

PRICING SUPPLEMENT



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

**Issue of US\$500,000,000 1.375% Senior Unsecured Notes due October 21, 2026
under the U.S.\$6,000,000,000
Global Medium Term Note Program**

THE NOTES TO WHICH THIS PRICING SUPPLEMENT RELATES (THE “NOTES”) HAVE NOT BEEN 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, UNLESS SO REGISTERED, 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), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE NOTES WILL BE OFFERED AND SOLD ONLY (I) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND (II) WITHIN THE UNITED STATES IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED UNDER RULE 144A).

IN CONNECTION WITH THIS ISSUE, THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER(S)) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE MAY BE NO OBLIGATION ON THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER(S)) TO UNDERTAKE STABILISATION ACTION. 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.

Joint Bookrunners and Joint Lead Managers

**BOFA SECURITIES
CREDIT SUISSE
J.P. MORGAN**

**BNP PARIBAS
HSBC
MIZUHO SECURITIES**

The date of this pricing supplement is April 14, 2021.

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea, as amended, and may not be offered, sold, delivered or transferred, directly or indirectly, in Korea or to, or for the account or benefit of, any Korean resident (as defined in the Foreign Exchange Transaction Act of Korea and the Enforcement Decree thereof) for a period of one year from the date of issuance of the Notes, except (i) if Article 2-2-2, Paragraph 2, Item 3 of the Regulation on the Issuance of Securities and Public Disclosure of Korea is applicable, the Notes may be offered, sold, delivered or transferred to, between or among Korean Qualified Institutional Investors as specified in Article 2-2, Paragraph 2, Item 4 of the above-mentioned regulation, provided that at least 80% of the aggregate issuance amount of the Notes shall be allocated to non-residents of Korea (as defined in the Foreign Exchange Transaction Act of Korea and the Enforcement Decree thereof)(which applies only to the Notes acquired from the Issuer or any underwriter at the time of issuance of the Notes), and the other requirements as set forth in Article 2-2-2, Paragraph 2, Item 3 above are satisfied, or (ii) as otherwise permitted by applicable Korean laws and regulations.

NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE “SFA”) — the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes 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).

Pricing Supplement dated April 14, 2021

Shinhan Bank

**Issue of US\$500,000,000 1.375% Senior Unsecured Notes due October 21, 2026
under the US\$6,000,000,000
Global Medium Term Note Program**

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 Terms and Conditions of the Notes (the “**Conditions**”) set forth in the offering circular dated April 13, 2021 (the “**Offering Circular**”). This Pricing Supplement is supplemental to and must be read in conjunction with the Offering Circular.

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|--|---|
| 1. Issuer: | Shinhan Bank, acting through its principal office in Korea
(Legal Entity Identifier: 5493003P813VL21KG928) |
| 2. (i) Series Number: | 71 |
| (ii) Tranche Number: | 1 |
| (iii) Re-opening: | No |
| 3. Specified Currency or Currencies: | U.S. Dollars (US\$) |
| 4. Aggregate Nominal Amount: | |
| (i) Series: | US\$500,000,000 |
| (ii) Tranche: | US\$500,000,000 |
| 5. (i) Issue Price of Tranche: | 99.269% of the Aggregate Nominal Amount |
| (ii) Net Proceeds (after deducting
underwriting discounts and | US\$495,095,000 |

commissions but not estimated expenses):

