

法商東方匯理銀行股份有限公司台北分公司等承銷「Shinhan Card Co., Ltd. U.S.\$400,000,000 Floating Rate Senior Unsecured Notes due 2029」之美金計價國際債券公告

法商東方匯理銀行股份有限公司台北分公司等(以下稱「承銷商」)承銷「Shinhan Card Co., Ltd. U.S.\$400,000,000 Floating Rate Senior Unsecured Notes due 2029」之美金計價國際債券(以下稱「本國際債」)，本國際債發行總金額為美金 400,000,000 元整，由承銷商洽商銷售本國際債金額為美金 400,000,000 元整。茲將銷售辦法公告於後：

一、證券承銷商名稱、地址及證券承銷商洽商銷售數量：

承銷商名稱	地址	洽商銷售金額
法商東方匯理銀行股份有限公司台北分公司	臺北市信義區 110016 松仁路 100 號 28 樓之 1	USD70,000,000
渣打國際商業銀行股份有限公司	臺北市中山區遼寧街 179 號 3 樓	USD70,000,000
永豐金證券股份有限公司	臺北市中正區重慶南路一段 2 號 19 樓	USD88,000,000
元大證券股份有限公司	台北市中山區南京東路 3 段 219 號 11 樓	USD60,000,000
國泰世華商業銀行股份有限公司	臺北市信義區松仁路 7 號 2 樓	USD50,000,000
凱基證券股份有限公司	臺北市中山區明水路 700 號 9 樓	USD45,000,000
統一綜合證券股份有限公司	臺北市松山區東興路 8 號 12 樓	USD6,000,000
玉山商業銀行股份有限公司	臺北市松山區民生東路三段 115、117 號	USD6,000,000
台新國際商業銀行股份有限公司	臺北市仁愛路四段 118 號 22 樓	USD5,000,000

二、承銷總額：美金 400,000,000 元整。

三、承銷方式：本國際債將由承銷商包銷並以「洽商銷售」方式出售予投資人。

四、承銷期間：本國際債定價日為 2026 年 6 月 9 日，於 2026 年 6 月 23 日辦理承銷公告並於 2026 年 6 月 24 日發行。

五、承銷價格：承銷商於銷售期間內依本國際債票面金額銷售，以美金 200,000 元整為最低銷售單位，發行價格為 100%。

六、本國際債主要發行條件：

- (一) 定價日：2026 年 6 月 9 日
- (二) 發行日：2026 年 6 月 24 日
- (三) 到期日：2029 年 12 月 24 日
- (四) 發行人評等：A2 Stable (Moody's) / A- Stable (S&P)
- (五) 受償順位：無擔保主順位債券
- (六) 票面金額：美金 200,000 元整，並以美金 1,000 元為單位疊加
- (七) 票面利率：Compounded Daily SOFR + 0.82 %。
- (八) 付息及還本方式：每季付息。於每年之於 3 月 24 日、6 月 24 日、9 月 24 日、12 月 24 日支付利息，首次付息日為 2026 年 9 月 24 日，最後一次付息日為到期日。計息基礎為 Actual/360 (Adjusted)，發行人將於債券到期日一次還本。
- (九) 營業日：首爾、紐約、倫敦。
- (十) 準據法：英國法
- (十一) 債券掛牌處所：中華民國證券櫃檯買賣中心、新加坡交易所。

七、銷售限制：

於台灣銷售僅限財團法人中華民國證券櫃檯買賣中心外幣計價國際債券管理規則第二條之一第一項所定義之專業投資人，另依中華民國證券商業同業公會證券商承銷或再行銷售有價證券處理辦法第三十二條之規定，每一認購人認購數量不得超過該次承銷總數之百分之八十，惟認購人為政府基金者不在此限。

八、通知、繳交價款及交付本國際債方式：

承銷商於發行日前通知認購人繳交價款之方式，認購人於發行日以 Euroclear 或 Clearstream(DVP)完成交割或於發行日將本國際債之認購款項匯入承銷商指定帳戶，承銷商將本國際債撥入認購人所指定之集中保管帳戶。

九、公開說明書之分送揭露及取閱方式：

如經投資人同意承銷商得以電子郵件方式交付公開說明書，投資人並得至公開資訊觀測站 (<http://mops.twse.com.tw>) 或至各承銷商網站（法商東方匯理銀行股份有限公司台北分公司，網址：<https://www.ca-cib.com/en/our-network-taiwan>；渣打國際商業銀行股份有限公司，網址：<https://www.sc.com/tw>；永豐金證券股份有限公司，網址：<http://www.sinotrade.com.tw/>；元大證券股份有限公司，網址：<http://www.yuanta.com.tw>；國泰世華商業銀行股份有限公司，網址：<https://www.cathaybk.com.tw/cathaybk>；凱基證券股份有限公司，網址：<http://www.kgi.com.tw>；統一綜合證券股份有限公司，網址：<http://www.pscnet.com.tw/>；玉山商業銀行股份有限公司，網址：<https://www.esunbank.com>；台新國際商業銀行股份有限公司，網址：<http://www.taishinbank.com.tw>) 查詢下載。

十、會計師對發行人最近三年度財務資料之查核簽證意見：

年度	會計師事務所	查核意見
Year ended 31 December 2023	KPMG Samjong Accounting Corp.	fairly
Year ended 31 December 2024	KPMG Samjong Accounting Corp.	fairly
Year ended 31 December 2025	KPMG Samjong Accounting Corp.	fairly

十一、其他為保護公益及投資人應補充揭露事項：無。

十二、投資人應詳閱本國際債公開說明書。

IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the offering circular (the “**Offering Circular**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the following Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

THIS DOCUMENT AND THE SECURITIES REFERENCED HEREIN MAY ONLY BE DISTRIBUTED IN “OFFSHORE TRANSACTIONS” AS DEFINED IN, AND AS PERMITTED BY, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”). ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES A PUBLIC OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

Confirmation of your Representation: In order to be eligible to view the following Offering Circular or make an investment decision with respect to the securities, investors must be outside the U.S. By accepting the e-mail and accessing the following Offering Circular, you shall be deemed to have represented to us that (1) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and, to the extent that you purchase the securities described in the following Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act and (2) you consent to the delivery of such Offering Circular and any amendments and supplements thereto by electronic transmission.

You are reminded that the following Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the following Offering Circular to any other person. If this is not the case, you must return this Offering Circular to us immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriter or any affiliate of the underwriter is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriter or such affiliate on behalf of Shinhan Card Co., Ltd. (the “**Issuer**”) in such jurisdiction.

The following Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Issuer or Crédit Agricole Corporate Investment Bank, Taipei Branch, Standard Chartered Bank (Taiwan) Limited, Cathay United Bank Co., Ltd., E. SUN Commercial Bank, Ltd., KGI Securities Co. Ltd., President Securities Corporation, SinoPac Securities Corporation, Taishin International Bank Co., Ltd. and Yuanta Securities Co., Ltd. (collectively, the “**Managers**”), or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Managers.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



SHINHAN CARD CO., LTD.

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

U.S.\$400,000,000 Floating Rate Senior Unsecured Notes due 2029 Issue Price: 100.000%

The U.S.\$400,000,000 Floating Rate Senior Unsecured Notes due 2029 (the “Notes”) will be issued by Shinhan Card Co., Ltd. (the “Issuer”). The Notes constitute direct, general and unconditional obligations of the Issuer which will be unsecured and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for such as may be preferred by mandatory provision of applicable law).

The Notes will bear interest from and including 24 June 2026 (the “Issue Date”), payable quarterly in arrear on 24 March, 24 June, 24 September and 24 December of each year (each, subject to the modified following business day convention, an “Interest Payment Date,” with the first Interest Payment Date falling on or nearest to 24 September 2026 in respect of the period from and including the Issue Date to but excluding such Interest Payment Date). The interest rate on the Notes for each Interest Period will be equal to Compounded SOFR (as defined in the Conditions) plus a margin of 0.82 per cent per annum.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their outstanding principal amount on or nearest to 24 December 2029 (the “Maturity Date”). The Notes are subject to redemption, in whole but not in part, at their outstanding principal amount together with any accrued but unpaid interest thereon, in the event of certain changes to tax laws. See “Terms and Conditions of the Notes – Redemption and Purchase.”

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 6.

Application will be made to the Singapore Exchange Securities Trading Limited (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 in this offering circular (the “Offering Circular”). 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 or the Notes.

Application will be made to the Taipei Exchange (“TPEX”) of the Republic of China (the “ROC” or “Taiwan”) for the listing of, and permission to sell or resell, the Notes to “professional investors” as defined under Paragraph 1 of Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds of the Republic of China (the “TPEX Rules”) only and such permission is expected to become effective on or about 24 June 2026. No assurance can be given that such application will be approved, or that the TPEX listing will be maintained. If the Notes fail to, or cease to, be listed on the TPEX, certain investors may not invest in, or continue to hold or invest in, the Notes.

The TPEX is not responsible for the content of this Offering Circular and/or any supplement or amendment thereto and no representation is made by the TPEX as to the accuracy or completeness of this Offering Circular and/or any supplement or amendment thereto. The TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this Offering Circular and/or any supplement or amendment thereto. The admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of the Issuer or the Notes.

The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than “professional investors” as defined under Paragraph 1 of Article 2-1 of the TPEX Rules as amended from time to time. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to the aforementioned professional investors.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and are being offered and sold outside the United States in offshore transactions in reliance on and in compliance with Regulation S (“Regulation S”) under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see “Subscription and Sale.”

The Notes are expected to be rated “A2” by Moody’s Investors Service, Inc. (“Moody’s”) and the Issuer is rated “A2” by Moody’s and “A-” by S&P Global Ratings, a division of S&P Global, Inc.. The rating of the Notes does 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 organisation. Such rating should be evaluated independently of any other rating of the Notes, the Issuer’s other securities or the Issuer.

The Notes will initially be represented by beneficial interests in a global certificate (the “Global Certificate”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 24 June 2026 with a common depository for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Certificate.

Lead Manager

Crédit Agricole Corporate Investment Bank, Taipei Branch

Joint Manager

Standard Chartered Bank (Taiwan) Limited

Co-Managers

(in alphabetical order)

Cathay United Bank Co., Ltd.

E. SUN Commercial Bank, Ltd.

KGI Securities Co. Ltd.

President Securities Corporation

SinoPac Securities Corporation

Taishin International Bank Co., Ltd.

Yuanta Securities Co., Ltd.

The date of this Offering Circular is 16 June 2026.

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You should rely only on the information contained in this Offering Circular. None of the Issuer or the Managers (as defined in “*Subscription and Sale*”) has authorised anyone to provide you with information that is different or make any representation other than as contained in this Offering Circular in connection with the offering of the Notes. If anyone provides you with different or inconsistent information, you should not rely on it. The contents of the Issuer’s and the Shinhan Financial Group’s websites do not form any part of this Offering Circular.

You should assume the information in this Offering Circular is accurate only as of the date of this Offering Circular or such other date as specified herein. The business, financial condition, results of operations and prospects of the Issuer may have changed since that date. Neither the delivery of this Offering Circular nor any sale of the Notes made in connection with this Offering Circular will, under any circumstances, constitute a representation or create any implication that the information in this Offering Circular is correct as of any date subsequent to the date of this Offering Circular or that there have been no changes in the affairs of the Issuer since the date of this Offering Circular. Statements contained in this Offering Circular as to the contents of any contract or other documents referred to in this Offering Circular may not set forth all of the terms and conditions of such contracts or other documents.

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the terms of the Notes, including the merits and risks involved. The Issuer is not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. This Offering Circular should not be considered as a recommendation or constituting an invitation or offer by the Issuer or the Managers that any recipient of this Offering Circular should purchase the Notes. You should not construe the contents of this Offering Circular as legal, business, accounting or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

The Issuer have furnished the information contained in this Offering Circular. No representation, undertaking or warranty, express or implied, is made by the Managers or any of their respective representatives, directors, officers, employees, agents, affiliates or advisers or any person who controls any of them as to the accuracy or completeness of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Managers or any of their respective representatives, directors, officers, employees, agents, affiliates or advisers or any person who controls any of them. The Managers assume no responsibility for the accuracy, adequacy, reasonableness or completeness of any of the information contained in this Offering Circular or any other information (financial, legal or otherwise) provided by the Issuer or any acts or omissions of the Issuer in connection with the issue or distribution of the Notes or the future performance of the Notes. To the fullest extent permitted by law, none of the Managers accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Managers or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers or any of their affiliates or advisers in connection with investigation of the accuracy of such information or such person’s investment decisions.

Any websites referred to within this Offering Circular and information appearing on such websites do not form part of this Offering Circular. None of the Managers accepts any responsibility whatsoever that any such information is accurate and/or up-to-date. Any such information should not form the basis of any investment decision by an investor to purchase or deal in the Notes.

This Offering Circular may only be used where it is legal to sell the Notes. None of the Issuer and the Managers is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. This Offering Circular may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular may come must inform themselves about and observe these relevant restrictions. No action is being taken in any jurisdiction to permit an offering to the general public of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for those purposes.

This Offering Circular is confidential. This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Offering Circular. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Notes. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised and any disclosure of any of its contents or use of such information for any purpose other than making an investment decision, without the prior written consent of the Issuer, is prohibited. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing.

The Notes are subject to restrictions on transferability and may not be transferred or resold except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration. Any investor who purchases the Notes will be deemed to have made acknowledgements, representations, warranties and agreements intended to restrict the resale or other transfer of the Notes, as set forth under “*Subscription and Sale – Transfer Restrictions*.” As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

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

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering, including all of the Managers, are “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“**OCs**”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors

who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should so indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order.” If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should so indicate to the relevant Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order.” Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Notice to investors in Singapore: By accepting this Offering Circular, if you are an investor in Singapore, you: (I) represent and warrant that you are either (1) an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the “SFA”)) pursuant to Section 274 of the SFA; or (2) an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA, and (II) agree to be bound by the limitations and restrictions described herein.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is a corporation with limited liability organised under the laws of Korea. All of the officers and directors of the Issuer named in this Offering Circular, except Mr. Ohno Masamichi, reside in Korea, and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States.

As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or the Issuer in U.S. courts judgments predicated upon civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

AVAILABLE INFORMATION

A copy of the Fiscal Agency Agreement related to the Notes (the “**Fiscal Agency Agreement**”) will be on file and available for inspection at the specified office of the Fiscal Agent (as defined in this Offering Circular) upon prior written request during normal office hours. In accordance with the Notes and the Fiscal Agency Agreement, the Fiscal Agent also will make available for inspection by holders of the Notes or, in certain cases, arrange for the mailing to such holders, certain documents or communications received from the Issuer. See “*Terms and Conditions of the Notes.*”

PRESENTATION OF FINANCIAL INFORMATION

The Issuer maintains its financial books and records and prepares its financial statements in Won in accordance with Korean International Financial Reporting Standards (“**K-IFRS**”). Unless otherwise stated, the financial data of the Issuer contained in this Offering Circular as of and for the years ended 31 December 2024 and 2025 are derived from the Issuer’s audited consolidated financial statements included in this Offering Circular, which have been prepared in accordance with K-IFRS.

The financial data of the Issuer contained in this Offering Circular as of 31 March 2026 and for the three months ended 31 March 2025 and 2026 are derived from the Issuer’s unaudited interim consolidated financial statements included in this Offering Circular, which have been prepared in accordance with K-IFRS 1034 *Interim Financial Reporting*. Such financial information has not been audited and should not be relied upon by potential investors to provide the same type or quality of information associated with information that has been subject to an audit. None of the Managers or any of their respective representatives, directors, officers, employees, agents, advisers or affiliates or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of such unaudited but reviewed consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer’s financial condition and results of operations. Accordingly, potential investors must exercise caution when using such data to evaluate the Issuer’s financial position, results of operations and cash flows. Such unaudited consolidated interim financial information as at and for the three months ended 31 March 2026 should not be taken as an indication of the expected financial condition, results of operations and cash flows of the Issuer for the full financial year ending 31 December 2026.

CERTAIN DEFINED TERMS AND CONVENTIONS

All references to the “**Issuer**” or the “**Company**” in this Offering Circular are references to Shinhan Card Co., Ltd., or Shinhan Card Co., Ltd. and its consolidated subsidiaries collectively, as required or as indicated by the context. All references to the “**Group**” are references to the Issuer and its consolidated subsidiaries collectively. All references to “**Holders**” are references to the holders of the Notes from time to time.

Unless otherwise specified or the context otherwise requires, all references to “**SHC**” are references to the heritage company, Shinhan Card Co., Ltd., all references to “**LGC**” are references to the heritage company, LG Card Co., Ltd., all references to “**Shinhan Card**” are references to the merged entity resulting from the Merger, all references to “**SHB**” are references to the heritage bank, Shinhan Bank, all references to “**CHB**” are references to the heritage bank, Chohung Bank, all references to “**Shinhan Bank**” are references to the merged entity resulting from the merger of SHB and CHB that was registered in Korea on 3 April 2006, all references to “**Shinhan Financial Group**” are references to Shinhan Financial Group Co., Ltd. and all references to the “**SFG Group**” are references to Shinhan Financial Group and its subsidiaries. All references to the “**Merger**” are references to the merger of SHC and LGC that was registered in Korea on 1 October 2007.

All references to “**Korea**” contained in this Offering Circular are references to The Republic of Korea. All references to the “**Government**” are references to the government of Korea. All references to “U.S.” and the “**United States**” are references to the United States of America. All references to “Singapore” are references to the Republic of Singapore. In this Offering Circular, all references to “**Won**” or “**W**” are to the lawful currency of Korea, all references to “**U.S. dollar**”, “**U.S.\$**” or “**US\$**” are to the lawful currency of the United States and all references to “**Euro**” are to the lawful currency of the European Union. For the reader’s convenience, certain Won amounts in this Offering Circular have been translated into U.S. dollars at the market average exchange rate, announced by Seoul Money Brokerage Services, Ltd. in Seoul, between Won and dollars, rounded to the nearest tenth of one Won (the “**Market Average Exchange Rate**”). Unless otherwise stated, the translations of Won into U.S. dollars have been made at the Market Average Exchange Rate in effect on 31 March 2026, which was Won 1,513.4 to U.S.\$1.00. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all. For historical information regarding the rate of exchange between the Won and the U.S. dollar, see “*Exchange Rates.*” In this Offering Circular, where information has been prepared in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, actual numbers may differ from those contained herein due to rounding. All discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain “forward-looking statements” that are based on the Issuer’s current expectations, assumptions, estimates and projections about the industries that the Issuer is in. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “target”, “seek”, “aim”, “contemplate”, “project”, “plan”, “goal”, “should” and similar expressions or the negatives thereof. Those statements include, among other things, the discussions of the Issuer’s business strategy and expectations concerning their market position, future operations, cash flows, margins, profitability, liquidity and capital resources. Reliance on any forward-looking statement involves risks and uncertainties, and although the Issuer believes that the assumptions on which the forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include, but are not limited to, those identified in “*Risk Factors.*” In light of these and other uncertainties, you should not conclude that the Issuer will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. The Issuer will not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances, except as required by law.

SUMMARY

*The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see “Terms and Conditions of the Notes” (the “**Conditions**”). Terms used and not otherwise defined in this summary have the meaning given to them in the Conditions.*

Issuer	Shinhan Card Co., Ltd., a corporation with limited liability established under the laws of Korea.
Notes	U.S.\$400,000,000 Floating Rate Senior Unsecured Notes due 2029 (the “ Notes ”).
Issue Price	100.000 per cent of the principal amount of the Notes.
Issue Date	24 June 2026.
Interest Commencement Date	24 June 2026.
Interest Payment Date	24 March, 24 June, 24 September and 24 December of each year, commencing on or nearest to 24 September 2026, each subject to the modified following business day convention. For a further description of payments of interest on the Notes, see “ <i>Terms and Conditions of the Notes – Payments.</i> ”
Rates of Interest	Compounded SOFR (as defined in the Conditions) plus a margin of 0.82 per cent per annum, from and including the Issue Date, to but excluding, the Maturity Date, payable quarterly in arrear.
Day Count Fraction	Actual/360.
Maturity Date	On or nearest to 24 December 2029 (the “ Maturity Date ”).
Form and Denomination	The Notes will be issued in registered form in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. Upon issue, the Global Certificate will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream.
Redemption at Maturity Date	Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their outstanding principal amount on the Maturity Date.
Redemption for Tax Reasons	The Issuer may redeem the Notes in whole but not in part, at their outstanding principal amount together with any accrued but unpaid interest thereon, in the event that the Issuer is obliged to pay additional amounts provided in Condition 8 of the “ <i>Terms and Conditions of the Notes</i> ”.

Final Redemption	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on or nearest to 24 December 2029.
Taxation	All payments in respect of the Notes by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Korea, unless the withholding or deduction of such taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Holders after the withholding or deduction (including any withholding or deduction in respect of such payment of additional amounts) will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction.
Negative Pledge	The Notes will contain a negative pledge provision given by the Issuer as described in Condition 4 of the <i>“Terms and Conditions of the Notes”</i> .
Events of Default	The Notes will contain certain events of default provisions as described in Condition 9 of the <i>“Terms and Conditions of the Notes”</i> .
Sale and Leaseback	The Notes will limit the Issuer’s ability to enter into sale and leaseback transactions as described in Condition 4 of the <i>“Terms and Conditions of the Notes”</i> .
Status of the Notes	The Notes constitute direct, general and unconditional obligations of the Issuer which will be unsecured and will rank <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer (save for such as may be preferred by mandatory provision of applicable law).
Governing Law	The Notes are governed by, and will be construed in accordance with, the laws of England.
Rating	The Notes are expected to be rated “A2” by Moody’s. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by the assigning rating organisation.
Fiscal Agent	Citicorp International Limited.
Paying Agent, Calculation Agent, Registrar and Transfer Agent	Citibank, N.A., London Branch.

Listing	Application will be made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. There can be no assurance, however, that the Issuer will obtain or be able to maintain a listing of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000. An application will be made by the Issuer for the Notes to be listed and admitted for trading on the TPEX. No assurance can be given that such application will be approved, or that the TPEX listing will be maintained. Admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of the Issuer or the notes. Effective date of listing and trading of the Notes shall be on or about the Issue Date.
Further Issues	To the extent permitted by applicable laws and regulations of the ROC and subject to the receipt of all necessary regulatory and listing approvals from the relevant authorities, including but not limited to the TPEX and the Taiwan Securities Association, the Issuer may from time to time, without the consent of the existing Noteholders, create and issue additional notes under the Fiscal Agency Agreement having the same terms and conditions in all respects except for issue date and issue price.
Use of Proceeds	The Issuer expects to use the net proceeds from the offering of the Notes for general corporate purposes.
Selling Restrictions	The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. For additional selling restrictions in relation to other jurisdictions, see “<i>Subscription and Sale</i>.” The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than “professional investors” as defined under Paragraph 1 of Article 2-1 of the TPEX Rules as amended from time to time. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to the aforementioned professional investors.

Clearance and Settlement The Notes have been accepted for clearance by Euroclear and Clearstream under the following codes:

ISIN: XS3405406896

Common Code: 340540689

LEI 988400VPS0FMK2WR8F98

LISTING APPLICATION

Application will be made on behalf of the Issuer to the TPEX for the listing of, and permission to deal in, the Notes by way of debt issues to “professional investors” as defined under Paragraph 1 of Article 2-1 of the TPEX Rules. The Notes will be listed and traded on the TPEX pursuant to the applicable rules of TPEX. Effective date of listing and trading of the Notes is on or about the Issue Date. The TPEX is not responsible for the content of this Offering Circular and/or any supplement or amendment thereto and no representation is made by the TPEX as to the accuracy or completeness of this Offering Circular and/or any supplement or amendment thereto. The TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this Offering Circular and/or any supplement or amendment thereto. Admission to the listing and trading of the Notes on the TPEX shall not to be taken as an indication of the merits of the Issuer or the Notes. No assurances can be given as to whether the Notes will be, or will remain, listed on the TPEX. If the Notes fail to, or cease to, be listed on the TPEX, certain investors may not invest in, or continue to hold or invest in, the Notes.

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 or the Notes.

NOTICES

If and for so long as the Notes are listed on the TPEX and for so long as the rules of the TPEX so require, all notices regarding the Notes and the Issuer required by the rules of TPEX shall also be published on a website designated by the Taiwan Financial Supervisory Commission (currently, https://siis.twse.com.tw/e_bond.htm). For public access of this website, please visit at:

https://www.tpex.org.tw/web/bond/publish/international_bond_search/memo_org.php?l=en-us.

ROC SETTLEMENT AND TRADING

The Issuer has not entered into any settlement agreement with Taiwan Depository & Clearing Corporation (“**TDCC**”) and has no intention to do so.

In the future, if the Issuer enters into a settlement agreement with TDCC, an investor, if it has a securities book-entry account with a Taiwan securities broker and a foreign currency deposit account with a Taiwanese bank, may settle the Notes through the account of TDCC with Euroclear or Clearstream if it applies to TDCC (by filing in a prescribed form) to transfer the Notes in its own account with Euroclear or Clearstream to such TDCC account with Euroclear or Clearstream for trading in the domestic market or vice versa for trading in overseas markets. For settlement through TDCC, TDCC will allocate the respective Notes position to the securities book-entry account designated by such investor in the ROC. The Notes will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the TPEX as domestic bonds. For such investors who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, distributions of principal and/or interest for the Notes to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC's receipt of such payment (due to time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, when the holders actually receive such distributions may vary depending upon the daily operations of the Taiwanese banks with which the holder has the foreign currency deposit account.

RISK FACTORS

Prior to making an investment decision, prospective purchasers of the Notes should carefully consider, along with the other matters set out in this Offering Circular, the following factors:

Risks relating to the Issuer

Difficult conditions in the Korean and global economy could adversely affect the Issuer's profitability, liquidity and asset quality.

Most of the Issuer's assets are located in, and the Issuer generates most of its income from, Korea. As a result, the Issuer's business and profitability are subject to political, economic, legal and regulatory risks specific to Korea, many of which are beyond the Issuer's control, including the deterioration of key macro- and micro-economic indicators such as exports, personal expenditure and consumption, unemployment rates, demand for business products and services, debt service burden of households and businesses, the general availability of credit and the asset value of real estate and securities. Certain sections of the Korean economy continue to show signs of sluggishness in part due to weak consumer confidence, consumer spending and corporate investment, and its outlook for 2026 and beyond remains uncertain. Market turmoil and economic downturn, particularly in Korea, could materially adversely affect the liquidity, and businesses and/or financial conditions of the Issuer's customers, which in turn result in an increase in non-performing receivables and a decline in the credit quality of the Issuer's credit card assets, loans and instalment financing assets. Such developments could also hurt the value of assets (such as cash advance and instalment purchases) collateralising the Issuer's secured receivables and loans, increase the delinquency among the Issuer's customers and otherwise impair the quality of the Issuer's receivables, loans and other financial assets.

The Korean economy is closely integrated with, and is significantly affected by, developments in the global economy and financial markets. In light of the ongoing general economic weakness and the trade disputes between the United States and China and between Korea and Japan, signs of a cooling economy for China and the continuing political instability in the Middle East (including conflicts between Iran and other countries, including the United States and Israel), among others, significant uncertainty remains as to the global economic prospects in general and such factors have adversely affected, and may continue to adversely affect, the Korean economy and in turn on the Issuer's business and profitability, as a result of, for instance, a decrease in consumer spending and credit card usage, as well as a decrease in commission fees for the Issuer's affiliates due to dampened consumer confidence. In addition, the value of the Won relative to the U.S. Dollar has also weakened significantly in recent years, and there is no guarantee that such weakness will not continue for a prolonged period of time. See *"Exchange Rates"*. Any future deterioration of the global economy could adversely affect the Issuer's business, financial condition and results of operations. Specifically, if credit market conditions deteriorate, the availability of credit may become limited, costs of funding may increase, credit ratings may be downgraded and/or the credit of borrowers may worsen, any or all of which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Furthermore, if the conditions in credit or financial markets in Korea or globally worsen in the future due to changes in government policy, structural weaknesses or for other reasons, the Issuer's ability to borrow may be adversely affected and the Issuer may be forced to fund its operations at a higher cost or the Issuer may be unable to raise as much funding as it needs to support its lending to customers and other activities, which could reduce the Issuer's profitability.

Future changes in market conditions as well as other factors may lead to an increase in delinquency levels of the Issuer's loan portfolio.

In recent years, credit card and other consumer debt has increased significantly in Korea. As of 31 December 2024 and 2025 and 31 March 2026, the Issuer's credit card assets amounted to ₩28,575.3 billion (U.S.\$18,881.5 million), ₩28,380.0 billion (U.S.\$18,752.4 million) and ₩28,232.6 billion (U.S.\$18,665.1 million), respectively. The Issuer's large exposure to consumer debt means that it is exposed to changes in economic conditions affecting Korean consumers. Accordingly, a rise in unemployment, an increase in interest rates, a downturn in the real estate market, or a general contraction or other difficulties in the Korean economy that have an adverse effect on Korean consumers could result in reduced growth and deterioration in the credit quality of the Issuer's asset portfolio. Any such adverse changes in the market conditions, as well as other factors, may lead to the Issuer's asset portfolio deteriorating, which may have a material adverse effect on its financial condition and results of operations, including its ability to pay interest on and repay the principal of the Notes.

In line with industry practice, the Issuer has restructured certain of its delinquent loan balances. As of 31 March 2026, these restructured loans outstanding amounted to ₩273.3 billion (U.S.\$180.6 million).

There is no assurance that the Issuer will be able to prevent significant credit quality deterioration in its asset portfolio.

Competition in the Korean credit card industry is intense and the growing market saturation in the credit card industry may adversely affect the growth prospects and profitability of the Issuer.

In the credit card sector, the Issuer competes principally with existing "monoline" credit card companies, credit card divisions of commercial banks, consumer finance companies, other financial institutions and, recently, credit card service providers allied with mobile telecommunications service providers in Korea. Competition has been historically intense in this sector and the market has shown signs of saturation as existing and new credit card service providers have made significant investments and engaged in aggressive marketing campaigns and promotions to acquire new customers and target customers with high credit quality. While competition has subsided somewhat recently due to stricter government regulations, such as curbs on excessive marketing expenses, competition remains intense and credit card issuers may continue to compete with the Issuer for customers by offering lower interest rates and fees, higher credit limits, more attractive promotions and incentives and alternative products, such as gift cards and low-interest consumer loan products. As a result, the Issuer may lose customers or service opportunities to competing credit card issuers and/or incur higher marketing expenses. In addition, recent Government regulations mandating lower merchant fees chargeable to small and medium-sized businesses are likely to reduce the revenues of credit card companies, including the Issuer. See *"Risk Factors – The Issuer's fee income may be adversely affected by the Guidelines on Adjustment of Credit Card Merchants Commission Rates"*, and *"Regulation and Supervision"*. Customer attrition, together with any further lowering of fees or reduction in base and market interest rates and/or more extensive marketing and promotional campaigns that the Issuer might implement to acquire and retain customers, could reduce its revenues and earnings. Furthermore, the average credit quality of the Issuer's customers may decline if customers with higher credit quality borrow from the Issuer's competitors rather than from the Issuer.

As the market further saturates as a result of this common focus and as the volume of transactions as well as the number of cardholders reaches maturity, it is expected that the market growth will significantly decrease. As a result, it may become increasingly difficult for the Issuer to attract new customers who meet the credit criteria set by the Issuer. Due to these market factors, the Issuer may have to focus further on obtaining and retaining high credit quality customers. The growth and profitability of the Issuer's credit card operations may decline as a result of intense competition and growing market saturation in this sector.

The ability of the Issuer to preserve or continue to grow its assets in the future will depend on, among other things, its success in developing and marketing new products and services, its capacity to generate funding at commercially reasonable rates and in amounts sufficient to support preservation of assets and further asset growth, its ability to develop the personnel and systems infrastructure necessary to manage its growth and increasingly diversified business operations and its ability to manage increasing delinquencies. In addition, external factors such as competition and Government regulation in Korea may limit the Issuer's ability to maintain its growth. Also, economic and social developments in Korea, such as changes in consumer confidence levels or spending patterns or in the public perception of credit card usage and consumer debt, could have an adverse impact on the growth rate of the Issuer's asset portfolio in the future. Furthermore, if the Issuer fails to simultaneously manage its asset quality and its asset growth or sacrifices asset quality in exchange for asset growth, its delinquency ratio may be adversely affected. If the rate of growth of the Issuer's assets declines or becomes negative or its delinquency ratio increases, its results of operations and financial condition may be adversely affected.

The Issuer may not be able to increase consumer and business spending and borrowing on its card products or manage the costs of its cardholder benefits intended to stimulate such use.

Increasing consumer and business spending and borrowing on its card products and growth in card lending balances depend in part on the Issuer's ability to develop and issue new or enhanced card and prepaid products and increase revenue from such products and services. It also depends on the Issuer's ability to attract new cardholders, reduce cardholder attrition, increase merchant coverage and capture a greater share of customers' total spending on its cards both in Korea and internationally. The Issuer may not be able to manage and expand cardholder benefits in a cost-effective manner, including containing the growth of marketing, promotion and reward expenses. If the Issuer is not successful in increasing consumer and business spending or in managing costs or cardholder benefits, its revenue and profitability could be negatively affected.

The legal and regulatory environment in which the Issuer operates could have a material adverse effect on the Issuer's business and earnings.

The Issuer's operations are heavily regulated and subject to various laws and regulations imposing various requirements and restrictions relating to supervision and regulation. Such regulation and supervision is primarily for the benefit and protection of the Issuer's customers, not for the benefit of investors in the Issuer's securities, and could limit the Issuer's discretion in operating its business. Noncompliance with applicable statutes or regulations could result in the suspension or revocation of any licence or registration at issue, as well as the imposition of civil fines and criminal penalties. In addition, changes in the accounting rules or their interpretation could have an adverse effect on the Issuer's business and earnings. Such changes may be more restrictive or result in higher costs than current requirements or otherwise materially affect the Issuer's business, results of operations or financial conditions.

Historically, the Government has heightened its regulatory oversight of, or increased its enforcement activities with respect to, the credit card industry in times of rapid growth of the Korean credit card market. In the past ten years, the Government, for example, has imposed (through various arms including the Financial Services Commission (the "FSC"), the Korean Fair Trade Commission, the Ministry of Finance and Economy (the "MOFE") and the National Tax Service) sanctions on credit card issuers in respect of unlawful or unfair practices discovered in the course of its industry-wide inspection, imposed administrative fines on certain credit card companies for collusive and anticompetitive practices, adopted a variety of amendments to existing laws and regulations governing the credit card industry, and conducted special inspections of credit card issuers in connection with the practice of replacing delinquent credit card balances with substituted cash advances and reduced certain tax deduction benefits for credit card holders, among others.

The Issuer is also subject to a number of regulations designed to maintain the safety and soundness of credit card companies, ensure their compliance with economic and other obligations and limit their exposure to risk. These regulations may limit the Issuer's activities and changes in these regulations may increase the Issuer's costs of doing business.

The Issuer's inability to comply with regulatory requirements could have a material adverse effect on the Issuer's operations and on its reputation generally. No assurance can be given that applicable laws or regulations will not be amended or construed differently, that new laws and regulations will not be adopted or that the Issuer will not be prohibited by laws from raising interest rates above certain desired levels, any of which could materially adversely affect the Issuer's business, financial condition or results of operations.

Regulatory changes that would impose more rigorous provisioning rules may adversely affect the Issuer's results of operations.

The FSC and the Financial Supervisory Services (the "FSS") have introduced regulatory changes to their provisioning rules regarding allowance for bad debts several times in the past decade to prevent intensifying competition among credit card companies and to ensure financial soundness of credit card companies. In June 2011, while raising the overall provisioning rates, the FSC and the FSS amended the previous provisioning requirements that had been equally applicable to all claims generated by the credit card holders' use of their credit cards by classifying these bonds into two categories, (1) claims generated by the purchase of goods or the provision of services by credit cards (the "**Credit Sales Assets**") and (2) claims generated by the financing of cash services, credit card loans, etc. (the "**Credit Card Loan Assets**"), and applied a higher rate to the Credit Card Loan Assets, which bear a higher delinquency ratio.

Credit card companies' provisioning rates for household credit loans have also continued to rise. In May 2012, the FSC and the FSS increased the provisioning rates for credit card companies' household loan assets to 10%, which is about the same level as banks' provisioning rates for household credit loans. Furthermore, in June 2019, credit card service providers' provisioning rates for household credit loans was raised to the same level as those of the Credit Card Loan Assets.

Under the provisioning rules currently in effect, the provisioning rates for the Credit Sales Assets classified as normal, precautionary, substandard, doubtful in accordance with the standards for the classification of asset soundness are 1.1 per cent, 40.0 per cent, 60.0 per cent, and 75.0 per cent, respectively. In addition, the provisioning rates for the Credit Card Loan Assets and household credit loans of credit card service holders pursuant to the revised rules classified as normal, precautionary, substandard, and doubtful are 2.5 per cent, 50.0 per cent, 65.0 per cent and 75.0 per cent, respectively. There can be no assurance that continuing regulatory changes in the credit card industry in Korea will not require the Issuer to modify its business operations and may not adversely affect the Issuer's reported results of operations.

Korean consumer protection laws may adversely affect the Issuer's business or its results of operations.

Korean consumer protection laws regulate the creation, enforcement and collection of consumer loans, including consumer credit accounts and receivables. The most significant of such laws include the Specialised Credit Financial Business Act, the Instalment Transaction Act and the Door-to-Door Sales Act. These laws:

- (a) impose on credit card companies disclosure requirements in respect of certain rates including interest rates, discount rates and default charge rates, payment methods and matters related to the use of stolen or lost cards;

- (b) limit customer and merchant liability for unauthorised use;
- (c) prohibit a transfer of sales slips to any party other than credit card companies and banks;
- (d) prohibit sales slips from being produced by any party other than credit card merchants;
- (e) entitle customers to request interest rate reduction; and
- (f) permit customers to revoke a sale and purchase agreement entered into by way of door-to-door or telemarketing sales in certain circumstances.

Under the Financial Consumer Protection Act which took effect beginning 25 March 2021, credit card companies, as financial instrument distributors, are subject to heightened investor protection measures, including stricter distribution guidelines, improved financial dispute resolution procedures, increased liability for customer losses and newly imposed penalty surcharges.

These and other measures that may be implemented by the Government to strengthen consumer protection laws applicable to financial institutions may limit the Issuer's operational flexibility and cause the Issuer to incur significant additional compliance costs. Changes or additions to consumer protection laws may impede the Issuer's collection efforts on its credit card receivables or may reduce the finance charges and other fees that the Issuer may charge to customers, in either case resulting in reduced collections on such receivables.

The Issuer's fee income may be adversely affected by the Guidelines on Adjustment of Credit Card Merchants Commission Rates.

In March 2012, the National Assembly of Korea amended the Specialised Credit Financial Business Act to address strong demands to adjust the commission rates from a substantial number of merchants accepting credit cards (the "**Credit Card Merchants**") in Korea. According to the amended Specialised Credit Financial Business Act and the regulations thereunder, only costs and expenses determined to be reasonable to be borne by the Credit Card Merchants through the cost analysis of credit card companies (the "**Eligible Costs**") should be reflected in the commission rates, and the FSC will re-evaluate the method of calculating the Eligible Costs every three years. Furthermore, the preferential commission rates below the Eligible Costs should be applied to small and medium sized Credit Card Merchants that fall short of a certain standard based on annual sales. Since 2012, the scope of small and medium-sized Credit Card Merchants has been steadily expanded through a number of regulatory changes, and the applicable commission rates have also been adjusted to a lower level. Currently, the Credit Card Merchants with annual sales of ₩300 million or less are classified as small-sized Credit Card Merchants and the Credit Card Merchants with annual sales of ₩3 billion or less are classified as small and medium-sized Credit Card Merchants. These merchants are subject to preferential commission rates between 0.8 per cent and 1.6 per cent depending on the size of the annual sales. In addition, the same preferential commission rates that are applicable to small and medium-sized Credit Card Merchants should also be applied to certain online and private taxi businesses.

For the years ended 31 December 2024 and 2025 and for the three months ended 31 March 2026, fee income derived from Credit Card Merchants amounted to ₩1,337.2 billion (U.S.\$883.5 million), ₩1,217.7 billion (U.S.\$804.6 million) and ₩331.1 billion (U.S.\$218.8 million), respectively. Measures taken by the FSS and its continual pressure to reduce merchant commission rates may result in a significant decrease in the Issuer's fee income and if the Issuer fails to find any alternative measures that could offset such decrease in its fee income resulting from the implementation of the Guidelines, the Issuer's financial conditions and its reported results of operations will be adversely affected.

The Issuer is subject to various management guidance ratios, including capital adequacy, liquidity, etc.

The Specialised Credit Financial Business Act and the regulations thereunder set forth certain standards to be followed in relation to the capital adequacy, soundness of asset and liquidity of credit card companies. A credit card company must maintain a “capital adequacy ratio,” defined as the ratio of adjusted equity capital to adjusted total asset, of 8.0 per cent or more, and a “Won liquidity ratio,” defined as the ratio of Won-denominated liquid assets to Won-denominated liabilities, of 100.0 per cent or more.

In addition, once a credit card company is registered as a foreign exchange business institution with the Minister of the MOFE, such credit card company is required to maintain (1) a foreign-currency liquidity ratio within three months (defined as foreign-currency liquid assets due within three months divided by foreign-currency liabilities due within three months) of not less than 80.0 per cent, (2) a ratio of foreign-currency liquid assets due within seven days (defined as foreign-currency liquid assets due within seven days less foreign-currency liabilities due within seven days, divided by total foreign-currency assets) of not less than 0 per cent and (3) a ratio of foreign-currency liquid assets due within a month (defined as foreign-currency liabilities due within a month less foreign-currency liquid assets due within a month, divided by total foreign-currency assets) of not more than 10.0 per cent.

The aforementioned ratios may vary depending on changes in government policy on credit card companies, which may require more effort for the Issuer to comply with such ratios.

Regulations on Issuance of New Cards and Solicitation of New Card Holders may limit business expansion of the Issuer.

The Specialised Credit Financial Business Act and the regulations thereunder establish the conditions under which a credit card company may issue new cards and solicit new members. Specifically, new credit cards may be issued only to the following persons: (i) persons who are at the age of 19 years or more at the time of applying for issuance of a credit card (such age requirement may be lowered for the applicant with a job or other reasons); (ii) persons whose capability to pay bills as they come due is verified through personal credit ratings or objective data; (iii) persons whose credit card limit do not exceed the personal credit limit as determined in accordance with the standards established by the credit card company; and (iv) persons whose identity has been verified.

In addition, a credit card company or a registered bank engaging in the credit card business, as the case may be, may not engage in the following methods of soliciting credit card members: (i) solicitation through pyramid sales methods; (ii) solicitation via the Internet without verifying identity through certified digital signatures; (iii) providing economic benefits or conditioning such benefits in excess of 100.0 per cent of the annual credit card fee (in the case of no-annual fee credit cards, the average annual fees of major credit cards) in connection with issuance of credit cards; (iv) street solicitation of card members on roads and private roads as prescribed under the Road Act and the Private Road Act; and (v) solicitation through visits, except those visits made upon prior consent and visits to a business area.

Historically, changes in the law have resulted in the application of more stringent standards in the issuance of credit cards and solicitation of credit card applicants, such as requiring a credit card company to check whether the credit card applicant has any delinquent debt owing to any other credit card company or other financial institutions which the applicant is unable to repay. Moreover, a credit card company must register any person who intends to engage in solicitation of credit card applicants with the FSC, unless the solicitation is made by officers or employees of a credit card company or a company in business alliance with such credit card company.

Reductions in the Issuer's ratings may adversely affect the Issuer's ability to raise capital in the debt markets at attractive rates.

Credit ratings are a component of the Issuer's funding and liquidity profile. Credit ratings are an indicator of the credit worthiness of a particular company, security or obligation. Any reduction in the Issuer's credit ratings could adversely affect its liquidity and competitive position, increase the Issuer's borrowing costs and limit its access to the capital markets and funding sources on commercially acceptable terms. Such events could adversely affect the Issuer's financial condition and results of operations.

The Issuer's failure to manage risks associated with its information and technology systems could adversely affect its business.

The Issuer is subject to risks relating to its information and technology systems and processes. These risks, which may arise internally and externally, include malfunctions and failures, human error or misconduct and other external factors. Although the Issuer actively seeks to identify and remedy flaws in its information and technology systems, it may not be able to prevent all types of defects in or malfunctioning of its systems and any such occurrences in the future could potentially result in financial losses or other damages to the Issuer, including damage to its reputation.

The Issuer relies on internal and external information and technology systems to generate new business, provide services to customers, administer customer data and manage the Issuer's operations. The Issuer administers some of its personal loan operations through third-party administered automatic teller machines and internet portals. The Issuer uses advanced software, systems and networks to manage its customer and accounting data and other aspects of its business. This hardware and software is vulnerable to damage or interruption by human error, misconduct, malfunction, natural disasters, power loss, sabotage, computer viruses and similar events or the interruption or loss of support services from third parties such as internet data centre operators, system vendors and internet service providers. Any disruption, outage, delay or other difficulty experienced by any of these information and technology systems could result in underwriting or other delays, slower processing of applications and reduced efficiency in servicing including delays in the provision or repayment of borrowings, or decreased consumer confidence in the Issuer's business, or otherwise adversely affect the Issuer's results of operations.

The Issuer is subject to Korea's three major data privacy laws (the "**Three Data Laws**"), implemented in August 2020, which include: (1) Personal Information Protection Act, (2) Act on the Promotion of Information and Communications Network Utilization and Information Protection and (3) Credit Information Use and Protection Act. Through its business, the Issuer acquires a large amount of personal and financial information related to its customers. In addition, certain third-party vendors may provide services to the Issuer using personal and financial information of its customers. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of applicable laws or reputational or financial harm to the Issuer. The Issuer takes precautionary measures, including implementation of internal compliance procedures, to prevent and detect misuse or unauthorised disclosure of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third-party vendors. There is no assurance that stricter legal and regulatory measures or heightened regulatory activities will not have an adverse effect on the business and operation of such financial institutions, including the Issuer.

The risk management policies and procedures of the Issuer may not be effective.

The Issuer must effectively manage credit risk related to consumer debt, merchant bankruptcies and other credit trends and the rate of delinquencies, which can affect spending on credit card products, debt payments by customers and businesses that accept the Issuer's credit card products. Credit risk is the risk of loss resulting from an obligor or counterparty default. The Issuer

is exposed to consumer credit risk, principally from credit card receivables, cash advances and card loans. While consumer credit risk is more closely linked to general economic conditions rather than borrower-specific events, it exposes the Issuer to the risk of loss. Third parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, operational failure or other reasons. Country, regional and political risks are components of credit risk. Rising delinquencies and rising rates of bankruptcy are often precursors of future write-offs and may require the Issuer to increase its allowance for doubtful accounts. Higher write-off rates and an increase in its allowance for doubtful accounts may adversely affect the Issuer's profitability and the performance of its securitisations, and may increase its cost of funds. Although the Issuer makes estimates to provide for credit losses in its outstanding portfolios of loans and receivables, these estimates may not be accurate. In addition, the information that the Issuer uses in managing credit risk may be inaccurate or incomplete. Although the Issuer regularly reviews its credit exposures, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. The Issuer may also fail to receive full information with respect to the credit risks of its customers.

The Issuer must also effectively manage the market risk to which it is exposed. Market risk represents the loss in value of portfolio and financial instruments due to adverse changes in market variables. The Issuer is exposed to market risk from interest rates. Changes in the interest rates at which the Issuer borrows and lends money affect the value of its assets and liabilities. If the rate of interest it pays on its borrowings increases more than the rate of interest it earns on its receivables and loans, its net finance charge revenue, and consequently its net income, could fall.

Finally, the Issuer must also manage the operational risks to which it is exposed. The Issuer considers operational risk to be the risk of not achieving its business objectives due to failed processes, people or information systems, or from the external environment, such as natural disasters. Operational risks include the risk that it may not accurately estimate the provision for the cost of its reward programme, as well as the risk that it is unable to manage a downturn in its businesses and/or negative changes in its credit ratings, which could result in contingent payments under contracts, decreased liquidity and higher borrowing costs.

Although the Issuer has devoted significant resources to develop its risk management policies and procedures and expects to continue to do so in the future, its hedging strategies and other risk management techniques may not be fully effective in mitigating risk exposures in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Management of credit, market and operational risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective.

The Issuer is dependent upon Shinhan Financial Group and Shinhan Bank for new cardholders and financial support.

A large number of the Issuer's new cardholders are recruited by marketing to the existing customers of certain other subsidiaries of Shinhan Financial Group, in particular, Shinhan Bank, and through the branch network of Shinhan Bank, which comprised 650 domestic branches as of 31 December 2025. For the three months ended 31 March 2026, the Issuer recruited approximately 368,000 new cardholders, 78,000 of which were recruited by Shinhan Bank and other subsidiaries of Shinhan Financial Group. In addition, the Issuer depends upon Shinhan Financial Group and Shinhan Bank for a part of its funding requirements. As of 31 March 2026, borrowings from Shinhan Financial Group amounted to ₩1,085.4 billion (U.S.\$717.2 million) or 3.9 per cent of its total borrowings and debentures.

Although Shinhan Financial Group is the sole shareholder of the Issuer and Shinhan Bank, neither Shinhan Financial Group nor Shinhan Bank is obliged to provide any support to the Issuer. In addition, any adverse development of Shinhan Financial Group's or Shinhan Bank's financial condition could have an adverse effect on the Issuer in terms of securing its required funding and/or recruiting new cardholders.

The profitability of the Issuer's auto lease financing operation is largely dependent upon the number of vehicles sold by Hyundai Motor Company and KIA Motors.

In recent years, financing and extending lease financing for Hyundai Motor Company and KIA Motors' vehicles in Korea combined represented a substantial majority of the total new vehicle financing and leasing amounts of the Issuer in those periods, respectively. As a result, the level of domestic automobile production and sales by Hyundai Motor Company and KIA Motors directly impacts the Issuer's automotive financing and automotive leasing volume. In addition, the resale value of Hyundai Motor Company and KIA Motors' vehicles in Korea, which may be impacted by various factors relating to their respective businesses, such as brand image or the number of new Hyundai Motor Company and KIA Motors' vehicles produced, affects the proceeds the Issuer receives from the sale of repossessed vehicles and off-lease vehicles at least termination.

Hyundai Motor Company and KIA Motors are the leading automobile manufacturers in Korea, with a combined market share of approximately 92% as of 31 December 2025 based on units of new vehicles sold (excluding imported units) according to the Korea Automobile Manufacturers Association ("KAMA"). Any decline in the sales of Hyundai Motor Company and KIA Motors' vehicles in Korea due to a reduction or suspension of Hyundai Motor Company and KIA Motors' production, declining market share, growing popularity of imported cars, excess industry capacity, industry pricing pressures, declines in consumer demand, labour unrest or government action may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Competition in the Korean consumer financial services industry is intense, and if the Issuer is unable to compete successfully or if there is increased competition in the automotive financing, automotive leasing or personal loan markets, the Issuer's margins could be materially and adversely affected.

The markets for automotive financing, automotive leasing and personal loans are highly competitive. In the past few years, demand for automotive financing and automotive leasing products has generally grown, as customers in Korea have become increasingly familiar with and receptive to automotive financing and automotive leasing. Because the companies that specialise in car rental business have also entered into the automotive leasing market, competition in the automotive financing and automotive leasing sectors has also increased, which puts more pressure on the Issuer's share of automotive financing and lease financing of new vehicles. The Issuer's personal loan business also faces significant competition from existing and new consumer finance companies, including commercial banks, credit card companies and other specialty finance companies in Korea, which have made significant investments and engaged in aggressive marketing campaigns and promotions in these areas.

In addition, foreign financial institutions may further add to the competition in the credit specialised financing industry. Commercial banks have extensive distribution networks in Korea and have lower cost structures, lower cost of capital and are less reliant on securitisation and have a wide range of financial resources. The Issuer faces significant competition in various areas, including product offerings, rates, pricing and fees, and customer service. To the extent the Issuer reduces interest rates or fees on its products and services in response to competitive pressures, the Issuer's interest margins will decline. Furthermore, the average credit quality of the Issuer's customers may decline if higher credit quality customers borrow from the Issuer's competitors rather than from the Issuer. If the Issuer is unable to compete effectively in the markets in which it operates, its profitability and financial condition could be adversely affected.

Fluctuations in interest rates may negatively affect the Issuer's margins and volumes.

Interest rates in Korea have been subject to significant fluctuations in recent years. The Bank of Korea lowered its policy rate to 1.50% in July 2019 and to 1.25% from 1.5% in October 2019 to address sluggishness of the global and domestic economy. On 16 March 2020, The Bank of Korea further lowered its policy rate to 0.75% in March 2020 and to 0.50% in May 2020, in response to deteriorating economic conditions resulting from the COVID-19 pandemic. However, the economy began to show signs of recovery from the COVID-19 pandemic starting from the second half of 2021. The Bank of Korea raised its policy rate to pre-pandemic levels of 1.25% from August 2021 through January 2022. More recently, in response to rising levels of household debt and inflation in Korea as well as globally, the Bank of Korea raised its policy rate further to 1.50% in April 2022, 1.75% in May 2022, 2.25% in July 2022, 2.50% in August 2022, 3.00% in October 2022, 3.25% in November 2022 and 3.50% in January 2023. More recently, the Bank of Korea lowered its policy rate to 3.25% in October 2024, 3.00% in November 2024, 2.75% in February 2025 and 2.50% in May 2025 in response to weak economic conditions in Korea.

The Issuer's profitability is affected by changes in interest rates, as the Issuer realises profit for the period mainly from the margin between interest revenue from its assets and interest expense on its liabilities. Accordingly, if interest rates were to fall sharply or remain at a low level for a significant period of time (the latter being the case in recent years) and the Issuer is unable, for competitive or other reasons, to pass through the effects of interest rate changes to customers by adjusting the interest rates charged to them or by adjusting its cost of funding on a full or timely basis, such developments may limit or reduce the amount of spread between the interest rate that the Issuer can charge customers for loans and receivables (which are recorded as assets) and the interest rate payable by the Issuer for its funding (which is recorded as liabilities). In such cases, the Issuer's business, financial condition and results of operations may be adversely affected.

Conversely, an increase in interest rates may also adversely affect the Issuer's business, financial condition and results of operations in a number of ways, including (i) an increase in funding costs that the Issuer may not be able to timely or sufficiently offset by an increase in the interest rates charged to customers due to competitive, regulatory or other reasons and (ii) a decrease in the volume of the Issuer's automotive financing due to a higher price associated with purchasing an automobile by use of financing relative to cash purchasers.

Risks relating to the Notes

The Notes issued may fail or cease to be listed or have limited liquidity.

The Notes are expected to be listed on TPEx and SGX-ST. If the Notes fail to, or cease to, be listed on the TPEx or SGX-ST, certain investors may not invest in, or continue to hold or invest in, the Notes. The Notes constitute a new issue of securities for which there is currently no existing trading market. Although the Managers may make a market in the Notes, they are not obliged to do so, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice. No assurances can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the liquidity and market price of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the offering price depending on many factors, including, among others:

- prevailing interest rates;
- the Issuer's results of operations, financial condition and prospects;
- the rate of exchange between the Won and the currency of the Notes;

- political and economic developments in and affecting Korea and other regions;
- the financial condition and stability of the Korean financial and other sectors; and
- the market conditions for similar securities.

The Notes are subject to transfer restrictions.

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

The Notes have not been and will not be registered with the FSC under the Financial Investment Services and Capital Markets Act of Korea (the “**FSCMA**”). Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transactions Act and the regulations thereunder) or to others for re-offering or resale directly or indirectly in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations. In particular, for a period of one year from the date of issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean “qualified institutional buyer” (a “**Korean QIB**”, as defined in the Regulation on Securities Issuance, Public Disclosure, Etc. of Korea) registered with the Korea Financial Investment Association (the “**KOFIA**”) as a Korean QIB, provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20 per cent of the aggregate issue amount of the Notes.

The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than “professional investors” as defined under Paragraph 1 of Article 2-1 of the TPEx Rules as amended from time to time. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to the aforementioned professional investors.

The interests of the Issuer’s controlling shareholder could conflict with the interests of the holders of the Notes.

As of the date of this Offering Circular, the Issuer is a wholly owned subsidiary of Shinhan Financial Group. As a result, Shinhan Financial Group is in a position to elect and remove the Issuer’s directors and control the outcome of most matters submitted to the Issuer’s shareholders’ meetings for a vote. This controlling shareholder is able to control or significantly influence the outcome of any vote on a proposed amendment to the Issuer’s articles of incorporation, merger proposal, proposed substantial sale of assets or other major corporate transactions. The interests of the Issuer’s controlling shareholder could conflict with the interests of the holders of the Notes.

Payments made on or with respect to the Notes may be subject to FATCA withholding tax.

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Korea) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect

to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which financial regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes treated as debt for U.S. federal income tax purposes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under “*Terms and Conditions of the Notes – Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for floating rate notes.

Investors should be aware that the market continues to develop in relation to risk-free rates, as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates.

The Secured Overnight Financing Rate (“**SOFR**”) is a newly established risk free-rate. For example, the New York Federal Reserve (the “**NY Federal Reserve**”) began to publish SOFR in April 2018 and although it has also begun publishing historical indicative SOFR going back to 2014, such historical indicative data inherently involves assumptions, estimates and approximations. Therefore, SOFR has a limited performance history and the future performance of SOFR is impossible to predict. As a consequence, no future performance of SOFR or the Notes may be inferred from any of the hypothetical or actual historical performance data. In addition, investors should be aware that SOFR may behave materially differently to interbank offered rates as interest reference rates. For example, since publication of SOFR began, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

In addition, market conventions for calculating the interest rate for bonds referencing risk-free rates continue to develop and market participants and relevant working groups are exploring alternative reference rates based on risk-free rates. For example, on 2 March 2020, the NY Federal Reserve, as administrator of SOFR, began publishing the SOFR Compounded Index. Accordingly, the specific formula for calculating the rate used in the Notes may not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, it could adversely affect the market price of the Notes.

Interest on the Notes is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in the Notes to reliably estimate the amount of interest which will be payable on the Notes. Further, if the Notes become due and payable as a result of an event of default under Condition 9, or are otherwise redeemed early on a date which is not an Interest Payment Date, the rate of interest payable for the final Interest Period in respect of the Notes shall only be determined on the date which the Notes become due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to the Notes.

SOFR is published and calculated by third parties based on data received from other sources and the Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Notes (or that any applicable benchmark fallback provisions provided for in the Conditions will provide a rate which is economically equivalent for Noteholders or will operate as intended at the relevant time or operate on terms commercially acceptable to Noteholders). The Federal Reserve doesn't have an obligation to consider the interests of Noteholders in calculating, adjusting, converting, revising or discontinuing SOFR. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on the Notes and the trading prices of the Notes.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to the Notes. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the Notes.

Risks Relating to Korea

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

The economic indicators in Korea in recent years have shown mixed signs of deterioration and recovery. Following a period of deterioration due to the debilitating effects of the COVID-19 pandemic on the Korean economy as well as on the economies of Korea's major trading partners in 2020, the overall Korean economy showed some signs of recovery in 2021. However, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, mainly due to the Russia-Ukraine war and the ensuing sanctions against Russia, difficulties faced by several banks in the United States and Europe and the military conflicts between Iran and other countries, including the United States and Israel, and broader regional instability in the Middle East as well as significant fluctuations in policy interest rates globally, have contributed to the uncertainty of global economic prospects in general and have adversely affected the Korean economy, which has been characterised by high levels of uncertainty resulting from high inflation rates, a rise in interest rates and a depreciation of the Won against the U.S. dollar. As a result, future growth of the Korean economy is subject to many factors beyond the Issuer's control, including developments in the global economy.

Other developments that could have an adverse impact on the Korean economy include:

- declines in consumer confidence and a slowdown in consumer spending in the Korean or global economy, including as a result of higher levels of market interest rates;
- political uncertainty or increasing strife among or within political parties in Korea and the ensuing societal unrest;
- the imposition of significant tariffs on Korea's exports by any of its major export markets, including the United States, as well as any countermeasures or policy responses adopted by the Korean government that may entail significant costs;
- rising inflationary pressures leading to increases in the costs of goods and services and a decrease in purchasing power;
- the occurrence of severe health epidemics, such as the COVID-19 pandemic in Korea and other parts of the world;

- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of the deterioration of economic and trade relations among such countries (including escalation of tariffs) and increased uncertainties in the global financial markets and industry;
- hostilities, political or social tensions involving Russia (including the Russia-Ukraine war and the ensuing sanctions against Russia) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, Euro or Japanese Yen exchange rates or revaluation of the Chinese Yuan), interest rates, inflation rates or stock markets;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;
- increased sovereign default risks in select countries and the resulting adverse effects on the global financial markets;
- a deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea;
- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- shortages of imported raw materials, natural resources, rare earth minerals or component parts, including semiconductors, due to disruptions in the global supply chain;
- social and labour unrest;
- substantial changes in the market prices of Korean real estate;
- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programmes, which could lead to a national budget deficit as well as an increase in the Government's debt;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies (including those in the construction, shipbuilding, shipping and real estate and project financing sectors) and their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities, allegations of corruption and corporate governance issues concerning certain Korean companies;
- increases in social expenditures to support an ageing population in Korea or decreases in economic productivity due to the declining population size in Korea;
- a continued decrease in the population and birthrates in Korea;

- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- geo-political uncertainty and the risk of further attacks by terrorist groups around the world;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;
- hostilities or political or social tensions involving countries in the Middle East (including those resulting from the conflicts between Iran and other countries, including the United States and Israel) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- increased reliance on exports to service foreign currency borrowings, which could cause friction with Korea's trading partners;
- an increase in the level of tensions or an outbreak of hostilities between the Democratic People's Republic of Korea ("**North Korea**") and Korea or the United States; and
- changes in financial regulations in Korea.

Escalations in tensions with North Korea could have an adverse effect on the Issuer and the market price of the Notes.

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

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and has conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs and warheads that can be mounted on ballistic missiles. Over the years, North Korea has continued to conduct a series of missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. North Korea has increased the frequency of such activities since the beginning of 2022, firing numerous ballistic missiles, including intercontinental ballistic missiles, and in November 2023, successfully launched its first spy satellite. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Gaeseong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.
- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

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

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

Unfavourable financial and economic developments in Korea may have an adverse effect on the Issuer.

The Issuer is incorporated in Korea, and a significant portion of the Issuer's revenue is generated in Korea. As a result, the Issuer is subject to economic, political, legal and regulatory risks specific to Korea, and its business, financial condition and results of operations, as well as the successful execution of the Issuer's operational strategies, are substantially dependent on developments relating to the Korean economy. The economic indicators in Korea in recent years have shown mixed signs of growth and uncertainty, and future growth of the Korean economy is subject to many factors beyond the Issuer's control, including developments in the global economy. Any future deterioration of the Korean or global economy could adversely affect the Issuer's business, financial condition and results of operations.

Labour unrest in Korea may adversely affect the Issuer's operations.

Economic difficulties in Korea or increases in corporate reorganisations and bankruptcies could result in layoffs and higher unemployment. Such developments could lead to social unrest and substantially increase government expenditures for unemployment compensation and other costs for social programmes. According to statistics from the Korea National Statistical Office, the unemployment rate increased from 2.7% in 2023 to 2.8% in 2024 and 2025, respectively. However, further increases in unemployment and any resulting labour unrest in the future could adversely affect the Issuer's operations, as well as the operations of many of the Issuer's customers and their ability to repay their loans, and could adversely affect the financial condition of Korean companies in general, depressing the price of their securities. These developments would likely have an adverse effect on the Issuer's financial condition and results of operations.

Financial instability in other countries, particularly emerging market countries in Asia, could adversely impact the Issuer's business.

The Korean market and the Korean economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia, including China. Financial turmoil in Asia, Russia and elsewhere in the world in the past has adversely affected the Korean economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including Korea. A loss of investor confidence in the financial systems of emerging and other markets may cause increased volatility in Korean financial markets. The Issuer cannot be certain that financial events of the type that occurred in emerging markets in Asia in 1997 and 1998 will not happen again in Asia or in other markets that may have an adverse effect on its business. In addition, the loss of investor confidence and increased uncertainty in the global financial markets as a result of a referendum in the United Kingdom in June 2016, in which the majority of voters voted in favour of leaving the European Union, may also cause increased volatility in Korean financial markets.

Exchange controls and other circumstances beyond the control of the Issuer may result in the Issuer being unable to obtain sufficient amount in U.S. dollars on favourable terms or when necessary.

All of the debt obligations under the Issuer's mortgage loans are payable in Won. The payment of amounts due under the Notes will depend upon the ability of the Issuer to convert payments made by the Issuer in Won into a sufficient amount in U.S. dollars to meet payments due under the Notes and to pay in U.S. dollars outside Korea. There can be no assurance that future governmental policies of Korea (including the imposition of exchange controls or remittance restrictions) would not adversely affect the ability of the Issuer to obtain U.S. dollars or the ability of the Issuer to transfer amounts in U.S. dollars abroad. Furthermore, delays in the conversion of Won amounts into U.S. dollars coupled with a devaluation of the Won could reduce the amount in U.S. dollars received by the Issuer which could have an adverse effect on its ability to pay the amounts due under the Notes when they become due for payment.

TERMS AND CONDITIONS OF THE NOTES

The issue of the Notes was authorised by a resolution of the Board of Directors of Shinhan Card Co., Ltd. (the “**Issuer**”) passed on 23 December 2025. A fiscal agency agreement dated 24 June 2026 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, Citicorp International Limited as fiscal agent (the “**Fiscal Agent**”) and Citibank, N.A., London Branch as paying agent (the “**Paying Agent**”), calculation agent (the “**Calculation Agent**”), registrar (the “**Registrar**”) and transfer agent (the “**Transfer Agent**”) and any other agent or agents appointed from time to time with respect to the Notes. The Notes have the benefit of a Deed of Covenant (the “**Deed of Covenant**”) dated 24 June 2026 executed by the Issuer relating to the Notes. The paying agent, the fiscal agent, the registrar, the calculation agent and any transfer agent for the time being are referred to below respectively as the “**Paying Agent**”, the “**Fiscal Agent**”, the “**Registrar**”, the “**Calculation Agent**” and the “**Transfer Agents**”. “**Agents**” means the Paying Agent, the Fiscal Agent, the Registrar, the Calculation Agent, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. The Fiscal Agency Agreement includes the form of the Notes. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available to the Noteholders following prior written request and satisfactory proof of holding during normal business hours from the specified offices of the Fiscal Agent. The holders of the Notes (the “**Noteholders**”) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Fiscal Agency Agreement.

1 Form, Specified Denomination and Title

The Notes are issued in the specified denomination of U.S.\$200,000 and higher integral multiples of U.S.\$1,000.

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

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” and “**holder**” means the person in whose name a Note is registered.

2 Transfers of Notes

- (a) **Transfer:** A holding of Notes may, subject to Condition 2(e), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate

in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any Noteholder upon written request and satisfactory proof of holding.

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

- (b) **Exercise of Options or Partial Redemption in Respect of Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) or Condition 2(b) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (d) **Transfer or Exercise Free of Charge:** Certificates, on transfer, exercise of an option or partial redemption, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (e) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) after any such Note has been called for redemption, or (iii) during the period of seven days ending on (and including) any Record Date (as defined below).

3 Status

The Notes constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations including liabilities in respect of deposits.

4 Certain Covenants

- (a) **Negative Pledge:** So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not create or have outstanding, and will ensure that none of its Principal Subsidiaries will create, or have outstanding, any Security Interest, other than any Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders unless, after giving effect thereto, the aggregate principal amount of all such secured Relevant Indebtedness, plus Attributable Debt of the Issuer and its Subsidiaries in respect of Sale/Leaseback Transactions as described in Condition 4(b), in each case entered into after the date of the issuance of the Notes, would not exceed 15% of Consolidated Net Tangible Assets.

For the avoidance of any doubt, the establishment of any receivables financing facility or arrangement pursuant to which a special purpose vehicle (including any special purpose trust) purchases or otherwise acquires accounts receivable of the Issuer shall not be deemed to be affected by Condition 4(a) or 4(b).

