

**Hana Financial Group**

# **2020.1Q Business Result**

April 2020

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## Section 1

# 2020.1Q Financial Highlights

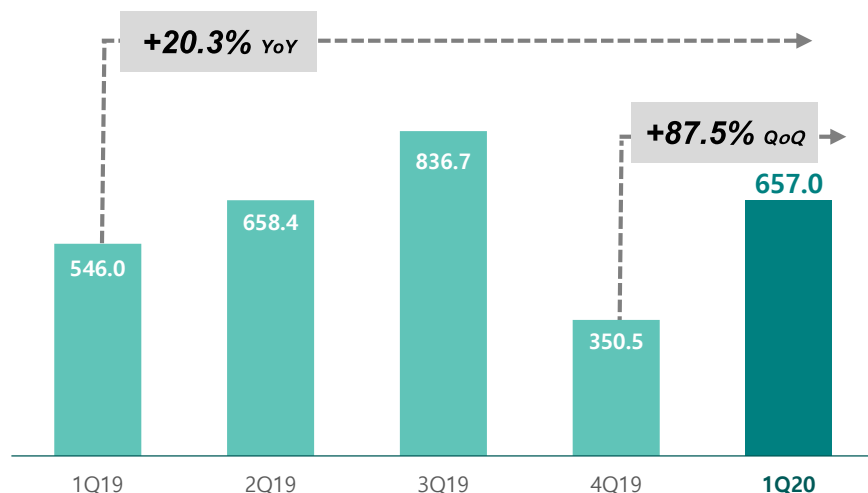
**2020.1Q Financial Highlights (1)**

**2020.1Q Financial Highlights (2)**

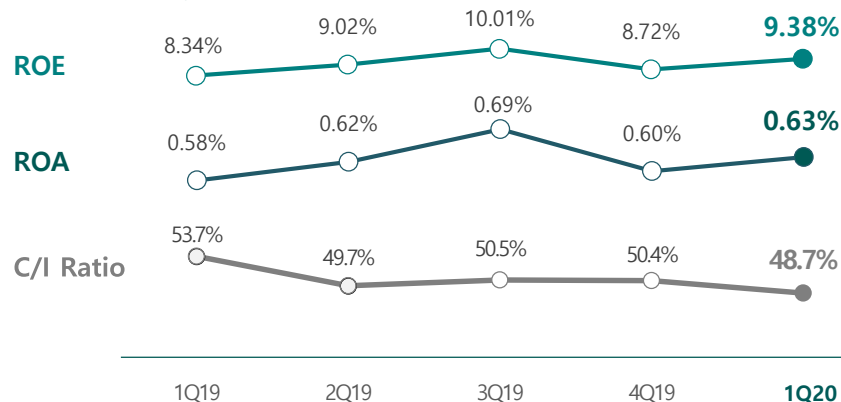
**2020.1Q Financial Highlights (3)**

# 2020.1Q Financial Highlights (1)

## Group Net Income (Unit: Wbn)



## Group Major Indices (Cumulative)



## Highlights

### Net Income

**657.0 billion**  
(+20.3% YoY)

Despite facing uncertain macro environment due to Covid-19, Group delivered solid earnings notably driven by group-wide cost rationalization and risk management



### Core Earnings

**1,960.6 billion**  
(+0.6% YoY)

While NIM contracted QoQ due to headwinds such as BOK rate cut, Group's benign growths in both loan growths and fee incomes translated into greater core earnings YoY



### SG&A

**927.9 billion**  
(-12.1% YoY)

Thanks to pre-emptive cost rationalization efforts held last year (4Q19 peak-salary ERP, etc), Group C/I ratio fell both YoY & QoQ



### Credit Cost

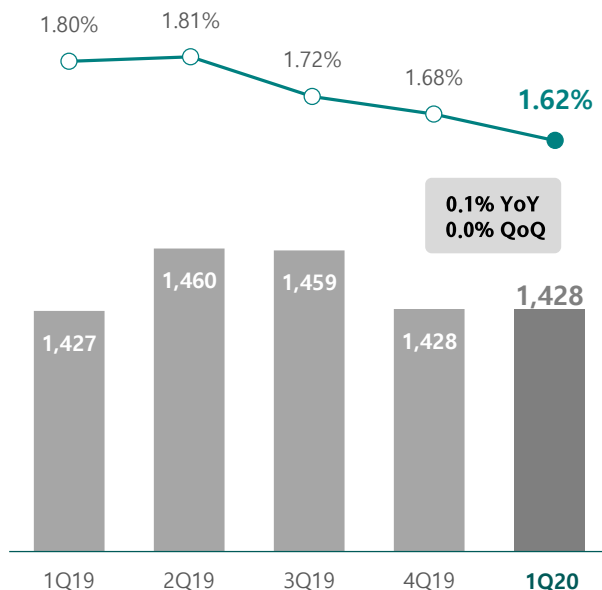
**0.13%**  
(-12bp YoY)

Continued downtrends in key AQ related metrics reflect group's superb risk management capacity



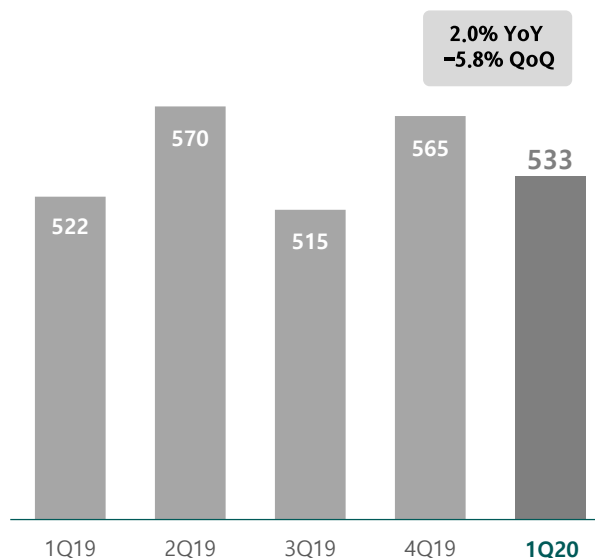
# 2020.1Q Financial Highlights (2)

## Interest Income & NIM (Unit: Wbn)



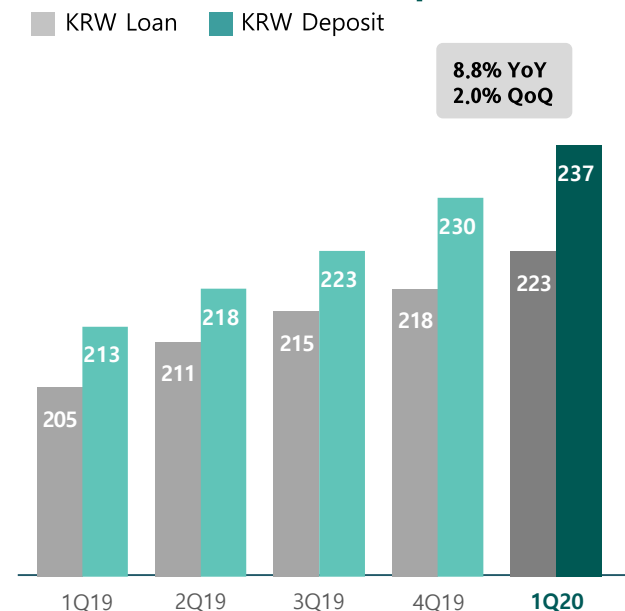
- Due to dissipation of 4Q19 one-off (collection of overdue interests) and weakened loan pricing on the back of the BOK rate cut (50bps) this quarter, NIM contracted QoQ
- Yet, NII fared well (+0.1% YoY & par QoQ) mostly driven by loan/deposit portfolio rebalancing (solid growths in loans and low cost fund)

## Fee Income (Unit: Wbn)



- Group fee income grew YoY with improvements in credit card & banking fees offsetting decrease in IB fees, which was mostly impacted by volatile global market conditions after Covid-19 outbreak

