

## Statement of compliance

We have prepared this unaudited Disclosure Statement of Shinhan Bank, Hong Kong Branch (“the Branch”) as of 30 June 2020. It is compiled according to the Banking (Disclosure) Rules under the Banking Ordinance (Chapter 155M) effective from 1 January 2007.

As the Chief Executive of the Branch, I confirm, to the best of my knowledge, that the information contained in the Disclosure Statement is correctly compiled in accordance with the Banking (Disclosure) Rules requirement and consistent with the books and records of the Branch.

Shinhan Bank, Hong Kong Branch



Chief Executive  
Hong Kong  
28 September 2020

**Shinhan Bank, Hong Kong Branch**  
**Financial Disclosure as of 30 June 2020**

(Expressed in Thousand of Hong Kong dollars)

**Branch Information (Hong Kong office only)**

**Profit and loss information**

<b>Income</b>	<b>Jun 2020</b>	<b>Jun 2019</b>
Interest income	435,300	492,184
Interest expense	302,706	373,887
Net interest income	<u>132,594</u>	<u>118,297</u>
Other operating income		
- Gains less losses from trading in foreign currencies	22,647	24,454
- Gains less losses from non-trading activities in foreign currencies	422	571
- Gains less losses from trading in securities	11,768	7,755
- Gains less losses from non-trading activities in securities <sup>Note</sup>	(12,649)	(451)
- Gains less losses from other trading activities <sup>Note</sup>	-	-
	<u>22,188</u>	<u>32,329</u>
Net fee and commission income		
- Fee and commission income	39,248	44,996
- Fee and commission expense	(3,165)	(4,564)
	<u>36,083</u>	<u>40,432</u>
Other income	2,047	531
<b>Total operating income</b>	<u>192,912</u>	<u>191,589</u>
<b>Expenses</b>		
Operating expenses		
- Staff expenses	20,938	18,671
- Rental expenses	5,295	5,252
- Other operating expenses	7,649	7,537
<b>Total Operating expenses</b>	<u>33,882</u>	<u>31,460</u>
<b>Operating profit before impairment losses</b>	159,030	160,129
Impairment losses and charges for allowances on impaired loans and receivables		
- Collective impairment allowances	(1,557)	9,620
- Individual impairment allowances	-	-
	<u>(1,557)</u>	<u>9,620</u>
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
<b>Profit before taxation</b>	<u>160,587</u>	<u>150,509</u>
<b>Tax expense</b>	<u>25,648</u>	<u>10,892</u>
<b>Profit after taxation</b>	<u>134,939</u>	<u>139,617</u>

Note : including gains less losses from changes of fair value of derivative instruments

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**Branch Information (Hong Kong office only)**

**Balance sheet information**

<b>Assets</b>	<b>At 30 Jun 2020</b>	<b>At 31 Dec 2019</b>
Cash and balances with banks	3,120,949	1,796,118
Placements with banks which have a residual contractual maturity		
not more than 1 month	1,647,529	1,561,216
more than 1 month but not more than 1 year	1,472,576	233,667
more than 1 year	-	-
	<u>3,120,105</u>	<u>1,794,883</u>
Amount due from overseas offices of Shinhan Bank	1,985,268	2,607,279
Trade bills	6,328,229	5,700,540
Advances and other accounts		
- Advances to customers	14,712,166	13,867,878
- Advances to banks and other financial institutions	-	-
- Accrued interest and other accounts	86,830	107,071
- Collective allowances for impaired advances to customers	(63,357)	(61,094)
- Collective allowances for impaired advances to banks	-	-
- Individual allowances for impaired advances to customers	-	-
- Individual allowances for impaired advances to banks	-	-
	<u>14,735,639</u>	<u>13,913,855</u>
Investment Securities		
- Available-for-sale securities	8,748,241	8,315,764
	<u>8,748,241</u>	<u>8,315,764</u>
Property, plant and equipment and investment properties	1,211	1,378
Other assets	583,246	465,166
<b>Total assets</b>	<b><u>35,502,783</u></b>	<b><u>32,800,100</u></b>
<b>Liabilities</b>		
Deposits and balances from banks	12,401,598	8,185,197
Deposits from customers		
- Demand deposits and current accounts	15,936	849,456
- Savings deposits	564,274	692,716
- Time, call and notice deposits	2,408,648	2,844,762
	<u>2,988,858</u>	<u>4,386,934</u>
Amount due to overseas offices of Shinhan Bank	9,272,750	9,143,510
Certificates of deposit issued	8,379,565	6,728,986
Issued debt securities	4,805,248	7,866,789
Other liabilities	643,622	875,618
Provisions	-	-
<b>Total liabilities</b>	<b><u>35,502,783</u></b>	<b><u>32,800,100</u></b>