- (b) **Limitation upon Sale and Leaseback Transactions:** Neither the Issuer nor any Subsidiary may enter into any Sale/Leaseback Transaction after the date of the issuance of the Notes, unless (x) the Attributable Debt of the Issuer and its Subsidiaries in respect thereof and in respect of all other Sale/Leaseback Transactions entered into after the date of the issuance of the Notes (other than transactions permitted by sub-clause (y) below) plus the aggregate principal amount of Relevant Indebtedness secured by any Security Interest on any assets or property then outstanding (excluding any such Relevant Indebtedness secured by any Security Interest described in the definition of Permitted Security Interest below or existing at the date of the issuance of the Notes without equally and ratably securing the Notes), would not exceed 15% of Consolidated Net Tangible Assets, or (y) the Issuer or a Subsidiary within 12 months after such Sale/Leaseback Transaction, applies to the retirement of Relevant Indebtedness, which is not subordinate to the Notes, of the Issuer or a Subsidiary an amount equal to the greater of (i) the net proceeds of the sale or transfer of the property or other assets which are the subject of such Sale/Leaseback Transaction or (ii) the fair market value of any assets or property so leased (in each case as determined by the Issuer); provided that the amount to be so applied shall be reduced by (i) the principal amount of the Notes delivered within 12 months after such Sale/Leaseback transaction to the Agent for cancellation, and (ii) the principal amount of Relevant Indebtedness of the Issuer or a Subsidiary, other than the Notes, voluntarily retired by the Issuer or a Subsidiary within 12 months after such Sale/Leaseback Transaction. Notwithstanding the foregoing, no retirement referred to in this Condition 4(b) may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any

mandatory prepayment provision. Notwithstanding the foregoing, where the Issuer or any Subsidiary is the lessee in any Sale/Leaseback Transaction, Attributable Debt shall not include any Relevant Indebtedness resulting from the guarantee by the Issuer or any other Subsidiary of the lessee's obligation thereunder. The foregoing restriction shall not apply to any transaction between the Issuer and a Subsidiary or between a Subsidiary and a Subsidiary.

- (c) **Consolidation, Merger and Sale of Assets:** The Issuer, without the consent of the Noteholders, may consolidate with, or merge into, or sell, transfer, lease or convey its assets substantially as an entirety (each, a **"transaction"**) to any corporation organized under the laws of the Republic of Korea (**"Korea"**), provided that (x) any successor corporation expressly, or by operation of law, assumes the Issuer's obligations under the Notes and the Fiscal Agency Agreement, (y) after giving effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (z) such successor corporation has the benefit of a credit rating which, at the time and immediately after such transaction takes place, is no worse than the credit rating of the Issuer, and (xx) if, as a result of any such transaction, properties or assets of the Issuer or a Subsidiary would become subject to any mortgage, charge, pledge, encumbrance or other security interest which would not be permitted under these Conditions, the Issuer or such successor corporation, as the case may be, shall take such steps as shall be necessary effectively to secure the Notes (together with, if the Issuer shall so determine, any other indebtedness of the Issuer or such Subsidiary then existing or thereafter created which is not subordinate to the Notes) equally and ratably with (or prior to) all indebtedness secured thereby.

- (d) **Certain Definitions:**

"Attributable Debt" means, with respect to any Sale/Leaseback Transaction, the lesser of (x) the fair market value of the property or other assets subject to such transaction and (y) the present value (discounted at a rate per annum equally to the discount rate of a capital lease obligation with a like term in accordance with Korean International Financial Reporting Standard (**"K-IFRS"**)) of the obligations of the lessee for net rental payments (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and contingent rents) during the term of the lease;

"Consolidated Net Tangible Assets" means the total amount of assets of the Issuer and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries, after deducting therefrom (a) all current liabilities (excluding any current liabilities constituting Long-term Debt by reason of their being renewable or extendible) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent audited annual consolidated statement of financial position of the Issuer and its consolidated Subsidiaries and computed in accordance with K-IFRS;

"Long-term Debt" means any note, bond, debenture or other similar evidence of indebtedness of money borrowed having a maturity of more than one year from the date such evidence of indebtedness was incurred or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the borrower beyond one year from the date such evidence of indebtedness was incurred.

“Permitted Security Interest” means (1) any Security Interest existing as of the date of the Fiscal Agency Agreement, (2) any Security Interest existing on any assets or property prior to the acquisition thereof by the Issuer or any of its Principal Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition; (3) any Security Interest on any assets or property securing Relevant Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Security Interest attaches to such assets or property concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof; (4) any Security Interest existing on any assets or property of any Principal Subsidiary prior to the time such Principal Subsidiary becomes a Subsidiary of the Issuer or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof; (5) any Security Interest securing Relevant Indebtedness owing to the Issuer or to a Subsidiary; and (6) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Security Interest permitted by any of the foregoing paragraphs, provided that such Relevant Indebtedness is not increased and is not secured by any additional property;

“person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof;

“Principal Subsidiary” means any Subsidiary (i) whose net sales, as shown by its latest audited financial statements (consolidated in the case of a Subsidiary which itself has subsidiaries and which consolidates its accounts), are at least 10% of the consolidated net sales of the Issuer and its consolidated subsidiaries, as shown by its latest audited consolidated financial statements or (ii) whose gross assets, as shown by its latest audited financial statements (consolidated as aforesaid), are at least 10% of the consolidated gross assets of the Issuer and its consolidated subsidiaries, as shown by its latest audited consolidated financial statements;

“Relevant Indebtedness” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (but excluding for the avoidance of doubt, instruments commonly referred to as transferable loan certificates) which (a) either are by their terms payable, or confer a right to receive payment, in any currency other than Korean Won or are denominated in Korean Won and more than 50% of the aggregate principal amount thereof is initially distributed outside Korea; (b) for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market outside Korea and (c) are not (i) securities issued in accordance with a securitisation plan pursuant to the Act on Asset-Backed Securitisation Act of Korea (or other similar laws of Korea); (ii) securities or instruments serviced primarily by the cash flows of a discrete pool of receivables or other financial assets, either fixed or revolving, that by their terms convert into cash within a finite period and which are commonly regarded as asset-backed securities; or (iii) derivatives linked securities as defined in the Financial Investment Services and Capital Markets Act of Korea;

“Sale/Leaseback Transaction” means any arrangement with any Person which provides for the leasing by the Issuer or any Principal Subsidiary, for an initial term of three years or more, of any assets or property, whether now owned or hereafter acquired, which are to be sold or transferred by the Issuer or any Principal Subsidiary after the date of the issuance of the Notes to such Person for a sale price of U.S.\$1,000,000 (or the equivalent thereof) or more where the rental payments are denominated in a currency other than the currency of Korea;

“Security Interest” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

“Subsidiary” means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Issuer.

5 Interest

The Notes bear interest on their outstanding principal amount from and including 24 June 2026, payable quarterly in arrear on 24 March, 24 June, 24 September and 24 December in each year (each, an **“Interest Payment Date”**). Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at the rate calculated in accordance with these Conditions (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of actual number of days in the Interest Period divided by 360.

In these Conditions, the period beginning on and including 24 June 2026 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an **“Interest Period”**.

The interest rate on the Notes for each Interest Period will be equal to Compounded SOFR (as defined below) plus a margin of 0.82 per cent. per annum. In no event will the interest on the Notes be less than zero.

Interest in respect of any Note shall be calculated per U.S.\$1,000 in principal amount of the Notes (the **“Calculation Amount”**). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

“Compounded SOFR” means the rate of return of a daily compound interest investment (with the daily secured overnight financing rate as the reference rate for the calculation of interest) and will be determined by the Calculation Agent on the relevant Interest Payment Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)):

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_{i-5USBD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

where:

“*d*” means the number of calendar days in the relevant Interest Period;

“*d_o*” for any Interest Period, means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“*i*” means a series of whole numbers ascending from one to *d_o*, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period;

“*n_i*” for any U.S. Government Securities Business Day “*i*” in the relevant Interest Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “*i*” up to (but excluding) the following U.S. Government Securities Business Day for which $SOFR_{i-5USBD}$ applies;

“ $SOFR_{i-5USBD}$ ” means the SOFR Reference Rate for the U.S. Government Securities Business Day (being a U.S. Government Securities Business Day falling in the relevant Interest Period) falling five U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day “*i*”; and

“*SOFR Reference Rate*” means:

- (1) in respect of any U.S. Government Securities Business Day, a reference rate equal to the daily secured overnight financing rate (“**SOFR**”) for such U.S. Government Securities Business Day as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York in each case, on or about 5:00 p.m., New York City time, on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day (the “**SOFR Determination Time**”); or
- (2) if the reference rate specified in (1) above does not appear and a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined below) have not occurred, SOFR published on the Federal Reserve Bank of New York’s Website for the first preceding U.S. Government Securities Business Day for which the SOFR was published on the Federal Reserve Bank of New York’s Website.

Notwithstanding anything to the contrary in the documentation relating to the Notes, if the Calculation Agent determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined below) have occurred with respect to determining Compounded SOFR, then the benchmark replacement provisions set forth will thereafter apply to all determinations of the rate of interest payable on the Notes.

For the avoidance of doubt, in accordance with the benchmark replacement provisions, after a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the interest payable for each Interest Period on the Notes will be an annual rate equal to the sum of the Benchmark Replacement (as defined below) and the applicable margin.

Effect of Benchmark Transition Event

- (a) *Benchmark Replacement.* If the Calculation Agent determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.
- (b) *Benchmark Replacement Conforming Changes.* In connection with the implementation of a Benchmark Replacement, the Calculation Agent will have the right to make Benchmark Replacement Conforming Changes from time to time.
- (c) *Decisions and Determinations.* Any determination, decision or election that may be made by the Calculation Agent or the Issuer pursuant to the benchmark replacement provisions described herein, including any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:
 - i. will be conclusive and binding absent manifest error and, notwithstanding anything to the contrary herein and the accompanying Offering Circular relating to the Notes;
 - ii. if made by the Issuer, will be made in the Issuer's sole discretion;
 - iii. if made by the Calculation Agent, will be made after consultation with the Issuer, and the Calculation Agent will not make any such determination, decision or election to which the Issuer objects; and
 - iv. shall become effective without consent from any other party.

Any determination, decision or election pursuant to the benchmark replacement provisions not made by the Calculation Agent will be made by the Issuer on the basis as described above. The Calculation Agent shall have no liability for not making any such determination, decision or election. In addition, the Issuer may designate an entity (which may be the Issuer's affiliate) to make any determination, decision or election that the Issuer has the right to make in connection with the benchmark replacement provisions set forth herein.

Certain Defined Terms

"*Benchmark*" means, initially, Compounded SOFR, as such term is defined above; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

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

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

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

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

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definitions or interpretations of interest period, the timing and frequency of determining rates and making payments of interest, the rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably practicable).

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

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

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

For the avoidance of doubt, for purposes of the definitions of Benchmark Replacement Date and Benchmark Transition Event, references to Benchmark also include any reference rate underlying such Benchmark.

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

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

“Interest Payment Determination Date” means the date five U.S. Government Securities Business Days before each Interest Payment Date.

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

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

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

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

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

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is Compounded SOFR, the SOFR Determination Time, as such time is defined above, and (2) if the Benchmark is not Compounded SOFR, the time determined by the Calculation Agent in accordance with the Benchmark Replacement Conforming Changes.

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

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

The interest rate and amount of interest to be paid on the Notes for each Interest Period will be determined by the Calculation Agent. Citibank, N.A., London Branch is currently serving as the Issuer’s Calculation Agent; however, the Issuer may change the Calculation Agent at any time without notice, and Citibank, N.A., London Branch may resign as Calculation Agent at any time upon sixty (60) days’ written notice to the Issuer. All determinations made by the Calculation Agent shall, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer and the holders of the Notes. So long as Compounded SOFR is required to be determined with respect to the Notes, there will at all times be a Calculation Agent. In the event that any then acting Calculation Agent shall be unable or unwilling to act, or that such Calculation Agent shall fail duly to establish Compounded SOFR for any interest period, or the Issuer proposes to remove such Calculation Agent, the Issuer shall appoint another Calculation Agent.

6 Redemption and Purchase

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on or nearest to 24 December 2029. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.
- (b) **Redemption for Taxation and other Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Korea or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 16 June 2026, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised persons of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Fiscal Agent shall be protected and shall have no liability to any Noteholder or any other person for so accepting and relying on such certificate or opinion.

- (c) **Purchase:** the Issuer and its Subsidiaries (as defined in the Fiscal Agency Agreement) may at any time purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 12(a).
- (d) **Cancellation:** All Certificates representing Notes purchased by or on behalf of the Issuer shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Notes shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments

(a) Method of Payment:

- (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in paragraph (ii) below.
- (ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in the relevant currency by may be made by transfer to an account in the relevant currency maintained by the payee with a bank. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or an Alternative Clearing System (as defined in the form of the Global Certificate), each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 1 January and 25 December.*

- (b) **Payments subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Payment Initiation:** Where payment is to be made by transfer to an account in the relevant currency, payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated, and, in the case of payments of principal where the relevant Certificate has not been

surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.

- (d) **Appointment of Agents:** The Calculation Agent, the Fiscal Agent, the Registrar and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Calculation Agent, the Fiscal Agent, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent, the Fiscal Agent, the Registrar or any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Calculation Agent, and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders by the Issuer in accordance with Condition 14.

- (e) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.
- (f) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the Noteholder shall not be entitled to payment until the next following business day (and interest thereon will continue to accrue to but excluding such succeeding business day), unless the next succeeding business day is in the next succeeding calendar month, in which case such Interest Payment Date shall be the immediately preceding business day and interest shall accrue to but excluding such preceding business day. If the maturity date or a redemption date for the Notes would fall on a day that is not a business day, the payment of interest and principal will be made on the next succeeding business day, but no additional interest shall accrue and be paid unless the Issuer fails to make payment on such next succeeding business day. In this Condition 7, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Seoul, in New York City and in London.

8 Taxation

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

- (a) held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Korea other than the mere holding of the Note; or

- (b) in respect of which the certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days.
- (c) in respect of any taxes that would not have been so withheld or deducted but for the failure of the Noteholder or a beneficial owner of the Notes to comply with a request by the Issuer or the Fiscal Agent to satisfy any certification, identification or other reporting requirements, imposed as a precondition to exemption from or reduction in the rate of such taxes, concerning nationality, residence or connection with the Relevant Jurisdiction; provided that at least 30 calendar days prior to the first payment date with respect to which compliance with such certification, identification or other reporting requirement is required, the Noteholder has been notified by the Issuer or the Fiscal Agent that such compliance is required;
- (d) in respect of any estate, inheritance, gift, sales, transfer, personal property or other similar taxes;
- (e) in respect of any taxes payable other than by withholding or deduction; or
- (f) in respect of any combination of paragraphs (a) through (e) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

“**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender; and

“**Relevant Jurisdiction**” means Korea or any political subdivision or any authority thereof or therein having power to tax.

None of the Agents shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and nor will any Agent be responsible or liable for any failure by the Issuer or the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment.

9 Events of Default

If any of the following events ("**Events of Default**") occurs, the Holder of any Notes then outstanding may give written notice to the Issuer (with a copy to the Fiscal Agent) that such Notes immediately becomes due and payable at their principal amount together (if applicable) with any accrued but unpaid interest:

- (a) **Non-Payment:** the Issuer fails to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.\$25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (d) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of its Principal Subsidiaries; or
- (e) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or
- (f) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of Korea is not taken, fulfilled or done; or

- (g) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes; or
- (h) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 9.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, prefunding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Noteholders and Modification and Substitution

- (a) **Meetings of Noteholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of or interest on, the Notes, (iii) to change the currency of payment of the Notes, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification of the Fiscal Agency Agreement:** The Issuer shall only permit any modification of, without the consent of the Noteholders, to these Conditions or any of the provisions of the Fiscal Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any determination as to prejudice applying to the interests of the Noteholders pursuant to this Condition shall be made by the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determinations. Any modification shall be binding on the Noteholder and shall be notified by the Issuer to the Noteholder as soon as practicable thereafter in accordance with Condition 14.
- (c) **Substitution:** The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders, substitute for itself as principal debtor under the Notes such company (the “**Substitute**”) as is specified in the Fiscal Agency Agreement, provided that no payment in respect of the Notes is at the relevant time overdue. The substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form exhibited to the Fiscal Agency Agreement, and may take place only if (i) the Fiscal Agent has been given 30 days’ notice in writing by the Issuer of such intended substitution and the Fiscal Agent has confirmed in writing to the Issuer that the Substitute has fulfilled all necessary “know your customer” and other applicable checks of the Fiscal Agent; (ii) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (iii) the obligations of the Substitute under the Deed Poll, the Notes shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iv) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll and the Notes represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect, (v) the Substitute shall have become party to the Fiscal Agency Agreement by way of a supplement or amendment, with any appropriate consequential amendments satisfactory to the Fiscal Agent, as if it had been an original party to it, (vi) legal opinions addressed to the Noteholders shall have been delivered to them from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (ii) above and in England as to the fulfilment of the preceding conditions of this Condition 12(c) and the other matters specified in the Deed Poll and (vii) the Issuer shall have given at least 14 days’ prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available from the Issuer. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Deed Poll.

13 Further Issues

To the extent permitted by applicable laws and regulations of the Republic of China (“ROC”) and subject to the receipt of all necessary regulatory and listing approvals from the relevant authorities, including but not limited to the Taipei Exchange (“TPEX”) and the Taiwan Securities Association, the Issuer may from time to time, without the consent of the existing Noteholders, create and issue additional notes under the Fiscal Agency Agreement having the same terms and conditions in all respects except for issue date and issue price. To the extent permitted by applicable laws and regulations of the ROC and subject to the receipt of all necessary regulatory and listing approvals from the relevant authorities, including but not limited to the TPEX and the Taiwan Securities Association, additional notes issued will be consolidated with and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

14 Notices

Notices required to be given to the holders of Notes pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fifth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to the holders of Notes pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of the stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Notes are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or an Alternative Clearing System, notices to the Holders of the Notes shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the Alternative Clearing System, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

15 Currency Indemnity

U.S. dollars is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

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

17 Governing Law and Jurisdiction

- (a) **Governing Law:** The Fiscal Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with any Notes ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Agent for Service of Process:** The Issuer irrevocably appoints Walkers at its registered office for the time being, currently at The Scalpel, 11th Floor, 52 Lime Street, London, EC3M 7AF, United Kingdom as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions that apply to the Notes in respect of which it is issued, some of which modify the effect of the Conditions of the Notes set out in this Offering Circular. The following is a summary of provisions of the Notes while in global form.

Meetings

The registered holders of the Notes in respect of which the Global Certificate are issued will be treated as being one person for the purposes of any meeting of Holders, and at any such meeting, as having one vote in respect of each U.S.\$1,000 in principal amount of the Notes in respect of which the Global Certificate are issued.

Cancellation

Cancellation of any Notes following its redemption or purchase by the Issuer will be effected by a reduction in the principal amount of the Notes in the register of Holders.

Transfers

Transfers of interests in the Notes will be effected through the records of Euroclear and Clearstream, and their respective participants in accordance with their respective rules and operating procedures.

Notices

So long as the Notes are represented by the Global Certificate and the Global Certificate are held on behalf of Euroclear, Clearstream or an alternative clearing system appointed in accordance with the terms of the Notes and the Fiscal Agency Agreement, notices to the Holders may be given by delivery of the relevant notice to the clearing systems in accordance with the applicable rules and procedures of the clearing systems for communication by them to entitled accountholders. Any such notice shall be deemed validly given on the day after it has been delivered to Euroclear, Clearstream or an alternative clearing system.

Paying Agent in Singapore

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

USE OF PROCEEDS

The net proceeds from the issuance of the Notes, after deducting underwriting commission but not estimated expenses of the offering, will be U.S.\$398,846,666. The Issuer intends to use such net proceeds for general corporate purposes.

CAPITALISATION

The following table sets forth the Issuer's capitalisation as of 31 March 2026 (1) as derived from the Issuer's interim financial statements included in this Offering Circular and (2) as adjusted to give effect to the issuance of the Notes offered hereby, before deducting the underwriting commission and estimated expenses of the offering by the Issuer and on the assumption that the proceeds from the issuance of the Notes will not be used for the immediate repayment of outstanding borrowings. The table below should be read in connection with the Issuer's unaudited interim consolidated financial statements and related notes included in this Offering Circular:

	As of 31 March 2026			
	Actual		As Adjusted	
	(in billions of Won and millions of U.S. dollars) ⁽¹⁾			
Debt:				
Debentures	₩24,622.0	US\$16,269.3	₩25,227.4	U.S.\$16,669.3
Borrowings	4,741.3	3,132.9	4,741.3	3,132.9
Total debt	29,363.3	19,402.2	29,968.7	19,802.2
Equity:				
Share capital	626.8	414.2	626.8	414.2
Hybrid bonds	699.8	462.4	699.8	462.4
Capital surplus	860.7	568.7	860.7	568.7
Retained earnings	6,175.6	4,080.6	6,175.6	4,080.6
Capital adjustment	(2.1)	(1.4)	(2.1)	(1.4)
Accumulated other comprehensive loss	(37.1)	(24.5)	(37.1)	(24.5)
Non-controlling interests	32.2	21.3	32.2	21.3
Total equity	8,430.2	5,570.4	8,430.2	5,570.4
Total capitalisation ⁽²⁾	37,793.5	24,972.6	38,398.9	25,372.6

Notes:

(1) The exchange rate used to convert U.S. dollars into Won in the case of the Notes now being issued is Won 1,513.4 to U.S.\$1.00, which was the Market Average Exchange Rate in effect on 31 March 2026.

(2) Total capitalisation is defined as total debt plus total shareholders' equity.

Except as disclosed herein, there has been no material change in the Issuer's capitalisation since 31 March 2026.

EXCHANGE RATES

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

	<u>At End of Period</u>	<u>Average Rate⁽¹⁾</u>	<u>High</u>	<u>Low</u>
		(Won per U.S.\$1.00)		
2019	1,157.8	1,165.7	1,218.9	1,111.6
2020	1,088.0	1,180.1	1,280.1	1,082.7
2021	1,088.0	1,095.1	1,108.9	1,082.7
2022	1,267.3	1,292.0	1,436.6	1,185.5
2023	1,289.4	1,305.4	1,360.6	1,219.3
2024	1,470.0	1,364.0	1,474.1	1,289.4
2025	1,434.9	1,422.2	1,483.4	1,352.6
2026 (through 15 June)	1,520.4	1,479.4	1,546.5	1,424.5
January	1,427.0	1,456.5	1,477.5	1,427.0
February	1,424.5	1,449.3	1,470.3	1,424.5
March	1,513.4	1,486.6	1,513.4	1,435.4
April	1,476.1	1,487.4	1,530.5	1,470.8
May	1,505.8	1,490.1	1,513.3	1,450.8
June (through 15 June)	1,520.4	1,522.4	1,546.5	1,503.2

Note:

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

Source: Seoul Money Brokerage Services, Ltd.

SELECTED FINANCIAL AND OTHER INFORMATION

The selected financial and other information set forth below should be read in conjunction with the Issuer's consolidated financial statements and related notes included elsewhere in this Offering Circular. The selected consolidated financial information set forth below as of and for the years ended 31 December 2025 and 2024 have been derived from the Issuer's audited consolidated financial statements. The selected consolidated financial information set forth below as of 31 March 2026 and for the three months ended 31 March 2026 and 2025 have been derived from the Issuer's unaudited interim consolidated financial statements and related notes which have been prepared in accordance with K-IFRS 1034 Interim Financial Reporting. Such financial information has not been audited and should not be relied upon by potential investors to provide the same type or quality of information associated with information that has been subject to an audit. None of the Managers or any of their respective representatives, directors, officers, employees, agents, advisers or affiliates or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of such unaudited but reviewed consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer's financial condition and results of operations. Accordingly, potential investors must exercise caution when using such data to evaluate the Issuer's financial position, results of operations and cash flows. Such unaudited consolidated interim financial information as at and for the three months ended 31 March 2026 should not be taken as an indication of the expected financial condition, results of operations and cash flows of the Issuer for the full financial year ending 31 December 2026.

Consolidated Statements of Comprehensive Income

	Years ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	(in billions of Won)			
Operating income				
Interest income.	2,984.2	3,067.8	762.9	764.6
Interest expense.	(1,053.1)	(1,120.3)	(274.0)	(275.4)
Net interest income	1,931.2	1,947.5	489.0	489.2
Fee and commission income	2,073.5	1,956.9	476.0	508.4
Fee and commission expense	(1,305.2)	(1,370.8)	(324.2)	(337.0)
Net fee and commission income	768.3	586.1	151.9	171.4
Dividend income.	0.7	0.9	0.3	0.6
Net gain on financial assets at fair value through profit or loss	24.8	4.3	4.4	8.3
Net gain (loss) on derivatives	577.8	31.7	24.1	298.8
Net gain (loss) on foreign currency transactions	(534.7)	21.8	(13.5)	(285.4)
Provision for credit loss allowance.	(917.2)	(911.6)	(255.7)	(237.4)
General administrative expenses.	(819.7)	(854.1)	(193.4)	(221.6)
Other operating income (loss), net.	(273.7)	(216.7)	(28.6)	(79.6)

	Years ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	(in billions of Won)			
Operating income	757.4	610.0	178.4	144.4
Non-operating income, net	12.1	(3.1)	4.2	3.9
Share of gain (loss) of associates	(4.1)	12.8	(2.0)	4.3
Profit before income tax	765.5	619.7	180.5	152.6
Income tax expense	(190.2)	(139.5)	(43.7)	(36.0)
Profit for the period	575.3	480.2	136.9	116.7
Other comprehensive income (loss):				
Items that will never be reclassified to profit or loss				
Remeasurement of the net defined benefit obligations	(11.7)	(1.0)	(0.4)	(0.8)
Net changes in the unrealised fair value of financial assets at fair value through other comprehensive income . .	(12.8)	(1.7)	(2.7)	3.9
Items that are or may be reclassified subsequently to profit or loss				
Gain (loss) on financial assets at fair value through other comprehensive income	4.5	(3.4)	3.8	(3.7)
Net changes in the unrealised fair value of cash flow hedges	(18.4)	72.6	11.6	35.9
Foreign currency translation adjustments for foreign operations	16.4	(7.4)	(2.2)	23.7
Other comprehensive profit (loss) for the period, net of tax	(22.0)	59.2	10.1	59.1
Total comprehensive income for the period	553.3	539.4	146.9	175.8
Profit attributable to:				
Owner of the Company	572.1	476.7	135.7	115.4
Non-controlling interests	3.1	3.5	1.2	1.2
Profit for the period	575.3	480.2	136.9	116.7

	Years ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	(in billions of Won)			
Total comprehensive income (loss) attributable to:				
Owner of the Company	550.6	535.7	145.8	172.6
Non-controlling interests	2.7	3.6	1.2	3.2
Total comprehensive income for the period	553.3	539.4	146.9	175.8
Earnings per share				
Basic and diluted earnings per share (in thousands of Won)	4.3	3.5	1.0	0.9

Consolidated Statements of Financial Position

	As of		As at
	31 December		31 March
	2024	2025	2026
	(in billions of Won)		
Assets			
Cash and due from banks	864.7	550.2	651.1
Financial assets at fair value through profit or loss	606.7	684.8	538.5
Derivative assets	670.2	567.1	885.7
Credit card receivables at amortised cost and other	37,267.6	36,758.9	36,203.9
Lease assets	2,133.9	1,907.2	1,819.0
Financial assets at fair value through other comprehensive income	378.5	353.0	353.6
Property and equipment, net	645.7	626.2	632.1
Intangible assets	228.4	213.3	218.6
Investments in associates	101.9	125.0	129.9
Current tax assets	0.0	0.0	0.0
Deferred tax assets	131.3	132.9	86.2
Investment property	45.6	44.5	44.1
Net defined benefit assets	5.0	11.5	10.0
Other assets	1,057.5	912.8	919.5
Assets of disposal group classified as held for sale	—	299.2	308.2
Total assets	<u>44,137.1</u>	<u>43,186.7</u>	<u>42,800.5</u>
Liabilities			
Derivative liabilities	6.1	0.9	0.0
Borrowings	6,550.4	4,401.1	4,741.3
Debentures, net	24,409.9	25,514.7	24,622.0
Net defined benefit liabilities	0.2	—	—
Current tax liabilities	69.1	77.7	80.8
Provisions	220.9	245.7	227.8
Other liabilities	4,603.6	4,196.4	4,440.6
Liabilities of disposal group classified as held for sale	—	250.4	257.7
Total liabilities	<u>35,860.2</u>	<u>34,686.9</u>	<u>34,370.3</u>

	As of 31 December		As at 31 March
	2024	2025	2026
	(in billions of Won)		
Equity			
Common stock of ₩5,000 par value	626.8	626.8	626.8
Authorised – 2,000,000,000 shares			
Issued and outstanding – 125,369,403 shares as of 31 March 2026			
Hybrid bonds	699.8	699.8	699.8
Capital surplus	860.7	860.7	860.7
Capital adjustments	(2.4)	(2.8)	(2.1)
Accumulated other comprehensive loss	(79.0)	(20.0)	37.1
Retained earnings	6,147.7	6,306.5	6,175.6
Equity attributable to owner of the Group	8,253.8	8,471.1	8,397.9
Non-controlling interests	23.1	28.8	32.2
Total equity	8,276.9	8,499.9	8,430.2
Total liabilities and equity	44,137.1	43,186.7	42,800.5

THE ISSUER

Introduction

On 1 October 2007, the Issuer was established through the merger between LGC and SHC (the “**Merger**”). The Issuer offers its products and services through a network of 650 nationwide branches of Shinhan Bank, 22 card sales branches, and 24 combined operations branches (which includes card, instalment and debt collection services). The Issuer’s card sales branches recruit new Accountholders (as defined below) and conduct marketing activities in Korea. The Issuer’s instalment sales branches also conduct marketing activities and provide instalment finance service while its debt collection branches focus on debt collection activities. Although Shinhan Bank branches recruit new Accountholders and provide credit card related services, such branches do not provide instalment finance related services. As of 31 December 2024 and 2025 and 31 March 2026, personal credit cardholders of the Issuer amounted to approximately 20.4 million, 20.4 million and 20.5 million, respectively.

As of 31 March 2026, the Issuer’s total assets amounted to ₩42,800.5 billion (U.S.\$28,280.8 million) and for the three months ended 31 March 2026, its net income amounted to ₩116.7 billion (U.S.\$77.1 million).

As of 31 December 2025, the Issuer’s total assets amounted to ₩43,186.7 billion (U.S.\$28,536.2 million) and for the year ended 31 December 2025, its net income amounted to ₩480.2 billion (U.S.\$317.3 million).

As of 31 March 2026 and 31 December 2025, the Issuer’s capital adequacy ratio, determined in accordance with FSC requirements, was 20.9 per cent and 20.8 per cent, respectively.

As of 31 March 2026, the Issuer had 2,213 full-time, permanent employees and 242 contract and part-time employees who are employed on a temporary basis. The Issuer’s headquarters are located at Pine Avenue Tower A, 100, Eulji-ro, Jung-gu, Seoul 04551, Korea. The Issuer is a wholly owned subsidiary of Shinhan Financial Group, see “*Shinhan Financial Group*”.

Financial Holding Company Structure

In September 2001, SHB formed a financial holding company, Shinhan Financial Group, pursuant to the Financial Holding Company Act of Korea. As part of establishing a financial holding company structure, the credit card business of SHB was spun-off to form SHC, and SHC became a wholly owned subsidiary of Shinhan Financial Group on 1 July 2002. On 19 March 2007, LGC was acquired by Shinhan Financial Group in accordance with the LG Card Acquisition Agreement (as defined below). See “*Acquisition and Merger*”. For more information on the financial holding company structure, see “*Shinhan Financial Group*”.

History

Corporate History of LGC

LGC was established in November 1987 through the acquisition of Korea Express Co., Ltd. by LG Group. In 1988, LGC merged with Goldstar Factoring Co., Ltd. followed by a merger with LG Installment Finance Co., Ltd. in January 1998. Under non-exclusive licence agreements with MasterCard International Incorporated, JCB International Credit Card and Visa Inc., LGC commenced issuing MasterCard, JCB and Visa credit cards.

On 6 February 2004, LGC went into non-court receivership with 14 creditor financial institutions, including the Korea Development Bank, National Agricultural Cooperative Federation, Kookmin Bank, Woori Bank, Shinhan Bank, Industrial Bank of Korea, Hana Bank, Citibank Korea, Samsung Life Insurance, Korea Life Insurance, Kyobo Life Insurance, Samsung Fire & Marine Insurance, LG Insurance, and Dongbu Insurance. On 20 December 2006, Shinhan Financial Group entered into the LG Card Acquisition Agreement with KDB, the principal creditor bank of the council of creditor financial institutions of LGC, to purchase common shares held by the creditor financial institutions of LGC. On 19 March 2007, Shinhan Financial Group purchased 98,517,316 common shares of LGC which represented 78.6 per cent of issued and outstanding common shares of LGC through a tender offer and LGC was released from receivership by its creditor financial institutions. On 21 September 2007, Shinhan Financial Group acquired the remaining 13.7 per cent of issued and outstanding common shares of LGC through a stock swap. On 1 October 2007, SHC transferred its entire business to LGC which thereafter changed its name to Shinhan Card Co., Ltd. See “*Acquisition and Merger*”.

Corporate History of SHC

In April 1987, SHB received approval from the FSC to commence its credit card business, and the credit card division of SHB commenced issuing credit cards in August 1989. Under non-exclusive licence agreements with MasterCard International Incorporated and JCB International Credit Card Co., Ltd., the credit card division of SHB commenced issuing MasterCard and JCB credit cards.

On 1 June 2002, SHC was established by spinning-off the credit card business of SHB. In July 2003, SHC established its independent merchant network and by October 2003, the total number of merchants accepting credit cards issued by SHC reached approximately two million.

On 19 August 2003, Shinhan Financial Group acquired 543,570,144 shares of CHB’s common stock from Korea Deposit Insurance Corporation, which shares represented 80.0 per cent of CHB’s outstanding shares. In December 2003, Shinhan Financial Group’s ownership increased to 81.2 per cent following its additional capital injection of ₩200.0 billion into CHB. In June 2004, Shinhan Financial Group acquired the common shares of CHB that it previously did not own, which were 135,548,285 shares, or 18.8 per cent of total common shares of CHB outstanding as of 31 December 2003, through a cash tender offer followed by a small-scale share swap under Korean law. Shinhan Financial Group delisted the common shares of CHB from the Korea Exchange on 2 July 2004.

On 30 December 2005, SHC and CHB entered into a Split Merger Agreement (the “**Split Merger Agreement**”) to spin off the credit card business of CHB and merge into SHC (the “**Split Merger**”). Meetings of the stockholders of CHB were held on 15 February 2006 to approve the Split Merger. The creditor protection procedures under the Act on the Structural Improvement of the Financial Industry commenced on 17 February 2006 and terminated on 27 February 2006. The Split Merger was approved by the FSC on 24 March 2006. Pursuant to the terms of the Split Merger Agreement, as of 1 April 2006, CHB’s credit card business was spun-off and merged into SHC.

On 1 October 2007, SHC transferred its entire business to LGC and changed its name to “SHC Management Co., Ltd.”.

Acquisition and Merger

Shinhan Financial Group was selected in August 2006 as the preferred bidder for the sale of shares of common shares held by the creditor financial institutions of LGC. Shinhan Financial Group then entered into the LG Card Acquisition Agreement on 20 December 2006 with KDB (the “**LG Card Acquisition Agreement**”).

In accordance with the LG Card Acquisition Agreement, on 19 March 2007, Shinhan Financial Group purchased 78.6 per cent of the total number of issued and outstanding common shares of LGC, by way of a tender offer. On 6 July 2007, Shinhan Financial Group acquired an additional 7.7 per cent of the issued and outstanding common shares of LGC through the tender offer. On 21 September 2007, Shinhan Financial Group acquired the remaining 13.7 per cent of the issued and outstanding common shares of LGC through a stock swap of Shinhan Financial Group for each common share of LGC.

On 1 October 2007, pursuant to the business transfer agreement between LGC and SHC, the Merger was consummated, pursuant to which SHC transferred its business operations and all of its assets, liabilities and accumulated other comprehensive income to LGC, and thereafter LGC changed its name to Shinhan Card Co., Ltd., or the Issuer. Following the Merger, the Issuer transferred its corporate finance leasing operations to Shinhan Capital Co., Ltd. on 1 January 2008. As of the date of this Offering Circular, Shinhan Financial Group held 125,369,403 common shares of the Issuer or 100.0 per cent of the total number of issued and outstanding common shares of the Issuer.

Strategy

The Issuer's mission is to become a leading credit card company in Korea that delivers a comprehensive range of value-added financial products and services to its cardholders. In addition, the Issuer aims to grow its assets whilst maintaining and enhancing credit quality and to provide superior consumer financial products and services by focusing its efforts on innovative practices and competitive products and services. In its pursuit of these goals, the Issuer has implemented the following key strategies:

Strengthen the market position. In order to strengthen its market position as a leading credit card company in Korea, the Issuer is developing marketing strategies specifically tailored to different segments of individual customers. As a strategy to enhance its brand recognition, the Issuer is also intending to expand its affiliated vendors and small office and household customers. The Issuer believes that the ability to expand its business is correlated in part to its ability to secure a strong revenue base and to that end, the Issuer is focusing on improving its early warning credit monitoring system and debt collection system to minimise the number of delinquent accounts.

Identify future growth opportunities. The Issuer believes that identifying new markets which would present growth opportunities is important to its growth strategy. It is developing products and services combined with mobile communication technologies to enable customers to use their mobile communication devices to make credit card purchases. In addition, as the Issuer believes that the Korean credit market may no longer provide significant growth opportunities, part of its strategy is to expand its operations to pay platform, multi finance, and life information businesses, as well as expand its operations overseas. For example, the Issuer completed its acquisition of Shinhan Vietnam Finance in 2019 to strengthen its loan business in Vietnam and is seeking to enter new markets in Asia.

Creating synergies within the holding company structure of Shinhan Financial Group. The Issuer believes that by promoting its "OneShinhan" strategy and sharing customer information among the SFG Group members, such members are able to better monitor customer behaviour for cross-selling opportunities, as well as better manage their credit risks. The Issuer and other non-bank members of the SFG Group focus on developing competitive products and services, while Shinhan Bank and its affiliates, Shinhan Investment Corp. and Shinhan Life Insurance Co., Ltd., together serve as the primary distribution channel for the SFG Group.

Products and Services

General

The Issuer's principal business is the provision of credit card services. Revenue from credit card services accounted for 60.7 per cent, 63.5 per cent and 54.2 per cent of the Issuer's operating revenue for the years ended 31 December 2024 and 2025 and for the three months ended 31 March 2026, respectively. Revenue from instalment financing and lease operations accounted for 3.9 per cent and 12.5 per cent of the Issuer's operating revenue in 2024, respectively, 4.6 per cent and 13.3 per cent in 2025, respectively, and 4.1 per cent and 11.2 per cent for the three months ended 31 March 2026, respectively.

Each new customer enters into one or more agreements (each, a "**Card Agreement**") with the Issuer which governs their account with the Issuer (each, an "**Account**") and the issuance of credit cards and/or check cards (each, a "**Card**") to the customer (the "**Accountholder**"). The standard terms of each Card Agreement may vary depending on the type of Card to be issued to the Accountholder. Although the Accountholder may nominate family members to receive Cards issued under the Account, the Accountholder remains the primary obligor under the Account. The Issuer may alter the terms of a Card Agreement by giving one month's notice to the Accountholder.

The Issuer offers the following services to holders of its credit cards:

- Credit card services providing the Accountholder with limited credit to purchase products and services, for which payment must be made either (i) in full at the end of a monthly billing cycle (the "**Lump-sum Basis**") or (ii) on a revolving basis subject to a minimum monthly payment which is between 10.0 per cent and 25.0 per cent of the amount outstanding (the "**Revolving Payment Basis**"). The remaining outstanding balance generally accrues interest at the effective annual rates of approximately 5.4 per cent to 19.9 per cent.
- The option to purchase products and services on an instalment basis for which payments in equal amounts must be made over a fixed term ranging from two months to 36 months ("**Instalment Basis**") and generally accrue interest at the effective annual rates of approximately 9.5 per cent to 19.9 per cent.
- Cash advances from most ATM machines in Korea ("**Cash Advance**"), for which payment must be made by the Lump-sum Basis (the "**Lump-sum Cash Advance**") or the Revolving Payment Basis (the "**Revolving Cash Advance**"). The Lump-sum Cash Advances generally accrue interest at the effective annual rates of approximately 6.4 per cent to 19.9 per cent and the Revolving Cash Advances generally accrue interest at a minimum rate of approximately 6.4 per cent of the outstanding balance.
- Card loans, which may be unsecured, and for which payment must be made on an equal principal instalment basis over an initial fixed term of two to 36 months, in full at maturity or for which interest-only payments may be made during the initial grace period and monthly principal and interest payments during the remaining period ("**Card Loans**"). The outstanding principal amount of Card Loans currently accrue interest at the effective annual rates of approximately 5.2 per cent to 18.9 per cent. Outstanding credit card receivables can also be restructured to loans for delinquent Accountholders ("**Restructured Card Loans**") payment for which is made on an instalment basis over the maximum term of 72 months. The outstanding principal amount of Restructured Card Loans currently accrues interest at the effective annual rate of approximately 11.9 per cent to 18.5 per cent.

Revenue from the credit card business consists of annual membership fees paid by credit cardholders, interest charged on credit card balances, fees and interest charged on cash advances and card loans, interest charged on late and deferred payments and merchant fees paid by retail and service establishments. Merchant fees and interest on cash advances constitute the largest source of revenue.

The annual membership fees for credit cards vary depending on the type of credit card and the benefits offered thereunder. For its standard credit cards, the Issuer charges an annual membership fee of ₩5,000 to ₩2,000,000 per credit card. Annual membership fees for various affinity and co-branded cards are generally higher and vary from ₩1,000 to ₩2,000,000. The Issuer also charges Accountholders' fees charged by financial institutions for Cash Advances rendered through each such financial institution's ATMs.

If an Account is delinquent, the Issuer charges late payment interest instead of the periodic finance charge described above on the principal balance owed. The rate of late payment interest ranges from 3.0 per cent to a maximum rate of 20.0 per cent.

Merchant fees, which are processing charges payable by the merchants, can be up to 2.3 per cent of the purchased amount depending on the merchant used, with the average charge being 1.44 per cent in 2025 and in the first three months of 2026, respectively.

Although the Revolving Payment Basis is more common in many other countries, this payment system is still in early stages of development in Korea. Credit cardholders in Korea are required to pay for their purchases within approximately 15 to 45 days of purchase depending on their payment cycle and, except in the case of instalment purchases where the charged amounts are repaid in instalments, typically during the following three to six months. Accounts that remain unpaid after this period are deemed to be delinquent accounts. The Issuer charges penalty interest on delinquent Accounts and closely monitors such Accounts. For purchases made by instalment, the Issuer charges interest on unpaid amounts at rates that vary according to the terms of repayment.

Accountholders are required to settle their outstanding balances in accordance with the terms of the credit cards that they hold. Accountholders may choose the monthly settlement date. Settlement dates around the end of each month are the most popular since most salaries are paid at the end of the month. An Accountholder is required to select a settlement date when the Account is opened. The Accountholder may change the settlement date after the Account has been opened but not more than once every two months.

In addition to the credit card services, the Issuer also offers check cards, which are similar to debit cards in the United States and many other countries, to individual retail customers and corporate customers. A check card can be used at any of the merchants that accept credit cards issued by the Issuer and the amount charged to a check card is directly debited from the check cardholder's designated bank account. Check cards have a low risk of default and there are no procurement costs. The Issuer does not charge annual membership fees on check cards but charges merchant fees for each transaction. Depending on the type of business, the applicable merchant fees for check cards is between 0.5 per cent and 1.51 per cent, which is lower than those for credit cards.

In 2018, the Issuer launched Shinhan Pay FAN (now Shinhan Play), a mobile and online banking application that allows the Issuer's credit and check cardholders to manage accounts, transfer money and make payments from their computer, tablet or smartphone. It offers convenient biometrics authentication for users making purchases online and keeps track of the users' frequently made purchases. It also provides personalised suggestions on discounts and benefits based on the users' purchase history. Through Shinhan Play, users have access to all services provided by the Issuer such as shopping, auto rentals, TOPS-CLUB and flight reservations.

Since then, the Issuer's application platform has undergone brand changes (from Shinhan Pay FAN to Shinhan Play, and subsequently to Shinhan SOL Pay) as part of Shinhan Finance Group's initiative to unify major affiliate digital app brands under the "Shinhan SOL" naming.

Shinhan SOL Pay is the Issuer's comprehensive lifestyle finance platform through which users can (among other things) register Shinhan or other credit/debit cards for app-card payments, view payment history and benefits, use open banking functionality to check accounts and transfer funds, manage certificates and memberships, and access personalised content and benefits/coupon recommendations based on spending patterns. Shinhan SOL Pay also includes certain non-financial services such as shopping and ticket booking features. Shinhan SOL Pay also connects to SFG's integrated platform (Shinhan Super SOL) to access certain group-wide services.

Credit Card Products

The Issuer offers a wide range of credit card products tailored for credit cardholders' lives and to satisfy their preferences and needs of credit cardholders. Credit card products offered by the Issuer include:

- cards that provide additional benefits such as frequent flyer miles and reward programme points that can be redeemed by the customer for complementary services, prizes and cash;
- gold cards, platinum cards and other preferential members' cards which have higher credit limits and provide additional services in return for higher annual membership fees;
- cards with new features to preferred customers, such as revolving credit cards, travel services and insurance;
- cards with fraud detection and security systems to prevent the misuse of credit cards and to encourage the use of credit cards over the Internet;
- corporate and affinity cards that are issued to employees or members of particular companies or organisations; and
- mobile phone cards allowing customers to conduct wireless credit card transactions with their 3G mobile phones.

The table below sets out target customer information, number of credit cards issued in 2025 and selected feature and service information on the Issuer's more popular credit cards.

Card Name	Target Customers	Number of Credit Cards issued in 2025	Selected Features and Services
Point Plan+	General	138,323	Specialised for accumulating everyday living expense points. Earns 0.7% to 3% points per domestic transaction based on transaction amount, and 1% points on all overseas transactions. Also awards 1,000 points per transaction for weekend dining and recurring payments
Discount Plan+.	General	120,702	Offers day-time and night-time discounts, with varying discount rates across merchant categories. Provides daily discounts of 5–10% in shopping, transportation and lifestyle categories. Discounts of up to 20% are available for recurring payments.
Deep Oil.	Car owners	158,272	Offers discounts at one of the four major gas station chains. Also offers discounts at automobile maintenance shops, convenient stores, coffee shops and cinemas.
The BEST XO	Affluent consumers	5,816	Provides gift options (up to a value of ₩230,000) and bonus cashback of up to ₩170,000 based on annual spending. Earns base reward points of 1% on lumpsum and instalment purchases. Additional points of up to 3% are awarded on mobile payments, overseas purchases and gas station spendings.
Air ONE	Frequent flyers	29,212	The Issuer's flagship Korean Air mileage card. Earns a base of 1 mile per ₩ 1,000 spent on all purchases. An additional 1 mile per ₩1,000 spent on airline tickets, duty-free and overseas purchases.

Customers and Merchants

As the Issuer believes that internal growth through cross-selling is limited, it also seeks to enhance its market position by selectively targeting new customers with high net worth and good creditworthiness through the use of a sophisticated and market-oriented risk management system. Credit card applicants are screened and appropriate credit limits are assessed according to internal guidelines based on the Issuer's credit scoring system.

The following table sets forth the number of customers and merchants of the Issuer as of the dates indicated.

	As of 31 December		As of 31 March
	2024	2025	2026
	(in thousands, except percentages)		
Issuer:			
Number of credit cardholders ⁽¹⁾	13,032	13,157	13,157
Personal accounts ⁽²⁾	12,873	12,987	12,987
Corporate accounts ⁽³⁾	159	170	170
Active Ratio ⁽⁴⁾	84.9	85.0	84.6
Number of merchants	3,182	3,243	3,249

Notes:

- (1) Represents the number of credit cardholders as disclosed by the FSS.
- (2) Based on Resident Registration Number (including family members).
- (3) Based on Business Registration Number.
- (4) Represents the ratio of personal accounts used at least once within the last month.

As of 31 December 2024 and 2025 and 31 March 2026, the Issuer had approximately 12.9 million, 13.0 million and 13.0 million personal credit cardholders, respectively.

As of 31 March 2026, the Issuer had approximately 3.2 million merchants.

Instalment Finance

The Issuer provides instalment finance services to households in connection with their purchase of durable consumer goods, such as new and used cars and commercial vehicles. Revenues from instalment finance operations accounted for 4.6 per cent of the Issuer's total operating revenue for the year ended 31 December 2025 and 4.1 per cent for the three months ended 31 March 2026. The Issuer pays the merchants when the Issuer's customers purchase such goods, and the customers remit monthly instalment payments to the Issuer over a number of months, usually up to 36 months (and, in the case of instalment financings for automobile purchases, up to 60 months), as agreed with the customers. For instalment finance products for new cars, the Issuer charges, in addition to interest, an initial financing fee of approximately 1.0 per cent to 3.2 per cent of the purchase price, depending on the customer's credit score, the instalment period and instalment amount. The Issuer has instalment financing arrangements with over 10,000 merchants in Korea, including major car dealers, manufacturers and large retailers with nationwide networks, such as electronics goods stores.

The Issuer provides prompt processing of instalment finance applications and, based on the extensive credit information it possesses or can access, it is able to offer flexible instalment payment terms tailored to individual customer needs. The Issuer also devotes significant efforts to develop and maintain its relationships with merchants, which are the most important source of referrals for instalment finance customers. The Issuer has developed a system of prompt payments to merchants for goods purchased by the instalment finance customers.

Auto Lease

The Issuer provides auto lease financing and long-term car rentals by directly purchasing vehicles, renting them out to customers and receiving periodical instalment payments. The Issuer, in accordance with its policy to expand its auto financing business, has significantly increased its assets in auto leasing and long-term car rentals in recent years. Revenue from auto lease operations accounted for 13.3 per cent of the Issuer's total operating revenue for the year ended 31 December 2025 and 11.2 per cent for the three months ended 31 March 2026.

Marketing

General

The Issuer has a target-based marketing strategy focusing on promoting tailored credit card services to target customer segments. As part of this strategy, the Issuer aims to continue to develop specialised products through alliance and/or partnership with merchants to differentiate its services from that of its competitors. Since 2007, the Issuer has launched a range of specialty cards, "Hi-Point" card, which allows accumulation of higher reward points through designated service sectors and providers and the "Deep Oil" card, which offers discounts at gas stations, automobile maintenance shops, convenient stores, coffee shops and cinemas. See *"Products and Services – Credit Card Products"*.

With respect to the high credit quality customer segment, the Issuer is currently focusing on obtaining and retaining high credit quality and profitable customers through offering a "TOPS-CLUB" membership programme which is also offered by other subsidiaries of Shinhan Financial Group.

The TOPS-CLUB membership programme was adopted by all of Shinhan Financial Group's subsidiaries in June 2006 to attract high credit quality and profitable customers. SHC commenced offering the TOPS-CLUB membership programme in June 2006 and the membership programme was extended to the premier customers of LGC whose monthly credit card transaction volume amounts to not less than W1 million on average for a six-month period following the Merger. The Issuer offers TOPS-CLUB membership to retail credit and/or check cardholders based on transaction volume, profit contribution and credit quality.

The table below sets out the qualifying criteria based on four classes of TOPS-CLUB membership.

Class	Qualifying points ⁽¹⁾⁽²⁾
Premier.	1,000 points or more
Ace.	600-999 points
Best	400-599 points
Classic	250-399 points

Notes:

(1) Points are calculated based on monthly credit card usage in the past six months, as well as the credit rating.

- (2) Every ₩100,000 spent on credit or check cards are rewarded 2 points. Every ₩100,000 spent on short term and long term loans are rewarded 3 points. Every ₩100,000 spent on instalment financial products are rewarded 1 point. Points are also rewarded for various activities, such as agreeing to marketing phone calls, using Shinhan cards with an annual fee of over ₩30,000 and registering with Shinhan Play.

The table below sets out the privileges provided to TOPS-CLUB members:

	Class			
	Premier	Ace	Best	Classic
Privileges				
Instalment purchase interest payment exemption (up to three months)	Up to ₩5 million	Up to ₩3 million	Up to ₩2 million	Up to ₩1 million
Annual membership fee exemption	Exempt	N/A	N/A	N/A
Used car auto loan interest discount . . .	0.5%	0.3%	0.2%	0.1%

Once a retail customer of any member of the SFG Group becomes a TOPS-CLUB member, that customer is automatically considered to be a prime customer of all SFG Group members for three months.

Shinhan Financial Group has newly launched a distinguished customer membership scheme ‘Shinhan Plus Membership Program’ in April in 2020 and operates sustainable customer management program for enhanced customer service. The Shinhan Plus Membership Program benefits are also accessible through Shinhan Financial Group’s integrated Shinhan Super Sol application.

As of 31 March 2026, the Issuer had approximately 4.26 million TOPS-CLUB members, which represented 19.3 per cent of cardholders, and 97.8 per cent of TOPS-CLUB members were deemed to be active (at least one transaction in the past one month) (“**Active TOPS-CLUB members**”).

As of 31 December 2025, the Issuer had approximately 4.28 million TOPS-CLUB members, which represented 19.4 per cent of cardholders and 97.8 per cent of TOPS-CLUB members were deemed to be Active TOPS-CLUB members.

Sales Network

The Issuer generally uses three primary channels to recruit new credit cardholders: network of Shinhan Bank’s branches (the “**Branch Network**”); sales agents; business partners; and affiliates with vendors.

One of the Issuer’s primary channels to recruit new credit cardholders is the Branch Network, which comprised 650 branches of Shinhan Bank, 22 card sales, collection and instalment sales branches of the Issuer throughout Korea. The Issuer’s relationship with other members of the SFG Group has significantly contributed to the stable, low-cost acquisition of high-quality credit cardholders in the past and is expected to continue to be an important source of credit cardholder acquisition.

The Issuer also acquires new credit cardholders through sales agents. In 2024, 2025 and in the first three months of 2026, the Issuer’s most significant source of new credit cardholders was sales agents and the number of new credit cardholders acquired through sales agents accounted for approximately 24.1 per cent, 17.7 per cent and 14.4 per cent, respectively, of the total number of new credit cardholders. As of 31 March 2026, the Issuer had 655 sales agents. These sales agents seek out high credit quality customers, provide assistance in filling out forms and

applications as well as providing customer service subsequent to the issuance of a credit card. The compensation to these sales agents is tied to a customer's transaction volume and repayment behaviour to minimise credit risk and to enhance profitability.

For the purposes of acquiring new credit cardholders, the Issuer has formed sales alliances with a range of vendors, including gas stations, major retailers, airlines and telecommunication and Internet service providers. The Issuer plans to continue to leverage its sales alliances with the increasing number of vendors to attract new credit cardholders.

The table below sets out the number of new credit cardholders of the Issuer attributable to each source and primary compensation method for each source for the periods indicated.

	For the year ended 31 December		For the three months ended 31 March
	2024	2025	2026
	(in thousands)		
Sales Channel			
Online	352	441	117
Sales agents	301	253	53
Affiliates	257	337	78
Business partners/Public	292	360	111
Others ⁽¹⁾	48	45	9
Total	1,249	1,432	368

Note:

(1) Includes Internet and telemarketing.

Servicing

Transaction Approval Process

Credit card transaction approvals are primarily conducted electronically through the “valued-added network” of private companies (“**VAN companies**”) which collect transaction information and send it electronically to the Issuer for approval. If a merchant is not connected to a VAN company, it must telephone the Issuer directly to verify the transaction. During the approval process, the Issuer checks whether the transacting party is an approved credit cardholder, whether the credit card has been stolen or terminated, whether the merchant is registered with the Issuer and whether the transaction amount exceeds approved credit limits.

Details of approximately 99.0 per cent of the sales transactions are initially electronically transferred to the Issuer by VAN companies or directly by merchants. Physical sales slips and invoices either are collected by the Issuer or are sent by merchants and affiliated banks by mail. Sales slips and invoices are matched against the approval information before payments to merchants are computed.

Billing and Collection

The Issuer collects the relevant billing information for each Accountholder, including information related to sales transactions, payment methods, credit limits and reward points, computes the billing amount and sends a statement to the relevant Accountholder. Approximately 85.4 per cent

of billing information is sent to Accountholders by electronic mail with the remainder sent by mail. Accountholders may choose the monthly settlement date. See “*Products and Services – General*”. The Accountholder receives two separate billing statements, one in relation to all payments due on all credit cards and one in respect of any Card Loans issued under the Account, unless the payment due date is the same in which case the statements will be consolidated.

Credit cardholders may make payments through pre-authorized automatic debits by the Issuer from their designated bank account, by wire transfer to a designated bank account of the Issuer or in person at a bank. Credit cardholders may also make payments at the homepage of the Issuer’s Internet website. There is no personal check payment system in Korea, and automatic debits are currently the most common method for making payments to the Issuer. If the balance in the credit cardholder’s designated bank account as of the payment due date is insufficient to cover the payment then due, the Issuer will continue, after the payment due date, to submit automatic debit requests to the credit cardholder’s bank for the unpaid portion of the payment plus late charges on such portion.

Risk Management

Overview

As a financial services provider, the SFG Group is exposed to various risks relating to their business activities, including credit card business, and their operating environment. The principal risks to which the SFG Group is exposed are credit risk, market risk, interest rate risk, liquidity risk and operational risk. These risks are recognised, measured and reported in accordance with risk management guidelines established at the Shinhan Financial Group level and implemented at the subsidiary level through a structured checks and balances system.

SFG Group’s risk management is guided by several principles, including:

- carrying out all business activities within prescribed risk tolerance levels and prudently balancing profitability and risk management;
- standardising the risk management process and monitoring compliance at the Shinhan Financial Group-wide level;
- operating a prudent risk management decision-making system through active participation by the management;
- creating and operating a risk management organization independent of business activities;
- operating a performance management system that enhances timely identification of risks when making business decisions;
- pursuing preemptive and practical risk management strategies; and
- prudent preparation for known and unknown contingencies.

The SFG Group takes the following steps to implement the foregoing risk management principles:

- *risk capital management* – Risk capital refers to capital necessary to compensate for losses in case of a potential risk being realized, and risk capital management refers to the process of asset management based on considerations of risk exposure and risk appetite for our total assets so that the SFG Group can maintain an appropriate level of risk capital. As part of our risk capital management, the SFG Group maintains various risk planning processes and

reflect such risk planning in our business and financial planning. The SFG Group also maintains a risk limit management system to ensure that risks in its business do not exceed prescribed limits.

- *risk monitoring* – The SFG Group regularly review risks that may impact its overall operations, including through a multidimensional risk monitoring system. Each of the SFG Group's is required to report to the holding company any factors that could have a material impact on group-wide risk management, and the holding company reports to the SFG Group's chief risk officer and other members of SFG Group's senior management the results of risk monitoring weekly, monthly and on an ad hoc basis as needed. In addition, the SFG Group performs preemptive risk management through a "risk dashboard system" under which the SFG Group closely monitors any increase in asset size, risk levels and sensitivity to external factors with respect to the major asset portfolios of each of the SFG Group's subsidiaries, and to the extent such monitoring yields any warning signals, we promptly analyze the causes and, if necessary, formulate and implement actions in response thereto.
- *risk review* – Prior to entering into any new business, offering any new products or changing any major policies, the SFG Group reviews any relevant risk factors based on a prescribed risk management checklist and, in the case of changes for which assessment of risk factors is difficult, perform reasonable decision-making in order to avoid taking any actions that exceed our risk tolerance levels. The risk management departments of all of the SFG Group's subsidiaries are required to review all new businesses, products and services prior to their launch and closely monitor the development of any related risks following their launch, and in the case of any action that involves more than one subsidiary, the relevant risk management departments are required to consult with the risk management team at the holding company level prior to making any independent risk reviews.
- *crisis management* – The SFG Group maintains a group-wide risk management system to detect the early warning signals of any crisis and, in the event of a crisis actually happening, to respond on a timely, efficient and flexible basis so as to ensure our survival as a going concern. Each of the SFG Group's subsidiaries maintains crisis planning for four levels of contingencies, namely, "warning," "alert," "imminent crisis" and "crisis," determination of which is made based on quantitative and qualitative monitoring and consequence analysis, and upon the occurrence of any such contingency, is required to respond according to a prescribed contingency plan. At the holding company level, the SFG Group maintains and installs a crisis detection and response system which is applied consistently group-wide, and in the event of two or more subsidiaries experiencing contingencies, the SFG Group directly takes charge of the situation at the holding company level so that the SFG Group can respond effectively on a concerted group-wide basis.

SFG Group's risk management system is organized along the following hierarchy (from top to bottom): at the holding company level, the SFG Group Risk Management Committee, the SFG Group Risk Management Council, the Group Chief Risk Officer and the SFG Group Risk Management Team, and at the subsidiary level, the Risk Management Committee, the Chief Risk Officer and the Risk Management Team of the relevant subsidiary. The SFG Group Risk Management Committee, which is under the supervision of Shinhan Financial Group's board of directors, sets the basic group-wide risk management policies and strategies. The Chief Risk Officer of the Shinhan Financial Group reports to the SFG Group Risk Management Committee, and the SFG Group Risk Management Council coordinates the risk management policies and strategies at the group level as well as at the subsidiary level among each of our subsidiaries. Each of Shinhan Financial Group's subsidiaries also has a separate Risk Management Committee, Risk Management Working Committee and Risk Management Team, whose tasks are to implement the group-wide risk management policies and strategies at the subsidiary level as well as to set risk management policies and strategies specific to such subsidiary in line with the group-wide guidelines. Shinhan Financial Group also has the SFG Group Risk Management Team, which supports our Chief Risk Officer in his or her risk management and supervisory role.

In order to maintain the group-wide risk at an appropriate level, the SFG Group uses a hierarchical risk limit system under which the SFG Group Risk Management Committee assigns reasonable risk limits for the entire group and each of our subsidiaries, and the Risk Management Committee and the Risk Management Working Committee of each of the SFG Group's subsidiaries manage the subsidiary-specific risks by establishing and managing risk limits in more detail by type of risk and type of product for each department and division within such subsidiary. More specifically:

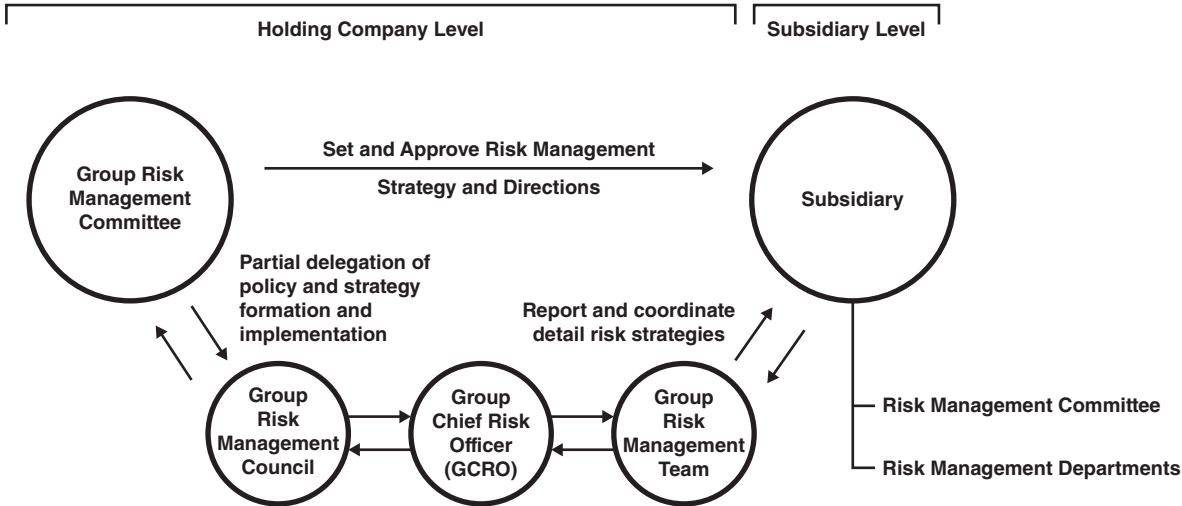
At the holding company level:

- *SFG Group Risk Management Committee* – The SFG Group Risk Management Committee consists of three outside directors of Shinhan Financial Group. The SFG Group Risk Management Committee convenes at least quarterly and on an *ad hoc* basis as needed. Specifically, the SFG Group Risk Management Committee is responsible for: (i) establishing overall risk management policies consistent with management strategies, (ii) setting reasonable risk limits for the entire group and each of the SFG Group's subsidiaries, (iii) approving appropriate investment limits or permissible loss limits, (iv) enacting and amending the SFG Group Risk Management Regulations and the Group Risk Council Regulations, and (v) deciding other risk management-related issues the board of directors or the SFG Group Risk Management Committee deems appropriate. The results of the SFG Group Risk Management Committee meetings are reported to the board of directors of Shinhan Financial Group. The SFG Group Risk Management Committee makes decisions through affirmative votes by a majority of the committee members.
- *SFG Group Risk Management Council* – The SFG Group Risk Management Council consists of the Group Chief Risk Officer and Chief Risk Officers of SFG Group's major subsidiaries. The SFG Group Risk Management Council provides a forum for risk management executives from each subsidiary to discuss group-wide risk management guidelines and strategies in order to maintain consistency across group-wide risk policies and strategies.
- *SFG Group Chief Risk Officer* – The Group Chief Risk Officer supports the SFG Group Risk Management Committee by implementing risk policies and strategies as well as ensuring consistency in the risk management systems of our subsidiaries. The Group Chief Risk Officer also evaluates the Chief Risk Officers of our subsidiaries and monitors the risk management practices of each subsidiary.
- *SFG Group Risk Management Team* – The SFG Group Risk Management Team provides support and assistance to the Group Chief Risk Officer in carrying out his/her responsibilities.

At the subsidiary level:

- *Risk Management Committee* – Each subsidiary's Risk Management Committee establishes its own risk management policies and strategies in more detail, in accordance with the group risk management policies and strategies. The relevant risk management department is responsible for implementing these policies and strategies.
- *Risk Management Team* – The Risk Management Team of each subsidiary, operating independently from its business units, monitors, assesses, manages and controls the overall risk of the subsidiary's operations and reports material risk-related issues to the Group Risk Management Team at the holding company level, which in turn reports to the Group Chief Risk Officer.

The table below sets out the levels of the SFG Group’s risk management system.



Credit Risk Management of the Issuer

Major policies for the Issuer’s credit risk management are determined by the Issuer’s Risk Management Council and the Issuer’s Risk Management Committee is responsible for approving them. The Issuer’s Risk Management Council is headed by the Chief Risk Officer, and also comprises the heads of each business unit, supporting unit and relevant department of the Issuer. The Issuer’s Risk Management Council convenes at least once every month and may also convene on an ad hoc basis as needed. The Issuer’s Risk Management Committee consists of at least two directors, with the majority of the committee members being outside directors. The Issuer’s Risk Management Committee convenes at least once every quarter and may also convene on an ad hoc basis as needed.

The risk of loss from default by the cardholders or credit card loan borrowers is the Issuer’s most significant credit risk. The Issuer manages its credit risk based on the following principles:

- profit at a level corresponding to the level of risks involved;
- improve asset quality and achieve an optimal mix of asset portfolios; and
- closely monitor borrower’s ability to repay the debt.

As of 31 December 2024 and 2025 and as of 31 March 2026, the Issuer’s delinquent balances including restructured loans were ₩600.7 billion (U.S.\$408.6 million), ₩457.1 billion (U.S.\$318.56 million) and ₩492.8 billion (U.S.\$325.6 million), respectively, representing delinquency ratios of 1.51 per cent, 1.18 per cent and 1.30 per cent, respectively. Delinquent balances are defined as credit card accounts receivables delinquent for over 30 days including restructured loans other than those loans 30.0 per cent or more of which have been repaid, interest thereon having been paid without any delay for one third of the loan period or monthly instalment payment which has been paid without any delay for the period of six months or more. Delinquency ratio is defined as the ratio of delinquent balances to outstanding balances.

Credit Card Approval Process

The Issuer uses an automated credit scoring system to approve credit card applications or credit card authorizations. The credit scoring system is divided into two sub-systems: the behavior scoring system and the application scoring system. The behavior scoring system is based largely on the credit history of the cardholder or borrower, while the application scoring system is based

largely on the personal credit information of the applicant. For credit card applicants with whom the Issuer or any other member of the SFG Group have an existing relationship, the Issuer's credit scoring system considers internally gathered information such as the ability to repay, total assets, the length of the existing relationship and the applicant's contribution to the Issuer's profitability. The credit scoring system also automatically conducts credit checks on all credit card applicants. The Issuer gathers information about the applicant's transaction history with financial institutions, including banks and credit card companies, from a number of third party credit reporting agencies including, among others, National Information & Credit Evaluation Inc. and Korea Credit Bureau. These credit checks reveal a list of delinquent customers across all credit card issuers in Korea.

If a credit score assigned to an applicant is above the minimum threshold, the application is approved unless overridden based on other considerations such as delinquencies at other credit card companies. For a credit card application by a long-standing customer with a good credit history, the Issuer may, on a discretionary basis, approve the application notwithstanding the assigned credit score unless overridden by other considerations. All of these factors also serve as the basis for setting a credit limit for approved applications.

The following describes the process by which the Issuer sets credit limits for credit cards, cash advances and card loans:

- **Credit purchase and cash advance limit.** These limits are set based on the applicant's request and the Issuer's credit screening criteria. Unless a cardholder requests a reduction in the credit purchase and/or cash advance limit, the Issuer is required to provide prior notice to the cardholder of any reduction in such cardholder's limit. However, if the account holder defaults or the cardholder's credit limit is reduced pursuant to the terms of the credit card agreement, the Issuer may lower the credit limit before notifying the account holder.
- **Card loan limit.** This limit is set on a monthly basis by the Issuer based on the cardholder's credit rating and transaction history. The card loan limit can be adjusted monthly based on the cardholder's credit standing without prior notification to the cardholder.

