

Shinhan Financial Group

2022 ESG Bond Annual Reporting

July 2022



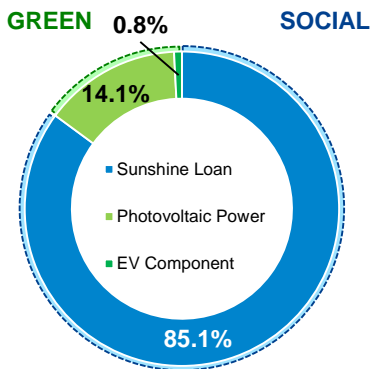
Summary of Our Allocation & Impact

1 Allocation & Impact At a Glance

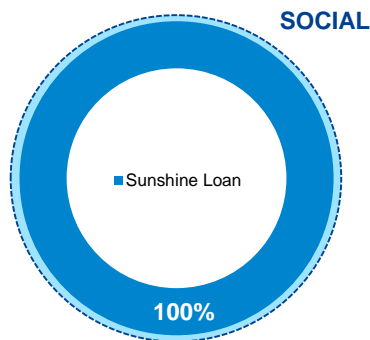
USD 1.5bn raised through Sustainable Bonds are fully allocated to 6 projects and contributed to diverse UN Sustainability Development Goals (“SDGs”) including **1. No Poverty**, **3. Good Health and Well-being**, **7. Affordable and Clean Energy**, **8. Decent Work and Economic Growth**, **9. Industry, Innovation and Infrastructure**, **10. Reduced Inequalities** and **11. Sustainable Cities and Communities**.



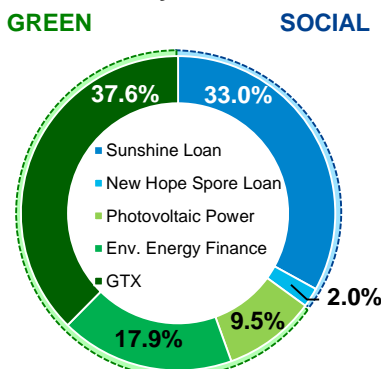
USD 500mn Basel-III Additional Tier 1 SDG Bond May 2021



USD 500mn Covid-19 Resilience Social Bond July 2020



USD 500mn Basel-III Tier 2 SDG Bond July 2019



	Category	Project	Impact Created	Amount (USD mn)	% of Total
USD 500mn due 2026 Additional Tier 1 SDG Bond – May 2021					
Green	Renewable Energy	Photovoltaic Power Generation	Average daily power generation of 113MW and annual power generation of 40,814MW	70.1	14.1%
	Clean Transportation	Component Production for Electric Vehicles	Annual production of 1,000 tons of components for 165k total electric vehicles	4.2	0.8%
Social	Access to Essential Services	Sunshine Loan	USD 425.7mn loans executed to more than 49k target population beneficiaries	425.7	85.1%
Subtotal				500	100.0%
USD 500mn due 2026 Social Bond – July 2020					
Social	Access to Essential Services	Sunshine Loan	USD 500mn loans executed to more than 73k target population beneficiaries	500	100.0%
Subtotal				500	100.0%
USD 500mn due 2030 Tier 2 Sustainability Bond – July 2019					
Green	Renewable Energy	Photovoltaic Power Generation	Average daily power generation capacity of 40MW and the annual generation of 58,000MW	27.3	5.5%
	Renewable Energy / Energy Efficiency	Environment / Energy Sustainable Finance	77 relevant loans executed for photovoltaic power generation	20	4.0%
	Clean Transportation	Great Train Express (GTX)	39 relevant loans executed for environmental performance improvement	89.4	17.9%
Social	Access to Essential Services	New Hope Spore Loan	9,004 cars reduced daily in 30-year average	144.1	28.8%
		Sunshine Loan	USD 9.8mn loans executed to 882 target population beneficiaries	44.2	8.8%
	Access to Essential Services	Sunshine Loan	USD 165.2mn loans executed to 37k target population beneficiaries	9.8	2.0%
Subtotal				500	100.0%
Total				1,500	100.0%

Our Sustainable Bond Key Facts and Figures

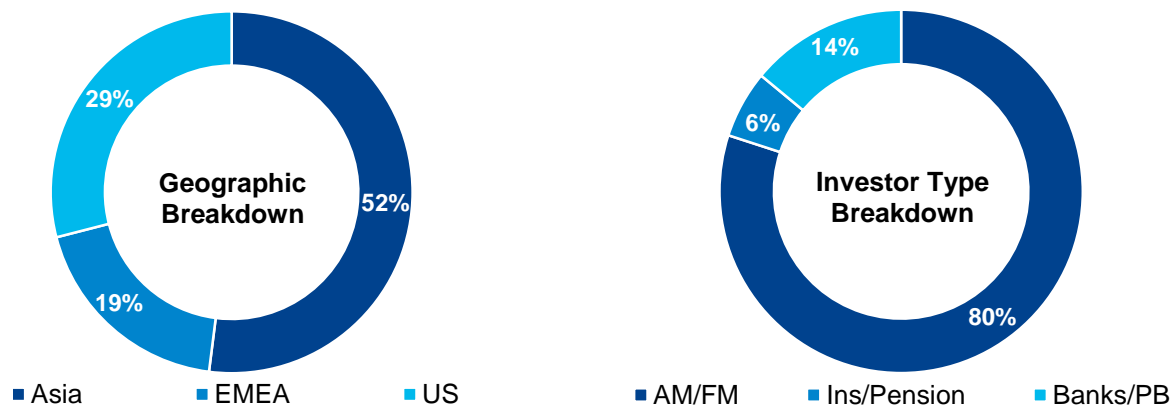
1 [May 2021] SFG's USD AT1 SDG Bond

1. Key Terms

Issuer	Shinhan Financial Group ("SFG")
Issuer Ratings (M/S)	A1 (stable) / A (stable)
Issue Ratings (M)	Baa3
Format	144A / RegS
Structure	Fixed Rate, Basel III-compliant Additional Tier 1 Sustainability Bond (aligned with UN SDGs)
Tenor	Perpetual-NC 5
Size	USD 500 million
Maturity Date	Perpetual
Optional Redemption	12 May 2026
Coupon	2.875%
Issue Spread	CT5+206.4 bps
SPO Provider	Sustainalytics
ISIN (144A/RegS)	USY7749XAY77 / US824596AA84

