-1. Cash and deposits from banks as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	Counterparty	Interest rate (%)	December 31, 2020	December 31, 2019
Cash and cash equivalents:				
Cash			66,334	56,031
Cash equivalents	Hana Bank and others	0.10 ~ 0.35	475,331,231	391,736,185
Subtotal			475,397,565	391,792,216
Deposits :				
Reserve for claims of customers' deposits	Korea Securities Finance Corporation ("KSFC")	0.00 ~ 0.49	343,765,158	116,205,677
Long-term deposits	Kyongnam Bank and others	0.70 ~ 2.25	570,744,000	1,775,300,000
Other deposits	KSFC and others	0.00 ~ 0.84	71,312,249	401,295,880
Subtotal			985,821,407	2,292,801,557
Deposits in foreign currencies:				
Other deposits in foreign currencies	Hana Bank and others	-	756,826,309	653,352,145
Total			2,218,045,281	3,337,945,918

19-2. Restricted balances in due from banks as of December 31, 2020 and 2019 are summarized as follows (Korean won in thousands):

Classification	Counterparty	December 31, 2020	December 31, 2019	Remark
Reserve of customers' deposits	KSFC and others	346,765,158	118,305,677	Reserve for claims of customers' deposits (*1)
Transaction deposits for trading futures and options (brokerage)	Hana Bank and others	401,533,435	225,922,577	Trading account deposits
Guarantee deposits for trading futures and options (brokerage)	SG	363,608	234,406	Trading account guarantee deposits
Transaction deposits for OTC derivatives	Citigroup Global Inc. and others.	102,678,070	118,241,165	Trading account deposits
Long-term deposits	Hana Bank and others	279,000,000	893,950,000	Pledged collateral for payment and financial derivatives
Restricted due from financial institutions	Hana Bank and others	20,000	20,000	Deposits for checking accounts
Other deposits	Hana Bank and others	251,977,087	398,882,296	Establishment of a pledge right, etc.
Total		1,382,337,358	1,755,556,121	

(\* 1) Reserve for the return of investor's deposits is a deposit deposited in a foreign exchange bank in connection with Korea Securities Finance and derivative transactions. According to the Financial Investment Services and Capital Market Act and the Regulation on Financial Investment Services, the Group is required to distinguish investor's deposit from its asset and recalculate an amount exceeding the sum of conditional deposits, deposits related to exchange-traded derivatives, and deposits received from trustors, savers, and investors in collective investment securities, less entrustment guarantee money in cash, on a daily basis, and deposit in KSFC. Such deposits are restricted for use and cannot be pledged

as collateral, and nobody can offset or disstrain them.

## 20. Financial assets measured at FVTPL

Financial assets measured at FVTPL as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	Details	December 31, 2020	December 31, 2019
Financial assets measured at FVTPL:			
Equity securities	Samsung Electronics Co., Ltd. and others	164,747,160	93,244,081
Stock warrants	VIG Private investment etc	162,167,199	132,449,847
Government and municipal bonds (*1)	Government bonds	2,141,684,720	1,181,992,091
	Housing bonds	179,058,770	166,291,660
	Others	96,140,368	49,752,377
	Subtotal	2,416,883,858	1,398,036,128
Financial bonds (*1)	Monetary stabilization bonds	691,895,350	469,774,390
	Commercial bank bonds	2,893,977,289	1,937,306,183
	Small & medium industry finance bonds	32,772,470	111,938,256
	Industrial financial debenture	218,019,437	115,157,063
	Export-Import financial debenture	20,032,480	-
	Others	3,080,847,278	2,459,815,149
Subtotal	6,937,544,304	5,093,991,041	
Corporate bonds (*1)	General corporate bonds	2,765,813,581	2,457,072,316
	Government corporate bonds	334,308,687	174,891,921
	Subtotal	3,100,122,268	2,631,964,237
Collective investment securities	Samsung KODEX 200 and others	2,642,537,882	3,248,529,512
Other securities in Korean won	Equity securities	110,000	49,097,419
	Debt securities	858,162,128	1,130,099,881
	Subtotal	858,272,128	1,179,197,300
Securities in foreign currency	Stocks in foreign currencies	760,749,327	407,849,341
	Bonds in foreign currencies	1,887,985,615	2,496,977,972
	Collective investment securities in foreign currencies	450,842,142	345,826,108
	Other securities in foreign currencies	174,712,330	117,724,841
	Subtotal	3,274,289,414	3,368,378,262
Derivative linked securities	HSBC DLS and others	312,396,559	364,446,484
Derivatives assets held for trading purpose	Exchange-traded derivatives	85,337,675	65,631,205
	OTC derivatives	2,196,344,458	1,213,185,818
	Deferred day 1 profit or loss	30,516,447	35,460,999
	Subtotal	2,312,198,580	1,314,278,022
Loans	KWPanda 1 and others	1,234,504,319	435,079,026
Other securities	Reserve for customers' deposits (*2)	1,655,302,343	923,136,779
	Joint funding and others	29,994,560	33,048,893

Classification	Details	December 31, 2020	December 31, 2019
	Subtotal	1,685,296,903	956,185,672
	Total	25,100,960,574	20,215,779,612

(\*1) Fair value of government bonds, public bonds, financial institution bonds and corporate bonds are measured based on the average of yield rate provided by Korea Investors Service Inc. ("KIS"), Korea Asset Pricing, Co. ("KAP") and NICE Investors Services Co., Ltd. ("NICE").

(\*2) Other securities consist of deposit such as time deposits and etc., and reserve for customers' deposits in trust accounts. Reserve for customers' deposits is restricted for use.

## 21. Financial assets measured at FVOCI

21-1. Financial assets measured at FVOCI as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Equity securities	163,730,794	131,125,642
Debt securities	1,185,759,524	957,677,325
Investments in partnerships	125,000	125,000
Debt securities in foreign currency	478,580,898	153,420,987
Total	1,828,196,216	1,242,348,954

21-2. Details of shares (including shares in foreign currencies) included in financial assets measured at FVOCI as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Counterparty	December 31, 2020		December 31, 2019	
	Book value	Fair value	Book value	Fair value
KRX	134,052,275	134,052,275	109,311,236	109,311,236
Korea Securities Depository ("KSD")	5,668,405	5,668,405	5,070,361	5,070,361
Korea Money Broker Corp.	2,189,520	2,189,520	1,824,870	1,824,870
KSFC	18,939,874	18,939,874	11,963,175	11,963,175
Channel A Corporation	1,976,800	1,976,800	1,964,800	1,964,800
Consus Asset Management	266,492	266,492	353,773	353,773
HSBC Fund Services	243,075	243,075	243,075	243,075
DOORESEENING Corp. and others.	519,352	519,352	519,352	519,352
Total	163,855,793	163,855,793	131,250,642	131,250,642

The Group has designated financial assets measured at FVOCI for equity instruments held for the purposes of financial investment business, business alliances, and employees' welfare, but not for trading purposes.

21-3. There are no disposals of shares (including shares in foreign currencies) included in financial assets measured at FVOCI for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

21-4. Dividends recognized from financial assets measured at FVOCI for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Dividends recognized from financial assets held as of the end of the reporting period:		
Equity securities in Korean won	2,438,863	2,114,139

21-5. Changes in the loss allowance in relation to financial assets measured at FVOCI during the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	180,643	-	-	180,643
Provision for loss allowance	53,666	-	-	53,666
New financial assets exercised or purchased	481,118	-	-	481,118
Financial assets derecognized	(99,233)	-	-	(99,233)
Exchange rate fluctuation and others	(119,777)	-	-	(119,777)
Ending balance	496,417	-	-	496,417

<2019>

Classification	12 month expected credit loss	Lifetime expected credit losses		Total
		Non credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	182,525	-	-	182,525
Provision for loss allowance	(9,629)	-	-	(9,629)
New financial assets exercised or purchased	195,024	-	-	195,024
Financial assets derecognized	(187,991)	-	-	(187,991)
Exchange rate fluctuation and others	714	-	-	714
Ending balance	180,643	-	-	180,643

## 22. Loans and receivables

22-1. Total loans and receivables as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Broker's loans:		
Margin to customers	572,442,701	280,373,902
Loans secured by securities	1,203,975,988	1,012,593,021
Loans secured by beneficiary certificates	42,171,527	37,019,336
Loans secured by MMF	133,172	70,174
Loans secured by securities finance (wrap account)	27,798	10,330
Subtotal	1,818,751,186	1,330,066,763
Other loans:		
Loans	1,050,821,811	218,750,000
Loans to employees	5,990,735	5,211,453
Advance for customers	2,980,095	4,108,845
Others	4,269,124	3,426,675
Bonds purchased under repurchase agreements	1,208,600,000	-
Subtotal	2,272,661,765	231,496,973
Total	4,091,412,951	1,561,563,736
Less:		
Allowance for possible loan losses	(43,088,384)	(7,656,870)
Loan origination cost	(629,250)	-
Total	4,047,695,317	1,553,906,866

## 22-2. Broker's loans and receivables

The Group accounts margin loans as the amount of stock purchase with internal funds to customers, and it carries an annual interest rate of 2.45% to 12.00% with a maximum maturity of 90 days. Margin loans which are not fully repaid by the settlement date is recognized as unredeemed loans and charged an annual interest rate of 10~12% on the outstanding portion. On the other hand, cash and/or securities equivalent to 140%~160% of such margin loan are provided as collateral for margin transactions.

The Group provides secured loans of 50%~65% of the latest closing price of collateral securities. As of June 30, 2020, interest rate of such secured loans is 6.9% to 11.0% per annum with a maturity date of six months. Collateral constituting cash and/or securities equivalent to 140%~160% of such secured loan are maintained. When the value of collateral falls below the maintenance requirement rate of the corresponding loan or the settlement date is overdue, the Group collects the loan principal and accrued interest through liquidation of security collaterals.

22-3. Changes in allowance for possible loan losses for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	12-month expected credit loss	Lifetime expected credit losses		Total
		Loans with unimpaired credit	Credit-impaired loans	
Beginning balance	1,471,800	-	6,185,070	7,656,870
Provision for allowance	13,137,213	-	23,394,301	36,531,514
Write-offs	-	-	(1,100,000)	(1,100,000)
Ending balance	14,609,013	-	28,479,371	43,088,384

<2019>

Classification	12-month expected credit loss	Lifetime expected credit losses		Total
		Loans with unimpaired credit	Credit-impaired loans	
Beginning balance	210,126	108,853	4,904,671	5,223,650
Provision (reversal of) for allowance	1,261,674	(108,853)	680,399	1,833,220
Write-offs	-	-	(500,000)	(500,000)
Others	-	-	1,100,000	1,100,000
Ending balance	1,471,800	-	6,185,070	7,656,870

22-4. Changes in book values on loans and receivables for the years ended

December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	12-month expected credit loss	Lifetime expected credit losses		Total
		Loans with unimpaired credit	Credit-impaired loans	
Beginning balance	1,555,014,815	-	6,548,921	1,561,563,736
Transfer to non credit-impaired financial assets	(167,000,000)	167,000,000	-	-
Transfer to Credit-impaired loans	(29,122,562)	-	29,122,562	-
New financial assets exercised or purchased	2,698,948,005	-	-	2,698,948,005
Write-offs	-	-	(1,100,000)	(1,100,000)
Others	-	(167,000,000)	(998,790)	(167,998,790)
Ending balance	4,057,840,258	-	33,572,693	4,091,412,951

<2019>

Classification	12-month expected credit loss	Lifetime expected credit losses		Total
		Loans with unimpaired credit	Credit-impaired loans	
Beginning balance	1,377,187,629	2,087,830	4,922,845	1,384,198,304
Transfer to Credit-impaired loans	(1,026,076)	-	1,026,076	-
New financial assets exercised or purchased	221,490,912	-	-	221,490,912
Write-offs	-	-	(500,000)	(500,000)
Financial assets derecognized	(42,637,650)	(2,087,830)	-	(44,725,480)
Others	-	-	1,100,000	1,100,000
Ending balance	1,555,014,815	-	6,548,921	1,561,563,736



## 23. Derivative instruments

The Group uses interest rate swaps to exchange interest rate risk, currency swaps to hedge against exchange rate risk and cash flow risk, and stock index options or stock index futures with specific rights and obligation based on consistent exercise price to generate profit.

23-1. Notional amount outstanding of derivatives as of December 31, 2020 and 2019 are listed as follows (Korean won in thousands):

Derivative instruments	December 31, 2020	December 31, 2019
Interest:		
Futures	4,431,330,761	5,000,753,226
Swaps	59,704,881,020	56,730,276,829
Options	50,000,000	50,000,000
Subtotal	64,186,211,781	61,781,030,055
Currency:		
Forwards	27,948,722,454	11,795,149,148
Futures	439,751,740	93,752,813
Swaps	10,971,089,923	12,480,481,527
Subtotal	39,359,564,117	24,369,383,488
Stock:		
Futures	568,711,351	406,656,566
Options	8,282,019,258	5,717,055,018
Swaps	4,461,906,333	3,266,858,620
Subtotal	13,312,636,942	9,390,570,204
Commodity:		
Futures	490,780,244	237,526,470
Options	70,240,192	190,931,640
Subtotal	561,020,436	428,458,110
Credit:		
Credit default swaps (CDS)	14,998,964,713	16,427,323,870
Total return swaps (TRS)	936,946,318	333,869,146
Subtotal	15,935,911,031	16,761,193,016
Others:		
Swaps	1,469,087,953	2,127,724,023

Derivative instruments	December 31, 2020	December 31, 2019
Options	383,996,169	220,229,275
Subtotal	1,853,084,122	2,347,953,298
Total	135,208,428,429	115,078,588,171

23-2. Gain (loss) on valuation of derivative financial instruments for the years ended December 31, 2020 and 2019 and derivative assets and derivative liabilities as of December 31, 2020 and 2019 are listed as follows (Korean won in thousands):

<2020>

Classification	Net valuation gain	Net valuation loss	Assets	Liabilities
Interest:				
Futures	1,332,761	936,510	1,332,761	936,510
Swaps	305,104,745	353,996,340	401,472,408	505,605,265
Options	1,801,948	–	53,482,484	–
Subtotal	308,239,454	354,932,850	456,287,653	506,541,775
Currency:				
Futures	46,240	1,189,279	46,240	1,189,279
Forwards	803,018,110	747,922,822	801,895,068	744,779,836
Swaps	241,301,157	260,180,069	237,061,326	246,938,878
Subtotal	1,044,365,507	1,009,292,170	1,039,002,634	992,907,993
Stock:				
Futures	5,096,800	2,134,105	5,096,800	2,134,105
Swaps	80,898,457	171,166,437	387,013,164	749,728,176
Options purchased	71,752,256	23,797,307	139,502,891	–
Options sold	61,996,241	20,703,286	–	107,801,459
Subtotal	219,743,754	217,801,135	531,612,855	859,663,740
Credit:				
Credit default swaps (CDS)	38,611,204	50,834,141	117,177,194	123,795,145
Total return swaps (TRS)	19,120,282	27,089,256	19,489,448	29,642,685
Subtotal	57,731,486	77,923,397	136,666,642	153,437,830
Others:				
Commodity futures	10,996,323	13,526,152	10,996,323	13,526,152
Other swaps	41,507,465	60,577,558	93,604,227	130,015,008
Other options purchased	13,850,004	10,127,794	14,431,141	–
Other options sold	194,316	644,399	–	11,449,085
Subtotal	66,548,108	84,875,903	119,031,691	154,990,245
Credit Valuation Adjustment	–	120,176	(919,343)	–
Deferred day 1 profit or loss	–	–	30,516,447	58,223,122
Total	1,696,628,309	1,744,945,631	2,312,198,579	2,725,764,705

<2019>

Classification	Net valuation gain	Net valuation loss	Assets	Liabilities
Interest:				
Futures	4,717,798	519,699	4,717,798	519,699
Swaps	316,791,837	367,478,007	384,323,479	404,957,856
Options	1,730,537	–	51,680,537	–
Subtotal	323,240,172	367,997,706	440,721,814	405,477,555
Currency:				
Futures	47,267	104,115	47,267	104,115
Forwards	148,982,390	146,878,970	131,841,049	122,413,494
Swaps	84,629,045	86,645,742	100,327,684	87,576,188
Subtotal	233,658,702	233,628,827	232,216,000	210,093,797
Stock:				
Futures	2,709,850	726,033	2,709,850	726,033
Swaps	136,644,313	28,831,324	271,832,133	264,570,890
Options purchased	57,392,756	14,790,105	73,246,360	–
Options sold	51,420,895	33,483,445	–	106,620,719
Subtotal	248,167,814	77,830,907	347,788,343	371,917,642
Credit:				
Credit default swaps (CDS)	101,914,668	118,119,244	137,635,276	135,610,852
Total return swaps (TRS)	45,871	6,704,174	1,454,082	4,354,764
Subtotal	101,960,539	124,823,418	139,089,358	139,965,616
Others:				
Commodity futures	5,154,796	7,348,313	5,154,796	7,348,313
Other swaps	72,596,416	46,833,471	107,368,064	90,834,981
Other options purchased	7,349,597	4,285,640	7,277,816	–
Other options sold	2,334,183	579	–	4,791,944
Subtotal	87,434,992	58,468,003	119,800,676	102,975,238
Credit Valuation Adjustment	235,372	–	(799,167)	–
Deferred day 1 profit or loss	–	–	35,460,999	33,418,908
Total	994,697,591	862,748,861	1,314,278,023	1,263,848,756

## 24. Investments in associates

24-1. Details of investments in associates as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Country	Number of shares	Ownership (%)	Acquisition cost	Net assets value	Book value
Owned by the H&FI:						
UBS Hana Asset Management (UHAM) (*1)	Korea	4,410,000	49.00%	29,956,557	35,232,698	35,106,695
Hana development of Infrastructure No.1 Private Equity Fund (*2,3)	Korea	-	7.00%	21,000,000	22,468,519	22,468,519
KOCREF No. 30 consigned administration real estate investment company (*2)	Korea	400,000	19.14%	20,000,000	22,247,769	36,608,515
Gunsan Bio Energy Co., Ltd. (*2,4)	Korea	200,000	18.87%	1,000,000	(3,581,546)	-
Synergy-Incurs No.1 New Technology Business Investment Association(*3)	Korea	-	21.98%	1,912,088	1,082,511	215
GMHB Co., Ltd. (*2,4)	Korea	199,000	19.90%	995,000	(31,131,411)	-
LOTTE Accelerator Corp. (*2)	Korea	999,800	19.98%	4,999,000	3,854,301	5,228,631
Kiwoom Securities-Friend 1 New Technology Business Investment Fund(*3)	Korea	-	20.69%	852,000	1,166,881	1,166,881
Axis Bio Fund(*3)	Korea	-	31.25%	1,000,000	963,162	963,162
DA Value up Fund No. 2(*3)	Korea	-	33.33%	1,000,000	960,145	960,145
Smart Score Co. Ltd(*2)	Korea	150,000	6.19%	1,500,000	1,523,130	2,344,315
2018 Hana-Magna Start-up Fund(*2,3)	Korea	-	15.63%	5,000,000	4,725,935	4,725,935
Gwacheon Jisan Octa PFV., Ltd(*2)	Korea	192,000	19.20%	960,000	(952,293)	1,183,299
Petra 6th Alpha Private Equity Fund(*3)	Korea	-	55.69%	14,272,600	14,503,367	14,503,367
Hana Financial Strategic the 1st Private Equity Fund(*2,3)	Korea	-	4.93%	1,000,000	517,114	517,114
DangsandongPFV Co., Ltd. (*2)	Korea	50,000	5.00%	250,000	40,234	283,000
World HansSang Dream Island (*2)	Korea	1,400,000	10.17%	7,000,000	6,755,167	6,910,317
Dream Island Leisure (*2)	Korea	199	9.95%	995	1,682	1,682
EBEST Hitech Fund No.1 (*3)	Korea	-	36.63%	1,000,000	968,676	968,676
UBI-HBC Fund No.2 (*3)	Korea	-	27.03%	870,000	1,544,349	1,544,349
UNION Proptech Fund I(*3)	Korea	-	22.06%	3,000,000	2,931,298	2,931,298
NPTK Emerging Asia Fund1 PEF(*3)	Korea	-	20.59%	1,000,000	983,855	983,855
Daegu MBC development PFV Co. Ltd. (*2)	Korea	700,000	15.10%	1,510,000	387,290	575,532
Genesis Environment No.1 Private Equity Fund(*3)	Korea	-	29.70%	4,900,992	4,774,396	4,358,555
YH Leisure Development Co., Ltd. (*2)	Korea	2,000,000	12.82%	10,000,000	9,955,654	9,955,654
Changio Innovation CO., Ltd. (*2)	Korea	4,000	7.27%	40,000	3,636	40,000
SIMKCENTER PFV Co., Ltd. (*2)	Korea	1,560,000	19.50%	7,800,000	7,416,097	7,973,096
Hana Bio New Technology Fund No.1(*3)	Korea	-	57.97%	1,000,000	992,204	992,204
Dowon Asset development Co., Ltd. (*2)	Korea	124,200	19.90%	1,242,000	(6,061,102)	1,242,000
HORIZON PRIVATE EQUITY FUND	Korea	144,420,000	57.77%	160,667,250	155,401,595	155,396,215
Curious Solution No.1 Corporate Recovery Private Equity Fund	Korea	16,000,000,000	32.72%	16,000,000	15,995,063	15,995,063
MERITZ-KCLAVIS Fund No.1	Korea	1,000,000,000	22.08%	1,000,000	999,589	999,589
Hana Must Seventh Special Purpose Acquisition Company (*2)	Korea	800	0.08%	4,000	702	4,000
Hana Must Sixth Special Purpose Acquisition Company (*2)	Korea	40,000	0.87%	86,000	72,744	86,000
Hana Financial Fourteenth Special Purpose Acquisition Company (*2)	Korea	10,000	0.23%	20,750	18,807	20,750
Hana Financial Fiteenth Special Purpose Acquisition Company (*2)	Korea	10,000	0.21%	20,850	19,489	20,850
Hana Financial Sixteenth Special Purpose Acquisition Company (*2)	Korea	10,000	0.25%	20,800	18,414	20,800
Hana Financial Seventeenth Special Purpose Acquisition Company (*2)	Korea	10,000	0.15%	10,000	10,996	10,000

Classification	Country	Number of shares	Ownership (%)	Acquisition cost	Net assets value	Book value
Subtotal				322,890,882	276,811,117	337,090,278
Owned by the H&F's subsidiary:						
Odin 2 Co., Ltd (*4).	Korea	13,990,992	26.68%	-	(60,621,555)	-
MyoungShin industrial Co.,Ltd.(*2)	Korea	3,996,739	9.07%	-	12,628,614	22,058,771
Fresheasy Co., Ltd.(*2)	Korea	248,467	16.87%	-	9,250,752	20,811,114
Subtotal				-	(38,742,189)	42,869,885
Total				322,890,882	238,068,928	379,960,163

(\*1) UHAM stocks are subject to share transfer restrictions, such as prior approval from resolution of the Board of Directors of UHAM, prior consent of the other shareholder-UBS AG, etc.

(\*2) The H&FI holds equity interest of less than 20%. However, the H&FI has significant influence over the entity in substance by participating in decision making of financial and major operational policies and therefore has applied the equity method in its consolidated financial statements.

(\*3) It was established in the form of investment, and the number of shares invested was not indicated.