Monitoring

The Issuer continually monitors all cardholders and their accounts using a behavior scoring system. The behavior scoring system predicts a cardholder's payment pattern by evaluating the cardholder's credit history, card usage and amounts, payment status and other relevant data. The behavior score is recalculated each month and is used to manage the accounts and approval of additional loans and other products for the cardholder. The Issuer also uses the scoring system to monitor its overall risk exposure and to modify its credit risk management strategy.

Loan Application Review and Ongoing Credit Review

When reviewing new applications and conducting an ongoing credit review for retail loans, instalment purchase loans and personal leases, the Issuer uses criteria substantially similar to those used in the credit underwriting system and the credit review system for cardholders. For retail loans, instalment purchase loans and personal leases extended to existing cardholders, the Issuer reviews their card usage history in addition to other factors such as their income, occupation and assets.

Fraud Loss Prevention

The Issuer seeks to minimize losses from the fraudulent use of credit cards issued by it. The Issuer focuses on preventing fraudulent uses and, following the occurrence of a fraudulent use, makes investigations in order to make the responsible party bear the losses. Misuses of lost credit cards account for a substantial majority of the Issuer's fraud-related losses. Through its fraud loss

prevention system, the Issuer seeks to detect, on a real-time basis, transactions that are unusual or inconsistent with prior usage history and contacts are initiated with the relevant cardholders to confirm their purchases. A team at the Issuer dedicated to investigating fraud losses also examines whether the cardholder was at fault by, for example, not reporting a lost card or failing to endorse the card, or whether the relevant merchant was negligent in checking the identity of the user. Fault may also lie with delivery companies that fail to deliver credit cards to the relevant applicant. In such instances, the Issuer attempts to recover fraud losses from the responsible party. To prevent the misuse of a card as well as to manage credit risk, the Issuer's information technology system automatically suspends the use of a card (i) when, as a result of ongoing monitoring, fraudulent use or loss of the card is suspected based on the cardholder's credit score, or (ii) at the request of the cardholder.

Approximately 94% of the Issuer's cardholders consent to the Issuer's access to their travel records to detect any misuse of credit cards while traveling abroad. The Issuer also offers cardholders additional fraud protection through a fee-based texting service, which allows customers to quickly and easily identify any fraudulent use of their credit cards.

Collection and Write-off

The Issuer considers a credit card or card loan to be delinquent if payment on such balance is not received on the date on which such payment was first due and the amount outstanding is greater than ₩10,000. The Issuer's general policy is to be proactive in its collection procedures. The Issuer believes that Accounts which are in early stages of delinquency are easier to collect than those Accounts which have been delinquent for a longer period of time and, therefore, the Issuer emphasises collections of such early stage Accounts. However, the Issuer attempts to collect delinquent payments with increased efforts as the number of days past due increases. Efforts to collect from Accountholders whose Account balances are up to 30 days past due are generally made by the Issuer's call centre. The Issuer operates three call centres in Seoul, Daegu and Gwangju and notifies the Accountholders through phone calls, texts and e-mails. The Issuer, through its Customer Strategy Management system, classifies the Accountholders into risky and non-risky segments. Accountholders in the risky segment are managed the day after purchase date. Accountholders in the non-risky segments are managed three business days after the purchase date. Accountholders are further divided into low maintenance and high maintenance subsegments. In order to increase call efficiency, the Issuer uses a predictive dialling system to connect only the calls that are picked up by customers to its call centre agents.

For those Accounts with balances that are more than 30 days past due, the Issuer assigns the collection efforts to external collection centres such as the Shinhan Credit Information Co., Ltd., a member of the SFG Group, or Mirae Credit Information Services Co., Ltd. which relies on postal or telephone notice and taking measures to locate, provisionally attach and, where necessary, commence compulsory execution proceedings against, the accounts receivables or other properties of the delinquent Accountholders.

For those Accounts with balances that are more than 180 days past due and, if the total past due amount is less than ₩10 million, the Issuer reviews such Accounts for charge off, and, if the total past due amount is equal to or greater than ₩10 million, the Issuer charges off the past due amounts on a quarterly basis in accordance with the FSS guidelines/subject to the FSS approval. For those Accounts which have been charged off, the Issuer assigns the collection efforts to external collection centres such as the Shinhan Credit Information Co., Ltd., a member of the SFG Group, Mirae Credit Information Services Co., Ltd. and Koryo Credit Information Services Co., Ltd.

Refinancing

Issuer's repayment programmes

In certain cases, credit card companies in Korea, including the Issuer, have been allowed to restructure delinquent credit card balances for purchases and cash advances as credit card loans and revolving purchases. The Issuer restructures a small number of card balances as a means of maximising collection related to a relatively small number of borrowers who are suffering from temporary financial difficulties where it believes it is probable that all or substantially all principal and interest will ultimately be recovered.

Restructured card loans are designed to restructure outstanding credit card receivables into instalment payments for delinquent borrowers. In general, the payment terms for the restructured card loans consist of an optional down payment and subsequent mandatory monthly interest and principal payments. The payment period for restructured card loans can be as long as 72 months. The Issuer charges an interest rate of 11.9 per cent to 18.9 per cent per annum.

The purpose of the Issuer's restructured card loan programme is to enhance collections. The loan is offered to delinquent cardholders who have the ability to pay monthly interest and partial principal but are presently unable to repay the entire outstanding principal balance in a lump sum.

Except in limited circumstances, borrowers applying for entry into either of these programmes, in general, are required to secure one or more guarantors meeting certain asset and credit quality criteria. If approved, the Issuer restructures card balances including past due interest into card loans or revolving purchase and amends the maturity and the repayment terms accordingly. In general, restructured credit card loans are due at the end of one year.

The Issuer segregates this portfolio for performance measurement and monitoring purposes due to the higher credit risk. The balance of restructured loans of the Issuer was ₩337.9 billion, ₩231.4 billion and ₩273.3 billion as of 31 December 2024 and 2025 and 31 March 2026, respectively, against which it recognised an allowance of ₩240.3 billion, ₩145.7 billion and ₩171.6 billion, respectively.

Debtor Rehabilitation Programme

The Credit Counseling & Recovery Service has adopted an individual workout programme. For delinquent consumers who are deemed to be capable of repaying their debts, the Credit Counseling & Recovery Service will, pursuant to an agreement with the creditor financial institution, provide opportunities to repay in instalments, provide repayment grace periods, reduce debt amounts, or extend the maturity date of the debts. As of 31 December 2025, more than 7,000 financial institutions, including the Issuer, are parties to the Credit Recovery Support Agreement, pursuant to which such financial institutions, have agreed to provide such support described above to those consumers who meet the following qualifications: (i) income exceeding minimum living expenses promulgated by the Ministry of Health and Welfare of Korea, (ii) debt not exceeding ₩500 million in total amount and (iii) official records being on file at Korea Credit Information Services as to the default status of debt. Each application for credit recovery is reviewed by the Credit Counseling & Recovery Service and approval of each application requires the approval by creditors representing at least one-half of the unsecured debt amount and at least two-thirds of the secured debt amount.

In June 2006, a court-administered individual workout programme was adopted under the Debtor Rehabilitation and Bankruptcy Act. Under this programme, a qualified individual debtor may file a petition for an individual workout programme with a competent court. Subject to the court's approval, the debtor may repay the debt over a period of less than five years and will be exempted from other debts without declaring bankruptcy. To qualify, an individual delinquent debtor must have less than ₩500.0 million in debt (in the case of unsecured debt) or ₩1.0 billion in debt (in the case of secured debt), and must have regular and reliable income or have the potential to earn recurring income on an ongoing basis.

In April 2009, the Credit Counseling & Recovery Service introduced and implemented the “Pre-Workout” scheme in order to prevent debtors with short-term overdue liabilities from defaulting on their debt. The target debtors are those who owe to two (2) or more financial institutions an amount of ₩500 million or less that is overdue for more than thirty (30) days but less than ninety (90) days.

Allowance for Doubtful Accounts

The impairment loss of loans and receivables is measured at amortised cost, which itself is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows.

Impairment losses are recognised in the profit or loss line item and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through the profit or loss line item for the period.

In assessing individual impairment, the management estimates the present value of estimated future cash flows of secured financial assets. The present value is calculated by including cash flows from collateral after deducting costs to acquire and sell the collateral, regardless of the probability of realisation of such collateral.

In assessing collective impairment, future cash flow of financial assets applicable to collective impairment assessment is estimated by using statistical methods of historical trends of the probability of default, and the loss rate at default, adjusted for the management’s judgment as to whether current economic and credit conditions are such that the impairment losses are likely to be greater or less than suggested by historical methods. In adjusting the future cash flow by historical methods, the result must be in line with changes and trends of observable data (e.g., loan and borrower type, credit rating, EAD by periods, significant changes in credit rating, recovery period and other variables). Methodologies and assumptions used to estimate future cash flow are reviewed on a regular basis in order to narrow the discrepancy between impairment loss estimation and actual loss.

The table below sets out movements in the Issuer’s allowance for doubtful accounts as of the date indicated.

	As of 31 December			As of 31 March	
	2024	2025	2025	2026	2026
	(in billions of Won and millions of U.S. dollars, except percentages)				
Beginning balance	₩1,537.1	₩1,521.8	US\$1,005.5	₩1,288.0	US\$851.0
Provision for loss allowance	917.1	911.8	602.5	237.4	156.8
Write-offs	(869.8)	(952.5)	(629.4)	(223.1)	(147.4)
Sales/disposals	(276.7)	(385.3)	(254.6)	(26.7)	(17.7)
Other movements	214.1	192.2	127.0	54.4	35.9
Ending balance	₩1,521.8	₩1,288.0	US\$851.0	₩1,329.9	US\$878.7

The table below sets out the balance of credit card assets, loans, instalment financing assets and lease assets of the Issuer by category, the amount of allowance for doubtful accounts and the allowance ratio as of the date indicated.

As of 31 March 2026					
	Credit card assets	Loans	Installment financing assets	Lease assets	Total
	(in billions of Won, except percentages)				
Balance	28,232.6	3,696.6	3,494.2	1,858.4	37,281.9
Allowance	942.5	68.8	68.1	20.7	1,100.1
Allowance ratio	3.3%	1.9%	1.9%	1.1%	2.9%

As of 31 December 2025					
	Credit card assets	Loans	Installment financing assets	Lease assets	Total
	(in billions of Won, except percentages)				
Balance	28,380.0	3,969.8	3,614.5	1,839.9	37,804.2
Allowance	910.2	70.0	63.6	19.9	1,063.7
Allowance ratio	3.2%	1.8%	1.8%	1.1%	2.8%

As of 31 December 2024					
	Credit card assets	Loans	Installment financing assets	Lease assets	Total
	(in billions of Won, except percentages)				
Balance	28,575.3	4,122.0	3,843.7	2,014.6	38,555.6
Allowance	1,122.0	92.5	58.7	34.6	1,307.8
Allowance ratio	3.9%	2.2%	1.5%	1.7%	3.4%

The SFG Group recognises fee income from cardholders and merchants on an accrual basis applying the following five steps: (1) Identify the contracts with the customers, (2) Identify the separate performance obligations, (3) Determine the transaction price of the contract, (4) Allocate the transaction price to each of the separate performance obligations and (5) Recognise the revenue as each performance obligation is satisfied. However, the SFG Group recognizes fee income related to delinquent receivables, whose probability of future economic benefits is low, on a cash basis.

The fair value of the consideration received or receivable in respect of an initial sale is allocated to reward points (“**points**”) and other components of fee and commission income. The SFG Group provides rewards in various forms including discounts on credit settlements and gifts. The amount allocated to points is estimated at the amount expected to be paid on points rewarded to cardholders in consideration of the expected redemption rate and is recognised as a deduction from the fee and commission income.

Funding

The Issuer seeks to maintain stable, diversified and low-cost funding. The Issuer's principal sources of funding are debentures, borrowings and asset backed securitisations. The Issuer's other sources of funding is commercial paper. To maintain a diversified funding structure, the Issuer aims to reduce gradually its domestic funding and asset backed securitisations whilst increasing international note issuances.

While being a member of the SFG Group provides further stability and ensures low-cost funding, the Issuer's funding strategy is to secure its necessary funding on its own and to resort to funding from the SFG Group only to the extent necessary. Under the Monopoly Regulation and Fair Trade Act, a company may not provide loans to its affiliates under substantially favourable terms and the total liabilities of a holding company, with some exceptions, may not exceed twice of its total capital (referring to an amount obtained by deducting the total liabilities from the total assets on the statement of financial position). In addition, under the Financial Holding Company Act, a financial holding company, with some exceptions, shall not hold stocks issued by its subsidiaries in excess of its equity capital. The Issuer has no additional credit line from Shinhan Financial Group, but may be provided upon request.

The following table sets forth the principal sources of the Issuer's funding as of the dates indicated.

	As of 31 December					As of 31 March		
	2024		2025			2026		
	(in billions of Won, except percentages)		(in billions of Won, except percentages)		(in millions of U.S. dollars)	(in billions of Won, except percentages)		(in millions of U.S. dollars)
Debentures ⁽¹⁾	₩20,880.1	69.3	₩22,355.2	77.2	US\$14,771.7	₩24,647.5	83.9	US\$16,286.2
Debentures discount.	(21.4)	(0.1)	(19.7)	(0.1)	(13.0)	(25.5)	(0.1)	(16.8)
Borrowings denominated in Won	8,630.6	28.7	6,154.1	21.2	4,066.5	3,505.1	11.9	2,316.1
Borrowings denominated in foreign currencies.	632.1	2.1	473.5	1.6	312.9	1,236.2	4.2	816.8
Total.	<u>₩30,121.4</u>	<u>100%</u>	<u>₩28,963.1</u>	<u>100%</u>	<u>US\$19,138.1</u>	<u>29,363.3</u>	<u>100%</u>	<u>US\$19,402.2</u>

Note:

(1) This is the gross amount before the debentures discount.

Capital Adequacy

The Specialised Credit Financial Business Act (the "**SCFB Act**") provides for a minimum paid-in capital amount of: (i) ₩20.0 billion in the case of a credit card business company (such as the Issuer) which wishes to engage in one or less of other specialised credit financial businesses (i.e. instalment finance, leasing and new technology financing business) and (ii) ₩40.0 billion in the case of a credit card business company, which wishes to engage in two or more of other specialised credit financial businesses.

Under the SCFB Act and regulations thereof, a credit card company must maintain a "capital adequacy ratio," defined as the ratio of adjusted equity capital to adjusted total asset, of 8.0 per cent or more (in this sentence, "adjusted equity capital" means the sum of core capital and tier II capital (within the bounds of the core capital), subtracted by certain deductible items, and "adjusted total asset" means the total assets subtracted by cash, unsecured short term deposits, government bonds maturing in three months or less, and certain deductible items).

To the extent a credit card company fails to maintain such ratio, Korean regulatory authorities may issue management improvement recommendation, management improvement requirement or management improvement order against such credit card company, and, if the credit card company violates such management improvement order, Korean regulatory authorities may suspend or revoke the credit card company's business license. As of 31 December 2025 and 31 March 2026, the Issuer's capital adequacy ratio was 20.8 per cent and 20.9 per cent, respectively, based on its financial statements.

The table below sets out a summary of the Issuer's capital base and its capital adequacy ratios based on separate financial statements as of 31 December 2025 and 31 March 2026.

	31 December 2025	31 March 2026
	(in billions of Won, except percentages)	
Paid in capital	626.8	626.8
Capital surplus	860.6	860.6
Retained earnings	5,249.7	5,110.4
Accumulated other comprehensive loss	(46.0)	(30.8)
Capital adjustments	1.9	1.9
Tier 1 capital	6,693.0	6,568.9
Allowance for doubtful account ⁽¹⁾	1,165.8	1,158.1
Unguaranteed Subordinated Debt	699.8	699.8
Tier 2 capital	1,865.7	1,858.0
Deduction	(199.5)	(162.1)
Total qualifying capital (a)	8,359.2	8,264.8
Total assets	41,716.5	41,107.3
50% of securitised assets deduction	(1,458.3)	(1,612.9)
Adjusted assets (b)	40,258.3	39,494.5
Capital adequacy ratio (a/b)	20.76%	20.93%
Regulatory requirement	8.0%	8.0%

Note:

(1) Allowance for doubtful accounts for credit classified as normal and precautionary.

Government Support

Under the Act on the Structural Improvement of the Financial Industry (the “**SIFI Act**”), the government may, where it deems necessary, make investments in an insolvent financial institution or purchases the securities prescribed by Presidential Decree of such insolvent financial institution, when such a financial institution is deemed unable to continue its business due to a destabilized financial structure following a continued withdrawal of funds. The scope of ‘financial institution’ under the SIFI Act includes specialised credit financial businesses such as the Issuer.

Further, under the Bank of Korea Act, where the Bank of Korea is generally only permitted to extend credit to the Korean government, government agencies, banks and bank holding companies, when severe impediments to obtaining funds from banks and bank holding companies occur or when there is a strong likelihood of such occurrence, such as periods of severe monetary and credit contraction, the Bank of Korea may, subject to certain approvals and solely at their discretion, extend credit to private enterprises (which includes financial businesses such as the Issuer).

Information Technology

The Issuer's IT system comprises three main systems: the transaction system, the information system and the interface system. The Issuer uses such systems to manage customer credit assessments, application processing, account management, loan disbursements and payments, customer retention and related functions. These systems allow customer service representatives to access specific account information when responding to customer inquiries. All customer data and servers are subject to protection from security breaches through extensive security systems and firewall software. The Issuer developed a next generation computing system in October 2012, including issuing, sales and data warehouse systems, to support sales more effectively. By switching a IBM-Mainframe based core system to a UNIX-based system, management expects to improve the operational and cost efficiency of applying the latest technology more effectively so that the Issuer can meet the customers' needs.

The Issuer has devoted substantial resources to its technology platforms and has undertaken significant efforts to protect and manage its proprietary systems and the data collected and stored on its systems. For such purposes, the Issuer has continued to focus on ways to secure its systems from unauthorised users.

On a real time basis, data in the Issuer's main server, approval server and client management server is stored at the data recovery centre and automated main centre. The data recovery system is capable of supporting all core functions of the Issuer's business with only minor time lag to normal operations. The data recovery system is tested on a regular basis to ensure full coverage in a contingency situation.

As of 31 March 2026, the Issuer's IT department consisted of 456 of its own employees including outsourced staffs exclusively dedicated to the Issuer.

Competition

In the credit card sector, the Issuer competes principally with existing "monoline" credit card companies, credit card divisions of commercial banks and consumer finance companies. At present, the Issuer competes principally with other credit card companies such as Samsung Card Co., Ltd., KB Kookmin Card Co. Ltd. and Hyundai Card Co., Ltd. The Issuer currently leads the market in market share and number of cardholders. Due to the relaxation of the financial industry's regulation environment (pursuant to Three Data Laws, Electronic Financial Transaction Act, etc.), the Issuer also competes with big tech companies with some of the largest platforms in Korea, such as Naver Financial Corporation, KakaoBank Corp., Kakao Pay Co., Ltd. and Toss (Viva Republica).

Legal Proceedings

The Issuer had 42 pending lawsuits as a defendant as of 31 March 2026. Total claim amount was ₩11.2 billion (U.S.\$7.4 million), of which a legal provision of ₩4,100 million (U.S.\$2,709 thousand) was included in allowance for litigation in the accompanying financial statements. Additional losses may be incurred from these legal actions, but the amount of loss is not expected to have a material adverse effect on the Issuer's financial position or results of operations.

MANAGEMENT AND EMPLOYEES

Management

Board of Directors

Governance and management of the Issuer are the responsibility of the board of directors (the “**Board**”), which oversees the operations of the Issuer through several governing bodies. The address for each of the directors on the Board is: Shinhan Card Co., Ltd., Pine Avenue Tower A, 100, Eulji-ro, Jung-gu, Seoul 04551, Korea. The Board comprises eight directors, five of whom are eligible outside directors under the Corporate Governance of Financial Companies Act of Korea (the “**CGFC Act**”). Under the CGFC Act, more than half of the Board members must be constituted from eligible outside directors. Outside directors must not engage in the regular business of the Issuer and must satisfy certain eligibility requirement under the CGFC Act. Outside directors must be appointed from the candidate recommended by the Director Candidate Nomination Committee.

The use of outside directors is a result of the Issuer’s commitment to improve its corporate governance structure by separating the decision-making function from the execution function. The outside directors, who together should constitute more than 50.0 per cent of the Board, monitor the governance of the Issuer.

Directors are elected for a renewable term of three years or less as determined in the general meeting of shareholders; provided, however, that an outside director is elected for a term of three years or less, which can be renewed only for a term of one year or less. An outside director’s total term of office (including renewed terms) cannot exceed six years at the Issuer, and nine years when including the years served as outside directors at the Issuer, its holding company and subsidiaries. Terms are renewable subject to Korean Commercial Code and related regulations. The Board meets on a regular basis, every quarter on average, to discuss the daily operations of the Issuer. Additional extraordinary meetings can also be convened at the request of the chairman of the Board.

Inside Directors

Two out of eight directors of the Issuer are engaged in the regular business of the Issuer, as of the date of this Offering Circular. The following table sets forth certain information on them.

Name	Director Since	Position
Chang-hun Park	1 January 2025	President and CEO
Young-kyu Park	1 January 2026	Standing Auditor

Outside Directors

As of the date of this Offering Circular, the Issuer had six outside directors, none of whom were engaged in the regular business of the Issuer, and all of whom are appointed from the candidate recommended by the Director Candidate Nomination Committee as listed below. The following table sets forth certain information on them.

Name	Director Since	Position Outside the Issuer
Masamichi Ohno	25 March 2024	President and CEO of Onoya, Kashino-Shoji Co., Ltd

Name	Director Since	Position Outside the Issuer
Jin-hee Cho	25 March 2025	Professor at Sookmyung Women's University, Department of Media Studies
Jae-boong Choi	25 March 2025	Professor at Sungkyunkwan University, Department of Mechanical Engineering
Myeong-hyeon Cho	25 March 2026	Professor at Korea University, Department of Business Administration
Yun-tae Lim	29 April 2026	Member of the Ministry of the Interior and Safety's Active Administration Committee/Legal Counsel to the Gyeonggi Provincial Council
Jin-Myung Kim	29 April 2026	Not applicable

Non-executive Director

As of the date of this Offering Circular, the Issuer had one non-executive director who is not engaged in the regular business of the Issuer.

Name	Director Since	Position Outside the Issuer
Hyeok-jae Choi	1 January 2026	Executive Vice President of Shinhan Financial Group (Group AX-Digital Division)

Committees

Currently, the Issuer has six committees serving under the Board: the Audit Committee, the Risk Management Committee, the Executive Candidate Nomination Committee, the Remuneration Committee, the ESG Committee and the Internal Control Committee. The responsibilities of each of the committees are subject to requirements under the CGFC Act and determined by the Board pursuant thereunder.

Audit Committee

This committee currently consists of three Board members. The chairperson of the Audit Committee is Jin-hee Cho. Under the CGFC Act, more than two thirds of the members of the Audit Committee must be appointed from outside directors and one of them must be a financial expert. The Audit Committee oversees the Issuer's financial reporting and approves the appointment of its independent auditors. This committee also reviews the Issuer's financial information, auditor's examinations, key financial statement issues and the administration of its financial affairs by the Board. In connection with the general meetings of stockholder, this committee examines the agenda for, and financial statements and other reports to be submitted by, the Board to each general meeting of stockholder. This committee holds regular meetings every quarter.

Risk Management Committee

This committee consists of three Board members. The chairperson of the Risk Management Committee is Jae-bung Choi. This committee is responsible for reviewing and approving the major policies relating to the Issuer's credit risk management determined by the Issuer's Risk Management Council. This committee convenes at least once every quarter and may also convene on an ad hoc basis as needed.

Executive Candidate Nomination Committee

This committee currently consists of four Board members. The chairperson of the Executive Candidate Nomination Committee is Myeong-hyeon Cho. Under the CGFC Act, more than 50 per cent of the members of the Committee must be appointed from outside directors. This committee oversees the selection of candidates for outside directors, representative director and audit committee members, and recommends them annually sometime prior to the general stockholder meeting.

Remuneration Committee

This committee currently consists of four Board members. The chairperson of the Remuneration Committee is Jae-bung Choi. This committee is responsible for performance evaluation and remuneration calculation for specific employees and directors.

ESG Committee

This committee currently consists of four Board members. The chairperson of the ESG Committee is Masamichi Ohno. This committee is responsible for establishing strategies for the Issuer's sustainable management and determining ESG-related issues.

Internal Control Committee

This committee currently consists of four Board members. The chairperson of the Internal Control Committee is Jin-hee Cho. This committee is responsible for establishing guidelines and strategies for internal controls and overseeing whether the CEO and other executive officers are performing their respective internal control management duties properly.

Remuneration

The aggregate remuneration and benefits in kind granted by the Issuer to its registered Directors for the three months ended 31 March 2026 was approximately ₩1,482 million (U.S.\$979 thousand).

Loans to Directors and Other Transactions

As of 31 March 2026, there were no loans outstanding made by the Issuer to its Directors and statutory auditor. There are no guarantees provided by the Issuer for the benefit of any of the Issuer's Directors, statutory auditor or senior management. None of the Directors or officers has or had any interest in any transaction effected by the Issuer which are or where unusual in their nature or conditions or significant to the business of the Issuer and which were effected during the current or immediately preceding year or where effected during an earlier year and remain in any respect outstanding or unperformed.

Employees

As of 31 March 2026, the Issuer had a total of 2,213 full-time employees and 242 contract and part-time employees who are employed on a temporary basis. The Issuer believes that it has a good relationship with its employees. The Issuer has not experienced a work stoppage of a serious nature. The union and management negotiate and enter into a new collective bargaining agreement that has a one-year duration.

The Issuer's employee compensation is based on a combination of the agreed-upon base salary and bonuses. The bonus system is based on individual performance and business unit performance. The Issuer, like most other non-banking financial institutions in Korea, grants its employees annual increases in basic wages and pays periodic bonuses and overtime. For the three months ended 31 March 2026, salaries and wages comprised approximately 63.8 per cent of total general and administrative expenses of the Issuer. The Issuer provides a wide range of fringe benefits to its employees, including housing subsidies, medical care assistance and educational and training opportunities.

SHINHAN FINANCIAL GROUP

Introduction

Shinhan Financial Group is one of the leading financial institutions in Korea in terms of total assets, revenues, profitability and capital adequacy, among others. Incorporated on 1 September 2001, Shinhan Financial Group is the first privately-held financial holding company to be established in Korea. Since inception, Shinhan Financial Group has developed and introduced a wide range of financial products and services in Korea and aimed to deliver comprehensive financial solutions to clients through a convenient one-portal network. According to reports by the FSS, Shinhan Financial Group is one of the largest financial services provider in Korea (as measured by consolidated total assets as of 31 December 2025) and operates the second largest banking business (as measured by consolidated total assets as of 31 December 2025) and the largest credit card business (as measured by the total credit purchase volume in 2025) in Korea.

Shinhan Financial Group has experienced substantial growth through several mergers and acquisitions. Most notably, Shinhan Financial Group's acquisition of Chohung Bank in 2003 has enabled Shinhan Financial Group to have the second largest banking operations in Korea. In addition, Shinhan Financial Group's acquisition in March 2007 of LG Card, the then largest credit card company in Korea, has enabled to have the largest credit card operations in Korea and significantly expand Shinhan Financial Group's non-banking business capacity so as to achieve a balanced business portfolio. In September 2018, Shinhan Financial Group announced the acquisition of a 59.15% interest in Orange Life Insurance, Ltd., the former Korean unit of ING Life Insurance, as part of its efforts to diversify and enhance its non-banking businesses. The acquisition was approved by the FSC on 16 January 2019 and closed on 1 February 2019. On 28 January 2020, Shinhan Financial Group acquired the remaining interests in Orange Life by effecting a comprehensive stock exchange under Articles 360-2 of the Korean Commercial Code whereby holders (other than us) of Orange Life's common stock transferred all of their shares to Shinhan Financial Group and in return receive shares of Shinhan Financial Group's common stock, and hence Orange Life has become Shinhan Financial Group's wholly owned subsidiary as of such date.

Shinhan Financial Group currently has 15 direct subsidiaries and 34 indirect subsidiaries offering a wide range of financial products and services, including commercial banking, corporate banking, private banking, credit card, asset management, brokerage and insurance services. Shinhan Financial Group believes that such breadth of services will help it to meet the diversified needs of the Group's present and potential clients. Shinhan Financial Group currently serves approximately 21 million active customers, which Shinhan Financial Group believes is the largest customer base in Korea, through over 29,620 employees at about 1,344 network branches group-wide. While over 80% of Shinhan Financial Group's revenues have been historically derived from Korea, it aims to serve the needs of the Group's customers through a global network of 242 offices in the United States, Canada, the United Kingdom, Japan, the People's Republic of China, Germany, India, Australia, Hong Kong, Vietnam, Cambodia, Kazakhstan, Singapore, Mexico, Uzbekistan, Myanmar, Poland, Indonesia, the Philippines and the United Arab Emirates.

History and Organization

On 1 September 2001, Shinhan Financial Group was formed as a financial holding company under the Financial Holding Companies Act, as a result of acquiring all of the issued shares of the following four entities from their former shareholders in exchange for shares of Shinhan Financial Group's common stock: (i) the Bank, a nationwide commercial bank listed on the Korea Exchange, (ii) Shinhan Securities Co., Ltd., a securities brokerage company listed on the Korea Exchange, (iii) Shinhan Capital Co., Ltd., a leasing company listed on the Korea Exchange Korean Securities Dealers Automated Quotations, and (iv) Shinhan Investment Trust Management Co., Ltd., a

privately held investment trust management company. On 10 September 2001, the common stock of Shinhan Financial Group's holding company was listed on what is currently the KRX KOSPI Market.

Since its inception, Shinhan Financial Group has expanded its operations, in large part, through strategic acquisitions, establishing subsidiaries or formation of joint ventures. Shinhan Financial Group's key acquisitions, capital contributions and joint venture formations are described as below:

Date of Acquisition	Entity	Principal Activities	Method of Establishment
April 2002	Jeju Bank	Regional banking	Acquisition from Korea Deposit Insurance Corporation
July 2002	Shinhan Investment Corp. ⁽¹⁾	Securities and investment	Acquisition from the Ssang Yong Group
August 2002	Shinhan BNP Paribas Investment Trust Management Co., Ltd. ⁽²⁾	Investment advisory	50:50 joint venture with BNP Paribas
August 2003	Chohung Bank	Commercial banking	Acquisition from creditors
December 2005	Shinhan Life Insurance	Life insurance services	Acquisition from shareholders
March 2007	LG Card	Credit card services	Acquisition from creditors
January 2012	Tomato Mutual Savings Bank ⁽³⁾	Savings bank	Purchase and assumption of assets and liabilities from creditors
January 2013	Yehanbyoul Savings Bank ⁽⁴⁾	Savings bank	Acquisition from Korea Deposit Insurance Corporation
October 2017	Shinhan REITs Management	Real estate asset management	Newly established
February 2019	Orange Life Insurance ⁽⁵⁾	Life insurance services	Acquisition from majority shareholders
May 2019	Asia Trust ⁽⁶⁾	Real estate trust business	Acquisition from majority shareholders
August 2019	Shinhan AI	Investment advisory	Incorporated and joined as a wholly owned subsidiary
September 2020	Shinhan Venture Investment Co., Ltd. ⁽⁷⁾⁽⁸⁾	Venture capital	Acquisition from Doosan Group

Date of Acquisition	Entity	Principal Activities	Method of Establishment
July 2021	Shinhan Life Insurance Co., Ltd.	Life insurance services	Merger of Shinhan Life Insurance and Orange Life Insurance
January 2022	Shinhan Asset Management Co., Ltd.	Asset management services	Merger of Shinhan Asset Management and Shinhan Alternative Investment Management
May 2022	Asia Trust	Real estate trust business	Joined as a wholly owned subsidiary
June 2022	Shinhan EZ General Insurance	Non-Life insurance services	Joined as a wholly owned subsidiary

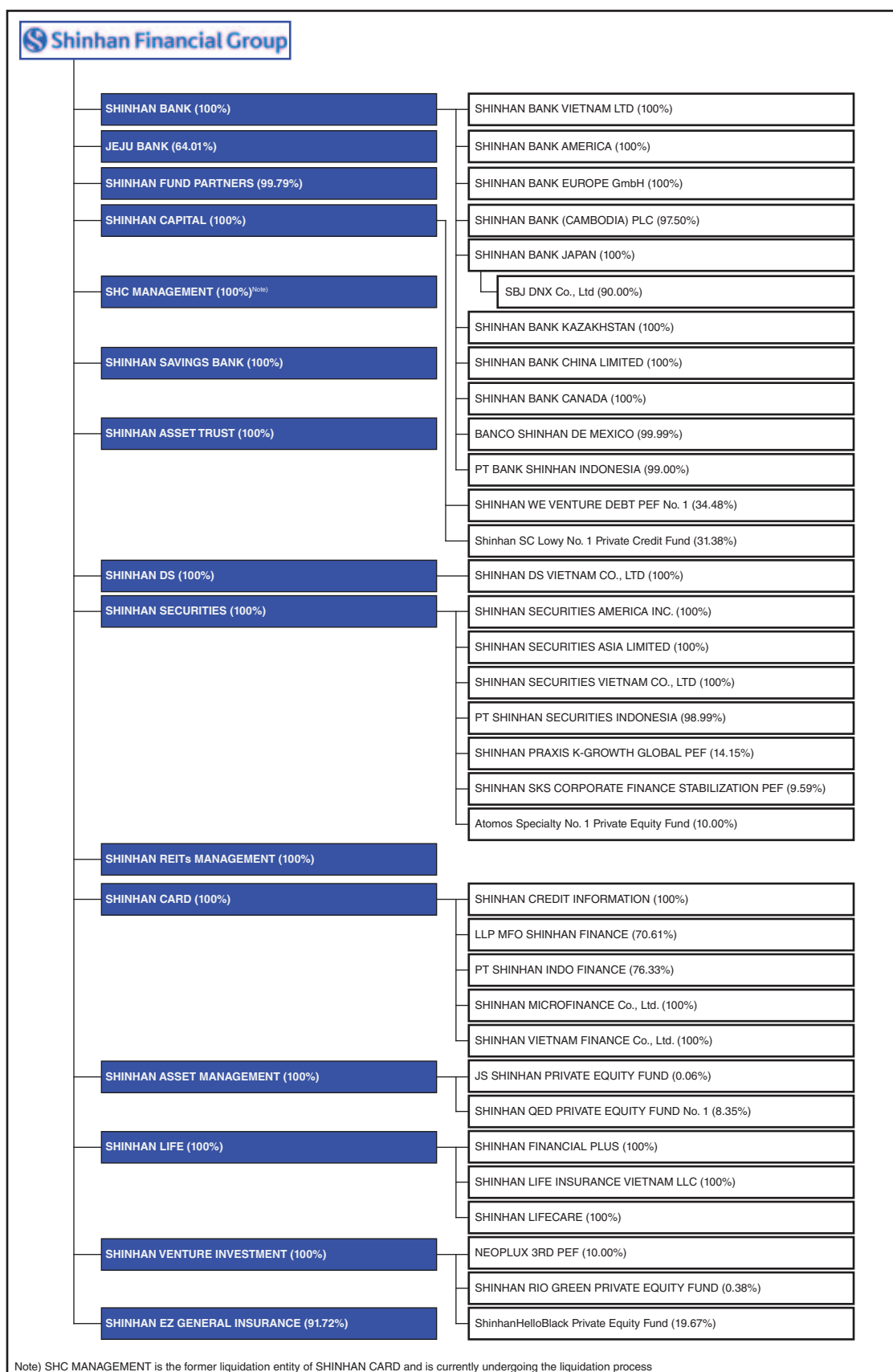
Notes:

- (1) Renamed as Shinhan Investment Corp. from Goodmorning Shinhan Securities Co., Ltd. effective August 2009.
- (2) In January 2009, SH Asset Management Co., Ltd. and Shinhan BNP Paribas Investment Trust Management merged to form Shinhan BNP Paribas Asset Management Co., Ltd.
- (3) Shinhan Hope Co., Ltd. was established on 12 December 2011, to purchase and assume certain assets and liabilities of Tomato Mutual Savings Bank. On 28 December 2011, Shinhan Hope Co., Ltd. obtained a savings bank license, changed its name to Shinhan Savings Bank and became Shinhan Financial Group's direct subsidiary.
- (4) In January 2013, Shinhan Financial Group entered into a share purchase agreement with Korea Deposit Insurance Corporation for the acquisition of Yehanbyoul Savings Bank, a savings bank located in Korea, for ₩45.3 billion, and received regulatory approval to merge Yehanbyoul Savings Bank into Shinhan Financial Group's existing subsidiary Shinhan Saving Bank. On 1 April 2013, Shinhan Savings Bank and Yehanbyoul Savings Bank merged into a single entity, with Yehanbyoul Savings Bank being the surviving entity and the newly merged bank being named Shinhan Savings Bank.
- (5) In September 2018, Shinhan Financial Group announced the acquisition of a 59.15% interest in Orange Life Insurance, Ltd., the former Korean unit of ING Life Insurance. The acquisition was approved by the FSC on 16 January 2019 and closed on 1 February 2019. Upon closing, Orange Life Insurance became Shinhan Financial Group's direct subsidiary. On 28 January 2020, Shinhan Financial Group acquired the remaining interests in Orange Life by effecting a comprehensive stock exchange under Articles 360-2 of the Korean Commercial Code whereby holders (other than us) of Orange Life's common stock transferred all of their shares to Shinhan Financial Group and in return receive shares of Shinhan Financial Group's common stock, and hence Orange Life has become Shinhan Financial Group's wholly owned subsidiary as of such date.
- (6) In October 2018, Shinhan Financial Group announced the acquisition of a 60.0% interest in Asia Trust. Co. Ltd. According to the transaction agreement, Shinhan Financial Group seeks to complete the acquisition by acquiring the remaining 40.0% shares in Asia Trust by 2022. The acquisition was approved by the FSC on 17 February 2019 and closed on 2 May 2019. Upon closing, Asia Trust became Shinhan Financial Group's direct subsidiary.
- (7) Renamed as Shinhan Venture Investment Co., Ltd. from Neoplux Co., Ltd. effective January 2021.
- (8) In September 2020, Shinhan Financial Group acquired a 96.8% interest in Shinhan Venture Investment Co., Ltd. (formerly Neoplux Co., Ltd.) in order to expand into the venture capital business. In December 2021, Shinhan Financial Group effected a stock exchange to acquire the remainder of the shares in Shinhan Venture Investment to become its sole shareholder.

All of Shinhan Financial Group's subsidiaries are incorporated in Korea, except for the following:

- Shinhan Asia Limited (incorporated in Hong Kong);
- Shinhan Bank America (incorporated in the United States);
- Shinhan Bank Canada (incorporated in Canada);
- Shinhan Bank (China) Limited (incorporated in the People's Republic of China);
- Shinhan Bank Europe GmbH (incorporated in Germany);
- Shinhan Bank Kazakhstan Limited (incorporated in Kazakhstan);
- Shinhan Bank Japan (incorporated in Japan);
- Shinhan Bank (Cambodia) PLC (incorporated in Cambodia);
- Shinhan Bank Vietnam Ltd. (incorporated in Vietnam);
- PT Bank Shinhan Indonesia (incorporated in Indonesia);
- Banco Shinhan de Mexico (incorporated in Mexico);
- LLP MFO Shinhan Finance (incorporated in Kazakhstan);
- PT Shinhan Indo Finance (incorporated in Indonesia);
- Shinhan Microfinance Co., Ltd. (incorporated in Myanmar);
- Shinhan Vietnam Finance Company Ltd. (Incorporated in Vietnam);
- Shinhan Securities America Inc. (incorporated in the United States);
- Shinhan Securities Asia Limited (incorporated in Hong Kong);
- Shinhan Securities Vietnam Co., Ltd. (incorporated in Vietnam);
- PT Shinhan Sekuritas Indonesia (incorporated in Indonesia);
- Shinhan Life Insurance Vietnam LLC (incorporated in Vietnam);
- Shinhan DS Vietnam Co. Limited (incorporated in Vietnam); and
- SBJ DNX Co., Ltd. (incorporated in Japan).

As of the date hereof, Shinhan Financial Group has 15 direct and 34 indirect subsidiaries. The following diagram shows Shinhan Financial Group's organization structure as of 31 December 2025:



The following table sets forth certain information relating to the beneficial ownership of Shinhan Financial Group's common shares (unless otherwise indicated) as of 31 December 2025.

Name of Shareholder	Number of Common Shares Beneficially Owned	Beneficial Ownership (%)
National Pension Service ⁽¹⁾	43,846,070	9.03
Shinhan Financial Group Employee Stock Ownership Association	24,470,282	5.04
Citibank, N.A. (ADR Department)	22,847,495	4.71
mercury 1st LLC	13,082,384	2.70
KT Corp.	10,877,651	2.24
NORGES BANK	9,184,694	1.89
The Government of Singapore	8,334,853	1.72
NATWEST TSTEE N DPSTRY SRVCS LTD RE ST JAMES'S PL	6,234,599	1.28
SAMSUNG ASSET MANAGEMENT	6,192,729	1.28
Vanguard Total International Stock Index	6,160,518	1.27
People's Bank of China	6,027,563	1.24
Others	319,898,561	1.24
Total	485,494,934⁽²⁾	100.00

Notes:

(1) According to the filing of share ownership dated 12 March 2026, available through the Financial Supervisory Service's Data Analysis, Retrieval and Transfer System (DART), as of 31 December 2025, National Pension Service beneficially owns 43,846,070 common shares, or 9.03% beneficial ownership of the total number of shares issued as of 31 December 2022.

(2) Total number of common shares issued as of 31 December 2025.

Other than those listed above, no other person or entity known by us, jointly or severally, directly or indirectly own more than 1% of the Issuer's issued and outstanding voting securities or otherwise exercise control or could exercise control over us. None of the Issuer's shareholders have different voting rights.

THE KOREAN CREDIT CARD INDUSTRY

Introduction of Credit Cards in Korea

Credit cards were originally introduced in Korea by retailers who would issue cards to their customers as a payment method. In 1969, Shinsegae Department Store issued Korea's first domestic credit card to its shoppers.

Korean banks entered the credit card sector in 1978 when Korea Exchange Bank issued international credit card under a license agreement with VISA International, Inc., which was followed by Kookmin Bank in 1980. In 1982, several commercial banks jointly established the Bank Credit Card Association (later renamed "**BC Card**" in 1987), which issued cards for its participants. In addition, foreign credit card companies such as American Express Company and Diners Company International Ltd. entered the Korean market in 1980 and 1984, respectively. The enactment of the Credit Card Business Act in 1987 restricted the operation of credit card business to government-licensed firms. As a result, Korea Exchange Bank and Kookmin Bank transferred their respective credit card related operations to their affiliated companies. In the late 1980s, chaebols, such as Samsung Group and LG Group, acquired existing credit card companies and entered into the credit card market. The entrance of new credit card companies that were affiliated to banks, which had a well-established customer base, and chaebols contributed to the broadening use of credit cards in Korea.

Currently, the Korean credit card industry (excluding independent merchants providing credit cards for sole use with such merchants) comprises 11 banks with credit card operations and nine independent credit card companies, six of which are bank-affiliated credit card companies and three of which are monoline credit card companies. All of the independent credit card companies in Korea are either bank-or chaebol-affiliated. Chaebol-affiliated credit card companies include Hyundai Card, Samsung Card and Lotte Card. The current credit card landscape in Korea is set forth in the table below:

Classification	Number	Companies
Independent Credit Card Companies (9)		
Bank Affiliated	6	KB Kookmin Card, BC Card, Shinhan Card, KDB Capital, Hana Card, Woori Card
Specialty	3	Samsung Card, Hyundai Card, Lotte Card
Banks Operating Credit Card Business (11)	11	Standard Chartered Bank Korea Limited, Industrial Bank of Korea, NH Bank, Daegu Bank, Pusan Bank, Kyongnam Bank, Citibank Korea, Jeju Bank, Suhyup Bank, Jeonbuk Bank, Kwangju Bank

Growth

Credit card companies in Korea primarily provide financing for purchase of merchandise and services, payment for which must be made either (i) in full on each monthly payment date (i.e. lump sum), (ii) in equal monthly instalments over a pre-selected period of time (i.e. instalment) or (iii) on a revolving basis subject to a minimum percentage of the amount outstanding on each monthly payment date (i.e. revolving). Credit card companies also provide cash advance services, under which card members may borrow cash from automatic teller machines or cash dispensers subject to daily interest charges, and card loan services, which are small-amount unsecured loans provided to card members.

Credit card companies began to play a significant role after 1997 in Korea. The growth of the credit card industry mirrored the rebound of Korean economy following the 1997 Asian financial crisis. In 1998, the Government introduced a set of policies to promote the use of credit cards. In 1999, the Government abolished the ₩700,000 limit on cash advances a cardholder may receive in a given billing cycle. In 1999, a shared merchant system was introduced to increase the convenience of credit card usage. Under this shared merchant system, if one or more credit card companies enter into an agreement with a merchant to allow their cardholders to use their credit cards to purchase such merchant's merchandise or service, then such merchant is required to accept the credit cards issued by every other credit card company in Korea under the same terms as set forth under the original agreement. This shared merchant legislation was followed by a new tax policy aimed at improving transparency in the Korean tax system, the effect of which was to encourage credit card usage. In September 1999, the Korean National Tax Service introduced an income deduction scheme, which allows a taxpayer a deduction from taxable income an amount equal to 10 per cent. of the aggregate card purchase volume amount in a given taxable year that exceeds 10 per cent. of such taxpayer's total gross income for such taxable year, subject to a maximum amount a taxpayer can deduct which can vary from year to year. In addition, the Government commenced operating a state-run monthly lottery for credit card users in 2000.

In the late 1990s and early 2000s, credit card companies, led by Samsung Card and LG Card Co., Ltd., developed new services and aggressively marketed their products. Cash advance and card loan services were granted to more members and the limits on such advances and loans were raised. Membership reward programmes were introduced and expanded, and various discount benefits were provided to credit card members. The credit card companies hired "credit planners" who were paid by the number of new card member recruits, and the more aggressive credit planners signed up new card members off the street with little or no background or credit check.

The Government's incentives to promote credit card usage, together with aggressive marketing of credit card companies, contributed to the overall growth of the credit card industry in Korea during this period. The growth in credit card service use was also attributable to the absence of a personal checking system in Korea and the absence of alternative consumer finance products.

Recent Status

Korea currently has a relatively high credit card penetration ratio in terms of number of cards per capita and card usage compared to private consumption. Korean consumers settle more than 70 per cent. of their consumption spending using a credit card according to the Credit Finance Association of Korea. The prevalence of credit card usage among Korean consumers is also reflected in the number of credit cards per economically active person, which was 4.6 cards per economically active person as of 31 December 2025.

The Korean credit card industry has been showing steady growth due to an increase in personal expenditure and consumption and an increase in credit card transactions since 2005. Due to this steady growth, competition among credit card companies has intensified which has resulted in increased credit card benefits to customers.

These developments have helped independent credit card companies more than bank operated credit card businesses because independent credit card companies can focus solely on the credit card business. As banks have focused more on mortgage loans, which is their primary retail business, their credit card businesses consequently have declined. As a result, this has contributed to the growing market share of independent credit card companies.

In addition, credit card companies have enhanced their credit risk management capabilities. Since the commencement of the global financial crisis in 2008, credit card companies have taken measures to reduce their credit risk by managing credit limits and reassessing their customer group, among others, while maintaining the quality of their asset portfolios and cardholders.

Despite strengthening credit card regulations by the Government and the possibility of reduced profitability due to increased competition, the credit card industry has maintained steady growth. It maintained a steady level of profitability mainly due to lowering credit costs through improving asset quality and a decrease in funding costs amidst a low interest rate environment. The adjusted capital adequacy ratio of the independent credit card companies decreased from 20.32 per cent in 2008 to 21.1 per cent as of 31 December 2025, according to the FSS. As of 31 December 2025, the adjusted capital adequacy ratio of all independent credit card companies exceeded the 8 per cent according to the guideline provided by the FSC. From 2008 to 2025, the quality of the assets of the independent credit card companies improved. The average delinquency ratio of the independent credit card companies fell from 3.43 per cent as of 31 December 2008 to 1.52 per cent as of 31 December 2025 according to the FSS.

TAXATION

Korean Taxation

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

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

Tax on Interest

Interest on the Notes paid to Non-Residents (excluding payments to their Permanent Establishment in Korea), being foreign currency denominated notes issued outside of Korea, is exempt from individual income tax and corporate income tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the "**STTCL**").

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

The tax is withheld by the payer of the interest or, where the transfer takes place before interest payment is made, by the purchaser of the instrument, or a designated withholding agent of such payer or purchaser.

The tax rates may be reduced or exempted by an applicable tax treaty, convention or agreement between Korea and the country of the recipient of the income. The relevant tax treaties are discussed below.

Tax on Capital Gains

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

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

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

Inheritance Tax and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was a Korean resident (as such term is defined under Korean inheritance and gift tax laws) and (b) all property located in Korea that passes on death (irrespective of the residence of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10 per cent to 50 per cent.

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

Stamp Duty and Securities Transaction Tax

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

Tax Treaties

At the date of this Offering Circular, Korea has tax treaties with, *inter alia*, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America, under which the rate of withholding tax on interest is reduced, generally to between 5 and 15 per cent (including local income tax), and the tax on capital gains is often eliminated.

Each Noteholder should enquire for itself whether it is entitled to the benefit of a tax treaty with respect to this transaction. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest payments to file with the Issuer, the purchaser or the withholding agent, as applicable, a certificate as to its residence. In the absence of sufficient proof, the Issuer, the purchaser or the withholding agent, as applicable, must undertake to withhold taxes in accordance with the above discussion.

A special withholding tax system took effect on 1 July 2006. Under the system, there is a special procedure to apply the Korea-Malaysia tax treaty on certain Korean source income. Payments made to the residents of Labuan, Malaysia will be subject to the default Korean withholding tax rates (generally 15.4 per cent for interest and the lower of 11 per cent of gross realisation proceeds or 22 per cent of capital gains (including local income tax)) rather than the reduced or exempted rate available under the Korea Malaysia tax treaty. A Labuan taxpayer, however, will be given an opportunity to obtain a refund by proving that it is entitled to the tax treaty benefits as a beneficial owner of the income and is an actual resident of Labuan, Malaysia. A Labuan taxpayer may also file an application with the National Tax Service (the “**NTS**”) for confirmation that it is entitled to the tax treaty benefits and obtain an advance confirmation from the NTS prior to receiving Korean source income.

In order to claim the benefit of a reduced tax rate or tax exemption available under the applicable tax treaties, a Non-Resident holder must submit to the payer of such Korean-sourced income an application (for reduced withholding tax rate, “application for entitlement to reduced tax rate” and in the case of exemption from withholding tax, “application for tax exemption” under a tax treaty along with a certificate of the non-resident holder’s tax residence issued by a competent authority of the Non-Resident holder’s residence country) as the beneficial owner (“**BO Application**”), provided that if such tax exemption is being sought to be applied to an amount that is Won 1 billion or more (including where the aggregate amount exempted within one year from the last day of the month in which the payment was made, is Won 1 billion or more), in addition to the certificate of tax residence issued by a competent authority of the Non-Resident holder’s residence country, it will also be required to submit the names and addresses of all of the members of board of directors, the identities and shareholding percentages of all of shareholders (provided that if there are more than 100 shareholders, the Non-Resident holder may instead provide a statement showing the total number of shareholders and aggregate investment amount from each country), and audit reports for the most recent three years submitted to the country of residence (or, if the entity has been in existence for less than three years, audit reports since incorporation). Such application should be submitted to the withholding agent prior to the payment date of the relevant income. Subject to certain exceptions, where the relevant income is paid to an overseas investment vehicle (which is defined as an organization established in a foreign jurisdiction that manages funds collected through investment solicitation by way of acquiring, disposing of, or otherwise investing in proprietary targets and then distributes the outcome of such management to investors, “**OIV**”) and such OIV is not the beneficial owner of such income, a beneficial owner claiming the benefit of an applicable tax treaty with respect to such income must submit its BO Application to such OIV, which must submit an OIV report and a schedule of beneficial owners (together with the applicable BO Application and certificate of the non-resident holder’s tax residence in case of exemption from withholding tax), to the withholding agent prior to the payment date of such income. In the case of an application for tax exemption, the withholding agent is required to submit such application (together with the applicable OIV report in the case of income paid to an OIV) to the relevant district tax office by the ninth day of the month following the date of the payment of such income. If there is no change in the contents of such application or OIV report, it is not required to submit such application or OIV report again within three years thereafter. Effective from 1 January 2022, an OIV is deemed to be a beneficial owner of the Korean source income if (i) under the applicable tax treaty, the OIV bears tax liabilities in the country in which it is established; and (ii) the Korean source income is eligible for the treaty benefits under the tax treaty. The benefits under a tax treaty between Korea and the country of such OIV’s residence will apply with respect to the relevant income paid to such OIV, subject to certain application requirements as prescribed by the Corporate Income Tax Law or Individual Income Tax Law. However, this requirement does not apply to exemptions under Korean tax law.

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

Withholding and Gross Up

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

ROC Taxation

The following summary of certain taxation provisions under ROC law is based on current law and practice and that the Notes will be issued, offered, sold and re-sold directly or indirectly, only to “professional investors” as defined under Paragraph 1 of Article 2-1 of the TPEX Rules as amended from time to time. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Notes. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below.

Interest on the Notes

As the Issuer of the Notes is not an ROC statutory tax withholder, there is no ROC withholding tax on the interest or deemed interest to be paid by the Issuer on the Notes.

Payments of any interest or deemed interest under the Notes to an ROC individual holder are not subject to ROC income tax as such payments received by him/her are not considered to be ROC sourced income. However, such holder must include the interest or deemed interest in calculating his/her basic income for the purpose of calculating his/her alternative minimum tax (“**AMT**”), unless the sum of the interest or deemed interest and other non-ROC sourced income received by such holder and the person(s) who is (are) required to jointly file the tax return in a calendar year is below 1 million New Taiwan Dollars (“**NT\$**”). If the amount of the AMT exceeds the annual income tax calculated pursuant to the ROC Income Tax Act, the excess becomes such holder’s AMT payable.

ROC corporate holders must include any interest or deemed interest receivable under the Notes as part of their taxable income and pay income tax at a flat rate of 20%. (unless the total taxable income for a fiscal year is NT\$120,000 or under), as they are subject to income tax on their worldwide income on an accrual basis. The AMT is not applicable.

Sale of the Notes

In general, the sale of corporate bonds or financial bonds is subject to 0.1% securities transaction tax (“**STT**”) on the transaction price. However, Article 2-1 of the Securities Transaction Tax Act prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds from 1 January 2010 to 31 December 2026. Therefore, the sale of the Notes will be exempt from STT if the sale is conducted on or before 31 December 2026. Starting from 1 January 2027, any sale of the Notes will be subject to STT at 0.1% of the transaction price, unless otherwise provided by the tax laws that may be in force at that time.

Capital gains generated from the sale of bonds are exempt from ROC income tax. Accordingly, ROC individual or corporate holders are not subject to ROC income tax on any capital gains generated from the sale of the Notes. In addition, ROC individual holders are not subject to AMT on any capital gains generated from the sale of the Notes. However, ROC corporate holders should include the capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the annual income tax calculated pursuant to the ROC Income Tax Act, the excess becomes the ROC corporate holders' AMT payable. Capital losses, if any, incurred by such holders could be carried over 5 years to offset against capital gains of same category of income for the purposes of calculating their AMT.

SUBSCRIPTION AND SALE

Crédit Agricole Corporate Investment Bank, Taipei Branch, Standard Chartered Bank (Taiwan) Limited, Cathay United Bank Co., Ltd., E. Sun Commercial Bank, Ltd., KGI Securities Co. Ltd., President Securities Corporation, SinoPac Securities Corporation, Taishin International Bank Co., Ltd. and Yuanta Securities Co., Ltd. (the “**Managers**”) have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 16 June 2026, agreed to subscribe and pay for the Notes on a firm commitment basis the principal amounts of the Notes subject to certain conditions contained therein.

The Subscription Agreement provides that if a Manager defaults, the purchase commitments of non-defaulting Managers may be increased or the offering may be terminated.

The Issuer will also reimburse the Managers in respect of certain of their expenses, and the Issuer has agreed to indemnify the Managers against certain liabilities (including liabilities under the Securities Act), incurred in connection with the issue and sale of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

The initial issue price is set forth on the cover of this Offering Circular. After the Notes are released for sale, the Managers may change the issue price and other selling terms. The offering of the Notes by the Managers is subject to receipt and acceptance and subject to the Managers’ right to reject any order in whole or in part.

The Managers and certain of their respective affiliates have, from time to time, performed, and may in the future perform, certain investment banking, commercial banking and advisory services for the Issuer and/or their respective affiliates for which they have received or will receive customary fees and expenses.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Managers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies and may be paid fees in connection with such services from time to time. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies.

The Managers or their affiliates may subscribe the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or their respective subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be subscribers of the Notes).

Important Notice to CMLs (including private banks)

This notice to CMLs (including private banks) is a summary of certain obligations the SFC Code imposes on CMLs, which require the attention and cooperation of other CMLs (including private banks). Certain CMLs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorize it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);

- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: HKG-Syndicate@ca-cib.com; SYNHK@sc.com.

To the extent information being disclosed by CMI and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Manager with such evidence within the timeline requested.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside of the United States in offshore transactions in reliance on and in compliance with Regulation S. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Manager has represented and agreed that:

- (i) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Notes which are, or are intended to be, disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been, and will not be, registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Taiwan

The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than “professional investors” as defined under Paragraph 1 of Article 2-1 of the TPEX Rules as amended from time to time. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to the aforementioned professional investors.

Singapore

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Korea

The Notes have not been and will not be registered under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transactions Act of Korea and the regulations thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations. In addition, during the first year after the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean QIB who is registered with the KOFIA for Korean QIB bond trading. Furthermore, the Notes acquired by all Korean QIBs at the time of issuance must be no more than 20 per cent of the aggregate principal amount of the Notes.

General

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

Transfer Restrictions

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfers of the Notes.

Transfer to only Professional Investors

The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than “professional investors” as defined under Paragraph 1 of Article 2-1 of the TPEx Rules as amended from time to time. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to the aforementioned professional investors.

Transfer Restrictions under Korean Law

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

- (a) The Notes have not been and will not be registered under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transactions Act of Korea and the regulations thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations. In addition, during the first year after the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean **QIB** who is registered with the KOFIA for Korean **QIB** note trading. Furthermore, the Notes acquired by all Korean QIBs at the time of issuance must be no more than 20 per cent of the aggregate principal amount of the Notes.
- (b) The Notes will bear legends to the effect described in paragraph (a) above.

Other Transfer Restrictions Applicable to the Notes

The Notes have not been and will not be registered under the Securities Act. The Notes may not be offered or sold to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Except in certain limited circumstances, interests in the Notes may only be held through interests in the Global Certificate. Such interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream and their respective direct and indirect participants. See “*Terms and Conditions of the Notes*” and “*The Global Certificate*.”

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

- (a) The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States or any other jurisdiction and are subject to significant restrictions on transfer.
- (b) Until forty (40) days after the commencement of offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.
- (c) Such purchaser will not offer, sell, pledge or otherwise transfer any interest in the Notes except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
- (d) The Notes will bear legends to the following effect, unless the Issuer determines otherwise in compliance with applicable law, and such purchaser will observe the restrictions contained therein:

THE NOTES EVIDENCED HEREBY (THE “**NOTES**”) OF SHINHAN CARD CO., LTD. (THE “**ISSUER**”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”).

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE REGULATIONS THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENTS OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A “QUALIFIED INSTITUTIONAL INVESTOR” (A “**KOREAN QIB**,” AS DEFINED IN THE REGULATION ON SECURITIES ISSUANCE, PUBLIC DISCLOSURE, ETC. OF KOREA) WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE ISSUE AMOUNT OF THE NOTES.

LEGAL MATTERS

Certain legal matters relating to the issue and sale of the Notes will be passed upon for the Issuer by Lee & Ko as to matters of Korean law and Lee and Li, Attorneys-at-Law as to matters of Taiwanese law and for the Managers by Linklaters LLP as to matters of English law. Lee & Ko and Lee and Li, Attorneys-at-Law may rely as to all matters of English law on the opinion of Linklaters LLP and Linklaters LLP may rely as to all matters of Korean law on the opinion of Lee & Ko and Taiwanese law on the opinion of Lee and Li, Attorneys-at-Law.

INDEPENDENT ACCOUNTANTS

The Issuer's consolidated financial statements as of and for the years ended 31 December 2025 and 2024 included in this Offering Circular has been audited by KPMG Samjong Accounting Corp., independent auditor, as stated in their report appearing herein.

The Issuer's consolidated interim financial statements as of and for the three-month period ended 31 March 2026 included in this Offering Circular have been reviewed by Samil PricewaterhouseCoopers, independent auditor, as stated in their report appearing herein. The consolidated interim financial statements as of and for the three-month period ended 31 March 2026 have been reviewed by Samil PricewaterhouseCoopers in accordance with the Review Standards for Quarterly and Semi-annual Financial Statements established by the SFC.

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Report on Review of Condensed Consolidated Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
Shinhan Card Co., Ltd.:

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of Shinhan Card Co., Ltd. and its subsidiaries (collectively referred to as the “Group”). These condensed consolidated interim financial statements consist of the condensed consolidated interim statement of financial position of the Group as at March 31, 2026, and the related condensed consolidated interim statement of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2026, and material accounting policy information and other selected explanatory notes, expressed in Korean won.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with quarterly or semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.



Other Matters

The consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2025, presented herein for comparative purposes, were reviewed by another auditor, whose report dated May 15, 2025. Based on their review, nothing has come to their attention that causes them to believe the accompanying financial statements do not present fairly, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

The consolidated statement of financial position as at December 31, 2025, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, not presented herein, were audited by another auditor who expressed an unqualified opinion on those statements on March 3, 2026. The consolidated statement of financial position as at December 31, 2025, presented herein for comparative purposes, is consistent, in all material respects, with the above audited consolidated statement of financial position as at December 31, 2025.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

Samil PricewaterhouseCoopers

Seoul, Korea
May 15, 2026

This report is effective as of May 15, 2026, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholder
Shinhan Card Co., Ltd.:

Reviewed financial statements

We have reviewed the accompanying consolidated interim financial statements of Shinhan Card Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated interim statement of financial position as of March 31, 2025, the consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2025 and 2024, and notes, comprising of material accounting policy information and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility

Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above do not present fairly, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

Other matter

The consolidated statement of financial position of the Group as of December 31, 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 4, 2025, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Group as of December 31, 2024, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

The procedures and practices utilized in the Republic of Korea to review such consolidated interim financial statements may differ from those generally accepted and applied in other countries.

KPMG Samjong Accounting Corp.
Seoul, Korea
May 15, 2025



KPMG Samjong Accounting Corp.

