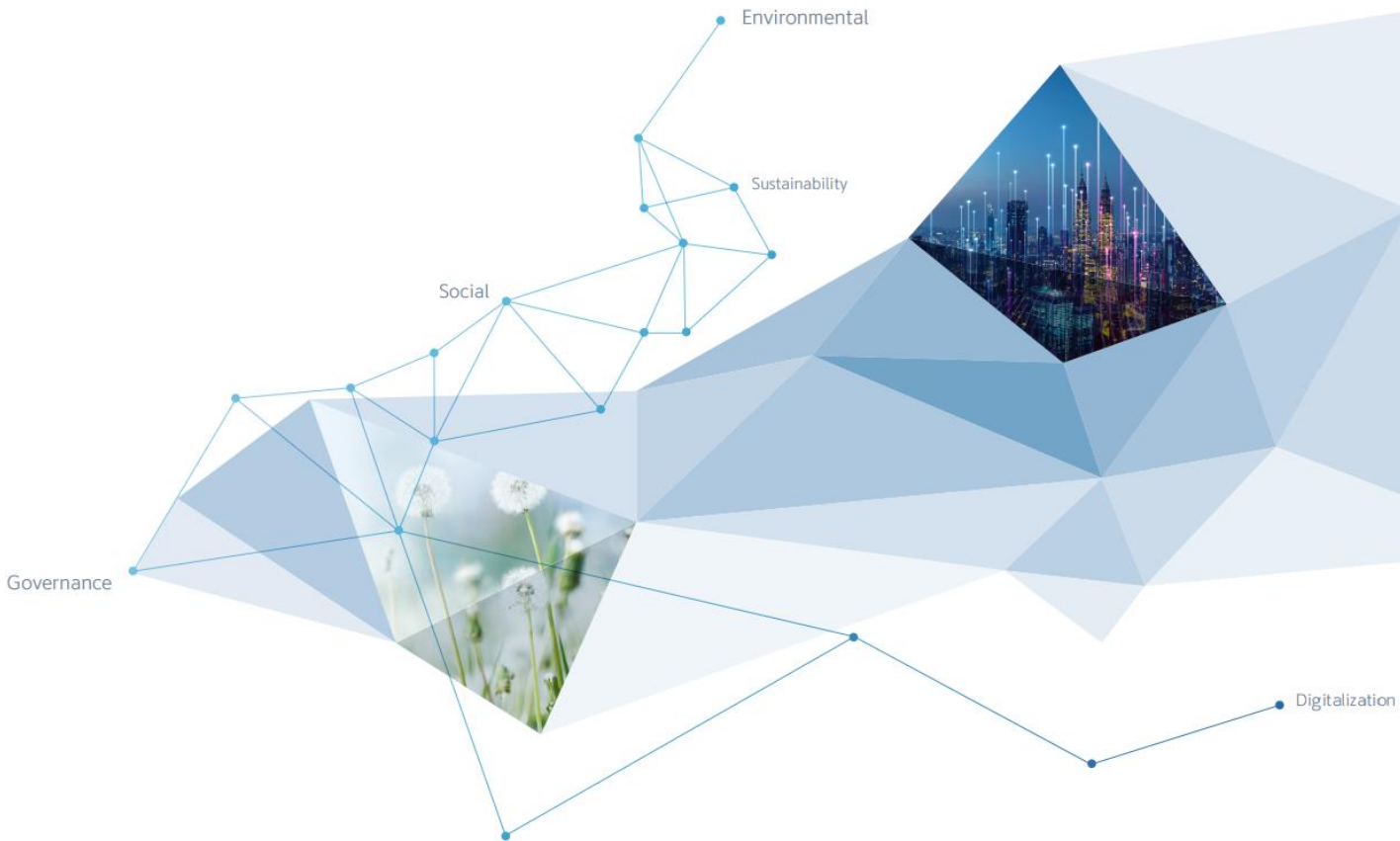


Shinhan Card

2021 ESG Bond Annual Reporting



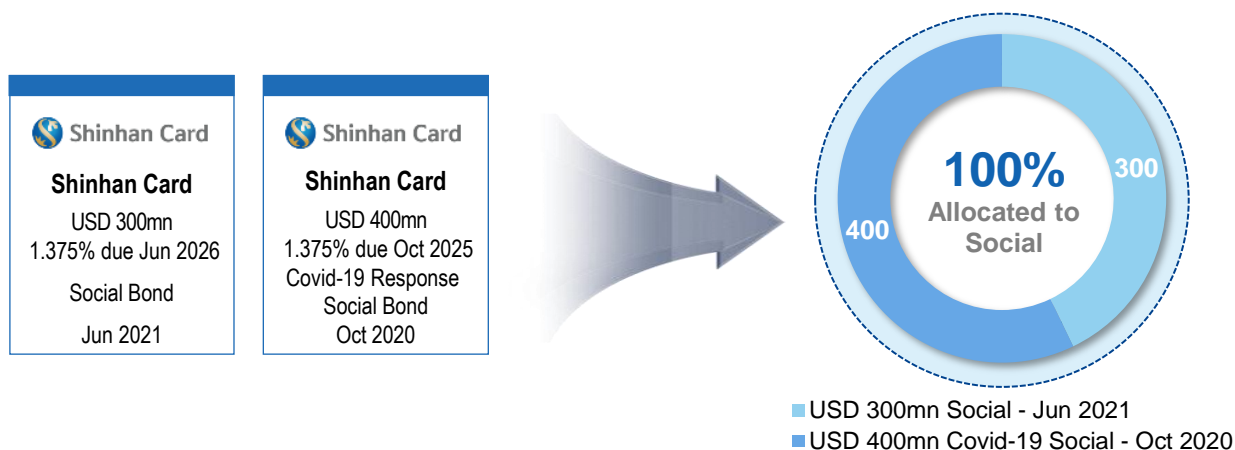
Connect more, Create the most

Overview of Allocation & Impact

Introduction

- ✓ As a wholly-owned subsidiary of Shinhan Financial Group, Shinhan Card has established itself as Korea's No.1 card company in terms of market share, number of memberships and net income. Shinhan Card provides long/short term card loan, installment finance, credit sale service and brokerage service of various products and services. With the popularization of card payment in Korea, Shinhan Card plays a key role as a leading card company to the consumption and the national economy.
- ✓ On October 19th, 2020, Shinhan Card issued its first USD-denominated Covid-19 Response Social Bond in the amount of USD 400mn, which is the first-ever Covid-19 Social Bond issued out of Korean credit card industry. The issuance made Shinhan Card to be the third Shinhan Group entity issuing ESG bonds in the international bond market, following Shinhan Bank and Shinhan Financial Group. Shinhan Card continued its ESG funding in the international capital markets by issuing USD 300mn Social Bond on June 23rd, 2021, solidifying its position as a leading credit card company for ESG initiatives. The issuance was Shinhan Card's first-ever Formosa bond, which became the first-ever public Social Bond listed on TPEX globally.
- ✓ Shinhan Card has made its best effort to fulfill its social roles and responsibilities as a leading card company in Korea as well as a core subsidiary of Shinhan Financial Group. Shinhan Card will continue its commitment on sustainable financing by consistently issuing ESG bonds under Shinhan Financial Group SDG Financing Framework.

Allocation & Impact Highlights



100% Allocated to a Social Category to Create Social Impacts

Supports UN SDGs



1. No Poverty

Social Category & Project

Access to Essential Services



Loans to low- to moderate-income population (100%)

