LETTER FROM CEO

OPENING REMARKS

Meditations on the very substance of life

A period of youth comes to everyone without exception. Most working professionals probably have at least one memory of being so immersed in their work that they didn't even realize how hard it was. I had that kind of passion in my early 30s, during my years at the HR Development Department. It was rewarding to organize in-house training and watch my colleagues grow, and I was able to take a significant leap forward. I also had many opportunities to engage with a wide range of classics—from business administration to the humanities and sociology—which enabled me to broaden my perspective on the world. Among them was *The Revolt of the Masses (La rebelión de las masas)* by José Ortega y Gasset.

> *"The excellent man from the common man by saying that the former is the one who makes great demands on himself, and the latter the one who makes no demands on himself, but contents himself with what he is, and is delighted with himself."*

The "excellent man" described by Ortega refers to a person who applies strict standards to themselves before asserting their rights and remains devoted to what he called "noble duties." However, I often encounter situations where individuals focus solely on their own rights while neglecting their obligations as citizens or members of an organization. Mature citizens must hold themselves to high standards and act accordingly. This is especially true for leaders; within an organization, this responsibility rests with management.

Let me introduce one more sentence.

> *"What life is the "aristocrat" by inheritance going to lead, his own or that of his first noble ancestor?"*

Ortega referred to the rapidly emerging middle class of his time in Europe as the "mass man" and urged them to actively pursue the "very substance of life"—which meant building an autonomous life through one's own efforts, rather than becoming complacent in a status inherited from previous generations. If we replace the aforementioned "common man" or "mass man" with the leaders of Shinhan, this serves as a pointed warning to management of today.

At the beginning of this year, we held our annual management strategy meeting, which was extended to a three-day, two-night schedule—one day longer than last year. Before sharing our strategies and goals for the year, we held a discussion on "innovation," drawing on works such as *The Revolt of the Masses* and Walter Benjamin's *Experience and Poverty (Erfahrung und Armut)*. Shinhan's leaders, myself included, reflected on whether we were overlooking the urgent need for innovation by becoming complacent with the positions we inherited from our predecessors.

The technological transformation of the financial ecosystem is anything but ordinary. We have entered an era where only sophisticated strategies and agile execution can ensure survival. In times like these, defining "Shinhan's true colors" within the Korean financial industry will be at the core of sustainable management. I consider the continuous elevation of our corporate value to be the "very substance of life" entrusted to me. With this conviction, I begin my message to our shareholders.

2025 IN PERSPECTIVE

Reflections on 2025

Looking back on 2025, geopolitical conflicts around the world and the growing protectionist stance of major economies further amplified macroeconomic volatility. Abnormally high temperatures, which triggered various natural disasters, also emerged as a new risk factor for financial markets. Global attention was also drawn to future technologies such as robotics, space, and quantum computing. However, artificial intelligence-related themes—particularly agentic AI and physical AI—remained at the forefront of the global economy. Technologies such as generative AI and autonomous driving have now become an integral part of everyday life.

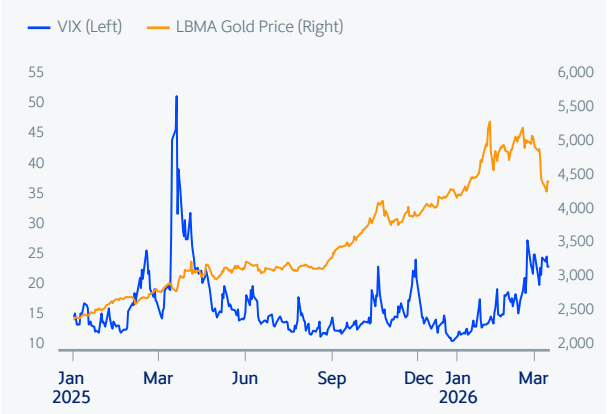
I have focused on the changes that AI will bring to "customer experience" and "the overall operations of financial institutions." In July last year, we held a generative AI application competition for the Group executives, and in October, we established a dedicated AX organization within the holding company to oversee AI innovation across the group. More recently, we dispatched a delegation composed of executives and working-level staff to Shenzhen, China, to explore how advances in robotics and physical AI could impact the financial industry and how we should respond.

Ultimately, we aim to transform Shinhan into an "AI Native Company." Repetitive and routine tasks should be automated through AI, while employees should create high value based on their respective areas of expertise. Good examples of how AI enables employees to focus more on customers include Shinhan Bank's AI Branch and Shinhan Securities' AI-assisted securities filing preparation. These initiatives also help reduce waiting times and improve accuracy. At the holding company level, we are also pursuing AX efforts to enhance customer experience, leveraging "digital twin" technology that replicates real-world environments in virtual space.

GLOBAL RISKS AND TECHNOLOGICAL INNOVATION TRENDS

Volatility Index (VIX) and Gold Price Trends

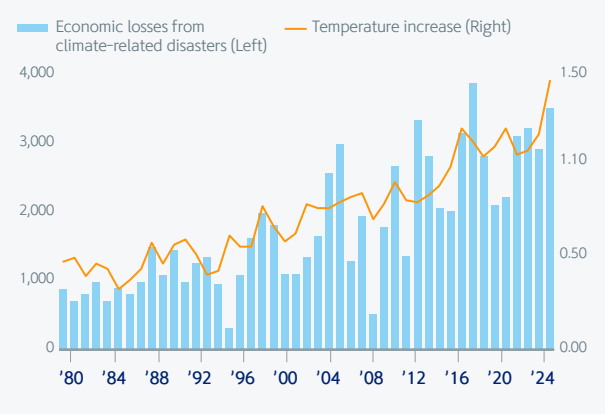
(Unit: %, USD/oz)



