

 Aim Higher and Creatively Pioneering Ahead

Shinhan Financial Group





About SFG

Korea's Leading Financial Institution

Sustainable Net Income growth driven by solid core earnings and consistent ROE enhancing business strategy (4th consecutive years)



Global Expansion and Diversification

Established the foundation for the sustainable growth through steady and consistent global expansion and business diversification



Thorough Risk Management

Maintaining sound asset qualities through preemptive and proactive risk management



Growth through Corporate Social Responsibility

Implementing the "Compassionate Finance" to build a virtuous cycle of shared prosperity for the company and society





About SFG

SFG at a Glance

Overview

(As of Dec. 31, 2017)

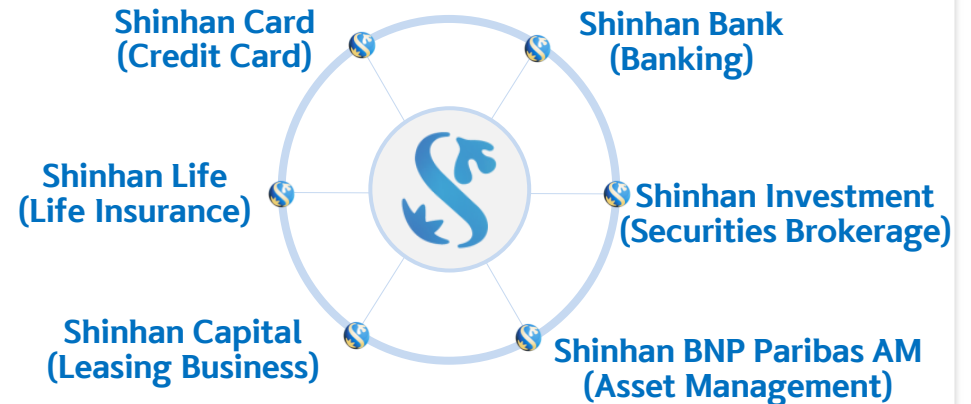
- **Net Income : KRW 2.92 trillion**
- **Total Consolidated Assets : KRW 426 trillion**
- **Total Market Cap: KRW 23.4 trillion**
- **ROA : 0.71%**
- **ROE : 9.19%**
- **14 direct subsidiaries, 25 indirect subsidiaries**
- **Number of Employees : 26,443**
- **Major Shareholders**
 - Korea National Pension Service 9.55%
 - BlackRock Fund Advisors 5.13%¹⁾
 - SFG ESOP 4.71%
 - BNP Paribas 3.55%²⁾
 - Citi Bank [ADR Dept.] 3.06%

1) Based on the Large equity ownership disclosure by BlackRock Fund Advisors with the Financial Supervisory Service on Oct. 20, 2016

2) Based on the Large equity ownership disclosure by BNP Paribas with the Financial Supervisory Service on Jan. 5, 2017



Well-diversified Business Portfolio



Top 500 Banking Brand

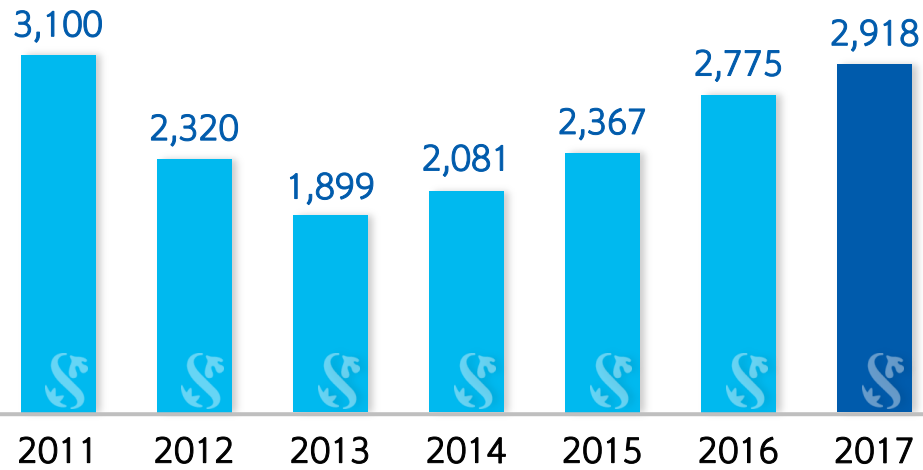
Ranking	Company	Nationality
1	ICBC	China
3	Wells Fargo	US
9	HSBC	UK
40	DBS Group	Singapore
52	Mizuho Financial Group	Japan
67	Shinhan Financial Group	Korea
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* 출처: The Banker (Feb. 2018)

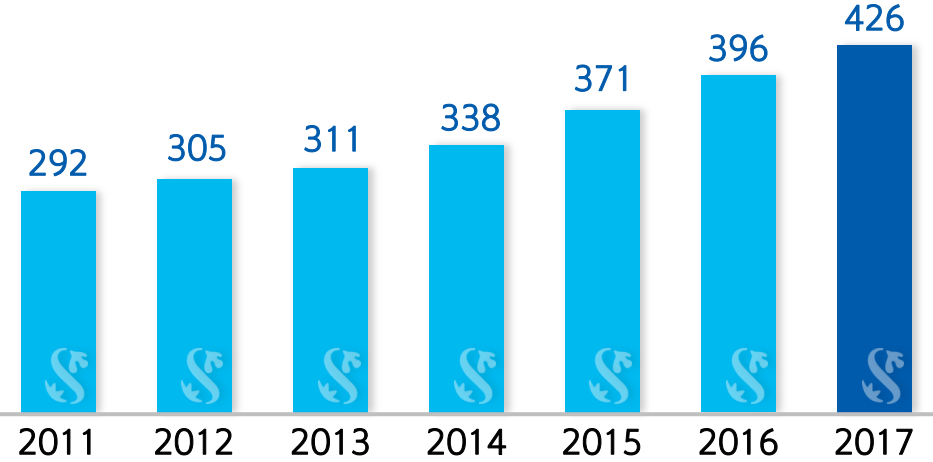


Shinhan Financial Group Financial Highlights

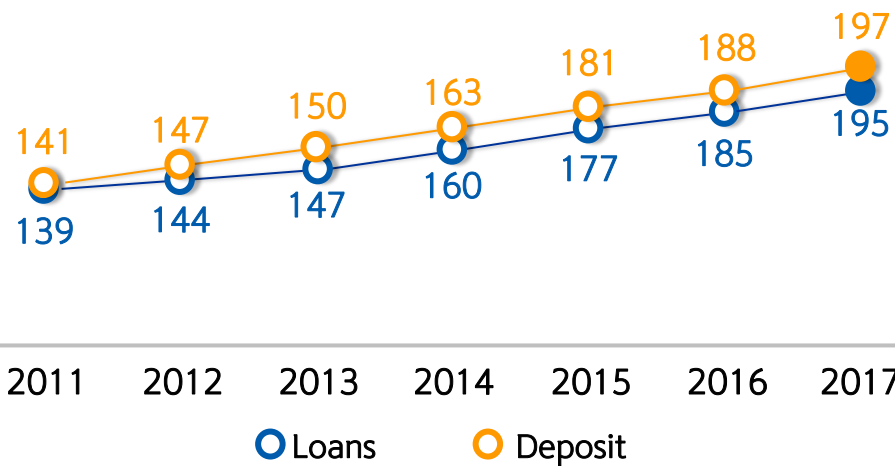
Group Consolidated Net Income (KRW billion)



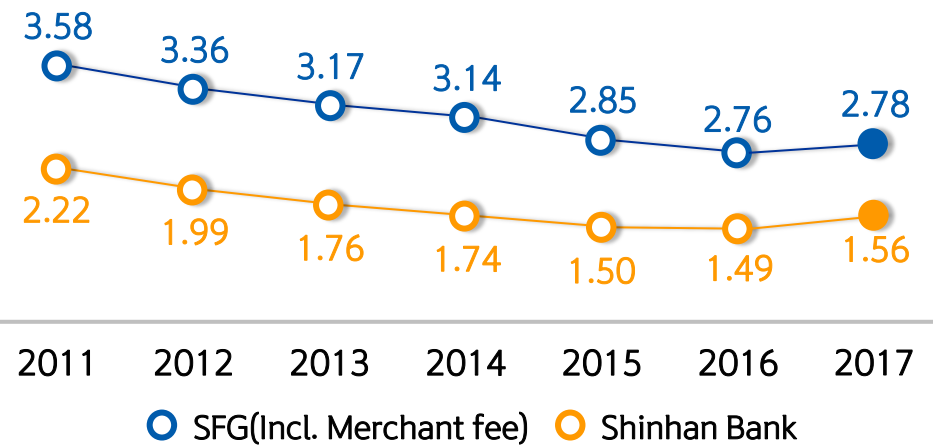
Total Consolidated Assets (KRW trillion)