2. Investor Statistics

Orderbook Size	USD 1.1bn+
Number of Accounts	87



3. Allocation Summary

Proceed Allocation	Allocated Proceeds		
	USD mn	KRW bn *	%
Total Proceeds	500	600	100.0
<i>Allocated Proceeds</i>	500	600	100.0
Green	74.3	89.1	14.9
Renewable Energy – Photovoltaic Power Generation	70.1	84.1	14.1
Clean Transportation – Component Production for Electric Vehicles	4.2	5	0.8
Social	425.7	510.9	85.1
Access to Essential Services – Sunshine Loan	425.7	510.9	85.1

* USD/KRW = 1,200

Our Sustainable Bond Key Facts and Figures

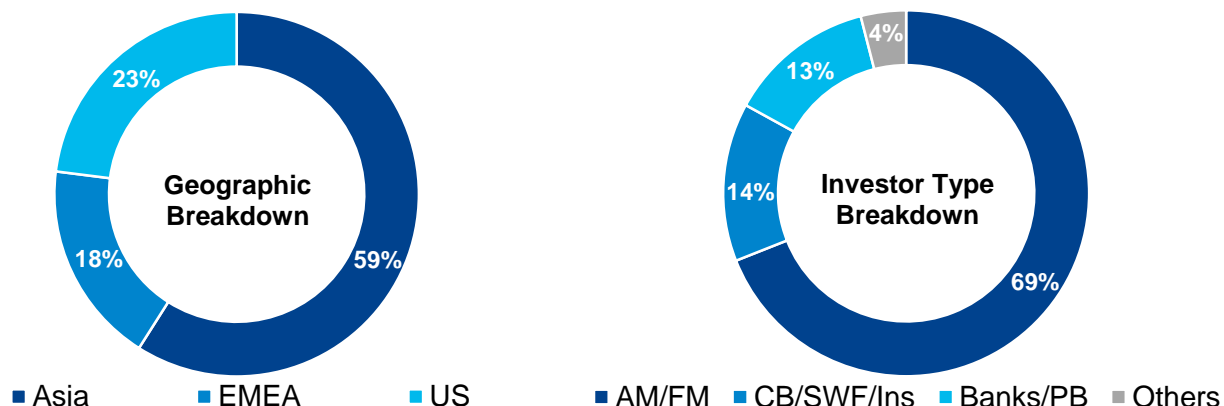
2 [July 2020] SFG's USD Covid-19 Resilience Social Bond

1. Key Terms

Issuer	Shinhan Financial Group ("SFG")
Issuer Ratings (M/S)	A1 (stable) / A (stable)
Issue Ratings (M/S)	A1 / A
Format	144A / RegS
Structure	Senior Unsecured, Covid-19 Resilience Social Bond
Tenor	5.5-year
Size	USD 500 million
Maturity Date	10 January 2026
Coupon	1.350%
Issue Spread	CT5+105 bps
SPO Provider	Sustainalytics
ISIN (144A/RegS)	US82460M2A90 / US82460N2A72

2. Investor Statistics

Orderbook Size	USD 2.3bn+
Number of Accounts	130+



3. Allocation Summary

Proceed Allocation	Allocated Proceeds		
	USD mn	KRW bn *	%
Total Proceeds	500	600	100.0
<i>Allocated Proceeds</i>	500	600	100.0
Green	--	--	--
Social	500	600	100.0
Access to Essential Services – Sunshine Loan	500	600	100.0

* USD/KRW = 1,200

Our Sustainable Bond Key Facts and Figures

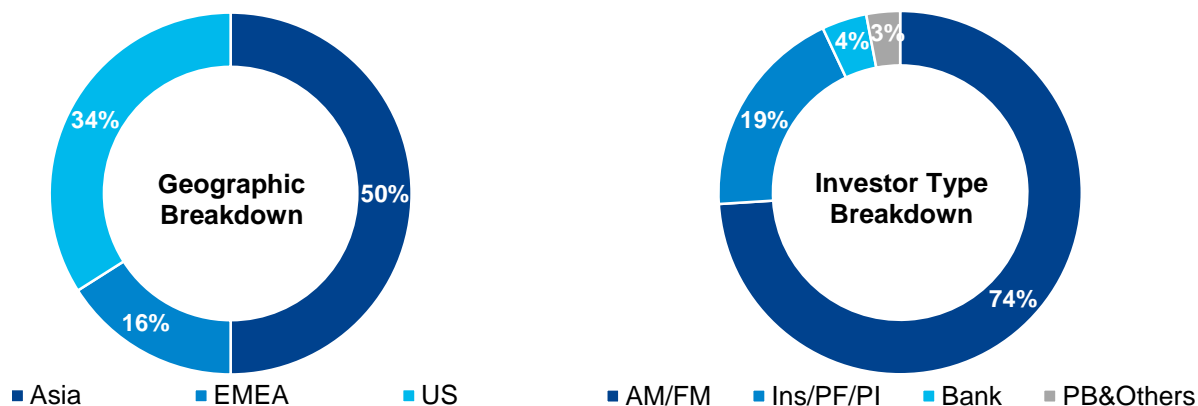
3 [July 2019] SFG's Inaugural USD T2 SDG Bond