Social Impact Created



USD 700mn
Amount of Loan Provided



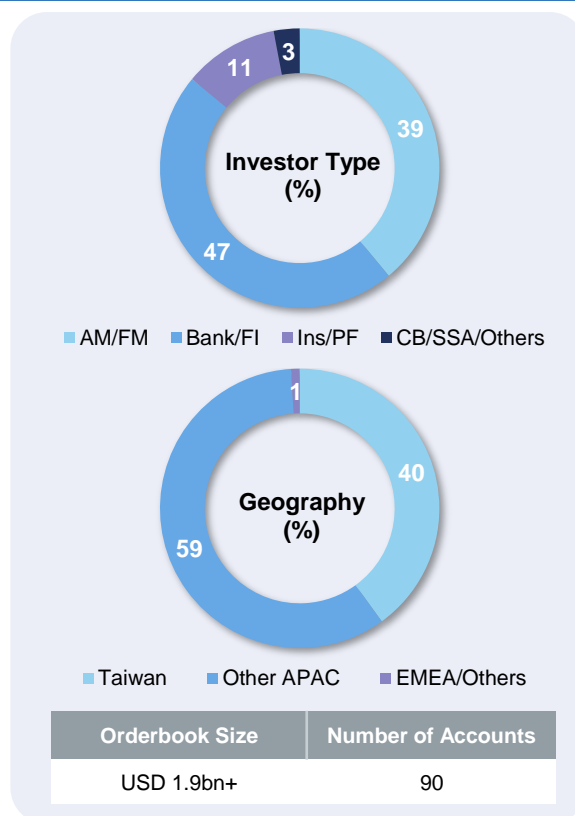
382,431 beneficiaries
of Loans Provided

Sustainable Bond : Key Facts & Figures

[June 2021] Formosa Dual-Listed Social Bond

Issuer	Shinhan Card
Issuer Ratings (M/S)	A2 (stable) / A- (stable)
Issue Ratings (M)	A2
Format	Reg S / Formosa
Structure	Senior Unsecured, Social Bond
Currency	USD
Tenor	5-year
Size	USD 300 million
Maturity Date	23 June 2026
Coupon	1.375%
Issue Spread	CT5 + 70bps
Listing, Denoms	TPEX and SGX, \$200k/1k
ISIN	XS2341140932

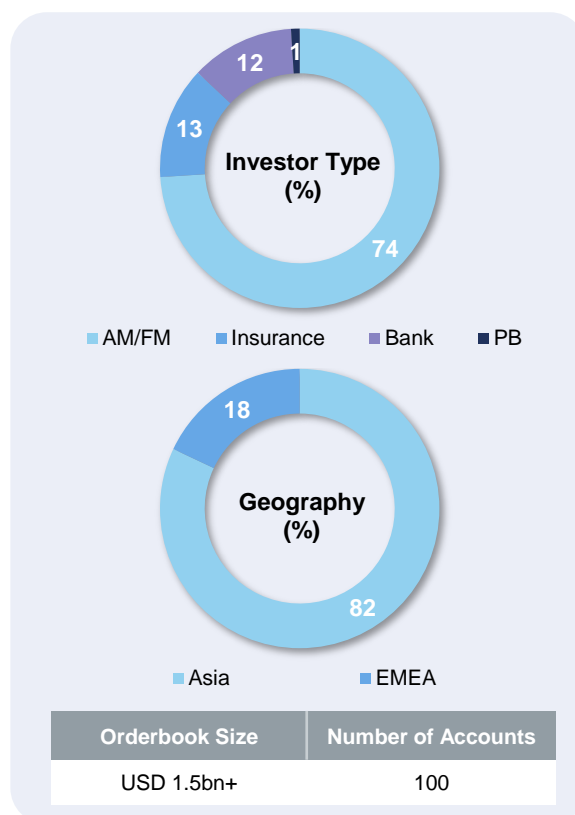
100% of the proceeds are fully allocated to **Loans to low- to moderate-income population** under the category of “**Access to Essential Services**”.



[October 2020] Covid-19 Response Social Bond


Issuer	Shinhan Card
Issuer Ratings (M/S)	A2 (stable) / A- (stable)
Issue Ratings (M/S)	A2 / A-
Format	Reg S
Structure	Senior Unsecured, Covid-19 Response Social Bond
Currency	USD
Tenor	5-year
Size	USD 400 million
Maturity Date	19 October 2025
Coupon	1.375%
Issue Spread	CT5 + 107.5bps
Listing, Denoms	SGX, \$200k/1k
ISIN	XS2241376727

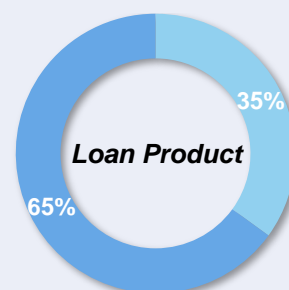
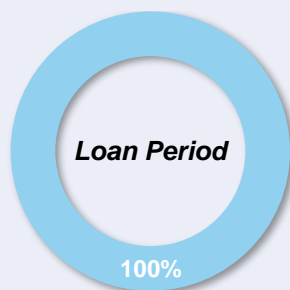
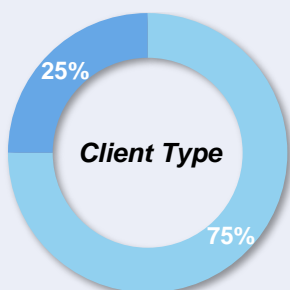
100% of the proceeds are fully allocated to **Loans to finance low- to moderate-income individuals affected by the Covid-19 pandemic** under the category of “**Access to Essential Services**”.



