




Your Companion
for the Future

One
Shinhan

Aim Higher and 
Creatively Pioneering Ahead

Shinhan Financial Group

FY2019 1H

 Shinhan Financial Group



Korea's Leading Financial Institution

Sustainable Net Income growth driven by solid core earnings and consistent ROE enhancing business strategy (5th 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





Overview

(As of FY2019 1H)

- **Net Income : KRW 1.91 trillion**
- **Total Consolidated Assets : KRW 530 trillion**
- **Total Market Cap: KRW 21.3 trillion**
- **ROA : 0.82%**
- **ROE : 10.88%**
- **16 direct subsidiaries, 26 indirect subsidiaries**
- **Number of Employees : approx. 30 thousand**
- **Major Shareholders**
 - Korea National Pension Service 9.38%
 - BlackRock Fund Advisors 6.13%¹⁾
 - SFG ESOP 5.10%
 - BNP Paribas 3.55%
 - Citi Bank [ADR Dept.] 3.00%

1) Based on the Large equity ownership disclosure by BlackRock Fund Advisors with the Financial Supervisory Service on Sep. 27, 2018



Well-diversified Business Portfolio



Top 500 Banking Brand

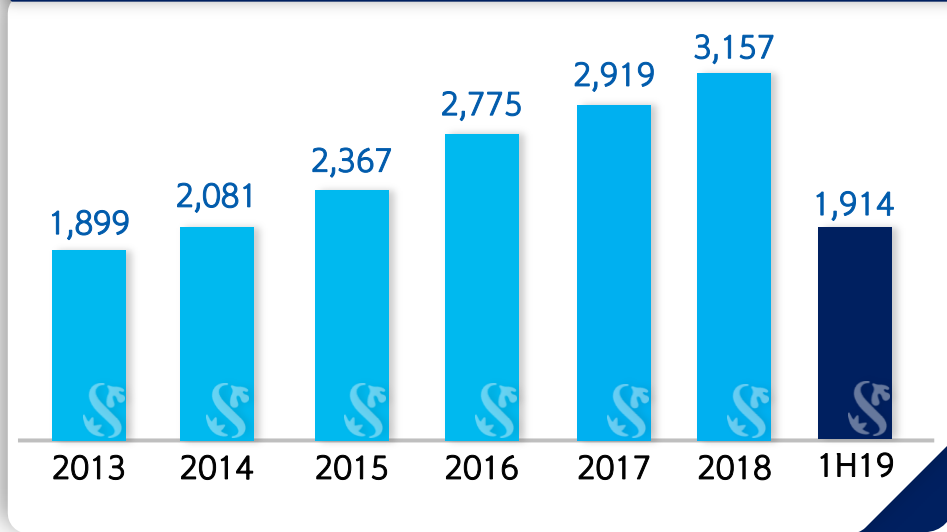
Ranking	Company	Nationality
1	ICBC	China
5	Wells Fargo	US
10	HSBC	UK
34	DBS Group	Singapore
51	Mizuho Financial Group	Japan
67	Shinhan Financial Group	Korea

* Source: The Banker (Feb. 2019) :



Shinhan Financial Group / Financial Highlights

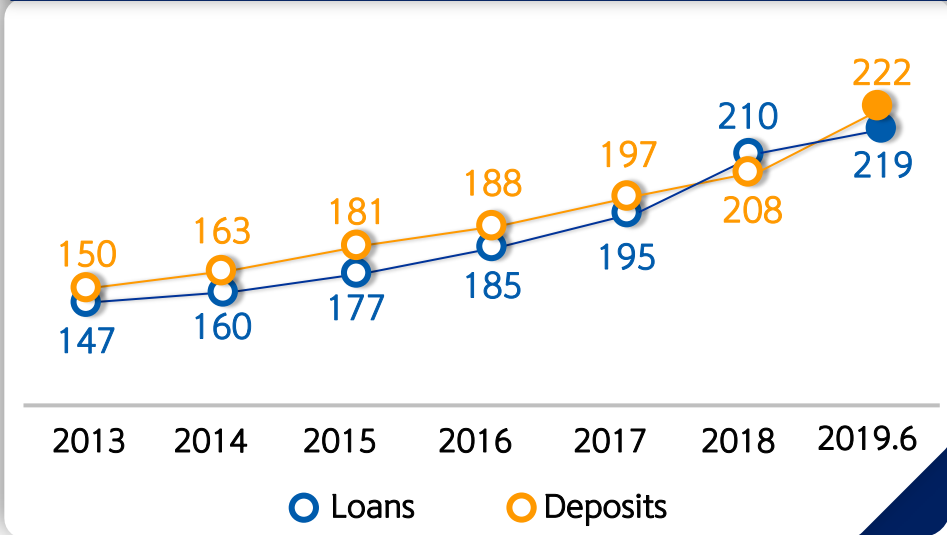
Group Consolidated NI (KRW billion)



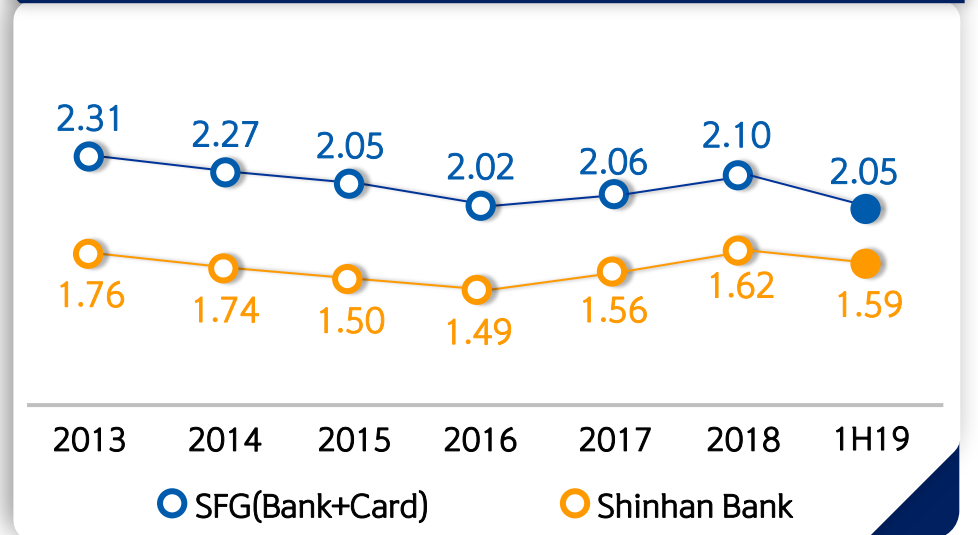
Group Consolidated Assets (KRW trillion)



Loans and Deposits of SHB (KRW trillion)



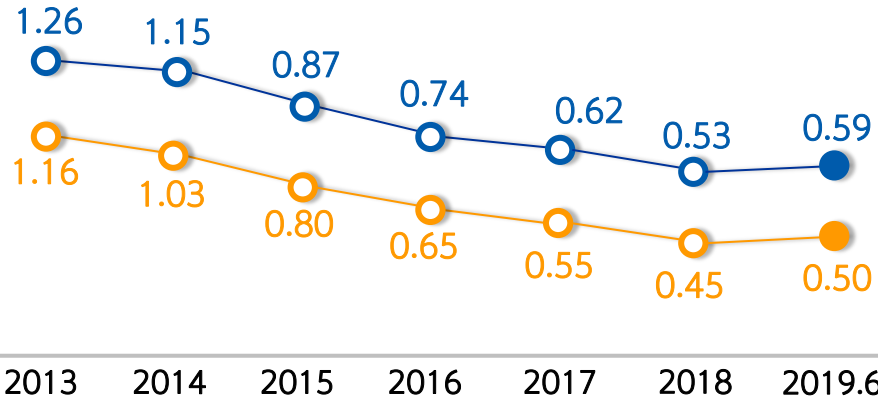
Net Interest Margin (NIM) (%)





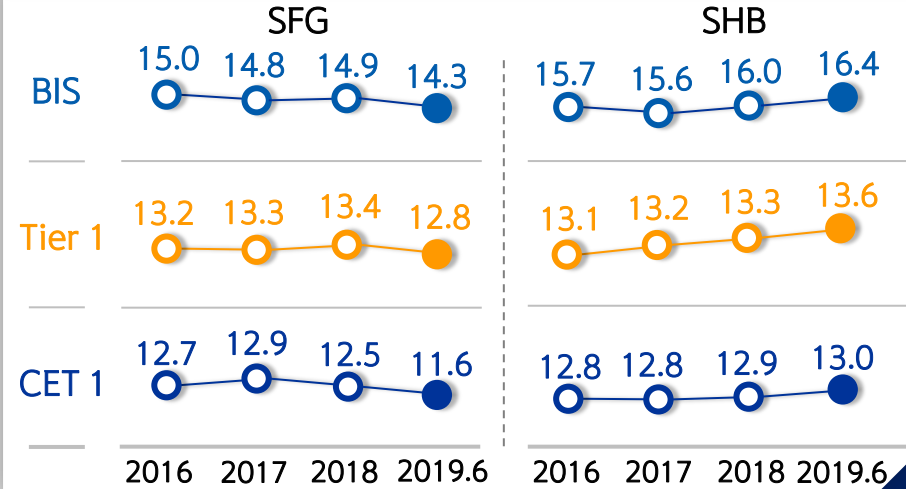
NPL Ratio (%)