(\*4) The amount of unrecognized changes in equity and accumulated changes in equity which are not recognized as the Group ceased to apply the equity method for the year ended December 31, 2020 is as follows (Korean won in thousands):

Classification	Unrecognized changes in equity	Accumulated unrecognized changes in equity
GMHB Co., Ltd.	41,623,865	(3,286,994)
Gunsan Bio Energy Co., Ltd.	(146,008)	(3,438,084)
Odin 2 Co., Ltd.	-	(58,061,740)

<December 31, 2019>

Classification	Country	Number of shares	Ownership (%)	Acquisition cost	Net assets value	Book value
Owned by the H&FI:						
UBS Hana Asset Management (UHAM) (*1)	Korea	4,410,000	49.00%	29,956,557	35,477,222	35,477,222
Hana development of Infrastructure No.1 Private Equity Fund (*2,3)	Korea	-	7.00%	21,000,000	22,337,442	22,337,442
Gunsan Bio Energy Co., Ltd. (*2, 4)	Korea	200,000	18.87%	1,000,000	(3,292,076)	-
KOCREF No. 30 consigned administration real estate investment company (*2)	Korea	400,000	10.87%	20,000,000	19,285,077	19,285,077
Hana Lantern Energy Factory Private Equity Fund (*2, 3)	Korea	-	8.00%	415,505	389,368	389,368
Synergy-Incurs No.1 New Technology Business Investment Association(*3)	Korea	-	21.98%	1,912,088	1,166,000	22,088
GMHB Co., Ltd.(*2, 4)	Korea	199,000	19.90%	995,000	(19,428,828)	-
LOTTE Accelerator Corp.(*2)	Korea	999,800	19.98%	4,999,000	3,983,378	5,357,708
KiwoomSecurities-Friend 1 New Technology Business Investment Fund (*3)	Korea	-	20.69%	3,000,000	2,913,839	2,913,839
Axis Bio Fund (*3)	Korea	-	31.25%	1,000,000	973,507	973,507
DA Value up Fund No. 2 (*3)	Korea	-	33.33%	1,000,000	976,159	976,159
Smart Score Co. Ltd (*2)	Korea	150,000	6.90%	1,500,000	1,209,321	2,034,996
2018 Hana-Magna Start-up Fund (*2, 3)	Korea	-	15.63%	5,000,000	4,829,612	4,829,612
Gwacheon Jisan Octa PFV., Ltd (*2)	Korea	192,000	19.20%	960,000	866,793	1,087,036
Petra 6th Alpha Private Equity Fund (*3)	Korea	-	87.07%	46,193,251	46,405,555	46,405,555
Hana Financial Strategic the 1st Private Equity Fund (*2, 3)	Korea	-	4.93%	1,000,000	758,604	758,604
DangsandongPFV Co., Ltd.(*2)	Korea	50,000	5.00%	250,000	76,090	266,726
Hana Cybernaut International Limited (*2)	Korea	19	19.00%	21	21	21
World HansSang Dream Island (*2)	Korea	1,400,000	10.17%	7,000,000	6,667,252	6,822,402
Dream Island Leisure (*2)	Korea	199	9.95%	995	995	995
Downon development Co., Ltd.(*2,4)	Korea	14,900	19.89%	149,000	(1,005,119)	-
EBEST Hitech Fund No.1 (*3)	Korea	-	36.63%	1,000,000	992,522	992,522
UBI-HBIC Fund No.2 (*3)	Korea	-	27.03%	1,000,000	987,267	987,267
UNION Proptech Fund I(*3)	Korea	-	22.06%	3,000,000	2,980,132	2,980,132
NPTK Emerging Asia Fund1 PEF (*3)	Korea	-	20.59%	1,000,000	984,150	984,150
Daegu MBC development PFV Co. Ltd.	Korea	700,000	35.00%	3,500,000	1,585,997	2,456,280
Sprott Global Renewable Private Equity Fund II (*3)	Korea	-	21.93%	19,443,119	19,407,078	19,407,078
Subtotal				176,274,536	151,527,358	177,745,786
Owned by the H&FI's subsidiary:						
Odin 2 Co., Ltd (*4).	Korea	13,990,992	26.68%	66,833,400	(58,061,740)	-
MyoungShin industrial Co.,Ltd.(*2)	Korea	596,107	16.77%	19,999,986	13,944,197	25,851,019
Fresheasy Co., Ltd.(*2)	Korea	128,615	11.14%	7,927,133	8,971,666	10,927,806
Subtotal				94,760,519	(35,145,877)	36,778,825
Total				271,035,055	116,381,481	214,524,611

(\*1) UHAM stocks are subject to share transfer restrictions, such as prior approval from resolution of the Board of Directors of UHAM, prior consent of the other shareholder-UBS AG, etc.

(\*2) The H&FI holds equity interest of less than 20%. However, the H&FI has significant influence over the entity in substance by participating in decision making of financial and major operational policies and therefore has applied the equity method in its consolidated financial statements.

(\*3) It was established in the form of investment, and the number of shares invested was not indicated.

(\*4) The amount of unrecognized changes in equity and accumulated changes in equity which are not recognized as the Group ceased to apply the equity method for the year ended December 31, 2019 is as follows (Korean won in thousands):

Classification	Unrecognized changes in equity	Accumulated unrecognized changes in equity
GMHB Co., Ltd.	(23,236,246)	(44,910,859)
Gunsan Bio Energy Co., Ltd.	(1,089,820)	(3,292,076)
Dowon development Co., Ltd.	(1,005,119)	(1,005,119)
Odin 2 Co., Ltd.	(6,613,241)	(58,061,740)



24-2. Condensed financial statements of associates as of and for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Date of the financial statements used	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Comprehensive income (loss)
UBS Hana Asset Management (UHAM)	December 31	124,528,058	52,624,593	71,903,465	27,655,155	8,130,196	8,150,971
Hana development of Infrastructure No.1 Private Equity Fund	December 31	321,598,158	619,312	320,978,846	10,785,085	8,304,673	8,304,673
KOCREF No. 30 consigned administration real estate investment company (*1)	December 31	523,620,600	407,376,007	116,244,593	12,707,807	(3,819,184)	(3,819,184)
Gunsan Bio-energy Co., Ltd. (*1, 2)	September 30	9,339,988	28,322,179	(18,982,191)	-	(1,501,431)	(1,501,431)
Synergy-Incurs No.1 New Technology Business Investment Association (*1, 2)	September 30	4,925,427	-	4,925,427	1,317	(29,872)	(29,872)
GMHB Co., Ltd. (*1, 3)	November 30	269,318,266	336,995,247	(67,676,981)	81,216,748	(4,871,151)	(4,871,151)
Lotte Accelerator (*1)	December 31	19,930,370	639,572	19,290,798	2,514,272	(308,425)	(250,783)
Kiwoom Securities-Friend 1 New Technology Business Investment Fund (*1, 2)	September 30	5,694,913	54,987	5,639,926	2,107,479	1,938,371	1,938,371
Axis Bio Fund (*1)	December 31	3,082,117	-	3,082,117	21,874	(33,106)	(33,106)
DA Value up Fund No. 2 (*1)	December 31	2,892,786	12,350	2,880,436	336	(48,041)	(48,041)
Smart Score Co. Ltd (*1, 2)	September 30	41,354,204	16,732,646	24,621,558	14,018,233	(416,906)	(416,906)
2018 Hana-Magna Start-up Fund (*1)	December 31	30,245,983	-	30,245,983	177,550	(663,575)	(663,575)
Gwacheon Jisan Octa PFV., Ltd (*1, 2)	September 30	127,292,653	132,252,510	(4,959,857)	42,450,207	(9,474,403)	(9,474,403)
Petra 6's Alpha Private Equity Fund (*1)	December 31	26,410,498	366,760	26,043,738	902,041	56,914	56,914
Hana Financial Strategic the 1st Private Equity Fund (*1)	December 31	10,774,576	277,157	10,497,419	129,871	78,140	(884,579)
DangсандongPFV Co., Ltd. (*1, 4)	June 30	74,294,610	73,489,924	804,686	-	(3,123,433)	(3,123,433)
World HansSang Dream Island (*1, 2)	September 30	127,537,464	61,137,879	66,399,585	-	(431,937)	(431,937)
Dream Island Leisure (*1, 2)	September 30	20,163,808	20,146,900	16,908	-	6,908	6,908
EBEST Hitech Fund No.1 (*1)	December 31	2,644,486	-	2,644,486	170	(44,786)	(44,786)
UBI-HBIC Fund No.2 (*1)	December 31	5,714,090	-	5,714,090	166,240	94,426	2,542,201
UNION Proptech Fund I (*1)	December 31	13,288,551	-	13,288,551	2,527	(221,381)	(221,381)
NPTK Emerging Asia Fund I PEF (*1, 2)	September 30	4,777,602	-	4,777,602	-	(1,429)	(1,429)
Daegu MBC development PFV Co. Ltd. (*1)	December 31	49,564,835	47,000,000	2,564,835	-	(1,973,024)	(1,973,024)
Genesis Environment No.1 Private Equity Fund (*1)	December 31	16,191,836	118,041	16,073,795	1,400,251	973,795	973,795
YH Leisure Development Co., Ltd. (*1, 3)	November 30	198,166,980	120,512,881	77,654,099	7,355,370	28,019	28,019
Changjo Innovation CO., Ltd. (*1, 5)	December 31	50,000	-	50,000	-	-	-
SIMKCENTER PFV Co., Ltd. (*1)	December 31	38,036,766	5,500	38,031,266	-	(1,968,734)	(1,968,734)
Hana Bio New Technology Fund No.1 (*1)	December 31	1,711,551	-	1,711,551	64	(13,449)	(13,449)
Dowon Asset development Co., Ltd. (*1)	December 31	225,890,280	256,351,932	(30,461,672)	-	-	-
HORIZON PRIVATE EQUITY FUND (*1)	December 31	269,280,000	279,489	269,000,511	-	(3,276,418)	(3,276,418)
Curious Solution No.1 Corporate Recovery Private Equity Fund (*1)	December 31	48,899,868	14,958	48,884,910	-	(15,090)	(15,090)
MERITZ-KCLAVIS Fund No.1 (*1)	December 31	4,530,000	1,862	4,528,138	-	(1,862)	(1,862)
Hana Must Seventh Special Purpose Acquisition Company	December 31	1,599,955	722,626	877,329	-	(45)	(45)
Hana Must Sixth Special Purpose Acquisition Company	December 31	9,094,060	746,689	8,347,371	-	(38,767)	(38,767)
Hana Financial Fourteenth Special Purpose Acquisition Company	December 31	9,439,706	1,145,618	8,294,088	-	(30,924)	(30,924)
Hana Financial Fifteenth Special Purpose Acquisition Company	December 31	10,687,914	1,508,425	9,179,489	-	(24,921)	(24,921)

Classification	Date of the financial statements used	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Comprehensive income (loss)
Hana Financial Sixteenth Special Purpose Acquisition Company	December 31	8,308,747	924,785	7,383,962	-	(7,064)	(7,064)
Hana Financial Seventeen Special Purpose Acquisition Company	December 31	2,789,059	1,898,366	890,693	-	(8,640)	(8,640)
Odin 2 Co., Ltd (*1).	December 31	1,167	227,218,391	(227,217,224)	-	-	-
MyoungShin industrial Co.,Ltd.(*1, 2)	September 30	432,392,940	293,182,527	139,210,413	553,665,498	24,572,332	27,528,165
Fresheasy Co., Ltd.(*1, 2)	September 30	152,266,144	97,426,920	54,839,224	97,835,626	(31,117,753)	(31,117,753)

(\*1) The above financial information of the associates are based on unaudited or unreviewed figures.

(\*2) The financial statements were not available at the end of the current term and thus, the financial statements from three months before were used. The effects of significant transactions or events that occurred during the last three months were reviewed and adjusted to the financial statements.

(\*3) The financial statements were not available at the end of the current term and thus, the financial statements from a month before were used. The effects of significant transactions or events that occurred during the last month were reviewed and adjusted to the financial statements.

(\*4) The financial statements were not available at the end of the current term and thus, the financial statements from six months before were used. The effects of significant transactions or events that occurred during the last six months were reviewed and adjusted to the financial statements.

(\*5) Since the company is before the initial account closing, therefore the Group only posted the investment status.

<2019>

Classification	Date of the financial statements used	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Comprehensive income (loss)
UBS Hana Asset Management (UHAM)	December 31	118,972,453	46,569,959	72,402,494	29,026,027	9,531,072	9,529,006
Hana development of Infrastructure No.1 Private Equity Fund	December 31	319,712,276	605,968	319,106,308	9,531,526	7,053,296	7,053,296
Gunsan Bio Energy Co., Ltd. (*1)	December 31	10,614,119	28,062,125	(17,448,006)	-	(5,776,631)	(5,776,631)
KOCREF No. 30 consigned administration real estate investment company (*1)	December 31	433,578,010	256,155,300	177,422,710	26,751,032	10,721,645	10,721,645
Hana Lantern Energy Factory Private Equity Fund	December 31	4,974,140	105,095	4,869,045	1,410,326	(2,661,989)	(2,661,989)
Synergy-Incurs No.1 New Technology Business Investment Association (*1)	December 31	5,305,299	-	5,305,299	106,986	(129,253)	(129,253)
GMIH Co., Ltd. (*1, 2)	September 30	140,001,443	237,633,744	(97,632,301)	-	(14,899,430)	(14,899,430)

Classification	Date of the financial statements used	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Comprehensive income (loss)
LOTTE Accelerator Corp. (*1)	December 31	20,245,453	308,624	19,936,829	1,691,848	(1,074,750)	(51,461)
Kiwoom Securities-Friend 1 New Technology Business Investment Fund (*1)	December 31	14,086,297	2,742	14,083,555	707	(224,988)	(224,988)
Axis Bio Fund (*1)	December 31	3,115,222	-	3,115,222	326	(41,878)	(41,878)
DA Value up Fund No. 2 (*1)	December 31	2,929,577	1,100	2,928,477	1,472	(46,905)	(46,905)
Smart Score Co. Ltd (*1, 2)	September 30	25,530,577	7,997,287	17,533,290	8,073,004	551,557	551,557
2018 Hana-Magna Start-up Fund (*1)	December 31	30,909,516	-	30,909,516	40,802	(778,680)	(778,680)
Gwacheon Jisan Octa PFV., Ltd (*1)	December 31	9,815,121	5,300,575	4,514,546	-	(306,210)	(306,210)
Petra 6th Alpha Private Equity Fund (*1)	December 31	54,276,823	983,004	53,293,819	1,864,873	631,936	631,936
Hana Financial Strategic the 1st Private Equity Fund (*1)	December 31	15,473,819	74,156	15,399,663	22	(4,126,434)	(4,757,760)
DangsanDongPFV Co., Ltd. (*1)	December 31	61,219,993	59,698,199	1,521,794	101,088	(3,245,333)	(3,245,333)
Hana Cybernaut International Limited (*1)	December 31	112	-	112	-	-	-
World HansSang Dream Island (*1, 3)	November 30	96,738,873	31,203,449	65,535,424	-	(1,555,752)	(1,555,752)
Dream Island Leisure (*1, 4)	March 31	17,155,010	17,145,010	10,000	-	-	-
Dowon development Co., Ltd. (*1, 2)	September 30	171,785,699	176,838,278	(5,052,579)	-	(5,337,283)	(5,337,283)
EBEST Hitech Fund No.1 (*1, 2)	September 30	2,709,586	-	2,709,586	-	(20,414)	(20,414)
UBI-HBIC Fund No.2 (*1)	December 31	3,695,725	42,836	3,652,889	-	(47,111)	(47,111)
UNION Proptech Fund I(*1)	December 31	13,509,933	-	13,509,933	7,802	(90,067)	(90,067)
NPTK Emerging Asia Fund1 PEF (*1)	December 31	4,779,031	-	4,779,031	1,798	(76,969)	(76,969)
Daegu MBC development PFV Co.Ltd.(*1)	December 31	52,197,959	47,666,539	4,531,420	-	(5,468,580)	(5,468,580)
Sprott Global Renewable Private Equity Fund II (*1)	December 31	88,488,833	3,300	88,485,533	1,232,898	934,436	934,436
Odin 2 Co., Ltd (*1)	December 31	1,166	217,623,881	(217,622,715)	6	(16,471,294)	(16,471,294)
MyoungShin industrial Co.,Ltd. (*1, 2)	September 30	451,574,082	368,447,479	83,126,603	551,135,585	37,167,831	36,772,365
Fresheasy Co., Ltd.(*1, 2)	September 30	95,587,752	47,738,866	47,848,886	48,192,499	(7,423,012)	(7,423,012)

(\*1) The above financial information of the associates are based on unaudited or unreviewed figures.

(\*2) The financial statements were not available at the end of the prior term and thus, the most recent financial statements available within three months were used. The effects of significant transactions or events that occurred during the last month were reviewed and adjusted to the financial statements.

(\*3) The financial statements were not available at the end of the prior term and thus, the financial statements from a month before were used. The effects of significant transactions or events that occurred during the last month were reviewed and adjusted to the financial statements.

(\*4) The financial statements were not available at the end of the prior term and thus, the financial statements from nine months before were used. The effects of significant transactions or events that occurred during the last nine months were reviewed and adjusted to the financial statements.

24-3. Details of valuation on investments in associates by types for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Beginning balance	Acquisition	Transfer or disposals	Impairment loss	Share of profit (loss)	Dividends received	Changes in equity of investment in associates	Changes in interests	Ending balance
UHAM	35,477,222	-	-	-	3,857,793	(4,238,500)	10,180	-	35,106,695
Hana development of Infrastructure No.1 Private Equity Fund	22,337,442	-	-	-	590,553	-	(459,475)	-	22,468,520
KOCREF No. 30 consigned administration real estate investment company	19,285,077	20,000,000	(18,832,932)	-	793,155	(1,506,270)	16,869,484	-	36,608,514
Hana Lantern Energy Factory Private Equity Fund	389,368	-	(415,505)	-	154,862	(128,725)	-	-	-
Synergy-Incurs No.1 New Technology Business Investment Association	22,088	-	(76,923)	54,835	215	-	-	-	215
LOTTE Accelerator Corp	5,357,708	-	-	-	(140,594)	-	11,517	-	5,228,631
Kiwoom Securities-Friend 1 New Technology Business Investment Fund	2,913,839	-	(2,148,000)	-	401,042	-	-	-	1,166,881
Axis Bio Fund	973,507	-	-	-	(10,345)	-	-	-	963,162
DA Value up Fund No. 2	976,159	-	-	-	(16,014)	-	-	-	960,145
Smart Score Co. Ltd	2,034,996	-	-	-	16,680	-	292,639	-	2,344,315
2018 HANA-MAGNA START-UP FUND	4,829,612	-	-	-	(103,677)	-	-	-	4,725,935
Gwacheon Jisan Octa PFV., Ltd	1,087,036	-	-	-	96,263	-	-	-	1,183,299
Petra 6th Alpha Private Equity Fund	46,405,555	-	(31,920,650)	-	190,056	-	-	(171,593)	14,503,368
Hana Financial Strategic the 1st Private Equity Fund	758,604	-	-	-	(194,065)	-	(47,425)	-	517,114
DangsandongPFV Co., Ltd	266,726	-	-	-	16,274	-	-	-	283,000
Hana Cybernaut International Limited	21	-	(21)	-	-	-	-	-	-
World HansSang Dream Island	6,822,402	-	-	-	87,915	-	-	-	6,910,317
Dream Island Leisure	995	-	-	-	687	-	-	-	1,682
EBEST Hitech Fund No.1	992,522	-	-	-	(23,846)	-	-	-	968,676
UBI-HBIC Fund No.2	987,267	-	(130,000)	-	25,521	-	661,560	-	1,544,348
UNION Proptech Fund I	2,980,132	-	-	-	(48,834)	-	-	-	2,931,298
NPTK Emerging Asia Fund1 PEF	984,150	-	-	-	(294)	-	-	-	983,856
Daegu MBC development PFV Co Ltd	2,456,281	-	(1,692,740)	-	(188,009)	-	-	-	575,532
Sprott Global Renewable Private Equity Fund II	19,407,078	-	(18,995,097)	-	(242,205)	(169,776)	-	-	-
Genesis Environment No.1 Private Equity Fund	-	8,168,320	(3,267,328)	-	(126,596)	(415,842)	-	-	4,358,554
YH Leisure Development Co., Ltd.	-	10,000,000	-	-	3,592	-	(47,938)	-	9,955,654
Changjo Innovation CO., Ltd.	-	50,000	(10,000)	-	-	-	-	-	40,000
SIMKCENTER PFV Co., Ltd.	-	7,800,000	-	-	173,096	-	-	-	7,973,096
Hana Bio New Technology Fund o.1	-	1,000,000	-	-	(7,796)	-	-	-	992,204
Genesis Environment No.2 Private Equity Fund	-	28,487,805	(28,487,805)	-	-	-	-	-	-
Down Asset development Co., Ltd.	-	1,242,000	-	-	-	-	-	-	1,242,000
HORIZON PRIVATE EQUITY FUND	-	160,667,250	-	-	(1,752,254)	-	(3,518,781)	-	155,396,215
Curious Solution No.1 Corporate Recovery Private Equity Fund	-	16,000,000	-	-	(4,937)	-	-	-	15,995,063
MERITZ-KLAIVIS Fund No.1	-	1,000,000	-	-	(411)	-	-	-	999,589
Hana Must Seventh Special Purpose Acquisition Company	-	-	4,000	-	-	-	-	-	4,000
Hana Must Sixth Special Purpose	-	-	86,000	-	-	-	-	-	86,000

Classification	Beginning balance	Acquisition	Transfer or disposals	Impairment loss	Share of profit (loss)	Dividends received	Changes in equity of investment in associates	Changes in interests	Ending balance
Acquisition Company									
Hana Financial Fourteenth Special Purpose Acquisition Company	-	-	20,750	-	-	-	-	-	20,750
Hana Financial Fifteenth Special Purpose Acquisition Company	-	-	20,850	-	-	-	-	-	20,850
Hana Financial Sixteenth Special Purpose Acquisition Company	-	-	20,800	-	-	-	-	-	20,800
Hana Financial Seventeenth Special Purpose Acquisition Company	-	-	10,000	-	-	-	-	-	10,000
MyoungShin industrial Co.,Ltd.	25,851,019	-	(13,439,341)	-	3,941,332	(400,000)	4,624,408	1,481,353	22,058,771
Fresheasy Co., Ltd.	10,927,806	13,999,912	-	-	(7,493,936)	-	1,955,774	1,421,558	20,811,114
Total	214,524,612	268,415,287	(119,253,942)	54,835	(4,777)	(6,859,113)	20,351,943	2,731,318	379,960,163

<2019>

Classification	Beginning balance	Acquisition	Transfer or disposals	Impairment loss	Share of profit (loss)	Dividends received	Changes in equity of investment in associates	Ending balance
UHAM	35,600,209	-	-	-	4,670,226	(4,792,200)	(1,013)	35,477,222
Hana development of Infrastructure No.1 Private Equity Fund	22,301,914	-	-	-	493,731	-	(458,203)	22,337,442
KOCREF No. 30 consigned administration real estate investment company	19,566,810	-	-	-	1,165,397	(1,447,129)	-	19,285,078
Hana Lantern Energy Factory Private Equity Fund	1,138,187	-	(415,834)	-	(212,874)	(120,112)	-	389,367
Synergy-Incurs No.1 New Technology Business Investment Association	1,282,318	-	(87,912)	(1,177,918)	5,600	-	-	22,088
LOTTE Accelerator Corp	5,367,990	-	-	-	(214,735)	-	204,453	5,357,708
Kiwoom Securities-Friend 1 New Technology Business Investment Fund	2,960,388	-	-	-	(46,549)	-	-	2,913,839
Axis Bio Fund	990,538	-	-	-	(17,031)	-	-	973,507
DA Value up Fund No. 2	991,794	-	-	-	(15,635)	-	-	976,159
Smart Score Co. Ltd	1,478,849	-	502,169	-	53,977	-	-	2,034,995
2018 HANA-MAGNA START-UP FUND	1,451,281	3,500,000	-	-	(121,669)	-	-	4,829,612
Gwacheon Jisan Octa PFV., Ltd	991,036	-	-	-	96,000	-	-	1,087,036
Petra 6th Alpha Private Equity Fund(	76,825,466	-	(30,883,333)	-	463,421	-	-	46,405,554
Hana Financial Strategic the 1st Private Equity Fund	992,976	-	-	-	(203,273)	-	(31,100)	758,603
DangсандongPFV Co., Ltd	-	-	250,000	-	16,726	-	-	266,726
Hana Cybernaut International Limited	-	21	-	-	-	-	-	21
World HansSang Dream Island	-	7,000,000	-	-	(158,275)	-	(19,324)	6,822,401
Dream Island Leisure	-	995	-	-	-	-	-	995
Dowon development Co., Ltd	-	149,000	-	-	(149,000)	-	-	-
EBEST Hitech Fund No.1	-	1,000,000	-	-	(7,478)	-	-	992,522
UBI-HBIC Fund No.2	-	1,000,000	-	-	(12,733)	-	-	987,267
UNION Proptech Fund I	-	3,000,000	-	-	(19,868)	-	-	2,980,132
NPTK Emerging Asia Fund1 PEF	-	1,000,000	-	-	(15,850)	-	-	984,150
Daegu MBC development PFV Co. Ltd	-	3,500,000	-	-	(1,043,719)	-	-	2,456,281
Sprott Global Renewable Private Equity Fund II	-	19,443,119	-	-	204,939	(240,979)	-	19,407,079
Tigris-Aurum Fund 1	1,379,428	-	(1,379,428)	-	-	-	-	-
IBKC-History 2018-2 Bio Fund	985,431	-	(985,431)	-	-	-	-	-