Loans and Deposits of SHB (KRW trillion)

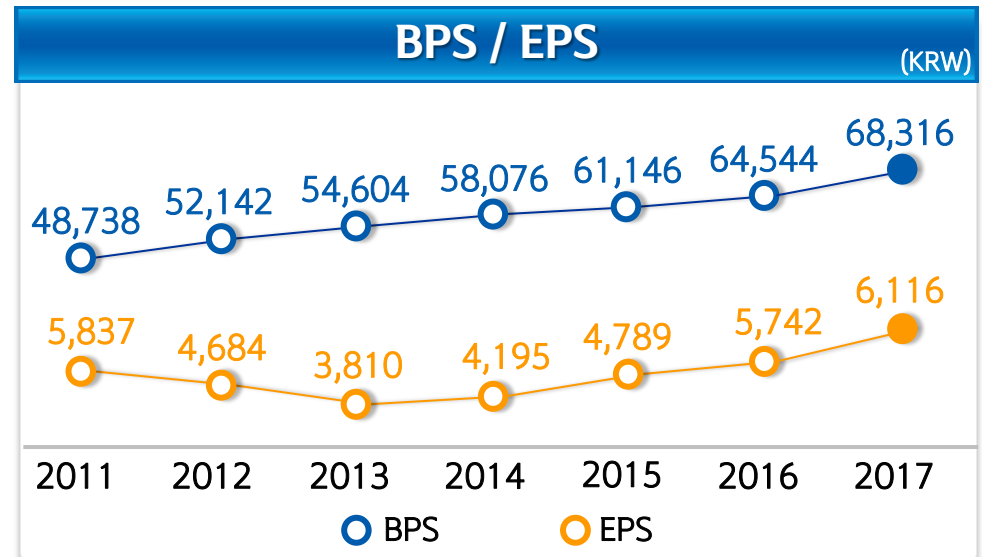
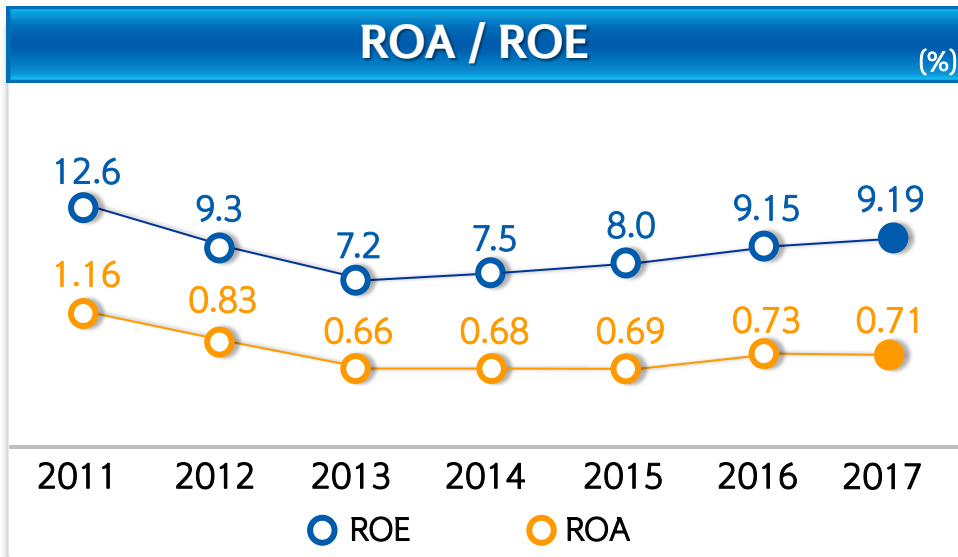
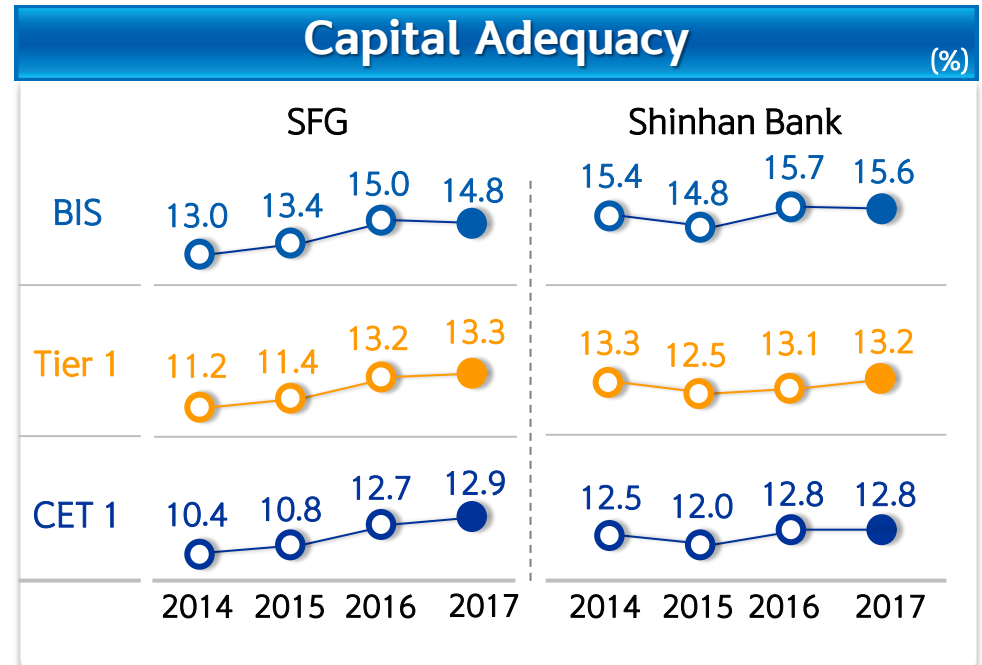
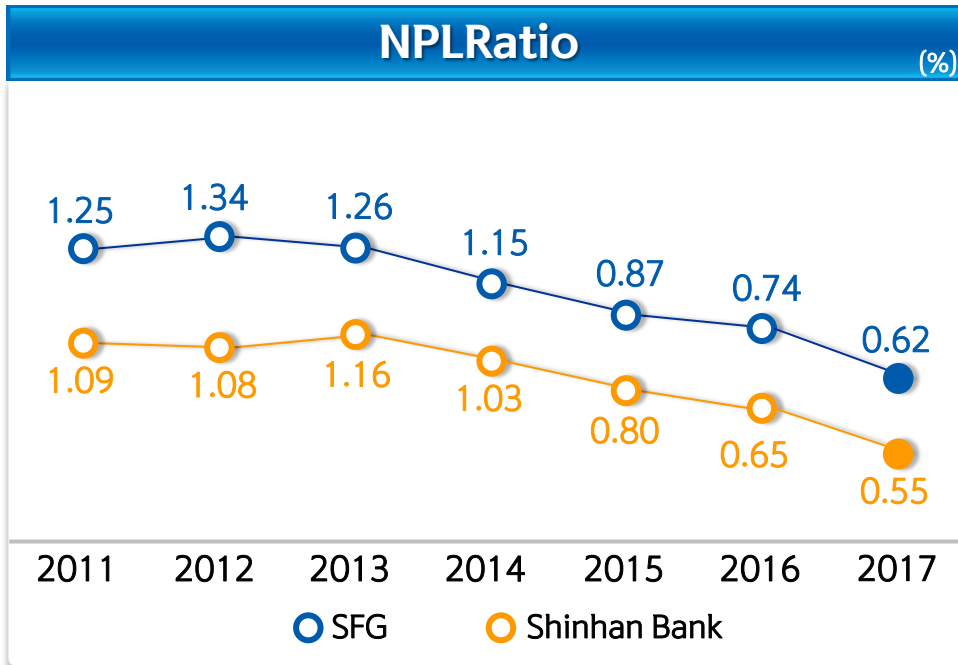


Net Interest Margin (NIM) (%)