**Shinhan Bank, Hong Kong Branch**  
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(Expressed in Thousand of Hong Kong dollars)

**I Additional Balance Sheet Information**

<b>(a) Loans and receivables</b>	<b>At 30 Jun 2020</b>	<b>At 31 Dec 2019</b>
Advances to customers	14,712,166	13,867,878
Advances to banks	-	-
Accrued interest and other accounts	86,830	107,071
Impairment allowances for impaired advances		
- Collective allowances for impaired advances to customers	(63,357)	(61,094)
- Collective allowances for impaired advances to banks	-	-
- Individual allowances for impaired advances to customers	-	-
- Individual allowances for impaired advances to banks	-	-
	<u>14,735,639</u>	<u>13,913,855</u>

<b>As at 30 Jun 2020</b>	<b>Gross amount</b>	<b>Impairment allowances (individually)</b>	<b>Market Value of collateral held</b>	<b>% to total loans and advances to customers</b>
Impaired loans and advances to customers (individually determined)	-	-	-	0.00%

<b>As at 30 Jun 2020</b>	<b>Gross amount</b>	<b>Impairment allowances (individually)</b>	<b>Market Value of collateral held</b>	<b>% to total loans and advances to banks</b>
Impaired loans and advances to banks (individually determined)	-	-	-	-

<b>As at 31 Dec 2019</b>	<b>Gross amount</b>	<b>Impairment allowances (individually)</b>	<b>Market Value of collateral held</b>	<b>% to total loans and advances to customers</b>
Impaired loans and advances to customers (individually determined)	-	-	-	0.00%

<b>As at 31 Dec 2019</b>	<b>Gross amount</b>	<b>Impairment allowances (individually)</b>	<b>Market Value of collateral held</b>	<b>% to total loans and advances to banks</b>
Impaired loans and advances to banks (individually determined)	-	-	-	-

**Shinhan Bank, Hong Kong Branch**  
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(Expressed in Thousand of Hong Kong dollars)

**I Additional Balance Sheet Information (continued)**

**(b) Overdue and rescheduled assets**

	At 30 Jun 2020		At 31 Dec 2019	
<b>Overdue advances</b>				
Advances to customers overdue for	<b>Gross amount</b>	<b>% to total advances to customers</b>	<b>Gross amount</b>	<b>% to total advances to customers</b>
- not more than 3 months	-	-	-	-
- more than 3 months but not more than 6 months	-	-	-	-
- more than 6 months but not more than 1 year	-	-	-	-
- more than 1 year	-	-	-	-
Total overdue advances	-	-	-	-
Advances to banks overdue for	<b>Gross amount</b>	<b>% to total advances to banks</b>	<b>Gross amount</b>	<b>% to total advances to banks</b>
- not more than 3 months	-	-	-	-
- more than 3 months but not more than 6 months	-	-	-	-
- more than 6 months but not more than 1 year	-	-	-	-
- more than 1 year	-	-	-	-
Total overdue advances	-	-	-	-
Market value of collateral held against the secured overdue advances		<b>Gross amount</b>		<b>Gross amount</b>
		-		-
Secured overdue advances		-		-
Unsecured overdue advances		-		-
Specific provision made on overdue advances		-		-
<b>Rescheduled advances</b>				
Rescheduled advances to customers	<b>Gross amount</b>	<b>% to total advances to customers</b>	<b>Gross amount</b>	<b>% to total advances to customers</b>
	-	-	-	-
Rescheduled advances to banks	<b>Gross amount</b>	<b>% to total advances to banks</b>	<b>Gross amount</b>	<b>% to total advances to banks</b>
	-	-	-	-

