Shinhan Financial Group
Compassionate Finance, Your Companion for the Future
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I. Shinhan Financial Group

1. Overview & History
About SFG

**Korea # 1 Financial Institution**
Realizing highest net income among peers (consecutive 7 years since 2008)
Market Cap ranked 1st place among peers (21.1 trillion as of December 31, 2014)

**Successful M&A and Diversification**
Establishing the most diversified business portfolio among Korean financial groups through a series of successful M&As

**Thorough Risk Management**
Maintaining sound asset qualities through preemptive and proactive risk management

**Growth through Corporate Social Responsibility**
Implementing the “Compassionate Finance” to seek shared development for the company and the society
• **Net Income**: KRW 2.1 trillion
• **Total Consolidated Assets**: KRW 338 trillion
• **Total Market Cap**: KRW 21.1 trillion
• **ROA**: 0.7%
• **ROE**: 7.5%
• 13 direct subsidiaries, 18 indirect subsidiaries
• **Number of Employees**: 24,000
• **Major Shareholders**
  - Korea National Pension Service 8.89%
  - BNP Paribas Group 5.35%
  - SFG ESOP 4.08%

As of December 31, 2014

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**Top 500 Banking Brands**

<table>
<thead>
<tr>
<th>Bank Ranking</th>
<th>Company</th>
<th>Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wells Fargo</td>
<td>US</td>
</tr>
<tr>
<td>2</td>
<td>ICBC</td>
<td>China</td>
</tr>
<tr>
<td>3</td>
<td>HSBC</td>
<td>UK</td>
</tr>
<tr>
<td>7</td>
<td>BNP Paribas</td>
<td>France</td>
</tr>
<tr>
<td>36</td>
<td>Shinhan Financial Group</td>
<td>Korea</td>
</tr>
<tr>
<td>39</td>
<td>Mizuho Financial Group</td>
<td>Japan</td>
</tr>
<tr>
<td>57</td>
<td>KB Financial Group</td>
<td>Korea</td>
</tr>
</tbody>
</table>

* Source: The Banker (Feb. 2015)
About SFG
Market Position

### Outstanding Profitability

**Net Income (FY13/ FY14)**

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFG</td>
<td>1,899</td>
<td>2,081</td>
</tr>
<tr>
<td>A</td>
<td>1,261</td>
<td>1,401</td>
</tr>
<tr>
<td>B</td>
<td>934</td>
<td>938</td>
</tr>
<tr>
<td>C</td>
<td>-538</td>
<td>1,214</td>
</tr>
</tbody>
</table>

(KRW billion)

### Diversified Profit Base

**Net Income Contribution by Non-bank Subsidiaries (FY14)**

- **SFG**: 39%
- **A**: 29%
- **B**: 10%
- **C**: 12%

Non-bank
Bank
More than 100 Years of History

**1982**
Shinhan Bank was formed in 1982 with seed money by the Korean Japanese community.

**2001**
SFG was established in September immediately followed by a strategic alliance with BNP Paribas Group.

**2002**
Shinhan Securities, then-subsidiary of SFG and Good Morning Securities were merged, strengthening brokerage business.

**2005**
Shinhan Life Insurance joined SFG to diversify the Group’s business portfolio.

**2006**
Shinhan Bank, an innovator in the industry, and Chohung Bank, a long-standing industry leader merged to become one.

**2007**
LG Card became an affiliate of SFG and soon merged with Shinhan Card on October 1st to become the number 1 credit card company in Korea.

Establishment of Shinhan Bank
Establishment of Shinhan Financial Group
Launching Shinhan Investment
Shinhan Life Insurance Joining the Group
Integration of SHB and CHB
Merger of Shinhan Card & LG Card
About SFG
Persistent Growth and M&A

- **Market Capitalization**

- **Establishment of SFG**
- **Acquisition of Chohung Bank**
- **Acquisition of Shinhan Life**
- **Acquisition of LG Card**
- **Rights Offering KRW 1.3 trillion**
- **Acquisition of Shinhan Savings Bank**

- **Acquisition of Jeju bank & GMS Securities**
- **Integrated SHB launched**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Capitalization (KRW trillion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>3.3</td>
</tr>
<tr>
<td>2002</td>
<td>3.6</td>
</tr>
<tr>
<td>2003</td>
<td>5.6</td>
</tr>
<tr>
<td>2004</td>
<td>7.2</td>
</tr>
<tr>
<td>2005</td>
<td>14.7</td>
</tr>
<tr>
<td>2006</td>
<td>18.1</td>
</tr>
<tr>
<td>2007</td>
<td>21.1</td>
</tr>
<tr>
<td>2008</td>
<td>11.8</td>
</tr>
<tr>
<td>2009</td>
<td>19.4</td>
</tr>
<tr>
<td>2010</td>
<td>25.1</td>
</tr>
<tr>
<td>2011</td>
<td>18.8</td>
</tr>
<tr>
<td>2012</td>
<td>18.4</td>
</tr>
<tr>
<td>2013</td>
<td>22.4</td>
</tr>
<tr>
<td>2014</td>
<td>21.1</td>
</tr>
</tbody>
</table>
How SFG is Organized

No. 1 Financial Group in Korea

Shinhan Bank
The Best Bank in Korea
- Total Assets: KRW 275.8 trillion
- Total Equity: KRW 20.5 trillion

Shinhan Card
Number 1 Credit Card Company in Korea
- Total Assets: KRW 22.3 trillion
- Total Equity: KRW 6.1 trillion

Shinhan Investment Corp.
Market leader in the era of Capital market Acts
- Total Assets: KRW 39.0 trillion
- Total Equity: KRW 2.3 trillion

Shinhan Life Insurance
The Most Profitable Life Insurance Company
- Total Assets: KRW 21.9 trillion
- Total Equity: KRW 1.5 trillion

Shinhan BNPP Asset Management
The Leading Asset Management Firm in Korea
- Total Assets: KRW 35.6 trillion
- Total Equity: KRW 156.5 billion

Shinhan Capital
Specialized in facility leases and installment financing
- Total Assets: KRW 3.9 trillion
- Total Equity: KRW 570.4 billion

Jeju Bank
The Leading Local Bank in Jeju
- Total Assets: KRW 3.5 trillion
- Total Equity: KRW 305.5 billion

Shinhan Savings Bank
Market Leader in Consumer Finance
- Total Assets: KRW 804.0 billion
- Total Equity: KRW 114.5 billion

Shinhan Data System
IT Company Specialized in Services for Financial Corporations
- Total Assets: KRW 25.8 billion
- Total Equity: KRW 9.4 billion

Shinhan AITAS
Number 1 Fund Service Company in Korea
- Total Assets: KRW 37.7 billion
- Total Equity: KRW 31.4 billion

Shinhan Credit Information
Expert in debt collection and credit research
- Total Assets: KRW 23.0 billion
- Total Equity: KRW 14.6 billion

Shinhan Private Equity
Private Equity Fund Management Firm
- Total Assets: KRW 461.3 billion
- Total Equity: KRW 11.5 billion
About SFG
Customers and Networks

Customers

SFG serves 29* million, more than half of the total population

* Excluding overlapping customers (As of December 31, 2014)

(million people)

Branch Networks

- Domestic Network

<table>
<thead>
<tr>
<th>Company</th>
<th># of Branches</th>
</tr>
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<tbody>
<tr>
<td>Shinhan Bank</td>
<td>901</td>
</tr>
<tr>
<td>Shinhan Life Insurance</td>
<td>186</td>
</tr>
<tr>
<td>Shinhan Investment Corp.</td>
<td>95</td>
</tr>
<tr>
<td>Shinhan Card</td>
<td>33</td>
</tr>
<tr>
<td>Jeju Bank / Others</td>
<td>72</td>
</tr>
<tr>
<td>Total</td>
<td>1,287</td>
</tr>
</tbody>
</table>

- Global Network (76 Networks in 16 Countries)

* As of December 31, 2014
Since its establishment, Shinhan Financial Group has recognized the importance of social responsibility and has been actively engaged in various CRS activities to seek a shared growth of the Group and the society.