Shinhan Financial Group Financial Highlights



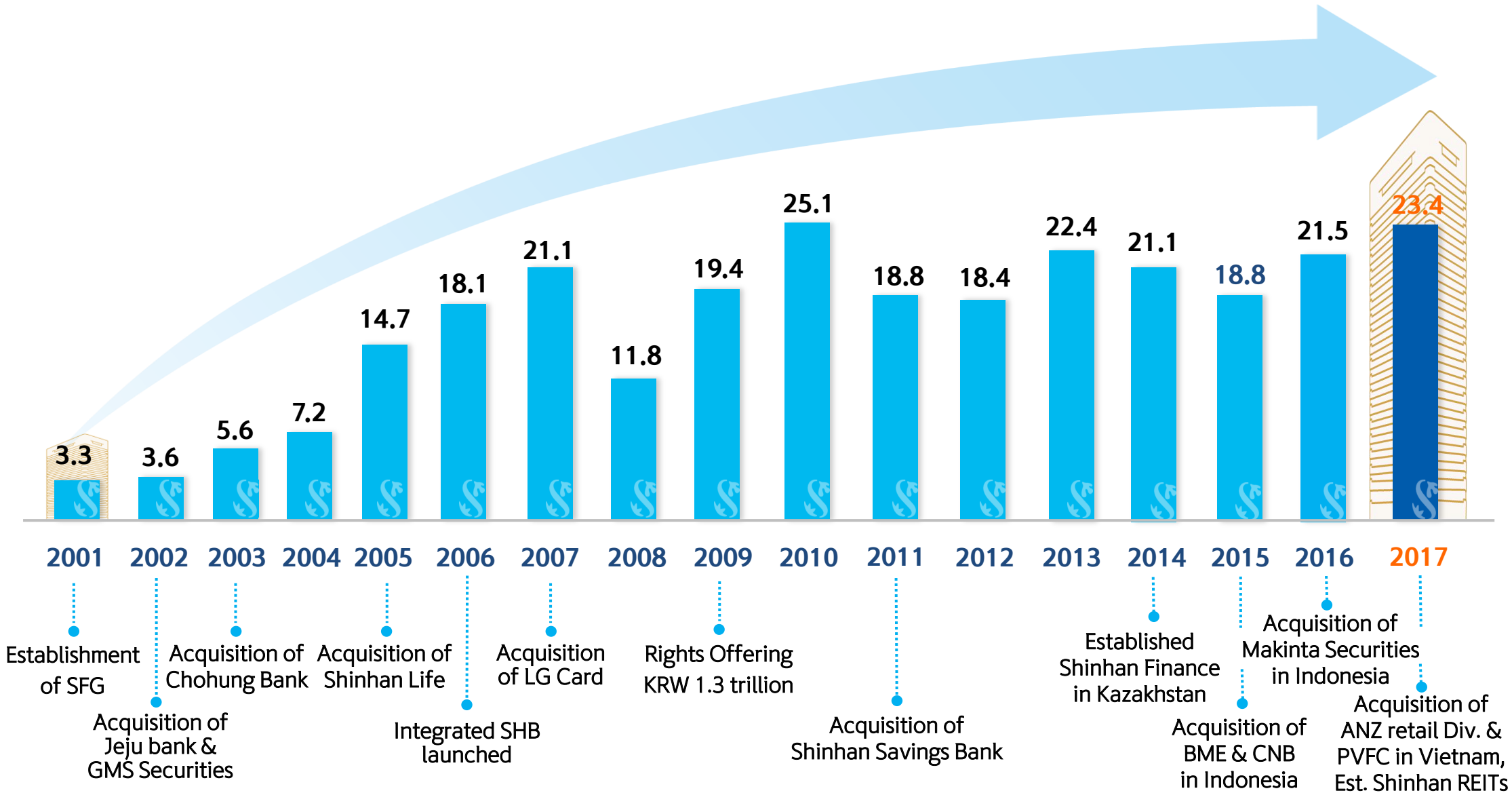


About SFG

Consistent Inorganic Growth Strategy

● Market Capitalization

(KRW trillion)

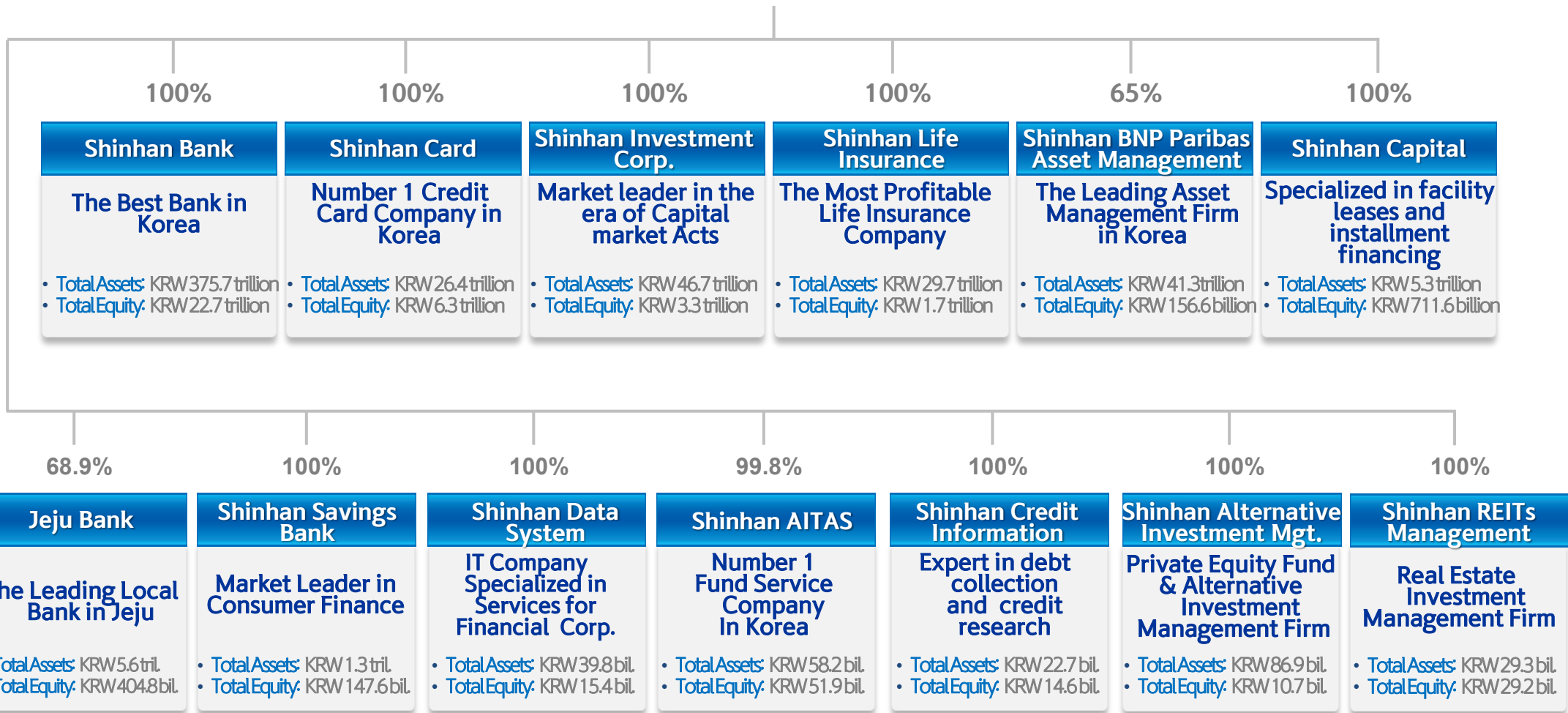




About SFG

How SFG is Organized

Well-organized Leading Financial Group in Korea



Note) Based on Consolidated Financial Statements, Trust A/C and AUM are included in Total Assets.