- (iii) Use of Proceeds: The net proceeds from the issue of the Notes will be used to fund or refinance eligible Green or Social Projects as set out in the section “Use of Proceeds” of the Shinhan Bank Sustainable Development Goals Bond Framework, attached to this Pricing Supplement as Exhibit A
6. (i) Specified Denominations: US\$200,000 and integral multiples of US\$1,000 in excess thereof
- (ii) Calculation Amount: US\$1,000
7. (i) Issue Date: April 21, 2021
- (ii) Interest Commencement Date: April 21, 2021
8. Maturity Date: October 21, 2026
9. Interest Basis: 1.375% Fixed Rate
10. Redemption/Payment Basis: Redemption at par
11. Change of Interest Basis or Redemption/Payment Basis: None
12. Put/Call Options: Not Applicable
13. Status of the Notes: Senior
14. Listing: Singapore Exchange Securities Trading Limited
15. Method of Distribution: Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions: Applicable
- (i) Rate(s) of Interest: 1.375% per annum payable semi-annually in arrears
- (ii) Interest Payment Date(s): April 21 and October 21 of each year up to and including the Maturity Date (with the first interest payment date being October 21, 2021), in each case, subject to adjustment in accordance with the Following Business Day Convention
- (iii) Fixed Coupon Amount(s): US\$6.875 per Calculation Amount
- (iv) Broken Amount(s): Not Applicable
- (v) Day Count Fraction: 30/360, unadjusted
- (vi) Determination Date(s): Not Applicable
- (vii) Business Center(s): Not Applicable
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: Condition 6(a)(I) applies
17. Floating Rate Note Provisions: Not Applicable
18. Zero Coupon Note Provisions: Not Applicable
19. Index Linked Interest Note Provisions: Not Applicable
20. Dual Currency Note Provisions: Not Applicable

PROVISIONS RELATING TO REDEMPTION

- | | |
|---|----------------------------------|
| 21. Issuer Call: | Not Applicable |
| 22. Investor Put: | Not Applicable |
| 23. Final Redemption Amount of each Note: | US\$1,000 per Calculation Amount |
| 24. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 8(e) (<i>Redemption and Purchase — Early Redemption Amounts</i>)): | US\$1,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 25. Form of Notes: | Registered Notes: Regulation S Global Note registered in the name of a nominee for DTC and Rule 144A Global Note registered in the name of a nominee for DTC |
| 26. Additional Financial Center(s) or other special provisions relating to Payment Dates: | New York City, London and Seoul |
| 27. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): | Not Applicable |
| 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 of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 29. Details relating to Installment Notes: | Not Applicable |
| (i) Installment Amount(s): | Not Applicable |
| (ii) Installment Date(s): | Not Applicable |
| 30. Redenomination applicable: | Redenomination not applicable |
| 31. Other terms or special conditions: | Not Applicable |

DISTRIBUTION

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| 32. (i) If syndicated, names of Managers: | BNP Paribas
Credit Suisse (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
J.P. Morgan Securities plc
Merrill Lynch International
Mizuho Securities USA LLC
<i>(as Joint Bookrunners and Joint Lead Managers)</i> |
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(ii) Stabilising Manager(s) (if any):	BNP Paribas Credit Suisse (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation Limited J.P. Morgan Securities plc Merrill Lynch International Mizuho Securities USA LLC
33. If non-syndicated, name of relevant Dealer:	Not Applicable
34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	TEFRA rules not applicable
35. Prohibition of Sales to EEA Retail Investors:	Not Applicable
36. Prohibition of Sales to UK Retail Investors:	Not Applicable
37. Additional selling restrictions:	Not Applicable
OPERATIONAL INFORMATION	
38. Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s):	DTC
39. Delivery:	Delivery free of payment
40. In the case of Registered Notes, specify the location of the office of the Registrar if other than New York:	Not Applicable
41. In the case of Bearer Notes, specify the location of the office of the Principal Paying Agent if other than London:	Not Applicable
42. Additional Paying Agent(s) (if any):	Not Applicable
43. Alternate Settlement Rate Determination Agent (if any):	Not Applicable

ISIN:	Rule 144A Notes: US82460CAQ78 Regulation S Notes: US82460EAQ35
CUSIP:	Rule 144A Notes: 82460CAQ7 Regulation S Notes: 82460EAQ3
Common Codes:	Rule 144A Notes: 233126250 Regulation S Notes: 233126209

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the US\$6,000,000,000 Global Medium Term Note Program of Shinhan Bank.

Application will be made to the SGX-ST for the listing and quotation of the Notes 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 the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Program or the Notes.