Classification	Beginning balance	Acquisition	Transfer or disposals	Impairment loss	Share of profit (loss)	Dividends received	Changes in equity of investment in associates	Ending balance
B&P Asset Development Co.,Ltd (formerly, HN Housing)	701,591	-	(649,753)	-	(51,838)	-	-	-
Hanon Private Equity Fund	9,963,594	-	(10,127,473)	-	632,571	(468,692)	-	-
MyoungShin Industrial Co.,Ltd.	19,999,986	-	(1,492,865)	-	7,450,164	(400,000)	293,735	25,851,020
Fresheasy Co., Ltd	-	7,927,133	4,197,834	-	(1,197,160)	-	-	10,927,807
Total	204,969,786	47,520,268	(41,072,026)	(1,177,918)	11,765,065	(7,469,112)	(11,452)	214,524,611

24-4. Changes in equity of investments in associates for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Beginning balance	Increase (decrease)	Income tax effect	Ending balance
UHAM	176,002	10,180	(1,960)	184,222
KOCREF No. 30 Consigned Administration Real Estate Investment Company	(7,806)	16,869,484	(4,639,108)	12,222,570
LOTTE Accelerator Corp.	165,096	11,517	(2,217)	174,396
Smart Score Co. Ltd	-	292,639	(56,333)	236,306
Hana Financial Strategic the 1st Private Equity Fund	(22,548)	(47,425)	13,042	(56,931)
UBI-HBIC Fund No.2	-	661,561	(181,929)	479,632
World HansSang Dream Island	(15,604)	-	-	(15,604)
YH Leisure Development Co., Ltd.	-	(47,938)	13,183	(34,755)
HORIZON PRIVATE EQUITY FUND	-	(3,518,781)	967,665	(2,551,116)
MyoungShin industrial Co.,Ltd.	273,541	4,624,408	(317,928)	4,580,021
Fresheasy Co., Ltd.	-	1,955,774	(134,459)	1,821,315
Total	568,681	20,811,419	(4,340,044)	17,040,056

<2019>

Classification	Beginning balance	Increase (decrease)	Income tax effect	Ending balance
UHAM	176,820	(1,013)	195	176,002
KOCREF No. 30 Consigned Administration Real Estate Investment Company	(7,806)	-	-	(7,806)
LOTTE Accelerator Corp.	-	204,453	(39,357)	165,096
Hana Financial Strategic the 1st Private Equity Fund	-	(31,100)	8,552	(22,548)
World HansSang Dream Island	-	(19,324)	3,720	(15,604)
MyoungShin industrial Co.,Ltd	-	293,735	(20,194)	273,541
Total	169,014	446,751	(47,084)	568,681

## 25. Investment properties

25-1. Details of investment properties for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Acquisition cost	Depreciation	Transfer	Ending balance
Land	27,496,300	-	(443,845)	27,052,455
Buildings	22,069,123	(4,032,746)	(1,082,211)	16,954,166
Total	49,565,423	(4,032,746)	(1,526,056)	44,006,621

<December 31, 2019>

Classification	Acquisition cost	Depreciation	Book value
Land	21,645,938	-	21,645,938
Buildings	16,374,090	(3,041,187)	13,332,903
Total	38,020,028	(3,041,187)	34,978,841

25-2. The fair value of the Group's investment properties as of December 31, 2020 is as follows (Korean won in thousands):

Classification	Land	Buildings	Total
Office building in Seo-Myeon and others	26,718,819	16,348,145	43,066,964

25-3. Changes in investment properties for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Beginning balance	Acquisition	Impairment loss	Depreciation	Transfer (*1)	Ending balance
Land	21,645,938	2,225,000	(443,845)	-	3,625,362	27,052,455
Buildings	13,332,903	2,775,000	(1,082,211)	(361,961)	2,290,435	16,954,166
Total	34,978,841	5,000,000	(1,526,056)	(361,961)	5,915,797	44,006,621

<2019>

Classification	Beginning balance	Acquisition	Transfer (*1)	Ending balance
Land	19,351,274	-	2,294,664	21,645,938
Buildings	13,215,491	(967,757)	1,085,169	13,332,903
Total	32,566,765	(967,757)	3,379,833	34,978,841

(\*1) Transfers from property and equipment to investment properties or transfer from investment properties to equipment properties due to changes in ratio of leased area.

25-4. Rental income and operating expenses arising from the Group's investment properties for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Rental income	3,971,927	3,712,421
Operating expenses	687,114	1,009,276

25-5. Fair values of investment properties are measured based on valuation results performed by independent professionals. The fair value of investment properties is classified as Level 3 based on the input variables used in the valuation method. Key input variables that are significant but not predictable for investment property valuation methods and fair value measurements are as follow:

Classification	Valuation methods	Key input variables that are significant but not observable to measure fair value
Investment property	Officially Assessed Reference Land Price is a method of selecting standard land and evaluate the fair market value of an investment property based on officially assessed price of standard land Sales Comparison Approach is a method of comparing with the sales of similar investment property	Change in officially assessed price of standard land, rate of change in land price for the region, regional factor, individual factor



## 26. Property and equipment

26-1. Details of the right-of-use assets as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Acquisition cost	Accumulated depreciation	Book value
Real estate	82,829,007	(13,110,258)	69,718,749
Vehicles	3,275,150	(1,142,227)	2,132,923
Others	38,498	(12,690)	25,808
Total	86,142,655	(14,265,175)	71,877,480

<December 31, 2019>

Classification	Acquisition cost	Accumulated depreciation	Book value
Real estate	40,834,049	(18,301,120)	22,532,929
Vehicles	2,438,291	(737,313)	1,700,978
Others	38,498	(4,121)	34,377
Total	43,310,838	(19,042,554)	24,268,284

26-2. Changes in the carrying amount of right-of-use assets for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Beginning balance	Increase	Decrease	Depreciation	Increase due to business combination	Ending balance
Real estate	22,532,929	65,391,526	(1,147,171)	(17,064,978)	6,443	69,718,749
Vehicles	1,700,978	1,674,304	(414,098)	(897,690)	69,429	2,132,923
Others	34,377	-	-	(8,569)	-	25,808
Total	24,268,284	67,065,830	(1,561,269)	(17,971,237)	75,872	71,877,480

<2019>

Classification	Beginning balance	Changes in accounting policies (*1)	Increase	Decrease	Depreciation	Increase due to business combination	Ending balance
Real estate	-	32,000,577	7,960,957	(440,817)	(16,987,788)	-	22,532,929
Vehicles	-	1,680,253	899,289	(206,268)	(797,118)	124,822	1,700,978
Others	-	-	38,498	-	(4,121)	-	34,377
Total	-	33,680,830	8,898,744	(647,085)	(17,789,027)	124,822	24,268,284

(\* 1) There has been additional recognition and transfers upon adopting KIFRS 1116.

26-3. Details of property and equipment excluding right-of-use assets as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Acquisition cost	Accumulated depreciation	Government grants	Book value
Land	26,343,242	-	-	26,343,242
Buildings	23,254,309	(3,081,605)	-	20,172,704
Vehicles	608,162	(460,910)	-	147,252
Office equipment	26,247,299	(20,823,659)	-	5,423,640
Electronic equipment	42,514,093	(37,515,370)	-	4,998,723
Construction in progress	109,857	-	-	109,857
Others	33,085,766	(23,407,212)	(108,916)	9,569,638
Total	152,162,728	(85,288,756)	(108,916)	66,765,056

<December 31, 2019>

Classification	Acquisition cost	Accumulated depreciation	Government grants	Book value
Land	26,468,541	-	-	26,468,541
Buildings	11,972,057	(2,299,960)	-	9,672,097
Vehicles	174,529	(115,196)	-	59,333
Office equipment	22,846,720	(19,512,679)	-	3,334,041
Electronic equipment	38,725,123	(34,531,818)	-	4,193,305
Construction in progress	979,848	-	-	979,848
Others	28,823,834	(21,983,970)	(230,783)	6,609,081
Total	129,990,652	(78,443,623)	(230,783)	51,316,246

26-4. Changes in the carrying amounts of property and equipment excluding right-of-use assets for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Beginning balance	Addition	Disposal	Depreciation	Transfer (*3)	Others	Increase due to business combination(*1)	Ending balance
Land	26,468,541	771,521	(197,700)	-	(3,625,363)	-	2,926,243	26,343,242
Buildings	9,672,097	2,336,054	(447,581)	(405,274)	2,983,567	-	6,033,841	20,172,704
Vehicles	59,333	58,310	(12,941)	(51,317)	-	-	93,867	147,252
Office equipment	3,334,041	3,343,994	(118,907)	(1,996,018)	402,056	-	458,474	5,423,640
Electronic equipment	4,193,305	4,467,235	(12,153)	(3,649,664)	-	-	-	4,998,723
Construction in progress	979,848	4,766,741	-	-	(5,676,057)	(238,370)	277,695	109,857
Others	6,609,081	7,360,438	(70,022)	(4,329,859)	-	-	-	9,569,638
Total	51,316,246	23,104,293	(859,304)	(10,432,132)	(5,915,797)	(238,370)	9,790,120	66,765,056

<2019>

Classification	Beginning balance	Changes in accounting policies (*2)	Addition	Disposal	Depreciation	Transfer (*3)	Increase due to business combination (*4)	Ending balance
Land	23,508,250	-	4,097,019	-	-	(2,294,664)	1,157,936	26,468,541
Buildings	10,504,622	-	-	-	(268,463)	(1,085,169)	521,107	9,672,097
Vehicles	92,791	-	5,984	(67,588)	(29,877)	-	58,023	59,333
Office equipment	2,951,697	-	1,737,441	(45,826)	(1,810,144)	-	500,873	3,334,041
Electronic equipment	4,489,469	-	3,250,755	(1,523)	(3,545,396)	-	-	4,193,305
Construction in progress	-	-	979,848	-	-	-	-	979,848
Others	8,637,190	(1,075,054)	3,090,322	(124,742)	(3,918,635)	-	-	6,609,081
Total	50,184,019	(1,075,054)	13,161,369	(239,679)	(9,572,515)	(3,379,833)	2,237,939	51,316,246

(\*1) There has been additional recognition due to the business combination for the year ended December 31, 2020, and the details are disclosed in Note 52-2.

(\*2) There has been additional recognition or transfers in accordance with KIFRS 1116.

(\*3) Transfers from property and equipment to investment properties or transfer from investment properties to property and equipment due to changes in the ratio of leased area..

(\*4) It represents an increase in property and equipment due to business combination with Sejeong Co, Ltd. for the year ended December 31, 2019.

## 27. Intangible assets

27-1. Details of intangible assets as of December 31, 2020 and 2019 are summarized as follows (Korean won in thousands):

### <December 31, 2020>

Classification	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Membership	8,846,180	-	(2,197,525)	6,648,655
Development costs	96,105,581	(76,019,249)	-	20,086,332
Software	49,537,049	(42,544,654)	-	6,992,395
Others	21,247,824	-	-	21,247,824
Goodwill	5,567,628	-	-	5,567,628
Total	181,304,262	(118,563,903)	(2,197,525)	60,542,834

### <December 31, 2019>

Classification	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Membership	8,968,820	-	(2,197,525)	6,771,295
Development costs	87,533,196	(64,855,326)	-	22,677,870
Software	46,894,210	(39,975,054)	-	6,919,156
Others	22,233,223	(916,214)	-	21,317,009
Goodwill	5,396,293	-	-	5,396,293
Total	171,025,742	(105,746,594)	(2,197,525)	63,081,623

27-2. Changes in the carrying amount of intangible assets as of December 31, 2020 and 2019 are summarized as follows (Korean won in thousands):

<2020>

Classification	Beginning balance	Addition	Disposal	Amortization	Others	Increase from business combination(*1)	Ending balance
Membership	6,771,295	-	(122,640)	-	-	-	6,648,655
Development costs	22,677,870	8,764,504	(4,640)	(11,351,402)	-	-	20,086,332
Software	6,919,156	2,918,597	(10,414)	(2,878,768)	-	43,824	6,992,395
Others	21,317,009	27,317	(622,456)	(1,089,944)	2	1,615,896	21,247,824
Goodwill	5,396,293	-	(627,693)	-	183	798,845	5,567,628
Total	63,081,623	11,710,418	(1,387,843)	(15,320,114)	185	2,458,565	60,542,834

(\*1) Additional goodwill was recognized from a business combination for the year ended December 31, 2020, which includes goodwill of ₩798,845 thousand arising from the difference between consideration transferred and fair value of net assets acquired from business combination.

<2019>

Classification	Beginning balance	Addition	Amortization	Others	Increase from business combination(*1)	Ending balance
Membership	4,983,750	1,787,545	-	-	-	6,771,295
Development costs	29,745,175	3,558,822	(10,626,127)	-	-	22,677,870
Software	6,777,318	2,740,259	(2,606,324)	-	7,903	6,919,156
Others	19,955,313	-	(909,021)	(36,283)	2,307,000	21,317,009
Goodwill	4,231,620	-	-	28,647	1,136,026	5,396,293
Total	65,693,176	8,086,626	(14,141,472)	(7,636)	3,450,929	63,081,623

(\*1) Additional goodwill is recognized from a business combination for the year ended December 31, 2019, which includes goodwill of ₩1,136,026 thousand arising from the difference between consideration transferred and fair value of net assets acquired from business combination.

28. Other assets

28-1. Other assets as of December 31, 2020 and December 31, 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Guarantee deposits	49,846,675	47,649,051
Other receivables	1,666,493,293	1,182,007,998
Accrued income	122,940,551	101,544,584
Prepaid expenses	21,698,481	26,895,411
Advanced payments	19,159,937	24,321,913
Others	101,976,675	50,883,977
Subtotal	1,982,115,612	1,433,302,934
Less: Allowance for possible losses	(8,027,994)	(8,089,158)
Less: Present value discount	(3,194,418)	(2,521,863)
Total	1,970,893,200	1,422,691,913

28-2. Changes in the allowance for possible losses for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Beginning Balance	Provision for (reversal of) allowance	Write-off	Ending balance
Other receivables-securities	2,223,639	182,980	-	2,406,619
Other receivables	3,159,214	(20,098)	(249,785)	2,889,331
Subtotal	5,382,853	162,882	(249,785)	5,295,950
Accrued interest on bond	705	2,243	-	2,948
Other accrued income	2,705,600	23,496	-	2,729,096
Subtotal	2,706,305	25,739	-	2,732,044
Total	8,089,158	188,621	(249,785)	8,027,994

<2019>

Classification	Beginning Balance	Provision for (reversal of) allowance	Debt-for-equity swap etc	Ending balance
Other receivables-securities	2,205,850	17,789	-	2,223,639
Other receivables	5,057,262	(263,512)	(1,634,536)	3,159,214
Subtotal	7,263,112	(245,723)	(1,634,536)	5,382,853
Accrued interest on bond	853	(148)	-	705
Other accrued income	116,359	2,589,243	(2)	2,705,600
Subtotal	117,212	2,589,095	(2)	2,706,305
Total	7,380,324	2,343,372	(1,634,538)	8,089,158

## 29. Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Exchange-traded derivatives	105,269,693	103,775,633
OTC Derivatives	2,562,271,890	1,126,654,215
Securities sold	124,746,879	499,524,274
Deferred day 1 profit or loss	58,223,122	33,418,908
Total	2,850,511,584	1,763,373,030



30. Financial liabilities designated as measured at FVTPL

30-1. Financial liabilities designated as measured at FVTPL as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classificaion	Notional amoun	Issuance price	Book value
ELS (public offering)	81,267,000	81,267,000	80,774,487
ELS (private offering)	3,618,188,335	3,616,087,416	3,579,258,140
Other linked contracts	5,956,423,856	6,045,597,898	5,728,342,695
Deferred day 1 profit or loss	-	-	89,067,791
Total	9,655,879,191	9,742,952,314	9,477,443,113

<December 31, 2019>

Classificaion	Notional amoun	Issuance price	Book value
ELS (public offering)	82,532,000	82,532,000	82,845,833
ELS (private offering)	3,743,621,790	3,712,143,007	3,794,317,995
RP in foreign currency	57,994,790	58,996,600	57,994,790
Other linked contracts	7,207,271,953	7,180,061,091	7,043,649,573
Deferred day 1 profit or loss	-	-	57,219,312
Total	11,091,420,533	11,033,732,698	11,036,027,503

The Group designated the ELS sold and embedded derivatives sold at FVTPL without separating the main contract and embedded derivatives.

30-2. Credit risk of financial liabilities designated as measured at FVTPL as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Financial liabilities designated as measured at FVTPL	9,477,443,113	11,036,027,503
Change in fair value for the period due to changes in credit risk	(7,497,914)	(15,334,686)
Accumulated changes in fair value for the period due to changes in credit risk	(25,137,177)	(34,875,842)
Amounts presented in other comprehensive income realized by elimination	(24,047,035)	(6,810,456)

30-3. Difference between book value and maturity repayment value of financial liabilities designated as measured at FVTPL as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Book value	9,477,443,113	11,036,027,503
Maturity repayment value	9,655,879,191	11,091,420,533
Difference	178,436,078	55,393,030

### 31. Deposits received

Details of deposits received as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Customers' deposits for collective investment securities	339,974,154	110,650,738
Customers' deposits for brokerage	2,675,146,714	1,260,030,401
Customers' deposits exchange traded derivatives trading	358,514,186	247,276,193
Customers' deposits for savings	7,372,152	3,212,690
Customers' deposit trust	174,014	165,406
Total	3,381,181,220	1,621,335,428

All customers' deposits above, except for small deposits, are the floating interest rate liabilities.

### 32. Borrowings

Borrowings as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Type	Lender	Interest rate (%)	December 31, 2020	December 31, 2019
CP borrowings	HI Investment & Securities and others	0.96 ~ 2.25	2,491,161,750	1,400,000,000
Operating fund borrowings	KSFC	1.93	-	200,000,000
Borrowings from banks	Kookmin Bank and others	1.91 ~ 4.53	20,719,050	4,754,300
Bonds sold under repurchase agreements	Woori Bank and others	0.43 ~ 1.1	6,164,562,596	3,666,054,169
Other borrowing	Mobile Tech Co.,etc	-	2,487,480	112,728
Total			8,678,930,876	5,270,921,197

### 33. Bonds

Bonds as of December 31, 2020 and December 31, 2019 are as follows (Korean won in thousands):

Classification	Issuance date	Maturity	Interest rate (%)	December 31, 2020	December 31, 2019
Non-guaranteed bond 2-1	June 01, 2018	June 01, 2021	2.72	200,000,000	200,000,000
Non-guaranteed bond 2-2	June 01, 2018	June 01, 2023	3.00	100,000,000	100,000,000
Non-guaranteed bond 4-1	January 30, 2020	January 28, 2022	1.67	60,000,000	-
Non-guaranteed bond 4-2	January 30, 2020	January 30, 2023	1.69	200,000,000	-
Non-guaranteed bond 4-3	January 30, 2020	January 30, 2025	1.80	190,000,000	-
Non-guaranteed bond 4-4	January 30, 2020	January 30, 2027	1.92	50,000,000	-
Non-guaranteed bond 5-1	September 01, 2020	September 01, 2022	1.34	100,000,000	-
Non-guaranteed bond 5-2	September 01, 2020	September 01, 2023	1.52	250,000,000	-
Non-guaranteed bond 5-3	September 01, 2020	September 01, 2025	1.73	90,000,000	-
Non-guaranteed bond 5-4	September 01, 2020	September 01, 2027	1.84	60,000,000	-
3rd Subordinated bonds	October 28, 2019	April 28, 2025	2.76	300,000,000	300,000,000
6th Subordinated bonds	October 27, 2020	April 27, 2026	3.00	350,000,000	-
Private placement bonds	May 25, 2018 ~ March 13, 2023		4.6 ~ 5.7	30,032,100	30,000,000
Short-term bonds	July 02, 2020 ~ December 28, 2021		1.35 ~ 3.1	2,143,173,953	2,303,100,000
Discount on bonds				(4,661,032)	(1,526,704)
Total				4,118,545,021	2,931,573,296

### 34. Net defined benefit liabilities

34-1. Details of net defined benefit liabilities as of December 31, 2020 and December 31, 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	57,588,421	49,917,636
Fair value of plan assets	(51,154,290)	(41,010,995)
Total	6,434,131	8,906,641

34-2. The total expenses recognized in profit or loss for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Service cost	11,850,654	10,241,780
Interest cost on defined benefit obligation	906,375	803,035
Interest income on plan assets	(744,769)	(649,710)
Total	12,012,260	10,395,105

34-3. Reconciliations of opening and closing balances of the present value of the defined benefit obligation for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Beginning balance	49,917,636	39,091,859
Service cost	11,850,654	10,241,780
Interest cost on defined benefit obligation	906,375	803,035
Remeasurements	185,128	4,108,422
Benefits paid	(5,318,568)	(4,820,266)
Increase from business combination	-	270,204
Others (Amount transferred to associates)	47,196	222,602
Ending balance	57,588,421	49,917,636

34-4. Details of losses incurred from retirement benefit plan for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Current service cost	11,850,654	10,241,780
Net interest on net defined benefit liabilities	161,606	153,325
Subtotal	12,012,260	10,395,105
Benefits paid for the defined contribution plan	1,080,116	988,041
Long-term employee payment and others	366,573	(48,377)
Total	13,458,949	11,334,769

34-5. Plan assets as of December 31, 2020 and 2019 consist of the followings (Korean won in thousands):

Classification	2020	2019
Time deposits	51,138,717	40,990,639
Others	15,572	20,356
Total	51,154,289	41,010,995

34-6. Reconciliations of the opening and closing balances of the fair value of plan assets for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Beginning balance	41,010,995	31,595,422
Contributions	14,412,596	13,100,000
Interest income on plan assets	744,769	649,710
Remeasurements	(97,528)	(126,124)
Benefits paid	(4,892,487)	(4,376,234)
Others(Amount transferred to related company)	(24,056)	168,221
Total	51,154,289	41,010,995

34-7. Actuarial assumptions as of December 31, 2020 and 2019 are as follows:

Classification	December 31, 2020 (%)	December 31, 2019 (%)
Demographic assumptions:		
Mortality	0.002~0.139	0.002~0.128
Rates of employee turnover	0.00~49.49	0.00~45.16
Financial assumptions:		
Expected salary increase rate	0.00~1.50	0.00~1.70
Inflation rate	2.00	2.00
Discount rate	1.70	1.90

34-8. Details of remeasurement accompanied by the application of actuarial assumptions for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Actual gains (losses):		
Changes in demographic assumptions	-	(60,113)
Changes in financial assumptions	(24,663)	(2,302,601)
Experience adjustments	(160,465)	(1,745,708)
Subtotal	(185,128)	(4,108,422)
Income on plan assets:		
Actual return on planned assets	646,425	523,586
Amounts included in net interest on the net defined benefit liability	(743,953)	(649,710)
Subtotal	(97,528)	(126,124)
Total	(282,656)	(4,234,546)
Tax effects	101,767	1,155,246
Remeasurements, net of tax	(180,889)	(3,079,300)

34-9. The quantitative sensitivity analysis for significant actuarial assumptions is as follows (Korea won in thousands):

Classification	December 31, 2020	1% point increase	1% point decrease
Discount rate	57,588,421	53,997,786	61,636,924
Future salary increasing rate	57,588,421	61,463,597	54,081,012

34-10. The Group expects to pay contribution of ₩12,000,000 thousand to the defined benefit plan during the subsequent year

34-11. The average maturity of the defined benefit obligation as of December 31, 2019 and 2018 are 6.8 years and 7 years, respectively.