## KRW Loan & KRW Deposit (Unit: Wtn)

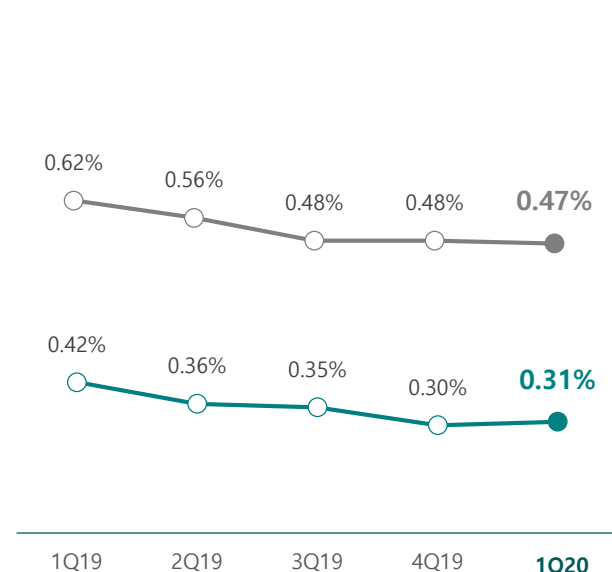


- KRW Loan grew +2.0% QoQ mainly due to solid growth in corporate loans (+3.1% QoQ) with large corporation being key driver, and demand-driven (Jeonse) household loans (+0.9% QoQ)
- KRW Funding growth (+3.0% QoQ) was mostly led by low cost fund (core deposit +5.8%, MMDA +13.8% QoQ, respectively)

# 2020.1Q Financial Highlights (3)

## Group NPL & Delinquency Ratio

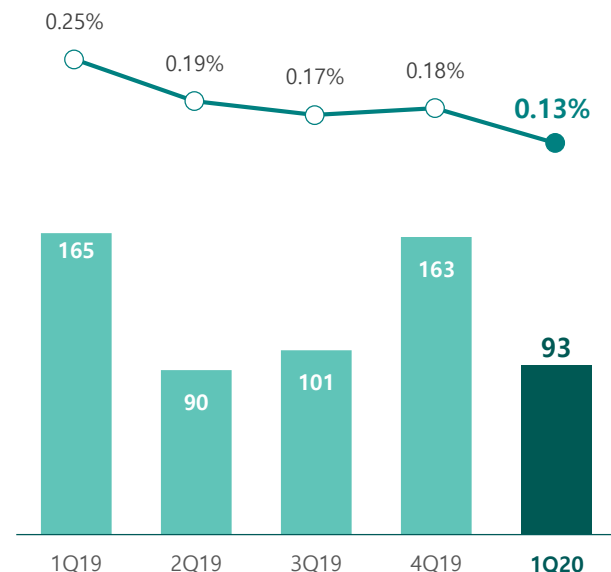
○ NPL Ratio ○ Delinquency Ratio



- Despite the heightened concerns on global macro outlook, Group's asset quality metrics remain well-managed in 1Q20
- Hana Bank's delinquency ratio also contained below 2019 average reflecting competence in risk management

## Group Provision (Unit: Wbn)

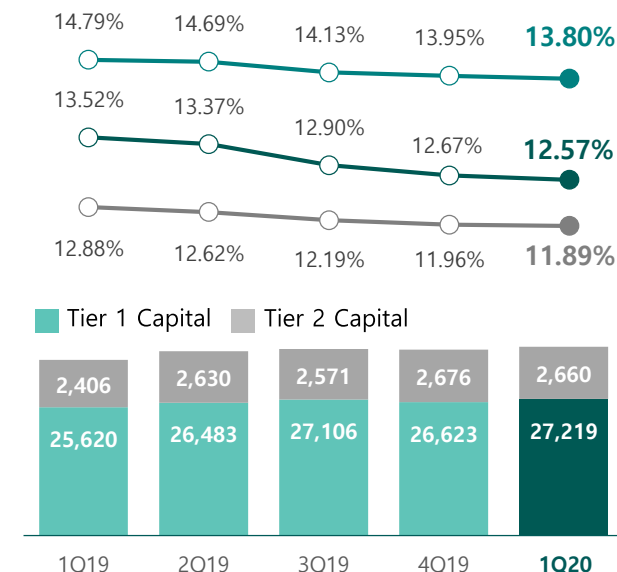
○ Credit Cost (Cum.) ■ Loan Loss Provision (Quarterly)



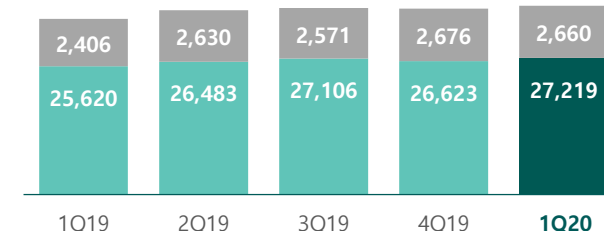
- Group's credit cost dropped significantly (-5bp QoQ) on the back of group-wide risk management efforts
- Thanks to well managed LLP in 1Q20, Group holds sufficient buffers to achieve its annual credit cost target, and it plans to further set suitable levels of LLP to pre-emptively counter unprecedented macro risks posed by Covid-19

## Group Capital Adequacy (Unit: Wbn)

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



■ Tier 1 Capital ■ Tier 2 Capital



- Group's CET1 ratio declined slightly (-7bp QoQ) mostly due to sharply weakened KRW in this quarter, yet maintained at a stable level well above regulatory requirement

## Section 2

# Profitability

**Group Consolidated Earnings**

**Business Results of Subsidiaries**

**NIM**

**Non-Interest Income / SG&A Expenses**

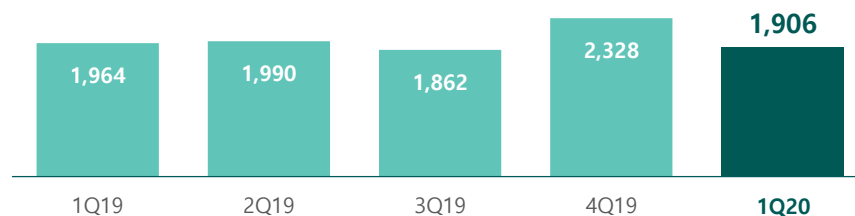
# Group Consolidated Earnings

## Group Consolidated Earnings

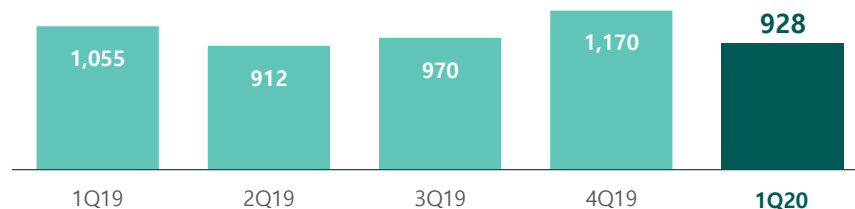
(Unit: Wbn)	1Q20	4Q19	QoQ(%)	1Q19	YoY(%)
Gen. Operating Income	1,906.2	2,327.8	-18.1%	1,963.6	-2.9%
Int. Income	1,428.0	1,428.3	0.0%	1,426.6	0.1%
Fee Income	532.6	565.5	-5.8%	522.0	2.0%
Disposition/ Valuation	74.1	479.8	-84.6%	168.4	-56.0%
Other Operating Income	(128.5)	(145.8)	N.A	(153.4)	N.A
SG&A Expenses	927.9	1,170.1	-20.7%	1,055.1	-12.1%
PPOP	978.3	1,157.6	-15.5%	908.4	7.7%
Credit Loss Provision	99.3	408.4	-75.7%	159.2	-37.7%
Operating Income	879.1	749.3	17.3%	749.2	17.3%
Non Operating Income	39.7	(191.9)	N.A	12.9	208.2%
Consolidated Net Income <sup>1)</sup>	657.0	350.5	87.5%	546.0	20.3%

Note 1) Equity attributable to equity holders of the parent

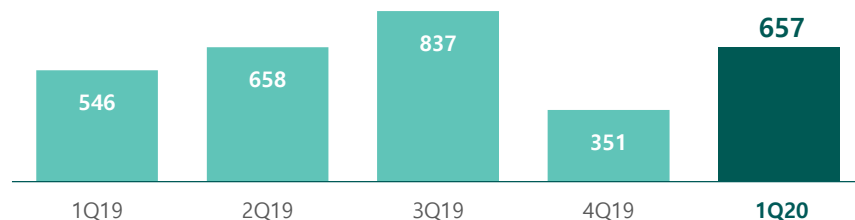
## General Operating Income (Unit: Wbn)