**About SFG**

**Social Responsibility**

**Evaluation Process for Material Issues**

- **Promotion program**
  - Situational analysis
- **Elicit core issues in socially responsible management**
  - Compose a pool of CSR Issue
- **Materiality Test**
  - (degree of influence on business/extent of social interest)
- **Elicit core issues**

**Draw up socially responsible management strategy and select tasks for improvement**

- **Addressing core issues**
  - Draw Up socially responsible management strategy
- **Agenda for Economics Issues**
- **Agenda for Social Issues**
- **Agenda for Environmental Issues**

**Implement tasks**

- Study appropriateness of each task area
- Draw Up implementation plan
- Carry out improvement tasks
- Monitor implementation status

**Award/Certification**

- Included in DJSI World index for the first time among Korean financial groups for two consecutive years
- Included in DJSI Asia Pacific and DJSI Korea for sixth consecutive years (Ranked 1st place among Korean banks)
- Selected Two Years Running for Global 100 Announced at the Davos Forum (Ranked 30th, the Highest Ranking among All Korean Firms)
- Received the Corporate Governance Award by CGS (Acquired A+ grade in evaluating ESG integration)
Shinhan Financial Group will continually establish the foundation for sustainable growth by having all of our employees work together to make our society a better place through our financial business.

**Value Creation through Responsible Management**

**1. Strategy for the Economic Sphere**
- I. Creation of customer value through customer oriented management and information protection
- II. Building confidence by strengthening ethical management
- III. Exercising risk management taking key social and environmental factors into account

**2. Strategy for the Social Sphere**
- IV. Building a sound corporate culture favoring job creation and the nurturing of human resources
- V. Helping the development of regional society through activities that contribute to society
- VI. Improving access to finance for those shut off from financing
- VII. Striving to work together in harmony with partner companies and support CSR activities

**3. Strategy for Environmental Sphere**
- VIII. Develop environmentally friendly products and services
- IX. Use resources efficiently and reduce environmental footprint
Compassionate Finance

- Provide startup educations for 4,737 small business owners
- Loan support to new business with high technology: KRW 934.4 billion
- With the aim to foster co-prosperity between companies and bank, we provided Loans to competitive companies facing temporary liquidity difficulties.
  - Corporate Success Program 219.1 billion
  - Restructuring of SMEs: 392.2 billion
- Provide “New Hope Spore Loans” for customers in financial difficulties: KRW 353.8 billion

Environmental Management

- SFG was included in ‘Carbon Management Honors Club’, granted only to the top five firms in carbon management.
- Provide financial support to green companies up to KRW 339.9 billion
- Introduce deposit products that provide preferential interest rates to customers who save energy: KRW 1.3 trillion

Social Contribution

- Carry out social contribution activities by investing KRW 61.4 billion
- A total of 71,444 employees participated in volunteer works
- Enhance the working classes’ accessibility to financial institutions, up to KRW 83.5 billion
- Provide financial education to 117,272 persons

Win-Win Management with Partners

- Monitoring partner companies’ degree of satisfaction
- Ensure appropriate pricing and remove unfair or unreasonable practices in trading relationships
- VOC channel operated for partner firms
- Undertake own diagnosis of partner firms’ regulations
I. Shinhan Financial Group

2. Vision, Strategy & Core Capability
“Shinhan Way” is the value system and guiding principle for all Shinhan employees’ thoughts and actions.

Benefit the World with the power of Finance

Core Value

Customer  Respect  Change  Excellence  Ownership

Vision

World Class Financial Group
Compassionate Finance, Your Companion for Future

"Promote a virtuous cycle of shared prosperity with creative financial services"

Methodology
‘Through the Power of Finance’

1. Help customers reach their goals with timely financial products and services
   
2. Enhance the value of our customers’ assets
   
Creative Finance

Creative Finance

Ultimate Goal
‘Building a Better World’

Shinhan’s Values → Value for our Customers → Value for Society

Grow value for customers, businesses and society leading to shared prosperity

Virtuous Cycle of Shared Prosperity
Group Vision
Since its inception, SFG has strived to accomplish balanced growth between bank and non-bank businesses, to create new value by identifying new growth drivers and further differentiating our business model and, to become a world class financial group with global competence in talent and infrastructure.

Phase 1
Develop Foundation
~2002
- Acquired Jeju Bank
- Acquired Good Morning Securities
- Established Shinhan BNPP ITMC

Phase 2
Make a Leap
2003~2009
- Launched Integrated Shinhan Bank
- Acquired LG Card
- Launched Shinhan BNPP AM
- Acquired 100% ownership of Shinhan Life Insurance

Phase 3
Secure “Local Best” Position under “New Normal” Environment

Achieve 2016 Vision
Develop Leadership
2010~2015

World Class Financial Group
Shareholders

(As of December 31, 2014)

Domestic 32.4%

Foreigner 67.6%

Major Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Ownership %</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Pension Fund of Korea</td>
<td>8.89</td>
</tr>
<tr>
<td>BNP PARIBAS GROUP</td>
<td>5.35</td>
</tr>
<tr>
<td>Saudi Arabian Monetary Agency</td>
<td>4.40</td>
</tr>
<tr>
<td>SFG ESOP</td>
<td>4.08</td>
</tr>
<tr>
<td>Citibank N.A.(ADR dept.)</td>
<td>2.63</td>
</tr>
<tr>
<td>The Government of Singapore</td>
<td>2.12</td>
</tr>
<tr>
<td>The Lazard Fund</td>
<td>1.63</td>
</tr>
<tr>
<td>Samsung Asset Management</td>
<td>1.28</td>
</tr>
<tr>
<td>Mizuho</td>
<td>1.26</td>
</tr>
<tr>
<td>PEOPLES BANK OF CHINA</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Management

Han Dongwoo

- Chairman & CEO
  Shinhan Financial Group (incumbent)
- Main Work Experience
  - 2007 – Vice Chairman, Shinhan Life Insurance
  - 2002 – CEO, Shinhan Life Insurance
  - 1999 – Vice President, Shinhan Bank

Cho Yong-byoung

- President & CEO, Shinhan Bank (incumbent)
- Non-executive Director, SFG (Incumbent)
- Main Work Experience
  - 2013 – CEO, Shinhan BNPP Asset Management
  - 2011 – Deputy President, Shinhan Bank
  - 2009 – Executive Vice President, Shinhan Bank
SFG Capability
Thorough Risk Management

**Holding Company Level**

- **BOD (Risk Mgt. Committee)**
  - Group Risk Management Council
  - Group CRO/Risk Management Team

- **Group Risk Policies**
  - Regulations / Standard Guidelines
  - Instructions
  - Organization-specific roles
  - Risk management process for each risk type

- **Group Risk Limit**
  - Group Total Limit
  - Subsidiary Total Limit
  - Exposure Limit etc.

**Subsidiary Level**

- **Detailed Risk Strategies**
  - Detailed Risk Policies
    - Organization-specific roles
    - Risk management process for each risk type

- **Detailed Risk Limit**

**Risk Management System**

- **Controlling**
- **Monitoring**
- **Coordination**
- **Reporting**

- **Establish Group risk policies and determine the risk limit (Risk Mgt. Committee)**
- **Subsidiary specific policies and executions are delegated to each subsidiaries**
- **Review the appropriateness of the risk management strategies of subsidiaries (GCRO/ Risk Management Team)**

- **Establish and execute subsidiary-specific risk strategies in line with Group risk policies and limit**
- **Report risk related issues to Group CRO**
Group Synergy Business Model

[Synergy Creation]
Enhance co-marketing among subsidiaries to increase overlapping customers

Increasing Overlapping Customers

- **Number of Customers in the Group**: 2,600, 2,728, 2,814, 2,859, 2,859, 2,906 (10 Thousand People)
- **Overlapping Customer Ratio**
  - 2009: 50.1%
  - 2010: 52.8%
  - 2011: 54.8%
  - 2012: 56.5%
  - 2013: 58.0%
  - 2014: 59.0%