* Source: Bloomberg

Extreme Weather and Disaster Losses

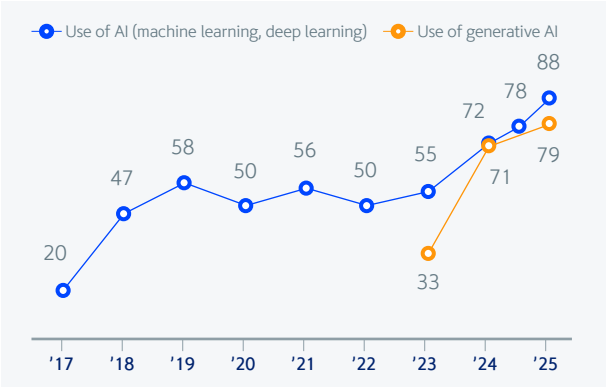
(Unit: USD 100 million, ℃)



* Source: Aon, National Centers for Environmental Information

Organizations That Use AI in At Least 1 Business Function

(Unit: %)



* Source: McKinsey Global Survey



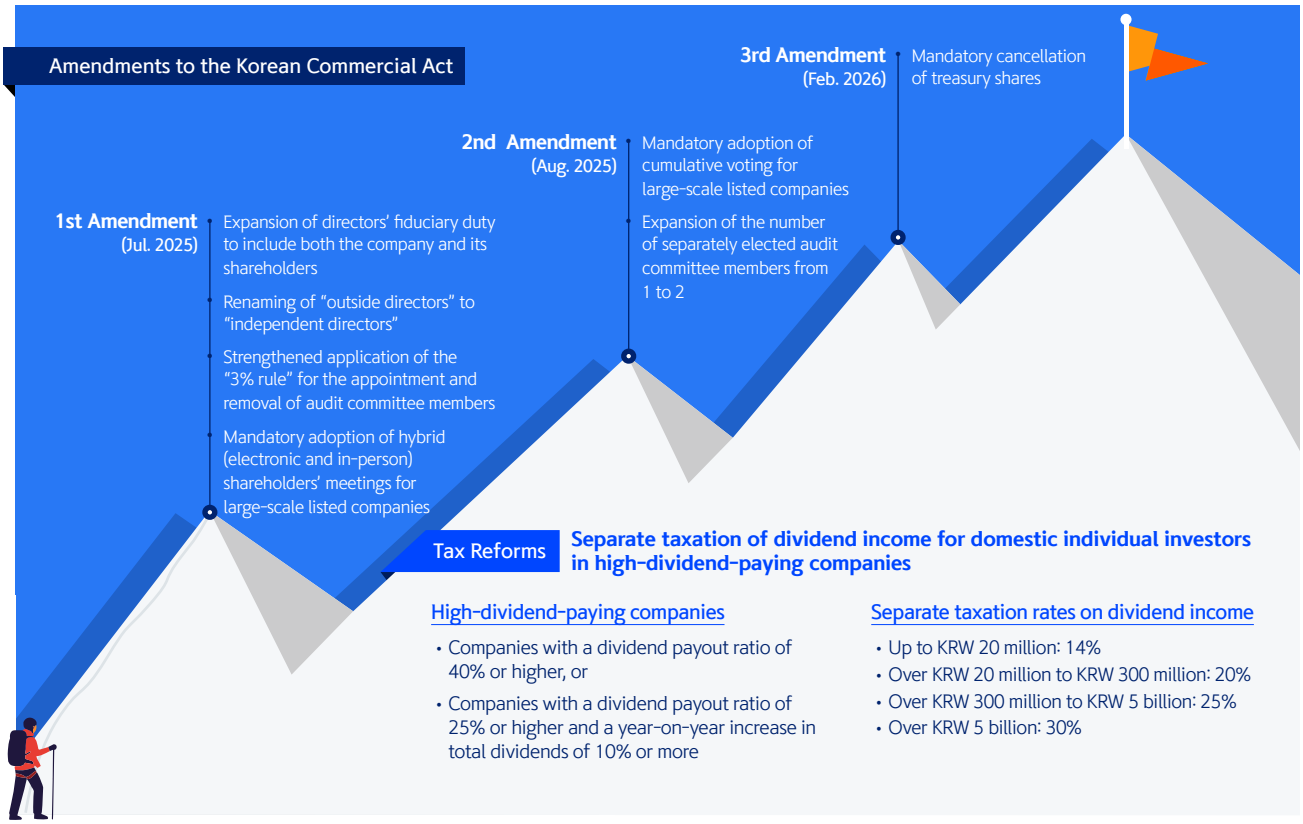
Shinhan Financial Group's generative AI application competition for the Group executives

Although momentum has recently slowed amid developments in the Middle East, the Korean stock market has shown exceptional strength since last year. The KOSPI, once considered significantly undervalued, recorded the strongest gains among major global markets last year and surpassed the 6,000 mark on February 25, 2026.

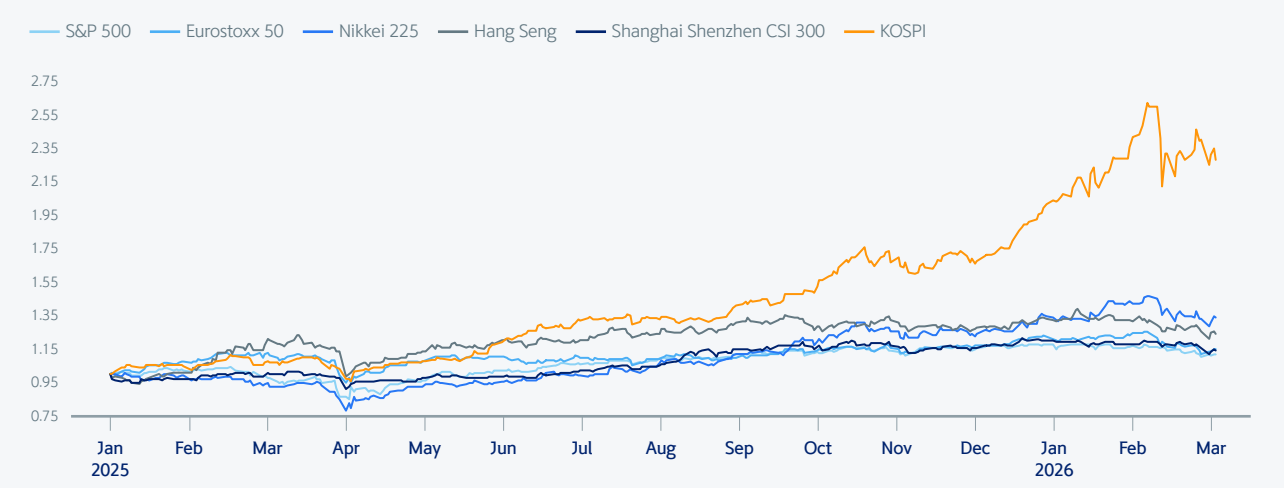
I do not view the growth of Korea's stock market as a short-term phenomenon. At its foundation lies institutional change driven by amendments to the Commercial Act. These amendments reflect the government's strong commitment to advancing the capital market and have enhanced corporate governance transparency through three rounds of revisions. With each successive revision, market trust has strengthened, and a baseline has been formed below which stock indices are less likely to fall. It is akin to establishing base camps at progressively higher altitudes in preparation for reaching the summit. Additionally, tax reforms have encouraged active inflows from individual investors, providing support that helps sustain the market even amid rising uncertainty.