1. Key Terms

Issuer	Shinhan Financial Group ("SFG")
Issuer Ratings (M/S)	A1 (stable) / A (stable)
Issue Ratings (M/S)	Baa1 / BBB
Format	144A / RegS
Structure	Fixed Rate, Basel III-compliant Tier 2 Sustainability Bond (aligned with UN SDGs)
Tenor	10.5-NC-5.5
Size	USD 500 million
Maturity Date	5 February 2030
Optional Redemption	5 February 2025
Coupon	3.340%
Issue Spread	CT5+150 bps
SPO Provider	Sustainalytics
ISIN	US82460P2A28 / US82460Q2A00

2. Investor Statistics

Orderbook Size	USD 4.3bn+
Number of Accounts	200+



3. Allocation Summary


Proceed Allocation	Allocated Proceeds		
	USD mn	KRW bn *	%
Total Proceeds	500	600	100.0
<i>Allocated Proceeds</i>	500	600	100.0
Green	325	390	65.0
Renewable Energy – Photovoltaic Power Generation	47.3	56.8	9.5
Renewable Energy / Energy Efficiency – Environment / Energy Sustainable Finance	89.4	107.3	17.9
Clean Transportation – GTX	188.3	225.9	37.6
Social	175	210	35.0
Access to Essential Services – New Hope Spore Loan	9.8	11.7	2.0
Access to Essential Services – Sunshine Loan	165.2	198.3	33.0

* USD/KRW = 1,200

A Detailed Breakdown of Green & Social Projects

1 Social Projects Financing

Social Projects Financing: USD 1,100.7mn (KRW 1,320.9bn, 73.4%)





					Loan Size	
					USD mn	KRW bn *
Total					1,100.7	1,320.9
USD 500mn Additional Tier 1 SDG Bond May 2021					425.7	510.9
USD 500mn Covid-19 Resilience Social Bond July 2020					500	600
USD 500mn Basel-III Tier 2 SDG Bond July 2019					175	210
Eligible Type	Projects	Eligibility Criteria	Eligible Subsidiary	Project Description		
Access to Essential Services 	New Hope Spore Loan	<p>A credit rating of 1~10 with annual income of KRW 35mn or less, or a credit rating of 6~10 with annual income of KRW 45mn or lower.</p> <p>The loan limit is KRW 3~30mn subject to the credit rating one possesses</p>	Jeju Bank	<p>It is a financial support necessary for the stabilization of low credit and/or low-income people in Korea living as part of the government's measures. It is a non-guaranteed microfinancing to low credit and income population. Jeju New Hope Spore Loan provides loans that has limit up to KRW 30mn. Repayment method: lump sum payments or repayment in installments which has a limit of repayment period up to 5 years. During 2018 and 2019, there have been 882 target population beneficiaries of the low interest rate loan provided by Jeju Bank.</p>	9.8	11.7
	Sunshine Loan	<p>Income less than KRW 35mn or income less than KRW 45mn with low credit rating (credit rating of 6~10).</p> <p>The loan limit is up to KRW 30mn</p>	Shinhan Savings Bank	<p>A Loan programme guaranteed by government with annual interest rate set between 7~9%. It is given to people with an annual income of KRW 35mn or less, or with a low credit-worthy (Korea Inclusive Finance Agency sunshine loan rating of 6 to 10) person with an annual income of at most KRW 45mn. Depending on the credit rating, one can obtain support up to KRW 20mn. In 2018 and 2019, 22k and 37k people, respectively, received the loan and total number of target population beneficiaries surged to 56k people in 2020 due to Covid-19 pandemic. The beneficiaries population increased again to 63k customers in 2021.</p>	1,090.9	1,309.2

- USD 425.7mn (KRW 510.9bn) of proceeds from Additional Tier 1 SDG Bond issued in May 2021 have been matched with new Sunshine Loans executed from February 2021 to August 2021.
- USD 500mn (KRW 600bn) of proceeds from Covid-19 Resilience Social Bond issued in July 2020 have been matched with new Sunshine Loans executed in 2020 and January 2021.
- USD 175mn (KRW 210bn) of proceeds from Tier 2 SDG Bond issued in July 2019 have been matched with social loans executed between 2018-2019.

A Detailed Breakdown of Green & Social Projects

2 Green Projects Financing

Green Projects Financing: USD 399.3mn (KRW 479.1bn, 26.6%)

					Loan Size	
					USD mn	KRW bn *
Total					399.3	479.1
USD 500mn Additional Tier 1 SDG Bond May 2021					74.3	89.1
USD 500mn Basel-III Tier 2 SDG Bond July 2019					325	390
Eligible Type	Projects	Eligibility Criteria	Eligible Subsidiary	Project Description		
Renewable Energy 	Photovoltaic Power Generation Project	Companies for generation of electricity from solar	Shinhan Life Insurance	Shinhan Life provided loan that reaches USD 27.4mn to an annual 58,000MW photovoltaic power generating complex, called Yeongwol Solar Tech. In 2020, Shinhan Life allocated USD 61.5mn in funds investing in loans for photovoltaic power generation business including plant construction.	88.9	106.6
			Shinhan Capital	In 2021, Shinhan allocated USD 8.5mn in providing corporate loans and participating in equity investments for photovoltaic power generation projects.	8.5	10.3
			Jeju Bank	Jeju Bank provided loans to various photovoltaic power generators that amounts to USD 20mn. During 2018 and 2019, a total of 77 loans were transacted.	20	24
Renewable Energy / Energy Efficiency  	Environment Energy Sustainable Finance	Technology, product or system which will result in improvement in environmental performance.	Shinhan Capital	Various types of investments have been proceeded by Shinhan Capital, including Photovoltaic power generation plant, waste water treatment industry, waste disposal business, electric motors, and electronic engineering R&D Business.	89.4	107.3
Clean Transportation 	GTX	Providing project financing or loan for low carbon train travel	Shinhan Investment Corporation	GTX is a metropolitan express railway that connects major hubs of Seoul from the outskirts of the metropolitan area. It was proposed by Gyeonggi-do in 2007.	144.1	172.9
			Shinhan Life Insurance	GTX is new concept of transportation that operates in 40~50km underground space at more than 100km/h.	44.2	53
	Electric Vehicles	Providing project loans/financing for electric vehicle charging stations	Shinhan Capital	In 2022, Shinhan Capital participated in a project based equity investment relating to component production for electric vehicles of USD 4.2mn.	4.2	5