Synergy Creation Activities and Programs

- **Increase Overlapping Customers**
  - Among 29,060 thousand Group Customers, 17,140 thousand customers are overlapping customers as of December 31, 2014
  - Operating Group Royalty Program to enhance customer value through cross sales

- **Enhancing Co-marketing**
  - Co-marketing by investing the Group’s common resources
  - Co-marketing through the Group’s external partners

- **Hybrid Financial Instruments**
  - Co-developing and selling hybrid financial products such as S-More Point account/card and FNA

- **Cross-selling Synergy Products**
  - Non-bank products such as credit card, mutual fund, bancassurance, and FNA are cross-sold via the sales channels of Shinhan Bank

- **Referral of Customers**
  - Introduce customers to sister companies
  - Shinhan Bank makes a referral of its corporate customers to Shinhan Investment for IPO services.
Corporate & Investment Banking (CIB)

**Combine**
SHB & SH Invest combine to complement each other in terms of their respective products and services

**Cooperate**
SHB & SH Invest provide products/services to corporate customers as if they are one entity

**Grow**
Secure professionalism on par with Global IB’s in terms of financial solutions so as to promote customer’s success and development

Wealth Management (WM)

**SHB ↔ SH Invest Coop.**
SHB/SH Invest’s Separate Model
Transformation of the model into actual cooperation based on co-location

**3-Layer Customer Group**
Classification of Asset Holders into 3 Layers
- Ultra High Net Worth
- High Net Worth
- Affluent
Introducing differentiated Biz Model for each Layer of customers

**IPS Division**
Investment Product & Service
Developing and providing professional comprehensive asset management solutions across the group

**WM ↔ Retail Coop.**
PWM Center ↔ Retail Branch
Cooperation between PWM Centers and Retail Branches which provide customer management and asset management services
I. Shinhan Financial Group

3. Financial Highlights
Shinhan Financial Group
Financial Highlights

**NPL Ratio (%)**
- SFG: 1.30, 1.46, 1.25, 1.34, 1.26, 1.15
- Shinhan Bank: 1.00, 1.31, 1.09, 1.08, 1.16, 1.03

**Capital Adequacy (%)**

<table>
<thead>
<tr>
<th></th>
<th>SFG</th>
<th>Shinhan Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIS</td>
<td>12.5, 13.4, 13.0</td>
<td>15.8, 16.3, 15.4</td>
</tr>
<tr>
<td>Tier 1</td>
<td>9.5, 11.3, 11.2</td>
<td>12.6, 13.9, 13.3</td>
</tr>
<tr>
<td>CET 1</td>
<td>10.0, 10.4</td>
<td>12.5, 12.5</td>
</tr>
</tbody>
</table>

**ROA / ROE (%)**
- ROA: 6.8, 11.9, 12.6, 9.3, 7.2, 7.5
- ROE: 0.5, 1.1, 1.2, 0.8, 0.7, 0.7

**BPS / EPS (KRW)**
- BPS: 36,256, 44,645, 48,737, 52,145, 54,613, 58,075
- EPS: 2,324, 5,077, 5,839, 4,684, 3,810, 4,195

Note) From 2010, IFRS standard
II. Companies in the Group

1. Shinhan Bank
Shinhan Bank is the flagship company of Shinhan Financial Group.

- **Total Assets** (including trust account): KRW 265.8 trillion
- **Net Income for FY14**: KRW 1,455.2 billion (1st among peers)

**Rating Agency**

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>F/C LT Debt Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOODY’S</td>
<td>A1 (Stable)</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>A (Stable)</td>
</tr>
<tr>
<td>FITCH RATINGS</td>
<td>A (Stable)</td>
</tr>
</tbody>
</table>

**Shinhan Bank’s Key milestones**

- **1897**: Hanseung Bank (established)
- **1943**: Chohung Bank (Merged with Dongil Bank)
- **2003**: CHB acquired by SFG
- **2006. 04. 01**: Integrated Shinhan Bank (Merger of SHB & CHB)
- **2006. 10**: IT Integration

**Nation-wide Channel**

As of December 31, 2014

- **921 branches in total**
  - Domestic 901
  - Overseas 70

- **City Branches**
  - Seoul (377)
  - Incheon (54)
  - Daegu (28)
  - Ulsan (13)
  - Kwangju (12)
  - Jeonnam (12)
  - Pusan (39)
  - Jeju (4)
  - Jeonbuk (10)
  - Gyeonggi (200)
  - Gyeongbuk (25)
  - Gyeongnam (23)
  - Chugnang (17)
  - Chungbuk (34)
  - Chonbuk (34)
  - Gyeongnam (23)
  - Pusan (39)
  - Sejong (4)
  - Daejeon (20)
  - Daegu (28)
  - Ulsan (13)
  - Sejong (4)
  - Daejeon (20)
  - Daegu (28)
  - Ulsan (13)
  - Sejong (4)
  - Daejeon (20)
  - Daegu (28)
  - Ulsan (13)
  - Sejong (4)
  - Daejeon (20)
  - Daegu (28)
  - Ulsan (13)

**Note**

1) Total Assets: Banking Account(Separate) + Merchant Banking Account + Trust Account
2) Net Income derived on consolidated bases
Shinhan Bank

Competitive Edge (As of December 31, 2014)

**Balanced Loan Portfolio**

- **Loan Composition**
  - Corporate: 51%
  - Retail: 49%

**Stable Funding Base**

- **Funding Composition**
  - Debentures 7%
  - CD 1%
  - Low Cost Funding 35%
  - Time Savings 57%

**Outstanding Risk Management**

- **NPL Ratio**
  - SHB: 1.03%
  - A: 1.26%
  - B: 2.10%
  - C: 1.18%

**High Per Capita Productivity**

- **Per Capita Pre-provisioning Income**
  - SHB: 165
  - A(E): 120
  - B(E): 125
  - C(E): 170

(KRW million)
Shinhan Bank
Market Position (As of December 31, 2014)

Net Income (KRW billion)

<table>
<thead>
<tr>
<th></th>
<th>SHB</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>1,455</td>
<td>1,029</td>
<td>1,214</td>
<td>856</td>
</tr>
</tbody>
</table>

Total Assets (KRW trillion)

<table>
<thead>
<tr>
<th></th>
<th>SHB</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>266</td>
<td>296</td>
<td>279</td>
<td>186</td>
</tr>
</tbody>
</table>

Asset Quality (%)

<table>
<thead>
<tr>
<th></th>
<th>SHB</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delinquency Ratio</td>
<td>0.31</td>
<td>0.51</td>
<td>0.88</td>
<td>0.45</td>
</tr>
<tr>
<td>NPL Ratio</td>
<td>1.03</td>
<td>1.26</td>
<td>2.10</td>
<td>1.18</td>
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</table>

ROA / ROE (%)

<table>
<thead>
<tr>
<th></th>
<th>SHB</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>0.60</td>
<td>0.33</td>
<td>0.19</td>
<td>0.53</td>
</tr>
<tr>
<td>ROE</td>
<td>7.50</td>
<td>4.51</td>
<td>2.74</td>
<td>8.18</td>
</tr>
</tbody>
</table>
Financial Highlights (As of December 31, 2014)

**Net Income** (KRW billion)

- 2010: 1,670
- 2011: 2,118
- 2012: 1,663
- 2013: 1,373
- 2014: 1,455

**Profitability (ROA, ROE)**

- **ROA**
  - 2010: 0.78%
  - 2011: 0.69%
  - 2012: 0.72%
  - 2013: 0.59%
  - 2014: 0.60%

- **ROE**
  - 2010: 11.4%
  - 2011: 8.6%
  - 2012: 9.00%
  - 2013: 7.28%
  - 2014: 7.50%

**Asset Quality** (%)

- **NPL Ratio**
  - 2010: 1.31
  - 2011: 1.09
  - 2012: 1.08
  - 2013: 1.16
  - 2014: 1.03

- **Delinquency Ratio**
  - 2010: 0.48
  - 2011: 0.60
  - 2012: 0.61
  - 2013: 0.39
  - 2014: 0.31

- **NPL Coverage Ratio**
  - 2010: 136%
  - 2011: 166%
  - 2012: 171%
  - 2013: 149%
  - 2014: 154%

**Capital Adequacy** (%)

- **Tier 1**
  - 2010: 15.9
  - 2011: 15.3
  - 2012: 15.8
  - 2013: 16.3
  - 2014: 15.4

- **Tier 2**
  - 2010: 2.7
  - 2011: 2.9
  - 2012: 3.2
  - 2013: 2.4
  - 2014: 2.1

Note) Figs. from 2013 based on Basel3
II. Companies in the Group

2. Shinhan Card
Shinhan Card is the No. 1 credit card company in Korea which encompasses the strengths of both the credit card division of a bank as well as an independent credit card company.