GOVERNMENT INITIATIVES FOR CAPITAL MARKET ADVANCEMENT AND THE KOSPI

Government's Direction for Capital Market Advancement



Major Equity Market Trends (Rebased to 1 on Jan. 1, 2025)



* Source: Bloomberg

Two years ago, Shinhan Financial Group set targets to be achieved by 2027: an ROE of 10%, a shareholder return ratio of 50%, and the cancellation of 50 million shares. We received strong support and encouragement, not only for timely disclosures but also for presenting clear and intuitive benchmarks. Last year, we achieved the 50% shareholder return ratio ahead of schedule. This was driven by continuous share buybacks throughout the year and the proactive incorporation of the government's tax reform measures into our dividend policy.

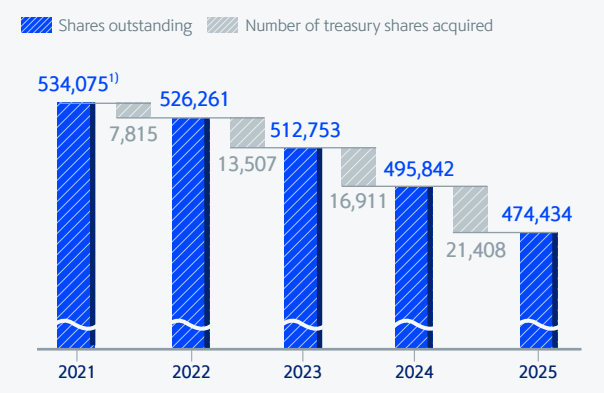
Having once reached approximately 534 million shares, the number of shares outstanding declined to 474 million as of the end of January 2026. Considering our corporate fundamentals and commitment to shareholder returns, I believe a further reduction to 450 million shares is achievable in the near term. As the share count decreases through share buyback and cancellation, book value per share (BPS) is expected to improve gradually, providing a buffer that supports the downside even during periods of heightened stock price volatility.

The remaining task is to raise return on common equity (ROCE) above 10%. Since taking office, I have consistently pursued qualitative growth, building a resilient balance sheet that is not affected by one-off factors. Through the efficient allocation of human and financial resources, we have improved our cost structure and diversified our revenue portfolio across securities, insurance, and various fee-based income streams. We expect these efforts to translate into tangible results over time.

Meanwhile, last year Shinhan Financial Group achieved a highly meaningful milestone in the history of Korea's financial industry by surpassing KRW 1 trillion in pre-tax income from its international network. This accounted for 16.6% of the Group's total income, demonstrating not only that Shinhan's international competitiveness has been validated through performance, but also that its international business has firmly established itself as a core growth pillar. Unlike the domestic market, where competition is already saturated, some of the markets in which we operate offer strong growth potential, which is also a positive factor for improving ROE. Going forward, we will continue to diversify our international growth engines based on a mid- to long-term roadmap, while further enhancing our overall business model through channel advancement and improved operational efficiency.

FAITHFUL IMPLEMENTATION OF CORPORATE VALUE-UP PLAN AND SOLID FINANCIAL FUNDAMENTALS

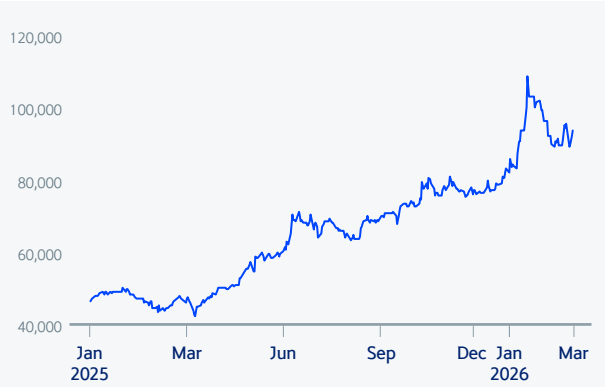
Implementation Status of Shinhan's Corporate Value-Up Plan



[1)] Including 17,482 thousand shares converted from preferred to common shares in May 2023

Shinhan Financial Group's Stock Performance

(Unit: KRW)



Net Income and ROE Trend

(Unit: KRW billion)

	2021	2022	2023	2024	2025
Consolidated net income	4,019.3	4,665.6	4,368.0	4,450.2	**4,971.6**
Return on equity (ROE)	9.17%	9.96%	8.61%	8.44%	**9.11%**
ROE excluding non-recurring items[1)]	9.17%	9.23%	9.06%	8.92%	**9.58%**

[1)] Non-recurring items: Gain on sale of headquarters building (2022); Win-win growth financial support (2023); Voluntary compensation for ELT-related losses and securities incidents (2024); and Fines and penalties related to ELT, etc. (2025)

