



Increasing Financial Inclusion for the Financially Underserved People

Due to the entry into an extended period of low-growth and low-consumption, a sharp increase in household debt, and the possibility of increase in key rate, civilian households and small businesses may suffer difficulty in acquiring liquidity. Under such environment, financially vulnerable people will face higher financial burden and threshold. Accordingly, under the mission, 'Building a Better World through the Power of Finance', Shinhan Financial Group is devoted to increase financial access for civilians and small businesses through multilateral efforts.

Focusing on an increase in stability of microfinance and reinforcement of voluntary support, Shinhan Bank provided differentiated products and services that fit the need of financially vulnerable consumers. At the same time, it operated services and policies for improving physical access and customer values. Shinhan Bank is also building creative plans for increasing financial access by creating jobs and developing support models that can raise the quality of life for the local community by assisting self-supportive growth of social companies.

Shinhan Future's Lab for Fintech Startups



In an effort to develop Fintech startups and founders as competitive companies, Shinhan Financial Group launched 'Shinhan Future's Lab', a comprehensive customized development program with a 'mutually beneficial model between technology and finance', in 2015. This program has provided comprehensive support for rising startups in various Fintech fields, such as AI, payment system, biometrics, and financial security, by providing mentoring from internal and external experts, supporting infrastructure such as offices, providing environment for financial tests, and supporting funding and investments. Also, by strengthening coordination with external institutions, it prepared a platform for supporting global advancement after discovering excellent companies through coordination with foreign investors. Through such efforts, we are creating new value, the 'financial service innovation via cooperation between fintech startups and advanced financial institutions with already established financial infrastructure.'

Products and Services for Financially Underserved People

Shinhan Bank has continued to expand loan products for civilians such as New Hope Spore Loan, New Hope Dream, and Easy Loan Korea. In addition, in an effort to activate self-support for civilian customers, it increased counseling services on New Hope Savings Installment and civilian credit management, and operated the SHB Household Debt Healing Program. In order to comply with civil finance policies of the government and to alleviate financial difficulties of civilians, Shinhan Bank has introduced 8 products and policies regarding microfinance in 2015, such as Bridge Loan and Civilian Asset-building Savings. The bank is also supporting economic independence of financially vulnerable people in low-income, low-credit backgrounds by providing micro loans as startup and operation funds with no mortgage or no guarantee through Shinhan Smile Finance Foundation. In 2015, it supported a total of KRW 19.1 billion to 1,720 people, and an accumulated amount of KRW 102.6 billion to 7,366 people since 2009.

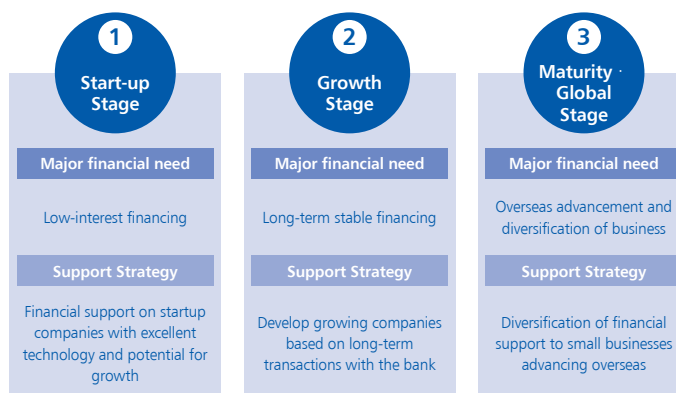
Shinhan Life Insurance has developed 'Shinhan Hope Love Insurance', a form of micro-insurance, and has been supporting it for nine years in order to assist the low-income class who has difficulty in receiving insurance benefits, playing a role as a social safety net. The number of accumulated insurance contracts as of 2015 was 2,788, and the accumulated amount of insurance contract signed to support the low-income class was KRW 2.28 billion.

Customized Support on Small Businesses by Stages of Growth

Shinhan Bank provides financial and non-financial services to small businesses by customized degrees of startup, growth, and maturity on a global stage.

In the startup stage, Shinhan Bank discovers startup companies which possess technological capacity and potential for growth through business agreements with external institutions such as the Small and Medium Business Administration, Industry-Academic Cooperation Foundation, and KOTRA, and focuses on supporting finance using creative finance including technological finance, guaranteed agreement on Korea Credit Guarantee Fund and Korea Technology Finance Corporation, and external policy funds. In the growth stage, it provides stable, long-term capital supply through creative finance and support of long-term facilities fund in order to strengthen development and support on companies growing by long-term transactions. Also, it reflects the needs of small and large businesses to provide specialized IB solutions and make direct and indirect investments based on Tech Credit Bureau(TCB). Lastly, in the maturity · global stage, it focuses on financial needs related to overseas advancement and diversification of business for a great leap forward, and provides support on advancement to overseas markets and relational combined finance on investment and loans. Shinhan Bank also provides customized non-financial services which reflects the growing stages and needs of the company, such as consulting on education, tax, and management diagnosis, support on overseas advancement, project for matching corporation and human resources, M&A consulting service, and MIP(Management Innovation Program for the next CEO). Thanks to such efforts, Shinhan Bank has accomplished TCB loan performance by supporting 11,371 companies in the creative finance area with a valued amount of KRW 5.5 trillion(remaining balance of KRW 10.8 trillion) in 2015. In the relational finance area which utilizes soft information such as technological capacity or business prospects, it supported KRW 149.4 billion to 317 companies, and provided KRW 10.3 billion to 9 companies merged with performance-sharing private equity convertible bonds.