**Merits of Credit Card Division under Bank**
- Benefits of the bank credit rating and deposits
- Attract new customers through the bank’s channels

**Merits of Mono-line Credit Card Company**
- Retains efficient decision making process, marketing expertise and independence
- Benefits from the high credit rating of SFG and Shinhan Bank as well as direct liquidity access
- Utilize Shinhan Bank’s distribution channels to attract new customers
- Ability to focus on the card business only with greater expertise
- Efficient decision-making process
- Active marketing activities

**Shinhan Card’s Corporate Milestone**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>Received approval for credit card biz</td>
</tr>
<tr>
<td>June 2002</td>
<td>Former SHC spun-off from Shinhan Bank</td>
</tr>
<tr>
<td>Jan. 2004</td>
<td>LG Card separated from LG Group</td>
</tr>
<tr>
<td>April 2006</td>
<td>Chohung Card merged with former SHC</td>
</tr>
<tr>
<td>Dec. 2006</td>
<td>SFG signed MOU on LG Card acquisition</td>
</tr>
<tr>
<td>Mar. 2007</td>
<td>LG Card became a subsidiary of SFG</td>
</tr>
<tr>
<td>Oct. 2007</td>
<td>Integration of LG Card and former SHC</td>
</tr>
<tr>
<td>Aug ~ Dec. 2008</td>
<td>August: IT integration; December: Integration of Labor Unions</td>
</tr>
<tr>
<td>Oct. 2012</td>
<td>Open Next Generation IT System</td>
</tr>
</tbody>
</table>

**Incorporation of LG Card and former Shinhan Card**
- Expansion of Business
- LG Card Acquisition
- Integrated Growth Platform
Shinhan Card
Market Position

Earning Assets and Cardholders (As of Dec. 31, 2014)

- Shinhan Card: 20.1 trillion KRW / 12.5 million cardholders
- Number of effective cardholders
  - No. 1 by asset size and # of cardholders
  - Shinhan Card: 16.9 trillion KRW / 8.6 million cardholders
  - C: 14.4 trillion KRW / 7.9 million cardholders
  - B: 10.8 trillion KRW / 6.6 million cardholders
  - D: 7.3 trillion KRW / 6.4 million cardholders

Credit Rating (As of Dec. 31, 2014)

- Domestic
  - Shinhan Card: AA+
  - A: AA+
  - B: AA+
  - C: AA+
  - D: AA

- S&P
  - A-
  - BBB
  - -

- Fitch
  - A-
  - BBB
  - -

Bona fide No.1 Credit Card Company in Korea

- 2014.07 Awarded the Grand Prize in the Korea Service for 5 consecutive years
- 2014.07 Premium Brand Index (KS-PBI), 1st for 5 consecutive years
- 2014.03 Korea Brand Power Index (K-BPI), No. 1 brand for 3 consecutive years
- 2014.02 Awarded the “Most admired company in Korea” for 7 consecutive years
- 2013.08 National Brand Competitiveness Index (NBCI), 1st for 3 consecutive years
### Financial Highlights

#### Operating Revenue & Net Income (KRW billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>4,264</td>
<td>990</td>
</tr>
<tr>
<td>2011</td>
<td>4,526</td>
<td>876</td>
</tr>
<tr>
<td>2012</td>
<td>4,595</td>
<td>742</td>
</tr>
<tr>
<td>2013</td>
<td>4,609</td>
<td>658</td>
</tr>
<tr>
<td>2014</td>
<td>4,600</td>
<td>635</td>
</tr>
</tbody>
</table>

1) From 2010, IFRS Standard

#### ROA, ROE

<table>
<thead>
<tr>
<th>Year</th>
<th>ROE</th>
<th>ROA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>20.7%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>17.0%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>13.8%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>11.3%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>10.0%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>ROE</th>
<th>ROA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>4.7%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>3.9%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3.4%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>2.8%</td>
<td></td>
</tr>
</tbody>
</table>

#### Adjusted Equity Capital Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>25.2%</td>
</tr>
<tr>
<td>2011</td>
<td>24.8%</td>
</tr>
<tr>
<td>2012</td>
<td>27.4%</td>
</tr>
<tr>
<td>2013</td>
<td>30.4%</td>
</tr>
<tr>
<td>2014</td>
<td>29.7%</td>
</tr>
</tbody>
</table>

#### Delinquency Ratio 1)

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.80%</td>
</tr>
<tr>
<td>2011</td>
<td>2.01%</td>
</tr>
<tr>
<td>2012</td>
<td>2.35%</td>
</tr>
<tr>
<td>2013</td>
<td>1.80%</td>
</tr>
<tr>
<td>2014</td>
<td>1.89%</td>
</tr>
</tbody>
</table>

1) 1 month and over delinquent
II. Companies in the Group

3. Shinhan Investment Corp.
Good Morning Shinhan Securities changed its name to 'Shinhan Investment Corporation' to respond to the changes in the financial environment incurred by the enactment of the Financial Investment Services and Capital Market Act.

**Key Milestones**

- **1973.** Incorporation of Hyosung Securities
- **1983.** Renamed to Ssangyoung Securities
- **1999.** Renamed to Good Morning Securities
- **2002. 04** SFG acquired a 31.7% share of Good Morning Securities
- **2007. 07** Good Morning Securities was merged with Shinhan Sec. renamed to Good Morning Shinhan Securities ("GMSH")
- **2004. 12** SFG acquired the remaining shares of GMSH
- **2009. 08** Overseas subsidiary in Hong Kong incorporated

**Overview**

**Company Overview**

**Net Income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets (KRW billion)</th>
<th>Total Equity (KRW billion)</th>
<th>No. of Branches</th>
<th>No. of Customers (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>7,552</td>
<td>1,766</td>
<td>86</td>
<td>1,596</td>
</tr>
<tr>
<td>2010</td>
<td>9,540</td>
<td>1,898</td>
<td>88</td>
<td>1,714</td>
</tr>
<tr>
<td>2011</td>
<td>12,166</td>
<td>2,120</td>
<td>89</td>
<td>1,810</td>
</tr>
<tr>
<td>2012</td>
<td>16,465</td>
<td>2,178</td>
<td>91</td>
<td>1,926</td>
</tr>
<tr>
<td>2013</td>
<td>19,098</td>
<td>2,236</td>
<td>93</td>
<td>2,079</td>
</tr>
<tr>
<td>2014</td>
<td>25,928</td>
<td>2,330</td>
<td>93</td>
<td>2,175</td>
</tr>
</tbody>
</table>

1) Excluding branches collocated within Shinhan Bank branches but, PWM branches are included

1) IFRS was applied from FY11  
2) Due to changes in Fiscal Year, FY13 includes 9 months starting from April 1, 2013 to Dec 31, 2013
Industry Overview & Market Position

Industry Overview (KRW trillion)

- **Securities Market**

- **Capital Market**
  - 1) DCM
  - 2) ECM


* Source: KRX

Market Position

- **Market Share for Brokerage Business**
  - 2012: Equities 4.9% (5), Futures 6.7% (1), Options 4.9% (4)
  - 2013: Equities 6.0% (3), Futures 7.1% (2), Options 3.5% (5)
  - 2014: Equities 6.4% (3), Futures 7.8% (2), Options 5.0% (4)

* () represents the ranking in the industry

- **Ranking of IB Business**
  - 2012: ABS (8), Corporate Bonds (5), IPO (8)
  - 2013: ABS (1), Corporate Bonds (5), IPO (14)
  - 2014: ABS (2), Corporate Bonds (4), IPO (12)

* Source: The Bell
* () represents the ranking in the industry
Shinhan Investment Corp.
Operation & Strategies

Operating Revenue Trend
(KRW billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Revenue</th>
<th>% of Securities Brokerage Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010</td>
<td>548</td>
<td>57%</td>
</tr>
<tr>
<td>FY2011</td>
<td>522 1)</td>
<td>59%</td>
</tr>
<tr>
<td>FY2012</td>
<td>495</td>
<td>41%</td>
</tr>
<tr>
<td>FY2013</td>
<td>359 2)</td>
<td>39%</td>
</tr>
<tr>
<td>FY2014</td>
<td>599 3)</td>
<td>31%</td>
</tr>
</tbody>
</table>

1) IFRS was applied from FY11
2) Due to changes in Fiscal Year, FY13 includes 9 months starting from April 1, 2013 to Dec 31, 2013

Management Strategy

- Strategic Objective:
  Building market leading capabilities, solidify our position as the leader in investments and asset management.