This report is effective as of May 15, 2025, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Interim Statements of Financial Position
As of March 31, 2026 and December 31, 2025

(In millions of Korean won, except share data)

	<i>Note</i>	March 31, 2026 (Unaudited)	December 31, 2025
Assets			
Cash and due from banks	9,36	₩ 651,064	550,151
Financial assets at fair value through profit or loss	10	538,500	684,773
Derivative assets	11	885,681	567,126
Credit card receivables at amortized cost and others	12	36,203,937	36,758,882
Lease assets	13	1,818,968	1,907,243
Financial assets at fair value through other comprehensive income	15	353,640	353,044
Property and equipment, net	14,16	632,136	626,229
Intangible assets	17	218,611	213,329
Investments in associates	18	129,861	124,995
Current tax assets		44	34
Deferred tax assets		86,199	132,913
Investment property	19	44,131	44,451
Defined benefit assets	23	10,023	11,524
Other assets	20	919,453	912,839
Assets of a disposal group classified as held for sale	40	308,233	299,199
Total assets		₩ 42,800,481	43,186,732
Liabilities			
Derivative liabilities	11	₩ 33	880
Borrowings	21	4,741,323	4,401,105
Debentures, net	22	24,621,980	25,514,667
Current tax liabilities		80,755	77,722
Provisions	24	227,839	245,715
Other liabilities	14,25	4,440,640	4,196,359
Liabilities of a disposal group classified as held for sale	40	257,726	250,402
Total liabilities		34,370,296	34,686,850
Equity			
Common stock	26	626,847	626,847
Hybrid bonds	26	699,822	699,822
Capital surplus	26	860,729	860,729
Capital adjustments	26	(2,114)	(2,765)
Accumulated other comprehensive income (loss)	26	37,102	(20,029)
Retained earnings	26,27	6,175,561	6,306,502
Equity attributable to owner of the Group		8,397,947	8,471,106
Non-controlling interests	26	32,238	28,776
Total equity		8,430,185	8,499,882
Total liabilities and equity		₩ 42,800,481	43,186,732

See accompanying notes to the condensed consolidated interim financial statements

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Interim Statements of Comprehensive Income
For the three-month and the three-month periods ended March 31, 2026 and 2025

(In millions of Korean won, except earnings per share)

	<i>Note</i>	Three-month periods ended March 31	
		2026 (Unaudited)	2025 (Unaudited)
Interest income		₩ 764,595	762,901
Interest expense		(275,365)	(273,949)
Net interest income	30	489,230	488,952
Fee and commission income		508,419	476,038
Fee and commission expense		(337,016)	(324,172)
Net fee and commission income	31	171,403	151,866
Dividend income	10,15	622	315
Net gain on financial assets at fair value through profit or loss	10	8,290	4,433
Net gain on derivatives	11	298,769	24,053
Net loss on foreign currency transactions		(285,425)	(13,496)
Provision for credit loss allowance	12,15,20,24	(237,361)	(255,699)
General administrative expenses	32	(221,551)	(193,430)
Other operating expense, net	33	(79,568)	(28,604)
Operating income		144,409	178,390
Non-operating income, net	34	3,899	4,157
Share of profit (loss) of associates		4,330	(2,009)
Profit before income tax		152,638	180,538
Income tax expense	35	(35,965)	(43,660)
Profit for the period		₩ 116,673	136,878

See accompanying notes to the condensed consolidated interim financial statements

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Consolidated Interim Statements of Comprehensive Income (continued)

For the three-month and the three-month periods ended March 31, 2026 and 2025

(In millions of Korean won, except earnings per share)

(In millions of Korean won, except earnings per share)			Three-month periods ended March 31	
	Note		2026 (Unaudited)	2025 (Unaudited)
Other comprehensive income (loss):				
Items that will not be reclassified to profit or loss				
Remeasurement of the net defined benefit obligations	23,26	₩	(751)	(360)
Net changes in the unrealized fair value of financial assets at fair value through other comprehensive income	15,26		3,893	(2,727)
Share of other comprehensive income of associates	18		(3)	-
Items that will be reclassified to profit or loss				
Net changes in the unrealized fair value of financial assets at fair value through other comprehensive income	15,26		(3,677)	3,819
Net changes in the unrealized fair value of cash flow hedges	11,26		35,927	11,553
Foreign currency translation adjustments for foreign operations	26		23,727	(2,221)
Other comprehensive income for the period, net of tax			59,116	10,064
Total comprehensive income for the period		₩	175,789	146,942
Profit attributable to:				
Equity holders of Shinhan Card Co., Ltd.	28	₩	115,449	135,702
Non-controlling interests			1,224	1,176
Profit for the period		₩	116,673	136,878
Total comprehensive income attributable to:				
Equity holder of Shinhan Card Co., Ltd		₩	172,580	145,792
Non-controlling interests			3,209	1,150
Total comprehensive income for the period		₩	175,789	146,942
Earnings per share				
Basic and diluted earnings per share (in Korean won)	28	₩	858	1,019

See accompanying notes to the condensed consolidated interim financial statements

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Interim Statements of Changes in Equity
For the three-month period ended March 31, 2026

	March 31, 2026								
	Common stock	Hybrid- bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Sub-total	Non- controlling interests	Total equity
<i>(In millions of Korean won)</i>									
Balance at January 1, 2026	₩ 626,847	699,822	860,729	(2,765)	(20,029)	6,306,502	8,471,106	28,776	8,499,882
Transactions with owner:									
Dividends	-	-	-	-	-	(238,453)	(238,453)	-	(238,453)
Dividends on hybrid bonds	-	-	-	-	-	(7,937)	(7,937)	-	(7,937)
Net change in non-controlling interests	-	-	-	651	-	-	651	253	904
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	115,449	115,449	1,224	116,673
Remeasurement of the net defined benefit obligations	-	-	-	-	(751)	-	(751)	-	(751)
Net changes in the unrealized fair value of financial assets at fair value through other comprehensive income	-	-	-	-	216	-	216	-	216
Net changes in the unrealized fair value of cash flow hedges	-	-	-	-	35,927	-	35,927	-	35,927
Foreign currency translation adjustments for foreign operations	-	-	-	-	21,742	-	21,742	1,985	23,727
Share of other comprehensive income of associates	-	-	-	-	(3)	-	(3)	-	(3)
Balance at March 31, 2026 (Unaudited)	₩ 626,847	699,822	860,729	(2,114)	37,102	6,175,561	8,397,947	32,238	8,430,185

See accompanying notes to the condensed consolidated interim financial statements

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Interim Statements of Changes in Equity (continued)

For the three-month period ended March 31, 2025

	March 31, 2025								
	Common stock	Hybrid- bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Sub-total	Non- controlling interests	Total equity
(In millions of Korean won)									
₩	626,847	699,822	860,729	(2,354)	(79,023)	6,147,734	8,253,755	23,141	8,276,896
Transactions with owner:									
Dividends	-	-	-	-	-	(286,093)	(286,093)	-	(286,093)
Dividends on hybrid bonds	-	-	-	-	-	(7,937)	(7,937)	-	(7,937)
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	135,702	135,702	1,176	136,878
Remeasurement of the net defined benefit obligations	-	-	-	-	(360)	-	(360)	-	(360)
Net changes in the unrealized fair value of financial assets at fair value through other comprehensive income	-	-	-	-	1,092	-	1,092	-	1,092
Net changes in the unrealized fair value of cash flow hedges	-	-	-	-	11,553	-	11,553	-	11,553
Foreign currency translation adjustments for foreign operations	-	-	-	-	(2,195)	-	(2,195)	(26)	(2,221)
₩	626,847	699,822	860,729	(2,354)	(68,933)	5,989,406	8,105,517	24,291	8,129,808
Balance at March 31, 2025 (Unaudited)									

See accompanying notes to the condensed consolidated interim financial statements

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Consolidated Interim Statements of Cash Flows

For the three-month periods ended March 31, 2026 and 2025

	Three-month periods ended March 31	
	2026	2025
	(Unaudited)	(Unaudited)
<i>(In millions of Korean won)</i>		
Cash flows from (used in) operating activities		
Profit for the period	₩ 116,673	136,878
Adjustment for:		
Interest income	(764,595)	(762,901)
Interest expense	275,365	273,949
Dividend income	(622)	(315)
Income tax expense	35,965	43,660
Fees and commission income	6,545	6,335
Fees and commission expense	285	274
Gains on disposals of financial assets at fair value through profit or loss	(1)	-
Losses on disposals of financial assets at fair value through profit or loss	-	11
Gains on valuation of financial assets at fair value through profit or loss	(3,036)	(786)
Losses on valuation of financial assets at fair value through profit or loss	613	2,103
Gains on derivatives	(300,703)	(38,456)
Losses on derivatives	1,934	14,403
Net losses on foreign currency transaction	297,777	24,958
Provision for credit loss allowance	237,361	255,698
Employee-related expenses	6,236	5,388
Depreciation expenses	22,217	22,129
Provision for restoration allowance	4	5
Other operating expenses	98,204	118,975
Non-operating income	(356)	(378)
Non-operating expenses	447	1,036
Share of loss (profit) of associates	(4,330)	2,009
	<u>(90,690)</u>	<u>(31,903)</u>
Changes in assets and liabilities:		
Restricted due from banks	30,887	(65,195)
Due from banks at amortized cost	2,030	149,700
Financial assets at fair value through profit or loss	150,077	70,188
Credit card receivables at amortized cost and others	441,428	108,405
Lease assets	(10,030)	(88,994)
Other assets	(33,811)	86,097
Net defined benefit obligations	(3,842)	7,204
Provisions	(29,501)	(16,575)
Other liabilities	264,603	35,928
	<u>811,841</u>	<u>286,758</u>
Income taxes refunded (paid)	961	(5,484)
Interest received	715,209	716,651
Interest paid	(255,083)	(243,182)
Dividend received	622	315
Net cash inflow from operating activities	₩ <u>1,299,533</u>	<u>860,033</u>

See accompanying notes to the condensed consolidated interim financial statements

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Interim Statements of Cash Flows (continued)
For the three-month periods ended March 31, 2026 and 2025

	Three-month periods ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
<i>(In millions of Korean won)</i>		
Cash flows from (used in) investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss	₩ 6,337	3,643
Acquisition of financial assets at fair value through profit or loss	(7,717)	(1,203)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	4,285
Acquisition of investments in associates	(540)	(750)
Proceeds from disposal of property and equipment	854	1,653
Acquisition of property and equipment	(7,671)	(7,271)
Proceeds from disposal of intangible assets	300	678
Acquisition of intangible assets	(6,874)	(6,595)
Decrease in security deposits paid	978	4,317
Increase in security deposits paid	(1,396)	(4,094)
Net cash outflow from investing activities	₩ (15,729)	(5,337)
Cash flows from (used in) financing activities		
Proceeds from borrowings	₩ 1,441,569	852,358
Repayment of borrowings	(1,177,372)	(979,281)
Proceeds from debentures	1,077,051	1,029,112
Repayment of debentures	(2,248,254)	(1,624,000)
Cash inflows from cash flow hedges	699,118	658,773
Cash outflows from cash flow hedges	(671,204)	(558,249)
Repayment of lease liabilities	(4,173)	(7,574)
Dividends paid	(238,453)	(286,093)
Decrease in security deposits paid	(25,540)	(6,659)
Payment of dividend on hybrid bonds	(7,971)	(7,971)
Issuance of common stocks	908	-
Net cash outflow from financing activities	(1,154,321)	(929,584)
Effect of exchange rate changes on cash and cash equivalents	3,038	130
Net increase (decrease) in cash and cash equivalents	132,521	(74,758)
Changes in cash and cash equivalents included in assets held for sale (Note 40)	1,308	-
Cash and cash equivalents at the beginning of period	413,080	599,793
Cash and cash equivalents at the end of period (Note 36)	₩ 546,909	525,035

See accompanying notes to the condensed consolidated interim financial statements

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements
March 31, 2026 and 2025 (Unaudited), and December 31, 2025

1. Reporting Entity

General information on Shinhan Card Co., Ltd. (the “Company” or the “Controlling Company”) and its subsidiaries (collectively the “Group”) is as follows:

(a) The Controlling Company

The Controlling Company was incorporated on December 17, 1985. The address of the Company’s registered office is Eulji-Ro 100, Building A, Jung-Gu, Seoul (Pine Avenue Eulji-Ro 2 Ga). The Controlling Company provides credit card services, factoring, installment financing and lease financing under the Specialized Credit Financial Business Act.

As of March 31, 2026, the Controlling Company has approximately 20.49 million (actual member criteria) personal credit card holders, 1.97 million merchants in its network and 36 branch offices (including the headquarter office and foreign entities). The Controlling Company is a wholly owned subsidiary of Shinhan Financial Group Co., Ltd. ("Shinhan Financial Group").

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements (continued)
March 31, 2026 and 2025 (Unaudited), and December 31, 2025

1. Reporting Entity (continued)

(b) Subsidiaries

As of March 31, 2026 and December 31, 2025, consolidated subsidiaries are summarized below.

Name of subsidiary	Location	Closing month	Operating activities	March 31, 2026		December 31, 2025	
				Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest
Shinhan Card 2021-2 (*1)(*2)	Korea	December	ABS	-	-	0.50%	99.50%
Shinhan Card 2022-1 (*1)(*2)	Korea	December	ABS	-	-	0.50%	99.50%
Shinhan Card 2022-2 (*1)(*2)	Korea	December	ABS	0.50%	99.50%	0.50%	99.50%
Shinhan Card 2022-3 (*1)(*2)	Korea	December	ABS	0.50%	99.50%	0.50%	99.50%
Shinhan Card 2023-1 (*1)(*2)	Korea	December	ABS	0.50%	99.50%	0.50%	99.50%
Shinhan Card 2024-1 (*1)(*2)	Korea	December	ABS	0.50%	99.50%	0.50%	99.50%
Shinhan Card 2024-2 (*1)(*2)	Korea	December	ABS	0.50%	99.50%	0.50%	99.50%
Shinhan Card 2025-1 (*1)(*2)	Korea	December	ABS	0.50%	99.50%	0.50%	99.50%
Shinhan Card 2026-1 (*1)(*2)	Korea	December	ABS	0.50%	99.50%	-	-
Shinhan Credit Information Co., Ltd.	Korea	December	Debt collection, credit investigation, complaints service agency	100.00%	-	100.00%	-
Shinhan Finance LLC (*3)	Kazakhstan	December	Installment, lease financing and credit loan	72.09%	27.91%	72.09%	27.91%
Shinhan Indo Finance	Indonesia	December	Installment, credit card and lease financing	76.33%	23.67%	76.33%	23.67%
Shinhan Microfinance Co., Ltd.	Myanmar	March	Credit loan	100.00%	-	100.00%	-
Shinhan Vietnam Finance Co., Ltd.	Vietnam	December	Credit loan, Installment and credit card	100.00%	-	100.00%	-
Specified money in trusts (*1) (As of March 31, 2026: 3 cases, as of December 31, 2025: 6 cases)	Korea	December	Trust asset management	100.00%	-	100.00%	-

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements (continued)
 March 31, 2026 and 2025 (Unaudited), and December 31, 2025

1. Reporting Entity (continued)

(b) Subsidiaries (continued)

As of March 31, 2026 and December 31, 2025, consolidated subsidiaries are summarized below. (continued)

(*1) The above subsidiaries are structured entities where voting rights or similar rights are not major factors when determining control.

(*2) Although the Controlling Company's percentage of ownership in shares of structured entities is less than 50%, considering the terms and conditions of the structured entities' establishment agreements, the Group obtains substantially all gains and losses from the operations of the structured entities, and the Group has the ability to direct the activities of the structured entities that can significantly affect such gains and losses. Accordingly, the structured entities are included in the consolidated financial statements. The Group may additionally place credit card receivables in trust if these consolidated structured entities are unable to repay securitized debentures connected to the entities' underlying assets.

(*3) The Group's stake decreased from 75.00% to 72.09% due to the third-party allotment of new shares during 2025.

(c) Changes in investments in subsidiaries for the three-month period ended March 31, 2026 are as follows:

Status of change	Name of the subsidiary	Reason
Included	Shinhan Card 2026-1	Newly invested subsidiary
Excluded	Shinhan Card 2021-2	Liquidation
Excluded	Shinhan Card 2022-1	Liquidation

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

1. Reporting Entity (continued)

(d) Condensed financial information of the Group's subsidiaries as of and for the three-month period ended March 31, 2026 and as of and for the year ended December 31, 2025 is as follows:

March 31, 2026					
Name of subsidiary	Total assets	Total liabilities	Total equity	Profit (loss) for the period	Total comprehensive income (loss)
Shinhan Card 2022-2 ₩	609,596	605,581	4,015	-	3,634
Shinhan Card 2022-3	-	-	-	-	-
Shinhan Card 2023-1	405,284	401,519	3,765	-	9,256
Shinhan Card 2024-1	939,397	933,432	5,965	-	(35,732)
Shinhan Card 2024-2	614,098	605,607	8,491	-	6,492
Shinhan Card 2025-1	621,189	597,428	23,761	-	13,661
Shinhan Card 2026-1	378,550	378,550	-	-	-
Shinhan Credit Information Co., Ltd.	36,334	10,873	25,461	145	150
Shinhan Finance LLC	465,942	393,271	72,671	2,580	10,120
Shinhan Indo Finance	308,233	257,726	50,507	2,129	1,709
Shinhan Microfinance Co., Ltd.	24,049	16,696	7,353	(200)	62
Shinhan Vietnam Finance Co., Ltd.	604,545	429,475	175,070	4,892	10,117
Specified money in trusts	700,000	-	700,000	5,266	5,266
December 31, 2025					
Name of subsidiary	Total assets	Total liabilities	Total equity	Profit (loss) for the period	Total comprehensive income (loss)
Shinhan Card 2021-2 ₩	-	-	-	-	-
Shinhan Card 2022-1	-	-	-	-	-
Shinhan Card 2022-2	574,601	574,220	381	-	1,024
Shinhan Card 2022-3	179,372	179,514	(142)	-	1,986
Shinhan Card 2023-1	385,012	390,504	(5,492)	-	6,094
Shinhan Card 2024-1	889,004	847,308	41,696	-	57,695
Shinhan Card 2024-2	576,260	574,260	2,000	-	5,767
Shinhan Card 2025-1	584,076	573,976	10,100	-	10,100
Shinhan Credit Information Co., Ltd.	38,290	12,979	25,311	856	638
Shinhan Finance LLC	396,240	334,597	61,643	9,102	10,600
Shinhan Indo Finance	299,199	250,403	48,796	4,630	3,359
Shinhan Microfinance Co., Ltd.	22,986	16,125	6,861	(1,532)	(1,967)
Shinhan Vietnam Finance Co., Ltd.	618,490	458,807	159,683	12,524	7,254
Specified money in trusts	795,000	-	795,000	21,985	21,985

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements (continued)
March 31, 2026 and 2025 (Unaudited), and December 31, 2025

2. Material Accounting Policies

(a) Basis of Preparation

The Group's consolidated interim financial statements for the three-month period ended March 31, 2026, have been prepared in accordance with K-IFRS No. 1034 'Interim Financial Reporting'. These consolidated interim financial statements have been prepared in accordance with K-IFRS which is effective or early adopted as of March 31, 2026.

(i) New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and interpretations for the first time for their annual reporting period commencing January 1, 2026.

1) Amendments to K-IFRS No. 1109, 'Financial Instruments' and K-IFRS No. 1107, 'Financial Instruments: Disclosures'

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
 - update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).
- There is no significant impact on the Group's consolidated interim financial statements from these amendments.

2) K-IFRS Annual Improvements Volume 11

K-IFRS annual improvements Volume 11 are applied for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted.

- K-IFRS No. 1101, '*First-time adoption of Korean International Financial Reporting Standards*' – Hedging accounting by a first-time adopter
- K-IFRS No. 1107, '*Financial Instruments: Disclosures*' – Gain or loss on derecognition, practical application guidance
- K-IFRS No. 1109, '*Financial Instruments*' – Derecognition of lease liabilities and transaction price
- K-IFRS No. 1110, '*Consolidated Financial Statements*' – Determination of 'de facto agent'
- K-IFRS No. 1007, '*Statement of Cash Flows*' – Cost method

There is no significant impact on the Group's consolidated interim financial statements from these amendments.

3) Amendments to K-IFRS No. 1109, 'Financial Instruments' and K-IFRS No. 1107 'Financial Instruments: Disclosures' – Contracts referencing nature-dependent electricity

Contracts related to nature-dependent electricity were defined as contracts in which an entity is exposed to variability in the underlying volume of electricity due to dependence on uncontrollable natural conditions (e.g., weather) as the source of power generation. It was also clarified that contracts for the purchase or sale of nature-dependent electricity are subject to assessment under the own-use exception. In addition, the hedge accounting requirements were amended to permit the designation of a variable nominal amount of forecast electricity transactions involving nature-dependent electricity as a hedged item, and related disclosure requirements were added. There is no significant impact on the Group's consolidated interim financial statements from these amendments.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements (continued)
March 31, 2026 and 2025 (Unaudited), and December 31, 2025

2. Basis of Preparation (continued)

(a) Basis of Preparation (continued)

(ii) New standards and amendments not yet adopted by the Group

The following new accounting standards and amendments have been published that are not mandatory for March 31, 2026 and have not been early adopted by the Group.

1) K-IFRS No. 1118 'Presentation and Disclosure in Financial Statements'

K-IFRS No. 1118 'Presentation and Disclosure in Financial Statements' replaces K-IFRS No. 1001 'Presentation of Financial Statements'. K-IFRS No. 1118 is expected to enhance the comparability of financial performance among similar entities by providing users of financial statements with more useful information for analyzing and comparing an entity's performance based on the income statement.

K-IFRS No. 1118 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. In accordance with K-IFRS No. 1008 'Accounting Policies, Changes in Accounting Estimates and Errors', the standard is required to be applied retrospectively. Accordingly, comparative information for the annual reporting period ending December 31, 2026 will be restated in accordance with K-IFRS No. 1118. In addition, the amendments to K-IFRS No. 1007 and K-IFRS No. 1033 resulting from the issuance of K-IFRS No. 1118, as well as the amended K-IFRS No. 1008 and K-IFRS No. 1107, will become effective when K-IFRS No. 1118 is applied.

When the Group prepares its financial statements in accordance with K-IFRS No. 1118, the following accounting policies are expected to result in significant differences from the current financial statements. These matters do not represent all potential differences that may arise in the future and may be subject to change based on further analysis.

[Changes in Presentation of the Income Statement]

K-IFRS No. 1118 requires all income and expenses included in the statement of profit or loss to be classified into one of five categories: operating, investing, financing, income taxes, and discontinued operations. Under the standard, all income and expenses not classified within the investing, financing, income tax, or discontinued operations categories are classified within the operating category, and operating profit or loss is defined as a residual category.

The Group is required to assess its main business activities in determining the classification of income and expenses. Where the Group's main business activities include investing in a particular type of asset or providing financing to customers, certain income and expenses that would otherwise have been classified in the investing or financing category are classified in the operating category.

Accordingly, operating profit or loss under K-IFRS No. 1118 differs significantly from operating profit or loss under the current K-IFRS No. 1001, which is generally defined as operating revenue less operating expenses. K-IFRS No. 1118 requires disclosure in the notes of operating profit or loss determined under the current K-IFRS No. 1001, together with a reconciliation between operating profit or loss under K-IFRS No. 1118 and that under the current K-IFRS No. 1001.

In addition, K-IFRS No. 1118 requires the presentation in the statement of profit or loss of 'operating profit or loss', comprising all income and expenses classified in the operating category; 'profit or loss before financing and income taxes', comprising operating profit or loss and all income and expenses classified in the investing category; and 'profit or loss for the period'. However, where providing financing to customers is one of the Group's main business activities, the presentation of 'profit or loss before financing and income taxes' may not be required depending on the accounting policy applied.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements (continued)
March 31, 2026 and 2025 (Unaudited), and December 31, 2025

2. Basis of Preparation (continued)

(a) Basis of Preparation (continued)

[Introduction of Disclosure Requirements for Management-defined Performance Measures]

K-IFRS No. 1118 introduces new disclosure requirements for management-defined performance measures (“MPMs”). MPMs are defined as subtotals of income and expenses that are not specified in paragraph 118 of K-IFRS No. 1118 and are not explicitly required to be presented or disclosed by K-IFRS Standards, which are used in public communications outside the financial statements to communicate management’s view of an aspect of the entity’s financial performance to users of financial statements.

Where management-defined performance measures are presented, entities are required to disclose the reasons for using such measures, how the measures are calculated, reconciliations between the measures and the most directly comparable subtotal specified by K-IFRS No. 1118, the income tax effects of each reconciling item, and the effects on non-controlling interests.

[Changes in Classification of Cash Flows]

In connection with the issuance of K-IFRS No. 1118, certain amendments were also made to K-IFRS No. 1007 ‘Statement of Cash Flows’. Under the amendments, the starting point for determining cash flows from operating activities using the indirect method has been changed from profit or loss for the period to operating profit or loss. In addition, the accounting policy choice for the classification of interest and dividend cash flows has been removed.

i) Assessment of Major Impacts

The Group has not yet applied K-IFRS No. 1118, as the mandatory effective date has not yet arrived, and plans to present its first interim financial statements for the period ending March 31, 2027 in accordance with K-IFRS No. 1118.

As of March 31, 2026, the Group is conducting an overall preliminary assessment of the impact of applying K-IFRS No. 1118 based on the information currently available.

(b) Significant Accounting Policies

Significant accounting policies and method of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2025, except for the changes due to the application of amendment and enactments of standards described in Note 2.(a).
(i).

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

3. Critical Accounting Estimates and Assumptions

The preparation of interim financial statements in accordance with K-IFRS requires management to make estimates and assumptions based on its best judgment that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses as of the end of the interim reporting period. Actual results may differ from these estimates if the estimates and assumptions based on management's best judgment at the end of the interim reporting period differ from the actual circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Income tax expense for interim periods is measured using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate.

Management's judgments in applying the Group's accounting policies and the key sources of estimation uncertainty used in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2025, except for the estimation method used in determining income tax expense for the interim period.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements (continued)
March 31, 2026 and 2025 (Unaudited), and December 31, 2025

4. Financial Risk Management

(a) General information of risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk, Liquidity risk, Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Organization and governance for risk management

Major decisions relating to risk management are made by the Risk Management Committee under the Board of Directors. To effectively implement the Risk Management Committee's determination and deliberation, the Group runs the Risk Management Council which includes the CRO (Chief Risk Officer) as chairman and consists of all group heads, major division heads, and the head of the risk executive department. In order to assist the two committees, there is an independent risk executive department which is fully in charge of tasks related to risk management.

In addition, the Group established a Credit Review Committee separately from the Risk Management Council to conduct credit evaluations of corporate customers with outstanding loans over a certain amount and other significant credit matters. The Credit Review Committee is led by the head of the management support group and consists of heads of relevant groups, the CRO, and the head of the corporate credit management department.

(ii) Risk management process

The Group measures credit risk, liquidity risk, market risk, and interest rate risk. The Group presents an acceptable level of risks before the establishment of an annual financial plan, and sets the upper growth limit as a guideline, which considers available capital and risk capital. On the basis of organized financial plans in accordance with established guidelines, the Group organizes risk plans and sets risk limits, which encompass the Group's entire risk appetite.

Risk limits are set on the basis of the risk capital in principle or set by the regulatory capital in case of absence of a risk capital calculation system. The Group manages total risk limits, risk limits for each type of risk and risk limits by product. If total risk exceeds 95% of its limit, the Group immediately reports the risk limits to the CRO of Shinhan Financial Group and to the Group Risk Management Committee. In case of risk limits for each type of risk, after consultation with the Shinhan Financial Group, it is adjustable by resolution of the Risk Management Committee within the range of total risk limits. In case of risk limits by product, after preparing countermeasures, it is adjustable by resolution of the Risk Management Council.

(iii) Risk monitoring

Risk monitoring is performed by Shinhan Financial Group's risk dashboard for early detection of risk, regular risk measurement and monitoring systems of the Risk Management Council and Risk Management Committee, and the Enterprise Risk Management System. The Group performs weekly monitoring on short-term credit quality indicators and leading economic indicators.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements (continued)
March 31, 2026 and 2025 (Unaudited), and December 31, 2025

4. Financial Risk Management (continued)

(a) General information of risk management (continued)

- Risk dashboard

The risk dashboard is a risk monitoring system to provide early detection and proactive response to portfolio risks and abnormal symptoms, and key monitoring targets include portfolios by business line and credit quality of members (credit ratings). It performs the pre-detection function on the risk factors such as increases in assets, and risks by each monitoring target. Regarding quantitative indicators such as increases in assets and increases in risks, the Group defines the determination level of risk detection by the statistical significance level. By regular monitoring, the risk management team together with relevant teams analyses the cause and prepares and implements a countermeasure.

- Risk measurement and monitoring report

The Group regularly reports the overall results of risk measurement and monitoring to the Risk Management Council and Risk Management Committee. Regular monitoring items consist of operational status of risk limits (total / type / product), portfolio guidelines, levels of enterprise crisis, economic / market trends, detailed indicators of credit quality, and financing and liquidity risks.

(iv) Enterprise crisis management system

The enterprise-wide integrated crisis management system consists of a series of crisis response frameworks by stage, including quantitative crisis recognition through monitoring of crisis judgment indicators, determination of the enterprise-wide crisis stage based on quantitative crisis levels and impact analysis, establishment of action plans for each crisis stage, and post-review procedures.

For quantitative crisis assessment, the enterprise-wide crisis level is determined quantitatively by classifying key indicators and leading indicators among internal and external crisis judgment indicators for both credit risk and liquidity risk. This is followed by an analysis process by the Risk Management Working-Level Committee based on qualitative information. Where the criteria for enterprise-wide impact analysis are met, a meeting of heads of crisis management departments is convened to determine whether to conduct the impact analysis.

The enterprise-wide crisis stages are defined by classifying internal and external judgment indicators into stable, caution, unstable, and danger, and by defining trigger points for each crisis level. Based on the comprehensive scoring of internal and external indicators, six enterprise-wide crisis stages are established: Normal 1, Normal 2, Early Warning 1, Early Warning 2, Imminent Crisis, and Crisis.

Based on the results of the enterprise-wide crisis level assessment, appropriate crisis response plans are established and implemented in accordance with pre-defined action items for each crisis stage. To ensure the efficient operation of the enterprise-wide integrated crisis management system, detailed responsibilities of the crisis management organization are defined. The crisis management organization includes the Risk Management Working-Level Committee, which performs routine monitoring, the Meeting of Heads of Crisis Management Departments, which is convened when the quantitative crisis judgment level of Early Warning 2 or above occurs consecutively twice, the Risk Management Council as the superior body, the Crisis Management Council chaired by the CEO, which is convened at the Imminent Crisis level, and the Group Crisis Management Council chaired by the Group CEO, which is convened when a group-level crisis occurs. Through this detailed definition of the roles of crisis management organizations, a systematic crisis response framework is maintained.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements (continued)
March 31, 2026 and 2025 (Unaudited), and December 31, 2025

4. Financial Risk Management (continued)

(a) General information of risk management (continued)

(v) *Evaluation process*

The Group sets and operates the standards on credit card issuance pursuant to the standard of review for payment ability prescribed by the Regulation on Supervision of Specialized Credit Finance Business. If the basic qualification standards are not met, credit card issuance is prohibited. When standards are met, credit card issuance is possible only if the AS (Application Score) credit rating is above a certain level, which is based on the Group's internal information, external information from Credit Bureaus, and personal information in the application form. The Group prohibits higher-risk customers from being issued a credit card by using supplementary information such as overdue history and Credit Bureaus' credit ratings.

The Group utilizes customer transaction records with Shinhan Financial Group's subsidiaries, internal or external credit information, and characteristics of each customer group to improve its assessment functions on credit card issuance for new customers. The Group performs various kinds of simulations to cope with the changes in surroundings such as market conditions and economic trends so that the Group is able to predict the potential risk of certain customer groups and establish the management policy for higher-risk groups.

The Group determines an optimized credit limit for new credit card holders according to their payment ability by considering occupation, income, property, debt, and transaction records with Shinhan Financial Group's subsidiaries. The Group operates a management system which enables the Group to monitor the changes in risk and prevent high-risk groups from being credit card holders by monitoring monthly indicators.

(vi) *Credit Scoring System*

The Group's Credit Scoring System consists of ASS (Application Scoring System) and BSS (Behavioural Scoring System). Specific application areas could be divided into 1) Credit card AS (Application Score), 2) BS (Behavioural Score), 3) Card loan AS and 4) installment AS. Credit card AS (Application Score) evaluates potential credit card holder's credit quality when he or she applies for credit card issuance. BS (Behavioural Score) evaluates the credit card holder's credit quality regularly. Card loan AS and installment AS evaluate potential customers' credit quality.

AS is calculated mainly by information from membership applications, and BS is calculated by history information such as card use and payment after the issuance of a card. Common use information utilizes 1) internal information such as payment ability, assets, period of use of the Group, 2) records of transactions with financial institutions, and 3) external information from credit rating agencies (NICE, KCB), and the Korea Federation of Banks to calculate credit scoring.

AS application work is approved if the applicant's credit rating is above a certain score and does not correspond to a policy refusal reason such as delinquency with other card companies. Separate evaluation criteria apply to long-term customers of Shinhan Financial Group and card applicants with good credit history. In addition, the Group uses the elements of credit rating as the basis for setting the limit when issuing cards. The monthly recalculated BS predicts the delinquency rate of card members, and the Group uses it to monitor members and monitor portfolio risk exposures.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

4. Financial Risk Management (continued)

(b) Credit risk

Credit risk is the risk of a financial loss that could be caused by factors such as debtors' bankruptcy and counterparty's failure to meet its contractual obligations. The Group is exposed to credit risks of its assets, and it performs credit risk management to keep them within certain limits and minimize the actualization of risks. The application of credit risk management includes not only all the transactions in these consolidated financial statements but also off-balance sheet items such as guarantees, loan agreements and derivatives transactions that could possibly generate economic losses. The Group manages them by assessing credit risks of those transactions and setting limits.

Based on risk estimation methodology of the Basel basis, the Group estimates expected and unexpected losses through PD (Probability of Default), LGD (Loss Given Default), and EAD (Exposure at Default). The Group applies the Basel basis conservatively to reflect the credit card crisis of 2003 and the nature of the credit card business. Credit risks of derivatives, due from banks and securities are assessed using the standard methodology of Basel. The Group keeps monitoring credit risks by setting risk limits for business segments and product segments. It operates a risk management process in which pre-emptive measures are provided in case credit risks get close to or exceed certain limits so as to keep the asset management within risk limits.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

4. Financial Risk Management (continued)

(b) Credit risk (continued)

(i) Exposure to credit risk

The carrying amount of financial instruments represents the Group's maximum exposure to credit risks. The Group's maximum exposure to credit risks as of March 31, 2026 and December 31, 2025 is as follows. Cash held by the Group is excluded.

		March 31, 2026	December 31, 2025
Due from banks and credit card receivables at amortized cost and others (*)			
Banks	₩	650,960	550,116
Retail		5,408,194	5,465,796
Government/ Public institutions/Central bank		749	795
Corporations		3,541,250	3,859,285
Card receivable		27,253,774	27,433,034
		<u>36,854,927</u>	<u>37,309,026</u>
Financial assets at FVTPL			
Debt securities		23,692	23,285
Beneficiary certificates		492,844	639,278
		<u>516,536</u>	<u>662,563</u>
Financial assets at FVOCI			
Debt securities		289,138	293,910
Derivative financial assets		885,681	567,126
Other assets (*)			
Other financial assets		726,769	726,090
	₩	<u>39,273,051</u>	<u>39,558,715</u>

(*) The maximum exposure to credit risk is measured as net of allowance for credit losses, deferred loan origination costs (fees), and present value discount (premium) amount.

As of March 31, 2026 and December 31, 2025, the maximum exposure to credit risk caused by unused credit commitments amounted to ₩94,626,536 million and ₩93,605,391 million, respectively. As of March 31, 2026 and December 31, 2025, the securities purchase agreement signed by the Group are ₩71,382 million and ₩79,620 million, respectively.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

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4. Financial Risk Management (continued)

(b) Credit risk (continued)

(ii) Credit risk exposure by measurement method

Details of the financial instruments based on the measurement method of loss allowance by internal credit rating as of March 31, 2026 and December 31, 2025 are as follows:

March 31, 2026								
	12-month ECLs measurement		Lifetime ECLs measurement		Impaired assets	Subtotal	Allowance for credit losses	Total
	Prime	Normal	Prime	Normal	Impaired			
Due from banks and credit card receivables at amortized cost								
Banks	₩ 650,960	-	-	-	-	650,960	-	650,960
Retail	4,199,804	798,441	150,521	273,138	105,864	5,527,768	(119,574)	5,408,194
Government								
/Public institutions								
/Central bank	699	-	51	-	-	750	(1)	749
Corporations	2,824,196	620,564	86,401	35,751	12,358	3,579,270	(38,020)	3,541,250
Card receivables	20,553,731	4,081,784	1,046,469	1,990,530	523,737	28,196,251	(942,477)	27,253,774
	28,229,390	5,500,789	1,283,442	2,299,419	641,959	37,954,999	(1,100,072)	36,854,927
Financial assets at FVOCI								
Debt securities (*)	289,138	-	-	-	-	289,138	-	289,138
₩	28,518,528	5,500,789	1,283,442	2,299,419	641,959	38,244,137	(1,100,072)	37,144,065

(*) As of March 31, 2026, the allowance for expected credit loss of debt securities at fair value through other comprehensive income is ₩ 98 million.

December 31, 2025								
	12-month ECLs measurement		Lifetime ECLs measurement		Impaired assets	Subtotal	Allowance for credit losses	Total
	Prime	Normal	Prime	Normal	Impaired			
Due from banks and credit card receivables at amortized cost								
Banks	₩ 550,116	-	-	-	-	550,116	-	550,116
Retail	4,326,782	769,500	139,452	245,345	97,688	5,578,767	(112,971)	5,465,796
Government								
/Public institutions								
/Central bank	743	-	54	-	-	797	(2)	795
Corporations	3,040,976	694,196	108,336	45,890	10,433	3,899,831	(40,546)	3,859,285
Card receivables	20,653,319	4,192,419	1,059,983	1,963,487	473,989	28,343,197	(910,163)	27,433,034
	28,571,936	5,656,115	1,307,825	2,254,722	582,110	38,372,708	(1,063,682)	37,309,026
Financial assets at FVOCI								
Debt securities (*)	293,910	-	-	-	-	293,910	-	293,910
₩	28,865,846	5,656,115	1,307,825	2,254,722	582,110	38,666,618	(1,063,682)	37,602,936

(*) As of December 31, 2025, the allowance for expected credit loss of debt securities at fair value through other comprehensive income is ₩ 98 million.

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Notes to the Consolidated Interim Financial Statements (continued)
March 31, 2026 and 2025 (Unaudited), and December 31, 2025
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4. Financial Risk Management (continued)

(b) Credit risk (continued)

(ii) Credit risk exposure by measurement method (continued)

Details of the off-balance sheet items based on the measurement method of loss allowance by internal credit rating as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026			
		Prime	Normal	Impaired	Total
Loan commitments and other credit-related liabilities					
12-month expected credit loss	₩	88,269,814	5,085,541	-	93,355,355
Lifetime expected credit loss		439,536	897,335	-	1,336,871
Impaired financial asset		-	-	5,692	5,692
	₩	<u>88,709,350</u>	<u>5,982,876</u>	<u>5,692</u>	<u>94,697,918</u>
		December 31, 2025			
		Prime	Normal	Impaired	Total
Loan commitments and other credit-related liabilities					
12-month expected credit loss	₩	87,378,000	5,043,711	-	92,421,711
Lifetime expected credit loss		441,353	816,278	-	1,257,631
Impaired financial asset		-	-	5,669	5,669
	₩	<u>87,819,353</u>	<u>5,859,989</u>	<u>5,669</u>	<u>93,685,011</u>

In the case of individual members, based on the internal credit rating, the Group manages the members with lower credit loss ratio compared to the profit ratio before impairment with prime, while others are classified as normal. In case of corporate members, AAA ~ BBB+ rating and non-rating of government/Public institutions/central bank are classified as prime, while others are classified as normal.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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4. Financial Risk Management (continued)

(b) Credit risk (continued)

(iii) Concentration by industry sector

An analysis of concentration by industry sector of financial instrument, net of allowance, as of and March 31, 2026 and December 31, 2025 is as follows:

		March 31, 2026								
		Finance and insurance	Manu- facturing	Retail and wholesale	Real estate and business	Construction service	Lodging and restaurant	Other	Retail customers	Total
Due from banks and credit card receivables at amortized cost:										
Banks	₩	650,960	-	-	-	-	-	-	-	650,960
Retail		-	-	-	-	-	-	-	5,408,194	5,408,194
Government /Public institutions										
/Central bank		155	-	-	-	-	-	594	-	749
Corporations		1,015,541	139,855	240,668	763,025	109,733	4,364	1,268,064	-	3,541,250
Card receivables		79,250	345,907	229,512	77,724	46,880	20,248	1,282,310	25,171,943	27,253,774
		<u>1,745,906</u>	<u>485,762</u>	<u>470,180</u>	<u>840,749</u>	<u>156,613</u>	<u>24,612</u>	<u>2,550,968</u>	<u>30,580,137</u>	<u>36,854,927</u>
Securities at FVTPL		-	-	-	-	-	-	516,536	-	516,536
Securities at FVOCI		-	-	-	-	-	-	289,138	-	289,138
Derivative assets		885,681	-	-	-	-	-	-	-	885,681
	₩	<u>2,631,587</u>	<u>485,762</u>	<u>470,180</u>	<u>840,749</u>	<u>156,613</u>	<u>24,612</u>	<u>3,356,642</u>	<u>30,580,137</u>	<u>38,546,282</u>
Off-balance sheet accounts:										
Loan commitments and other credit-related liabilities										
		300,752	774,086	630,952	320,295	362,514	98,984	2,399,007	89,811,328	94,697,918
		December 31, 2025								
		Finance and insurance	Manu- facturing	Retail and wholesale	Real estate and business	Construction service	Lodging and restaurant	Other	Retail customers	Total
Due from banks and credit card receivables at amortized cost:										
Banks	₩	550,116	-	-	-	-	-	-	-	550,116
Retail		-	-	-	-	-	-	-	5,465,796	5,465,796
Government /Public institutions										
/Central bank		147	-	-	-	-	-	648	-	795
Corporations		1,201,990	156,242	271,239	797,710	114,813	4,699	1,312,592	-	3,859,285
Card receivable		96,934	328,995	269,276	75,354	45,127	21,213	1,319,150	25,276,985	27,433,034
		<u>1,849,187</u>	<u>485,237</u>	<u>540,515</u>	<u>873,064</u>	<u>159,940</u>	<u>25,912</u>	<u>2,632,390</u>	<u>30,742,781</u>	<u>37,309,026</u>
Securities at FVTPL		-	-	-	-	-	-	662,563	-	662,563
Securities at FVOCI		-	-	-	-	-	-	293,910	-	293,910
Derivative assets		567,126	-	-	-	-	-	-	-	567,126
	₩	<u>2,416,313</u>	<u>485,237</u>	<u>540,515</u>	<u>873,064</u>	<u>159,940</u>	<u>25,912</u>	<u>3,588,863</u>	<u>30,742,781</u>	<u>38,832,625</u>
Off-balance sheet accounts:										
Loan commitments and other credit-related liabilities										
		282,722	793,530	614,137	312,969	283,467	101,894	2,399,627	88,896,665	93,685,011

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4. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Reflection of forward-looking information

The Group reflects the forward-looking information presented by the internal expert group based on various information when measuring expected credit losses. For the purpose of forecasting this forward-looking information, the Group utilizes the economic prospects disclosed by domestic and overseas research institutes or government and public institutions.

The Group reflects the future macroeconomic situation using the weights calculated by the Group in the measurement of expected loss. The expected loss in this respect reflects the most likely outcome and is based on the same assumptions as the Group estimates based on its business plan and management strategy.

The Group analyzed data from the past to derive correlations between major macroeconomic variables and credit risk necessary for predicting credit risk and credit loss for each portfolio, and then reflected forward-looking information through regression equation estimation. To reflect the uncertain economic situation, the Group reviewed three scenarios: upside, central and downside, and reflected the final forward-looking information.

Major macroeconomic variables (*)	Correlation between credit risks
GDP	Negative correlation
Government consumption	Negative correlation
Unemployment rate	Positive correlation
Composite stock index	Negative correlation
KRW/USD exchange rate	Positive correlation
Government bond 10-years yields (%)	Negative correlation

(*) In addition to the above table, the forecast for the apartment sales transaction price index and the corporate bond yields (3-year, AA-) was additionally selected.

The predicted correlation between the macroeconomic variables used by the Group and the risk of default is derived based on long-term data over the past 10 years.

When estimating the default rate considering future economic prospects, the recent actual default rate is an important reference. Although various economic indicators deteriorated, the actual measurement default rate of the Group has remained stable.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

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4. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk could be caused by maturity mismatch of financial assets and liabilities, or temporary insolvency by unexpected cash outflows. It includes economic losses that the Group will incur in the process of financing high interest rates, or disposing of invested assets in order to meet its obligations. The Group manages liquidity risk by considering all liquidity variation factors that can cause cash inflows and outflows.

The Group sets the goal of “month-end liquidity” as the liquidity level at which the Group could pay its obligations in the next three months. Real liquidity gap ratio of the maturities of financial assets and liabilities, liquidity buffer ratio and ABS to borrowings ratio are major indices of liquidity risks monitored by the Group, which are defined as cautious, apprehensive, and risky. The Group has prepared contingency plans for various liquidity crises.

(i) Maturity analysis of non-derivative financial instruments

The maturity analysis for non-derivative financial liabilities as of March 31, 2026 and December 31, 2025 is as follows: Such undiscounted contractual cash flows could differ from the discounted amount included in the consolidated statements of financial position, as they include estimated interest payments.

The Group expects that there would be no significant changes in the timing or amount of cash flows.

		March 31, 2026						Total
		Less than 1 month	1~3 months	3~6 months	6 months~ 1 year	1~5 years	Over 5 years	
Liabilities:								
Borrowings	₩	219,260	640,253	954,713	1,461,782	1,705,034	-	4,981,042
Debentures		985,056	1,292,181	977,342	3,010,961	19,931,953	81,443	26,278,936
Other financial liabilities		3,004,192	2,819	3,975	6,967	788,527	6,086	3,812,566
	₩	4,208,508	1,935,253	1,936,030	4,479,710	22,425,514	87,529	35,072,544
Off-balance sheet item (*):								
Securities purchase agreement	₩	71,382	-	-	-	-	-	71,382
Unused credit commitments		94,626,536	-	-	-	-	-	94,626,536
	₩	94,697,918	-	-	-	-	-	94,697,918

(*) Unused credit commitments are classified into the earliest possible period because the payment must be executed immediately if the counterparty requests payment.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

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4. Financial Risk Management (continued)

(c) Liquidity risk (continued)

(i) Maturity analysis of non-derivative financial instruments (continued)

		December 31, 2025						
		Less than 1 month	1~3 months	3~6 months	6 months~ 1 year	1~5 years	Over 5 years	Total
Liabilities:								
Borrowings	₩	87,213	662,481	750,031	1,264,133	1,879,711	-	4,643,569
Debentures		1,745,447	1,194,319	1,528,410	1,995,116	20,635,195	203,452	27,301,939
Other financial liabilities		2,672,874	7,420	-	-	818,498	969	3,499,761
	₩	<u>4,505,534</u>	<u>1,864,220</u>	<u>2,278,441</u>	<u>3,259,249</u>	<u>23,333,404</u>	<u>204,421</u>	<u>35,445,269</u>
Off-balance sheet item (*):								
Securities purchase agreement	₩	79,620	-	-	-	-	-	79,620
Unused credit commitments		93,605,391	-	-	-	-	-	93,605,391
	₩	<u>93,685,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,685,011</u>

(*) Unused credit commitments are classified into the earliest possible period because the payment must be executed immediately if the counterparty requests payment.

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4. Financial Risk Management (continued)

(c) Liquidity risk (continued)

(ii) Maturity analysis of derivative financial instruments

A maturity analysis including the remaining contractual maturities for the derivatives as of March 31, 2026 and December 31, 2025 is as follows:

The amounts shown in the table were calculated based on the information below.

- Gross settlement derivatives: gross amount of cash received or paid.

- Net settlement derivatives: net amount of cash received or paid.

		March 31, 2026					
		Less than 1 month	1~3 months	3~6 months	6 months~ 1 year	1~5 years	Over 5 years
		Total					
Net settlement							
cash outflow	₩	90	368	866	2,792	13,625	-
Gross settlement							
cash inflow		24,413	740,456	420,767	931,397	4,715,390	-
Gross settlement							
cash outflow		(17,951)	(590,478)	(356,204)	(755,684)	(4,149,093)	-
	₩	6,552	150,346	65,429	178,505	579,922	-
		December 31, 2025					
		Less than 1 month	1~3 months	3~6 months	6 months~ 1 year	1~5 years	Over 5 years
		Total					
Net settlement							
cash outflow	₩	522	254	321	681	7,420	-
Gross settlement							
cash inflow		110,229	150,561	669,672	520,275	4,817,184	-
Gross settlement							
cash outflow		(99,045)	(132,965)	(548,652)	(464,086)	(4,375,099)	-
	₩	11,706	17,850	121,341	56,870	449,505	-

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4. Financial Risk Management (continued)

(d) Market risk

Market risk from trading positions is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group is exposed to interest rate risk of financial assets and liabilities in the case of non-trading assets and interest rate risk of MMF (Money Market Fund) in the case of trading assets and only foreign exchange rate risk of foreign currency deposits because the Group hedges 100% cash flows of foreign currency liabilities with currency swaps. Stock price risk is exposed only to equity securities denominated in KRW among equity securities.

The Group assesses risks of expected transactions and sets up limits to control market risks to the extent that the Group can handle. The Group assesses market risks on the basis of the Basel standard methodology and the Historical VaR (Value at Risk) method, establishes risk limits respectively, monitors them, and establishes an action plan in case that market risks get close to, or exceed limits.

(i) Market risk management from trading positions

The Group measures market risk from trading positions using the standard methodology of the Financial Supervisory Service. Assets exposed to market risk as of March 31, 2026 and December 31, 2025 are financial assets at fair value through profit or loss, and market risk is measured by calculating the valuation amount of such assets and applying the required capital charge. The following represents the Group's assessment of its potential loss in financial assets at fair value through profit or loss as of March 31, 2026 and December 31, 2025 that are exposed to the respective risks:

March 31, 2026				
	Average	High	Low	March 31
Interest rate risk (*) ₩	2,367	2,900	1,951	1,951

(*) Overseas subsidiaries were excluded from the calculation.

December 31, 2025				
	Average	High	Low	December 31
Interest rate risk (*) ₩	2,967	6,002	-	2,700

(*) Overseas subsidiaries were excluded from the calculation.

(ii) VaR and EaR management from non-trading positions

- Interest rate risk from non-trading positions

The principal market risk from non-trading activities of the Group is interest rate risk. The Group makes an effort to minimize variations of net assets and profit by assessing and controlling interest rate risk of non-trading positions. Interest rate VaR and EaR, to which real interest rate variations of assets and liabilities are applied, are used to assess interest rate risk.

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4. Financial Risk Management (continued)

(d) Market risk (continued)

Interest rate VaR is based on the IRRBB (Interest Rate Risk in the Banking Book) framework, which was introduced under the interest rate risk regulatory standards published by the Basel Committee in April 2016 to enhance the management of interest rate risk by incorporating customer behavioral models. Interest rate risk is defined as the current or potential risk to the Group's capital and earnings arising from adverse movements in interest rates.

The impact of interest rate risk on financial institutions is generally explained from two perspectives: the Economic Value Perspective and the Earnings Perspective.

- Economic Value Perspective: Changes in the present value of future cash flows from assets, liabilities, and off-balance sheet items resulting from changes in interest rates (Interest Rate VaR: Δ EVE)

- Earnings Perspective: Changes in Net Interest Income resulting from changes in interest rates (Interest Rate EaR: Δ NII)

The analysis of the impact on economic value and net interest income is based on various appropriate interest rate scenarios. The Group measures interest rate risk by applying the following scenarios provided by the Group:

- Six standard interest rate shock scenarios defined by the Basel Committee:

- ① Parallel Up Shock ② Parallel Down Shock ③ Steepener Shock ④ Flatten Shock ⑤ Short Rate Up Shock
⑥ Short Rate Down Shock

i. Interest Rate Gap: Gap risk arising from interest rate gaps is attributable to the term structure of banking products and refers to the risk arising from differences in the timing of interest rate repricing of financial instruments. IRRBB is measured using an interest rate gap table that allocates interest-bearing assets, liabilities, and off-balance sheet positions into repricing maturity buckets according to their interest rate repricing cycles, while reflecting customer behavioral models such as prepayments of loans.

ii. Δ EVE: Δ EVE refers to changes in the economic value of equity that may result from the impact of interest rate changes on the present value of assets, liabilities, and off-balance sheet items. It is measured based on the six scenarios defined by the Basel Committee.

iii. Δ NII: Δ NII refers to changes in net interest income that may arise over a certain future period (e.g., one year) due to changes in interest rates. It is measured based on two scenarios defined by the Basel Committee (Parallel Up Shock and Parallel Down Shock).

Interest rate VaR and EaR of non-trading positions as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026	December 31, 2025
Interest rate VaR	₩	765,422	824,951
Interest rate EaR		584,634	587,147

- Equity price risk and foreign exchange rate risk from non-trading positions

The Group assessed equity price risk and foreign exchange rate risk from foreign currency equity securities of non-trading positions using the Historical VaR method. Assuming that asset can be liquidated in case of crisis, historical VaR of the equity price and foreign exchange rate is calculated at bottom the 99% confidence level based on the 10-day holding period volatility for one year (250 trading days) at the reporting date. Total VaR is calculated assuming that equity price risk and foreign exchange rate risk occur at the same time. Variance effect is calculated based on the difference between the total VaR and the sum of price risk and foreign exchange rate risk.

The Group does not have any non-trading positions that are exposed to equity risk and foreign exchange rate risk as of March 31, 2026 and December 31, 2025.

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4. Financial Risk Management (continued)

(e) Capital risk management

The Group has exposure to credit risk, liquidity risk and market risk. By maintaining an optimal capital structure, the Group's objective is to control its financial risks, enhance its safety and soundness, stabilize the financial system, and advance the Group's credit standing.

The Group operates the credit card business under the Specialized Credit Finance Business Act. Accordingly, the Group should comply with the Regulations on Supervision of Specialized Credit Finance Business. The regulations require the Group to maintain an adjusted equity capital ratio of more than 8%. Adjusted total assets and adjusted equity capital for the ratio are based on the separate statements of financial position and adjusted by the regulation that considers standards of the Bank for International Settlements and the nature of credit card business. The Group observes ratios of adjusted equity capital requirements regulated by the Specialized Credit Finance Business and the Group has complied with the regulatory requirement for the adjusted equity capital ratio.

5. Fair Value Measurement of Financial Instruments

The Group primarily uses the published price quotations in an active market for measurement of the fair value of financial instruments. If the market for a financial instrument is not active, fair value is established either by using a valuation technique or an independent third-party valuation service.

The Group uses diverse valuation techniques under reasonable assumptions which are based on the market conditions at the end of each reporting period.

Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Quoted market price (unadjusted) in an active market for an identical asset and liability (Level 1)
- Valuation techniques based on observable inputs, either directly or indirectly, for an asset or liability (Level 2)
- Valuation techniques using significant unobservable inputs for as asset or liability (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement considering factors specified to the asset or liability.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

5. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value

(i) Fair value measurement methods of financial instruments that are measured at fair value are as follows:

	Fair value measurement methods
Financial assets at FVTPL	In case that the market of a financial instrument is active, fair value is established at the closing quoted price as of the last day for the reporting period. Fair value of debt securities which are not quoted in an active market are determined at the amount which is present value of the future cash flow estimated reasonably discounted by the rate considering the counterparty's credit risk. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost as estimates of fair value.
Derivative assets Derivative liabilities	In case that the market of a financial instrument is active, fair value is established at the closing quoted price as of the last day for the reporting period. If the market is not active, fair value is determined at the amount which is present value of the future cash flow reasonably estimated considering the counterparty's credit risk and discounted by the appropriate rate such as a risk free rate. If observable market data for the valuation is not available enough, the valuation result of the qualified external institutes is used as fair value.
Financial assets at FVOCI	In case that the market of a financial instrument is active, fair value is established at the closing quoted price at the last day for the reporting period. Fair value of equity securities which are not quoted in an active market are measured by the valuation model of independent and professional institutes using reliable data. Equity instruments that do not have a quoted market price in an active market and whose fair values are not reliably measurable are measured at cost as an estimate of fair value. Debt instruments that do not have a guaranteed market price in an active market, measured by the valuation model of independent and professional institutes.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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5. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(ii) The fair value measurements classified by fair value hierarchy as of March 31, 2026 and December 31, 2025 are summarized as follows:

		March 31, 2026			
		Level 1	Level 2	Level 3	Total
Financial assets					
Beneficiary certificates at FVTPL	₩	-	390,142	102,702	492,844
Debt securities at FVTPL		580	-	23,112	23,692
Equity securities at FVTPL		-	-	21,964	21,964
Derivative financial assets for hedging		-	885,681	-	885,681
Equity securities at FVOCI		5,135	-	59,367	64,502
Debt securities at FVOCI		279,999	-	9,139	289,138
	₩	285,714	1,275,823	216,284	1,777,821
Financial liabilities					
Derivative financial liabilities for hedging	₩	-	33	-	33
		December 31, 2025			
		Level 1	Level 2	Level 3	Total
Financial assets					
Beneficiary certificates at FVTPL	₩	-	540,077	99,201	639,278
Debt securities at FVTPL		638	-	22,647	23,285
Equity securities at FVTPL		-	-	22,210	22,210
Derivative financial assets for hedging		-	567,126	-	567,126
Equity securities at FVOCI		5,280	-	53,854	59,134
Debt securities at FVOCI		284,771	-	9,139	293,910
	₩	290,689	1,107,203	207,051	1,604,943
Financial liabilities					
Derivative financial liabilities for hedging	₩	-	880	-	880

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Notes to the Consolidated Interim Financial Statements (continued)

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5. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(iii) *Changes in level 3 of the fair value hierarchy*

Changes of fair value measurement in level 3 for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

March 31, 2026						
	Beneficiary certificates at FVTPL	Debt securities at FVTPL	Equity securities at FVTPL	Debt securities at FVOCI	Equity securities at FVOCI	Total
Balance at January 1, 2026 ₩	99,201	22,647	22,210	9,139	53,854	207,051
Amounts recognized in profit or loss (*1)	2,120	465	(245)	-	-	2,340
Amounts recognized in other comprehensive income	-	-	-	-	5,513	5,513
Acquisition	7,717	-	-	-	-	7,717
Disposal	(6,336)	-	(1)	-	-	(6,337)
Balance at March 31, 2026 ₩	<u>102,702</u>	<u>23,112</u>	<u>21,964</u>	<u>9,139</u>	<u>59,367</u>	<u>216,284</u>

December 31, 2025						
	Beneficiary certificates at FVTPL	Debt securities at FVTPL	Equity securities at FVTPL	Debt securities at FVOCI	Equity securities at FVOCI	Total
Balance at January 1, 2025 ₩	51,070	20,633	22,815	-	55,695	150,213
Amounts recognized in profit or loss (*1)	(1,042)	(3,052)	(1,903)	-	-	(5,997)
Amounts recognized in other comprehensive income	-	-	-	(1)	(1,841)	(1,842)
Acquisition	60,186	6,892	1,306	-	-	68,384
Disposal	(11,013)	(1,826)	(8)	-	-	(12,847)
Transfer to level3 (*2)	-	-	-	9,140	-	9,140
Balance at December 31, 2025 ₩	<u>99,201</u>	<u>22,647</u>	<u>22,210</u>	<u>9,139</u>	<u>53,854</u>	<u>207,051</u>

(*1) Recognized profit or loss of the changes in carrying amount of financial instruments classified as Level 3 for the three-month periods ended March 31, 2026 and 2025 are included in the accounts of the statements of comprehensive income, of which the amounts and the related accounts are as follows.

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(In millions of Korean won)

5. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(iii) *Changes in level 3 of the fair value hierarchy (continued)*

		March 31, 2026	
		Amounts recognized in profit or loss	Amounts recognized in profit or loss related to financial instruments held
Gains on financial assets at fair value through profit or loss	₩	2,340	2,339
		March 31, 2025	
		Amounts recognized in profit or loss	Amounts recognized in profit or loss related to financial instruments held
Losses on financial assets at fair value through profit or loss	₩	(1,474)	(1,474)

(*2) Changes in the availability of observable market data for the financial instruments have resulted in transfers between levels. The Group has recognized changes in levels at the end of the reporting period when events or situations that cause transfers between levels occur.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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5. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(iv) *Valuation techniques and inputs related to level 2*

Information about valuation techniques and inputs in measuring financial instruments categorized as level 2 as of March 31, 2026 and December 31, 2025 are as follows:

March 31, 2026				
	Valuation techniques	Type of financial instruments	Carrying amount	Significant inputs
Financial assets at FVTPL:	Net asset value, etc.	Beneficiary certificates	₩ 390,142	Interest rate
Derivative financial assets:	Discounted cash flow	Interest rate swap, Currency swap	₩ 885,681	Discount rate, Interest rate, Exchange rate, etc.
			₩ 1,275,823	
Derivative financial liabilities:	Discounted cash flow	Interest rate swap, Currency swap	₩ 33	Discount rate, Interest rate, Exchange rate, etc.
December 31, 2025				
	Valuation techniques	Type of financial instruments	Carrying amount	Significant inputs
Financial assets at FVTPL:	Net asset value, etc.	Beneficiary certificates	₩ 540,077	Interest rate
Derivative financial assets:	Discounted cash flow	Interest rate swap, Currency swap, Currency forward	₩ 567,126	Discount rate, Interest rate, Exchange rate, etc.
			₩ 1,107,203	
Derivative financial liabilities:	Discounted cash flow	Interest rate swap, Currency swap	₩ 880	Discount rate, Interest rate, Exchange rate, etc.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

5. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(v) Valuation techniques and inputs related to level 3

Information about valuation techniques and significant and unobservable inputs in measuring financial instruments categorized as level 3 as of March 31, 2026 and December 31, 2025 are as follows:

March 31, 2026						
	Valuation techniques	Type of financial instruments		Carrying amount	Significant unobservable inputs	Range of estimates for unobservable inputs
Financial assets at FVTPL:	Discounted cash flow, etc.	Beneficiary certificates	₩	102,702	Discount rate,	7.34%~9.65%, 0%, 0.51%~0.95%, 50.79%
		Debt securities		23,112	The volatility of the	
		Equity securities		21,964	Interest rate, The volatility of underlying assets	
Financial assets at FVOCI:	Option model	Debt securities		9,139	Discount rate, The volatility of the	6.23%, 7.95%
	Discounted cash flow, etc.	Equity securities		59,367	Discount rate, Growth rate,	8.46%~14.15%, 0%,
			₩	216,284	The volatility of underlying assets	16.82%
December 31, 2025						
	Valuation techniques	Type of financial instruments		Carrying amount	Significant unobservable inputs	Range of estimates for unobservable inputs
Financial assets at FVTPL:	Net asset value, etc.	Beneficiary certificates	₩	99,201	Discount rate,	7.06~9.74%, 0%, 0.46%~0.70%, 38.85%
		Debt securities		22,647	The volatility of the	
		Equity securities		22,210	Interest rate, The volatility of underlying assets	
Financial assets at FVOCI:	Option model	Debt securities		9,139	Discount rate, The volatility of the	6.23%, 7.92%
	Discounted cash flow, etc.	Equity securities		53,854	Discount rate, Growth rate	8.30%~16.33%, 0%
			₩	207,051		

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

5. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(vi) *Sensitivity to changes on unobservable inputs*

For level 3 fair value measurement, a reasonably possible change in one or more of the unobservable inputs used to determine the fair value would have the following effect on profit or loss, or other comprehensive.

Type of financial instrument(*1)		March 31, 2026	
		Favorable change	Unfavorable change
Financial assets at FVTPL (*2)(*3)	₩	148	(121)
Financial assets at FVOCI (*2)(*3)		9,292	(6,209)

(*1) For level 3 financial instruments, ₩136,236 million is excluded from sensitivity disclosure as sensitivity calculations based on variations of input variables are not feasible at working level.

(*2) Changes in fair value have been assessed by increasing or decreasing unobservable inputs such as growth rate (-1%~1%) and discount rate (-1%~1%).

(*3) Fair value changes are calculated by increasing or decreasing the volatility of the underlying asset or correlations by 10%.

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5. Fair Value Measurement of Financial Instruments (continued)

(b) Financial instruments measured at amortized cost

(i) The methods of measuring the fair value of financial instruments measured at amortized cost are as follows:

	Fair value measurement methods
Cash and due from banks	Carrying amount of cash is the same as fair value. Carrying amount (matured within three months at acquisition date) is used as approximation of fair value for cash equivalents. Fair value of other due from banks is present value of expected cash flows discounted by the rate considering market interest rate and spread.
Credit card receivables at amortized cost and others	Fair value of credit card receivables measured at amortized cost and other is the present value of expected cash flows discounted by the rate considering market interest rate and counterparty's credit ratings. However, carrying amount is used as approximation of fair value for credit card receivables for lump-sum purchase and cash advances which contractual credit period granted is less than three months.
Other financial assets	Fair value of other financial assets is the present value of expected cash flows discounted by the rate considering market interest rate and counterparty's credit ratings. However, carrying amount is used as approximation of fair value for other financial assets when reliable expected cash flow is not available.
Borrowings	Fair value of borrowings is calculated by discounting contractual cash flows at a discount rate considering the market interest rate and the Group's credit ratings.
Debentures	Where the market of a financial instrument is active, fair value is established at the quoted price. Fair value of debentures for which a quoted market price is not available is determined to be the present value of contractual cash flows discounted by the rate considering market interest rate and the Group's credit ratings.
Other financial liabilities	Fair value of other financial liabilities is determined to be the present value of contractual cash flows discounted by the rate considering market interest rate and the Group's credit ratings. Carrying amount is used as approximation of fair value of liabilities when reliable expected cash flows are not available.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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5. Fair Value Measurement of Financial Instruments (continued)

(b) Financial instruments measured at amortized cost (continued)

(ii) The carrying amount and the fair value of financial instruments measured at amortized cost as of March 31, 2026, and December 31, 2025 are as follows:

		March 31, 2026			
		Carrying amount			Fair value
		Balance	Deferred loan origination costs/fees and others	Allowance for credit losses	
Financial assets					
Cash	₩	74	-	-	74
Due from banks		650,990	-	-	650,990
Credit card receivables		28,232,647	(36,396)	(942,477)	27,681,951
Loans		3,696,573	32,507	(68,761)	3,678,631
Installment receivables		3,494,190	26,561	(68,133)	3,448,427
Financial lease receivables		1,858,443	(516)	(20,701)	1,811,582
Other assets		760,806	(2,745)	(31,292)	726,437
	₩	38,693,723	19,411	(1,131,364)	37,998,092
Financial liabilities					
Borrowings		4,790,426	(49,103)	-	4,741,323
Debentures in Korean won		19,000,000	(11,684)	-	18,988,316
Debentures in foreign currency		5,647,476	(13,812)	-	5,633,664
Other liabilities		3,812,566	(52,224)	-	3,760,342
	₩	33,250,468	(126,823)	-	32,927,675
		December 31, 2025			
		Carrying amount			Fair value
		Balance	Deferred loan origination costs/fees and others	Allowance for credit losses	
Financial assets					
Cash	₩	6	-	-	6
Due from banks		550,145	-	-	550,145
Credit card receivables		28,379,956	(36,759)	(910,163)	27,890,623
Loans		3,969,792	29,752	(70,020)	3,961,328
Installment receivables		3,614,474	26,029	(63,635)	3,594,581
Financial lease receivables		1,839,921	(601)	(19,864)	1,815,356
Other assets		759,130	(2,458)	(30,582)	726,084
	₩	39,113,424	15,963	(1,094,264)	38,538,123
Financial liabilities					
Borrowings	₩	4,446,378	(45,273)	-	4,401,105
Debentures in Korean won		20,345,000	(14,230)	-	20,330,770
Debentures in foreign currency		5,197,472	(13,575)	-	5,183,897
Other liabilities		3,499,761	(55,392)	-	3,441,173
	₩	33,488,611	(128,470)	-	33,360,141

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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5. Fair Value Measurement of Financial Instruments (continued)

(b) Financial instruments measured at amortized cost (continued)

(iii) The fair value hierarchy of financial instruments which are measured at amortized cost in the consolidated statements of financial position as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash	₩	74	-	-	74
Due from banks		-	650,990	-	650,990
Credit card receivables		-	-	27,681,951	27,681,951
Loans		-	-	3,678,631	3,678,631
Installment receivables		-	-	3,448,427	3,448,427
Financial lease receivables		-	-	1,811,582	1,811,582
Other assets		-	-	726,437	726,437
	₩	74	650,990	37,347,028	37,998,092
Financial liabilities:					
Borrowings		-	-	4,715,173	4,715,173
Debentures in Korean won		-	-	18,817,544	18,817,544
Debentures in foreign currency		-	-	5,643,986	5,643,986
Other liabilities		-	-	3,750,972	3,750,972
	₩	-	-	32,927,675	32,927,675
		December 31, 2025			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash	₩	6	-	-	6
Due from banks		-	550,145	-	550,145
Credit card receivables		-	-	27,890,623	27,890,623
Loans		-	-	3,961,328	3,961,328
Installment receivables		-	-	3,594,581	3,594,581
Financial lease receivables		-	-	1,815,356	1,815,356
Other assets		-	-	726,084	726,084
	₩	6	550,145	37,987,972	38,538,123
Financial liabilities:					
Borrowings	₩	-	-	4,392,597	4,392,597
Debentures in Korean won		-	-	20,402,857	20,402,857
Debentures in foreign currency		-	-	5,199,624	5,199,624
Other liabilities		-	-	3,441,173	3,441,173
	₩	-	-	33,436,251	33,436,251

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Notes to the Consolidated Interim Financial Statements (continued)

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6. Categories of Financial Instruments

(a) The carrying amounts of the categories of financial assets as of March 31, 2026 and December 31, 2025 are summarized as follows:

March 31, 2026					
	Financial assets at FVTPL	Financial assets at amortized cost	Financial assets at FVOCI	Derivative for hedge	Total
Cash and due from banks	₩ -	651,064	-	-	651,064
Financial assets at FVTPL	538,500	-	-	-	538,500
Derivative assets	-	-	-	885,681	885,681
Credit card receivables at amortized cost and other (*)	-	36,203,937	-	-	36,203,937
Financial assets at FVOCI	-	-	353,640	-	353,640
Other financial assets	-	726,769	-	-	726,769
	₩ 538,500	37,581,770	353,640	885,681	39,359,591

(*) It includes ₩1,837,226 million in financial lease receivables under K-IFRS No. 1116.

December 31, 2025					
	Financial assets at FVTPL	Financial assets at amortized cost	Financial assets at FVOCI	Derivative for hedge	Total
Cash and due from banks	₩ -	550,151	-	-	550,151
Financial assets at FVTPL	684,773	-	-	-	684,773
Derivative assets	-	-	-	567,126	567,126
Credit card receivables at amortized cost and other (*)	-	36,758,882	-	-	36,758,882
Financial assets at FVOCI	-	-	353,044	-	353,044
Other financial assets	-	726,090	-	-	726,090
	₩ 684,773	38,035,123	353,044	567,126	39,640,066

(*) It includes ₩1,819,457 million in financial lease receivables under K-IFRS No. 1116.

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March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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6. Categories of Financial Instruments (continued)

(b) The carrying amounts of the categories of financial liabilities as of March 31, 2026 and December 31, 2025 are summarized as follows:

March 31, 2026			
	Financial liabilities measured at amortized cost	Derivative for hedge	Total
Derivative liabilities	₩ -	33	33
Borrowings	4,741,323	-	4,741,323
Debentures	24,621,980	-	24,621,980
Other financial liabilities (*)	3,760,342	-	3,760,342
	₩ 33,123,645	33	33,123,678

(*) It includes ₩37,822 million in financial liabilities under K-IFRS No. 1116.

December 31, 2025			
	Financial liabilities measured at amortized cost	Derivative for hedge	Total
Derivative liabilities	₩ -	880	880
Borrowings	4,401,105	-	4,401,105
Debentures	25,514,668	-	25,514,668
Other financial liabilities (*)	3,444,369	-	3,444,369
	₩ 33,360,142	880	33,361,022

(*) It includes ₩31,692 million in financial liabilities under K-IFRS No. 1116.

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7. Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of March 31, 2026 and December 31, 2025 are as follows:

March 31, 2026							
		Gross amounts recognized	Gross amounts recognized for offsetting	Net amounts of financial instruments	Amounts not subject to offsetting		Net amount
					Financial instruments	Cash collateral received	
Financial assets:							
Derivatives	₩	885,681	-	885,681	33	-	885,648
Repurchase agreements (*)		700,000	-	700,000	700,000	-	-
Receivable spot exchange		4,843	-	4,843	4,843	-	-
Financial liabilities:							
Derivatives		33	-	33	33	-	-
Payable spot exchange		4,898	-	4,898	4,843	-	55

(*) The amounts not subject to offsetting are securities that are received as collaterals for repurchase agreements.

		December 31, 2025					
		Gross amounts recognized	Gross amounts recognized for offsetting	Net amounts of financial instruments	Amounts not subject to offsetting		Net amount
					Financial instruments	Cash collateral received	
Financial assets:							
Derivatives	₩	567,126	-	567,126	880	-	566,246
Repurchase agreements (*)		795,000	-	795,000	795,000	-	-
Financial liabilities:							
Derivatives		880	-	880	880	-	-

(*) The amounts not subject to offsetting are securities that are received as collaterals for repurchase agreements.

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Notes to the Consolidated Interim Financial Statements (continued)

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8. Operating Segments

The Group has a single reportable segment.

(a) Details of revenues by financial service type for the three-month periods ended March 31, 2026 and 2025 are as follows:

March 31, 2026					
	Credit card	Installment finance	Lease (*)	Others	Total
Interest income	₩ 574,720	65,787	34,257	89,831	764,595
Fees and commission income	331,104	2,956	155,136	19,223	508,419
Other operating income	14,391	53	121	409,611	424,176
	₩ 920,215	68,796	189,514	518,665	1,697,190

(*) It includes finance income and costs arising from financial lease receivables and lease liabilities under K-IFRS No. 1116.