- USD 74.3mn (KRW 89.1bn) of proceed from Additional Tier 1 SDG Bond issued in May 2021 have been matched with green projects executed from April 2020 to May 2022.
- USD 325mn (KRW 390bn) of proceeds from Tier 2 SDG Bond issued in July 2019 have been matched with green projects executed between 2018-2019.

Detailed Description of Eligible Projects

1 Green Eligible Project: GTX-A

1. GTX

- GTX stands for Great Train Express, a planned higher-speed commuter rail network for Seoul Metropolitan Area, consisting of three separate lines, GTX A, GTX B, and GTX C.
- 3 lines are scheduled for completion in 2025.
- Once completed, services will operate at an average speed of 116 km/h, three-to-four times faster than a standard metro journey, and will significantly reduce travel time within the Seoul Metropolitan Area.

2. GTX-A

- The construction for GTX-A began in Dec 2018, and is scheduled for completion in 2024.
- Expected demand: 237,107 passengers per day.
- Expected average moving distance: 25.25km.

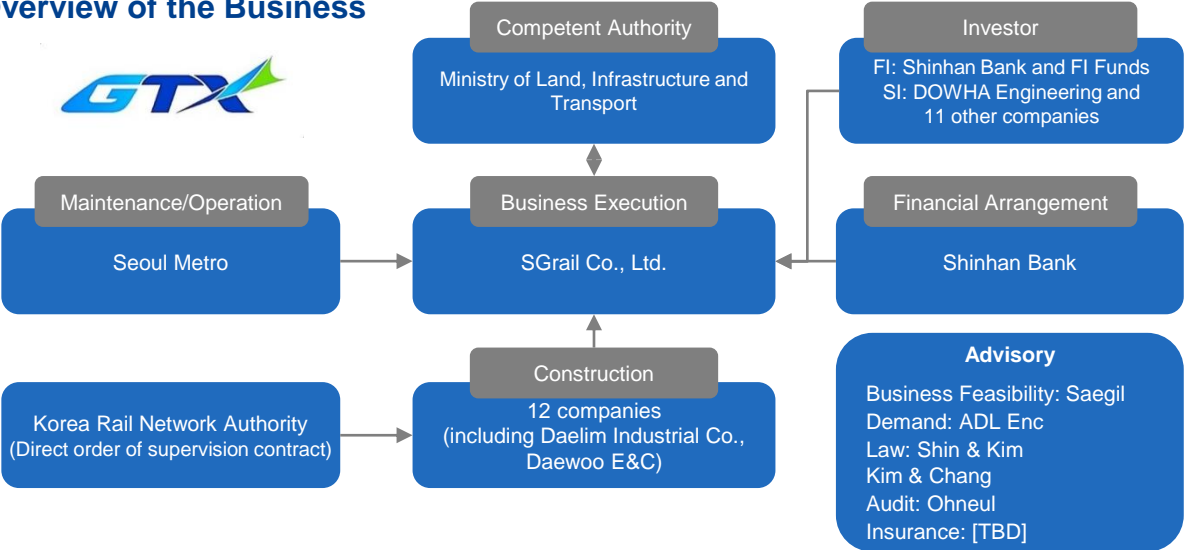
3. Expected Route

- The expected route for GTX-A is as follows:



Station	Location	
Unjeong	GyeongGi-Do	Paju
KINTEX		Goyang
Daegok		
Yeonsinnae	Seoul	Junggu
Seoul Station		
Samsung		
Suseo		Gangnamgu

4. Overview of the Business

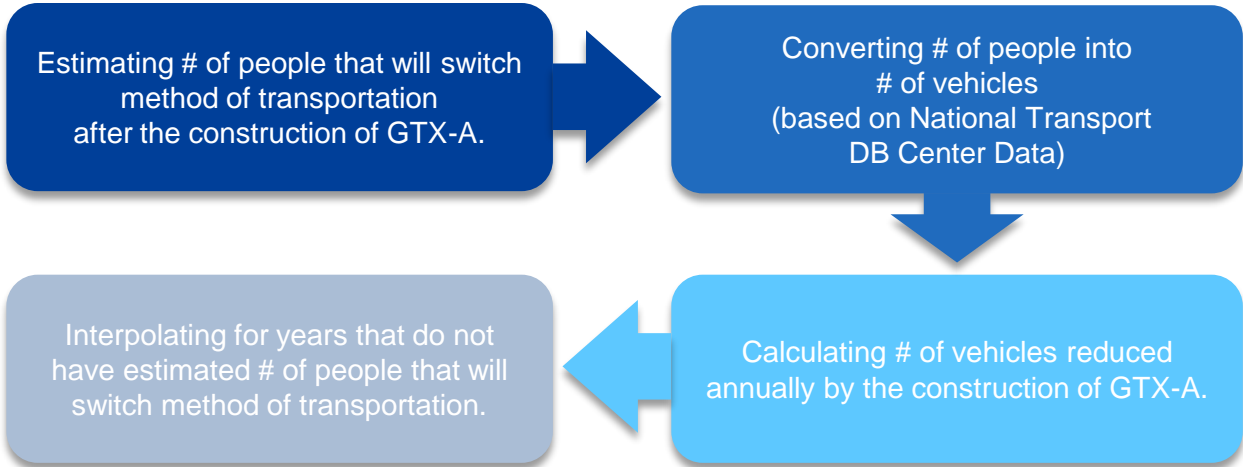


Detailed Description of Eligible Projects

1 Green Eligible Project: GTX-A

5. Calculation Methodology for GTX-A Projects

- Method used to estimate reduced vehicles by the construction of GTX-A



- Yearly transportation switch / # of cars reduced due to implementation of GTX-A