## SG&A Expenses (Unit: Wbn)



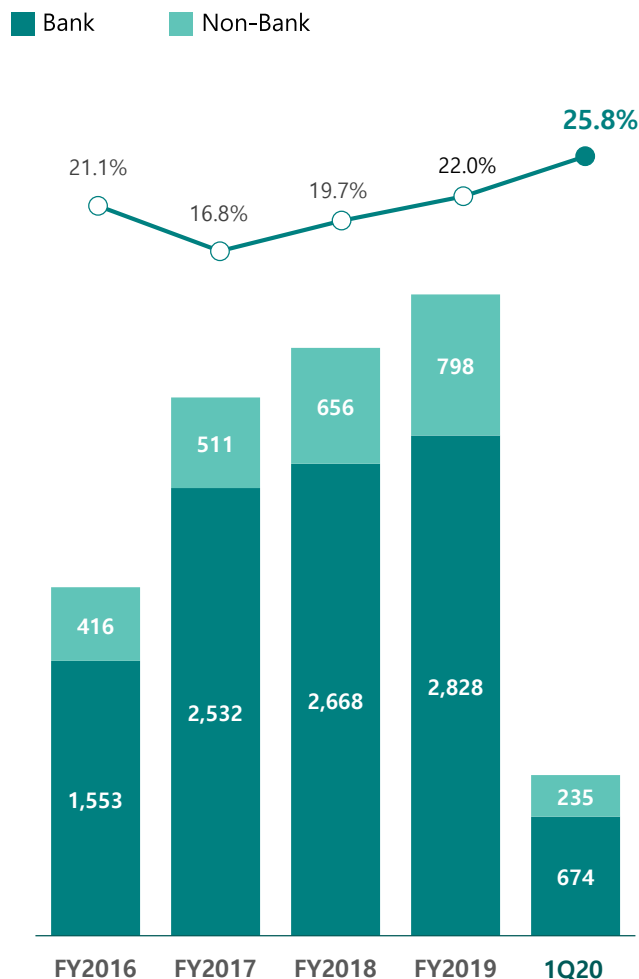
## Consolidated Net Income (Quarterly) (Unit: Wbn)





# Business Results of Subsidiaries

## Net Income Contribution by Non-Bank <sup>1)</sup>



Note 1) Based on the pre-tax income (separated)

## Net Income of Subsidiaries (Consolidated)

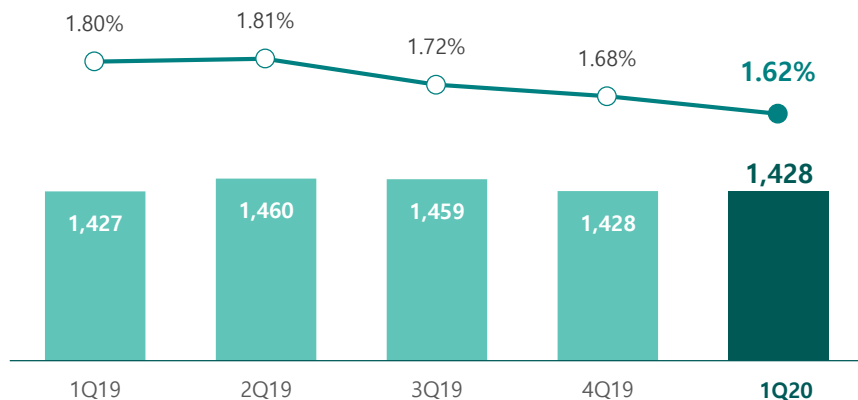
(Unit: Wbn)	1Q20	4Q19	QoQ(%)	1Q19	YoY(%)	Ownership (%)
Hana Bank	554.6	348.5	59.1%	479.9	15.6%	100.00%
Hana Financial Investment	46.7	68.9	-32.2%	62.5	-25.2%	100.00%
Hana Capital	44.2	30.8	43.4%	14.4	206.0%	100.00%
KEB Hana Card	30.3	6.4	370.6%	18.2	66.1%	85.00%
Hana Asset Trust	19.6	17.8	10.1%	19.0	3.2%	100.00%
Hana Life	19.0	6.4	195.3%	7.0	172.5%	100.00%
Other Subsidiaries & Consolidation Adjustment	(57.4)	(128.3)	N.A	(54.9)	N.A	-
Group Consolidated Net Income <sup>2)</sup>	657.0	350.5	87.5%	546.0	20.3%	-

Note 2) Equity attributable to equity holders of the parent

## NIM (Unit: Wbn)

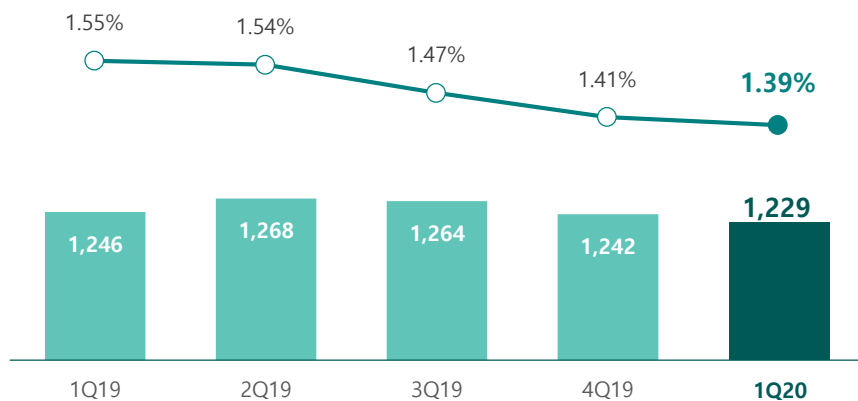
### Group

○ NIM ■ Interest Income



### Hana Bank

○ NIM ■ Interest Income



## NIS Trend

### Group

(Unit: %)	1Q19	2Q19	3Q19	4Q19	1Q20
Lending Rate	3.43	3.42	3.26	3.13	2.98
Funding Rate	1.70	1.68	1.60	1.50	1.40
NIS	1.73	1.74	1.66	1.63	1.58

### Hana Bank

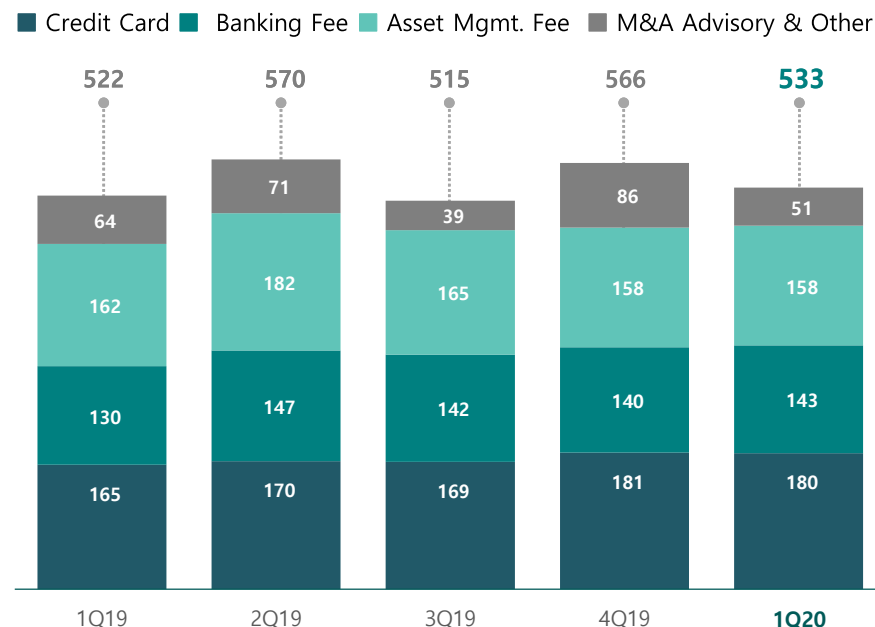
(Unit: %)	1Q19	2Q19	3Q19	4Q19	1Q20
Lending Rate	3.17	3.16	3.00	2.85	2.74
Funding Rate	1.68	1.67	1.59	1.49	1.39
NIS	1.49	1.49	1.41	1.36	1.35