March 31, 2025					
	Credit card	Installment finance	Lease (*)	Others	Total
Interest incomes	₩ 574,486	62,705	32,234	93,476	762,901
Fees and commission income	284,056	3,497	169,785	18,700	476,038
Other income	86,176	60	34	143,948	230,218
	₩ 944,718	66,262	202,053	256,124	1,469,157

(*) It includes finance income and costs arising from financial lease receivables and lease liabilities under K-IFRS No. 1116.

(b) Revenues from external customers for the three-month periods ended March 31, 2026 and 2025 are all attributed to the Republic of Korea, where the Group is domiciled.

(c) There is no single external customer with revenues amounting to 10 percent or more of the Group's revenues for the three-month periods ended March 31, 2026 and 2025.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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9. Cash and Due from Banks

(a) Details of cash and due from banks as of March 31, 2026 and December 31, 2025 are as follows

	March 31, 2026	December 31, 2025
Cash	₩ 74	6
Due from banks:		
Demand deposits	496,675	324,817
Checking accounts	262	181
Foreign currency deposits	27,897	88,076
Time deposits	6,188	8,368
Opening guarantee deposits for checking accounts	31	31
Deposits on demand of SPC	97,744	128,503
Deposits on foreign currency reserve	155	147
Time deposits with periodic contributions	37	22
Others	22,001	-
	₩ <u>651,064</u>	<u>550,151</u>

(b) Restricted due from banks as of March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026	December 31, 2025	Restrictions
Time deposits:			
Shinhan Bank and others	₩ 5	5	Pledged as collateral for cash advances
	182	333	Establishment of a pledge right
	<u>187</u>	<u>338</u>	
Other deposits:			
Woori Bank and others	₩ 31	31	Opening guarantee deposits for checking accounts
	97,745	128,503	Deposits on demand of SPC
	155	147	Deposits on foreign currency reserve
	37	22	Establishment of a pledge right
	<u>97,968</u>	<u>128,703</u>	
	₩ <u>98,155</u>	<u>129,041</u>	

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

10. Financial Assets at Fair Value Through Profit or Loss

(a) Details of financial assets at FVTPL as of March 31, 2026 and December 31, 2025 are as follows and no financial assets are designated as at FVTPL.

		March 31, 2026	December 31, 2025
Beneficiary certificates	₩	492,844	639,278
Debt securities		23,692	23,285
Equity securities		21,964	22,210
	₩	<u>538,500</u>	<u>684,773</u>

(b) Details of gain or loss on financial assets at FVTPL for the three-month periods ended March 31, 2026 and 2025 are as follows:

		March 31, 2026	March 31, 2025
Gain on valuation	₩	3,036	786
Loss on valuation		(613)	(2,103)
Gain on disposal		1,206	923
Loss on disposal		-	(11)
Other income		4,661	4,838
	₩	<u>8,290</u>	<u>4,433</u>

(c) Details of dividend income on financial assets at FVTPL for the three-month periods ended March 31, 2026 and 2025 are as follows:

		March 31, 2026	March 31, 2025
Dividend income recognized on assets held as of the reporting period			
Equity securities	₩	133	136

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

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(In millions of Korean won)

11. Derivative Financial Instruments

(a) Derivative assets and liabilities

The notional amounts and fair values of derivative assets and liabilities as of March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026			December 31, 2025		
	Notional amounts	Fair value		Notional amounts	Fair value	
		Assets	Liabilities		Assets	Liabilities
Cash flow hedges:						
Currency forward ₩	-	-	-	28,698	644	-
Currency swap	6,328,506	869,160	-	5,814,829	557,631	2
Interest rate swap	645,700	16,521	33	645,700	8,851	878
₩	<u>6,974,206</u>	<u>885,681</u>	<u>33</u>	<u>6,489,227</u>	<u>567,126</u>	<u>880</u>

(b) Gains (losses) on derivatives

Gains (losses) on derivatives for the three-month periods ended March 31, 2026 and 2025 are as follows:

	March 31, 2026		March 31, 2025	
	Gain (loss) on valuation	Gain (loss) on disposal	Gain (loss) on valuation	Gain (loss) on disposal
Cash flow hedges:				
Currency forward ₩	-	-	201	(13)
Currency swap	287,954	10,631	25,752	(1,929)
Interest rate swap	184	-	42	-
₩	<u>288,138</u>	<u>10,631</u>	<u>25,995</u>	<u>(1,942)</u>

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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11. Derivative Financial Instruments (continued)

(c) Hedging

(i) Purpose of hedging and strategies

The Group transacts derivative financial instruments to hedge its interest rate risk and currency risk arising from the assets and liabilities of the Group. The Group applies the cash flow hedge accounting for interest rate swaps and currency swaps to hedge cash flow risk due to interest rates and foreign exchange rates of the Korean won debt, the Korean won bonds, foreign currency bonds, etc.

(ii) Nominal amounts and average hedge ratios for hedging instruments as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026					
		Less than 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years
		Total					
Cash flow hedges:							
Currency swap (*1)		2,824,601	613,456	1,460,735	975,694	454,020	-
Interest rate swap		25,700	-	420,000	200,000	-	-
	₩	2,850,301	613,456	1,880,735	1,175,694	454,020	-
Average hedge ratio:		100%	100%	100%	100%	100%	-
Average price condition- interest rate:		3.57%	-	3.02%	1.39%	-	-

(*1) The average exchange rates conditions of Currency swap are USD/KRW 1,321.08, AUD/KRW 914.88, EUR/KRW 1,473.79.

		December 31, 2025					
		Less than 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years
		Total					
Cash flow hedges:							
Currency forward (*1)	₩	28,698	-	-	-	-	-
Currency swap (*2)		1,255,887	2,160,177	964,281	1,004,014	430,470	-
Interest rate swap		25,700	-	320,000	300,000	-	-
	₩	1,310,285	2,160,177	1,284,281	1,304,014	430,470	-
Average hedge ratio:		100%	100%	100%	100%	100%	-
Average price condition- interest rate:		3.57%	-	2.94%	2.01%	-	-

(*1) The average exchange rates conditions of currency forward were USD/KRW 1465.30.

(*2) The average exchange rates conditions of currency swap were USD/KRW 1308.04, AUD/KRW 914.88, and EUR/KRW 1473.79.

(d) Cash flow hedge activity

For cash flow hedges, the amount that was recognized in other comprehensive income and the amount that was reclassified from equity to profit or loss for the three-month periods ended March 31, 2026 and 2025 are as follows:

		March 31, 2026	March 31, 2025
Amounts recognized in other comprehensive income	₩	349,076	39,464
Amounts reclassified from equity to profit or loss		(299,626)	(23,546)
Deferred tax effect		(13,523)	(4,365)
Changes in other comprehensive income, net	₩	35,927	11,553

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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12. Credit Card Receivables at Amortized Cost and Others

(a) Details of credit card receivables at amortized cost and other as of March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026	December 31, 2025
Credit card receivables:		
Lump-sum purchases	₩ 9,379,529	9,380,377
Installment purchases	6,952,547	7,152,023
Cash advances	1,313,739	1,306,158
Revolving cash advances	58,996	60,021
Revolving purchases	2,369,447	2,373,623
Card loans	7,885,055	7,876,381
Restructured loans	273,334	231,373
Less: Allowance for credit losses	(942,477)	(910,163)
Present value discount	(16,342)	(17,760)
Deferred loan origination fees	(20,054)	(18,999)
	<u>27,253,774</u>	<u>27,433,034</u>
Loans:		
General loans	2,908,912	3,078,581
Repurchase agreements	700,000	795,000
Factoring receivables	87,382	95,941
Others	279	270
Less: Allowance for credit losses	(68,761)	(70,020)
Less: Present value discount	(1)	(1)
Add: Deferred loan origination costs	32,508	29,752
	<u>3,660,319</u>	<u>3,929,523</u>
Installment receivables:		
Installment for cars	3,412,633	3,549,888
Installment for others	81,557	64,586
Less: Allowance for credit losses	(68,133)	(63,635)
Add: Deferred loan origination costs	26,561	26,029
	<u>3,452,618</u>	<u>3,576,868</u>
Financial lease receivables:		
General financial lease receivables	1,858,089	1,839,604
Cancelled financial lease receivables	354	318
Less: Allowance for credit losses	(20,701)	(19,864)
Add: Present value premium	4	5
Less: Deferred loan origination fees	(520)	(606)
	<u>1,837,226</u>	<u>1,819,457</u>
	<u>₩ 36,203,937</u>	<u>36,758,882</u>

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

12. Credit Card Receivables at Amortized Cost and Others (continued)

(b) Changes in the gross carrying amount of credit card receivables at amortized cost and other for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

March 31, 2026					
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	33,677,908	3,562,547	582,109	37,822,564
Reclassified to 12 month expected credit losses		597,723	(596,699)	(1,024)	-
Reclassified to lifetime expected credit losses		(1,015,751)	1,024,214	(8,463)	-
Reclassified to credit-impaired financial assets		(75,963)	(212,172)	288,135	-
Executed (Collected)		(104,726)	(195,031)	34,141	(265,616)
Write-offs		-	-	(213,401)	(213,401)
Disposals		-	-	(39,538)	(39,538)
Ending balance		33,079,191	3,582,859	641,959	37,304,009
Allowance for credit losses		(264,381)	(425,605)	(410,086)	(1,100,072)
Net carrying amount	₩	32,814,810	3,157,254	231,873	36,203,937

(*)The contractual amount outstanding for credit card receivables and others measured at amortized cost that have been written off but are still subject to recovery activities for the three-month period ended March 31, 2026 amounts to ₩ 3,779,834 million.

December 31, 2025					
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	33,579,717	4,229,487	766,179	38,575,383
Reclassified to 12 month expected credit losses		1,235,074	(1,233,298)	(1,776)	-
Reclassified to lifetime expected credit losses		(1,428,964)	1,432,804	(3,840)	-
Reclassified to credit-impaired financial assets		(451,312)	(411,531)	862,843	-
Executed (Collected)		1,027,307	(452,747)	423,683	998,243
Write-offs		-	-	(908,027)	(908,027)
Disposals		-	-	(553,411)	(553,411)
Transferred to assets held for sale		(283,914)	(2,168)	(3,542)	(289,624)
Ending balance		33,677,908	3,562,547	582,109	37,822,564
Allowance for credit losses		(274,345)	(417,570)	(371,767)	(1,063,682)
Net carrying amount	₩	33,403,563	3,144,977	210,342	36,758,882

(*)The contractual amount outstanding for credit card receivables and others measured at amortized cost that have been written off but are still subject to recovery activities for the three-month period ended March 31, 2025 amounts to ₩ 3,650,771 million.

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12. Credit Card Receivables at Amortized Cost and Others (continued)

(c) Changes in allowance for credit card receivables at amortized cost and other for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

March 31, 2026					
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	274,345	417,570	371,767	1,063,682
Reclassified to 12 month expected credit losses		47,227	(46,914)	(313)	-
Reclassified to lifetime expected credit losses		(25,857)	28,378	(2,521)	-
Reclassified to credit-impaired financial assets		(8,186)	(96,650)	104,836	-
Provision		(23,144)	123,195	122,745	222,796
Write-offs		-	-	(213,401)	(213,401)
Disposals		-	-	(26,745)	(26,745)
Others		(5)	27	53,718	53,740
Ending balance	₩	264,380	425,606	410,086	1,100,072

December 31, 2025					
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	322,880	460,278	524,576	1,307,734
Reclassified to 12 month expected credit losses		91,882	(91,472)	(410)	-
Reclassified to lifetime expected credit losses		(30,058)	31,214	(1,156)	-
Reclassified to credit-impaired financial assets		(19,966)	(124,124)	144,090	-
Provision		(88,154)	142,828	801,943	856,617
Write-offs		-	-	(908,027)	(908,027)
Disposals		-	-	(385,277)	(385,277)
Transferred to assets held for sale		(2,851)	(163)	(2,118)	(5,132)
Others		612	(991)	198,146	197,767
Ending balance	₩	274,345	417,570	371,767	1,063,682

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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13. Lease Assets

(a) Details of lease assets as of March 31, 2026 and December 31, 2025 are as follows:

March 31, 2026				
	Operating lease assets	Cancelled financing lease assets	Prepaid lease assets	Total
Acquisition cost	₩ 2,724,962	1,828	9,872	2,736,662
Accumulated depreciation	(917,536)	(158)	-	(917,694)
Carrying amount	₩ 1,807,426	1,670	9,872	1,818,968
December 31, 2025				
	Operating lease assets	Cancelled financing lease assets	Prepaid lease assets	Total
Acquisition cost	₩ 2,805,363	656	17,126	2,823,145
Accumulated depreciation	(915,777)	(125)	-	(915,902)
Carrying amount	₩ 1,889,586	531	17,126	1,907,243

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March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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14. Right-to-use Asset and Lease Liabilities

(a) Details in right-of-use assets included in property and equipment as of March 31, 2026 and December 31, 2025, are as follows:

		March 31, 2026		December 31, 2025	
		Buildings	Others	Buildings	Others
Acquisition	₩	82,007	810	87,102	833
Depreciation		(43,295)	(187)	(54,694)	(152)
Ending balance	₩	38,712	623	32,408	681

(b) Details of maturity of lease liabilities as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026						Total
		Less than 1 month	1~3 months	3~6 months	6 months~ 1 year	1~5 years	Over 5 years	
Buildings	₩	1,365	2,746	3,931	6,880	20,239	5,118	40,279
Others		15	29	44	88	495	-	671
Total (*)	₩	1,380	2,775	3,975	6,968	20,734	5,118	40,950

(*) The amounts are before deduction of Present Value Discounts.

		December 31, 2025						Total
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	Over 5 years	
Buildings	₩	1,223	2,332	3,051	5,469	15,484	5,266	32,825
Others		15	30	45	91	559	-	740
Total (*)	₩	1,238	2,362	3,096	5,560	16,043	5,266	33,565

(*) The amounts are before deduction of present value discounts.

(c) The amount of payments for leases of low-value assets are ₩298 million and ₩277 million for the three-month periods ended March 31, 2026 and 2025, respectively, and there are no payments on short-term leases.

(d) The amount of total cash outflow from leases recognized on the consolidated statements of cash flows are ₩4,846 million and ₩8,177 million, and the amount recognized as interest expenses are ₩376 million and ₩326 million for the three-month periods ended March 31, 2026 and 2025, respectively.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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15. Financial Assets at Fair Value Through Other Comprehensive Income

(a) Details of financial assets at FVOCI as of March 31, 2026 and December 31, 2025 are as follows:

		<u>March 31, 2026</u>	<u>December 31, 2025</u>
Financial assets at FVOCI	₩	353,640	353,044

(b) The fair value of Financial assets at FVOCI investing in equity instruments as of March 31, 2026 and December 31, 2025 are as follows:

		<u>March 31, 2026</u>	<u>December 31, 2025</u>
Debt securities:			
Government bonds	₩	279,999	284,771
Corporation bonds and others		9,139	9,139
		<u>289,138</u>	<u>293,910</u>
Equity securities (*):			
Stock		64,502	59,134
	₩	<u>353,640</u>	<u>353,044</u>

(*) The equity securities were exercised at the FVOCI option for the purpose of holding long term for the Group strategic purposes.

(c) Details of dividend income of financial assets at FVOCI for the three-month periods ended March 31, 2025 and 2024 are as follows:

		<u>March 31, 2026</u>	<u>March 31, 2025</u>
Dividend income recognized in assets held at the end of the reporting period:			
Equity securities	₩	489	179

(d) Changes of financial assets at FVOCI for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

		<u>March 31, 2026</u>	<u>Equity securities</u>	<u>December 31, 2025</u>	<u>Equity securities</u>
		<u>Debt securities</u>	<u>Equity securities</u>	<u>Debt securities</u>	<u>Equity securities</u>
Beginning balance	₩	293,910	59,134	322,835	55,695
Acquisition		-	-	-	5,455
Disposal		-	-	(25,492)	-
Changes in fair value (other comprehensive income)		(5,070)	5,368	(4,806)	(2,016)
Changes in fair value (profit or loss)		298	-	1,373	-
Ending balance	₩	<u>289,138</u>	<u>64,502</u>	<u>293,910</u>	<u>59,134</u>

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Notes to the Consolidated Interim Financial Statements (continued)

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15. Financial Assets at Fair Value Through Other Comprehensive Income (continued)

(e) Changes in carrying amount of debt securities at fair value through other comprehensive income for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

		March 31, 2026		
		12-month expected credit loss	Lifetime expected credit loss	Total
Beginning balance	₩	293,910	-	293,910
Reclassified to 12-month expected credit losses		-	-	-
Reclassified to lifetime expected credit losses		-	-	-
Reclassified to credit-impaired financial assets		-	-	-
Acquisition		-	-	-
Disposal		-	-	-
Others (*)		(4,772)	-	(4,772)
Ending balance	₩	289,138	-	289,138

(*) Included the effects from amortization and fair value adjustments.

		December 31, 2025		
		12-month expected credit loss	Lifetime expected credit loss	Total
Beginning balance	₩	322,835	-	322,835
Reclassified to 12-month expected credit losses		-	-	-
Reclassified to lifetime expected credit losses		-	-	-
Reclassified to credit-impaired financial assets		-	-	-
Acquisition		-	-	-
Disposal		(25,492)	-	(25,492)
Others (*)		(3,433)	-	(3,433)
Ending balance	₩	293,910	-	293,910

(*) Included the effects from amortization and fair value adjustments.

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15. Financial Assets at Fair Value Through Other Comprehensive Income (continued)

(f) Changes in allowance for credit loss of debt securities at fair value through other comprehensive income for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

March 31, 2026			
	12-month expected credit loss	Life time expected credit loss	Total
Beginning balance	₩ 98	-	98
Reclassified to 12-month expected credit losses	-	-	-
Reclassified to lifetime expected credit losses	-	-	-
Reclassified to credit-impaired financial assets	-	-	-
Provision for (reversal of) credit losses	-	-	-
Ending balance	₩ 98	-	98

December 31, 2025			
	12-month expected credit loss	Life time expected credit loss	Total
Beginning balance	₩ 285	-	285
Reclassified to 12-month expected credit losses	-	-	-
Reclassified to lifetime expected credit losses	-	-	-
Reclassified to credit-impaired financial assets	-	-	-
Provision for (reversal of) credit losses	(187)	-	(187)
Ending balance	₩ 98	-	98

(g) There are no gains or losses on sales of financial assets at FVOCI for the three-month periods ended March 31, 2026 and 2025.

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16. Property and Equipment

(a) Details of property and equipment as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026				
		Land	Buildings	Others	Right-of-use assets	Total
Acquisition cost	₩	432,770	87,034	452,200	82,817	1,054,821
Accumulated depreciation		-	(14,889)	(364,314)	(43,482)	(422,685)
Ending balance	₩	432,770	72,145	87,886	39,335	632,136

		December 31, 2025				
		Land	Buildings	Others	Right-of-use assets	Total
Acquisition cost	₩	432,770	87,034	442,248	87,935	1,049,987
Accumulated depreciation		-	(14,329)	(354,583)	(54,846)	(423,758)
Ending balance	₩	432,770	72,705	87,665	33,089	626,229

17. Intangible Assets

(a) Details of intangible assets as of March 31, 2026 and December 31, 2025, are as follows:

		March 31, 2026				
		Memberships	Development cost	Goodwill	Others	Total
Acquisition cost	₩	15,757	205,374	127,604	56,710	405,445
Accumulated amortization		-	(138,807)	-	(47,036)	(185,843)
Impairment losses		(655)	(336)	-	-	(991)
Ending balance	₩	15,102	66,231	127,604	9,674	218,611

		December 31, 2025				
		Memberships	Development cost	Goodwill	Others	Total
Acquisition cost	₩	13,502	201,924	121,380	56,391	393,197
Accumulated amortization		-	(132,407)	-	(46,470)	(178,877)
Impairment losses		(655)	(336)	-	-	(991)
Ending balance	₩	12,847	69,181	121,380	9,921	213,329

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18. Investments in Associates

(a) Details of investments in associates as of March 31, 2026 and December 31, 2025 are as follows:

Name of associates	Location	Closing month	Ownership	
			March 31, 2026	December 31, 2025
Wave Technology	Korea	December	49.00%	49.00%
One Shinhan Connect Fund 1	Korea	December	30.00%	30.00%
One Shinhan Connect Fund 2	Korea	December	25.00%	25.00%
Shinhan hyper connect venture fund I	Korea	December	25.00%	25.00%
Fin Flow (*)	Korea	December	1.34%	1.34%

(*) During the year ended December 31, 2025, shares were acquired through invested in kind. The Group applies the equity method accounting since it participates in policy-making processes and therefore can exercise significant influence on investees.

(b) Changes in investments in associates for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

March 31, 2026						
Name of associates	Acquisition cost	Beginning balance	Acquisition	Share of profit (loss) of associates	(Negative) Changes in equity method investments	Ending balance
Wave Technology	₩ 500	504	-	(39)	-	465
One Shinhan Connect Fund 1	68,269	81,343	540	(65)	-	81,818
One Shinhan Connect Fund 2	6,803	5,510	-	(9)	-	5,501
Shinhan hyper connect venture fund I	37,417	37,023	-	4,454	-	41,477
Fin Flow	630	615	-	(11)	(4)	600
	₩ 113,619	124,995	540	4,330	(4)	129,861

December 31, 2025							
Name of associates	Acquisition cost	Beginning balance	Acquisition	Disposal (*1)	Reclassification (*2)	Share of profit (loss) of associates	Ending balance
Wave Technology	₩ 500	524	-	-	-	(20)	504
One Shinhan Connect Fund 1	67,729	73,442	600	(3,600)	-	10,901	81,343
One Shinhan Connect Fund 2	6,803	3,996	150	-	-	1,364	5,510
Shinhan hyper connect venture fund I	37,417	23,941	13,500	(983)	-	565	37,023
Fin Flow	630	-	-	-	630	(15)	615
	₩ 113,079	101,903	14,250	(4,583)	630	12,795	124,995

(*1) The amounts represents the principal distributions received during the year ended December 31, 2025 from One Shinhan Connect Fund 1 and Shinhan hyper connect venture fund 1.

(*2) During the year ended December 31, 2025, the Group acquired shares in Fin Flow through a contribution in kind of intangible assets, and the related disposal gain of ₩93 million is included in other non-operating income.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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18. Investments in Associates (continued)

(c) Condensed financial information of associates as of and for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

Name of associates		March 31, 2026				
		Assets	Liabilities	Net assets	Net income (loss) for the period	Total comprehensive income (loss)
Wave Technology	₩	461	34	427	(80)	(80)
One Shinhan Connect Fund 1		272,734	6	272,728	(217)	(217)
One Shinhan Connect Fund 2		22,007	1	22,006	(33)	(33)
Shinhan hyper connect venture fund I		165,908	-	165,908	17,814	17,814
Fin Flow		11,243	5,558	5,685	(863)	(1,184)

Name of associates		December 31, 2025				
		Assets	Liabilities	Net assets	Net income (loss) for the year	Total comprehensive income (loss)
Wave Technology	₩	534	27	507	(22)	(22)
One Shinhan Connect Fund 1		271,158	13	271,145	36,338	36,338
One Shinhan Connect Fund 2		22,042	3	22,039	5,458	5,458
Shinhan hyper connect venture fund I		148,093	-	148,093	2,258	2,258
Fin Flow		10,280	3,444	6,836	(858)	(858)

19. Investment Properties

Investment properties as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026	December 31, 2025
Acquisition cost	₩	51,225	51,225
Accumulated depreciation		(7,094)	(6,774)
Ending balance	₩	44,131	44,451

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March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

20. Other Assets

(a) Details of other assets as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026	December 31, 2025
Security deposits paid	₩	76,106	75,723
Present value discount on security deposits paid		(2,745)	(2,458)
Accounts receivable		464,086	465,440
Loss allowance for account receivables		(17,154)	(16,619)
Accrued income		218,699	214,261
Loss allowance for accrued income		(14,138)	(13,963)
Advance payments		126,644	138,781
Prepaid expenses		43,058	23,763
Others (*)		24,897	27,911
	₩	<u>919,453</u>	<u>912,839</u>

(*) Includes reinsurance contract assets of ₩3,639 million and ₩4,661 million as of March 31, 2026 and December 31, 2025, which are classified in accordance with K-IFRS No. 1117.

(b) Changes in loss allowance for other assets for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

		March 31, 2026	December 31, 2025
Beginning balance	₩	30,582	31,321
Provision		9,775	44,182
Write-offs		(9,682)	(44,449)
Reclassification (*)		-	(3,189)
Others		617	2,717
Ending balance	₩	<u>31,292</u>	<u>30,582</u>

(*) As of December 31, 2025, the loss allowance for other assets of Shinhan Indo Finance was reclassified as assets held for sale.

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Notes to the Consolidated Interim Financial Statements (continued)

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21. Borrowings

Details of borrowings as of March 31, 2026 and December 31, 2025 are as follows

	<u>Interest rate (%)</u>	<u>March 31, 2026</u>	<u>Interest rate (%)</u>	<u>December 31, 2025</u>
Borrowings denominated in Korean won:				
Others	1.73~5.03	3,552,200	1.54~5.22	3,252,200
Discount on issuance		(47,051)		(42,993)
		<u>3,505,149</u>		<u>3,209,207</u>
Borrowings denominated in foreign currencies:				
Others	1.53~19.50	1,238,226	1.53~19.50	1,194,178
Discount on issuance		(2,052)		(2,280)
		<u>1,236,174</u>		<u>1,191,898</u>
		₩ <u>4,741,323</u>		₩ <u>4,401,105</u>

22. Debentures

Details of debentures as of March 31, 2026 and December 31, 2025 are as follows:

	<u>Interest rate (%)</u>	<u>March 31, 2026</u>	<u>Interest rate (%)</u>	<u>December 31, 2025</u>
Debentures issued in Korean won:				
Debentures issued	1.56~6.54	₩ 19,000,000	1.56~6.54	₩ 20,345,000
Discount on issuance		(11,684)		(14,230)
		<u>18,988,316</u>		<u>20,330,770</u>
Debentures issued in foreign currencies:				
Debentures issued	1.38~4.22	5,647,476	1.38~5.02	5,197,472
Discount on issuance		(13,812)		(13,575)
		<u>5,633,664</u>		<u>5,183,897</u>
		₩ <u>24,621,980</u>		₩ <u>25,514,667</u>

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

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23. Defined Benefit Liabilities (Assets)

(a) Defined benefit plan assets and liabilities as of March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026	December 31, 2025
Present value of defined benefit obligations	₩ 305,317	303,605
Fair value of plan assets (*)	(315,340)	(315,129)
Net defined benefit liabilities (assets)	₩ (10,023)	(11,524)

(*) The fair value of plan assets as of March 31, 2026 and December 31, 2025 includes the existing Contribution to National Pension Plan of ₩123 million and ₩130 million.

(b) Movements in the defined benefit obligations for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

	March 31, 2026		
	Defined benefit obligations	Plan assets	Net defined benefit liabilities (assets)
Beginning balance	₩ 303,605	(315,129)	(11,524)
Recognized in profit or loss as incurred:			
Current service cost	4,446	-	4,446
Interest expense (income)	3,223	(3,347)	(124)
	7,669	(3,347)	4,322
Recognized in other comprehensive income:			
Remeasurement loss (gain)			
- Actuarial loss (gain)			
Demographic assumptions	-	-	-
Financial assumptions	-	-	-
Experience adjustments	(2)	-	(2)
- Return on plan assets	-	1,046	1,046
	(2)	1,046	1,044
Others:			
Contributions paid into the plan	-	(5,000)	(5,000)
Benefits paid by the plan	(7,096)	7,090	(6)
Others (*)	1,160	-	1,160
Exchange rate differences	25	-	25
Changes in liabilities of a disposal group classified as held for sale	(44)	-	(44)
	(5,955)	2,090	(3,865)
Ending balance	₩ 305,317	(315,340)	(10,023)

(*) Transfer from/to related parties.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

23. Defined benefit liabilities (asset) (continued)

(b) Changes in the present value of defined benefit liabilities and plan assets for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows: (continued)

		December 31, 2025		
		Defined benefit obligations	Plan assets	Net defined benefit liabilities (assets)
Beginning balance	₩	343,553	(348,391)	(4,838)
Recognized in profit or loss as incurred:				
Current service cost		21,287	-	21,287
Past service cost		8,624	-	8,624
Interest expense (income)		14,146	(13,404)	742
		44,057	(13,404)	30,653
Recognized in other comprehensive income:				
Remeasurement loss (gain)				
- Actuarial loss (gain)				
Demographic assumptions		54	-	54
Financial assumptions		(3,314)	-	(3,314)
Experience adjustments		2,671	-	2,671
- Return on plan assets		-	3,139	3,139
		(589)	3,139	2,550
Others:				
Contributions paid into the plan		-	(46,732)	(46,732)
Benefits paid by the plan		(84,253)	90,259	6,006
Others (*)		1,062	-	1,062
Exchange rate differences		(17)	-	(17)
Reclassification to liabilities (assets) of a disposal group classified as held for sale		(208)	-	(208)
		(83,416)	43,527	(39,889)
Ending balance	₩	303,605	(315,129)	(11,524)

(*) Transfer from/to related parties.

(c) The amounts recognized as expenses for defined contribution plans are ₩5,109 million and ₩3,041 million for the three-month periods ended March 31, 2026 and 2025, respectively.

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

24. Provisions

(a) Details of provisions as of March 31, 2026 and December 31, 2025 are as follows:

March 31, 2026						
		Provision for litigation	Provision for unused credit commitments	Provision for restoration	Others	Total
Beginning balance	₩	4,329	193,715	2,697	44,974	245,715
Provision (Reversal)		(2)	4,789	-	7,490	12,277
Payment		(227)	-	(300)	(29,630)	(30,157)
Others (*)		-	-	4	-	4
Ending balance	₩	4,100	198,504	2,401	22,834	227,839

(*) The amount represents the increase during the three-month period ended March 31, 2026 resulting from the unwinding of the discount on provisions measured at present value.

December 31, 2025						
		Provision for litigation	Provision for unused credit commitments	Provision for restoration	Others	Total
Beginning balance	₩	4,637	182,724	2,819	30,768	220,948
Provision		788	10,991	322	55,147	67,248
Payment		(1,096)	-	(462)	(40,941)	(42,499)
Others (*)		-	-	18	-	18
Ending balance	₩	4,329	193,715	2,697	44,974	245,715

(*) The amount represents the increase during the year ended December 31, 2025 resulting from the unwinding of the discount on provisions measured at present value.

(b) Details of provision for unused credit commitments as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026	December 31, 2025
Unused credit commitments	₩	94,626,536	93,605,391
Provision for unused credit commitments		198,504	193,714
Ratio (%)		0.21	0.21

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

24. Provisions (continued)

(c) Changes in unused credit commitments for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows:

		March 31, 2026			
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	122,048	68,866	2,800	193,714
Reclassified to 12 month expected credit losses		26,016	(25,940)	(76)	-
Reclassified to lifetime expected credit losses		(7,610)	7,637	(27)	-
Reclassified to credit- impaired financial assets		(278)	(392)	670	-
Provision (reversal)		(19,176)	24,489	(523)	4,790
Ending balance	₩	121,000	74,660	2,844	198,504

		December 31, 2025			
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	126,017	54,519	2,188	182,724
Reclassified to 12 month expected credit losses		36,757	(36,637)	(120)	-
Reclassified to lifetime expected credit losses		(8,505)	8,558	(53)	-
Reclassified to credit- impaired financial assets		(685)	(669)	1,354	-
Provision (reversal)		(31,536)	43,095	(569)	10,990
Ending balance	₩	122,048	68,866	2,800	193,714

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

25. Other Liabilities

(a) Details of other liabilities as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026	December 31, 2025
Accounts payable	₩	2,194,401	1,978,869
Accrued expenses		298,167	342,991
Advances from customers		153,663	157,888
Unearned revenue		179,198	180,111
Deposits		627,223	502,934
Security deposits received		706,705	732,245
Present value discount on security deposits received		(49,095)	(53,519)
Lease liabilities		40,950	33,565
Present value discount on lease liabilities		(3,128)	(1,873)
Others (*)		292,556	323,148
	₩	<u>4,440,640</u>	<u>4,196,359</u>

(*) Include point liabilities of ₩263,150 million and ₩291,807 million as of March 31, 2026 and December 31, 2025 respectively, classified in accordance with K-IFRS No. 1115, and insurance liabilities of ₩3,639 million and ₩4,661 million as of March 31, 2026 and December 31, 2025 respectively, classified in accordance with K-IFRS No. 1117.

(b) Insurance liabilities

(i) Details of insurance liabilities and reinsurance assets as of March 31, 2026 and December 31, 2025 are as follows:

		March 31, 2026		December 31, 2025	
		Insurance contract liabilities	Reinsurance contract assets	Insurance contract liabilities	Reinsurance contract assets
Debt waiver and deferral products	₩	3,639	3,639	4,661	4,661

(ii) The income and expenses related to insurance contracts for the three-month periods ended March 31, 2026 and 2025 are as follows:

	March 31, 2026		March 31, 2025	
	Insurance revenue	Insurance service expenses	Insurance revenue	Insurance service expenses
₩	4,320	581	6,428	1,906

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March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

26. Equity

(a) Details of equity as of March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026	December 31, 2025
Common stock	₩ 626,847	626,847
Hybrid bonds	699,822	699,822
Capital surplus:		
Gains on capital reduction	852,646	852,646
Gains on sale of treasury stock	2	2
Other additional capital	8,081	8,081
	<u>860,729</u>	<u>860,729</u>
Capital adjustments:		
Stock options	1,896	1,896
Other capital adjustments	(4,010)	(4,661)
	<u>(2,114)</u>	<u>(2,765)</u>
Accumulated other comprehensive income:		
Unrealized gain on valuation of financial assets at FVOCI	5,194	4,978
Effective portion of valuation loss on cash flow hedges	52,744	16,817
Remeasurement of the net defined benefit obligations	(63,051)	(62,300)
Foreign currency translation adjustments for foreign operations	42,218	20,476
Share of other comprehensive income of associates	(3)	-
	<u>37,102</u>	<u>(20,029)</u>
Retained earnings:		
Legal reserve	313,424	313,424
Reserve for credit losses (Note 27 reference) (*)	935,119	902,308
Voluntary reserve	12,216	12,216
Unappropriated retained earnings (*)	4,914,802	5,078,554
	<u>6,175,561</u>	<u>6,306,502</u>
Non-controlling interests	32,238	28,776
	<u>₩ 8,430,185</u>	<u>8,499,882</u>

(*) Of the reserve for credit losses for the three-month period ended March 31, 2026, ₩984 million is scheduled to be transferred to the unappropriated retained earnings, and ₩32,811 million of the prior-period unappropriated retained earnings was transferred to the reserve for credit losses.

(b) Capital stock and capital surplus

As of March 31, 2026 and December 31, 2025, par value of common stock is ₩5,000 and the Group authorized 2,000,000,000 shares and issued outstanding shares amounted to 125,369,403 shares.

(c) Hybrid bonds

Hybrid bonds classified as other equity instruments of March 31, 2026 are as follows:

	Issue date	Maturity date	Interest rate (%)	March 31, 2026
Hybrid bonds in Korean won	March 17, 2022	March 17, 2052	4.01	₩ 399,901
Hybrid bonds in Korean won	February 14, 2023	February 14, 2053	5.28	299,921
				<u>₩ 699,822</u>

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(In millions of Korean won)

26. Equity (continued)

The hybrid bonds above can be repaid early after 5 years from the date of issuance, and the Group has an unconditional right to extend the maturity under the same condition.

(d) Changes in accumulated other comprehensive income for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows

		March 31, 2026						
		Items that will be reclassified to profit or loss			Items that will not be reclassified to profit or loss			
		Net changes in the unrealized fair value of financial assets at FVOCI	Foreign currency translation adjustments for foreign operations	Net changes in the unrealized fair value of cash flow hedges	Remeasure ment of the net defined benefit obligations	Net changes in the unrealized fair value of financial assets at FVOCI	Shares of other comprehe nsive income of associates	Total
Beginning balance	₩	(6,007)	20,476	16,817	(62,300)	10,985	-	(20,029)
Gains (losses) during the period:								
Change due to fair value measurement, etc.		(5,070)	-	-	-	5,368	-	298
Changes due to equity method valuation		-	-	-	-	-	(4)	(4)
Reclassification of gains included in profit or loss:								
Reclassification to the initial carrying amount of the hedged item		-	-	(299,626)	-	-	-	(299,626)
Effect of hedge accounting		-	-	349,076	-	-	-	349,076
Effects of foreign exchange differences		-	23,727	-	-	-	-	23,727
Remeasurement of the net defined benefit obligations		-	-	-	(1,044)	-	-	(1,044)
Income tax effects		1,394	-	(13,523)	293	(1,476)	1	(13,311)
Non-controlling interests		-	(1,985)	-	-	-	-	(1,985)
Ending balance	₩	(9,683)	42,218	52,744.00	(63,051)	14,877	(3)	37,102

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Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

26. Equity (continued)

(d) Changes in accumulated other comprehensive income for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are as follows: (continued)

	December 31, 2025					
	Items that will be reclassified to profit or loss			Items that will not be reclassified to profit or loss		Total
	Net changes in the unrealized fair value of financial assets at FVOCI	Foreign currency translation adjustments for foreign operations	Net changes in the unrealized fair value of cash flow hedges	Remeasure ment of the net defined benefit obligations	Net changes in the unrealized fair value of financial assets at FVOCI	
Beginning balance	₩ (2,560)	28,070	(55,817)	(61,350)	12,635	(79,022)
Gains (losses) during the period:						
Change due to fair value measurement, etc.	(4,806)	-	-	-	(2,016)	(6,822)
Reclassification of gains included in profit or loss:						
Reclassification to the initial carrying amount of the hedged item	-	-	(27,149)	-	-	(27,149)
Effect of hedge accounting	-	-	126,259	-	-	126,259
Effects of foreign exchange differences	-	(7,419)	-	-	-	(7,419)
Remeasurement of the net defined benefit obligations	-	-	-	(2,550)	-	(2,550)
Income tax effects	1,359	-	(26,476)	1,600	366	(23,151)
Non-controlling interests	-	(175)	-	-	-	(175)
Ending balance	₩ (6,007)	20,476	16,817	(62,300)	10,985	(20,029)

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Notes to the Consolidated Interim Financial Statements (continued)

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(In millions of Korean won, except per share data)

27. Reserve for Credit Losses

In accordance with Regulations on Supervision of Specialized Credit Finance Business, the Group reserves the difference between allowance for credit losses recognized under K-IFRS and Regulations on Supervision of Specialized Credit Finance Business in the account of reserve for legal reserve for credit losses.

(a) Reserve for credit losses as of March 31, 2026 and December 31, 2025 are summarized as follows:

		March 31, 2026	December 31, 2025
Accumulated reserve for credit losses	₩	935,119	902,308
Provision (Reserve) for credit losses, scheduled		(984)	32,811
- Changes in 2026 and 2025		(984)	32,811
Ending balance of reserve for credit losses	₩	934,135	935,119

(b) Details of profit for the period attributable to owner of the Company after adjusting for reversal of credit losses and provision for reserve for credit losses for the three-month periods ended March 31, 2026 and 2025 are as follows:

		March 31, 2026	March 31, 2025
Profit for the year attributable to owner of the Company	₩	115,449	135,702
Reserve for credit losses, scheduled		984	22,059
Profit for the year after adjusting for reserve for credit losses		116,433	157,761
Earnings per share after adjusting credit losses (*) (in KRW)	₩	865	1,195

(*) Dividend on hybrid bonds is deducted.

28. Earnings per Share

Earnings per share for the three-month periods ended March 31, 2026 and 2025 are as follows:

(In millions of Korean won, except shares outstanding and earnings per share)

		March 31, 2026	March 31, 2025
Profit for the year attributable to owner of the Company	₩	115,449	135,702
Dividend on hybrid bond		(7,937)	(7,937)
Profit for the year attributable to common stocks		107,512	127,765
Weighted average number of common stocks outstanding (in shares)		125,369,403	125,369,403
Earnings per share (in KRW)	₩	858	1,019

The Group has no dilutive potential ordinary shares in the calculation of diluted earnings per share for the reporting periods. Accordingly, diluted earnings per share equals basic earnings per share for the three-month periods ended March 31, 2026 and 2025.

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(In millions of Korean won)

29. Operating Revenue

(a) Operating revenues for the three-month periods ended March 31, 2026 and 2025 are as follows:

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Revenue from contracts with customers		
Fees and commission income	₩ 331,104	284,055
Revenue from other sources		
Interest income	764,595	762,901
Fees and commission income		
Loans receivables	1,278	1,332
Installment finance	2,956	3,497
Lease	155,136	169,785
Other	17,945	17,369
Dividend income	622	315
Net gains on financial assets at FVTPL	8,903	6,546
Gains on derivative instruments	300,703	38,456
Gains on foreign currency transactions	29,106	28,529
Other operating income	84,842	156,372
	₩ <u>1,697,190</u>	<u>1,469,157</u>

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Notes to the Consolidated Interim Financial Statements (continued)

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(In millions of Korean won)

29. Operating Revenue (continued)

(b) Classification of revenue from contracts with customers for the three-month periods ended March 31, 2026 and 2025 are as follows:

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Revenue from contracts with customers		
Credit sales commissions	₩ 267,191	227,521
Insurance agency commissions	26,429	24,887
Other fees and commissions	37,484	31,647
	<u>331,104</u>	<u>284,055</u>
Timing of revenue recognition		
Recognized at a point in time	263,958	221,790
Recognized over time	67,146	62,265
	<u>₩ 331,104</u>	<u>284,055</u>

30. Net Interest Income

Details of net interest income for the three-month periods ended March 31, 2026 and 2025 are as follows:

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Interest income		
Cash and due from banks	₩ 3,624	3,125
Credit card receivables	574,720	574,486
Loans	83,459	87,081
Installment loans	65,787	62,705
Financing leases (*)	34,257	32,234
Others	2,748	3,270
	<u>764,595</u>	<u>762,901</u>
Interest expense		
Borrowings	(51,876)	(58,307)
Debentures	(190,826)	(179,400)
Securitized debentures	(26,197)	(29,226)
Lease liabilities (*)	(376)	(326)
Others	(6,090)	(6,690)
	<u>(275,365)</u>	<u>(273,949)</u>
Net interest income	<u>₩ 489,230</u>	<u>488,952</u>

(*) It includes finance income and costs in financial lease receivables and lease liabilities under K-IFRS No. 1116.

Interest income on impaired financial assets for the three-month periods ended March 31, 2026 and 2025 are ₩3,616 million and ₩3,807 million, respectively.

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Notes to the Consolidated Interim Financial Statements (continued)

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31. Net Fees and Commission Income

Details of net fees and commission income for the three-month periods ended March 31, 2026 and 2025 are as follows:

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Fees and commission income		
Credit card receivables	₩ 331,104	284,056
Loans	1,278	1,332
Installment loans	2,956	3,497
Leases	155,136	169,785
Others (*)	17,945	17,368
	<u>508,419</u>	<u>476,038</u>
Fees and commission expense		
Credit card receivables	(303,427)	(288,729)
Installment loans	(5,286)	(6,277)
Leases	(135)	(542)
Others (*)	(28,168)	(28,624)
	<u>(337,016)</u>	<u>(324,172)</u>
Net fees and commission income	₩ <u>171,403</u>	<u>151,866</u>

(*) Other fees and commission income or expense include profit or loss associated with Shinhan Credit Service (Debt waiver and deferral service) given to credit card members. For the three-month periods ended March 31, 2026 and 2025, the amount of income related to debt waiver and deferral service are ₩5,341 million and ₩6,118 million, respectively, and the amount of expense are ₩1,673 million and ₩1,651 million, respectively.

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Notes to the Consolidated Interim Financial Statements (continued)

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32. General Administrative Expenses

Details of general administrative expenses for the three-month periods ended March 31, 2026 and 2025 are as follows:

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Employee benefits expense		
Salaries and wages	₩ 61,213	60,780
Bonus	11,922	15,275
Incentive of results	3,848	5,741
Share-based compensation expense	1,914	345
Employee benefits	25,776	22,942
Travel	1,447	1,428
Defined benefit	4,322	5,043
Defined contribution	5,109	3,041
Honorary retirement allowance	25,675	13
	<u>141,226</u>	<u>114,608</u>
Depreciation and amortization		
Depreciation	15,251	15,024
Amortization	6,966	7,105
	<u>22,217</u>	<u>22,129</u>
Other general administrative expenses		
Communication	5,651	8,125
Utility	7,792	6,539
Vehicle maintenance	665	680
Supplies	2,413	2,759
Rent	306	277
Insurance	10,322	9,534
Repairs	206	201
Entertainment	670	439
Advertising	3,672	5,416
Sales promotion	5,252	4,851
Training	482	577
Publication	91	80
Freight	217	223
Provision for restoration	4	5
Taxes and dues	20,365	16,987
	<u>58,108</u>	<u>56,693</u>
	<u>₩ 221,551</u>	<u>193,430</u>

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Notes to the Consolidated Interim Financial Statements (continued)

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33. Other Operating Income and Expenses

Details of other operating income and expenses for the three-month periods ended March 31, 2026 and 2025 are as follows:

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Other operating income		
Gains on recovery of bad debt (*)	₩ 2,211	2,289
Others	82,631	154,083
	<u>84,842</u>	<u>156,372</u>
Other operating expenses		
Depreciation of lease assets	(98,204)	(118,976)
Others	(66,206)	(66,000)
	<u>(164,410)</u>	<u>(184,976)</u>
	₩ <u>(79,568)</u>	<u>(28,604)</u>

(*) Gains on recovery of bad debt is the amount of interest received from the bad debt.

34. Non-operating Income and Expenses

Details of non-operating income and expenses for the three-month periods ended March 31, 2026 and 2025 are as follows:

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Non-operating income		
Gains on disposal of property and equipment	₩ 244	369
Miscellaneous income	122	1,293
Decrease in provision for litigation	2	-
Others	4,068	4,555
	<u>4,436</u>	<u>6,217</u>
Non-operating expenses		
Donations	(22)	(14)
Increase in provision for litigation	-	(7)
Losses on disposal of property and equipment	(122)	(18)
Impairment loss on property and equipment and intangible assets	-	(68)
Miscellaneous losses	(68)	(1,011)
Others	(325)	(942)
	<u>(537)</u>	<u>(2,060)</u>
	₩ <u>3,899</u>	<u>4,157</u>

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Notes to the Consolidated Interim Financial Statements (continued)

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35. Income Taxes

(a) The components of income tax expense for the three-month periods ended March 31, 2026 and 2025 are as follows:

	March 31, 2026	March 31, 2025
Current income taxes payable	₩ 11,765	(41,926)
Adjustments to the income tax expense for prior period	283	(1,031)
Changes in deferred tax due to changes in temporary differences	38,492	30,636
Income tax expense (benefit) relating to items recognized outside profit or loss	(13,307)	53,158
Others	(1,268)	2,823
Income tax expense	₩ 35,965	43,660
Effective tax rate	23.56%	24.18%

(b) Following the enactment of legislation related to the Global Anti-Base Erosion (GloBE) Rules, the Group is obligated to pay a top-up tax equal to the difference between the effective tax rate and the minimum rate of 15% in each jurisdiction in which its constituent entities are located, to the extent that the jurisdictional effective tax rate falls below 15%. The Group has assessed the impact of the GloBE rules in accordance with the relevant legislation and has determined that no significant amount of top-up tax is expected to arise, as most constituent entities meet the transitional safe harbor requirements or have effective tax rates exceeding 15%.

Income tax expense related to the GloBE rules is subject to estimation uncertainty due to potential variability arising from various factors, including tax incentives received by permanent establishments and adjustments to accounting net profit or loss required under the legislation for the calculation of GloBE income in subsequent periods. In addition, the Group applies the temporary exception to the recognition and disclosure of deferred tax assets and liabilities under K-IFRS 1012, and therefore does not recognize deferred tax assets or liabilities related to the GloBE rules, nor does it disclose information related thereto.

36. Consolidated Interim Statements of Cash Flows

(a) Details of cash and cash equivalents as of March 31, 2026 and 2025 are summarized as follows:

	March 31, 2026	March 31, 2025
Cash	₩ 74	147
Available due from banks		
Demand deposits	496,675	456,675
Checking accounts	262	223
Foreign currency deposits	27,897	27,698
Other deposits	22,001	40,292
Cash and cash equivalents	₩ 546,909	525,035

(b) The Group presents the cash inflows and outflows of bank overdrafts and call money as net amounts, because the turnover of transactions is quick, the amounts are large, and the maturities are short.

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36. Statements of Cash Flows (continued)

(c) Reconciliations of the amounts of cash and cash equivalents in the statements of cash flows with the equivalent items reported in the statements of financial position as of March 31, 2026 and 2025 are as follows:

		March 31, 2026	March 31, 2025
Cash and cash equivalents in the statements of financial position	₩	651,064	705,429
Adjustment:			
Restricted due from banks		(98,155)	(123,594)
Time deposits (*)		(6,000)	(56,800)
Cash and cash equivalents in the statements of cash flows		546,909	525,035

(*) It doesn't meet the definition of cash and cash equivalents in K-IFRS No. 1007, 'Statements of Cash Flows'.

(d) Changes in assets and liabilities arising from financing activities for the three-month periods ended March 31, 2026 and 2025 are as follows:

		March 31, 2026					
		Balance at January 1, 2026	Changes from cash flows	Changes in foreign currency exchange rate	Interest expenses (amortization)	Changes in fair value	Balance at March 31, 2026
Assets							
Net derivative assets	₩	566,246	(27,914)	-	-	348,219	885,648
Liabilities							
Borrowings		(4,401,105)	(264,197)	(25,905)	(508)	(49,608)	(4,741,323)
Debentures		(25,514,668)	1,171,203	(273,777)	(4,738)	-	(24,621,980)
Lease liabilities (*)		(31,692)	4,548	-	(376)	(10,302)	(37,822)
	₩	(29,947,465)	911,554	(299,682)	(5,622)	(59,910)	(29,401,125)

(*) The amount of changes in cash flows includes ₩375 million in interest payments presented as operating activities in the cash flow statement at the time of payment.

		March 31, 2025					
		Balance at January 1, 2025	Changes from cash flows	Changes in foreign currency exchange rate	Interest expenses (amortization)	Changes in fair value	Balance at March 31, 2025
Assets							
Net derivative assets	₩	664,086	(100,524)	-	-	39,973	603,338
Liabilities							
Borrowings		(6,550,378)	126,923	105	(1,326)	(32,480)	(6,457,156)
Debentures		(24,409,874)	594,888	(21,802)	(3,213)	-	(23,840,001)
Lease liabilities (*)		(30,223)	7,900	-	(326)	(6,574)	(29,223)
	₩	(30,990,475)	729,711	(21,697)	(4,865)	(39,054)	(30,326,380)

(*) The amount of changes in cash flows includes ₩326 million in interest payments presented as operating activities in the cash flow statement at the time of payment.

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37. Contingent Liabilities and Commitments

(a) Contingent liabilities

The Group has 42 pending lawsuits as a defendant including collection of overdue credit card receivables, as of March 31, 2026 for a total claim amount of ₩11,207 million.

A legal provision of ₩4,100 million is recognized in the accompanying consolidated financial statements for expected loss due to litigation cases in which the Group lost.

Additional losses may be incurred from these legal actions, however the result of the lawsuits cannot be predicted. Management believes that the result of the lawsuits would not have a significant impact on the consolidated financial statements.

(b) ABS commitments

In trust-type asset securitizations, the trust company can demand the Group to transfer additional assets if the transferred assets are below the agreed minimum amount. As prescribed by the respective asset transfer agreements and other contracts, the Group has an obligation to early redeem the asset-backed securities in certain cases, such as when outstanding balance of securitized assets falls below the agreed amount at each settlement period or when portfolio profitability ratio is less than a certain level for three consecutive settlement periods. Investor Interest based on transferred assets are provided as collateral for asset-backed securities. As of March 31, 2026, the Group has no additional obligation for the asset-backed securities.

The Group has entered into an agreement with the trust company to provide asset management services for the transferred assets. Under the agreement, the Controlling Company provides various services such as billing, collection, and management of delinquencies, and receives service fees from the trust company recorded as asset securitization income.

(c) Other commitments

i) The Group has entered into an agreement with Shinhan Bank for the trust and consignment in order to perform various credit card services including recruitment of credit card members and merchants.

ii) The Group is subject to take necessary measures, including accumulation of required reserve or subscription to insurances or mutual aid, pursuant to Article 43-3 of the Use and Protection of the Credit Information Act. Accordingly, the Group has accumulated ₩2 billion as liability reserve for electronic banking and credit information.

iii) As of March 31, 2026, the Group has limit loan commitments amounting to ₩1,991.4 billion with banks including Hana Bank and SC Bank. In addition, the Group has entered into overdraft agreements (including daily check) amounting to ₩1,325 billion with banks including Shinhan Bank and KB Kookmin Bank.

iv) The unused credit provided by the Group as of March 31, 2026 and December 31, 2025 was ₩94,626,536 million and ₩93,605,391 million respectively. As of March 31, 2026 and December 31, 2025, the securities purchase agreement signed by the Group were ₩71,382 million and ₩79,620 million.

(d) Other matters

With respect to the leakage of personal information of merchant representatives that occurred between March 2022 and May 2025, investigations by the regulatory authorities are currently in progress, and the results cannot be predicted at this time.

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38. Asset Backed Securitization (ABS)

(a) The initial transfer price of the credit card receivables sold by the *Asset-Backed Securitization Act* as of March 31, 2026 and December 31, 2025 is as summarized as follows:

	Transfer date		March 31, 2026	December 31, 2025
Shinhan Card 2025-1	2025.09.24	₩	-	940,266
Shinhan Card 2026-1	2026.02.26		554,405	-
		₩	554,405	940,266

(b) Details of uncollected transferred assets, which were sold by the act on ABS, as of March 31, 2026 and December 31, 2025 are summarized as follows:

	Disposed assets	Transfer date		March 31, 2026	December 31, 2025
Shinhan Card 2021-2	Credit card receivables	2021.09.09	₩	-	175,868
Shinhan Card 2022-1	Credit card receivables	2022.04.28		-	183,553
Shinhan Card 2022-2	Credit card receivables	2022.08.18		707,963	725,617
Shinhan Card 2022-3	Credit card receivables	2022.12.22		106,779	303,782
Shinhan Card 2023-1	Credit card receivables	2023.06.21		476,849	487,579
Shinhan Card 2024-1	Credit card receivables	2024.03.28		1,174,808	1,208,215
Shinhan Card 2024-2	Credit card receivables	2024.08.27		818,034	837,927
Shinhan Card 2025-1	Credit card receivables	2025.09.24		828,407	857,806
Shinhan Card 2026-1	Credit card receivables	2026.02.26		513,596	-
			₩	4,626,436	4,780,347

(c) Securitization of financial assets

The Group uses the securitization of financial assets as a means of financing and to transfer risk. Generally, these securitization transactions result in the transfer of contractual cash flows to the debt securities holders issued from the financial asset portfolio. The Group recognizes debt securities issued without derecognition of assets under individual agreements, partially recognizes assets to the extent of the Group's level of involvement in assets, or recognizes rights and obligations arising from the derecognition and transfer of assets as separate assets and liabilities. The Group derecognizes the entire asset only if it transfers contractual rights to the cash flows of financial assets or if it holds contractual rights but bears contractual obligations to pay cash flows to the other party without significant delays or reinvestment and transfers most of the risks and benefits of ownership (e.g., credit risk, interest rate risk, prepayment risk, etc.). As of March 31, 2026 and December 31, 2025, the carrying amount of financial assets related to securitization transactions that have been transferred but not derecognized was ₩4,626,436 million and ₩4,780,347 million, respectively; the carrying amount of related liabilities was ₩3,511,691 million and ₩3,179,131 million, respectively.

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39. Related Parties and Transactions with Related Parties

(a) As of March 31, 2026, related parties of the Group are summarized as follows. Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Name of company	Control relationship
Shinhan Financial Group Co., Ltd.	Parent company
Wave Technology	Associate
Fin Flow	Associate
One Shinhan Connect Fund 1	Associate
One Shinhan Connect Fund 2	Associate
Shinhan hyper connect venture fund I	Associate
Shinhan Bank	Other related parties
Shinhan Life Insurance Co., Ltd.	Other related parties
Shinhan DS Co., Ltd.	Other related parties
Shinhan Securities Co., Ltd.	Other related parties
Jeju Bank	Other related parties
BNP Paribas Cardif Life Insurance	Other related parties
Shinhan Savings Bank	Other related parties
Shinhan Fund Partners	Other related parties
Shinhan Capital Co., Ltd.	Other related parties
Shinhan Asset Management Co., Ltd.	Other related parties
SHC Management Co., Ltd.	Other related parties
Shinhan EZ General Insurance Co., Ltd.	Other related parties
Shinhan REITs Management Co., Ltd.	Other related parties
Shinhan AI Co., Ltd.	Other related parties
Shinhan Asset Trust Co., Ltd.	Other related parties
Shinhan Venture Investment Co, Ltd.	Other related parties
Goduck Gangil10 PFV Co., Ltd.	Other related parties
KOREA FINANCE SECURITY CO., LTD	Other related parties
Incorporated association Finance Saving Information Center	Other related parties
TECHFIN RATINGS Co., Ltd.	Other related parties
iPIXEL Co., Ltd.	Other related parties
One Shinhan Futures New Technology Investment Association 1	Other related parties
One Shinhan Futures New Technology Investment Association 2	Other related parties
One Shinhan Futures New Technology Investment Association 3	Other related parties
Shinhan Global Flagship Venture Fund 1	Other related parties
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	Other related parties
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.3	Other related parties
Korea Credit Bureau	Other related parties
Kiram Ho Chi Minh Office General Private Placement Real Estate Investment Trust(USD)	Other related parties
Shinhan hyper future's venture fund 1	Other related parties
Shinhan hyper future's venture fund 2	Other related parties
SH Rebalancing Private Real Estate Investment Trust No.1	Other related parties
Shinhan Credit Recovery NPL Mixed Asset Investment Fund 2	Other related parties
Shinhan Credit Solution Mixed Asset Investment Fund 1	Other related parties

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39. Related Parties and Transactions (continued)

(b) Significant transactions with the related parties for the three-month periods ended March 31, 2026 and 2025 are as follows:

Related party / Account	March 31, 2026	March 31, 2025
Shinhan Financial Group Co., Ltd.		
Interest expense	₩ 8,606	9,194
Fees and commission income	12	15
Fees and commission expense	3,335	3,335
Shinhan Bank (*1)		
Interest income	309	789
Interest expense	7,698	4,455
Fees and commission income	2,188	2,170
Fees and commission expense	44,327	42,786
Other general and administrative expense	2,870	1,463
Gain on derivatives	30,573	1,467
Loss on derivatives	-	2,957
Reversal of credit loss allowance	(1)	(1)
Shinhan Life Insurance Co., Ltd.		
Interest income	-	62
Interest expense	114	231
Fees and commission income	7,502	5,122
Fees and commission expense	2,064	1,496
Reversal of credit loss allowance	-	(1)
Shinhan DS Co., Ltd. (*2)		
Fees and commission expense	15,955	16,415
Other non-operating income	2	2
Other general and administrative expense	-	4
Reversal of credit loss allowance	(2)	(5)
Shinhan Securities Co., Ltd. (*1)		
Interest income	25	29
Fees and commission income	38	27
Fees and commission expense	34	43
Shinhan Capital Co., Ltd.		
Fees and commission income	21	15
Jeju Bank		
Fees and commission income	28	15
Fees and commission expense	1	1
BNP Paribas Cardif Life Insurance		
Fees and commission income	5	7
Shinhan Savings Bank		
Interest income	17	26
Fees and commission income	175	245
Fees and commission expense	-	1
Other non-operating income	2	2
SHC Management Co., Ltd.		
Other non-operating income	14	14

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39. Related Parties and Transactions (continued)

(b) Significant transactions with the related parties for the three-month periods ended March 31, 2026 and 2025 are as follows: (continued)

Related party / Account	March 31, 2026	March 31, 2025
Shinhan EZ General Insurance Co., Ltd.	₩	
Fees and commission income	318	192
Other general and administrative expense	38	37
Shinhan Venture Investment Co., Ltd.		
Fees and commission expense	12	-
Shinhan Asset Management Co., Ltd.		
Other non-operating income	-	4
Korea Credit Bureau		
Fees and commission income	1,402	591
Fees and commission expense	1,265	1,066
Other general and administrative expense	131	47
EDNCENTRAL Co., Ltd. (*3)		
Interest income	-	189
Fees and commission income	-	9
Provision for credit loss allowance	-	1
TECHFIN RATINGS Co., Ltd.		
Provision for credit loss allowance	2	-
Fin Flow		
Fees and commission expense	500	-
Other general and administrative expense	162	-
KOREA FINANCE SECURITY CO., LTD		
Other general and administrative expense	36	36

(*1) For the three-month periods ended March 31, 2026 and 2025, the Group recognized the right-of-use assets amounting to ₩13,990 million and ₩8,256 million, and lease liabilities amounting to ₩14,263 million and ₩7,043 million, respectively, according to the lease contract with the other related parties. In addition, the Group recognized interest expenses related to lease liabilities amounting to ₩143 million and ₩35 million.

(*2) For the three-month periods ended March 31, 2026, the Group acquired property and equipment from related parties amounting to ₩364 million. For the three-month periods ended March 31, 2026 and 2025, the Group acquired intangible assets from other related parties amounting to ₩762 million and ₩1,213 million.

(*3) It was excluded from the related parties due to the loss of significant influence by disposal, liquidation, etc for the year ended December 31, 2025 and the amount refers to the transactions before it was excluded from the related parties.

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39. Related Parties and related Parties Transactions (continued)

(c) Significant balances with the related parties as of March 31, 2026 and December 31, 2025 are summarized as follows:

<u>Related party / Account</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Shinhan Financial Group Co., Ltd.		
Credit card receivables	₩ 316	526
Consolidated tax receivables	44	34
Shinhan Bank		
Cash and due from banks	52,434	107,208
Credit card receivables	5,626	8,820
Allowance for credit losses	(2)	(3)
Derivative assets	100,371	61,982
Accounts receivable	6,026	981
Accrued income	39	156
Security deposits paid	14,075	14,470
Shinhan Life Insurance Co., Ltd.		
Credit card receivables	1,120	1,875
Allowance for credit losses	(2)	(2)
Accounts receivable	111	78
Shinhan DS Co., Ltd.		
Credit card receivables	2,869	3,977
Allowance for credit losses	(9)	(12)
Shinhan Securities Co., Ltd.		
Cash and due from banks	454	433
Credit card receivables	1,690	2,188
Accounts receivable	-	9
Allowance for credit losses	(1)	(1)
Jeju Bank		
Cash and due from banks	2,735	2,394
Accounts receivable	9	20
BNP Paribas Cardif Life Insurance		
Credit card receivables	192	190
Allowance for credit losses	(1)	(1)
Shinhan Saving Bank		
Cash and due from banks	2,550	4,550
Credit card receivables	116	119
Accrued income	28	65
Accounts receivable	43	50
Allowance for credit losses	(1)	(1)
Shinhan Fund Partners		
Credit card receivables	211	245
Shinhan Capital Co., Ltd.		
Credit card receivables	211	291
Accounts receivable	2	6
Shinhan Asset Management Co., Inc.		
Credit card receivables	424	479

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39. Related Parties and Transactions (continued)

(c) Significant balances with the related parties as of March 31, 2026 and December 31, 2025 are summarized as follows:
(continued)

Related party / Account	March 31, 2026	December 31, 2025
Shinhan REITs Management Co., Ltd.		
Credit card receivables	₩ 78	62
Shinhan Asset Trust Co., Ltd.		
Credit card receivables	151	274
Allowance for credit losses	-	(1)
Shinhan EZ General Insurance Co., Ltd.		
Credit card receivables	105	73
Allowance for credit losses	(1)	(1)
Shinhan Venture Investment Co, Ltd.		
Credit card receivables	110	92
Allowance for credit losses	(1)	(1)
Korea Credit Bureau		
Credit card receivables	671	907
KOREA FINANCE SECURITY CO., LTD		
Credit card receivables	5	7
Incorporated association Finance Saving Information Center		
Credit card receivables	2	1
TECHFIN RATINGS Co., Ltd.		
Credit card receivables	36	28
Allowance for credit losses	(1)	-
iPIXEL Co., Ltd.		
Credit card receivables	18	10
Total accounts receivable	₩ 192,853	212,577

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

39. Related Parties and Transactions (continued)

(c) Significant balances with the related parties as of March 31, 2026 and December 31, 2025 are summarized as follows:
(continued)

Related party / Account	March 31, 2026	December 31, 2025
Shinhan Financial Group Co., Ltd.		
Borrowings	₩ 1,085,402	1,383,047
Current tax liabilities	82,727	79,879
Accrued expenses	27,342	32,694
Shinhan Bank		
Derivative liabilities	33	878
Borrowings	262,553	245,644
Provision for restoration	57	57
Accounts payable	5,339	746
Accrued expenses	3,669	2,390
Lease liabilities	14,263	9,803
Provision for unused credit commitments	6	6
Shinhan Life Insurance Co., Ltd.		
Accounts payable	1,621	1,818
Accrued expenses	6,304	6,011
Borrowings	2,870	5,460
Provision for unused credit commitments	4	4
Shinhan Securities Co., Ltd.		
Provision for unused credit commitments	1	1
BNP Paribas Cardif Life Insurance		
Provision for unused credit commitments	1	1
Shinhan DS Co., Ltd.		
Accrued expenses	148	3,189
Provision for unused credit commitments	2	1
Shinhan Saving Bank		
Provision for unused credit commitments	1	1
Shinhan EZ General Insurance Co., Ltd.		
Provision for unused credit commitments	-	1
Shinhan Venture Investment Co, Ltd.		
Accrued expenses	17	-
Shinhan Asset Trust Co., Ltd.		
Provision for unused credit commitments	1	1
TECHFIN RATINGS Co., Ltd.		
Provision for unused credit commitments	2	1
Total accounts payable	₩ <u>1,492,363</u>	<u>1,771,633</u>

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

39. Related Parties and Transactions (continued)

(d) Fund transactions between the related parties for the three-month period ended March 31, 2026 and the year ended December 31, 2025 are summarized as follows:

(i) Borrowing · Repayment

Control relationship	Related party	March 31, 2026		December 31, 2025	
		Borrowing	Repayment	Borrowing	Repayment
Parent Company (*1)	Shinhan Financial Group Co., Ltd.	-	(300,000)	670,000	(1,137,680)
Other related parties (*2)	Shinhan Bank	229,640	(222,664)	615,750	(549,036)
Other related parties	Shinhan Life Insurance Co., Ltd.	2,790	(5,580)	-	(5,460)

(*1) For the three-month period ended March 31, 2026 and the year ended December 31, 2025, the Group has paid dividends of ₩7,971 million and ₩31,884 million from hybrid bonds, respectively.

(*2) For the three-month period ended March 31, 2026 and the year ended December 31, 2025, the amount of borrowing of lease liabilities under lease contracts concluded with other related parties amounted to ₩4,883 million and ₩10,003 million, respectively. Repayments of lease liabilities under such lease contracts amounted to ₩ 807 million and ₩ 2,064 million, respectively.

(ii) Loans · Collection

Control relationship	Related party	March 31, 2026		December 31, 2025	
		Loans	Collection	Loans	Collection
Other related party (*)	EDNCENTRAL Co., Ltd.	₩ -	-	2,310	-

(*) It was excluded from the related parties due to the loss of significant influence by disposal, liquidation, and etc for the year ended December 31, 2025, and the amount refers to the transactions before it was excluded from the related parties.

(iii) Investment – collection

Control relationship	Related party	March 31, 2026		December 31, 2025	
		Investment	Collection	Investment	Collection
Other related party	Shinhan global flagship venture fund 1	-	-	6,000	-
Other related party	SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	-	(2,587)	1,193	(5,270)
Other related party	SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.3	309	(632)	1,118	(275)
Other related party	Shinhan hyper future's venture fund 1	-	-	211	-
Other related party	Shinhan hyper future's venture fund 2	-	-	180	-
Other related party	Kiram Ho Chi Minh Office General Private Placement Real Estate Investment Trust(USD)	-	-	4,661	-
Other related party	Shinhan Credit Recovery NPL Mixed Asset Investment Fund 2	2,500	-	4,692	-
Other related party	Shinhan Credit Solution Mixed Asset Investment Fund 1	4,908	(121)	14,730	-
Other related party	SH Rebalancing Private Real Estate Investment Trust No.1	-	-	12,031	-
Associate	One-Shinhan Connect Fund 1	540	-	600	(3,600)
Associate	One-Shinhan Connect Fund 2	-	-	150	-
Associate	Shinhan hyper connect venture fund I	-	-	13,500	(983)
Associate	Fin Flow	-	-	630	-

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

39. Related Parties and Transactions (continued)

(d) Fund transactions between the related parties for the three-month periods ended March 31, 2026 and 2025 are summarized as follows: (continued)

(iv) Transactions relating to settlements and deposits arising in the ordinary course of business between related parties are excluded.