Shinhan Bank, Support Strategies on Small Businesses by Stages of Growth



Shinhan Investment Corp. is providing customized services to customers through its business by financing small businesses using its financial products. It has decreased the burden on financing and encouraged businesses to focus on their essential sales activities by providing financial solutions that consider the situation and specialty of the client companies. In 2015, it financed client companies, mainly small businesses, by liquefying sales credit through trust products, which yielded the result of approximately KRW 100 billion through 15 cases.

Financial Economic Education Using Industrial Characteristics

Modern financial services are becoming a necessity in the lives of modern people. Among the rapid entry into global society and the aging trend, improving financial knowledge and capabilities is becoming more important than at any other time. Many countries are reinforcing their financial economic education in order to respond to the shift in the financial paradigm.

Results of 2015 Financial Economic Education

Number of people who participated	135,983 people
Number of times education was provided	1,727 times

Shinhan Financial Group is providing practical education to various people such as children, young people, elderly people, and low-income people in order to share the experience and know-how of financial companies to those who need knowledge on financial economy. Shinhan's financial economic education involves education customized to age and class, providing information and knowledge that become practical help, and is a form of experiential education learned through eyes, ears, and the body and not just by understanding with the brain. Also, exemplary employee lecturers from the group affiliates, with rich practical experience and teaching ability, are engaged, and Shinhan Financial Group makes maximum use of its human and physical assets in order to contribute to society through finance.

Under the direction of 'Practicing Compassionate Finance through Creative Finance', Shinhan Bank established a system for differentiated financial education in 2015. Started in Gwanghwamun and Busan campuses, the 'Shinhan Children's Financial Experience Class', Shinhan Bank's representative program run by talent donation of its employees, showed experiential education on finance in various regions through its expansion to Gwangju and Daejeon in 2015. The bank is also conducting customized education that can contribute to creating healthy financial values for students, such as 'Youth Hands-on Career Experience', a free-semester program, 'Visiting Finance Education' which uses the mobile branch 'Bangbird', and financial education for young people with cognitive disabilities and North Korean defectors. In 2015, Shinhan Bank conducted 1,051 financial training sessions to 112,612 people.



Visiting Finance Education



Arumin Finance Expedition

Utilizing its business characteristics, Shinhan Card is conducting education on financial economy to children and middle school students in order to lead improvement of the Financial Quotient(FQ) of young people. It educated 4,108 middle school students in 22 schools through 'Arumin Finance Expedition', an educational curriculum specialized to rational consumption habits and donations. Shinhan Card is also operating a more effective 'Arumin Finance Classroom' to children from low-income households by adding an economy class to the existing finance class.

In 2015, Shinhan Investment Corp. has hosted the 'Compassionate Finance Camp' for 38 times. This program seeks to provide correct establishment of financial concepts for young people and to encourage their dreams on financial investment careers by providing experiential education programs such as field trips to Shinhan Investment Corp.'s head office and the Korea Exchange and mock investment contests. Notably, it is consistently developing programs customized to recipients, such as the Visiting Compassionate Finance Camp, in accordance with the execution of free-semester policy in middle schools in 2015.



Compassionate Finance Camp



Shinhan Happy Silver Financial Class

Since 2013, Shinhan Life Insurance has been conducting 'Happy Silver Financial Class' by visiting senior welfare facilities throughout the country and providing lectures to retired elderly people over 60 and their caregivers. The free lectures are provided on areas such as retirement management, asset management, and safe financial usage. 29,000 people have received lectures by 2015, and the class is settling as a customized education activity appropriate for the aging society with increased interest on retirement management.

Financial Benefits Provided to the Customers in the Emerging Market

Under the mission of ‘establishing sustainable local Shinhan banks through differentiated localization’, Shinhan Bank is carrying out global projects centering on Asia, which has high potential for growth and high cultural relationships. Based on local needs and not just on quantitative expansion of branches, it is striving to build portfolios that can ensure independent survival of banks by providing products and services specialized to target countries. Furthermore, products for socially disadvantaged people and small businesses in emerging countries have been introduced and sold, in accordance with relevant national environments, in an effort to expand financial accessibility.

In 2015, it provided 24 cases of ‘Loan Linked with Seoul Guarantee Insurance’ amounting to USD 79,000 to individual local customers in Vietnam who have difficulty in receiving support for financing. Shinhan Bank also provided a total of 10,467 cases of financial support amounting to USD 14,284,000 through ‘Factory Laborer Loan’, a micro loan for factory workers in Vietnam, contributing to ensure a stable working environment for local workers and the stable operation of major clients. Meanwhile, the Shinhan Khmer firm in Cambodia provided the ‘Junior Installment Savings’ product, a high-interest installment savings for children under 18, inspiring the awareness on saving and supporting socially disadvantaged classes.