[Jun'21] USD 300mn Formosa Dual-Listed Social Bond

Allocation Report

ESG	Category	UN SDGs	Project	Size (USD mn)	% of Total
Social	Access to Essential Services	 1. No Poverty	Loans to low- to moderate- income populations	300	100%
Total				300	100%



Client Type	Size (USD mn)
Annual Income of KRW 35mn or below	225
Annual Income of KRW 45mn and with credit rating of 6 or below	75
Total	300

Loan Period	Size (USD mn)
July 2021	300
Total	300

Loan Product	Size (USD mn)
Long-term Card Loan	105
Cash Advance	195
Total	300

Impact Report



USD 300mn

Amount of Loans Provided



KRW 2.04mn

Average Amount of Loans Provided



5.7

Average Credit Rating of Beneficiaries



161,546 beneficiaries

of Loans Provided



KRW 29.51mn

Average Yearly Income of Beneficiaries




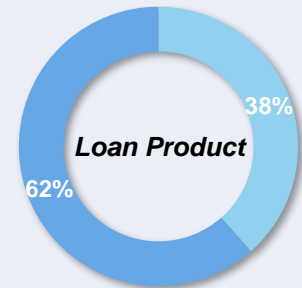
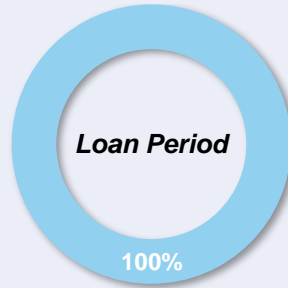
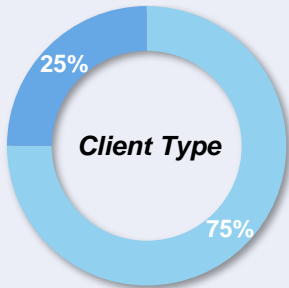
Age 49.3

Average Age of Beneficiaries

[Oct'20] USD 400mn Covid-19 Response Social Bond

Allocation Report

ESG	Category	UN SDGs	Project	Size (USD mn)	% of Total
Social	Access to Essential Services	 1. No Poverty	Loans to low- to moderate- income populations	400	100%
Total				400	100%



Client Type	Size (USD mn)
Annual Income of KRW 35mn or below	300
Annual Income of KRW 45mn and with credit rating of 6 or below	100
Total	400

Loan Period	Size (USD mn)
November 2020	400
Total	400

Loan Product	Size (USD mn)
Long-term Card Loan	154
Cash Advance	246
Total	400

Impact Report



USD 400mn

Amount of Loans Provided



KRW 2.08mn

Average Amount of Loans Provided



5.9

Average Credit Rating of Beneficiaries



220,885 beneficiaries

of Loans Provided



KRW 29.49mn

Average Yearly Income of Beneficiaries



Age 48.7

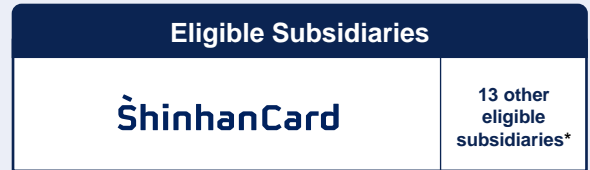
Average Age of Beneficiaries

Shinhan Financial Group's SDG Framework

- ✓ In order to finance Shinhan Financial Group's activities that are directly supporting the UN Sustainable Development Goals, SFG has prepared this Sustainable Development Goals Financing Framework ("SDG Financing Framework") with an intention of issuing Green, Social or Sustainability Financings.
- ✓ The Framework is designed in line with the ICMA's Green Bond Principles (GBPs) 2018, Social Bond Principles (SBPs) 2018, Sustainability Bond Guidelines (SBGs) 2018 and the Loan Market Association's Green Loan Principles.