(e) Key management personnel compensations for the three-month periods ended March 31, 2026 and 2025 are as follows:

		March 31, 2026	March 31, 2025
Salaries and wages	₩	971	1,441
Post-employment benefits		59	30
Share-based payments		452	268
	₩	1,482	1,739

(f) Details of the guarantee provided by related parties as of March 31, 2026 and December 31, 2025 are as follows:

Guarantor	Guaranteed Party		Amount of guarantee		Details
			March 31, 2026	December 31, 2025	
Shinhan Bank	Shinhan Card Co., Ltd.	₩	300,000	300,000	Daily check overdraft agreement
			91,144	86,409	Unused credit commitment
			41,770	39,604	Financial guarantee (letter of credit)

(g) The main agreement with related parties as of March 31, 2026 and December 31, 2025 are as follows:

Related Party		Amount of commitment		Details
		March 31, 2026	December 31, 2025	
Shinhan Bank	₩	1,088,895	1,048,358	Derivative instruments commitment
Shinhan Financial Group Co., Ltd.		3,684	3,474	Unused credit card commitment
Shinhan Bank		60,146	57,041	Unused credit card commitment
Shinhan Life Insurance Co., Ltd.		7,879	7,124	Unused credit card commitment
Shinhan DS Co., Ltd.		2,631	1,523	Unused credit card commitment
Shinhan Securities Co., Ltd.		8,810	8,312	Unused credit card commitment
BNP Paribas Cardif Life Insurance		808	810	Unused credit card commitment
Shinhan Savings Bank		384	381	Unused credit card commitment
Shinhan Fund Partners		789	755	Unused credit card commitment
Shinhan Capital Co., Ltd.		2,379	2,299	Unused credit card commitment
Shinhan Asset Management Co., Ltd.		776	721	Unused credit card commitment
Shinhan EZ General Insurance Co., Ltd.		145	177	Unused credit card commitment
Shinhan REITs Management Co., Ltd.		122	138	Unused credit card commitment
Shinhan Asset Trust Co., Ltd.		1,149	1,026	Unused credit card commitment
Shinhan Venture Investment Co, Ltd.		390	408	Unused credit card commitment
Structured Entities (*)		70,524	78,762	Securities purchase agreements

(*) The amount is for the Group's associates and other structured entities that are other related parties.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

39. Related Parties and Transactions (continued)

(h) The collateral provided to related parties as of March 31, 2026 and December 31, 2025 is as follows:

Related Party	Collateral asset	Set amount of collateral	
		March 31, 2026	December 31, 2025
Shinhan Bank	Bond (*)	₩ 116,234	134,654
Shinhan Bank	Cash and due from banks	30	180
Shinhan Savings Bank	Cash and due from banks	50	50
Shinhan Life Insurance Co., Ltd.	Cash and due from banks	10	10

(*) The Group provides lease receivables classified as operating leases and financial leases as collateral.

(i) For the year ended December 31, 2025, the amount of receivables acquired by the Group through Shinhan Securities Co., Ltd. was ₩1,631 million.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (continued)

March 31, 2026 and 2025 (Unaudited), and December 31, 2025

(In millions of Korean won)

40. Disposal Group Classified as Held for Sale

In accordance with regulations on the establishment of local holding companies in Indonesia, the Group obtained regulatory approval in September 2025 for the sale of a portion of its equity interest in Shinhan Indo Finance to the Indonesian subsidiary of Shinhan Bank. Accordingly, the assets and liabilities related to Shinhan Indo Finance have been classified as assets and liabilities held for sale. The transaction is expected to be completed by September 2026.

(a) Assets and liabilities classified as held for sale as of March 31, 2026 and December 31, 2025 are as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Assets of a disposal group classified as held for sale		
Cash and due from banks	₩ 3,218	4,526
Credit card receivables and others measured at amortized cost	293,371	284,491
Property and equipment	1,455	4,355
Intangible assets	749	-
Deferred tax assets	116	658
Other assets	9,324	5,169
	<u>308,233</u>	<u>299,199</u>
Liabilities of a disposal group classified as held for sale		
Borrowings	249,523	244,410
Defined benefit liabilities	253	209
Other liabilities	7,950	5,783
	<u>257,726</u>	<u>250,402</u>

(b) Cumulative gains or losses directly recognized in other comprehensive income in relation to the disposal group classified as held for sale as of March 31, 2026 and December 31, 2025 are as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Remeasurement of the net defined benefit obligations	₩ 85	87
Foreign currency translation adjustments for foreign operations	(1,879)	(2,300)
	<u>(1,794)</u>	<u>(2,213)</u>

Independent Auditors' Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholder of
Shinhan Card Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Shinhan Card Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising of material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 3, 2026

This report is effective as of March 3, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of December 31, 2025 and 2024

<i>(In millions of won)</i>	<i>Note</i>		2025	2024
Assets				
Cash and due from banks	10,40	₩	550,151	864,692
Financial assets at fair value through profit or loss	11		684,773	606,717
Derivative assets	12		567,126	670,186
Credit card receivables at amortized cost and others	13		36,758,882	37,267,649
Lease assets	14		1,907,243	2,133,859
Financial assets at fair value through other comprehensive income	16		353,044	378,530
Property and equipment, net	15,17		626,229	645,716
Intangible assets	18		213,329	228,428
Investments in associates	19		124,995	101,903
Current tax assets	39		34	4
Deferred tax assets	39		132,913	131,277
Investment property	20		44,451	45,642
Defined benefit assets	24		11,524	5,011
Other assets	21		912,839	1,057,480
Assets of a disposal group classified as held for sale	45		299,199	-
Total assets		₩	<u>43,186,732</u>	<u>44,137,094</u>
Liabilities				
Derivative liabilities	12	₩	880	6,100
Borrowings	22		4,401,105	6,550,378
Debentures, net	23		25,514,667	24,409,874
Defined benefit obligations	24		-	173
Current tax liabilities	39		77,722	69,112
Provisions	25		245,715	220,948
Other liabilities	15,26		4,196,359	4,603,613
Liabilities of a disposal group classified as held for sale	45		250,402	-
Total liabilities		₩	<u>34,686,850</u>	<u>35,860,198</u>
Equity				
Common stock	27	₩	626,847	626,847
Hybrid bonds	27		699,822	699,822
Capital surplus	27		860,729	860,729
Capital adjustments	27		(2,765)	(2,354)
Accumulated other comprehensive loss	27		(20,029)	(79,023)
Retained earnings	27,28		6,306,502	6,147,734
Equity attributable to owner of the Company			<u>8,471,106</u>	<u>8,253,755</u>
Non-controlling interests	27		<u>28,776</u>	<u>23,141</u>
Total equity		₩	<u>8,499,882</u>	<u>8,276,896</u>
Total liabilities and equity		₩	<u>43,186,732</u>	<u>44,137,094</u>

See accompanying notes to the consolidated financial statements.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024

<i>(In millions of won, except earnings per share)</i>	<i>Note</i>	2025	2024
Interest income		₩ 3,067,760	2,984,234
Interest expense		(1,120,263)	(1,053,063)
Net interest income	32	1,947,497	1,931,171
Fee and commission income		1,956,931	2,073,548
Fee and commission expense		(1,370,820)	(1,305,206)
Net fee and commission income	33	586,111	768,342
Dividend income	34	939	673
Net gain on financial assets at fair value through profit or loss	11	4,323	24,795
Net gain (loss) on derivatives	12	31,658	577,817
Net gain (loss) on foreign currency transactions	7	21,825	(534,736)
Provision for credit loss allowance	35	(911,600)	(917,238)
General administrative expenses	36	(854,058)	(819,733)
Other operating expense, net	37	(216,675)	(273,650)
Operating income		610,020	757,441
Non-operating income, net	38	(3,126)	12,081
Share of gain (loss) of associates		12,794	(4,053)
Profit before income tax		619,688	765,469
Income tax expense	39	(139,483)	(190,208)
Profit for the year		₩ 480,205	575,261
Other comprehensive income (loss):			
Items that will never be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit obligations	24,27	₩ (950)	(11,669)
Net changes in the unrealized fair value of financial assets at fair value through other comprehensive income	7,27	(1,650)	(12,788)
Items that are or may be reclassified subsequently to profit or loss			
Gains (losses) on financial assets at fair value through other comprehensive income		(3,446)	4,469
Net changes in the unrealized fair value of cash flow hedges	12,27	72,634	(18,379)
Foreign currency translation adjustments for foreign operations	27	(7,419)	16,380
Other comprehensive income (loss) for the year, net of tax		59,169	(21,987)
Total comprehensive income for the year		₩ 539,374	553,274

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Continued)
For the years ended December 31, 2025 and 2024

<i>(In millions of won, except earnings per share)</i>	<i>Note</i>		2025	2024
Profit attributable to:				
Equity holders of Shinhan Card Co., Ltd.	30	₩	476,745	572,147
Non-controlling interests			3,460	3,114
Profit for the year		₩	<u>480,205</u>	<u>575,261</u>
Total comprehensive income (loss) attributable to:				
Equity holders of Shinhan Card Co., Ltd		₩	535,739	550,576
Non-controlling interests			3,635	2,698
Total comprehensive income		₩	<u>539,374</u>	<u>553,274</u>
Earnings per share				
Basic and diluted earnings per share (in won)	30	₩	3,548	4,309

See accompanying notes to the consolidated financial statements.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the year ended December 31, 2025

	2025								
	Common stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehen- sive income (loss)	Retained earnings	Sub total	Non- controlling interests	Total equity
(In millions of won)									
₩ Balance at January 1, 2025	626,847	699,822	860,729	(2,354)	(79,023)	6,147,734	8,253,755	23,141	8,276,896
Transactions with owner									
Dividends	-	-	-	-	-	(286,093)	(286,093)	-	(286,093)
Share-based payment transactions	-	-	-	(1)	-	-	(1)	-	(1)
Dividend on hybrid bonds	-	-	-	-	-	(31,884)	(31,884)	-	(31,884)
Net change in non-controlling interests	-	-	-	(410)	-	-	(410)	2,000	1,590
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	476,745	476,745	3,460	480,205
Remeasurement of the net defined benefit obligations	-	-	-	-	(950)	-	(950)	-	(950)
Net changes in the unrealized fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(5,096)	-	(5,096)	-	(5,096)
Net changes in the unrealized fair value of cash flow hedges	-	-	-	-	72,634	-	72,634	-	72,634
Foreign currency translation adjustments for foreign operations	-	-	-	-	(7,594)	-	(7,594)	175	(7,419)
₩ Balance at December 31, 2025	626,847	699,822	860,729	(2,765)	(20,029)	6,306,502	8,471,106	28,776	8,499,882

See accompanying notes to the consolidated financial statements.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity (continued)
For the year ended December 31, 2024

	2024								
	Common stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Sub total	Non- controlling interests	Total equity
<i>(In millions of won)</i>									
Balance at January 1, 2024	₩ 626,847	699,822	860,729	(1,548)	(55,952)	5,916,393	8,046,291	8,696	8,054,987
Transactions with owner									
Dividends	-	-	-	-	-	(310,415)	(310,415)	-	(310,415)
Dividend on hybrid bonds	-	-	-	-	-	(31,891)	(31,891)	-	(31,891)
Net change in non-controlling interests	-	-	-	(806)	-	-	(806)	11,746	10,940
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	572,147	572,147	3,114	575,261
Remeasurement of the net defined benefit obligations	-	-	-	-	(11,669)	-	(11,669)	-	(11,669)
Net changes in the unrealized fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(9,819)	1,500	(8,319)	-	(8,319)
Net changes in the unrealized fair value of cash flow hedges	-	-	-	-	(18,379)	-	(18,379)	-	(18,379)
Foreign currency translation adjustments for foreign operations	-	-	-	-	16,796	-	16,796	(415)	16,381
Balance at December 31, 2024	₩ 626,847	699,822	860,729	(2,354)	(79,023)	6,147,734	8,253,755	23,141	8,276,896

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024

(In millions of won)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Profit for the year	₩ 480,205	575,261
Adjustments for:		
Interest income	(3,067,760)	(2,984,234)
Interest expense	1,120,263	1,053,063
Dividend income	(939)	(673)
Income tax expense	139,483	190,208
Fee and commission income	41,822	43,450
Fee and commission expense	983	1,071
Gains on disposals of financial assets at fair value through profit or loss	(1,833)	(2,110)
Losses on disposals of financial assets at fair value through profit or loss	14	1
Gains on valuation of financial assets at fair value through profit or loss	(1,982)	(4,674)
Losses on valuation of financial assets at fair value through profit or loss	8,273	1,604
Gains on derivatives	(149,207)	(595,761)
Losses on derivatives	117,549	17,943
Net losses on foreign currency transactions	28,893	574,961
Provision for credit loss allowance	911,600	917,238
Employee-related expenses	43,922	25,729
Depreciation expenses	88,491	85,542
Provision for restoration	18	18
Other operating expenses	445,200	465,837
Non-operating income	(1,039)	(634)
Non-operating expenses	15,823	2,957
Share of profit or loss of associates	(12,794)	4,053
	<u>(273,220)</u>	<u>(204,411)</u>
Changes in assets and liabilities:		
Restricted due from banks	(70,642)	(10,339)
Due from banks at amortized cost	198,470	(150,300)
Financial assets at fair value through profit or loss	(28,291)	360,365
Credit card receivables at amortized cost and other	(377,218)	(1,238,419)
Lease assets	(218,688)	(517,046)
Other assets	35,553	276,872
Net defined benefit obligations	(39,663)	(37,027)
Provisions	(42,499)	(39,105)
Other liabilities	(362,717)	(794,114)
	<u>(905,695)</u>	<u>(2,149,113)</u>
Income taxes paid	(156,047)	(172,687)
Interest received	2,880,061	2,817,178
Interest paid	(978,718)	(872,258)
Dividend received	939	673
Net cash inflow(outflow) from operating activities	<u>₩ 1,047,525</u>	<u>(5,357)</u>

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
For the years ended December 31, 2025 and 2024

(In millions of won)

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss	₩ 14,446	7,988
Acquisition of financial assets at fair value through profit or loss	(68,684)	(18,865)
Proceeds from disposal of financial assets at fair value through other comprehensive income	25,492	20,907
Acquisition of financial assets at fair value through other comprehensive income	(5,455)	(16,300)
Acquisition of investments in associates	(14,250)	(13,500)
Proceeds from disposal of investments in associates	4,583	-
Proceeds from disposal of property and equipment	2,479	1,429
Acquisition of property and equipment	(18,935)	(32,975)
Proceeds from disposal of intangible assets	4,821	1,446
Acquisition of intangible assets	(33,337)	(27,845)
Decrease in security deposits paid	13,116	8,041
Increase in security deposits paid	(5,475)	(2,914)
Net cash outflow from investing activities	<u>₩ (81,199)</u>	<u>(72,588)</u>
Cash flows from financing activities		
Proceeds from borrowings	₩ 2,804,603	1,421,207
Repayment of borrowings	(4,855,813)	(3,073,789)
Proceeds from debentures	6,626,555	9,544,871
Repayment of debentures	(5,533,912)	(7,314,347)
Cash inflows from cash flow hedges	2,674,668	2,773,828
Cash outflows from cash flow hedges	(2,446,187)	(2,748,915)
Repayment of lease liabilities	(15,815)	(15,256)
Dividends paid	(286,093)	(310,415)
Increase in security deposits paid	(84,855)	(53,259)
Payment of dividend on hybrid bonds	(31,884)	(31,884)
Decrease in other financial liabilities	-	(10,640)
Issuance of common stocks	1,586	10,940
Net cash inflow (outflow) from financing activities	<u>(1,147,147)</u>	<u>192,341</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>(1,366)</u>	<u>2,134</u>
Net increase (decrease) in cash and cash equivalents	(182,187)	116,530
Cash and cash equivalents included in assets held for sale	(4,526)	-
Cash and cash equivalents at the beginning of the year	<u>599,793</u>	<u>483,263</u>
Cash and cash equivalents at the end of the year (Note 40)	<u>₩ 413,080</u>	<u>599,793</u>

See accompanying notes to the consolidated financial statements.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As of and for the years ended December 31, 2025 and 2024

1. Reporting Entity

General information of Shinhan Card Co., Ltd. (the “Company” or the “Controlling Company”) and its subsidiaries (collectively the “Group”) is as follows.

(a) The Controlling Company

The Controlling Company(the “Company”) was incorporated on December 17, 1985. The address of the Company’s registered office is Eulji-Ro 100, Building A, Jung-Gu, Seoul (Pine Avenue Eulji-Ro 2 Ga). The Group provides credit card services, factoring, installment financing and lease financing under the Specialized Credit Finance Business Act.

As of December 31, 2025, the Group has approximately 20.42 million (actual member criteria) personal credit card holders, 1.97 million merchants in its network and 47 branch offices (including the headquarter office and overseas subsidiaries). The Group is a wholly owned subsidiary of Shinhan Financial Group Co., Ltd. ("Shinhan Financial Group").

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

1. Reporting Entity (continued)

(b) Subsidiaries

As of December 31, 2025 and 2024, consolidated subsidiaries are summarized below.

Name of subsidiary	Location	Closing month	Operating activities	December 31, 2025		December 31, 2024	
				Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest
Shinhan Card 2021-1 (*1) (*2)	Korea	December	ABS	-	-	0.5%	99.5%
Shinhan Card 2021-2 (*1) (*2)	Korea	December	ABS	0.5%	99.5%	0.5%	99.5%
Shinhan Card 2022-1 (*1) (*2)	Korea	December	ABS	0.5%	99.5%	0.5%	99.5%
Shinhan Card 2022-2 (*1) (*2)	Korea	December	ABS	0.5%	99.5%	0.5%	99.5%
Shinhan Card 2022-3 (*1) (*2)	Korea	December	ABS	0.5%	99.5%	0.5%	99.5%
Shinhan Card 2023-1 (*1) (*2)	Korea	December	ABS	0.5%	99.5%	0.5%	99.5%
Shinhan Card 2024-1 (*1) (*2)	Korea	December	ABS	0.5%	99.5%	0.5%	99.5%
Shinhan Card 2024-2 (*1) (*2)	Korea	December	ABS	0.5%	99.5%	0.5%	99.5%
Shinhan Card 2025-1 (*1) (*2)	Korea	December	ABS	0.5%	99.5%	-	-
Shinhan Credit Information Co., Ltd.	Korea	December	Debt collection, Credit investigation, Complaints service agency	100.0%	-	100.0%	-
Shinhan Finance LLC (*3)	Kazakhstan	December	Installment, Lease financing and credit loan	72.09%	27.91%	75%	25%
Shinhan Indo Finance	Indonesia	December	Installment, credit card and lease financing	76.33%	23.67%	76.33%	23.67%
Shinhan Microfinance Co., Ltd.	Myanmar	September	Credit loan	100.0%	-	100.0%	-
Shinhan Vietnam Finance Co., Ltd.	Vietnam	December	Credit loan, Installment and credit card	100.0%	-	100.0%	-
Specified money in trusts (*1) (6 cases and 3 cases as of December 31, 2025 and 2024, respectively)	Korea	December	Trust asset management	100.0%	-	100.0%	-

(*1) The above subsidiaries have been designed so that voting or similar rights are not the dominant factor in determining control, and therefore it qualifies as a structured entity.

(*2) Although the Controlling Company's percentage of ownership in shares of structured entities is less than 50%, with consideration of the terms and conditions of structured entities' incorporate agreement, the Group obtains substantially all gains and losses from the operations of the structured entities, and the Group has the ability to direct the activities of structured entities that can significantly affect such gains and losses. Accordingly, the structured entities are included in the consolidation. The Group may elect additional trusts to avoid early redemption of securitization bonds resulting from a breach of the early redemption trigger clause in the asset securitization.

(*3) The Group's stake has been decreased from 75% to 72.09% due to the capital increase by third-party allocation for the year ended December 31, 2025.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024
(In millions of won)

1. Reporting Entity (continued)

(c) Changes in investments in subsidiaries during the year ended December 31, 2025 are as follows:

Status of change	Name of the subsidiary	Reason
Included	Shinhan Card 2025-1	Newly invested subsidiary
Excluded	Shinhan Card 2021-1	Liquidation

(d) Condensed financial information of the Group's subsidiaries as of and for the years ended December 31, 2025 and 2024 are as follows:

Name of subsidiary	December 31, 2025				
	Total assets	Total liabilities	Total equity	Profit (loss) for the year	Total comprehensive income (loss)
Shinhan Card 2021-2	-	-	-	-	-
Shinhan Card 2022-1	-	-	-	-	-
Shinhan Card 2022-2	574,601	574,220	381	-	1,024
Shinhan Card 2022-3	179,372	179,514	(142)	-	1,986
Shinhan Card 2023-1	385,012	390,504	(5,492)	-	6,094
Shinhan Card 2024-1	889,004	847,308	41,696	-	57,695
Shinhan Card 2024-2	576,260	574,260	2,000	-	5,767
Shinhan Card 2025-1	584,076	573,976	10,100	-	10,100
Shinhan Credit Information Co., Ltd.	38,290	12,979	25,311	856	638
Shinhan Finance LLC	396,240	334,597	61,643	9,102	10,600
Shinhan Indo Finance	299,199	250,403	48,796	4,630	3,359
Shinhan Microfinance Co., Ltd.	22,986	16,125	6,861	(1,532)	(1,967)
Shinhan Vietnam Finance Co., Ltd.	618,490	458,807	159,683	12,524	7,254
Specified money in trusts	795,000	-	795,000	21,985	21,985

Name of subsidiary	December 31, 2024				
	Total assets	Total liabilities	Total equity	Profit (loss) for the year	Total comprehensive income (loss)
Shinhan Card 2021-1	-	-	-	-	-
Shinhan Card 2021-2	400,123	400,123	-	-	-
Shinhan Card 2022-1	400,291	400,291	-	-	-
Shinhan Card 2022-2	587,553	588,196	(643)	-	409
Shinhan Card 2022-3	365,598	367,727	(2,129)	-	2,879
Shinhan Card 2023-1	342,567	354,153	(11,586)	-	1,732
Shinhan Card 2024-1	847,966	863,965	(15,999)	-	(15,999)
Shinhan Card 2024-2	584,533	588,300	(3,767)	-	(3,767)
Shinhan Credit Information Co., Ltd.	35,676	11,003	24,673	1,765	1,823
Shinhan Finance LLC	287,009	237,552	49,457	9,696	6,970
Shinhan Indo Finance	238,562	193,037	45,525	5,687	8,788
Shinhan Microfinance Co., Ltd.	15,736	16,724	(988)	(389)	655
Shinhan Vietnam Finance Co., Ltd.	629,441	477,012	152,429	3,795	12,699
Specified money in trusts	490,000	-	490,000	29,629	29,629

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

2. Basis of Preparation

The Group prepares its financial statements in accordance with Korean International Financial Reporting Standards (“K-IFRS”), which are accounting standards adopted and promulgated by the International Accounting Standards Board as prescribed in Article 5-1-1 of the Act on External Audit of Stock Companies.

The consolidated financial statements were authorized for issue by the Board of Directors on February 4, 2026, which will be submitted for approval to the shareholder’s meeting to be held on March 25, 2026.

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statements of financial position:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value;
- Financial instruments at fair value through other comprehensive income are measured at fair value;
- Liabilities recognized for cash-settled share-based payment; and
- Present value of liabilities recognized for defined benefit plans, net of the fair value of plan assets.

(b) Functional and presentation currency

The respective financial statements of the Group entities are prepared in the functional currency of the respective economic environment in which the Group entities operate. These consolidated financial statements are presented and reported in Korean won, which is the Controlling Company’s functional currency and the currency of the primary economic environment in which the Group operates.

(c) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. If the estimates and assumptions based on management's best judgment as of December 31, 2025 are different from the actual environment, these estimates and actual results may be different.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are described in Note 5.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

2. Basis of Preparation (continued)

(d) Changes in accounting policies

Except for the following new accounting standards enacted or amended for the first time for their annual reporting period commencing January 1, 2025, the accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2024. There are other new standards applied from January 1, 2025, which does not have a significant impact on the Group's consolidated financial statements.

(i) New and amended standards and interpretations adopted by the Group

The Group has applied the following new and amended accounting standards and new interpretations issued that are effective for the accounting periods beginning on or after January 1, 2025.

1) Amendments to K-IFRS No. 1021, 'The Effects of Changes in Foreign Exchange Rates' and K-IFRS No. 1101, 'First-time adoption of Korean International Financial Reporting Standards' – Lack of exchangeability

The amendments require to assess whether a currency is exchangeable and, if exchange with other currencies is not possible, to estimate the spot exchange rate and disclose related information. The adoption of the amendments did not have a material impact on the Group's consolidated financial statements.

(ii) New and amended standards and interpretations not yet adopted by the Group

The following are new and amended standards and interpretations that have been issued or published but are not yet effective and have not been applied.

1) Amendments to K-IFRS No. 1109, 'Financial Instruments' and K-IFRS No. 1107, 'Financial Instruments: Disclosures'

In response to questions raised in practice and to incorporate new requirements, K-IFRS No. 1109, 'Financial Instruments' and K-IFRS No. 1107, 'Financial Instruments: Disclosures' were amended. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted. The principal amendments are as follows. The Group is currently assessing the impact of these amendments on its financial statements.

- Permits, subject to specified criteria, a financial liability to be considered settled (derecognized) before the settlement date when it is settled through an electronic payment system
- Clarifies and adds guidance for assessing whether a financial asset meets the criterion of consisting solely of payments of principal and interest
- Requires disclosures, by class of financial instrument, of the effect on the entity of contractual terms that change the timing or amount of contractual cash flows and the extent of the entity's exposure
- Introduces additional disclosures for equity instruments designated at fair value through other comprehensive income

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

2. Basis of Preparation (continued)

(d) Changes in accounting policies (continued)

(ii) *New and amended standards and interpretations not yet adopted by the Group (continued)*

2) K-IFRS Annual Improvements Volume 11

K-IFRS annual improvements Volume 11 are applied for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted. There will be no material impact on the consolidated financial statements from these amendments.

- K-IFRS No. 1101, '*First-time adoption of Korean International Financial Reporting Standards*' – Hedging accounting by a first-time adopter
- K-IFRS No. 1107, '*Financial Instruments: Disclosures*' – Gain or loss on derecognition, practical application guidance
- K-IFRS No. 1109, '*Financial Instruments*' – Derecognition of lease liabilities and transaction price
- K-IFRS No. 1110, '*Consolidated Financial Statements*' – Determination of 'de facto agent'
- K-IFRS No. 1007, '*Statement of Cash Flows*' – Cost method
- K-IFRS 1109 Financial Instruments and K-IFRS 1107 Financial Instruments: Disclosures – Contracts referencing nature-dependent electricity

The Group is currently assessing the impact of these amendments on its financial statements.

3) K-IFRS No. 1118 'Presentation and Disclosure in Financial Statements'

K-IFRS No. 1118 '*Presentation and Disclosure in Financial Statements*' replaces K-IFRS No. 1001 '*Presentation of Financial Statements*'. K-IFRS No. 1118 carries forward many of the requirements of K-IFRS No. 1001 without significant changes and introduces new requirements. Certain paragraphs of K-IFRS No. 1001 have been relocated to K-IFRS No. 1008 and K-IFRS No. 1107, and K-IFRS No. 1007 and K-IFRS No. 1033 have been amended.

- Presentation of specified categories and defined subtotals in the statement of profit or loss
- Disclosure of management-defined performance measures (MPMs) within the notes to the financial statements
- Improvements to aggregation and disaggregation requirements

K-IFRS No. 1118 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to K-IFRS No. 1007 and K-IFRS No. 1033, as well as the revised K-IFRS No. 1008 and K-IFRS No. 1107, will be effective upon the application of K-IFRS No. 1118. The Group is currently assessing the impact of these amendments on consolidated financial statements.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

3. Material Accounting Policies

Material accounting policies applied by the Group in preparation of its consolidated financial statements are described below. The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise in Note 2 (d).

(a) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group has a single reportable segment. Accordingly, information on segment assets, liabilities and profit or loss is not disclosed.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and other events in similar circumstances, the Group prepares the consolidated financial statements by making appropriate adjustments.

(ii) Structured entities

The Group has established a number of structured entities by transferring credit card receivables and others. A structured entity is consolidated if, based on an evaluation of the substance of its relationship with the Group and the structured entity's risks and rewards, it is concluded that the Group controls the structured entity.

(iii) Elimination of intra-group transactions

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. If intra-group losses indicate an asset impairment that requires recognition on the consolidated financial statements, the intra-group losses are recognized as a loss.

(iv) Non-controlling interests

Non-controlling interests in a subsidiary are accounted for separately from the parent's ownership interests in a subsidiary.

Non-controlling interests are measured as a proportional share of the current equity instrument from the amount recognized for the acquirer's identifiable net assets at the acquisition date. Each component of net profit or loss and other comprehensive income is attributed to the owners of the parent and non-controlling interest holders, even when the allocation reduces the non-controlling interest balance below zero.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

3. Material Accounting Policies (continued)

(c) Cash and cash equivalents

They are short-term investment assets with high liquidity, such as cash balances, foreign currencies, and demand deposits, and short-term investment assets with a slight risk of value fluctuations are classified as cash and cash equivalents.

(d) Non-derivative financial assets

(i) Recognition and initial measurement

Issued debentures are initially recognized at the time of issue. Other financial instruments and financial liabilities are recognized only when the Group becomes a party to the contract for the financial instrument.

(ii) Classification and subsequent measurement

1) Financial asset: Business model

The Group assesses the objective of the business model held at the portfolio level of financial assets because it best reflects the way the business is managed, and information is provided to management. Such information takes into account the following:

- The accounting policies and objectives specified for the portfolio and the actual operation of these policies. These include management's strategy focused on obtaining contractual interest revenue, maintaining the level of interest revenue, and financing the debt financing and matching the duration of the financial asset's duration and on the outflow or realization of expected cash flows through the sale of the asset;
- Assessment of the performance of financial assets held in a business model and reporting the assessment to key management personnel;
- The risks affecting the performance of the business model (and the financial assets held in the business model) and how they are managed;
- Compensation for management (e.g., compensation based on the fair value of the managed asset or on the contractual cash flows received); and
- The frequency, amount, timing, reasons and expectations of future sales activities of financial assets in prior periods.

For this purpose, transfers of financial assets from transactions that do not meet the derecognition requirements to third parties are not considered as sales.

A portfolio of financial assets that meets the definition of trading or whose performance is measured at fair value through profit or loss.

2) Financial asset: Contractual cash flows are solely payments of principal and interest on the principal amount outstanding

'Principal' amount is defined as the fair value on initial recognition of the financial asset. 'Interest' consists of profit as well as consideration for the time value of money, consideration for the credit risk associated with the principal balance in a particular period, and consideration for other basic loan risks and costs (such as liquidity risk and operating costs).

In assessing whether contractual cash flows consist solely of principal and interest payments, the Group considers the terms and conditions of the instrument. If a financial asset contains a contractual term that changes the timing or amount of contractual cash flows, the entity must determine whether the contractual cash flows that may arise over the life of the financial instrument are solely payments of principal and interest.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

3. Material Accounting Policies (continued)

(d) Non-derivative financial assets (continued)

(ii) Classification and subsequent measurement (continued)

To make an assessment, the Group considers the following:

- Contractual terms that change the timing or amount of contractual cash flows;
- Terms that adjust the contractual interest rate, including variable interest rate features;
- Prepayment features and extension features; and
- Terms and conditions that limit the Group's claims on cash flows arising from specific assets. (e.g., non-recourse features)

(iii) Offsetting

Financial assets and liabilities are offset only when the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(e) Derivative financial assets

(i) Derivatives and Hedge Accounting

The Group holds derivative financial instruments to hedge foreign exchange and interest rate exposures. If the host contract is not a financial asset and meets certain requirements, the embedded derivative is accounted for separately and separated from the host contract.

The Group designates specific derivatives and non-derivative financial liabilities as hedging instruments to hedge the variability of cash flows associated with future forecast transactions that are likely to arise from changes in exchange rates and interest rates, as the purpose of hedging exchange risk against net investments in foreign operations.

At the inception of the hedge, the Group documents the purpose and strategy of risk management to perform the hedge. The Group documents the economic relationship between the hedged item and the hedging instrument, including whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

(ii) Cash flow hedge

The Group designates part of derivatives as hedging instruments in a cash flow hedging relationship. Part of derivatives are recognized as hedging costs in other comprehensive income and accumulate as separate items in equity.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

3. Material Accounting Policies (continued)

(f) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

For financial instruments traded in active markets, the fair value of financial instruments is measured at quoted prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties, if available, reference to the current fair value of other instruments that are substantially the same. Fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs. Periodically, the Group calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument or based on any available and observable market data.

The fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. However, if part of the consideration given or received is for something other than the financial instrument, the fair value of the financial instrument is estimated, using a valuation technique. Any additional amount lent is an expense or a reduction of income unless it qualifies for recognition as some other type of asset.

The fair value of interest-free installment purchases (which is offered for marketing purpose to expand credit sales) is measured by using the discount rate considering the credit rating of the Group and the credit risk of customers. As the source of the yield and the purpose of customers using interest-free installment purchases are different from those of installment purchases with interest, the discount rate is calculated in that way.

(g) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on the following assets:

- Financial assets measured at amortized cost
- Debt securities measured at FVOCI

The Group measures loss allowances at an amount equal to the lifetime expected credit losses ("ECLs"), except for the following, which are measured as twelve month ECLs:

- Financial instrument that are determined to have low credit risk at the reporting date; and
- Financial instrument for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group assumes that the credit risk on a financial asset has increased significantly when:

- Asset credit quality is cautionary or less;
- Significant changes in credit rating occur; or
- Specified overdue pool segment (personal card receivables past due over seven days, etc.) incurs.

The Group considers a financial asset to be in default when:

- The financial asset is more than 90 days past due.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

3. Material Accounting Policies (continued)

(g) Impairment of financial assets (continued)

(i) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that financial assets are impaired includes the following observable information.

- Significant financial difficulty of the borrower or issuer
- Default or delinquency in interest or principal payments
- Restructuring of a loan or a concession granted by the Group, which the Group would not otherwise consider
- Indications that a borrower or issuer will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security
- Observable data that there is a measurable decrease in the estimated future cash flows from a group of financial assets, since the initial recognition of those assets, although individual cash flows cannot be discriminated

(ii) Presentation of impairment loss

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Debt securities that are measured at FVOCI are included in Current Profit and Loss, and also recognized in Other Comprehensive Income.

(iii) Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group evaluates whether there is a reasonable expectation of recovering a financial asset based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024

3. Material Accounting Policies (continued)

(h) Property and equipment

Among the items in property and equipment, land is not depreciated, and items of other property and equipment are depreciated using the straight-line method over their estimated useful lives described below, which most closely reflect the expected pattern of consumption of the future economic benefits implicated in the assets.

The estimated useful lives and depreciation methods of property and equipment are as follows:

Descriptions	Useful lives	Depreciation method
Buildings	40 years	Straight-line method
Vehicles	5 years	Straight-line method
Other tangible assets	5 years	Straight-line method

(i) Intangible assets

Intangible assets are measured initially at cost and, after initial recognition, are carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization of intangible assets except for goodwill is calculated on a straight-line method over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which club memberships are expected to be available for use, this intangible asset is determined as having indefinite useful lives and not amortized.

Descriptions	Useful lives
Membership	Indefinite
Development cost	5 years
Software	5 years
Other intangible assets	5 years or less

(j) Leases

(i) *Lessor*

Where the Group is a lease provider, it classifies each lease as an operating lease and a financial lease. Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. In the case of financial leases, assets held under financial leases are recognized in the statement of financial position at the commencement of the lease, the assets are presented as receivables of the same amount as net lease investment, and financial returns are recognized over the lease period.

(ii) *Lessee*

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for

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3. Material Accounting Policies (continued)

(j) Leases (continued)

(ii) *Lessee (continued)*

which the Group is lessee, the Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate, the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by, a subsidiary of the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example term, country, currency, guarantee and warranty.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group did not choose to apply that revaluation model to buildings held by the Group that are presented in the right-of-use assets.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Low-value assets comprise IT-equipment and small items of office furniture.

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3. Material Accounting Policies (continued)

(k) Investment property

A property held for rental income or investment gains is classified as investment property. Investment property is measured at cost at initial recognition, and after initial recognition, it is presented as the accumulated depreciation and the accumulated impairment losses are deducted from the cost. Among properties, an investment property excluding land is depreciated with a straight-line method for 40 years of useful life.

(l) Non-derivative financial liabilities

The Group classifies financial liabilities based on the substance of the contractual agreement and the definition of a financial liability into financial liabilities at fair value through profit or loss and other financial liabilities and recognize them on the consolidated financial statements when the Group becomes the party to the contractual agreement.

(m) Employee benefits

(i) Post-employment benefit plan

The Group has introduced and manages both a defined benefit pension plan and a defined contribution pension plan. Employees have a right to choose one of the pension plans. Defined contribution plans are calculated annually by an independent accountant using the projected unit credit method.

(ii) Termination benefits

Termination benefits are expensed when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancy are expensed if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months following the reporting period, then they are discounted at present value.

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3. Material Accounting Policies (continued)

(n) Provisions

The Group recognizes provisions related to litigations and unused credit commitments from credit card sales and cash services. Provisions for unused credit commitments from credit card sales and cash service are estimated using a valuation model that takes credit conversion factor, probability of default, and loss given default into account. In addition, when the Group bears the responsibility for restoration following the expiration of a rental contract, the Group recognizes the present value of the estimated restoration costs as a provision.

(o) Foreign currencies

When the functional currency of a foreign operation is not the currency of a hyperinflationary economy, the assets and liabilities of the statement of financial position (including comparative statements of financial position) are translated at the closing exchange rate at the end of the reporting period, and income and expenses of the statement of comprehensive income (including comparative statements of comprehensive income) are translated at the exchange rates at the dates of the transactions. Exchange differences arising from such translation are recognized in other comprehensive income.

(p) Share-based payment transactions

Shinhan Financial Group, which is the parent company, has granted shares or share options to the Group's employees. In accordance with a repayment arrangement with Shinhan Financial Group, the Group is required to pay Shinhan Financial Group for the provision of the share-based payments. The Group recognizes the costs as expenses and accrued expenses in liabilities for the service period. When vesting conditions are not satisfied because of death, retirement or dismissal of employees during the specified service period, no amount is recognized for goods or services received on a cumulative basis. Share-based payment agreements granted by Shinhan Financial Group to employees are accounted for as equity-settled share-based payment transactions, and share-based payment agreements granted by the Group to employees are accounted for as cash-settled share-based payment transactions, regardless of the repayment arrangement with Shinhan Financial Group.

(q) Revenue from contracts with customers

The Group recognizes fee income from cardholders and merchants on an accrual basis applying the following five steps: (1) Identify the contracts with the customers, (2) Identify the separate performance obligations, (3) Determine the transaction price of the contract, (4) Allocate the transaction price to each of the separate performance obligations, and (5) Recognize the revenue as each performance obligation is satisfied. However, the Group recognizes fee income related to delinquent receivables, whose probability of future economic benefits is low, on a cash basis.

The fair value of the consideration received or receivable in respect of an initial sale is allocated to reward points ("points") and other components of fee and commission income. The Group provides rewards in various forms including discounts on credit settlements and gifts. The amount allocated to points is estimated at the amount expected to be paid on points rewarded to cardholders in consideration of the expected redemption rate and is recognized as a deduction from the fee and commission income.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
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3. Material Accounting Policies (continued)

(r) Finance income and finance costs

The Group's finance income and finance costs consist of :

- Interest income;
- Interest expense;
- Dividend income;
- Net income or loss on financial assets measured at fair value through profit or loss;
- Foreign currency gain or loss on financial assets and financial liabilities;
- Net impairment losses or reversals of impairment losses on financial assets measured at amortized cost;
- Remeasurement gains on acquirer's previously held equity interest in the acquiree at its acquisition-date fair value;
- Loss of changes in fair value of contingent consideration classified as a financial liability;
- Hedge ineffectiveness recognized in profit or loss; and
- Net gains or losses reclassified from other comprehensive income that were previously recognized in relation to cash flow hedge accounting for interest rate risk and foreign exchange risk on borrowings

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established. In addition, handling fee income and incidental expenses related to loans are deferred and presented as a deduction from loan receivables. They are depreciated using the effective interest method during the loan period and recognized in income and expense.

When calculating interest income or interest expense, the effective interest rate is applied to the gross carrying amount of the asset (if the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that subsequently have been credit-impaired since initial recognition, interest revenue is calculated by applying an effective interest rate to the amortised cost of the financial asset. The Group calculates the interest revenue by applying the effective interest rate to the gross carrying amount if the financial asset is no longer credit impaired.

(s) Income taxes

Shinhan Financial Group, which is the parent company, files with the Korean tax authorities its national income tax return under the consolidated corporate tax system, which allows it to make national income tax payments based on the consolidated profits or losses of the Shinhan Financial Group and its domestic subsidiaries in which it holds 90% or more ownership including the Company. The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that, and only to the extent that it is probable that the temporary difference will reverse in the foreseeable future; and taxable profit will be available against which the temporary difference can be utilized.

Tax uncertainty arises from the Group's claims for correction due to the complexity of transactions or differences in tax law interpretation, and refund lawsuits and tax investigations by tax authorities. Where the Group has paid tax according to K-IFRS No. 2123, and there is a highly probable of having a tax refund in the future, it will be recognized as corporate tax assets, and the amount expected to be paid as a result of tax audits will be recognized as corporate tax liabilities.

(t) Goodwill impairment test

The recoverable amounts of each CGU are evaluated based on their respective value in use (See Note 18).

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
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4. Financial Risk Management

(a) General information of risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk, Liquidity risk, Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Organization for risk management

Major decisions relating to risk management are made by the Risk Management Committee under the Board of Directors. To effectively implement the Risk Management Committee's determination and deliberation, the Group runs the Risk Management Council chaired by the Chief Risk Officer (CRO) and composed of all group heads, key division heads, and the head of the risk management department. In addition, to assist these two bodies, the Group has established a risk executive department that independently oversees and performs risk management functions.

Furthermore, the Group established a Credit Review Committee separately from the Risk Management Council to conduct credit evaluations of corporate customers with outstanding loans over a certain amount and other significant credit matters. The Credit Review Committee is chaired by the head of the Management Support Group and consists of relevant group heads, the CRO and the head of the corporate credit management department.

(ii) Risk management process

The Group measures credit risk, liquidity risk, market risk, and interest rate risk. The Group presents an acceptable level of risks before the establishment of an annual financial plan, and sets the upper growth limit as a guideline, which considers available capital and risk capital. On the basis of organized financial plans in accordance with established guidelines, the Group organizes risk plans and sets risk limits, which encompass the Group's entire risk appetite.

Risk limits are set on the basis of the risk capital in principle or set by the regulatory capital in case of absence of a risk capital calculation system. The Group manages total risk limits, risk limits for each type of risk and risk limits by product. If total risk exceeds 95% of its limit, the Group immediately reports the risk limits to the CRO of Shinhan Financial Group and to the Group Risk Management Committee. In case of risk limits for each type of risk, after consultation with the Shinhan Financial Group, it is adjustable by resolution of the Risk Management Committee within the range of total risk limits. In case of risk limits by product, after prepared countermeasures, it is adjustable by resolution of the Risk Management Council.

(iii) Risk monitoring

Risk Monitoring is performed by Shinhan Financial Group's risk dashboard for early detection of risk, regular risk measurement and monitoring systems the Risk Management Council and Risk Management Committee, and the Enterprise Risk Management System. The Group performs weekly monitoring on short-term credit quality indicators and leading economic indicators.

1) Risk dashboard

The risk dashboard is a risk monitoring system to provide early detection and proactive response to portfolio risks and abnormal symptoms, and key monitoring targets of portfolios by business line and credit quality of members(credit ratings). It performs the pre-detection function on the risk factors such as increases in assets, and risks by each monitoring target. Regarding quantitative indicators such as increases in assets and increases in risks, the Group defines the

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
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determination level of risk detection by the statistical significance level. By regular monitoring, the risk management team together with relevant teams analyses the cause and prepares and implements a countermeasure.

4. Financial Risk Management (continued)

(a) General information of risk management (continued)

(iii) *Risk monitoring (continued)*

2) Risk measurement and monitoring reporting

The Group regularly reports the overall results of risk measurement and monitoring to the Risk Management Council and Risk Management Committee. Regular monitoring items consist of operational status of risk limits (total / type / product), portfolio guidelines, levels of enterprise crisis, economic / market trends, detailed indicators of credit quality, and financing and liquidity risks.

(iv) *Enterprise crisis management system*

The enterprise crisis management system consists of a series of response procedures by crisis level, including quantitative identification of crises through monitoring of crisis indicators, determination of enterprise-wide crisis levels based on quantitative assessments and impact analysis, establishment of action plans for each crisis level, and subsequent follow-up and review.

Internal and external crisis indicators for each of credit risk and liquidity risk are divided into core indicators, and leading indicators and the stage of crisis is determined quantitatively. Risk management working-level committee performs analysis of qualitative information and risk management council, consisting heads of departments decides whether to perform entity-wide impact analysis.

The enterprise crisis levels are determined by classifying internal and external assessment indicators into four categories – Stable, Caution, Alert, and Risk – and defining trigger points for each crisis level. Based on the comprehensive scoring of internal and external indicators, the Group-wide crisis stages are classified into six levels: Normal 1, Normal 2, Cautionary 1, Cautionary 2, Crisis Impending and Crisis.

Based on the assessment of crisis stage, appropriate action items for each crisis stage are set up and implemented. For the purpose of efficient operation of the Enterprise Crisis Management System, detailed roles and responsibilities for each organization are predefined. Crisis management organizations consist of a Risk management working-level committee which performs daily monitoring, risk management council, consisting heads of departments which is convened when the crisis stage is assessed as above the Cautionary 2 two times in succession. In addition, the Group has Risk Management Council and Crisis Management Council headed by the CEO, and Group Crisis Management Council headed by the CEO of the Shinhan Financial Group. These organizations and their detailed roles and responsibilities enable the Group to cope with crisis systematically.

(v) *Evaluation process*

The Group sets and operates the standards on credit card issuance pursuant to the standard of review for payment ability prescribed by the Regulation on Supervision of Specialized Credit Finance Business. If the basic qualification standards are not met, credit card issuance is prohibited. When standards are met, credit card issuance is possible only if the AS (Application Score) credit rating is above a certain degree, which is based on the Group's internal information, external information from Credit Bureaus, and personal information in the application form. The Group prohibits higher-risk customers from being issued a credit card by using supplementary information such as overdue history and Credit Bureaus' credit ratings.

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4. Financial Risk Management (continued)

(a) General information of risk management (continued)

(v) *Evaluation process (continued)*

The Group utilizes customer transaction records with Shinhan Financial Group's subsidiaries, internal or external credit information, and characteristics of each customer group to improve its assessment functions on credit card issuance for new customers. The Group performs various kinds of simulations to cope with the changes in surroundings such as market conditions and economic trends so that the Group is able to predict the potential risk of certain customer groups and establish the management policy for higher-risk groups.

The Group determines an optimized credit limit for new credit card holders according to their payment ability by considering occupation, income, property, debt, and transaction records with Shinhan Financial Group's subsidiaries. The Group operates a management system which enables the Group to monitor the changes in risk and prevent high-risk groups from being credit card holders by monitoring monthly indicators.

(vi) *Credit Scoring System*

The Group's Credit Scoring System consists of ASS (Application Scoring System) and BSS (Behavioural Scoring System). BS (Behavioural Score) evaluates the credit card holder's credit quality regularly. Credit card AS (Application Score) evaluates potential credit card holder's credit quality when they apply for credit card issuance. Card loan AS and installment AS evaluate potential customers' credit quality. The Group utilizes the Credit Scoring System in order to monitor its customers' and portfolios' risk exposures.

AS is mainly based on the application form information, and BS is based on history information such as card use and payment after issuing a card. Common use information is calculated by using internal information such as payment ability, assets, period of use of our company, financial institution transaction details of applicants, external information such as credit rating agencies (NICE, KCB), and banking association.

AS application work is approved if the applicant's credit rating is above a certain score and does not correspond to the policy refusal reason such as delinquency of other card companies. Additionally, for applicants who are long-term customers of Shinhan Financial Group and have excellent creditworthiness, separate screening criteria are applied. In addition, the Group uses the elements of credit rating as the basis for setting the limit when issuing cards. The monthly recalculated BS predicts the delinquency probability of card members, and the Group uses it to monitor members and monitor portfolio risk exposures.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. The Group complies with credit risk management procedures pursuant to internal guidelines and regulations and continually monitors and improves these guidelines and regulations. Application of credit risk management includes not only all the transactions in these consolidated financial statements but also off balance items such as guarantees, loan agreements and derivatives transactions that could possibly generate economic loss. The Group assesses credit risks of those transactions and sets a limit on expected credit risks in advance.

The Group estimates credit risks of financial instruments using PD (Probability of Default), LGD (Loss Given Default), and EAD (Exposure at Default) utilizing the risk estimation methodology of Basel. The Group applies the Basel Basis conservatively to reflect the credit card crisis of 2003 and the nature of the credit card business. Credit risks of derivatives, due from banks and securities are assessed using the modified standard methodology of Basel. Credit risks are divided into respective business segments and merchandise segments, and the Group sets limits for each segment, which are monitored by the risk control process, and established an action plan in case that credit risks get close to, or exceed limits.

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4. Financial Risk Management (continued)

(b) Credit risk (continued)

(i) *Exposure to credit risk*

The carrying amount of financial instruments represents the Group's maximum exposure to credit risk. Exposure to credit risk of the Group as of December 31, 2025 and 2024 are as follows. Cash held by the Group is excluded.

	2025	2024
Due from banks and credit card receivables at amortized cost and other (*)		
Banks	₩ 550,116	864,576
Retail	5,465,796	6,208,212
Government/Public institutions/Central bank	795	1,290
Corporations	3,859,285	3,644,338
Credit card receivable	27,433,034	27,413,843
	<u>37,309,026</u>	<u>38,132,259</u>
Financial assets at FVTPL		
Debt securities	23,285	22,644
Beneficiary certificates	639,278	561,258
	<u>662,563</u>	<u>583,902</u>
Financial assets at FVOCI		
Debt securities	293,910	322,835
Derivative financial assets	567,126	670,186
Other assets (*)		
Other financial assets	726,090	810,332
	<u>₩ 39,558,715</u>	<u>40,519,514</u>

(*) The maximum exposure to credit risk is measured as net of allowance for credit loss, deferred loan origination costs (fees), and present value discount amount.

As of December 31, 2025 and 2024, unused credit commitments provided by the Group amounted to ₩93,605,391 million ₩91,239,801 million, respectively. As of December 31, 2025 and 2024, the securities purchase agreement signed by the Group are ₩79,620 million and ₩77,945 million, respectively.

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4. Financial Risk Management (continued)

(b) Credit risk (continued)

(ii) Credit risk exposure by measurement method

Details of the financial instruments based on measurement method of loss allowance by internal credit rating as of December 31, 2025 and 2024 are as follows:

	2025								
	12-month ECLs measurement		Lifetime ECLs measurement		Impaired assets	Subtotal	Allowance for credit loss	Total	
	Prime	Normal	Prime	Normal	Impaired				
Due from banks and credit card receivables at amortized cost, etc.									
Banks	₩	550,116	-	-	-	-	550,116	-	550,116
Retail		4,326,782	769,500	139,452	245,345	97,688	5,578,767	(112,971)	5,465,796
Government									
/public institutions									
/central bank		743	-	54	-	-	797	(2)	795
Corporations		3,040,976	694,196	108,336	45,890	10,433	3,899,831	(40,546)	3,859,285
Card receivable		20,653,319	4,192,419	1,059,983	1,963,487	473,989	28,343,197	(910,163)	27,433,034
		28,571,936	5,656,115	1,307,825	2,254,722	582,110	38,372,708	(1,063,682)	37,309,026
Financial assets at FVOCI									
Debt securities (*)		293,910	-	-	-	-	293,910	-	293,910
	₩	28,865,846	5,656,115	1,307,825	2,254,722	582,110	38,666,618	(1,063,682)	37,602,936

(*) As of December 31, 2025, the allowance for expected credit loss of debt securities at fair value through other comprehensive income is ₩98 million.

2024								
	12-month ECLs measurement		Lifetime ECLs measurement		Impaired assets	Subtotal	Allowance for credit loss	Total
	Prime	Normal	Prime	Normal	Impaired			
Due from banks and credit card receivables at amortized cost, etc.								
Banks	₩ 864,576	-	-	-	-	864,576	-	864,576
Retail	4,935,326	810,344	242,707	239,369	107,978	6,335,724	(127,512)	6,208,212
Government								
/public institutions								
/central bank	617	633	-	46	-	1,296	(6)	1,290
Corporations	1,695,126	1,822,216	15,724	140,890	28,631	3,702,587	(58,249)	3,644,338
Card receivable	21,635,299	2,680,187	1,169,723	2,421,029	629,570	28,535,808	(1,121,965)	27,413,843
	29,130,944	5,313,380	1,428,154	2,801,334	766,179	39,439,991	(1,307,732)	38,132,259
Financial assets at FVOCI								
Debt securities (*)	322,835	-	-	-	-	322,835	-	322,835
	₩ 29,453,779	5,313,380	1,428,154	2,801,334	766,179	39,762,826	(1,307,732)	38,455,094

(*) As of December 31, 2024, the allowance for expected credit loss of debt securities at fair value through other comprehensive income is ₩285 million.

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4. Financial Risk Management (continued)

(b) Credit risk (continued)

(ii) Credit risk exposure by measurement method (continued)

Details of the off-balance sheet item based on measurement method of loss allowance by internal credit rating as of December 31, 2025 and 2024 are as follows:

		2025			
		Prime	Normal	Impaired	Total
Loan commitments and other credit-related liabilities					
12-month expected credit loss	₩	87,378,000	5,043,711	-	92,421,711
Lifetime expected credit loss		441,353	816,278	-	1,257,631
Impaired financial asset		-	-	5,669	5,669
	₩	<u>87,819,353</u>	<u>5,859,989</u>	<u>5,669</u>	<u>93,685,011</u>
		2024			
		Prime	Normal	Impaired	Total
Loan commitments and other credit-related liabilities					
12-month expected credit loss	₩	87,712,469	2,525,436	-	90,237,905
Lifetime expected credit loss		381,105	693,696	-	1,074,801
Impaired financial asset		-	-	5,040	5,040
	₩	<u>88,093,574</u>	<u>3,219,132</u>	<u>5,040</u>	<u>91,317,746</u>

In case of individual members, based on the internal credit rating, the Group manages the members with lower credit loss ratio compared to the profit ratio before impairment with prime, while others are classified as normal. In case of corporate members, AAA ~ BBB+ rating and non-rating of government/public institutions/central bank are classified as prime, while others are classified as normal.

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4. Financial Risk Management (continued)

(b) Credit risk (continued)

(iii) Concentration by geographic location

An analysis of concentration by geographic location for financial instrument, net of allowance, as of December 31, 2025 and 2024 are as follows:

		2025								
		Korea	USA	UK	Japan	Germany	Vietnam	China	Other	Total
Due from banks and credit card receivables at amortized cost, etc.:										
Banks	₩	462,053	-	-	-	-	74,586	-	13,477	550,116
Retail		4,602,112	689	-	160	3	466,150	8,470	388,212	5,465,796
Government/										
Public institutions /										
Central bank		648	-	-	-	-	147	-	-	795
Corporations		3,858,567	-	-	-	-	-	-	718	3,859,285
Card receivable		27,313,284	12,605	409	3,240	290	27,431	50,295	25,480	27,433,034
		36,236,664	13,294	409	3,400	293	568,314	58,765	427,887	37,309,026
Securities at FVTPL										
		662,563	-	-	-	-	-	-	-	662,563
Securities at FVOCI										
		293,910	-	-	-	-	-	-	-	293,910
Derivative assets										
		558,878	-	-	-	-	8,248	-	-	567,126
	₩	37,752,015	13,294	409	3,400	293	576,562	58,765	427,887	38,832,625
Off-balance sheet accounts										
Loan commitments and other credit-related liabilities										
	₩	93,395,410	43,950	1,523	13,953	1,088	9,155	148,912	71,020	93,685,011
		2024								
		Korea	USA	UK	Japan	Germany	Vietnam	China	Other	Total
Due from banks and credit card receivables at amortized cost, etc.:										
Banks	₩	832,371	-	-	-	-	25,448	-	6,757	864,576
Retail		5,397,555	674	41	136	12	520,342	8,228	281,224	6,208,212
Government/										
Public institutions/										
Central bank		1,135	-	-	-	-	155	-	-	1,290
Corporations		3,421,390	-	-	-	-	-	-	222,948	3,644,338
Card receivable		27,302,377	11,154	416	2,930	294	31,767	42,130	22,775	27,413,843
		36,954,828	11,828	457	3,066	306	577,712	50,358	533,704	38,132,259
Securities at FVTPL										
		583,902	-	-	-	-	-	-	-	583,902
Securities at FVOCI										
		322,835	-	-	-	-	-	-	-	322,835
Derivative assets										
		670,186	-	-	-	-	4,313	-	-	670,186
	₩	38,531,751	11,828	457	3,066	306	582,025	50,358	533,704	39,709,182
Off-balance sheet accounts										
Loan commitments and other credit-related liabilities										
	₩	91,079,116	38,741	1,312	13,048	987	6,843	120,202	57,497	91,317,746

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
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4. Financial Risk Management (continued)

(b) Credit risk (continued)

(iv) Concentration by industry sector

An analysis of concentration by industry sector of financial instrument, net of allowance, as of December 31, 2025 and 2024 are as follows:

		2025								
		Finance and insurance	Manu-facturing	Retail and wholesale	Real estate and business	Construction service	Lodging and restaurant	Others	Retail customers	Total
Due from banks and credit card receivables at amortized cost:										
Banks	₩	550,116	-	-	-	-	-	-	-	550,116
Retail		-	-	-	-	-	-	-	5,465,796	5,465,796
Government/ Public institutions/ Central bank		147	-	-	-	-	-	648	-	795
Corporations		1,201,990	156,242	271,239	797,710	114,813	4,699	1,312,592	-	3,859,285
Card receivable		96,934	328,995	269,276	75,354	45,127	21,213	1,319,150	25,276,985	27,433,034
		1,849,187	485,237	540,515	873,064	159,940	25,912	2,632,390	30,742,781	37,309,026
Securities at FVTPL		-	-	-	-	-	-	662,563	-	662,563
Securities at FVOCI		-	-	-	-	-	-	293,910	-	293,910
Derivative assets		567,126	-	-	-	-	-	-	-	567,126
	₩	2,416,313	485,237	540,515	873,064	159,940	25,912	3,588,863	30,742,781	38,832,625
Off-balance sheet accounts										
Loan commitments and other credit-related liabilities		282,722	793,530	614,137	312,969	283,467	101,894	2,399,627	88,896,665	93,685,011
		2024								
		Finance and insurance	Manu-facturing	Retail and wholesale	Real estate and business	Construction service	Lodging and restaurant	Others	Retail customers	Total
Due from banks and credit card receivables at amortized cost:										
Banks	₩	864,576	-	-	-	-	-	-	-	864,576
Retail		-	-	-	-	-	-	-	6,208,212	6,208,212
Government/ Public institutions/ Central bank		155	-	-	-	-	-	1,135	-	1,290
Corporations		787,934	231,026	363,981	402,276	192,659	8,363	1,658,099	-	3,644,338
Card receivable		100,699	322,403	282,613	64,808	47,174	12,834	1,178,909	25,404,403	27,413,843
		1,753,364	553,429	646,594	467,084	239,833	21,197	2,838,143	31,612,615	38,132,259
Securities at FVTPL		-	-	-	-	-	-	583,902	-	583,902
Securities at FVOCI		-	-	-	-	-	-	322,835	-	322,835
	₩	1,753,364	553,429	646,594	467,084	239,833	21,197	3,744,880	31,612,615	39,038,996
Off-balance sheet accounts										
Loan commitments and other credit-related liabilities		271,850	760,450	548,123	305,088	186,125	74,703	2,393,579	86,777,828	91,317,746

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
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4. Financial Risk Management (continued)

(b) Credit risk (continued)

(v) Reflection of forward-looking information

The Group reflects the forward-looking information presented by the internal expert group based on various information when measuring expected credit losses. For the purpose of forecasting this forward-looking information, the Group utilizes the economic prospects disclosed by domestic and overseas research institutes or government and public institutions.

The Group reflects the future macroeconomic situation reflecting the weights calculated by the Group in the measurement of expected loss. The expected loss in this respect reflects the most likely outcome and is based on the same assumptions as the Group estimates based on its business plan and management strategy.

The Group analyzed data from the past to derive correlations between major macroeconomic variables and credit risk necessary for predicting credit risk and credit loss for each portfolio, and then reflected forward-looking information through regression equation estimation. To reflect the uncertain economic situation, the Group reviewed three scenarios: upside, central and downside, and reflected the final forward-looking information.

Major macroeconomic variables(*)	Correlation between credit risks
GDP	Negative correlation
Government consumption	Negative correlation
Facility investment	Negative correlation
Apartment sales transaction price index(Seoul)	Negative correlation
Government bond 3y yields (%)	Negative correlation
Government bond 10y yields (%)	Negative correlation
KRW/USD exchange rate	Positive correlation

(*) In addition to the above table, the forecast for the composite stock index was additionally selected.

The predicted correlation between the macroeconomic variables used by the Group and the risk of default is derived based on long-term data over the past 10 years.

When estimating the default rate considering future economic prospects, the recent actual default rate is an important reference. Although various economic indicators deteriorated, the actual measurement default rate of the Group is being maintained stably.

The Group has considered multiple economic scenarios in applying forward-looking information for measuring expected credit loss. If the weight of the upside, central, and downside scenarios is assumed to be 100% with all other assumptions held constant the sensitivity analysis according to the impact on the Group's expected credit loss provision is as follows.

Scenarios		100% Assumption		Difference to book amount
Upside	₩	1,163,623	₩	(124,355)
Central		1,234,602		(53,376)
Downside		1,369,328		81,350

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4. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk could be caused by maturity mismatch of financial assets and liabilities, or temporary insolvency by unexpected cash outflows. It includes economic losses that the Group will incur in the process of financing high interest rates, or disposing of invested assets in order to meet its obligations. The Group manages liquidity risk by considering all liquidity variation factors that can cause cash inflows and outflows.

The Group sets the goal of “month-end liquidity” as the liquidity level at which the Group could pay its obligations in the next three months. Real liquidity gap ratio of maturity of financial assets and liabilities, liquidity buffer ratio and ABS to borrowings ratio are major indices of liquidity risks monitored by the Group, defined as cautious, apprehensive, and risky. The Group has prepared contingency plans for various liquidity crises.

(i) Maturity analysis of non-derivative financial instruments

The maturity analysis for non-derivative financial assets and liabilities as of December 31, 2025 and 2024 are as follows: Such undiscounted contractual cash flows differ from the discounted amount included in the consolidated statements of financial position, as they include estimated interest payments.

The Group expects that there would be no significant changes in the timing of cash flows.

		2025						
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	Over 5 years	Total
<Non-derivative financial instruments>								
Assets:								
Cash and due from banks	₩	549,760	-	-	-	391	-	550,151
Credit card receivables at amortized cost and others		13,092,869	6,783,226	4,014,630	5,044,159	9,789,469	1,717,585	40,441,938
Financial assets at FVTPL		553,611	-	-	523	61,915	68,724	684,773
Financial assets at FVOCI		293,910	-	-	-	-	59,134	353,044
Other financial assets		693,007	6,963	6,202	11,713	41,245	-	759,130
	₩	15,183,157	6,790,189	4,020,832	5,056,395	9,893,020	1,845,443	42,789,036
Liabilities:								
Borrowings	₩	87,213	662,481	750,031	1,264,133	1,879,711	-	4,643,569
Debentures		1,745,447	1,194,319	1,528,410	1,995,116	20,635,195	203,452	27,301,939
Other financial liabilities		2,672,874	7,420	-	-	818,498	969	3,499,761
	₩	4,505,534	1,864,220	2,278,441	3,259,249	23,333,404	204,421	35,445,269
Off-balance sheet item (*):								
Securities purchase agreement		79,620	-	-	-	-	-	79,620
Unused credit commitments		93,605,391	-	-	-	-	-	93,605,391
	₩	93,685,011	-	-	-	-	-	93,685,011

(*) Unused credit commitments are classified into the earliest possible period because the payment must be executed immediately if the counterparty requests payment.

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4. Financial Risk Management (continued)

(c) Liquidity risk (continued)

(i) Maturity analysis of non-derivative financial instruments (continued)

		2024						
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	Over 5 years	Total
<Non-derivative financial instruments>								
Assets:								
Cash and due from banks	₩	805,793	-	-	500	-	-	806,293
Credit card receivables at amortized cost and others		12,512,363	6,983,558	4,470,776	5,140,877	10,211,373	1,984,942	41,303,889
Financial assets at FVTPL		524,789	-	-	-	40,725	41,203	606,717
Financial assets at FVOCI		322,836	-	-	-	-	55,694	378,530
Other financial assets		768,387	10,478	6,349	16,696	42,697	-	844,607
	₩	14,934,168	6,994,036	4,477,125	5,158,073	10,294,795	2,081,839	43,940,036
Liabilities:								
Borrowings	₩	199,447	860,583	582,670	2,944,045	2,239,746	-	6,826,491
Debentures		905,846	1,261,973	1,058,736	3,278,769	19,431,983	374,878	26,312,185
Other financial liabilities		2,973,243	5,080	-	-	894,597	969	3,873,889
	₩	4,078,536	2,127,636	1,641,406	6,222,814	22,566,326	375,847	37,012,565
Off-balance sheet item (*):								
Securities purchase agreement		77,945	-	-	-	-	-	77,945
Unused credit commitments		91,239,801	-	-	-	-	-	91,239,801
	₩	91,317,746	-	-	-	-	-	91,317,746

(*) Unused credit commitments are classified into the earliest possible period because the payment must be executed immediately if the counterparty requests payment.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
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4. Financial Risk Management (continued)

(c) Liquidity risk (continued)

(ii) *Maturity analysis of derivative financial instruments*

A maturity analysis including the remaining contractual maturities for the derivatives as of December 31, 2025 and 2024 are as follows.

The amounts shown in the table were calculated based on the information below.

- Gross settlement derivatives: gross amount of cash received or paid.

- Net settlement derivatives: net amount of cash received or paid.

		2025						Total
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	Over 5 years	
Net settlement								
cash outflow	₩	522	254	321	681	7,420	-	9,198
Gross settlement								
cash inflow		110,229	150,561	669,672	520,275	4,817,184	-	6,267,921
Gross settlement								
cash outflow		(99,045)	(132,965)	(548,652)	(464,086)	(4,375,099)	-	(5,619,847)
	₩	11,706	17,850	121,341	56,870	449,505	-	657,272
		2024						Total
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	Over 5 years	
Net settlement								
cash outflow	₩	1,022	1,603	339	(138)	491	-	3,317
Gross settlement								
cash inflow		142,306	510,448	94,634	874,463	4,987,037	-	6,608,888
Gross settlement								
cash outflow		(134,156)	(400,537)	(80,235)	(698,446)	(4,403,935)	-	(5,717,309)
	₩	9,172	111,514	14,738	175,879	583,593	-	894,896

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4. Financial Risk Management (continued)

(d) Market risk

Market risk from trading positions is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group is exposed to interest rate risk of financial assets and liabilities in the case of non-trading assets and interest rate risk of MMF (Money Market Fund) in the case of trading assets and only foreign exchange rate risk of foreign currency deposits because the Group hedges 100% cash flows of foreign currency liabilities with currency rate swaps. Stock price risk is exposed only to equity securities denominated in KRW among equity securities.

The Group assesses risks of expected transactions and sets up limits to control market risks to the extent that the Group can handle. The Group assessed market risks on the basis of the Basel standard methodology and the Historical VaR (Value at Risk) method, established risk limits respectively, monitored, and established an action plan in case that market risks get close to, or exceed limits.

(i) Market risk management from trading positions

The Group assessed market risk from trading positions using the standard methodology of Financial Supervisory Service. At the end of the current and prior periods, assets exposed to market risk are classified as financial assets measured at fair value through profit or loss (FVPTL). Market risk is measured by calculating the valuation amount of these assets and applying the required regulatory capital weighting. The following represents the Group's assessment of its potential loss in financial assets at fair value through profit or loss as of December 31, 2025 and 2024 that are exposed to the respective risks:

		2025			
		Average	High	Low	December 31
Interest rate risk (*)	₩	2,967	6,002	-	2,700
(*) Overseas subsidiaries were excluded from the calculation.					

		2024			
		Average	High	Low	December 31
Interest rate risk (*)	₩	3,622	7,802	2,051	2,551
(*) Overseas subsidiaries were excluded from the calculation.					

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4. Financial Risk Management (continued)

(d) Market risk (continued)

(ii) *VaR and EaR management from non-trading positions*

1) *Interest rate risk from non-trading positions*

The principal market risk from non-trading activities of the Group is interest rate risk. The Group makes an effort to minimize variations of net assets and profit by assessing and controlling interest rate risk of non-trading positions. Interest rate VaR and EaR, to which real interest rate variations of assets and liabilities are applied, are used to assess interest rate risk.

