

◎ Please tell us why you decided to issue transition bonds in the yen-denominated Samurai bond market. Does this reflect growing transition demand for decarbonization within Korea?

☞ The issuance of a Transition Bond in the Samurai market can be viewed as a reflection of the growing demand for transition financing to support decarbonization in Korea. Simply reducing financing to carbon-intensive industries alone is not sufficient to achieve meaningful emissions reduction or industrial transformation, and it may even constrain the funding needed for transition. In this context, Shinhan Bank determined that “financing that supports transition” is more effective than an approach based solely on “exclusion,” which led to the issuance of this Transition Bond.

In particular, Japan has a well-established policy framework and a high level of investor understanding regarding transition finance, making the Samurai market a highly suitable environment for issuing Transition Bonds. In addition, the strong trust and credibility built with Japanese investors through our previous Samurai bond issuances were an important factor. This issuance reflects not only the expansion of transition financing needs in Korea, but also a strategic decision to raise such funding efficiently through the global capital markets.

◎ Did you choose the yen market rather than the dollar-denominated foreign bond market because there is demand for transition funds in yen, or because raising funds in yen was simply more advantageous?

☞ The selection of the JPY Samurai market was primarily driven by the objective of diversifying funding currencies and markets. Shinhan Bank raises funds not only in USD but also in EUR, AUD, and JPY, and places great importance on reducing dependence on any single market and enhancing the stability of its funding structure.

Especially amid increasing volatility in the USD market, diversification across currencies and markets has become a core strategy for ensuring stable foreign-currency funding. In addition, Shinhan Bank is the only commercial bank in Korea that maintains a Shelf Program enabling continuous issuance of Samurai bonds, which allows us to access the Japanese market quickly and flexibly whenever needed. Leveraging this infrastructure, we continue to pursue issuance in the JPY market.

◎ Please explain the use of the funds raised. What are the main industries or projects that will be target recipients of loans?

☞ The proceeds will be allocated primarily to domestic transition assets, with priority given to projects that have clear carbon-reduction effects and a strong transition character. These include projects such as facilities for producing high-value-added and environmentally friendly organic chem

ical products in the chemical industry, energy-efficiency facilities such as waste heat recovery systems, and CCUS (Carbon Capture, Utilization and Storage) facilities that can significantly reduce greenhouse gas emissions across production processes.

In particular, the funds raised in this issuance will be initially allocated to organic chemical manufacturing processes, where they will be used to improve energy efficiency throughout production and structurally reduce greenhouse gas emissions. In other words, the proceeds will not be used as general operating funds, but will be dedicated to transition assets that directly support process improvements and low-carbon transformation in carbon-intensive domestic industries. We also plan to systematically manage and monitor the emissions-reduction effects and transition outcomes.

© **The Japanese government is also promoting transitions for high-emission industries and companies under its GX policy. What transition measures has the Korean government implemented? As a financial institution, how does Shinhan Bank plan to align its approach with the government's transition policies?**

☞ In Japan, the EU, Singapore, and other major jurisdictions, transition finance is being used to facilitate the transition of high-emission industries and companies. Korea is also seeing a gradual expansion of policy discussions on transition finance within this broader global trend.

In response to these developments, Shinhan Bank, as a financial institution, is demonstrating leadership by proactively aligning the role and direction of finance with both government transition policy and global trends. In line with the government's move to position transition finance as a core pillar of the K-GX (Green Transformation) policy, Shinhan Financial Group in 2025 became the first domestic financial group to establish group transition finance guidelines and an operating manual, reflecting global transition finance discussions.

Going forward, Shinhan Bank plans to continuously enhance its internal frameworks in line with policy developments, including the introduction of government transition finance guidelines, while continuing to consider how finance can meaningfully support a sustainable transition in society..

© **Shinhan Bank is active in the Japanese market as well. How are you responding to transition demand among your Japanese borrowers?**

☞ Currently, Shinhan Bank's transition finance initiatives are focused mainly on the domestic market, but we are gradually reviewing participation in global markets, starting with Japan and then expanding to other countries.

However, we believe it would be challenging for SBJ (Shinhan Bank Japan) to fully engage in transition finance independently in the short term, and that a phased approach is necessary based on the establishment of group-level policies and management frameworks.

Accordingly, Shinhan Bank plans to first enhance its group-wide transition finance management framework and then gradually expand its activities in the Japanese market. Specifically, we plan to upgrade the group-level transition finance guidelines, incorporate transition finance classification systems and operational standards into overseas branch management policies, and strengthen close communication among the holding company, the Bank, and SBJ. Through this process, we will learn from Japanese government standards and market practices and gradually build SBJ's transition finance management framework.

◎ Do you plan to issue yen-denominated transition bonds again this year?

☞ At present, there is no confirmed plan for an additional JPY Transition Bond issuance. However, the JPY market remains one of Shinhan Bank's core strategic markets, and we remain open to future issuance depending on funding needs and investor demand.

Shinhan Bank already has experience issuing Samurai bonds and Social Bonds in the JPY market, and this Transition Bond serves as an initial case to assess market acceptance and investor response. Based on these results, we plan to gradually expand the issuance size and frequency in line with investor demand and the availability of eligible assets.

◎ Finally, if there are any other areas of Shinhan Bank's activities or initiatives you would like to highlight, please feel free to comment

☞ Shinhan Bank aims to continuously advance its transition finance framework in line with domestic government policies while closely monitoring global trends, and ultimately to expand its presence in the global transition finance market.

In particular, we plan to further strengthen our expertise and practical know-how through cooperation with Japan, which has accumulated extensive experience and execution cases in transition finance and plays a leading role in Asia. We intend to deepen discussions and collaboration centered on SBJ, and to continue expanding cooperation with the Japanese Financial Services Agency and major financial institutions.

In addition, Shinhan Bank plans to participate in Asia-focused transition finance study groups to share practical experiences and know-how among financial institutions, and to contribute to the broader dissemination of transition finance across the Asian region.