# Non-Interest Income

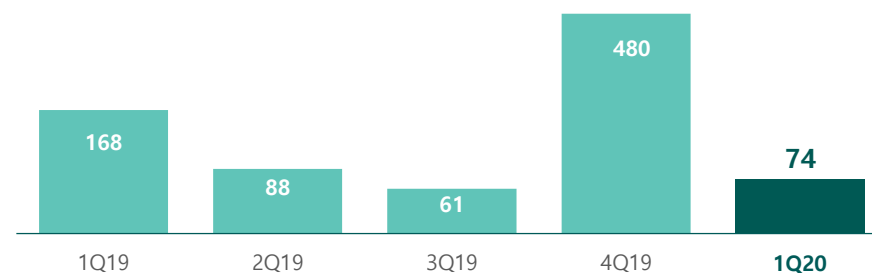
## Non-Interest Income

(Unit: Wbn)	1Q20	4Q19	QoQ(%)	1Q19	YoY(%)
<b>Fee Income</b>	<b>532.6</b>	565.5	-5.8%	522.0	2.0%
Credit Card	180.5	181.2	-0.4%	165.3	9.2%
Banking Fee	143.3	140.0	2.4%	130.5	9.8%
Guarantee	19.7	20.8	-5.1%	17.5	12.4%
Loan & Other	62.2	51.2	21.3%	58.1	7.0%
FX	46.2	52.9	-12.7%	41.6	10.8%
Operating Leases	15.3	15.1	1.1%	13.2	15.4%
Asset Mgmt. Fee	158.4	158.3	0.0%	162.2	-2.4%
Beneficiary Cert. Sales	27.7	28.4	-2.5%	40.1	-31.0%
Wrap & Operation	9.8	11.3	-14.0%	10.3	-5.4%
Brokerage	39.8	24.6	61.4%	27.2	45.9%
Trust	72.6	85.5	-15.1%	75.3	-3.5%
Bancassurance	8.6	8.5	0.7%	9.3	-8.3%
M&A Advisory	41.9	74.7	-44.0%	53.0	-21.0%
Other	8.7	11.2	-22.9%	11.0	-21.5%
<b>Disposition / Valuation</b>	<b>74.1</b>	479.8	-84.6%	168.4	-56.0%
<b>Other Operating Income</b>	<b>(128.5)</b>	(145.8)	N.A	(153.4)	N.A
<b>Total</b>	<b>478.2</b>	899.5	-46.8%	537.0	-10.9%

## Group Fee Income Trend (Unit: Wbn)



## Group Disposition / Valuation Gain Trend (Unit: Wbn)



# SG&A Expenses

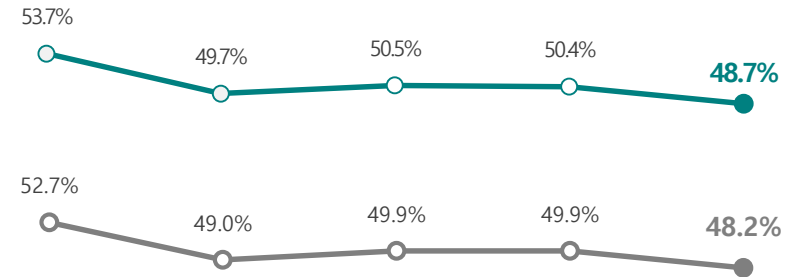
## SG&A Expenses

(Unit: Wbn)	1Q20	4Q19	QoQ(%)	1Q19	YoY(%)
Salary & Benefits	506.1	510.4	-0.9%	513.3	-1.4%
Retirement Benefits	54.3	227.5	-76.1%	177.0	-69.3%
Admin. Expenses	197.4	250.1	-21.1%	190.9	3.4%
Taxes / Depreciation	170.2	182.2	-6.6%	174.0	-2.2%
<b>Total</b>	<b>927.9</b>	<b>1,170.1</b>	<b>-20.7%</b>	<b>1,055.1</b>	<b>-12.1%</b>

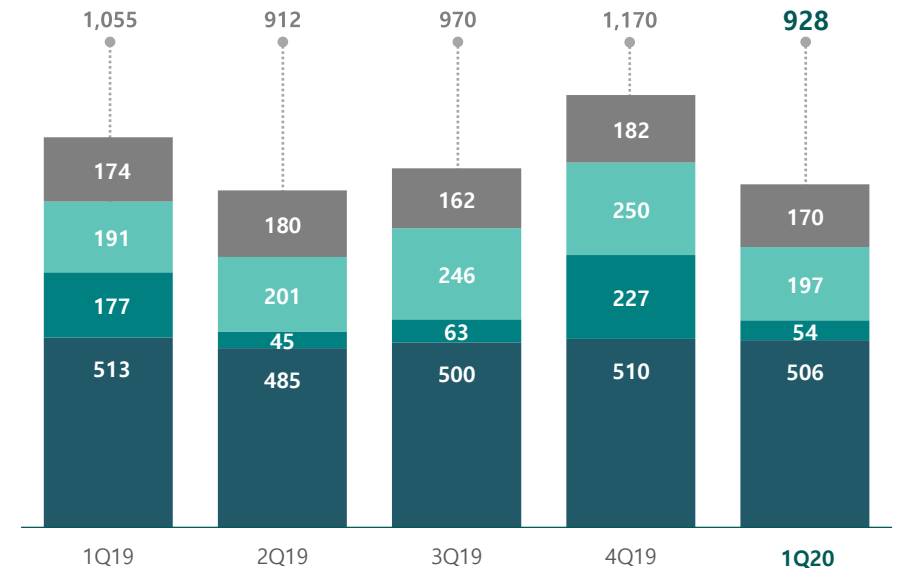
## Group Cost Income Ratio (Cumulative) (Unit: Wbn)

○ Including NGW

○ Excluding NGW



■ Salary & Benefit ■ Retirement Benefits ■ Admin. Expenses ■ Taxes / Depreciation



## Section 3

# Total Lending & Funding

**Group Total Assets / Total Liabilities & Equity**

**Hana Bank KRW Loan / Deposit**

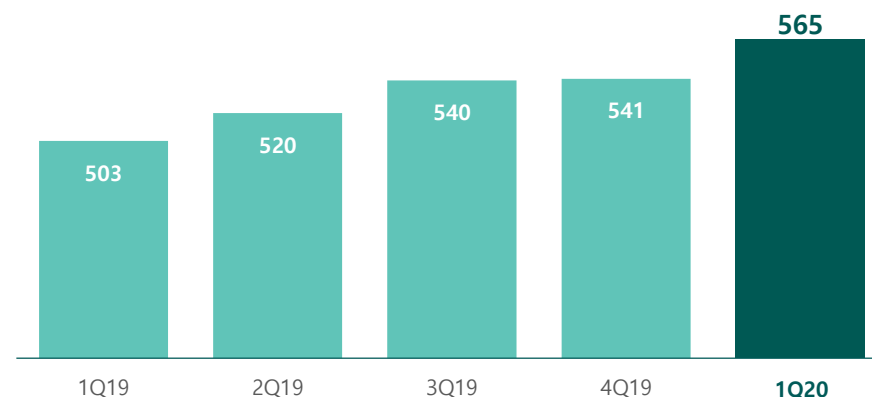
**Hana Bank KRW Loan Composition**

# Group Total Assets / Total Liabilities & Equity

## Group Total Assets <sup>1)</sup>

(Unit: Wbn)	1Q20	4Q19	YTD(%)	1Q19	YoY(%)
Cash & Deposits	29,062	23,719	22.5%	17,894	62.4%
Securities	85,327	82,353	3.6%	78,402	8.8%
Loan Receivables	288,541	282,306	2.2%	262,865	9.8%
KRW Loan	231,017	226,328	2.1%	211,691	9.1%
Tangible Asset	3,495	3,629	-3.7%	3,593	-2.7%
Other Asset	33,264	29,499	12.8%	30,776	8.1%
Group Asset	439,689	421,506	4.3%	393,529	11.7%
+ Trust Asset	125,673	119,345	5.3%	109,431	14.8%
Group Total Asset	565,362	540,851	4.5%	502,960	12.4%