International Business Income of the Group

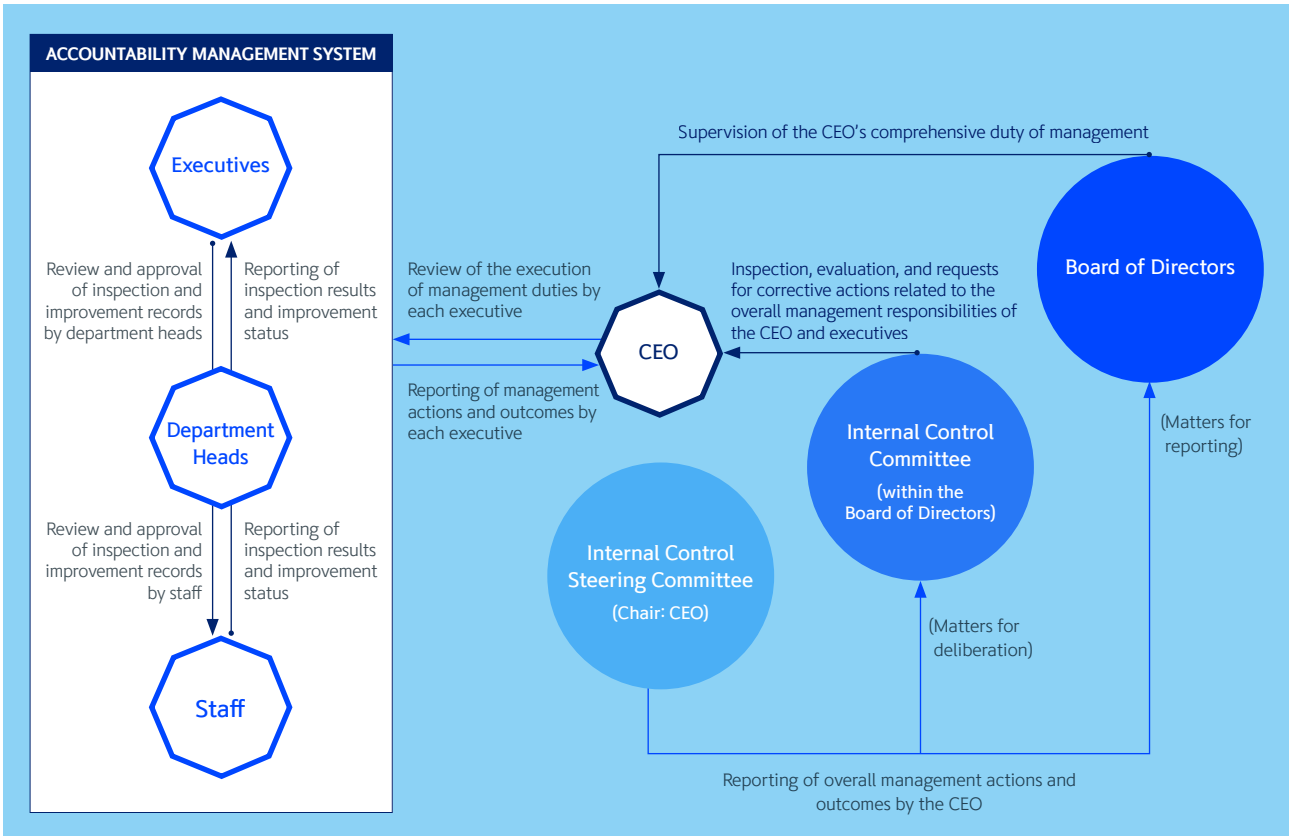
(Unit: KRW billion, after tax)

	2021	2022	2023	2024	2025
International business income	394.9	564.6	549.5	758.9	**805.3**
Share of international business income	9.8%	12.1%	12.6%	17.1%	**16.6%**

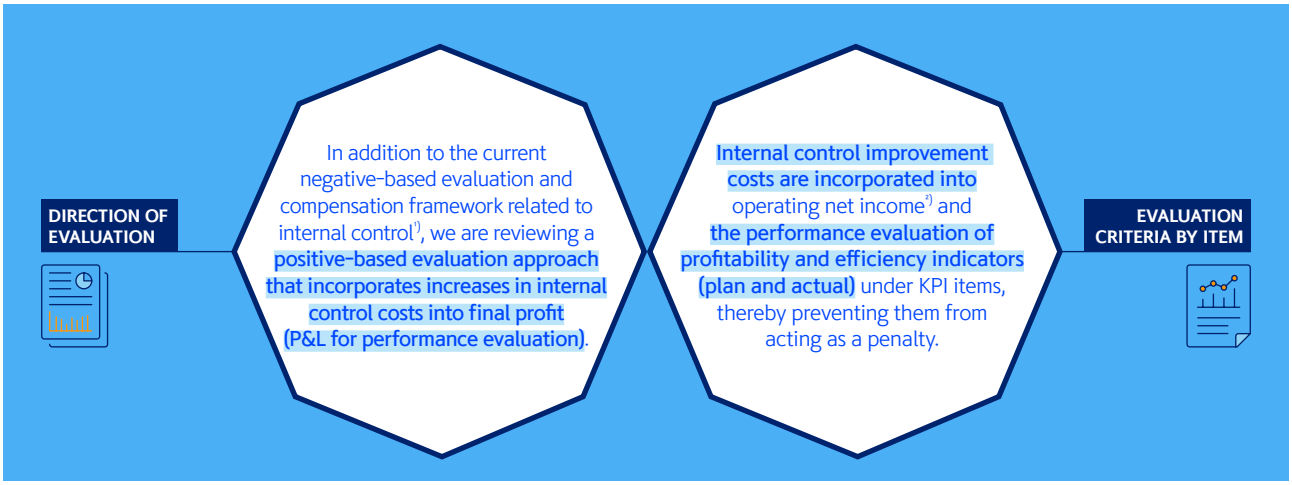
Internal control remained a key agenda for the Group last year as well. The responsibility map first introduced by the holding company and Shinhan Bank within Korea's financial sector, was expanded to Shinhan Securities, Shinhan Life, and Shinhan Asset Management. In particular, the efforts and resources invested by the Group subsidiaries in strengthening internal controls were reflected in their evaluation and compensation systems. This has enabled us to firmly establish the principle across the organization that "internal control is not a cost, but a fundamental requirement." At the same time, we are actively leveraging AI technologies to enhance the effectiveness of internal controls. By deploying agentic models across various areas – including ensuring proper sales practices for investment products, monitoring accountability, and detecting abnormal transactions – we are advancing a more preventive internal control framework.