(%)



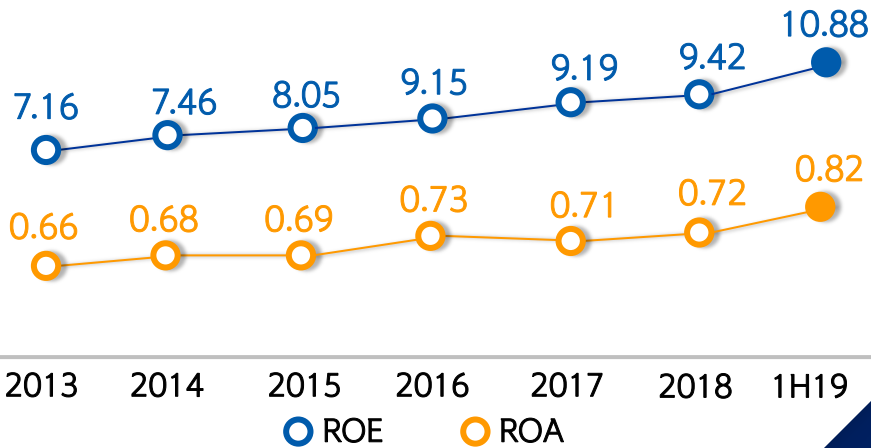
Capital Adequacy (%)

(%)



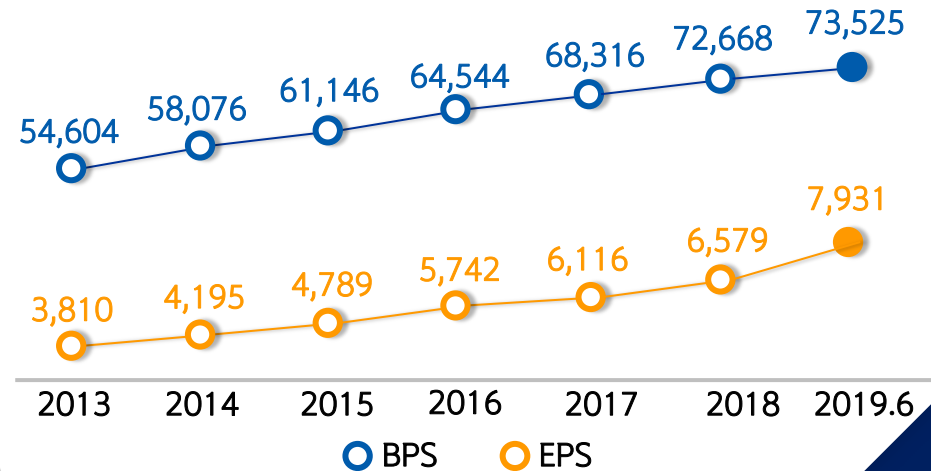
ROA / ROE (%)

(%)



BPS / EPS (KRW)

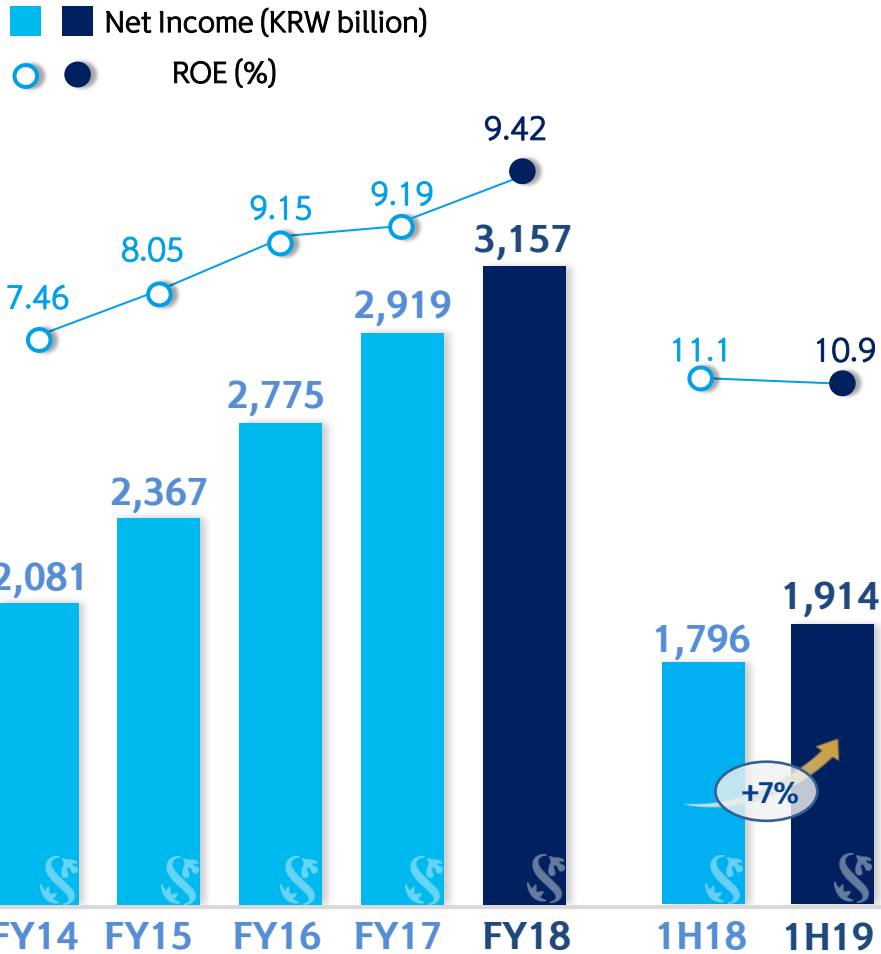
(KRW)