### 35. Provisions

35-1. Details of provisions as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Provision for restoration(*1)	4,654,193	3,655,212
Provision for financial guarantee(*2)	2,103,191	3,321,514
Total	6,757,384	6,976,726

(\*1) The Group recognizes present value of the future cash outflows to restore the leasehold improvements at the end of lease contracts as provision of restoration.

(\*2) Financial guarantee includes the expected credit loss of commitment (purchase guarantees, etc.) that has credit exposure.

35-2. Changes in provision for financial guarantee for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired financial assets	Credit-impaired financial assets	
Beginning balance	3,321,514	-	-	3,321,514
Transfer to financial assets with unimpaired credit	(26,111)	26,111	-	-
Reversal	(1,192,212)	(26,111)	-	(1,218,323)
Ending balance	2,103,191	-	-	2,103,191

<2019>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired financial assets	Credit-impaired financial assets	
Beginning balance	1,031,076	-	-	1,031,076
Provisions made	2,290,438	-	-	2,290,438
Ending balance	3,321,514	-	-	3,321,514



36. Other liabilities

36-1. Details of other liabilities as of December 31, 2020 and 2019 are as follows  
(Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Otherpayables	1,683,552,311	1,159,928,901
Accrued expense	176,907,661	146,384,547
Unearned income	24,394,555	18,012,742
Deposits for rent	6,282,948	7,108,334
Lease liabilities	74,321,525	23,308,749
Non-controlling investors' liabilities	281,661,261	141,126,712
Others	448,336,839	495,515,165
Subtotal	2,695,457,100	1,991,385,150
Less: Present value discount	(6,417,047)	(1,771,439)
Total	2,689,040,053	1,989,613,711

36-2. Details of lease liabilities as of December 31, 2020 and 2019 are as follows  
(Korean won in thousands):

<December 31, 2020>

Classification	Nominal value	Present value discount	Book value
Real estate	72,075,443	(6,153,032)	65,922,411
Vehicles	2,218,941	(63,172)	2,155,769
Equipment and others	27,142	(1,101)	26,041
Total	74,321,526	(6,217,305)	68,104,221

<December 31, 2019>

Classification	Nominal value	Present value discount	Book value
Real estate	21,465,979	(1,493,288)	19,972,691
Vehicles	1,806,563	(77,097)	1,729,466
Equipment and others	36,207	(1,695)	34,512
Total	23,308,749	(1,572,080)	21,736,669

36-3. Changes in lease liabilities as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Beginning balance	Increase	Amortization	Payment	Other	Ending balance
Real-estate	19,972,691	62,902,507	616,412	(16,576,004)	(993,195)	65,922,411
Vehicles	1,729,466	1,671,994	49,119	(913,407)	(381,403)	2,155,769
Others	34,512	-	594	(9,065)	-	26,041
Total	21,736,669	64,574,501	666,125	(17,498,476)	(1,374,598)	68,104,221

<2019>

Classification	Beginning balance (*1)	Increase	Amortization	Payment	Other	Ending balance
Real-estate	28,606,168	6,352,946	608,311	(15,526,140)	(68,594)	19,972,691
Vehicles	1,680,253	904,466	47,175	(818,489)	(83,939)	1,729,466
Others	-	38,498	347	(4,333)	-	34,512
Total	30,286,421	7,295,910	655,833	(16,348,962)	(152,533)	21,736,669

(\* 1) It was recognized as applying IFRS 1116 in 2019.

36-4. The details of the composition by maturity of the contractual cash flows before discounting lease liabilities as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

구분	December 31, 2020	December 31, 2019
Not more than 3 months	3,989,437	4,256,387
Not more than 1 year	11,754,058	9,947,447
Not more than 5 years	58,578,031	9,104,915
Total	74,321,526	23,308,749

36-5. Details of non-controlling investors' liabilities as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	Date of control obtained	Ownership interest (%)	December 31, 2020	December 31, 2019
Hana the First Private Equity Fund	December 22, 2009	81.07%	1,795,897	1,815,186
Hana the Third Private Equity Fund	July 29, 2016	75.00%	179,473,745	94,363,968
Hana New Technology Fund No.1	June 27, 2018	50.00%	946,963	967,988
Hana Semiconductor New Technology Fund	July 4, 2019	81.31%	90,792,733	43,016,514
Hana Global New Technology Fund No.1	July 17, 2020	33.33%	4,010,738	-
San Jose Real 1st Co., Ltd.	August 28, 2019	-	-	10,010
Hana Formula-E Private Special Asset Fund 114	July 25, 2019	0.62%	98,561	99,565
KB Spain Solar Energy Private Special Asset Fund (SOS-FOFS)	March 26, 2019	3.19%	3,557,134	129,085
KB BONACCORD PRIVATE FUND(FOFS)	May 13, 2019	0.06%	97,438	94,746
KB MOBILITY SOLUTION PRIVATE SPECIAL ASSET FUND 1	September 2, 2019	0.07%	91,083	75,827
KB Europe Renewable Private Special Asset Fund 1 (FoFs)	September 16, 2019	-	-	91,554
Darby Hana Europe Renewable Energy Private Investment Fund	October 31, 2019	0.81%	41,666	10,024
AIP Energy Infrastructure Specialized Privately Placed Fund Trust #2	October 18, 2019	1.99%	102,771	34,583
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54A	November 7, 2019	-	-	100,114
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.54B	November 7, 2019	0.30%	90,732	100,116
Vestas Qualified Investors Private Real Estate Fund Investment Trust no.51-2	November 18, 2019	-	-	100,240
HERITAGE US Manhattan Qualified Investors Real Estate Private Investment Trust No.2	November 13, 2019	0.20%	109,982	117,192
Hana Alternative Special Investment Private Trust No.137	March 31, 2020	0.01%	4,960	-
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 350	March 31, 2020	0.00%	434	-
K-Relts Specialized Private Investment Trust No.23	August 7, 2020	1.76%	102,233	-
KAIM Global Value Specialized Private Investment Trust No.1	September 30, 2020	0.10%	127,537	-
AIP Energy Transport Infrastructure Specialized Privately Placed Fund Trust #4	September 30, 2020	0.10%	114,710	-
Darby Hana Newyork Hotel Fund	October 29, 2020	0.01%	1,163	-
Hana Alternative Investment Shipping Specialized Private Equity Fund NO.1	November 19, 2020	0.06%	100,103	-
IGIS U.S. Specialized Private Placement Real Estate Investment Trust NO. 380-1	December 31, 2020	0.00%	230	-
Shinhan AIM Infrastructure Fund No.6-A	December 31, 2020	0.00%	448	-
Total			281,661,261	141,126,712

### 37. Capital stock

37-1. Details of capital stock as of December 31, 2020 and 2019 are as follows (Korean won and shares):

Classification	December 31, 2020	December 31, 2019
Number of shares authorized	1,000,000,000	1,000,000,000
Par value per share	5000	5,000
Number of shares issued	67,107,495	58,637,495
Capital stock of ordinary shares	335,537,475,000	293,187,475,000

37-2. Changes in capital stock and paid-in capital in excess of par value from the increase in paid-in capital for the year ended December 31, 2020 are as follows (Korean won and shares):

Classification	Capital stock	Paid-in capital in excess of par value	Total
Beginning	293,187,475	2,083,311,306	2,376,498,781
Increase in paid-in capital	42,350,000	457,163,334	499,513,334
As of June 30, 2020	335,537,475	2,540,474,640	2,876,012,115

### 38. Retained earnings

38-1. Retained earnings as of December 31, 2020 and 2019 consist of the following (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Legal reserve (*1)	84,601,791	84,601,791
Regulatory reserve for bad debts	37,839,750	22,706,057
Unappropriated retained earnings	1,331,559,843	936,242,698
Total	1,454,001,384	1,043,550,546

(\*1) In accordance with the Commercial Law, whenever dividends are paid, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve amount equals 50% of capital stock. The legal reserve may not be utilized for cash dividends but may only be used to offset a deficit, if any, or be transferred to capital.

38-2. Changes in unappropriated retained earnings for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Beginning balance	936,242,698	662,400,090
Changes in retained earnings by equity method	(459,475)	(458,203)
Appropriation to regulatory reserve for bad debts	(15,133,693)	(5,999,923)
Others	59	-
Net income attributable to owners of the parent company	410,910,254	280,300,734
Ending balance	1,331,559,843	936,242,698

### 39. Other components of equity

Other components of equity as of December 31, 2020 and 2019 consist of the following (Koreanwon in thousands):

Classification	December 31, 2020	December 31, 2019
Capital surplus:		
Paid-in capital in excess of par value	2,540,474,640	2,083,311,306
Gain on capital reduction	5,624,022	5,624,022
Other capital surplus	3,374,499	4,025,679
Subtotal	2,549,473,161	2,092,961,007
Capital adjustments	-	(651,180)
Accumulated other comprehensive income:		
Gain on valuation of financial assets measured at FVOCI	102,934,954	77,524,524
Provisions of expected credit loss on debt securities measured at FVOCI	496,417	180,643
Changes in equity of investment in associates	17,040,054	568,681
Loss on foreign currency translation	377,689	(206,824)
Own credit risk of financial liabilities designated as measured at FVTPL	(37,531,429)	(32,095,442)
Remeasurements of defined benefit plan	(5,935,416)	(5,724,767)
Subtotal	77,382,269	40,246,815
Total	2,626,855,430	2,132,556,642

#### 40. Cash flow information

40-1. Cash and cash equivalents as of December 31, 2020 and 2019 are summarized as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
Cash	66,334	56,031
Cash equivalents in Korean won	312,689,059	307,485,161
Cash equivalents in foreign currencies	162,642,172	84,251,024
Total	475,397,565	391,792,216

40-2. Significant non-cash transactions for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification	2020	2019
Increase in property and equipment due to leasehold to changes in ratio of leased area	(5,915,797)	(3,379,833)
Stock options	1,062,138	1,239,750
Reclassification of advanced payments to property and equipment and intangible assets	13,685,994	5,031,768
Reclassification of financial assets measured at FVTPL to investments in associates	(7,528,165)	(480,000)
Increase (decrease) in provision for restoration	770,405	(44,505)
Decrease in loans due to write off of bad debts	1,100,000	500,000
Decrease in other receivables due to write off of bad debts	249,784	1,634,539
Recognition of lease assets and liabilities	64,559,670	37,620,341

40-3. Changes in liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Beginning balance	Cash flows from financing activities	Changes in exchange rate	Cash flows from a business combination	Changes in scope of consolidation	Others	Ending Balance
CP borrowings and others	1,600,112,728	770,506,849	-	-	123,029,653	-	2,493,649,230
Bank borrowings	4,754,300	(2,950,093)	-	18,914,843	-	-	20,719,050
Bonds sold under repurchase agreements	3,666,054,169	2,523,877,730	(25,369,303)	-	-	-	6,164,562,596
Lease liabilities	21,736,669	(17,498,477)	-	-	-	63,866,029	68,104,221
Non-controlling liabilities	141,126,712	1,135,782	-	-	4,500,000	134,898,767	281,661,261
Bonds	2,931,573,296	(159,156,451)	-	-	1,345,394,438	733,737	4,118,545,020
Total	8,365,357,874	3,115,915,340	(25,369,303)	18,914,843	1,472,924,091	199,498,533	13,147,241,378

<2019>

Classification	Beginning balance	Cash flows from financing activities	Changes in exchange rate	Cash flows from a business combination	Changes in scope of consolidation	Others	Ending Balance
Borrowings with collateralized stock	109,912	(109,912)	-	-	-	-	-
CP borrowings and others	4,032,100	1,596,000,000	-	-	80,628	-	1,600,112,728
Bank borrowings	3,312,492	(3,112,445)	-	4,554,253	-	-	4,754,300
Bonds sold under repurchase agreements	3,627,631,517	42,461,821	(4,039,169)	-	-	-	3,666,054,169
Lease liabilities	-	(16,348,962)	-	-	-	38,085,631	21,736,669
Bonds	1,302,631,663	185,095,829	-	-	1,443,600,000	245,804	2,931,573,296
Total	4,937,717,684	1,803,986,331	(4,039,169)	4,554,253	1,443,680,628	38,331,435	8,224,231,162



## 41. Share-based payment

41-1. Details of stock granted in accordance with achievement of performance target by the Group are summarized as follows:

Classification	Details			
Grant date	2017.01.01	2018.01.01	2019.01.01	2020.01.01
Settlement method	Cash settlement	Cash settlement	Cash settlement	Cash settlement
Grant period (appraisal period)	2017.01.01 ~ 2019.12.31	2018.01.01 ~ 2020.12.31	2019.1.1 ~ 2021.12.31	2020.01.01 ~ 2022.12.31
Payment date	2019.12.31	2020.12.31	2021.12.31	2022.12.31
Estimated vested shares as of December 31, 2020 (*1)	43,330 shares	27,085 shares	18,260 shares	9,680 shares

(\*1) The maximum number of shares to be compensated is pre-determined before the grant date, and vested shares are determined by performance measures. The performance assessment consists of the group performance assessment (relative shareholder return) constituting 40%, the business unit performance assessment (unit ROE, target net income achievement rate) constituting 55% and quality assessment constituting 5% of the total performance scorecard.

41-2. The amounts recognized concerning share-based payment transactions are as follows (Korean won in thousands):

Classification	As of/from the years ended December 31, 2020	As of/from the years ended December 31, 2019
Other payables	3,543,254	4,396,960
Other capital surplus	3,374,499	4,025,679
Capital adjustments	-	(651,180)
Share-based payment expenses (granted by H&F)	1,062,138	1,251,468

## 42. Assets pledged or collateral and collateral assets provided

42-1. As of December 31, 2020, debt securities with the aggregate carrying value of ₩3,963,472,416 thousand, which consists of ₩110,524,702 thousand in government bonds, ₩764,196,084 thousand in special purpose bonds and ₩3,088,751,630 thousand in corporate bonds, are pledged as collateral with respect to the bonds sold under the repurchase agreements.

42-2. Details of securities pledged as collateral for operating activities including futures trading as of December 31, 2020 are as follows (Korean won in thousands and USD in thousands and EUR in thousands):

Description of pledged asset	Items	Pledged amount (*1)	Pledged to	Description
Others	Newflex 2 and others	5,242,260	Mirae Asset Daewoo Co., Ltd.	Bonds
	Treasury Bond 04250-2106(11-3) and others.	548,728,087	Shinhan Investment Corp	Bonds (lending and borrowing)
CCP	Treasury Bond 02000-2209(17-4) and others	44,436,308	KRX	Bonds
Trading futures and options	Jeonbuk Bank Contingent Capital Securites 20-03 and others	379,773,610	KRX	Bonds
Settlement fund	Currency stabilization bond 00710-2208-02	499,197	KSD	Bonds
Pledged collateral for payment and settlement	Hana Bank Long-Term Stable Deposit	5,000,000	KEB HANA bank	Time deposit
	Beneficiary certificates	65,000,000	KEB HANA bank	Beneficiary certificates
Interagency REPO collateral	Treasury Bond 02000-2209(17-4) and others	2,270,697,500	KIDB	Bonds
	Ordinary deposits in foreign currency	USD 453	Societegenerale	Ordinary deposits in foreign currency
	KAMTR 3 04/25/23 and others	USD 271,675	MUFG	Bonds in foreign currency
Loan transactions	Mirae asset TIGER 30 index investment- linked trust securities (Stocks) and others	45,632,805	KSD	Stock
	JB Financial Group 5 and others	359,230,673	KSD	Bonds
	Meritz securities 20201116-364-7 and others	40,000,000	KSD	CP
	Meritz securities 20200917-364-1 and others	230,000,000	KSFC	CP
	Korea Aerospace Industries, Ltd. (Common stock) and others	122,060,600	KSFC	Stock
	JB Financial Group and 5 others	2,796,836,080	KSFC	Bonds
	Hyundai capital services, Inc 1637-1	50,526,550	KSFC	Bonds (lending and borrowing)
	national ALM department 20201202-365-1 and others	10,000,000	KSFC	CD
	Gyeongnam Bank Time deposits and others	224,000,000	KSFC	Time deposit
	ACAFF 2.375 07/01/21 and others	USD 366,983	KSFC	Bonds in foreign currency
Derivatives and others	Jeju Bank Time deposits and others	50,000,000	Shiryoung Securities and others	Time deposit
	Treasury Bond 03500-2403(14-2) and others	1,002,194,547	KB bank	Bonds
	Treasury Bond 03750-3312(13-8) and others	2,386,911,067	Citibank Korea and others	Bonds (lending and borrowing)
	Ordinary deposits in foreign currency	USD 91,686	Mizuho Securities	Ordinary deposits in foreign currency
	ACAFF 2.375 07/01/21 and others	USD 1,322,229	Standard chartered Bank	Bonds in foreign currency
	BAC 0.808 05/09/26 and others	EUR 17,518	Standard chartered Bank	Bonds in foreign currency
Total		10,636,769,284		
		USD 2,053,026		
		EUR 17,518		

(\*1) Pledged amount is measured at market value of bonds and others. Par values are ₩ 9,581,403,959 thousand, USD 1,799,077 thousand and EUR 17,000.

42-3. As of December 31, 2020, the maximum bond amount for the right to collateral security related to the leasehold deposit received is ₩763 million.

42-4. The Group has been provided with 136 collaterals with respect to OTC derivatives transactions, 18 collaterals with respect to trade loans and 85 collaterals with respect to REPO transactions and corporate loan as of December 31, 2020.

#### 43. Payment guarantees, commitments and contingencies

43-1. The Group has the following agreements with several financial as of December 31, 2020 (Korean won in thousands):

Agreement type	Bank	Maximum limit	Maturity date
Bank overdrafts	KEB Hana Bank	130,000,000	2021-07-30
	KSFC	200,000,000	2021-04-01
	SC Bank	40,000,000	2021-03-09
	Woori Bank	10,000,000	2021-07-30
Subtotal		380,000,000	
Short-term note trading at discount (trust)	KSFC	In deposits received	2022-08-06
Short-term note trading at discount (owned)	KSFC	100,000,000	2022-08-06
Margin loan	KSFC	200,000,000	2023-03-05
Securities collateral loans	KSFC	300,000,000	2021-04-30
Institution operating fund (owned)	KSFC	500,000,000	2022-10-31

43-2. The Group has the following lawsuits as a plaintiff and a defendant as of December 31, 2020 (Korean won in thousands):

Lawsuits type	Defendant/Plaintiff	Litigation amount	Description
Lawsuits as a defendant:			
Compensation for damages	H&BC and 1 other	5,005,250	
	UA industrial development., Ltd	440,000	
	Ji**	200,000	
	Park** and 1 other	165,000	
	Ham**	50,000	
	Kim**	10,605	
Subtotal		5,870,855	Total 6 lawsuits
Lawsuits as a plaintiff:			
Claim for securing execution rights	Kim**	500,000	
	Na**	500,000	
	Shin**	500,000	
	Lee**	500,000	
	Lee*	500,000	
	Jeon**	500,000	
	Cube Investment., Inc.	56,700	
Revocaion of disposition of income tax	Chief of Yeongdeungpo Tax Office and 5 others	25,818	
Compensation for damages	SK Securities Co., Ltd. and 1 other case	5,000,000	
	Deloitte Anjin LLC, Daewoo Shipbuilding & Marine Engineering Co., Ltd	300,000	
	MP Group, Inc.	78,601	
	MP Group, Inc.	181,500	Plaintiff: Hana the Third Private Equity Fund and 1 other
	Cho**	211,839	
Others	Duryuholdings Co. and 3 others	3,263,054	participated as the trustee
Subtotal		12,117,512	Total 14 lawsuits

The Group recognizes a provision based on the best estimate of the expenditure to settle the lawsuit obligation at the end of the reporting period. The outcome of a lawsuit cannot be reasonably predicted.

43-3. The Group has the following borrowed securities as of December 31, 2020 and 2019 (Korean won in thousands):

Item	Borrowed from	December 31, 2020	December 31, 2019
Celltrion and others	KSD	400,308,526	478,150,714
Treasury bond and others	KSFC	3,081,387,523	3,739,350,564
Total		3,481,696,049	4,217,501,278

The Group engages in securities lending transactions and records borrowing of securities from Korea Securities Deposit in the memorandum account of borrowed securities. The Group recognizes selling of the borrowed securities as financial liabilities measured at FVTPL.

43-4. The Group has the following lent securities as of December 31, 2020 and 2019 (Korean won in thousands):

Item	Borrowed from	December 31, 2020	December 31, 2019
Celltrion and others	KSD	317,683,945	418,517,307
Treasury bond and others	KSFC	224,188,518	163,116,392
Total		541,872,463	581,633,699

43-5. The Group has the following securities received as of December 31, 2020 and 2019 (Korean won in thousands):

Item	December 31, 2020	December 31, 2019
Securities in consigned	62,910,317,898	46,897,912,873
Securities in saved	33,792,767	29,166,924
Beneficiary securities	28,916,250,656	25,198,059,738
Total	91,860,361,321	72,125,139,535

#### 43-6. Purchase agreement

As of December 31, 2020, HFI entered into an agreement to purchase private placement bonds of ₩317,500,000 thousand. The unexercised amounts as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Item	Provided to	December 31, 2020	December 31, 2019
Agreement to purchase private placement bonds	Hridan 1st., Co., Ltd. and others	764,843,730	1,994,009,200
Agreement to purchase beneficiary certificates	KB BONACCORD PRIVATE FUND(FOFS) and others	650,357,382	376,845,674
Agreement to purchase other stocks	Hana Digital Transformation Fund	5,824,075	-
Agreement for loan	Ventura Energy Storage Borrower, LLC	277,786,451	10,410,000
Payment guarantees	GELEX Electric Equipment Co.,Ltd.	-	22,200,000
Total		1,698,811,638	2,403,464,874

#### 43-7. Shareholders agreement with UBS AG

The Group, as a shareholder of UBS Hana Asset Management (UHAM), entered into a joint agreement with UBS AG in May, 2007 under which the Group may exercise the buy-out option to purchase all the shares of UHAM held by UBS AG after 10 years from the agreement date. Accordingly, the Group acquired all the shares of UHAM from UBS AG and the disclosure was made as of September 8, 2017. Currently, UHAM is undergoing the process of changing its largest shareholder in accordance with the relevant laws and regulations.

#### 43-8. Supplementary funding agreements for foreign exchange hedge

The Group has entered into agreements to provide supplementary funds in case investment trusts, such as the Darby Hana Silicon Valley Private Real Estate Trust Fund, etc., were unable to fulfill their obligations under currency forward contracts. The Group is the first to be reimbursed upon liquidation of the investment trust.