ADVANCEMENT OF THE GROUP'S INTERNAL CONTROL SYSTEM

Introduction of the Responsibility Map



Change in the Subsidiary Evaluation Framework Related to Internal Control Costs



[1] Including a cap on internal control-related KPIs, a one-notch downgrade in the overall performance rating in cases of inadequate risk management (as determined by the Remuneration Committee), and the Risk Check (reductions in short-term incentives)

[2] While reflected in the evaluation and compensation of the Group and its subsidiaries, a separate basis is applied in determining the funding for employee performance-based incentives.

OUR WAY FORWARD

Shinhan's Perspective for 2026

Next, I would like to share Shinhan's outlook for the future. Beyond required disclosures, I believe it is important for investors to understand the perspective from which the CEO views key issues and leads the Company.

The competitive dynamic between the United States and China is expected to continue. There is also unlikely to be any significant change for the time being in the U.S. administration's protectionist stance centered on tariffs. In addition, recent conflicts in the Middle East are putting upward pressure on oil prices and exchange rates.

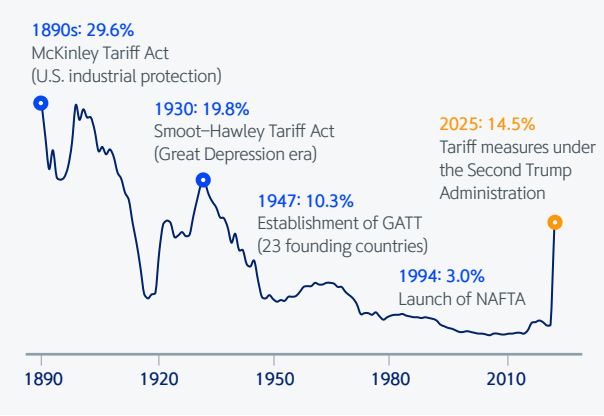
As a highly export-dependent economy, Korea faces significant challenges amid heightened macroeconomic volatility and weakening price competitiveness due to tariffs. Yet, I believe these challenges also present new opportunities and untapped potential. Ironically, these can be found within the trade rivalry between the two global powers, the United States and China.

China has achieved rapid innovation by leveraging its cost advantages and large-scale resources across industries, including manufacturing. In the process of China emerging as a technological powerhouse, Korean companies in sectors such as shipbuilding and steel have at times lost some of their luster. However, as U.S. trade and technology restrictions on China persist, Korean companies are once again being recognized as strategic supply partners worldwide, underpinned by their technological capabilities and quality. I believe this trend will continue for approximately five to ten years. Therefore, now is an opportune time for Korean companies to expand investment and close technological gaps.

INCREASING VOLATILITY IN THE GLOBAL ECONOMY

Average Effective Tariff Rate on the U.S. Imports

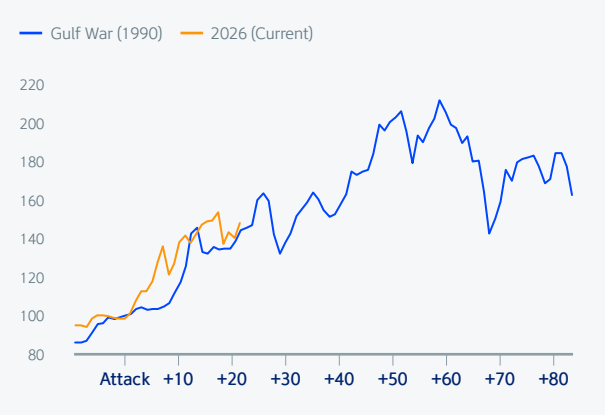
(Unit: %)



* Source: Shinhan Financial Group's Future Strategy Research Institute

Geopolitical Risk in the Middle East and Brent Oil Price Trends

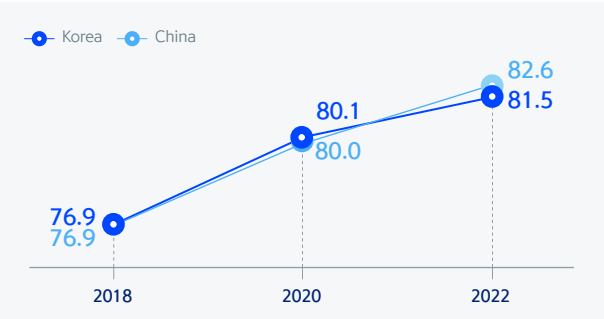
(Unit: USD per barrel, Indexed to 100 at the time of the attack)



COMPARISON OF TECHNOLOGY LEVELS BETWEEN KOREA AND CHINA

Overall Technology Level Assessment

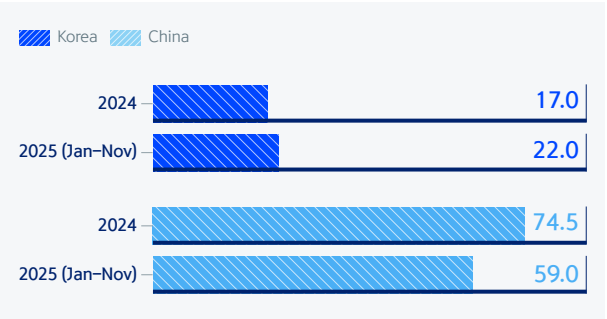
(Unit: %, U.S = 100% basis)



* Source: Korea Institute of Science & Technology Evaluation and Planning (KISTEP)

Global Shipbuilding Order

(Unit: %, Market share)