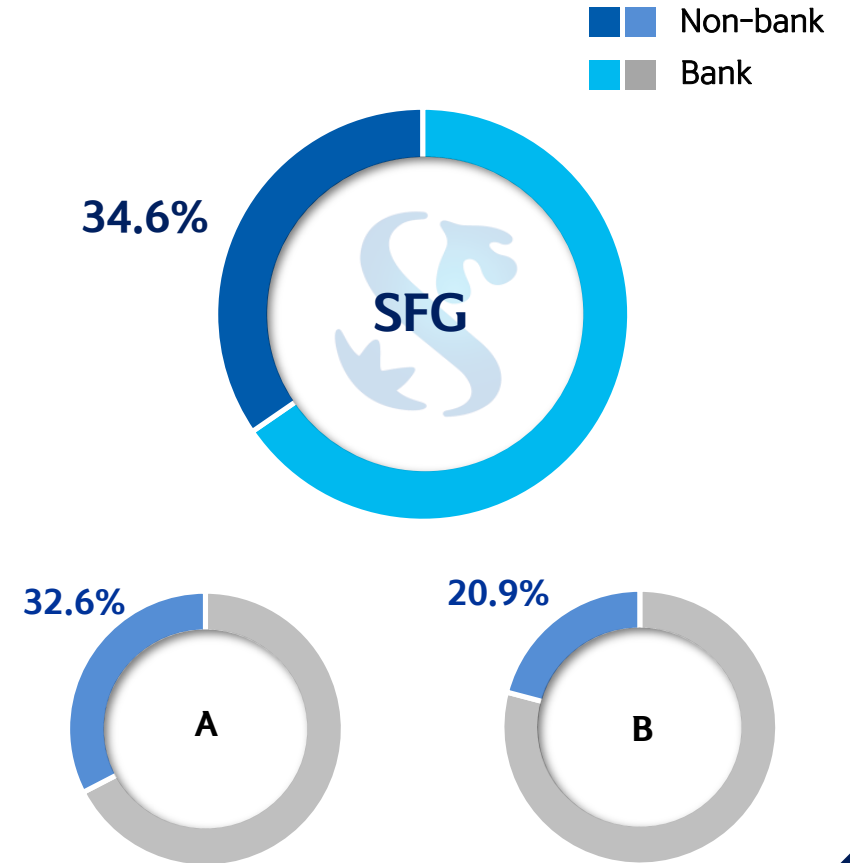
Performance and Portfolio

Consistent Net Income Growth



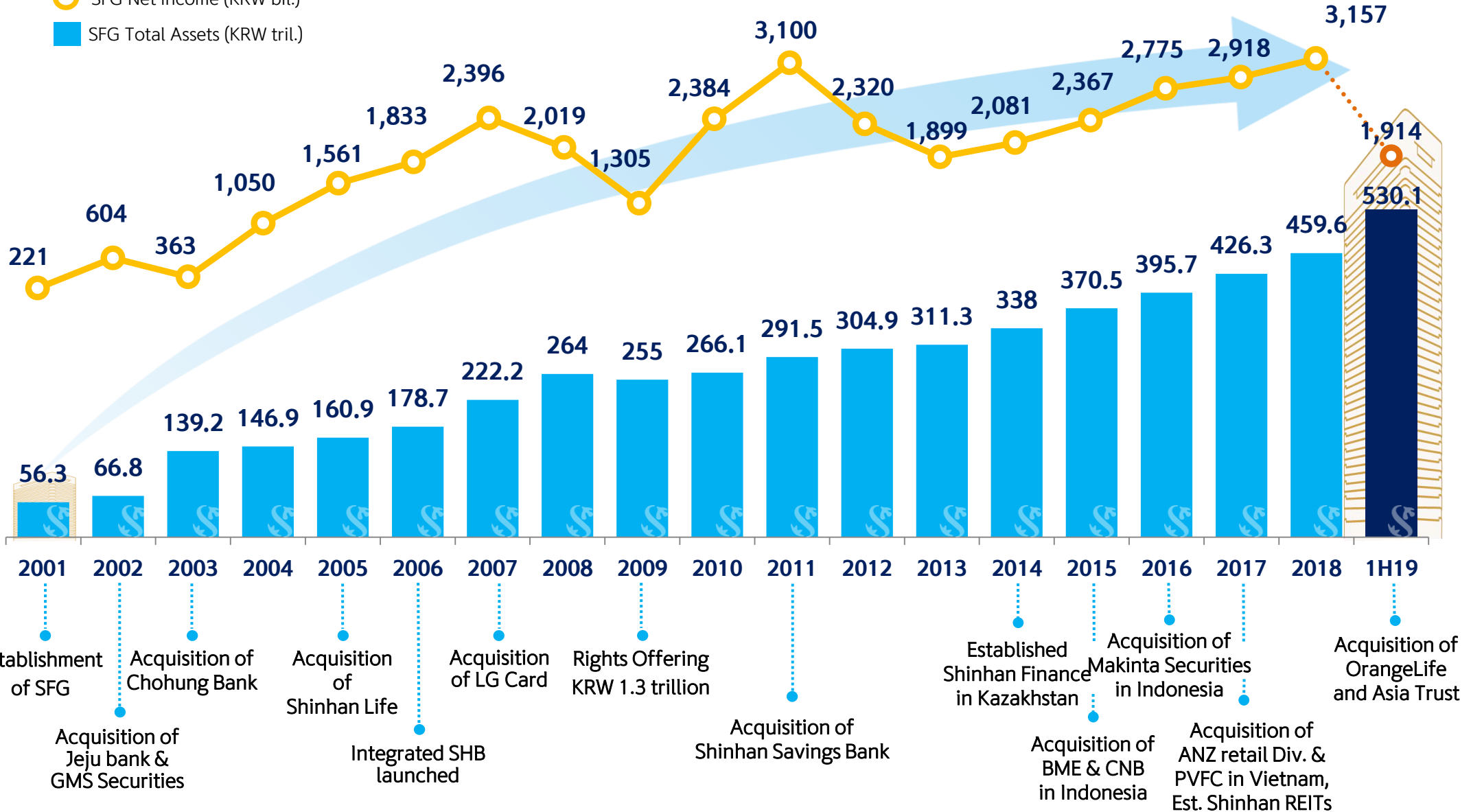
Diversified Profit Base

Net Income Contribution by Non-bank Subsidiaries (1H FY19)



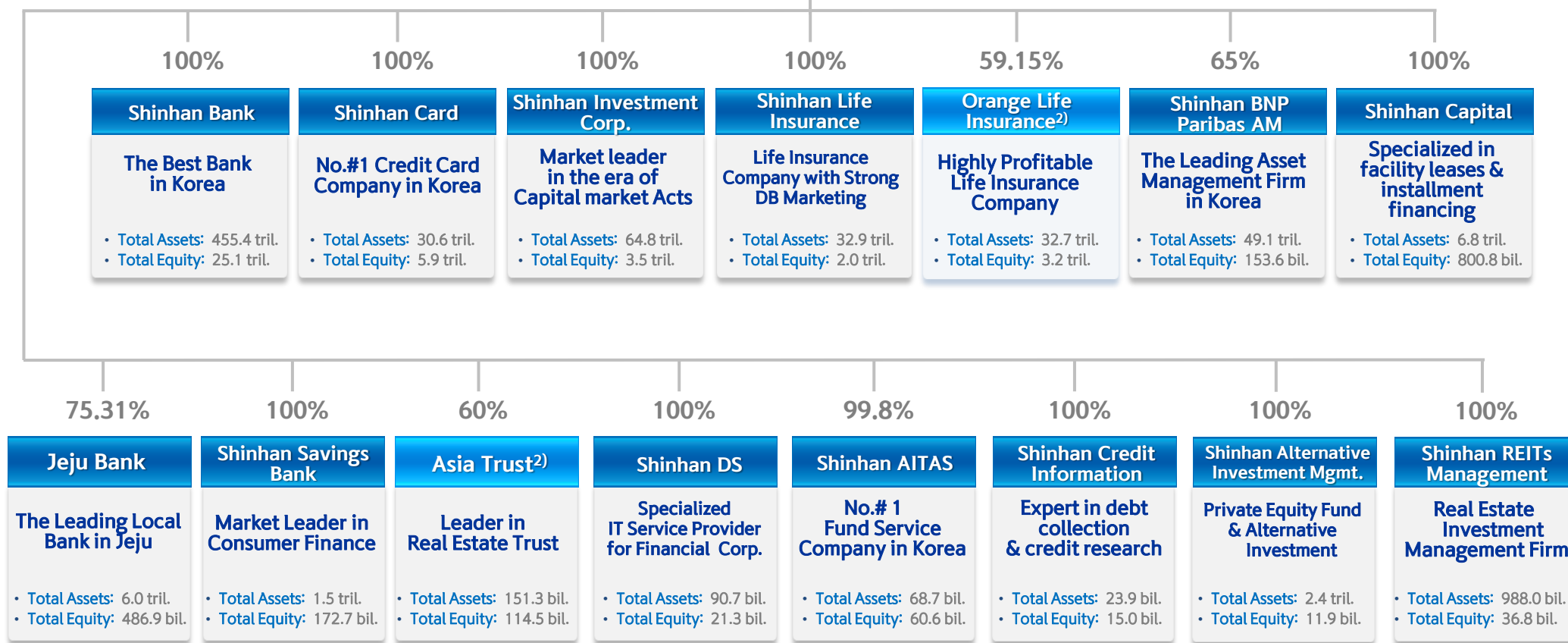
Shinhan Financial Group Overview / Continuous Growth Through Business Diversification

○ SFG Net Income (KRW bil.)
 ■ SFG Total Assets (KRW tril.)



Leading Financial Group in Korea

(As of FY2019 1H, in KRW)



Note 1) Based on Consolidated Financial Statements, Trust A/C and AUM are included in Total Assets.

Note 2) Orange Life Insurance joined SFG on Feb. 1. 2019

Asia Trust joined SFG on May 1, 2019



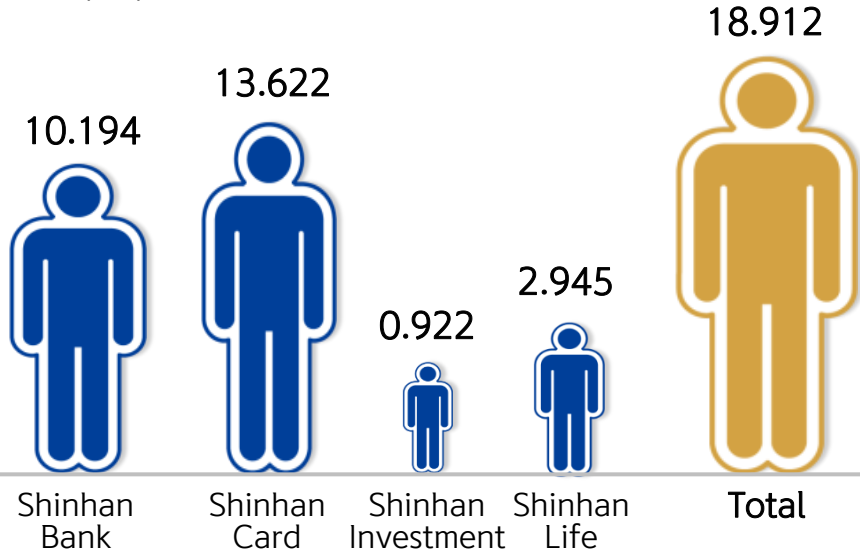
Customers



SFG Serves 18.9* million Active Customers

* Excluding overlapping customers
 (As of 1H FY19)

(million people)



Branch Networks

● Domestic

Company	# of Branches
Shinhan Bank	878
Shinhan Life Insurance	143
Shinhan Investment Corp.	124
OrangeLife	112
Shinhan Card	26
Jeju Bank / Others	102
Total	1,385

● Hybrid Branch

Company	# of Branches
PWM Center	27
PWM Lounge	31
Creative Finance Plaza	14
Total	72

* As of 1H FY19



Sustainable Management / CSR-related Recognitions

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.