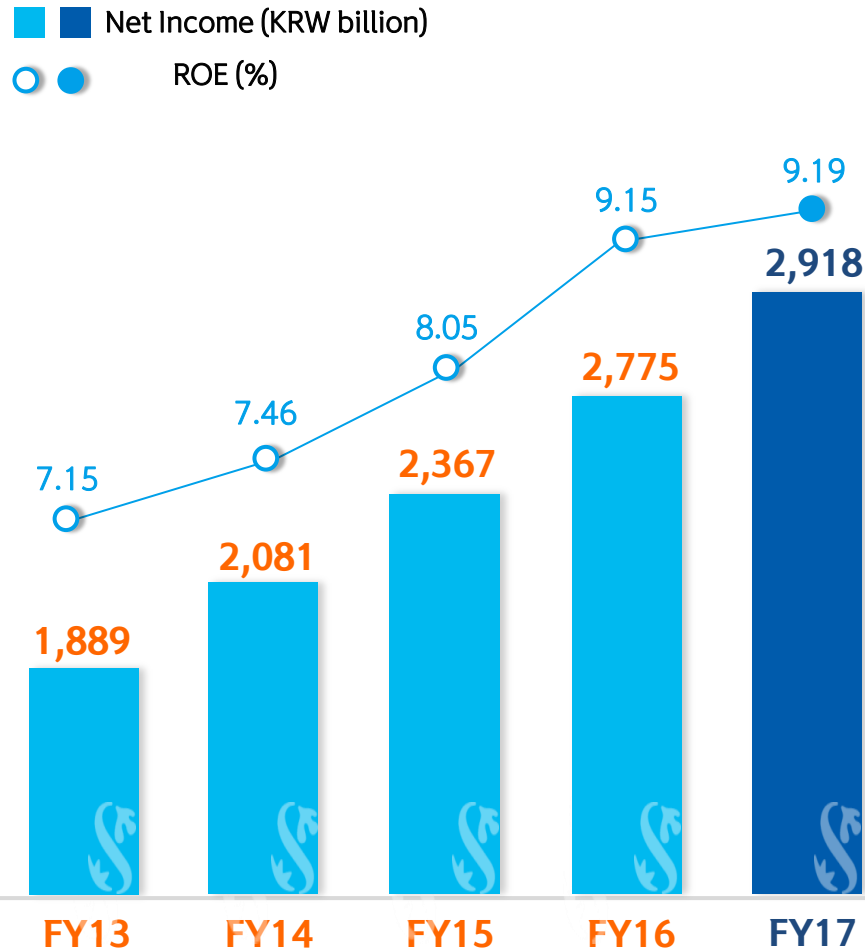
(As of Dec. 31, 2017)



About SFG

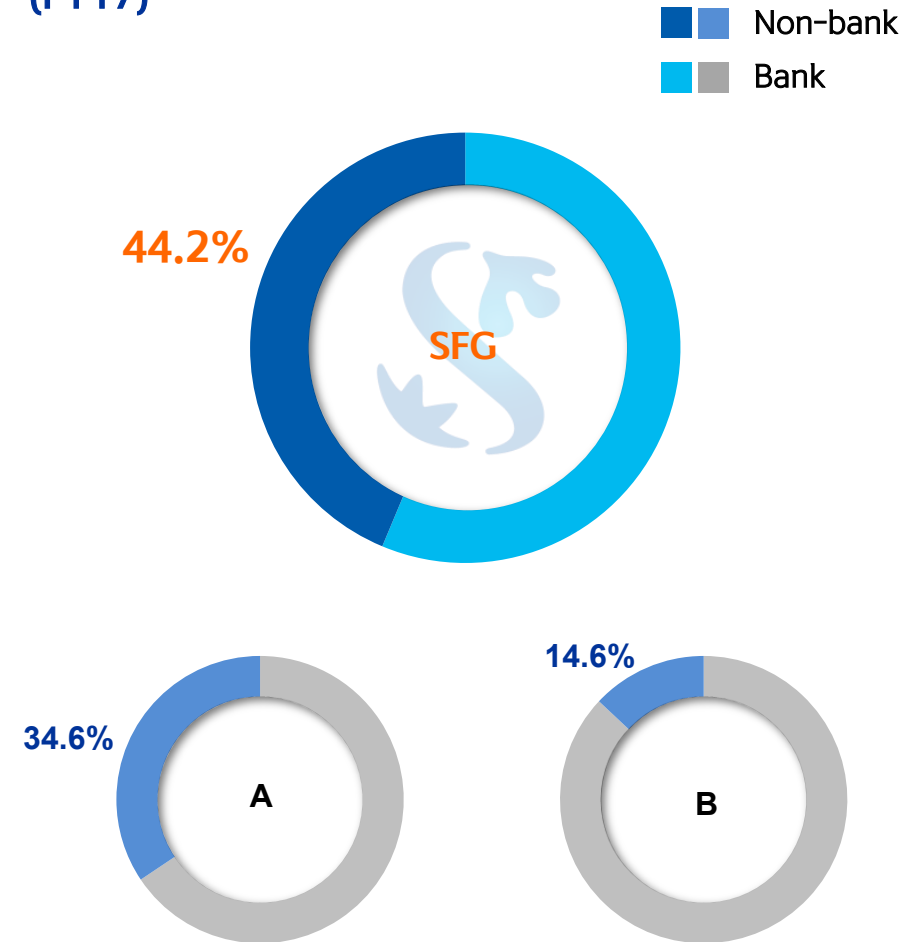
Performance and Portfolio

Consistent Net Income Growth



Diversified Profit Base

Net Income Contribution by Non-bank Subsidiaries (FY17)

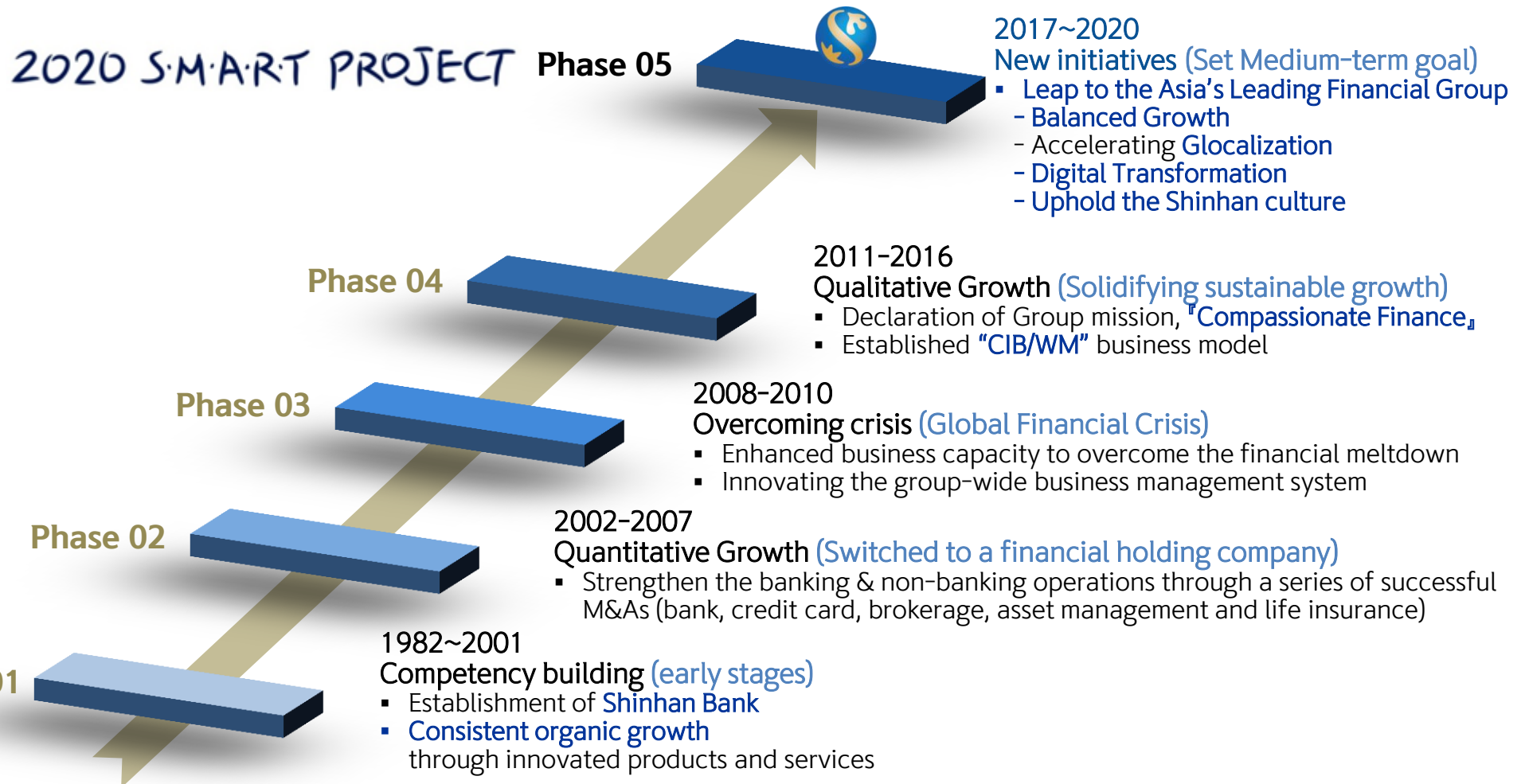




SFG Vision History & Vision

Group Vision “World Class Financial Group”

Since the establishment of the financial holding company in 2001, Shinhan Financial Group has strived to become Korea’s world-class financial group













About SFG

Recognition of SFG's CSR

SFG is included in global CSR initiatives, as well as composed of Socially Responsible Investment funds following ESG indices. Due to continuous CSR activities, SFG is recognized as a role model that fits the global CSR standard by global investment and research firms. The evaluation is above the industrial average.