Year	Passenger (per day)	Vehicle (per day)
2024	13,573	9,444
2025	13,609	9,469
2030	13,578	9,605
2035	13,785	9,502
2040	13,165	9,072
2045	12,464	8,417
2053	12,464	8,417
30-year average	13,138	9,044

Source: Seoul Metropolitan Area GTX-A Construction Project Feasibility Report, December 2017, KDI Public Investment Management Center

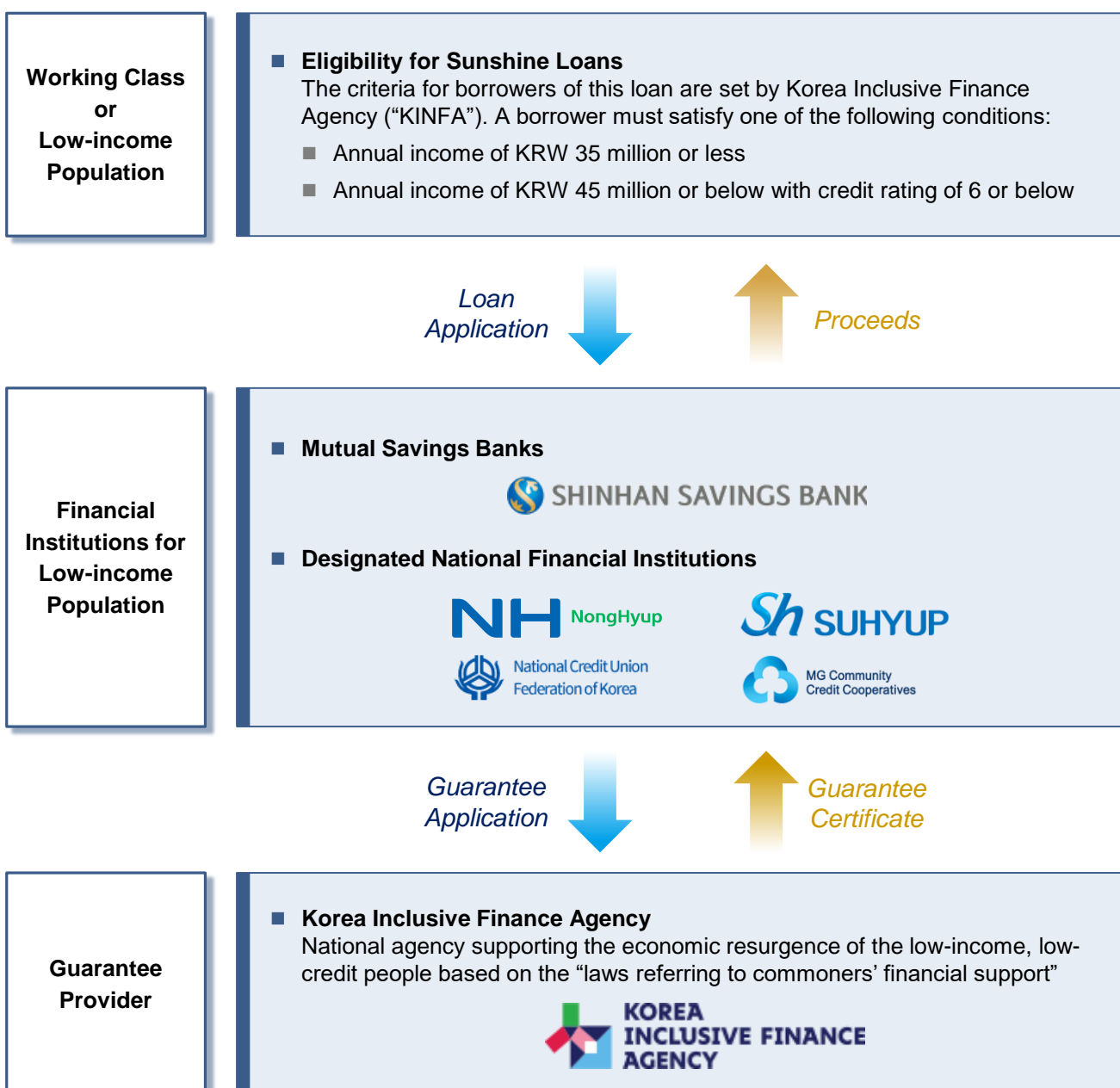
Detailed Description of Eligible Projects

2 Social Eligible Project: Sunshine Loan

1. Sunshine Loan

- The Sunshine loan program aims to provide low-income households with more access to financial services and ease their burden of interest payment. Interest rates are set by each financial institution within the limitation of an interest rate ceiling.
- Sunshine loan program does not require cross-guarantee, which is usually required for financial cooperatives, so that more loans will be made available to low-income earners.
- Those who are delinquent or default on loans, or who can't afford to repay their debt, thereby undergoing a work-out program or filing for personal bankruptcy, are not eligible.