#### 43-9. Impact of COVID-19

Due to the spread of COVID-19 in 2020, the major economic factors are expected to deteriorate due to domestic and overseas economic slowdown and instability. The economic forecast scenario used to estimate the expected credit losses of financial instruments has been renewed by considering the possibility of global economic downturn due to the global spread of COVID-19 pandemic. As of December 31, 2020, the Group has remeasured the forward-looking information by using macro variables and default rates estimated based on the renewed scenario. In addition, the Group will continue to regularly monitor the forward-looking information, taking into consideration the aspect and duration of the impact of COVID-19 on the economy as a whole, to actively respond to the situation.

Details of the Group's financial instruments by the industry that are considered to be affected by the spread of COVID-19 as of December 31, 2020 are as follows. The following industries that are affected by COVID-19 may change based on future economic conditions (Korean won in thousands):

Industry	Financial assets measured at FVTPL	Loan receivables at amortized cost	Off-balance-sheet items	Total
Air transportation	69,103,044	-	-	69,103,044
Lodging	176,808,822	8,119,250	123,200,220	308,128,292
Food	1,283,697	-	-	1,283,697
Automobile	111,873,969	-	-	111,873,969
Petroleum refining	37,348,582	-	-	37,348,582
Total	396,418,114	8,119,250	123,200,220	527,737,584

#### 44. Assets and liabilities denominated in foreign currencies

Significant assets and liabilities denominated in foreign currencies as of December 31, 2020 and 2019 are as follows (Korean won in thousands or USD in thousands):

<December 31, 2020>

Classification	Currency	Foreign currency amounts	USD amounts (*)	Korean won equivalent
Assets in foreign currency:				
Cash and due from banks	USD	514,614,920	514,615	559,901,033
	EUR	125,569,687	154,451	168,042,378
	JPY	5,425,381,656	52,573	57,199,330
	HKD	679,409,207	87,643	95,355,082
	CNY	215,536,452	33,075	35,985,966
	GBP	1,274,808	1,737	1,889,776
	AUD	845,333	650	707,172
	Others		3,817	4,152,903
	Subtotal		848,561	923,233,640
Financial assets measured at FVTPL	USD	4,021,396,128	4,021,384	4,375,265,890
	EUR	626,210,255	770,239	838,019,612
	JPY	11,533,821,343	158,385	172,323,203
	HKD	222,127,702	28,654	31,175,623
	CNY	375,104,353	57,562	62,627,423
	GBP	94,957,331	129,379	140,764,747
	AUD	23,237,259	17,867	19,439,361
	THB	494,077,910	16,503	17,954,791
	Others		86,731	94,362,857
	Subtotal		5,286,704	5,751,933,507
Financial assets measured at FVOCI	USD	439,872,149	439,872	478,580,898
Loans	USD	125,000,001	125,000	136,000,002
	EUR	80,000,000	98,400	107,059,200
	Subtotal		223,400	243,059,202
Other assets	USD	362,867,114	362,867	394,799,420
	EUR	129,144	159	172,826
	JPY	9,330,107	90	98,364
	HKD	249,990,415	32,248	35,086,155
	CNY	3,364,015	516	561,656
	AUD	18,147	14	15,181
	Others		1,804	1,963,190
	Subtotal		397,698	432,696,792
Total			7,196,235	7,829,504,039
Liabilities in foreign currency:				



Classification	Currency	Foreign currency amounts	USD amounts (*)	Korean won equivalent
Financial liabilities measured at FVTPL	USD	1,278,290,609	1,278,291	1,390,780,183
	EUR	43,342,881	53,312	58,003,177
	JPY	7,520,186,581	72,870	79,282,319
	HKD	140,698,465	18,150	19,747,029
	CNY	948,756	146	158,404
	GBP	13,852,014	18,873	20,534,225
	AUD	7,656,362	5,887	6,405,006
	THB	474,898,906	15,862	17,257,826
	Others		40,933	44,535,085
	Subtotal		1,504,324	1,636,703,254
Financial liabilities designated as measured at FVTPL	USD	1,717,696,344	1,717,696	1,868,853,623
	EUR	31,248,126	38,435	41,817,492
	HKD	48,015,826	6,194	6,739,021
	Subtotal		1,762,325	1,917,410,136
Deposits	USD	219,263,682	219,264	238,558,886
	EUR	528,298	650	706,989
	JPY	494,168,129	4,788	5,209,817
	HKD	93,315,667	12,038	13,096,854
	CNY	50,980,621	7,823	8,511,724
	GBP	1,274,794	1,737	1,889,754
	other		2,237	2,434,390
	Subtotal		248,537	270,408,414
Borrowings	USD	645,540,013	645,540	702,347,534
Other liabilities	USD	732,567,949	732,568	797,033,928
	EUR	1,152,243	1,417	1,541,978
	HKD	96,137,302	12,402	13,492,870
	CNY	111,921,129	17,175	18,686,352
	other		4,402	4,788,976
	Subtotal		767,964	835,544,104
Total			4,928,690	5,362,413,442

(\*) All foreign currencies other than USD are expressed in USD amounts as of the reporting date's exchange rate.

<December 31, 2019>

Classification	Currency	Foreign currency amounts	USD amounts (*)	Korean won equivalent
Assets in foreign currency:				
Cash and due from banks	USD	405,804,643	405,805	469,840,615
	EUR	89,000,186	99,734	115,471,512
	JPY	3,945,281,333	36,238	41,956,883
	HKD	489,380,586	62,836	72,751,318
	CNY	201,297,350	28,816	33,363,023
	GBP	1,540,384	2,021	2,339,365
	AUD	2,388,314	1,672	1,935,347
	Others		1,858	2,150,783
	Subtotal		638,980	739,808,846
Financial assets measured at FVTPL	USD	3,013,676,866	3,013,677	3,489,235,075
	EUR	483,299,498	542,363	627,947,431
	JPY	5,571,771,773	51,178	59,254,121
	HKD	254,458,816	32,672	37,827,848
	CNY	236,621,503	33,873	39,217,648
	GBP	13,368,970	17,536	20,303,321
	AUD	19,176,951	13,422	15,539,850
	THB	414,168,091	13,829	16,011,738
	Others		1,043	1,207,500
	Subtotal		3,719,593	4,306,544,532
Financial assets measured at FVOCI	USD	132,510,785	132,511	153,420,987
Other assets	USD	276,794,170	276,794	320,472,290
	EUR	276,714	310	359,018
	JPY	1,721,158	16	18,304
	HKD	295,801,846	37,981	43,973,902
	CNY	14,488,783	2,074	2,401,371
	AUD	18,503	13	14,994
	Subtotal		317,188	367,239,879
Total			4,808,272	5,567,014,244
Liabilities in foreign currency:				
Financial liabilities measured at FVTPL	USD	410,453,613	410,454	475,223,193
	EUR	40,740,827	45,654	52,858,371
	JPY	4,017,819,719	36,905	42,728,307
	HKD	203,983,529	26,191	30,324,191
	CNY	2,393,910	343	396,767
	GBP	8,401,393	11,020	12,759,111
	AUD	437,234	306	354,308
	THB	392,573,145	13,108	15,176,878
	Subtotal		543,981	629,821,126
Financial liabilities designated	USD	2,282,026,349	2,282,026	2,642,130,107

Classification	Currency	Foreign currency amounts	USD amounts (*)	Korean won equivalent
as measured at FVTPL	EUR	41,228,434	46,201	53,491,007
	JPY	40,968,341	376	435,686
	Subtotal		2,328,603	2,696,056,800
Deposits	USD	216,007,342	216,007	250,093,301
	EUR	43,104,684	48,303	55,925,310
	JPY	468,384,189	4,302	4,981,125
	HKD	102,875,377	13,209	15,293,454
	CNY	92,578,010	13,253	15,343,879
	GBP	1,150,606	1,509	1,747,413
	Others		1,863	2,156,592
	Subtotal		298,446	345,541,074
Borrowings	USD	218,787,250	218,787	253,311,879
Other liabilities	USD	885,637,011	885,637	1,025,390,531
	EUR	3,574,866	4,006	4,638,139
	HKD	192,165,570	24,674	28,567,334
	CNY	18,522	3	3,070
	Subtotal		914,320	1,058,599,074
Total			4,304,137	4,983,329,953

(\*) All foreign currencies other than USD are expressed in USD amounts as of the exchange rate of the reporting date.

## 45. Related party disclosure

45-1. HFG is the parent company of the Company (interest rate : 100%) as of December 31, 2020.

45-2. Significant transactions with related parties for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

Company	Relationship	Transaction	2020	2019
HFG	Parent Company	Other non-operating income	353,067	225,998
UBS Hana Asset Management Co., Ltd.	Associate	Commission income	520,962	621,783
Hana Development of Infrastructure No.1 Private Equity Fund	Associate	Commission income	2,372,480	2,372,480
KOCREF No. 30 Consigned Administration Real Estate investment Company	Associate	Interest income	74,728	-
		Commission income	10,591,400	-
		Administrative expenses	5,224,637	4,978,732
		Interest expenses on lease liabilities	106,586	232,243
		Depreciation expense on right-of-use assets	8,127,517	7,921,187
Hana Lantern Energy Factory Private Equity Fund	Associate	Commission income	430,729	123,896
GMHB Co., Ltd.	Associate	Commission income	-	5,139,299
Smartscore Co., Ltd.	Associate	Commission income	-	2,630
		Interest income	63,991	-
		Commission expenses	1,906	-
2018 Hana-Magna Start-up Fund	Associate	Commission income	398,000	398,000
Gwacheon Jisan Octa PFV., Ltd.	Associate	Commission income	4,081,757	-
H&FI Strategy No. 1 Private Equity Investment Company	Associate	Commission income	277,269	-
DangsandongPFV Co., Ltd.	Associate	Commission income	690,000	-
World HansSang Dream Island	Associate	Commission income	526,100	3,621,639
Sprott Global Renewable Private Equity Fund II	Associate	Commission income	-	968,767
Dowon development Co., Ltd.	Associate	Commission income	3,830,601	25,300,000
YH Leisure Development Co., Ltd.	Associate	Commission income	1,200,000	-
Changjo Innovation CO., Ltd.	Associate	Commission income	8,850,000	-
		Interest income	1,205,479	-
Hana Bio New Technology Fund No.1	Associate	Commission income	7,890	-
Dowon Asset development Co., Ltd.	Associate	Commission income	26,560,000	-
HORIZON PRIVATE EQUITY FUND	Associate	Commission income	2,764,750	-
Hana Financial Fifteenth Special Purpose	Associate	Commission income	150,000	-
Hana Financial Sixteenth Special Purpose	Associate	Commission income	150,000	-
Daegu MBC development PFV Co. Ltd.	Associate	Commission income	-	1,155,000
Myoungshin Co., Ltd.	Associate	Interest income	231,768	399,958
Fresheasy Co., Ltd	Associate	Interest income	180,000	165,000
KEB Hana Bank	Entity under common control	Interest income	702,980	1,368,343
		Interest expenses	214,676	122,742

Company	Relationship	Transaction	2020	2019
		Commission expense	255,695	41,200
		Rental income	1,930,358	1,298,174
		Rental expenses	-	73,855
		Interest expense on lease liabilities	45,634	24,794
		Depreciation expense on the right-of-use assets	1,631,873	1,201,466
		Gain on valuation of derivative	169,510,403	9,582,000
		Loss on valuation of derivative	112,012,300	4,483,170
		Gain related foreign currency	60,314,655	1,808,589
		Loss related foreign currency	68,416,482	756,881
		Other service expenses	91,637	126,042
		Other non-operating income	103,618	90,176
Hana TI	Entity under common control	Interest expenses	196,322	190,221
		IT expenses	7,858,045	7,225,533
		communication expenses	1,088,259	890,070
		utilities expenses	289,160	279,632
		Other service expenses	15,029,751	14,318,835
		Interest expense on lease liabilities	26,998	15,068
		Depreciation expense on the right-of-use assets	810,172	793,603
		Other non-operating income	3,643	332
		Group advertisement fee	7,064	2,024
Hana Capital	Entity under common control	Interest expense on lease liabilities	1,793	83
		Depreciation expense on the right-of-use assets	28,052	13,295
		Rental income	55,150	56,642
		Other Commission expenses	-	700,000
		Other non-operating income	2,782	183
KEB Hana Card	Entity under common control	Commission income	123,651	201,921
		Rental income	43,029	52,230
		Group advertisement fee	553,177	387,212
		Other non-operating income	240,949	184,778
		Commission expenses	47,124	59,130
		Interest expenses	2,686	-
Hana Life Insurance	Entity under common control	Gain on derivative	-	13,453
		Commission income	24,760	30,747
		Insurance expenses	108,903	86,815
		Other non-operating income	7,213	6,734
Hana Investors Services Co., Ltd.	Entity under common control	IT expenses	8,400	9,240
		Commission expenses	34,982	74,058
		Other non-operating income	5,736	7,063
Hana Insurance. Co., Ltd.	Entity under common control	Insurance premium	759	-

Company	Relationship	Transaction	2020	2019
Hana Land Chip Houston Real Estate Private Fund 68	Entity under common control	Commission income	14,966	14,925
Specified money trust (HFG)	Entity under common control	Other operating income	519,326	333,742
Hana Alternative Investment SpecialtyMo Real Estate Investment Trust 68-1	Entity under common control	Commission income	3,689	3,439
Hana Alternative UK Government Office Professional Investors' Private Real Estate Investment Feeder Trust No.1	Entity under common control	Commission income	-	2,689,819
Hana Alternative Special Investment Private Trust 101	Entity under common control	Commission income	-	3,620,042
Hana Alternative Energy Infra No.3-1	Entity under common control	Commission income	605	6
Hana Alternative Energy Infra No.3-2	Entity under common control	Commission income	1,387	27
Hana Alternative Energy Infra No.3-3	Entity under common control	Commission income	357	7
Hana Alternative US Power Special Asset No.5-1	Entity under common control	Commission income	-	114
Hana Private Real Estate Investment Trust No.123-1	Entity under common control	Commission income	268,200	70,140
Hana Private Real Estate Investment Trust No.123-2	Entity under common control	Commission income	161,240	1,373
Hana Alternative Houston Private Investment Trust No.121	Entity under common control	Commission income	5,314	15,419
Hana Private Real Estate Investment Trust No.126	Entity under common control	Commission income	-	3,810,000
Hana Asset Trust	Entity under common control	Other non-operating income	6,621	9,427
		Commission paid	50,000	450,000
Hana Alternative Asset Management	Entity under common control	Commission expense	801,271	119,758
		Other operating income	3,521	-
		Other non-operating income	8,185	14,511
Hana Savings Bank	Entity under common control	Other non-operating income	1,185	420
KEB Hana Bank (China) Co., Ltd.	Others	Interest income	337	-
Banco KEB Hana Do Brasil S.A. (KEBB)	Others	Commission paid	60,964	-
Ocean Betts The First Co., Ltd.	Others	Commission income	2,003	1,527
Korea Credit Bureau	Others	Commission paid	3,220	3,747
F&U credit information Co., Ltd.	Others	Advertising expenses	3,781	27,892
Mirae Credit Information Co., Ltd.	Others	Other service expenses	1,617	8,212
Darby Hana Infrastructure Fund Management	Others	Commission income	6,246	1,353,805

45-3. Significant payables and receivables to/from related parties as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Company	Relationship	Transaction	December 31, 2020	December 31, 2019
HFG	Parent company	Other payables	1,062,138	1,915,844
UBS Hana Asset Management Co., Ltd.	Associate	Accrued income	151,248	1,751,620
Hana Development of Infrastructure No.1 Private Equity Fund	Associate	Accrued income	596,361	597,995
KOCREF No. 30 Consigned Administration Real Estate investment Company	Associate	Right-of-use assets	43,562,995	9,137,228
		Leasehold deposits provided	10,412,017	10,203,907

Company	Relationship	Transaction	December 31, 2020	December 31, 2019
		Lease liabilities	41,167,290	7,869,829
		Other payables	-	1,286,575
		Loans	10,000,000	-
Gunsan Bio Energy Co., Ltd.	Associate	Accrued income (*2)	2,617,065	2,617,065
Hana Lantern Energy Factory Private Equity Fund	Associate	Accrued income	-	62,033
Smartscore Co., Ltd.	Associate	Financial assets measured at FVTPL	1,999,990	-
		Accrued income	307,634	-
Gwacheon Jisan Octa PFV., Ltd.	Associate	Unearned income	8,243	-
Hana Financial Strategic the 1st Private Equity Fund	Associate	Accrued income	472,000	33,000
		Unearned income	161,731	-
World HansSang Dream Island	Associate	Unearned income	122,260	123,361
Changjo Innovation CO., Ltd.	Associate	Loans	40,000,000	-
		Unearned income	38,356	-
Dowon Asset development Co., Ltd.	Associate	Unearned income	-	44,282
HORIZON PRIVATE EQUITY FUND	Associate	Accrued income	3,685,000	-
Hana Must Seven Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	796,000	-
Hana Must Sixth Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	760,000	-
Hana Financial Fourteen Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	990,000	-
Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	1,390,000	-
Hana Financial Sixteenth Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	990,000	-
Hana Financial Seventeen Special Purpose Acquisition Company	Associate	Financial assets measured at FVTPL	990,000	-
Myoungshin Co., Ltd.	Associate	Financial assets measured at FVTPL	9,000,000	20,000,000
		Accrued income	6,904	15,301
Fresheasy Co., Ltd.	Associate	Financial assets measured at FVTPL	18,000,000	18,000,000
		Accrued income	30,000	30,000
KEB Hana Bank	Entity under common control	Sundry deposits	397,293,670	145,287,923
		Deposits	222,070,774	213,287,906
		Leasehold deposits provided	9,635,407	7,852,886
		Leasehold deposits received	4,346,930	4,913,384
		Derivatives assets (*1)	82,661,996	230,714
		Derivatives liabilities (*1)	29,725,517	133,032
		Accounts receivable	90,304,000	104,635,646
		Accounts payable	90,304,000	104,635,646
		Accrued income	14,096	30,382
		Unearned income	-	148,860
		Right-of-use assets	2,720,186	2,435,282
		Lease liabilities	3,455,294	2,423,714
		Borrowings	-	500,000
		Other assets	-	1,133,446
Hana TI Company Ltd	Entity under common control	Right-of-use assets	1,898,057	263,085
		Lease liabilities	1,923,729	267,035
		Bonds sold under repurchase agreements	15,056,702	6,197,071
		Accrued expenses	2,570,626	2,051,038

Company	Relationship	Transaction	December 31, 2020	December 31, 2019
Hana Card	Entity under common control	Accrued income	72,430	59,890
		Other receivables	30,052	-
		Accrued expenses	2,766,539	1,947,096
		Leasehold deposits received	150,546	272,364
		Withholdings	529,710	1,585,219
		Other payables	37,490	35,172
		Unearned income	-	6,355
Hana Life Insurance	Entity under common control	Prepaid expenses	97,020	98,937
		Accrued income	1,778	2,426
Hana Capital	Entity under common control	Withholdings	4,808,819	4,114,127
		Leasehold deposits received	490,520	473,360
		Unearned income	-	1,964
		Right-of-use assets	165,170	-
		Lease liabilities	167,297	-
Hana Alternative Asset Management Co., Ltd	Entity under common control	Accrued expenses	174,975	46,355
Hana Investors Services Company	Entity under common control	Accrued expenses	-	789
Specified money trust (HFG)	Entity under common control	Accrued income	210,859	46,860
Hana Land Chip Samo Real Estate Investment Trust No. 68.	Entity under common control	Accrued income	3,762	3,762
Hana Alternative Investment Specialty/Mo Real Estate Investment Trust 68-1	Entity under common control	Accrued income	931	911
Hana Alternative Energy Infra No.3-1.	Entity under common control	Accrued income	361	3
Hana Alternative Energy Infra No.3-2	Entity under common control	Accrued income	996	26
Hana Alternative Energy Infra No.3-3.	Entity under common control	Accrued income	276	7
Hana Private Real Estate Investment Trust No.123-1	Entity under common control	Accrued income	43,916	69,021
Hana Alternative Houston Private Investment Trust No.121	Entity under common control	Accrued income	1,324	1,373
Hana Private Real Estate Investment Trust No.123-2	Entity under common control	Accrued income	31,719	15,419
KEB Hana Bank (China) Co., Ltd.	Other	Sundry deposits	3,479	132,391

(\*1) The outstanding commitments for derivative transactions with related parties as of December 31, 2020 and 2019 are ₩2,785,240,089 thousand and ₩99,142,819 thousand, respectively.

(\*2) As of December 31, 2020, the Group has set an allowance for doubtful accounts for the full amount of accrued income due from the associate, Gunsan bio-energy Corp.