Institution	Index title	Grade / Score	Benchmark Index	Award / Certification
	Corporate Governance Grades	Grade: A+	-	Highest Grade among Korean Companies (affiliate of Korea Exchange)
	DJSI	Score: 81	DJSI World DJSI Asia-Pacific DJSI Korea	Included in DJSI World index for the first time among Korean financial groups for 6 consecutive years
	Global 100	Rank: 9 th Score: 78.15	Global 100	Selected Global 100 Most Sustainable Corporations by the Davos Forum for 7 consecutive years
	CDP	Leadership A	-	First financial group in Korea to be included in the Honors Club for 5 consecutive years
	MSCI ESG	Grade: AA	MSCI ACWI ESG MSCI EM ESG MSCI Korea ESG	Received AA Grade for 3 consecutive years
	FTSE4Good	Grade: 2.9	FTSE ACWI ESG FTSE Asia Pacific ESG FTSE Korea ESG	Included in FTSE4Good index for 8 consecutive years
	ISS Quality Score	Grade: 1	-	-
	Daeshin Corporate Governance Inst.	The Best Company among Korean financial groups	-	-
	Gender Equality Index	Score : 85.54	GEI	-



Group Vision "World Class Financial Group"

2020 S.M.A.R.T PROJECT

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

Set Mid-term Goal

- Leap to the Asia's leading financial group
 - Balanced Growth
 - Glocalization
 - Digital Transformation
 - Uphold the Shinhan Culture

New Initiatives (2017~2020)

Qualitative Growth (2011~2016)

Solidifying Sustainable Growth

- Declaration of Group Mission 『Compassionate Finance』
- Established "CIB/WM" business model

Overcoming Crisis (2008~2010)

Global Financial Crisis

- Enhanced capacity to overcome financial meltdown
- Innovating the group-wide business management system

Quantitative Growth (2002~2007)

Switched to a Financial Holding Company

- Strengthening banking & non-banking operations through a series of successful M&As (bank, credit card, brokerage, asset management and life insurance)

Competency Building (1982~2001)

Early stages

- Establishment of Shinhan Bank
- Consistent organic growth through innovated products and services



2020 S·M·A·R·T 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 S·M·A·R·T Project | Strategic Direction

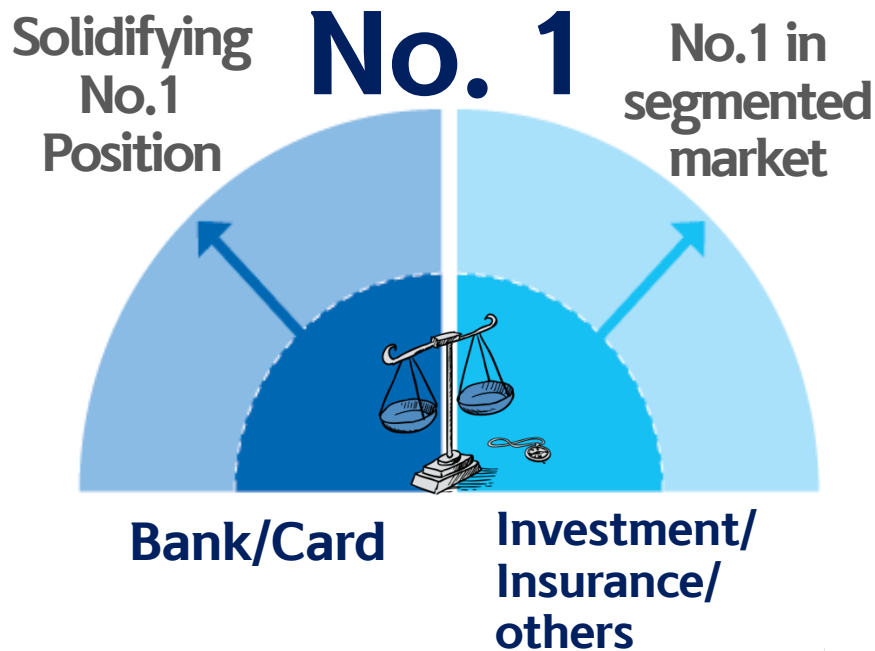




Based on the stable source of income, SFG implements balanced growth strategy for banks and non-bank subsidiaries by finding new growth drivers to maximize the value.

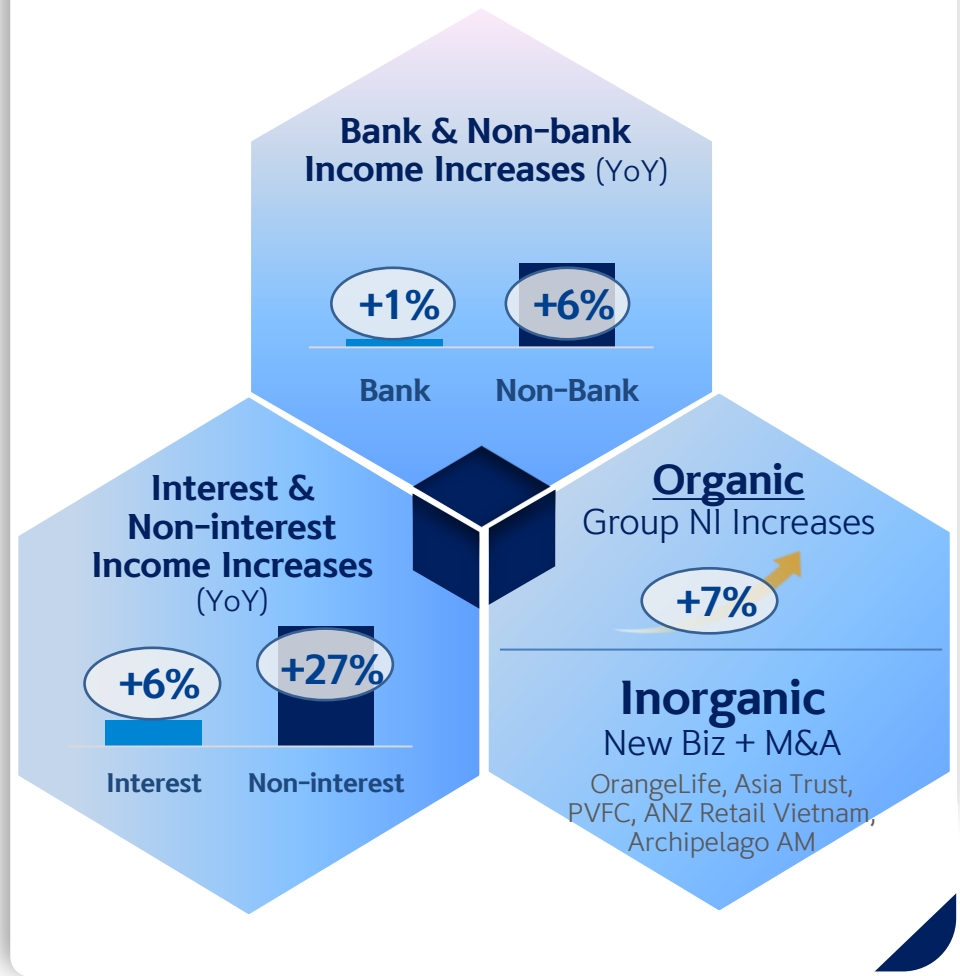
Balanced Growth Strategy

Organic + Inorganic Growth to Maximize the Group's Value



Major Achievements

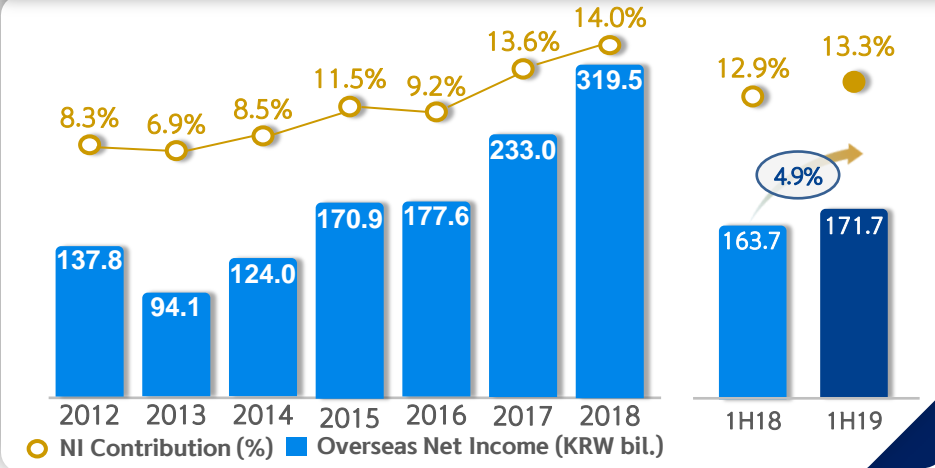
(As of FY2019 1H)