OTHER RELATIONSHIPS

Certain affiliates of the Joint Lead Managers have from time to time performed banking and advisory services in the ordinary course of business for the Issuer for which they have received customary fees and expenses. The Joint Lead Managers and certain of their affiliates may, from time to time, engage in transactions with and perform services for this Issuer in the ordinary course of business.

The Joint Lead Managers 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.

RATINGS OF THE NOTES

The Notes are expected to be rated Aa3 by Moody's Investors Service, A+ by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., and A by Fitch Ratings Ltd. Such ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by such rating organizations. Each such rating should be evaluated independently of any other rating of the Notes.

RISK FACTORS

The following provides information that supplements certain information about the Bank under the headings corresponding to the headings below in the Offering Circular. Capitalized terms used in these sections or elsewhere in this Pricing Supplement have the meanings given to them in the Offering Circular. If the information in these sections differs from the information in the Offering Circular, you should rely on the information in these sections.

There can be no assurance that the use of proceeds of the Notes will be suitable for the investment criteria of an investor.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as "sustainable," and therefore no assurance can be provided to investors that selected eligible Green or Social Projects will meet all investor expectations regarding environmental or social performance. Although the eligible Green or Social Projects will be selected in accordance with the Shinhan Bank Sustainable Development Goals Bond Framework (the "**Framework**") attached hereto as Exhibit A, there can be no guarantee that the projects will deliver the environmental or social benefits as anticipated, or that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and operation of the projects. In addition, where any negative impacts are insufficiently mitigated, the projects may become controversial, and/or may be criticized by activist groups or other stakeholders.

The Bank has engaged an external consultant, *Sustainalytics*, to review the Framework and provide a second party opinion (the "**Second Party Opinion**") regarding the Framework's environmental and social credentials, as well as its alignment with the Green Bond Principles 2018, Social Bond Principles 2018 and Sustainability Bond

Guidelines 2018, as administered by the International Capital Market Association. The Second Party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes.

The Framework and the Second Party Opinion are not incorporated into, and do not form part of, this Pricing Supplement or the Offering Circular. Neither the Bank nor any of the Joint Lead Managers makes any representation as to the suitability of the Framework. Neither the Framework nor the Second Party Opinion is a recommendation to buy, sell or hold securities, and the Framework and the Second Party Opinion are only current as of the date they were initially published on March 26, 2019 by the Bank and the external consultant, respectively. Furthermore, the Framework and the Second Party Opinion are for information purposes only and neither the Bank nor any of the Joint Lead Managers accepts any form of liability for the substance of the Framework or the Second Party Opinion and/or any liability for loss arising from the use of the Framework or the Second Party Opinion and/or the information provided therein.

In addition, although the Bank has agreed to certain reporting and use of proceeds obligations in connection with certain environmental and sustainability criteria, the Bank's failure to comply with such obligations does not constitute a breach or an event of default under the Notes. A withdrawal of the Second Party Opinion or any failure by the Bank to use the proceeds of the Notes on eligible Green or Social Projects or to meet or continue to meet the investment requirements of certain environmentally or socially-focused investors with respect to such Notes may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. No assurance can be provided with respect to the suitability of the Second Party Opinion or that the Notes will fulfill the sustainability, environmental or social criteria to qualify as sustainable bonds. Each potential purchaser of Notes should determine for itself the relevance of the information provided in the Offering Circular regarding the use of proceeds, including the Framework and Second Party Opinion, and its purchase of Notes should be based upon such investigation as it deems necessary.

The Framework and Second Party Opinion are available on the Bank's website at <https://www.shinhan.com/en/index.jsp#300405010000>

RECENT DEVELOPMENTS

The following information relates to certain recent developments relating to the Issuer since the date of the Offering Circular and should be read together with the Offering Circular.