45-4. Significant transactions with related parties for the years ended December 31, 2020 and 2019 are as follows:



45-4-1. Meanwhile, details of significant borrowings to related parties for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Investment company	Company	Borrowings		
		Increase	Decrease	Net increase (decrease)
Changjo Innovation CO., Ltd.	Associate	50,000,000	(10,000,000)	40,000,000
KOCREF No. 30 Consigned Administration Real Estate investment Company	Associate	10,000,000	-	10,000,000

<2019>

Investment company	Company	Borrowings		
		Increase	Decrease	Net increase (decrease)
KEB Hana Bank	Entity under common control	3,500,000	(3,500,000)	-

45-4-2. Details of significant investment in cash with related parties for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Investment company	Company	Relationship	Investment in cash		
			Increase	Decrease	Net increase (decrease)
The Group	KOCREF REIT 30	Associate	20,000,000	(20,000,000)	-
	Hana Lantern Energy Factory PEF	Associate	-	(415,834)	(415,834)
	Synergy-Incus Venture Business Fund No.1	Associate	-	(22,088)	(22,088)
	Kiwoom Securities - Friend 1 New Technology Business Investment Fund	Associate	-	(2,148,000)	(2,148,000)
	Petra 6th Alpa Private Equity Fund	Associate	-	(31,920,650)	(31,920,650)
	UBI+HIC New Technology Investment Partnership II	Associate	-	(130,000)	(130,000)
	Sprott Global Renewable Private Equity Fund II	Associate	-	(10,000,001)	(10,000,001)
	Genesis Environment No.1 Private Equity Fund	Associate	8,168,320	(3,267,328)	4,900,992
	YH Leisure Development Co., Ltd.	Associate	10,000,000	-	10,000,000
	Changjo Innovation CO., Ltd.	Associate	50,000	(10,000)	40,000
	SMKCENTER PFV Co., Ltd.	Associate	7,800,000	-	7,800,000
	Hana Bio New Technology Fund No.1	Associate	1,000,000	-	1,000,000
	Genesis Environment No.2 Private Equity Fund	Associate	28,487,805	(28,487,805)	-
	Hana Cybernaut International Limited	Associate	-	(21)	(21)
	Down development Co., Ltd.	Associate	-	(149,000)	(149,000)
	Daegu MBC development PFV Co. Ltd.	Associate	-	(1,990,000)	(1,990,000)
	Down Asset development Co., Ltd.	Associate	1,242,000	-	1,242,000
	HORIZON PRIVATE EQUITY FUND	Associate	77,875	-	77,875
	Curious Solution NO.1 Corporate Recovery Private Equity Fund	Associate	16,000,000	-	16,000,000
	MERITZ-KCLAVIS Fund No.1	Associate	1,000,000	-	1,000,000
Hana Must Seven Special Purpose Acquisition Company	Associate	4,000	-	4,000	

Investment company	Company	Relationship	Investment in cash		
			Increase	Decrease	Net increase (decrease)
	Hana Must Sixth Special Purpose Acquisition Company	Associate	86,000	-	86,000
	Hana Financial Fourteen Special Purpose Acquisition Company	Associate	20,750	-	20,750
	Hana Financial Fifteenth Special Purpose Acquisition Company	Associate	20,850	-	20,850
	Hana Financial Sixteenth Special Purpose Acquisition Company	Associate	20,800	-	20,800
	Hana Financial Seventeen Special Purpose Acquisition Company	Associate	10,000	-	10,000

Meanwhile, details of significant investment in cash with entity under common control are as follows (Korean won in thousands):

Investment company	Company	Investment in cash		
		Increase	Decrease	Net increase (decrease)
KEB Hana Bank	Hana the Third Private Equity Fund	4,173,100	(1,759,056)	2,414,044

<2019>

Investment company	Company	Relationship	Investment in cash		
			Increase	Decrease	Net increase (decrease)
The Group	Synergy-Incurs No.1 New Technology Business Investment Association	Associate	-	(87,912)	(87,912)
	Hana Lantern Energy Factory Private Equity Fund	Associate	-	(415,834)	(415,834)
	2018 HANA-MAGNA start-up fund	Associate	3,500,000	-	3,500,000
	Petra 6th Alpha Private Equity Fund	Associate	-	(26,006,749)	(26,006,749)
	DangsandongPFV Co.,Ltd	Associate	250,000	-	250,000
	Hana cybernaut international limited	Associate	21	-	21
	World HansSang Dream Island	Associate	7,000,000	-	7,000,000
	Dream Island Leisure	Associate	995	-	995
	Dowon development Co., Ltd	Associate	149,000	-	149,000
	EBEST Hitech Fund No. 1	Associate	1,000,000	-	1,000,000
	UBI+HIC Fund No.2	Associate	1,000,000	-	1,000,000
	UNION Proptech Fund I	Associate	3,000,000	-	3,000,000
	Daegu MBC development PFV Co. Ltd.	Associate	3,500,000	-	3,500,000
	Nptk emrging asia fund1 pef	Associate	1,000,000	-	1,000,000
	Sprott Global Renewable Private Equity Fund II	Associate	19,443,119	-	19,443,119
	Tigris-Aurum Fund 1	Associate	-	(1,500,000)	(1,500,000)
	IBKC-History 2018-2 Bio Fund	Associate	-	(1,000,000)	(1,000,000)
	Hanon Private Equity Fund	Associate	-	(10,000,000)	(10,000,000)
	Fresheasy Co., Ltd	Associate	7,927,133	-	7,927,133

Details of significant investment in cash with entity under common control are as follows (Korean won in thousands):

Investment company	Company	Investment in cash		
		Increase	Decrease	Net increase (decrease)
KEB Hana Bank	Hana the First Private Equity Fund	-	(5,157,871)	(5,157,871)
	Hana the Third Private Equity Fund	4,788,864	-	4,788,864

45-5. Commitments provided between the Group and the related parties as of December 31, 2020 are summarized as follows (Korean won in thousands):

Related parties		Transactions	Amounts	Maturity date
Benefactor	Beneficiary			
Hana Bank	H&F	Intra-day overdraft	130,000,000	2021.07.30
Hana Card	H&F	Unused credit line	18,476,150	-
KEB Hana Bank	Hana the Third Private Equity Fund	Unused limit (Loans in Korean won)	2,000,000	-
KEB Hana Bank	Sejoong Co., Ltd.	Securities purchase contract	4,301,191	-
KEB Hana Bank	Sejoong Co., Ltd.	Issuing an import credit memo	4,958,373	-
KEB Hana Bank	Sejoong Co., Ltd.	Unused credit line	909,127	-
KEB Hana Bank	Siwon Co., Ltd.	Issuing an import credit memo	2,251,404	-
KEB Hana Bank	Siwon Co., Ltd.	Unused credit line	1,269,096	-
KEB Hana Bank	Keumho Trading Co., Ltd.	Issuing an import credit memo	1,659,543	-
KEB Hana Bank	Keumho Trading Co., Ltd.	Unused credit line	123,735	-
H&F	Hana Digital Transformation Fund	Other securities purchase contract	400,000	2027.06.26
H&F	GMHB Co., Ltd	Commitments to purchase private equity	70,000,000	2022.10.30

The Group provides Hana Bank, a swap bank of investment trusts in which the Group participates as a private bond purchaser, with additional investment or supplementation obligations for futures or currency swaps of investment trusts.

45-6. Details of key management personnel compensation for the years ended December 31, 2020 and 2019 are summarized as follows (Korean won in thousands and number of people in units):

<2020>

Registered directors	Unregistered directors	Employee benefits	Retirement benefits	Share-based payment expenses	Total
31	32	6,582,059	397,735	1,062,138	8,041,932

<2019>

Registered directors	Unregistered directors	Employee benefits	Retirement benefits	Share-based payment expenses	Total
19	17	3,412,952	266,781	1,251,468	4,931,201

46. Fair value of financial assets and liabilities

46-1. Details of carrying amount and fair value of financial instruments as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Book value	Fair value
Financial assets:		
Cash and due from banks	2,218,045,281	2,218,045,281
Financial assets measured at FVTPL		
Debt securities	18,784,670,258	18,784,670,258
Equity securities	1,084,290,514	1,084,290,514
Loans	1,234,504,319	1,234,504,319
Others	1,685,296,904	1,685,296,904
Derivative assets held for trading purpose	2,312,198,580	2,312,198,580
Financial assets measured at FVOCI		
Debt securities	1,664,340,422	1,664,340,422
Equity securities	163,855,794	163,855,794
Loans	4,047,695,317	4,047,903,905
Others	1,828,058,107	1,828,058,107
Total	35,022,955,496	35,023,164,084
Financial liabilities:		
Financial liabilities measured at FVTPL	2,850,511,583	2,850,511,583
Financial liabilities designated as measured at FVTPL	9,477,443,113	9,477,443,113
Deposits received	3,381,181,220	3,381,181,220
Borrowings	8,678,930,876	8,676,836,793
Bonds	4,118,545,021	4,177,384,211
Others	2,498,251,887	2,498,251,887
Total	31,004,863,700	31,061,608,807

<December 31, 2019>

Classification	Book value	Fair value
Financial assets:		
Cash and due from banks	3,337,945,918	3,337,945,918
Financial assets measured at FVTPL		
Debt securities	16,847,898,629	16,847,898,629
Equity securities	662,338,262	662,338,262
Loans	435,079,026	435,079,026
Others	956,185,673	956,185,673
Derivative assets held for trading purpose	1,314,278,022	1,314,278,022
Financial assets measured at FVOCI		
Debt securities	1,111,098,312	1,111,098,312
Equity securities	131,250,642	131,250,642
Loans	1,553,906,866	1,551,203,259
Others	1,320,590,612	1,320,590,612
Total	27,670,571,962	27,667,868,355
Financial liabilities:		
Financial liabilities measured at FVTPL	1,763,373,030	1,763,373,030
Financial liabilities designated as measured at FVTPL	11,036,027,503	11,036,027,503
Deposits received	1,621,335,428	1,621,335,428
Borrowings	5,270,921,197	5,267,063,208
Bonds	2,931,573,296	2,950,258,054
Others	1,454,349,135	1,454,349,135
Total	24,077,579,589	24,092,406,358

The following standards are applied in measuring the fair value of financial assets and financial liabilities.

- a) Financial assets and financial liabilities traded in active markets at the reporting date are based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.
- b) For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, compared to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. These techniques incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments. Valuation techniques which provide reliable estimates on mark-to-market prices are applied.
- c) When determining fair value by the use of valuation techniques, comparison of current market transaction of another instrument that is substantially the same as the financial instrument needs to be objectively substantiated or inclusion of variables in the marketable data must be performed. Not all the significant market variables are observable and therefore in determining fair value, reasonable estimates or assumptions are required.
- d) Securities at amortized cost: Market prices provided by external credit assessment institute are used. The fair value is calculated by subtracting accrued interest since the last interest payment from the market price.
- e) Loans and receivable: Expected cash flows, current market interest rates and discount rates including borrowers' credit risks are factors used when calculating the fair value of loans and receivables. For lines of credit and loans that have a short term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value.
- f) Depository liabilities: For demand deposits, deposits that have a short term maturity (less than three months), and deposits with a floating rate readjustment period of less than three months, it is assumed that the carrying amounts approximate to their fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.
- g) Borrowing liabilities: For borrowings on demand, borrowings that have a short term maturity (less than three months) and borrowings with a floating rate readjustment period of less than three months, it is assumed that the carrying amounts approximate to their fair value. The estimated fair value of fixed interest bearing borrowings is based on the discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.
- h) Corporate bonds: Subordinated bonds are measured at fair value by the discounted cash flow method that utilizes rates of return on bonds issued by the Group. The maturity of electronic short-term debenture is less than 3 months, so the book value of the electronic short-term debenture is regarded as fair value.
- i) Other financial assets and other financial liabilities: Other financial instruments are temporary accounts derived from various transactions, with maturity not fixed or short. Therefore, the Group does not apply DCF method to calculate fair value and discloses book value as fair value

46-2. The fair value hierarchy of financial instruments as of December 31, 2020 and 2019 is as follows (Korean won in thousands):

<December 31, 2020>

Classification	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Debt securities	2,595,253,122	12,775,663,807	3,413,753,329	18,784,670,258
Equity securities	142,857,728	-	941,432,786	1,084,290,514
Loans	-	-	1,234,504,319	1,234,504,319
Others	-	-	1,685,296,904	1,685,296,904
Derivative assets held for trading purpose	85,337,675	1,584,865,834	641,995,071	2,312,198,580
Financial assets measured at FVOCI				
Debt securities	-	1,664,340,422	-	1,664,340,422
Equity securities	-	-	163,855,794	163,855,794
Total	2,823,448,525	16,024,870,063	8,080,838,203	26,929,156,791
Financial liabilities:				
Financial liabilities measured at FVTPL	230,016,572	1,460,703,522	1,159,791,489	2,850,511,583
Financial liabilities designated as measured at FVTPL	208,010,000	1,189,798,944	8,079,634,169	9,477,443,113
Total	438,026,572	2,650,502,466	9,239,425,658	12,327,954,696



<December 31, 2019>

Classification	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Debt securities	1,731,546,480	11,287,393,463	3,828,958,686	16,847,898,629
Equity securities	47,466,558	–	614,871,704	662,338,262
Loans	–	–	435,079,026	435,079,026
Others	–	–	956,185,673	956,185,673
Derivative assets held for trading purpose	65,631,205	665,045,501	583,601,316	1,314,278,022
Financial assets measured at FVOCI				
Debt securities	–	1,111,098,312	–	1,111,098,312
Equity securities	–	–	131,250,642	131,250,642
Total	1,844,644,243	13,063,537,276	6,549,947,047	21,458,128,566
Financial liabilities:				
Financial liabilities measured at FVTPL	412,314,137	772,417,589	578,641,304	1,763,373,030
Financial liabilities designated as measured at FVTPL	231,750,000	2,043,597,813	8,760,679,690	11,036,027,503
Total	644,064,137	2,816,015,402	9,339,320,994	12,799,400,533

The Group classifies fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities (i.e. Marketable equity securities, Exchange-traded derivatives, Government bonds)
- Level 2: Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, (i.e. Bonds in Korean won, Bonds in foreign currencies, Swaps, Forwards, Options); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (i.e. Non-marketable equity securities, OTC derivatives)

46-3. Fair value, valuation method, and input variables used to measure fair value of financial instruments classified as fair value hierarchy Level 2 as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Financial assets measured at FVTPL:			
Debt securities	12,775,663,807	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Derivative assets held for trading purpose	1,584,865,834	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Financial assets measured at FVOCI:			
Debt securities	1,664,340,422	DCF model, etc.	Discount rate, etc.
Total	16,024,870,063		
Financial liabilities:			
Financial liabilities measured at FVTPL	1,460,703,522	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Financial liabilities designated as measured at FVTPL	1,189,798,944	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Total	2,650,502,466		

<December 31, 2019>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Financial assets measured at FVTPL:			
Debt securities	11,287,393,463	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Derivative assets held for trading purpose	665,045,501	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Financial assets measured at FVOCI:			
Debt securities	1,111,098,312	DCF model, etc.	Discount rate, etc.
Total	13,063,537,276		
Financial liabilities:			
Financial liabilities measured at FVTPL	772,417,589	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Financial liabilities designated as measured at FVTPL	2,043,597,813	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, etc.
Total	2,816,015,402		

46-4. Fair value, valuation method, input variables and significant unobservable input variables information used to measure fair value of financial instruments classified as fair value hierarchy Level 3 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables	Input variables, which are significant but unobservable in measurement of fair value	Range	The fair value impact of input variables, which are unobservable in measurement of fair value
Financial assets:						
Financial assets measured at FVTPL						
Debt securities	3,413,753,329	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value increases. If a correlation increases, fair value increases. In some opposite cases, an inverse phenomenon is found.
Equity securities	941,432,786	Monte Carlo Simulation model, Hull-White 1 factor model, DCF	Stock price, interest rates, exercise price, growth rate, discount rate, etc	Volatility, growth rate, discount rate, etc.	Volatility : 1 ~ 25% growth rate : -1~ +1% discount rate: 9.41 ~ 18.06% liquidation rate: -1 ~ 1%	If volatility increases, fair value change increases.. If a growth rate increases, fair value increases. If a discount rate or liquidity rate increases, fair value decreases.
Loans	1,234,504,319	DCF model, etc.	Discount rate, etc.	Discount rate, etc.	Discount rate : 3.11 ~ 9.63%	If a discount rate increases, fair value decreases.
Others	1,685,296,904	DCF model, etc.	Discount rate, etc.	Discount rate, etc.		
Derivative assets held for trading purpose	641,935,071	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model, etc	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value increases. If a correlation increases, fair value increases. In some opposite cases, an inverse phenomenon is found.
Financial assets measured at FVOCI:						
Equity securities	163,855,794	DCF model, market value approach	Growth rate, discount rate, etc.	Growth rate, discount rate, etc.	Growth rate : 0.0 ~ 2.0% Discount rate : 9.6 ~ 17.07%	If a growth rate increases, fair value increases. If a discount rate decreases, fair value increases
Total	8,080,838,203					
Financial liabilities:						
Financial liabilities measured at FVTPL	1,159,791,489	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model, etc	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value increases. If a correlation increases, fair value increases. In some opposite cases, an inverse phenomenon is found.
Financial liabilities designated as measured at FVTPL	8,079,634,169	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model, etc	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value increases. If a correlation increases, fair value increases. In some opposite cases, an inverse phenomenon is found.
Total	9,239,425,658					

<December 31, 2019>

Classification	Fair value	Valuation method	Input variables	Input variables, which are significant but unobservable in measurement of fair value	Range	The fair value impact of input variables, which are unobservable in measurement of fair value
Financial assets:						
Financial assets measured at FVTPL						
Debt securities	3,828,958,686	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value increases. If a correlation increases, fair value increases. In some opposite cases, an inverse phenomenon is found.
Equity securities	614,871,704	Monte Carlo Simulation model, Hull-White 1 factor model, DCF	Stock price, interest rates, exercise price, growth rate, discount rate, etc.	Volatility, growth rate, discount rate, etc.	Volatility : 1 ~ 35% discount rate : 11.03 ~ 18.34% growth rate : -1 ~ +1%	If volatility increases, fair value change increases.. If a growth rate increases, fair value increases. If a discount rate increases, fair value decreases.
Loans	435,079,026	DCF model, etc.	Discount rate, etc.	Discount rate, etc.	Discount rate: 1.32 ~ 1.47%	If a discount rate increases, fair value decreases.
Others	956,185,673	DCF model, etc.	Discount rate, etc.	Discount rate, etc.		
Derivative assets held for trading purpose	583,601,316	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value increases. If a correlation increases, fair value decreases. In some opposite cases, an inverse phenomenon is found.
Financial assets measured at FVOCI:						
Equity securities	131,250,642	DCF model, market value approach	Growth rate, discount rate, etc.	Growth rate, discount rate, etc.	Growth rate : 0 ~ 2% Liquidation rate: -1.00 ~ 1.00% Discount rate: 9.4 ~ 17.37%	If a growth rate or liquidity rate increases, fair value increases. If a discount rate decreases, fair value increases.
Total	6,549,947,047					
Financial liabilities:						
Financial liabilities measured at FVTPL	578,641,304	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value increases. If a correlation increases, fair value decreases. In some opposite cases, an inverse phenomenon is found.
Financial liabilities designated as measured at FVTPL	8,760,679,690	Black-Scholes model, Hull-White 1 factor model, DCF, Gaussian 1 factor model	Volatility, discount rate, stock price, exchange rate, interest rates, CDS premium, correlation, etc.	Volatility, correlation	Volatility : 0 ~ 100% Correlation : -1 ~ +1	If volatility increases, fair value increases. If a correlation increases, fair value decreases. In some opposite cases, an inverse phenomenon is found.
Total	9,339,320,994					

46-5. Changes in the fair value of Level 3 financial instruments for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Beginning balance	Profit (loss)	Other comprehensive income (loss)	Purchased /issued	Sales /repayment	Transfer	Increase from business combination (*1)	Ending balance
Financial assets:								
Financial assets measured at FVTPL								
Debt securities	3,828,958,686	172,362,549	-	2,487,475,564	(3,430,354,611)	100,828,736	254,482,405	3,413,753,329
Equity Securities	614,871,704	4,252,403	-	1,126,929,634	(893,013,279)	(25,863,141)	114,255,465	941,432,786
Loans	435,079,026	(33,229,144)	-	1,625,616,903	(1,093,944,616)	-	300,982,150	1,234,504,319
Others	956,185,673	13,633,447	-	6,145,146,791	(5,429,669,007)	-	-	1,685,296,904
Derivative assets held for trading purpose	583,601,316	132,522,529	-	381,153,168	(455,281,942)	-	-	641,995,071
Financial assets measured at FVOCI								
Equity securities	131,250,642	-	26,018,016	6,587,136	-	-	-	163,855,794
Financial liabilities:								
Financial liabilities measured at FVTPL								
Financial liabilities designated as measured at FVTPL	8,760,679,690	(178,563,409)	(6,450,643)	6,983,182,903	(7,479,214,372)	-	-	8,079,634,169

<2019>

Classification	Beginning balance	Profit (loss)	Other comprehensive income (loss)	Purchased /issued	Sales /repayment	Transfer	Increase from business combination (*1)	Ending balance
Financial assets:								
Financial assets measured at FVTPL								
Debt securities	2,108,548,434	(8,909,585)	-	2,648,280,841	(2,252,301,513)	(13,601,642)	1,346,942,151	3,828,958,686
Equity Securities	214,840,063	23,669,582	-	796,520,889	(766,731,939)	2,696,120	343,876,989	614,871,704
Loans	130,647,049	1,835,129	-	1,076,519,870	(845,937,293)	-	72,014,271	435,079,026
Others	883,079,410	16,744,134	-	3,516,392,710	(3,460,030,581)	-	-	956,185,673
Derivative assets held for trading purpose	497,896,517	183,122,050	-	269,497,756	(366,915,007)	-	-	583,601,316
Financial assets measured at FVOCI								
Equity securities	123,436,749	-	7,813,893	-	-	-	-	131,250,642
Financial liabilities:								
Financial liabilities measured at FVTPL								
Financial liabilities designated as measured at FVTPL	760,599,429	(424,740,408)	-	267,817,609	(25,035,326)	-	-	578,641,304
Financial liabilities designated as measured at FVTPL	8,683,308,818	837,440,083	(11,007,775)	6,043,941,742	(6,793,003,178)	-	-	8,760,679,690

(\*1) Changes in entities consolidated from purchase commitment are included

46-6. Total gains or losses recognized in profit or loss of changes in the fair value hierarchy Level 3, and the line item in profit or loss in which those gains or losses are recognized for the years ended December 31, 2020 and 2019 are as follows (Korean won in thousands):

<2020>

Classification	Profit or loss recognized during the reporting period	Profit or loss recognized related to financial instruments held at the end of the reporting period
Gain on financial instruments measured at FVTPL	(127,957,056)	(18,449,704)
Loss on financial assets designated as measured at FVTPL	178,563,409	177,400,244
Ending balance	50,606,353	158,950,540

<2019>

Classification	Profit or loss recognized during the reporting period	Profit or loss recognized related to financial instruments held at the end of the reporting period
Gain on financial instruments measured at FVTPL	641,201,718	70,558,055
Loss on financial assets designated as measured at FVTPL	(837,440,083)	(112,712,661)
Ending balance	(196,238,365)	(42,154,606)

46-7. Transfer among the levels of a hierarchy

There were no significant transfers among the levels of a fair value hierarchy for the years ended December 31, 2020 and 2019. The Group recognizes a transfer when an event or a circumstance causing the transfer among the levels of the fair value hierarchy is incurred.

46-8. Sensitivity analysis

Changes in significant unobservable input variables are subject of a sensitivity analysis, which measures the impact on the fair value of financial instruments classified as Level 3. The amount of impact reported as favorable and unfavorable changes as of December 31, 2020 and December 31, 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Favorable	Unfavorable
Financial assets:		
Financial assets measured at FVTPL:		
Debt securities (*1)	36,655,320	(36,437,658)
Equity securities (*2)	13,272,214	(12,331,306)
Loan receivables (*3)	10,612,407	(10,565,851)
Derivative assets held for trading purpose (*4)	1,935,498	(1,935,498)
Financial assets measured at FVOCI (*5)	9,030,234	(6,165,125)
Total	71,505,673	(67,435,438)
Financial liabilities:		
Financial liabilities measured at FVTPL (*4)	4,840,104	(4,840,104)
Financial liabilities designated as measured at FVTPL(*4)	5,159,456	(5,159,456)
Total	9,999,560	(9,999,560)



<December 31, 2019>

Classification	Favorable	Unfavorable
Financial assets:		
Financial assets measured at FVTPL:		
Debt securities (*1)	36,104,514	(35,715,296)
Equity securities (*2)	7,698,061	(6,863,865)
Loan receivables (*3)	4,178,890	(4,178,890)
Derivative assets held for trading purpose (*4)	2,175,629	(2,175,629)
Financial assets measured at FVOCI (*5)	5,146,882	(3,146,489)
Total	55,303,976	(52,080,169)
Financial liabilities:		
Financial liabilities measured at FVTPL (*4)	2,447,075	(2,447,075)
Financial liabilities designated as measured at FVTPL(*4)	6,862,616	(6,862,616)
Total	9,309,691	(9,309,691)

(\*1) Changes in fair value of debt securities are calculated by increasing/decreasing growth rate (-1.0~1.0%) and discount rate, which are main unobservable inputs. For convertible private placement bonds, favourable and unfavourable changes in fair value are calculated by increasing or decreasing the price (-10.0~10.0%) and variability (-10.0~10.0%) of underlying assets which are the main unobservable inputs.

(\*2) Changes in the fair value of equity securities are calculated by increasing/decreasing a growth rate (-1.0~1.0%) and a discount rate (9.41% ~ 18.06%) or a liquidation rate (-1.0~1.0%) which are the main unobservable input variables.

(\*3) Favourable or unfavourable changes in fair value of loan receivables are calculated by increasing or decreasing discount rate (3.11~9.63%) which are the main unobservable input variables.

(\*4) ① Changes in fair value of derivatives and financial instruments measured at FVTPL are calculated by increasing (favorable change) or decreasing (unfavorable change) 1% point of variability of an underlying asset, the main unobservable input variable. ② Positions with reciprocal risk hedging effects were excluded.

(\*5) Changes in fair value of equity securities are calculated by increasing or decreasing the growth rate (0.0~2.0%) and discount rate (9.6~17.07%) which are

the main unobservable input variables.

46-9. Valuation processes of fair values of financial instruments classified as level 3

When measuring the fair values of financial instruments, the Group uses prices assessed by outside appraisers or internally calculated prices. Valuation methods were decided by its risk management committee. When internally evaluating financial products classified as level 3, the Group receives a valuation module from an outside appraiser and calculates the theoretical values of the financial products. Input variables used in measuring fair values were determined by discussion and verification of asset management department and risk management department, and the appropriateness of the variables were reviewed at ordinary times.