**Shinhan Bank, Hong Kong Branch**  
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**I Additional Balance Sheet Information (continued)**

**(b) Overdue and rescheduled assets (continued)**

	At 30 Jun 2020		At 31 Dec 2019	
	Gross amount	% to total other assets	Gross amount	% to total other assets
<b>Other overdue assets</b>				
Other assets overdue for				
- not more than 3 months	-	-	-	-
- more than 3 months but not more than 6 months	-	-	-	-
- more than 6 months but not more than 1 year	-	-	-	-
- more than 1 year	-	-	-	-
Total other overdue assets	-	-	-	-
<b>Repossessed assets</b>				
Repossessed assets held				
		<b>Gross amount</b>		<b>Gross amount</b>
		-		-

**(c) The breakdown of the gross amount of loans and advances to customers by industry categories**

**As at 30 Jun 2020**

	Gross advances	Extent advances are covered by collateral or other security
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
- Property development	-	-
- Property investment	300,000	-
- Civil engineering works	26,000	-
- Financial concerns	-	-
- Stockbrokers	-	-
- Wholesale and retail trade	310,357	39,527
- Manufacturing	266,489	-
- Transport and transport equipment	31,002	-
- Recreational activities	176,971	-
- Information technology	222,720	-
- Others	460,000	-
Sub-total	1,793,539	39,527
Individuals		
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-	-
- Loans for the purchase of other residential properties	-	-
- Credit card advances	-	-
- Others	-	-
Sub-total	-	-
Total loans and advances for use in Hong Kong	1,793,539	39,527
Trade finance	-	-
Loans and advances for use outside Hong Kong	12,918,627	4,271,132
	14,712,166	4,310,659

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**I Additional Balance Sheet Information (continued)**

**(c) The breakdown of the gross amount of loans and advances to customers by industry categories (continued)**

As at 31 Dec 2019

	<u>Gross advances</u>	<u>Extent advances are covered by collateral or other security</u>
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
- Property development	-	-
- Property investment	300,000	-
- Civil engineering works	29,250	35,784
- Financial concerns	-	-
- Stockbrokers	-	-
- Wholesale and retail trade	400,206	92,688
- Manufacturing	240,462	-
- Transport and transport equipment	55,301	23,367
- Recreational activities	241,456	-
- Information technology	222,720	-
- Others	100,000	-
Sub-total	<u>1,589,395</u>	<u>151,839</u>
Individuals		
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-	-
- Loans for the purchase of other residential properties	-	-
- Credit card advances	-	-
- Others	-	-
Sub-total	<u>-</u>	<u>-</u>
Total loans and advances for use in Hong Kong	<u>1,589,395</u>	<u>151,839</u>
Trade finance	48,397	-
Loans and advances for use outside Hong Kong	<u>12,230,086</u>	<u>4,131,986</u>
	<u>13,867,878</u>	<u>4,283,825</u>

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**I Additional Balance Sheet Information (continued)**

**(d) Analysis of gross loans and advances to customer by geographical areas**

**As at 30 Jun 2020**

	<u>Gross loans and advances</u>	<u>Overdue loans and advances to customers</u>	<u>Impaired loans (individually determined)</u>
- Asia & Pacific			
of which	<b>13,059,738</b>	-	-
- China	2,640,317	-	-
- Hong Kong	3,387,257	-	-
- South Korea	3,402,053	-	-
- Vietnam	1,310,915	-	-
- Caribbean			
of which	<b>1,221,092</b>	-	-
- Cayman Island	994,153	-	-
- North America	<b>42,977</b>	-	-
- Western Europe	<b>388,360</b>	-	-
- Others	-	-	-
Total	<u>14,712,166</u>	<u>-</u>	<u>-</u>