Preliminary Operating Results for the Three Months Ended March 31, 2021

The Issuer expects to announce its preliminary operating results for the three months ended March 31, 2021 on or around April 23, 2021, and the Issuer's financial statements as of and for the three months ended March 31, 2021 are expected to be made public on or around May 17, 2021. As of the date of the Offering Circular, the Issuer's financial closing procedures for the three months ended March 31, 2021 are not yet complete. The Issuer's preliminary operating results for the three months ended March 31, 2021 and its financial statements as of and for the three months ended March 31, 2021 may not be reflective of and may differ significantly from the Issuer's results of operations as of and for the three months ended March 31, 2020 or the Issuer's results of operations as of and for the year ended December 31, 2020 contained in the Offering Circular, and there is also no assurance that the Issuer's financial statements as of and for the three months ended March 31, 2021 will not contain material information that is different from the Issuer's preliminary operating results for the three months ended March 31, 2021. Such preliminary operating results for the three months ended March 31, 2021 and the

Issuer's financial statements as of and for the three months ended March 31, 2021 are not incorporated by reference in this Pricing Supplement or in the Offering Circular, and the Joint Lead Managers make no representation, warranty or undertaking, express or implied, nor accept any liability as to such information.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: Chan Heon Jung

Duly authorized signatory

Name: **Chan Heon Jung**

Title: **General Manager
Treasury Department
Shinhan Bank**



[Signature Page to Pricing Supplement]

EXHIBIT A

Shinhan Bank

**Sustainable Development Goals Bond
Framework**

December 2018



INTRODUCTION

Shinhan bank is one of the leading Korean commercial banks and also the first bank in the country to be founded solely with private funds in 1982. Its holding company, Shinhan Financial Group was established in 2001, with a vision of becoming a world class financial services company. The Group provides products and services across banking and non-banking business, with a mission of ‘Compassionate Finance, Your Companion for the Future’. Based on the mission, the Group is pushing ahead with Creating Shared Value (CSV) management initiatives that satisfy both corporate economic value and social community value through our core business of financing. With a slogan of “Different Approaches to Finance, Benefiting the World”, the Group and its subsidiaries recognize the unique role financial institutions play in connecting capital more responsibly to build a sustainable future. The Group strives to strengthen inclusive and productive financial support for the working-class and SMEs to be their reliable partner, practice responsible financing activities by ensuring environmental and social sustainability in our support projects, and engage in leading and responsible management by contributing to the vitalization of green finance investing in the renewable energy and environment sectors.

Shinhan Bank joined both the UN Global Compact and ‘UNEP-FI’ in 2008 and is one of the 28 banks that signed up to launch the Principles for Responsible Banking with the UNEP-FI. The Principles will define the banking industry’s role and responsibilities in shaping a sustainable future. By committing to the Principles, Shinhan Bank assumes the mantle of sustainability leadership and strives to make a tangible contribution towards the environment and society. This increased commitment and transparency will further shape Shinhan bank’s strategy to align business with objectives of the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

Shinhan Bank is dedicated to continue efforts in achieving sustainable growth by addressing issues concerning low growth, aging society, youth unemployment and climate change. It has established the “2020 CSR Strategies” with three key pillars: Responsible Growth, Social Partnerships and Investments for the Future. This is highlighted in Shinhan Financial Group’s CSR report, where projects such as supporting SMEs sustainable growth and job training opportunities for the youth from low income families are supplemented with reference to the associated UN SDGs.

To spearhead the green movement in Korea forward, Shinhan Bank has also announced the Declaration of Eco Transformation 2020, which comprises of a 20 trillion Korean Won investment in the Green industry. This declaration focuses on reducing CO2 by 20%, strengthening financial competitiveness according to the energy paradigm shift and setting visions for future-oriented environmental friendly management, including:

1. Leading the low-carbon financial market;
2. Expanding environmentally friendly management; and
3. Strengthening environmental leadership/partnership.

Other commitments by Shinhan Bank to contribute towards a socially responsible economy include the proposed Shinhan DoDream Project, where a total combined funding amount of 9 trillion Korean Won (by 2020) is used to support 15 proposed projects in the following three sectors:

1. Youth Employment and Job Creation;
2. Investment for Innovative Companies; and
3. Direct Support for Socially Vulnerable People.