46-10. The fair value hierarchy of financial instruments not measured at fair value in the consolidated statements of financial position but disclosed at the fair value as of December 31, 2020 and December 31, 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	66,334	2,217,978,947	-	2,218,045,281
Loan receivables	-	-	4,047,695,317	4,047,695,317
Others	-	-	1,828,058,107	1,828,058,107
Total	66,334	2,217,978,947	5,875,962,012	8,094,007,293
Financial liabilities:				
Deposits received	-	-	3,381,181,220	3,381,181,220
Borrowings	-	8,112,468,513	564,368,280	8,676,836,793
Bonds	-	2,005,687,882	2,171,696,329	4,177,384,211
Others	-	-	2,498,251,887	2,498,251,887
Total	-	10,118,156,395	8,615,497,716	18,733,654,111

<December 31, 2019>

Classification	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	56,031	3,337,889,887	-	3,337,945,918
Loan receivables	-	-	1,551,203,259	1,551,203,259
Others	-	-	1,320,590,612	1,320,590,612
Total	56,031	3,337,889,887	2,871,793,871	6,209,739,789
Financial liabilities:				
Deposits received	-	-	1,621,335,428	1,621,335,428
Borrowings	-	5,262,196,180	4,867,028	5,267,063,208
Bonds	-	897,230,712	2,053,027,342	2,950,258,054
Others	-	-	1,454,349,135	1,454,349,135
Total	-	6,159,426,892	5,133,578,933	11,293,005,825

46-11. The fair value, valuation method and input variables for financial instruments recognized at fair value hierarchy level 2, not measured at fair value in the consolidated statement of financial position but disclosed at fair value as of December 31, 2020 and 2019 are as follows.(Korean won in thousands):

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Cash and due from banks	2,217,978,947	DCF model, etc	Credit spreads, other spreads, etc.
Financial liabilities:			
Borrowings	8,112,468,513	DCF model, etc	Other spreads
Bonds	2,005,687,882	DCF model, etc	Other spreads, implied default rates
Total	10,118,156,395		

<December 31, 2019>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Cash and due from banks	3,337,889,887	DCF model, etc	Credit spreads, other spreads, etc.
Financial liabilities:			
Borrowings	5,262,196,180	DCF model, etc	Other spreads
Bonds	897,230,712	DCF model, etc	Other spreads, implied default rates
Total	6,159,426,892		

46-12. The fair value, valuation method and input variables for financial instruments recognized at fair value hierarchy level 3, not measured at fair value in the consolidated statement of financial position but disclosed at fair value as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Loan receivables	4,047,903,905	DCF model, etc.	Credit spreads, other spreads, early repayment ratio etc.
Others	1,828,058,107	(*1)	
Total	5,875,962,012		
Financial liabilities:			
Deposits received	3,381,181,220	(*1)	
Borrowings	564,368,280	DCF model, etc.	
Bonds	2,171,696,329	DCF model, etc.	
Others	2,498,251,887	(*1)	
Total	8,615,497,716		

<December 31, 2019>

Classification	Fair value	Valuation method	Input variables
Financial assets:			
Loan receivables	1,551,203,259	DCF model, etc.	Credit spreads, other spreads, early repayment ratio etc.
Others	1,320,590,612	(*1)	
Total	2,871,793,871		
Financial liabilities:			
Deposits received	1,621,335,428	(*1)	
Borrowings	4,867,028	DCF model, etc.	
Bonds	2,053,027,342	DCF model, etc.	
Others	1,454,349,135	(*1)	
Total	5,133,578,933		

47. Changes in deferred day 1 profit or loss

Changes in deferred day 1 profit or loss for the years ended December 31, 2020 and 2019 are summarized as follows (Korean won in thousands):

<2020>

Classification	Assets	Liabilities
Beginning balance	41,606,914	90,638,220
Increase	33,897,364	170,240,182
Amortization	(21,926,237)	(55,115,732)
Repayment	(13,957,053)	(58,471,756)
Ending balance	39,620,988	147,290,914

<2019>

Classification	Assets	Liabilities
Beginning balance	41,785,267	79,299,565
Increase	34,658,478	110,509,887
Amortization	(33,566,441)	(89,834,537)
Repayment	(1,270,390)	(9,336,695)
Ending balance	41,606,914	90,638,220

#### 48. Categories of financial assets and financial liabilities

48-1. The carrying amounts of each category of financial assets as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Financial assets mandatorily measured at FVTPL under KIFRS 1109	Financial assets measured at FVOCI under KIFRS 1109	Equity securities designated as measured at FVOCI	Financial assets at amortized cost	Total
Financial assets:					
Cash and due from banks	-	-	-	2,218,045,281	2,218,045,281
Financial assets measured at FVTPL	25,100,960,575	-	-	-	25,100,960,575
Financial assets measured at FVOCI	-	1,664,340,422	163,855,794	-	1,828,196,216
Loan receivables	-	-	-	4,047,695,317	4,047,695,317
Others	-	-	-	1,828,058,107	1,828,058,107
Total	25,100,960,575	1,664,340,422	163,855,794	8,093,798,705	35,022,955,496

<December 31, 2019>

Classification	Financial assets mandatorily measured at FVTPL under KIFRS 1109	Financial assets measured at FVOCI under KIFRS 1109	Equity securities designated as measured at FVOCI	Financial assets at amortized cost	Total
Financial assets:					
Cash and due from banks	-	-	-	3,337,945,918	3,337,945,918
Financial assets measured at FVTPL	20,215,779,613	-	-	-	20,215,779,613
Financial assets measured at FVOCI	-	1,111,098,312	131,250,642	-	1,242,348,954
Loan receivables	-	-	-	1,553,906,866	1,553,906,866
Others	-	-	-	1,320,590,612	1,320,590,612
Total	20,215,779,613	1,111,098,312	131,250,642	6,212,443,396	27,670,571,963

48-2. The carrying amounts of each category of financial liabilities as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Financial liabilities measured at FVTPL	Financial liabilities designated as measured at FVTPL	Financial liabilities at amortized cost	Total
Financial liabilities:				
Financial liabilities measured at FVTPL	2,850,511,583	-	-	2,850,511,583
Financial liabilities designated as measured at FVTPL	-	9,477,443,113	-	9,477,443,113
Deposits received	-	-	3,381,181,220	3,381,181,220
Borrowings	-	-	8,678,930,876	8,678,930,876
Bonds	-	-	4,118,545,021	4,118,545,021
Others	-	-	2,498,251,887	2,498,251,887
Total	2,850,511,583	9,477,443,113	18,676,909,004	31,004,863,700

<December 31, 2019>

Classification	Financial liabilities measured at FVTPL	Financial liabilities designated as measured at FVTPL	Financial liabilities at amortized cost	Total
Financial liabilities:				
Financial liabilities measured at FVTPL	1,763,373,030	-	-	1,763,373,030
Financial liabilities designated as measured at FVTPL	-	11,036,027,503	-	11,036,027,503
Deposits received	-	-	1,621,335,428	1,621,335,428
Borrowings	-	-	5,270,921,197	5,270,921,197
Bonds	-	-	2,931,573,296	2,931,573,296
Others	-	-	1,454,349,135	1,454,349,135
Total	1,763,373,030	11,036,027,503	11,278,179,056	24,077,579,589



#### 49. Offsetting financial assets and liabilities

##### 49-1. Financial assets that are not fully derecognized

Transferred financial assets that are not fully derecognized as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

Classification		December 31, 2020	December 31, 2019
Transferred assets	Financial assets measured at FVTPL	5,613,827,883	3,761,403,410
	Financial assets measured at FVOCI	915,924,247	89,830,865
	Total	6,529,752,130	3,851,234,275
Related liabilities	Bonds sold under repurchase agreements	6,164,562,596	3,666,054,169

49-2. Details of financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Gross amounts of financial assets recognized	Gross amounts of financial liabilities recognized and set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related non-offset amounts in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral received	
Derivative assets	2,195,582,101	-	2,195,582,101	(1,279,281,903)	(57,363,552)	858,936,646
bonds purchased under repurchase agreements	1,208,600,000	-	1,208,600,000	(1,208,600,000)	-	-
Other accounts receivable (*1)	1,365,120,265	(624,172,316)	740,947,949	-	-	740,947,949
Total	4,769,302,366	(624,172,316)	4,145,130,050	(2,487,881,903)	(57,363,552)	1,599,884,595

(\*1) Accounts receivable on the Korea Exchange related to the brokerage and self-account transaction is included.

<December 31, 2019>

Classification	Gross amounts of financial assets recognized	Gross amounts of financial liabilities recognized and set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related non-offset amounts in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral received	
Derivative assets	1,211,381,530	-	1,211,381,530	(726,470,925)	(31,409,547)	453,501,058
Other accounts receivable (*1)	231,227,421	(212,909,905)	18,317,516	-	-	18,317,516
Total	1,442,608,951	(212,909,905)	1,229,699,046	(726,470,925)	(31,409,547)	471,818,574

(\*1) Accounts receivable on the Korea Exchange related to the brokerage and self-account transaction is included.

49-3. Details of financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	Gross amounts of financial assets recognized	Gross amounts of financial assets recognized and set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related non-offset amounts in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral received	
Derivative liabilities	2,475,430,519	-	2,475,430,519	(1,993,309,581)	(4,132,398)	477,988,540
bonds purchased under repurchase agreements	6,164,562,596	-	6,164,562,596	(6,164,562,596)	-	-
Securities sold	124,746,879	-	124,746,879	(124,746,879)	-	-
Other accounts payable (*1)	1,362,062,166	(624,172,316)	737,889,850	-	-	737,889,850
Total	10,126,802,160	(624,172,316)	9,502,629,844	(8,282,619,056)	(4,132,398)	1,215,878,390

(\*1) Accounts receivable on the Korea Exchange related to the brokerage and self-account transaction is included.

<December 31, 2019>

Classification	Gross amounts of financial assets recognized	Gross amounts of financial assets recognized and set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related non-offset amounts in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral received	
Derivative liabilities	1,039,844,984	-	1,039,844,984	(947,925,758)	(21,257,111)	70,662,115
bonds purchased under repurchase agreements	3,666,054,169	-	3,666,054,169	(3,666,054,169)	-	-
Securities sold	499,524,274	-	499,524,274	(499,524,274)	-	-
Other accounts payable (*1)	212,909,905	(212,909,905)	-	-	-	-
Total	5,418,333,332	(212,909,905)	5,205,423,427	(5,113,504,201)	(21,257,111)	70,662,115

(\*1) Accounts receivable on the Korea Exchange related to the brokerage and self-account transaction is included.

## 50. Risk management

The Group is exposed to credit risk, liquidity risk, market risk and operational risk of its financial instruments. Risk management is the basic activities to use the Group's limited capital effectively under the rapidly changing financial circumstances. The ultimate goal of risk management is to maximize the Group's shareholder value by minimizing the sudden fluctuation of its income through a proper balance between risks and returns.

The basic policies for managing the risk are as follows:

- (i) Set the limits and comply with them for each risk, and strike a balance between risk and return.
- (ii) When a conflict exists between risk and return, the Group should seek to increase return without exceeding the risk limits.
- (iii) Spread the risks to prevent them from being concentrated in specific areas.
- (iv) Analyze the effect of various market fluctuations on parts of or entire portfolio on a regular basis.
- (v) Separate risk management segment, operating segment, and segment that deals with trade confirmation and payments to maintain independence from one another.

Risk management committee is responsible for setting maximum permissible limits for each risk, and the risk management conference is responsible for checking compliance with the limit and the risk levels on a monthly basis.

Risk management committee is the top decision-making body within the Board of Directors for risk management. Through risk management committee, the Group establishes the control system of risk management from top management to operating segment. Risk management conference is a subordinate committee for risk management and practices risk management by the business unit in detail.

Risk management center consists of risk management department (manages market risk, interest rate risk/liquidity, operational risk and internal capital), credit risk management department and OTC derivatives management department . Risk management center deals with risk monitoring, risk measurement, identifications of assets exposed to risk, risk prediction and other tasks.

#### 50-1. Credit risk

Credit risk is a risk incurred due to a loss at the Group because its customers or counterparties fail to discharge their contractual obligations. Credit risk arises from on-balance and off-balance accounts including loans, financial guarantees, securities and derivatives. The purpose to manage credit risk is to control the relevant losses upon counterparties' default, for a certain period, within the allowable range.

Credit risk management is performed by risk management committee, risk management conference and credit risk management department which is a subordinate organization of risk management center.

Risk management committee establishes a risk management strategy through the periodical report on asset management and portfolio construction. Risk management conference is delegated to deal with all the matters concerning credit risk by risk management committee. Credit risk management department, which is separated from operating segments, manages the overall credit risk of the Group and operates the credit risk management system.

#### 50-1-1. Credit risk management

The Group's credit risk management is as follows :

##### 50-1-1-1. Loan receivables

###### 50-1-1-1-1. Managing credit limits and distribution

Annually performing a comprehensive analysis on economic environments and changes, the Group reduces credit concentration by setting credit limits on same personnel, group, ranks, and financial instruments to ensure asset quality. In addition, the Group sets and allocates risk limits by corporate financial sector, asset management division, sub-headquarters, and departments, and manages compliance status through regular measurement.

###### 50-1-1-1-2. Risk Monitoring and early warning system

The Group measures and manages risk indicators of each operating segment. Also, the Group uses an early warning system and regularly examines the companies whose credit ratings are likely to be degraded.

###### 50-1-1-1-3. Credit risk evaluation system

As for the corporate financing segment, the Group operates a detailed credit risk evaluation model which subdivides the companies into two groups depending on whether the statutory audit is compulsory or not to separately consider the characteristics of borrowers. As for the asset management segment, the Group subdivides the credit information provided by NICE Information Service and others according to customer-specific characteristics.

###### 50-1-1-1-4. Credit offering evaluation

For large-scale credit offerings, the Group operates a subsequent management process that regularly checks the credit status of the borrower and the appropriateness of the credit evaluation after approval of the credit offering. In addition, the Group conducts intensive reviews of industries or specific groups with increasing credit risk as a result of risk index analysis, and conducts a sample

review of small credit offerings.

#### 50-1-1-2. Debt securities

The Group controls credit exposure of debt securities by either the ratings of creditworthiness by credit rating agencies or its own rating. The debt securities are held as a means of maintaining resources in order to keep a high credit rating as well as to meet the demands of financing.

#### 50-1-2. Risk reduction policy

##### 50-1-2-1. Collateral

The Group manages various policies and practices so as to reduce credit risks. Acquisition of collateral on loans is the conventional method to reduce credit, and collaterals for secured loans are mainly deposits and financial instruments such as debt securities or equity securities. Collaterals on financial assets other than loans are decided by the attributes of the financial instruments. Debt securities are usually unsecured; asset backed securities or other similar instruments are secured by financial instrument portfolio.

##### 50-1-2-2. Derivatives

The Group maintains a strict limit on both the amounts and the periods for the net open position (the difference between total open long and open short positions) of the derivative contracts. Considering the notional exposure, the amount exposed to credit risk remains within small limits. Credit exposure is managed and controlled through limiting the counterparty risks such as latent exposure to market fluctuations. For the derivatives, the Group does not usually acquire collaterals except for the cases when demanding guarantee trading deposits from the counterparties. Payment risks occur in all cases in which the Group pays by cash or securities and receives cash or securities in return.

##### 50-1-2-3. Master netting arrangement

The Group limits credit exposure by entering into a 'master netting agreement'

with the counterparties in high volume trading. Generally such an agreement is settled by gross, and therefore assets and liabilities related to it are not offset in the consolidated statement of financial position. However, in case the remaining contracts are settled net at the end because default occurs, credit risk related to profitable contracts decreases. Due to the impact of individual trades, total credit exposure can vary substantially in the short term.

#### 50-1-3. Maximum exposure to credit risk

The Group does not consider risk reduction obtained by collaterals or other, but takes impairment losses and offsets into accounts in the table below. Equity securities in the financial assets measured at FVTPL and financial assets measured at FVOCI are excluded. The maximum exposure to credit risk as of December 31, 2020 and 2019 is as follows (Korean won in thousands) :

Classification	December 31, 2020	December 31, 2019
On balance accounts:		
Cash equivalents and Due from banks	2,217,978,947	3,337,889,887
Financial assets measured at FVTPL	20,745,094,534	15,821,058,462
Financial assets measured at FVOCI	1,664,340,422	1,111,098,312
Loan receivables	4,047,695,317	1,553,906,866
Others	1,828,058,107	1,320,590,612
Total	30,503,167,327	23,144,544,139
Off balance accounts:		
Payment guarantees and purchase commitments	1,698,811,638	2,403,464,874

50-1-4. Carrying amounts of loans by internal credit rating

Carrying amounts of loans by internal credit rating in accordance with the loss allowance measurement method as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Household loans				
Grade 1	-	-	-	-
Grade 2	-	-	-	-
Grade 3	-	-	-	-
Others (*)	1,553,231,079	-	6,939,591	1,560,170,670
Subtotal	1,553,231,079	-	6,939,591	1,560,170,670
Corporate loans				
Grade 1	1,657,499,327	-	-	1,657,499,327
Grade 2	562,590,027	-	-	562,590,027
Grade 3	19,942,000	-	26,633,102	46,575,102
Others (*)	264,577,825	-	-	264,577,825
Subtotal	2,504,609,179	-	26,633,102	2,531,242,281
Total	4,057,840,258	-	33,572,693	4,091,412,951

<December 31, 2019>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Household loans				
Grade 1	-	-	-	-
Grade 2	-	-	-	-
Grade 3	-	-	-	-
Others (*)	1,164,072,062	-	3,343,484	1,167,415,546
Subtotal	1,164,072,062	-	3,343,484	1,167,415,546
Corporate loans				
Grade 1	162,626,675	-	-	162,626,675
Grade 2	172,755,000	-	-	172,755,000
Grade 3	2,297,590	-	-	2,297,590
Others (*)	53,263,488	-	3,205,437	56,468,925
Subtotal	390,942,753	-	3,205,437	394,148,190
Total	1,555,014,815	-	6,548,921	1,561,563,736

(\*) Borrowers that are not graded internally are classified as others.



The Group classifies the grade of loan in accordance with the credit rating chart below, based on the credit worthiness of borrowers.

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less or equal to 1.55% of PD rate applied	Less or equal to 1.07% of PD rate applied	Less or equal to 1.28% of PD applied
Grade 2	Less or equal to 16.52% of PD rate applied	Less or equal to 12.58% of PD rate applied	Less or equal to 14.30% of PD applied
Grade 3	From 16.52% to 100% of PD rate applied	From 12.58% to 100% of PD rate applied	From 14.30% to 100% of PD applied

#### 50-1-5. Carrying amounts of debt securities by internal credit rating

Carrying amounts of loans of financial assets measured at FVOCI by internal credit rating in accordance with the loss allowance measurement method as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

#### <December 31, 2020>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Financial assets measured at FVOCI:				
Grade 1	1,664,340,422	-	-	1,664,340,422
Grade 2	-	-	-	-
Grade 3	-	-	-	-
Total	1,664,340,422	-	-	1,664,340,422

#### <December 31, 2019>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Financial assets measured at FVOCI:				
Grade 1	1,111,098,312	-	-	1,111,098,312
Grade 2	-	-	-	-
Grade 3	-	-	-	-
Total	1,111,098,312	-	-	1,111,098,312

The credit ratings of debt securities based on the internal rating used by the Group and credit ratings by external credit rating agencies are as follows:

Classification	Internal credit rating (Corp)	Domestic rating agencies	Overseas rating agencies		
			Moody's	S&P	Fitch
Grade 1	A1 ~ A7	AAA ~ A-	Aaa ~ Baa2	AAA ~ BBB	AAA ~ BBB
Grade 2	B1 ~ B6	BBB+ ~ BB	Baa3 ~ B3	BBB- ~ B-	BBB- ~ B-
Grade 3	C1 ~ C3	BB- ~ B-	Caa1 ~ Caa3	CCC+ ~ CCC-	CCC+ ~ CCC-

#### 50-1-6. Off-balance-sheet items

Exposures of off-balance-sheet items by internal credit rating in accordance with the loss allowance measurement method as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Off balance accounts:				
Grade 1	1,358,608,838	-	-	1,358,608,838
Grade 2	335,204,821	-	-	335,204,821
Grade 3	4,997,979	-	-	4,997,979
Total	1,698,811,638	-	-	1,698,811,638

<December 31, 2019>

Classification	12-month expected credit loss	Life time expected credit loss		Total
		Non credit-impaired loan	Credit-impaired loans	
Off balance accounts:				
Grade 1	1,728,609,874	-	-	1,728,609,874
Grade 2	674,855,000	-	-	674,855,000
Grade 3	-	-	-	-
Total	2,403,464,874	-	-	2,403,464,874

The credit ratings of off-balance-sheet items based on the internal rating used by the Group and credit ratings by external credit rating agencies are as follows.