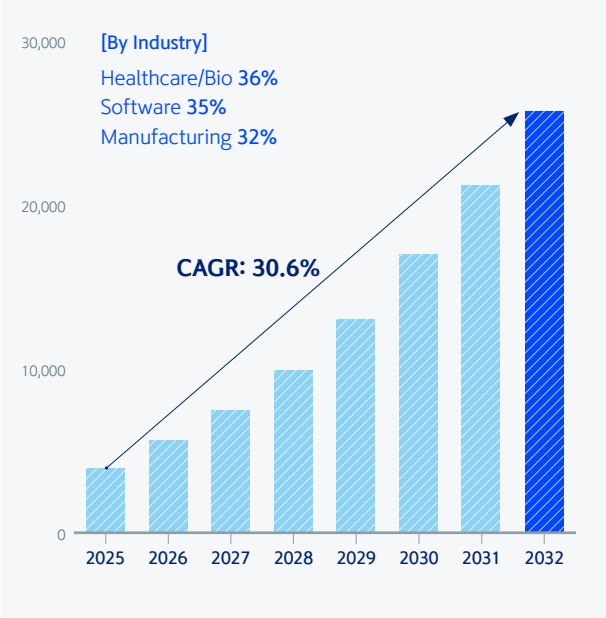
* Source: Clarkson, Korea Herald

Indeed, amid the structural growth of the semiconductor market driven by expanding AI demand, the performance of Korea's major conglomerates as well as materials, components, and equipment companies has recently improved. As a result, the need to expand production capacity and strengthen technological competitiveness is expected to rise, and opportunities for financial support for facility expansion and investment will also increase. This is precisely Shinhan's positive outlook on Korea's industrial sector.

DEVELOPMENT OF THE AI INDUSTRY AND GROWTH OUTLOOK FOR KOREA'S SEMICONDUCTOR MARKET

Global AI Market Growth Outlook

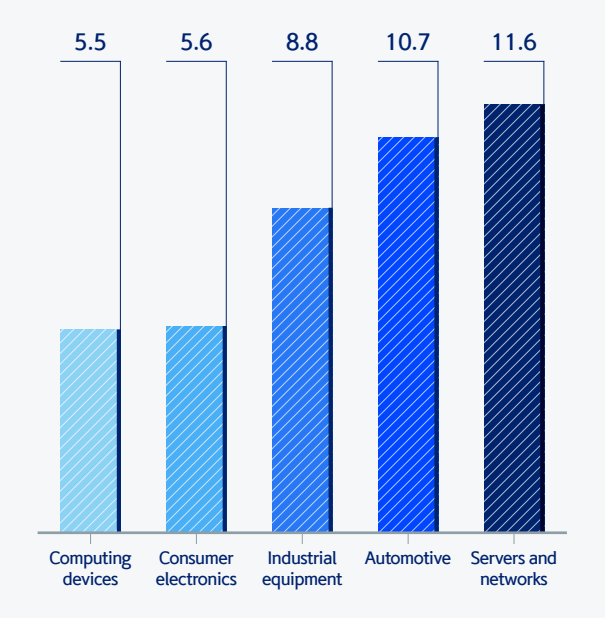
(Unit: USD 100 million)



* Source: Korea Institute for Industrial Economics & Trade (KIET) estimates

Semiconductor Demand Growth by Industry (CAGR, '24–'30)

(Unit: %)



* Source: Samil PwC and others

The Korean government is also reinforcing this shift. "Productive finance," which supports future industries and the growth of innovative companies, has emerged as a key theme in the Korean economy. It refers to directing capital toward areas linked to real economic activity, including advanced industries, innovative firms, ventures, and small businesses.

Shinhan had already been proactively preparing in this area even before the government began advancing these policies. We have been innovating our process for lending to improve review speed, while also establishing "Shinhan SOL Cluster" in regions with a high concentration of growth industries. RMs (Relationship Managers), PMs (Project Managers), and credit officers from the head office provide comprehensive solutions – from sourcing to tailored product proposals and credit review – strengthening on-site collaboration and supporting swift lending decisions. Moving forward, Shinhan Financial Group will continue to invigorate the Korean economy through productive finance and leverage it as an opportunity to improve ROE – the remaining piece of our Corporate Value-Up Plan.

IMPLEMENTATION STATUS OF SHINHAN FINANCIAL GROUP'S PRODUCTIVE FINANCE

Investment and Support Plans for Productive Finance

(Unit: KRW trillion)

	2026	2027	2028	2029	2030	Total
National Growth Fund	2.0	2.0	2.0	2.0	2.0	**10.0**
Proprietary investments by the Group	2.0	2.6	2.6	2.5	2.3	**12.0**
Lending support	13.0	15.0	15.0	15.0	15.0	**73.0**
Inclusive finance	3.0	3.0	3.0	3.0	3.0	**15.0**
Total	**22.0**	**22.6**	**22.6**	**22.5**	**22.3**	**110.0**

Another objective of the government's productive finance initiative is to shift capital concentrated in real estate into the capital market. In the past, when Korea's capital market was not yet mature, real estate served as a primary means of wealth accumulation for the public. However, overheated real estate price increases ultimately led to rising household debt, resulting in persistently high debt ratios. Moreover, the concentration of capital in real estate has limited its effective linkage to corporate growth and the strengthening of industrial competitiveness.

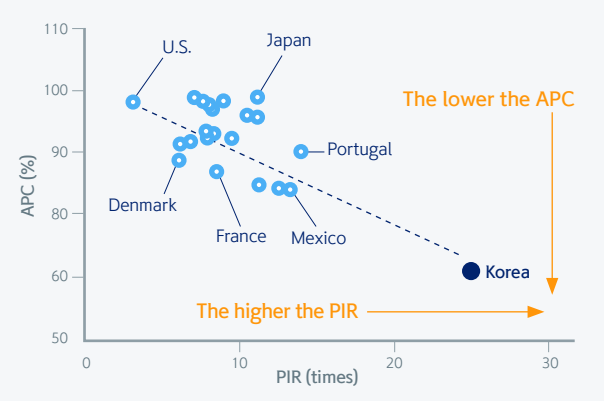
A recent report by Shinhan Financial Group's Future Strategy Research Institute, titled "What Will Change When Housing Prices Stabilize," notes that approximately 70% of household assets in Korea are concentrated in real estate, and that rising housing prices constrain consumer spending. It further suggested that stabilizing housing prices could restore consumption capacity among younger and middle-aged populations, while also promoting marriage and childbirth. An increase in marriage and childbirth is, in the long run, a positive factor for GDP.