Interest rate VaR estimates, at a 99.9% confidence level, the expected maximum loss assuming a one-year holding period. The Group calculates the Interest rate VaR using an internal model which has been designed to apply historical interest rate scenarios provided by accompanying net asset value simulations due to interest rate changes.

Interest rate EaR (Earning at Risk) is the maximum expected loss of net interest income within the next year due to negative variations of interest rates. Interest rate EaR is computed using interest rate repricing gap, differences between expected interest rate variation timing and target period (one year) and expected interest rate variation, and also applied interest rate variation timing for each maturity level and interest rate shock (200bp) were suggested by Basel. However, interest rate shock was not applied for financial assets with low sensitivity from a conservative point of view.

Interest rate VaR and EaR of non-trading positions as of December 31, 2025 and 2024 are as follows:

		2025	2024
Interest rate VaR	₩	824,951	990,898
Interest rate EaR		587,147	600,681

2) *Equity price risk and foreign exchange rate risk from non-trading positions*

The Group assessed equity price risk and foreign exchange rate risk from foreign currency equity securities of non-trading positions using the Historical VaR method. Assuming that asset returns are possible in case of crisis, historical VaR of the equity price and foreign currency rate is calculated at bottom 99% of 10 day holding period volatility for one year (250 trading days) in reporting date. Total VaR is calculated assuming that equity price risk and foreign exchange rate risk occur at the same time. Variance effect is calculated based on the difference between the total VaR and the sum of price risk and foreign exchange rate risk.

The Group does not have any non-trading positions that are exposed to equity risk and foreign exchange rate risk.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

4. Financial Risk Management (continued)

(d) Market risk (continued)

(iii) *Foreign exchange risk*

The Group has been exposed to foreign exchange risk of financial assets and financial liabilities denominated in foreign currencies other than the functional currency, Korean won. Cash outflows of liabilities denominated by foreign currency were hedged by currency rate swap. Exposures to foreign exchange risk of foreign currency denominated assets and liabilities as of December 31, 2025 and 2024 are as follows:

(In millions of USD, AUD, EUR, KZT, IDR, MMK, VND and Won)

	2023														
	USD		AUD		EUR		KZT		IDR		MMK		VND		Total
	Foreign currency	KRW equivalent	Foreign currency	KRW equivalent	Foreign currency	KRW equivalent	Foreign currency	KRW equivalent	Foreign currency	KRW equivalent	Foreign currency	KRW equivalent	Foreign currency	KRW equivalent	KRW
Assets															
Cash	-	-	-	-	-	-	1	2	-	-	7	5	-	-	7
Due from banks	7	9,828	-	-	-	-	1,097	3,139	-	-	766	523	1,368,739	74,733	88,223
Loans	-	-	-	-	-	-	127,840	365,623	-	-	16,237	11,095	7,674,344	419,019	795,737
Securities at FVTPL	26	37,224	-	-	-	-	-	-	-	-	-	-	-	-	37,224
Securities at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets of a disposal group classified as held for sale	4	5,900	-	-	-	-	2,667	7,626	-	-	1,587	1,084	289,203	15,790	30,400
	-	-	-	-	-	-	-	-	3,429,718	293,584	-	-	-	-	293,584
	37	52,952	-	-	-	-	131,605	376,390	3,429,718	293,584	18,597	12,707	9,332,286	509,542	1,245,175
Liabilities															
Debentures	(2,625)	(3,766,612)	(300)	(288,306)	(678)	(1,142,554)	-	-	-	-	-	-	-	-	(5,197,472)
Borrowings	(480)	(688,752)	-	-	-	-	(114,087)	(326,288)	-	-	(20,050)	(13,700)	(3,030,000)	(165,438)	(1,194,178)
Other financial liabilities	-	(31)	-	-	-	-	(1,848)	(5,284)	-	-	(3,673)	(2,510)	(611,270)	(33,375)	(41,200)
Liabilities of a disposal group classified as held for sale	-	-	-	-	-	-	-	-	(2,913,495)	(249,395)	-	-	-	-	(249,395)
	(3,105)	(4,455,395)	(300)	(288,306)	(678)	(1,142,554)	(115,935)	(331,572)	(2,913,495)	(249,395)	(23,723)	(16,210)	(3,641,270)	(198,813)	(6,682,245)
On-balance sheet, net foreign currency exposure	(3,068)	(4,402,443)	(300)	(288,306)	(678)	(1,142,554)	15,670	44,818	516,223	44,189	(5,126)	(3,503)	5,691,016	310,729	(5,437,070)
Off- balance sheet															
Derivative	3,105	4,455,765	300	288,306	678	1,142,554	-	-	-	-	-	-	-	-	5,886,625
Off-balance sheet, net foreign currency exposure	3,105	4,455,765	300	288,306	678	1,142,554	-	-	-	-	-	-	-	-	5,886,625
Net position	37	53,322	-	-	-	-	15,670	44,818	516,223	44,189	(5,126)	(3,503)	5,691,016	310,729	449,555

SHINHAN CARD CO., LTD. AND SUBSIDIARIES

4. Financial Risk Management (continued)

(d) Market risk (continued)

(iii) Foreign exchange risk (continued)

The Group has been exposed to foreign exchange risk of financial assets and financial liabilities denominated in foreign currencies other than the functional currency, Korean won. Cash outflows of liabilities denominated by foreign currency were hedged by currency rate swap. Exposures to foreign exchange risk of foreign currency denominated assets and liabilities as of December 31, 2025 and 2024 are as follows: (continued)

(In millions of USD, AUD, EUR, KZT, IDR, MMK, VND and Won)

[illegible]

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
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4. Financial Risk Management (continued)

(e) Capital risk management

The Group has exposure to credit risk, liquidity risk and market risk. By maintaining an optimal capital structure, the Group's objective is to control its financial risks, enhance its safety and soundness, stabilize the financial system, and advance the Group's credit standing.

The Group operates the credit card business under the Specialized Credit Finance Business Act. Accordingly, the Group should obey the Regulations on Supervision of Specialized Credit Finance Business. The regulations require the Group to maintain an adjusted equity capital ratio of more than 8%. Adjusted total assets and adjusted equity capital for the ratio are based on the separate statements of financial position and adjusted by the regulation that considered standards of the Bank for International Settlements and the nature of credit card business. The Group observes ratios of adjusted equity capital requirements regulated by the Specialized Credit Finance Business and the Group complied with the regulatory requirement for the adjusted equity capital ratio.

5. Significant Estimates and Judgments

The preparation of consolidated financial statements requires the application of certain critical estimates and judgments relative to the future. These critical estimates and judgments are assessed continually based on the elements like historical experiences and reasonably predictable future events under current conditions. Management's estimated outcomes may differ from actual outcomes.

Information about judgments on accounting assumptions and estimates, including significant risk that may result in a material adjustment in the reported amounts of assets and liabilities within the financial year are included in the following notes.

(a) Valuation of financial instruments

The fair values of financial instruments which are not actively traded in the market are determined by using valuation techniques. The Group determines valuation methods and assumptions based on significant market conditions at the end of each reporting period. Diverse valuation techniques are used to determine the fair value of financial instruments, from generally accepted valuation models in the market to internally developed valuation model that incorporates various types of assumptions and variables.

(b) Allowance for doubtful accounts

(i) Individually assessed loan allowance

In assessing individual impairment, it is based on the best estimation of the Group's management about the present value of estimated future cash flows of secured financial assets. The present value is calculated by including cash flows from collateral after deducting costs to acquire and sell the collateral, regardless of probability of realization of such collateral.

(ii) Collectively assessed loan allowance

Collective loss allowances are measured using estimation models based on historical loss experience in order to assess the expected credit losses embedded in portfolios. These models consider various factors, including product and borrower types, credit ratings, outstanding balances by maturity, whether there has been a significant deterioration in credit quality, expected remaining life, and recovery periods, and apply probabilities of default (PD) and loss given default (LGD) for each asset (or group of assets). In addition, certain assumptions are applied to model inherent losses and to determine input variables based on past experience and current conditions. The methodologies and assumptions underlying these models are reviewed regularly to reduce differences between estimated loss allowances and actual losses.

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
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5. Significant Estimates and Judgments (continued)

(c) Qualifying hedge relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship. In accounting for derivatives as cash flow hedges, the Group has determined that the hedged cash flow exposure relates to highly probable future cash flows.

(d) Net defined benefit obligations

The present value of a defined benefit obligation that is measured by actuarial valuation methods uses various assumptions which can change according to various elements. These assumptions, including the discount rate, are integral to determining the net cost (or gain) of pension benefits. Changes in these assumptions can significantly affect the carrying amount of the defined benefit obligation.

The Group determines an appropriate discount rate at the end of each year. This discount rate represents the interest rate to be used in determining the present value of estimated future cash outflows expected to arise from the settlement of defined benefit obligations. The Group determines the discount rate by reference to the yields on high-quality corporate bonds denominated in the currency in which the benefits are to be paid and with maturities consistent with the term of the related defined benefit obligations.

(e) Income taxes

Within the normal business process, there are various types of transactions and different accounting methods that may add uncertainties to the realizability of tax assets. The Group has recognized current and deferred taxes that reflect tax consequences that would follow from the manner in which the entity expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities. However, actual income tax in the future may not be identical to the recognized deferred tax assets and liabilities, and this difference can affect current and deferred taxes at the year when the final tax effect is conformed.

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6. Fair Value Measurement of Financial Instruments

The Group primarily uses the published price quotations in an active market for measurement of the fair value of financial instruments. If the market for a financial instrument is not active, fair value is established either by using a valuation technique or an independent third-party valuation service.

The Group uses diverse valuation techniques under reasonable assumptions which are based on the observable inputs in markets at the end of each reporting period.

Valuation techniques include using the recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Quoted market price (unadjusted) in an active market for an identical instrument (Level 1)
- Valuation techniques based on observable inputs, either directly or indirectly (Level 2)
- Valuation techniques using significant unobservable inputs (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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6. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value

(i) *Fair value measurement methods of financial instruments that are measured at fair value are as follows:*

	Fair value measurement methods
Financial assets at FVTPL	In case that the market of a financial instrument is active, fair value is established at the closing quoted price as of the last day for the reporting period. Fair value of debt securities which are not quoted in an active market are determined at the amount which is present value of the future cash flow estimated reasonably discounted by the rate considering the counterparty's credit risk. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost as estimates of fair value.
Derivative assets Derivative liabilities	In case that the market of a financial instrument is active, fair value is established at the closing quoted price as of the last day for the reporting period. If the market is not active, fair value is determined at the amount which is present value of the future cash flow reasonably estimated considering the counterparty's credit risk and discounted by the appropriate rate such as a risk free rate. If observable market data for the valuation is not available enough, the valuation result of the qualified external institutes is used as fair value.
Financial assets at FVOCI	In case that the market of a financial instrument is active, fair value is established at the closing quoted price at the last day for the reporting period. Fair value of equity securities which are not quoted in an active market are measured by the valuation model of independent and professional institutes using reliable data. Equity instruments that do not have a quoted market price in an active market and whose fair values are not reliably measurable are measured at cost as an estimate of fair value.

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6. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(ii) The fair value measurements classified by fair value hierarchy as of December 31, 2025 and 2024 are summarized as follows:

		2025			
		Level 1	Level 2	Level 3	Total
Financial assets					
Beneficiary certificates at FVTPL	₩	-	540,077	99,201	639,278
Debt securities at FVTPL		638	-	22,647	23,285
Equity securities at FVTPL		-	-	22,210	22,210
Derivative financial assets for hedging		-	567,126	-	567,126
Equity securities at FVOCI		5,280	-	53,854	59,134
Debt securities at FVOCI		284,771	-	9,139	293,910
	₩	<u>290,689</u>	<u>1,107,203</u>	<u>207,051</u>	<u>1,604,943</u>
Financial liabilities					
Derivative financial liabilities for hedging	₩	-	880	-	880
		2024			
		Level 1	Level 2	Level 3	Total
Financial assets					
Beneficiary certificates at FVTPL	₩	-	510,188	51,070	561,258
Debt securities at FVTPL		398	1,613	20,633	22,644
Equity securities at FVTPL		-	-	22,815	22,815
Derivative financial assets for hedging		-	670,186	-	670,186
Equity securities at FVOCI		-	-	55,695	55,695
Debt securities at FVOCI		288,107	34,728	-	322,835
	₩	<u>288,505</u>	<u>1,216,715</u>	<u>150,213</u>	<u>1,655,433</u>
Financial liabilities					
Derivative financial liabilities for hedging	₩	-	6,100	-	6,100

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6. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(iii) *Changes in Level 3 of the fair value hierarchy*

Changes of fair value measurement in Level 3 for the years ended December 31, 2025 and 2024 are as follows:

		2025				
		Beneficiary certificates at FVTPL	Debt securities at FVTPL	Equity securities at FVTPL	Debt securities at FVOCI	Equity securities at FVOCI
		Total				
Balance at January 1, 2025	₩	51,070	20,633	22,815	-	55,695
Amounts recognized in profit or loss (*1)		(1,042)	(3,052)	(1,903)	-	-
Amounts recognized in other comprehensive income		-	-	-	(1)	(1,841)
Acquisition		60,186	6,891	1,306	-	-
Disposal		(11,013)	(1,826)	(8)	-	-
Transfer to Level 3 (*2)		-	-	-	9,140	-
Balance at December 31, 2025	₩	<u>99,201</u>	<u>22,646</u>	<u>22,210</u>	<u>9,139</u>	<u>53,854</u>
		2024				
		Beneficiary certificates at FVTPL	Debt securities at FVTPL	Equity securities at FVTPL	Equity securities at FVOCI	Total
Balance at January 1, 2024	₩	43,443	15,099	21,548	75,407	155,497
Amounts recognized in profit or loss (*1)		3,985	(909)	(221)	-	2,855
Amounts recognized in other comprehensive income		-	-	-	(17,912)	(17,912)
Acquisition		9,202	6,563	1,500	200	17,465
Disposal		(5,560)	(120)	(12)	(2,000)	(7,692)
Balance at December 31, 2024	₩	<u>51,070</u>	<u>20,633</u>	<u>22,815</u>	<u>55,695</u>	<u>150,213</u>

(*1) The amounts recognized in profit or loss during the years ended December 31, 2025 and 2024 in relation to movements in financial instruments classified as Level 3 in the fair value hierarchy, as well as the amounts recognized in profit or loss related to financial instruments held as of December 31, 2025 and 2024, are presented as the following separate line items in the consolidated statement of comprehensive income:

		2025	2024
		Amounts recognized in profit or loss	Amounts recognized in profit or loss
		Amounts recognized in profit or loss related to financial instruments held as of December 31	Amounts recognized in profit or loss related to financial instruments held as of December 31
Gains (losses) on financial assets at FVTPL	₩	(5,997)	(7,830)
		2,855	2,843

(*2) Transfers between levels occurred as a result of changes in the availability of observable market data for the relevant financial instruments. The Group recognizes transfers between levels at the end of the reporting period in which the event or change in circumstances that gave rise to the transfer occurred.

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6. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(iv) *Valuation techniques and inputs related to Level 2*

Information about valuation techniques and inputs in measuring financial instruments categorized as Level 2 as of December 31, 2025 and 2024 are as follows:

2025				
	Valuation techniques	Type of financial instruments	Carrying amount	Input variables
Financial assets at FVTPL: Derivative financial assets:	Net asset value	Beneficiary certificates	₩ 540,077	Interest rate
	Discounted cash flow	Interest rate swap, Currency swap, Currency forward	567,126	Discount rate, Interest rate, Exchange rate, etc.
			₩ 1,107,203	
Derivative financial liabilities:	Discounted cash flow	Interest rate swap, Currency swap	₩ 880	Discount rate, Interest rate, Exchange rate, etc.
2024				
	Valuation techniques	Type of financial instruments	Carrying amount	Input variables
Financial assets at FVTPL: Derivative financial assets:	Net asset value, etc.	Beneficiary certificates	₩ 510,188	Interest rate
	Discounted cash flow	Debt securities	1,613	Discount rate
	Discounted cash flow	Interest rate swap, Currency swap	670,186	Discount rate, Interest rate, Exchange rate, etc.
			34,728	Discount rate, Interest rate, etc.
Financial assets at FVOCI:	Option model	Debt securities	₩ 1,216,715	
Derivative financial liabilities:	Discounted cash flow	Interest rate swap, Currency swap	₩ 6,100	Discount rate, Interest rate, Exchange rate, etc.

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6. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(v) *Valuation techniques and inputs related to Level 3*

Information about valuation techniques and inputs in measuring financial instruments categorized as Level 3 as of December 31, 2025 and 2024 are as follows:

2025						
	Valuation techniques	Type of financial instruments		Carrying amount	Significant unobservable inputs	Range of estimates for unobservable inputs
Financial assets at FVTPL	Net asset value, etc.	Beneficiary certificates	₩	99,201	Discount rate,	7.06~9.74%, 0%, 0.46%~0.70%, 38.85%
		Debt securities		22,647	The volatility of an	
		Equity securities		22,210	interest rate,	
Financial assets at FVOCI	Option model	Debt securities		9,139	The volatility of an underlying asset	6.23%, 7.92%
					Discount rate,	
	Discounted cash flow, etc.	Equity securities		53,854	The volatility of an interest rate	8.30%~16.33%, 0%
			₩	207,051	Discount rate,	
					Growth rate	
2024						
	Valuation techniques	Type of financial instruments		Carrying amount	Significant unobservable inputs	Range of estimates for unobservable inputs
Financial assets at FVTPL	Net asset value, etc.	Beneficiary certificates	₩	51,070	Discount rate,	6.54 ~9.10%, 0%, 0.47%~0.73%
		Debt securities		20,633	Growth rate,	
		Equity securities		22,815	The volatility of an interest rate	
Financial assets at FVOCI	Discounted cash flow, etc.	Equity securities		55,694	Discount rate,	7.31%~14.30%, 0%
			₩	150,212	Growth rate	

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6. Fair Value Measurement of Financial Instruments (continued)

(a) Financial instruments measured at fair value (continued)

(vi) *Sensitivity to changes on unobservable inputs*

The effects of changes that would be recognized in profit or loss or other comprehensive income as a result of changes in unobservable inputs used in the fair value measurement of financial instruments classified as Level 3 as of December 31, 2025 and 2024 are as follows:

Type of financial instrument (*1)		2025	
		Favorable change	Unfavorable change
Financial assets at FVTPL (*2) (*3)	₩	151	(123)
Financial assets at FVOCI (*2)		8,543	(5,597)

(*1) Of the financial instruments classified as Level 3, ₩132,420 million were excluded from the sensitivity analysis disclosures, as it was not practicable to calculate sensitivity to changes in inputs.

(*2) Changes in fair value are calculated by increasing or decreasing the unobservable inputs such as the growth rate(-1% ~ 1%) and the discount rate(-1% ~ 1%).

(*3) Changes in fair value are calculated by increasing or decreasing the unobservable inputs such as the volatility of the underlying assets or correlation coefficients, by 10%.

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6. Fair Value Measurement of Financial Instruments (continued)

(b) Financial instruments measured at amortized cost

(i) The methods of measuring the fair value of financial instruments measured at amortized cost are as follows:

	Fair value measurement methods
Cash and due from banks	Carrying amount of cash is the same as fair value. Carrying amount (matured within three months at acquisition date) is used as approximation of fair value for cash equivalents. Fair value of other due from banks is present value of expected cash flows discounted by the rate considering market interest rate and spread.
Credit card receivables at amortized cost and other	Fair value of credit card receivables measured at amortized cost and other is the present value of expected cash flows discounted by the rate considering market interest rate and counterparty's credit ratings. However, carrying amount is used as approximation of fair value for credit card receivables for lump-sum purchase and cash advances which contractual credit period granted is less than three months.
Other financial assets	Fair value of other financial assets is the present value of expected cash flows discounted by the rate considering market interest rate and counterparty's credit ratings. However, carrying amount is used as approximation of fair value for other financial assets when reliable expected cash flow is not available.
Borrowings	Fair value of borrowings is the present value of expected cash flows discounted by the rate considering market interest rate and the Group's credit ratings.
Debentures	Where the market of a financial instrument is active, fair value is established at the quoted price. Fair value of debentures which quoted market price is not available is determined to be the present value of contractual cash flows discounted by the rate considering market interest rate and the Group's credit ratings.
Other financial liabilities	Fair value of other financial liabilities is determined to be the present value of contractual cash flows discounted by the rate considering market interest rate and the Group's credit ratings. Carrying amount is used as approximation of fair value of liabilities when reliable expected cash flows are not available.

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6. Fair Value Measurement of Financial Instruments (continued)

(b) Financial instruments measured at amortized cost (continued)

(ii) The carrying amount and the fair value of financial instruments measured at amortized cost as of December 31, 2025 and 2024 are as follows:

		2025				
		Carrying amount			Fair value	
		Balance	Deferred loan origination costs and others	Allowance for credit losses		Total
Financial assets						
Cash	₩	6	-	-	6	6
Due from banks		550,145	-	-	550,145	550,145
Credit card receivables		28,379,956	(36,759)	(910,163)	27,433,034	27,890,623
Loans		3,969,792	29,752	(70,020)	3,929,524	3,961,328
Installment receivables		3,614,474	26,029	(63,635)	3,576,868	3,594,581
Financial lease receivables		1,839,921	(601)	(19,864)	1,819,456	1,815,356
Other assets		759,130	(2,458)	(30,582)	726,090	726,084
	₩	39,113,424	15,963	(1,094,264)	38,035,123	38,538,123
Financial liabilities						
Borrowings	₩	4,446,378	(45,273)	-	4,401,105	4,392,597
Debentures in won		20,345,000	(14,230)	-	20,330,770	20,402,857
Debentures in foreign currency		5,197,472	(13,575)	-	5,183,897	5,199,624
Other liabilities		3,499,761	(55,392)	-	3,444,369	3,441,173
	₩	33,488,611	(128,470)	-	33,360,141	33,436,251
		2024				
		Carrying amount			Fair value	
		Balance	Deferred loan origination costs and others	Allowance for credit losses		Total
Financial assets						
Cash	₩	82	-	-	82	82
Due from banks		864,610	-	-	864,610	864,610
Credit card receivables		28,575,286	(39,478)	(1,121,965)	27,413,843	27,887,053
Loans		4,122,000	34,576	(92,451)	4,064,125	4,108,973
Installment receivables		3,843,741	25,607	(58,674)	3,810,674	3,834,837
Financial lease receivables		2,014,648	(997)	(34,644)	1,979,007	1,987,864
Other assets		844,607	(2,954)	(31,321)	810,332	810,407
	₩	40,264,974	16,754	(1,339,055)	38,942,673	39,493,826
Financial liabilities						
Borrowings	₩	6,666,998	(116,620)	-	6,550,378	6,531,635
Debentures in won		19,054,000	(12,178)	-	19,041,822	19,251,187
Debentures in foreign currency		5,386,876	(18,824)	-	5,368,052	5,361,515
Other liabilities		3,873,889	(75,728)	-	3,798,161	3,798,857
	₩	34,981,763	(223,350)	-	34,758,413	34,943,194

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6. Fair Value Measurement of Financial Instruments (continued)

(b) Financial instruments measured at amortized cost (continued)

(iii) The fair value hierarchy of financial instruments which are measured at amortized cost in the consolidated statements of financial position as of December 31, 2025 and 2024 are as follows:

		2025			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash	₩	6	-	-	6
Due from banks		-	550,145	-	550,145
Credit card receivables		-	-	27,890,623	27,890,623
Loans		-	-	3,961,328	3,961,328
Installment receivables		-	-	3,594,581	3,594,581
Financial lease receivables		-	-	1,815,356	1,815,356
Other assets		-	-	726,084	726,084
	₩	<u>6</u>	<u>550,145</u>	<u>37,987,972</u>	<u>38,538,123</u>
Financial liabilities:					
Borrowings	₩	-	-	4,392,597	4,392,597
Debentures in won		-	-	20,402,857	20,402,857
Debentures in foreign currency		-	-	5,199,624	5,199,624
Other liabilities		-	-	3,441,173	3,441,173
	₩	<u>-</u>	<u>-</u>	<u>33,436,251</u>	<u>33,436,251</u>
		2024			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash	₩	82	-	-	82
Due from banks		-	864,610	-	864,610
Credit card receivables		-	-	27,887,053	27,887,053
Loans		-	-	4,108,973	4,108,973
Installment receivables		-	-	3,834,837	3,834,837
Financial lease receivables		-	-	1,987,864	1,987,864
Other assets		-	-	810,407	810,407
	₩	<u>82</u>	<u>864,610</u>	<u>38,629,134</u>	<u>39,493,826</u>
Financial liabilities:					
Borrowings	₩	-	-	6,531,635	6,531,635
Debentures in won		-	-	19,251,187	19,251,187
Debentures in foreign currency		-	-	5,361,515	5,361,515
Other liabilities		-	-	3,798,857	3,798,857
	₩	<u>-</u>	<u>-</u>	<u>34,943,194</u>	<u>34,943,194</u>

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7. Categories of Financial Instruments

(a) The carrying amounts of the categories of financial assets as of December 31, 2025 and 2024 are summarized as follows:

		2025				
		Financial assets at FVTPL	Financial assets at amortized cost	Financial assets at FVOCI	Derivative for hedge	Total
Cash and due from banks	₩	-	550,151	-	-	550,151
Financial assets at FVTPL		684,773	-	-	-	684,773
Derivative assets		-	-	-	567,126	567,126
Credit card receivables at amortized cost and other (*)		-	36,758,882	-	-	36,758,882
Financial assets at FVOCI		-	-	353,044	-	353,044
Other financial assets		-	726,090	-	-	726,090
	₩	<u>684,773</u>	<u>38,035,123</u>	<u>353,044</u>	<u>567,126</u>	<u>39,640,066</u>

(*) It includes ₩1,819,457 million of financial lease receivables recognized in accordance with K-IFRS No. 1116.

		2024				
		Financial assets at FVTPL	Financial assets at amortized cost	Financial assets at FVOCI	Derivative for hedge	Total
Cash and due from banks	₩	-	864,692	-	-	864,692
Financial assets at FVTPL		606,717	-	-	-	606,717
Derivative assets		-	-	-	670,186	670,186
Credit card receivables at amortized cost and other (*)		-	37,267,649	-	-	37,267,649
Financial assets at FVOCI		-	-	378,530	-	378,530
Other financial assets		-	810,332	-	-	810,332
	₩	<u>606,717</u>	<u>38,942,673</u>	<u>378,530</u>	<u>670,186</u>	<u>40,598,106</u>

(*) It includes ₩1,979,008 million of financial lease receivables recognized in accordance with K-IFRS No. 1116.

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7. Categories of Financial Instruments (continued)

(b) The carrying amounts of the categories of financial liabilities as of December 31, 2025 and 2024 are summarized as follows:

2025			
	Financial liabilities measured at amortized cost	Derivative for hedge	Total
Derivative liabilities	₩ -	880	880
Borrowings	4,401,105	-	4,401,105
Debentures	25,514,668	-	25,514,668
Other financial liabilities (*)	3,444,369	-	3,444,369
	₩ 33,360,142	880	33,361,022

(*) It includes ₩31,692 million of lease liabilities recognized in accordance with K-IFRS No. 1116.

2024			
	Financial liabilities measured at amortized cost	Derivative for hedge	Total
Derivative liabilities	₩ -	6,100	6,100
Borrowings	6,550,378	-	6,550,378
Debentures	24,409,874	-	24,409,874
Other financial liabilities (*)	3,798,161	-	3,798,161
	₩ 34,758,413	6,100	34,764,513

(*) It includes ₩30,223 million of lease liabilities recognized in accordance with K-IFRS No. 1116.

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7. Categories of Financial Instruments (continued)

(c) Gains (losses) on financial instruments by category for the years ended December 31, 2025 and 2024 are as follows:

		2025						
		Interest income	Interest expense	Fee and commission income	Fee and commission expense	Dividend income	Provision for (reversal of) credit loss allowance	Other operating income, net
								Net income (loss)
								Other comprehensive income (loss)
Financial assets								
Financial assets at FVTPL	₩	59	-	-	-	446	-	4,323
								4,828
Financial assets at amortized cost (*)		3,030,514	-	1,954,277	(1,369,559)	-	(898,688)	211,268
								2,927,812
Financial assets at FVOCI		9,071	-	-	-	493	187	-
								9,751
Derivative for hedge		-	-	-	-	-	-	31,658
								31,658
		3,039,644	-	1,954,277	(1,369,559)	939	(898,501)	247,249
								2,974,049
Financial liabilities								
Financial liabilities at amortized cost (*)		-	(1,104,765)	-	-	-	-	-
								(1,104,765)
	₩	3,039,644	(1,104,765)	1,954,277	(1,369,559)	939	(898,501)	247,249
								1,869,284
								67,538

(*) It includes finance income and costs occurred as a result of finance lease receivables and lease liabilities recognized in accordance with K-IFRS No. 1116.

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7. Categories of Financial Instruments (continued)

(c) Gains (losses) on financial instruments by category for the years ended December 31, 2025 and 2024 are as follows: (continued)

		2024						
		Interest income	Interest expense	Fee and commission income	Fee and commission expense	Dividend income	Provision for (reversal of) credit loss allowance	Other operating income, net
								Net income (loss)
								Other comprehensive income (loss)
Financial assets								
Financial assets at FVTPL	₩	85	-	-	-	433	-	24,795
Financial assets at amortized cost (*)		2,974,110	-	2,073,548	(1,305,206)	-	(936,937)	174,497
Financial assets at FVOCI		10,039	-	-	-	240	(153)	-
Derivative for hedge		-	-	-	-	-	-	577,818
		2,984,234	-	2,073,548	(1,305,206)	673	(937,090)	777,110
								3,593,269
Financial liabilities								
Financial liabilities at amortized cost (*)		-	(1,053,063)	-	-	-	-	-
	₩	2,984,234	(1,053,063)	2,073,548	(1,305,206)	673	(937,090)	777,110
								2,540,206
								(1,053,063)
								(26,698)

(*) It includes finance income and costs occurred as a result of finance lease receivables and lease liabilities recognized in accordance with K-IFRS No. 1116.

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7. Categories of Financial Instrument (continued)

(d) The amounts of foreign exchange differences recognized in profit or loss for each category of financial instruments for the years ended December 31, 2025 and 2024 are as follows:

2025				2024		
	Gain on foreign currency transaction	Loss on foreign currency transaction	Net amount	Gain on foreign currency transaction	Loss on foreign currency transaction	Net amount
Financial assets at amortized cost	₩ 74,102	(32,069)	42,033	66,399	(24,595)	41,804
Financial liabilities at amortized cost	108,488	(128,696)	(20,208)	4,029	(580,569)	(576,540)
	₩ 182,590	(160,765)	21,825	70,428	(605,164)	(534,736)

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8. Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2025 and 2024 are as follows:

2025						
	Gross amounts recognized	Gross amounts recognized for offsetting	Net amounts of financial instruments	Amounts not subject to offsetting		Net amount
				Financial instruments	Cash collateral received	
Financial assets:						
Derivatives	₩ 567,126	-	567,126	880	-	566,246
Repurchase agreements (*)	795,000	-	795,000	795,000	-	-
Financial liabilities:						
Derivatives	880	-	880	880	-	-

(*) The amounts not offset in the consolidated statement of financial position represent securities received as collateral under repurchase agreements.

2024						
	Gross amounts recognized	Gross amounts recognized for offsetting	Net amounts of financial instruments	Amounts not subject to offsetting		Net amount
				Financial instruments	Cash collateral received	
Financial assets:						
Derivatives	₩ 670,186	-	670,186	6,100	-	664,086
Repurchase agreements (*)	490,000	-	490,000	490,000	-	-
Financial liabilities:						
Derivatives	6,100	-	6,100	6,100	-	-

(*) The amounts not offset in the consolidated statement of financial position represent securities received as collateral under repurchase agreements.

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9. Operating Segments

The Group has a single reportable segment.

(a) Details of revenues by financial service type for the years ended December 31, 2025 and 2024 are as follows:

		2025				
		Credit card	Installment finance	Lease (*)	Others	Total
Interest incomes	₩	2,316,549	257,091	134,161	359,959	3,067,760
Fee and commission income		1,217,717	14,368	650,918	73,928	1,956,931
Other income		208,088	232	227	659,145	867,692
	₩	<u>3,742,354</u>	<u>271,691</u>	<u>785,306</u>	<u>1,093,032</u>	<u>5,892,383</u>

(*) It includes finance income and costs occurred from finance lease receivables and lease liabilities recognized in accordance with K-IFRS No. 1116.

		2024				
		Credit card	Installment finance	Lease (*)	Others	Total
Interest incomes	₩	2,236,689	225,950	117,681	403,914	2,984,234
Fee and commission income		1,337,152	15,855	651,655	68,886	2,073,548
Other income		171,378	172	241	943,533	1,115,324
	₩	<u>3,745,219</u>	<u>241,977</u>	<u>769,577</u>	<u>1,416,333</u>	<u>6,173,106</u>

(*) It includes finance income and costs occurred from finance lease receivables and lease liabilities recognized in accordance with K-IFRS No. 1116.

(b) Revenues from external customers for the years ended December 31, 2025 and 2024 are all attributed to the Republic of Korea, where the Group is domiciled.

(c) There is no single external customer with revenues amount to 10 percent or more of the Group's revenues for the years ended December 31, 2025 and 2024.

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10. Cash and Due from Banks

(a) Details of cash and due from banks as of December 31, 2025 and 2024 are as follows:

		2025	2024
Cash	₩	6	82
Due from banks:			
Demand deposits		324,817	567,098
Checking accounts		181	394
Foreign currency deposits		88,076	32,219
Time deposits		8,368	206,345
Opening guarantee deposits for checking accounts		31	31
Deposits on demand of SPC		128,503	57,854
Deposits for foreign currency reserve		147	155
Installment savings deposits		22	514
	₩	<u>550,151</u>	<u>864,692</u>

(b) Restricted due from banks as of December 31, 2025 and 2024 are as follows:

		2025	2024	Restrictions
Time deposits:				
Shinhan Bank and others	₩	5	5	Pledged as collateral for cash advances
		<u>333</u>	<u>341</u>	Pledge of collateral
		<u>338</u>	<u>346</u>	
Other deposits:				
Woori Bank and others		31	31	Opening guarantee deposits for checking accounts
		128,503	57,854	Deposits on demand of SPC
		147	155	Deposits on foreign currency reserve
		<u>22</u>	<u>13</u>	Pledge of collateral
		<u>128,703</u>	<u>58,053</u>	
	₩	<u>129,041</u>	<u>58,399</u>	

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11. Financial Assets at FVTPL

(a) Details of financial assets at FVTPL as of December 31, 2025 and 2024 are as follows and no financial assets are designated as at FVTPL.

		2025	2024
Beneficiary certificates	₩	639,278	561,258
Debt securities		23,285	22,644
Equity securities		22,210	22,815
	₩	<u>684,773</u>	<u>606,717</u>

(b) Details of gain or loss on financial assets at FVTPL for the years ended December 31, 2025 and 2024 are as follows:

		2025	2024
Gain on valuation	₩	1,982	4,674
Loss on valuation		(8,273)	(1,604)
Gain on disposal		4,834	15,477
Loss on disposal		(14)	(1)
Other income		5,794	6,249
	₩	<u>4,323</u>	<u>24,795</u>

(c) Details of dividend income on financial assets at FVTPL for the years ended December 31, 2025 and 2024 are as follows:

		2025	2024
Dividend income recognized on assets held as of the reporting period:			
Equity securities	₩	<u>446</u>	<u>433</u>

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12. Derivatives

(a) Derivative assets and liabilities

The notional amounts and fair values of derivative assets and liabilities as of December 31, 2025 and 2024 are as follows:

		2025		2024	
		Notional amounts	Fair value	Notional amounts	Fair value
			Assets		Assets
			Liabilities		Liabilities
Cash flow hedges:					
Currency forwarding	₩	28,698	644	-	-
Currency swap		5,814,829	557,631	2	1,173
Interest rate swap		645,700	8,851	878	4,927
	₩	6,489,227	567,126	880	6,100

(b) Gains (losses) on derivatives

Gains (losses) on derivatives recognized in profit or loss for the years ended December 31, 2025 and 2024 are as follows:

		2025		2024	
		Gains (losses) on valuation	Gains (losses) on disposal	Gains (losses) on valuation	Gains (losses) on disposal
Cash flow hedges:					
Currency forwarding	₩	841	(244)	1,411	(4,565)
Currency swap		53,278	(22,499)	559,431	22,108
Interest rate swap		282	-	(347)	(220)
	₩	54,401	(22,743)	560,495	17,323

(c) Gain or Losses related to hedging activities

The amounts and line items recognized in profit or loss and other comprehensive income for the year ended December 31, 2025 and 2024 as a result of the ineffective portion of cash flow hedges are as follows:

		2025		
		Hedging gains (losses) recognized in other comprehensive income	Ineffective portion of hedging recognized in profit or loss	Amount reclassified from the cash flow hedge reserve to profit or loss
Cash flow hedges:				
Interest rate risk	₩	6,840	282	-
Foreign exchange risk		92,269	4,227	27,150
	₩	99,109	4,509	27,150
		2024		
		Hedging gains (losses) recognized in other comprehensive income	Ineffective portion of hedging recognized in profit or loss	Amount reclassified from the cash flow hedge reserve to profit or loss
Cash flow hedges:				
Interest rate risk	₩	(11,501)	(347)	(220)
Foreign exchange risk		(13,581)	(4,259)	582,644
	₩	(25,082)	(4,606)	582,424

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12. Derivatives (continued)

(d) Hedging

i) Purpose and strategy of risk avoidance

The Group is trading derivatives to avoid interest rate risk and exchange risk arising from the assets and liabilities. The Group applies cash flow hedge accounting using interest rate swaps and currency swaps to avoid the risk of fluctuations in cash flows of borrowing liabilities and bonds in won, and bonds in foreign currency due to market interest rates and exchange rate fluctuations.

ii) Nominal amounts and average hedge ratios for hedging instruments as of December 31, 2025 and 2024 are as follows:

		2025					
		Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years
Cash flow hedges :							Total
Currency forward (*1)	₩	28,698	-	-	-	-	-
Currency swap (*2)		1,255,887	2,160,177	964,281	1,004,014	430,470	-
Interest rate swap		25,700	-	320,000	300,000	-	-
	₩	1,310,285	2,160,177	1,284,281	1,304,014	430,470	-
Average hedge ratio:		100%	100%	100%	100%	100%	-
Average price condition							
-interest rate :		3.57%	-	2.94%	2.01%	-	-

(*1) The average exchange rates conditions of currency forward were USD/KRW 1465.30.

(*2) The average exchange rates conditions of currency swap were USD/KRW 1308.04, AUD/KRW 914.88, and EUR/KRW 1473.79.

		2024					
		Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years
Cash flow hedges :							Total
Currency forward (*1)	₩	44,956	-	-	-	-	-
Currency swap (*2)		1,220,100	1,425,900	2,019,405	941,971	441,000	-
Interest rate swap		-	25,700	-	320,000	300,000	-
	₩	1,265,056	1,451,600	2,019,405	1,261,971	741,000	-
Average hedge ratio:		100%	100%	100%	100%	100%	-
Average price condition -							
interest rate :		-	3.57%	-	2.94%	2.47%	-

(*1) The average exchange rates conditions of currency forward were USD/KRW 1,333.15.

(*2) The average exchange rates conditions of currency swap were USD/KRW 1,261.98, SGD/KRW 914.88 and EUR/KRW 1,420.57.

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12. Derivatives (continued)

(d) Hedging (continued)

iii) The effect that hedge accounting has had on the consolidated statements of financial position and consolidated statements of comprehensive income.

1) The effect that hedge instruments have had on the consolidated statements of financial position and consolidated statements of comprehensive income as of and for the years ended December 31, 2025 and 2024 are as follows:

2025				
	Nominal amount	Carrying amount of asset	Carrying amount of liabilities	Changes in fair value in the period
Cash flow hedge				
Interest rate swap	₩ 645,700	8,851	878	7,121
Currency forward	28,698	644	-	93,396
Currency swap	5,814,829	557,631	2	(47,863)
	₩ 6,489,227	567,126	880	52,654
2024				
	Nominal amount	Carrying amount of asset	Carrying amount of liabilities	Changes in fair value in the period
Cash flow hedge				
Interest rate swap	₩ 645,700	5,778	4,927	(7,335)
Currency forward	44,956	2,087	-	32,866
Currency swap	6,048,376	662,321	1,173	575,735
	₩ 6,739,032	670,186	6,100	601,266

2) The effect that hedged items have had on the consolidated statements of financial position and consolidated statements of comprehensive income as of and for the years ended December 31, 2025 and 2024 are as follows:

2025			
	Carrying amount of liabilities	Changes in fair value	Cash flow hedge reserve
Cash flow hedge			
Interest rate risk: Borrowings and debentures in won	₩ 645,576	6,780	7,731
Foreign exchange rate risk: Borrowings and debentures in foreign currency	5,829,951	42,305	15,442
	₩ 6,475,527	49,085	23,173
2024			
	Carrying amount of liabilities	Changes in fair value	Cash flow hedge reserve
Cash flow hedge			
Interest rate risk: Borrowings and debentures in won	₩ 645,478	(7,660)	891
Foreign exchange rate risk: Borrowings and debentures in foreign currency	5,911,953	604,754	(76,828)
	₩ 6,557,431	597,094	(75,937)

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12. Derivatives (continued)

(d) Hedging (continued)

iv) Cash flow hedge activity

For cash flow hedges, the amount that was recognized in other comprehensive income and the amount that was reclassified from equity to profit or loss for the years ended December 31, 2025 and 2024 are as follows:

		<u>2025</u>	<u>2024</u>
Amounts recognized in other comprehensive income	₩	126,259	557,342
Amounts reclassified from equity to profit or loss		(27,149)	(582,424)
Deferred tax effect		(26,475)	6,703
Changes in other comprehensive income(loss), net	₩	<u>72,635</u>	<u>(18,379)</u>

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13. Credit Card Receivables at Amortized Cost and Others

(a) Details of credit card receivables at amortized cost and others as of December 31, 2025 and 2024 are as follows:

	2025	2024
Credit card receivables:		
Lump-sum purchases	₩ 9,380,377	8,814,274
Installment purchases	7,152,023	7,318,895
Cash advances	1,306,158	1,499,719
Revolving cash advances	60,021	68,597
Revolving purchases	2,373,623	2,454,072
Card loans	7,876,381	8,081,786
Restructured loans	231,373	337,943
Less: Allowance for credit losses	(910,163)	(1,121,965)
Present value discount	(17,760)	(20,822)
Deferred loan origination costs	(18,999)	(18,656)
	<u>27,433,034</u>	<u>27,413,843</u>
Loans:		
General loans	3,078,581	3,494,085
Repurchase agreements	795,000	490,000
Factoring receivables	95,941	137,562
Others	270	353
Less: Allowance for credit losses	(70,020)	(92,451)
Present value discount	(1)	-
Add: Deferred loan origination fees	29,752	34,576
	<u>3,929,523</u>	<u>4,064,125</u>
Installment financing assets:		
Installment for cars	3,549,888	3,794,088
Installment for others	64,586	49,654
Less: Allowance for credit losses	(63,635)	(58,674)
Present value discount account	-	(2)
Add: Deferred loan origination fees	26,029	25,607
	<u>3,576,868</u>	<u>3,810,673</u>
Finance lease receivables:		
General finance lease receivables	1,839,604	2,014,394
Cancelled finance lease receivables	318	255
Less: Allowance for credit losses	(19,864)	(34,644)
Add: Present value premium	5	19
Less: Deferred loan origination costs	(606)	(1,016)
	<u>1,819,457</u>	<u>1,979,008</u>
	<u>₩ 36,758,882</u>	<u>37,267,649</u>

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13. Credit Card Receivables at Amortized Cost and Others (continued)

(b) Changes in the gross carrying amount of credit card receivables at amortized cost and others for the years ended December 31, 2025 and 2024 are as follows:

		2025			
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	33,579,717	4,229,487	766,179	38,575,383
Reclassified to 12 month expected credit losses		1,235,074	(1,233,298)	(1,776)	-
Reclassified to lifetime expected credit losses		(1,428,964)	1,432,804	(3,840)	-
Reclassified to credit-impaired financial assets		(451,312)	(411,531)	862,843	-
Executed (collected)		1,027,307	(452,747)	423,683	998,243
Write-offs (*)		-	-	(908,027)	(908,027)
Disposals		-	-	(553,411)	(553,411)
Transferred to assets held for sale		(283,914)	(2,168)	(3,542)	(289,624)
Ending balance		33,677,908	3,562,547	582,109	37,822,564
Allowance for credit losses		(274,345)	(417,570)	(371,767)	(1,063,682)
Net carrying amount	₩	33,403,563	3,144,977	210,342	36,758,882

(*) The contractual amounts outstanding on credit card receivables at amortized cost and other that have been written off but for which recovery activities continue as of December 31, 2025 were ₩3,650,771 million.

		2024			
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	32,592,820	4,721,489	732,801	38,047,110
Reclassified to 12 month expected credit losses		568,351	(566,959)	(1,392)	-
Reclassified to lifetime expected credit losses		(1,373,367)	1,376,565	(3,198)	-
Reclassified to credit-impaired financial assets		(177,535)	(65,882)	243,417	-
Executed (collected)		1,969,448	(1,235,726)	1,006,973	1,740,695
Write-offs (*)		-	-	(828,230)	(828,230)
Disposals		-	-	(384,192)	(384,192)
Ending balance		33,579,717	4,229,487	766,179	38,575,383
Allowance for credit losses		(322,880)	(460,278)	(524,576)	(1,307,734)
Net carrying amount	₩	33,256,837	3,769,209	241,603	37,267,649

(*) The contractual amounts outstanding on credit card receivables at amortized cost and other that have been written off but for which recovery activities continue as of December 31, 2024 were ₩3,734,499 million.

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13. Credit Card Receivables at Amortized Cost and Others (continued)

(c) Changes in credit loss allowance for credit card receivables at amortized cost and others for the years ended December 31, 2025 and 2024 are as follows:

Classification (*)		2025			Total
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	
Beginning balance	₩	322,880	460,278	524,576	1,307,734
Reclassified to 12 month expected credit losses		91,882	(91,472)	(410)	-
Reclassified to lifetime expected credit losses		(30,058)	31,214	(1,156)	-
Reclassified to credit-impaired financial assets		(19,966)	(124,124)	144,090	-
Provision (*)		(88,154)	142,828	801,943	856,617
Write-offs		-	-	(908,027)	(908,027)
Disposals		-	-	(385,277)	(385,277)
Transferred to assets held for sale		(2,851)	(163)	(2,118)	(5,132)
Others		612	(991)	198,146	197,767
Ending balance	₩	274,345	417,570	371,767	1,063,682

(*) The amount includes additional provisions for expected credit losses recognized in response to changes in future economic outlook. Based on a reassessment of forward-looking probability of default reflecting updated forward-looking information as of December 31, 2025, the Group recognized additional credit loss allowances of ₩29,034 million.

Classification (*)		2024			Total
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	
Beginning balance	₩	297,202	499,418	509,763	1,306,383
Reclassified to 12 month expected credit losses		30,355	(30,129)	(226)	-
Reclassified to lifetime expected credit losses		(29,563)	30,509	(946)	-
Reclassified to credit-impaired financial assets		(10,342)	(7,313)	17,655	-
Provision (*)		35,228	(32,207)	1,097,065	1,100,086
Write-offs		-	-	(828,230)	(828,230)
Disposals		-	-	(276,687)	(276,687)
Others		-	-	6,182	6,182
Ending balance	₩	322,880	460,278	524,576	1,307,734

(*) The amount includes additional provisions for expected credit losses recognized in response to changes in future economic outlook. Based on a reassessment of forward-looking probability of default reflecting updated forward-looking information as of December 31, 2024, the Group recognized additional credit loss allowances of ₩53,318 million.

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13. Credit Card Receivables at Amortized Cost and Other (continued)

(d) Finance lease receivables

Total investments in finance leases and the present value of minimum lease payments for each of the following periods as of December 31, 2025 and 2024 are as follows:

		2025		
		Total investment	Unrealized interest income	Present value of minimum lease payment
Less than one year	₩	554,618	101,684	452,934
One year to two years		535,236	66,095	469,141
Two years to three years		399,232	38,784	360,448
Three years to four years		340,059	15,761	324,298
Four years to five years		239,635	9,459	230,176
More than five years		2,938	9	2,929
	₩	<u>2,071,718</u>	<u>231,792</u>	<u>1,839,926</u>
		2024		
		Total investment	Unrealized interest income	Present value of minimum lease payment
Less than one year	₩	638,624	116,175	522,449
One year to two years		580,992	75,359	505,633
Two years to three years		520,284	36,203	484,081
Three years to four years		305,670	13,301	292,369
Four years to five years		217,104	10,347	206,757
More than five years		3,389	11	3,378
	₩	<u>2,266,063</u>	<u>251,396</u>	<u>2,014,667</u>

(e) Changes in deferred loan origination costs (fees)

Changes in deferred loan origination costs (fees) for the years ended December 31, 2025 and 2024 are as follows:

		2025	2024
Beginning balance	₩	40,511	35,919
New occurrence of deferred loan origination costs		32,601	28,332
Amortization		(36,229)	(25,743)
Others		(707)	2,003
Ending balance	₩	<u>36,176</u>	<u>40,511</u>

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14. Lease Assets

(a) Details of lease assets as of December 31, 2025 and 2024 are as follows:

2025				
	Operating lease assets	Cancelled financing lease assets	Prepaid lease assets	Total
Acquisition cost	₩ 2,805,363	656	17,126	2,823,145
Accumulated depreciation	(915,777)	(125)	-	(915,902)
Carrying amount	₩ 1,889,586	531	17,126	1,907,243

2024				
	Operating lease assets	Cancelled financing lease assets	Prepaid lease assets	Total
Acquisition cost	₩ 3,038,379	1,892	8,396	3,048,667
Accumulated depreciation	(914,674)	(134)	-	(914,808)
Carrying amount	₩ 2,123,705	1,758	8,396	2,133,859

(b) Future minimum lease payments expected to be received from lease assets as of December 31, 2025 and 2024 are as follows:

	2025	2024
Less than one year	₩ 530,149	584,170
One year to two years	393,885	453,784
Two years to three years	250,217	312,353
Three years to four years	118,318	168,182
Four years to five years	29,081	52,539
Over five years	260	329
	₩ 1,321,910	1,571,357

(c) Changes in operating lease assets for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Beginning balance	₩ 2,123,705	2,077,221
Acquisition	504,346	740,721
Disposal	(293,236)	(228,320)
Reclassification	(29)	(80)
Depreciation	(445,200)	(465,837)
Ending balance	₩ 1,889,586	2,123,705

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15. Right-to-use Asset and Lease Liabilities

(a) Changes in right-of-use assets included in property and equipment for the years ended December 31, 2025 and 2024, are as follows:

		2025		2024	
		Buildings	Others	Buildings	Others
Beginning balance	₩	31,878	-	20,314	49
Acquisition		22,306	833	39,922	-
Disposal		(11,265)	-	(9,729)	-
Depreciation		(18,712)	(152)	(18,682)	(49)
Reclassification (*)		(388)	-	-	-
Others		8,589	-	53	-
Ending balance	₩	32,408	681	31,878	-

(*) The amount represents assets reclassified as held for sale.

(b) Changes in lease liabilities included in other liabilities for the years ended December 31, 2025 and 2024, are as follows:

		2025		2024	
		Buildings	Others	Buildings	Others
Beginning balance	₩	30,238	-	18,452	36
Acquisition		18,994	833	37,313	-
Payments		(16,989)	(166)	(16,414)	(36)
Termination		(10,536)	-	(8,956)	-
Interest expense		1,332	24	1,257	-
Reclassification (*)		(176)	-	-	-
Others		8,138	-	(1,429)	-
Ending balance	₩	31,001	691	30,223	-

(*) The amount represents liabilities reclassified as held for sale.

(c) Details of maturity of lease liabilities as of December 31, 2025 and 2024 are as follows:

		2025					
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	Over 5 years
Buildings	₩	1,223	2,332	3,051	5,469	15,484	5,266
Others		15	30	45	91	559	-
Total (*)	₩	1,238	2,362	3,096	5,560	16,043	5,266

(*) The amounts are before deduction of present value discounts.

		2024					
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	Over 5 years
Buildings (*)	₩	1,636	2,316	2,870	4,944	14,928	7,066

(*) The amounts are before deduction of present value discounts.

(d) The amount of payments for leases of low-value assets are ₩1,041 million and ₩1,073 million for the years ended December 31, 2025 and 2024, respectively. There are no payments on short-term leases for the years ended December 31, 2025 and 2024.

(e) Total cash outflows for leases recognized on the consolidated statements of cash flows are ₩18,196 million and ₩17,524 million, and the amounts recognized as interest expenses were ₩1,355 million and ₩1,257 million for the years ended December 31, 2025 and 2024, respectively.

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16. Financial Assets at FVOCI

(a) Financial assets at FVOCI as of December 31, 2025 and 2024 are as follows:

		<u>2025</u>	<u>2024</u>
Financial assets at FVOCI	₩	353,044	378,530

(b) Fair value of financial assets at FVOCI as of December 31, 2025 and 2024 are as follows:

		<u>2025</u>	<u>2024</u>
Debt securities:			
Government bonds	₩	284,771	288,107
Corporate bonds and others		9,139	34,728
Equity securities (*):			
Stocks		59,134	55,695
	₩	<u>353,044</u>	<u>378,530</u>

(*) The equity securities were exercised at the FVOCI option for the purpose of holding long term for the Group strategic purposes.

(c) Dividend income from financial assets at FVOCI for the years ended December 31, 2025 and 2024 are as follows:

		<u>2025</u>	<u>2024</u>
Dividend income recognized from assets held as of December 31:			
Equity securities	₩	493	240

(d) Changes of financial assets at FVOCI for the years ended December 31, 2025 and 2024 are as follows:

		<u>2025</u>	<u>2024</u>		<u>2025</u>	<u>2024</u>
		<u>Debt securities</u>	<u>Equity securities</u>		<u>Debt securities</u>	<u>Equity securities</u>
Beginning balance	₩	322,835	55,695		318,572	75,407
Acquisition		-	5,455		16,100	200
Disposal		(25,492)	-		(18,908)	(2,000)
Changes in fair value (other comprehensive income)		(4,806)	(2,016)		6,072	(17,912)
Changes in fair value (profit or loss)		1,373	-		999	-
Ending balance	₩	<u>293,910</u>	<u>59,134</u>		<u>322,835</u>	<u>55,695</u>

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16. Financial Assets at FVOCI (continued)

(e) Changes in carrying amount of debt securities at fair value through other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

		2025		
		12-month expected credit loss	Life time expected credit loss	Total
Beginning balance	₩	322,835	-	322,835
Reclassified to 12-month expected credit losses		-	-	-
Reclassified to lifetime expected credit losses		-	-	-
Reclassified to credit-impaired financial assets		-	-	-
Acquisition		-	-	-
Disposal		(25,492)	-	(25,492)
Others (*)		(3,433)	-	(3,433)
Ending balance	₩	293,910	-	293,910

(*) Included the effects from interest amortization and fair value measurements.

		2024		
		12-month expected credit loss	Life time expected credit loss	Total
Beginning balance	₩	318,572	-	318,572
Reclassified to 12-month expected credit losses		-	-	-
Reclassified to lifetime expected credit losses		-	-	-
Reclassified to credit-impaired financial assets		-	-	-
Acquisition		16,100	-	16,100
Disposal		(18,908)	-	(18,908)
Others (*)		7,071	-	7,071
Ending balance	₩	322,835	-	322,835

(*) Included the effects from interest amortization and fair value measurements.

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16. Financial Assets at FVOCI (continued)

(f) Changes in allowance for credit loss of debt securities at fair value through other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

		2025		
		12-month expected credit loss	Life time expected credit loss	Total
Beginning balance	₩	285	-	285
Reclassified to 12-month expected credit losses		-	-	-
Reclassified to lifetime expected credit losses		-	-	-
Reclassified to credit-impaired financial assets		-	-	-
Reversals		(187)	-	(187)
Ending balance	₩	98	-	98

		2024		
		12-month expected credit loss	Life time expected credit loss	Total
Beginning balance	₩	132	-	132
Reclassified to 12-month expected credit losses		-	-	-
Reclassified to lifetime expected credit losses		-	-	-
Reclassified to credit-impaired financial assets		-	-	-
Provisions		153	-	153
Ending balance	₩	285	-	285

(g) The details of disposals of equity securities at fair value through other comprehensive income for the years ended December 31, 2024 as a result of changes in holding purposes are as follows:

		Stocks
Fair value at the date of disposals	₩	2,000
Accumulated gain (loss) at the time of disposals (*)		1,500

(*) The accumulated fair value gains or losses were reclassified to retained earnings.

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17. Property and Equipment

(a) Details of property and equipment as of December 31, 2025 and 2024 are as follows:

2025						
		Land	Buildings	Others	Right-of-use assets	Total
Acquisition cost	₩	432,770	87,034	442,248	87,935	1,049,987
Accumulated depreciation		-	(14,329)	(354,583)	(54,846)	(423,758)
Ending balance	₩	432,770	72,705	87,665	33,089	626,229
2024						
		Land	Buildings	Others	Right-of-use assets	Total
Acquisition cost	₩	432,770	87,034	427,148	82,888	1,029,840
Accumulated depreciation		-	(12,287)	(320,827)	(51,010)	(384,124)
Ending balance	₩	432,770	74,747	106,321	31,878	645,716

(b) Changes in property and equipment for the years ended December 31, 2025 and 2024 are as follows:

2025						
		Land	Buildings	Others	Right-of-use assets	Total
Beginning balance	₩	432,770	74,747	106,321	31,878	645,716
Acquisition		-	-	19,169	23,139	42,308
Disposal		-	-	(2,087)	(11,265)	(13,352)
Reclassification (*)		-	-	3,581	(388)	3,193
Depreciation		-	(2,042)	(39,473)	(18,864)	(60,379)
Others		-	-	154	8,589	8,743
Ending balance	₩	432,770	72,705	87,665	33,089	626,229
(*) Includes amounts reclassified to assets held for sale.						
2024						
		Land	Buildings	Others	Right-of-use assets	Total
Beginning balance	₩	432,770	77,023	108,538	20,364	638,695
Acquisition		-	-	33,013	39,922	72,935
Disposal		-	-	(1,150)	(9,729)	(10,879)
Reclassification		-	-	2,401	-	2,401
Depreciation		-	(2,276)	(37,929)	(18,732)	(58,937)
Others		-	-	1,448	53	1,501
Ending balance	₩	432,770	74,747	106,321	31,878	645,716

(*) Includes amounts reclassified to assets held for sale.

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17. Property and Equipment (Continued)

(c) Insured assets

Details of insured assets as of December 31, 2025 are as follows:

Type of insurance	Assets covered	Insurance company	Amount covered
Property all risks policy	Buildings, etc.	DB Insurance Co., Ltd.	₩ 119,467
Business interruption policy			33,746
Property all risks policy	Buildings, etc.	Samsung Fire & Marine Insurance Co., Ltd.	63,761
Fire insurance policy	Buildings, etc.	Hanwha General Insurance Co., Ltd.	19,708

In addition, the Group maintains transportation theft insurance and custody theft insurance for cash and securities, and liability insurance and full insurance for vehicles.

18. Intangible Assets

(a) Details of intangible assets as of December 31, 2025 and 2024, are as follows:

		2025				
		Memberships	Development cost	Goodwill	Others	Total
Acquisition cost	₩	13,502	201,924	121,380	56,391	393,197
Accumulated amortization		-	(132,407)	-	(46,470)	(178,877)
Impairment losses		(655)	(336)	-	-	(991)
Ending balance	₩	12,847	69,181	121,380	9,921	213,329

		2024				
		Memberships	Development cost	Goodwill	Others	Total
Acquisition cost	₩	17,320	182,174	128,271	52,864	380,629
Accumulated amortization		-	(107,807)	-	(43,153)	(150,960)
Impairment losses		(905)	(336)	-	-	(1,241)
Ending balance	₩	16,415	74,031	128,271	9,711	228,428

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18. Intangible Assets (continued)

(b) Changes in intangible assets for the years ended December 31, 2025 and 2024 are as follows, and amortization is included in general administrative expenses.

		2025				
		Memberships	Development cost	Goodwill	Others	Total
Beginning balance	₩	16,415	74,031	128,271	9,711	228,428
Acquisition		1,979	28,234	-	3,098	33,311
Disposal		(5,729)	-	-	-	(5,729)
Reclassification (*)		-	(8,273)	-	188	(8,085)
Amortization		-	(24,795)	-	(3,316)	(28,111)
Impairment		(68)	-	-	-	(68)
Recovery of impairment		250	-	-	-	250
Others		-	(16)	(6,891)	240	(6,667)
Ending balance	₩	12,847	69,181	121,380	9,921	213,329

(*) Includes amounts reclassified to assets held for sale.

		2024				
		Memberships	Development cost	Goodwill	Others	Total
Beginning balance	₩	17,526	76,632	118,267	8,289	220,714
Acquisition		1,372	23,908	-	2,786	28,066
Disposal		(1,483)	-	-	-	(1,483)
Reclassification		(1,000)	(3,420)	-	946	(3,474)
Amortization		-	(23,519)	-	(3,086)	(26,605)
Others		-	430	10,004	776	11,210
Ending balance	₩	16,415	74,031	128,271	9,711	228,428

(c) Goodwill

(i) Details of goodwill distributed to each cash-generating unit as of December 31, 2025 and 2024 are as follows:

		2025	2024
Shinhan Vietnam Finance Co., Ltd.	₩	121,380	128,271

(ii) Impairment testing

The recoverable amount of all cash-generating units required for impairment testing was based on value in use. When assessing recoverable amount based on value in use, DCF was applied among traditional approaches, taking into account the characteristics of financial institutions.

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18. Intangible Assets (continued)

(c) Goodwill (continued)

1) Evaluation base date and forecast period

The evaluation base date for evaluating recoverable amount is June 30, 2025. When evaluating the value of use, the forecast period was 5.5 years (July 2025 to December 2030) considering the synergy effect after the acquisition, and the value after the forecast period was reflected using permanent value.

2) Key assumptions

The expected future cash flows of the cash-generating unit considered the growth rate of the Consumer Price Index (CPI), market size and share of the Group, and the main financial assumptions applied during the forecast period is as follows:

		<u>Growth of net interest income</u>	<u>Growth of net fee income</u>	<u>Growth of general administrative expenses</u>	<u>Growth of net income</u>
Shinhan Vietnam Finance Co., Ltd.	%	8.64	11.59	4.65	40.08

The discount rate was applied by calculating the shareholder's required return and equity cost, and the equity cost was calculated using the Group's systematic risk in the market risk premium paid in return for the risk along with the risk-free interest rate. The permanent growth rate was estimated based on the inflation rate and did not exceed the expected long-term average growth rate of the relevant industry report.

		<u>Discount rates</u>	<u>Perpetual growth rate</u>
Shinhan Vietnam Finance Co., Ltd.	%	12.97	2.00

3) Recoverable amount and carrying amount

The recoverable amount and the carrying amount of the cash-generating unit holding goodwill as of the valuation basis date is as follows:

		<u>Shinhan Vietnam Finance Co., Ltd.</u>
Recoverable amount	₩	287,363
Carrying amount		265,527
		<u>21,836</u>

The assessment of impairment on the goodwill reveals that the book value of the cash-generating unit to which the goodwill are allocated is not expected to exceed the recoverable amount.

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19. Investments in Associates

(a) Details of investments in associates as of December 31, 2025 and 2024 are as follows:

Name of associates	Location	Closing month	Ownership	
			December 31, 2025	December 31, 2024
Wave Technology	Korea	December	49.00%	49.00%
One Shinhan Connect Fund 1	Korea	December	30.00%	30.00%
One Shinhan Connect Fund 2	Korea	December	25.00%	25.00%
Shinhan hyper connect venture fund 1	Korea	December	25.00%	25.00%
Finflow (*)	Korea	December	1.34%	-

(*) It was newly acquired during the year ended December 31, 2025 through contributions in kind, and, as the Group has significant influence, including participation in the investee's decision-making bodies, it is accounted for using the equity method.

(b) Changes in investments in associates for the years ended December 31, 2025 and 2024 are as follows:

2025							
Name of associates	Acquisition cost	Beginning balance	Acquisition	Disposal (*1)	Reclassification (*2)	Share of profit (loss) of associates	Ending balance
Wave Technology	₩ 500	524	-	-	-	(20)	504
One Shinhan Connect Fund 1	67,729	73,442	600	(3,600)	-	10,901	81,343
One Shinhan Connect Fund 2	6,803	3,996	150	-	-	1,364	5,510
Shinhan hyper connect venture fund 1	37,418	23,941	13,500	(983)	-	565	37,023
Finflow	630	-	-	-	630	(15)	615
	₩ 113,080	101,903	14,250	(4,583)	630	12,795	124,995

(*1) The amounts represents the principal distributions received during the year ended December 31, 2025 from One Shinhan Connect Fund 1 and Shinhan hyper connect venture fund 1.

(*2) During the current period, the Group acquired shares in Finflow through a contribution in kind of intangible assets, and the related disposal gain of ₩93 million is included in other non-operating income.

2024						
Name of associates	Acquisition cost	Beginning balance	Acquisition	Disposal	Share of profit (loss) of associates	Ending balance
Wave Technology	₩ 500	482	-	-	42	524
One Shinhan Connect Fund 1	70,729	75,054	-	-	(1,612)	73,442
One Shinhan Connect Fund 2	6,653	5,856	-	-	(1,860)	3,996
Shinhan hyper connect venture fund 1	24,900	11,064	13,500	-	(623)	23,941
	₩ 102,782	92,456	13,500	-	(4,053)	101,903

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19. Investments in Associates (continued)

(c) Condensed financial statements of associates for the years ended December 31, 2025 and 2024 are as follows:

2025						
Name of associates		Assets	Liabilities	Net assets	Net income (loss) for the year	Total comprehensive income (loss)
Wave Technology	₩	534	27	507	(22)	(22)
One Shinhan Connect Fund 1		271,158	13	271,145	36,338	36,338
One Shinhan Connect Fund 2		22,042	3	22,039	5,458	5,458
Shinhan hyper connect venture fund 1		148,093	-	148,093	2,258	2,258
Finflow		10,280	3,444	6,836	(858)	(858)
2024						
Name of associates		Assets	Liabilities	Net assets	Net income (loss) for the year	Total comprehensive income (loss)
Wave Technology	₩	550	2	548	85	85
One Shinhan Connect Fund 1		244,820	13	244,807	(5,374)	(5,374)
One Shinhan Connect Fund 2		15,984	3	15,981	(7,441)	(7,441)
Shinhan hyper connect venture fund 1		95,767	1	95,766	(2,491)	(2,491)

(d) Reconciliation of the financial information to the carrying amount of its interests in the associates as of December 31, 2025 and 2024 are as follows:

Investees	2025					
	Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Unrealized gains or losses	Others (*)	Carrying amount
Wave Technology	₩ 507	49.00	248	-	256	504
One Shinhan Connect Fund 1	271,145	30.00	81,343	-	-	81,343
One Shinhan Connect Fund 2	22,039	25.00	5,510	-	-	5,510
Shinhan hyper connect venture fund 1	148,093	25.00	37,023	-	-	37,023
Finflow	6,836	1.34	91	-	526	615

(*) Others represent the adjustments of fair value when acquired.

		2024					
Investees		Net assets (a)	Ownership (%)(b)	Interests in the net assets (a)*(b)	Unrealized gains or losses	Others (*)	Carrying amount
Wave Technology	₩	548	49.00	268	-	256	524
One Shinhan Connect Fund 1		244,807	30.00	73,442	-	-	73,442
One Shinhan Connect Fund 2		15,981	25.00	3,996	-	-	3,996
Shinhan hyper connect venture fund 1		95,766	25.00	23,941	-	-	23,941

(*) Other represents the adjustments of fair value when acquired.

(e) There were no unrecognized equity method losses nor any cumulative unrecognized equity method losses as a result of discontinuing the use of the equity method for the year ended December 31, 2025.

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20. Investment Properties

(a) Investment properties as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Buildings:		
Acquisition cost	₩ 51,225	51,225
Accumulated depreciation	(6,774)	(5,583)
Ending balance	₩ <u>44,451</u>	<u>45,642</u>

(b) Changes in investment properties for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Buildings:		
Beginning balance	₩ 45,642	46,943
Depreciation	(1,191)	(1,301)
Ending balance	₩ <u>44,451</u>	<u>45,642</u>

(c) For the years ended December 31, 2025 and 2024, rental revenue from operating leases arising from investment properties amounted to ₩13,337 million and ₩16,466 million, respectively, and management expenses directly related to investment properties (including maintenance costs) were ₩4,817 million and ₩4,670 million, respectively.

(d) As of December 31, 2025 and 2024, the fair value measurements of investment properties are classified within Level 3 in the fair value hierarchy, as they reflect recent market transaction prices under arm's length conditions and incorporate significant unobservable inputs.