- Increase customers’ return by reinforcing comprehensive asset management sales capabilities
- Revamp retirement pension business model and increase returns on retirement pension assets
- Optimize business through operating system innovation
- Maintain market leadership in wholesale and build a comprehensive service system for institutional clients
- Provide creative solutions to corporate clients and expand investment banking
- Launch market-leading products through leveraging foreign products and investment diversification
- Practice Compassionate Finance based on Creative Finance
II. Companies in the Group

4. Shinhan Life Insurance
Overview

Company Overview (As of December 31, 2014)

Shinhan Life Insurance provides sophisticated insurance and financial services that meet diversified customers’ needs helping customers fulfill their dreams.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990. 01</td>
<td>Shinhan Life Insurance established</td>
</tr>
<tr>
<td>1997. 01</td>
<td>Tele-marketing initiated</td>
</tr>
<tr>
<td>2003. 09</td>
<td>Bancassurance initiated</td>
</tr>
<tr>
<td>2005. 12</td>
<td>Joined SFG as a subsidiary</td>
</tr>
<tr>
<td>2006. 07</td>
<td>Launched Financial Full-service named as &quot;TopsClub&quot; for the first time in the industry</td>
</tr>
<tr>
<td>2007. 10</td>
<td>Launched automated insurance payment service for the first time in the industry</td>
</tr>
<tr>
<td>2008. 11</td>
<td>Implementation of next generation insurance system (NGS 2008)</td>
</tr>
<tr>
<td>2013. 10</td>
<td>Awarded the Excellence Prize in the Knowledge Category by Prime Minister (Ministry of Security &amp; Public Administration)</td>
</tr>
<tr>
<td>2013. 11</td>
<td>Awarded the Labor-Management Culture Awards (Ministry of Employment and Labor)</td>
</tr>
<tr>
<td>2014. 05</td>
<td>Awarded the Grand Prize in Asset Management, Insurance sector (Financial Supervisory Service)</td>
</tr>
<tr>
<td>2014. 05</td>
<td>Acquired AAA, the best grade for Insurance solvency for 7 consecutive years</td>
</tr>
<tr>
<td>2014. 12</td>
<td>Awarded the Grand Prize in the Korea’s Best Financial Company, life Insurance sector (Maeil Business Newspaper)</td>
</tr>
</tbody>
</table>

Net Income and Financial Positions (KRW billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Distributors (KRW billions)</th>
<th>YoY (%)</th>
<th>Insurance Premium (KRW billions)</th>
<th>YoY (%)</th>
<th>Total Assets (KRW billions)</th>
<th>YoY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>9,325</td>
<td>9.5</td>
<td>4,210</td>
<td>7.3</td>
<td>14,682</td>
<td>16.8</td>
</tr>
<tr>
<td>FY2012</td>
<td>11,621</td>
<td>24.6</td>
<td>5,149</td>
<td>22.3</td>
<td>17,766</td>
<td>21.0</td>
</tr>
<tr>
<td>FY2013</td>
<td>11,085</td>
<td>-4.6</td>
<td>3,532</td>
<td>-5.7</td>
<td>19,385</td>
<td>9.1</td>
</tr>
<tr>
<td>FY2014</td>
<td>11,271</td>
<td>1.7</td>
<td>4,892</td>
<td>0.7</td>
<td>21,940</td>
<td>13.2</td>
</tr>
<tr>
<td>CY13 (13.1~12)</td>
<td>75.5</td>
<td></td>
<td>CY14 (14.1~12)</td>
<td>80.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Due to changes in Fiscal Year, FY13 includes 9 months starting from April 1, 2013 to Dec 31, 2013
2) For comparison purposes, FY2013 is calculated on a Cash Year basis
3) Includes financial planners and agents
Industry Overview & Market Position

Industry Overview (KRW trillion)

- Total assets of Shinhan Life increased by 13.2% YoY marking 21.9 tril. as of Dec 31, 2014 (7th largest)
- Net income for 2014 was KRW 80.7 billion, KRW 5.2 billion (+6.9%) higher than last year despite a number of negative drivers such as the change in new contract cost deferral method and additional accrual per IBNR. (7th among Top 10 life insurance companies)

Market Position

- Insurance premium increased by 8.5% YoY to 111 trillion attributed to growth in new premiums from separate accounts such as retirement pension
- Total assets increased by 10.8% YoY to 662 trillion on the back of growing insurance premiums

Notes) Total Assets as of Dec 31, 2014 and Net income for the FY2014
Source : Korea Life Insurance statistics, Top 10 based on total assets
### Condensed Income Statements

<table>
<thead>
<tr>
<th>(KRW billion)</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance Margin</td>
<td>1,555.1</td>
<td>2,180.7</td>
<td>1,074.7</td>
<td>1,429.6</td>
</tr>
<tr>
<td>Premium Income</td>
<td>3,607.5</td>
<td>4,584.8</td>
<td>3,033.3</td>
<td>4,203.9</td>
</tr>
<tr>
<td>Claims Paid</td>
<td>2,052.4</td>
<td>2,404.1</td>
<td>1,958.6</td>
<td>2,774.3</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>618.8</td>
<td>695.1</td>
<td>503.8</td>
<td>754.1</td>
</tr>
<tr>
<td>Policy Reserve (△)</td>
<td>1,901.1</td>
<td>2,680.8</td>
<td>1,561.2</td>
<td>2,100.5</td>
</tr>
<tr>
<td>Operating Income</td>
<td>272.8</td>
<td>194.9</td>
<td>17.2</td>
<td>83.2</td>
</tr>
<tr>
<td>Non-operating Income</td>
<td>40.2</td>
<td>42.1</td>
<td>28.3</td>
<td>28.8</td>
</tr>
<tr>
<td>Net Income before tax</td>
<td>313.0</td>
<td>237.0</td>
<td>45.5</td>
<td>112.1</td>
</tr>
<tr>
<td>Net Income</td>
<td>240.0</td>
<td>188.0</td>
<td>35.1</td>
<td>80.7</td>
</tr>
</tbody>
</table>

Note) FY2013 includes 9 months starting from April 1, 2013 to Dec 31, 2013

### Policies in Force

<table>
<thead>
<tr>
<th>(KRW billion, %)</th>
<th>FY2013</th>
<th>%</th>
<th>FY2014</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Insurance</td>
<td>95,618</td>
<td>98.6</td>
<td>99,291</td>
<td>98.6</td>
</tr>
<tr>
<td>Pure Endowment</td>
<td>10,447</td>
<td>10.8</td>
<td>12,624</td>
<td>12.5</td>
</tr>
<tr>
<td>Against Death</td>
<td>70,270</td>
<td>72.5</td>
<td>72,812</td>
<td>72.3</td>
</tr>
<tr>
<td>Endowment</td>
<td>14,901</td>
<td>15.3</td>
<td>13,854</td>
<td>13.8</td>
</tr>
<tr>
<td>Group Insurance</td>
<td>993</td>
<td>1.0</td>
<td>857</td>
<td>0.9</td>
</tr>
<tr>
<td>Sub total</td>
<td>96,611</td>
<td>99.6</td>
<td>100,148</td>
<td>99.5</td>
</tr>
<tr>
<td>Separated Account</td>
<td>349</td>
<td>0.4</td>
<td>512</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>96,960</td>
<td>100</td>
<td>100,660</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note) based on subscription value of an insurance contract