	Index	Grade/Score	Benchmark Index	Award/Certification
Domestic	 한국기업지배구조원 Korea Corporate Governance Service (CGS)	Grade: A+ (Governance: S, sole recipient in Korea)	–	Awarded the Grand Prize in the Korea Corporate Governance Service for two consecutive years
	 대신지배구조연구소 Daeshin Corporate Governance Inst.	The Best Company among Korean financial groups	–	–
Foreign	 MSCI ESG	Grade: AA (Highest:AAA)	MSCI ACWI ESG MSCI EM ESG MSCI Korea ESG	–
	 MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM	DJSI Score: 88	DJSI World DJSI Asia-Pacific DJSI Korea	Included in DJSI World index for the first time among Korean financial groups for five consecutive years
	 GLOBAL 100	Rank: 40 th Score: 60.68	Global 100	Selected Global 100 Most Sustainable Corporations be the Davos Forum for five consecutive years
	 CDP DRIVING SUSTAINABLE ECONOMIES	Leadership A	–	First financial group in Korea to be included in the Honors Club for three consecutive years
	 FTSE4Good	Grade: 3.8 (Highest:5)	FTSE ACWI ESG FTSE Asia Pacific ESG FTSE Korea ESG	–
	 ISS Governance QuickScore 3.0	Grade: 1 (Highest: 1)	–	–

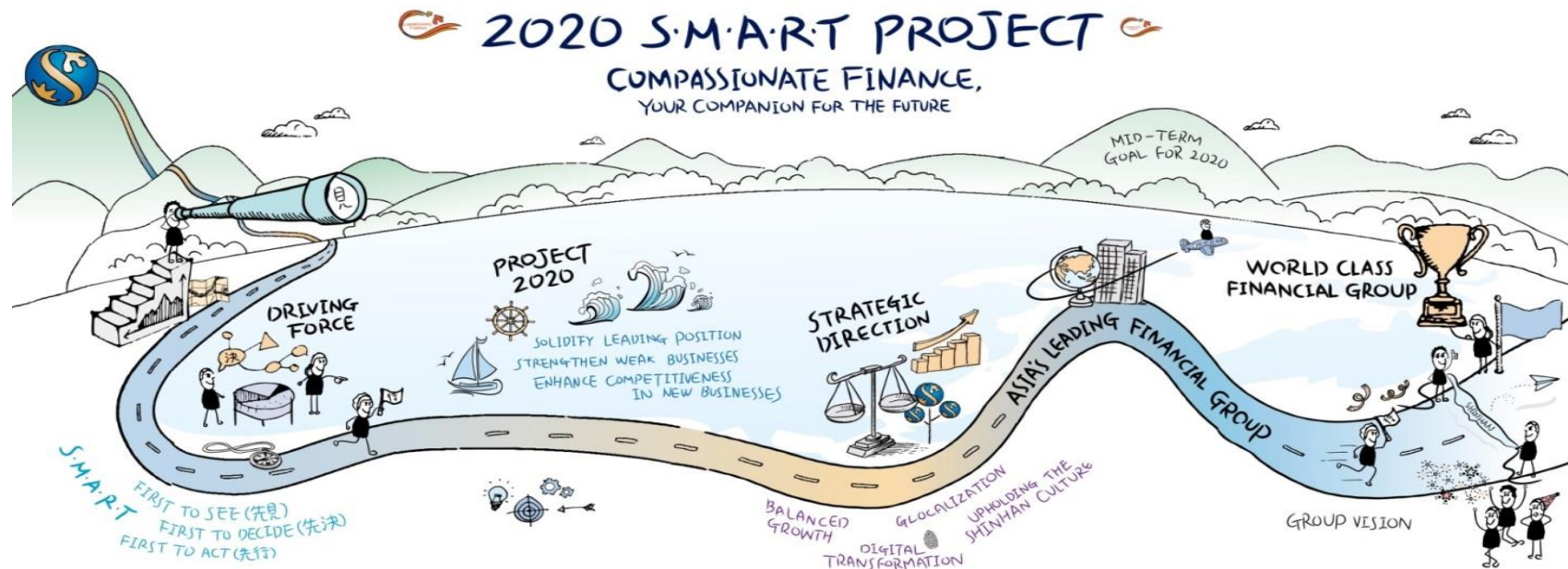


SFG Mid-term Goal



2020 SMART Project

SFG launched 2020 SMART Project to give Shinhan a practical means of making the leap forward into 'Asia's Leading Financial Group,' which is our mid-term goal.



2020 SMART Project

- 1** Driving Force - Leadership
First to See, First to Decide, First to Act
- 2** Strategic Direction
 1. Balanced Growth
 2. Glocalization
 3. Digital Transformation
 4. Uphold the Shinhan Culture

3 Way of Work

- S** Specific / Segmentation
- M** Measurable
- A** Action-oriented
- R** Realistic
- T** Time-based



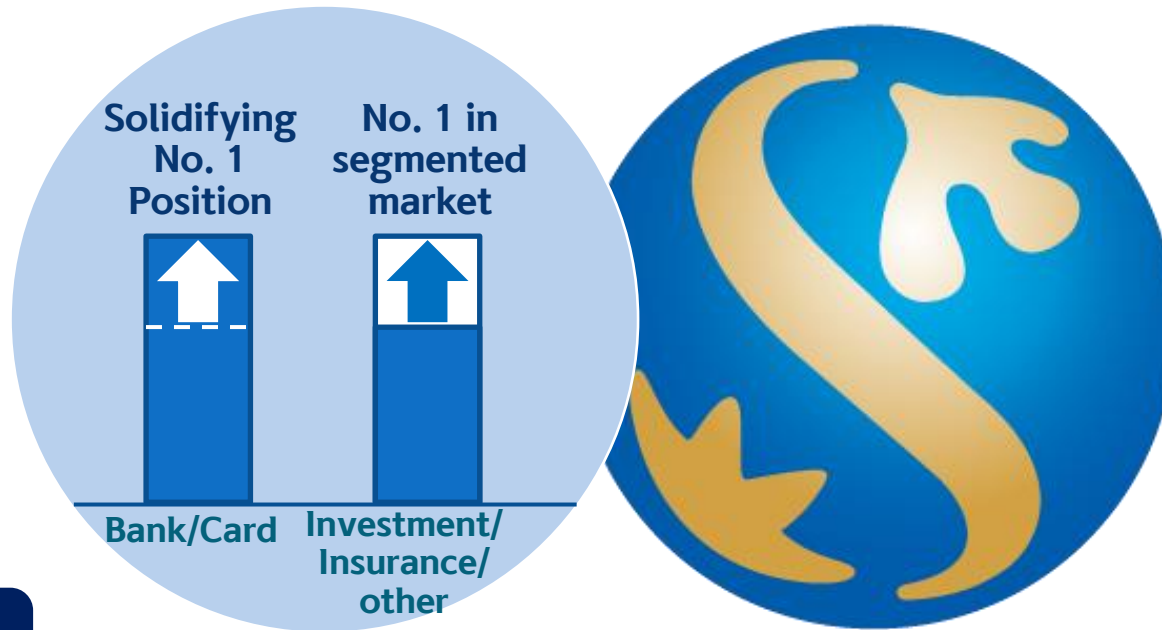
Based on the stable source of income, SFG implements balanced growth strategy for banks and non-bank subsidiaries by finding new growth drivers to maximize the value.