2. Structure of Sunshine Loan Programme

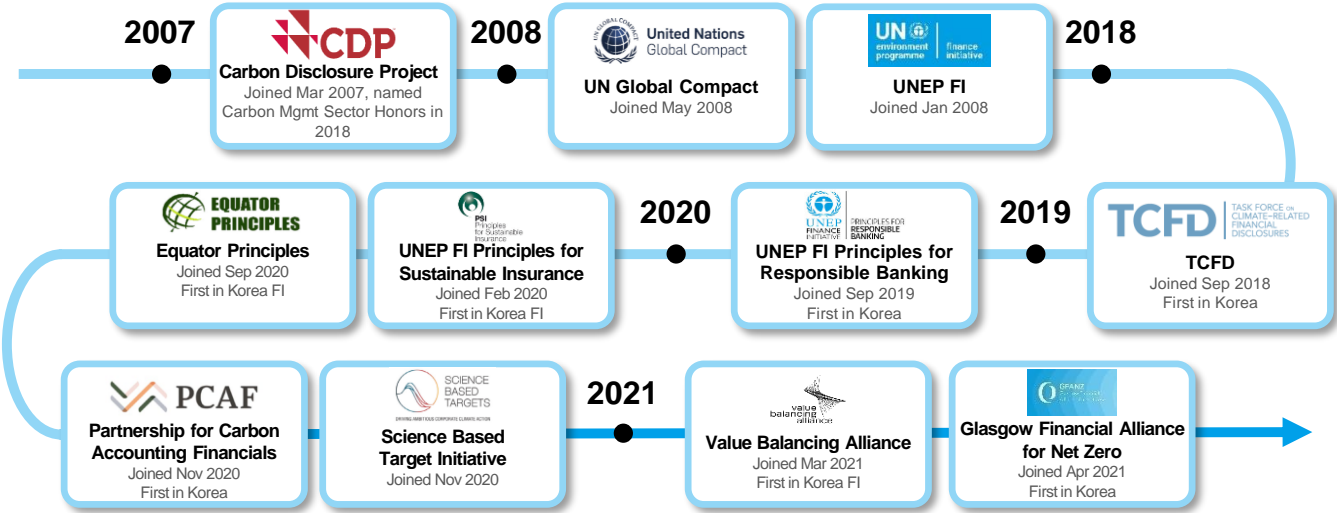


Source: Financial Services Commission

Shinhan Financial Group SDG Framework

1 Shinhan Financial Group's Commitment to SDG

1. Strong Track Record towards Sustainable Management



2. Global Recognition by ESG Evaluation Institutions

 Listed in DJSI World for 9 consecutive years since 2013	 Included in the BGEI for 4 consecutive years since 2018	 Received Quality Score Grade 1 by Institutional Shareholder Services	 Received A+ grade for 7 consecutive years since 2015	 Included in the Honors Club for 8 consecutive years since 2014	 Received AA grade for 3 consecutive years with company asset over KRW 2trn	 Received AA grade for 6 consecutive years since 2016
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3. Group-wide 3 ESG Strategic Directions and 5 Impact Tasks

Strategic Directions	<h4>Do the GREEN Thing</h4> <p>Zero Carbon Drive Achieve carbon neutrality by cutting down carbon emissions and expanding green investment</p> <ol style="list-style-type: none"> Expanding green finance Reducing internal carbon emissions Reducing financed emissions <p>Cut down carbon emissions within the Group asset portfolio to 0 Carbon</p>			<h4>Do the BRAVE Thing</h4> <p>Tripe-K Project Create an innovative ecosystem in Korea in partnership with stakeholders</p> <p>Hope Together SFG Provide inclusive finance</p> <ol style="list-style-type: none"> Expanding innovative finance Strengthening support for startups Continuing with financial inclusion <p>Nurture 10 unicorns by discovering and fostering innovative companies 10 Unicorns</p>			<h4>Do the FAIR Thing</h4> <p>Respect for Diversity Reduce social inequality and eliminate discrimination</p> <p>Financial Consumer Protection Strengthen product governance and offer financial education</p> <ol style="list-style-type: none"> Fostering female leaders Increasing employee satisfaction Strengthening financial education Increasing customer satisfaction <p>Ensure all stakeholders of the Group to be 100% satisfied 100% Satisfaction</p>		
5 Impact Tasks	<p>10 ESG Strategic KPIs</p>			<p>Goals</p>					
Alignment with UN SDGs	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1 NO POVERTY 4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES						

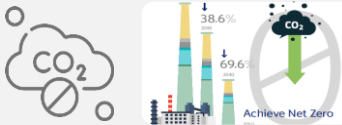
Shinhan Financial Group SDG Framework

1 Shinhan Financial Group's Commitment to SDG

4. Shinhan Financial Group's Green and Social Activities

Green

Zero Carbon Drive



SFG declared the "Zero Carbon Drive" in December 2020 and became the first financial group in East Asia to declare to be carbon neutral including its asset portfolio

Ends Financing to Coal



On March 10, 2021, Shinhan Bank officially announced that the bank will stop supporting Project Financing (PF) and underwriting debts for coal power plants to achieve zero carbon

Equator Principles



Shinhan Bank was the first commercial bank in Korea to adopt the principle and manages environmental / social risk of PF deals over USD 10mn and corporate loans exceeding USD 50mn

Disclose a TCFD Report



Shinhan became the first in Korea to declare to support TCFD in September 2018, and also was the nation's first to disclose a TCFD report in 2019

Social

Covid-19 Support

Covid-19 Social Bond

	Shinhan Financial Group	ShinhanCard
	SFG USD 500mn Single-tranche due 2026 Covid-19 Social Bond Jul 2020	ShinhanCard USD 400mn Single-tranche due 2026 Covid-19 Social Bond Oct 2020

SFG and subsidiaries issued Covid-19 Social bonds to support companies hit by Covid-19 pandemic, such as SFG's Resilience Bond, SHB's Alleviation Bonds and SHC's Response Bond

Discover New Growth



Shinhan is investing KRW 1.7trn in innovative companies by 2022, spurring up to KRW 6trn worth of investment and benefit 20,000+ companies to find new growth engine

Hope Together Campaign



Hope Together campaign, a donation campaign participated by all Shinhan employees, raised KRW 2.5bn which was used to address various community issues induced by Covid-19