### Condensed Balance Sheets

<table>
<thead>
<tr>
<th>(KRW billion)</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalent</td>
<td>864</td>
<td>1,253</td>
<td>917</td>
<td>1,483</td>
</tr>
<tr>
<td>Securities</td>
<td>6,647</td>
<td>9,136</td>
<td>10,541</td>
<td>11,626</td>
</tr>
<tr>
<td>Loans</td>
<td>3,059</td>
<td>3,677</td>
<td>4,160</td>
<td>4,843</td>
</tr>
<tr>
<td>Others</td>
<td>2,332</td>
<td>1,745</td>
<td>1,659</td>
<td>1,630</td>
</tr>
<tr>
<td>Separated Account</td>
<td>1,779</td>
<td>1,955</td>
<td>2,109</td>
<td>2,357</td>
</tr>
<tr>
<td>Total Assets</td>
<td>14,682</td>
<td>17,766</td>
<td>19,385</td>
<td>21,940</td>
</tr>
</tbody>
</table>

### Key Financials

<table>
<thead>
<tr>
<th>(%)</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency Ratio</td>
<td>309.0</td>
<td>287.8</td>
<td>253.1</td>
<td>230.7</td>
</tr>
<tr>
<td>ROA</td>
<td>1.76</td>
<td>1.17</td>
<td>0.28</td>
<td>0.39</td>
</tr>
<tr>
<td>ROE</td>
<td>20.89</td>
<td>14.44</td>
<td>3.89</td>
<td>5.81</td>
</tr>
</tbody>
</table>
II. Companies in the Group

5. Shinhan BNPP Asset Management
Shinhan BNP Paribas Asset Management was launched in January 2009 through an integration of two outstanding asset management companies; SH Asset Management, specialized in investment in domestic equities and bonds, and Shinhan BNP Paribas Trust Investment, whose specialty was foreign equity funds.

We are trying our very best to pursue our utmost goal of ‘customer satisfaction’ on the back of global standard investment know-how, efficient system and the best crew in our investment team.

Key Milestone of Shinhan BNP Paribas Asset Management

- **Aug. 1996**
  - Shinhan Trust Inv. Incorporated
  - Introduced the first equity based beneficial certificates

- **Mar. 1999**
  - Introduced the first mutual fund product

- **Sept. 2001**
  - Joined SFG as a subsidiary

- **Oct. 2002**
  - BNP Paribas Asset Management Group acquired 50% of ownership
  - Renamed as ‘Shinhan BNP Paribas Investment Trust Management’

- **Sept. 2008**
  - MOU signed for the integration of two asset management companies under SFG

- **Jan. 2009**
  - Shinhan BNP Paribas Asset Management launched (SFG 65%, BNP Paribas Group 35%)

- **Mar. 1988**
  - HanYang Inv. Advisory Incorporated

- **Nov. 1992**
  - Acquired by CHB (CHB 60%, CH Sec. 40%)

- **Apr. 1995**
  - Registered at SEC of the US

- **Mar. 1996**
  - Transformed into ‘CH Inv. Trust Management’ (Equity based)

- **Jul. 1997**
  - Initiated investment trust management business

- **April 2006**
  - Renamed as ‘SH Asset Mgt’
  - Ownership Changed (SHB 79.8%, KIG Sec. 18.7%, ESOP 1.5%)

- **Dec. 2007**
  - Ownership Changed (SHB 100%)

- **Nov. 2013**
  - Launch a Metro Line 9 Fund

- **Jan. 2011**
  - A subsidiary was incorporated at Hong Kong with capital of HKD 11 million. (Obtained a license for asset mgt. and investment advisory)

- **Oct. 2012**
  - Acquired RQFII License for the first time in the industry

- **Oct. 2014**
  - Capital Injection into Shinhan BNP Paribas AM. HK. HKD 20,000,000

Overview (As of December 31, 2014)

- **Incorporation**: August 26, 1996
- **Paid-in Capital**: KRW 75.4 billion
- **Employees**: 186
- **Major Shareholders**: SFG(65%), BNPP IP (35%)
- **AUM**: KRW 39.3 trillion (including discretionary accounts)
## Financial Highlights

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<thead>
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<tbody>
<tr>
<td>Condensed IS</td>
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<tr>
<td>Operating Revenue</td>
<td>119.2</td>
<td>109.8</td>
<td>102.5</td>
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<td>Operating Expense</td>
<td>65.5</td>
<td>61.7</td>
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<td>SG&amp;A</td>
<td>35.7</td>
<td>38.2</td>
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<tr>
<td>Operating Income</td>
<td>53.7</td>
<td>48.1</td>
<td>43.3</td>
<td>40.1</td>
<td>35.4</td>
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<tr>
<td>Net Income</td>
<td>39.7</td>
<td>35.0</td>
<td>31.3</td>
<td>31.5</td>
<td>28.2</td>
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<td>Condensed BS</td>
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<tr>
<td>Total Asset</td>
<td>172.1</td>
<td>170.7</td>
<td>168.9</td>
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<td>188.9</td>
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<td>Total Equity</td>
<td>147.2</td>
<td>146.3</td>
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<td>Key Financial Indications</td>
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<td></td>
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<tr>
<td>ROE</td>
<td>27.59%</td>
<td>23.89%</td>
<td>21.44%</td>
<td>21.38%</td>
<td>18.48%</td>
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<tr>
<td>ROA</td>
<td>23.38%</td>
<td>20.45%</td>
<td>18.43%</td>
<td>18.59%</td>
<td>15.73%</td>
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<tr>
<td>Cost-Income Ratio</td>
<td>39.93%</td>
<td>44.26%</td>
<td>47.13%</td>
<td>48.60%</td>
<td>52.54%</td>
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## Market Share

<table>
<thead>
<tr>
<th>Market Share % (including discretionary account)</th>
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<tbody>
<tr>
<td>18.8</td>
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<table>
<thead>
<tr>
<th>2014.3</th>
<th>2014.6</th>
<th>2014.9</th>
<th>2014.12</th>
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<td>9.0</td>
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<td>8.0</td>
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<td>5.5</td>
<td>5.8</td>
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<tr>
<td>5.0</td>
<td>5.1</td>
<td>5.0</td>
<td>5.1</td>
</tr>
</tbody>
</table>

- Shinhan BNPP AM
- A
- B
- C
- D

### Key Performance Indicators

- **Revenue Growth**
- **Profit Margin**
- **Market Share Trends**

### Financial Analysis

- **Operating Revenue**: Indicates overall revenue performance.
- **Net Income**: Reflects profitability.
- **Cost-Income Ratio**: Measures efficiency in controlling costs relative to revenue.
II. Companies in the Group

6. Shinhan Capital
Shinhan Capital
Company Overview

Profile

Overview

- Incorporation Date: April 19, 1991
- Shareholders' Equity: KRW 570.4 billion (Paid in Capital: KRW 180 billion)
- Total Assets: KRW 3.9 trillion
- Networks: Headquarter (Seoul) / Branches (Gangnam, Yeouido, Busan, Ansan, Daejeon)

Key Milestones

- 1991. 04: Incorporation of Shinhan Capital
- 2005. 11: Selected as the fund of funds mgt. company for SMBA
- 2006. 11: Rating upgrade (A+ → AA-)  
- 2007. 12: Assumed Shinhan Card's Corporate leasing assets
- 2010. 05: Selected as Investment Trust Management Agency for KoFC Fund to foster New Growth Driver Corporation
- 2013. 02: Opened Yeouido Finance Center Network
- 2014. 05: Implementation of Next-generation IT system "WINK"

Business

- Leasing in relation to ships, medical instruments, and other PP&Es
- Installment Financing / Venture Capital / Corporate restructuring financing
- Real Estate PF / Loans / Factoring, etc.