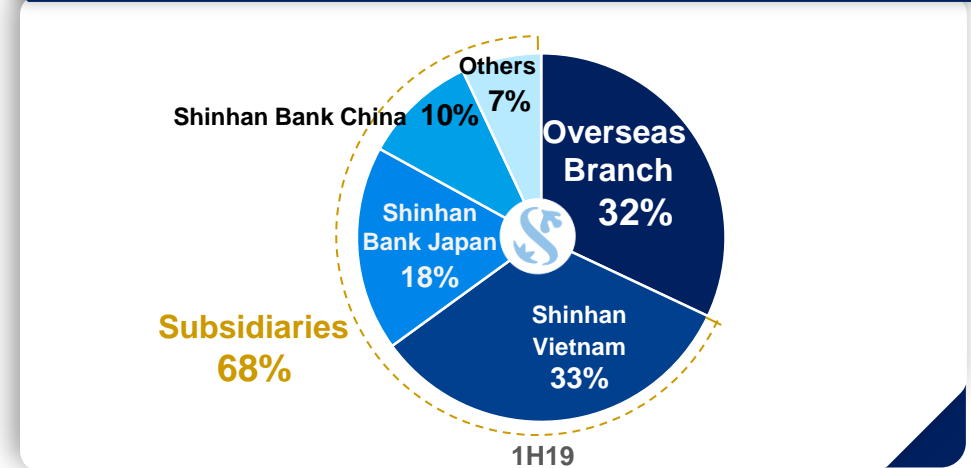


SFG has been consistently putting a lot of effort into the global business operations not only to secure the long-term future growth driver but to diversify the profit base as well.

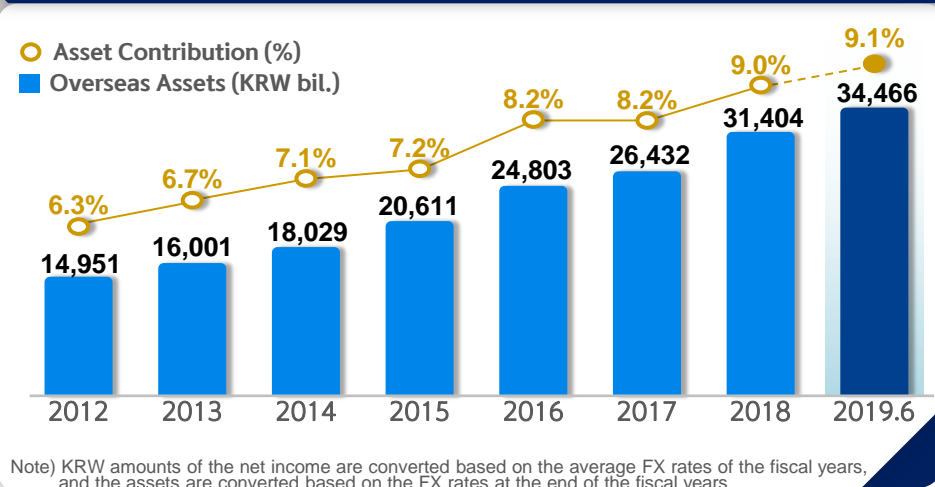
SHB NI Contribution by Overseas Operation



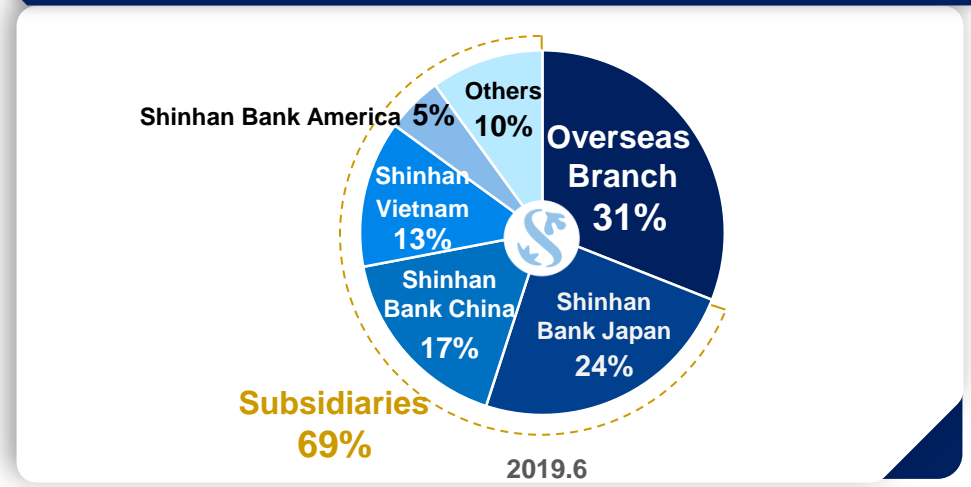
SHB NI Composition by Overseas Operation



SHB Asset Contribution by Overseas Operation



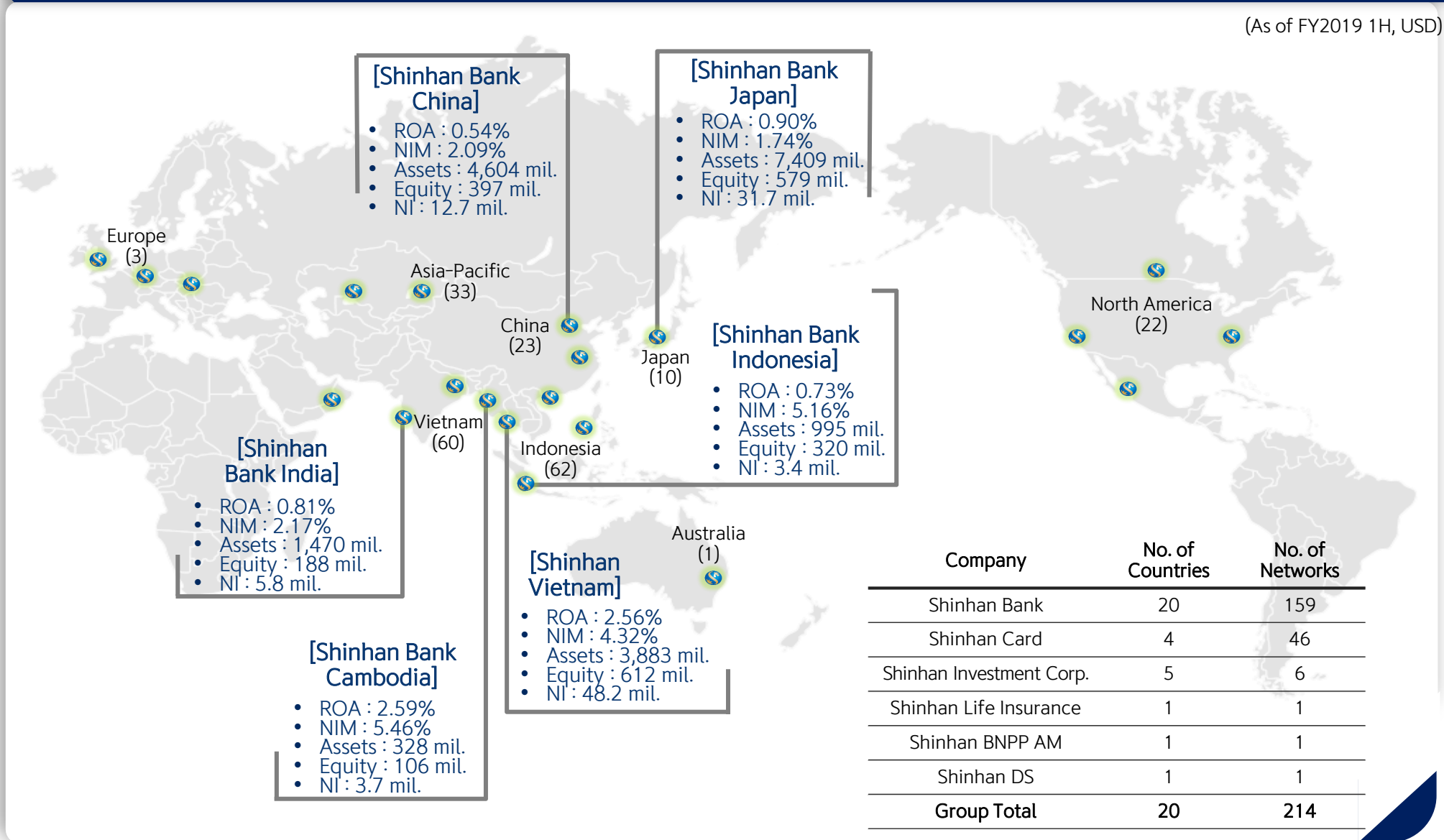
SHB Asset Composition by Overseas Operation