**As at 31 Dec 2019**

	<u>Gross loans and advances</u>	<u>Overdue loans and advances to customers</u>	<u>Impaired loans (individually determined)</u>
- Asia & Pacific			
of which	<b>11,961,349</b>	-	-
- China	2,580,337	-	-
- Hong Kong	3,456,304	-	-
- South Korea	3,080,720	-	-
- Vietnam	1,243,619	-	-
- Caribbean			
of which	<b>1,513,918</b>	-	-
- Cayman Island	1,130,568	-	-
- North America			
of which	<b>116,834</b>	-	-
- United States	116,834	-	-
- Europe	<b>275,777</b>	-	-
Total	<u>13,867,878</u>	<u>-</u>	<u>-</u>

Note: Classification of gross amount of loans and advances to customers by countries or geographical areas constitutes 10% or more of the relevant disclosure amount. The analysis is based on the location of the counterparty.



**Shinhan Bank, Hong Kong Branch**  
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**I Additional Balance Sheet Information (continued)**

**(e) Non-bank Mainland China exposures**

As at 30 Jun 2020

Types of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	87,112	-	87,112
2. Local governments, local government-owned entities and their subsidiaries and JVs	738,761	-	738,761
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,567,520	21,209	2,588,729
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,946,262	116,561	2,062,823
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	5,339,655	137,770	5,477,425
Total assets after provision	35,502,783		
On-balance sheet exposures as percentage of total assets	15.04%		

**Shinhan Bank, Hong Kong Branch**  
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**I Additional Balance Sheet Information** *(continued)*

**(e) Non-bank Mainland China exposures**

As at 31 Dec 2019

Types of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	233,690	-	233,690
2. Local governments, local government-owned entities and their subsidiaries and JVs	752,057	-	752,057
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,576,902	57,387	2,634,289
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,035,983	218,909	2,254,892
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	5,598,632	276,296	5,874,928
Total assets after provision	32,800,100		
On-balance sheet exposures as percentage of total assets	17.07%		

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(Expressed in Million of Hong Kong dollars)

**II Cross-border claims (excluding claims from Head Office, branches and subsidiaries) by geographical areas after taking into consideration of transfer of risks**

Cross-border claims are on-balance sheet exposures to counterparties after taking into account the transfer of risk.

<b>As at 30 Jun 2020</b>	<b>Banks and others financial institutions</b>	<b>Public sector entities</b>	<b>Others</b>	<b>Total</b>
- Asia & Pacific excluding Hong Kong				
of which	<b>9,412</b>	-	<b>20,306</b>	<b>29,718</b>
- China	686	-	6,375	7,061
- South Korea	7,396	-	11,841	19,237
- Japan	358	-	194	552
- Vietnam	81	-	1,156	1,237
- North America	<b>348</b>	-	<b>56</b>	<b>404</b>
- Middle East	<b>318</b>	-	-	<b>318</b>
- Caribbean	-	-	-	-
- Western Europe	<b>141</b>	-	<b>580</b>	<b>721</b>
	<u>10,219</u>	<u>-</u>	<u>20,942</u>	<u>31,161</u>

<b>As at 31 Dec 2019</b>	<b>Banks and others financial institutions</b>	<b>Public sector entities</b>	<b>Others</b>	<b>Total</b>
- Asia & Pacific excluding Hong Kong				
of which	<b>11,376</b>	-	<b>18,545</b>	<b>29,921</b>
- China	1,903	-	3,375	5,278
- South Korea	8,508	-	11,432	19,940
- Japan	408	-	195	603
- Vietnam	107	-	1,158	1,265
- North America	<b>304</b>	-	<b>183</b>	<b>487</b>
- Middle East	<b>313</b>	-	-	<b>313</b>
- Caribbean	-	-	<b>1,384</b>	<b>1,384</b>
- Western Europe	<b>127</b>	-	<b>450</b>	<b>577</b>
	<u>12,120</u>	<u>-</u>	<u>20,562</u>	<u>32,682</u>

Note: Amounts represent cross-border claims based on countries or geographical classification and constitutes 10% or more of the total amount. Claims arising between branches and subsidiaries are excluded.