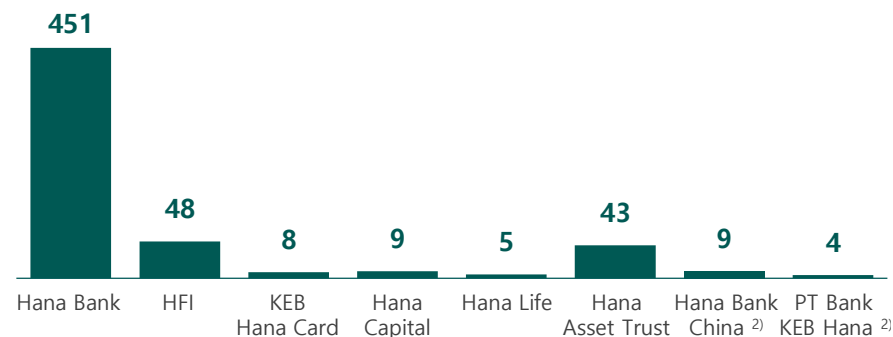
## Group Total Assets <sup>1)</sup> Trend (Unit: Wtn)



## Group Total Liabilities & Equity

(Unit: Wbn)	1Q20	4Q19	YTD(%)	1Q19	YoY(%)
Deposits	283,058	272,794	3.8%	249,802	13.3%
Borrowings	69,365	64,361	7.8%	60,700	14.3%
Debt	18,276	15,715	16.3%	13,678	33.6%
Debentures	44,133	43,661	1.1%	41,044	7.5%
RP, Call Money, etc	6,956	4,984	39.5%	5,979	16.3%
Other Liabilities	58,189	55,366	5.1%	55,656	4.6%
Total Liabilities	410,611	392,521	4.6%	366,158	12.1%
Total Equity	29,079	28,985	0.3%	27,371	6.2%
Liabilities & Equity	439,689	421,506	4.3%	393,529	11.7%

## Total Assets of Subsidiaries <sup>1)</sup> (Consolidated) (Unit: Wtn)



Note 1) Total Assets = Group Asset + Trust Asset

Note 2) Separate

# Hana Bank KRW Loan / Deposit

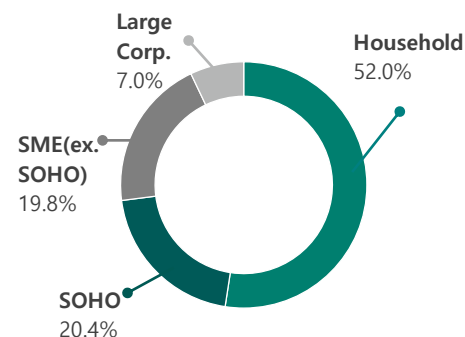
## KRW Loan

(Unit: Wbn)	1Q20	4Q19	YTD(%)	1Q19	YoY(%)
<b>Corporate Loan</b>	<b>106,852</b>	103,617	3.1%	98,351	8.6%
Large Corp.	15,587	13,622	14.4%	15,062	3.5%
SME	89,429	87,933	1.7%	81,415	9.8%
(SOHO)	45,400	45,067	0.7%	42,542	6.7%
Other	1,836	2,062	-10.9%	1,874	-2.0%
<b>Household Loan</b>	<b>115,815</b>	114,768	0.9%	106,271	9.0%
Secured	98,394	97,983	0.4%	91,207	7.9%
(Mortgage)	84,034	83,249	0.9%	75,879	10.7%
Unsecured	17,420	16,786	3.8%	15,064	15.6%
<b>Total</b>	<b>222,666</b>	218,385	2.0%	204,622	8.8%

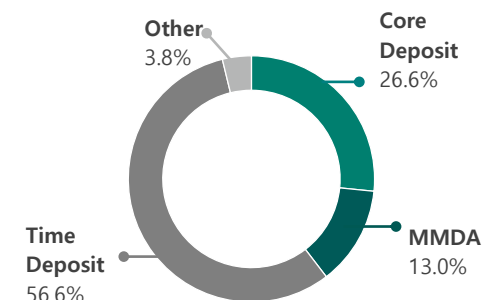
## Deposit (Ending Balance)

(Unit: Wbn)	1Q20	4Q19	YTD(%)	1Q19	YoY(%)
<b>KRW Deposit</b>	<b>237,011</b>	230,041	3.0%	213,309	11.1%
Core Deposit	63,103	59,620	5.8%	54,474	15.8%
MMDA	30,881	27,135	13.8%	27,306	13.1%
Time Deposit	134,080	133,367	0.5%	119,261	12.4%
Installment Deposit	7,059	7,022	0.5%	7,194	-1.9%
Marketable Securities	1,888	2,897	-34.8%	5,074	-62.8%
<b>FC Deposit</b>	<b>30,369</b>	27,938	8.7%	22,926	32.5%
<b>Total</b>	<b>267,380</b>	257,979	3.6%	236,235	13.2%

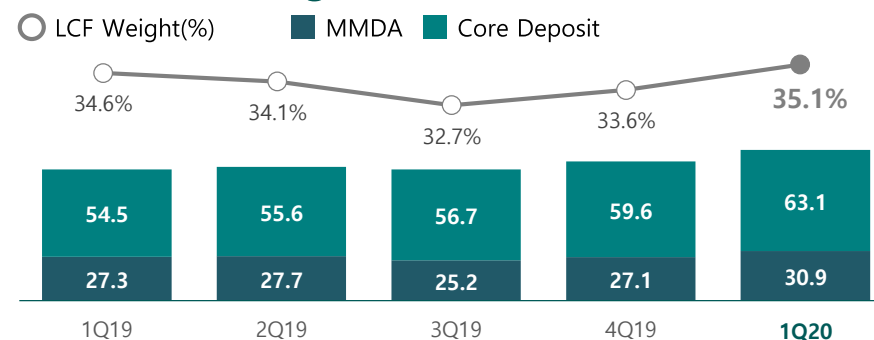
## Lending Composition



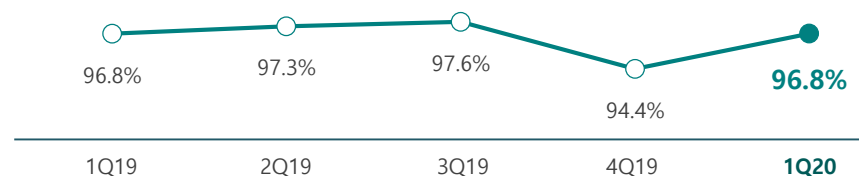
## Funding Composition



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



## Loan to Deposit Ratio <sup>1)</sup>



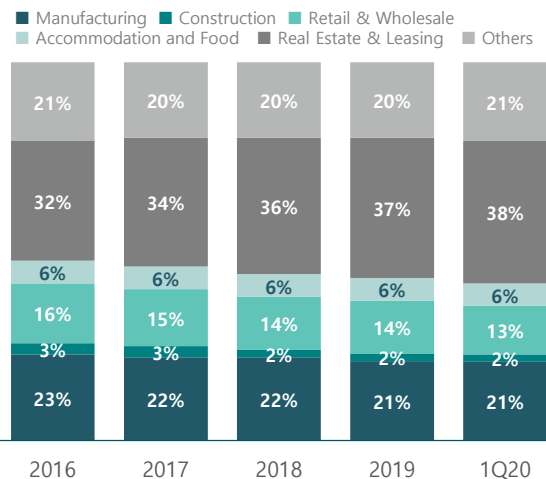
Note 1) Excluding Policy Loan

# Hana Bank KRW Loan Composition

## SME

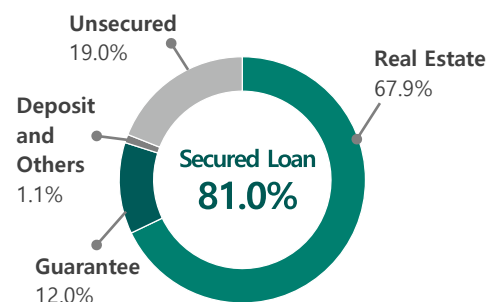
### Type of Business

(unit: %)



### Collateral

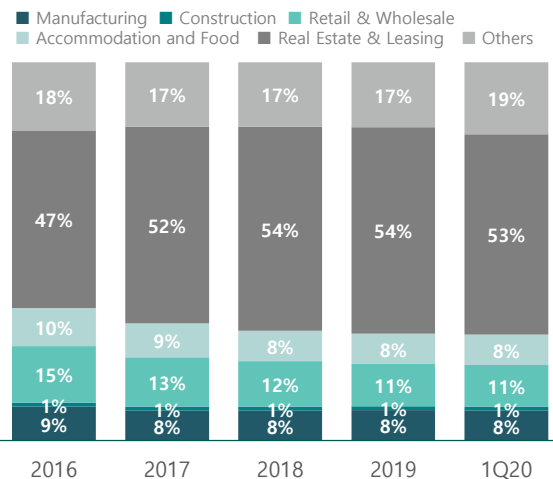
(1Q20)