SFG Global Networks : 20 Countries, 214 Networks

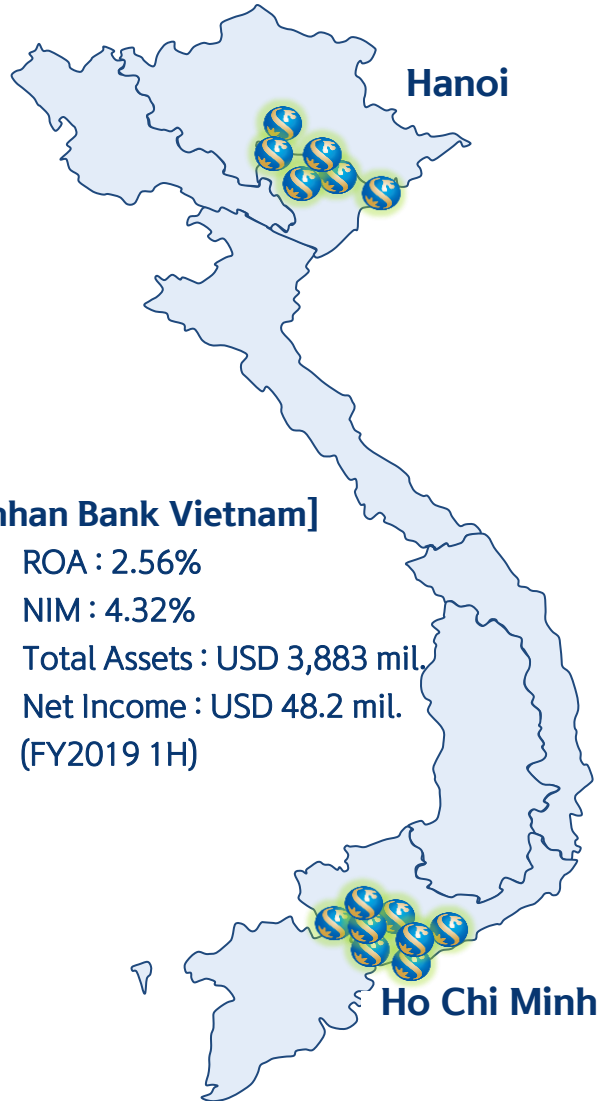
(As of FY2019 1H, USD)



Company	No. of Countries	No. of Networks
Shinhan Bank	20	159
Shinhan Card	4	46
Shinhan Investment Corp.	5	6
Shinhan Life Insurance	1	1
Shinhan BNPP AM	1	1
Shinhan DS	1	1
Group Total	20	214



Shinhan's Presence in Vietnam

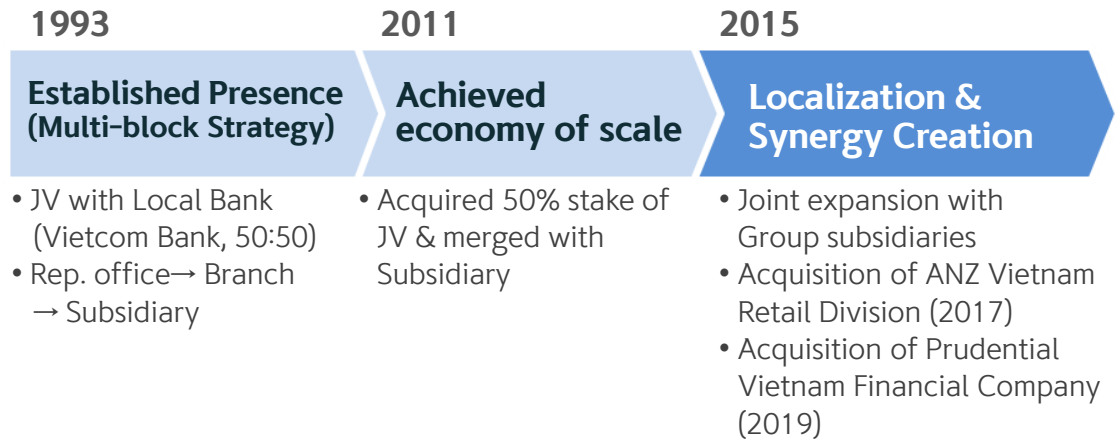


[Shinhan Bank Vietnam]

- ROA : 2.56%
- NIM : 4.32%
- Total Assets : USD 3,883 mil.
- Net Income : USD 48.2 mil. (FY2019 1H)

- **Largest foreign Bank in Vietnam** (in terms of network base and loans)
- **Largest network base among foreign banks**
(60 Networks : Bank 32, Card 24, Investment 2, Life Insurance 1, DS 1)

Experiences over 20 years in Vietnam



Joint expansion with group subsidiaries

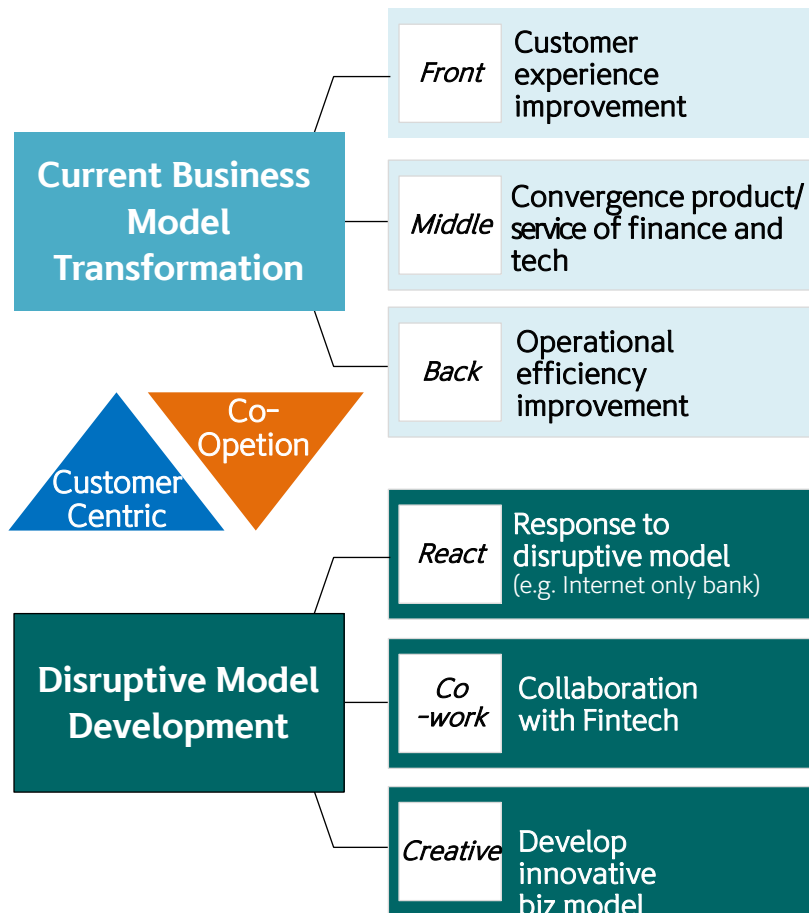
- 1) Credit Card : 7th out of 32 credit card companies (in terms of transaction amount of retail customers)
- 2) Brokerage : Acquired local Brokerage company, Launched Shinhan Securities Vietnam (2016)
- 3) Life Insurance : Established Representative office (2015)
- 4) Consumer Finance : Acquired ANZ Retail Division (2017), PVFC (2018)



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 + 5Cs.”

Shinhan Financial Group Digital Strategy

2 Tracks for Business Innovation



5 Cs for the Group's Readiness

Core Tech	① Digital Technology	AI/IoT, Blockchain, Open Innovation, Cloud, DX(Digital Experience)
Capability	② Human Resources Development	Digital specialists training program, Education
	③ Recruiting, Industry-academy coop.	Securing professionals, Industry and academy cooperation
Culture	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
Collaboration	⑥ Enhance & Connect Platform	Renewal financial platform, Connect non-financial platform
	⑦ Partnership, Joint Venture	Partnership with ICT / retail leaders, Construct Digital ecosystem
Change	⑧ Intellectual Property	'Digital Shinhan' intellectual property
	⑨ Strategic Roadmap, Change Management	Define strategic destination, 'To-Be', Prioritization of plans, Communications
	⑩ Regulatory Reform	Improvement of company regulations, Persuade authorities



Current Business Model Transformation

Front

Improve Customer Experience

- Providing excellent customer experience through a single view, seamless omni channel.