The fair values and key inputs of investment properties as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>	<u>Input variable</u>
Market approach	₩ 61,462	61,230	Comparable market transactions

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21. Other Assets

(a) Other assets as of December 31, 2025 and 2024 are as follows:

	2025	2024
Security deposits paid	₩ 75,723	84,052
Present value discount account on security deposits paid	(2,458)	(2,954)
Accounts receivables	465,440	399,850
Loss allowance for account receivables	(16,619)	(12,302)
Accrued income	214,261	357,069
Loss allowance for accrued income	(13,963)	(19,019)
Advance payments	138,781	151,212
Prepaid expenses	23,763	73,357
Others (*)	27,911	26,214
	₩ 912,839	1,057,479

(*) Includes reinsurance asset of ₩4,661 million and ₩2,470 million as of December 31, 2025 and 2024, which are classified in accordance with K-IFRS No. 1117.

(b) Changes in loss allowance for other assets for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Beginning balance	₩ 31,321	28,131
Provision	44,182	44,719
Write-offs	(44,449)	(41,529)
Reclassification (*)	(3,189)	-
Others	2,717	-
Ending balance	₩ 30,582	31,321

(*) Loss allowance for other assets of Shinhan Indo Finance was reclassified as assets held for sale.

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22. Borrowings

Borrowings as of December 31, 2025 and 2024 are as follows:

	<u>Interest rate (%)</u>	<u>2025</u>	<u>Interest rate (%)</u>	<u>2024</u>
Borrowings denominated in Korean won:				
Others	1.54~5.22 ₩	3,252,200	1.46~5.22 ₩	5,321,900
Discount on issuance	₩	(42,993)		(116,620)
		<u>3,209,207</u>		<u>5,205,280</u>
Borrowings denominated in foreign currencies:				
Others	1.53~19.50	1,194,178	1.53~16.75	1,345,098
Discount on issuance		(2,280)		-
		<u>1,191,898</u>		<u>1,345,098</u>
	₩	<u>₩ 4,401,105</u>	₩	<u>₩ 6,550,378</u>

23. Debentures

Debentures as of December 31, 2025 and 2024 are as follows:

	<u>Interest rate (%)</u>	<u>2025</u>	<u>Interest rate (%)</u>	<u>2024</u>
Debentures issued in Korean won:				
Debentures issued	1.56~6.54 ₩	20,345,000	1.38~6.54 ₩	19,054,000
Discount on issuance		(14,230)		(12,178)
		<u>20,330,770</u>		<u>19,041,822</u>
Debt securities issued in foreign currencies:				
Debentures issued	1.38~5.02	5,197,472	1.11~5.02	5,386,876
Discount on issuance		(13,575)		(18,824)
		<u>5,183,897</u>		<u>5,368,052</u>
	₩	<u>₩ 25,514,667</u>	₩	<u>₩ 24,409,874</u>

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24. Defined Benefit Liabilities (Assets)

The Group operates defined benefit pension plans. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement. The pension is fully funded and operated by an external trust company.

(a) Defined benefit plan assets and liabilities as of December 31, 2025 and 2024 are as follows:

		2025	2024
Present value of defined benefit obligations	₩	303,605	343,553
Fair value of plan assets (*1)		(315,129)	(348,391)
Net defined benefit liabilities (assets) (*2)	₩	(11,524)	(4,838)

(*1) The fair value of plan assets as of December 31, 2025 and 2024 includes the existing contribution to National Pension Plan of ₩130 million and ₩244 million, respectively.

(*2) As of December 31, 2024, ₩4,838 million in assets recognition under the defined benefit plan represents ₩5,011 million of net defined benefit assets minus ₩173 million of net defined benefit liabilities.

(b) Changes in net defined benefit liabilities (assets) for the years ended December 31, 2025 and 2024 are as follows:

		2025		
		Defined benefit obligations	Plan assets	Net defined benefit liabilities (assets)
Beginning balance	₩	343,553	(348,391)	(4,838)
Recognized in profit or loss as incurred:				
Current service cost		21,287	-	21,287
Past service cost		8,624	-	8,624
Interest expense (income)		14,146	(13,404)	742
		44,057	(13,404)	30,653
Recognized in other comprehensive income:				
Remeasurement loss (gain)				
- Actuarial losses				
Demographic assumptions		54	-	54
Financial assumptions		(3,314)	-	(3,314)
Experience adjustments		2,671	-	2,671
- Return on plan assets		-	3,139	3,139
		(589)	3,139	2,550
Others:				
Contributions paid into the plan		-	(46,732)	(46,732)
Benefits paid by the plan		(84,253)	90,259	6,006
Others (*)		1,062	-	1,062
Exchange rate differences		(17)	-	(17)
Reclassification to liabilities (assets) of a disposal group classified as held for sale		(208)	-	(208)
		(83,416)	43,527	(39,889)
Ending balance	₩	303,605	(315,129)	(11,524)

(*) Transfer from/to related parties.

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24. Defined Benefit Liabilities (Assets) (continued)

(b) Changes in net defined benefit liabilities for the years ended December 31, 2025 and 2024 are as follows: (continued)

	2024		
	Defined benefit obligations	Plan assets	Net defined benefit liabilities (assets)
Beginning balance	₩ 323,670	(326,754)	(3,084)
Recognized in profit or loss as incurred:			
Current service cost	19,512	-	19,512
Past service cost	29	-	29
Interest expense (income)	14,848	(14,992)	(144)
	34,389	(14,992)	19,397
Recognized in other comprehensive income:			
Remeasurement loss (gain)			
- Actuarial losses			
Demographic assumptions	(93)	-	(93)
Financial assumptions	14,047	-	14,047
Experience adjustments	(297)	-	(297)
- Return on plan assets	-	2,199	2,199
	13,657	2,199	15,856
Others:			
Contributions paid into the plan	-	(59,823)	(59,823)
Benefits paid by the plan	(28,813)	50,979	22,166
Others (*)	632	-	632
Exchange rate differences	18	-	18
	(28,163)	(8,844)	(37,007)
Ending balance	₩ 343,553	(348,391)	(4,838)

(*) Transfer from/to related parties.

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24. Defined Benefit Liabilities (Assets) (continued)

(c) Details of the amounts included in the fair value of plan assets for each category of financial instruments as of December 31, 2025 and 2024 are as follows:

		2025	2024
Due from banks	₩	314,999	348,147
Others		130	244
Fair value of plan assets	₩	315,129	348,391

(d) Key actuarial assumptions as of December 31, 2025 and 2024 are as follows:

	2025	2024
Discount rate (AA0)	4.35%	4.09%
Future salary growth rate	2.96% + promotion rate	2.88% + promotion rate
Weighted average maturity	6.40 years	7.20 years

(e) Sensitivity analysis

Effects on the defined benefit obligation that would result from reasonably possible changes in each significant actuarial assumption as of December 31, 2025 are as follows:

		2025	
		Increase	Decrease
Discount rate (1%p movement)	₩	(17,014)	18,818
Future salary growth rate (1%p movement)		19,515	(17,962)

Sensitivity analyses do not consider the variance of all cash flows expected to occur in the plan but provide approximation of the sensitivity to the assumptions.

(f) Effects of defined benefit plans on future cash flows

The Group reviews the level of accumulation of funds every year, and has a policy to compensate for any loss in funds. The estimated contribution for the year ended December 31, 2026 (the next annual reporting period) is ₩17,700 million.

The weighted average maturity of the defined benefit obligation as of December 31, 2025 and 2024 are 6.40 years and 7.20 years, respectively. The maturity analysis of undiscounted benefits paid by the plan as of December 31, 2025 and 2024 are as follows:

		2025					
		Less than 1 year	1~2 years	2~5 years	5 ~ 10 years	More than 10 years	Total
Benefits paid by the plan	₩	14,452	25,452	97,715	168,736	96,252	402,607

		2024					
		Less than 1 year	1~2 years	2~5 years	5 ~ 10 years	More than 10 years	Total
Benefits paid by the plan	₩	12,395	28,774	98,121	180,388	105,486	425,164

(g) The amounts recognized as expenses for defined contribution plans are ₩6,650 million and ₩5,707 million for the years ended December 31, 2025 and 2024, respectively.

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25. Provisions

(a) Changes of provisions for the years ended December 31, 2025 and 2024 are as follows:

		2025				
		Provision for litigation	Provision for unused credit commitments	Provision for restoration	Others	Total
Beginning balance	₩	4,637	182,724	2,819	30,768	220,948
Provision		788	10,991	322	55,147	67,248
Payment		(1,096)	-	(462)	(40,941)	(42,499)
Others (*)		-	-	18	-	18
Ending balance	₩	4,329	193,715	2,697	44,974	245,715

(*) The amount represents the increase during the year ended December 31, 2025 resulting from the unwinding of the discount on provisions measured at present value.

		2024				
		Provision for litigation	Provision for unused credit commitments	Provision for restoration	Others	Total
Beginning balance	₩	3,976	202,576	3,572	24,042	234,166
Provision		1,143	(19,852)	52	44,528	25,871
Payment		(482)	-	(823)	(37,802)	(39,107)
Others (*)		-	-	18	-	18
Ending balance	₩	4,637	182,724	2,819	30,768	220,948

(*) The amount represents the increase during the year ended December 31, 2024 resulting from the unwinding of the discount on provisions measured at present value.

(b) Unused credit commitments and provision for unused credit commitments as of December 31, 2025 and 2024 are as follows:

		2025	2024
Unused credit commitments	₩	93,605,391	91,239,801
Provision for unused credit commitments		193,714	182,724
Ratio (%)		0.21	0.20

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25. Provisions (continued)

(c) Changes in provision for unused credit commitments for the years ended December 31, 2025 and 2024 are as follows:

		2025			
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	126,017	54,519	2,188	182,724
Reclassified to 12 month expected credit losses		36,757	(36,637)	(120)	-
Reclassified to lifetime expected credit losses		(8,505)	8,558	(53)	-
Reclassified to credit- impaired financial assets		(685)	(669)	1,354	-
Provision (reversal) (*)		(31,536)	43,095	(569)	10,990
Ending balance	₩	122,048	68,866	2,800	193,714

(*) The amount includes additional provisions for unused credit commitments recognized in response to changes in the future economic outlook. Based on a reassessment of forward-looking probabilities of default reflecting updated forward-looking information as of December 31, 2025, the Group recognized additional provisions for unused credit commitments of ₩11,520 million.

		2024			
		12 month expected credit losses	Lifetime expected credit losses	Credit-impaired financial assets	Total
Beginning balance	₩	104,517	96,359	1,700	202,576
Reclassified to 12 month expected credit losses		61,003	(60,863)	(140)	-
Reclassified to lifetime expected credit losses		(7,224)	7,246	(22)	-
Reclassified to credit- impaired financial assets		(651)	(1,369)	2,020	-
Provision (reversal) (*)		(31,628)	13,146	(1,370)	(19,852)
Ending balance	₩	126,017	54,519	2,188	182,724

(*) The amount includes additional provisions for unused credit commitments recognized in response to changes in the future economic outlook. Based on a reassessment of forward-looking probabilities of default reflecting updated forward-looking information as of December 31, 2024, the Group recognized additional provisions for unused credit commitments of ₩13,557 million.

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26. Other Liabilities

(a) Details of other liabilities as of December 31, 2025 and 2024 are as follows:

		2025	2024
Accounts payable	₩	1,978,869	2,136,317
Accrued expenses		342,991	330,257
Advances from customers		157,888	172,919
Unearned revenue		180,111	191,392
Deposits		502,934	686,707
Security deposits received		732,245	817,100
Present value discount on security deposits received		(53,519)	(72,191)
Lease liabilities		33,565	33,760
Present value discount on lease liabilities		(1,873)	(3,537)
Others (*)		323,148	310,890
	₩	<u>4,196,359</u>	<u>4,603,614</u>

(*) Includes point liabilities of ₩291,807 million and ₩284,397 million recognized in accordance with K-IFRS No. 1115 as of December 31, 2025 and 2024, respectively, and includes insurance liabilities of ₩4,661 million and ₩2,470 million recognized in accordance with K-IFRS No. 1117 as of December 31, 2025 and 2024, respectively.

(b) Insurance liabilities

i) Details of insurance liabilities and reinsurance assets as of December 31, 2025 and 2024 are as follows:

		2025		2024
		Insurance contract liabilities	Reinsurance contract assets	
Debt waiver and deferral products	₩	4,661	4,661	
		<u>2,470</u>	<u>2,470</u>	

ii) The income and expenses related to insurance contracts for the years ended December 31, 2025 and 2024 are as follows:

		2025	2024
Insurance revenue	₩	25,812	24,717
Insurance service expenses		9,248	6,177

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27. Equity

(a) Equity as of December 31, 2025 and 2024 are as follows:

	2025	2024
Common stock	₩ 626,847	626,847
Hybrid bonds	699,822	699,822
Capital surplus		
Gains on capital reduction	852,646	852,646
Gains on sale of treasury stock	2	2
Other additional capital	8,081	8,081
	<u>860,729</u>	<u>860,729</u>
Capital adjustments		
Stock options	1,896	1,897
Other capital adjustments	(4,661)	(4,251)
	<u>(2,765)</u>	<u>(2,354)</u>
Accumulated other comprehensive income		
Unrealized gain on valuation of financial assets at FVOCI	4,979	10,075
Effective portion of valuation loss on cash flow hedges	16,816	(55,818)
Remeasurements of the net defined benefit obligations	(62,300)	(61,350)
Foreign currency translation adjustments for foreign operations	20,476	28,070
	<u>(20,029)</u>	<u>(79,023)</u>
Retained earnings		
Legal reserve	313,424	313,424
Reserve for credit losses (refer to Note 28) (*)	902,308	863,885
Voluntary reserve	12,216	12,216
Unappropriated retained earnings (*)	5,078,554	4,958,209
	<u>6,306,502</u>	<u>6,147,734</u>
Non-controlling interests	28,776	23,141
	<u>₩ 8,499,882</u>	<u>8,276,896</u>

(*) Of the unappropriated retained earnings for the year ended December 31, 2025, ₩32,811 million is expected to be appropriated to the reserve for credit losses, and ₩38,423 million of the unappropriated retained earnings for the year ended December 31, 2024 was appropriated to the reserve for credit losses.

(b) Capital stock and capital surplus

As of December 31, 2025 and 2024, par value of common stock is ₩5,000, the total number of authorized shares is 2,000,000,000 and total number of issued shares is 125,369,403.

(c) Hybrid bonds

Hybrid bonds classified as equity as of December 31, 2025 are as follows:

Issue date	Currency	Maturity date	Interest rate (%)	December 31, 2025
March 17, 2022	KRW	March 17, 2052	4.01	399,901
February 14, 2023	KRW	February 14, 2053	5.28	299,921
				<u>699,822</u>

The hybrid bonds above can be repaid early after 5 years from the date of issuance, and the Group has an unconditional right to extend the maturity under the same condition.

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27. Equity (continued)

(d) Changes in accumulated other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

	2025					
	Items that are or may be reclassified subsequently to profit or loss			Items that will never be reclassified subsequently to profit or loss		Total
	Unrealized net changes in fair value of financial assets at FVOCI	Foreign currency translation adjustments for foreign operations	Unrealized net changes in fair value of cash flow hedges	Remeasurements of the defined benefit plan	Unrealized net changes in fair value of financial assets at FVOCI	
Beginning balance	₩ (2,560)	28,070	(55,817)	(61,350)	12,635	(79,022)
Gains (losses) during the period:						
Change due to fair value measurement, etc.	(4,806)	-	-	-	(2,016)	(6,822)
Reclassification of gains included in profit or loss:						
Reclassification to the initial carrying amount of the hedged item	-	-	(27,149)	-	-	(27,149)
Effect of hedge accounting	-	-	126,259	-	-	126,259
Effects of foreign exchange differences	-	(7,419)	-	-	-	(7,419)
Remeasurements of defined benefit plans	-	-	-	(2,550)	-	(2,550)
Income tax effects	1,359	-	(26,476)	1,600	366	(23,151)
Non-controlling interests	-	(175)	-	-	-	(175)
Ending balance	₩ (6,007)	20,476	16,817	(62,300)	10,985	(20,029)

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27. Equity (continued)

(d) Changes in accumulated other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:
(continued)

	2024					
	Items that are or may be reclassified subsequently to profit or loss			Items that will never be reclassified subsequently to profit or loss		Total
	Unrealized net changes in fair value of financial assets at FVOCI	Foreign currency translation adjustments for foreign operations	Unrealized net changes in fair value of cash flow hedges	Remeasurements of the defined benefit plan	Unrealized net changes in fair value of financial assets at FVOCI	
Beginning balance	₩ (7,029)	11,272	(37,438)	(49,680)	26,923	(55,952)
Gains (losses) arising during the period:						
Change due to fair value measurement	6,072	-	-	-	(17,912)	(11,840)
Reclassification adjustments for gains included in profit or loss:						
Transferred to the initial carrying amount of the hedged item	-	-	(582,424)	-	-	(582,424)
Effect of hedge accounting	-	-	557,342	-	-	557,342
Effects of foreign exchange differences	-	16,382	-	-	-	16,382
Remeasurements of defined benefit plans	-	-	-	(15,856)	-	(15,856)
Income tax effects	(1,603)	-	6,703	4,186	5,124	14,410
Reclassification to retained earnings	-	-	-	-	(1,500)	(1,500)
Non-controlling interests	-	416	-	-	-	416
Ending balance	₩ (2,560)	28,070	(55,817)	(61,350)	12,635	(79,022)

(e) Earned surplus reserves

The Korean Commercial Act requires the Group to accumulate, as it earned surplus reserve, at least 10% of cash dividend in each period for the settlement of accounts until its reserve reaches half of the Group's capital. No reserve shall be disposed of, except in recovery from deficit in capital or capitalizing its reserve as approved in the shareholder's meeting.

(f) Voluntary reserve

The Group elected to measure an item of land and buildings at the date of transition to K-IFRS at its fair value and use that fair value as its deemed cost at that date. Revaluation surplus as a result of revaluation was classified as dividend restriction by the Board of Directors. Also, in accordance with amended Credit Information Use and Protection Act, the Group is liable to compensate the owners of credit information for inflicted damage and reserved voluntary reserve for fulfillment by the Act.

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27. Equity (continued)

(f) Voluntary reserve (continued)

Details of voluntary reserve as of December 31, 2025 and 2024 are as follows:

		2025	2024
Revaluation reserve of property and equipment	₩	10,216	10,216
Claim reserves for on-line transactions		2,000	2,000
	₩	<u>12,216</u>	<u>12,216</u>

(g) Statements of appropriation of retained earnings for the years ended December 31, 2025 and 2024 are as follows:

		2025 (*) 2026-03-25	2024 (*) 2025-03-25
Expected/actual date of appropriation:			
Unappropriated retained earnings			
Balance at the beginning of year	₩	4,549,454	4,342,179
Transfer from other comprehensive income as a result of the disposal of equity securities at FVOCI		-	1,500
Dividend on hybrid bond		(31,884)	(31,891)
Profit for the year		440,672	562,182
		<u>4,958,242</u>	<u>4,873,970</u>
Balance at the end of year before appropriation		<u>4,958,242</u>	<u>4,873,970</u>
Appropriation of retained earnings			
Transfer to reserve for credit losses		32,811	38,423
Cash dividends		238,453	286,093
Dividends per share (dividend as a percentage of par value):			
₩1,902 (54.11%) for 2025			
₩2,282 (50.89%) for 2024			
		<u>271,264</u>	<u>324,516</u>
Unappropriated retained earnings to be carried over to subsequent year	₩	<u>4,686,978</u>	<u>4,549,454</u>

(*) These statements of appropriation of retained earnings were based on the separate financial statements of Shinhan Card.

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28. Reserve for Credit Losses

In accordance with Regulations on Supervision of Specialized Credit Finance Business, the Group reserves the difference between allowance for credit losses recognized under K-IFRS and Regulations on Supervision of Specialized Credit Finance Business Article 11 in the account of reserve for legal reserve for credit losses.

(a) Reserve for credit losses as of December 31, 2025 and 2024 are summarized as follows:

	2025	2024
Accumulated reserve for credit losses	₩ 902,308	863,885
Reserve for credit losses, scheduled		
- Changes in 2025 and 2024	32,811	38,423
Ending balance of reserve for credit losses	₩ 935,119	902,308

(b) Details of profit for the year attributable to owner of the Company after adjusting for reversal of credit losses and provision for reserve for credit losses for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Profit for the year attributable to owner of the Group	₩ 476,745	572,147
Reserve for credit losses, scheduled	(32,811)	(38,423)
Profit for the year after adjusting for reserve for credit losses	443,934	533,724
Earnings per share after adjusting credit losses (in won) (*)	₩ 3,287	4,067

(*) Dividend on hybrid bonds was deducted.

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29. Operating Revenue and Contract Liabilities

(a) Details of operating revenues for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Revenue from contracts with customers		
Fee and commission income	₩ 1,217,717	1,337,152
Revenue from others		
Interest income	3,067,760	2,984,234
Fee and commission income		
Loans	5,455	7,027
Installment loans	14,368	15,855
Leases	650,918	651,655
Other	68,472	61,859
Dividend income	939	673
Gains on financial assets at FVTPL	12,610	26,399
Gains on derivatives	149,207	595,761
Gains on foreign currency transactions	182,590	70,428
Other operating income	522,347	422,063
	₩ <u>4,674,666</u>	<u>4,835,954</u>

(b) Classification of revenue from contracts with customers for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Revenue from contracts with customers		
Credit sales commission, etc.	₩ 969,054	1,045,879
Insurance agency fee	100,826	93,556
Card loans origination fees, etc.	147,837	197,717
	<u>1,217,717</u>	<u>1,337,152</u>
Timing of revenue recognition		
Transferred at a point in time	954,876	1,085,513
Transferred over time	262,841	251,639
	₩ <u>1,217,717</u>	<u>1,337,152</u>

(c) The contract liabilities recognized as of December 31, 2025 and 2024 in relation to revenue from contracts with customers are as follows:

	2025	2024
Point liabilities (*)	₩ 291,808	284,397
Unearned revenue of annual fee	118,212	110,499
	₩ <u>410,020</u>	<u>394,896</u>

(*) Recognized as other liabilities in the consolidated statements of financial position.

(d) Of the revenue recognized during the years ended December 31, 2025 and 2024, ₩110,499 million and ₩108,439 million that related to the contract liabilities carried forward from the prior period, respectively.

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30. Earnings per Share

Earnings per share for the years ended December 31, 2025 and 2024 are as follows:

(In millions of won, except shares outstanding and earnings per share)

		2025	2024
Profit for the year attributable to owner of the Group	₩	476,745	572,147
Dividend on hybrid bonds		(31,884)	(31,891)
Profit for the year attributable to common stocks		444,861	540,256
Weighted average number of common stocks outstanding		125,369,403	125,369,403
Earnings per share (in won)	₩	3,548	4,309

The Group has no dilutive potential ordinary shares in the calculation of diluted earnings per share for the reporting periods. Accordingly, diluted earnings per share equals basic earnings per share for the years ended December 31, 2025 and 2024.

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31. Share-Based Payment

Share-based payment as of December 31, 2025 is summarized as follows:

(a) Performance-based share-based payment

(i) Details of performance-based share-based payment as of December 31, 2025 are as follows:

a) Shinhan Card Co., Ltd

	Type	Vesting period	Performance condition	Estimated number of shares granted	Number of shares granted	Remaining number of shares granted
Granted in 2016	Equity-settled type (*)	2016	Relative share	67,660	51,560	16,100
Granted in 2017	Equity-settled type (*)	2017	price	68,377	62,011	6,366
Granted in 2018	Equity-settled type (*)	2018	performance	60,378	58,878	1,500
Granted in 2019	Equity-settled type (*)	2019	(20.0%) and	84,357	81,771	2,586
Granted in 2020	Cash-settled type	2020	achievement of	74,921	74,921	-
Granted in 2021	Cash-settled type	2021	management	95,359	95,359	-
Granted in 2022	Cash-settled type	2022	performance	93,877	-	93,877
Granted in 2023	Cash-settled type	2023	indicators over	94,682	-	94,682
Granted in 2024	Cash-settled type	2024	four years	85,495	-	85,495
Granted in 2025	Cash-settled type	2025	(80.0%)	68,015	-	68,015

(*) Shares of Shinhan Financial Group are granted, and, in accordance with the settlement arrangement, the amount payable by the Group to Shinhan Financial Group is recognized as a liability. Any difference between this amount and the compensation expense recognized under equity-settled share-based payment arrangements is recognized in equity.

b) Shinhan Credit Information Co., Ltd.

	Type	Vesting period	Performance condition	Estimated number of shares granted	Number of shares granted	Remaining number of shares granted
Granted in 2021	Cash-settled type	2021	Relative share price performance	3,981	3,981	-
Granted in 2022	Cash-settled type	2022	(20.0%) and achievement of	1,553	-	1,553
Granted in 2023	Cash-settled type	2023	management performance	1,550	-	1,550
Granted in 2024	Cash-settled type	2024	indicators over four years (80.0%)	1,248	-	1,248

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31. Share-Based Payment (continued)

(a) Performance-based share-based payment (continued)

(ii) *Granted shares and the fair value at the grant date are as follows:*

a) Shinhan Card Co., Ltd.

Grant date	Granted shares	Fair value (in won) (*1)	Estimated shares (*2)	Paid shares	Remained shares
January 1, 2016	74,200 ₩	39,000	50,300	34,200	16,100
February 4, 2016	15,400	38,150	13,204	13,204	-
June 3, 2016	5,200	38,800	2,901	2,901	-
August 1, 2016	1,900	40,650	742	742	-
October 31, 2016	3,100	43,850	513	513	-
January 1, 2017	70,200	45,300	59,879	53,513	6,366
March 7, 2017	10,600	46,950	8,498	8,498	-
January 1, 2018	59,900	49,400	60,378	58,878	1,500
January 1, 2019	84,266	39,400	84,357	81,771	2,586
January 1, 2020	80,216	32,050	74,921	74,921	-
January 1, 2021	109,986	36,800	95,359	95,359	-
January 1, 2022	110,355	35,200	93,877	-	93,877
January 1, 2023	109,001	40,150	94,682	-	94,682
January 1, 2024	88,321	47,650	85,495	-	85,495
January 1, 2025	67,930	76,900	68,015	-	68,015
	<u>890,575</u>		<u>793,121</u>	<u>424,500</u>	<u>368,621</u>

(*1) The fair value per share was evaluated based on the closing price of Shinhan Financial Group at each grant date.

(*2) Grant shares at grant date were adjusted pursuant to relative increase ratio of stock price and achievement of management index based on standard quantity applicable to the days of service among specified period of service, which allows for the determination of acquired quantity at the end of the operation period.

b) Shinhan Credit Information Co., Ltd.

Grant date	Granted shares	Fair value (in won) (*1)	Estimated shares (*2)	Paid shares	Remained shares
January 1, 2021	4,528	36,800	3,981	3,981	-
January 1, 2022	1,765	35,200	1,553	-	1,553
January 1, 2023	1,779	40,150	1,550	-	1,550
January 1, 2024	1,556	47,650	1,248	-	1,248
	<u>9,628</u>		<u>8,332</u>	<u>3,981</u>	<u>4,351</u>

(*1) The fair value per share was evaluated based on the closing price of Shinhan Financial Group at each grant date.

(*2) Grant shares at grant date were adjusted pursuant to relative increase ratio of stock price and achievement of management index based on standard quantity applicable to the days of service among specified period of service, which allows for the determination of acquired quantity at the end of the operation period.

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31. Share-Based Payment (continued)

(b) Share-based compensation expense for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Performance-based share-based payment ₩	13,270	6,333

(c) Details of accrued expenses and the intrinsic value as of December 31, 2025 are as follows:

As of December 31, 2025, total carrying amount of liabilities recognized in relation to share-based payment transactions and total intrinsic value of liabilities recognized in respect of rights that have vested by the end of the reporting period are as follows:

	<u>Accrued expenses</u>	<u>Intrinsic values (*1)</u>
Performance-based share-based payment (*2) ₩	27,690	27,690

(*1) The fair value of performance-based share-based payment is considered as intrinsic value.

(*2) In accordance with the settlement arrangement, the amount payable to Shinhan Financial Group is measured based on the closing market price as of the reporting date and recognized as a liability.

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32. Net Interest Income

Details of net interest income for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Interest income		
Cash and due from banks	₩ 14,648	12,159
Credit card receivables	2,316,550	2,236,689
Loans	333,170	378,184
Installment loans	257,091	225,950
Financing leases (*)	134,161	117,681
Others	12,140	13,571
	<u>3,067,760</u>	<u>2,984,234</u>
Interest expense		
Borrowings	(232,227)	(246,565)
Debentures	(743,226)	(676,701)
Securitized debentures	(117,117)	(102,446)
Lease liabilities (*)	(1,356)	(1,257)
Others	(26,337)	(26,094)
	<u>(1,120,263)</u>	<u>(1,053,063)</u>
Net interest income	₩ <u>1,947,497</u>	<u>1,931,171</u>

(*) It includes finance income and costs in financial lease receivables and lease liabilities in accordance with K-IFRS No. 1116.

Interest income on impaired financial assets for the years ended December 31, 2025 and 2024 are ₩14,793 million and ₩14,209 million, respectively.

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33. Net Fee and Commission Income

Details of net fee and commission income for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Fee and commission income		
Credit card receivables	₩ 1,217,717	1,337,152
Loans	5,455	7,027
Installment loans	14,368	15,855
Leases	650,918	651,655
Others (*)	68,473	61,860
	<u>1,956,931</u>	<u>2,073,549</u>
Fee and commission expense		
Credit card receivables	(1,214,102)	(1,148,956)
Installment loans	(24,430)	(22,999)
Leases	(1,040)	(1,776)
Others (*)	(131,248)	(131,476)
	<u>(1,370,820)</u>	<u>(1,305,207)</u>
Net fee and commission income	₩ <u>586,111</u>	<u>768,342</u>

(*) Other fee and commission income or expense includes profit or loss associated with Shinhan Credit Service (debt waiver and deferral service) given to credit card members. For the years ended December 31, 2025 and 2024, the amount of income related to debt waiver and deferral service are ₩23,623 million and ₩25,441 million, respectively, and the amount of expense are ₩7,293 million and ₩7,099 million, respectively.

34. Dividend Income

Details of dividend income for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Financial assets at FVTPL in Korean Won	₩ 446	433
Financial assets at FVOCI in Korean Won	493	240
	<u>₩ 939</u>	<u>673</u>

35. Provision for Credit Loss Allowance

Details of provision for credit loss allowance for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Credit card receivables at amortized cost and other	₩ (856,616)	(894,300)
Other assets	(44,181)	(42,637)
Provision for unused loan commitments	(10,991)	19,852
Financial instruments at FVOCI	188	(153)
	<u>₩ (911,600)</u>	<u>(917,238)</u>

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36. General Administrative Expenses

Details of general administrative expenses for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Relate to employees		
Salaries and wages	₩ 242,078	237,081
Bonus	55,183	60,380
Incentive of results	71	22,423
Share-based compensation expense	13,270	6,333
Employee benefits	131,311	105,659
Travel	5,926	6,740
Defined benefit	30,652	19,397
Defined contribution	6,651	5,707
Honorary retirement allowance	39,699	22,580
	<u>524,841</u>	<u>486,300</u>
Depreciation and amortization		
Depreciation	60,379	58,937
Amortization	28,112	26,605
	<u>88,491</u>	<u>85,542</u>
Other general administrative expenses		
Communication	30,650	34,892
Utility	25,130	24,105
Vehicle maintenance	2,846	3,058
Supplies	10,654	10,513
Rent	1,041	1,073
Insurance	39,371	42,466
Repairs	857	803
Entertainment	2,290	2,249
Advertising	25,301	32,131
Sales promotion	29,896	26,866
Training	2,147	3,476
Publication	561	528
Freight	956	884
Provision for restoration	18	18
Taxes and dues	69,008	64,829
	<u>240,726</u>	<u>247,891</u>
	₩ <u>854,058</u>	<u>819,733</u>

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37. Other Operating Income and Expenses

Other operating income and expenses for the years ended December 31, 2025 and 2024 are as follows

	<u>2025</u>	<u>2024</u>
Other operating income		
Gains on recovery of bad debt (*)	₩ 9,153	9,404
Others	513,193	412,659
	<u>522,346</u>	<u>422,063</u>
Other operating expenses		
Depreciation of lease assets	(445,200)	(465,837)
Others	(293,821)	(229,875)
	<u>(739,021)</u>	<u>(695,712)</u>
	₩ <u>(216,675)</u>	<u>(273,649)</u>

(*) Gains on recovery of bad debt is the amount of interest received from the bad debt.

38. Non-operating Income and Expenses

Non-operating income and expenses for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Non-operating income		
Gain on assets received by donation	₩ 1,666	-
Gains on disposal of property and equipment	690	495
Others	10,035	5,460
Miscellaneous income	15,177	18,346
	<u>27,568</u>	<u>24,301</u>
Non-operating expenses		
Donations	(23,739)	(8,944)
Increase in provision for litigation	(788)	(1,141)
Losses on disposal of property and equipment	(205)	(217)
Impairment loss on intangible assets, and property and equipment	(68)	-
Miscellaneous losses	(3,467)	(1,655)
Others	(2,427)	(263)
	<u>(30,694)</u>	<u>(12,220)</u>
	₩ <u>(3,126)</u>	<u>12,081</u>

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39. Income Taxes

(a) Income tax expenses for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Current income taxes payable	₩ 170,547	178,277
Adjustments to the income tax expense for prior period	(1,146)	21,157
Changes in deferred tax due to changes in temporary differences (*)	5,872	(9,387)
Income tax expense (benefit) relating to items recognized outside profit or loss	(37,396)	14,390
Others (e.g., tax effects of the consolidated tax return)	1,606	(14,229)
Income tax expense	₩ <u>139,483</u>	<u>190,208</u>

(*) The Group applies the temporary exception to the recognition of deferred tax under K-IFRS No. 1012 and, accordingly, does not recognize deferred tax assets and liabilities related to the Global Anti-Base Erosion (GloBE) rules.

(b) The relationship between income tax expense and profit before income taxes for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Profit before income taxes (A)	₩ 619,689	765,469
Income taxes at applicable tax rate	163,904	202,084
Adjustments:		
Non-taxable income	7,677	(8,434)
Non-deductible expense	(573)	1,092
Tax deductions	(1,318)	(1,484)
Consolidated tax return effect and others	(30,207)	(3,050)
Income tax expense (B)	₩ <u>139,483</u>	<u>190,208</u>
Effective tax rate (B/A)	<u>22.51%</u>	<u>24.85%</u>

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
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39. Income Taxes (continued)

(c) Changes in deferred tax assets (liabilities) for the years ended December 31, 2025 and 2024 are as follows:

2025				
	Beginning deferred tax assets (liabilities)	Changes in profit or loss	Change in other comprehensive income	Ending deferred tax assets (liabilities)
Accounts receivable	₩ 76	3	-	79
Financial assets at FVOCI	(1,680)	1,923	-	243
Valuation on financial assets at FVOCI	(3,615)	-	1,726	(1,889)
Valuation on property and equipment, depreciation and others	(2,913)	(109)	-	(3,022)
Deferred loan origination costs	(13,703)	1,689	-	(12,014)
Derivative assets	20,188	-	(26,475)	(6,287)
Accrued expenses	18,052	1,892	-	19,944
Defined benefit liabilities	156,839	721	317	157,877
Plan assets	(168,587)	(11,641)	1,284	(178,944)
Other provisions	138,697	16,847	-	155,544
Others	(4,569)	20,280	(14,329)	1,382
	<u>₩ 138,785</u>	<u>31,605</u>	<u>(37,477)</u>	<u>132,913</u>

2024				
	Beginning deferred tax assets (liabilities)	Changes in profit or loss	Change in other comprehensive income	Ending deferred tax assets (liabilities)
Accounts receivable	₩ 76	-	-	76
Financial assets at FVOCI	(1,010)	(670)	-	(1,680)
Valuation on financial assets at FVOCI	(7,137)	-	3,522	(3,615)
Valuation on property and equipment, depreciation and others	(2,810)	(103)	-	(2,913)
Deferred loan origination costs	(13,467)	(236)	-	(13,703)
Derivative assets	13,485	-	6,703	20,188
Accrued expenses	19,386	(1,334)	-	18,052
Defined benefit liabilities	161,672	(8,463)	3,630	156,839
Plan assets	(178,133)	8,990	556	(168,587)
Other provisions	143,339	(4,642)	-	138,697
Others	(6,007)	1,438	-	(4,569)
	<u>₩ 129,394</u>	<u>(5,020)</u>	<u>14,411</u>	<u>138,785</u>

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39. Income Taxes (continued)

(d) Deferred income taxes relating to items recognized outside profit or loss for the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025		January 1, 2025		Changes in tax effect
	Amount	Tax effect	Amount	Tax effect	
Changes in fair value of financial assets at FVOCI	₩ 4,979	(1,889)	10,076	(3,615)	1,726
Effective portion of valuation gain or loss on cash flow hedges	16,817	(6,353)	(55,817)	20,122	(26,475)
Remeasurements of defined benefit obligations	(62,300)	23,623	(61,350)	22,022	1,601
	₩ (40,504)	15,381	(107,091)	38,529	(23,148)
	December 31, 2024		January 1, 2024		Changes in tax effect
	Amount	Tax effect	Amount	Tax effect	
Changes in fair value of financial assets at FVOCI	₩ 10,076	(3,615)	27,029	(7,137)	3,522
Effective portion of valuation gain or loss on cash flow hedges	(55,817)	20,122	(50,856)	13,419	6,703
Remeasurements of defined benefit obligations	(61,350)	22,022	(67,516)	17,836	4,186
	₩ (107,091)	38,529	(91,343)	24,118	14,411

(e) The Group offsets a deferred tax asset against a deferred tax liability of the same taxable entity if, and only if, they relate to income taxes levied by the same taxation authority and the Group has a legally enforceable right to set off current tax assets against current tax liabilities. Deferred tax assets and liabilities before offsetting as of December 31, 2025 and 2024 are as follows:

		2025	2024
Deferred tax assets	₩	258,556	257,240
Deferred tax liabilities		(125,643)	(118,455)
	₩	132,913	138,785

(f) Deferred tax assets have been recognized as the Group has determined it is probable that future profits will be available against which the Group can utilize the related benefit.

(g) As of December 31, 2025 and 2024 current tax liabilities are ₩77,722 million and ₩69,111 million, respectively. For consolidated tax return, the amount is paid to the taxation authorities through the parent company of the Group.

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39. Income Taxes (continued)

(h) Following the enactment of legislation related to the Global Anti-Base Erosion (GloBE) Rules, the Group is obligated to pay a top-up tax equal to the difference between the effective tax rate and the minimum rate of 15% in each jurisdiction in which its constituent entities are located, to the extent that the jurisdictional effective tax rate falls below 15%. The Group has assessed the impact of the GloBE rules in accordance with the relevant legislation and has determined that no significant amount of top-up tax is expected to arise, as most constituent entities meet the transitional safe harbor requirements or have effective tax rates exceeding 15%.

Income tax expense related to the GloBE rules is subject to estimation uncertainty due to potential variability arising from various factors, including tax incentives received by permanent establishments and adjustments to accounting net profit or loss required under the legislation for the calculation of GloBE income in subsequent periods. In addition, the Group applies the temporary exception to the recognition and disclosure of deferred tax assets and liabilities under K-IFRS 1012, and therefore does not recognize deferred tax assets or liabilities related to the GloBE rules, nor does it disclose information related thereto.

40. Consolidated Statements of Cash Flows

(a) Details of cash and cash equivalents as of December 31, 2025 and 2024 are summarized as follows:

	2025	2024
Cash	₩ 6	82
Available due from banks		
Demand deposits	324,817	567,098
Checking accounts	181	394
Foreign currency deposits	88,076	32,219
Cash and cash equivalents	₩ 413,080	599,793

(b) The Group presents the cash inflows and outflows of bank overdrafts and repurchase agreements (RP) as net amounts, because the turnover of transactions is quick, the amounts are large, and the maturities are short.

(c) Reconciliations of the amounts of cash and cash equivalents in the statements of cash flows with the equivalent items reported in the statements of financial position as of December 31, 2025 and 2024 are as follows:

	2025	2024
Cash and due from banks in the statements of financial position	₩ 550,151	864,692
Adjustment:		
Restricted due from banks	(129,041)	(58,399)
Time deposits · Installment savings (*)	(8,030)	(206,500)
Cash and cash equivalents in the statements of cash flows	₩ 413,080	599,793

(*) It doesn't meet the definition of cash in K-IFRS No. 1007, 'Statements of Cash Flows'.

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40. Consolidated Statements of Cash Flows (continued)

(d) The consolidated statements of cash flows is prepared by using indirect method. Significant transactions without cash inflows and outflows for the years ended December 31, 2025 and 2024

		2025	2024
Transaction related right-of-use assets	₩	23,139	39,922
Valuation of financial assets at FVOCI		(6,822)	(11,840)
Valuation of derivatives for hedge accounting		99,110	(25,082)

(e) Changes in assets and liabilities arising from financing activities for the years ended December 31, 2025 and 2024 are as follows:

		2025					
		Balance at January 1, 2025	Changes from cash flows	Changes in foreign currency exchange rate	Interest expenses (amortization)	Changes in fair value	Balance at December 31, 2025
Assets							
Net derivative assets	₩	664,086	(228,481)	-	-	130,768	(127)
Liabilities							
Borrowings		(6,550,378)	2,051,210	(18,277)	(2,011)	-	118,351
Debentures		(24,409,874)	(1,092,642)	(1,931)	(10,221)	-	-
Lease liabilities (*)		(30,223)	17,155	-	(1,355)	-	(17,268)
	₩	(30,990,475)	975,723	(20,208)	(13,587)	-	101,083

(*) The amount of change in cash flow includes ₩1,340 million in interest payments indicated as operating activities in the cash flow statement at the time of payment.

		2024					
		Balance at January 1, 2024	Changes from cash flows	Changes in foreign currency exchange rate	Interest expenses (amortization)	Changes in fair value	Balance at December 31, 2024
Assets							
Net derivative assets	₩	128,749	(24,912)	-	-	552,709	7,540
Liabilities							
Borrowings		(7,962,662)	1,652,582	(77,658)	(1,022)	-	(161,618)
Debentures		(21,650,752)	(2,230,524)	(518,361)	(9,013)	-	(1,224)
Lease liabilities (*)		(18,488)	16,451	-	(1,257)	-	(26,929)
	₩	(29,631,902)	(561,491)	(596,019)	(11,292)	-	(189,771)

(*) The amount of change in cash flow includes ₩1,194 million in interest payments indicated as operating activities in the cash flow statement at the time of payment.

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41. Contingent Liabilities and Commitments

(a) Contingent liabilities

The Group has 49 pending lawsuits as a defendant including collection of overdue credit card receivables, as of December 31, 2025 for a total claim amount of ₩13,206 million.

A legal provision of ₩4,329 million is recognized in the accompanying consolidated financial statements for expected loss due to lost litigation cases.

Additional losses may be incurred from these legal actions. However the result of such lawsuits cannot be predicted. Management believes that the result of the lawsuits would not have significant impact on the consolidated financial statements.

(b) ABS (Asset-Backed Securities) commitments

In trust-type asset securitizations, trust company can demand the Group to transfer additional assets if the transferred assets are below the agreed minimum amount. As prescribed by the respective asset transfer agreements and other contracts, the Group has an obligation to early redeem the asset-backed securities in certain cases, such as when outstanding balance of securitized assets falls below the agreed amount at each settlement period or when portfolio profitability ratio is less than primary cost ratio for three consecutive settlement periods. Investor Interest based on transferred assets is provided as collateral for asset-backed securities. As of December 31, 2025, the Group has no additional obligation for the asset-backed securities.

The Group has entered into an agreement with the trust company to provide asset management services for the transferred assets. Under the agreement, the Controlling Company provides various services such as billing, collection, and management of delinquencies, and receives service fees from the trust company recorded as asset securitization income.

(c) Other commitments

i) The Group has entered an agreement with Shinhan bank for the trust and consignment in order to perform various credit card services including recruitment of credit card members and merchants.

ii) The Group is subject to take necessary measures, including accumulation of required reserve or subscription to insurances or deductions, pursuant to Article 43-3 of the Use and Protection of the Credit Information Act. Accordingly, the Group has accumulated ₩2 billion as liability reserve for electronic banking and credit information.

iii) As of December 31, 2025, the Group has limit loan commitments amounting to ₩1,731.3 billion with banks including Hana bank and SC bank. In addition, the Group has entered into loan overdraft agreements (including daily check) amounting to ₩1,325.0 billion with banks including Shinhan bank and KB Kookmin bank.

iv) The unused credit provided by the Group as of December 31, 2025 and 2024 are ₩93,605,391 million and ₩91,239,801 million, respectively. As of December 31, 2025 and 2024, the securities purchase agreement signed by the Group are ₩79,620 million and ₩77,945 million.

(d) Other matters

With respect to the leakage of personal information of merchant representatives that occurred between March 2022 and May 2025, investigations by the regulatory authorities are currently in progress, and the results cannot be predicted at this time.

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42. Asset-Backed Securitization (ABS)

(a) The initial transfer prices of receivables transferred to its subsidiaries in accordance with the Asset-Backed Securitization Act during the year ended December 31, 2025 and 2024 are as follows:

	Transfer date	2025	2024
Shinhan Card 2024-1	2024.03.28	-	1,413,549
Shinhan Card 2024-2	2024.08.27	-	946,661
Shinhan Card 2025-1	2025.09.24	940,266	-
	₩	940,266	2,360,210

(b) Outstanding balances of receivables sold in accordance with the Asset-Backed Securitization Act that remained uncollected as of December 31, 2025 and 2024 are as follows:

	Disposed assets	Transfer date	2025	2024
Shinhan Card 2021-2	Credit card receivables	2021.09.09	175,868	689,209
Shinhan Card 2022-1	Credit card receivables	2022.04.28	183,553	599,394
Shinhan Card 2022-2	Credit card receivables	2022.08.18	725,617	762,624
Shinhan Card 2022-3	Credit card receivables	2022.12.22	303,782	463,860
Shinhan Card 2023-1	Credit card receivables	2023.06.21	487,579	515,986
Shinhan Card 2024-1	Credit card receivables	2024.03.28	1,208,215	1,286,621
Shinhan Card 2024-2	Credit card receivables	2024.08.27	837,927	890,847
Shinhan Card 2025-1	Credit card receivables	2025.09.24	857,806	-
		₩	4,780,347	5,208,541

(c) Securitization of financial assets

The Group uses the securitization of financial assets as a means of financing and to transfer risk. Generally, these securitization transactions result in the transfer of contractual cash flows to the debt securities holders issued from the financial asset portfolio. The Group recognizes debt securities issued without derecognition of assets under individual agreements, partially recognizes assets to the extent of the Group's level of involvement in assets, or recognizes rights and obligations arising from the derecognition and transfer of assets as separate assets and liabilities. The Group derecognizes the entire asset only if it transfers contractual rights to the cash flows of financial assets or if it holds contractual rights but bears contractual obligations to pay cash flows to the other party without significant delays or reinvestment and transfers most of the risks and benefits of ownership (e.g., credit risk, interest rate risk, prepayment risk, etc.). For the years ended December 31, 2025 and 2024, the carrying amount of financial assets related to securitization transactions that have neither been transferred nor derecognized are ₩4,780,347 million and ₩5,208,541 million, respectively; the carrying amount of related liabilities are ₩3,179,131 million and ₩3,551,174 million, respectively.

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43. Related Parties and Related Parties Transactions

(a) As of December 31, 2025, related parties of the Group are summarized as follows. Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Name of company	Control relationship
Shinhan Financial Group Co., Ltd.	Parent company
Wave Technology	Associate
Finflow	Associate
One Shinhan Connect Fund 1	Associate
One Shinhan Connect Fund 2	Associate
Shinhan hyper connect venture fund 1	Associate
Shinhan Bank	Other related party
Shinhan Life Insurance Co., Ltd.	Other related party
Shinhan DS Co., Ltd.	Other related party
Shinhan Securities Co., Ltd.	Other related party
Jeju Bank	Other related party
BNP Paribas Cardif Life Insurance	Other related party
Shinhan Savings Bank Co., Ltd.	Other related party
Shinhan Fund Partners	Other related party
Shinhan Capital Co., Ltd.	Other related party
Shinhan Asset Management Co., Ltd.	Other related party
SHC Management Co., Ltd.	Other related party
Shinhan EZ General Insurance Co., Ltd.	Other related party
Shinhan REITs Management Co., Ltd.	Other related party
Shinhan AI Co., Ltd.	Other related party
Shinhan Asset Trust Co., Ltd.	Other related party
Shinhan Venture Investment Co., Ltd.	Other related party
Goduck Gangil10 PFV Co., Ltd.	Other related party
KOREA FINANCE SECURITY CO., LTD	Other related party
ICSF (The Korea's Information Center for Savings & Finance)	Other related party
Techfin ratings Co., Ltd. (*)	Other related party
iPIXEL Co., Ltd.	Other related party
One Shinhan Futures New Technology Investment Association 1	Other related party
One Shinhan Futures New Technology Investment Association 2	Other related party
One Shinhan Futures New Technology Investment Association 3	Other related party
Shinhan global flagship venture fund 1	Other related party
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	Other related party
SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.3	Other related party
Korea Credit Bureau	Other related party
Kiram Ho Chi Minh Office General Private Placement Real Estate Investment Trust(USD)	Other related party
Shinhan hyper future's venture fund 1	Other related party
Shinhan hyper future's venture fund II	Other related party
SH Rebalancing Private Real Estate Investment Trust No.1	Other related party
Shinhan Credit Recovery NPL Mixed Asset Investment Fund 2	Other related party
Shinhan Credit Solution Mixed Asset Investment Fund 1	Other related party

(*) During the year ended December 31, 2024, Douzon TECHFIN Co., Ltd. has changed its name to Techfin ratings Co., Ltd.

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43. Related Parties and Related Parties Transactions (continued)

(b) Significant transactions with the related parties for years ended December 31, 2025 and 2024 are as follows:

Related party / Account	2025	2024
Shinhan Financial Group Co., Ltd.		
Interest expense	₩ 35,498	52,528
Fee and commission income	61	60
Fee and commission expense	13,340	13,340
Shinhan Bank (*1)		
Interest income	2,322	3,308
Interest expense	20,029	14,937
Fee and commission income	10,006	9,863
Fee and commission expense	178,515	166,855
Other general and administrative expense	5,475	3,983
Gain on derivatives	14,373	102,765
Loss on derivatives	17,217	-
Reversal of credit loss allowance	-	(2)
Shinhan Life Insurance Co., Ltd.		
Interest income	234	1,389
Interest expense	584	1,351
Fee and commission income	20,947	21,276
Fee and commission expense	5,189	4,868
Other general and administrative expense	1	13
Provision for (reversal of) credit loss allowance	(1)	2
Shinhan DS Co., Ltd. (*2)		
Fee and commission expense	67,202	64,487
Other non-operating income	2	2
Other general and administrative expense	41	61
Reversal of credit loss allowance	(11)	(6)
Shinhan Securities Co., Ltd. (*1)		
Interest income	130	279
Interest expense	-	10
Fee and commission income	262	218
Fee and commission expense	143	167
Other general and administrative expense	17	20
Reversal of credit loss allowance	-	(1)
Shinhan Capital Co., Ltd.		
Fee and commission income	46	32
Jeju Bank		
Fee and commission income	114	71
Fee and commission expense	3	4
BNP Paribas Cardif Life Insurance		
Fee and commission income	25	37
Shinhan Savings Bank Co., Ltd.		
Interest income	132	7
Fee and commission income	908	1,325
Fee and commission expense	2	4
Other non-operating income	3	2
Reversal of credit loss allowance	-	(1)

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43. Related Parties and Related Parties Transactions (continued)

(b) Significant transactions with the related parties for the years ended December 31, 2025 and 2024 are as follows:
(continued)

Related party / Account	2025	2024
Shinhan Asset Management Co., Ltd.	₩	
Fee and commission expense	5	8
Other non-operating income	4	28
Interest income	-	3
SHC Management Co., Ltd.		
Other non-operating income	55	55
Shinhan EZ General Insurance Co., Ltd.		
Fee and commission income	1,129	427
Other general and administrative expense	119	50
Shinhan Asset Trust Co., Ltd.		
Provision for credit loss allowance	1	-
Shinhan AI Co., Ltd.		
Fee and commission income	-	1
Shinhan Venture Investment Co., Ltd.		
Fee and commission expense	72	84
Provision for credit loss allowance	1	-
Goduck Gangil10 PFV Co., Ltd.		
Interest income	-	25
Reversal of credit loss allowance	-	(12)
Korea Credit Bureau		
Fee and commission income	3,790	1,742
Fee and commission expense	5,060	4,830
Reversal of credit loss allowance	(1)	-
Other general and administrative expense	1,093	91
EDNCENTRAL Co., Ltd. (*3)		
Interest income	391	500
Fee and commission income	18	-
Provision for credit loss allowance	3	74
iPIXEL Co., Ltd.		
Reversal of credit loss allowance	(1)	-
Techfin ratings Co., Ltd.		
Reversal of credit loss allowance	(8)	-
WaveTechnology Co., Ltd		
Fee and commission expense	300	300
Finflow (*4)		
Other non-operating income	93	-
KOREA FINANCE SECURITY CO., LTD		
Other general and administrative expense	145	145

(*1) For years ended December 31, 2025 and 2024, the Group recognized the right-of-use assets and lease liabilities amounting to ₩9,511 million and ₩8,328 million, respectively, according to the lease contract with the other related amounting to ₩9,803 million and ₩7,732 million. In relation to this, the Group recognized interest expense amounting to ₩121 million and ₩494 million.

(*2) As of December 31, 2025 and 2024, the Group acquired a tangible asset amounting to ₩214 million and ₩24 million, and an intangible asset from other related parties amounting to ₩2,892 million and ₩9,352 million.

(*3) During the year ended December 31, 2025, EDNCENTRAL Co., Ltd. was excluded from related parties as the Group lost significant influence as a result of disposals, liquidation, or similar events. The amounts represent transactions up to the date on which the investee ceased to be a related party.

(*4) During the year ended December 31, 2025, the Group acquired shares in Finflow through a contribution in kind, and accordingly, Finflow was included as a related party as of December 31, 2025. The related disposal gain of ₩93 million arising from the contribution in kind is included in other non-operating income.

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43. Related Parties and Related Parties Transactions (continued)

(c) Significant balances with the related parties as of December 31, 2025 and 2024 are summarized as follows:

Related party / Account	2025	2024
Shinhan Financial Group Co., Ltd.		
Credit card receivables	₩ 526	531
Consolidated tax receivables	34	4
Shinhan Bank		
Cash and due from banks	107,208	257,239
Credit card receivables	8,820	9,252
Allowance for credit losses	(3)	(3)
Derivative assets	61,982	154,906
Accounts receivable	981	2,357
Accrued income	156	2,312
Security deposits paid	14,470	14,546
Shinhan Life Insurance Co., Ltd.		
Credit card receivables	1,875	1,884
Allowance for credit losses	(2)	(4)
Accounts receivable	78	46
Plan assets	-	8,409
Shinhan DS Co., Ltd.		
Credit card receivables	3,977	4,068
Allowance for credit losses	(12)	(23)
Shinhan Securities Co., Ltd.		
Cash and due from banks	433	1,279
Credit card receivables	2,188	2,272
Accounts receivable	9	-
Allowance for credit losses	(1)	(1)
Security deposits paid	-	300
Jeju Bank		
Cash and due from banks	2,394	1,687
Accounts receivable	20	5
BNP Paribas Cardif Life Insurance		
Credit card receivables	190	154
Allowance for credit losses	(1)	(1)
Shinhan Savings Bank Co., Ltd.		
Cash and due from banks	4,550	2,050
Credit card receivables	119	114
Accrued income	65	4
Accounts receivable	50	39
Allowance for credit losses	(1)	(1)
Shinhan Fund Partners		
Credit card receivables	245	164
Shinhan Capital Co., Ltd.		
Credit card receivables	291	249
Account receivable	6	1
Shinhan Asset Management Co., Ltd.		
Credit card receivables	479	375

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43. Related Parties and Related Parties Transactions (continued)

(c) Significant balances with the related parties as of December 31, 2025 and 2024 are summarized as follows: (continued)

Related party / Account	2025	2024
Shinhan REITs Management Co., Ltd.		
Credit card receivables	₩ 62	67
Shinhan Asset Trust Co., Ltd.		
Credit card receivables	274	229
Allowance for credit losses	(1)	-
Shinhan EZ General Insurance Co., Ltd.		
Credit card receivables	73	65
Allowance for credit losses	(1)	(1)
Shinhan Venture Investment Co., Ltd.		
Credit card receivables	92	84
Allowance for credit losses	(1)	-
EDNCENTRAL Co., Ltd. (*)		
Loans	-	13,100
Allowance for credit losses	-	(74)
Korea Credit Bureau		
Credit card receivables	907	616
Allowance for credit losses		(1)
KOREA FINANCE SECURITY CO., LTD		
Credit card receivables	7	6
ICSF (The Korea's Information Center for Savings & Finance)		
Credit card receivables	1	2
Techfin Ratings Co., Ltd.		
Credit card receivables	28	13
Allowance for credit losses	-	(2)
iPIXEL Co., Ltd.		
Credit card receivables	10	14
Allowance for credit losses	-	(1)
Total accounts receivable	₩ 212,577	478,331

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43. Related Parties and Related Parties Transactions (continued)

(c) Significant balances with the related parties as of December 31, 2025 and 2024 are summarized as follows: (continued)

Related party / Account	2025	2024
Shinhan Financial Group Co., Ltd.		
Borrowings	₩ 1,383,047	1,852,100
Current tax liabilities	79,879	71,214
Accrued expenses	32,694	31,136
Shinhan Bank		
Derivative liabilities	878	4,927
Borrowings	245,644	184,146
Provision for restoration	57	550
Accounts payable	746	203
Accrued expenses	2,390	2,751
Lease liabilities	9,803	7,315
Provision for unused credit commitments	6	6
Shinhan Life Insurance Co., Ltd.		
Accounts payable	1,818	1,936
Accrued expenses	6,011	6,564
Borrowings	5,460	11,540
Provision for unused credit commitments	4	3
Shinhan Securities Co., Ltd.		
Lease liabilities	-	12
Provision for unused credit commitments	1	1
BNP Paribas Cardif Life Insurance		
Provision for unused credit commitments	1	1
Shinhan DS Co., Ltd.		
Accrued expenses	3,189	3,268
Provision for unused credit commitments	1	2
Shinhan Savings Bank		
Provision for unused credit commitments	1	1
Shinhan EZ General Insurance Co., Ltd.		
Accounts payable	-	1
Provision for unused credit commitments	1	1
Shinhan Asset Trust Co., Ltd.		
Provision for unused credit commitments	1	-
EDNCENTRAL Co., Ltd. (*)		
Provision for unused credit commitments	-	156
Techfin Ratings Co., Ltd.		
Provision for unused credit commitments	1	7
iPIXEL Co., Ltd.		
Provision for unused credit commitments	-	1
Total accounts payable	₩ 1,771,633	2,177,842

(*) During the year ended December 31, 2025, EDNCENTRAL Co., Ltd. was excluded from related parties as the Group lost significant influence as a result of disposals, liquidation, or similar events.

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43. Related Parties and Related Parties Transactions (continued)

(d) Fund transactions between the related parties for the years ended December 31, 2025 and 2024 are summarized as follows:

(i) Borrowing · Repayment

Control -relationship	Related party	2025		2024	
		Borrowing	Repayment	Borrowing	Repayment
Parent Company (*1)	Shinhan Financial Group Co., Ltd.	₩ 670,000	(1,137,680)	-	(460,000)
Other related party (*2)	Shinhan Bank	615,750	(549,036)	469,295	(456,254)
Other related party	Shinhan Life Insurance Co., Ltd.	-	(5,460)	-	(10,880)

(*1) Dividends paid on hybrid bonds during the year ended December 31, 2025 and 2024 amounted to ₩31,884 million and ₩31,884 million, respectively.

(*2) During the year ended December 31, 2025, the amount of borrowings arising from lease liabilities under lease agreements entered into with other related party was ₩10,003 million, and repayments of lease liabilities during the years ended December 31, 2025 and 2024 amounted to ₩2,064 million and ₩2,344 million, respectively.

(ii) Loans · Collection

Control -relationship	Related party	2025		2024	
		Loans	Collection	Loans	Collection
Other related party (*)	EDNCENTRAL Co., Ltd.	₩ 2,310	-	13,100	-

(*) During the year ended December 31, 2025, EDNCENTRAL Co., Ltd. was excluded from related parties as the Group lost significant influence as a result of disposals, liquidation, or similar events. The amounts represent transactions up to the date on which the investee ceased to be a related party.

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43. Related Parties and Related Parties Transactions (continued)

(d) Fund transactions between the related parties for the years ended December 31, 2025 and 2024 are summarized as follows: (continued)

(iii) *Investment · collection*

Control relationship	Related party	2025		2024	
		Investment	Collection	Investment	Collection
Other related party	One-Shinhan Futures New Technology Investment Association 1	₩ -	-	-	(120)
Other related party	Shinhan global flagship venture fund 1	6,000	-	6,000	-
Other related party	SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.2	1,193	(5,270)	3,546	(5,260)
Other related party	SH Real Estate Loan Investment Type Private Real Estate Investment Trust No.3	1,118	(275)	5,656	(300)
Other related party	Shinhan hyper future's venture fund 1	211	-	564	-
Other related party	Shinhan hyper future's venture fund II	180	-	-	-
Other related party	Kiran Ho Chi Minh Office General Private Placement Real Estate Investment Trust	4,661	-	-	-
Other related party	Shinhan Credit Recovery NPL Mixed Asset Investment Fund 2	4,692	-	-	-
Other related party	Shinhan Credit Solution Mixed Asset Investment Fund 1	14,730	-	-	-
Other related party	SH Rebalancing Private Real Estate Investment Trust No.1	12,031	-	-	-
Associate	One-Shinhan Connect Fund 1	600	(3,600)	-	-
Associate	One-Shinhan Connect Fund 2	150	-	-	-
Associate	Shinhan hyper connect venture fund 1	13,500	(983)	13,500	-
Associate	Finflow	630	-	-	-

(iv) *The transaction of payment and deposit that occurs due to business reasons between related parties is excluded.*

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43. Related Parties and Related Parties Transactions (continued)

(e) Key management personnel compensations for the years ended December 31, 2025 and 2024 are as follows:

		2025	2024
Salaries and wages	₩	3,096	3,895
Post-employment benefits		63	207
Share-based payments		2,768	2,257
	₩	5,927	6,359

(f) Details of the guarantee provided by related parties as of December 31, 2025 and 2024 are as follows:

Guarantor	Guaranteed Party		Amount of guarantee		Details
			2025	2024	
Shinhan Bank	Shinhan Card Co., Ltd.	₩	300,000	300,000	Daily check overdraft agreement
			86,409	106,648	Unused credit commitment
			39,603	40,572	Financial guarantee (letter of credit)

(g) The main agreement with related parties as of December 31, 2025 and 2024 are as follows:

Related Party		Amount of commitment		Details
		2025	2024	
Shinhan Bank	₩	1,048,358	1,393,850	Derivative facilities
Shinhan Financial Group Co., Ltd.		3,474	3,469	Unused credit card commitment
Shinhan Bank		57,041	58,001	Unused credit card commitment
Shinhan Life Insurance Co., Ltd.		7,124	7,115	Unused credit card commitment
Shinhan DS Co., Ltd.		1,523	1,432	Unused credit card commitment
Shinhan Securities Co., Ltd.		8,312	8,228	Unused credit card commitment
BNP Paribas Cardif Life Insurance		810	846	Unused credit card commitment
Shinhan Savings Bank Co., Ltd.		381	386	Unused credit card commitment
Shinhan Fund Partners		755	836	Unused credit card commitment
Shinhan Capital Co., Ltd.		2,299	2,341	Unused credit card commitment
Shinhan Asset Management Co., Ltd		721	625	Unused credit card commitment
Shinhan EZ General Insurance Co., Ltd.		177	185	Unused credit card commitment
Shinhan REITs Management Co., Ltd.		138	133	Unused credit card commitment
Shinhan Asset Trust Co., Ltd.		1,026	1,071	Unused credit card commitment
Shinhan AI Co., Ltd.		-	-	Unused credit card commitment
Shinhan Venture Investment Co., Ltd.		408	416	Unused credit card commitment
Structured Entities (*)		78,762	77,945	Securities purchase commitments

(*) The amount is for the Group's associates and other structured entities that are other related parties.

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43. Related Parties and Related Parties Transactions (continued)

(h) The collateral provided to related parties as of December 31, 2025 and 2024 are as follows:

Related Party	Collateral asset	Set amount of collateral	
		2025	2024
Shinhan Bank	Lease bond (*) ₩	134,654	237,000
Shinhan Bank	Cash and due from banks	180	180
Shinhan Savings Bank Co., Ltd.	Cash and due from banks	50	50
Shinhan Life Insurance Co., Ltd.	Cash and due from banks	10	10

(*) The Group provides lease bonds classified as operating leases and financial leases as collateral.

(i) As of December 31, 2025 and 2024, the Group acquired bonds through Shinhan Securities Co., Ltd. for ₩1,631 million and ₩11,721 million, respectively.

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44. Interests in Unconsolidated Structured Entities

(a) The nature and extent of interests in unconsolidated structured entities

The Group involved in assets-backed securitization, beneficiary certificates and characteristics of these structured entities are as follows:

	Description
Assets-backed securitization	Securitization vehicles are established to buy the assets from the originators and issue the asset-backed securities in order to facilitate the originators' funding activities and enhance their financial soundness. The Group is involved in the securitization vehicles as the asset manager.
Investment fund	Investment funds are investment trusts, private investment companies, and associations that raise funds by issuing profit (investment) securities to investors and distribute the profits to investors by investing in stocks or bonds. The Group is an investor in an investment fund and may be exposed to principal losses if the value of the investment fund falls.

(i) The size of unconsolidated structured entities as of December 31, 2025 and 2024 are as follows:

		2025	2024
Assets-backed securitization	₩	140,404	142,549
Investment fund		33,416,943	32,226,653
Total assets	₩	33,557,347	32,369,202

(ii) Gain or loss recognized in relation to the Group's interests in unconsolidated structured entities for the years ended December 31, 2025 and 2024 are as follows:

		2025		
		Asset-backed securitization	Investment fund	Total
Gain				
Gain on valuation	₩	-	393	393
Other income		6,325	1,295	7,620
	₩	6,325	1,688	8,013
Loss	₩	297	5,948	6,245

		2024		
		Asset-backed securitization	Investment fund	Total
Gain				
Gain on valuation	₩	-	4,368	4,368
Other income		7,329	1,018	8,347
	₩	7,329	5,386	12,715
Loss	₩	53	1,052	1,105

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44. Interests in Unconsolidated Structured Entities (continued)

(b) Nature of risks

(i) The carrying amounts of the assets and liabilities recognized relating to the Group's interests in unconsolidated structured entities as of December 31, 2025 and 2024 are as follows:

		2025		
		Asset-backed securitization	Investment fund	Total
Assets:				
Financial assets at FVTPL	₩	900	660,513	661,413
		2024		
		Asset-backed securitization	Investment fund	Total
Assets:				
Financial assets at FVTPL	₩	1,198	580,691	581,889

(ii) Maximum exposure to risk relating to the Group's interests in unconsolidated structured entities as of December 31, 2025 and 2024 are as follows:

		2025		
		Asset-backed securitization	Investment fund	Total
Assets held	₩	900	660,513	661,413
Purchase commitments		-	43,523	43,523
		2024		
		Asset-backed securitization	Investment fund	Total
Assets held	₩	1,198	580,691	581,889
Purchase commitments		-	27,597	27,597

SHINHAN CARD CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)
As of and for the years ended December 31, 2025 and 2024
(In millions of won)

45. Disposal Group Classified as Held for Sale

In accordance with regulations on the establishment of local holding companies in Indonesia, the Group obtained regulatory approval in September 2025 for the sale of a portion of its equity interest in Shinhan Indo Finance to the Indonesian subsidiary of Shinhan Bank. Accordingly, the assets and liabilities related to Shinhan Indo Finance have been classified as assets and liabilities held for sale. The transaction is expected to be completed by September 2026.

(a) Assets and liabilities classified as held for sale are as follows:

	2025
Assets of a disposal group classified as held for sale	
Cash and due from banks	₩ 4,526
Credit card receivables at amortized cost and others	284,491
Property and equipment	4,355
Deferred tax assets	658
Other assets	5,169
	<u>299,199</u>
Liabilities of a disposal group classified as held for sale	
Borrowings	244,410
Defined benefit liabilities	209
Other liabilities	5,783
	<u>250,402</u>

(b) Cumulative gains or losses directly recognized in other comprehensive income in relation to the disposal group classified as held for sale are as follows:

	2025
Foreign currency translation adjustments for foreign operations	₩ <u><u>(2,300)</u></u>

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