## SOHO

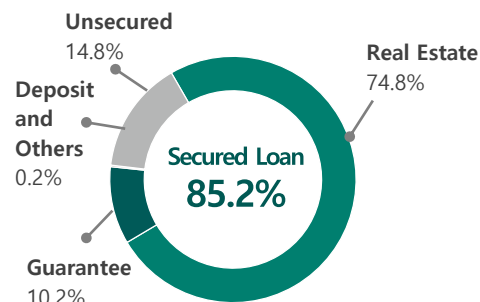
### Type of Business

(unit: %)



### Collateral

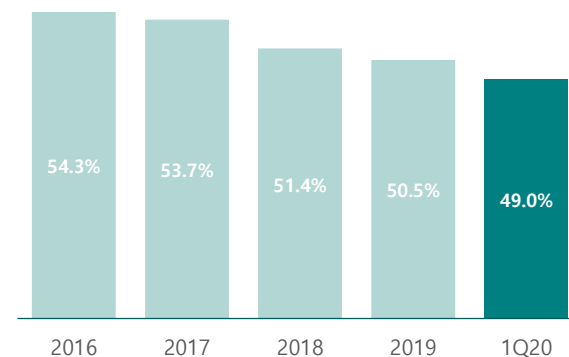
(1Q20)



## Household

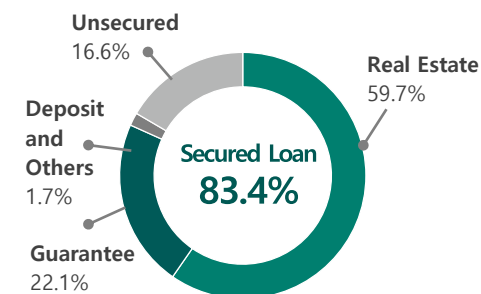
### LTV

(Unit: %)



### Collateral

(1Q20)





## Section 4

# Asset Quality & Capital Adequacy

**Group Asset Quality**

**Provision Analysis**

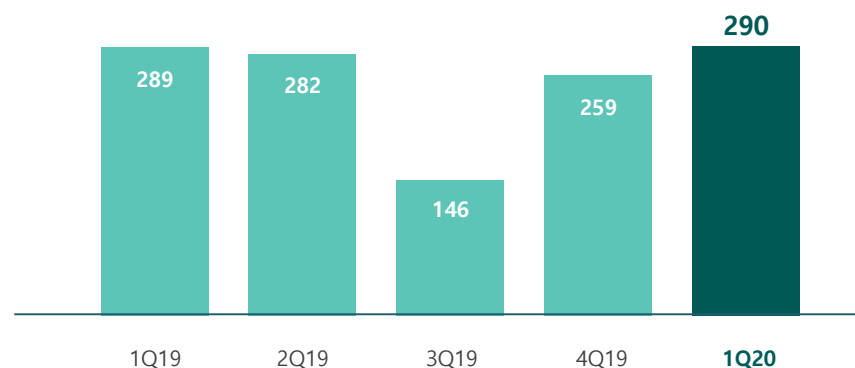
**Capital Adequacy**

# Group Asset Quality

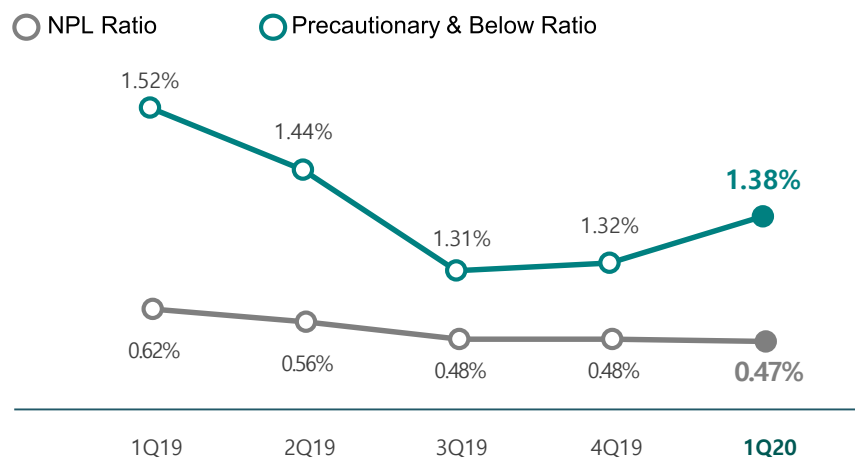
## Group

(Unit: Wbn)	1Q20	4Q19	YTD(%)	1Q19	YoY(%)
<b>Total Credit</b>	<b>295,442</b>	286,480	3.1%	266,628	10.8%
Normal	291,356	282,688	3.1%	262,569	11.0%
Precautionary	2,687	2,429	10.6%	2,413	11.4%
Substandard	755	708	6.7%	866	-12.8%
Doubtful	414	396	4.6%	478	-13.3%
Estimated Loss	230	259	-11.4%	302	-23.9%
<b>NPL Amount</b>	<b>1,399</b>	1,363	2.6%	1,646	-15.0%
<b>NPL Ratio</b>	<b>0.47%</b>	0.48%	-0.01%p	0.62%	-0.15%p
<b>NPL Coverage Ratio</b>	<b>107.5%</b>	112.5%	-5.00%p	101.9%	5.56%p
<b>Loan Loss Allowance</b>	<b>3,647</b>	3,613	1.0%	3,603	1.2%
Loan Loss Reserve	1,504	1,534	-1.9%	1,678	-10.4%
Credit Loss Reserve	2,143	2,079	3.1%	1,925	11.3%

## Group New NPL Formation Trend (Unit: Wbn)



## Group NPL / Precautionary & Below Ratio



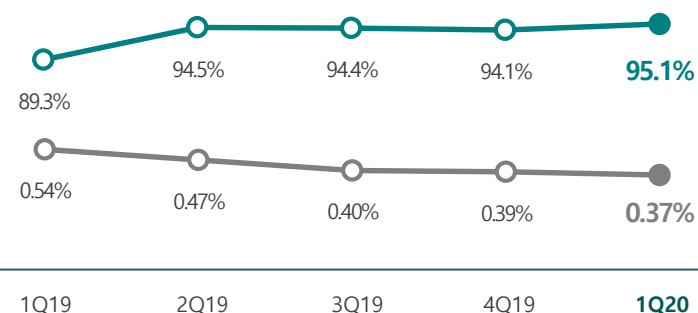
# Hana Bank Asset Quality

## Hana Bank

(Unit: Wbn)	1Q20	4Q19	YTD(%)	1Q19	YoY(%)
<b>Total Credit</b>	<b>256,649</b>	249,281	3.0%	233,466	9.9%
Normal	254,157	246,720	3.0%	230,549	10.2%
Precautionary	1,532	1,578	-2.9%	1,657	-7.6%
Substandard	604	616	-2.0%	772	-21.8%
Doubtful	252	254	-0.8%	345	-27.1%
Estimated Loss	106	113	-6.6%	143	-26.2%
<b>NPL Amount</b>	<b>961</b>	983	-2.2%	1,261	-23.8%
<b>NPL Ratio</b>	<b>0.37%</b>	0.39%	-0.02%p	0.54%	-0.17%p
<b>NPL Coverage Ratio</b>	<b>95.1%</b>	94.1%	1.01%p	89.3%	5.84%p
<b>Loan Loss Allowance</b>	<b>2,880</b>	2,818	2.2%	2,894	-0.5%
Loan Loss Reserve	914	925	-1.2%	1,126	-18.8%
Credit Loss Reserve	1,965	1,892	3.8%	1,768	11.1%