SOL Bank - Shinhan Bank
FAN Pay - Shinhan Card



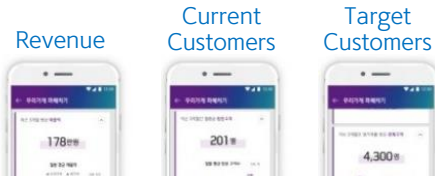
Middle

Develop New Digitally Innovative Products and Services

- Digitally specialized, mobile, convergence products and services



Bigdata-based Affiliate Marketing Platform(MyShop) - Shinhan Card

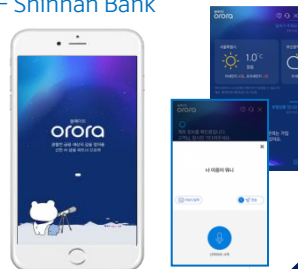


Back

Improve Operational Efficiency

- Optimization of channel, risk management, (FDS1), (RPA1), chatbot

SOLmate ORORA (Chatbot) - Shinhan Bank



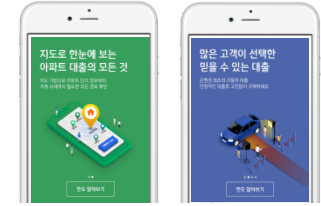
Disruptive Model Development

Respond

Respond to Online Banks

- Enhancing product/service/platform competitiveness

Launching preemptive services/ Maximize convenience of existing services



-Mortgage - Auto loan

Collaborate

Fostering fintech start-ups and exploring collaborative models (in and out of Korea) - Shinhan Future's Lab

Collaboration with Fintech

- Developing collaborative models by creating fintech ecosystem in Shinhan



Create

Develop Innovative Biz Models

- Shinhan's unique digital business model development
- Connecting life platform via digital technology

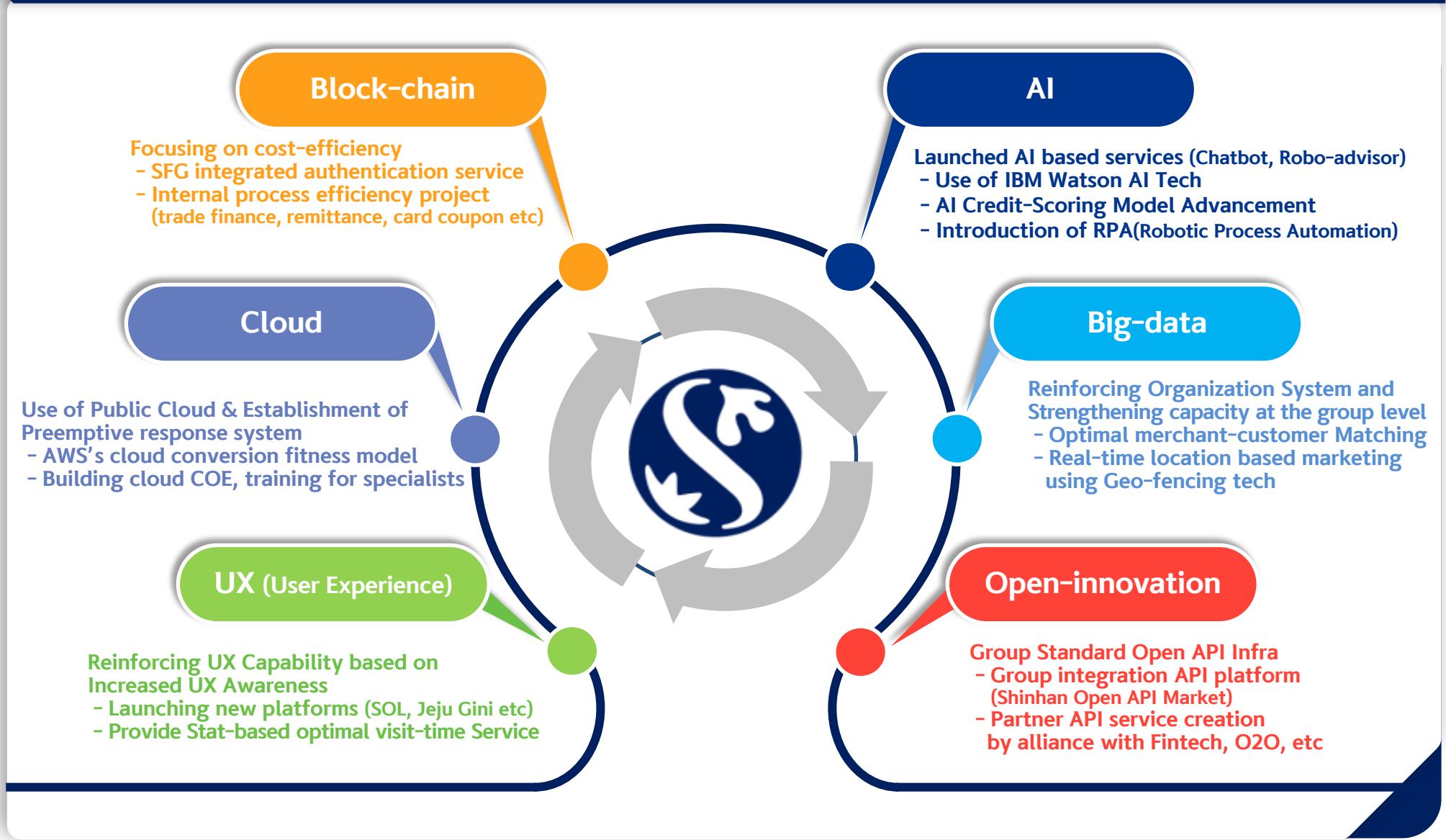


Non-financial platform - New biz service in Travel (Jeju-jini)



Internalization of Digital Technologies

Business Areas with Key Digital Technologies





External Partnership

● Need for Collaboration with Competitors

Collaboration/alliance with other industry leaders is an essential capability under the regulation of 'separation of industrial and financial capital'

【SFG Major Alliances】

Global ICT	 	Elec-tronics	 
Telecom	 	Commerce	   
Portal		Game	
Messenger	 	Shared Platform	   

Creating Fintech Ecosystem

● Shinhan Future's Lab

『Shinhan Future's Lab』 is an Industry-first Fintech support program and Shinhan reinforces its alliances by nurturing and investing in promising start-ups

Country	Order	No. of Companies	Related Fields	Co-work Companies
Korea	1 (2015)	7	P2P, Block Chain etc	8
	2 (2016)	16	AI, Robo-Advisor etc	11
	3 (2017)	17	Platform Contents etc	11
	4 (2018)	21	VR/AR, Insurance Tech etc	13
	5 (2019)	40	Bigdata, FDS, Security etc	In Process
Vietnam	1 (2017)	5	Payment, e-Wallet etc	In Process
	2 (2018)	6	P2P, etc	In Process

● Shinhan Future's Lab Development

- Investment of USD 9.4 M in 26 Future's Lab companies
 - Current Market Valuation : USD 323 M
 - Current Investment Value : USD 25 M
- Launched 'Oneshinhan Future's Fund', (USD 21.6M, 5yrs)
 - Launched '19.6 1st Fund (USD 9.3M)
- Established 'Shinhan Future's Lab Indonesia', ('19.9)
 - 2nd Future's Lab Established overseas following Vietnam



Digital Transformation : Cost Saving

SFG promotes efficiency of ICT infrastructure through various projects using new digital technologies. Since 2017, SFG saved approx. KRW 214.6 bil., and our target for 2020 is to save KRW 150 bil.

Cost-saving through Digital Transformation (from 2017 to 2019 1H)



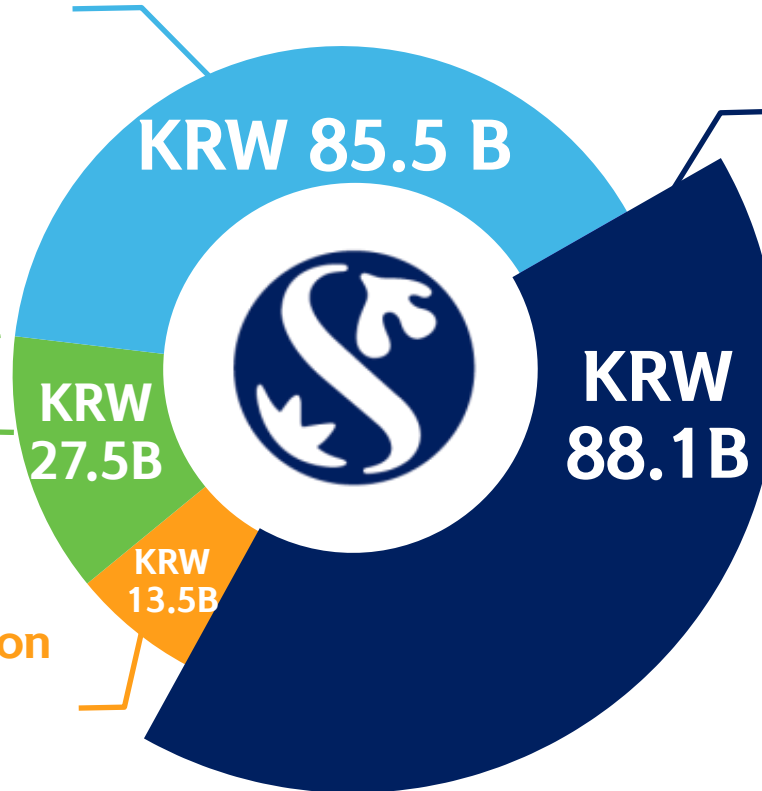
Digital Platform Marketing



Digitalized Customer Channel



RPA & Digital Cloud Migration Business Automation



Introduction of Paperless, Digital Branch





SFG has established the Group Mission based on Shinhan Bank's founding spirit. By taking the lead in responding to changes in the sustainable management environment, SFG has established and implemented the 2020 CSR Strategy to contribute to the enhancement of the value of its customers, society and shareholders.