Classification	Internal credit rating (Corp)	Domestic rating agencies	Overseas rating agencies		
			Moody's	S&P	Fitch
Grade 1	A1 ~ A7	AAA ~ A-	Aaa ~ Baa2	AAA ~ BBB	AAA ~ BBB
Grade 2	B1 ~ B6	BBB+ ~ BB	Baa3 ~ B3	BBB- ~ B-	BBB- ~ B-
Grade 3	C1 ~ C3	BB- ~ B-	Caa1 ~ Caa3	CCC+ ~ CCC-	CCC+ ~ CCC-

#### 50-1-7. Credit risk concentration

50-1-7-1. Credit risk concentration of cash equivalents and debt securities, loans receivable, commitment in each major industry as of December 31, 2020 and 2019 is as follows (Korean won in thousands):

<December 31, 2020>

Classification	Industry	Korean won	Foreign currency	Total	
				Amount	Ratio(%)
On balance accounts:					
Cash equivalents and deposit	Financial services	1,294,745,308	923,233,639	2,217,978,947	100.0
Financial assets measured at FVTPL	Financial services	7,679,011,453	1,333,647,985	9,012,659,438	53.8
	Manufacturing	1,524,895,762	124,183,469	1,649,079,231	9.8
	Public administration	2,751,192,546	235,036,258	2,986,228,804	17.8
	Construction	87,640,667	66,520,897	154,161,564	0.9
	Wholesale & retail	208,284,741	-	208,284,741	1.2
	Others	2,076,794,150	660,391,124	2,737,185,274	16.5
	Subtotal	14,327,819,319	2,419,779,733	16,747,599,052	100.0
Financial assets measured at FVOCI	Financial services	876,947,104	419,228,492	1,296,175,596	77.9
	Manufacturing	50,787,996	59,352,405	110,140,401	6.6
	Public administration	258,024,425	-	258,024,425	15.5
	Subtotal	1,185,759,525	478,580,897	1,664,340,422	100.0
Loan receivables:					
Household loans		1,560,170,670	-	1,560,170,670	38.5
Corporate loans	Financial services	1,330,737,177	-	1,330,737,177	32.9
	Construction	3,380,679	-	3,380,679	0.1
	Others	1,061,124,425	136,000,000	1,197,124,425	29.6
	Subtotal	2,395,242,281	136,000,000	2,531,242,281	62.6
Deferred loan fees		(629,250)	-	(629,250)	-
Loss allowance		(42,914,576)	(173,808)	(43,088,384)	(1.1)
Subtotal		3,911,869,125	135,826,192	4,047,695,317	100.0

Classification	Industry	Korean won	Foreign currency	Total	
				Amount	Ratio(%)
Total		20,720,193,277	3,957,420,461	24,677,613,738	
Off-balance accounts:					
Payment guarantees and commitment		1,698,811,638	-	1,698,811,638	100.0

<December 31, 2019>

Classification	Industry	Korean won	Foreign currency	Total	
				Amount	Ratio(%)
On balance accounts:					
Cash equivalents and deposit	Financial services	2,598,081,040	739,808,847	3,337,889,887	100.0
Financial assets measured at FVTPL	Financial services	5,879,465,862	1,674,123,565	7,553,589,427	55.7
	Manufacturing	1,267,988,178	314,445,665	1,582,433,843	11.7
	Public administration	1,576,926,743	299,232,558	1,876,159,301	13.8
	Construction	60,626,905	23,605,527	84,232,432	0.6
	Wholesale & retail	306,514,576	-	306,514,576	2.3
	Others	1,962,094,532	185,570,656	2,147,665,188	15.9
	Subtotal	11,053,616,796	2,496,977,971	13,550,594,767	100.0
Financial assets measured at FVOCI	Financial services	805,841,174	11,776,215	817,617,389	73.6
	Manufacturing	40,821,007	5,883,181	46,704,188	4.2
	Public administration	110,613,710	135,761,590	246,375,300	22.2
	Others	401,435	-	401,435	-
	Subtotal	957,677,326	153,420,986	1,111,098,312	100.0
Loan receivables:					
Household loans		1,167,415,546	-	1,167,415,546	75.1
Corporate loans	Financial services	7,805,437	-	7,805,437	0.5
	Manufacturing	11,962,621	-	11,962,621	0.8
	Construction	20,235,675	-	20,235,675	1.3
	Wholesale & retail	20,430,000	-	20,430,000	1.3
	Others	333,714,457	-	333,714,457	21.5
	Subtotal	394,148,190	-	394,148,190	25.4
Loss allowance		(7,656,870)	-	(7,656,870)	(0.5)
Subtotal		1,553,906,866	-	1,553,906,866	100.0
Total		16,163,282,028	3,390,207,803	19,553,489,831	
Off-balance accounts:					
Payment guarantees and purchase commitment		2,403,464,874	-	2,403,464,874	100.0

50-1-7-2. Credit risk concentration of cash equivalents and debt securities, loan receivables, commitment in each country as of December 31, 2020 and 2019 is as follows (Korean won in thousands):

<December 31, 2020>

Classification	Country	Korean won	Foreign currency	Total	
				Amount	Ratio(%)
On balance accounts:					
Cash equivalents and deposit	Korea	1,294,745,308	445,414,378	1,740,159,686	78.5
	U.S.A	-	26,134,763	26,134,763	1.2
	China	-	29,425,208	29,425,208	1.3
	Japan	-	104,106,746	104,106,746	4.7
	Singapore	-	225,540,332	225,540,332	10.2
	Hong Kong	-	26,076,487	26,076,487	1.2
	United Kingdom	-	64,344,397	64,344,397	2.8
	Others	-	2,191,328	2,191,328	0.1
	Subtotal	1,294,745,308	923,233,639	2,217,978,947	100.0
Financial assets measured at FVTPL	Korea	14,327,819,318	1,037,449,632	15,365,268,950	91.7
	U.S.A	-	530,153,963	530,153,963	3.2
	China	-	25,872,034	25,872,034	0.2
	Japan	-	146,149,123	146,149,123	0.9
	Singapore	-	12,653,376	12,653,376	0.1
	Hong Kong	-	13,680,609	13,680,609	0.1
	United Kingdom	-	210,766,790	210,766,790	1.3
	Others	-	443,054,207	443,054,207	2.5
	Subtotal	14,327,819,318	2,419,779,734	16,747,599,052	100.0
Financial assets measured at FVOCI	Korea	1,185,759,524	321,825,472	1,507,584,996	90.6
	Hong Kong	-	79,273,228	79,273,228	4.8
	France	-	77,482,198	77,482,198	4.6
	Subtotal	1,185,759,524	478,580,898	1,664,340,422	100.0
Loan receivables	Korea	3,921,485,286	-	3,921,485,286	96.9
	Others	33,927,665	136,000,000	169,927,665	4.2
	Subtotal	3,955,412,951	136,000,000	4,091,412,951	101.1
Deferred loan fees		(629,250)	-	(629,250)	-
Loss allowance		(42,914,576)	(173,808)	(43,088,384)	(1.1)
Subtotal		3,911,869,125	135,826,192	4,047,695,317	100.0
Total		20,720,193,275	3,957,420,463	24,677,613,738	
Off-balance accounts:					
Payment guarantees and purchase commitment	Korea	1,698,811,638	-	1,698,811,638	100.0

<December 31, 2019>

Classification	Country	Korean won	Foreign currency	Total	
				Amount	Ratio(%)
On balance accounts:					
Cash equivalents and deposit	Korea	2,598,081,040	378,613,556	2,976,694,596	89.1
	U.S.A	-	32,871,577	32,871,577	1.0
	China	-	21,735,654	21,735,654	0.7
	Japan	-	111,206,326	111,206,326	3.3
	Singapore	-	138,820,535	138,820,535	4.2
	Hong Kong	-	50,788,271	50,788,271	1.5
	United Kingdom	-	5,248,404	5,248,404	0.2
	Others	-	524,524	524,524	-
	Subtotal	2,598,081,040	739,808,847	3,337,889,887	100.0
Financial assets measured at FVTPL	Korea	11,053,616,795	1,431,392,748	12,485,009,543	92.1
	U.S.A	-	241,132,316	241,132,316	1.8
	China	-	69,969,914	69,969,914	0.5
	Japan	-	189,711,609	189,711,609	1.4
	Hong Kong	-	48,592,077	48,592,077	0.4
	Singapore	-	126,126,452	126,126,452	0.9
	Others	-	390,052,855	390,052,855	2.9
	Subtotal	11,053,616,795	2,496,977,971	13,550,594,766	100.0
Financial assets measured at FVOCI	Korea	957,677,325	11,776,215	969,453,540	87.3
	U.S.A	-	141,644,772	141,644,772	12.7
	Subtotal	957,677,325	153,420,987	1,111,098,312	100.0
Loan receivables	Korea	1,560,563,736	-	1,560,563,736	100.4
	Others	1,000,000	-	1,000,000	0.1
	Subtotal	1,561,563,736	-	1,561,563,736	100.5
Loss allowance		(7,656,870)	-	(7,656,870)	(0.5)
Subtotal		1,553,906,866	-	1,553,906,866	100.0
Total		16,163,282,026	3,390,207,805	19,553,489,831	
Off-balance accounts:					
Payment guarantees and purchase commitment	Korea	2,403,464,874	-	2,403,464,874	100.0

## 50-2. Liquidity risk

The Group defines liquidity risk as the possibility of incurring losses due to a temporary shortage in funds caused by a maturity mismatch or an unexpected capital outlay. Liquidity risk soars when funding rates rise, assets are sold below a normal price, or a good investment opportunity is missed. The purpose to manage the liquidity risk is to early identify the potential risk factors upon raising and operating the Group's funds and to obtain a stable revenue base maintaining an appropriate level of the Group's liquidity by systematically managing the risk.

The targets of the liquidity risk management are all assets and liabilities outstanding in the Group's consolidated statement of financial position.

The Group's principles of the liquidity risk management are as follows:

- A.. Set up and comply with tolerable limits to liquidity risk.
- B.. Prepare beforehand for insufficient liquidity by regularly forecasting cash requirements.
- C.. Establish an emergency plan against a liquidity crisis to prepare an unexpected liquidity risk.
- D.. Evaluate and manage the effect of a large amount of money that is loaned out, invested, or procured on liquidity risks.

50-2-1. The maturity of financial liabilities as of December 31, 2020 and 2019 is summarized as follows (Korean won in thousands):

<December 31, 2020>

Period	Within 3 months	After 3 months but no later than 1 year	After 1 year but no later than 5 years	After 5 years	Total
On balance accounts:					
Financial liabilities measured at FVTPL	2,850,511,583	-	-	-	2,850,511,583
Financial liabilities designated as measured at FVTPL	708,227,726	1,028,639,282	5,177,425,899	2,563,150,207	9,477,443,114
Deposits received	3,381,181,220	-	-	-	3,381,181,220
Borrowings(*1)	6,529,604,008	2,166,662,618	1,602,211	-	8,697,868,837
Bonds(*1)	1,941,883,812	440,886,351	1,433,477,293	468,664,193	4,284,911,649
Others	1,835,832,700	236,771	4,898,307	282,103,009	2,123,070,787
Total	17,247,241,049	3,636,425,022	6,617,403,710	3,313,917,409	30,814,987,190
Off-balance accounts:					
Commitment(*2)	1,698,811,638	-	-	-	1,698,811,638

(\* 1) Includes cash flows of both principal and interest.

(\*2) The exposure amount for purchase commitments (such as private equity takeovers, guaranteed securities takeovers, loan guarantees, payment guarantees, etc.) that are likely to be exposed to liquidity risk is the maximum amount that a financial institution is required to pay under contract, and is obligated to pay. It is classified as maturity within 3 months, which is the earliest section that can be asked to fulfill.



<December 31, 2019>

Period	Within 3 months	After 3 months but no later than 1 year	After 1 year but no later than 5 years	After 5 years	Total
On balance accounts:					
Financial liabilities measured at FVTPL	1,763,373,030	–	–	–	1,763,373,030
Financial liabilities designated as measured at FVTPL	657,123,002	839,342,220	6,772,665,871	2,766,896,410	11,036,027,503
Deposits received	1,621,335,428	–	–	–	1,621,335,428
Borrowings(*1)	3,798,395,679	1,498,839,365	641	–	5,297,235,685
Bonds(*1)	2,306,508,279	42,258,787	342,828,798	302,055,183	2,993,651,047
Others	1,278,437,131	3,109,828	3,190,463	141,126,712	1,425,864,134
Total	11,425,172,549	2,383,550,200	7,118,685,773	3,210,078,305	24,137,486,827
Off-balance accounts:					
Commitment(*2)	2,403,464,874	–	–	–	2,403,464,874

(\* 1) Includes cash flows of both principal and interest.

(\*2) The exposure amount for purchase commitments (such as private equity takeovers, guaranteed securities takeovers, loan guarantees, payment guarantees, etc.) that are likely to be exposed to liquidity risk is the maximum amount that a financial institution is required to pay under contract, and is obligated to pay. It is classified as maturity within 3 months, which is the earliest section that can be asked to fulfill.

### 50-3. Market risk

Market risk is a risk incurred when the fair value or future cash flows of financial instruments fluctuates due to the changes in market variables such as interest rates, equity prices, and exchange ratios in the market and so on.

The purpose of market risk management is to maintain the loss of assets and liabilities incurred due to changes in market variables such as interest rates, foreign exchanges and equity prices within the allowable limits in order to ensure profitability and stability. Market risk management targets include marketable securities, foreign currency net positions, derivatives and other assets and liabilities with embedded market risks, and in case of the Group, the short-term trading securities of its own accounts are included in the targets. Significant risks exposed to the Group as of the reporting date are interest rate risk, currency risk and equity price risk.

For market risk management, the Group measures and monitors the relevant risk exposures on a regular basis. The Group also establishes and complies with market risk limits, whereby it can manage the exposures arising from changes of market variables within an adequate level.

#### 50-3-1. Trading positions

The trading positions include positions of interest rate, equity price, commodity and foreign exchange held for trading purpose:

- (i) Financial instruments for the purpose of acquiring the differences incurred due to short-term trading or price fluctuations
- (ii) Financial instruments for the purpose of hedging risks
- (iii) Financial instruments for the purpose of acquiring arbitrages
- (iv) Financial instruments for the purpose of acquisition, brokerage, and market-making

The Group's principles to manage the market risk of its trading positions are to measure its market risk status on a regular basis and to establish and comply with the various market risk limits. The Group analyzes whether the return against risk are appropriate by reviewing its profit and risk on a regular basis.

#### 50-3-2. Value at Risk (VaR)

Value at Risk (VaR) is a primary method that manages and measures the degree of market risks of the trading portfolio subject to exposure, which estimates the potential loss of the trading portfolio that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The Group calculates VaR for a standard 10 days in the 99% confidence level. In addition, to account for the method's limited use, a stress test is performed in order to measure the extent of the loss in extreme cases.

#### 50-3-3. Risk type of VaR

Risk type of VaR as of December 31, 2020 and 2019 is summarized as follows (Korean won in thousands):

Classification	December 31, 2020	Average	Min	Max	December 31, 2019
Interest rates risk	23,438,457	27,072,391	10,398,955	37,215,005	11,919,824
Foreign exchange rates risk	2,622,398	5,583,117	550,963	18,951,970	1,133,375
Stock price risk	16,636,841	13,558,491	1,361,882	56,284,311	11,046,900
Total risk	28,885,168	34,538,322	13,574,014	61,564,927	21,799,248

The calculation of the total risk VaR takes into consideration the correlation and diversification effects between each risk factor and therefore, is not the same as the arithmetic additions of all the VaRs.

### 50-3-3-1. Interest rate risk

Interest rate risk of non-trading position is defined as the loss arising when the interest rate fluctuation is unfavorable to interest-sensitive assets and liabilities, resulting from the discrepancies between the maturity structure of assets and liabilities and interest revision period. The Group measures interest rate risk of the following financial instruments:

- A. Interest-earning assets: loans, deposits, bonds and others.
- B. Interest expense liabilities: deposits received, borrowings and others.
- C. Interest sensitive derivatives: interest rate swaps and others.

The purpose of managing interest rate risk of non-trading position is to obtain the net interest income and to ensure the net asset stability which may vary depending on the interest rate.

To manage interest rate risk, the Group mainly monitors the interest rate gap and EVE, and establishes the relevant limits in advance. The interest rate EVE is an estimated maximum loss of net asset due to adverse changes of the interest rate.

Details of interest rate EVE of the Group as of December 31, 2020 and interest rate VaR of the Group as of December 31, 2019 are as follows (Korean won in thousands):

Classification	December 31, 2020	December 31, 2019
△EVE	39,213,215	25,891,772

(\*) Figures as of December 31, 2019 are interest rate VaR.

### 50-3-3-2. Share price risk

Shares in the non-trading position are financial assets measured at FVOCI, and equity pricerisk is a risk incurred when the fair value of equities results in changes

in the level of related revenue and capital. Effects on capital due to fluctuations in the equity price risk as of December 31, 2020 and 2019 are as follows (Korean won in thousands):

<December 31, 2020>

Classification	20% decrease	10% decrease	10% increase	20% increase
Share price risk	(4,485,608)	(2,242,804)	2,242,804	4,485,608

<December 31, 2019>

Classification	20% decrease	10% decrease	10% increase	20% increase
Share price risk	(543,162)	(271,581)	271,581	543,162

### 50-3-3-3. Currency risk concentration

Currency risk is a risk incurred when the value of a financial instrument or future cash flows fluctuates due to changes in foreign exchange rates. Currency risk arises in financial instruments expressed in currencies other than the functional currency. Currency risk does not arise in financial instruments expressed in the functional currency or in non-monetary items measured using historical foreign exchange rates. In order to establish stop loss and limits, the Group manages the foreign exchange net exposure amount of the trading and non-trading portfolios by each currency.

In order to indicate the degree of concentration, net exposure amount for each currency is recorded at the exchange rate ruling at the date of the transaction. Currency risk concentration of financial assets and financial liabilities as of December 31, 2020 and 2019 is as follows. (Korean won in thousands):

#### <December 31, 2020>

Classification	USD	JPY	CNY	EUR	HKD	Others	Total
Concentration of currency risk	946,973,090	140,339,784	71,484,644	1,011,224,379	108,541,085	188,527,612	2,467,090,594

#### <December 31, 2019>

Classification	USD	JPY	CNY	EUR	HKD	Others	Total
Concentration of currency risk	(213,180,043)	53,084,190	59,238,326	576,865,134	80,368,089	27,308,597	583,684,293

#### 50-4. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. Risks related to strategy or damaged reputation are excluded but legal or regulatory implications are identified as operational risks. Operational risk includes non-financial risks related to losses due to internal operational problems and due to externalities such as natural disasters and terrorist attacks. Unlike credit risk or market risk, operational risk does not have a direct correlation with income and the Group needs to mitigate such risk through internal controls and insurance.

The Group measures and monitors its operational risk on a regular basis and complies with the predetermined risk limits, whereby the Group manages and controls its operational risk arising from changes of its operation environments and internal controls within an appropriate level. The Group measures the operational risk exposures using the approaches suitable to the Financial Investment Industry Regulations.

#### 50-5. Capital management

The Group evaluates the internal capital adequacy by calculating the net capital ratio (NCR) in accordance with the Regulation on Financial Investment Services and detailed enforcement regulations in order to have adequate capital and comply with supervisory regulation.

##### 50-5-1. Net capital ratio

The equity capital of financial investors is regulated under the Regulation on Financial Investment Services by which the Group should manage its net capital ratio above 100%. The Group reports the compliance of net capital ratio to Financial Supervisory Service on a quarterly basis.

## 51. Trust accounts

Details of the financial information in relation to trust accounts as of December 31, 2020 are as follows (Korean won in thousands):

Classification	Specific money trust	Pension trust	Securities trust	Money bond trust	Total
Cash and due from banks	10,209,512,813	259,855,167	64,142	-	10,469,432,122
Securities	9,128,521,270	376,349,429	111,618,533	-	9,616,489,232
Other assets	466,392,991	2,564,764	19,473,880	295,890,555	784,322,190
Total assets	19,804,427,074	638,769,360	131,156,555	295,890,555	20,870,243,544
Other liabilities	216,760,577	31,240,729	17,377,517	-	265,378,823
Total liabilities	216,760,577	31,240,729	17,377,517	-	265,378,823
Trust principal	19,587,666,497	607,528,631	113,779,038	295,890,555	20,604,864,721
Total equity	19,587,666,497	607,528,631	113,779,038	295,890,555	20,604,864,721
Total liabilities and equity	19,804,427,074	638,769,360	131,156,555	295,890,555	20,870,243,544



## 52. Business combination

For the purpose of realizing gains by contributing to increasing the business value of the investees, the Group acquired 67.43% of shares with voting rights of KEUMHO Trading Co., Ltd., which primarily engages in the wholesale of fishery-product on June 30, 2020, the deemed acquisition date.

52-1. Details of the fair value of consideration transferred in relation to the business combination for the year ended December 31, 2020 is as follow (Korean won in thousands):

Classification	Amount
Cash	16,499,995
Total consideration transferred	16,499,995

52-2. Details of the fair value of consideration transferred in relation to the business combination for the year ended December 31, 2020 is as follow (Korean won in thousands):

Classification	Amount
Fair value of identifiable assets	
Cash and cash equivalent	28,211,333
Loan receivables	2,027,544
Property and equipment	9,865,992
Intangible assets	1,659,721
Inventories	8,740,368
Others	2,215,022
Fair value of identifiable liabilities	
Borrowings	27,414,843
Others	1,981,034
Total fair value of net identifiable assets	23,324,103

52-3. Details of goodwill arising from business combinations during the year ended December 31, 2020 is as follows (Koreanwon in thousands):

Classification	Amount
Consideration transferred	16,499,995
Add: Non-controlling Interests	7,622,953
Less: Fair value of identifiable net assets	23,324,103
Goodwill	798,845

52-4. Cash flows related to the business combinations are as follows (Korean won in thousands):

Classification	Amount
Cash payment	(16,499,995)
Cash held by the subsidiary	19,711,333
Net cash flows	3,211,338

53. The date on which consolidated financial statements are finalized and the approval authority.

The restated consolidated financial statements were finalized and approved by the board of directors on October 20, 2021, and the financial statements before the restatements were reflected were approved by the board of directors on March 8, 2021.

54. Restatement of the consolidated financial statements

The Group revised and restated the consolidated financial statements presented for the current period and the comparative purposes due to errors in spot exchange receivables and payables for the years ended December 31, 2019 and 2020

Before the restatement, the Group understated accounts receivables and payables by accounting for spot exchange transactions as derivatives and gain and loss on foreign exchange transactions were recognized as gain and loss on financial instruments measured at FVTPL. The Group has restated the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income by correcting the understatement of accounts receivables and payables and the misclassification of gain and loss on foreign exchange transactions.

There is no change in net income, net assets, and earnings per share due to the restatement of the consolidated financial statements, and the revised amount for each item in the consolidated statement of profit or loss and other comprehensive income is as follows (Korean won in millions):

Accounts	December 31, 2020			December 31, 2019		
	Before Correction	After Correction	Increase or Decrease	Before Correction	After Correction	Increase or Decrease
Tota assets	34,982,321	35,796,518	814,197	27,283,211	28,164,310	881,099
Financial assets measured at FVTPL	25,101,444	25,100,961	(483)	20,216,083	20,215,780	(303)
Other assets	1,156,213	1,970,893	814,680	541,290	1,422,692	881,402
Total liabilities	30,553,364	31,367,561	814,197	23,808,133	24,689,232	881,099
Financial liabilities measured at FVTPL	2,851,079	2,850,512	(567)	1,763,609	1,763,374	(235)
Other liabilities	1,874,276	2,689,040	814,764	1,108,279	1,989,613	881,334
Total equity	4,428,957	4,428,957	-	3,475,078	3,475,078	-

Accounts	December 31, 2020			December 31, 2019		
	Before Correction	After Correction	Increase or Decrease	Before Correction	After Correction	Increase or Decrease
Operating revenues	9,006,623	9,006,623	-	5,451,483	5,446,947	(4,536)
Gain on financial assets and liabilities measured at FVTPL	7,282,193	6,480,762	(801,431)	4,183,237	4,096,059	(87,178)
Gain on foreign currency transactions	482,538	1,283,969	801,431	257,858	340,500	82,642
Operating expenses	8,525,306	8,525,306	-	5,101,959	5,097,423	(4,536)
Loss on financial assets and liabilities measured at FVTPL	6,774,746	5,942,564	(832,182)	4,094,605	4,004,875	(89,730)

Accounts	December 31, 2020			December 31, 2019		
	Before Correction	After Correction	Increase or Decrease	Before Correction	After Correction	Increase or Decrease
Loss on foreign currency transactions	671,097	1,503,279	832,182	186,742	271,936	85,194
Operating income	481,317	481,317	–	349,524	349,524	–
Income before income tax expenses	574,879	574,879	–	379,039	379,039	–
Net income	410,036	410,036	–	279,932	279,932	–

**REGISTERED AND HEAD OFFICE OF THE ISSUER**

**Hana Financial Investment Co., Ltd.**

82, Uisadang-daero  
Yeongdeungpo-gu, Seoul 07321  
Korea

**ARRANGER AND DEALERS**

**Crédit Agricole Corporate and  
Investment Bank**

30/F Two Pacific Place  
88 Queensway  
Hong Kong

**BNP Paribas**

63/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

**Nomura Singapore Limited**

10 Marina Boulevard Marina Bay Financial Centre Tower 2  
#36-01  
Singapore 018983

**FISCAL AGENT**

**Citicorp International Limited**

20th Floor, Citi Tower  
One Bay East, 83 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

**REGISTRAR, TRANSFER AGENT AND CALCULATION AGENT**

**Citibank, N.A., London Branch  
c/o Citibank, N.A., Dublin Branch**

1 North Wall Quay  
Dublin 1  
Ireland

**LEGAL ADVISERS**

***To the Issuer as to Korean law***

**Lee & Ko**

18F, Hanjin Main Building  
63, Namdaemun-ro, Jung-gu  
Seoul 04532  
Korea

***To the Arranger and Dealers as to***

***English law***

**Linklaters LLP**

Foreign Legal Consultant Office  
22F East Tower, Mirae Asset Center 1  
26, Eulji-ro 5-gil, Jung-gu, Seoul 04539  
Korea

**INDEPENDENT ACCOUNTANTS**

**Ernst & Young Han Young**

Taeyoung Building  
111 Yeouigongwon-ro  
Yeongdeungpo-gu, Seoul 07241  
Korea

**SINGAPORE LISTING AGENT**

**Shook Lin & Bok LLP**

1 Robinson Road  
#18-00 AIA Tower  
Singapore 048542