**Shinhan Bank, Hong Kong Branch**  
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**III Currency risk**

As at 30 Jun 2020	HK\$ Million Equivalent			Total
	US Dollar	JPY & Others	CNY	
Spot assets	30,004	3,817	4	33,825
Spot liabilities	(32,210)	(690)	(3)	(32,903)
Forward purchases	4,454	-	-	4,454
Forward sales	(2,273)	(3,127)	-	(5,400)
Net option position	-	-	-	-
Net long / (net short) position	<u>(25)</u>	<u>-</u>	<u>1</u>	<u>(24)</u>
Structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 Dec 2019	HK\$ Million Equivalent			Total
	US Dollar	JPY & Others	CNY	
Spot assets	27,735	3,728	10	31,473
Spot liabilities	(31,279)	(236)	(10)	(31,525)
Forward purchases	4,362	-	-	4,362
Forward sales	(820)	(3,491)	-	(4,311)
Net option position	-	-	-	-
Net long / (net short) position	<u>(2)</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Shinhan Bank, Hong Kong Branch**  
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**IV Off-balance sheet exposures**

(a) The contractual or notional amounts of each of the following class of off-balance sheet exposures outstanding are:

	<u>At 30 Jun 2020</u>	<u>At 31 Dec 2019</u>
Contingent liabilities and commitments		
- Direct credit substitutes	-	-
- Transaction-related contingencies	731,714	886,304
- Trade-related contingencies	1,068,449	1,847,945
- Note issuance and revolving underwriting facilities	-	-
- Other commitments	1,835,960	2,158,685

Contingent liabilities and commitments arises from credit-related instruments which include letters of credit, guarantees and commitments to extend credit. The risk involved in these credit-related instruments is essentially the same as the credit risk involved in extending loan facilities to customers. The contract amounts represent the amounts at risk should the contract be fully drawn upon and the customers default. As the facilities may expire without being drawn upon, the contracts amounts do not represent expected future cash flows.

	<u>At 30 Jun 2020</u>	<u>At 31 Dec 2019</u>
Derivative transactions		
- Exchange rate-related derivative contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	13,494,197	10,378,258
- Interest rate derivative contracts	-	-
- Others	592,150	654,201

The above derivative contracts amounts are the notional amount of the contract, they do not represent amounts at risk. All the derivative contracts held by the Branch are to offset gains/losses on fixed rate bonds and loans.

(b) The total fair value of the above derivative transactions	<u>At 30 Jun 2020</u>	<u>At 31 Dec 2019</u>
- Exchange rate-related derivative contracts	30,261	11,632
- Interest rate derivative contracts	-	-

No bilateral netting arrangements for above derivative transactions.

**V Liquidity**

	<u>2nd Quarter Ended 30 Jun 2020</u>	<u>2nd Quarter Ended 30 Jun 2019</u>
The average liquidity maintenance ratio for the period (Calculation period from April to June)	189.55%	137.63%

The liquidity maintenance ratio (LMR) is calculated in accordance with the Banking (Liquidity) Rules effective from 01 January 2015.

The average liquidity maintenance ratio is the arithmetic mean of each calendar month's average LMR as reported in the "Return of Liquidity Position of an Authorized Institution".

**Liquidity Risk Management**

The Branch has established a Liquidity Risk Management Policy which is reviewed and approved by the senior management. This policy requires the Branch to maintain a conservative level of liquid funds on a daily basis to meet all financial obligations, and setup the action plan on liquidity contingency.

The liquidity position is monitored through statutory liquidity ratios, cash flow analysis, and inter-bank transactions undertaken by our Branch. The Branch also perform the testing on various type of stress scenarios on monthly basis according to our Liquidity Stress Testing Policy.

## **Shinhan Bank, Hong Kong Branch**

### **Financial Disclosure as of 30 June 2020**

**The key elements of the liquidity risk framework are:**

#### **Liquidity Stress Testing**

The Branch performs liquidity stress testing on a regular basis, to evaluate the effect of both general market wide and institutional specific disruptions on the Branch's liquidity position. The internal stress testing is to ensure sufficient liquidity for the Branch under different adverse scenarios. The Branch's liquidity stress tests consider the effect of changes in funding assumptions, and the market value of liquidity assets, the results of which are reviewed by senior management and are considered in making liquidity management decisions. Based on the result of the liquidity stress test, the Branch takes necessary (if needed) rebalancing, restructuring actions by risk mitigation or contingency plans.