Balanced Growth = Organic + Inorganic

One Shinhan Strategy

Non-banking & global business expansion

Group-wide Matrix structure



Bolstering Capital market business Line-up

Balanced Growth in Non-banking subsidiaries

Increase Non-interest income

Inorganic = Domestic(Non-Bank) + Overseas(Bank & Non-bank)



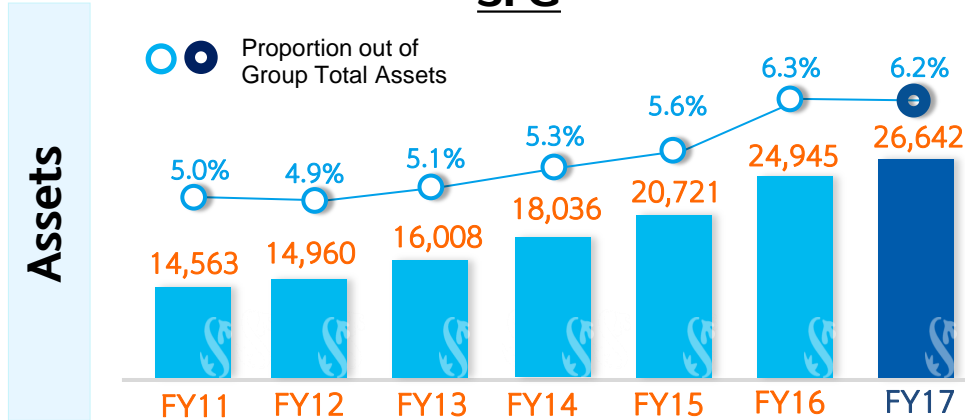
SFG 2020 SMART Project

Glocalization - Performances

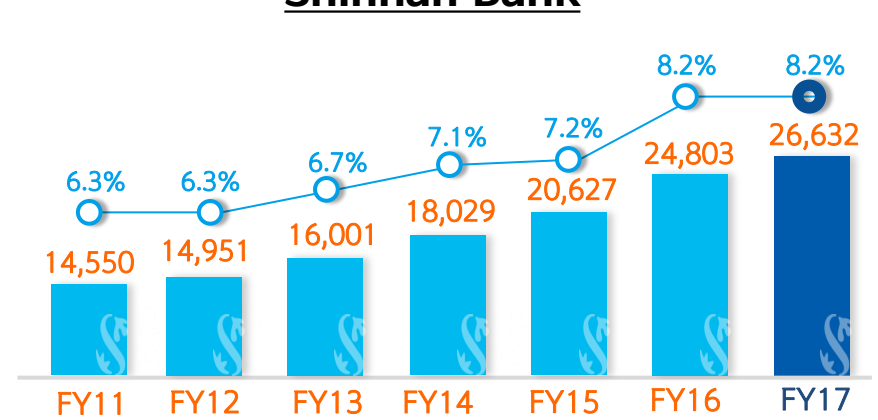
SFG has been consistently putting a lot of effort into the global business operations not only to secure the long-term future growth driver but to diversify the profit base as well.

(KRW trillion)

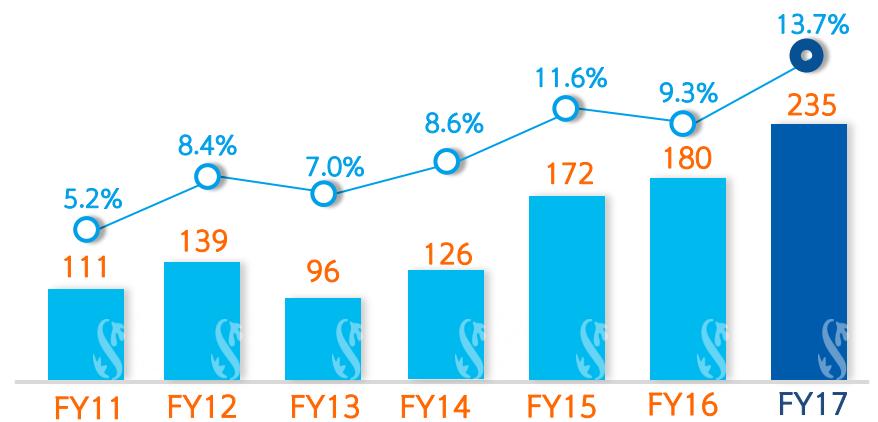
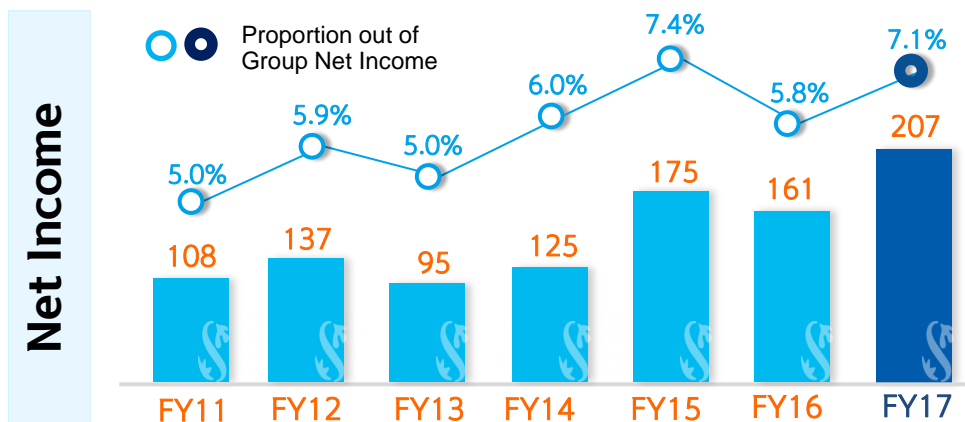
SFG



Shinhan Bank



(KRW billion)

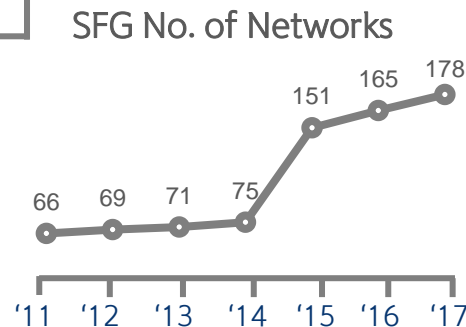
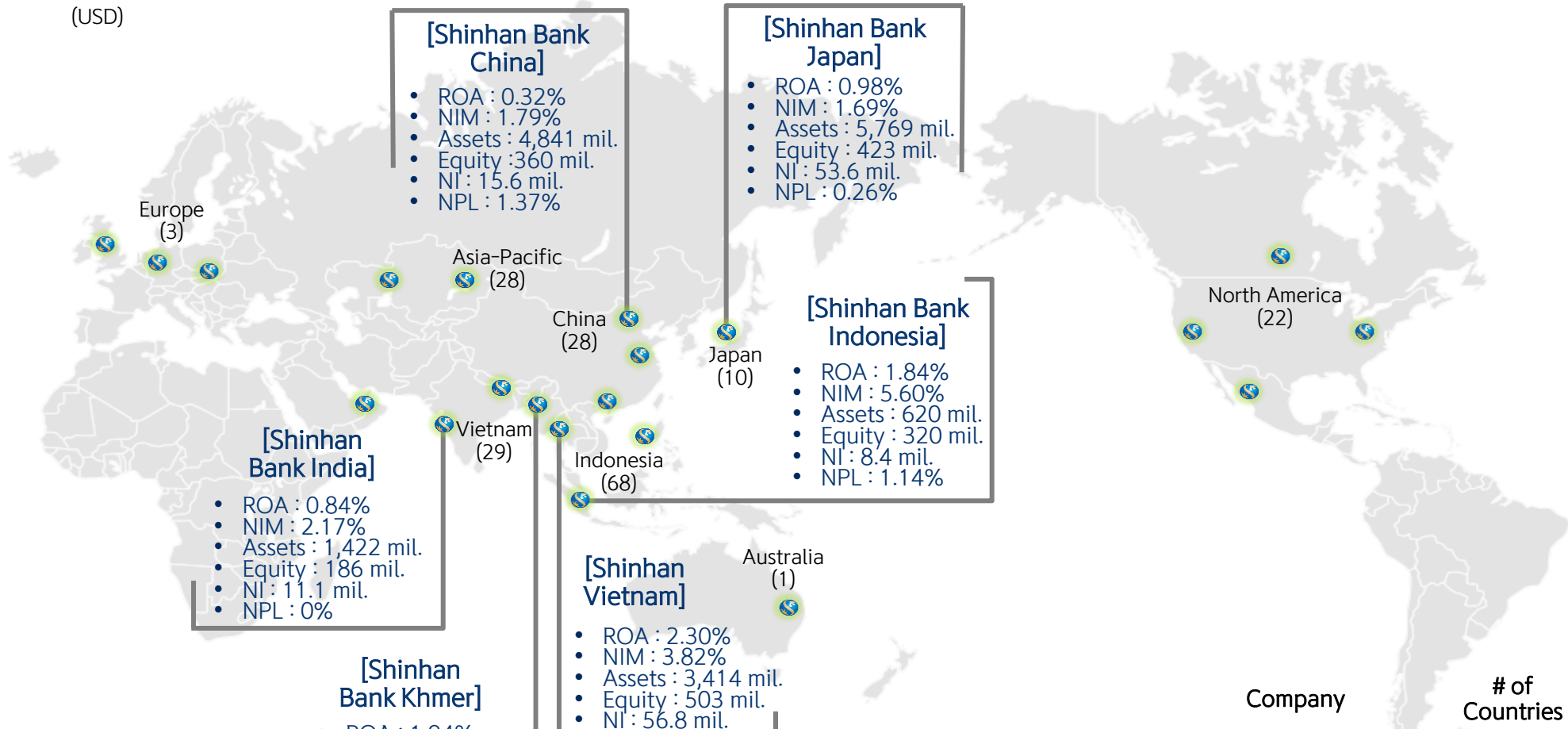