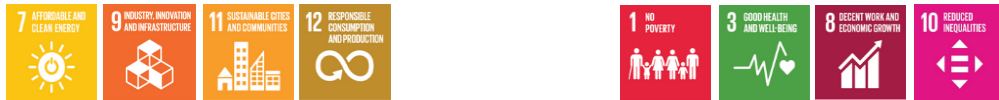


Proceeds



* Excluding Shinhan Bank which has their own Framework

Use of Proceeds



Eligible Green Projects



Renewable Energy

Loans/financing to Companies for generation of electricity from renewable sources.



Energy Efficiency

Loans/financing to technology, products or systems resulting at least a 30% improvement in energy efficiency.



Pollution Prevention and Control

Loans/financing aimed at reducing or capturing GHG emissions and harmful air particles.



Green Buildings

Loans/financing to the development of building with LEED, BREAAAM, G-SEED 2 certification.



Clean Transportation

Loans/financing to electric vehicle charging stations & GTX.

Eligible Social Projects



Access to Essential Services

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.

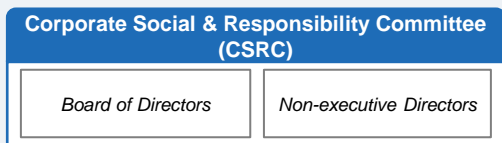
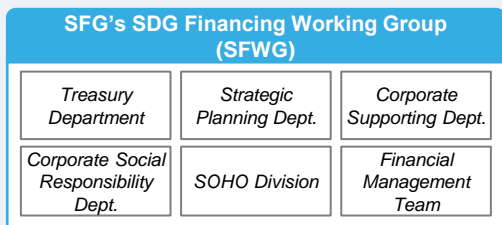
Exclusion Criteria

- ✓ The SDG Framework of Shinhan Financial Group excludes sensitive and controversial activities and sectors as well as projects and assets directly related to fossil fuels.

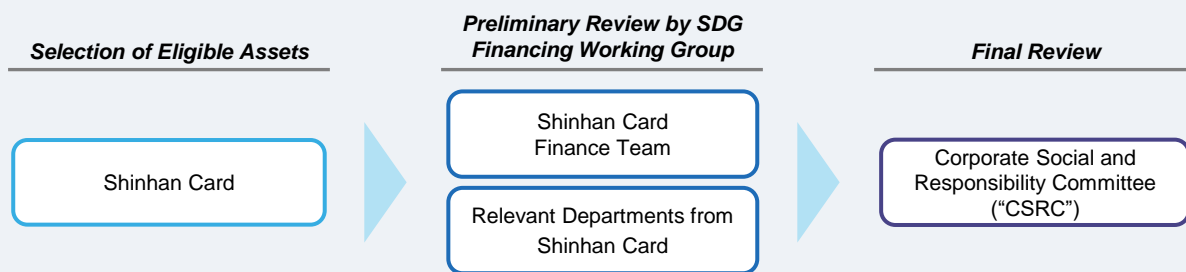


Shinhan Financial Group's SDG Framework

Project Evaluation and Selection



- ✓ In order to issue their own sustainable Financing from the framework, Eligible Subsidiaries set up their own independent working groups consisting of their representatives in the SFWG and any additional members from relevant departments deemed necessary.
- ✓ Corporate Social and Responsibility committee (CSRC)'s role is to set a direction for corporate social responsibility management matters concerning enactment and revision/abolishment of criteria/policies



Management of Proceeds

Net Proceeds	<ul style="list-style-type: none"> > Allocated to eligible green and / or social projects only > Shinhan Card's Finance Team manages the project registry > Balance of tracked proceeds monitored annually
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

Reporting

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"> > Shinhan Card 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

