





## CEO Message

### Dear Customers, Shareholders, and Citizens,

Shinhan Financial Group started the first private holding company in 2001, keeping pace with the global trends of diversification and enlargement. Later, Shinhan Financial Group established a balanced business portfolio between banks and non-banks and created synergy based on the strength of each affiliate, growing as a financial group which represents Korea.

In 2015, Shinhan Financial Group took one step further towards promoting sustainable growth. Even with the consistent decrease in profits for the overall industry as low growth and low interest rates became the New Normal, Shinhan Financial Group achieved a net profit of KRW 2.37 trillion. This was thanks to the efficient management of asset integrity as well as creation of balanced profit between banking and non-banking sectors. With this, Shinhan Financial Group established its status as the leading business in the financial sector.

Also, as a result of practicing Compassionate Finance, Shinhan Financial Group ranked 18th on the list of the Global 100 Most Sustainable Corporations at the Davos Forum, ranking the highest among Korean firms. Shinhan Financial Group also had the honor of being included in Dow Jones Sustainability World Index for three consecutive years, being recognized as the first place in the banking sector in Korea. Shinhan Financial Group was the only listed company in Korea which acquired A+ in the ESG integrated grade, receiving the Grand Prize for outstanding management governance from the Korea Corporate Governance Service, confirming its high esteem in sustainability.

Domestic and foreign economic conditions are not likely to improve easily in 2016. Unlike the United States, which increased its interest rates, various countries such as China, European countries, and Japan are continuing quantitative easing, which is expected to bring huge confusion to the global finance market. Also, along with the rapid growth of ICT, Fintech companies, including Internet Primary Banks, are entering the financial market, which is expected to greatly change the competitive landscape.

In order to adapt to the rapidly changing environment and to achieve sustainable growth, Shinhan Financial Group aims to trigger a new revolution through ceaseless change and innovation. In this respect, Shinhan will carry out the following tasks in 2016.

First, we aim to incorporate 'Compassionate Finance, Your Companion for the Future' in the routine works of our employees, which will create various cases of providing differentiated experiences to our customers. Our customers will learn that they can obtain greater values by doing business with Shinhan, as characterized by technology finance, expansion of the CIB model to small and large businesses, and development of differentiated products and services for improving customer values.

Next, we will seek new ways that can increase customer values in accordance with changes in the digital environment. We are already facing a new period where the digital environment leads social change. Along with such changes, we will develop products and services that fit the digital age through creative innovation, and will build the most convenient and safest digital finance from the perspective of our customers.

In addition, we aim to acquire a new engine for growth in the global market, centering on Asia, which has high potential for growth. Although Shinhan Financial Group is solidifying its place in some Asian countries, such as Vietnam, its presence in the entire region still remains low. We will diversify our expansion strategies such as utilizing non-face-to-face channels and will strengthen sales-based localization so that our global business will grow as an axis of growth.

Lastly, we will continue to promote our corporate social responsibility(CSR) activities. We will check the status and support our group affiliates and suppliers' CSR activities so that they can improve the level of their CSR, in a bid to increase the overall sustainability of the company. Shinhan Financial Group joined UN Global Compact, promising to comply with the ten principles related to human rights promotion, environment promotion, opposition to labor discrimination, and anti-corruption, and will make regular examinations on subsequent achievements. Also, we will continue to participate in global initiatives such as the Carbon Disclosure Project(CDP), growing as an exemplary company that takes the initiative in CSR activities.

One of the factors that enabled Shinhan Financial Group to accomplish unprecedented growth is the 'Shinhan WAY', the corporate culture and value that is exclusive to Shinhan. Shinhan Financial Group will continue to uphold the spirit of 'Shinhan WAY' and will promote finance where customers, Shinhan, and society can achieve mutual growth. We ask for your attention and love along the way to realizing new finance, which Shinhan Financial Group plans to pioneer.

Thank you very much.

Chairman & CEO of Shinhan Financial Group **Dong Woo Han**