Under the Youth Employment and Job Creation sector, Shinhan Bank has launched the ‘Youth Employment DoDream’ program which is a youth job creation program aimed at discovering the workforce through the restoration of self-esteem of youth and enhancing human resources capacity through job training related to the fourth industrial revolution.

Shinhan Bank has now taken the next step by mapping the use of eligible Green and Social projects in this framework to the UN SDGs.

SHINHAN SUSTAINABLE DEVELOPMENT GOALS BOND FRAMEWORK

In order to finance Shinhan Bank’s diverse activities that are directly supporting the UN Sustainable Development Goals, Shinhan bank has prepared this Sustainable Development Goals Bond Framework (“the Framework”) with an intention of issuing multiple currency Green, Social or Sustainability bonds under this Framework. The Framework is designed in line with the ICMA Green Bond Principles 2018, ICMA Social Bond Principles 2018 and the Sustainability Bond Guidelines 2018, with the following four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

1. Use of Proceeds

100% of the net proceeds of the bond will be used exclusively to finance or refinance eligible Green or Social projects and/or lending to businesses in Green industries and/or lending to businesses facilities to advance into Green industries, in whole or in part, falling within one of the categories detailed in the table below. Herein, whenever projects are mentioned they reference Green, Social and lending projects, unless otherwise defined. The net proceeds can also be used for future potential projects belonging to any of the Green or Social categories outlined in this Framework. For the case of refinancing, the Group will include projects that are financed within 24 months prior to the issuance date.

Mapping Eligible Green and Social Categories to the UN’s SDGs



ICMA Green Bond Categories

Eligible Projects

UN SDGs

Renewable Energy

Finance construction, production, transmission of renewable energy projects, such as:

- Solar
- Wind
- Hydro (run of river facility or small hydro with maximum 25 MW of capacity)
- Geothermal (projects with direct emissions above 100 gCO₂ / kWh are excluded).
- Fuel Cell
- Biomass, not derived from feedstock suitable for food production
- Ocean Energy



Energy Efficiency

Investments to improve energy efficiency by a minimum of 15% compared to its baseline for buildings, machineries or factories such as:

- Energy storage systems
- Efficient heating, insulation and lighting
- Smart Grid



Green Buildings

Properties that have received, or expect to receive locally or internationally recognized green certifications such as:

- LEED Gold certification or above
- BREEAM “Excellent” rating or above



Pollution Prevention and Control

Projects aimed at reducing or capturing GHG emissions and harmful air particles such as:

- Air purification units (not related to fossil fuel generation facilities)
- Waste-to-energy plants
- Recycling of resources
- Harmful Matter Monitoring and Environmental Purification (not related to fossil fuel generation facilities)



Clean Transportation

Eco-friendly vehicles and infrastructure that promote greener commuting such as:

- Electric or hybrid cars
- Public, rail (not used to transport fossil fuels), non—motorized, multi-modal environmentally friendly transportation
- Bicycles



Sustainable Water and Wastewater Management

Finance projects associated with water and wastewater infrastructure such as:

- Sustainable infrastructure for clean and/or drinking water
- Waste water treatment
- Sustainable land and urban drainage systems (sewage treatment and recycling, waste water recycling and hydro ecological restoration)
- River training and other forms of flooding mitigation
- Natural disaster response system



ICMA Green Bond Categories

Eligible Projects

UN SDGs

Climate Change

- Climate Change Forecasts and Modeling
- Climate Change Impact Evaluation and Adaptation
- Weather Observation Equipment/ Weather Forecast



Terrestrial and Aquatic Biodiversity Conservation

- Protection of marine environments



ICMA Social Bond Categories

Eligible Projects

UN SDGs

Access to Essential Services (e.g. health, education and vocational training, healthcare, financing and financial services)

- Support low-income¹ individuals/families in obtaining loans to reduce financial inequalities such as New hope spore loan, Mid-interest rate loan for the working class etc.
- Microfinance Support (compliant with the criteria set by the ‘Korea Inclusive Finance Agency’)



Employment Generation

- Provide financing support for SOHO² (small office and home office, which are enterprises operated by individuals and households) and SMEs³ such as Tech Credit bureau, Loans for the promotion fund of the small entrepreneur market
- Comprehensive and customized solutions for SMEs



¹ Low income individuals are determined by the Korean Ministry of Health and Welfare (MOHW) and Ministry of Education (MOE)’s classification, which is based on household income.