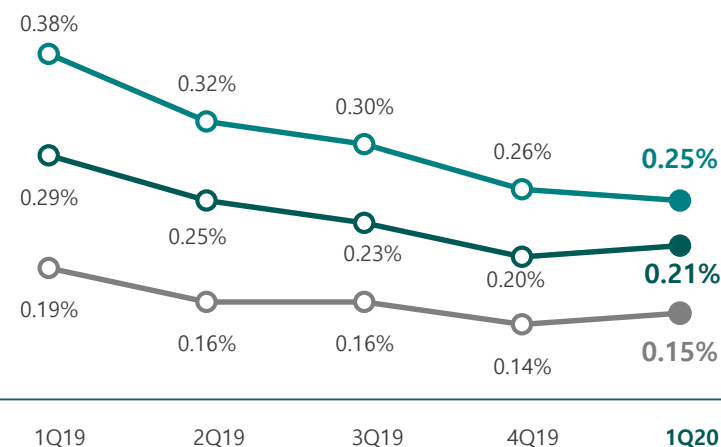
## NPL / NPL Coverage Ratio Trend

○ NPL Ratio ○ NPL Coverage Ratio



## Delinquency Ratio Trend

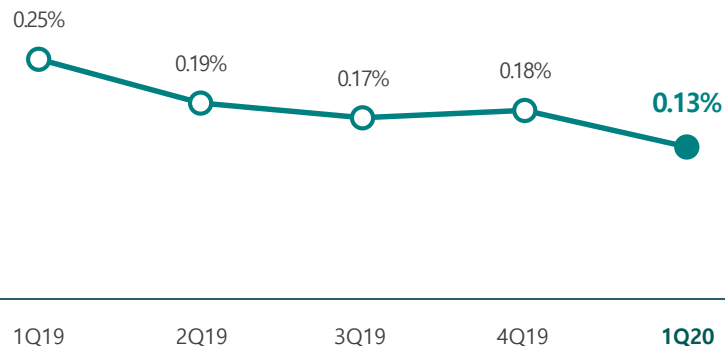
○ Total ○ Corporate ○ Household



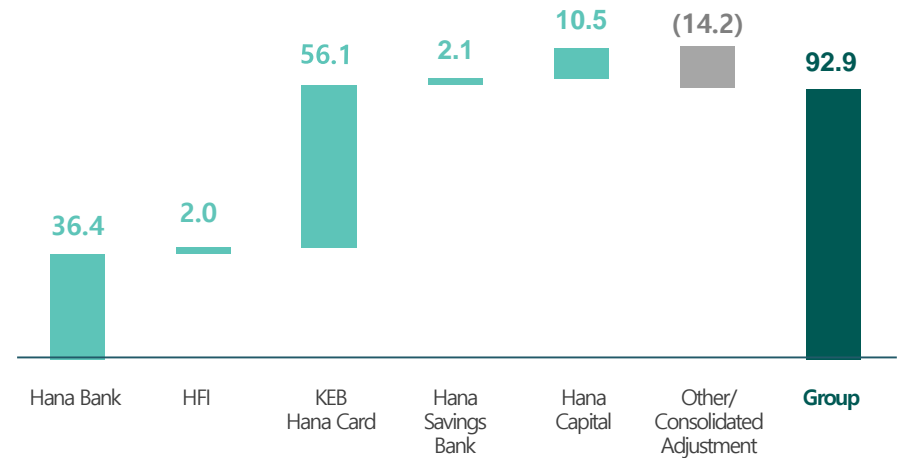
# Group Provisions

## Provision Overview

○ Credit Cost (Cumulative)



## Provision Break-down (1Q20, Separate) (Unit: Wbn)

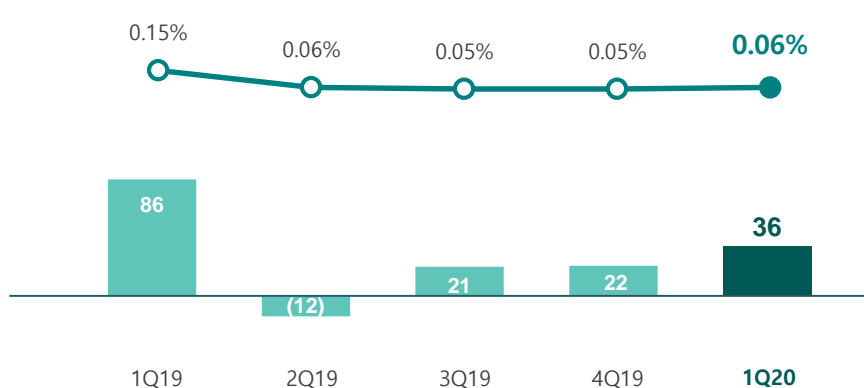


Group (Unit: Wbn)	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Credit Loss Provision</b>	159.2	98.0	112.2	408.4	<b>99.3</b>
Loan Loss Provision	164.7	90.5	100.8	162.6	<b>92.9</b>
Unused Commitments Provision	-3.0	0.6	1.9	2.4	<b>-2.6</b>
Other Provision	-2.5	6.9	9.6	243.3	<b>9.0</b>

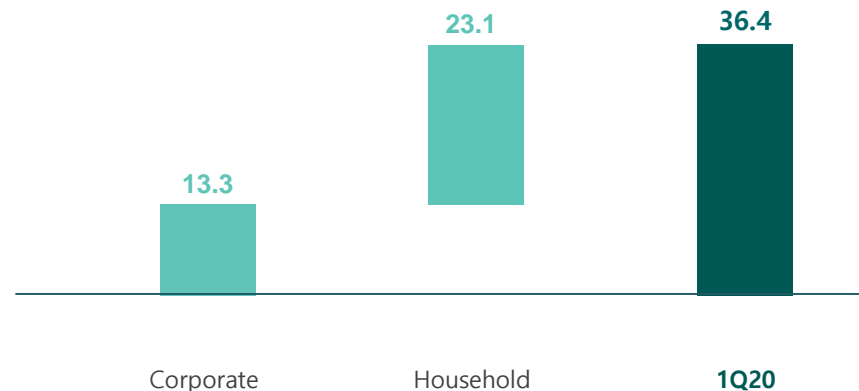
# Hana Bank Provisions

## Provision Overview (Separate) (Unit: Wbn)

○ Credit Cost (Cum.) ■ Loan Loss Provision (Qtly.)



## Provision Break-down (Separate) (Unit: Wbn)



(Unit: Wbn)		1Q19	2Q19	3Q19	4Q19	1Q20
<b>Write-offs</b>		106.5	67.4	74.9	71.3	78.6
Corporate		57.7	35.9	37.3	34.2	41.5
Household		48.8	31.5	37.7	37.1	37.1
<b>Loan Sales</b>		0.0	139.2	121.9	65.8	77.4
Corporate		0.0	108.5	104.1	55.3	68.2
Household		0.0	30.7	17.8	10.5	9.2

# Capital Adequacy

## Group

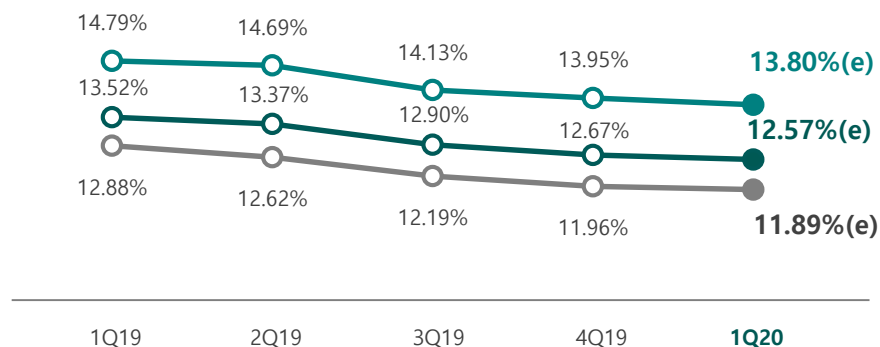
(Unit: Wbn)	1Q20(e)	2019	QoQ(%)	1Q19	YoY(%)
RWAs	216,538	210,067	3.1%	189,522	14.3%
BIS Capital	29,879	29,299	2.0%	28,026	6.6%
Tier 1 Capital	27,219	26,623	2.2%	25,620	6.2%
CET 1 Capital	25,755	25,132	2.5%	24,417	5.5%
BIS Ratio	13.80%	13.95%	-0.15%p	14.79%	-0.99%p
Tier 1 Ratio	12.57%	12.67%	-0.10%p	13.52%	-0.95%p
CET 1 Ratio	11.89%	11.96%	-0.07%p	12.88%	-0.99%p