If housing price growth stabilizes, household assets are likely to shift toward the capital market as an alternative investment option. In addition to the aforementioned amendments to the Commercial Act, the Korean government is likely to strengthen real estate-related financial policies in the near future. For instance, policies may be introduced to reduce the household debt-to-GDP ratio from around 89% at the end of last year to 80% by 2030. Efforts to rebalance the direction of asset flows in this way are, in my view, desirable. In this context, the current roughly 50:50 balance between retail and corporate loans is also likely to gradually shift toward corporate loans. This implies that productive finance, including corporate loans, could become a new driver of asset growth for financial institutions.

SOCIOECONOMIC IMPACT OF HOUSING COST BURDEN AND HOUSEHOLD IMBALANCE

Cross-country Comparison of Price-to-Income Ratio (PIR) vs. Average Propensity to Consume (APC)

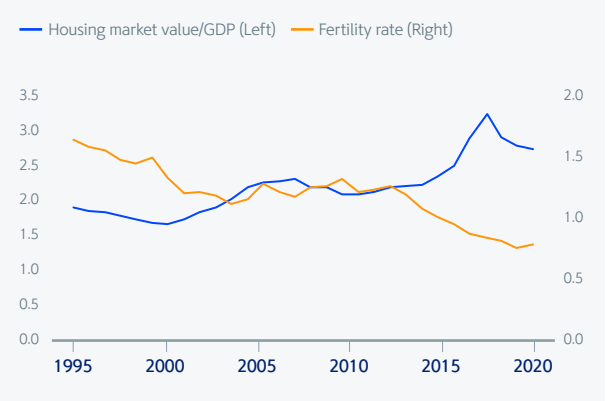
(Unit: %, times)



* Source: www.numbeo.com, worldpopulationreview.com

Housing Market Value-to-GDP Ratio vs. Fertility Rate

(Unit: times, %)

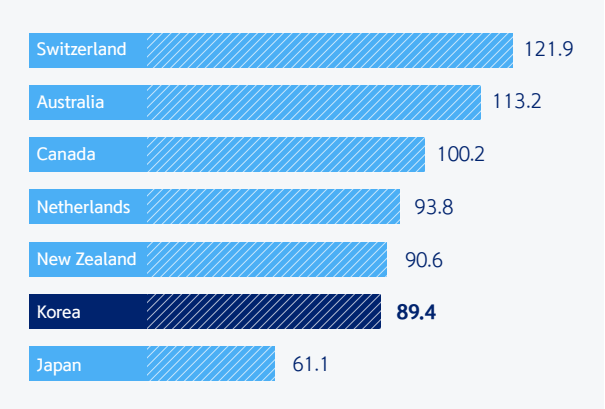


* Source: Shinhan Financial Group's Future Strategy Research Institute, National Balance Sheet, Korean Statistical Information Service, Bank of Korea

HOUSEHOLD DEBT-TO-GDP RATIO

Comparison Across OECD Countries

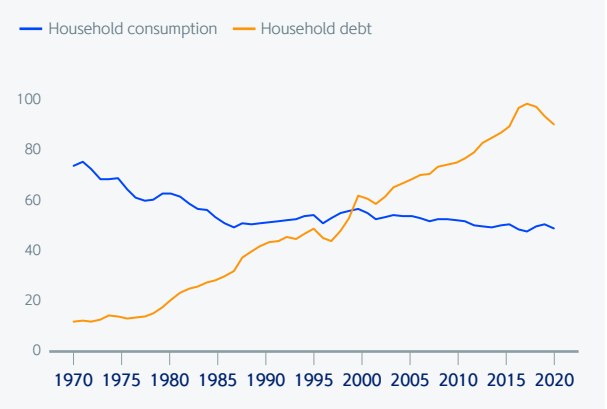
(Unit: %, times)



* BIS (Bank for International Settlements) | As of Sep. 30, 2025 | Among OECD member countries with available data (out of 38 members)

Household Debt and Consumption in Korea

(Unit: % of GDP)



* Source: CEIC Data

In my letter to shareholders last year, I noted the low income replacement ratio of Korea's public pension system and emphasized the need to supplement retirement income through capital market-based solutions. To address the limitations of public pensions, returns on retirement pensions must be improved. Subpar performance is also one of the reasons why retirement funds are concentrated in real estate. Against this backdrop, the Korean government has adopted the strengthening of retirement pension funding as a national policy agenda. Shinhan is also preparing a long-term asset management framework centered on its securities and asset management businesses, along with various strategies and action plans to respond to the expansion of fund-type retirement pensions. Securing a leading position in the fund-type retirement pension market could serve as an opportunity for Shinhan to diversify its revenue portfolio.

Interest income centered on corporate clients, along with insurance income that provides a stable foundation for the Group earnings, is expected to remain solid this year. Additionally, growth in stock trading and product sales fee income driven by strong KOSPI performance is expected to boost top-line growth. Card fee income, which had been weak due to regulatory conditions and rising marketing costs, also has room for improvement amid government efforts to stimulate consumption.