Educating Future Generations



SFG and subsidiaries are building "One-Shinhan Integrated Financial Education" platform to help future generations' better understanding of finance and to grow into financial savvy consumers

Boost Consumption



Shinhan Bank conducted a campaign where employees bought flowers and rice cakes for each other to support flower farmers and rice farmers hit by Covid-19 pandemic

Credit Recovery Support



Since 2018, SFG has been running credit recovery support programs in cooperation with other organizations to support the financial stability of the underprivileged

Donation to NGOs



Shinhan Bank made donation of fund, worth VND 5bn (KRW 250mn) to the Vietnamese government for Covid-19 relief, donation worth KRW 200mn to Korean Red Cross

Accessible Service for All

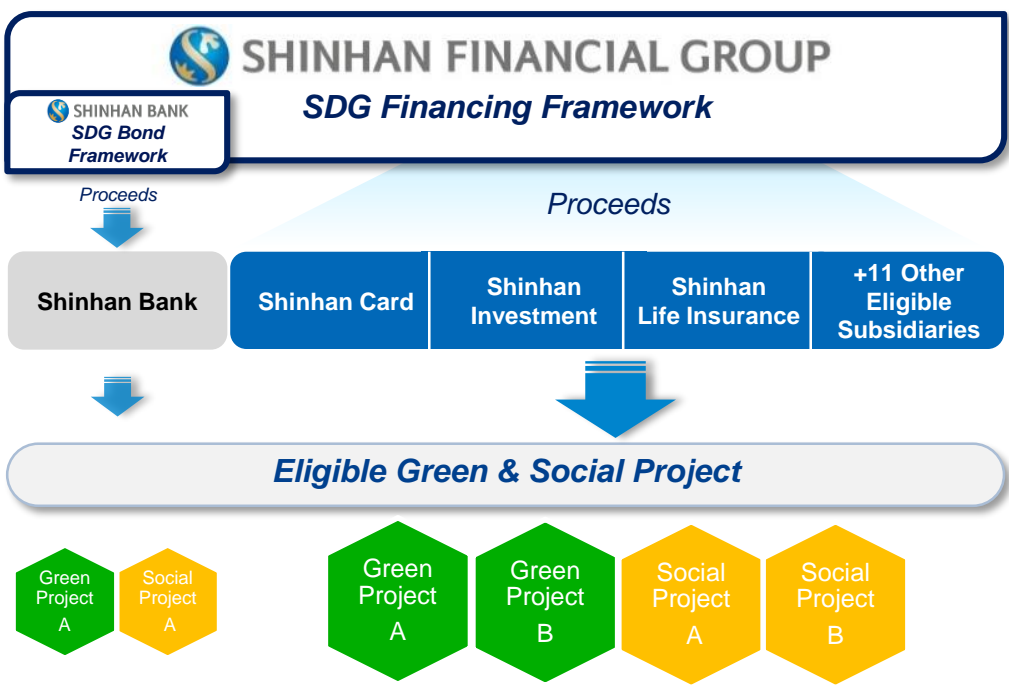
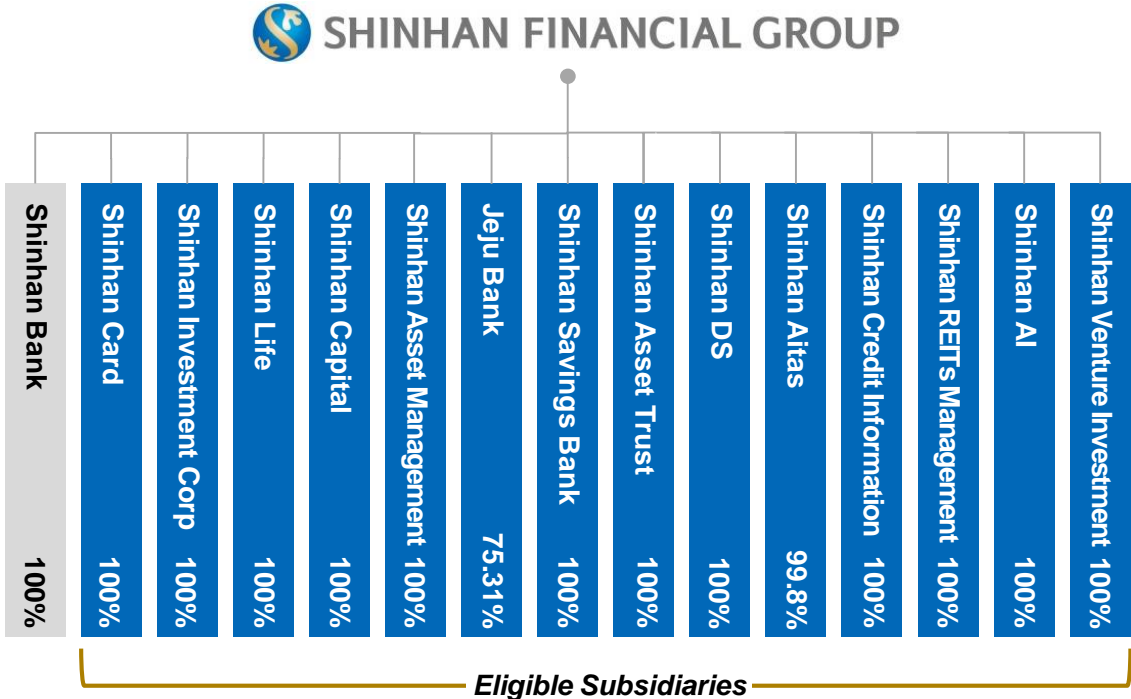


Shinhan Bank's mobile channel, SOL, offers information on branches equipped with facilities designed for the disabled and service to reserve teller dedicated to the disabled.