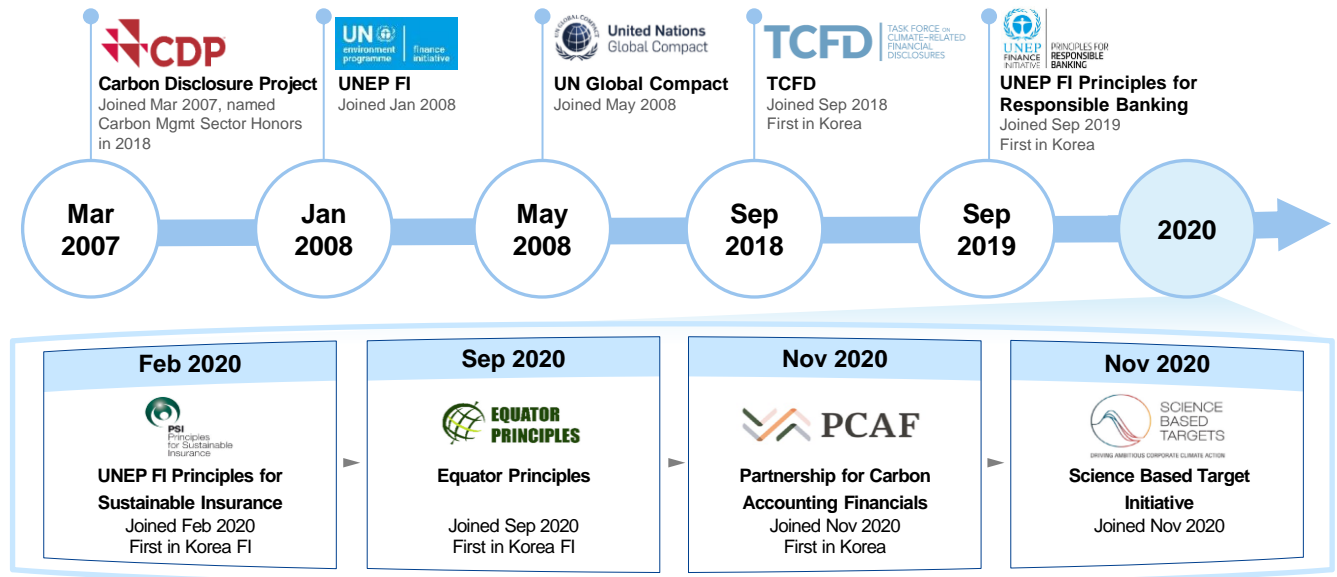
External Review

"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 four core components of the Green Loan Principles 2018 and the Social Bond Principles 2018**"



Commitment To Sustainability

Shinhan's Strong Track Record towards Sustainable Management



Shinhan Card's Green and Social Activities

Green	Deep ECO Card <p>For green consumers, Shinhan Card has launched 'Shinhan Deep ECO' that provides services related to eco-friendly activities. 0.1% of the transacted amount gets automatically donated to Seoul Green Trust.</p>	Introduction of Eco-Friendly Vehicle <p>Shinhan Card has replaced 30% of its business vehicles with hybrid vehicles and plans to take a step further by adopting electric vehicles and achieving 100% eco-friendly vehicle until 2025.</p>	Seoul Forest ECO Zone <p>Shinhan Card has developed an ECO Zone in Seoul Forest to preserve green area in Seoul city. Additional ECO Zones are planned to be established in other areas.</p>
	Gov't Disaster Relief Funds <p>Shinhan Card contributed to providing KRW 2trn government emergency disaster relief funds, a fund to minimize economic fallout from Covid-19, through credit and debit card points.</p>	Social Contribution under 'Arumin' <p>Under the Shinhan Card's social contribution brand 'Arumin', various programs, such as volunteering, book mentor, library program, are mutually connected, creating a synergy for the society.</p>	Supporting Small Business <p>Shinhan Card provides support for small business owners, who are vulnerable to Covid-19 impact, by reducing interest rate on loans and deferring payment claims.</p>
Social	Increase Financial Inclusiveness <p>Shinhan Card launched new financial products for mid-interest rate loans to support people with low credit ratings and established schemes designed to resolve information asymmetry.</p>	Service for People with Disabilities <p>Shinhan Card provides various services for people with disabilities, such as issuing braille credit cards and providing financial education programs for easier to access financial services.</p>	I'm Ventures <p>Shinhan Card runs I'm Ventures, a startup development and in-house venture program aimed at discovering joint business models in collaboration with startups.</p>