SHINHAN BANK'S INTEREST INCOME FROM LOANS IN KRW AND KOSPI DAILY AVERAGE TRADING VALUE

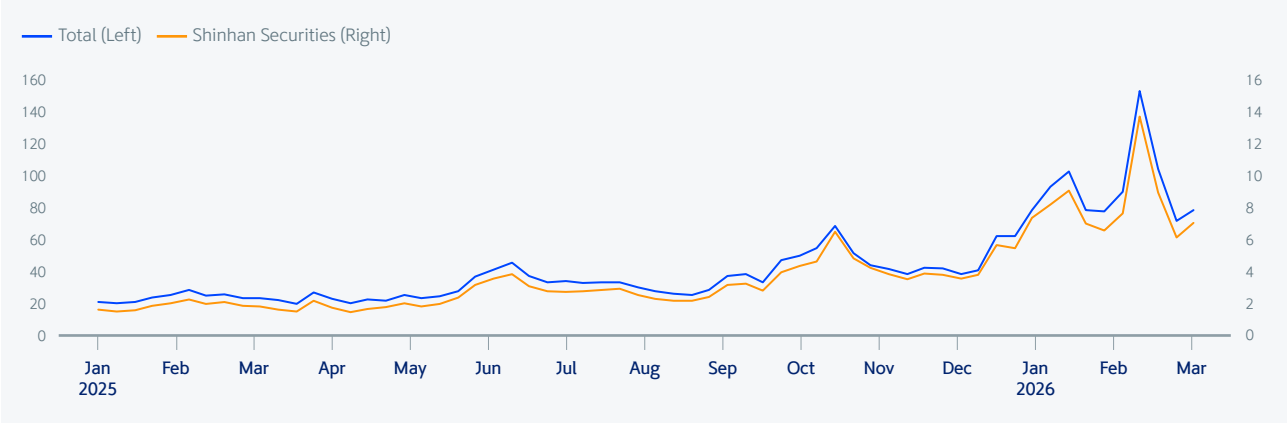
Shinhan Bank's Interest Income from Loans in KRW

(Unit: KRW billion)

	2021	2022	2023	2024	2025
Interest income from loans in KRW	**7,910.8**	**12,030.8**	**17,606.8**	**18,646.1**	**17,708.9**
Corporate loans	3,098.9	4,820.5	7,286.2	7,710.3	7,036.8
Retail loans	3,359.7	4,658.0	6,046.1	6,056.2	5,874.7
Share of interest income from retail loans	**42.5%**	**38.7%**	**34.3%**	**32.5%**	**33.2%**

Average Daily Stock Trading Value

(Unit: KRW trillion)



* Source: Shinhan Securities

While general and administrative expenses may increase somewhat due to cost structure optimization at certain subsidiaries and inflationary pressures, the cost-to-income ratio is expected to remain stable thanks to improvements in multiple top-line drivers. We will also manage credit costs at a favorable level compared to the previous year. However, costs incurred to strengthen internal controls will, for the time being, be excluded from subsidiary KPI evaluations. Internal control is not a matter of cost but of trust, and I believe that proactively addressing potential risks through stronger internal controls is the best way to protect investors.

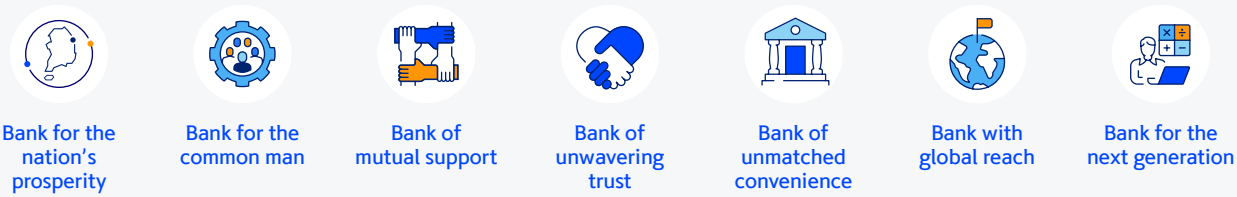
We will continue to spare no effort in advancing our Corporate Value-up Plan. Having achieved some targets ahead of schedule, we understand that investors are closely watching our next steps. Recently, discussions on "Value-Up 2.0" have been actively taking place, centered around the Board of Directors. We will thoroughly analyze the implementation process and outcomes of the existing plan and incorporate valuable feedback from investors to establish a sustainable direction. We will share Shinhan's concrete vision for the future with our investors in the near term.

IN CLOSING

Shaping Shinhan's Future through a Sustainability Narrative

On July 7, 1982, a phrase displayed at Shinhan Bank's founding ceremony captured the attention of attendees. Under the title "The 7B Management Philosophies," the following content was presented.

SHINHAN BANK'S 7B MANAGEMENT PHILOSOPHIES



Although small in size, our vision was grand. We held ourselves to the highest standards, setting out to open a new chapter in the history of the Korean financial industry. Even in the face of challenges to our survival, we maintained bold ambitions with a commitment to the nation and the world. Today, the 7B Management Philosophies, established in Shinhan Bank's earliest days, continue to raise fundamental questions: "What does Shinhan exist for?" and "How should the next chapter of our story be written?"

While expressions may evolve over time, I believe the essence of our founding spirit must remain unchanged. The founders' original vision, along with the experiences and stories of those who came before us, should be reinterpreted in a modern context and carried forward as Shinhan's unique narrative.

"Bank for the nation's prosperity" will be realized through our role in supporting the growth and innovation of the real economy through productive finance. "Bank of unwavering trust" is, I believe, built upon rigorous internal controls, sound risk management, and the safe protection of customer assets. "Bank with global reach" drives new growth on the global stage through continuous challenge and expansion. In this way, Shinhan Financial Group will remain true to the essence of its founding spirit while faithfully fulfilling its roles for the current era. These principles will ultimately lead to tangible outcomes: enhanced profitability (ROE), improved capital efficiency, and increased shareholder value.

I sincerely thank our investors for the confidence shown during my first term. Over the past three years, we have focused on establishing a robust foundation for sustainable management. We pursued disciplined, balance sheet-centric management aimed at achieving qualitative growth, rather than prioritizing short-term performance. This approach reflects our belief that cultivating lasting resilience is just as vital as delivering strong results.

Building on this momentum, Shinhan now seeks to take the next leap forward. Mindful of the trust our investors have placed in us, we are committed to delivering long-term value. We will continue to innovate without complacency, redefining our role in the future of finance. The spirit of challenge shown by our founder and predecessors—combined with the experiences gained through the relentless pursuit of the very substance of life—will be passed on to the generations to come. In this way, we will complete the vision of "Excellence, Shinhan."

Thank you.

April 2026

Yours Sincerely,



Jin Okdong
Chief Executive Officer, Shinhan Financial Group