Vision & Strategy

No.1 credit-specialized financial company in Korea leading the financial market

Shinhan Capital has set out its vision of emerging as Korea’s benchmark credit specialized company, a leader of the financial markets, and playing a major role in achieving Shinhan Financial Group’s goal of becoming a ‘World Class Financial Group’ and firmly establishing itself as ‘Korea’s Flagship Financial Brand’ by 2015.

For 2014, in line with its strategic target of “Change for the Future II – Qualitative Improvement and New Challenges”, it is striving to achieve its anticipated outcomes by way of 1) Building market-leading business lines, 2) Heightening efficiency and improving quality, and 3) Establishing three values to be emphasised for creative finance in practice.

Vision

Korea’s benchmark credit specialised company leading the financial markets

Quality-based growth on the basis of competitive predominance

Build up top quality prime assets by securing first class capabilities in each business sector

Aim for diversification of earnings and the highest productivity

Build up a well-balanced portfolio by multiplying business lines

Securing first class capabilities in each business sector

Extension of business network

Develop an organisation and framework that creates competitiveness

Priority near-term objectives

Build up a well-balanced portfolio by multiplying business lines

Securing first class capabilities in each business sector

Extension of business network

Develop an organisation and framework that creates competitiveness

Development of next-generation IT system "WINK"
Shinhan Capital
Financial Highlights & Market Position

Financial Highlights

<table>
<thead>
<tr>
<th>(KRW billion)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condensed B/S</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>3,734.7</td>
<td>3,518.3</td>
<td>3,526.2</td>
<td>3,772.4</td>
<td>3,939.5</td>
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<tr>
<td>Total Liabilities</td>
<td>3,288.3</td>
<td>3,037.9</td>
<td>3,053.9</td>
<td>3,252.6</td>
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<tr>
<td>Total Shareholders' Equity</td>
<td>446.5</td>
<td>480.4</td>
<td>472.3</td>
<td>519.8</td>
<td>570.4</td>
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<td>(Paid in Capital)</td>
<td>180.0</td>
<td>180.0</td>
<td>180.0</td>
<td>180.0</td>
<td>180.0</td>
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<td>Condensed P/L</td>
<td></td>
<td></td>
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<tr>
<td>Operating Revenue</td>
<td>403.4</td>
<td>365.9</td>
<td>376.3</td>
<td>319.7</td>
<td>328.1</td>
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<tr>
<td>Operating Income</td>
<td>52.9</td>
<td>67.4</td>
<td>3.9</td>
<td>65.4</td>
<td>64.2</td>
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<tr>
<td>Net Income</td>
<td>40.1</td>
<td>51.1</td>
<td>4.7</td>
<td>50.4</td>
<td>51.9</td>
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Key Financial Indicators

<table>
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<tr>
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<th>2011</th>
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<th>2014</th>
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<tbody>
<tr>
<td>ROE</td>
<td>9.5%</td>
<td>11.3%</td>
<td>1.0%</td>
<td>10.2%</td>
<td>9.6%</td>
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<tr>
<td>ROA</td>
<td>1.1%</td>
<td>1.4%</td>
<td>0.1%</td>
<td>1.4%</td>
<td>1.4%</td>
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<td>Capital Adequacy Ratio</td>
<td>14.2%</td>
<td>14.5%</td>
<td>15.0%</td>
<td>15.1%</td>
<td>15.6%</td>
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<tr>
<td>NPL ratio</td>
<td>2.4%</td>
<td>2.2%</td>
<td>3.0%</td>
<td>2.2%</td>
<td>2.9%</td>
</tr>
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</table>

Market Position

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (KRW trillion)</td>
<td>3.8</td>
<td>3.5</td>
<td>3.5</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Net Income (KRW billion)</td>
<td>40.1</td>
<td>51.1</td>
<td>4.7</td>
<td>50.4</td>
<td>51.9</td>
</tr>
</tbody>
</table>

※ As of December 31, 2014, Shinhan Capital is 4th largest among its peers in terms of total assets.
II. Companies in the Group

7. Jeju Bank
8. Shinhan Savings Bank
9. Shinhan Data System
10. Shinhan AITAS
11. Shinhan Credit Information
12. Shinhan Private Equity
Jeju Bank
Company Overview

Profile

Overview (As of December 31, 2014)
Incorporated in Jeju Island in 1969, Jeju Bank had been posting healthy growth amid strong support of the Jeju residents, playing a central role in the development of the Island’s local economy.

- Major Shareholders: SFG (68.88%), KB Asset Mgmt. (3.10%), National Pension Service (2.42%)
- Shareholders’ Equity: 305.5 billion
- Total Assets: KRW 3.5 trillion
- Networks: total of 38 branches and sub-branches (35 in the Jeju region)
- Market share in the Jeju region: 32.7% of deposits and 27.9% of loans

Key Milestones
- 1969. 03: Cheju Bank (Ltd) founded
- 1972. 12: Shares listed on the Korean Stock Exchange
- 2002. 05: Became subsidiary of Shinhan Financial Group
- 2009. 10: Launched pension fund operations
- 2010. 08: Launched smartphone banking service
- 2012. 12: Commended by the Minister of Public Administration and Security of the Republic of Korea for best CSR
- 2013. 12: Awarded the Korea Nanum Prize by the Minister of Health & Welfare
- 2014. 03: Launched tax-deductible long-term mutual funds

Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>Net Income (KRW billion)</th>
<th>Total Assets (KRW trillion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>22.4</td>
<td>3.2</td>
</tr>
<tr>
<td>2012</td>
<td>23.0</td>
<td>3.1</td>
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<tr>
<td>2013</td>
<td>20.5</td>
<td>3.2</td>
</tr>
<tr>
<td>2014</td>
<td>13.9</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Vision & Strategy

Create customer value to grow as the “Local Best Bank” by enhancing value for customers and for Jeju and enshrined them in in basic business guidelines

Vision
- Quality based
- Local Top Bank

Strategic Goal
- Differentiation through competitive advantages as a regional bank specialized in retail banking

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- 2014. 03: Launched tax-deductible long-term mutual funds
Company Overview (As of December 31, 2014)

Shinhan Savings Bank was launched on April 1, 2013 following the merger of Shinhan Savings Bank (established December 2011) and Yehanbyeol Savings Bank (established November 2012)

- Shareholders’ Equity: 96.1 billion
- Total Assets: KRW 785.6 billion
- Networks: 8 branches (Seoul metropolitan area)
- Key Milestones

2011. 12
Acquired a savings bank licenses and changed its name to Shinhan Savings Bank upon joining Shinhan Financial Group

2012. 01
Launched business operations

2013. 01
Yehanbyeol Savings Bank joined the Shinhan Financial Group

2013. 04
The former Shinhan Savings Bank and Yehanbyeol Savings Bank were merged and a new Shinhan Savings Bank was launched

Vision & Strategy

“Bringing a bright smile to the face of the people through compassionate finance”

Shinhan Savings Bank will exert every effort to become Korea’s benchmark financial company for the customers by conducting business centering on micro-and community finance in tune with the rhythm of the local community under sound and transparent management.
Company Overview (As of December 31, 2014)

Since its establishment in 1991 as a specialized financial IT company, Shinhan Data System has been reinforcing generation of IT synergies within Shinhan Financial Group and offering the best-of-its kind financial IT services to its customers.

- Incorporation Date: May 13, 1991
- Shareholders’ Equity: KRW 9.4 billion
- Total Assets: KRW 25.8 billion

Key Milestones:

- 1991. 05 Shinhan System(Ltd.) established
- 2003. 10 Changed its name to Shinhan Data System (Ltd.)
- 2009. 10 Operation of Shared Service Center providing SFG’s group IT infrastructure
- 2010. 01 Joined SFG as a subsidiary
- 2012. 11 ISO/IEC 20000 (services management), BS 100012 (individual information protection) certification acquired
- 2013. 02 Established (constructed) a total systems for the Credit
- 2014. 06 Implementation of Next-generation IT system “WINK”
- 2014. 07 Obtained Shinhan Bank’s electronic-document system project

Business Scope:

- SI(System Integration), SM(System Management)
- ITO(IT Outsourcing), BPO(Business Process Outsourcing)
- IT consulting business
Shinhan AITAS, founded in June 2000, is the best fund service specialty provider with unparalleled market competitiveness and the largest domestic market share.