SFG 2020 SMART Project

Glocalization - Networks

(USD)

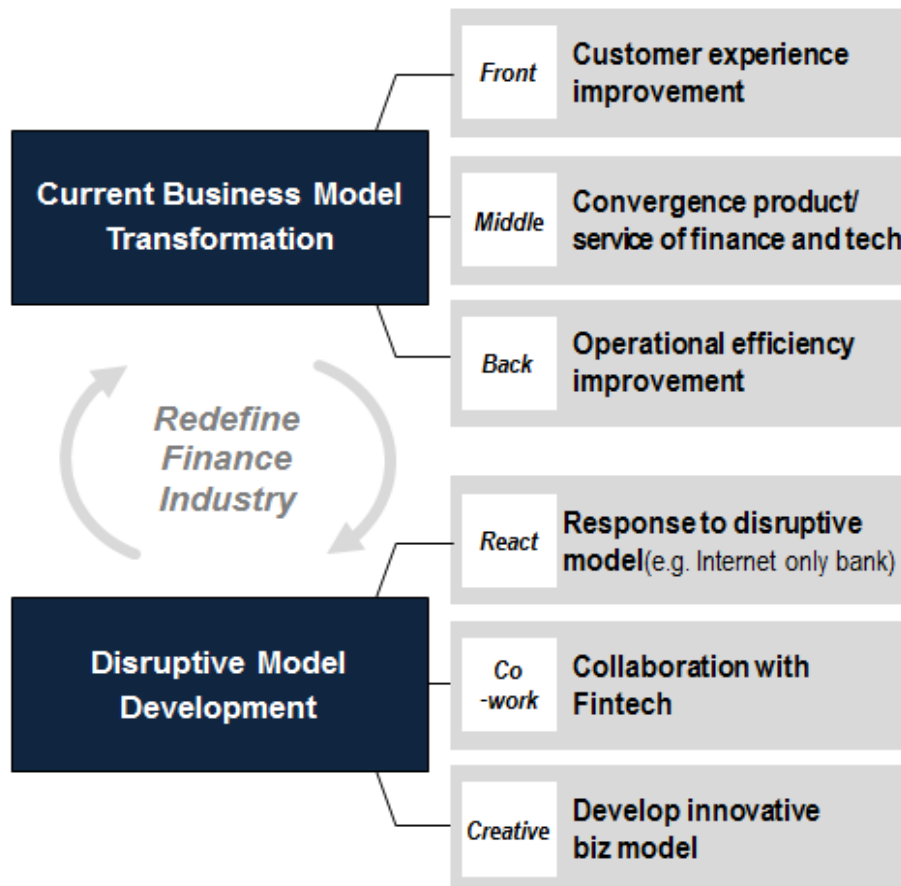


Company	# of Countries	# of Networks
Shinhan Bank	20	158
Shinhan Card	3	12
Shinhan Investment Corp.	5	6
Shinhan Life Insurance	1	1
Shinhan BNPP AM	1	1
Group Total	20	178



In order to perfect 2020 SMART Project and take the Group business model to a next level, SFG established “Digital Shinhan” upgrade plan : 2 Tracks + 10 Enablers

2 Tracks for DT Strategy



10 Enablers for Digital Transformation

- ① Digital Technology: AI/IoT, Blockchain, Open Innovation, Cloud, DX(Digital Experience)
- ② Human Resources Development: Digital specialists training program, Education
- ③ Recruiting, Industry-academy coop.: Securing professionals, Industry and academy cooperation
- ④ Way of work, Culture: Agile, Test & Learn, Magnanimity to new trials and failures
- ⑤ Organization, Governance: Chief Digital Officer(CDO), Matrix system, Shinhan digital campus
- ⑥ Enhance & Connect Platform: Renewal financial platform, Connect non-financial platform
- ⑦ Partnership, Joint Venture: Partnership with ICT / retail leaders, Construct Digital ecosystem
- ⑧ Intellectual Property: 'Digital Shinhan' intellectual property
- ⑨ Strategic Roadmap, Change Management: Define strategical destination, 'To-Be', Prioritization of plans, Communications
- ⑩ Regulatory Reform: Improvement of company regulations, Persuade authorities



New Financial Platform of Shinhan Bank (Feb. 22, 2018 Open)

Built innovative customer experiences by redefining existing financial apps with human-centred perspective

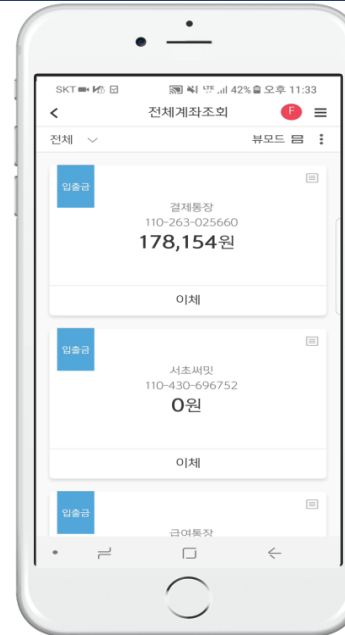
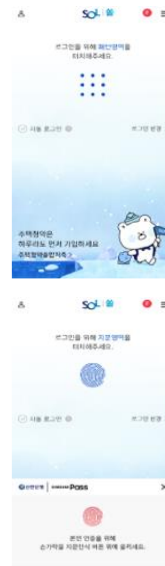
Speedy **O**ptimized **L**eading ▶ **Sol**ution for customer's financial problems



Chatbot
Passwordless Wire transfer using Text/Voice Banking
24x7 services



Easy Login
Fingerprint, Pattern, Password, FACE-ID



Motion Banking
Move to pre-assigned landing page just by shaking your phone



VR Wealth Lounge
Services using VR/AR



Center of Excellence

● SDII(Shinhan Digital Innovation Institute)]

Shinhan established SDII, which composed of approximately 140 digital experts, to propel the digital perfection in fields of new promising technologies, including AI, Bigdata, Blockchain, for future digital financial services.