#### **Contingency Planning**

The Branch maintains the liquidity contingency funding plan in case it faces liquidity problem as part of liquidity risk management. The liquidity contingency plan specifies an approach for monitoring and evaluation of actual and potential liquidity events. The plan outlines liquidity identification, monitoring, and measurement of liquidity events. The plan also specifies possible measures, internal and external communication and action to be taken at various stages of crisis.

#### **Funding Diversification**

Apart from taking customer deposits as major sources of funding, the Branch boardens its funding source in retail market, money market and capital market by different terms. The Branch also holds a pool of highly liquid, unencumbered assets that can be readily sold or pledged to secure borrowings under stressed conditions.

#### **Oversight and Reporting**

The results of stress testing, Liquidity Maintenance Ratio(LMR) and liquidity gap are reported to the management and head office on a regular basis.

The details of maturity profile refer to Appendix I  
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**VI Bank information (Consolidated basis)**

The following table shows the consolidated capital adequacy ratio and the amount of shareholders' funds of Shinhan Financial Group. The basis of preparation is in accordance with the Korean-International Financial Reporting Standards.

	<u>30 Jun 2020</u>	<u>31 Dec 2019</u>
<b>(a) Capital and Capital Adequacy</b>		
(i) Capital adequacy ratio	14.09%	13.90%
(ii) Total share capital	17,948,618	18,378,148
(iii) Total amount of shareholder funds	277,836,666	282,017,628
<b>(b) Other Financial Information</b>		
(i) Total assets	3,743,108,134	3,715,493,550
(ii) Total liabilities	3,465,271,468	3,433,475,921
(iii) Total loans and advances	2,206,263,509	2,100,100,888
(iv) Total deposits	2,011,683,168	1,983,281,248
	<u>30 Jun 2020</u>	<u>31 Dec 2019</u>
(v) Pre-tax profit	16,225,976	33,034,086

- 1 Shareholders' fund is the sum total of capital and reserves.
- 2 Total liabilities are equal to total assets minus shareholders' fund.
- 3 The conversion rate of HKD/KRW as at 30 June 2020 is 154.53
- 4 The consolidated capital adequacy ratio was calculated in accordance with the Korean-International Financial Reporting Standards adopting Basel III approach.

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**VII Disclosure on Remuneration for CG-5 Guideline on a Sound Remuneration System issued by the HKMA**

Pursuant to section 3 of CG-5 Guideline on a Sound Remuneration System issued by the HKMA, the following disclosures are made:

**a) The design and implementation of the remuneration systems:**

The Bank adopts the remuneration policy and systems which are established by the Remuneration Committee of our Head Office for overseas branch. The objective of the remuneration policy is to attract, motivate reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of individual Directors and key executives.

The Remuneration Committee reviews the performance of management and directors over the past fiscal year and settles on remuneration that is proportionate to the individual's responsibilities. It also make sure that the remuneration is on a proper level that improves the long-term interests of the Group and its shareholders.

**b) Aggregate quantitative information on remuneration for senior management and key personnel (Note 1) are as follows:**

**As at 30 Jun 2020**

	<u>Amount</u>	<u>Number of Beneficiaries</u>
- Fixed Remuneration	7,646	22
- Variable Remuneration	231	-
- Deferred Remuneration	-	-
Total	<u>7,877</u>	<u>22</u>

**As at 31 Dec 2019**

	<u>Amount</u>	<u>Number of Beneficiaries</u>
- Fixed Remuneration	9,312	20
- Variable Remuneration	1,761	-
- Deferred Remuneration	-	-
Total	<u>11,073</u>	<u>20</u>

No senior management or key personnel has been awarded with new sign-on or severance payments.

Note 1: As defined in CG5 Guideline on a Sound Remuneration System issued by the HKMA, senior management are those who are responsible for oversight of either the Bank's company-wide strategy or activities or those of the Bank's main business lines. Key Personnel are individual employees whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Bank.