## Hana Bank

(Unit: Wbn)	1Q20(e)	2019	QoQ(%)	1Q19	YoY(%)
RWAs	180,034	172,566	4.3%	168,389	6.9%
BIS Capital	28,236	27,809	1.5%	26,842	5.2%
Tier 1 Ratio	24,396	23,938	1.9%	23,361	4.4%
CET 1 Ratio	24,293	23,792	2.1%	23,226	4.6%
BIS Ratio	15.68%	16.11%	-0.43%p	15.94%	-0.26%p
Tier 1 Ratio	13.55%	13.87%	-0.32%p	13.87%	-0.32%p
CET 1 Ratio	13.49%	13.79%	-0.29%p	13.79%	-0.30%p

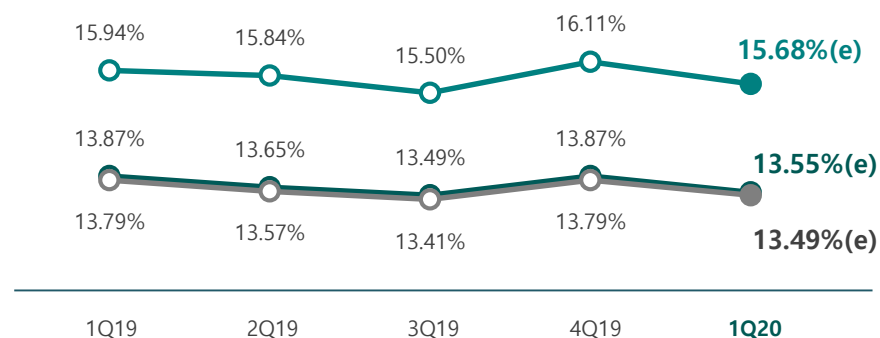
## Group

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



## Hana Bank

○ BIS Ratio ○ Tier 1 Ratio ○ CET 1 Ratio



Section 5

# Appendix

**Net Income Contribution by Subsidiaries**  
**Dividend**

# Net Income Contribution by Subsidiaries

## Statements of Comprehensive Income (1Q20, Consolidated)

(Unit: Wbn)	Group (Consolidated)	Hana Bank	Hana Financial Investment	Hana Capital	KEB Hana Card	Hana Asset Trust	Hana Life	Others / Consolidation Adjustment	Hana Bank (China) <sup>1)</sup>	PT Bank KEB Hana Indonesia <sup>1)</sup>
<b>Gen. Operating Income</b>	<b>1,906.2</b>	1,467.7	182.1	86.1	151.5	33.7	33.3	(48.1)	53.7	42.1
Int. Income	1,428.0	1,336.3	41.7	67.3	(30.4)	1.8	16.7	(5.3)	42.1	34.1
Fee Income	532.6	204.4	95.4	16.5	161.6	31.4	11.9	11.5	2.5	1.6
Disposition / Valuation	74.1	58.8	3.2	7.2	8.1	0.4	8.7	(12.3)	8.6	7.7
Other Operating Income	(128.5)	(131.7)	41.8	(4.9)	12.2	0.1	(3.9)	(42.0)	0.5	(1.2)
<b>SG&amp;A Expenses</b>	<b>927.9</b>	726.9	114.9	16.8	53.6	7.6	11.6	(3.6)	20.0	18.1
<b>PPOP</b>	<b>978.3</b>	740.9	67.1	69.3	97.9	26.1	21.7	(44.6)	33.7	24.1
<b>Credit Loss Provision</b>	<b>99.3</b>	20.0	3.0	10.0	57.5	0.1	0.1	8.6	(5.2)	(14.1)
<b>Operating Income</b>	<b>879.1</b>	720.9	64.1	59.3	40.4	26.0	21.6	(53.2)	39.0	38.1
<b>Non Operating Income</b>	<b>39.7</b>	27.8	8.7	(0.2)	(0.6)	(0.0)	2.3	1.7	(0.5)	0.8
<b>Net Income</b>	<b>657.0</b>	554.6	46.7	44.2	30.3	19.6	19.0	(57.5)	28.9	28.8

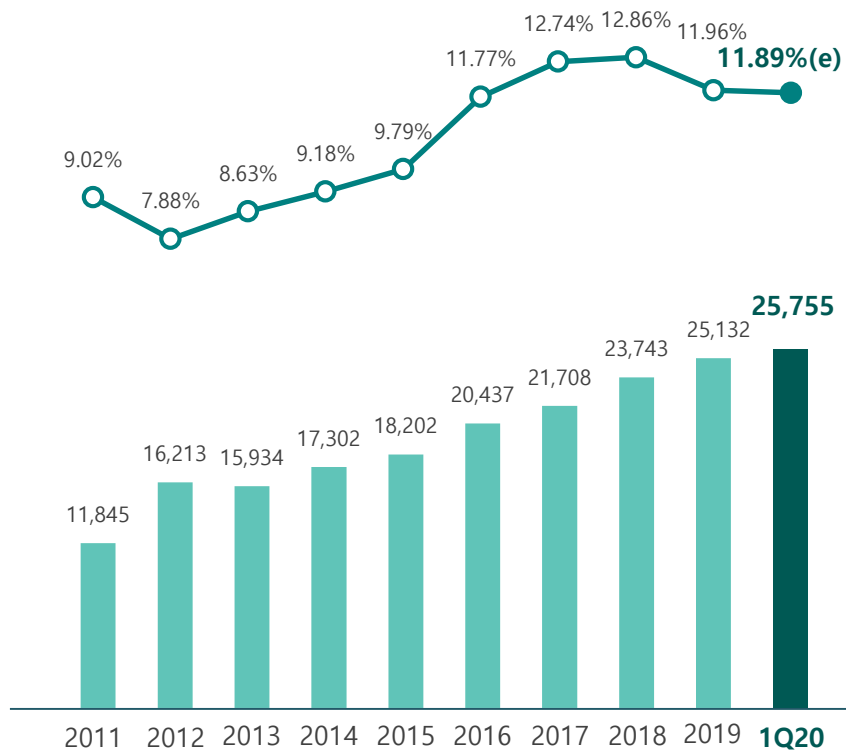
Note 1) Separate



# Dividend

## Group Capital Position <sup>1)</sup> (Unit: Wbn)

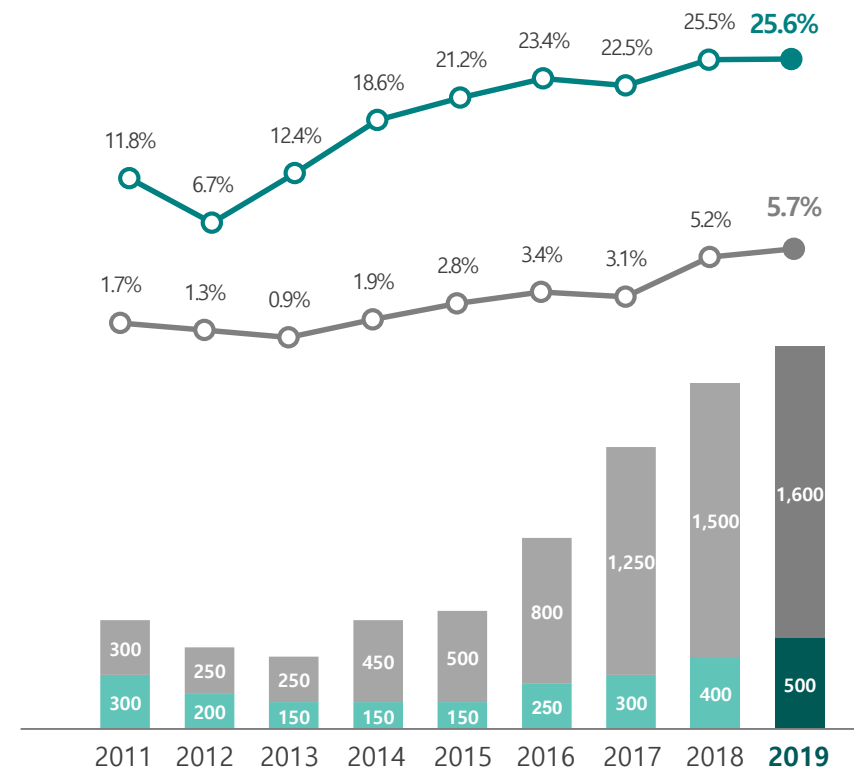
■ CET 1 Capital ○ CET 1 Ratio



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

## Group Capital Return (Unit: Won)

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



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