AI

- Group Chatbot Service

Big Data

- Launching Bigdata Lab

Blockchain

- Group unified Authentication System

Open Innovation

- Upgrading Open API Platform

Cloud

- Expand Cloud computing service to Overseas

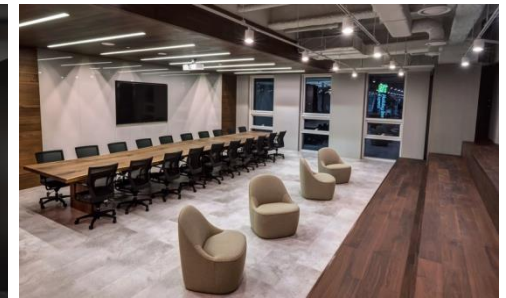
DX

- Group UX Enhancement

Work Place for Innovation

● Digital Campus

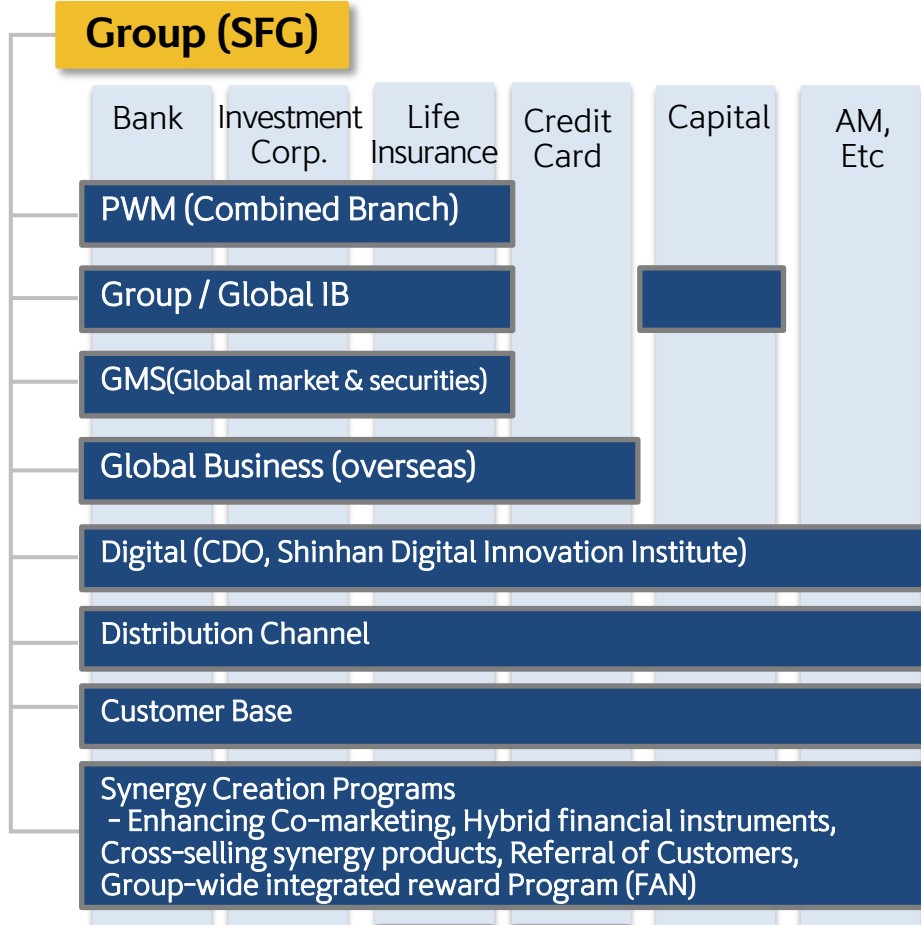
The newly launched ‘Shinhan Digital Campus’ is the industry-first Digital Think-Tank Work Place. As a digital technology hub, Digital Campus enables professionals at SDII to explore diverse ideas freely and will serve as a foundation for cross-functional cooperation.



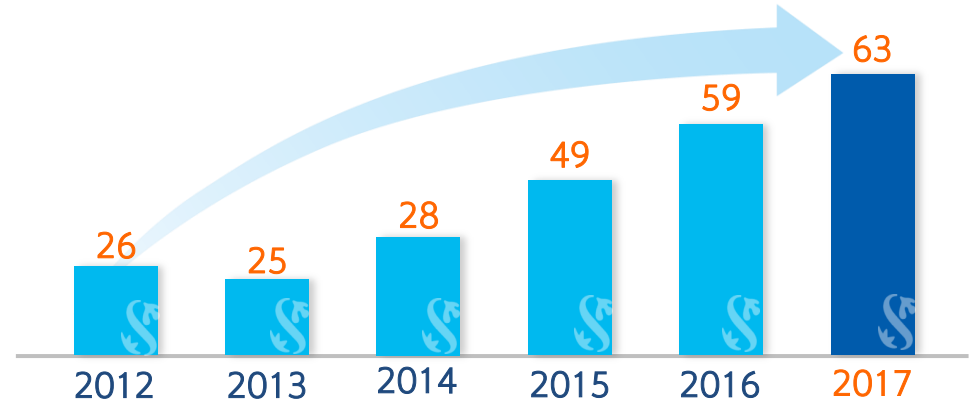


SFG pushes forward 'One Shinhan' strategy which focuses on providing the very best products and services to clients by establishing the group-wide customer-centered business structure.

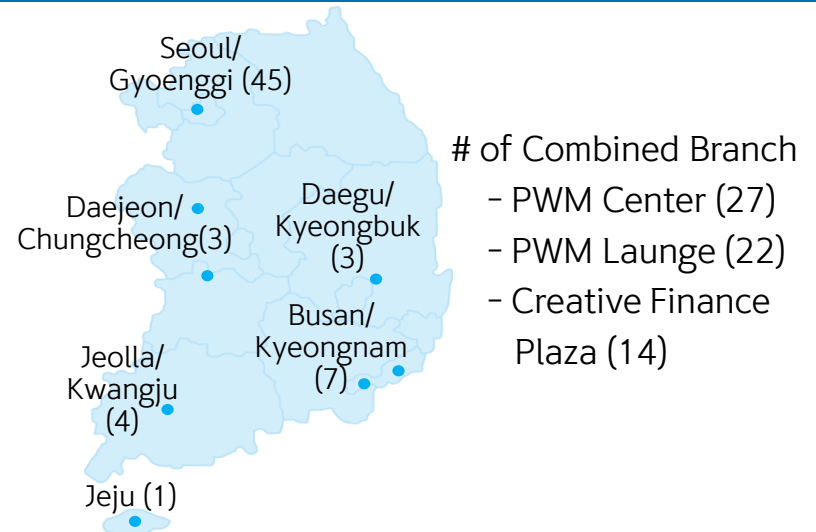
One Shinhan Business Model



Number of Combined Branch



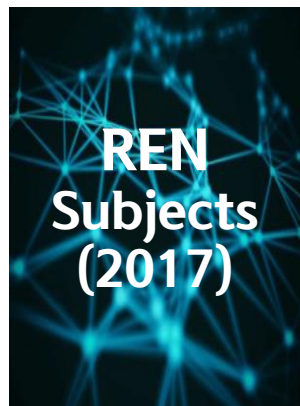
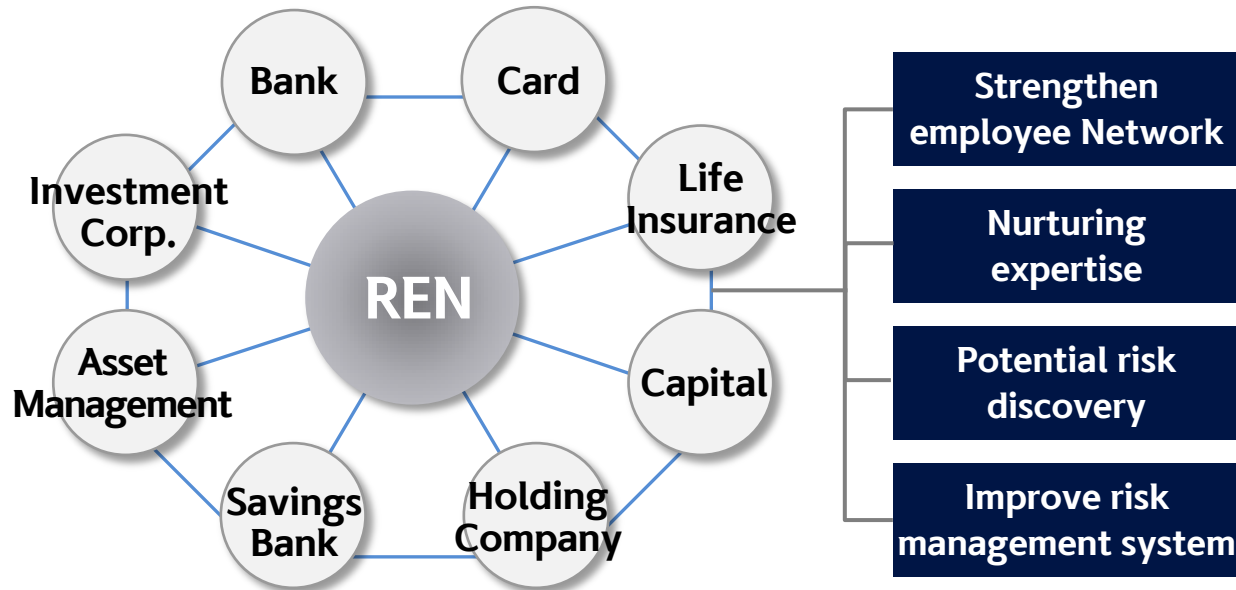
Combined Branch Network





* 'The BELL' Risk Management Award : REN

In an effort to expand the depth and width of our risk management capacity, a group of experts in SFG is formed to share their insight and expertise, foster experts through regular meetings



- Non-quantifiable risk management considering social and environment issues
- New Basel regulation 'IRRBB(Interest rate risk in banking book)' and interest portfolio management
- A study on the improvement of risk management based on the global and digital strategies of the Group
- Efficient asset allocation and portfolio management strategy
- Synergy creation between the Group subsidiaries by sharing 'Best Practice' of the risk management