² SOHO refers to individual business operators or companies with a total asset size of KRW 2 billion or less.

³ SMEs are defined in accordance with Article 2 of the Enforcement Decree of the Framework Act on Small and Medium Businesses. a) a business that employs less than 1000 full time workers, b) a business whose total assets are less than 500bn Won, c) a business with less than 100bn Won of equity capital, d) a business whose average sales during the immediately preceding three business years is less than 150bn, 100bn, 80bn, 60bn depending on borrower industry classification.

Socioeconomic Advancement and Empowerment

- Support the Shinhan Do Dream Project⁴: funding support to companies with commitment to youth employment and job creation as well as investing in innovative companies

***Additional detail on social loan products:***

New Hope Spore Loan⁵: A product for the working class and customers with low credit ratings and low income.

Mid-interest rate loan for working class: Loans for individuals and businesses with income certificates, backed by Seoul Guarantee Insurance’s guarantee as collateral.

Microfinance Support: Shinhan Bank’s Microfinance business complies with the criteria set by “Korea Inclusive Finance Agency”. Please see below for the target groups;

1. Those with a credit rating of 6 and below (Including those with no credit rating)
2. Recipient of national basic livelihood guarantees (the lowest income class) or those classified as 2nd lowest income class (those who live within 120% of the minimum cost of living)
3. Those that fulfill requirements for employment subsidies

Tech Credit bureau: Technology financing product that supports small and medium sized businesses with advanced technologies and substantial growth potentials based on evaluation on technology, competitiveness and commercialization capabilities.

Loans for the promotion fund of the small entrepreneur market: Loans for small business owners with certificates for ‘eligible companies for policy fund’ from Small Enterprise and Market Service, as defined by the Ministry of SMEs and Startups.

Comprehensive and Customized Solutions for SMEs⁶: Financing support and consulting services to SMEs according to the stages of corporate life cycles through business agreements with external agencies. Financing supports that are tailored to the purposes of job creation, companies engaging in new growth engine industries, ones with outstanding technologies, and the ones creating social and economic values in order to encourage their growth.

All designated green and social projects should provide clear environmental and social benefits, which will be assessed and, where feasible, quantified by Shinhan Bank.

⁴ DoDream Project includes loan products for job creation companies which are certified by or receive guarantee from the government or government related entities, including but not limited to the Ministry of Employment and Labor, Ministry of SMEs and Startups, and Korea Technology Finance Corporation.

⁵ The criteria for borrowers of this loan are set by Korea Inclusive Finance Agency. The borrower should be 1) those with annual income of KRW 35 million or below / or 2) those with annual income of KRW 45million or below with credit rating of 6 or below.

⁶ SMEs are defined in accordance with Article 2 of the Enforcement Decree of the Framework Act on Small and Medium Businesses.

The eligible Green and Social projects are not limited to this list. Any project contributing explicitly to the eligible categories and SDGs above is considered eligible for Shinhan Bank's Green / Social / Sustainability bonds. Involvement in the following activities or industries are excluded from consideration for eligibility:

- Child Labour
- Adult Entertainment
- Weapons/Arms
- Alcohol
- Tobacco
- Fossil Fuel generation and transportation of fossil fuels
- Biomass derived from feedstock suitable for food production
- Nuclear Power Generation
- Large-scale hydro-power projects with a generating capacity of over 25 megawatts which has yet to be constructed

2. Process for Project Evaluation and Selection

Project evaluation and selection is a key process in ensuring that the projects financed by the Green / Social / Sustainability bond meet the criteria in Shinhan Bank's SDG Bond Framework.