Improving the Convenience of Financially Underserved People

For people with visual impairment who have difficulty in using online banking or smartphone banking, Shinhan Bank distributed Voice OTP that can replace braille security cards at no additional cost. The bank also carried out multilateral efforts to improve accessibility, such as making an external identification mark to improve ATM use for disabled people, installing at least one ATM for disabled people in every branch, and establishing access ramps in branches.

In order to ensure convenience on counseling service for customers with hearing disability and improve the satisfaction of general customers, Shinhan Card started providing ‘Visual ARS’ service in 2015, which provides a wide range of services that include but is not limited to menu guide and result search services on the smartphone screen. Also, for people with hearing disabilities, sign language counseling that used to be available only on sign language video phones(See-Talk telephone) was enhanced to be provided through mobile service and website, resulting in increased convenience in using counseling services related to card usage for people with disabilities.

Non-face-to-face Financial Service through Synergy among Group Affiliates

Sunny Bank | Sunny Bank, a mobile service that incorporated non-face-to-face identification for the first time in Korea, is a new mobile banking brand of Shinhan Bank, which dreams for ‘Shining Tomorrow Made Together with Shinhan’. It is equipped with financial services with increased simplicity, such as ‘Sunny Simple Overseas Remittance Service’, ‘Sunny Mobile Simple Loan’ which uses an income-calculating technique based on big data, and ‘Sunny Watch’ used with Smart Watch.

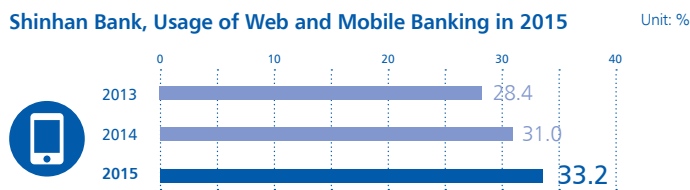
Digital Kiosk | Digital Kiosk is a digitized self-banking channel that uses bio-identification for the first time in Korea. It provides 107 counter services, amounting to approximately 90% of transactions made in banking service counters, and utilizes Fintech technology to provide services that were previously possible only in sales branches, such as issuance of plastic cards.



In 2013, Shinhan Investment Corp. established a separate website where customers can access various financial services that are used frequently, such as viewing balance/transaction history and trading financial products, regardless of disability, and acquired a national certification mark for web accessibility. Shinhan Investment Corp. also provides visual ARS service in order to increase convenience in using ARS services. Furthermore, a website renewal is under progress with the goal of completing it by the latter half of 2016, so that all customers using the website, including the elderly and disabled people, will be able to use all services without any inconveniences.

After launching simple services on its website in 2014, Shinhan Life Insurance started providing new services such as withdrawal of mature and dormant insurance as well as an increase in the limit (less than KRW 5 million per month) in order to expand the range of banking services for disabled people, the elderly and the infirm who have difficulty in visiting banks. Also, it is making consistent improvements to increase convenience for customers and improve financial accessibility by allowing customers to use services, such as claiming small-sum insurance, applying for micro-insurance loan contracts, paying principal and interest on insurance loan contracts, and paying premiums, without having to visit the counter.

Shinhan Bank, Usage of Web and Mobile Banking in 2015



Main Awards Received



Shinhan Bank

- Ranked first for innovative assessment on banks, 3 consecutive times (second half of 2014/first and second half of 2015, Financial Supervisory Commission)
- Selected as the most outstanding institution on activities for supporting microfinance, 3 consecutive years (Financial Supervisory Service)
- Received Grand Prize for outstanding financial education program in 2015 (Financial Supervisory Service)

Plans

Shinhan Financial Group plans to enhance various products and services with increased financial accessibility so that socially underserved classes and the local community can live stable lives.

Shinhan Bank plans to continue its efforts for supporting comprehensive microfinance by providing customized products and services according to customer needs from civilians and social companies. In order to accomplish this, it will make consistent expansion of civilian financial products such as New Hope Spore Loans, provide assistance in self-support and rehabilitation for civilians by introducing anticipative debt restructuring service, and support asset creation by activating loan products exclusive to civilians. Shinhan Bank will also increase its support on Smile Finance with the goal of supporting KRW 20 billion to 1,800 people through the Shinhan Smile Finance Foundation. Moreover, it plans to consistently enhance customized support on domestic small businesses, and to expand localized products in emerging markets. Shinhan Bank also aims to increase the results of Junior Installment Savings for socially disadvantaged classes by over 100% compared to that of 2015.

Shinhan Card plans to improve the practical effects of financial economic education by enhancing the capabilities of its employee lecturers and by upgrading the curriculum consistently. Also, it will make sure that more young people will be able to receive financial education in 2016 by increasing the recipients of education from middle school students in the Greater Seoul area to those all around the country.

In 2016, Shinhan Life Insurance plans to provide a simpler and more prompt mobile-based service to its customers by newly providing simple withdrawal/ deposit banking services through Smart channels and reforming Smart channels in September.