Shinhan AITAS provides general fund related administrative services as well as comprehensive system for asset management, including Accounting System, Trading System, and Asset Management System.

Shinhan AITAS will provide the best differentiated services to its customers based on know-how accrued from supporting them in system, consulting, and solutions for various securities businesses, and its in-house specialists.

**Key Milestone of Shinhan AITAS**

- **2000.06**: AITAS Incorporated
- **2001.03**: Launched the first stock trading system in this business field
- **2004.10**: Service Contract with Hanwha Asset Management
- **2006.01**: launched direct-sales system services
- **2008.05**: Joined Shinhan Bank as a subsidiary
- **2010.04**: Acquire SAS70 certification
- **2011.01**: Start managing administrative affairs of NPS
- **2012.11**: Joined Shinhan Financial Group as a subsidiary
- **2014.07**: Exceeding 400tril. of AUM

**Overview** (As of December 31, 2014)

- **Incorporation**: June 15, 2000
- **Paid-in Capital**: KRW 31.4 billion
- **Employees**: 184
- **Major Shareholders**: SFG(99.79%), Others (0.21%)
### Financial Highlights

<table>
<thead>
<tr>
<th>(KRW billion)</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
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<tr>
<td>Condensed IS</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>21.3</td>
<td>23.1</td>
<td>24.7</td>
<td>26.9</td>
<td>28.5</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>14.7</td>
<td>18.8</td>
<td>23.1</td>
<td>22.7</td>
<td>24.0</td>
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<tr>
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<td>14.7</td>
<td>18.8</td>
<td>23.1</td>
<td>22.7</td>
<td>24.0</td>
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<tr>
<td>Operating Income</td>
<td>6.7</td>
<td>4.3</td>
<td>1.6</td>
<td>4.1</td>
<td>4.6</td>
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<tr>
<td>Net Income</td>
<td>5.3</td>
<td>3.6</td>
<td>1.8</td>
<td>3.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Condensed BS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Asset</td>
<td>25.6</td>
<td>28.3</td>
<td>31.0</td>
<td>34.6</td>
<td>37.7</td>
</tr>
<tr>
<td>Total Equity</td>
<td>21.3</td>
<td>24.9</td>
<td>26.7</td>
<td>30.4</td>
<td>31.4</td>
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<td>Key Financial Indications</td>
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<td></td>
</tr>
<tr>
<td>ROE</td>
<td>20.71%</td>
<td>12.73%</td>
<td>5.76%</td>
<td>10.90%</td>
<td>10.59%</td>
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<td>ROA</td>
<td>24.94%</td>
<td>14.47%</td>
<td>6.70%</td>
<td>12.39%</td>
<td>12.69%</td>
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<tr>
<td>Cost-Income Ratio</td>
<td>45.61%</td>
<td>22.73%</td>
<td>7.13%</td>
<td>18.15%</td>
<td>19.04%</td>
</tr>
</tbody>
</table>

### Market Share

<table>
<thead>
<tr>
<th>Market Share % (including discretionary account)</th>
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</thead>
<tbody>
<tr>
<td>2010</td>
</tr>
<tr>
<td>21.3</td>
</tr>
</tbody>
</table>

![Financial Highlights & Market Position](image_url)
Company Overview

Profile

Company Overview (As of Dec 31, 2014)

A specialist credit information business founded for the integrated management of the non-performing assets of SFG that seeks to realize a credit-based society

- Incorporation Date: July 8, 2002
- Shareholders’ Equity: KRW 14.6 billion
- Total Assets: KRW 23.0 billion
- Key Milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002.08</td>
<td>Acquired credit information business license from FSC</td>
</tr>
<tr>
<td>2002.09</td>
<td>Commenced credit information business operations (administering the credits of the group companies)</td>
</tr>
<tr>
<td>2007.07</td>
<td>Launched credit management of former LG credit card after Acquisition</td>
</tr>
<tr>
<td>2009.01</td>
<td>Launched credit management of KAMCO’s credit recovery fund</td>
</tr>
<tr>
<td>2011.07</td>
<td>Launched business assisting in administering UAMCO’s assets</td>
</tr>
<tr>
<td>2013.02</td>
<td>Commenced business assisting in administering the assets of the KDIC</td>
</tr>
<tr>
<td>2013.08</td>
<td>Commenced credit management of KAMCO’s National Happiness Fund</td>
</tr>
<tr>
<td>2014.03</td>
<td>Commenced credit management of KAMCO’s Hope Fund</td>
</tr>
<tr>
<td>2014.06</td>
<td>Commenced management of KAMCO’s Unsecured Public Bond</td>
</tr>
</tbody>
</table>

Business Scope

- Debt collection and credit reporting
- Civil application/petition services, Receiving documents as an agent and CRM operation
- Operations in support of the National Happiness Fund

Operation Overview

- Group Companies
  - Credit under management: KRW 2.7 trillion
  - No. of credit research: 190 thousand
  - Launched application/petition services and CRM operation starting from 2012

- Public Credit
  - Credit under management: KRW 3.4 trillion
  - Launched supporting business for the National Happiness Fund in 2013
  - Asset Management Auxiliary Service

- External Credit
  - Credit under management: KRW 0.5 trillion
  - No. of credit research: 80 thousand
  - Comprehensive credit information service
Shinhan Private Equity
Company Overview

Profile

**Company Overview (As of Dec 31, 2014)**

Shinhan Private Equity is the first local private equity company in Korea established in Dec. 2004 with a 100% capital contribution by Shinhan Financial Group.

- **Incorporation Date**: December 8, 2004
- **Shareholders' Equity**: KRW 11.5 billion
- **Asset under Management**: KRW 1.3 trillion
- **Key Milestones**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2004. 12</td>
<td>Shinhan Private Equity Established</td>
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<tr>
<td>2004. 12</td>
<td>Joined Shinhan Financial Group as a subsidiary</td>
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<tr>
<td>2005. 08</td>
<td>Established Shinhan NPS private Equity Fund 1st</td>
</tr>
<tr>
<td>2008. 06</td>
<td>Established Shinhan Private Equity Fund 2nd</td>
</tr>
<tr>
<td>2008. 12</td>
<td>KOREA Capital Market the bell League Table Awards– Best M&amp;A Deal by PEF</td>
</tr>
<tr>
<td>2011. 11</td>
<td>Changed its name to Shinhan Private Equity Investment Management</td>
</tr>
<tr>
<td>2012. 12</td>
<td>Established Shinhan Stonebridge Petro Equity Fund</td>
</tr>
<tr>
<td>2014. 02</td>
<td>Changed its name to Shinhan Private Equity</td>
</tr>
<tr>
<td>2015. 02</td>
<td>Moved its headquarter to Yeongdeungpo-gu</td>
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Operation Overview

**Private Equity Funds managed by Shinhan PE**

- **Shinhan NPS private Equity Fund 1st**
  - Investment Amount: KRW 300 billion
  - Independently managed by Shinhan PE
  - Currently in liquidation proceedings

- **Shinhan Private Equity Fund 2nd**
  - Investment Amount: KRW 460 billion
  - Independently managed by Shinhan PE
  - Invested KRW 323.8 billion in domestic market, no 1 newsprint paper manufacturing company Jinjuu paper and other 5 companies

- **Shinhan Stonebridge Petro Equity Fund**
  - Investment Amount: KRW 818.2 billion
  - Jointly invested and operated by Shinhan PE & Stonebridge
  - Invested KRW 800 billion in SK Incheon Petrochem
Forward-Looking Statements

Shinhan Financial Group’s 2014 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.