Eligible green and social projects will be sourced from the various business units, and will be selected by the Treasury Department following this Framework. Once selected, all members of the SDG working group will cooperate in reviewing the projects to ensure they demonstrate clear environmental and social benefits, in line with the Framework.

Shinhan Bank has combined ESG with risk management. To recognize ESG risk of loans and investments, Shinhan Bank has adopted the ESRM (Environment & Social Risk Management Policy framework) and established the Sector Policy to select and manage environmentally important and controversial areas. We are also conducting target selection, risk rating and ESRP (Environmental & Social Risk Review Procedure) based on the Equator Principles.

SDG Bond Working Group (SBWG)

In order to effectively manage sustainability bonds, Shinhan Bank is launching a SDG Bond Working Group ("SBWG") with senior representatives from below departments, coordinated by the Treasury Department:

- Corporate Banking Department
- Treasury Department
- Retail Banking Department

- Strategic Planning Department
- Corporate Supporting Department
- Project Banking Department 2
- Corporate Social Responsibility Department
- SOHO Division
- Strategic Planning Department, Shinhan Financial Group

The SBWG will be responsible for validating project selection and the bond annual reports. The SBWG will review projects annually and projects will be signed off by all members.

Loan Evaluation and Selection

Shinhan Bank determines whether the business can be considered operating in green industries by identifying the main products/services of the business. The businesses do not have to currently operate in Green industries, but loans to these companies can be issued to fund facilities to advance into Green industries.

Target loan borrowers are corporates and individual businesses that:

1. Operate in Green and/or Social industries
2. Seek to advance into Green and/or Social industries; and,
3. Produce and service items that are essential for operating in Green and/or Social industries

Shinhan Bank has an internal loan committee that selects the relevant targets based on the criteria above which comprises of the following departments, i) Credit Analysis and Assessment, ii) Risk Management, iii) Treasury Departments, iv) and other related project teams. All departments mentioned above are involved in the loan review process, which includes an identification, analysis, selection and approval workflow process. The final approval of loans is made by an executive member.

3. Management of Proceeds

The net proceeds of all the SDG bonds, or an amount equal to these net proceeds from the bonds will be allocated to eligible green and/or social projects only. As long as the bond is outstanding, the Treasury Department will manage the project register through its internal information system, and the balance of the tracked proceeds will be monitored annually.

If there is any unallocated amount, it will be invested in cash or cash equivalent following Shinhan bank's usual liquidity management policy.

In case of divestments or if an eligible project no longer meets eligible criteria (as defined above), the funds will be re-allocated to other eligible projects, following the above described Project Selection Process.

4. Reporting

Following the first bond anniversary, and every year thereafter until full allocation of the bond, Shinhan bank will update investors on how the bond proceeds are allocated and share information on projects financed by the bond, as an integral part of its annual report. Reporting on loans will be produced on the relevant Green and/or Social category level basis.

The report will include the below information, and it will be readily available on the corporate website.

4.1 Allocation reporting

- Complete list of Green and Social projects and brief description of each project [date, location, category and progress / it could be no-name basis for confidentiality reason, for smaller Green and Social projects, aggregate information can work as well]
- Amount allocated to each project and how they are managed
- Weighted average of the project being financed or refinanced by the bond issuance
- Portion of financing and refinancing (and the list of Green and Social projects that are re-financed)

4.2 Impact Reporting

Shinhan Bank will also report on relevant environmental and social impact metrics where feasible, and it will transparently disclose measurement methodology for quantitative indicators. Below are examples of impact indicators to be reported:

Green Bond Examples

- Annual energy savings (for energy efficiency projects and green building)
- GHG emissions reduced
- Number of LEED certified buildings funded

Social Bond Examples

- Number of SME loans granted
- Number of loans granted to healthcare industry participants
- Number of beneficiaries

5. External review

Shinhan Bank has engaged with Sustainalytics for the external review of this SDG Bond Framework. This Framework and the Second Party Opinion will be uploaded on our company's website ahead of the SDG bond issuance.