Shinhan Financial Group SDG Framework

2 Shinhan Financial Group SDG Bond Framework

1. Shinhan Financial Group SDG Financing Framework



“ Shinhan Bank is excluded as a subsidiary as they have their own independent SDG Bond Framework. Shinhan Bank cannot issue under SFG’s SDG Financing Framework and their assets cannot be tagged for financing by SFG, in order to avoid the possibility of double counting. ”

2 Shinhan Financial Group SDG Bond Framework

2. Use of Proceeds



- In order to finance Shinhan Financial Group (“SFG”)’s activities that are directly supporting the UN Sustainable Development Goals, **SFG has prepared this Sustainable Development Goals Financing Framework** (“the Framework”) with an intention of issuing Green, Social or Sustainability Financings.

- The Framework is designed in line with the ICMA’s Green Bond Principles 2018, Social Bond Principles 2018, Sustainability Bond Guidelines 2018, and the Loan Market Association’s Green Loan Principles, which is validated by Sustainability’s independent review.

Eligible Green Projects

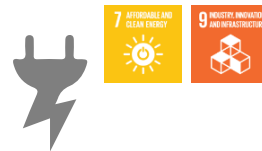
Renewable Energy

Providing project based loans / financing to companies for generation of electricity from renewable sources.



Energy Efficiency

Providing project based loans / financing in technology, products or systems which will result in at least a 30% improvement in energy efficiency.



Pollution Prevention and Control

Providing project based loans / financing aimed at reducing or capturing GHG emissions and harmful air particles.



Green Buildings

Providing project based loans / financing for the development of building with LEED, BREAM, G-SEED 2 certification.



Clean Transportation

Providing project based loans / financing for electric vehicle charging stations & GTX.



Eligible Social Projects

Access to Essential Services

Providing project based loans / financing for the development of public hospitals and institutions that have programmes to offer free services for low income patients and underserved populations, public medical facilities, public outpatient and inpatient care facilities and healthcare properties and services for the elderly.



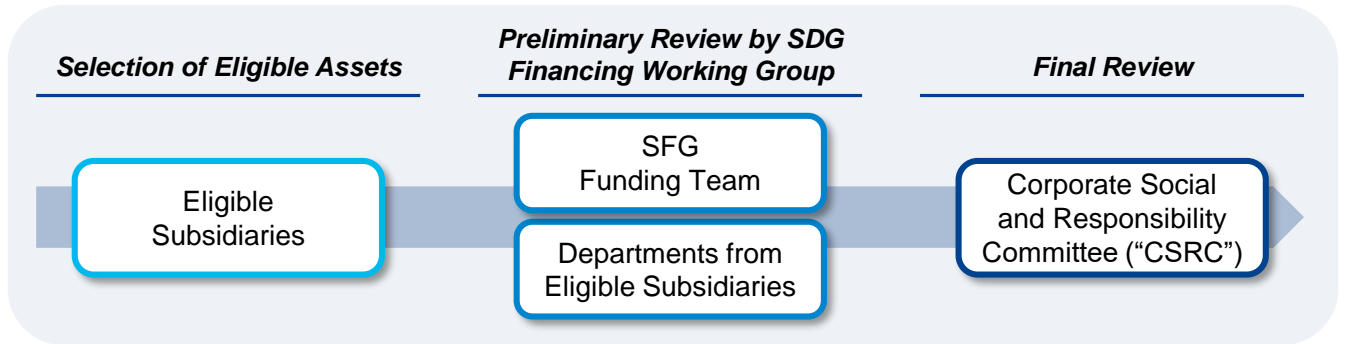
Affordable Housing

Increase affordable housing by lending to tenants of public housing provided by public housing providers under the Special Act of Public Housing and public housing providers approved by the Korean Housing Finance Corporation.



2 Shinhan Financial Group SDG Bond Framework

3. Project Evaluation and Selection



4. Management of Proceeds

Net Proceeds	<ul style="list-style-type: none"> Allocated to eligible green and / or social projects only. SFG's Treasury Department manages the project registry. Annual monitoring system.
Unallocated Funds	<ul style="list-style-type: none"> The unallocated proceeds will be invested in cash or cash equivalent Follow Shinhan Financial Group's usual liquidity management policy.
Re-Allocation	<ul style="list-style-type: none"> In case of divestment, if an eligible assets no longer meets eligible criteria, or if it matures before the life of the bond, the funds will be re-allocated to other eligible projects.

5. Disclosure & Reporting

SFG's SDG Financing Framework, SPO and Annual Report available at: http://www.shinhangroup.com/en/csr/sdg_financing_framework.jsp
 CSR report available at: http://www.shinhangroup.com/en/crm/csrreport/csr_subsidary.jsp

Allocation Reporting	<ul style="list-style-type: none"> Complete list of eligible assets, mapping of UN SDG's and a brief description of each project. Amount allocated to each project and proportion of financing and refinancing. Amount allocated to each individual eligible subsidiary and the proportionate split.
Impact Reporting	<ul style="list-style-type: none"> SFG and the eligible subsidiaries will report on relevant environmental and social impact metrics, where feasible, for their issuances. Green house gas emissions reduced. Estimated USD and KRW value of reduced pollution.

6. SPO from Sustainalytics

The screenshot shows a Sustainalytics report titled "Second-Party Opinion Shinhan Financial Group Sustainable Development Goals Financing Framework". It includes an evaluation summary, a table of key metrics (e.g., Evaluation date: June 2018, Report status: In Progress), and a detailed description of the framework's alignment with UN SDGs. A green checkmark icon indicates a positive assessment.

*"Sustainalytics believes that Shinhan Financial Group's Framework is aligned with the overall mission of the Group and that the environmental and social use of proceed categories will advance a number of key SDGs in Korea. Sustainalytics is of the opinion that the **Shinhan Financial Group's Sustainable Development Goals Bond Framework is robust, transparent, and in alignment with the SBG 2018 and the four core components of the GBP 2018 and the SBP 2018.**"*