Group's Sustainable Management Strategy

2011 Group Mission

Compassionate Finance *Your Companion for the Future*

→ **A better world through finance**

1982

Shinhan Bank's Founding Spirit

"Be Original, Productive, and Compassionate"

2017 Group CSR Strategy

2020 CSR Strategy

- Responsible Growth**
 - I. Solution to improve customer value
 - II. Fair and ethical business
- Social Partnerships**
 - III. Improvement of financial inclusion
 - IV. Establishment of creative and open culture
- Investment for the Future**
 - V. Realization of positive social responsibility
 - VI. Risk management considering environment and society

2018 Further Development

- Hope Society Project**
- ECO Transformation 20·20**
- Innovative Growth**



SFG announced “ECO Transformation 20·20” as its environmental vision for 2030 in order to ensure that its management operations are sustainable, future-oriented and environmentally friendly. As part of this vision, SFG is planning to invest KRW 20 trillion in green industries and to reduce its GHG emissions by 20% by the year 2030.

ECO Transformation 20·20

ECO Transformation

2020

Investing and Financing **KRW 20 tril.** in Green Industries

Reducing GHG Emissions by **20%** (baseline 2012)

Creating both Environmental Value(EV) and Corporate Value(CV)

01

Leader in Low-Carbon Financing

- Active investment in green industrial sectors
- Customized financial products and services for each sector
- Environmental risk management system

Enabler ①

ECO Governance & Organizational Implementation

02

Eco-friendly Business Management

- Expanding investment in green infrastructure
- Creating a virtuous cycle of sustainable resources
- Establishing a Carbon management system

Enabler ②

Raising Employees' Environmental Awareness & Fostering Leaders for Sustainable Management

03

Strengthening Green Partnerships

- Building green networks and partnerships
- Eco-friendly brand communication
- Disclosing financial data of environment-related business

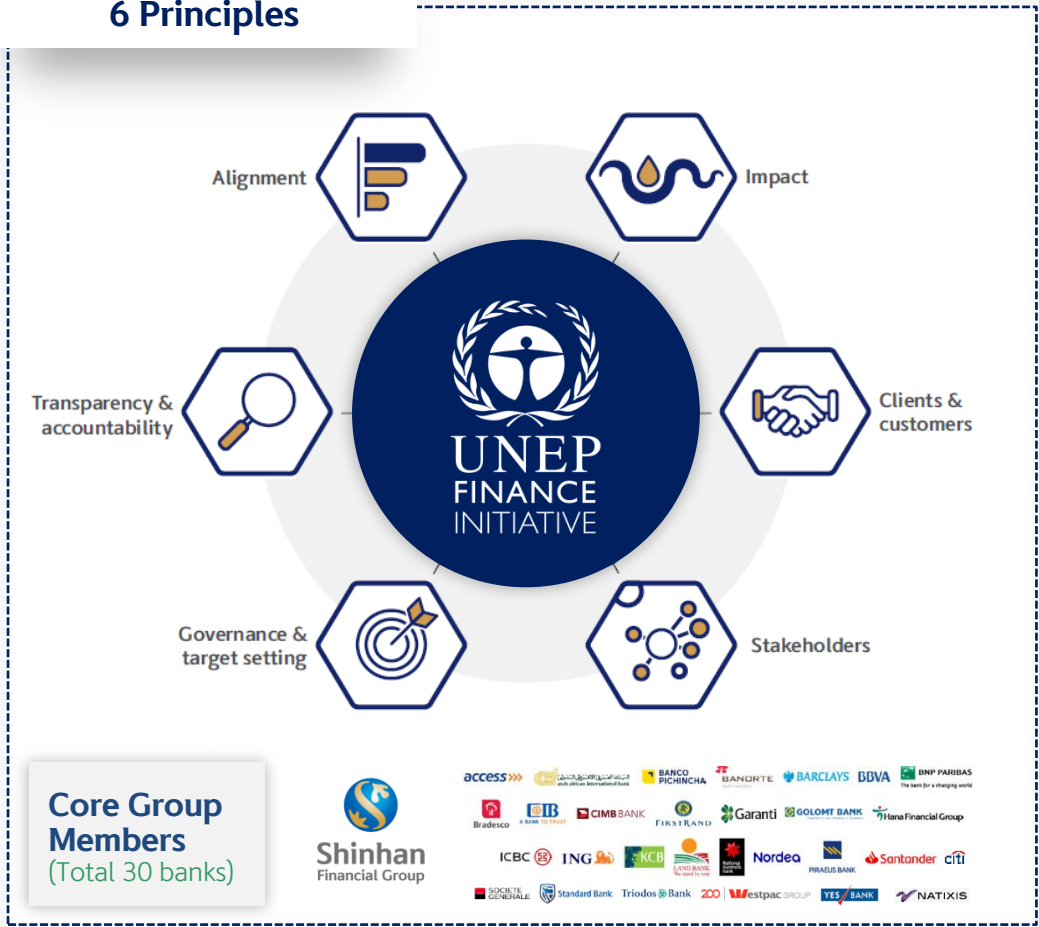


Principles for Responsible Banking

In November of 2018, the UN Environment Programme Finance Initiative (UNEP FI) announced the “Principles for Responsible Banking” developed by twenty-eight Core Group Members, including SFG and other global financial institutions.

Principles for Responsible Banking: Reshaping the Future of Banking

6 Principles



26 NOV, 2018 SFG's CEO Cho Yong-byoung speaks at the UNEP FI's Global Roundtable in Paris, France.

▪ **The Principles for Responsible Banking outline the banking industry's roles and responsibilities in aligning its business operations with the objective of the UN's Sustainable Development Goals and the Paris Climate Agreement.**



SFG launched the “Society of Hope” project, which is a Group-level CSR platform that focuses on assisting underprivileged and low-income people and supporting the growth of small- and medium-sized venture and/or social enterprises.

Areas Supported by “Society of Hope” Project

We will always be there
to bring hope

**Hope.
Together.**

**Social
Value**

- Supporting people with low credit ratings
- Supporting women experiencing career disruptions
- Establishing after-school childcare centers for elementary students
- Helping families in crisis

**Future
Value**

- Training for the youth in preparation for the Fourth industrial Revolution
- Youth overseas employment program

**Economic
Value**

- Supporting urban regeneration projects undertaken by provincial governments
- Providing investments and loans for SMEs and social enterprises

**Spreading
Social
Impact**

- Promoting Group CSR activities



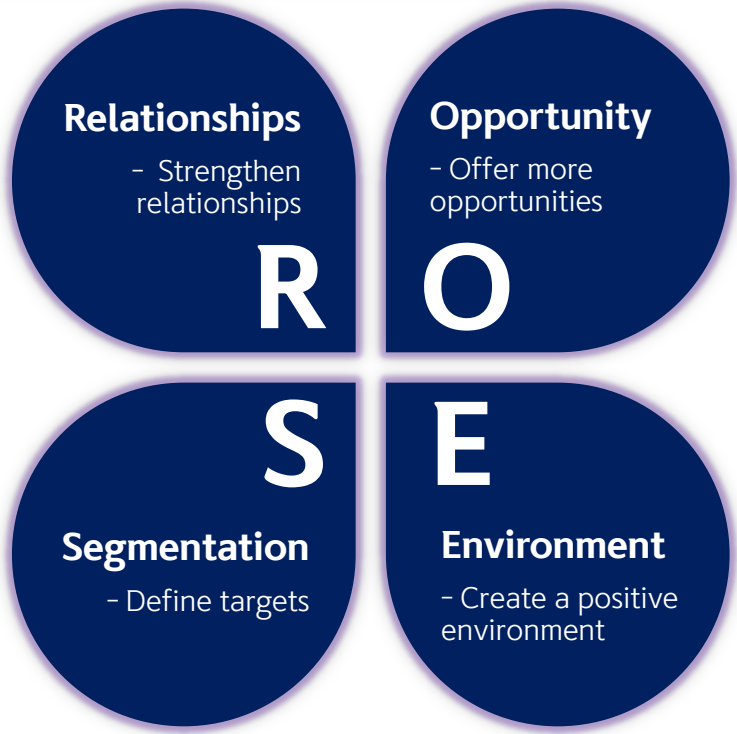
Cultivating Female Leaders

In efforts to encourage the long-term development of female talents and evolving them into leaders at every Level of the Group’s operations, SFG introduced a program called “Sheroes,” which offers a wide range of programs for its female employees such as training, mentoring, and networking.

SHeroes

‘SHeroes’ refers to Shinhan (SH)’s female (She) heroes (Heroes).

Guide to Fostering Female Leaders



Mid-term Goals sand Key Tasks





Forward-Looking Statements^{*}

Shinhan Financial Group's FY2019 1H e-Brochure may contain forward-looking statements to provide value-added account of Shinhan Financial Group's businesses and results of operations.

These forward-looking statements reflect our current views with respect to future events and performance, and are generally identified by the use of forward-looking terminology, such as "expect", "plan", "intend", and similar expressions.

You are cautioned not to place undue reliance in these forward-looking statements, which reflect management's current analysis of future events.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.



Shinhan Mobile IR Application

1

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2

